

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

**FOR THE YEAR ENDED
31 MARCH 2006**

GOVERNMENT OF ARUNACHAL PRADESH

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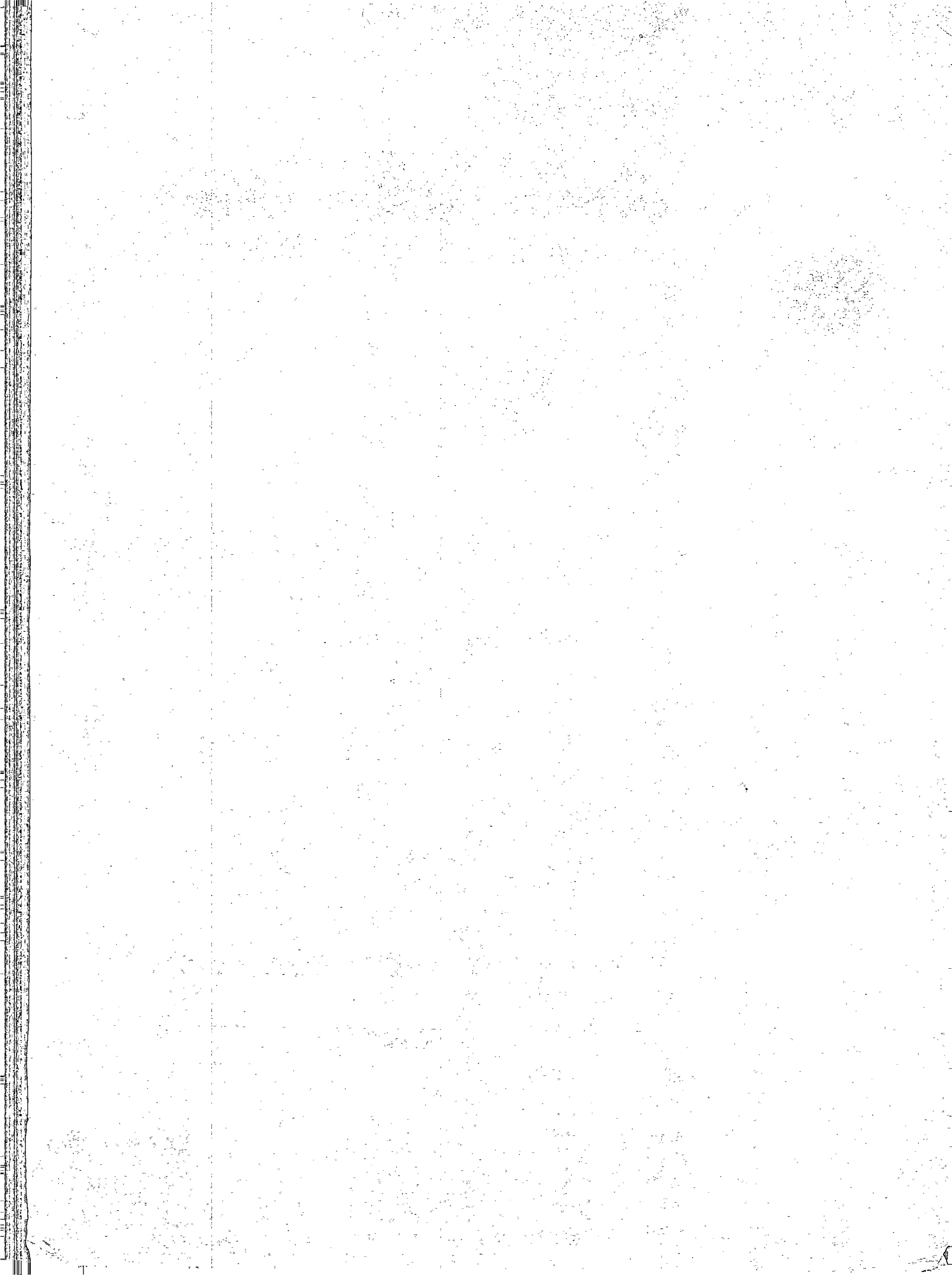


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**ARUNACHAL PRADESH FOREST
CORPORATION LIMITED**

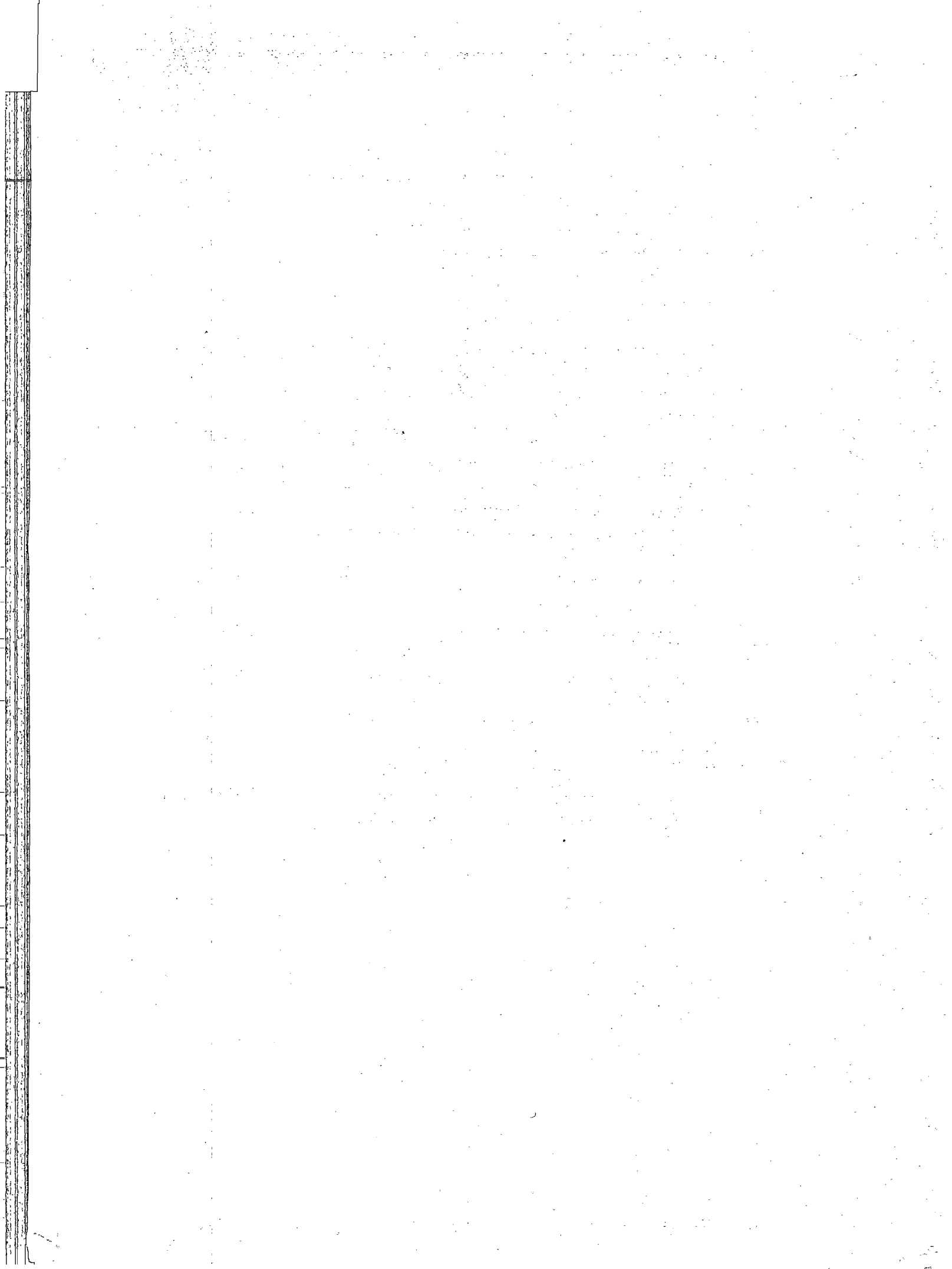
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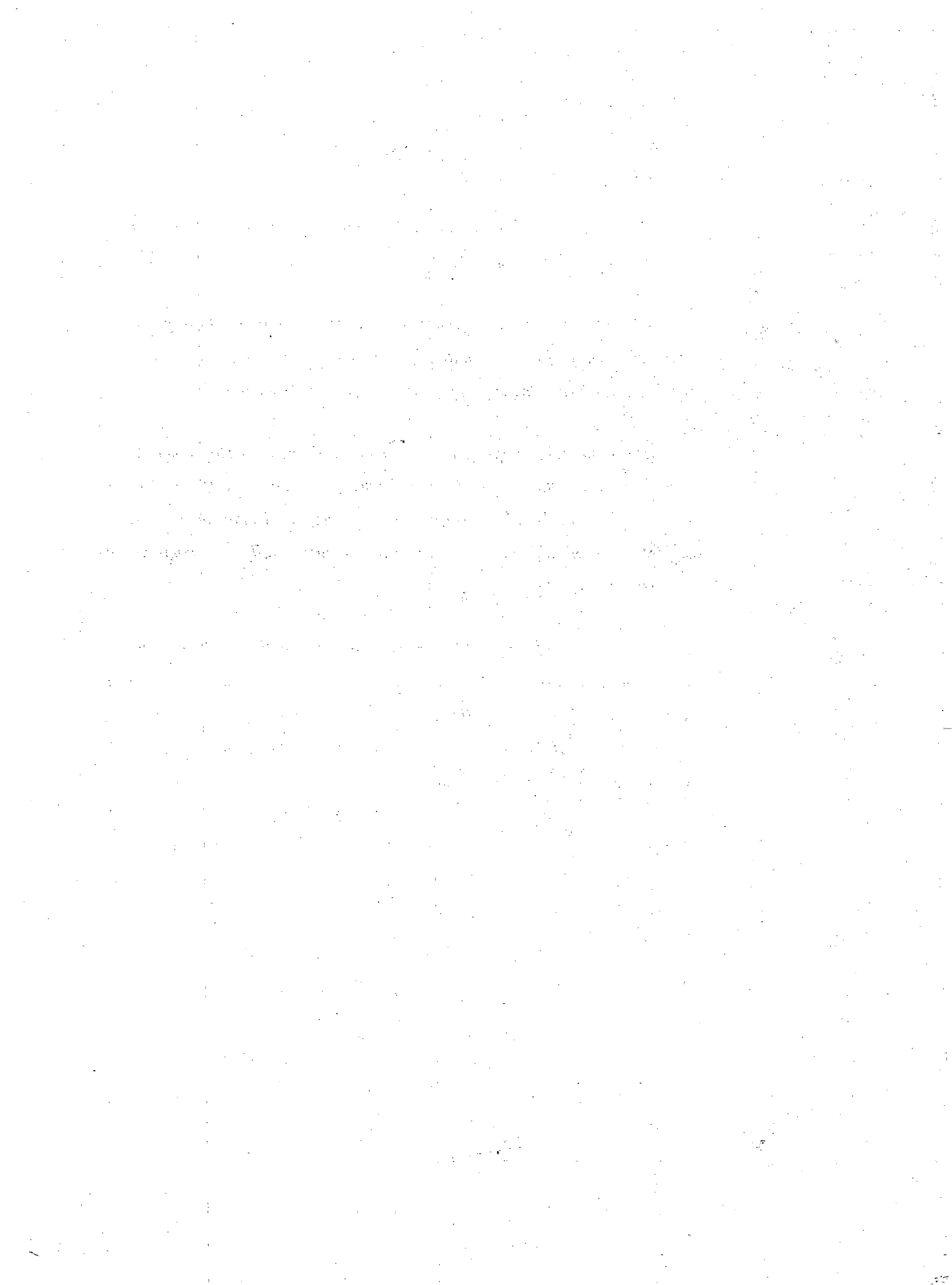
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Preface

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2006.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works, Forest, Health and Family Welfare and Civil Supplies Department, revenue receipts, audit of autonomous bodies and departmentally run commercial undertakings.*
4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 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 2005-06 have also been included wherever necessary.*



OVERVIEW

1875

OVERVIEW

This Report contains 43 audit paragraphs (including four general paragraphs), four performance reviews and one chapter on Internal Control/Internal Audit apart from comments on the Finance and Appropriation Accounts. According to existing arrangement, copies of the draft audit paragraphs and draft performance reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. The Secretaries are also reminded for replies. Besides, the Chief Secretary to the State Government was also requested to arrange for discussion of the issues raised in the draft audit paragraphs, draft performance reviews, *etc.*, for effective inclusion of the views/comments of the Government in the Audit Report. Despite such efforts, no response was received in respect of 35 audit paragraphs, two reviews and the chapter on Internal Control/Internal Audit from the concerned Secretary to the State Government.

1. Finances of the State Government

The fiscal position of the State as reflected in terms of key parameters viz. revenue deficit, fiscal and primary deficit indicates substantial improvement in the fiscal position of the State during the year over the previous year. The revenue receipts of the State increased from Rs.961.41 crore in 2000-01 to Rs.1849.41 crore in 2005-06. While 14.30 *per cent* of the revenue receipts during 2005-06 have come from the State's own resources, central transfers contributed 85.70 *per cent* of the total revenue. The improvement in the fiscal position during the year was essentially on account of an increase of Rs.303.43 crore in central transfers. Both the revenue and capital expenditure of the State during 2005-06 have increased by 10.47 *per cent* and 16.67 *per cent* respectively. The overall fiscal liabilities of the State increased from Rs.1777.54 crore in 2004-05 to Rs.2337.20 crore in 2005-06. The consistent increasing fiscal liabilities of the State accompanied with negative quantum spread (QS) together with continuous primary deficit resulted in ever increasing debt/GSDP ratio and indicates towards vulnerable debt position of the State. The compression of NPRES alongwith raising the buoyancy of domestic resources seem to be an inevitable option to address the fiscal problem and other development requirements of the State in medium to long run.

(Paragraphs 1.1 to 1.11)

2. Allocative priorities and appropriation

During 2005-06 expenditure of Rs.2,441.89 crore was incurred against total grants and appropriation of Rs.2,765.30 crore. The net saving of Rs.323.41 crore was the result of saving of Rs.590.35 crore partly offset by excess of

Rs.266.94 crore. The excess requires regularisation under Article 205 of the Constitution of India.

(Paragraph 2.2)

Supplementary provision made during the year constituted 33 *per cent* of the original provision. Supplementary provision of Rs.16.28 crore made in 10 cases proved unnecessary in view of aggregate final saving of Rs.40.31 crore.

(Paragraphs 2.3.3 and 2.3.4(i))

Anticipated savings of Rs.228.29 crore under 45 grants/appropriations were not surrendered.

(Paragraph 2.3.9)

As of 31 March 2006, 1,632 AC bills for Rs.16.14 crore for the period 2001-06 were not adjusted for want of DCC bills.

(Paragraph 2.3.13)

3. Performance reviews

(i) Food Security, Subsidy and Management of Foodgrains

Due to FCI not having sufficient stock and consequent short lifting of 2.44 lakh tonnes foodgrains during 2000-01 to 2005-06 for distribution to BPL/AAY families, 7,44,542 cumulative monthly period of BPL families and 1,80,173 cumulative monthly period of AAY families were deprived of the intended benefits of the scheme.

In 32,140 out of 98,972 cases (32.54 *per cent*) test checked, it was seen that documents relating to identification of beneficiaries under Targeted Public Distribution System (TPDS) contained deficiencies as the procedure for identification was not strictly followed.

Due to introduction of the Head Load carriage of Public Distribution System (PDS) items, the freight bills reimbursed by the FCI against Hill Transport Subsidy (HTS) increased from Rs.4.43 per Kg. in 2001-02 to Rs.32.78 per Kg. in 2003-04.

Excess allotment of foodgrains beyond the prescribed norms led to excess claim of HTS amounting to Rs.29.91 crore.

Double billing of HTS claim against same release orders – Rs.1.85 crore.

Avoidable excess claim towards road transport charges amounting to Rs.2.87 crore.

Due to non-recovery of hire charges from the carriage contractors, the Department gave undue financial benefit of Rs.1.12 crore.

(Paragraph 3.1)

(ii) Wild life preservation under Centrally Sponsored Scheme

The MPs of 11 out of 12 Protected Areas (PA) were neither approved by the State Government nor submitted to the GOI.

Due to delay in release of funds by the State Government, in two to nine months the PA managers were unable to utilise the full funds leading to savings in each year. These savings in turn deprived the PAs of Central Assistance (CA) of Rs.4.50 crore.

The Department unauthorisedly released and utilised Rs.1.19 crore and Rs.88.29 lakh in areas outside the notified Elephant Reserve (ER).

The Department installed 33 wireless sets including generators which remained inoperative leading to unfruitful expenditure of Rs.66.33 lakh.

In three PAs, Rs.66.26 lakh was spent in 13 cases where the works were neither executed nor the material received.

Failure to declare 10 Km area around the PAs as eco-fragile zone adversely affected the wildlife habitats including loss of interest of Rs.46.74 lakh in Pakke PT and Eagle nest Wild Life Sanctuary (WLS).

462 people who encroached into 131 hectares of land in core zone of National Project Tiger (NPT) were not evicted. Fine of Rs.4.22 crore though leviable was also not levied.

13670 local tourists with 2070 vehicles entered the NPT without permits and without payment of entry fee of Rs.3.44 lakh. Besides, fine of Rs.34.17 crore though leviable in these cases was not levied.

(Paragraph 3.2)

(iii) Rural Health Services

There was irrational and excess establishment of rural health institutions in contravention of norms.

There was idle stock of health care kits worth Rs.41.19 lakh.

Rupees 27.72 lakh pertaining to rural health care services was diverted to urban health services.

Rupees 25.71 lakh was paid to a supplier on the basis of fictitious stock entry before actual receipt of the medicines.

(Paragraph 3.3)

(iv) North Eastern Council (NEC) funded road sector projects

There was a discrepancy of Rs.0.58 crore as on 31 March 2006 between unspent balance as per the Departmental records (Rs.8.54 crore) and that reported by NEC (Rs.9.12 crore).

Rupees 3.98 crore was diverted towards other works.

Enhancement of rates on construction of culverts and retaining wall without any specific reasons resulted in extra expenditure of Rs.20.60 lakh.

Substandard execution of works resulted in unfruitful expenditure of Rs.16.42 crore.

Excess utilisation of material/awarding of higher rates for construction of a bridge resulted in an extra expenditure of Rs.34.86 lakh.

Continuation of road works even after deciding on handing over the road to Border Roads Organisation, resulted in irregular/unauthorised expenditure of Rs.6.73 crore.

Projects were not properly monitored or inspected by any authority other than executing authority. Success of the scheme in the State was also not evaluated.

(Paragraph 3.4)

4. Audit of transactions

(i) Loss of interest

The Department failed to recover interest on mobilisation advance in terms of the agreement resulting in loss of interest of Rs.31.86 lakh.

(Paragraph 4.1)

(ii) Misappropriation of Government money

Drawal and retention of Government money without procuring the material led to misappropriation of Rs.28.41 lakh.

(Paragraph 4.2)

(iii) Loss to Government

There were shortages of sports material worth Rs.9.95 lakh and damage of materials worth Rs.0.73 lakh resulting in loss of Rs.10.68 lakh to the Government.

(Paragraph 4.3)

(iv) Infertuous expenditure in production of documentary films on tourism

Advance payment of Rs.18.74 lakh to a firm without any work order/agreement stipulating terms and conditions rendered the amount infertuous.

(Paragraph 4.4)

(v) Unfruitful investment in production of video films on cultivation of crops

Documentary films on cultivation of crops, produced at a cost of Rs.10.20 lakh, were lying idle for want of action on the part of the Department for their telecast on Doordarshan Kendra, thereby frustrating the objective of their production.

(Paragraph 4.5)

(vi) Unproductive expenditure in construction of cold storage

Failure of the Department to utilise the cold storage, led to unproductive expenditure of Rs.1.10 crore.

(Paragraph 4.6)

(vii) Avoidable expenditure

The Department incurred avoidable expenditure of Rs.10.02 lakh due to payment of headload at enhanced rate due to delay in allocation of Superior Kerosene Oil (SKO) quota.

(Paragraph 4.7)

(viii) Avoidable expenditure

The Division incurred an avoidable expenditure of Rs.18.25 lakh for collection and carrying of boulders.

(Paragraph 4.8)

(ix) Unfruitful expenditure

The Division incurred unfruitful expenditure of Rs.1.31 crore including an unauthorised expenditure of Rs.45.87 lakh on the scheme "Improvement of water supply at Seppa Township" which remained incomplete even after seven years of its stipulated date of completion.

(Paragraph 4.9)

(x) Unfruitful expenditure

The Division incurred unfruitful expenditure of Rs.1.76 crore including loss of Rs.7.39 lakh towards the construction of R.C.C. Bridge over river Berrang alongwith flood protection works.

(Paragraph 4.10)

(xi) Unproductive expenditure on construction of Tourist Lodge

Due to inability of the Department in utilising the tourist lodge constructed at Zemithang in Tawang District, the expenditure of Rs.50 lakh remained unproductive for a period of over three years.

(Paragraph 4.11)

(xii) Extra expenditure

The Department incurred extra expenditure of Rs.6.61 crore due to allowance of higher rate of carriage by headload.

(Paragraph 4.12)

(xiii) Extra expenditure due to adoption of higher rates

The Division incurred an extra expenditure of Rs.13.29 lakh due to adoption of inflated rates.

(Paragraph 4.13)

5. Internal control/internal audit system in Arunachal Pradesh

Internal control is an integral process by which an organisation governs its activities to effectively achieve its objectives. An evaluation of the Internal Controls and Internal Audit System in the Horticulture Department revealed weakness in the internal controls in vogue in the Department, non-compliance with the rules in the areas of financial control, expenditure control, procurement control, organisational control, operational controls. Arrangements for internal audit too were inadequate.

(Paragraph 5.1)

6. Revenue receipts

(i) Loss of revenue

Penalty of Rs.12.53 crore was not levied on 785 offenders for unauthorised occupation of 2824.7812 hectares of land in reserve forest.

(Paragraph 6.2)

Faulty agreement. failure to detect concealment in number of blazes and delay in finalisation of working plan led to loss of revenue of Rs.83.68 lakh.

(Paragraph 6.5)

Failure of the Excise Department to realise licence fee and penalty before cancellation of two licences resulted in loss of revenue of Rs.8.45 lakh.

(Paragraph 6.7)

A non registered dealer imported taxable goods of Rs.37.69 lakh by irregularly procuring and utilising one declaration in form 'C' which led to loss of revenue of Rs.11.30 lakh.

(Paragraph 6.18)

(ii) Non/Short realisation of tax/royalty/revenue

Geology and Mining Department failed to initiate action against a lessee resulting in non realisation of royalty and additional royalty of Rs.1.91 crore.

(Paragraphs 6.8 & 6.9)

Undue financial benefit ensured to a lessee by incorporating lower rate of royalty in the agreement led to short realisation of royalty of Rs.3.64 crore.

(Paragraph 6.10)

Erroneous allotment of 5.17 lakh sq m of land to NEEPCO led to non realisation of revenue of Rs.67.25 lakh and recurring loss of revenue of Rs.10.35 lakh every year.

(Paragraph 6.11)

(iii) Evasion of tax

Two registered dealers concealed taxable turnover of Rs.2.01 crore and evaded tax of Rs.48.03 lakh including penalty.

(Paragraphs 6.12 & 6.16)

A non registered dealer executed works contract valued at Rs.1.33 crore and evaded tax of Rs.5.30 lakh.

(Paragraph 6.19)

Three dealers sold cement valued at Rs.3.29 crore but disclosed turnover of Rs.1.81 crore and evaded tax of Rs.27.48 lakh and penalty.

(Paragraph 6.22)

(iv) Underassessment of tax

Underassessment of tax of Rs.5.25 lakh due to mistake in computation.

(Paragraph 6.14)

Underassessment of tax of Rs.17.63 lakh due to grant of inadmissible deduction of Rs.2.07 crore from taxable turnover.

(Paragraphs 6.15 & 6.17)

7. Government commercial and trading activities

(i) Extending undue favour to a consumer

Undue favour to a consumer through non observance of the provisions of the power purchase agreement and consequent short/non-billing of energy valued at Rs.3.12 crore and surcharge of Rs.0.74 crore.

(Paragraph 7.2)

(ii) Unfruitful expenditure

Unfruitful expenditure of Rs. 1.29 crore was incurred by Power Department due to faulty execution of a project besides forgoing revenue amounting to Rs. 1.12 crore.

(Paragraph 7.3)

(iii) Avoidable loss

Non-execution of agreement and non-collection of security deposit resulted in an avoidable loss of Rs.13.98 lakh to Arunachal Pradesh Forest Corporation Limited.

(Paragraph 7.4)

CHAPTER – I

FINANCES OF THE STATE GOVERNMENT

- | | |
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CHAPTER - I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (Appendix 1.1-Part A). The Finance Accounts of the Government of Arunachal Pradesh are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts. The lay out of the Finance Accounts is depicted in Appendix 1.1-Part B.

1.1.1 Summary of Receipts and Disbursements

Table 1.1 summarises the finances of the Government of Arunachal Pradesh for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1.1: Summary of receipts and disbursements for the year 2005-06

(Rupees in crore)

| 2004-05 | Receipts | 2005-06 | 2004-05 | Disbursements | 2005-06 | | |
|------------------------------|--|-----------|-----------|---------------------------------|----------|--------|---------|
| | | | | | Non-Plan | Plan | Total |
| Section - A : Revenue | | | | | | | |
| 1501.84 | Revenue receipts | 1849.41 | 1509.64 | Revenue expenditure | 943.98 | 723.67 | 1667.65 |
| 50.11 | Tax revenue | 62.09 | 489.02 | General services | 471.26 | 17.47 | 488.73 |
| 170.20 | Non-tax revenue | 202.36 | 472.67 | Social services | 166.49 | 404.56 | 571.05 |
| 191.95 | Share of Union taxes/duties | 272.15 | 547.95 | Economic services | 306.23 | 301.64 | 607.87 |
| 1089.58 | Grants-in-aid from Government of India | 1312.81 | ... | Grants-in-aid and Contributions | | | |
| Section - B: Capital | | | | | | | |
| | Miscellaneous Capital Receipts | | 375.07 | Capital Outlay | (-)1.07 | 438.68 | 437.61 |
| 2.61 | Recoveries of Loans and Advances | 2.82 | 5.97 | Loans and Advances disbursed | | | 3.68 |
| 215.30 | Public Debt receipts ¹ | 714.07 | 57.95 | Repayment of Public Debt | | | 250.55 |
| | Contingency Fund | | ... | Contingency Fund | | | |
| 1208.86 | Public Account receipts | 1425.12 | 1082.82 | Public Account disbursements | | | 1387.92 |
| 4.00 | Earmarked Fund | | | | | | |
| (-)130.78 | Opening Cash Balance | (-)229.62 | (-)229.62 | Closing Cash Balance | | | 14.39 |
| 2801.83 | Total | 3761.80 | 2801.83 | Total | | | 3761.80 |

¹ Excluding Ways and Means Advances and Overdraft

The bulk of the total receipts of the State during 2005-06 were contributed by revenue receipts (46.33 *per cent*) followed by Public Account receipts (35.70 *per cent*). The overall revenue receipts increased from Rs.1501.84 crore in 2004-05 to Rs.1849.41 crore (23.14 *per cent*) in 2005-06. The total disbursements of the State during the year consists of revenue expenditure (44.50 *per cent*) followed by Public Account disbursements (37.04 *per cent*) and repayment of public debt (6.69 *per cent*). The revenue expenditure of the State grew by 10.47 *per cent* and increased from Rs.1509.64 crore in 2004-05 to 1667.65 crore in 2005-06. The closing cash balance of the current year (Rs.14.39 crore) significantly improved from a negative balance of Rs.229.62 crore mainly due to reduction in the minus balance under "deposit with Reserve Bank and other banks" by Rs.139.08 crore and increase in cash in treasuries and remittances by Rs.19.63 crore. There was also an increase in investment of earmarked funds by Rs.12.00 crore.

1.1.2 Fiscal Responsibility and Budget Management (FRBM) Act, 2006

The State Government enacted (March 2006) the Arunachal Pradesh Fiscal Responsibility (APFR) Act, 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. The Act set the following fiscal targets for the State Government:

- reduce revenue deficit to nil within a period of four financial years beginning from 1st April 2005;
- reduce revenue deficit as a percentage of Gross State Domestic Product (GSDP) in each of the financial years beginning from 1st April 2005;
- reduce fiscal deficit to not more than three *per cent* of the estimated GSDP within a period of five financial years beginning from 1st April 2005.

1.1.3 Fiscal Policy Statement(s) 2005-06

As prescribed in the Act, the State Government has to lay before the Legislature, the Medium Term Fiscal Plan along with the annual budget. As the APFR Act was enacted in March 2006, the State Government had not laid any such plan in the Legislature during 2005-06 and 2006-07 budgets.

1.1.4 Roadmap to Achieve the Fiscal Targets as laid down in APFR Act/Rules

In pursuance of the recommendations of the Twelfth Finance Commission (TFC), the State Government enacted the APFR Act in March 2006 and also drawn its own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with target dates of implementation during the period from

2004-05 to 2009-10 (Appendix 1.2). In FCP, the State Government indicated revised estimates for 2005-06 and projections for ensuing years.

1.1.5 Mid-Term Review of Fiscal Situation

To enforce compliance with the fiscal principles and targets laid down in the FRBM Act, 2006, the Finance Department of the State Government is to review every half-year the trends in receipts and expenditure including the fiscal indicator targets set for the current financial year and place before the State Legislature a statement containing the outcome of such review. However, the State Government is yet to enforce the provision of the Act in this regard as no mid term review has been undertaken even during the current year 2006-07.

1.2 Overview of Fiscal Situation of the State

1.2.1 Trends of Fiscal Aggregates

The fiscal position of the State Government during the current year as compared to the previous year is given in *Table 1.2*.

Table 1.2

(Rupees in crore)

| 2004-05 | Sl.No. | Major Aggregates | 2005-06 |
|-----------|--------|------------------------------------|-----------|
| 1501.84 | 1 | Revenue Receipts (2+3+4) | 1849.41 |
| 50.11 | 2 | Tax Revenue (Net) | 62.09 |
| 170.20 | 3 | Non-Tax Revenue | 202.36 |
| 1281.53 | 4 | Other Receipts | 1584.96 |
| 2.61 | 5 | Non-Debt Capital Receipts | 2.82 |
| 2.61 | 6 | Of which recovery of Loans | 2.82 |
| 1504.45 | 7 | Total Receipts (1+5) | 1852.23 |
| 936.70 | 8 | Non-Plan Expenditure | 943.71 |
| 930.62 | 9 | On Revenue Account | 943.98 |
| 146.90 | 10 | Of which Interest Payments | 156.45 |
| 2.96 | 11 | On Capital Account | (-1.07) |
| 3.12 | 12 | On Loans disbursed | 0.80 |
| 953.98 | 13 | Plan expenditure | 1165.23 |
| 579.02 | 14 | On Revenue Account | 723.67 |
| 372.11 | 15 | On Capital Account | 438.68 |
| 2.85 | 16 | On Loans disbursed | 2.88 |
| 1890.68 | 17 | Total Expenditure (13+8) | 2108.94 |
| (-)7.80 | 18 | Revenue Deficit/Surplus {1-(9+14)} | (+)181.76 |
| (-)386.23 | 19 | Fiscal Deficit (17-1-5) | (-)256.71 |
| (-)239.33 | 20 | Primary Deficit (19-10) | (-)100.26 |

The total non-debt receipts of the State increased from 1504.45 crore in 2004-05 to Rs.1852.23 crore in 2005-06 and the total expenditure of the State

increased from Rs.1890.68 crore in 2004-05 to Rs.2108.94 crore in 2005-06. The State had a revenue surplus of Rs.181.76 crore and fiscal and primary deficit of Rs.256.71 crore and Rs.100.26 crore respectively during 2005-06.

1.3 Audit methodology

Audit observations on the Statements of Finance Accounts for the year 2005-06 bring out the trends in major fiscal aggregates of receipts and expenditure and wherever necessary, analyse them in the light of time series data (Appendix – II to V) and periodic comparisons. Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt, and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The new GSDP series with 1993-94 as base as published by the Director of Economics and Statistics of the State Government has been used. For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) resources by volume and sources, (ii) application of resources, (iii) assets and liabilities and (iv) management of deficits. Audit observations also take into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in Appendix 1.1-Part C.

1.4 State Finances by key Indicators

1.4.1 Resources by Volumes and Sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts comprise tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account. *Table 1.3* shows that the total receipts of the State Government for the year 2005-06 were Rs.3991.42 crore. Of these, revenue receipts were Rs.1849.41 crore, constituting 46.33 *per cent* of the total receipts. The balance came from borrowings and receipts from Public Account.

Table 1.3: State Resources

| | | (Rupees in crore) |
|-------------|---|-------------------|
| I. | Revenue Receipts | 1849.41 |
| II. | Capital Receipts | 716.89 |
| | Recovery of Loans and Advances | 2.82 |
| | Public Debt Receipts | 714.07 |
| | Miscellaneous Capital Receipts | - |
| III. | Contingency Fund Receipts | - |
| IV. | Public Account Receipts | 1425.12 |
| (a) | Small Savings, Provident Fund <i>etc.</i> | 129.45 |
| (b) | Reserve Fund | 16.92 |
| (c) | Deposits and Advances | 147.08 |
| (d) | Suspense and Miscellaneous | 51.06 |
| (e) | Remittances | 1080.61 |
| | Total Receipts* | 3991.42 |

* Excluding the opening cash balance of (-) Rs.229.62 crore.

Out of the total receipts under Public Account, remittances constitute about 76 per cent. While 89 per cent (Rs.958.85 crore) of the remittances have come from Public Works remittances, Forest remittances constituted 8 per cent (Rs.86.37 crore). Public Works remittances mainly consisted of security deposit and earnest money deposits from contractors.

1.4.2 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts of the State comprise mainly its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and its buoyancy are indicated in *Table 1.4*.

Table 1.4: Revenue Receipts-Basic Parameters

| | | (Rupees in crore) | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Revenue Receipts (RR) | 961.41 | 1085.30 | 1108.29 | 1576.36 | 1501.84 | 1849.41 |
| Own Taxes | 20.63 (2.15) | 30.89 (2.85) | 37.26 (3.36) | 43.73 (2.77) | 50.11 (3.34) | 62.09 (3.36) |
| Non-Tax Revenue | 63.65 (6.62) | 70.91 (6.53) | 76.30 (6.88) | 120.57 (7.65) | 170.20 (11.33) | 202.36 (10.94) |
| Central Tax Transfers | 115.67 (12.03) | 90.93 (8.38) | 121.68 (10.98) | 160.60 (10.19) | 191.95 (12.78) | 272.15 (14.72) |
| Grants-in-aid | 761.46 (79.20) | 892.57 (82.24) | 873.05 (78.77) | 1251.46 (79.39) | 1089.58 (72.55) | 1312.81 (70.99) |
| Rate of growth of RR (<i>per cent</i>) | (-)-4.71 | 12.89 | 2.12 | 42.23 | (-)-4.73 | 23.14 |

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|----------|---------|---------|---------|----------|---------|
| RR/GSDP (per cent) | 53.91 | 55.89 | 56.47 | 69.68 | 61.10 | 69.38 |
| Buoyancy ratio of Revenue Receipts with reference to GSDP | (-)0.499 | 1.451 | 1.971 | 2.766 | (-)0.546 | 2.742 |
| Rate of growth of own taxes | 48.63 | 49.73 | 20.62 | 17.36 | 14.59 | 23.91 |
| Buoyancy ratio of State's own taxes with reference to GSDP | 5.158 | 5.602 | 19.187 | 1.137 | 1.685 | 2.833 |
| Buoyancy of Revenue Receipts with reference to State's own Taxes | (-)0.096 | 0.259 | 0.102 | 2.432 | (-)0.324 | 0.967 |
| GSDP Growth (per cent) | 9.43 | 8.88 | 1.07 | 15.27 | 8.66 | 8.44 |

Figures in brackets indicate the percentage share in Revenue Receipts in corresponding years.

The revenue receipts of the State increased from Rs.961.41 crore in 2000-01 to Rs.1849.41 crore (92.36 per cent) in 2005-06. While 14.30 per cent of the revenue receipts during 2005-06 have come from the State's own resources comprising tax and non-tax revenue receipts, Central tax transfers and grant-in-aid together contributed 85.70 per cent of the total revenue. Buoyancy ratio of revenue receipts with respect to GSDP during 2005-06 was 2.742 against a negative figure of 0.546 during the previous year due to substantial growth in revenue receipts during the year (23.14 per cent from a negative 4.73 per cent during 2004-05).

Tax Revenue

The percentage share of tax revenue in revenue receipts moved in a narrow range of 2.15 per cent in 2000-01 to 3.36 per cent in 2005-06. Tax revenue has increased from Rs.50.11 crore in 2004-05 to Rs.62.09 crore (23.91 per cent) in 2005-06. Sales tax was the major contributor (77 per cent) of the State's own tax revenue followed by State excise (15 per cent) and taxes on vehicles (4 per cent). State's own tax revenue was Rs.62.09 crore against Rs.96.29 crore as assessed by the State Government in its FCP for 2005-06. The receipts from tax revenue during 2005-06 were Rs.44.83 crore less than the normative projection of Rs.106.92 crore made by the TFC.

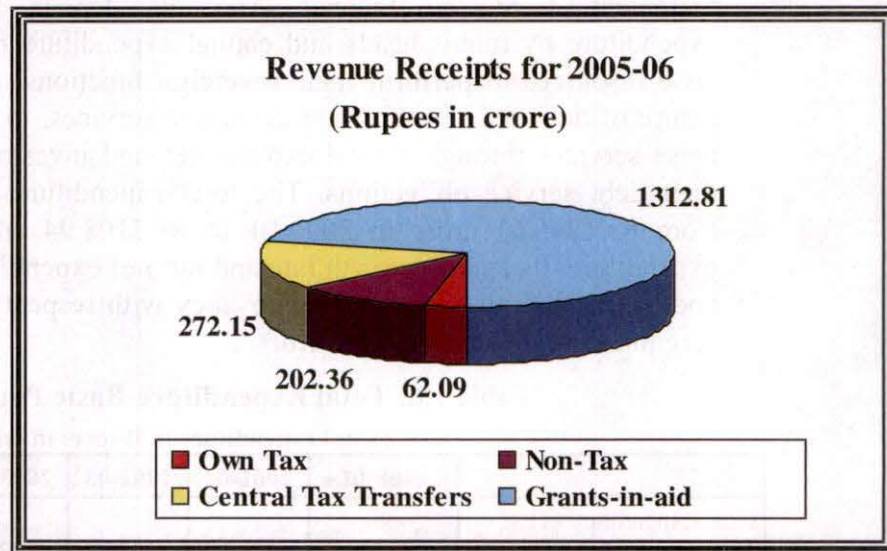
Non-Tax Revenue

The share of non-tax revenue has increased from 6.62 per cent in 2000-01 to 10.94 per cent in 2005-06. Non-tax revenue of Rs.202.36 crore mainly came from Power (44 per cent), Administrative Services (15 per cent) and Non-Ferrous Mining and Metallurgical Industries (12 per cent). However, non-tax revenue during 2005-06 was Rs.120.74 crore higher than the normative projection of Rs.81.62 crore made by the TFC.

Grants-in-aid

The State Government received Rs.726.39 crore in 2005-06 as grants for State Plan schemes against Rs.613.88 crore received during 2004-05. There was also increase in centrally sponsored scheme grants by Rs.21.86 crore. There

was sharp increase in non-plan grants from Rs.299.64 crore in 2004-05 to Rs.388.50 crore in 2005-06 inclusive of Rs.271.84 crore for meeting the non-plan revenue deficit as recommended by the TFC.



1.4.3 Sources of Receipts

The source of receipts under different heads as well as GSDP during 2000-06 is indicated in *Table 1.5*.

Table 1.5: Sources of Receipts: Trends

(Rupees in crore)

| Year | Revenue Receipts | Capital Receipts | | | | Total Receipts | Gross State Domestic Product |
|---------|------------------|-------------------|---------------|---------------------------|----------------------------|----------------|------------------------------|
| | | Non-Debt Receipts | Debt Receipts | Contingency Fund Receipts | Accruals in Public Account | | |
| 2000-01 | 961.41 | 1.60 | 116.14 | ... | 875.54 | 1954.69 | 1783.44 |
| 2001-02 | 1085.30 | 1.86 | 139.99 | ... | 947.58 | 2174.73 | 1941.78 |
| 2002-03 | 1108.29 | 2.24 | 143.08 | ... | 1513.88 | 2767.49 | 1962.65 |
| 2003-04 | 1576.36 | 2.35 | 305.98 | ... | 958.09 | 2842.78 | 2262.29 |
| 2004-05 | 1501.84 | 2.61 | 215.30 | ... | 1208.86 | 2928.61 | 2458.20 |
| 2005-06 | 1849.41 | 2.82 | 714.07 | ... | 1425.12 | 3991.42 | 2665.67 |

Revenue receipts increased from Rs.961.41 crore in 2000-01 to Rs.1849.41 crore in 2005-06. The non-debt receipts and debt receipts during the last six year period 2000-06 indicated inter year variations. The debt receipts increased from Rs.215.30 crore in 2004-05 to Rs.714.07 crore in 2005-06 on account of receipts of more loans and advances/overdrafts from the GOI/Reserve Bank of India (RBI).

1.5 Application of resources

1.5.1 Growth of expenditure

Statement-12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs.1246.61 crore in 2000-01 to Rs.2108.94 crore in 2005-06. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in *Table 1.6*.

Table 1.6: Total Expenditure-Basic Parameters

(Total expenditure in Rupees in crore and others in *per cent*)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|----------|---------|----------|---------|---------|---------|
| Total Expenditure (TE) ^(a) (Rupees in crore) | 1246.61 | 1335.96 | 1324.41 | 1828.75 | 1890.68 | 2108.94 |
| Rate of Growth (<i>per cent</i>) | 13.43 | 7.17 | (-0.86) | 38.08 | 3.39 | 11.54 |
| TE/GSDP ratio (<i>per cent</i>) | 69.90 | 68.80 | 67.48 | 80.84 | 76.91 | 79.11 |
| RR/TE ratio (<i>per cent</i>) | 77.12 | 81.24 | 83.68 | 86.20 | 79.43 | 87.69 |
| Buoyancy of Total Expenditure with reference to: | | | | | | |
| GSDP (ratio) | 1.424 | 0.807 | (-0.804) | 2.494 | 0.391 | 1.367 |
| RR (ratio) | (-2.851) | 0.556 | (-0.408) | 0.902 | (-0.71) | 0.499 |

(a) Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

The total expenditure of the State has increased from Rs.1246.61 crore in 2000-01 to Rs.1890.68 crore in 2005-06. The rate of growth of total expenditure during 2005-06 was 11.54 *per cent* against 3.39 *per cent* during the preceding year. In relative terms, the capital and revenue expenditure components have increased by 65.60 *per cent* and 70.23 *per cent* respectively during 2000-06. However, in absolute terms, increases were of the order of Rs.173.36 crore in capital expenditure and Rs.688.03 crore in revenue account during 2005-06 relative to 2000-01.

1.5.2 Trends in Total expenditure by Activities

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in *Table 1.7*.

Table 1.7: Components of Expenditure-Relative Share

| | (in per cent) | | | | | |
|----------------------------|---------------|---------|---------|---------|---------|---------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| General Services | 27.91 | 26.90 | 28.90 | 26.77 | 26.63 | 23.94 |
| Of which Interest payments | 9.68 | 8.16 | 9.47 | 8.44 | 7.77 | 7.42 |
| Social Services | 27.39 | 29.50 | 27.67 | 27.86 | 28.80 | 31.35 |
| Economic Services | 44.48 | 43.23 | 43.21 | 45.12 | 44.25 | 44.54 |
| Loans & Advances | 0.22 | 0.37 | 0.22 | 0.25 | 0.32 | 0.17 |

The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. But expenditure on general services and interest payments which are considered as non-developmental, together accounted for 23.94 per cent in 2005-06 as against 26.63 per cent in 2004-05. On the other hand, development expenditure i.e., expenditure on social and economic services together accounted for 75.94 per cent in 2005-06 as against 73.05 per cent in 2004-05. This indicates that there was decrease in non-developmental expenditure and increase in developmental expenditure in comparison to the previous years.

1.5.3 Incidence of revenue expenditure

Of the total expenditure, revenue expenditure formed predominant share. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and its buoyancy are indicated in *Table 1.8*.

Table: 1.8: Revenue Expenditure-Basic Parameters

| | (Rupees in crore) | | | | | |
|---|-------------------|---------|---------|---------|----------|---------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Revenue Expenditure (RE) | 979.62 | 1029.55 | 1031.37 | 1391.90 | 1509.64 | 1667.65 |
| <i>Of which</i> | | | | | | |
| Non-Plan Revenue Expenditure (NPRE) | 608.18 | 575.07 | 608.90 | 841.18 | 930.62 | 943.98 |
| Plan Revenue Expenditure (PRE) | 371.44 | 454.48 | 422.47 | 550.72 | 579.02 | 723.67 |
| Rate of Growth (per cent) | | | | | | |
| NPRE | 12.69 | (-)5.44 | 5.88 | 38.15 | 10.63 | 1.44 |
| PRE | 24.38 | 22.36 | (-)7.04 | 30.36 | 5.14 | 24.98 |
| NPRE/GSDP (per cent) | 34.10 | 29.61 | 31.02 | 37.18 | 37.85 | 35.41 |
| NPRE as per cent of TE | 48.78 | 43.04 | 45.97 | 45.99 | 49.22 | 44.76 |
| NPRE as per cent of RR | 63.25 | 52.98 | 54.94 | 53.36 | 61.96 | 51.04 |
| Buoyancy of Revenue Expenditure with | | | | | | |
| GSDP (ratio) | 1.802 | 0.574 | 0.164 | 2.290 | 0.917 | 1.240 |
| Revenue Receipts (ratio) | (-)3.607 | 0.396 | 0.083 | 0.828 | (-)1.789 | 0.452 |

The revenue expenditure of the State increased from Rs.979.62 crore in 2000-01 to Rs.1667.65 crore in 2005-06. The increase of Rs.158.01 crore (10.47 per cent) in revenue expenditure during 2005-06 over that of 2004-05 was due to the increase of Rs.98.42 crore (20.81 per cent) in social services and Rs.59.92 crore (10.94 per cent) in economic services. The increase in capital expenditure by Rs.62.54 crore during 2005-06 as compared to the previous year was due to increase of Rs.1.54 crore (10.60 per cent) in general services, Rs.18.32 crore (25.48 per cent) in social services and Rs.42.68 crore (14.79 per cent) in economic services. Out of the total revenue expenditure of Rs.1667.65 crore, non-plan revenue expenditure was Rs.943.98 crore (56.61 per cent) whereas plan revenue expenditure was Rs.723.67 crore (43.39 per cent). The NPRES increased from Rs.930.62 crore in 2004-05 to Rs.943.98 crore (1.44 per cent) in 2005-06. Although the growth rate of NPRES remained static during the years 2004-05 and 2005-06 under education, sports, arts and culture; health and family welfare; growth rate in agriculture and allied activities, transport, communication, irrigation decreased during 2005-06. The PRES increased from Rs.579.02 crore in 2004-05 to Rs.723.67 crore (24.98 per cent) in 2005-06. The increase in plan expenditure was due to the increase in PRES under education, sports, art and culture (Rs.1.15 crore); water supply, sanitation, housing and urban development (Rs.27.41 crore); social welfare and nutrition (Rs.64.28 crore); agriculture and allied activities (Rs.40.95 crore) and irrigation and flood control (Rs.10.42 crore). The buoyancy ratio of revenue expenditure with GSDP decreased from 1.802 in 2000-01 to 1.240 in 2005-06 with large inter-year variations.

1.5.4 Committed Expenditure

Expenditure on Salaries and Wages

Table 1.9: Expenditure on salaries

(Rupees in crore)

| Heads | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Expenditure on Salaries & Wages | 396.89 | 433.75 | 445.73 | 505.09 | 549.67 | 575.43 |
| Non-Plan Head | NA | 309.77 | 327.03 | 370.03 | 398.24 | 420.91 |
| Plan Head* | NA | 123.98 | 118.70 | 135.06 | 151.43 | 154.52 |
| As a per cent of GSDP | 22.25 | 22.40 | 22.71 | 22.33 | 22.36 | 21.59 |
| As a per cent of RR | 41.28 | 40.08 | 40.22 | 32.04 | 36.60 | 31.11 |

* Plan Head also includes the salaries and wages paid under centrally sponsored schemes.

Salaries accounted for 21.59 per cent of GSDP and 31.11 per cent of revenue receipts in the State during 2005-06. The salary expenditure under non-plan increased by 4.69 per cent over the previous year. Expenditure of Rs.575.43 crore on salaries during 2005-06 was less by Rs.38.57 crore (6.28 per cent) than assessed (Rs.614 crore) by the State Government in its FCP. While the norm stipulated by the TFC was that the total salary bill relative to revenue expenditure, net of interest payments and pensions should not exceed 35 per cent, the share of salary bill in the State is estimated to be 40 per cent requiring attention of the Government to move towards the norm prescribed by TFC.

Pension Payments

Table 1.10: Expenditure on Pensions

(Rupees in crore)

| Heads | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|-------------------------|---------|---------|---------|---------|---------|---------|
| Expenditure on Pensions | 47.50 | 54.16 | 60.13 | 65.93 | 70.34 | 70.75 |
| As per cent of GSDP | 2.66 | 2.79 | 3.06 | 2.91 | 2.86 | 2.65 |
| As per cent of RR | 4.94 | 4.99 | 5.43 | 4.18 | 4.68 | 3.83 |

Sources: Information furnished by AG (A&E)

Pension payments have increased from Rs.47.50 crore in 2000-01 to Rs.70.75 crore in 2005-06 (48.95 per cent). Pension payments during 2005-06 constituted 3 per cent of GSDP and 4 per cent of revenue receipts. Pension payment during 2005-06 have increased marginally by Rs.0.41 crore relative to 2004-05. However, it was Rs.0.34 crore less as compared to the FCP for the year 2005-06.

Interest payments

Interest payments, their ratio to revenue receipts and revenue expenditure during the period 2000-06 are detailed in *Table 1.11*.

Table 1.11: Interest payments

| Year | Revenue Receipts | Interest payments | Percentage of interest payments with reference to | |
|-------------------|------------------|-------------------|---|---------------------|
| | | | Revenue Receipts | Revenue Expenditure |
| (Rupees in crore) | | | | |
| 2000-2001 | 961.41 | 120.68 | 12.55 | 12.32 |
| 2001-2002 | 1085.30 | 108.99 | 10.04 | 10.59 |
| 2002-2003 | 1108.29 | 125.40 | 11.31 | 12.16 |
| 2003-2004 | 1576.36 | 141.92 | 9.00 | 10.20 |
| 2004-2005 | 1501.84 | 146.90 | 9.78 | 9.76 |
| 2005-2006 | 1849.41 | 156.45 | 8.46 | 9.38 |

Interest payments increased by 29.64 per cent from Rs.120.68 crore in 2000-01 to Rs.156.45 crore in 2005-06 primarily due to ever increasing borrowings. The interest payments during 2005-06 were on internal debt (Rs.45.75 crore), loans received from the Central Government (Rs.71.67 crore) and small savings, provident fund, etc. (Rs.36.99 crore).

The major sources of borrowings of the State Government were (i) Loans from the Centre, (ii) Loans from Market, (iii) Loans from Banks and Financial institutions and (iv) Loans from Small Savings and Provident Fund.

Subsidies

Table 1.12: Subsidies

| Year | Amount (Rupees in crore) | Percentage of increase (+)/decrease (-) over previous year | Percentage of subsidy in total expenditure |
|-----------|-----------------------------|--|---|
| 2000-2001 | 19.94 | -- | -- |
| 2001-2002 | 21.57 | (-)7.56 | 1.61 |
| 2002-2003 | 22.00 | (+)1.99 | 1.66 |
| 2003-2004 | 30.96 | (+)40.73 | 1.69 |
| 2004-2005 | 19.37 | (-)37.44 | 1.02 |
| 2005-2006 | 19.85 | (+)2.48 | 0.94 |

Sources: Information furnished by the Finance Department, Government of Arunachal Pradesh

During the current year, subsidies constituted 0.94 per cent of the total expenditure indicating a decrease of Rs.0.09 crore during the period 2000-06.

1.6 Expenditure by allocative priorities

1.6.1 Quality of expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, better is the quality of expenditure. Table 1.13 gives these ratios during 2000-06.

Table 1.13: Indicators of Quality of Expenditure

| | (Rupees in crore) | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Capital Expenditure | 264.25 | 301.51 | 290.06 | 433.35 | 375.07 | 437.61 |
| Revenue Expenditure | 979.62 | 1029.55 | 1031.37 | 1391.90 | 1509.64 | 1667.65 |
| <i>Of which</i> | | | | | | |
| Social and Economic Services with | 647.58 | 692.22 | 666.81 | 953.70 | 1020.62 | 1178.92 |
| (i) Salary & Wage Component | NA | 267.53 (38.65) | 277.42 (41.60) | 312.77 (32.80) | 327.60 (32.10) | 350.17 (29.70) |
| (ii) Non-Salary & Wage Component | NA | 424.69 (61.35) | 389.39 (58.40) | 640.93 (67.20) | 693.02 (77.99) | 828.75 (70.30) |
| As per cent of Total Expenditure^(a) | | | | | | |
| Capital Expenditure | 21.24 | 22.65 | 21.95 | 23.74 | 19.90 | 20.79 |
| Revenue Expenditure | 78.76 | 77.35 | 78.05 | 76.26 | 80.10 | 79.27 |
| As per cent of GSDP | | | | | | |
| Capital Expenditure | 14.82 | 15.52 | 14.77 | 19.15 | 15.25 | 16.42 |
| Revenue Expenditure | 54.92 | 53.02 | 52.54 | 61.52 | 61.41 | 62.56 |

(a) Total expenditure excludes Loans and Advances

The share of revenue and capital expenditure in total expenditure remained almost stable at 79 per cent and 21 per cent respectively during the period 2000-06. However, within the revenue expenditure incurred on social and economic services, the share of salary component has declined from 38.65 per cent to 29.70 per cent during the period with inter-year variations, while that of non-salary component has increased from 61.35 per cent to 70 per cent during the period 2001-06. This indicates that the State is gradually picking up momentum in creating productive assets and developing social and economic infrastructure.

1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities, etc., have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table 1.14 summaries the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2000-06.

Table 1.14: Expenditure on Social Services

| | (Rupees in crore) | | | | | |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Education, Sports, Art and Culture | | | | | | |
| Revenue Expenditure | 142.88 | 164.87 | 154.15 | 182.88 | 204.34 | 216.07 |
| <i>Of which</i> | | | | | | |
| (a) Salary & Wage Component | NA | 118.88 | 120.29 | 134.51 | 137.51 | 148.42 |
| (b) Non-Salary & Wage component | NA | 45.99 | 33.86 | 48.37 | 66.83 | 67.65 |
| Capital Expenditure | 10.46 | 18.34 | 11.44 | 15.78 | 19.58 | 24.34 |
| Total | 153.34 | 183.21 | 165.59 | 198.66 | 223.92 | 240.41 |
| Health and Family Welfare | | | | | | |
| Revenue Expenditure | 57.08 | 61.77 | 58.72 | 67.51 | 77.07 | 70.83 |
| <i>Of which</i> | | | | | | |
| (a) Salary & Wage Component | NA | 44.26 | 47.43 | 52.11 | 56.25 | 60.46 |
| (b) Non-Salary & Wage component | NA | 17.51 | 11.29 | 15.40 | 20.82 | 10.37 |
| Capital Expenditure | 6.27 | 5.90 | 4.09 | 8.77 | 16.93 | 5.09 |
| Total | 63.35 | 67.67 | 62.81 | 76.28 | 94.00 | 75.92 |
| Water Supply, Sanitation, Housing and Urban Development | | | | | | |
| Revenue Expenditure | 54.22 | 62.20 | 60.67 | 86.95 | 124.19 | 153.26 |
| <i>Of which</i> | | | | | | |
| (a) Salary & Wage Component | NA | 7.78 | 8.15 | 8.79 | 9.27 | 10.13 |
| (b) Non-Salary & Wage component | NA | 54.42 | 52.52 | 78.16 | 114.92 | 143.13 |
| Capital Expenditure | 25.42 | 21.20 | 21.79 | 19.61 | 29.55 | 44.80 |
| Total | 79.64 | 83.40 | 82.46 | 106.56 | 153.74 | 198.06 |
| Other Social Services | | | | | | |
| Revenue Expenditure | 44.42 | 53.66 | 54.22 | 95.94 | 67.07 | 130.89 |
| <i>Of which</i> | | | | | | |
| (a) Salary & Wage Component | NA | 1.58 | 1.67 | 2.18 | 2.50 | 1.70 |
| (b) Non-Salary & Wage component | NA | 52.08 | 52.77 | 93.76 | 64.57 | 129.19 |

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Capital Expenditure | 0.74 | 6.17 | 1.32 | 13.43 | 5.83 | 15.98 |
| Total | 45.16 | 69.83 | 55.54 | 109.37 | 72.90 | 146.87 |
| Total (Social Services) | | | | | | |
| Revenue Expenditure | 298.60 | 342.50 | 327.76 | 433.28 | 472.67 | 571.05 |
| Of which | | | | | | |
| (a) Salary & Wage Component | NA | 172.50 | 177.54 | 197.59 | 205.53 | 220.71 |
| (b) Non-Salary & Wage component | NA | 170.00 | 150.22 | 235.69 | 267.14 | 350.34 |
| Capital Expenditure | 42.89 | 51.61 | 38.64 | 57.59 | 71.89 | 90.21 |
| Grand Total | 341.49 | 394.11 | 366.40 | 490.87 | 544.56 | 661.26 |

The expenditure on social services increased from Rs.341.49 crore in 2000-01 to Rs.661.26 crore in 2005-06 and it constituted 31.41 *per cent* of the total revenue and capital expenditure (Rs.2105.26 crore) during 2005-06. Expenditure on education, health services and drinking water and sanitation facilities etc., comprised 78 *per cent* of the total social sector expenditure during 2005-06.

The trend in revenue and capital expenditure on social services during the period 2000-06 reveals that the share of capital expenditure remained within the range of 10.57 to 13.64 *per cent* which indicates that revenue expenditure constituted a dominant share of the total expenditure incurred on social services. Within the revenue expenditure, salary and wage component and non-salary component constituted 38.65 *per cent* and 61.35 *per cent* respectively during the period 2005-06.

As regards the priority sectors of education and health services, though the expenditure (revenue and capital) under general education during 2005-06 increased by 7.36 *per cent* from Rs.223.92 crore in 2004-05 to Rs.240.41 crore in 2005-06, expenditure under health sector declined by 19.23 *per cent* indicating a deterioration in provision of health services.

1.6.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the State's economy. The expenditure on economic services (Rs.939.20 crore) accounted for 44.61 *per cent* of the total expenditure (**Table 1.15**). Of this, agriculture and allied activities, irrigation and flood control, energy and transport consumed nearly 71.47 *per cent* of the expenditure.

Table 1.15: Expenditure on Economic Services

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Agriculture, Allied Activities | | | | | | |
| Revenue Expenditure | 141.76 | 144.50 | 135.83 | 208.40 | 179.55 | 204.44 |
| Of which | | | | | | |
| (a) Salary & Wage Component | NA | 67.58 | 71.83 | 78.86 | 85.77 | 90.31 |
| (b) Non-Salary & Wage component | NA | 76.92 | 64.00 | 129.54 | 93.78 | 114.13 |
| Capital Expenditure | 3.15 | 5.69 | 5.18 | 6.40 | 4.84 | 22.55 |

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Total | 144.91 | 150.19 | 141.01 | 214.80 | 184.39 | 226.99 |
| Irrigation and Flood Control | | | | | | |
| Revenue Expenditure | 46.34 | 43.18 | 45.49 | 59.57 | 39.43 | 45.25 |
| <i>Of which</i> | | | | | | |
| (a) <i>Salary & Wage Component</i> | NA | 7.67 | 8.00 | 9.77 | 10.23 | 10.84 |
| (b) <i>Non-Salary & Wage component</i> | NA | 35.51 | 37.49 | 49.80 | 29.20 | 34.41 |
| Capital Expenditure | 6.28 | 5.47 | 4.92 | 17.65 | 3.86 | 5.87 |
| Total | 52.62 | 48.65 | 50.41 | 77.22 | 43.29 | 51.12 |
| Power & Energy | | | | | | |
| Revenue Expenditure | 20.16 | 16.37 | 14.33 | 25.00 | 105.55 | 103.23 |
| <i>Of which</i> | | | | | | |
| (a) <i>Salary & Wage Component</i> | NA | 7.64 | 7.96 | 8.78 | 9.14 | 10.34 |
| (b) <i>Non-Salary & Wage component</i> | NA | 8.73 | 6.37 | 16.22 | 96.41 | 92.89 |
| Capital Expenditure | 86.92 | 91.67 | 112.63 | 170.36 | 149.41 | 124.09 |
| Total | 107.08 | 108.04 | 126.96 | 195.36 | 254.96 | 227.32 |
| Transport | | | | | | |
| Revenue Expenditure | 46.83 | 45.43 | 43.01 | 81.76 | 58.58 | 70.29 |
| <i>Of which</i> | | | | | | |
| (a) <i>Salary & Wage Component</i> | NA | 11.17 | 10.93 | 16.47 | 15.62 | 16.61 |
| (b) <i>Non-Salary & Wage component</i> | NA | 34.26 | 32.08 | 65.29 | 42.96 | 54.13 |
| Capital Expenditure | 94.03 | 98.81 | 74.64 | 106.91 | 85.92 | 95.48 |
| Total | 140.86 | 144.24 | 117.65 | 188.67 | 144.50 | 165.77 |
| Other Economic Services | | | | | | |
| Revenue Expenditure | 93.89 | 100.24 | 100.39 | 145.69 | 164.84 | 184.66 |
| <i>Of which</i> | | | | | | |
| (a) <i>Salary & Wage Component</i> | NA | 0.97 | 1.16 | 1.30 | 1.31 | 1.36 |
| (b) <i>Non-Salary & Wage component</i> | NA | 99.27 | 99.23 | 144.39 | 165.53 | 183.30 |
| Capital Expenditure | 15.10 | 26.14 | 35.95 | 59.36 | 44.62 | 83.34 |
| Total | 108.99 | 126.38 | 136.35 | 205.05 | 209.46 | 268.00 |
| Total (Economic Services) | | | | | | |
| Revenue Expenditure | 348.98 | 349.72 | 339.05 | 520.42 | 547.95 | 607.87 |
| <i>Of which</i> | | | | | | |
| (a) <i>Salary & Wage Component</i> | NA | 95.03 | 99.88 | 115.18 | 122.07 | 129.46 |
| (b) <i>Non-Salary & Wage component</i> | NA | 254.69 | 239.17 | 405.24 | 425.88 | 478.41 |
| Capital Expenditure | 205.48 | 227.78 | 233.23 | 360.68 | 288.65 | 331.33 |
| Grand Total | 554.46 | 577.50 | 572.37 | 881.10 | 836.60 | 939.20 |

The trends in revenue and capital expenditure of economic services during the period 2000-06 showed inter-year fluctuations. While revenue expenditure during 2005-06 increased by Rs.59.92 crore over the previous year, the capital expenditure increased by Rs.42.68 crore compared to 2004-05. Of the revenue expenditure, the expenditure on salary and wages has moderately increased from Rs.122.07 crore in 2004-05 to Rs.129.46 crore in 2005-06 (6.05 per cent) while its non-salary component has increased from Rs.425.88 crore in 2004-05 to Rs.478.41 crore in 2005-06 (12.33 per cent of the revenue expenditure under economic services) indicating allocative priorities towards better quality and maintenance.

1.6.4 Financial Assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the five year period 2000-06 is presented in *Table 1.16*.

Table 1.16: Financial Assistance

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|-------------|--------------|--------------|--------------|--------------|--------------|
| Universities and Educational Institutions | 3.79 | 8.01 | 10.12 | 15.89 | 24.43 | 16.49 |
| Cultural Institutions/voluntary organizations for promotion of Art and Culture | 0.46 | 0.27 | 0.12 | 0.21 | 0.09 | 5.21 |
| State Institute of Rural Development | 2.22 | 0.15 | 8.46 | 16.03 | 0.85 | 24.36 |
| Social Welfare | 0.42 | 0.90 | 0.50 | 0.46 | 0.70 | 0.15 |
| Warehousing Corporations | - | - | 0.77 | 4.77 | - | 4.94 |
| Co-operation | - | 0.36 | - | - | - | -- |
| Zila Parishads/Village Panchayats etc. | - | - | - | - | 0.48 | -- |
| Others Institutions | 1.28 | 0.77 | 2.43 | 27.42 | 15.04 | 15.79 |
| Total | 8.17 | 10.46 | 22.40 | 64.78 | 41.59 | 66.95 |
| Percentage of increase (+)/decrease (-) over previous year | (-) 40.97 | 28.03 | 114.15 | 189.20 | (-) 35.80 | (+) 60.95 |
| Assistance as a percentage of revenue expenditure | 0.83 | 1.02 | 2.17 | 4.65 | 2.75 | 4.02 |

Source: Information furnished by the AG (A&E)

During 2005-06 financial assistance of Rs.66.94 crore was paid to various institutions as compared to Rs.8.17 crore paid in 2000-01. The total assistance during 2005-06 had gone up by 719 *per cent* over the level of 2000-01. The assistance to institutions as a percentage of revenue expenditure had increased from 0.83 *per cent* in 2000-01 to 4.02 *per cent* in 2005-06. The assistance to institutions during 2005-06 had increased by 61 *per cent* compared to previous year due to an increase of Rs.5.12 crore in assistance to cultural institutes and to State Institute of Rural Development by Rs.23.51 crore.

1.6.6 Non-submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act), the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. Information for the year 2005-06 was called for in May 2006 from 19 institutions, but the reply was awaited from 13 institutions as of November 2006.

1.6.7 Abstract of performance of the autonomous bodies

The audit of accounts of the North Eastern Regional Institute of Science and Technology (NERIST) in the State has been entrusted to the Comptroller and Auditor General of India under section 20(i) of CAG's (DPC) Act, 1971 upto

the year 2006-07. The status of rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated below:

Table: 1.17

| Name of Body | Year upto which accounts due | Year upto which accounts submitted | Year upto which audit report issued | Year upto which audit report placed before Parliament |
|---|------------------------------|------------------------------------|-------------------------------------|--|
| North Eastern Regional Institute of Science and Technology ² (NERIST), Nirjuli | 2005-06 | 2005-06 | 2004-05 | Upto 2001-02. Information regarding placement of Report for the years 2002-03, 2003-04 and 2004-05 are awaited from the Ministry |

1.6.8 Misappropriations, losses, defalcations, etc

State Government reported 38 cases of misappropriation, defalcation, etc involving Government money amounting to Rs.896.13 crore upto the period June 2006 on which final action was pending. The department-wise break up of pending cases is given in Appendix – VI.

1.7 Assets and liabilities

In Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix – II gives an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position as on 31 March 2005. While the liabilities in this appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the public account and reserve funds, the assets comprise mainly capital outlay and loans and advances given by the State Government and cash balances. Appendix – V depicts the time series data on State Government finances for the period 2000-06.

1.7.1 Incomplete projects

As per information contained in Appendix II of Finance Accounts, the State Government incurred Rs.26.64 crore as of 31 March 2006 on 345 incomplete projects. The projects remained incomplete for paucity of funds.

1.7.2 Investments and returns

As of 31 March 2006, Government had invested Rs.27.77 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (Table 1.18). The return on this investment was nil in the last three years while

² Audit of Institution has been entrusted to Comptroller and Auditor General of India from 2002-03 to 2006-07.

the Government paid interest at the average rate of 7.60 to 14.01 *per cent* on its borrowings during 2000-06.

Table 1.18: Return on Investment

| Year | Investment at the end of the year | Return | Percentage of return | Average rate of interest on government borrowing | Difference between interest rate and return |
|---------|-----------------------------------|--------|----------------------|--|---|
| | (Rupees in crore) | | | (per cent) | |
| 2000-01 | 12.71 | 0.0001 | 0.00 | 14.01 | 14.01 |
| 2001-02 | 15.24 | 0.0034 | 0.02 | 10.68 | 10.66 |
| 2002-03 | 16.08 | 0.0028 | 0.02 | 10.81 | 10.79 |
| 2003-04 | 16.13 | 0.00 | 0.00 | 10.32 | 10.32 |
| 2004-05 | 16.23 | 0.00 | 0.00 | 8.90 | 8.90 |
| 2005-06 | 27.77 | 0.00 | 0.00 | 7.60 | 7.60 |

The increase in investment during 2005-06 was due to investment of Rs.10.53 crore in Arunachal Pradesh Co-operative Apex Bank Ltd., during 2005-06.

1.7.3 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organizations. Total outstanding loans and advances as on 31 March 2006 was Rs.25.47 crore (**Table 1.19**). Interest received against these loans advanced was 1.56 *per cent* during 2005-06 as against 2.14 *per cent* in previous year.

During the year 2005-06, loan and advances of Rs.3.68 crore was disbursed to various institutions (Rs.2.88 crore) and government servants (Rs.0.80 crore). Out of Rs.0.39 crore, interest received from government servants was Rs.0.30 crore and the balance of Rs.0.09 crore was received from other institutions.

Table 1.19: Average interest received on loans advanced by the State Government

| | (Rupees in crore) | | | | | |
|--|-------------------|---------|---------|---------|---------|---------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Opening balance | 15.17 | 16.31 | 19.35 | 20.09 | 21.25 | 24.61 |
| Amount advanced during the year | 2.74 | 4.90 | 2.98 | 3.50 | 5.97 | 3.68 |
| Amount repaid during the year | 1.60 | 1.86 | 2.24 | 2.35 | 2.61 | 2.82 |
| Closing balance | 16.31 | 19.35 | 20.09 | 21.25 | 24.61 | 25.47 |
| Net addition | 1.14 | 3.04 | 0.74 | 1.15 | 3.36 | 0.86 |
| Interest received | 0.00 | 0.69 | 0.33 | 0.35 | 0.49 | 0.39 |
| Interest received as <i>per cent</i> to outstanding Loans & Advances | 0.0006 | 3.87 | 1.67 | 1.69 | 2.14 | 1.56 |
| Weighted interest rate (<i>per cent</i>) paid on borrowing by State Government | 14.01 | 10.68 | 10.81 | 10.32 | 8.90 | 7.60 |
| Difference between weighted interest rate paid and received (<i>per cent</i>) | 14.004 | 6.81 | 9.13 | 8.62 | 6.76 | 6.04 |

1.7.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) - ordinary and special - from RBI has been put in place. The operative limit for Normal Ways and Means Advances is reckoned as the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by RBI from time to time depending on the holding of Government securities. Ways and Means Advances and Overdrafts availed, the number of occasions these were availed and interest paid by the State is detailed in *Table 1.20*.

Table 1.20: Ways and Means and Overdrafts of the State

| (Rupees in crore) | | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|---------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Ways and Means Advances | | | | | | |
| Availed in the year | 13.36 | 14.73 | 27.39 | -- | 146.65 | 42.20 |
| Outstanding WMAs, if any | -- | -- | -- | -- | 55.40 | 88.70 |
| Interest paid | -- | .03 | .04 | -- | 0.24 | 0.21 |
| Number of days | 01 | 05 | 28 | -- | 74 | 59 |
| Overdraft | | | | | | |
| Availed in the year | -- | -- | -- | -- | 45.22 | 201.50 |
| Number of days | -- | -- | -- | -- | 6 | 35 |
| Interest paid | -- | -- | -- | -- | 40.91 | 0.90 |

1.8 Undischarged liabilities

1.8.1 Fiscal Liabilities - Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund - Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits.

Table 1.21 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table 1.21: Fiscal Liabilities- Basic Parameters

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|-----------|---------|---------|---------|-----------|---------|
| Fiscal Liabilities (Rupees in crore) | 945.66 | 1094.49 | 1226.53 | 1524.81 | 1777.54 | 2337.20 |
| Rate of Growth (<i>per cent</i>) | 21.70 | 15.74 | 12.06 | 24.32 | 16.57 | 31.49 |
| Ratio of Fiscal Liabilities to | | | | | | |
| GSDP (<i>per cent</i>) | 53.02 | 56.37 | 62.49 | 67.40 | 72.31 | 87.68 |
| Revenue Receipts (<i>per cent</i>) | 98.36 | 100.85 | 110.67 | 96.73 | 118.36 | 126.38 |
| Own resources (<i>per cent</i>) | 1122.05 | 1075.14 | 1080.07 | 928.06 | 806.84 | 883.80 |
| Buoyancy of Fiscal Liabilities to | | | | | | |
| GSDP (ratio) | 2.301 | 1.773 | 13.243 | 1.022 | 1.914 | 3.730 |
| Revenue Receipts (ratio) | (-) 4.607 | 1.246 | 6.684 | 0.576 | (-) 3.506 | 1.360 |
| Own resources (ratio) | 5.179 | 0.757 | 1.361 | 0.456 | 0.486 | 1.571 |

Overall fiscal liabilities of the State increased from Rs.945.66 crore in 2000-01 to Rs.2337.20 crore in 2005-06. The growth rate was 31.49 *per cent* during 2005-06 over the previous year. The ratio of fiscal liabilities to GSDP also increased from 53.02 *per cent* in 2000-01 to nearly 87.68 *per cent* in 2005-06. These liabilities stood at 1.263 times the revenue receipts and 37.642 times of the State's own resources at the end of 2005-06. The fiscal liabilities had grown faster than the State's GSDP. The buoyancy of these liabilities with respect to GSDP during the year indicates that for each one *per cent* increase in GSDP, fiscal liabilities grew by 3.730 *per cent*.

1.8.2 Status of Guarantees - Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement-6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2000-01 is given in *Table 1.22*.

Table 1.22: Guarantees given by the Government of A.P.

(Rupees in crore)

| Year | Max amount guaranteed | Outstanding amount of guarantees | Percentage of maximum amount guaranteed to total revenue receipts |
|---------|-----------------------|----------------------------------|---|
| 2000-01 | 2.00 | 0.55 | 0.20 |
| 2001-02 | -- | -- | -- |
| 2002-03 | -- | -- | -- |
| 2003-04 | 27.34 | 20.36 | 1.73 |
| 2004-05 | 14.00 | 7.96 | 0.93 |
| 2005-06 | 24.00 | 5.56 | 1.29 |

Government had guaranteed loans raised by various corporations and others, which at the end of 2005-06 stood at Rs.5.56 crore which were 1.29 *per cent* of revenue receipts. No law under Article 293 of the constitution had been passed by the State Legislature laying down the maximum limit within which Government may give guarantees on the security of the Consolidated Fund of

the State. The APFRBM Act also did not indicate any limit for the purpose. The State Government is yet to implement the recommendations of the TFC by setting up a guarantee redemption fund through earmarked guarantee fees.

1.8.3 Debt Sustainability

Debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt* rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GDP ratio would be constant or sustainable. On the other hand, if PD is greater than QS, debt-GDP ratio would be rising and if PD is less than QS, it would be falling. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in the case of Arunachal Pradesh, the average interest rate of fiscal liabilities being 10.39 per cent, was more than the average rate of growth of GSDP by 1.76 per cent.

Table 1.23: Debt Sustainability-Interest Rate and GSDP Growth

(in per cent)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--------------------------------|------------|------------|------------|------------|------------|------------|
| Weighted Interest Rate | 14.01 | 10.68 | 10.81 | 10.32 | 8.90 | 7.60 |
| GSDP Growth | 9.43 | 8.88 | 1.07 | 15.27 | 8.66 | 8.44 |
| Outstanding debt | 945.66 | 1049.49 | 1226.53 | 1524.81 | 1777.54 | 2337.20 |
| Interest Spread | (-) 4.58 | (-) 1.80 | (-) 9.74 | 4.95 | (-) 0.24 | 0.84 |
| Quantum Spread (Rs. in crore) | (-) 43.31 | (-) 19.70 | (-) 119.46 | 75.48 | (-) 4.27 | (+) 19.63 |
| Primary Deficit (Rs. in crore) | (-) 162.92 | (-) 139.81 | (-) 88.48 | (-) 108.12 | (-) 239.33 | (-) 100.26 |

The trends in *Table 1.23* reveal that in four out of six years during 2000-06, the interest spread was negative. The year 2005-06, however, experienced a positive interest spread against a negative figure during previous year mainly due to sharp decline in weighted interest rate during the year. The weighted interest rate declined in the current year to 7.60 per cent from 8.90 per cent during previous year despite increase in the fiscal liabilities due to the fact that most of the increase in the fiscal liabilities did not involve any payment of interest during the current year. An analysis of the primary deficit *vis-à-vis* quantum spread reveals that their sum turns out to be negative in six years during 2000-06 indicating rising debt-GSDP ratio and deteriorating debt position of the state.

1.8.4 Net Availability of Funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest.

Table 1.24 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

Table 1.24: Net availability of Borrowed Funds

| | (Rupees in crore) | | | | | |
|--|-------------------|----------|-----------|------------|-----------|-----------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Internal Debt | | | | | | |
| Receipts | 73.00 | 85.85 | 103.45 | 189.79 | 239.72 | 589.17 |
| Repayment (Principal + Interest) | 38.39 | 53.65 | 75.99 | 66.99 | 175.44 | 159.97 |
| Net fund available | 34.61 | 32.20 | 27.46 | 122.80 | 64.28 | 429.20 |
| Net fund available (<i>per cent</i>) | 47.41 | 37.51 | 26.54 | 64.70 | 26.81 | 72.85 |
| Loans & Advances from GOI | | | | | | |
| Receipts | 56.50 | 68.87 | 67.02 | 116.19 | 71.14 | 203.24 |
| Repayment (Principal + Interest) | 64.77 | 74.89 | 88.47 | 251.88 | 87.78 | 286.34 |
| Net Fund available | (-) 8.27 | (-) 6.02 | (-) 21.45 | (-) 135.69 | (-) 16.64 | (-) 83.10 |
| Net Fund available (<i>per cent</i>) | (-) 14.64 | (-) 8.74 | (-) 32.01 | (-) 116.78 | (-) 23.39 | (-) 40.89 |
| Other obligations | | | | | | |
| Receipts | 145.63 | 136.71 | 220.73 | 317.88 | 210.57 | 248.48 |
| Repayment (Principal + Interest) | 124.02 | 123.05 | 180.08 | 188.65 | 152.39 | 191.38 |
| Net Fund available | 21.61 | 13.66 | 40.65 | 129.23 | 58.18 | 57.10 |
| Net Fund available (<i>per cent</i>) | 14.84 | 9.99 | 18.42 | 40.65 | 27.63 | 22.98 |
| Total Liabilities | | | | | | |
| Receipts | 275.13 | 291.43 | 391.20 | 623.86 | 521.43 | 1040.89 |
| Repayment (Principal + Interest) | 227.18 | 251.59 | 344.54 | 507.52 | 415.61 | 637.69 |
| Net Fund available | 47.95 | 39.84 | 46.66 | 116.34 | 105.82 | 403.20 |
| Net Fund available (<i>per cent</i>) | 17.43 | 13.67 | 11.93 | 18.65 | 20.29 | 38.74 |

During 2005-06, the net fund availability was 38.74 *per cent* as against the debt receipt Rs.1040.89 crore. Government used Rs.637.69 crore on repayment of principal and interest on debt. Availability of funds under internal debt increased from a level of 47.41 *per cent* in 2000-01 to 72.85 *per cent* in 2005-06. Loans and advances received from GOI have been increased from Rs.56.50 crore in 2000-01 to Rs.203.24 crore in 2005-06 (259.72 *per cent*). Interest on previous loans formed the major part of repayment of Rs.286.34 crore which resulted in negative net availability of funds from loan from GOI in 2005-06.

1.9 Management of deficits

Deficit in Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The revenue deficit of the State indicates the excess of its revenue expenditure over its revenue receipts. There was revenue surplus of Rs.181.76 crore in 2005-06 against the revenue deficit of Rs.7.80 crore in the previous year. An increase of 23.14 *per cent* (Rs.347.57 crore) in revenue

receipts during 2005-06 largely on account of Central transfers relative to 10.47 per cent (Rs.158.01 crore) in revenue expenditure resulted in an increase of revenue surplus during 2005-06.

Fiscal deficit, which represents the total borrowings of the Government and its total resource gap, has indicated an improvement of Rs.129.52 crore during the current year. Despite an increase of Rs.62.54 crore in capital expenditure, the improvement in fiscal deficit was largely on account of a revenue surplus of Rs.189.56 crore during 2005-06 over the previous year. The huge revenue surplus during the year has also improved the primary deficit by Rs.139.07 crore although interest payments have increased only marginally by Rs.9.55 crore during 2005-06 over the previous year as indicated in *Table 1.25*.

Table 1.25: Fiscal Imbalances: Basic Parameters

| Parameters | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|------------|------------|------------|------------|------------|------------|
| Revenue deficit/Revenue surplus (RD/RS (Rupees in crore)) | (-) 18.21 | (+) 55.75 | (+) 76.92 | (+) 184.46 | (-) 7.80 | (+) 181.76 |
| Fiscal deficit (Rupees in crore) | (-) 283.60 | (-) 248.80 | (-) 123.88 | (-) 250.04 | (-) 386.23 | (-) 256.71 |
| Primary deficit (Rupees in crore) | (-) 162.92 | (-) 139.81 | (-) 88.48 | (-) 108.12 | (-) 239.33 | (-) 100.26 |
| RD/GSDP (per cent) | (-) 1.02 | (+) 2.87 | (+) 3.92 | (+) 8.15 | (-) 0.32 | (+) 6.82 |
| FD/GSDP (per cent) | (-) 15.90 | (-) 12.81 | (-) 10.90 | (-) 11.05 | (-) 15.71 | (-) 9.63 |
| PD/GSDP (per cent) | (-) 9.14 | (-) 7.20 | (-) 4.51 | (-) 4.78 | (-) 9.74 | (-) 3.76 |
| RD/FD (per cent) | 6.42 | (-) 22.41 | (-) 35.96 | (-) 73.77 | (+) 2.02 | (-) 70.80 |

1.10 Fiscal ratios

The finances of a State should be sustainable, flexible and non-vulnerable. *Table 1.26* below presents a summarised position of Government finances over 2000-05, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, and highlights areas of concern and captures its important facts.

Table 1.26: Indicators of fiscal health (in per cent)

| Fiscal Indicators | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|-----------|---------|---------|---------|-----------|---------|
| I. Resource Mobilisation | | | | | | |
| Revenue Receipts/GSDP | 53.91 | 55.89 | 56.47 | 69.68 | 61.10 | 69.38 |
| Revenue Buoyancy | (-) 0.499 | 1.451 | 1.971 | 2.766 | (-) 0.546 | 2.742 |
| Own Tax/GSDP | 1.16 | 1.59 | 1.90 | 1.93 | 2.04 | 2.32 |
| II. Expenditure Management | | | | | | |
| Total Expenditure/GSDP | 69.90 | 68.80 | 67.48 | 80.84 | 76.91 | 79.11 |
| Total Expenditure/Revenue Receipts | 129.66 | 123.10 | 119.50 | 116.01 | 125.89 | 114.03 |
| Revenue Expenditure/Total Expenditure | 78.58 | 77.06 | 77.87 | 76.11 | 79.85 | 79.07 |
| Salary & Wage expenditure on Social and Economic Services/Revenue Expenditure | NA | 25.99 | 26.41 | 22.47 | 21.71 | 20.99 |
| Non-Salary & Wage expenditure on Social and Economic Services/Revenue Expenditure | NA | 41.25 | 37.75 | 46.05 | 45.91 | 49.70 |
| Capital Expenditure/Total Expenditure | 21.19 | 22.56 | 21.90 | 23.69 | 19.83 | 20.75 |
| Capital Expenditure on Social and Economic Services/Total Expenditure | 19.92 | 20.92 | 20.53 | 22.87 | 19.06 | 19.99 |

| Fiscal Indicators | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|------------|------------|------------|------------|------------|------------|
| Buoyancy of TE with RR | (-) 2.851 | 0.556 | (-) 0.408 | 0.902 | (-) 0.716 | 0.499 |
| Buoyancy of RE with RR | (-) 3.607 | 0.396 | 0.083 | 0.828 | (-) 1.789 | 0.452 |
| III. Management of Fiscal Imbalances | | | | | | |
| Revenue Deficit/Surplus (RD/RS) (Rupees in crore) | (-) 18.21 | (+) 55.75 | (+) 76.92 | (+) 184.96 | (-) 7.80 | (+) 181.76 |
| Fiscal Deficit (Rupees in crore) | 283.60 | 248.80 | 213.88 | 250.04 | 386.23 | 256.71 |
| Primary Deficit (Rupees in crore) | 162.92 | 139.81 | 88.48 | 108.12 | 239.33 | 100.26 |
| (RD/RS)/Fiscal Deficit | (+) 6.42 | (-) 22.41 | (-) 35.96 | (-) 73.77 | (+) 2.02 | (-) 70.80 |
| IV. Management of Fiscal Liabilities | | | | | | |
| Fiscal Liabilities/GSDP | 53.02 | 56.37 | 62.49 | 67.40 | 72.31 | 87.68 |
| Fiscal Liabilities/RR | 98.36 | 100.85 | 110.67 | 96.73 | 118.36 | 126.38 |
| Buoyancy of FL with RR | (-) 4.607 | 1.246 | 6.684 | 0.576 | (-) 3.506 | 1.360 |
| Buoyancy of FL with Own Receipt | 5.179 | 0.757 | 1.361 | 0.456 | 0.486 | 1.571 |
| Primary Deficit vis-a-vis Quantum Spread (Rupees in crore) | (-) 206.23 | (-) 159.51 | (-) 207.94 | (-) 32.64 | (-) 243.60 | (-) 80.63 |
| Net Funds available (<i>per cent</i>) | 17.43 | 13.67 | 11.93 | 18.65 | 20.29 | 38.74 |
| V. Other Fiscal Health Indicators | | | | | | |
| Return on Investment | 0.00 | 0.02 | 0.02 | 0.00 | 0.00 | 0.00 |
| Balance from Current Revenue (Rupees in crore) | (-) 238.74 | (-) 135.58 | (-) 131.33 | (-) 209.87 | (-) 211.31 | (-) 7.81 |
| Financial Assets/Liabilities | 3.16 | 2.76 | 2.46 | 2.50 | 2.27 | 2.09 |

The ratio of revenue receipts to GSDP and the ratio of own taxes to GSDP showed rising trend respectively during 2000-06. Various ratios concerning expenditure indicate the quality of expenditure and sustainability in relation to resources. Revenue expenditure is on the rise over the six year period 2000-06 and comprises 79.08 *per cent* of total expenditure in 2005-06 leaving little scope for capital formation or asset creation.

1.11 Conclusion

The trends in key fiscal parameters – revenue deficit (RD), fiscal deficit (FD) and primary deficit (PD) – indicated substantial improvement in the fiscal position of the State during the year. However, given the fact that about 85 *per cent* of the State's revenue receipts were contributed by Central transfers comprising State's share in Union pool of taxes and duties and grants-in-aid, the improvement in the fiscal position during the year was essentially on account of an increase of Rs.303.43 crore in Central transfers. This indicates a reliance of the State on Central transfers and also a position towards making the efforts to improve the resource mobilisation through domestic sources consisting of tax revenue and non-tax revenue sources. The consistent increase in fiscal liabilities of the State accompanied by negative quantum spread (QS) together with continuous primary deficit resulted in ever increasing debt/GSDP ratio and indicates towards vulnerable debt position of the State. The compression of NPRES alongwith raising the buoyancy of domestic resources seem to be an inevitable option to address the fiscal problem and other development requirements of the State in medium to long run.

CHAPTER – II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.2 Summary of Appropriation Accounts

2.3 Fulfilment of Allocative Priorities

CHAPTER – II
ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2005-06 against 66 grants/appropriations was as follows:

Table 2.1

(Rupees in crore)

| | Nature of expenditure | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure ³ | Saving(-) Excess(+) |
|--|-----------------------|-------------------------------|------------------------------------|----------------|---------------------------------|---------------------|
| Voted | I. Revenue | 1440.44 | 415.56 | 1856.00 | 1496.67 | (-) 359.33 |
| | II. Capital | 308.54 | 262.52 | 571.06 | 441.51 | (-) 129.55 |
| | III. Loans | 4.18 | 3.18 | 7.36 | 3.68 | (-) 3.68 |
| Total Voted: | | 1753.16 | 681.26 | 2434.42 | 1941.86 | (-) 492.56 |
| Charged | IV. Revenue | 191.88 | 3.10 | 194.98 | 171.15 | (-) 23.83 |
| | V. Capital | -- | -- | -- | -- | -- |
| | VI. Loans | -- | -- | -- | -- | -- |
| | VII. Public Debt | 135.90 | -- | 135.90 | 328.88 | (+) 192.98 |
| Total Charged: | | 327.78 | 3.10 | 330.88 | 500.03 | (+) 169.15 |
| Appropriation to Contingency Fund (if any) | | -- | -- | -- | -- | -- |
| Grand Total: | | 2080.94 | 684.36 | 2765.30 | 2441.89 | (-) 323.41 |

³ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue expenditure (Rs.0.17 crore) and Capital expenditure (Rs.3.89 crore).

The overall saving of Rs.323.41 crore was the result of saving of Rs.590.35 crore in 66 grants and appropriations partly offset by excess of Rs.266.94 crore in 15 grants and appropriations.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

(i) Out of overall savings of Rs.323.41 crore, major savings of Rs.172.18 crore (53 per cent) occurred in nine grants as mentioned below :

Table 2.2

(Rupees in crore)

| Grant No./Name of the Grant | Grant | | | Actual Expenditure | Savings |
|-----------------------------|---------------|---------------|---------------|--------------------|---------------|
| | Original | Supplementary | Total | | |
| Revenue Voted | | | | | |
| 6 – District Administration | 89.42 | 1.14 | 90.56 | 78.19 | 12.37 |
| 27 – Panchayat | 2.53 | 38.43 | 40.96 | 27.22 | 13.74 |
| 34 – Power | 106.76 | 7.58 | 114.34 | 101.02 | 13.32 |
| Revenue Charged | | | | | |
| Public Debt | 189.07 | -- | 189.07 | 167.53 | 21.54 |
| Total | 387.78 | 47.15 | 434.93 | 373.96 | 60.97 |
| Capital Voted | | | | | |
| 14 – Education | 27.20 | 4.78 | 31.98 | 21.23 | 10.75 |
| 32 – Roads and Bridges | 81.23 | 37.55 | 118.78 | 89.73 | 29.05 |
| 33 – North eastern Areas | 8.0 | 34.52 | 42.52 | 37.83 | 4.69 |
| 34 – Power | 81.20 | 61.23 | 142.43 | 89.83 | 52.60 |
| 57 – Urban Development | 4.12 | 25.00 | 29.12 | 21.84 | 7.28 |
| 66 – Power (Civil) | 26.82 | 15.82 | 42.64 | 35.80 | 6.84 |
| Total | 228.57 | 178.90 | 407.47 | 296.26 | 111.21 |
| Grand Total : | 616.35 | 226.05 | 842.40 | 670.22 | 172.18 |

Reasons for savings were not intimated by the departments.

Areas in which major savings occurred in these grants are given in Appendix –VII.

(ii) In 15 cases, net savings aggregating Rs.500.72 crore exceeded Rs.1 crore in each case and were also more than 10 per cent of the total provision, as indicated in Appendix –VIII.

2.3.2 Excess requiring regularisation

(i) **Excess over provision relating to previous years requiring regularisation:** As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.549.88 crore for the years 1986-87 to 2004-05 was yet to be regularised. Details are given in Appendix – IX.

(ii) **Excess over provision during 2005-06 requiring regularisation:** The excess of Rs.266.94 crore under 14 grants and one appropriation requires regularisation under Article 205 of the Constitution (Appendix – X).

2.3.3 Original budget and supplementary provisions

Supplementary provision made during the year constituted 33 per cent of the original provision as against 34 per cent in the previous year. Total supplementary grants obtained during the year were Rs.684.36 crore while the ultimate total savings amounted to Rs.323.41 crore.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

(i) Supplementary provision of Rs.16.28 crore made in 10 cases during the year proved unnecessary in view of the aggregate saving of Rs.40.31 crore in these cases as detailed in Appendix – XI.

(ii) In 37 cases, against additional requirement of only Rs.363.94 crore, supplementary grants/appropriations of Rs.515.36 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.151.42 crore (Appendix – XII).

(iii) In nine cases, supplementary provision of Rs.33.86 crore proved insufficient by more than Rs.10 lakh each leaving an aggregate uncovered excess expenditure of Rs.73.68 crore (Appendix – XIII).

2.3.5 Excessive/unnecessary/injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 42 cases, injudicious re-appropriation of funds proved excessive or resulted in savings of Rs.10 lakh and above in each case (Appendix – XIV).

2.3.6 Expenditure without provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.201.12 crore was incurred in 11 cases, (Appendix – XV) without any provision in the original estimate/supplementary demand or re-appropriation order.

2.3.7 Unutilised provision of funds

In 15 cases, there was no expenditure resulting in non-utilisation of entire budget provision of Rs.53.08 crore (Appendix – XVI). Out of these cases, in 11 cases, the savings exceeded rupees one crore or more. These instances were indicative of ineffective monitoring and control over expenditure.

2.3.8 Persistent savings/excess

In 14 cases, there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case (Appendix – XVII).

The case of persistent excesses requires investigation by the Government for remedial action.

2.3.9 Anticipated savings not surrendered

According to the rules framed by the Government, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2005-06 there were 45 grants/appropriations in which large savings had not been surrendered by the Department. The amount involved was Rs.228.29 crore. In 22 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated Rs.216.99 crore. This indicated lack of financial control and monitoring (Appendix – XVIII).

2.3.10 Surrender in excess of actual savings

In four cases, the amount surrendered was in excess of actual savings and in two other cases surrenders were made even though expenditure was in excess of the grant, indicating inadequate budgetary control. As against the savings of Rs.6.82 crore in four grants, the amount surrendered was Rs.6.89 crore, resulting in excess surrender of Rs.7.41 crore. Further, against the excess expenditure of Rs.0.71 crore in two grants, the amount surrendered was Rs.0.28 crore, which was injudicious, as the expenditure had exceeded the grant and no savings were available for surrender (Appendix – XIX).

The above instances of budgetary irregularities are being reported every year. Had the provisions of Arunachal Pradesh Budget Manual been followed, these instances could have been minimised.

2.3.11 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to these provisions, in respect of nine heads of accounts, while the expenditure during the three quarters ending December 2005 was between 14 to 23 *per cent* of the total expenditure, it was highest at

49 per cent in the last quarter of the year. Expenditure of Rs.236.11 crore constituting 35 per cent of the total expenditure was incurred in March 2006 indicating rush of expenditure in March (**Appendix – XX**).

2.3.12 Unreconciled expenditure

Financial rules require that the departmental controlling officers (DCOs) should periodically reconcile the departmental figures of expenditure with those booked by the Accountant General. Seventy-three out of 78 DCOs reconciled their figures of expenditure for the year 2005-06 in March 2006. In respect of seven heads of accounts involving expenditure of Rs.114.96 crore pertaining to 2005-06, no reconciliation was made by seven DCOs.

2.3.13 Non-adjustment of Abstract Contingent Bill

Rules provide that drawals through abstract contingent bill (AC bill) require presentation of detailed countersigned contingent bills (DCC bills) to the controlling officer (CO) and transmission to the Accountant General. A certificate is also required to be attached to every AC bill to the effect that DCC bills have been submitted to the CO in respect of all one month old AC bills (drawn more than a month before the date of that bill).

Test check (July 2006) of the records of 72 drawing and disbursing officers (DDOs) revealed that Rs.16.14 crore were drawn through 1632 AC bills during 2001-02 (Rs.29.92 lakh in 147 bills), 2002-03 (Rs.72.16 lakh in 389 bills), 2003-04 (Rs.1.63 crore in 206 bills) and 2004-05 (Rs.10.07 crore in 465 bills) and 2005-06 (Rs. 3.41 crore in 425 bills), but DCC bills against these drawals in AC bills had not been furnished to the Accountant General as of March 2006 (**Appendix – XXI**). These drawals remained unadjusted for periods ranging from one to four years as of March 2006.

Thus, due to non-submission of DCC bills, the actual expenditure against these drawals remained un-assessed by the Government which indicated serious deficiency in control over expenditure.

The matter was reported to the Government in (November 2006); reply had not been received (November 2006).

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CHAPTER – III

PERFORMANCE REVIEWS

- 3.1 Food Security, Subsidy and Management of foodgrains**
- 3.2 Wild life preservation under Centrally Sponsored Scheme**
- 3.3 Rural Health Services**
- 3.4 North Eastern Council (NEC) funded road sector projects**

CHAPTER - III
PERFORMANCE REVIEWS

CIVIL SUPPLIES DEPARTMENT

3.1 Food Security, Subsidy and Management of foodgrains

Highlights

The main objective of Food Security, Subsidy and Management of Foodgrains was to procure foodgrains from farmers at Minimum Support Price (MSP), ensure food security in the State by maintaining buffer stock of foodgrains and regular supply of foodgrains at reasonable price to economically weaker sections of the Society. A review of the scheme revealed that the identification of beneficiaries was not done properly. There was huge gap between requirement and lifting of foodgrains which implied that the Department failed to follow norms of supply. There was no assurance that beneficiaries were receiving the right quantity of foodgrains. The casual approach of the Department was indicated by the total lack of supervision and monitoring in the implementation of the programme.

Due to FCI not having sufficient stock and consequent short lifting of 2.44 lakh tonnes foodgrains during 2000-01 to 2005-06 for distribution to BPL/AAY families, 7,44,542 cumulative monthly period of BPL families and 1,80,173 cumulative monthly period of AAY families were deprived of the intended benefits of the scheme.

(Paragraph 3.1.8.2)

In 32,140 out of 98,972 cases (32.54 per cent) test checked, it was seen that documents relating to identification of beneficiaries under Targeted Public Distribution System (TPDS) contained deficiencies as the procedure for identification was not strictly followed.

(Paragraph 3.1.8.7)

Due to introduction of the Head Load carriage of Public Distribution System (PDS) items, the freight bills reimbursed by the FCI against Hill Transport Subsidy (HTS) increased from Rs.4.43 per Kg. in 2001-02 to Rs.32.78 per Kg. in 2003-04.

(Paragraph 3.1.8.10)

Excess allotment of foodgrains beyond the prescribed norms leading to excess claim of HTS amounting to Rs.29.91 crore.

(Paragraph 3.1.8.13)

Double billing of HTS claim against same release orders – Rs.1.85 crore.

(Paragraph 3.1.8.15)

Avoidable excess claim towards road transport charges amounting to Rs.2.87 crore.

(Paragraph 3.1.8.16)

Due to non-recovery of hire charges from the carriage contractors, the Department gave undue financial benefit of Rs.1.12 crore.

(Paragraph 3.1.8.18)

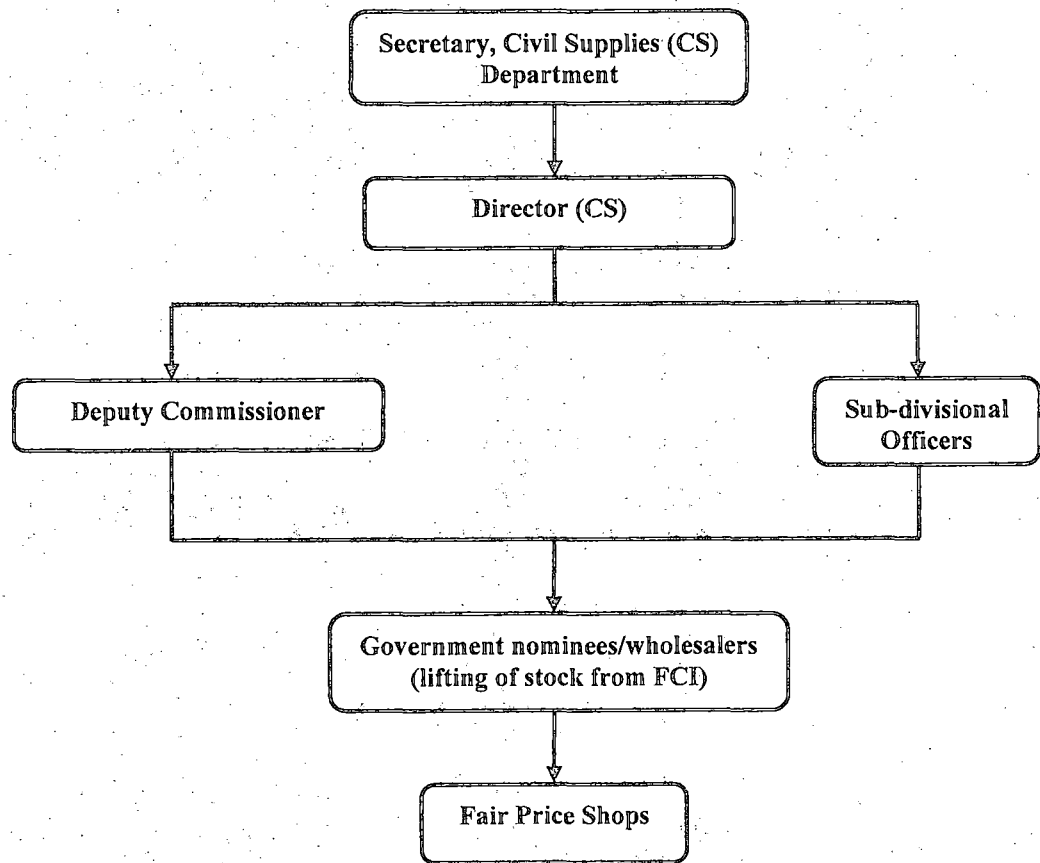
3.1.1 Introduction

The Government of India's (GOI) food management strategy involves procurement of foodgrains from the farmers at a Minimum Support Price (MSP); allocation of foodgrains so procured amongst States for distribution to the targeted population at subsidised Central Issue Price (CIP) under Public Distribution System (PDS) and Targeted Public Distribution System (TPDS) through Fair Price Shops (FPS). In order to make the TPDS more focused and targeted towards the poorest of the poor, the GOI launched (December 2000) Antyodaya Anna Yojana (AAY) aimed at reducing hunger among the poorest segment of population by providing them foodgrains at a highly subsidised rate. Since the CIP of the foodgrains is lower than its Economic Cost (EC), the GOI provides subsidy to the agencies involved in execution of the food management strategy.

3.1.2 Organisational set up

Foodgrains management was done by the Civil Supplies Department in Arunachal Pradesh. The Organisational chart of the Department is given below:

Chart – 3.1



3.1.3 Audit coverage

Foodgrains management in Arunachal Pradesh for the period from 2000-01 to 2005-06 was reviewed in August-September 2005 and June 2006 covering four out of 15 districts, involving a population of 3,97,770 (36.27 per cent of the total population of the State) by a test check of the records of the offices of (i) Secretary, Civil Supplies Department, Government of Arunachal Pradesh, (ii) Director, Civil Supplies Department (iii) four out of 16 districts⁴ and (iv) 12 out of 21 Blocks and 48 out of 475 FPSs.

3.1.4 Audit objectives

The main objectives of the performance review were to evaluate the effectiveness of the policy of payment for food subsidy and the system of foodgrains management to assess how far these have ensured food security in the State.

Towards this goal, thrust was given to the following objectives:

⁴ West Kameng, West Siang, Lower Subansiri and Papumpare.

- convergence of foodgrains based schemes and effectiveness of their delivery to the target group; and
- effectiveness of distribution arrangements of the State Government to ensure that all people have access to foodgrains and that they actually get it when needed.

3.1.5 Audit criteria

The criteria for assessing the audit objectives were as follows:

- guidelines of the Central Government relating to identification of beneficiaries;
- Central Government norms for payment of hill transport subsidy;
- scale of issue of foodgrains prescribed by the GOI;
- Government instructions on quality of foodgrains; and
- prescribed monitoring mechanism.

3.1.6 Audit Methodology

The performance review commenced with an entry conference with the Department of Civil Supplies, Arunachal Pradesh in August 2005 in which the audit objectives, scope and criteria were discussed. The period covered in Audit was 2000-06 for which records of the Department of Civil Supplies, Director of Civil Supplies and selected districts were test checked during August – September 2005 and June 2006. Data relating to food stuff allotted, lifted, and distributed through FPS was analysed and actual issue of foodstuff to the beneficiaries by 48 FPS was verified. FPSs were selected in test checked districts through circular systematic sampling method. Districts were selected based on stratified simple random sampling without replacement method and Blocks were selected under simple random sampling without replacement method. An exit conference was held in February 2006 with the Department of Civil Supplies and replies of the Government have been incorporated in the review at appropriate places.

3.1.7 Audit findings

The review revealed failure of the State Government in lifting 2.43 lakh MT foodgrains during the period from 2000-01 to 2005-06, identification of BPL/AAY beneficiaries in violation of the guidelines issued by the GOI, licensing of FPS without any norms, doubtful distribution of PDS commodities and undue financial benefits to the carriage contractors etc.

Audit findings in detail are discussed in the succeeding paragraphs.

3.1.8 Implementation

3.1.8.1 Retention of Buffer stock of foodgrains

Buffer stock of foodgrains is maintained (i) to meet the prescribed minimum need for food security of the State and (ii) to meet any emergency situation arising out of natural disasters.

One month advance allocation of foodgrains has been fixed by the GOI against the requirement of buffer stock in respect of Arunachal Pradesh. Scrutiny of records of the Director, Civil Supplies Department revealed that during the years 2000-01 to 2005-06, as against the allotment of 32566 MT of foodgrains as buffer stock, the State Government could lift only 12748.129 MT foodgrains (36.08 per cent), which was far below the actual allotment.

While accepting the Audit observation, the Government stated (January 2006) that short lifting of buffer stock of foodgrains was due to non-availability of foodgrains at the designated FCI depots.

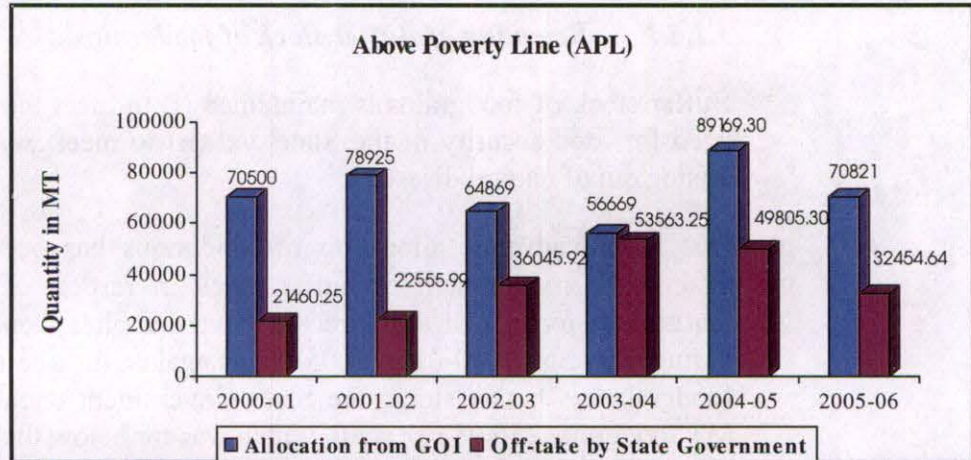
3.1.8.2 Distribution of foodgrains

The PDS was evolved as a mechanism for ensuring availability of foodgrains to the public at affordable prices as well as for ensuring food security for the poor. The operational responsibilities of the State include allocation within the State, identification of families Below Poverty Line (BPL) and poorest among BPL, issue of ration cards, supervision and monitoring of the functioning of FPSs, etc.

With a view to enable the State Government to plan timely lifting of the allotted quantities of foodgrains and to make distribution cost effective, monthly allocation of rice and wheat are made to the State for a complete financial year. Under the revised procedure, the State and the Food Corporation of India (FCI) have been allowed a validity period of 60 days to arrange for lifting of the allotted foodgrains.

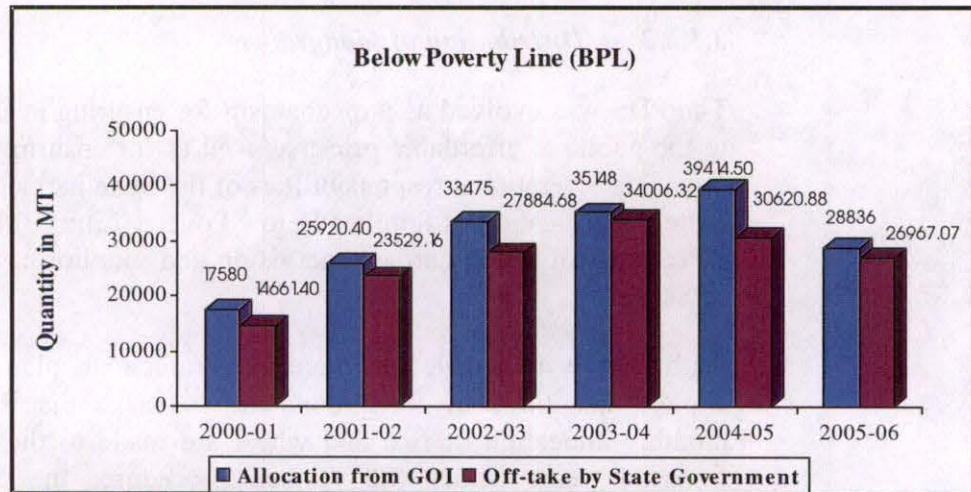
Year-wise allocation and off-take of foodgrains under PDS/TPDS for the period 2000-01 to 2005-06 is indicated below:

Chart – 3.2



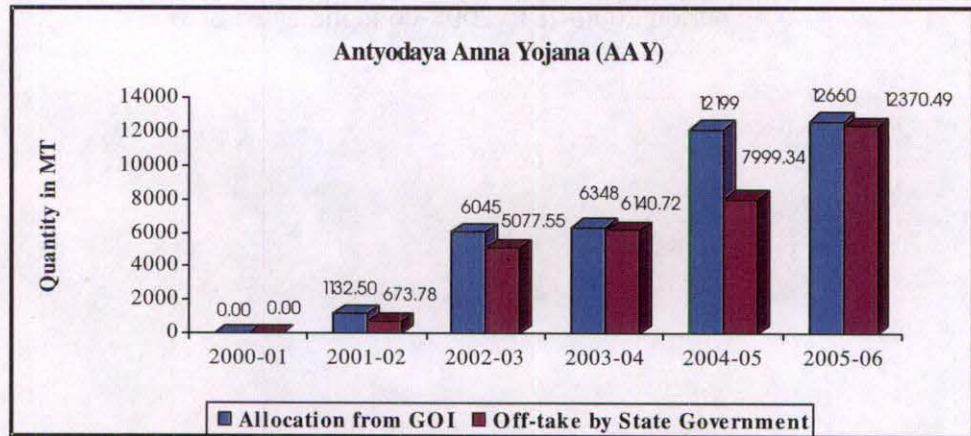
Source: Information furnished by the Department

Chart – 3.3



Source: Information furnished by the Department

Chart – 3.4



Source: Information furnished by the Department

During 2000-01 to 2005-06, there was a short off take of 2,43,895.478 MT foodgrains by whole sale nominees which directly contributed to less issue of PDS commodities to consumers. The short off take of foodgrains by APL, BPL (71510 cumulative families) and AAY (15014 cumulative families) categories ranged from 5.48 to 71.42 *per cent*, 3.25 to 93.52 *per cent* and 3.27 to 97.71 *per cent* respectively.

During the years 2000-01 to 2005-06, though BPL and AAY schemes (January, 2002) were in operation, due to FCI not having sufficient stock and consequent short lifting of TPDS commodities by the State, 7,44,542 cumulative monthly periods of BPL families and 1,80,173 cumulative monthly periods of AAY families in Arunachal Pradesh were deprived of the intended benefits of the schemes.

The Director, Civil Supplies Department stated (January 2006) that short off-take of PDS commodities was due to non availability of stock of PDS items at the designated FCI depots, short validity period of lifting of PDS commodities, poor quality of foodgrains at FCI depot and financial constraints of the wholesale nominees.

3.1.8.3 Reallocation and lifting of foodgrains by the District Supply Officer

Details of reallocation and lifting of foodgrains from the GOI for the year from 2000-01 to 2005-06 by the four District Supply Officers (DSOs) (West Siang, West Kameng, Lower Subansiri and Papumpare) are indicated in **Appendices – XXII and XXIII**.

It was seen that due to short lifting of PDS commodities, the availability of foodgrains was lower than the scale fixed by the GOI during the years 2000-01 to 2005-06. The percentage of lifting of TPDS foodgrains varied from 73.46 to 87.18 (BPL) and 45.84 to 88.68 *per cent* (AAY).

The DSOs (West Siang, West Kameng, Lower Subansiri and Papumpare) stated (September 2005) that lapses in lifting of foodgrains under BPL & AAY schemes have occurred due to (i) late receipt of allocation orders from the State Government (ii) non-extension of such allocation by FCI and (iii) non-availability of stock at FCI based depots and also due to financial constraints of the wholesale nominees.

Thus due to short lifting of foodgrains, the BPL & AAY beneficiaries were deprived of subsidised foodgrains.

3.1.8.4 Diversion of foodgrains allocated to FPS

Scrutiny of records of the DSO, Lower Subansiri district revealed that four FPS⁵ dealers had lifted 471.39 qtls. of TPDS items (360.89 qtls under BPL, 104.00 qtls under AAY and 6.50 qtls under Annapurna Anna Yojana) for

⁵ M/S J. Sala, M/S C. Yakap, M/S Green FPS and M/S BDO complex.

distribution to 1866 beneficiaries (1512 BPL, 289 AAY and 65 Annapurna Anna Yojana) monthly, but did not issue the same to the beneficiaries. It was also noticed that no ration cards were issued to 728 out of 1512 BPL beneficiaries. The concerned administrative officers signed the monthly returns and reports of all FPS without proper verification. Hence, the actual distribution of allotted rice (471.39 qtl) to the selected beneficiaries was doubtful.

However, the Deputy Commissioner, Lower Subansiri District issued show cause notices (July 2005) and imposed fine varying from Rs.1,000 to Rs.5,000 on each FPS dealer.

The Government confirmed (January 2006) that action had already been initiated by the District authority by imposing fine under the relevant control orders. But the details of recovery of fines had not been intimated (November 2006).

3.1.8.5 *Doubtful distribution of PDS commodities*

As per the information furnished by the Director, Civil Supplies Department, 1,04,845.40 MT of foodgrains were required during the year 2001-02 for distribution to APL/BPL families through 1,284 FPS in the State at an average monthly requirement of foodgrains of 8,737.10 MT. But it was seen from the monthly progress report of PDS for the month of August 2001 submitted (September 2001) by the Director of Civil Supplies to the State Government for its onward transmission to the GOI that 1,04,716.732 MT⁶ foodgrains were shown as distributed to APL/BPL families through FPS during the month of August 2001 alone out of 1,45,863.914 MT of foodgrains shown as distributed during the whole year 2001-02. Thus, the exhibition of monthly distribution of foodgrains 1,04,716.732 MT (August 2001) in the State seems fictitious and doubtful.

The Government stated (January 2006) that due to oversight, the quantity of foodgrains shown to have been distributed is not correct. The reply is not tenable, as the total quantity of foodgrains distributed during the year tallied with the monthly progress report for the year 2001-02.

3.1.8.6 *Distribution was not as per prescribed scale*

In June 1997 the GOI streamlined the PDS by issuing special cards to the BPL families and making provision for 10 Kg foodgrains per family per month at a special subsidised rate upto March 2000 which was subsequently increased to 20 Kg per month upto July 2001. 25 Kg per month upto March 2002 and 35 Kg per month since April, 2002 onwards.

Test check of records of 48 FPS revealed that in 13 FPS, the foodgrains were distributed to the families at a scale varying from 25 kg to 28 kg per family per

⁶ Rice = APL/BPL - 90,632.532 MT + 3,487.765 Mt, Wheat = APL - 10,155.101 MT + 441.335 MT

month (against the norm of 35 kg per family per month) during the year 2004-05 resulting in short supply of 304.116 MT of foodgrains to the beneficiaries.

3.1.8.7 Identification of targeted beneficiaries

As per the provisions of PDS (Control) Act 2001, Gram Sabhas should finalise the list of beneficiaries belonging to BPL and AAY categories drawn up by the designated authority in respect of the area under their respective jurisdiction.

In 32,140 (BPL= 24889, AAY= 7251) out of 98,972 (BPL=68,871, AAY=30,101) cases of identified (32.47 per cent) beneficiaries in the test checked districts, the process of identification was not in order as the Gram Panchayats/Gram Sabhas were not involved in the selection of beneficiaries. The basis on which the survey was conducted was neither available on record nor stated, except in respect of West Siang district, where the selection of BPL families was done (1997) by the Block Development Officer (BDO). Hence subsidised foodgrains going to other than the targeted beneficiaries cannot be ruled out.

Again, as per the GOI orders, 11,327 BPL and 4,309 AAY families were required to be selected as on 1 January 2005 in respect of West Siang and West Kameng district on the basis of allocation of foodgrains, against which 13,474 BPL and 3,839 AAY families were selected. Reasons for deviating from GOI's orders were not on record. As such, selection of BPL/AAY families was not in conformity with the guidelines issued by the GOI.

The Government while admitting the facts stated (January 2006) that due to the non-existence of Panchayat body till 2003-04, the guidelines for selection of beneficiaries were not followed.

3.1.8.8 Convergence of foodgrains based schemes for food security

The GOI had not prescribed any system for linking up the foodgrains issued under other foodgrains based schemes with those of TPDS to secure convergence of Government efforts in ensuring food security. In the absence of such a linkage, the allocation under PDS is made by the State Government irrespective of the foodgrains outgo at subsidised rate under other foodgrains based schemes.

During audit the following was noticed:

- There was no system in the State to monitor the progress of receipt of foodgrains by BPL population under Annapurna Anna Yojana and Scheme for SC/ST and the extent of effect of other schemes on lifting under PDS was not analysed;
- Although the foodgrains under Annapurna Anna Yojana and Scheme for SC/ST hostel were canalised through FPS, yet there was no

mechanism to ascertain the drawal of foodgrains from FPS under TPDS by persons covered under other schemes; and

- In spite of the fact that various schemes were launched for food security, the availability of foodgrains with the targeted beneficiaries in the State remained low, as the foodgrains availability under Annapurna Anna Yojana remained around 50 *per cent* due to non availability of foodgrains with FCI during the years 2001-02 to 2004-05 and no details about lifting against 20,134.89 quintals allotted during 2005-06 for SC/ST hostel was available with the State Government. The Department also failed to lift 17,821.15 quintals of foodgrains during the years 2003-04 and 2004-05 due to less allocation of foodgrains by the GOI.

The Government stated (January 2006) that due to short release of foodgrains by the FCI, Annapurna Anna Yojana could be implemented only for six months in each year and due to late receipt of allocation of foodgrains and non-release of foodgrains by the FCI, most of the districts failed to lift the allotted quantity for welfare schemes.

3.1.8.9 Subsidy on foodgrains

Subsidy on foodgrains is provided for meeting the difference between the economic cost of foodgrains (procurement and handling) and the central issue price fixed by the Government for PDS and other welfare schemes.

Transportation of PDS items from FCI depots to the declared Public Distribution Centre (PDC) and FPS locations is made by selected carriage contractors who are appointed by the Deputy Commissioner (DC) of the concerned districts. FCI bears the cost of transportation in the form of Hill Transport Subsidy (HTS)/Road Transport Charges (RTC) upto PDCs of the districts. Instructions for payments are given by the FCI to the concerned DCs for making payment to the carriage contractors at the rate fixed by the DCs.

Scrutiny of fixation of carriage rates, HTS claimed, amount released and payments made revealed the following irregularities.

3.1.8.10 Increasing trend of transportation cost of foodgrains

As per the information furnished by the FCI during the period from 2000-01 to 2004-05, the Civil Supplies Department lifted the following quantity of foodgrains (rice and wheat) and released HTS against the bills claimed for transportation of foodgrains.

Table – 3.1

| Year | Quantity of foodgrains lifted from FCI depot (in MT) | Amount of HTS released (Rupees in crore) | Average transportation cost per kg of foodgrains (Rupees) | Percentage increase compared to 2000-01 |
|--------------|--|--|---|---|
| 2000-01 | 33,756 | 14.52 | 4.30 | -- |
| 2001-02 | 54,765 | 24.27 | 4.43 | 3.02 |
| 2002-03 | 56,457 | 75.03 | 13.29 | 209.07 |
| 2003-04 | 85,272 | 279.54 | 32.78 | 662.33 |
| 2004-05 | Nil | N.A | N.A | Nil |
| 2005-06 | Nil | Nil | Nil | Nil |
| Total | 2,30,250 | 393.36 | 54.80 | 874.42 |

Source: FCI, Guwahati & Director of Civil Supplies, A.P.

It would be seen from table above that the amount released by the FCI to the State Government for making payment to the contractors against re-imbursement of HTS increased from Rs.4.30 per kg (2000-01) to Rs.32.78 per kg (2003-04).

In view of steep rise in HTS claims and complaints about irregularities in the headload carriage system in Arunachal Pradesh, the FCI suspended payment of HTS claims of the State *w.e.f.* September 2004. As of September 2004, FCI paid Rs.378.84 crore as HTS subsidy to the State, while the State Government released Rs.393.36 crore to the carriage contractor on this account.

The Government thus had to bear excess expenditure of Rs.14.52 crore in this regard. The Government has not stated any reasons for doing so (June 2006).

3.1.8.11 HTS payment made by the Directorate/Secretariat

Till 2000-01, payments of HTS/RTC to the carriage contractors were reimbursed by the concerned DCs on receipt of the amount from FCI. From 2001-02, payments of HTS/RTC have been made by the Director of Civil Supplies, operating a Saving Bank Account with a Nationalised Bank at Itanagar. However, from 2003-04, the payments of HTS/RTC were being made by the Secretary, Civil Supplies Department, operating a Saving Bank Account with a Nationalised Bank at Guwahati (Assam).

During the period from October 2002 to April 2003, FCI released Rs.80.75 crore as HTS in favour of the Director of Civil Supplies and from April 2003 to March 2004 Rs.298.09 crore in favour of the Secretary, Department of Civil Supplies for making payment to the carriage contractors.

Payment of Rs.378.84 crore (HTS claims) made during the period from 2001-02 to 2003-04 could not be vouchsafed in Audit for want of supporting records viz., cash book, Actual Payee Receipts (APRs), details of payees

(carriage contractors), payment orders of FCI in individual cases, etc. On this being pointed out, the Department could not furnish any specific replies (August 2005)

The Government stated (January 2006) that on the issue of payment of HTS during the period in question, a public interest litigation has been filed in the Honourable Guwahati High Court alleging irregularities in PDS including payment of HTS. However, the Department was silent regarding non-maintenance of vital records towards payment of Rs.378.84 crore.

3.1.8.12 Payments made by the District Offices

Scrutiny of records of the DSO, Lower Subansiri District revealed that the District Office received Rs.1.41 crore and Rs.0.88 crore from FCI, North Lakhimpur during the years 2000-01 and 2001-02 respectively for payment of HTS to the carriage contractors. The entire amount was paid to the carriage contractors through a Saving Bank Account without recording details of payment in cash book, etc.

The DSO West Kameng District received a sum of Rs.68.74 lakh from FCI, Tezpur during the period from March 2001 to January 2003 for payment of HTS to the carriage contractors. The entire amount was disbursed to the carriage contractors during the period March 2001 to March 2003.

However, scrutiny of records revealed that FCI, Tezpur had released a sum of Rs.30.00 lakh (April 2002) as ad-hoc payment of HTS bills to three co-operative societies-cum-carriage contractors. However, the District Offices paid only Rs.14.40 lakh (April 2002) to the said co-operative societies and the balance Rs.15.30 lakh to a private carriage contractor as HTS in violation of the instructions of FCI, Tezpur even though no bill was sent to FCI.

The Government admitted (January 2006) that the district authorities had paid Rs.15.30 lakh to a carriage contractor on the basis of his application. The Department was, however, silent regarding non-maintenance of cash book regarding payment of HTS by the Lower Subansiri district authority.

3.1.8.13 Avoidable excess claim of HTS due to allocation of foodgrains by head loads in excess of norms

As per norms fixed by the GOI, beneficiaries under APL, BPL, AAY are entitled to foodgrains at the scale of 35 kg of rice/wheat per month per beneficiary family during the years 2002-03 to 2003-04. Test check of 40 HTS (headload) bills (West Kameng – 5, West Siang – 26 and Lower Subansiri – 9) for the period from February 2003 to March 2005 revealed that the district administration of West Kameng, West Siang and Lower Subansiri districts allotted 48972.88 quintals (West Kameng – 6767.50 quintals, West Siang – 33646.48 quintals and Lower Subansiri – 8558.90 quintals) of rice under the PDS scheme to the wholesale nominees for distribution within the respective districts, far in excess of the prescribed norms as shown in **Appendix – XXIV**.

For the quantity lifted, the districts preferred claim of Rs.38.32 crore (West Kameng – Rs.6.52 crore, West Siang – Rs.21.03 crore and Lower Subansiri – Rs.10.77 crore). The excess allotment of foodgrains beyond the prescribed norms resulted in excess claim of HTS amounting to Rs.29.91 crore (West Kameng – Rs.5.61 crore, West Siang – Rs.14.25 crore and Lower Subansiri – Rs.10.05 crore) as detailed in Appendix – XXIV.

The Government stated that bills claim were at submission stage only and that the bills will undergo review before its payment. The reply is not tenable since Rs.378.84 crore was already paid as HTS by FCI through the Directorate and Secretariat during 2001-02 and 2003-04 and the Department has no records regarding the details of payees, APR's payment orders etc.

3.1.8.14 Lack of documentations relating to HTS claims

The genuineness of the claim of Rs.33.10 crore submitted during the period 2000-01 to 2003-04 to FCI, North Lakhimpur by the DSO, West Siang District, Along and claims of Rs.6.80 crore submitted during the same period to FCI, Tezpur by the DSO, West Kameng District could not be vouched in audit for want of supporting documents viz., release order issued by FCI, lifting certificates, transport challans, vehicles Registration Books etc, acknowledgement of receipt of foodgrains by the FPS etc.

The Government stated (January 2006) that all documents were submitted to FCI and not retained in the District offices. The reply indicated lack of proper internal control and the possibility of fraud cannot be ruled out. Further payments of HTS for Rs.39.90 crore could not be vouchsafed in audit for want of documents.

3.1.8.15 Double billing of HTS claim against same release orders Rs.1.85 crore

Scrutiny of records revealed that the DSO, Lower Subansiri District preferred three HTS claims to FCI, North Lakhimpur for transportation of foodgrains in September 2003 for Rs.1.22 crore, Rs.61.17 lakh and Rs.1.85 crore respectively. Cross check of these bills with the release orders issued by FCI revealed that one of the bills (Rs.1.85 crore) was raised again resulting in double billing against the same release orders. The Department, however, could neither offer any information regarding the status of payment of the above mentioned bills from FCI nor initiated any steps to investigate the matter to obviate the scope of double payments.

The Government stated (April 2006) that the position will be intimated on receipt of information from FCI district office.

3.1.8.16 Avoidable excess claim (Road Transport Charge)

HTS is payable for the PDS items lifted from the FCI base depots to various locations of the State. Where the stores have to be lifted from FCI depots (located within Assam) other than the base depot, the transportation charge is

reimbursed by FCI in the form of RTC. During the period from 2000-01 to 2003-04, the FCI reimbursed RTC at the rate of Rs.0.13 per quintal per km.

Scrutiny of records revealed that the Department fixed the rate for plain areas (from FCI base to Likabali being the entry point into Arunachal Pradesh from Assam) at a rate much higher than that paid by FCI as RTC. During this period, the West Siang district lifted 1,36,052.01 quintals of foodgrains from FCI base depot, North Lakhimpur and FCI depot Dhemaji (Assam) for transportation to various destinations within West Siang District via Likabali. When foodgrains were not available in Dhemaji (base depot) the transportation charge from North Lakhimpur to Dhemaji (plain area) was being claimed by the Department and reimbursed by FCI @ Re.0.13 per quintal per km. However, the transportation charge from Dhemaji to Likabali was charged at higher rate(s) from Re.0.63 to Rs.4.54 per quintal per km instead of Re.0.13 per quintal per km as applicable in plain areas of Assam.

Similarly, Lower Subansiri district lifted 126762.82 quintals of foodgrains from FCI base depot, North Lakhimpur to various destinations within Lower Subansiri District via Kimin. The transportation charge from North Lakhimpur to Kimin which falls under plain area was charged at Re.0.55 to Re.0.74 per quintal per km instead of Re.0.13 per quintal per km.

Thus, entertainment of higher transportation rate(s) in plain areas resulted in avoidable excess claim of Rs.2.87 crore as shown in **Appendix – XXV**.

The Government stated (January 2006) that the rate was fixed by FCI prior to 1990 and was very low and not workable at present. Reply is an after thought, the fact remains that two different rates exist for the same route for transportation of foodgrains and no action was taken by Government to get the rate revised.

3.1.8.17 Avoidable excess claim of HTS due to non acceptance of a lower carriage rate for PDS items

The DC, West Kameng district constituted (March 2003) a Board to finalise the carriage rate of PDS items. The Board rejected the lowest rate of Re.0.10 per qtl per km as being unworkable and accepted the 2nd lowest rate of Re.0.89 per qtl per km. The DC forwarded the recommendation of the Board to the Department. The Department, however, rejected the proposal, without any valid recorded reasons, and instructed the District Administration to re-tender. Based on the Department's instruction, the district administration re-tendered and received three valid quotations, and the carriage contract was offered to a private agency at Rs.2.46 per qtl per km.

The carriage contractor transported 15,933.32 qtls of rice during the period from December 2003 to March 2004 and claimed an amount of Rs.48,56,267 as HTS. Thus, due to rejection of a rate of Re.0.89 per quintal per km for hilly

area offered by the Bomdilla Co-operative Society for the year 2003-04, the Department entertained excess HTS charge of Rs.30.99 lakh⁷.

The Government stated (January 2006) that the recommendation of the Board was not accepted as it was not the lowest rate. The reply of the Government is not tenable as the Board had rejected the lowest rate being unworkable and had recommended 2nd lowest rate of Re.0.89 per qtl per km as being reasonable.

3.1.8.18 Undue financial benefits to the carriage contractors

Forty six vehicles purchased through financial assistance received from the GOI during the period from 1993-94 to 2001-02 were leased out to carriage contractors for transportation of PDS items from the FCI depots to the PDC and FPS. The carriage contractors were to pay hire charges at different rates ranging from Rs.48,000 to Rs.1,40,000 per month as fixed by the Department *w.e.f.* January 1996.

Scrutiny of records of the Director, Civil Supplies Department revealed that the Department could realise hire charges amounting to Rs.0.57 crore from the carriage contractors during the years 1996-97 to 2004-05 out of Rs.1.69 crore, leaving a balance of Rs.1.12 crore unrealised. The Department has not taken effective steps to realise this balance amount till the date of audit (June, 2006).

The Government stated (January 2006) that notice had been served to clear the outstanding dues. Further development is awaited (June 2006).

3.1.9 Quality control

One of the primary objectives of PDS is that the foodgrains distributed to consumers are of good quality and are fit for human consumption. As per PDS (Control) Order 2001, the representatives of the State Government or their nominees and the FCI shall conduct joint inspection of the stocks of foodgrains intended for issue to ensure that the stocks conform to the prescribed quality specifications. However, none of the DSOs (West Kameng, West Siang, Lower Subansiri and Papumpare) could furnish any evidence regarding collection and analysis of samples. On public complaints regarding poor quality of foodgrains being issued from FCI depots, four samples were collected (February 2002) from the FCI depot and sent for laboratory test. As per the Analysis Report (February 2002) the quality of rice (two out of four samples sent for laboratory test) did not conform to the standard as laid down under the Prevention of the Food Adulteration Act, 1954.

The Government stated (January 2006) that the representatives of the State Government visited FCI godowns and jointly inspected the quality of foodgrains. The reply of the Department is not tenable since during the last six

⁷ $\frac{(2.46 - 0.89) \times 100}{2.46} \times Rs.48,56,267 = Rs.30,99,325$

years only four samples were collected from the FCI godowns and sent for laboratory testing.

3.1.10 Vigilance

The PDS (Control) guideline 2001, also envisages constituting Vigilance Committees at State, district and block level for implementation and monitoring the functioning of FPS.

During audit it was noticed that except in the year 2006, no Vigilance Committees were formed at any level during the period from 2000-2001 to 2004-05.

The Government stated (January 2006) that efforts were being made to make the vigilance committees functional.

3.1.11 Inspection by District Level Officer

The PDS (Control) guideline 2001, also envisages inspection of FPS, once in six months to ensure non-pilferage of PDS items and FPS dealers are to adhere to the instructions/guidelines of the Government in the best interests of consumers.

Test Check of records of the DSOs (West Siang, West Kameng, Lower Subansari and Papumpare) revealed that inspection carried out by DSO, during 2000-01 to 2005-06 varied from 1.34 *per cent* to 16.35 *per cent* (details in Appendix – XXVI) only, which was attributed to shortage of staff and fund constraints.

While accepting the audit observation, the Department stated (January 2006) that the State Government was making its best efforts to streamline the system.

3.1.12 Monitoring and Evaluation

Monitoring of the scheme at the State level was inadequate. Monthly reports indicating allocation, lifting and distribution are required to be submitted by the FPS to DSO. But no such reports were submitted by the FPS in the two out of four districts test checked. There was also delay in submission of monthly reports by the DSOs to the Directorate.

Delay in submission of returns to the GOI by the State Government varied from 2 to 15 months.

Evaluation of the scheme as a whole was not done and thus impact of the scheme remained unassessed.

3.1.13 Conclusion

There was huge gap between the requirement and lifting of foodgrains which implied that norms of supply were not followed. There was no basis on which survey was conducted for identification of beneficiaries and also no assurance that beneficiaries were receiving the right quantity and quality of foodgrains. There were excess claims of HTS due to excess allotment of foodgrains beyond the prescribed norms. Claims for HTS were not supported by any documentary evidence. Undue financial aid was extended to the carriage contractors by way of non recovery of hire charges. There was total lack of supervision and monitoring in the implementation of the programme.

3.1.14 Recommendations

- Beneficiaries may be identified through a proper methodology involving Gram Sabhas/Gram Panchayats to ensure that only persons belonging to really poor and vulnerable sections of the society are covered.
- Supply of the prescribed quantity and quality of foodgrains to the identified beneficiaries should be ensured.
- Payments should be made only after proper verification of documents.
- HTS claims and payments made in this regard need to be investigated.
- Government/Department should ensure that all the necessary records are maintained at State, district and block level.
- Inspection, Vigilance and Evaluation mechanisms need to be strengthened.
- State Government should display information on PDS as required under Right to Information Act.

ENVIRONMENT AND FOREST DEPARTMENT

3.2 Wild life preservation under Centrally Sponsored Scheme

Highlights

The objective of preservation of wild life in accordance with the Wild Life Protection Act, 1972 and National Wild Life Action Plan (NWLAP) 2002-16 was not achieved in Arunachal Pradesh in full due to the absence of financial control, delay in formulation of Management Plans (MP), State Government's inability to tackle the encroachment problems and lack of planning and prioritisation of preservation/conservation measures.

The MPs of 11 out of 12 Protected Areas (PA) were neither approved by the State Government nor submitted to the GOI.

(Paragraph 3.2.9)

Due to delay in release of funds by the State Government, in two to nine months the PA managers were unable to utilise the full funds leading to savings in each year. These savings in turn deprived the PAs of Central Assistance (CA) of Rs.4.50 crore.

(Paragraph 3.2.12.4)

The Department unauthorisedly released and utilised Rs.1.19 crore and Rs.88.29 lakh in areas outside the notified Elephant Reserve (ER).

(Paragraph 3.2.13.1)

The Department installed 33 wireless sets including generators which remained inoperative leading to unfruitful expenditure of Rs.66.33 lakh.

(Paragraph 3.2.13.2)

In three PAs, Rs.66.26 lakh was spent in 13 cases where as the works were neither executed nor the material received.

(Paragraph 3.2.13.3)

Failure to declare 10 Km area around the PAs as eco-fragile zone adversely affected the wildlife habitats including loss of interest of Rs.46.74 lakh in Pakke PT and Eagle nest Wild Life Sanctuary (WLS).

(Paragraphs 3.2.15.1, 3.2.15.2 & 3.2.15.3)

462 people who encroached into 131 hectares of land in core zone of National Project Tiger (NPT) were not evicted. Fine of Rs.4.22 crore though leviable was also not levied.

(Paragraph 3.2.16.1)

13670 local tourists with 2070 vehicles entered the NPT without permits and without payment of entry fee of Rs.3.44 lakh. Besides, fine of Rs.34.17 crore though leviable in these cases was not levied.

(Paragraph 3.2.20.2)

3.2.1 Introduction

The State of Arunachal Pradesh (AP), rich in forest and wildlife, has 68847 square kilometres (sq km) of forest cover area. The State Government notified two Projects Tiger (PT)⁸, one Elephant Reserve (ER)⁹, eight Wildlife Sanctuaries (WLS)¹⁰ and one National Park (NP)¹¹ covering 11420.485 sq km (out of 68847 sq km) spread over ten out of 16 districts¹² as Centrally Sponsored Schemes (CSS) between June 1978 and June 2002.

The main objective of the schemes is to conserve flora and fauna with specific stress on maintenance of viable population of endangered species, particularly tiger with its prey base and habitat for scientific, economic, aesthetic, cultural and ecological values. Functioning of the schemes is governed under the provisions of the Wildlife Protection Act (WLP) 1972, besides, instructions issued from time to time by the Central and the State Boards of wildlife and the Union Ministry of Environment and Forest (MOEF).

3.2.2 Organisational set up

The Environment and Forest Department is responsible for undertaking the activities relating to wildlife preservation in the State. The organisational set up of the Department is detailed below:

⁸ Namdapha (1985.235 sq. km in January 1986 and March 1987 and Pakke (861.95 sq. km in April 2002).

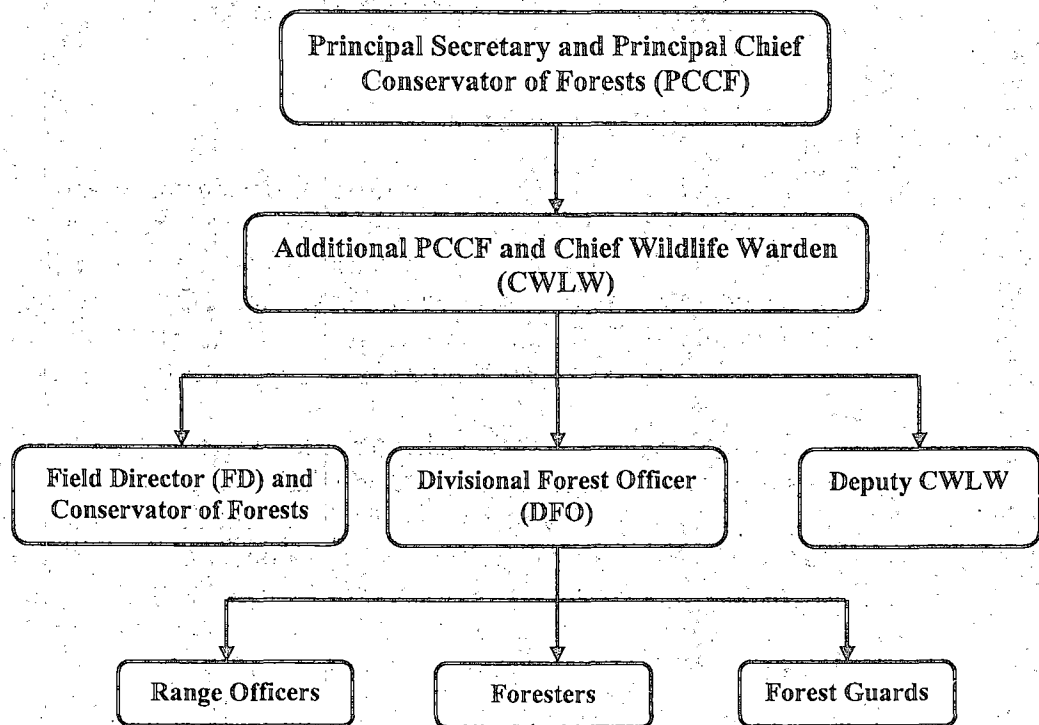
⁹ Kameng (1892 sq. km in June 2002).

¹⁰ Eagle nest (217 sq. km in October 1989), Sessa Orchid (100 sq. km in October 1989), Tale (337 sq km in July 1995), Itanagar (140.8 sq. km in June 1978), Dibang (4149 sq. km in March 1998), Kamlang (783 sq. km in October 1989), 'D' Ering (190 sq. km in August 1978) and Mehao (281.5 sq. km in December 1980).

¹¹ Mouling (483 sq. km in December 1986).

¹² East, West Kameng, Upper, Lower Dibang Valley, Upper, East Siang, Papumpare, Changlang, Lohit, Lower Subansiri.

Chart – 3.5



3.2.3 *Audit objectives*

The review was aimed at ascertaining:

- the effectiveness and adequacy of the Wildlife Protection Act, Rules and Procedures framed thereunder in management of Protected Area (PA);
- the economy and efficiency in functioning of the PAs particularly in areas of financial management, programme management, conservation of flora and fauna, protection measures, promotional activities in the PA and manpower management; and
- the efficiency and effectiveness of monitoring and evaluation.

3.2.4 *Scope of audit*

Performance review of wildlife preservation activities was conducted through a test check of the records of the Principal Secretary and PCCF and the CWLW, Itanagar including the records of six selected PAs out of 12 PAs for the years 2001-02 to 2005-06 during April – May 2006.

3.2.5 *Audit criteria*

Audit objective and findings were benchmarked against the following criteria:

- Management Plans (MP) and Annual Plan of Operations (APO);
- Provisions of Wildlife Protection Act 1992 and National Wildlife Action Plan 2002-16;
- Instructions and guidelines of the Central and State Boards of Wildlife and MOEF; and
- Prescribed monitoring mechanism.

3.2.6 Audit methodology

An entry conference was held on 30 December 2005 with the Secretary, Department of Environment and Forest wherein the audit objectives, scope, criteria and methodology was explained.

Namdapha and Pakke PT being flagship programmes of wildlife conservation and Kameng ER being the single project in the State were selected for 100 per cent coverage. Eagle nest, Itanagar and Tale WLS were selected for test check out of the balance nine PAs through random sampling.

Audit methodology involved issue of questionnaires and analysis of reports, project reports, including examination of procedures/data in respect of MPs, APOs, demand, allotment and utilisation of funds under CSS.

An exit conference was held in August 2006 with the Secretary, Department of Environment and Forest and replies of the Government/Department have been incorporated in the review where appropriate.

3.2.7 Audit findings

Performance Audit of the Department revealed that due to delay in release of funds by two to nine months, the Managers of PAs were deprived of central assistance of Rs.4.50 crore. The MPs of 11 out of 12 PAs though prepared were neither approved by the State Government nor submitted to the GOI and MP in respect of Kameng ER was not prepared. Besides, failure to declare 10 km area around the PA as eco-fragile zone adversely affected the wildlife habitats. Also, a fine of Rs.4.22 crore was leviable on 462 people encroaching 131 hectares of land in core zone of NPT but neither any fine was levied nor were the people evicted.

3.2.8 Project formulation and planning

Feasibility report justifying continuance of the schemes during Tenth Plan was to be prepared by Divisional Officers based on surveys/studies showing modifications/amendments if any, in the original project reports and get it approved from the GOI.

No Manager of PAs except one (Namdapha Project Tiger) prepared any such proposal. The schemes for wildlife preservation were continued in Tenth Plan

period without framing any programme duly approved by the GOI. Thus, no planning was in place for implementing wildlife conservation during Tenth Plan period.

3.2.9 *Management Plans*

MP is an instrument that ensures policy based action for scientific management of PAs as against the personal approach and casual action that may not fall in the ambit of priority. Besides, the MP is an institutional mechanism to guide the Manager in management practice and proper monitoring with reference to such plan. The Supreme Court of India¹³ directed in February 2000 that conservation activities in PAs shall not be undertaken unless the MP is approved by the GOI.

The Managers of 11¹⁴ out of 12 PAs submitted MPs to the State Government between July 1995 and September 2004 for approval of detailed programmes of conservation activities to be carried out for scientific management of PAs during five to ten year periods falling between 1997-98 and 2008-09. The State Government did not approve the MP nor was it submitted to the GOI for approval. No reason was recorded for doing so. The MP in respect of the other PA¹⁵ was not prepared till date. Thus, in the absence of an approved MP, conservation activities in each PA were carried out in an adhoc manner without prioritisation, apart from violating the Supreme Court's directives.

3.2.10 *Annual Plan of Operation (APO)*

The annual programme of wildlife conservation activities in each PA is sanctioned by the MOEF, by way of APO. The APO is required to be submitted by the State Government to the GOI for approval before commencement of the financial year so that the seasonal works could be taken up at the beginning of the financial year.

It was observed that the State Government submitted APOs to the MOEF in respect of 12 PAs belatedly between May and July each year without any recorded reason. Consequently, there was delay ranging between 1 and 10 months in approval of APOs and release of funds by the MOEF as tabulated below:

¹³ *T.N. Godavarman Thirumulpad versus Union of India and others in writ petition (Civil) No.202 of 1995.*

¹⁴ *Namdapha PT, Pakke PT, Eagle nest WLS, Sessa Orchid Sanctuary, Itanagar WLS, Tale WLS, Dibang WLS, Kamlang WLS, D'Ering WLS, Mehao WLS and Mouling NP.*

¹⁵ *Kameng ER.*

Table – 3.2

| | | | (Rupees in crore) |
|--------------|----------------------------|--------------------------------------|----------------------------|
| Year | Date of submission of APOs | Date of sanction of funds by the GOI | Funds sanctioned/ released |
| 2001-02 | Between May and July | Between May 01 and February 02 | 4.86 |
| 2002-03 | Between June and July | Between July 02 and March 03 | 2.85 |
| 2003-04 | Between May and June | Between July 03 and March 04 | 3.93 |
| 2004-05 | Between May and July | Between July 04 and March 05 | 3.61 |
| 2005-06 | Between May and June | Between June 05 and March 06 | 4.80 |
| Total | | | 20.05 |

Source: APOs, GOI's sanction orders and information furnished by the Departments.

Further, in four out of 12 PAs¹⁶ the scheme could not be implemented as no funds was released between 2001-02 and 2004-05 for delayed finalisation of APOs.

3.2.11 Targets and achievements

The Managers of 12¹⁷ PAs set financial and physical targets in the form of APOs after survey and investigation duly supported by detailed estimates of works in anticipation of financial assistance from the Central and the State Governments under CSS. The State Government, however, sanctioned and released funds by reducing the financial targets. In spite of that, the shortfall in achievement of financial targets ranged from 30 to 83 per cent during 2001-02 to 2005-06 as tabulated below:

Table – 3.3

| | | | (Rupees in crore) |
|---------|---------|--------------|-------------------|
| Year | Targets | Achievements | Shortfall (-) |
| 2001-02 | 6.56 | 4.58 | (-) 1.98 (30) |
| 2002-03 | 9.66 | 1.87 | (-) 7.79 (81) |
| 2003-04 | 11.99 | 2.36 | (-) 9.63 (80) |
| 2004-05 | 12.70 | 2.71 | (-) 9.99 (79) |
| 2005-06 | 23.93 | 4.03 | (-) 19.90 (83) |

Sources: APOs and information furnished by the Department.
Figures within the bracket represent percentage of shortfall

The shortfall in achievement of physical targets in respect of 77 important components of wildlife conservation in six¹⁸ (out of 12) PAs test checked ranged from 13 to 100 per cent during the five years ending 31 March 2006 as

¹⁶ Pakke PT – 2002-03, Itanagar WLS – 2002-03, Eagle nest WLS – 2002-03, 2003-04, Kamlang WLS – 2001-02, 2002-03, 20004-05.

¹⁷ Namdapha PT, Pakke PT, Elephant Project, Itanagar WLS, Tale WLS, Eagle nest WLS, Sessa Orchid Sanctuary, Mehao WLS, Kamlang WLS, Dibang WLS, D'Ering WLS, Mouling NP.

¹⁸ Namdapha PT, Pakke PT, Eagle nest WLS, Itanagar WLS, Tale WLS, Kamlang ER.

shown in Appendix – XXVII. Thus, there was consistent shortfalls in achievement of both financial and physical targets leading to non fulfilment of the objectives of the scheme in all the years.

The Government stated (August 2006) that adequate steps would be taken to achieve the targets in future.

3.2.12 Financial management and controls

3.2.12.1 Funding pattern

The cost of non recurring items such as infrastructure and eco-development etc. in and around the PA is fully funded by the MOEF, while the cost of recurring items like maintenance of assets erected in each PT and NP is shared equally by the MOEF and the State Government.

3.2.12.2 Budget grant and actuals

It was observed that release of funds compared to the final grants varied from 15 to 34 per cent (excess) in all the years except in 2001-02 when the short release of funds was 10 per cent. Besides, there were persistent savings against release of funds ranging from 6 to 40 per cent in all the years as tabulated below:

Table – 3.4

(Rupees in crore)

| Year | Final budget grant | Actual release | Excess (+)/Less (-) release | Expenditure | | |
|--------------|--------------------|----------------|-----------------------------|--------------|--|-----------------------------------|
| | | | | Actual | Short fall (-)/ Excess (+) over final budget grant | Saving (-) against actual release |
| 2001-02 | 5.43 | 4.86 | (-) 0.57 (10) | 4.58 | (-) 0.85 (16) | (-) 0.28 (6) |
| 2002-03 | 2.17 | 2.85 | (+) 0.68 (31) | 1.87 | (-) 0.30 (14) | (-) 0.98 (34) |
| 2003-04 | 2.94 | 3.93 | (+) 0.99 (34) | 2.36 | (-) 0.58 (20) | (-) 1.57 (40) |
| 2004-05 | 3.14 | 3.61 | (+) 0.47 (15) | 2.71 | (-) 0.43 (14) | (-) 0.90 (25) |
| 2005-06 | 3.85 | 4.80 | (+) 0.95 (25) | 4.03 | (+) 0.18 (5) | (-) 0.77 (16) |
| Total | 17.53 | 20.05 | (+) 2.52 | 15.55 | (-) 1.98 | (-) 4.50 |

Sources: Detailed Appropriation accounts and Information furnished by the Department.
Figures in bracket represent percentage.

The release of funds and expenditure thereagainst were not in conformity with budgetary allocation in all the years, indicating that the budget was not framed on realistic basis.

The reason for such variations though called for were not received.

3.2.12.3 Discrepancy between expenditure figures of Appropriation Accounts and Departmental records

It was noticed that the Wildlife Wing of Forest Department did not reconcile the expenditure figures under CSS (PAs) with those of the Appropriation

Accounts. The extent of variation between figures (CSS-PAs) of Appropriation Accounts and Departmental figures was as under:

Table – 3.5

(Rupees in crore)

| Year | Expenditure as per detailed Appropriation Accounts | Expenditure as per Departmental records | Difference compared to Appropriation Accounts Excess(+)/Less(-) |
|--------------|--|---|---|
| 2001-02 | 4.56 | 4.58 | (+) 0.02 |
| 2002-03 | 2.04 | 1.87 | (-) 0.17 |
| 2003-04 | 2.39 | 2.36 | (-) 0.03 |
| 2004-05 | 2.71 | 2.71 | Nil |
| 2005-06 | 4.16 | 4.03 | (-) 0.13 |
| Total | 15.86 | 15.55 | (-) 0.31 |

Sources: Detailed Appropriation Accounts and information furnished by the Department

The reason for discrepancies had not been analysed or stated by the Government.

3.2.12.4 Delay in release of funds

As per the recommendations of the 36th meeting of the Steering Committee and directives of the MOEF, in May 2000, the State Government is to release funds to the Managers of PA within six weeks from the date of release of funds by the MOEF. Further, the Supreme Court of India¹⁹ directed in February 2005 that the State Government should release funds to the field formations within 15 days of sanction by the MOEF so that the amount of assistance is fully utilised for the purpose for which it was granted. The amount sanctioned and released by the MOEF and the State Government and expenditure incurred thereagainst as per the departmental records during 2001-06 were as under:

Table – 3.6

(Rupees in crore)

| Year | Amount sanctioned and released | | | | Actual expenditure | | | | Saving (-) |
|--------------|--------------------------------|------------------------|-------------------------|--------------|--------------------|--------------------|---------------|--------------|-------------|
| | Recurring ²⁰ | | Non recurring | Total | Recurring | | Non recurring | Total | |
| | State assistance 50% | Central assistance 50% | Central assistance 100% | | State assistance | Central assistance | | | |
| 2001-02 | 0.26 | 0.26 | 4.34 | 4.86 | 0.26 | 0.26 | 4.06 | 4.58 | (-) 0.28 |
| 2002-03 | 0.07 | 0.07 | 2.71 | 2.85 | 0.07 | 0.07 | 1.73 | 1.87 | (-) 0.98 |
| 2003-04 | 0.16 | 0.16 | 3.61 | 3.93 | 0.16 | 0.16 | 2.04 | 2.36 | (-) 1.57 |
| 2004-05 | 0.20 | 0.20 | 3.21 | 3.61 | 0.20 | 0.20 | 2.31 | 2.71 | (-) 0.90 |
| 2005-06 | 0.31 | 0.31 | 4.18 | 4.80 | 0.31 | 0.31 | 3.41 | 4.03 | (-) 0.77 |
| Total | | | | 20.05 | | | | 15.55 | 4.50 |

Sources: GOI and State Government's sanction orders, annual progress reports prepared by the Department.

¹⁹ Navin M. Raheja versus Union of India and others in writ petition (Civil) No. 47/1998.

²⁰ Expenditure in respect of two PT and one NP.

It was however, noticed that the MOEF sanctioned and released funds between May and March and the State Government sanctioned and released funds belatedly between November and March in each financial year without any recorded reason. The extent of delay in release of funds ranged from two to nine months from the date of release of funds by the MOEF. Further, the State Government released funds through monthly Letter of Credit (LOC) system without linking it to the periodical requirement for conservation works. Thus, the funds were not fully utilised for the purpose for which these were granted leading to savings in all the years violating the Hon'ble Apex Court's orders. Besides, the PAs lost the benefit of central assistance of Rs.4.50 crore in the last five years.

The Government stated (August 2006) that the matter would be taken up with the concerned Department for release of funds in time.

3.2.12.5 Non creation of trust funds out of revenue generated

As per National Wild Life Action Plan (NWLAP) 2002-16 all tourism receipts and penalties collected from PAs should go to a local trust fund to be operated by Joint Committees headed by the PA Manager. 70 and 30 *per cent* of the funds should be utilised for community benefit works and for development activities of the PAs respectively.

It was noticed that revenue amounting to Rs.7.88 lakh (entry fee, room rent etc.) was collected by the Managers of five PAs²¹ during the five years ending 31 March 2006 and deposited into Government account through treasury challan instead of creating local trust funds and depositing the amount therein.

3.2.13 Expenditure from project funds

3.2.13.1 Unauthorised utilisation of project funds

The MOEF directed in August 2000 that an Elephant Reserve (ER) though not a legal entity under the WLP, Act, 1972 can be notified in the same manner as Tiger Reserve and Biosphere Reserve. Further, the MOEF directed the State Government in March 2002 that 60 *per cent* of Central Assistance (CA) under CSS (PE) should be utilised for notified ER and 40 *per cent* should be spent for general elephant management.

It was noticed that based on GOI's approval in March 2002, the State Government notified Kameng ER as Elephant Reserve in June 2002. This comprised 1892 sq km falling under the jurisdiction of the DFOs, WLS Division, Seijosa and Khellong Forest Division, Bhalukpong in East and West Kameng Districts. The Department kept provision in the draft APO for 2002-03 to utilise 60 *per cent* of CA under CSS(PE) for Kameng ER and 40 *per cent* for other areas as per the directives of the GOI. The wild elephant population in Kameng ER was 86, 114 and 230 as per census reports of 2001-02, 2002-03 and 2004-05 respectively. The census report of wild elephants in other areas of

²¹ Namdapha PT, Pakke PT, Eagle Nest WLS, Itanagar WLS, Tale WLS.

the State was not on record. As such, 60 per cent CA under CSS(PE) was to be released and utilised for the lone notified Kameng ER for conservation of elephants and development of their habitats. Instead, only 13 to 39 per cent was released and 4 to 40 per cent was utilised for Kameng ER during the four years ending 31 March 2006 as tabulated below:

Table – 3.7

(Rupees in lakh)

| Year | Total CA under CSS-PE for the state | | | | Total CA under CSS-PE for Kameng ER | | | |
|--------------|-------------------------------------|---------------|---------------|---------------|-------------------------------------|--|--------------|--|
| | Released | | Utilised | | Released | | Utilised | |
| | Total | 60% | Total | 60% | Total | Percentage with reference to total release | Total | Percentage with reference to total utilisation |
| 2002-03 | 93.34 | 56.00 | 60.13 | 36.08 | 11.89 | 13 | 2.55 | 4 |
| 2003-04 | 94.21 | 56.53 | 61.99 | 37.19 | 36.43 | 39 | 25.02 | 40 |
| 2004-05 | 91.22 | 54.73 | 75.27 | 45.16 | 25.46 | 28 | 25.34 | 34 |
| 2005-06 | 87.45 | 52.47 | 73.33 | 44.00 | 27.16 | 31 | 21.23 | 29 |
| Total | 366.22 | 219.73 | 270.72 | 162.43 | 100.94 | 28 | 74.14 | 27 |

Sources: Information furnished by the Department.

This had not only led to unauthorised release and utilisation of project funds of Rs.1.19 crore and Rs.88.29 lakh respectively for other areas without ensuring existence of elephant corridor in these areas but the Kameng ER also lost the benefit of project funds to that extent.

The Government stated (August 2006) that the ratio of 60:40 would be followed from next year.

3.2.13.2 Installation of defective wireless sets

The MOEF sanctioned and released Rs.26.20 lakh and Rs.41.71 lakh under 100 per cent CSS (PE) in June 2001 and August 2002 respectively to install wireless sets for protection duty in elephant habitation areas. The State Government however released funds to CWLW in March 2002 and March 2003.

The CWLW, Itanagar purchased 33 wireless sets including 33 generator sets at a cost of Rs.66.33 lakh in March 2002 and March 2003 and installed these sets for protection duty outside the elephant habitats and their corridors except two places²² within Kameng ER. It was observed in Audit that the wireless sets had gone out of order immediately after installation (between April 2002 and June 2003). Thus, the communication network in the PAs remained non functional due to installation of defective wireless sets leading to unfruitful expenditure of Rs.66.33 lakh. It was also observed that the warranty clause was not included in the supply order or the agreement.

²² Bhalukpond and Seijosa.

3.2.13.3 *Misuse of project funds*

Whenever any work is to be executed or any material is to be purchased by any Government Department, relevant records like estimate, sanction order, stock account, measurement book etc., in support of execution of work and procurement of materials are required to be maintained by the concerned office. The annual progress reports of three PAs (out of six²³ test checked) revealed that in 13 cases expenditure of Rs.66.26 lakh was incurred on construction of buildings, roads and for purchase of materials under CSS between April 2001 and October 2002 as shown in **Appendix – XXVIII**.

The Managers of these PAs however, did not maintain records like sanctioned estimates, tender, work/supply orders, stock accounts, measurement book (MB) in support of these works executed between April 2001 and March 2003. Further, inspection report of superior officer of the Department in respect of these works was not on record except in case of Sl. No. 3 and 8 of the **Appendix – XXVIII**. The inspection reports of the Deputy CWLW, Naharlagun (August 2002) and the CWLW, Itanagar (November 2005) disclosed that the works at Sl. No. 3 and 8 were also not carried out. Thus the expenditure of Rs.66.26 lakh being fictitious cannot be ruled out.

The Government stated (August 2006) that the matter had been referred to vigilance for investigation and result thereof would be intimated to Audit.

3.2.13.4 *Unfruitful expenditure*

The MOEF allocated Rs.10 lakh under CSS-PT during 1998-99 for construction of cable suspension bridge over river “Noa Dihing” at Deban in Namdapha Project Tiger (NPT) to facilitate proper patrolling in northern part of the project. Due to non utilisation of the funds, the MOEF revalidated the same during 1999-2000 and 2002-03, still the Department failed to utilise the funds without any recorded reason.

The MOEF again revalidated the unspent amount of Rs.10 lakh and released an additional amount of Rs.10 lakh (phase I) in June 2003 to execute the work in 2003-04. The State Government accorded sanction for Rs.20 lakh in March 2004 and decided to get the work executed through the Executive Engineer (EE), Irrigation and Flood Control Department (IFCD), Bordumsa at an estimated cost of Rs.97.38 lakh without fixing any time schedule for completion of the work. Though the MOEF released Rs.20 lakh, the Manager of NPT, without any recorded reason paid Rs.13.40 lakh only in advance to the EE, IFCD in March 2004. The EE, IFCD utilised the amount towards survey and purchase of materials like cement, rod and sausage wire. As of January 2006 the physical progress of the work was nil. Thereafter, the MOEF did not release any further funds for the work. The State Government also did not initiate any action to get any funds released from MOEF. Thus, while the expenditure of Rs.13.40 lakh remained unproductive, non construction of the suspension bridge adversely restricted the patrolling of NPT.

²³ *Itanagar WLS, Tale WLS, Namdapha PT, Project Elephant, Pakke PT, Eagle nest WLS.*

There were deficiencies in financial management, leading to delay in release of funds, unauthorised utilisation of funds, misuse of project funds and unfruitful expenditure under different components of the scheme. There were also instances of loss of revenue, irregular exemption from permit/entry fee as would be evident from the observations made in the succeeding paragraphs.

3.2.14 Programme management

3.2.14.1 Project area not encompassed legally

Under Section 35 of the WLP Act, 1972 the State Government shall declare by notification any area, whether within a WLS or not, as NP. Under the Assam Forest Regulation 1891 (as adopted by the Government of Arunachal Pradesh) the State Government by notification in January 1987 declared 177.415 sq km of reserve forest for addition to the Namdapha Reserve Forests which is used as buffer zone in NPT since then. The State Government did not notify this area (177.415 sq km) for inclusion in NPT under the WLP Act 1972 till date. Thus, 177.415 sq km of NPT is yet to get legal status.

Under the WLP Act, 1972 no alteration of the boundaries of a sanctuary shall be made by the State Government except on recommendation of the National Board of Wildlife (NBWL).

The State Government, without recommendation of the NBWL notified in August 1978 that 4353 hectares (43.53 sq km) of Itanagar WLS should be under the administrative jurisdiction of the Capital Project. The notification is silent about the Act, under which the area was diverted for non forest purpose. Thus, the diversion of land (43.53 sq km) was irregular and in violation of the Act.

The Government stated (August 2006) that efforts would be made to regularise the diversion of land as per rules.

3.2.15 Restoration of degraded habitats outside PAs

3.2.15.1 Non declaration of area outside PAs as ecologically fragile

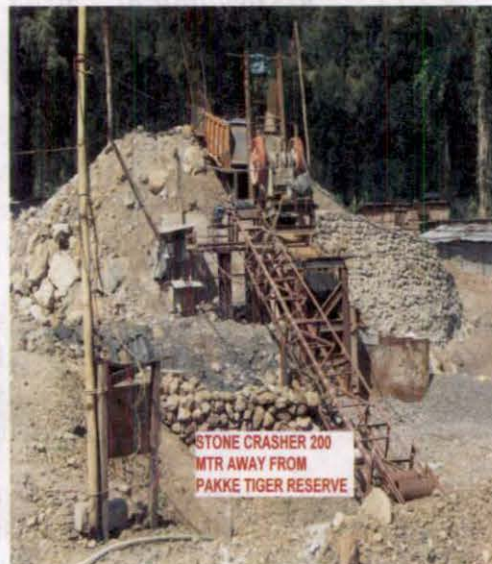
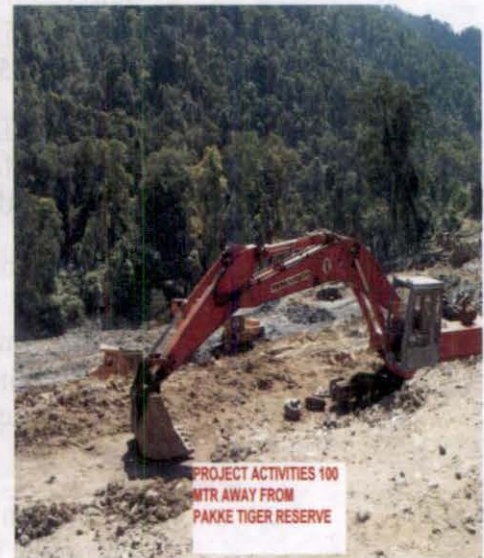
Under the WLP Act, 1972 and the NWLAP 2002-16 the State Government was to identify key factors responsible for degradation of habitats including grasslands, wetland, forests, etc. outside PAs particularly in areas adjacent to PAs. The process of identification and declaration of areas as eco-sensitive zone for protecting flora and fauna and their habitats was to be completed by 2004. Further, as per Wildlife Conservation Strategy 2002 approved in XXIst meeting of the Indian Board of Wildlife (IBWL) under the chairmanship of the Hon'ble Prime Minister, land falling within 10 km of boundaries of PAs should be declared as ecologically fragile zone.

It was observed that the State Government did not initiate any action either to identify or to declare any area outside the boundaries of PAs as ecologically fragile till May 2006 with the result that activities of the populace outside the boundaries were adversely affecting the wildlife inside the PAs.

The Government stated in August 2006 that the PA Managers would be directed to identify the eco fragile zone around the PAs.

3.2.15.2 Adverse impact of construction activities by Kameng Hydro Electric Project (KHEP) on PAs

Under the Forest Conservation Act, 1980, the MOEF, in consultation with the State Government, diverted 710 hectares of forest land falling within 200-400 meters of boundaries of Pakke PT and Eagle nest WLS in August 2000 for construction of KHEP. The KHEP started construction of roads, buildings, power house etc. in areas within close proximity (200-400 mtrs) of boundaries of PAs by mobilising huge work force and using blasting materials, heavy tools and plants etc. since 2001-02. Such activities created heavy noise and environment pollution in the area causing immense damage to the pristine ecosystem including flora and fauna of the adjoining PAs.



**ADVERSE
IMPACT**

Therefore, in order to improve the conditions, the Manager of the PAs submitted an estimate of Rs.1.69 crore to the PCCF in April 2006 for taking immediate corrective measures like growing plantation, restoration of wild life corridor, habitat enrichment, installation of wireless sets etc. to prevent further damage of flora and fauna and their habitats in the PAs. The estimate however remained unattended in PCCF's Office. Thus, failure of the State Government to declare eco-fragile area outside the PAs had a devastating effect on wildlife habitats as protective measures against noise and environment pollution and preservation of flora and fauna could not be initiated.

3.2.15.3 Loss of revenue

The MOEF instructed in March 2004 that funds received from any user agency towards Compensatory Afforestation (CA) charges for diversion of forest land for non forestry purpose should be kept in the form of fixed deposit (FD) in a nationalised bank (NB) in the name of the concerned DFO or the Nodal Officer (Forest Conservation). Further, the MOEF, as per the directions of the Supreme Court of India (October 2002) issued a notification in April 2004 constituting the CA Fund Management and Planning Authority (CAMPA) for management of money received towards CA charges. But the CAMPA has remained inoperative and the CA charges are not being managed as per the GOI's notification.

It was noticed that the KHEP paid Rs.6.41 crore towards CA charges to the State Government for diversion of 710 hectares of forest land for non-forestry purposes between March 2000 and January 2005. The State Government deposited the amount into the Forest Remittance head of account and into the Reserve Funds not bearing interest between May 2000 and March 2005. This resulted in loss of interest of Rs.46.74 lakh during the period between March 2004 and the date of audit (May 2006) calculated at the rate of interest at 5 and 5.5 per cent per annum as prescribed by the State Bank of India.

3.2.16 Encroachment

3.2.16.1 Unauthorised occupation of 131 hectares of land in NPT

Under Section 34A of the WLP Act, 1972 read with Section 72C of the Assam Forest Regulation 1891 (as adopted by Arunachal Pradesh) if any person unauthorisedly occupies land in a reserve forest in which he has not been allowed to settle, the Forest Officer shall eject or order him to vacate the land forthwith and confiscate or destroy any crop raised and any building constructed on such land. Further, if any person intentionally disobeys such order, he shall be liable to pay penalty which may extend to Rs.200 and if such disobedience continues, he shall be liable to pay further fine which may extend to Rs.50 per day during the period of such breach.

In NPT, since 1995, 462 people of 84 families belonging to the Lishu Community encroached (April 2001) upon 131 hectares of land in the core

zone of the project. The State Government has not prepared any plan to relocate them outside the PA till May 2006. However, the Department served eviction notices on the encroachers in May 2003 but the encroachers have not vacated the land. The presence of Lishues is not only violative of the Act but is also a serious threat to the tigers and its prey base. Further, a maximum fine of Rs.4.22 crore²⁴ leviable in these cases was not levied.

The Government stated (August 2006) that action would be initiated to relocate the encroachers.

3.2.16.2 Unauthorised entry and destruction of Government property in PA

Under the WLP Act, 1972, no person shall enter or destroy any property in a PA unless a permit is granted by the CWLW in consultation with the State Government and the State Board of Wildlife.

It was observed that the Border Road Task Force (BRTF) unauthorisedly entered the Eagle Nest WLS for construction of road and destroyed building valued at Rs.6.60 lakh belonging to the sanctuary without any permit from the CWLW during 2001-02. On intervention of the CWLW, the BRTF stopped the work and vacated the land (112.80 hectares) in April 2002. But the Department did not initiate any action to recover the value of building destroyed by the BRTF.

3.2.17 Role of Non-Government Organisations (NGOs) in conservation of wildlife

3.2.17.1 Non-receipt of financial assistance extended by NGO

The World Wide Fund for Nature India (NGO) extended a package assistance amounting to Rs.22.17 lakh²⁵ to NPT in June 2000 and requested the State Government in July 2000 to open a Public Deposit Account (PDA) in favour of the manager of NPT so that the amount of assistance could be deposited into PDA for execution of works locally.

It was noticed that the NGO delivered package assistance in kind valued at Rs.11.56²⁶ lakh in August 2001 and March 2002. The NGO did not release the balance assistance due to the failure of the State Government to open PDA. This led to non receipt of further financial assistance of Rs.10.61 lakh.

The Government admitted (August 2006) the facts without explaining the reason for not opening the PDA.

²⁴ 462 people x 1825 days x Rs.50

²⁵ One diesel jeep, one tractor, seven radio stations, 15 hand sets with batteries, accessories of radio sets, seven solar panels and filed equipments Rs.11.56 lakh
Amount for construction of camps, buildings and motorised boat Rs.10.61 lakh
Rs.22.17 lakh

²⁶ One diesel jeep, one tractor, seven radio stations, 15 hand sets with batteries, accessories of radio sets, seven solar panels and filed equipments - Rs.11.56 lakh.

3.2.18 *Census of wild animals*

3.2.18.1 *Non maintenance of records*

Under the NWLAP 2002-16, the State Government is to identify the threatened species of flora and fauna analyse the key threats to their survival and develop an action plan to deal with the problems.

It was noticed that the CWLW did not maintain any record showing the threatened species of flora and fauna in the State. Consequently, no action plan was developed to deal with the problems.

In reply, the Government stated in May 2006 that the information would be collected from field formations and records would be maintained.

3.2.18.2 *Non completion of census report*

As per guidelines of the MOEF, census of wild animals is to be carried out annually.

It was observed that census of wild animals was carried out biennially instead of annually in four out of six PAs²⁷ test checked. In the remaining two PAs²⁸ census was not carried out. The PA Managers submitted census report to the CWLW with copies to the MOEF without indicating the reason for increase/decrease in number. It was also noticed that census in NPT was conducted in 704 sq km. out of 1982.235 sq km. of the project area. No census was carried out in the remaining 1278.235 sq km. due to density of forest, difficult hilly terrain and lack of logistics support.

Thus, on account of non-completion of census report the wildlife population in the State could not be vouched for.

3.2.19 *Protection measures and offence cases*

3.2.19.1 *Inadequate/ineffective protection measures*

Under the NWLAP 2002-16, the State Government should grant status at par with the police to the wild life staff by 2003 for use of sophisticated weapons and they should be equipped with adequate arms and ammunition to combat poaching and illegal activities in PAs. The MOEF directed in September 2001 that the patrolling strategy and antipoaching measures should be accorded topmost priority and ever vigilant and motivated frontline staff should be deployed to maintain a reliable and round the clock patrolling in PAs. As per the norms, patrolling area coverage by each camp/chowki should ideally be 25-30 sq km. Further, the age of a Forest Guard/Forester should range between 18 and 35 years as per the norms fixed by the Wildlife Institute of India.

²⁷ Namdapha PT, Pakke PT, Kameng ER, Eagle nest WLS, Itanagar WLS, Tale WLS.

²⁸ Itanagar WLS, Tale WLS.

It was noticed that Managers of six PAs²⁹ test checked, established 26 antipoaching camps for patrolling in 3889.985 sq km of PAs with the help of 28 Foresters (one lady) and 34 Forest Guards (six ladies). The average age of the Foresters/Forest Guards on roll ranged between 33 and 46 years against the norms of 18 to 35 years. Based on MOEF's norms of 25-30 sq km per camp/chowki, only 780 out of 3889.985 sq km was possible to be covered by the existing patrolling camps. The State Government also did not grant status at par with the Police to the protection staff nor were they equipped with adequate arms and ammunition. Further, the balance 3109.985 sq km of PAs remained totally unguarded and exposed to random poaching/hunting. This reflects the poor state of affairs of surveillance and inequitable coverage of patrolling in the PAs.

In reply, the Government stated (August 2006) that the matter had been taken up with the concerned authorities for filling up the vacant posts; further development is awaited.

3.2.19.2 Pendency of offence cases

Under the NWLAP 2002-16, the State Government is to provide training to the staff of wildlife wing for effective and speedy disposal of wildlife related cases through special courts and public prosecutors.

The CWLW and the PA Managers did not maintain the register of wildlife offence cases. Records of six PAs³⁰ test checked revealed that 37 cases were pending in the Court of which 10 cases are more than five years old. The State Government did not initiate any action to get the cases expeditiously disposed through Special Courts and public prosecutors as required under the NWLAP 2002-16.

3.2.19.3 Absence of precautionary action

The MOEF directed the State Government in April 2004 to take special precaution to avoid death of wild animals due to electrocution.

29

| | |
|------------------------------|---|
| Namdapha PT – 1985.235 sq km | 10 Camps, 8 Foresters – average age 33 years, 11 Forest Guards (three ladies) – average age 40 years. |
| Pakke PT – 861.95 sq km | 13 camps, 10 Foresters – average age 46 years, 10 Forest Guards (one lady) average age – 35 years |
| Eagle nest WLS – 217 sq km | |
| Kameng ER – 348 sq km | 3 Camps, 6 Foresters – average age 33 years, 9 Forest Guards (one lady) average age 38 years |
| Itanagar WLS – 140.8 sq km | |
| Tale WLS – 337 sq km | Camp Nil, 4 Foresters (one lady) average age 33 years, 4 Forest Guards (one lady) average age 40 years. |

30

Namdapha PT, Pakke PT, Eagle nest WLS, Kameng ER, Itanagar WLS, Tale WLS.

It was noticed that the State Government did not initiate any action to prevent such casualties. As a result, seven wild elephants died in forest areas due to electrocution during March to October 2004.

3.2.20 Promotional activities and wildlife tourism

3.2.20.1 Non compliance with directives of the NWLAP

Under the NWLAP 2002-16, the State Government was to complete the survey of Tourist accommodation/facilities within and outside the PAs by 2004 and set up Ecotourism Advisory Boards to regulate tourism activities. Further, orientation programme for tour operators was to be conducted with effect from 2003.

It was observed that the State Government neither conducted any survey for tourist accommodation/facilities in PAs nor was any ecotourism advisory board set up. The orientation programme for tour operators was also not conducted till date.

3.2.20.2 Irregular exemption from permit/entry fee

Under the WLP Act 1972, no person shall enter a PA without a valid permit granted by the CWLW on payment of the prescribed fee. If any person contravenes the provisions of the Act/Rule or order, framed thereunder, he shall be punishable with imprisonment for a term which may extend to three years or with fine which may extend to Rs.25,000 or with both. Further, the rate of entry fee was Rs.10 and Rs.100 per adult Indian tourist and per motor vehicle respectively with effect from January 2000.

In NPT, it was noticed that 13670 local tourists with 2070 vehicles entered the project area without any permit from the competent authority and also without payment of entry fee as required under the Act during 2001-02 to 2005-06. This resulted in loss of Rs.3.44 lakh of entry fees. Besides, maximum penalty of Rs.34.17 crore³¹ was also not levied.

The Government stated (August 2006) that people from the local villages in the periphery of the PA used the road through check gates and not the tourists. The reply is not tenable as the people who crossed the check gate were tourists and not villagers as per the records of the check gate.

3.2.20.3 Research and Development initiative

Under the NWLAP 2002-16, the PA Manager was to prepare and complete research priorities for his PA which was to be consolidated in the State Wildlife Research Plan within 2004 for efficient management of PA.

In NPT, though a research wing was functional, no research was conducted prioritising conservation activities for better management of flora and fauna

³¹ 13670 x Rs.25,000

and wildlife of the PA. In five other PAs³² test checked, it was noticed that neither any research activity was conducted nor was any research wing set up till date. In the absence of any study/research, conservation activities in the PAs were carried out only in an adhoc manner.

3.2.21 Human resource development

3.2.21.1 Inadequate and untrained staff

Under the NWLAP 2002-16, the State Government should have adequate wildlife trained personnel to man all the positions right from PA Managers down to Forest Guards at grassroots level. The Steering Committee in its meeting in January 2003 directed that all vacant posts should be filled up forthwith for effective management of PAs.

The position of manpower deployment in the following six PAs test checked was as under:

Table – 3.8

| Sl. No. | Name of PA | Sanctioned strength of different categories of posts | Men on roll | Post vacant |
|---------|---------------------------|--|-------------|-------------|
| 1. | Namdapha PT | 71 | 47 | 24 |
| 2. | Pakke PT & Eagle nest WLS | 46 | 44 | 2 |
| 3. | Kameng ER | | | |
| 4. | Itanagar WLS | - Nil - | 20 | - |
| 5. | Tale WLS | - Nil - | 7 | - |

Sources: Information furnished by the Department

The State Government neither filled up the vacant posts in PAs at Sl. No. 1 and 2 nor were the posts of PAs at Sl. No. 4 and 5 sanctioned. The reason for not according separate sanction for posts in PAs at Sl. No. 3 was not on record. The existing staff deployed in the PAs were also not trained in wild life management.

3.2.22 Monitoring and evaluation

Management Information System (MIS) is a tool for the Secretary and PCCF and other superior officers of the Department to exercise control over effective administration and management of PAs. Such control is exercised at Apex level through verification of periodical reports/returns pertaining to conservation activities, offence/poaching cases etc. received from field formations. The prescribed reports/returns are required to be governed by a manual or a set of guidelines from the State Government.

³² Pakke PT, Eagle nest WLS, Kameng ER, Itanagar WLS, Tale WLS.

It was noticed that the State Government prescribed 21 periodical reports/returns to be submitted by the PA Managers to the Government/Department without prescribing any manual or guidelines under which the reporting is to be governed. In most of the cases, reports/returns were submitted by the PA Managers on plain paper instead of in the prescribed form. No mechanism existed at the apex level particularly, at the level of Principal Secretary and PCCF either to verify the reliability of reports/returns received or to call for the same which were not received from the PAs. Thus, in the absence of any mechanism to verify the reports/returns, the existing MIS is ineffective and inadequate.

The Government stated (August 2006) that steps would be taken to introduce modern MIS in the state.

3.2.23 *Conclusion*

The objective of preservation of wildlife in accordance with the WLP Act, 1972 and NWLAP 2002-16 was not achieved by the Department in full due to the absence of financial control, delay in approval/formation of MPs and State Government's inability to tackle the encroachment problems causing biotic and human interference in the PAs and non declaration of eco-fragile zone around PAs as well. Besides, lack of planning and prioritisation of preservation/conservation measures through research also contributed to non achievement of the objectives.

3.2.24 *Recommendations*

- Preparation of MPs of all the PAs should be expedited and got approved by MOEF for timely preservation of pristine flora and fauna and wildlife in the State.
- The State Government should finalise the APO and get it approved by the GOI before commencement of the financial year, to avoid delay in release of funds and ensure that the seasonal work during the initial period of the financial year is not disturbed.
- The State Government should seriously view misuse of funds and strengthen internal control measures through inspection of works executed in the PAs to avoid reoccurrence.
- The land in all PAs should be legally encompassed under the WLP Act, 1972.
- Declaration of land falling within 10 Km of each PA as eco-fragile zone should be expedited to avoid adverse impact on wildlife habitats.

- The State Government should expeditiously relocate people who have encroached the core zone of NPT and preventive methods taken for future encroachments.
- Annual census of wildlife should be made mandatory and authenticity of report should be ensured. A register of wildlife inventory should be maintained in the Chief Wildlife Warden (CWLW)'s office.
- Since the State is rich in forest and wildlife research activities in all the PAs should be given priority. A State Wildlife Research Plan should also be prepared for efficient management of PAs.
- The State Government should grant status at par with the Police to the frontline staff of PAs for effective and efficient preservation of forest and wildlife in the State.
- State Government should display information of all their wildlife programmes/projects as required under Right to Information Act.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Rural Health Services

Highlights

The review, interalia, highlights irrational establishment of rural health centres, irregular deployment of medical and paramedical staff, poor outturn of indoor patients, cases of diversion of funds, injudicious/unproductive expenditure and idle outlay, which adversely affected the delivery of health care services to the rural population.

There was irrational and excess establishment of rural health institutions in contravention of norms.

(Paragraph 3.3.12.1)

There was idle stock of health care kits worth Rs.41.19 lakh.

(Paragraph 3.3.13.1)

Rupees 27.72 lakh pertaining to rural health care services was diverted to urban health services.

(Paragraph 3.3.13.2)

Rupees 25.71 lakh was paid to a supplier on the basis of fictitious stock entry before actual receipt of the medicines.

(Paragraph 3.3.13.3)

3.3.1 Introduction

The delivery of primary health care is the foundation of Rural Health Care System and forms an integral part of the National Health Care System. In Arunachal Pradesh, health care services in rural areas are provided through a network of Health Sub-Centres (HSC), Primary Health Centres (PHCs) and Community Health Centre (CHCs). The programme is funded by the Central and the State Governments.

The three tier health implementation programme (HSC, PHC and CHC) is based on rural population norms. According to the GOI's norms, in hilly and tribal areas, one HSC, one PHC and one CHC are to be set up for every 3,000, 20,000 and 80,000 population respectively. Each PHC with four to six beds and one medical officer is to cover six HSCs. Each CHC with 30 beds and four medical officers and other ancillary staff is to serve as a referral institution for four PHCs.

A sub-centre, manned by one multi-purpose worker (male) and one multi-purpose worker (female)/ANM, is the most peripheral contact point between HSC and the community.

A PHC, manned by one Medical Officer supported by 14 paramedical and other staff and having four to six beds, is the first contact point between the village community and Medical Officer. It acts as a referral unit for six sub-centres. The aim and objectives of a PHC involves curative, preventive, promotional medicare and family welfare services.

A CHC manned by four Medical Specialists supported by 21 paramedical and other staff and having facilities of 30 in-door beds with one OT, X-ray, Labour room and Laboratory, is the crucial First Referral Unit (FRU) which serves as a referral centre for four PHCs.

3.3.2 Audit objectives

The audit objectives were to assess whether:

- the policy formulated was based on prescribed norms;
- assessment of requirement of medical specialists and paramedical staff to run the rural health centres was made as per norms fixed;
- requisite manpower has been deployed in rural health centres;
- funds provided were used economically and efficiently to achieve the desired objectives; and
- the monitoring system evolved was effective and evaluation had been done to assess the achievement of the desired objectives.

3.3.3 Audit criteria

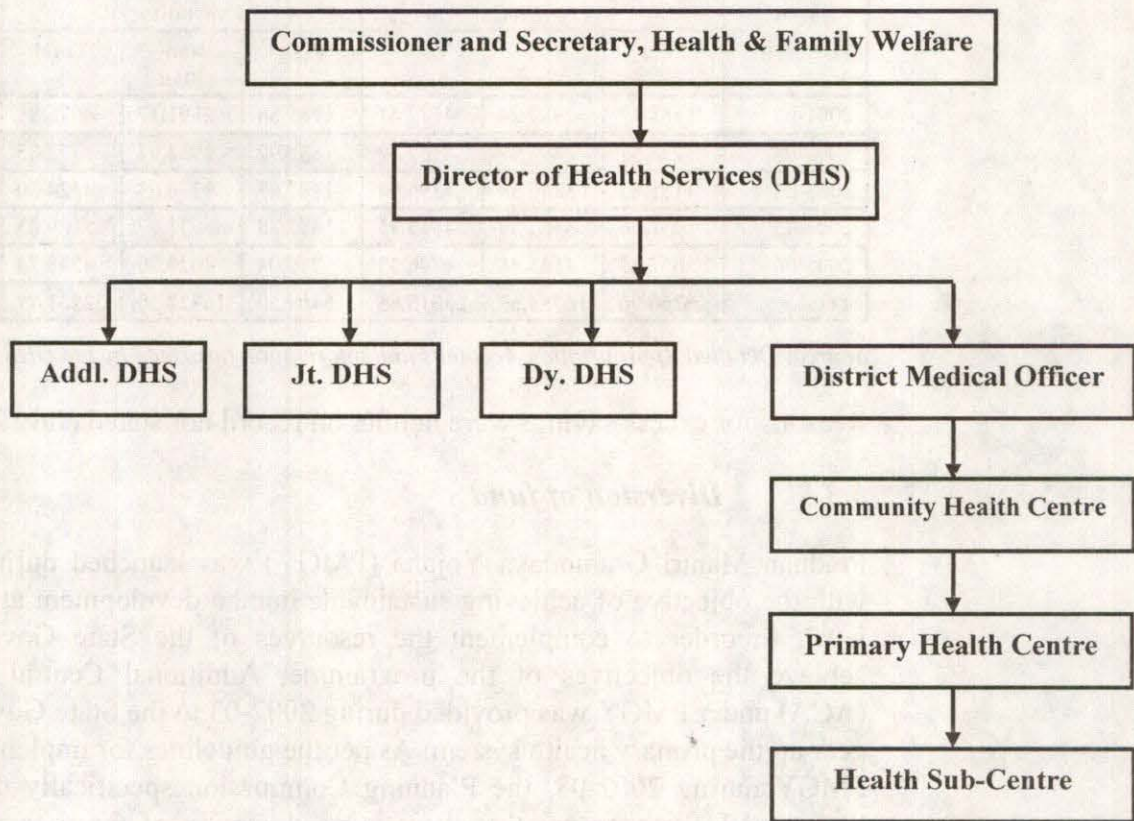
Audit examination was based on the following criteria:

- prescribed norms for establishment of health centres;
- targets fixed for setting up of health centres;
- Government orders regarding implementation of various health schemes and health centres;
- norms prescribed for proper functioning and delivery of rural health care services; and
- prescribed monitoring mechanism.

3.3.4 Organisational set up

The Organisational setup of rural health services in Arunachal Pradesh is given below:

Chart – 3.6



3.3.5 *Audit coverage*

Activities of rural health services in the State during 2001-02 to 2005-06 were reviewed in audit through a test check (March-June 2006) of the records of the Director of Health Services and DMOs of five districts out of 16 districts (31 per cent) viz. Papumpare, Lower Subansiri, Changlang, Tirap and West Siang and expenditure of Rs.73.60 crore (33 per cent) out of the total expenditure of Rs.225.49 crore was covered in audit.

3.3.6 *Audit methodology*

The review commenced with an entry conference with the Department of Health and Family Welfare, Arunachal Pradesh in February 2006 in which audit objectives, scope, criteria and methodology were explained. The districts were selected by stratified random sampling method and rural health centres were selected for test check on random sampling basis.

3.3.7 *Financial management*

The budget provision *vis-à-vis* expenditure for the five year period ending March 2006 was as under:

Table – 3.9

(Rupees in lakh)

| Year | Provision | | | Expenditure | | | Excess (+) Savings (-) |
|--------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------------------|
| | Plan | Non-Plan | Total | Plan | Non-Plan | Total | |
| 2001-02 | 1188.17 | 2989.24 | 4177.41 | 1185.68 | 2891.17 | 4076.85 | (-) 100.56 |
| 2002-03 | 1232.53 | 2896.99 | 4129.52 | 839.92 | 2932.93 | 3772.85 | (-) 356.67 |
| 2003-04 | 1155.85 | 3240.59 | 4396.44 | 1187.67 | 3336.63 | 4524.30 | (+) 127.86 |
| 2004-05 | 1031.56 | 3484.39 | 4515.95 | 1477.28 | 3631.77 | 5109.05 | (+) 593.10 |
| 2005-06 | 652.85 | 4143.48 | 4796.33 | 719.04 | 4029.70 | 4748.74 | (-) 47.59 |
| Total | 5260.96 | 16754.65 | 22015.65 | 5409.59 | 16822.20 | 22231.79 | (+) 216.14 |

Source: Detailed Appropriation Accounts and information furnished by the DHS.

Reasons for excess/savings were neither on record nor stated (July 2006).

3.3.8 Diversion of fund

Pradhan Mantri Gramodaya Yojana (PMGY) was launched during 2000-01 with the objective of achieving sustainable human development at the village level. In order to complement the resources of the State Government to achieve the objectives of the programme, Additional Central Assistance (ACA) under PMGY was provided during 2002-03 to the State Government to gear up the primary health system. As per the guidelines for implementation of PMGY during 2002-03, the Planning Commission specifically directed the State and UTs to ensure that there is no diversion of funds to non-PMGY sectors. It was, however, seen in Audit that during 2002-03, Rs.27.26 lakh was diverted to urban health services, out of ACA under PMGY for procurement of medicines for General Hospitals at Naharlagun and Pasighat (Rs.18.55 lakh and Rs.8.71 lakh).

It was stated (May 2006) by the Deputy Director (S&T) that although the General Hospitals at Naharlagun and Pasighat fall under urban area of Arunachal Pradesh, they cater to specialised medical treatment to patients from rural areas. The reply is not tenable as diversion of funds is against GOI guidelines and the General Hospitals fall under urban health services and specific provision is separately made by the State Government for procurement of medicines for them. Further, the Department failed to produce any record to indicate the number of rural population to whom specialised treatment was provided.

There were deficiencies in financial management, leading to excess expenditure and diversion of funds. There were also instances of idle expenditure, diversion of funds and extra expenditure as would be evident from the observations made in the succeeding paragraphs.

3.3.9 Planning

Effective implementation of the programme for delivery of rural health services depends on proper planning for establishment of health centres and provision of requisite manpower and infrastructure.

It was noticed that though the Department established the centres, the aspect of providing requisite medical and paramedical staff was never taken into consideration before setting up the centres. There was no plan or policy formulated in this regard and as a result, many HSCs established were functioning with only one health worker against the norm of two.

3.3.10 Audit findings

A HSC constructed at a cost of Rs.4.92 lakh in the test checked Tirap district could not be made functional despite shortage of HSCs in the district. Also, Rs.27.26 lakh pertaining to rural health care services was diverted to urban health services for procurement of medicines (Para 3.3.8) and there was idle stock of health care kits worth Rs.40.38 lakh. These have been discussed in detail in the succeeding paragraphs.

3.3.11 Implementation

3.3.11.1 Establishment of rural health centres – targets and achievements

The targets *vis-à-vis* achievements in establishing CHC, PHC and HSC during the five years ending March 2006 were as under:

Table – 3.10

| Year | Target | | | Achievement | | | Shortfall (-)Excess (+) | | |
|---------|--------|-----|-----|-------------|-----|-----|-------------------------|-------|---------|
| | CHC | PHC | HSC | CHC | PHC | HSC | CHC | PHC | HSC |
| 2001-02 | 1 | 7 | 11 | 1 | 7 | 4 | - | - | (-) 7 |
| 2002-03 | 5 | 8 | 24 | 5 | 7 | 12 | - | (-) 1 | (-) 12 |
| 2003-04 | 1 | 5 | 16 | 1 | 5 | 2 | - | - | (-) 14 |
| 2004-05 | 4 | 11 | 42 | 4 | 11 | 11 | - | - | (-) 31 |
| 2005-06 | 1 | 1 | 50 | 1 | 1 | 8 | - | - | (-) 42 |
| Total | 12 | 32 | 143 | 12 | 31 | 37 | - | (-) 1 | (-) 106 |

Source: Information furnished by the Directorate of Health Services.

The above table shows that during 2001-02 to 2005-06, the Department could establish only 26 per cent of the targeted HSCs which are the basic contact point between the primary health care system and the rural community. The reasons stated for shortfall in achieving the targets were paucity of funds and lack of manpower. Failure to establish these basic contact points reveals deficient and improper planning and implementation.

3.3.12 Infrastructural facilities

The minimum infrastructural facilities that are expected to be available in the rural health centres are medical and para-medical staff, hospital beds, furniture, X-ray machines, mobile facilities, testing and diagnostic facilities, etc. Deficiencies in infrastructural facilities noticed during audit are indicated below:

3.3.12.1 Irrational establishment of rural health institutions

According to GOI norms for establishment of rural health centres in hilly and tribal areas, one HSC, one PHC and one CHC are to be established for every 3,000 population, 20,000 population and 80,000 to 1,00,000 population respectively.

Test check of records and information collected from the DHS revealed the following position with regard to establishment of rural health centres as on 31 March 2006, the rural population being 8.68 lakh as per the 2001 census.

Table - 3.11

| Centres | Requirement of Centre as per GOI norms | Actual number of Centres established | Excess (+) shortfall (-) | Percentage of excess (+)/shortfall (-) |
|---------|--|--------------------------------------|--------------------------|--|
| HSCs. | 290 | 266 | (-) 24 | (-) 8 |
| PHCs | 43 | 83 | (+) 40 | (+) 93 |
| CHCs | 13 | 32 | (+) 19 | (+) 146 |

Source: Information furnished by Director of Health Service.

As regards CHC and PHC it was observed that there were already seven CHCs and nine PHCs in excess in 14 districts till March 2001. However, further 12 CHCs and 31 PHCs were set up in those districts as of March 2006. On the contrary, there was a shortage of 61 HSCs till March 2001, against which only 37 HSCs were set up as of March 2006, leaving a shortage of 24 HSCs and thus, denying basic primary health care facilities to 0.72 lakh (24 x 3000) rural population. Setting up of excess CHCs and PHCs over norms was not justified as discussed in paragraphs 3.3.12.2 and 3.3.12.3.

3.3.12.2 Irrational deployment of manpower

According to the national norms, there should be four medical specialists i.e. surgeon, physician, gynaecologist and paediatrician and 21 paramedical and other staff in each CHC, one medical officer and 14 paramedical and other staff in each PHC and two health workers/ANM (one male and one female) in each HSC. The actual deployment *vis-à-vis* requirement of manpower in 11 CHCs, 30 PHCs and 71 HSCs in five test checked districts was as under:

Table – 3.12

| No | Requirement | | Actual deployment | | Excess (+) shortfall (-) | | Percentage of excess/shortfall | |
|------------|-------------|--------------------------------|-------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | MO | Paramedical and other staff | MO | Paramedical and other staff | MO | Paramedical and other staff | MO | Paramedical and other staff |
| CHC | | | | | | | | |
| 11 | 44 | 231 | 37 | 365 | (-) 7 | (+) 134 | (-) 16 | (+) 58 |
| PHC | | | | | | | | |
| 30 | 30 | 420 | 36 | 382 | (+) 6 | (-) 38 | (+) 20 | (-) 9 |

| No. | Requirement | Actual deployment | Excess | Percentage of excess |
|------------|-------------------|-------------------|-------------------|----------------------|
| | Health worker/ANM | Health worker/ANM | Health worker/ANM | Health worker/ANM |
| HSC | | | | |
| 71 | 142 | 198 | 56 | 39 |

Source: Information furnished by the Department

It would be seen from the above table that in CHCs, there was 16 per cent shortfall in deployment of medical officers and 58 per cent excess deployment of paramedical and other staff. In PHCs, there was 20 per cent excess deployment of medical officers and nine per cent shortfall in deployment of paramedical and other staff. In HSCs there was 39 per cent excess deployment of staff. Justification for deviation from National norms was not available on record.

Besides, as per norms, HSCs are to be manned by two ANMs (one male and one female). It was, however, seen that in four out of five test checked districts, eight medical officers (including one homeopath) were deployed in excess in the HSCs viz. Papumpare (three), Changlang (two), Tirap (one homeopath), and West Siang (two). The services of medical officers could have been utilised by deploying them to the Centres which were running without medical officers. Justification for deviation from National norms was not available on record.

In Doimukh CHC under Papumpare District, there was deployment of 10 medical officers including two dental surgeons and 87 paramedical and other staff as against the norm of 4 medical officers and 21 paramedical staff in respect of CHCs, the percentage of excess deployment being 150 in respect of medical officer and 314 in respect of paramedical and other staff. Justification for deviation from National norms was not available on record.

3.3.12.3 Poor out turn of indoor patients

The PHCs and CHCs were established to provide health care facilities to both indoor and outdoor patients. The position of indoor patients in the PHCs and CHCs in the test checked districts was as follows:

Table – 3.13

| Name of the district | Health centre (No. of beds) | Availability of beds in a year | No. of patients admitted during 2001-06 | Average no of patients in a year | Percentage of beds occupied with reference to number of beds available | Shortfall of patients with reference to Col 3 (percentage) |
|----------------------|-----------------------------|--------------------------------|---|----------------------------------|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Papumpare | Doimukh CHC (30) | 10950 | 1387 | 277 | 3 | 10673 (97) |
| | Kimin PHC (14) | 5110 | 17096 | 3419 | 67 | 1691 (33) |
| | Balijan PHC (6) | 2190 | 6300 | 1260 | 88 | 930 (12) |
| | Basamello PHC (6) | 2190 | 2337 | 467 | 32 | 1723 (68) |
| Lower Subansiri | Old Ziro CHC (12) | 4380 | - | - | - | 4380 (100) |
| | Yazali PHC (8) | 2920 | - | - | - | 2920 (100) |
| | Yachuli PHC (8) | 2920 | - | - | - | 2920 (100) |
| | Raga PHC (8) | 2920 | - | - | - | 2920 (100) |
| Changlang | Miao CHC (30) | 10950 | 4978 | 996 | 9 | 9954 (91) |
| | Nampong CHC (11) | 4015 | 2043 | 409 | 10 | 3606 (90) |
| | Jairampur (6) | 2190 | 1946 | 973 | 44 | 1217 (56) |
| | Kharsamg PHC (6) | 2190 | - | - | - | 2190 (100) |
| | Namtok PHC (6) | 2190 | - | - | - | 2190 (100) |
| | Khimiyong PHC (6) | 2190 | - | - | - | 2190 (100) |
| Tirap | Longding CHC (16) | 5840 | 12405 | 2481 | 45 | 3359 (55) |
| | Kanubari PHC (8) | 2920 | 3110 | 662 | 23 | 2258 (77) |
| | Pongchau PHC (6) | 2190 | - | - | - | 2190 (100) |
| | Laju PHC (6) | 2190 | - | - | - | 2190 (100) |
| Along | Basar CHC (30) | 10950 | 28881 | 5776 | 53 | 5174 (47) |
| | Likabali CHC (30) | 10950 | 1768 | 354 | 3 | 10596 (47) |
| | Liromoba PHC (6) | 2190 | 839 | 167 | 38 | 1351 (62) |

Source: Information furnished by the concerned DMOs and MOs of the centres

The table indicates poor utilisation of facilities in the CHCs/PHCs. In the CHCs, the shortfall with reference to the number of beds available in a year ranged between 47 and 100 per cent while in the PHCs it ranged between 12 and 100 per cent. In the lone CHC (Old Ziro) as well as in three PHCs under Lower Subansiri district, no indoor patients were admitted during the period covered under review (2002-06). It was stated (May 2006) by the DMO, Lower Subansiri district, Ziro, that no indoor patient could be entertained in the health institutions under the district due to shortage of Medical Officers and lack of dietary facilities. Thus, due to lack of manpower and dietary

provision in the health institutions under the district, the rural population were deprived of indoor treatment facilities.

3.3.12.4 Idle expenditure on construction of health centre buildings

It was observed that in Tirap District the requirement of HSCs was 33 against which 25 HSCs were functional. The records further revealed that a building for one HSC viz Pongkong sub-centre³³ was constructed at a cost of Rs.4.92 lakh during 1996-97. The HSC has, however, not been made functional due to shortage of manpower. Thus besides the rural population of the area being deprived of proper health care facilities, the expenditure of Rs.4.92 lakh on construction of the building which remained unutilised for the past ten years proved unproductive.

3.3.12.5 Lack of mobile facilities

For consolidation of PHCs, CHCs and hospitals in Arunachal Pradesh, a Draft Project Report (DPR) was prepared by the Department. The DPR, projecting a grant of one time Central Assistance of Rupees three crore, was sent to the Planning Commission. The proposed assistance included a sum of Rs.84.00 lakh for procurement of 21 ambulances for selected PHCs and CHCs. Accordingly, the Planning Commission released a sum of Rupees one crore as one time Central Assistance during 2001-02. It was, however, noticed in Audit that the purchase of ambulances could be finalised by the Department only in 2004-05. In the mean time, there was escalation of price and the Department could purchase only 19 ambulances instead of 21 ambulances with the allotted sum of Rs.84.00 lakh.

Thus, delay in finalisation of purchase led to two rural health institutions being deprived of the ambulance facility.

3.3.12.6 Delivery of dental care services

The delivery of primary health care is the foundation of rural health care system and forms an integral part of national health care system. Providing dental care at peripheral level is an integral component of primary health care.

Scrutiny of records revealed that dental surgeons were posted in CHCs viz., Doimukh, Basar and Miao with infrastructural facilities like physiological dental chairs etc. Apart from that, major CHCs/PHCs were neither equipped with infrastructure nor was any dental surgeon provided. This shows that delivery of dental facilities were partial in the state leaving a majority of the rural population without any dental care service.

3.3.12.7 Idle X-ray machine

For delivery of rural health care services, the Department provided X-ray machines to various CHCs. Out of 11 CHCs in five test checked districts,

³³ Pongkong Sub-centre (Tirap District) Rs.4.92 lakh.

X-ray machines were provided in seven CHCs all of which remained non functional as detailed below:

Table – 3.14

| Name of the District | Name of Centre | Present Status | Cost (Rs. in lakh) | Reasons for non-functioning |
|----------------------|----------------|--|--------------------|---|
| Papum Pare | Sagalee CHC | Installed in May 1998; remained non functional till May 2000, again not functioning w.e.f. 22.7.03 | 5.36 | Defect in the machine |
| Tirap | Longding CHC | Not installed | NA | Non-availability of X-ray room and Radiographer |
| | Deomali CHC | -do- | NA | -do- |
| Changlang | Miao CHC | Not functioning since 2000-01 | NA | Defective machine |
| West Siang | Mechuka CHC | Not functioning since 1996 | NA | Defective machine |
| | Basar CHC | -do- | NA | -do- |
| | Rumgong CHC | Not installed since receipt of the machine during Feb' 96 | 4.78 | Defective machine |

Source: Information as furnished by the Department

In all the above mentioned health institutions, the non-functioning of X-ray machines resulted in denial of X-ray facilities to the patients which was one of the main sources of diagnosis of diseases.

3.3.12.8 Deployment of idle radiographers

X-ray machine provided to Sagalee CHC under Papumpare District was not functioning since July 2003 and the Radiographer posted in the CHC remained idle since then. No action was taken by the Department either to get the machine repaired to make it operational or to transfer the Radiographer elsewhere for utilisation of his services. During the period from July 2003 to March 2006, the Department incurred an idle expenditure of Rs.1.80 lakh³⁴ on account of salary and allowances of the Radiographer. Similarly, Balijan PHC under the same district was not provided with any X-ray machine since March 2001, but a Radiographer was deployed in the PHC. Thus, deployment of idle Radiographer in the PHC led to unproductive expenditure of Rs.2.44 lakh³⁵ towards his pay and allowances for the period from March 2001 to March 2006.

3.3.12.9 Absence/inadequate testing facilities

Testing facility is an integral part of delivery of health care services. During test check of the records of five selected districts, it was seen that testing facilities in CHCs/PHCs were either not available or where available, were

³⁴ Rs.4000 x 45 (July 2003 to March 2006) = Rs.1,80,000.

³⁵ Rs. 4000x 61= Rs.2,44,000.

inadequate due to absence of laboratory re-agents and other required materials and absence/non-posting of laboratory technicians/assistants.

3.3.13 Procurement and distribution of medicines and equipment

Medicines were procured both by the DHS and the DMOs, machinery and equipment were procured by the DHS and then distributed to the DMOs. Irregularities noticed in procurement and distribution of medicines/equipment/furniture are discussed in succeeding paragraphs:

3.3.13.1 Idle stock of health care kits worth Rs.41.19 lakh

In order to provide better health care coverage in rural areas (HSCs, PHCs and CHCs), kits worth Rs.140.57 lakh were procured during March 2004 out of PMGY funds. Records revealed that health care kits worth Rs.17.80 lakh were lying in the stock of DHS till date (June 2006) without being distributed to the rural health centres for which procurement was made.

The records of five test checked districts also revealed that health care kits worth Rs.23.39 lakh (Lower Subansiri: Rs.4.00 lakh, Papumpare: Rs.5.35 lakh, West Siang: Rs.3.91 lakh, Changlang: Rs.1.16 lakh, Tirap: Rs.8.97 lakh) received from DHS were lying in the stock of respective DMOs.

Since the health care kits are lying in the stock for a prolonged period, it is evident that the procurement was made without assessing immediate requirement of the materials.

3.3.13.2 Diversion of hospital furniture and medical/surgical equipment worth Rs.27.72 lakh

To make 30 PHCs fully functional, hospital furniture and medical/surgical equipment worth Rs.59.40 lakh was purchased from PMGY fund during March 2004. But it was seen that equipment worth Rs.27.72 lakh (@ Rs.1.98 lakh per centre) were issued to 11 CHCs and 3 HSCs. Thus, while the intention was to make 30 PHCs fully functional by providing the centres with hospital furniture, medical and surgical equipments, materials worth Rs.27.72 lakh was instead issued to 11 CHCs and 3 HSCs depriving 14 PHCs of the intended materials to make them fully functional.

Besides, it was seen that in case of Tirap district, hospital furniture and medical/surgical equipments worth Rs.4.73 lakh were lying in the stock of DMO, Khonsa without being distributed to the centres concerned. It would thus appear that the purchases were made without assessing the actual requirement since the materials were lying unutilised since the date of procurement (March 2004).

3.3.13.3 Payment to supplier based on fictitious entry

Between July 2005 and September 2005, the DHS made payment to a local firm against central procurement of essential and life saving medicines valued at Rs.1.93 crore on the basis of certificate of stock entry on the body of the bills. Out of the total procurement, 80 per cent was to be issued to the district against the indents placed by them and 20 per cent was to be retained in the headquarters as buffer stock.

Scrutiny of the delivery challans produced to Audit revealed that medicines worth Rs.25.71 lakh were supplied during November 2005 (Rs.1.25 lakh) and January 2006 (Rs.24.46 lakh) although payments were made during July 2005 to September 2005. On this, the Department stated (May, 2006) that verification of medicines would be done by the Board of the Directorate. Thus, it is evident that Rs.25.71 lakh was paid to the suppliers on the basis of fictitious entry on the bills as well as in the stock book.

3.3.13.4 Extra expenditure on procurement of hospital furniture and medical/surgical machinery and equipment

With a view to strengthen the existing facilities in Government hospitals and dispensaries in the State under a one time Central Assistance, a Purchase Board was constituted in March, 2004.

The Board forwarded its recommendations to the Government for procurement of materials from the manufacturing companies as per the comparative rates quoted by the tenderers. But the Finance Department turned down the recommendations of the Board on the plea that after sale service clause had not been quoted by the recommended firm in the tender and directed the Department to procure the materials directly from the local dealer of the manufacturer. Accordingly, the Department procured (March 2005) 14 different items from a local authorised dealer and incurred an expenditure of Rs.74.04 lakh. Procurement of furniture/machinery and equipment from a local dealer at higher rates than those quoted by the manufacturing companies resulted in excess expenditure of Rs.9.84 lakh in respect of seven out of 14 items thus procured (Appendix – XXIX).

The distribution details of 14 items procured, revealed that medical equipment worth Rs.5.51 lakh procured for rural areas viz., PHCs & CHCs were diverted to an urban, the district hospital. It was further observed that the materials valued at Rs.3.15 lakh meant for PHCs & CHCs remained unutilised till the date of Audit (June 2006).

It was stated (June 2006) by the DMO Tirap District, Khonsa that the OT Improved and OT Light Medium meant for Longding CHC were not issued to the centre due to the absence of infrastructure and specialised manpower and the Binocular Microscope and Autoclave Vertical were not received by the staff of Panchao PHC as the centre was running without Medical Officer for

the past several years. The DMO West Siang District stated (June 2006) that the machinery and equipment worth Rs.2.17 lakh could not be installed at the rural health centres due to absence of infrastructure like electricity and manpower.

Thus, due to absence of proper planning and assessment of the ground level requirements by the Department, there was diversion, idle outlay of materials and excess expenditure on procurement of materials from local dealer. As a result the Department failed to deliver the intended benefits to the rural inhabitants of the concerned localities.

3.3.14 Monitoring and evaluation

Successful implementation of the programme depends upon proper monitoring and evaluation. According to the GOI's guidelines a three-tier system of monitoring viz, district, State and Central level needs to be devised and monitoring at the State level should be more detailed. There was however, no internal monitoring mechanism in the Department to oversee the performance in implementation of the programme under rural health services and the overall impact of implementation was not evaluated. Thus, the performance of the Department/Government towards delivery of rural health care services remained un-assessed.

3.3.15 Conclusion

The delivery of rural health care services was unsatisfactory in the State because of the failure of the Government in establishing the required number of HSCs, non functional HSCs, irrational deployment of manpower, lack of ambulance facilities, blocking and irregular diversion of funds, non functioning/non provision of X-ray machines, furniture etc. The impact of implementation of the programme was not evaluated and no monitoring system was in place, to oversee the performance of rural health care services.

The matter was reported to the Government/Department (August 2006); reply had not been received (November 2006).

3.3.16 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs the following recommendations are made for streamlining the system of health care services:

- **The State Government should devise norms for establishment of Rural Health Centres taking into consideration the ground realities of the State, in consultation with the GOI and strictly follow such norms for opening of Rural Health Institutions.**
- **The Government should ensure effective and efficient functioning of existing CHCs, PHCs and HSCs with requisite**

complement medical and paramedical staff including medicines before opening new CHCs or PHCs.

- Utilisation of funds ear marked for rural health care should be strictly ensured.
- A comprehensive and effective and efficient monitoring and evaluation system to assess the performance should be established.
- The State Government should display information for all their projects as required under the Right to Information Act.

PUBLIC WORKS DEPARTMENT

3.4 North Eastern Council (NEC) funded road sector projects

Highlights

Between Fifth and Tenth Plan period, GOI, through NEC Shillong, approved 11 projects for implementation in Arunachal Pradesh. Out of 47 items on 11 projects sanctioned till August 2004, only 13 items (27 per cent) on seven projects could be completed in the State till March 2006. Despite incurring 69 per cent expenditure out of the approved cost of Rs. 312.37 crore, only 34 per cent of the total 305.43 km road length could be made bituminous surfaced and one project was completed in all respects as of March 2006.

There was a discrepancy of Rs. 0.58 crore as on 31 March 2006 between unspent balance as per the Departmental records (Rs.8.54 crore) and that reported by NEC (Rs. 9.12 crore).

(Paragraph 3.4.10.2)

Rupees 3.98 crore was diverted towards other works.

(Paragraph 3.4.10.3)

Enhancement of rates on construction of culverts and retaining wall without any specific reasons resulted in extra expenditure of Rs.20.60 lakh.

(Paragraph 3.4.13.2)

Substandard execution of works resulted in unfruitful expenditure of Rs.16.42 crore.

(Paragraphs 3.4.13.1 & 3.4.14.1)

Excess utilisation of material/awarding of higher rates for construction of a bridge resulted in an extra expenditure of Rs.34.86 lakh.

(Paragraph 3.4.15.1)

Continuation of road works even after deciding on handing over the road to Border Roads Organisation, resulted in irregular/unauthorised expenditure of Rs.6.73 crore.

(Paragraph 3.4.17.1)

Projects were not properly monitored or inspected by any authority other than executing authority. Success of the scheme in the State was also not evaluated.

(Paragraph 3.4.19)

3.4.1 Introduction

The North Eastern Council (NEC), Shillong was established on 1st August 1972 consequent upon the enactment of the NEC Act, 1971. The objectives of the NEC *inter alia* were to develop infrastructure, especially construction of roads and bridges in the North Eastern Region. The NEC, functioning as a regional planning body for formulating Regional Plans, is responsible for:

- scrutiny of schemes/projects proposed by the State Governments for inclusion in the Regional Plan and for approval by the Planning Commission;
- formulation of plans and budget;
- sanction of estimates;
- release of funds;
- review progress of expenditure and physical performance; and
- monitoring and evaluation.

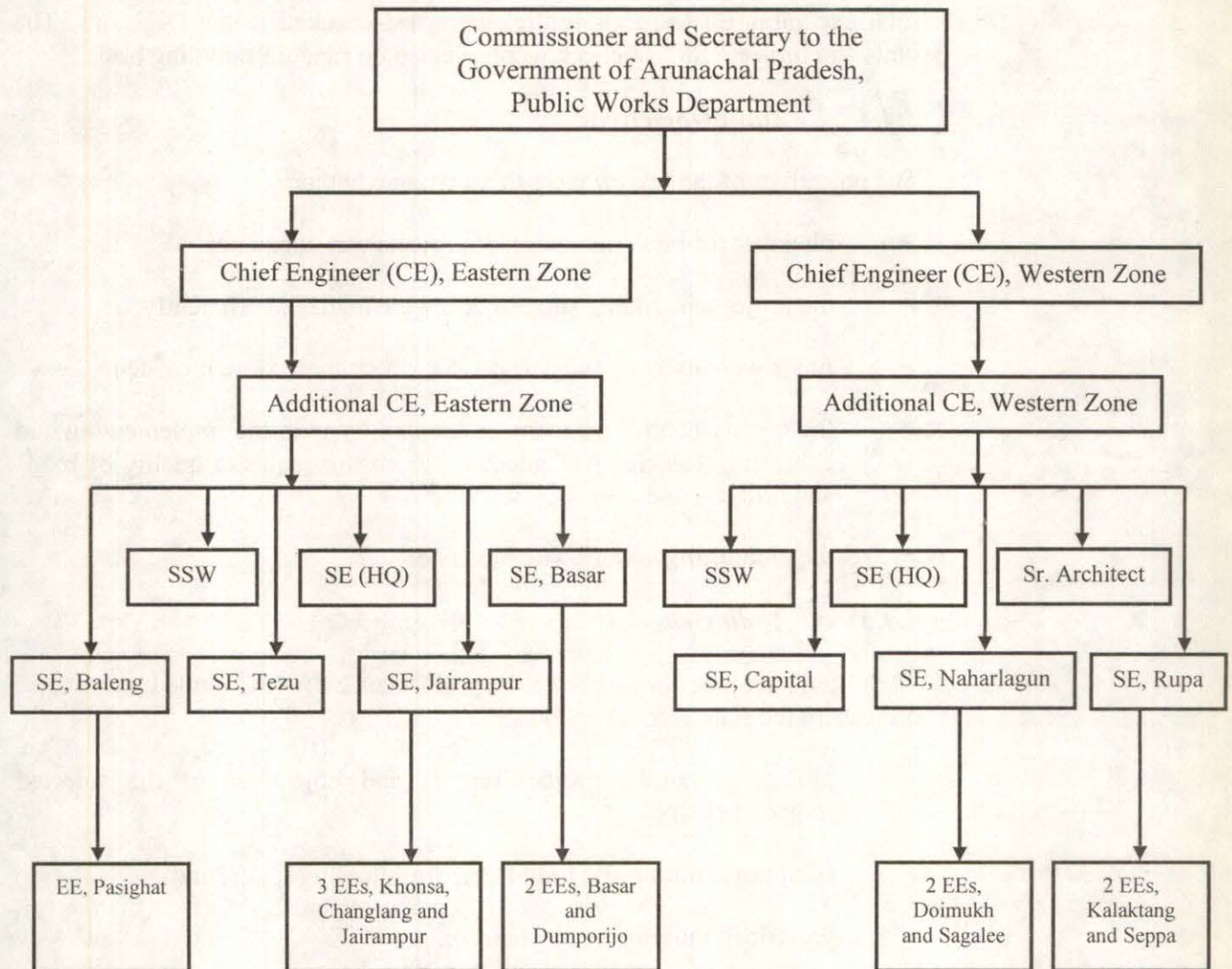
For construction of roads and bridges in Arunachal Pradesh funded by the NEC, priority was given to roads with (a) inter-state connectivity and (b) those that have economic importance.

In Arunachal Pradesh, as of March 2006 1525 km road length (Appendix – XXX) was taken up under NEC plan scheme.

3.4.2 Organisational Setup

The Public Works Department (PWD) was responsible for implementation of NEC funded road sector projects. The organisational structure of the Department is detailed in the chart given below:

Chart – 3.7



SSW = Superintendent Surveyor of Works
 SE (HQ) = Superintending Engineer (Headquarters)
 SE = Superintending Engineer
 EE = Executive Engineer

3.4.3 Scope of Audit

The implementation of NEC funded projects approved during Fifth-Tenth Plan period in the State was reviewed in Audit in May- June 2006 based on a test check of the records of the Chief Engineer(s) PWD (Eastern and Western zones) and three³⁶ (30 per cent) out of 10³⁷ PW Divisions that executed the projects. Records relating to execution of four projects out of 11 (36 per cent)

³⁶ Khonsa, Changlang and Doimukh Divisions.

³⁷ Basar, Pasighat, Khonsa, Changlang, Kalaktang, Seppa, Sagalee, Dumporijo, Jairampur & Doimukh PW Divisions.

viz. (i) Margherita-Changlang road, (ii) Jote-Balijan road, (iii) Dirok-Deomali road and (iv) Khonsa-Hukanjuri – Naharkatia road covering 38 *per cent* of the total expenditure (Rs.155.47 crore) were test checked in the Divisions. The units and projects for test check were selected on random sampling basis.

3.4.4 *Audit Objectives*

The objectives of the review were to ascertain whether:

- planning for implementation of projects was adequate;
- the projects including sub projects were managed efficiently;
- funds were used for the purpose for which these were provided;
- the quality control mechanism adopted by both the implementing and executing agencies was adequate to ensure requisite quality of roads and bridges; and
- the monitoring system was adequate.

3.4.5 *Audit Criteria*

The criteria adopted for assessing the performance of NEC funded road sector projects in the state were as follows:

- project proposals, project reports and objectives of the selected projects/schemes;
- conditions, norms and time frame for releasing funds; and
- prescribed monitoring mechanism.

3.4.6 *Audit Methodology*

Before taking up the performance audit of the schemes, an entry conference was held (April 2006) with the Public Works Department wherein the audit objectives, criteria and scope of the review and audit procedures were explained to the Department. An Exit conference was also held with the Department in August 2006 to ascertain their views on audit findings. The replies of the Department/Government have been incorporated in the relevant paragraphs.

3.4.7 *Audit findings*

The review highlights inadequate planning, improper identification of projects, sub-standard execution of works, adoption of higher rates, lack of control over expenditure and absence of control mechanism.

3.4.8 Planning

Systematic planning from project formulation stage to execution is a pre-requisite for successful implementation of road projects in a cost effective manner. Details of Projects sanctioned between Fifth and Tenth Plan period is given below:

Table – 3.15

| Name of the project (Road length) | Plan | Approved cost (Rs. in crore) | Present status |
|--|-----------------------|---------------------------------|----------------|
| Paka-Gongo-NT road (55.51 km) | 5 th plan | 22.76 | On going |
| Pakke-Seijjusa-Itakhoia road (63.12 km) | 6 th plan | 49.90 | On going |
| Khonsa-Hukanjuri-Naharkatia road (35 km) | 6 th plan | 26.93 | On going |
| Limekuri-Nari-Tene-Koyu road (155 km) | 8 th plan | 22.71 | On going |
| East-West Highway (74.60 km) | 8 th plan | 7.76 | On going |
| Kumchai-Manabum-Deban road (54.70 km) | 9 th plan | 7.90 | On going |
| Margherita-Changlang road (37.48 km) | 9 th plan | 27.06 | On going |
| Jotte-Balijan road (47 km) | 9 th plan | 31.37 | On going |
| RCC bridges on Dirok-Deomali road | 9 th plan | 5.89 | Completed |
| Pasighat-Ledum-Koyu road (60 km) | 10 th plan | 45.89 | On going |
| Limekuri-Nari-Rema camp (61 km) | 10 th plan | 64.20 | On going |
| 643.41 km | | 312.37 | |

Source: Information furnished by the Department

The Department did not prepare a detailed project report (DPR) before sanctioning separate estimates of different works. The basis for selection of projects could not be ascertained in the absence of proper and authentic records. This procedure not only delayed the completion of the projects but also compromised the overall control of the Department over project cost.

3.4.9 Funding pattern

NEC provided funds to the State Government in the form of 90 *per cent* grant and 10 *per cent* loan up to the period 2004-05. In terms of the recommendations of the Twelfth Finance Commission (TFC), the 10 *per cent* loan component was to be borne by the State Government with effect from April 2005.

3.4.10 Financial management

There were deficiencies in financial management, leading to non-release of State share, discrepancy in unspent balance, diversion of funds, etc. There were also instances of extra/excess, injudicious expenditure, as would be evident from the observations made in the succeeding paragraphs.

The position of funds received by the State Government, expenditure incurred there against and the unspent balance at the end of each year for the period from 2001-02 to 2005-06 as furnished by the Department is shown in the table below:

Table – 3.16

(Rupees in crore)

| Year | Category of work | Opening Balance | Funds received from NEC | Total funds available with the government | Expenditure | Unutilised Balance | Percentage of unutilised balance to total funds |
|--------------------|------------------|-----------------|-------------------------|---|---------------|--------------------|---|
| 2001-02 | OW ³⁸ | 2.17 | 22.02 | 24.19 | 23.12 | 1.07 | 4 |
| | Maint | NIL | 1.00 | 1.00 | 1.06 | -0.06 | - |
| | S&I | NIL | 0.40 | 0.40 | - | 0.40 | 100 |
| | Total | 2.17 | 23.42 | 25.59 | 24.18 | 1.41 | 6 |
| 2002-03 | OW | 1.07 | 29.75 | 30.82 | 29.41 | 1.41 | 5 |
| | Maint | -0.06 | 1.25 | 1.19 | 1.25 | -0.06 | - |
| | S&I | 0.40 | 1.00 | 1.40 | 0.59 | 0.81 | 58 |
| | Total | 1.41 | 32.00 | 33.41 | 31.25 | 2.16 | 6 |
| 2003-04 | OW | 1.41 | 34.50 | 35.91 | 31.83 | 4.08 | 11 |
| | Maint | -0.06 | 3.00 | 2.94 | 2.85 | 0.09 | 3 |
| | S&I | 0.81 | - | 0.81 | 0.80 | 0.01 | 1 |
| | Total | 2.16 | 37.50 | 39.66 | 35.48 | 4.18 | 11 |
| 2004-05 | OW | 4.08 | 27.61 | 31.69 | 28.84 | 2.85 | 9 |
| | Maint | 0.09 | 2.00 | 2.09 | 2.09 | - | - |
| | S&I | 0.01 | - | 0.01 | 0.32 | -0.31 | - |
| | Total | 4.18 | 29.61 | 33.79 | 31.25 | 2.54 | 8 |
| 2005-06 | OW | 2.85 | 38.10 | 40.95 | 32.41 | 8.54 | 21 |
| | Maint | - | 0.90 | 0.90 | 0.90 | - | - |
| | S&I | -0.31 | - | -0.31 | - | -0.31 | - |
| | Total | 2.54 | 39.00 | 41.54 | 33.31 | 8.23 | 20 |
| Grand Total | | | 161.53 | 173.99 | 155.47 | | |

Sources: Information as per furnished by the Department

Availability of funds was not a constraint to the projects yet there was an unutilised balance every year during 2001-06.

Detailed analysis of the financial outlay and expenditure incurred there against revealed the following shortcomings:

3.4.10.1 Non-release of State share of outlay

According to the revised norms for the year 2005-06, the NEC was to release 90 per cent share of funds and the balance 10 per cent was to be provided by the State Government. During 2005-06, the State Government received Rs. 39 crore from NEC, but did not release its share amounting to Rs. 4.33 crore. This resulted in short receipt of funds besides jeopardising the execution of road works during 2005-06. Reason for non-release of State share was not on record.

3.4.10.2 Discrepancy of unspent balance

According to the information received (June 2006) from the NEC, Rs.9.12 crore was lying unutilised with the Department as of March 2006 under original works. But, as per the information furnished by the Department,

³⁸ OW- Original Work, Maint- Maintenance and S&I – Survey and Investigation.

Rs. 8.54 crore was lying unutilised under original works at the end of March 2006, leading to a discrepancy of Rs.0.58 crore. This discrepancy remained unreconciled (June 2006).

3.4.10.3 Diversion of Funds

It was noticed in Audit that Rs.3.98 crore from the NEC fund was diverted towards annual repair and maintenance of roads/vehicles and other State Plan schemes and also for repair and purchase of spare parts of the bulldozer/road roller and departmental vehicles by three executing Divisions (Doimukh, Changlang and Khonsa) charging the expenditure under NEC funded projects (Construction of Jotte-Balijan Road:Rs.1.86 crore; Improvement of Margherita-Changlang road:Rs.1.93 crore; construction of six bridges on Dirok-Deomali road:Rs.0.19 crore).

3.4.10.4 Non-ascertainment of outstanding liability towards repayment of Principal and payment of interest

According to the terms and conditions of release of 10 per cent loan component for the period upto 2004-05, the State Government was to pay interest @ 12.50 per cent upto 2001-02 and thereafter @ 11.50 per cent on the outstanding amount of loan. The loan was to be repaid within 20 years along with interest commencing from the first anniversary of the date of its drawal. The position of outstanding loan and interest payment due as of March 2006 was neither available with the State Finance Department nor with the PWD. According to the information furnished by the NEC, loan amounting to Rs. 2.96 crore was outstanding against the State Government till March 2006. Amount of interest due to be paid by the State Government was neither worked out by the Department nor by the NEC.

3.4.11 Implementation

3.4.11.1 Physical and financial status of projects

According to the NEC guidelines, prescribed in December 2004, road projects of 40 km or less length should be completed within four years and those more than 40 km length should not take more than five years for completion. The bigger projects should be completed in two phases to avoid spillover of projects from one plan to another. Prior to this, neither any instruction/directives nor any guidelines were issued by either the State Government or NEC. In the case of 11 projects approved between Fifth and Tenth Plan period for implementation in the State, time schedule for completion of the road works was not fixed. The consolidated position of execution of road works at the end of March, 2006 is shown in the table below:

Table – 3.17

| Plan period of sanction | No. of projects | Approved cost (Rupees in crore) | No. of road works taken up for execution | Expenditure as of March 2006 (Rupees in crore) | Status of road works as of March, 2006 | | | |
|-------------------------|-----------------|---------------------------------|--|--|--|--------------------------------|---|----------------------------------|
| | | | | | Complete | Incomplete road work/ projects | Value of balance work (Rupees in crore) | Fund available (Rupees in crore) |
| Fifth (1977-82) | 1 | 22.76 | 5 | 20.38 | 1 | 4/1 | Handed over to BRO | - |
| Sixth (1982-87) | 2 | 57.80 | 10 | 59.61 | 5 | 5/2 | 2.89 ³⁹ | Nil |
| Eighth (1992-97) | 2 | 30.47 | 6 | 16.57 | Nil | 6/2 | Discontinued | - |
| Ninth (1997-02) | 4 | 91.25 | 16 | 86.14 | 7 | 9/3 | 19.17 | 5.11 |
| Tenth (2002-07) | 2 | 110.09 | 10 | 32.07 | Nil | 10/2 | 78.02 | 78.02 |
| Total | 11 | 312.37 | 47 | 214.77 (69%) | 13 (28%) | 34/10 | 100.08 | 83.13 |

Source: Progress report and information as furnished by the Department

It can be seen from the above table that only one project viz., 'Construction of RCC bridges on Dirok-Deomali road' approved during Ninth Plan period was completed in all respects at the end of March 2006. Against another project viz., 'Pakke-Seijjusa-Itakhola road' approved during Seventh Plan period, works valued at Rs. 2.89 crore were lying incomplete as of March 2006, but there was no provision of funds to complete the leftover works. Besides this, four projects⁴⁰ approved during the Ninth Plan period also remained incomplete even at the end of March 2006. Out of these, works valued at Rs.19.17 crore could not be completed as of March, 2006 against three projects⁴¹ as ascertained from progress reports for March, 2006. Thus, works under the projects approved upto the Ninth Plan period spilled over to Tenth Plan period.

3.4.12 Execution

The important Audit findings in respect of the selected projects are discussed in the following paragraphs:

3.4.13 Construction of Margherita- Changlang road

3.4.13.1 Substandard execution of Pavement work

In August 2002, NEC sanctioned the work 'Construction of pavement on 37.48 km road length of Margherita-Changlang road' at a cost of Rs.8.82 crore. It was seen that water bound maceadam (WBM) and bituminous works

³⁹ Value of balance works in respect of one project viz Kumchai-Manabun-Deban road could not be ascertained from records.

⁴⁰ Kunchai-Manaabum-Deban road, Khonsa-Hukanjuri-Naharkatia road, Margherita-Changlang road & Jotte-Balijan road.

⁴¹ Khonsa-Hukanjuri-Naharkatia road, Margherita-Changlang road & Jotte-Balijan road.

were executed in excess of the sanctioned provision. Details are given in the table below:

Table – 3.18

| Items of work | Qty. to be executed as per sanctioned estimate | Qty. actually executed | Excess (+)/ Less (-) |
|-----------------|--|------------------------|------------------------------|
| WBM-II | 12,314.00 m ³ | 12,732.08 | (+) 418.08 m ³ |
| WBM-III | 32,789.00 m ³ | 40,534.31 | (+) 7,744.47 m ³ |
| Bituminous work | 2,10,989.00 m ² | 1,59,416.00 | (-) 51,573.00 m ² |

Source : Information furnished by the Department.

The Division, executed 8162 m³ excess WBM work and 51573 m² less bituminous work. According to the volume of work executed under WBM-II on 36.54 Km, WBM-III on 36.198 Km. and black top (BT) work on 32.550 Km., 60687 m³ stone aggregates of different sizes (6mm to 90.45 mm dia) were required as per the sanctioned estimate. But the Division procured and utilised 43,204 m³ stone aggregates leading to less utilisation of 17,483 m³ stone aggregates valued at Rs.1.71 crore (approx).

According to the information furnished, the Division procured 1037.11 MT bitumen till March 2006. Of this, 766.84 MT was issued to work. According to the approved norms of requirement of bitumen for carpeting work (premix carpeting @ 0.267 MT per 100 square metre and 150 MT per 100 square metre for seal coating), 665 MT bitumen was required for executing 1,59,416 square metre bituminous carpeting work done till March 2006. Thus, 101.84 MT bitumen valued at Rs.16.81 lakh was utilised excess in the work.

Disproportionate utilisation of materials and non-execution of work as per estimate resulted in execution of sub-standard works valued at Rs.10.98 crore even after incurring an extra expenditure of Rs.2.16 crore.

3.4.13.2 Extra expenditure on construction of culverts and retaining wall

NEC accorded administrative approval (August 2001) for the work 'Extension of existing RCC slab culverts, construction of hume pipe/RCC slab culverts and retaining wall' on Margherita-Changlang road at a total cost of Rs.6.70 crore. Test check of records of the Executive Engineer, PWD, Changlang, revealed that for four items of work, the Division issued (March 2002) work orders to different contractors at complete item rate (including cost of materials) which ranged between Rs.1350 and Rs.1970 per cu.m. After five months, for the same works, the division revised the rates which then ranged between Rs.954 and Rs.1220.50 per cu.m. The revised rates did not include the cost of materials. But taking into account the cost of materials, the rates so revised work out in the range of Rs.1451 to Rs.1995.50 per cu.m. Thus, enhancement of rates without any specific reasons resulted in an extra expenditure of Rs.20.60 lakh as detailed in Appendix – XXXI.

3.4.13.3 *Undue benefit to the contractors*

According to the material at site (MAS) account maintained as well as information furnished by the Division, it received and issued 3,777.55 MT cement between May 2003 and June 2004 against the construction of culvert and retaining wall on Margherita-Changlang road. But, scrutiny of utilisation statement submitted with the vouchers revealed that 3,592.58 MT cement was utilised for works by the contractors. The balance 184.97 MT cement remained unrecovered from the contractors resulting in excess issue of material against the work. According to para 27.6.9.1 of CPWD Manual Volume - II, recovery of cost of excess materials was to be effected from the contractors at double the issue rate (Rs. 4,712 per MT x 2=Rs. 9,424 per MT) which was not recovered. Thus, non-recovery of cost of excess cement as per provision resulted in undue benefit of Rs.17.43 lakh (184.97 MT x Rs.9,424) to the contractors.

3.4.13.4 *Excess expenditure on work charged establishment*

Between February 2000 and March 2006, PWD Changlang incurred an expenditure of Rs.23.64 crore towards execution of three road works⁴² under the project 'Improvement of Margherita- Changlang road'. While there was no provision for deployment of regular staff, an amount of Rs.1.71 crore on account of salary of regular staff was charged to this work. According to the provision in the estimate of the work, the Division was authorised to incur expenditure of Rs. 0.35 crore (at the rate of 1.5 *per cent* of the value of work) towards work charged (WC) establishment. Thus, the Department incurred an extra expenditure of Rs.1.36 crore towards salary payment which was irregular.

3.4.14 *Construction of Jotte-Balijan Road*

3.4.14.1 *Substandard execution of pavement work*

NEC, in October 2003, approved construction of pavement WBM-BT work on 24 km road length in chainage 6-18 km and 34-47 km of Jotte-Balijan road for Rs. 9.64 crore. Scrutiny revealed that as against the requirement of 50,004 cum stone aggregates of different sizes (11.20 mm-63 mm dia) and 461.19 MT bitumen based on approved norms, the Division utilised 35,386 cu.m stone aggregates (10.20-63 mm dia) and 301.76 MT bitumen towards construction of pavement on 22 km road length (as of March 2006) leading to short utilisation of 14,618 cum stone aggregate and 159.43 MT bitumen valued at Rs.1.33 crore. Thus, due to non-utilisation of the material as per approved norms, execution of pavement work valued at Rs.5.44 crore proved substandard.

⁴² *Widening of formation, RCC Culvert/Retaining Wall and Pavement works.*

3.4.14.2 *Avoidable extra expenditure on bridge work*

In March 2004 NEC approved construction of four RCC double lane bridges at an estimated cost of Rs.4.82 crore⁴³ on Jotte-Balijan Road against the proposal of the Government for construction of two RCC bridges of 60 and 45 metre span over river Gira and Balijan respectively and two steel bridges of 32.10 metre span each over Jabra Nallah and IV Nallah. Scrutiny revealed that the Executive Engineer of the Division with the approval of the Chief Engineer, Western Zone, awarded the construction work of superstructure of the bridge over Jabra Nallah in March 2004 to a local firm for Rs.43.70 lakh for completion by March 2005. The scope of the work included superstructure covered fabrication, supply and erection of 23 metre single span steel bridge with 5 metre carriage width. According to the measurement record, the firm commenced the work of superstructure in December 2003 and completed the construction in February 2004 i.e. prior to NEC's approval of the works. But documents relating to construction of approach road and substructure of the bridge, which were part of the approved work, were not available on record. The Division incurred an expenditure of Rs.77.17 lakh between March 2004 and January 2006 against the work which included cost of construction of superstructure (Rs.43.70 lakh). Thus, due to the bridge not being constructed according to the type and specification as approved by the NEC, there was avoidable extra expenditure of Rs.77.17 lakh.

3.4.15 *Construction of RCC bridges on Dirok-Deomali Road*

3.4.15.1 *Extra expenditure*

In December 2000, NEC approved construction of six RCC double lane bridges to replace the existing timber bridges on Dirok-Deomali road at an estimated cost of Rs.3.48 crore which was subsequently revised to Rs.5.89 crore in November 2003. PWD Khonsa started the construction work in March 2002 through a contractor and completed construction of four bridges in October 2005 and two bridges in February, 2006 at Rs.5.89 crore against stipulated date of March 2005. Scrutiny of records revealed that the Department incurred an extra expenditure of Rs.34.86 lakh as detailed below:

According to the work awarded to the firm 2,565 quintal Mild Steel (MS) deformed bar and 1,39,000 kg steel for superstructure work were required. Over and above the weight of steel work, additional weight at the rate of 1.5 per cent (2,085 kg) towards weight of nuts and bolts was also admissible. Against this, the firm utilised 3,011.916 quintal MS deformed bar and 1,48,151.137 kg steel. Thus, 446.91 quintal MS deformed bar and 7,066.31 kg steel were utilised in excess, cost of which worked out to Rs.17.44 lakh.

Further, the Division also got 'approach road of the bridges' constructed through the contractor without any agreement. The Division awarded the work

⁴³ *Bridge over river Gire – Rs.1.59 crore; bridge over river Balijan – Rs.1.31 crore; bridge over river Jabra Nallah – Rs.0.97 crore and bridge over IV Nallah – Rs.0.95 crore.*

to the contractor at the rate of Rs.233 per cu.m for execution of earthwork in filling in guide bund instead of the approved rate of Rs.149.61 per cu.m (Rs.120.80 per cu.m as per A.P. Schedule of rates + Rs.28.81 as cost index). Similarly, higher rates (Rs. 781-Rs.1464 per cu.m) were allowed towards procurement of 1,309 cu.m of stone aggregates (11.22 mm-90 mm size) than the rates approved (Rs. 630.60-Rs. 1263.90 per cu.m) by the Chief Engineer, Eastern Zone. Awarding of higher rates in both the cases resulted in extra expenditure of Rs. 17.42 lakh.

3.4.16 Improvement of Khonsa- Hukanjuri-Naharkatia Road

3.4.16.1 Substandard execution of pavement work

For improvement of the 'Khonsa-Hukanjuri-Naharkatia (KHN) road' the NEC sanctioned (July 2002) construction work of pavement for the road length of 35 Km at a cost of Rs.11.45 crore. The estimate of the work provided for only one layer overlay (instead of two layer overlay for a quality road) by grade III metal followed by premix carpeting and seal coat. As of March 2006, WBM-BT work for the road length up to 34.74 Km was completed at a cost of Rs.12.84 crore.

It was noticed in Audit that in October 2005, the EE, PWD Khonsa (Executing Division) informed the Superintending Engineer, Jairampur Circle about damage of 12.74 Km out of the executed portion of 34.74 Km road length due to insufficient provision of WBM work (one layer only) and execution of work during rainy season. Accordingly, the Department sought (February 2006) additional fund of Rs.2.14 crore from NEC for repairing the damages, which was sanctioned by the NEC in March 2006.

Thus, execution of pavement work with substandard specifications as well as construction of road during rainy season showed the casual attitude of the Department with regard to improvement of the existing KHN road apart from an extra financial burden of Rs.2.14 crore.

3.4.17 Construction of Paka- Gongo NT road

3.4.17.1 Unauthorised expenditure

During the Fifth Plan period (1977-1982), NEC approved 'Construction of Paka-Gongo NT road (55.51 km)' at a cost of Rs.22.76 crore. PWD Dumporijo executed the work and completed (2000-01) 6 to 100 per cent of different items of work. The Division incurred a total expenditure of Rs.20.38 crore till March 2005.

Test check of records revealed that in May 1999, it was decided in a meeting with NEC under the Chairmanship of Minister, PWD that no further construction works, other than formation cutting would be undertaken as the road was to be handed over to the Border Roads Organisation (BRO). The Commissioner and Secretary, PWD approved (June 1999) handing over the

road (0-55 km) to BRO. Accordingly, in the meeting held on June, 1999 between NEC Authority and the State Government, the Chief Secretary of the State directed the Commissioner, PWD to complete the formation cutting left out patches before handing over the road to BRO.

Scrutiny of records however, revealed that the Division continued to incur expenditure against the same project till March 2005 and incurred an expenditure of Rs.20.38 crore in formation cutting and construction of retaining/breast walls, culverts and pavements as against the approved expenditure of Rs.13.65 crore (Survey: Rs.0.13 crore; Formation cutting:Rs.13.52 crore). Thus, the expenditure of Rs.6.73 crore incurred in violation of the directives of the Government was irregular.

3.4.18 Quality control mechanism

Provision of one *per cent* for quality control was made in all estimates for road works sanctioned by NEC till March, 2006. NEC, as per the instructions of the Planning Commission, asked the State Government to engage a third party for quality control of NEC funded roads and expenditure was to be met out of one *per cent* fund approved for the road schemes. But the concerned Division did not incur any expenditure on engagement of any third party consultant. The Department also did not procure any testing equipment/mobile testing system to ensure quality assurance of works executed departmentally.

3.4.19 Monitoring and evaluation

For monitoring and evaluation of NEC funded projects, it was resolved in the meeting held in August, 2005 between the State Government and the NEC authorities to engage expert agencies to assist both the State Government and the NEC in setting up a Management Information System. It was also decided that the agency would involve third party entities such as NGOs, Community Based Organisations (CBOs), community leaders and primary stake holder groups to establish a truly participatory monitoring system. The agency was also to monitor the financial and physical aspects of the projects and schemes. The State Planning Department was also authorised to identify suitable NGOs capable of undertaking monitoring of a few selected schemes. Accordingly, NEC in February 2006 engaged a New Delhi based firm for monitoring and evaluating various projects/schemes funded by NEC in Arunachal Pradesh. Further development was awaited (June, 2006). But, the State Planning Department did not identify any NGO to undertake monitoring of projects executed in the State as required. Thus, projects executed in the State till March, 2006 valued at Rs.214.77 crore were not properly monitored and the extent of success of the schemes in the State was also not evaluated (June 2006).

3.4.20 Conclusion

NEC funded road sector projects approved between Fifth-Tenth plan periods were not implemented effectively and economically. Besides, road works were not executed according to the approved specifications leading to substandard execution of work. Lack of adequate planning delayed the completion of works as out of 11 projects taken up, only one project could be completed in all respects till March 2006.

The matter was reported to the Government/Department (August 2006); reply had not been received (November 2006).

3.4.21 Recommendations

- **Projects need to be undertaken after proper planning, survey and investigation to avoid delay in completion as well as excess over sanctioned estimates.**
- **The detailed project report (DPR) covering all the works relating to the project along with the cost involved should be prepared and approval of the GOI should be obtained through NEC for execution of work.**
- **Wherever roads have been handed over to BRO after Government notification fresh expenditure should not be allowed and viewed seriously.**
- **There should be a proper mechanism to ensure the quality testing of roads constructed out of NEC funds.**
- **NGOs and local authorities may be involved in monitoring and quality assurance system of the projects by display of information as required under the Right to Information Act.**

CHAPTER – IV

AUDIT OF TRANSACTIONS

Fraudulent drawal/Misappropriation/Embezzlement/Losses

- 4.1 Loss of interest
- 4.2 Misappropriation of Government money
- 4.3 Loss to Government

Infructuous/Wasteful expenditure and Overpayment

- 4.4 Infructuous expenditure in production of documentary films on tourism

Avoidable/Excess/Unfruitful/Unproductive expenditure

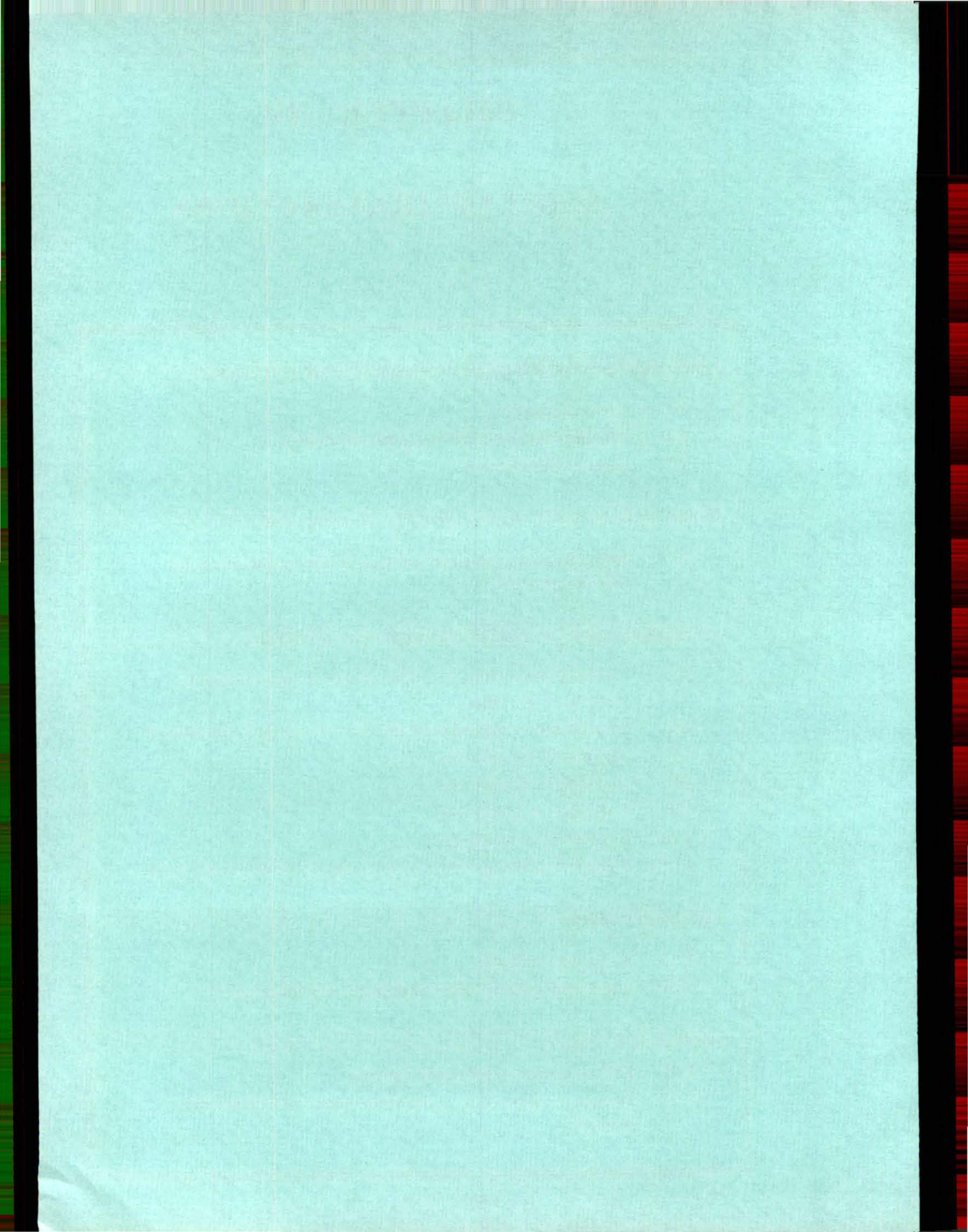
- 4.5 Unfruitful investment in production of video films on cultivation of crops
- 4.6 Unproductive expenditure in construction of Cold Storage
- 4.7 Avoidable expenditure
- 4.8 Avoidable expenditure
- 4.9 Unfruitful expenditure
- 4.10 Unfruitful expenditure
- 4.11 Unproductive expenditure on construction of tourist lodge

Extra expenditure

- 4.12 Extra expenditure
- 4.13 Extra expenditure due to adoption of higher rates

General

- 4.14 Follow up action on audit reports
- 4.15 Failure to respond to audit objections and compliance thereof



CHAPTER – IV

AUDIT OF TRANSACTIONS

Fraudulent drawal/Misappropriation/Embezzlement/Losses

INDUSTRIES DEPARTMENT

4.1 Loss of interest

The Department failed to recover interest on Mobilisation Advance in terms of the agreement resulting in loss of interest of Rs.31.86 lakh.

The Government of India (GOI) approved (April 1997) setting up of an Industrial Growth Centre at Niglok-Ngorlung in East Siang District at an estimated cost of Rs.15 crore. Subsequently, the project cost was reduced to Rs.12.19 crore (October 2002). The GOI released Rs.6.68 crore in six installments between March 1997 and February 2004.

Scrutiny (December 2004 and January 2006) of records of the Director of Industries, Itanagar, revealed that after inviting tenders in February 2002, the work was awarded (November 2002) to a local contractor for Rs.10.71 crore. The stipulated date of completion was March 2003 which was subsequently extended to December 2005. The Department paid (March 2003) Mobilisation Advance (MA) of Rs.1 crore to the contractor, in terms of the agreement, against a bank guarantee for the same amount valid up to May 2003, which was not extended further. According to the agreement, MA was to bear simple interest @ 18 per cent per annum and was to be calculated from the date of payment to the date of recovery, both days inclusive, on the outstanding amount of advance. Recovery of such sums were to be made from the contractor's bill on pro-rata percentage basis in such a way that the entire MA together with interest was recovered by the time 80 per cent of the gross value of the contract was executed and paid.

It was observed in Audit (December 2004) that till November 2004, the Department recovered MA amounting to Rs.40.60 lakh being 10 per cent of the gross value (Rs.4.06 crore) of the work executed and paid. Interest of Rs.27.03 lakh that had accrued on the outstanding MA till payment of 12th Running Account (RA) bill (November 2004) as worked out in Audit (Appendix - XXXII) had not been recovered from any of the RA bills. The non-recovery of interest was pointed out by Audit in December 2004. The Director, Industries Department also in his note dated 17 August 2005 endorsed to the Secretary Industries Department stated that the contractor had to pay interest @ 18 per cent on MA in terms of the contract. The Government, however, amended the MA payment and interest recovery clause

of the agreement in contravention of codal provisions through a corrigendum issued in September 2005 substituting the clause as interest free mobilization advance on the ground that the agreement did not contain any specific mention about payment of interest on MA. The contention of the Government is not acceptable as clause D of the agreement indicated the provision for recovery of interest on MA.

Further scrutiny (January 2006) of records revealed that till December 2005 the Department recovered MA amounting to Rs.48.70 lakh upto 15th RA bill without recovery of any interest. Thus, instead of effecting recovery in terms of the agreement, the amendment of the interest recovery clause of the agreement after two years 10 months from the date of entering into contract and that too after it was pointed out by Audit was intended to extend undue financial benefit to the contractor. This led to loss of interest on MA amounting to Rs.36.46 lakh (Appendix - XXXII) up to March 2006, besides further loss of interest on the outstanding MA of Rs.51.30 lakh lying with the contractor without any security cover.

The Government in its reply stated (July 2006) that after a techno commercial negotiation with the contractor the Government decided to provide interest free MA to the tune of Rs.1 crore and that the decision was not reflected in the Memorandum of Understanding (MoU) signed in November 2002. The reply of the Government is not tenable as it failed to provide any documentary evidence in support of its reply. Further, the contractor requested the Government in July 2005 to exempt it from recovery of interest on MA on the ground that the Department did not recover MA upto 14th RA bills although provision for recovery existed in the terms and condition of the contract. Further, no penal clause was inserted in the agreement for delay in completion of work.

SPORTS AND YOUTH AFFAIRS DEPARTMENT

4.2 Misappropriation of Government money

Drawal and retention of Government money without procuring the material led to misappropriation of Rs.28.41 lakh.

Drawal of money through Abstract Contingent bills (AC bills) require presentation of Detailed Countersigned Contingent bills (DCC bills) to the Controlling Officer (CO) and transmission to the Accountant General in thirty days. In April 2002, the Chief Secretary issued instructions that AC bills must be settled within 30 days of drawal failing which, it would amount to misappropriation of Government money.

Scrutiny (February 2006) of records of the Director of Sports and Youth Affairs (DS&YA), Itanagar, revealed that an amount of Rs.27 lakh was drawn through AC bill in March 1998 by the Joint Director⁴⁴ for procurement of sports equipment. Records in support of procurement of sports material were not made available to Audit. The amount was also not adjusted by submission of DCC bills even after the lapse of eight years (June 2006). In reply to Audit query, the Director stated (June 2006) that exact position of procurement of sports materials would be intimated in due course.

Further, an amount of Rs.29.28 lakh was drawn by the Director⁴⁵ in March 1999 through AC bill for procurement of sports items and kept in 'Deposit at Call Receipt'. The account, after resignation of the Director, was subsequently transferred (March 2000) to the Director⁴⁶ in-charge and the amount was encashed in September 2000. Out of Rs.29.28 lakh, material worth Rs.27.87 lakh was received by the Directorate along with actual payees receipt (October 2000) from a firm. For the remaining amount of Rs.1.41 lakh (Rs.29.28 lakh – Rs.27.87 lakh), the Directorate had neither received any material nor was the amount refunded/credited to Government account. The DCC bill was also not submitted (June 2006) even after the lapse of seven years.

Drawal and retention of Government money for such prolonged periods in contravention of codal provisions amounts to temporary misappropriation of Rs.28.41 lakh.

The matter was reported to the Government in June 2006; reply had not been received (November 2006).

4.3 Loss to Government

There were shortages of sports materials worth Rs.9.95 lakh and damage of materials worth Rs.0.73 lakh resulting in loss of Rs.10.68 lakh to the Government.

According to General Financial Rules 103, 109 and 116, purchase of materials is to be made in accordance with definite requirement and care should be taken not to purchase stores much in advance of actual requirement. The authorities entrusted with stores of any kind should take care to ensure their safe custody and protect them from loss, damage and maintain suitable accounts and prepare correct returns with a view to preventing losses through fraud. Physical verification of all stores should also be undertaken annually.

⁴⁴ *Shri D.K. Dinglow.*

⁴⁵ *By Shri A. Jongkey.*

⁴⁶ *Shri D. K. Dinglow.*

Scrutiny (February 2006) of records revealed that between April 1996 and August 1998 the Director of Sports and Youth Affairs, Itanagar procured sports materials valued at Rs.20.96 lakh without assessing the requirements. Further scrutiny of stock register revealed that out of total stock, materials worth Rs.10.28 lakh were issued between January 1997 and December 1999 leaving balance materials worth Rs.10.68 lakh in stock. On this being pointed out by Audit (February 2006), the Directorate stated that materials worth Rs.9.95 lakh were not handed over by the store keeper who was absconding since May 2000 and materials worth Rs.0.73 lakh were lying in stock in damaged condition. The Directorate had neither reported the matter to the Government nor to the police for investigation. Annual physical verification of materials in stock, as required under Rules, was also not conducted. However, at the instance of audit the same was conducted during the audit.

Thus, injudicious procurement and idling of materials in stock without periodical physical verification led to shortage of materials worth Rs.9.95 lakh and damage of materials worth Rs.0.73 lakh. This resulted in loss of Rs.10.68 lakh to the Government.

The matter was reported to the Government in June 2006; reply had not been received (November 2006).

Infructuous/Wasteful expenditure and Overpayment

TOURISM DEPARTMENT

4.4 Infructuous expenditure in production of documentary films on tourism

Advance payment of Rs.18.74 lakh to a firm without any work order/agreement stipulating terms and conditions rendered the amount infructuous.

Without receiving any proposal the Department accorded administrative approval for Rs.24.99 lakh in May 2003 for production of two documentary films⁴⁷ on tourism in Arunachal Pradesh with an expenditure sanction of Rs.18.74 lakh, being 75 per cent of the cost, as advance payment to M/s Spring Box Films, a Mumbai based firm without inviting tenders. The shooting of the films was reported to be completed (March 2003) and the films were in editing stage when the sanction was accorded. Although the administrative approval was for Rs.24.99 lakh, the total cost of the two films as preferred by the firm in two bills was Rs.22.06 lakh. Out of Rs.18.74 lakh sanctioned, Rs.13.74 lakh was paid to the firm in June 2003 by Bank Draft and

⁴⁷ *Tourist Circuit of Bhalukpong – Bomdila – Tawang and Tawang Festival and Tourist Circuit of Tezu – Parasuram Kund and brahmaputra Darshan.*

the remaining amount was paid (June 2006) in cash to the Personal Private Secretary to the Hon'ble Chief Minister of Arunachal Pradesh being the expenditure already incurred for shooting of the film. Scrutiny (May 2006) of the records of the Director of Tourism, Itanagar revealed that other than sanction, bills and vouchers for payments there was no other record indicating proposal of the Department for production of the films, basis for selection of the firm and cost of production, work order/agreement, terms and condition with stipulated time for completion, number of episodes with duration of each episode and specification for shooting of films. Further, according to the Government notification (May 1999), the Director of Information and Public Relations (DIPR) was the competent authority to issue permission for shooting of films by any private party/parties within the State and a copy of the film were to be submitted to the DIPR for clearance before screening. The records of the Directorate did not indicate any such permission having been obtained for shooting of films by the firm.

Further scrutiny of records revealed that even after the lapse of three years, the firm neither claimed the balance payment of Rs.3.32 lakh nor was there any stock entry/evidence in support of the fact that the documentary films, if any, produced by the firm were received by the Directorate and screened in Doordarshan Kendra (DDK). In reply the Director stated (May 2006) that the films were received but not screened in any DDK. The Directorate, however, failed to furnish any evidence in support of the receipt of the films and the reasons for which the films were never sent for screening to any DDK.

Thus the amount of Rs.18.74 lakh paid in advance without any work order/agreement stipulating terms and condition for production of films was an undue benefit extended to a private firm. In the absence of documents of actual receipt and telecast, the actual production of the documentary films remains doubtful.

The Government stated (August 2006) that all the codal formalities were observed for production of the films and the firm had supplied the documentary films. But the reply of the Government is not tenable as the Director failed to produce any evidence in support of the receipt of the films and the DIPR confirmed (August 2006) that no permission was obtained either by the Tourism Department or by the firm for production of the films.

Avoidable/Excess/Unfruitful/Unproductive expenditure

AGRICULTURE DEPARTMENT

4.5 Unfruitful investment in production of video films on cultivation of crops

Documentary films on cultivation of crops, produced at a cost of Rs.10.20 lakh, were lying idle for want of action on the part of the Department for their telecast on Doordarshan Kendra, thereby frustrating the objective of their production.

In March 2004, Government accorded expenditure sanction of Rs.10.20 lakh for production of video films on cultivation of different crops in six districts⁴⁸. The objective of the scheme was to motivate the farming community and to popularise the cultivation of different rabi crops, the post harvest management of paddy and the paddy cum fish cultivation of Ziro plateau through media. The films were to be shot entirely in Betacam in accordance with the specification of the Doordarshan Kendra (DDK) for telecast on DDK, Itanagar.

Scrutiny (December 2005) of records of the Director of Agriculture revealed that the Director, after inviting tenders, issued work order (March 2004) to an Itanagar based firm for production of six documentary films at a cost of Rs.10.20 lakh. The final print of the six documentary films were received by the Agriculture Directorate in March 2004 and Rs.10.20 lakh was paid to the firm between August 2004 and March 2005. It was, however, noticed in Audit that the Department had not taken any action for the telecast of the films on DDK, Itanagar and as a result, all the six documentary films were lying in Agriculture Information Division of the Directorate. In reply to an Audit query, the Director stated (December 2005) that arrangements were being made for their telecast on DDK, Itanagar. Action taken by the Department for their telecast has not been reported (April 2006).

Thus even after an investment of Rs.10.20 lakh the purpose of preparing the films was defeated and the entire expenditure proved unfruitful.

The matter was reported to the Government in March 2006; reply had not been received (November 2006).

⁴⁸ Lohit, Lower Dibang Valley, Changlang, East Siang, Lower Subansiri, West Kameng.

4.6 Unproductive expenditure in construction of cold storage

Failure of the Department to utilise the cold storage, led to unproductive expenditure of Rs.1.10 crore.

For safe storage of perishable goods like potatoes, fruits and vegetables and also to promote economic development of the farmers as well as the state, the State Government decided (September 1997) to construct a cold storage. Based on a proposal submitted by the State Government supported by techno feasibility report prepared by a Guwahati based consultancy firm, the North Eastern Council (NEC) accorded (December 1997) sanction of Rs.56.45 lakh for establishment of a 500 tonne capacity Cold Storage at Naharlagun. In December 1997 the 1st installment of Rs.28 lakh was released by the NEC. However, in November 1998, the Government decided to shift the site of the project from Naharlagun to Tippi (Bhalukpong) due to non availability of land at Naharlagun.

The Director of Agriculture, invited (February 1999) tenders for construction of 500 tonne cold storage at Tippi along with submission of project report without indicating the estimated cost of the project and technical specification. The work of the project at Tippi was awarded (July 1999) to a Calcutta based firm at their offered cost of Rs.1.10 crore. The NEC, at the behest of the Department, accorded (November 1999) administrative approval for the project at the revised cost of Rs.1.10 crore on the condition that the NEC's share would be Rs.56.45 lakh and the remaining amount should be borne by the State Government and released Rs.28.45 lakh being the balance grant of Rs.56.45 lakh. The firm was paid Rs.1.10 crore between June 1999 and September 2000 and the cold storage was commissioned in September 2000.

Scrutiny (December 2005) of records of Executive Officer, Arunachal Pradesh Marketing Board revealed that though the project was commissioned in September 2000, the cold storage was utilised for only one year from March 2002 to February 2003 when it was leased to a private party for Rs.1.01 lakh. In April 2003 tenders were invited for leasing out the 500 tonne cold storage, but no offer was received. Thus it is evident that the selection of the site for construction of the cold storage was not based on actual requirement which resulted in unfruitful expenditure of Rs.1.10 crore. Further, the Department also failed to initiate any action to run the cold storage departmentally to derive the intended benefit out of the asset so created.

The Government in its reply (July 2006) accepted the facts but did not indicate any proposal to fruitfully utilise the cold storage.

CIVIL SUPPLIES DEPARTMENT

4.7 Avoidable expenditure

The Department incurred avoidable expenditure of Rs 10.02 lakh due to payment of headload at enhanced rate due to delay in allocation of Superior Kerosene Oil (SKO) quota.

Under the reorganised Public Distribution System (PDS), the Government of Arunachal Pradesh decided (May 1997) to allow land transport subsidy (LTS) to all fair price shops/ retail outlets for transportation of PDS items to the interior locations of the State. In November 2002, while approving the appointment of PDS wholesale nominee cum carriage contractor upto 31 March 2004 for Vijaynagar Circle, Government fixed the carriage rate of PDS items by head load from Miao to Vijaynagar (157 km) at Rs.4579 *per qtl*, i.e. Rs.29.17 *per qtl per km*. This rate was also applicable for other places located between Miao and Vijaynagar. The rate was again enhanced to Rs.125 *per qtl per km*. w.e.f. April 2003.

Scrutiny (February 2006) of records of the Director of the Civil Supplies (DCS) revealed that the monthly allocation of superior kerosene oil (SKO) for January to March 2003 was intimated by the Indian Oil Corporation Ltd. in January 2003. Although as per the norms fixed by the GOI, the drawal of SKO was to be completed on or before the last day of the month, the DCS sub allocated district-wise SKO quota for March 2003 only on 19 March due to delay in receipt of approval from the Government.

The carriage contractor transported 70.20 qtls. of SKO from Miao to Gandhigram (134 km), Miao to Phapurbari (144 km) and Miao to Vijaynagar (157 km) between 1 April 2003 and 21 April 2003 and carriage bill of Rs.13.07 lakh as per enhanced rate was paid by the Department (March 2005).

Thus, failure of the Department to timely sub allocate the SKO quota for March 2003 led to avoidable expenditure of Rs.10.02 lakh (Appendix – XXXIII) due to payment of carriage bill at enhanced rate.

The matter was reported to the Government in April 2006; reply had not been received (November 2006).

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.8 Avoidable expenditure

The Division incurred an avoidable expenditure of Rs.18.25 lakh for collection and carrying of boulders.

Test check (December 2005) of records of the Executive Engineer, IFCD, Tezu revealed that between March 2003 and April 2004, the Division procured 14328.225 cum of boulders of size 150 mm to 300 mm through 41 different contractors by issue of work orders for implementation of the scheme “Flood protection work on Lohit river to protect Sunpura and Assam area”. The contractors supplied the boulders @ Rs.279.25 per cum from available/approved quarry which included Rs.134.80 per cum being the carrying charges of boulders for a lead of five Km. These boulders were then transported between October 2003 to June 2004 to an additional lead of 20 Km through 62 contractors @ Rs.281.95 per cum.

Further scrutiny, however, revealed that the carrying charges of boulders (150 mm – 300 mm size) adopted in the analysis of rates of SOR’92 for a lead of 25 Km was Rs.289.35 per cum. Thus, due to transportation of boulders initially for a lead of five Km and then transporting the same for an additional lead of 20 Km separately, the Division incurred an expenditure of Rs.18.25 lakh⁴⁹ which could have been avoided had the collection and transportation to the final site been entrusted to the 41 contractors at the first instance itself.

The matter was reported to the Government/Department in May 2006; their replies had not been received (November 2006).

PUBLIC HEALTH ENGINEERING AND WATER SUPPLY DEPARTMENT

4.9 Unfruitful expenditure

The Division incurred unfruitful expenditure of Rs.1.31 crore including an unauthorised expenditure of Rs.45.87 lakh on the scheme “Improvement of water supply at Seppa Township” which remained incomplete even after seven years of its stipulated date of completion.

The work “Improvement of Water Supply at Seppa Township (Phase-I)” was administratively approved by the State Government in March 1996 at an estimated cost of Rs.1.08 crore and was targeted for completion within three years. Accordingly, expenditure sanction was accorded by the Government in

⁴⁹ $[(Rs.134.80 + Rs.281.95 - Rs.289.35) \times 14328.225]$.

March 1996, and the work was taken up in the same month. However, no technical sanction was accorded till the date of Audit (June 2005).

Scrutiny (June 2005) of records of the Executive Engineer, Public Health Engineering and Water Supply Division (E.E. PHE&WS), Seppa revealed that the Division incurred an expenditure of Rs.1.31 crore till March 2002 for completion of Mule Track and Log bridge, Drop inlet head work besides purchase of MS pipes (300 mm dia), GI pipes of various sizes and fittings. The Division thereafter stopped further work and kept the scheme in abeyance. The remaining components⁵⁰ of the scheme were either not started or were left incomplete.

Further scrutiny revealed that against the estimated provision of 350 Rm of 350 mm dia MS pipes, the Division procured 1956.25 Rm MS pipes of 300 mm dia at a cost of Rs.45.87 lakh from a local supplier. The pipes were procured between November and December 1998 although there was no provision in the estimate for these pipes and hence could not be utilised in works and remained idle as of date. The reason for procurement of 300 mm dia MS pipes in lieu of 350 mm dia MS pipes were neither on record nor could be explained to Audit.

The EE, PHE&WS, Seppa stated (January 2006) that the Division had to stop the work as the scheme could not be completed within the sanctioned amount. He further stated that a revised estimate of Rs.1.90 crore was submitted to the Government in September 2002, which is yet to be sanctioned.

Thus even after an expenditure of Rs.1.31 crore the purpose for which it was incurred was defeated. Due to purchase of 300 mm MS pipes worth Rs.45.87 lakh in deviation of tendered specification the completion of the project was jeopardised. Further, since the revised estimates have not been approved for over four years, the original proposal was also not justified.

The matter was reported to the Government in March 2006; reply had not been received (November 2006).

⁵⁰ *Collection channel and mixing basin for congluents, rapid sand filtration plant, storage tank, security fencing, store cum Chowkidar quarter – not started.
Sedimentation Tank- Half done.*

PUBLIC WORKS DEPARTMENT**4.10 Unfruitful expenditure**

The Division incurred unfruitful expenditure of Rs.1.76 crore including loss of Rs.7.39 lakh towards the construction of RCC bridge over river Berrang alongwith flood protection works.

Union Ministry of Road Transport & Highways accorded (May 2002) administrative approval to the work 'RCC bridge over river Berrang (span 80 mtrs)' at an estimated cost of Rs.2.09 crore. Technical sanction was, however, not accorded till the date of Audit. The estimate of the work included *inter alia* construction of abutment, pier and wing wall besides river training and protection works. The work was awarded (February 2003) to a contractor at his tendered value of Rs.1.53 crore with the stipulated date of completion as March 2004. Till July 2005, only 86 *per cent* of sub-structure work had been completed alongwith flood protection work at a total expenditure of Rs.1.68 crore. Thereafter, the contractor stopped (August 2005) the work without any recorded reason. The contractor resumed the work in November 2005 and again left the work in May 2006. Till September 2006, the Department had incurred a total expenditure of Rs.1.76 crore towards the work.

Scrutiny (December 2005) of records of the EE, PWD, Namsai Division revealed that the Chief Engineer (CE) at the time of finalisation of tenders (November 2002) directed that the flood protection work should be taken up at the end alongwith the superstructure works as it would require proper design of the guide bank specially on upstream of left bank. The EE, however, in violation of this order, procured 30,580 kg of sausage wire and 3444.74 cum of stone boulders between November 2002 and March 2005 at a total cost of Rs.31.35 lakh. Before taking up the flood protection works, these materials were kept on the river bank due to non-completion of the sub-structure of the proposed bridge but, due to flood in July 2004 materials worth Rs.7.39 lakh were washed away as detailed in **Appendix – XXXIV**.

Thus, even after a period of over two years of stipulated date of completion, the work remained incomplete. No action was taken against the contractor for stopping work twice or to get work completed at his risk and cost and the entire expenditure of Rs.1.76 crore proved unfruitful. Meanwhile materials purchased in advance of requirement got washed away resulted in loss to Government.

The matter was reported to the Government and Department in May 2006; their replies had not been received (November 2006).

TOURISM DEPARTMENT

4.11 Unproductive expenditure on construction of Tourist Lodge

Due to inability of the Department in utilising the Tourist Lodge constructed at Zemithang in Tawang District, the expenditure of Rs.50 lakh remained unproductive for a period of over three years.

For construction of a Tourist Lodge at Zemithang in Tawang District, the Government sanctioned (March 1997) Rs.33 lakh. The Director of Tourism (DOT), Itanagar released (March 1997) the entire amount of Rs.33 lakh to the Deputy Commissioner (DC) cum Chairman, District Rural Development Agency (DRDA), Tawang. Though the Tourist Lodge was constructed (February 1999) at a cost of Rs.33 lakh, it had no provision for rooms for drivers, approach road, culvert on the approach road and furniture. The Government further accorded (March 1999 and March 2001) administrative approval and expenditure sanction for Rs.17 lakh being the estimated cost of the above items and the DOT released Rs.17 lakh to the Chairman, DRDA, Tawang between March 1999 and March 2003.

Scrutiny (May 2006) of records of the DOT, revealed that though the Tourist Lodge with all the additional works was completed in March 2003, it was not taken over and utilized by the Department and the contractor, who constructed the Tourist Lodge, was looking after the assets. In October 2005, as per the decision taken by the DOT, the DC, Tawang invited tenders to lease out the assets on annual rental basis. Till the date of audit (May 2006), the Tourist Lodge was neither leased out nor any action taken to utilise the assets departmentally.

Thus, due to the inability of the Department in utilising the assets created at a cost of Rs.50 lakh, the entire investment remained unproductive for a period of over three years. This also indicates that construction of the Tourist Lodge was not justified.

The matter was reported to the Government in June 2006; reply had not been received (November 2006).

Extra expenditure**CIVIL SUPPLIES/RELIEF, REHABILITATION AND
DISASTER MANAGEMENT DEPARTMENT****4.12 Extra expenditure**

The Department incurred extra expenditure of Rs.6.61 crore due to allowance of higher rate of carriage by headload.

Consequent upon extension of re-organised Public Distribution System (PDS) to the interior locations covering the entire population of the State, the State Government decided (May 1999) that Land Transport Subsidy (LTS) would be admissible to all Fair Price Shops (FPS)/retail outlets at the carriage rate approved by the Government. Accordingly, the Government issued orders periodically approving the rate of LTS for different locations including rates for carriage by head loads.

(a) Scrutiny (February 2006) of records of the Directorate of Civil Supplies (DCS) revealed that based on the rates of carriage by head loads fixed (May 2003) by the Government for Tawang District at Rs.170 per 20 kg load per stage, the Deputy Commissioner (DC), Tawang notified (May 2003) the rates of carriage by head loads per quintal of PDS items to different locations of the district. In September 2003, Government issued another order restricting the carriage rate of PDS items by headload to Rs.25 per 20 kg load per km in those places where the rate was higher.

Although the carriage rate in Tawang was lower than the new regulated rate, the DC, Tawang in contravention of the Government order notified (November 2003) a revised rate raising the rate for carriage of PDS items by head to different locations of the district to Rs.25 per 20 kg load per km. The DCS while finalising the carriage bills for carrying 936 quintals of superior kerosine oil (SKO) and 530 quintals of iodised salt to six different destinations by headload between October 2003 and April 2004 allowed the revised rate as classified by DC, Tawang without taking into consideration the Government order.

(b) Similarly, scrutiny of records (March 2006) of the Directorate of Relief, Rehabilitation and Disaster Management Department revealed that in order to provide assistance to the districts affected by the flood of 2003, the National Disaster Management Division, Union Ministry of Home Affairs recommended (January 2004) allocation of 24.800 M.T of rice plus reimbursement of freight for carrying the rice from Food Corporation of India (FCI) depot to the districts as per the rates prescribed by State Government under the special component of SGRY to be utilised for creation of additional

wage employment in the flood affected districts. Out of the 24.800 MT of rice, 5500 MT was allocated to Tawang District.

Between February 2004 and June 2004, 2505 MT out of 5500 MT of rice were transported by head load to different destinations of Tawang from the nearest road point by a single contractor. The Department while finalising the contractor's claims of Rs.12.79 crore for transportation of the above quantity of rice by head load, allowed the revised rate as notified by DC, Tawang without taking into consideration the applicability of the Government order of September 2003.

Thus due to erroneous revision of rate by the DC, Tawang and failure of the Departments to confirm the correctness of the rates with reference to the Government order resulted in an extra payment of Rs.6.61 crore (0.67 crore + 5.94 crore) as shown in **Appendices – XXXV and XXXVI** due to allowance of higher rate of carriage by headload to the contractors.

The matter was reported to the Government/Department in April and May 2006; reply has not been received (November 2006).

IRRIGATION DEPARTMENT

4.13 Extra expenditure due to adoption of higher rates

The Division incurred an extra expenditure of Rs.13.29 lakh due to adoption of inflated rates.

NEC accorded (January 2003) administrative approval to the scheme 'Flood Protection work on Lohit river to protect Sunpura circle and Assam area' at an estimated cost of Rs.2.17 crore. Technical sanction was, however, not accorded till the date of audit (December 2005). The estimate included *inter alia* construction of two nos. of spurs, 580 Rmt of plugging structures and three nos. of deflectors by laying boulders in sausage wire of convenient sizes.

Test check (December 2005) of records of the EE, IFCD, Tezu revealed that between October 2003 and February 2005 the Division laid a total quantity of 14729.69 cum of boulders @ Rs.175.40 per cum in spurs, deflectors and plugging structures for the aforesaid work through 24 contractors at a total cost of Rs.25.83 lakh. Scrutiny, however, revealed that the rates for laying of boulder in sausage wire as per SOR 1992 was Rs.48.45 per cum and taking into account the revised labour rates which were effective from May 2001, the Superintending Engineer (SE) analysed this rate at Rs.85.15 per cum. The EE, however, while preparing the detailed estimate for the work, re-analysed the same at Rs.175.40 per cum wherein an extra provision of 1.684 nos. of unskilled labour per cum was included thereby inflating the rate for the item of work by Rs.90.25 per cum. Reasons for inclusion of extra labour charges while analysing the rates were not on record.

Thus, adoption of higher rates for laying of boulders in sausage wire instead of the rates analysed by the SE led to an extra expenditure of Rs.13.29⁵¹ lakh.

The matter was reported to the Government/Department in June 2006, their replies had not been received (November 2006).

GENERAL

4.14 Follow up action on Audit Reports

As per the instructions issued by the Finance Department (June 1996), the concerned administrative Departments are required to prepare an explanatory note on the paragraphs/reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Note' to the Assembly Secretariat with a copy to (1) Principal Accountant General (Audit) and (2) Secretary, Finance Department within three months from the date of receipt of the report.

Reviews of outstanding explanatory notes on paragraphs included in the Report of the Comptroller and Auditor General of India for the years from 1994-95 to 2005-06 revealed that the concerned administrative Departments were not complying with these instructions. As of August 2006, *suo motu* explanatory notes on 63 paragraphs of these audit reports were outstanding from various Departments as detailed in **Appendix – XXXVII**.

The Administrative Departments were required to take suitable action on the recommendations made in the Reports of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the Departments were to prepare notes on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATN as one month up to the 51st Report. Review of 13 reports of the PAC containing recommendations on 85 paragraphs in respect of 17 Departments included in Audit Reports as detailed in **Appendix – XXXVIII** presented to the Legislature between September 1994 and March 2006 revealed that none of these Departments sent the ATNs to the Assembly Secretariat as of August 2006. Thus, the status of the recommendations contained in the said reports of the PAC and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

The matter was reported to Government in September 2006; reply had not been received (November 2006).

⁵¹ $14729.69 \times (175.40 - 85.15) = 13,29,355$ i.e. Rs.13.29 lakh.

4.15 Failure to respond to audit objections and compliance thereof

402 paragraphs pertaining to 96 Inspection Reports involving Rs.68.95 crore were outstanding as of March 2006. Of these, first replies to three Inspection Reports containing 20 paragraphs had not been received.

Principal Accountant General (Audit) conducts periodical inspection of Government Departments to test check transactions and verify maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities detected during inspection are not settled on the spot, these are included in the Inspection Reports (IRs) that are issued to the Heads of the offices inspected with a copy to the next higher authorities. Government orders provide for prompt response by the executives to the IRs to ensure rectificatory action in compliance with the prescribed rules and procedures and to fix responsibility for the deficiencies, lapses, *etc.*, noticed during inspection. Serious irregularities are also brought to the notice of the Heads of the Departments by the office of the Principal Accountant General (Audit). A half-yearly report of pending IRs is sent to the Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to March 2006 pertaining to 69 offices of three Departments disclosed that 402 paragraphs relating to 96 IRs remained outstanding at the end of August 2006. Of these, 23 IRs containing 84 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue were not received from three offices for 20 paragraphs of three IRs issued between 1992-93 and 2005-06. As a result, the following serious irregularities commented upon in these IRs had not been settled as of August 2006.

Table - 4.1

| Sl. No. | Nature of Irregularities | Agriculture Department | | Health and Family Welfare Department | | Education Department | |
|---------|---|------------------------|----------------------|--------------------------------------|----------------------|----------------------|----------------------|
| | | No of paras | Amount (Rs. in lakh) | No of paras | Amount (Rs. in lakh) | No of paras | Amount (Rs. in lakh) |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | Local purchase of stationery in excess of authorised limits and expenditure incurred without sanction | 3 | 26.92 | 15 | 29.91 | 1 | 0.05 |
| 2. | Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll | - | - | - | - | 14 | - |
| 3. | Delay in recovery or non-recovery of Department receipts, advances and other recoverable charges | - | - | 11 | 7.59 | 18 | 29.53 |
| 4. | Drawal of funds in advance of requirements resulting in retention of money in hand for long periods | - | - | 31 | 324.86 | 7 | 0.31 |
| 5. | For want of D C C bills | 1 | - | 10 | 14.77 | 12 | 592.41 |
| 6. | For want of APRs | - | - | - | - | 4 | 81.18 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|---|-----------|--------------|------------|----------------|------------|----------------|
| 7. | Non-maintenance of proper stores accounts and non-conducting of physical verification of stores | - | - | - | - | 2 | - |
| 8. | Payment of grants in excess of requirement | - | - | - | - | - | - |
| 9. | Sanction to write off loans, losses, etc., not received | - | - | - | - | 3 | 18.81 |
| 10. | Others | 13 | 27.85 | 108 | 1147.19 | 149 | 4593.85 |
| Total | | 17 | 54.77 | 175 | 1524.32 | 210 | 5316.14 |

Source: Information furnished by the Department

The Secretaries of the concerned Departments, who were informed of the position through half-yearly reports, failed to ensure that the concerned officers of the Departments took prompt and timely action. No action was taken against the defaulting officers.

It is recommended that the Government look into this matter and ensure that (a) action is taken against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action is initiated to recover losses/outstanding advances/overpayments pointed out in audit in a time bound manner, and, (c) there is a proper system of expeditious compliance to audit observations.

The matter was reported to the Government (September 2006); reply had not been received (November 2006).

| | | | | | |
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| | | | | | |

The following table shows the results of the experiment. The first column shows the number of trials, the second column shows the number of correct responses, and the third column shows the percentage of correct responses.

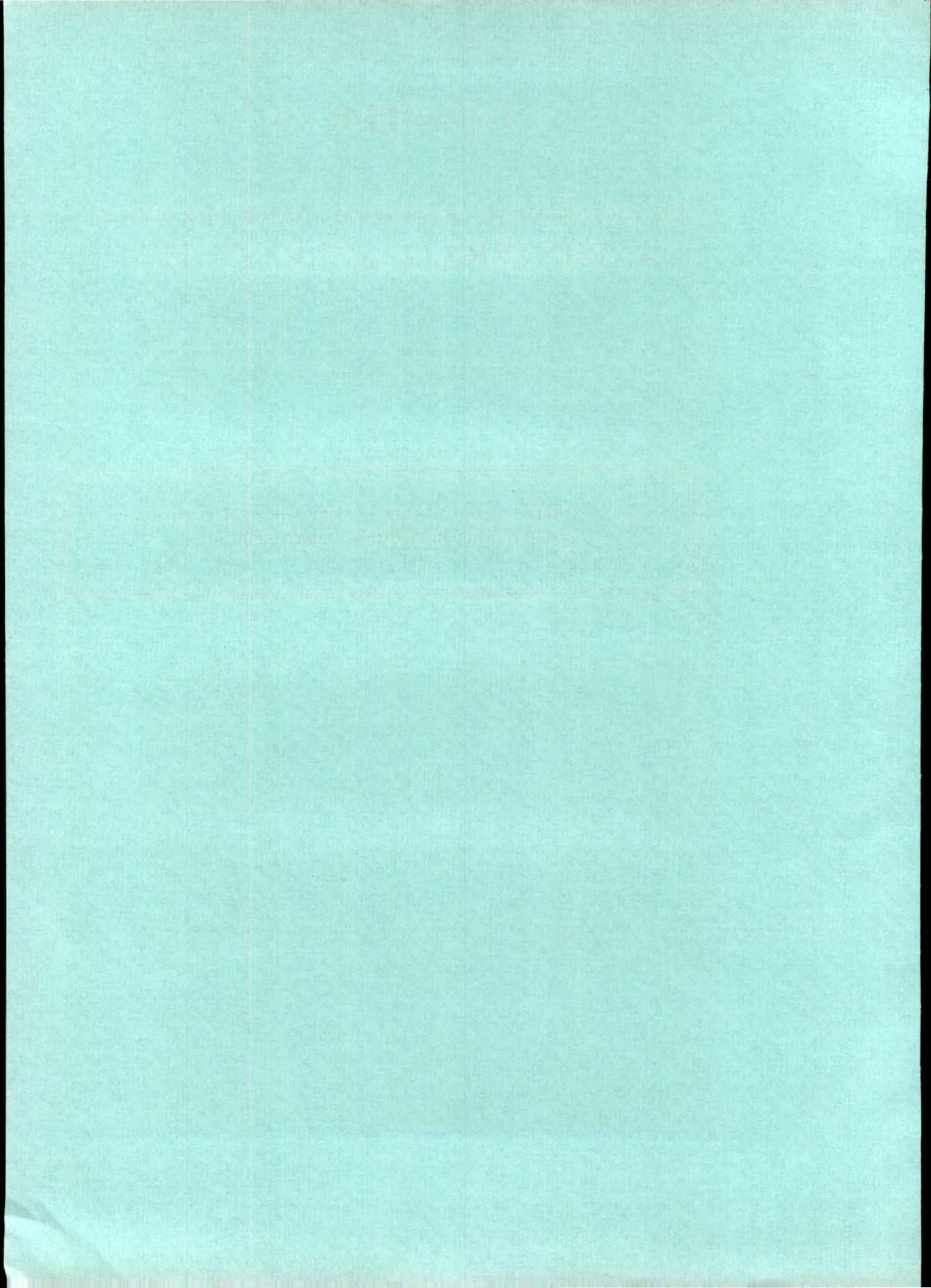
The results show that the number of correct responses increases with the number of trials. The percentage of correct responses also increases with the number of trials, indicating that the subjects are learning the task.

The data suggests that the subjects are improving their performance over time, which is consistent with the hypothesis that practice leads to learning.

CHAPTER – V

INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT SYSTEM

5.1 Internal control mechanism and internal audit system in the Horticulture Department



CHAPTER - V
**INTERNAL CONTROL MECHANISM AND INTERNAL
AUDIT SYSTEM**

HORTICULTURE DEPARTMENT

**5.1 Internal control mechanism and internal audit system in the
Horticulture Department**

Highlights

Internal control uses a system of rules, orders and procedures to provide management with a reasonable assurance that the entity is functioning in the manner, which is economical, efficient and effective. A built-in internal control system and strict adherence to the provisions of statutes, codes and manuals minimise the risk of errors and irregularities and help to protect organisational resources against loss due to wastage, abuse and mismanagement. An evaluation of the internal controls and internal audit system in the Horticulture Department revealed weaknesses relating to non-compliance with rules in the areas of budgetary control, material management, expenditure control and operational controls.

There were persistent excesses/savings ranging between (-) 44 per cent and 50 per cent indicating poor budgetary control.

(Paragraph 5.1.7.2)

Two Deputy Directors drew funds aggregating Rs.36.61 lakh during the period February 1994 to March 1998 through eight AC bills which have not been regularised through submission of DCC bills for eight to twelve years.

(Paragraph 5.1.9.1)

Internal audit of the accounts of the Directorate of Horticulture has not been conducted.

(Paragraph 5.1.12.1)

5.1.1 Introduction

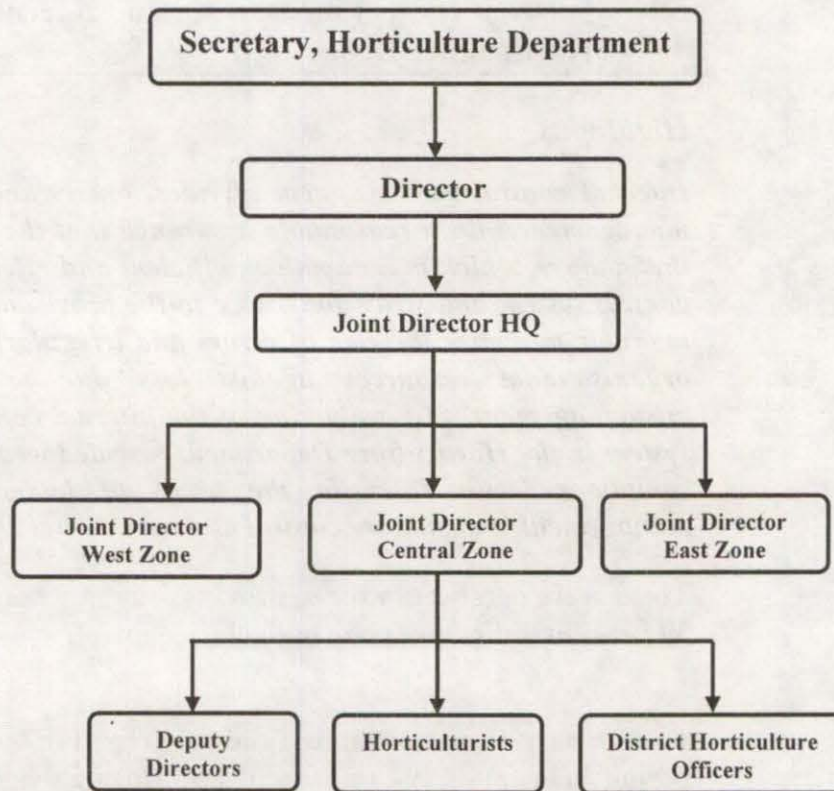
Internal controls provide reasonable assurance to the management that financial interests and resources of the organization are safeguarded and reliable information is available. Internal auditors, as an independent entity, examine and evaluate the level of compliance with the financial and other departmental rules and procedures and provide assurance to the management on the adequacy or otherwise of the existing internal controls.

The primary objective of the Horticulture Department in the State is to accelerate the growth of tropical, sub-tropical and temperate fruits, vegetables, spices and other cash crops such as medicinal and aromatic herbs and plants, ornamental flowers etc.

5.1.2 Organisational set up

The organizational set up of the Horticulture Department is detailed below:-

Chart – 5.1



5.1.3 Audit objectives

Audit objectives were to see whether the internal control system of the Department provides a reasonable assurance that the system is efficient to achieve its objectives through the following:

- Budgetary controls
- Financial controls
- Expenditure controls
- Operational controls
- Effectiveness of Internal audit

5.1.4 Audit coverage

Adequacy and effectiveness of the internal control mechanism, including the system of internal audit, in the Horticulture Department was reviewed in audit through a test check (April - May 2006) of the records of the Secretary, Horticulture, Director of Horticulture and six Drawing and Disbursing Officers (DDOs) in six districts⁵² (out of 16 districts) for the period 2001-06.

5.1.5 Audit criteria

The audit objectives were benchmarked against the following criteria :

- provisions of the General Financial Rules;
- provisions of Central Treasury Rules;
- departmental policies/rules and regulations;
- Government notifications/guidelines issued from time to time; and
- procedures prescribed for monitoring, evaluation and internal audit.

5.1.6 Audit methodology

Before taking up this review in April 2006, its objectives, scope and audit criteria were discussed with the Director, Horticulture in an entry conference. Information furnished by the Department in response to audit queries and questionnaires were used as audit evidence. The audit findings were forwarded to the Secretary, Horticulture Department in July 2006. The Department's replies wherever relevant and appropriate have been incorporated in the review.

5.1.7 Budgetary controls

Budget provision and expenditure for the years 2001-02 to 2005-06 along with the excess/savings are given below:

Table - 5.1

| (Rupees in crore) | | | | | | |
|-------------------|---------|---|-----------------------|--|-----------------------|--|
| Year | Section | Budget provision (Original + Supplementary) | Actual expenditure | Excess (+)/ Savings (-) (percentage) | Amount surrendered | Un-surrendered Savings (percentage to total saving) |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 2001-02 | Revenue | 9.23 | 8.27 | (-) 0.96 (10) | 0.11 | 0.85 (89) |
| | Capital | 1.23 | 1.81 | (+) 0.58 (47) | -- | -- |
| 2002-03 | Revenue | 9.36 | 7.82 | (-) 1.54 (16) | 0.11 | 1.43 (93) |
| | Capital | 1.00 | 0.84 | (-) 0.16 (16) | -- | 0.16 (100) |

⁵² Tawang, West Kameng, Kurung Kumey, Papumpare, Lower Dibang Valley, Lower Subansiri.

| (Rupees in crore) | | | | | | |
|-------------------|---------|-------|-------|---------------|------|------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 2003-04 | Revenue | 14.53 | 8.14 | (-) 6.39 (44) | -- | 6.39 (100) |
| | Capital | 1.00 | 0.93 | (-) 0.07 (7) | 0.03 | 0.04 (57) |
| 2004-05 | Revenue | 10.79 | 16.23 | (+) 5.44 (50) | -- | -- |
| | Capital | 1.00 | 1.09 | (+) 0.09 (9) | -- | -- |
| 2005-06 | Revenue | 12.54 | 11.96 | (-) 0.58(5) | 0.06 | 0.52 (90) |
| | Capital | 0.92 | 0.63 | (-) 0.29 (32) | -- | 0.29 (100) |

Source: Appropriation Accounts (Grant No.48)

The following shortcomings were noticed in budgetary control:

5.1.7.1 Budget estimates

The State Government did not have any budget manual of its own and the provisions of the General Financial Rules are followed for formulation of budget and other financial matters. In case of Plan budget, the annual plan outlay is finalised in consultation with the State Planning Department. For effective control over budget as well as for estimation of savings or excess over grants, monthly statements of expenditure are to be obtained from the DDOs. The Director, Horticulture (DH) could not provide any such statement to audit. The Department prepares the Non-Plan budget proposals by compiling the inputs obtained from all the DDOs and submits these to the Finance Department in a consolidated form. The year-wise date of receipt of inputs from the units and submission of the consolidated budget estimates to the Administrative Department, though called for, were not made available to audit by the concerned Department and Controlling Officer (CO).

5.1.7.2 Persistent savings/excess expenditure/un-surrendered savings/unnecessary demand for Supplementary Grant

There were persistent excesses/savings ranging between (-) 44 per cent and 50 per cent indicating poor monitoring and control over budget. The absence of proper monitoring was also evident from the fact that during the years 2001-06, 57 to 100 per cent of the available savings were not surrendered. Further, during the years 2001-02 and 2003-04, the actual expenditure (Revenue Section) did not come up to the original provision in view of which, supplementary provision obtained was unnecessary. During the years 2001-02 (Capital Section) and 2004-05 (Revenue Section) supplementary provision obtained was found to be inadequate.

5.1.8 Financial controls

Scrutiny revealed that organizational controls were not effective in the Department leading to doubtful expenditure, loss of revenue, excess expenditure, etc., as brought out in the succeeding paragraphs.

5.1.8.1 Loss of revenue

The District Horticulture Officer (DHO), Lower Dibang Valley, Roing distributed 48,553 orange seedlings from Citrus Nursery cum progeny orchard among the farmers free of cost although the seedlings were to be sold at Rs.8 per seedling. Records revealed that although the DHO wrote (March 2003) to the Government for permission for disposal of the seedlings to other DHOs where there was demand for the seedlings, no such permission was given by the Government. Meanwhile the seedlings became oversized and required to be uprooted. The DHO distributed the oversized seedlings among the farmers instead of other DHOs as requested by him from Government. Thus, failure on the part of the Government to convey the decision resulted in loss of revenue of Rs.3.88 lakh to the Government.

5.1.8.2 Doubtful execution of plantation

Scrutiny of records revealed that in one test checked district (Papumpare), plantation works for various fruits under the scheme Swabhiman Rozgar Yojna for the year 2004-05 were taken up as indicated in the table given below:-

Table – 5.2

| Name of seedling | Targeted area (Hectares) | Actual area covered (Hectares) | Requirement of seedlings with respect to actual area | Actual procurement of seedlings | Excess (+) Less (-) |
|------------------|--------------------------|--------------------------------|--|---------------------------------|---------------------|
| Pineapple | 10 | 10 | 32,500 | 25,000 | (-) 7,500 |
| Banana | 10 | 13 | 2,60,000 | 2,00,000 | (-) 60,000 |
| Orange | 40 | 73 | 21,900 | 21,900 | - |
| Litchi | 50 | 14 | 3,150 | 42,000 | (+) 38,850 |

From the above it may be seen that the Department was short of covering the targeted area in respect of litchi and over covered the area in respect of banana and orange. Further, the Department procured (May 2004) extra seedlings of litchi (38,850 seedlings) which was far in excess of requirement involving wasteful expenditure of Rs.3.40 lakh. Further, the coverage of area in respect of pine apple and banana as claimed (April 2005) by the Department is also doubtful in view of the fact that the Department did not purchase adequate number of seedlings for the said fruits.

5.1.9 Expenditure controls

5.1.9.1 Non-adjustment of Abstract Contingent bills

Rules provide that drawals through Abstract Contingent (AC) bill require subsequent presentation of Detailed Countersigned Contingent (DCC) bill to the CO and its transmission to the Accountant General within thirty days. A certificate is also required to be attached to every AC bill to the effect that

DCC bills have been submitted to the CO in respect of all previous one month old AC bills (drawn more than a month before the date of that bill).

It was noticed that two Deputy Directors drew amounts aggregating Rs.36.61 lakh during the period February 1994 to March 1998 through eight AC bills for mushroom and walnut cultivation, repair of vehicles and purchase of petrol, oil and lubricant. But DCC bills had not been submitted to the AG till the date of Audit (May 2006). Consequently, these drawals had not been regularised for eight to twelve years. Failure to submit the DCC bill indicated a serious deficiency in control over expenditure. The possibility of fraud/misuse of the funds drawn on AC bills also cannot be ruled out in the absence of the corresponding DCC bill. The Department also failed to fix responsibility (May 2006) on the Deputy Directors who had drawn the amount on AC bills and had not submitted DCC bills subsequently.

5.1.9.2 Irregular expenditure in cultivation of fruit plants

For cultivation of kiwi and walnut under an North Eastern Council (NEC) sponsored scheme, Government assistance was to be given to the selected beneficiaries for meeting the cost of barbed wire-fencing, fruit-plants etc., provided that their own contribution towards meeting the cost of jungle clearance, cost of layout, digging and refilling of pits, cost of wooden post, fencing etc., was equivalent to Government assistance. The State Government sanctioned and released Rs.40 lakh on this account to the District Horticulture Officer, Bomdila during 2003-04. The amount was spent on procurement and distribution of inputs for cultivation of 48.50 hectares of fruit gardens during 2003-04. A review of the records of DHO, Bomdila, however, revealed that as against the required beneficiaries' contribution of Rs. 40 lakh, they had contributed only Rs. 1.45 lakh. Thus, in the absence of proper cultivable area, fruitful utilisation of the Government contribution of Rs.40 lakh also remains doubtful.

5.1.9.3 Excess procurement & utilization of barbed wire

As per estimate of the "Swabhiman Rojgar Yojana" scheme, barbed wire was to be issued to the beneficiaries at the rate of 450 Kg/hectare to fence the plantations. Three test checked districts, (Tawang, West Kameng and Kurung Kumey) were allotted 130 hectares, 135 hectares and 111 hectares of plantations respectively, for which 1,69,200 Kg of barbed wire was to be procured by the DHOs. Instead, the DHOs had purchased 1,73,842.71 kgs and distributed the entire quantity to the beneficiaries. An excess quantity of 4,642.71 kgs amounting to Rs.2,03,350/- at Rs.43.80/Kg was procured and distributed unauthorisedly as shown below:

Table – 5.2

| Name of district | Hectare sanctioned | Requirement of barbed wire | | Procurement done (Kg) | Excess procurement (Kg) | Rate/kg | Excess amount involved (Rupees) |
|------------------|--------------------|----------------------------|----------------|-----------------------|-------------------------|---------|---------------------------------|
| | | Per hect (Kg) | Total qty (Kg) | | | | |
| Tawang | 130 | 450 | 58,500 | 60,103 | 1603 | 43.80 | 70,211 |
| West Kameng | 135 | 450 | 60,750 | 62,414.27 | 1664.27 | 43.80 | 72,895 |
| Kurung Kumey | 111 | 450 | 49,950 | 51,325.44 | 1375.44 | 43.80 | 60,244 |
| | | | 1,69,200 | 1,73,842.712 | 4642.712 | | 2,03,350 |

Sources: Information furnished by the DHOs.

5.1.9.4 Excess payment

(a) The State Government fixed the rate for purchase of barbed wire at Rs.43.80 per kg inclusive of all taxes and FOR (sales tax @ 8 per cent) destination although as per Government notification dated October 2001, barbed wire was not included in the list of items taxable under Sales Tax. In two test checked districts, (Papumpare and Tawang), it was seen that Rs.48.60 lakh was paid (March 2005) to suppliers without deducting the excess amount included in the rate. Thus there was an excess payment of Rs.3.60 lakh (Rs.48.60÷108 x 8).

(b) In one of the test checked districts (Papumpare), it was seen that an amount of Rs.22,27,513/- was paid to five suppliers for supply of 47,094 kgs of barbed wire at the rate of Rs.47.50 per Kg against Rs.43.80 per Kg, fixed by the Government (March 2004). Thus, there was excess expenditure of Rs.1.74 lakh on procurement of barbed wire at higher rates.

5.1.10 Operational controls

5.1.10.1 Absence of plans/action plans

For the successful implementation of schemes/programmes, detailed planning including an action plan indicating targets for achievement and key performance indicators are required to be framed. Scrutiny of records, however, revealed that the Department did not maintain any records of plans/action plans in respect of centrally sponsored schemes. Similarly in respect of the State plan schemes, the Department did not evaluate achievements against the targets.

Besides above, scrutiny of records of the test-checked districts revealed the following shortcomings in operational controls.

5.1.10.2 Absence of scheme evaluation/monitoring

The Horticulture Department spent Rs.6.50 crore during 2004-05 on procurement of seedlings under the scheme meant for generation of employment through gardening over an area of 1840 hectares among the unemployed youth. The Government orders in this regard provided for monitoring of the implementation of the scheme by an empowered committee. However, no information regarding formation of such a committee was made available to Audit. The Department had also not carried out any physical verification/inspection to see as to whether the district level units had distributed the seedlings procured under the scheme to the genuine and eligible beneficiaries.

5.1.10.3 Non-maintenance of records

Production of apples was confined to the State Horticulture Farm, Bomdila. The farm was established in 1976-77 covering an area of 120 hectares. The basic objective of setting up this farm was introduction, trial and adoption of fruit crops under local agro-climatic condition.

It was seen in audit that no inventory register of plantation of fruit trees was maintained in the farm. Information furnished by the Horticulturist, Bomdila revealed that during the period the average yield of apple per tree ranged between 28 to 29 kg. No authenticated document regarding yield of apple fruit per plant/standard norm in this regard was produced to Audit. The Department also did not fix any specific production target for apple trees. Thus, in the absence of any norm, the actual productivity could not be verified.

5.1.10.4 Loss in production of Black Pepper Seedlings

Scrutiny of records of the Central Black Pepper Nursery, Naharlagun revealed that during 2002-03 and 2003-04, the Department incurred an expenditure of Rs.8.52 lakh and a total number of 1,78,748⁵³ live plants were produced. Of this, 69,198 plants were distributed to Government Departments/beneficiaries, 64,460 plants were lying in the nursery and there was no account of 45,090

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| Year | Total numbers of seedling produced | Number of seedlings dried/damaged | Total numbers of live seedlings available for distribution | Year wise total expenditure incurred on production of seedlings (Rupees in lakh) | Cost of production per seedling (Rupees) | Numbers of seedlings distributed to Government Departments/beneficiaries | Balance of seedlings lying undistributed | Remarks |
|--------------|------------------------------------|-----------------------------------|--|--|--|--|--|---|
| 2002-03 | 1,05,000 | 5,000 | 1,00,000 | 4.12 | 4.12 | 42,310 | 12,600 | 45,090 numbers of seedling remained unaccounted for |
| 2003-04 | 1,00,000 | 26,340 | 78,748 | 4.40 | 5.58 | 26,888 | 51,860 | |
| Total | 2,05,000 | 31,340 | 1,78,748 | 8.52 | | 69,198 | 64,460 | |

plants valued at Rs.1.86 lakh. The plants lying in nursery (64,460 plants) costing Rs.3.41 lakh had also deteriorated due to delay in distribution and plantation. Thus, there was loss to the Government to the tune of Rs.5.27 lakh due to missing plants (Rs.1.86 lakh) and delay in distribution of plants (Rs.3.41 lakh).

5.1.11 Failure to enforce accountability for non-settlement of Inspection Reports of the Principal Accountant General

The irregularities noticed during the local audit conducted by the Principal Accountant General (PAG) are communicated through Inspection Reports (IRs) to the heads of offices with a copy to the next higher authority. A half yearly report of pending IRs are sent by the PAG to the Secretary of the concerned administrative Department to facilitate monitoring of action on the reports.

As of June 2006, 164 paragraphs relating to 41 IRs issued between April 1989 to December 2004, relating to Director of Horticulture (DOH) and 14 other DDOs were outstanding either due to non receipt of replies or the replies being incomplete.

Large pendency of IRs indicated failure of the concerned controlling officers to initiate action with regard to the points raised in the IRs. The concerned Secretary of the administrative Department also failed to ensure timely action by the concerned controlling officers.

5.1.12 Internal audit

5.1.12.1 Non existence of internal audit

Internal audit is necessary to evaluate the efficacy of internal controls. In June 1999, a separate Directorate, viz., Directorate of Audit and Pensions, was created, entrusting, *inter-alia*, the responsibility of internal audit of accounts of various Government Departments in the State.

According to the information furnished (May 2006) by the Finance and Accounts Officer, Internal Audit of Accounts of the Directorate of Horticulture was not conducted during the five year period ending March 2006.

Thus, the adequacy and effectiveness of the accounting and internal control system were not evaluated by the Director of Horticulture through an independent agency.

The matter was reported to the Government (July 2006); reply had not been received (November 2006).

5.1.13 Conclusion

Internal controls were inadequate and ineffective in the Horticulture Department. Arrangements for internal audit too were inadequate. This would adversely impact implementation of horticultural programmes/schemes.

5.1.14 Recommendations

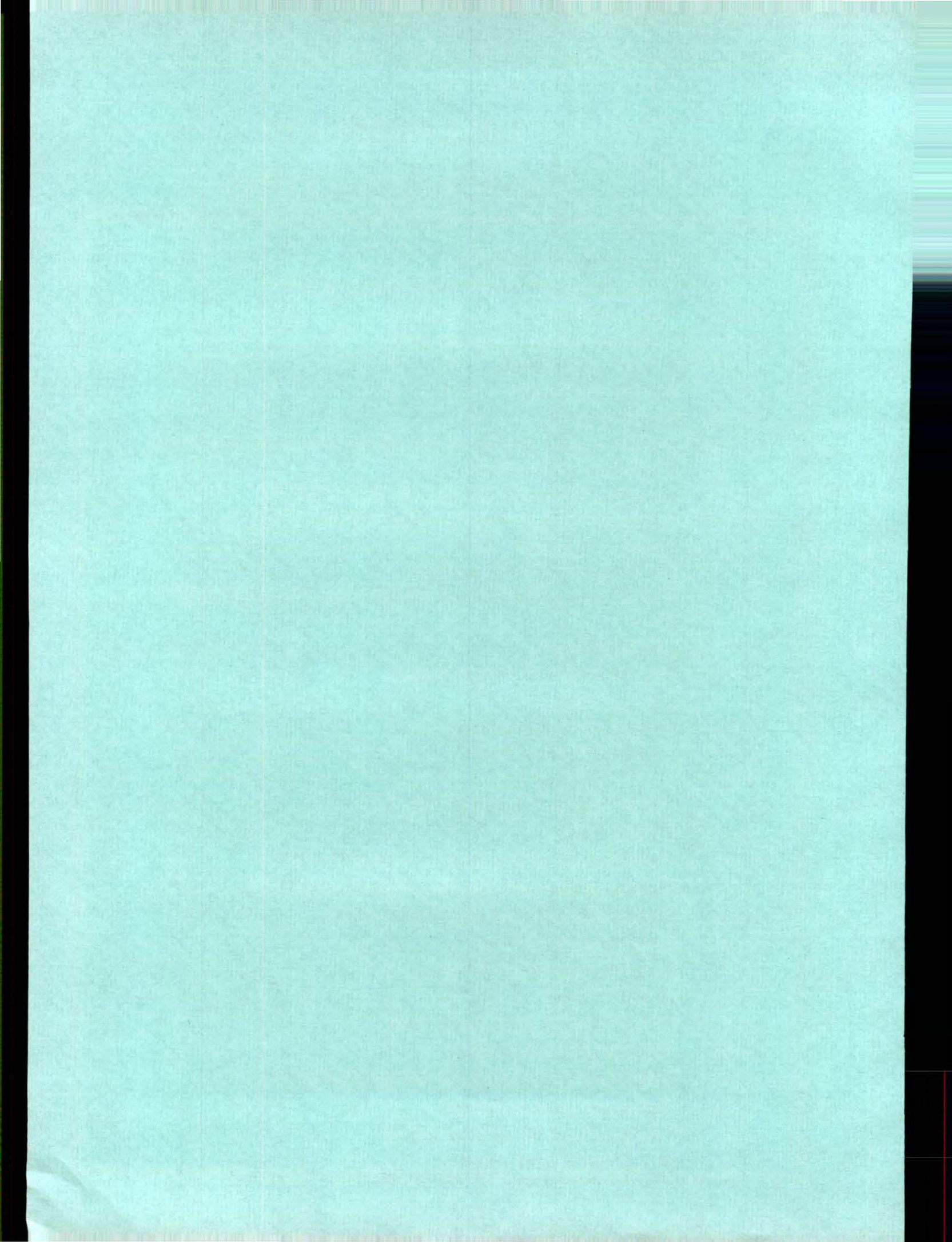
On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made:

- Evolve a comprehensive monitoring and evaluation system both at the district level as well as the State level to achieve desired implementation of schemes;
- Detailed plans indicating targets in respect of Centrally Sponsored Schemes and State Plan Schemes should be framed; and
- Internal audit should be undertaken to evaluate the efficacy of the internal control system.

CHAPTER – VI

REVENUE RECEIPTS

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CHAPTER – VI
REVENUE RECEIPTS
GENERAL

6.1 Trend of revenue receipts

6.1.1 Tax and non tax revenue raised by the Government of Arunachal Pradesh during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below :

Table 6.1

| | | Rupees in crore | | | | |
|-------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|
| Sl. No. | Head of revenue | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| I | Revenue raised by State Government | | | | | |
| | Tax revenue | 30.89 | 37.26 | 43.73 | 50.11 | 62.09 |
| | Non tax revenue | 70.91 | 76.30 | 120.57 | 170.20 | 202.36 |
| | Total | 101.80 | 113.56 | 164.30 | 220.31 | 264.45 |
| II | Receipts from Government of India | | | | | |
| (a) | State's share of divisible Union taxes | 90.93 | 121.68 | 160.60 | 191.95 | 272.15 |
| (b) | Grants in aid | 892.57 | 873.05 | 1,251.46 | 1,089.58 | 1,312.81 |
| | Total | 983.50 | 994.73 | 1,412.06 | 1,281.53 | 1,584.96 |
| III. | Total receipts of State (I + II) | 1,085.30 | 1,108.29 | 1,576.36 | 1,501.84 | 1,849.41 |
| IV. | Percentage of (I to III) | 9 | 10 | 10 | 15 | 14 |

6.1.2 Non plan grants received by the State from Government of India during the period from 2000-01 to 2004-05 are given below :

Table 6.2

| | | Rupees in crore | | | | |
|------------------------|--|------------------------|---------|---------|---------|---------|
| Year | | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Non plan grants | | 246.76 | 242.83 | 300.04 | 299.64 | 388.50 |

It would be seen that in comparison with 2001-02, non plan grants received by the State during 2005-06 increased by 57 per cent.

6.1.3 The details of tax revenue raised during the year 2005-06 alongwith the figures for the preceding four years are given below .

Table 6.3

| | | | | | | | Rupees in crore |
|--------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|--|
| Sl. No. | Head of revenue | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05 |
| 1. | Sales tax | 16.78 | 17.62 | 21.79 | 28.25 | 47.69 | (+) 68.81 |
| | Central sales tax | | | | | | |
| 2. | State excise | 10.55 | 14.26 | 15.42 | 17.79 | 9.51 | (-) 46.54 |
| 3. | Stamps and registration fees | 0.27 | 2.10 | 0.31 | 0.46 | 0.41 | (-) 10.87 |
| 4. | Taxes and duties on electricity | | | | 0.01 | | (-) 100 |
| 5. | Taxes on vehicles | 1.61 | 1.75 | 2.02 | 2.21 | 2.99 | (+) 35.29 |
| 6. | Taxes on goods and passengers | | | | | | |
| 7. | Land revenue | 1.00 | 0.81 | 3.57 | 0.76 | 1.11 | (+) 46.05 |
| 8. | Taxes on agricultural income | | | | | | |
| 9. | Others | 0.68 | 0.72 | 0.62 | 0.63 | 0.38 | (-) 39.68 |
| Total | | 30.89 | 37.26 | 43.73 | 50.11 | 62.09 | (+) 23.91 |

Reasons for decrease under head "State excise" though called for in June 2006 have not been received (November 2006). Increase in collection of sales tax was due to increase in registration of dealers under AP Goods Tax Act (Value Added Tax Act).

6.1.4 The details of the major non tax revenue raised during the year 2005-06 alongwith the figures for the preceding four years are given below:-

Table 6.4

| | | | | | | | Rupees in crore |
|---------|---|---------|---------|---------|---------|---------|--|
| Sl. No. | Head of revenue | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | Interest receipts | 6.36 | 5.97 | 8.45 | 5.07 | 6.98 | (+) 37.67 |
| 2. | Dairy development | 0.02 | 0.01 | 0.01 | 0.03 | 0.03 | |
| | Other non tax receipts | 15.75 | 24.25 | 30.60 | 29.08 | 27.19 | (-) 6.50 |
| 3. | Forestry and wild life | 25.24 | 15.61 | 9.62 | 10.53 | 13.71 | (+) 30.19 |
| 4. | Non ferrous mining and metallurgical industries | 4.48 | 7.44 | 17.39 | 28.26 | 24.94 | (-) 11.74 |
| 5. | Miscellaneous general services (including lottery receipts) | 3.66 | 6.73 | 15.64 | 8.61 | 5.57 | (-) 35.30 |

Rupees in crore

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|-------------------------------|--------------|--------------|---------------|---------------|---------------|------------------|
| 6. | Power | 11.86 | 12.17 | 33.62 | 83.65 | 88.77 | (+) 6.12 |
| 7. | Major and medium irrigation | ... | ... | ... | ... | ... | ... |
| 8. | Medical and public health | 0.10 | 0.13 | 0.27 | 0.18 | 0.17 | (-) 5.55 |
| 9. | Co-operation | 0.02 | 0.03 | 0.02 | 0.10 | 0.11 | (+) 10.00 |
| 10. | Public works | 1.77 | 2.18 | 1.90 | 2.35 | 3.23 | (+) 37.44 |
| 11. | Police | 0.87 | 0.71 | 1.81 | 0.83 | 1.51 | (+) 81.93 |
| 12. | Other administrative services | 0.78 | 1.07 | 1.24 | 1.51 | 30.15 | (+) 1896.68 |
| Total | | 70.91 | 76.30 | 120.57 | 170.20 | 202.36 | (+) 18.89 |

Reasons for decrease under “non ferrous mining and metallurgical industries” though called for in June 2006 have not been received (November 2006).

6.1.5 Variation between budget estimates and actuals

The variations between budget estimates and actual of revenue receipts for the year 2005-06 in respect of the principal heads of tax and non tax revenue are given below:

Table 6.5

Rupees in crore

| Sl. No. | Head of revenue | Budget estimates | Actual | Variations excess (+) or shortfall (-) with reference to actual | Percentage of variation |
|---------|-------------------------------|------------------|--------|---|-------------------------|
| 1. | Sales tax | 60.00 | 47.69 | (-)12.31 | (-) 20.52 |
| 2. | State excise | 18.00 | 9.51 | (-) 8.49 | (-) 47.17 |
| 3. | Stamps and registration fees | 0.60 | 0.41 | (-) 0.19 | (-) 31.67 |
| 4. | Land revenue | 2.20 | 1.11 | (-) 1.09 | (-) 49.55 |
| 5. | Forestry and wildlife | 12.00 | 13.71 | (+) 1.71 | (+) 14.25 |
| 6. | Other administrative services | 1.35 | 30.15 | (+) 28.80 | (+) 2133.33 |

Reasons for variations between budget estimates and actual though called for have not been furnished (November 2006).

6.1.6 Cost of collection

The gross collection under principal revenue heads, expenditure incurred on collection and percentage of such expenditure to gross collection during the years 2003-04 to 2005-06 along with all India average percentage of expenditure on collection for 2004-05 were as under:

Table 6.6

| Rupees in crore | | | | | | |
|-----------------|-----------------|---------|------------|--|---|--|
| Sl. No. | Head of revenue | Year | Collection | Expenditure on collection of revenue ⁵⁴ | Percentage of expenditure on collection | All India average percentage for 2004-05 |
| 1 | Sales tax | 2003-04 | 21.79 | 0.98 | 4.50 | |
| | | 2004-05 | 28.25 | 1.33 | 4.71 | 0.95 |
| | | 2005-06 | 47.69 | 1.51 | 3.17 | |
| 2. | State excise | 2003-04 | 15.42 | 0.70 | 4.54 | |
| | | 2004-05 | 17.79 | 0.84 | 4.72 | 3.34 |
| | | 2005-06 | 9.51 | 0.31 | 3.26 | |

It would be seen from above that expenditure on cost of collection during 2005-06 was higher as compared to the all India average for the year 2004-05.

6.1.7 Collection of sales tax per assessee

The number of assessees, sales tax revenue and sales tax revenue per assessee for the period from 2003-04 to 2005-06 was as follows:

Table 6.7

| Rupees in crore | | | |
|-----------------|---------------------|-------------------|------------------|
| Year | Number of assessees | Sales tax revenue | Revenue/assessee |
| 2003-04 | 491 | 21.79 | 0.044 |
| 2004-05 | 1,374 | 28.25 | 0.021 |
| 2005-06 | 1,834 | 47.69 | 0.026 |

The above table reveals that with the introduction of value added tax, the number of small and medium assessees has gone up leading to increase in sales tax revenue. There was marginal increase in revenue per assessee in comparison to year 2004-05.

6.1.8 Arrears in assessment

The details of cases pending assessment at the beginning of 2005-06, cases due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year as furnished by the taxation Department are given below:

⁵⁴ Figures as furnished by the Department.

Table 6.8

| Name of tax | Opening balance | Cases due for assessment during the year | Total | Cases finalised during the year | Balance at the close of the year | Percentage of column 5 to 4 |
|--|-----------------|--|-------|---------------------------------|----------------------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Sales tax/ Central sales tax/VAT | 352 | 1,834 | 2,186 | 162 | 2,024 | 7 |

It appears from above, that the percentage of final assessments was merely seven *per cent* of the total assessments due upto 2005-06. Government has not fixed any norm quantifying the number of assessments to be completed by each assessing officer during a particular period.

6.1.9 Arrears of revenue

The arrears under land revenue head as on 31 March 2006 amounted to Rs. 9.07 crore of which Rs. 7.23 crore was outstanding for more than five years.

Arrears of revenue in respect of state excise and sales tax are nil and particulars in respect of motor vehicle taxes and environment and forest are awaited (November 2006).

6.1.10 Result of audit

Test check of records of sales tax, land revenue, State excise, motor vehicles tax, forest receipts and other receipts conducted during 2005-06 revealed under assessment/ non levy/ short levy/ loss of revenue of Rs. 40.15 crore in 99 cases. During the year, the Departments accepted short/non levy and under assessment of Rs. 3.14 crore in 35 cases pointed out in 2005-06 and in earlier years and recovered Rs. 59.53 lakh. No reply has been received in respect of remaining cases.

This chapter contains 23 paragraphs involving Rs. 8.69 crore. The Department/Government accepted 12 cases involving Rs. 6.91 crore of which Rs. 0.06 crore was recovered upto November 2006 and three cases involving Rs. 0.37 crore had not been accepted. Report on recovery in these cases and reply in other cases had not been received (November 2006).

6.1.11 Failure of senior officials to enforce accountability and protect interest of Government

The Principal Accountant General (Audit), Meghalaya, Arunachal Pradesh and Mizoram, Shillong conducts periodical inspection of various offices of Government/Departments to test check the correctness of assessments, levy and collection of tax and non tax receipts and verify the maintenance of

accounts and records as per Acts, Rules and procedures prescribed by Government/Departments from time to time. These inspections are followed by inspection reports (IRs) issued to the heads of office inspected with copies to the higher authorities. Serious irregularities noticed in audit are also brought to the notice of Government/heads of the Department, by the office of the Principal Accountant General (Audit), Meghalaya, Arunachal Pradesh and Mizoram, Shillong. A half yearly report regarding pending IRs is sent to the secretaries of the concerned Department to facilitate monitoring and settlement of audit objections raised in these IRs through intervention of Government.

IRs issued upto December 2005 pertaining to offices under sales tax, state excise, land revenue, motor vehicle taxes and forest receipts disclosed that 482 observations relating to 167 IRs involving money value of Rs. 136.86 crore remained outstanding at the end of June 2006. Of these, 47 IRs containing 74 observations involving money value of Rs. 9.30 crore had not been settled for more than five years. The year wise position of outstanding IRs and paragraphs is detailed in **Appendix – XXXIX**.

In respect of 63 observations relating to 18 IRs involving money value of Rs. 15.63 crore issued upto March 2006, even first reply from the Department/Government had not been received (November 2006).

It is recommended that Government prescribe a time schedule for regular submission of reply to IRs/paragraphs for settlement.

The position of old outstanding IRs/paragraphs was reported to Government in July 2006; reply had not been received (November 2006).

6.1.12 Response of the Departments to draft paragraphs

The draft paragraphs are forwarded to the secretaries of the concerned Departments through demi official letters drawing their attention to the audit findings and requesting them to send their reply within six weeks. The fact that the replies from the Departments have not been received are invariably indicated at the end of each such paragraph included in the Audit Report.

Twenty three draft paragraphs proposed for inclusion in this Report were forwarded demi officially to the secretaries of the respective Departments during May 2006 and June 2006. Besides, the Chief Secretary to the State Government was also requested to arrange for discussion of the issues raised in the draft audit paragraphs for effective inclusion of the views/comments of Government in the Audit Report. Despite these efforts, no response was received in respect of twenty two draft paragraphs and these have been included in this Report without the response of Government.

6.1.13 Follow up on Audit Report – summarised position

With a view to ensure accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Shakhder Committee, appointed to review the response of the State Government to Audit Reports, recommended (March 1993), *inter alia* that the concerned Departments of the State Government should without waiting for the receipt of any notice or call from the Public Accounts Committee (PAC), submit *suo motu* replies on all paragraphs and reviews featuring in the Audit Reports within three months, and, submit action taken notes (ATN) in respect of recommendations of the PAC within the dates as stipulated by the PAC or within a period of six months whichever is earlier.

While accepting the recommendations (1996), Government specified the time frame of three months for submission of *suo motu* replies by the concerned Departments. The PAC specified the time frame for submission of ATN on their recommendations as one month upto 49th Report.

Reviews of outstanding explanatory notes on paragraphs included in the Report of the Comptroller and Auditor General of India for the years from 1988-89 to 2004-05 revealed that the concerned administrative Departments were not complying with these instructions. As of November 2006, *suo motu* explanatory notes on 46 paragraphs of these audit reports were outstanding from various Departments as detailed in Appendix – XL.

Review of four reports of the PAC containing recommendations on 15 paragraphs in respect of Forest, Finance and Excise Departments presented to the legislature between September 2001 and March 2003 revealed that the Departments had failed to submit ATN on the recommendations made by the PAC as detailed below :

Table 6.9

| Year of Audit Report | Paragraph numbers on which recommendations were made by the PAC but ATNs are awaited | Number of PAC Reports on which recommendations were made | Date of presentation of the Report of the PAC to the State Legislature |
|----------------------|--|--|--|
| 1986-87 | 6.4, 6.6, 6.7 and 6.8 | 49 th Report | 3 March 2003 |
| 1991-92 | 6.4, 6.5 and 6.6 | 44 th Report | 21 September 2001 |
| 1994-95 | 6.4 | 44 th Report | 21 September 2001 |
| 1995-96 | 6.4, 6.5 and 6.6 | 46 th Report | 19 March 2002 |
| | 6.7, 6.8 and 6.10 | 48 th Report | 19 March 2002 |
| 1996-97 | 6.7 | 46 th Report | 19 March 2002 |

Thus, due to failure of the Department to comply with the instructions of the PAC the objective of ensuring accountability remained unfulfilled.

DRAFT PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

6.2 Non levy of penalty

Penalty of Rs. 12.53 crore was not realised from 785 offenders for unauthorised occupation of 2,824.7812 hectares of land in reserve forests.

Under Section 72 (C) of the Assam Forest Regulation 1891, (AFR), as adopted by Government of Arunachal Pradesh and Rules framed thereunder, if any person unauthorisedly occupies any land in a reserve forest in which he has not been allowed to settle, the divisional forest officer (DFO) shall eject or order him to vacate the land forthwith and confiscate or destroy any crops raised and any building constructed on such land. Further, the rules provide that if any person intentionally disobeys such order to vacate the forest land, he shall be liable to pay penalty which may extend to Rs. 500 and if such disobedience is continued, he shall be liable to pay further penalty which may extend to Rs. 100 per day during the period such breach continues.

Test check of records of the Principal Chief Conservator of Forests, Arunachal Pradesh in May 2005 revealed that during 1981-82 to 2004-05, 785 persons unauthorisedly occupied 2,824.7812 hectares land in reserved forest under 13 forest divisions⁵⁵ of Arunachal Pradesh. The concerned DFOs served eviction notices between February 2000 and March 2002 on the encroachers for vacating the forest land without confiscating or destroying any crops raised or any building constructed. The encroachers did not comply with the notices and continued to occupy the aforesaid forest land unauthorisedly till the date of audit (May 2005). The Department did not initiate any further action to evict the encroachments either. Penalty upto Rs. 12.53 crore for the period from 2000-01 to 2004-05 could have been levied.

After this was pointed out in July 2005, the PCCF stated in March 2006 that the Government had adopted the AFR and not the rules framed thereunder.

The contention of not adopting the Rules under AFR is not tenable as the provisions for issue of eviction notice and levy of penalty are both governed by the Rules framed under AFR.

The matter was reported to Government in July 2005; their reply has not been received (November 2006).

⁵⁵ *Dibang forest division; Seppa forest division; Deomali forest division; Banderdewa forest division; Khellong forest division; Hapoli forest division; Along forest division; Namsai forest division; Yingkong forest division; Lohit forest division; Namdapha; Itanagar Social forestry division; Pasighat forest division.*

6.3 Illicit removal of forest produce

Loss of revenue of Rs. 3.59 lakh due to illicit removal of 168.63 cum of timber by miscreants.

Under the AFR 1891 and Rules framed thereunder (as adopted by Government of Arunachal Pradesh), felling of trees and removal of forest produce from the reserve forest area without valid pass constitutes a forest offence punishable with fine. Forest produce felled/removed illegally is also liable to be seized by the Forest Department. Rate of royalty of A I and B II class timber ranges between Rs. 5,210 and Rs. 499.

Test check of records of the DFO, Khellong forest division, Bhalukpong in June 2005 revealed that in 111 cases, trees of different species were illegally felled between July 2003 and March 2005 and the entire outturn of 168.63 cum of timber valued at Rs. 3.59 lakh was removed by miscreants. Removal of timber by miscreants from the State reserve forest indicates inadequate enforcement of forest protection. This resulted in loss of revenue of Rs. 3.59 lakh.

After this was pointed out in July 2005, the DFO while admitting the facts stated in October 2005 that it was not possible to confront the heavily armed miscreants due to non availability of forest protection force and armed forest staff.

The matter was reported to Government in July 2005; their reply has not been received (November 2006).

6.4 Loss of revenue due to non transportation of timber to safer place

Failure to transport logs of soft wood species led to loss of revenue of Rs. 2.49 lakh.

The AFR (as applicable in Arunachal Pradesh) provides that when there is reason to believe that a forest offence has been committed in respect of any forest produce, such produce shall be seized and brought to the forest depot under intimation to the higher authority and to the court for speedy trial and disposal.

In Bomdila forest division, it was noticed in June 2004 that in a joint inspection conducted (February 2002) by the Assistant Conservator of Forests, Mobile Squad and Range Officer, Nafra Range, 69 illegally felled Chirpine trees/logs measuring 101.362 cum valued at Rs. 2.49 lakh were seized and handed over to the Range Officer, Nafra Range. The DFO, Bomdila forest division approached the Conservator of Forests, Western Arunachal Circle in February 2002 to provide fund for dragging and transporting the same to safe

custody. However, till date of audit, neither any fund was provided nor were the logs transported to safe depot. Meanwhile, Chirpine, being a soft species, deteriorated within one year of its being felled due to exposure to the vagaries of weather leading to loss of revenue of Rs. 2.49 lakh.

The matter was reported to the Department/Government in July and November 2004; their reply has not been received (November 2006).

6.5 Loss of revenue

Loss of revenue of Rs. 83.68 lakh due to concealment of number of blazes, faulty agreement and delay in finalisation of working plan.

6.5.1 Government of Arunachal Pradesh (GOAP) fixed royalty on pine resin per blaze per season at Rs. 15 upto March 2001 and Rs.17 thereafter. Number of trees tapped and blazes put are enumerated by the range staff and royalty is realised on total number of blazes put. Clause 40 of the approved working scheme for resin tapping in Bomdila forest division, stipulates the average yield of resin per blaze at 4 kilogram (Kg). GOAP executed an agreement with a lessee for extraction of 'pine resin' from specified pine trees within the forest areas under Bomdila forest division in April 1991 for 10 years and subsequently renewed in September 2001 for another span of 10 years.

Test check of records of the DFO, Bomdila in April 2005 revealed that a licensee extracted 29.36 lakh kgs of resin from pine trees on payment of royalty of Rs. 89.70 lakh during the period 2000-01 to 2002-03. As per norm although 7.34 lakh blazes were required to extract 29.36 lakh kgs of resin, the licensee paid royalty for only 5.50 lakh blazes. Less enumeration of 1.84 lakh blazes led to loss of royalty of Rs. 29.47 lakh. Thus, failure of the concerned range staff to enumerate the actual number of blazes put by the licensee, resulted in loss of revenue of Rs. 29.47 lakh.

6.5.2 It was judicially held by the Honourable Supreme Court (January 1998) that for harvesting forest produce, a working plan (WP) should be prepared within a period of two years and got approved by Government of India (GOI). In case WP is not prepared within the timeframe, harvesting shall remain suspended until the same is prepared and approved by the GOI.

It was noticed that the division prepared and submitted the WP (12 August 2003) belatedly, after lapse of more than five years from the date of the order of the Apex Court, which was duly approved by GOI on 30 October 2003. The operation of resin tapping was, however, not carried out during 2003-04 and no royalty was realised. Thus, delay on the part of the DFO in finalising and getting the WP approved, led to non tapping of 2.29 lakh blazes during the harvesting season of 2003-04 resulting in loss of revenue of Rs. 38.93 lakh.

6.5.3 The terms and conditions of the agreement entered into by GOAP and the lessee stipulated, *inter-alia*, that the lessee shall pay prescribed royalty on

total number of blazes put. The terms and conditions of the agreement however, did not provide any penal clause against the lessee in the event of his failure to put blazes on the entire stock of pine trees as per approved WP to safeguard Government revenue.

It was seen that 2.17 lakh pine trees with 2.29 lakh blazes were available for extraction of pine resin for the period from April 2004 to March 2005 as per approved WP. But the lessee tapped only 1.38 lakh trees with 1.38 lakh blazes during the aforesaid period. Balance 0.79 lakh trees with 0.91 lakh blazes were not tapped by the lessee for no recorded reason. The DFO also could not initiate any action against the lessee in absence of any penal clause in the agreement in this regard. Thus, execution of faulty agreement led to loss of revenue of Rs. 15.28 lakh.

The cases were reported to the Department and Government in June 2005 and April 2006; their reply has not been received (November 2006).

EXCISE DEPARTMENT

6.6 Non realisation of security deposit

Failure of the Department to take action resulted in non realisation of security deposit of Rs. 8.25 lakh.

The GOAP, Excise Department in their notification of 23 March 2004, fixed security for retail licenses of IMFL at Rs. 0.25 lakh with immediate effect.

Test check of records of the Superintendent of Excise (SE), Lohit District, Tezu in February 2005 revealed that 33 retail license holders neither deposited the security amount nor was any action initiated by the Department to realise the amount of security till the date of audit. Inaction on the part of Department resulted in non realisation of security deposit of Rs. 8.25 lakh.

After this was pointed out in June 2005, the SE while admitting the facts stated in May 2006, that security deposit of Rs. 5.50 lakh was realised from 22 retailers and the remaining amount would be recovered. Realisation of balance amount of Rs. 2.75 lakh from 11 retailers, however, has not been intimated (November 2006).

The case was reported to Government in June 2005; their reply has not been received (November 2006).

6.7 Loss of revenue

Failure of the Department to realise licence fee and penalty before cancellation of two licences led to loss of revenue of Rs. 8.45 lakh.

Under the Arunachal Pradesh Excise Act 1993, and Rules made thereunder, licence granted for dealing in IMFL shall remain valid for one year from the date of issue. On expiry of its validity period, the licensee shall either return the licence or get it renewed on payment of prescribed annual fee in advance. If he fails to get the licence renewed on payment of prescribed fee before expiry of validity period of licence he shall be liable to pay penalty in addition to the fee, at the rate of Rs. 70 per day for the period of default in payment of fee.

Test check of records of the SE, Lohit district, Tezu in February 2005 revealed that licences of two wholesale vends of IMFL were valid upto December 2001 and December 2002 respectively. On expiry of the validity periods of the licences, the proprietors neither got their licences renewed nor returned the same to the issuing authority and continued their business unauthorisedly. The Department did not initiate any action either to realise the prescribed fee and penalty for delay in renewal of licence or to take over the stock of IMFL for recovery of dues. Both the licences were, however, cancelled in August 2004 without realising Government revenue although security deposit of Rs. 50,000 in each case was forfeited. This resulted in loss of revenue of Rs. 8.45 lakh.

After this was pointed out in June 2005, the SE while admitting the facts stated in May 2006 that notices had been issued to the proprietor of wholesale vends to deposit outstanding dues. But there was no possibility of realising the balance dues.

The case was reported to Government in June 2005/April 2006; their reply has not been received (November 2006).

GEOLOGY AND MINING DEPARTMENT

6.8 Non levy of additional royalty

Failure of the Department to initiate action against a lessee led to non realisation of additional royalty of Rs. 1.79 crore.

Rule 23 (1) of the Petroleum and Natural Gas Rules, 1959 (PNG Rules) envisages that if any royalty is not paid by the lessee to the State Government within the time specified for such payment, the amount of such royalty shall be increased by an additional 10 *per cent* for each month or portion thereof during which such royalty remains unpaid.

Test check of records of the Director of Geology and Mining (DGM), AP, Itanagar in April 2005 revealed that GOAP executed a lease agreement in September 1997 with a lessee for extraction of crude oil. The agreement stipulated, *inter alia*, that the lessee should pay royalty to the State Government within 30 days of the month to which the operation/extraction relates. The lessee extracted 70,230 tonnes of crude oil between October 2002 to December 2004 and after delay ranging between one and four months deposited royalty of Rs. 11.72 crore between February 2003 and March 2005. The Department did not levy additional royalty of Rs. 1.79 crore for the delay.

After this was pointed out in June 2005, the Department stated in March 2006 that demand notice for depositing additional royalty has been issued. Report on recovery is awaited (November 2006).

The case was reported to Government in June 2005 and April 2006; their reply has not been received (November 2006).

6.9 Short realisation of royalty

Failure of the Department to initiate action against a lessee led to short realisation of royalty and additional royalty of Rs. 11.71 lakh.

Rule 14 (2) of the PNG Rules, envisaged that a lessee shall, within seven days of every month, furnish full and proper return to the State Government showing the quantity of crude oil obtained/extracted during the preceding month from the area leased out. These rules further stipulate that, the lessee shall pay the State Government royalty at the rate prescribed by GOI from time to time. In case of non payment of royalty within the stipulated time, the same shall be increased by 10 *per cent* for each month or portion of a month during which such royalty remains unpaid.

Test check of records of DGM, Arunachal Pradesh, Itanagar revealed in April 2005 that a lessee extracted 6,113 tonnes of crude oil involving royalty of Rs. 51.96 lakh as per monthly reports during October to December 2002. But the lessee paid royalty of Rs. 49.52 lakh for 5,826 tonnes of crude oil during the same period. The differential royalty was neither paid by the lessee nor was any action initiated by the Department to realise the same. This resulted in short realisation of royalty of Rs. 2.44 lakh. Besides, additional royalty of Rs. 9.27 lakh was also leviable.

After this was pointed out in June 2005, the Department in May 2006 stated that demand has been raised against the lessee. Report on recovery has not been intimated (November 2006).

The case was reported to Government in June 2005 and April 2006; their reply has not been received (November 2006).

6.10 Short realisation of revenue

Undue financial benefit extended to a lessee by incorporating lower rate of royalty in the agreement resulting in short realisation of revenue of Rs. 3.64 crore.

GOI periodically determines the royalty payable on minerals which is collected and appropriated by the State Governments. Accordingly, agreement is to be executed between the lessee and the State Government stipulating *inter alia*, that the lessee shall pay to the State Government royalty at the rates prescribed by GOI from time to time in terms of provisions of the PNG Rules. The rates of royalty prescribed by GOI during the period April to December 2004 varied between Rs. 1,492 and Rs. 2,072 per tonne.

Test check of records of the DGM, Itanagar revealed in April 2005 that a mining lease agreement was executed on 21 October 1997 between a lessee and GOAP fixing royalty of Rs. 528 per tonne of crude oil for a period of 20 years without any reference to the prevalent rates of royalty effective from 16 June 1995. The lessee extracted 31,884.61 tonnes of crude oil between April and December 2004 and paid royalty of Rs. 1.68 crore at the rate of Rs. 528 per tonne against Rs. 5.32 crore leviable at the rates prescribed by GOI during the aforesaid period. Thus, incorporation of inappropriate rate in the agreement resulted in short realisation of revenue of Rs. 3.64 crore besides undue benefit to the lessee. This loss could have been avoided, had Government stipulated in the agreement, that payment of royalty would be made at prevalent Government rates as was done in case of Oil India Limited, a public sector undertaking.

After this was pointed out in April 2005, the Department while admitting the facts stated in May 2006, that the lessee was asked to deposit the balance amount of royalty. The reply was, however, silent about the reasons for execution of faulty agreement which led to short realisation of revenue.

The case was reported to Government in June 2005 and April 2006; their reply has not been received (November 2006).

LAND MANAGEMENT DEPARTMENT

6.11 Non realisation of land revenue

Erroneous allotment of 5.17 lakh sq m of land to NEEPCO led to non realisation of land revenue of Rs. 67.25 lakh and recurring loss of revenue of Rs. 10.35 lakh every year.

The GOAP, Land Management Department instructed (July 1994) all the Deputy Commissioners (DC) to realise land revenue at the rate of Rs. 5 per

sq. m as premium (one time payment) plus annual lease rent at Rs. 2 per sq. m with effect from April 1994 for land allotted to any organisation for industrial purposes. Separate rates were, however, prescribed for State/Central Government Departments.

Test check of records of the DC, Land Revenue, Bomdila in May 2005 revealed that the GOAP, Land Management Department allotted 43,25,600 sq m of land in Trizine, Singachung and Jamziri area of West Kameng district in November 2001 to the North Eastern Electric Power Corporation Limited (NEEPCO) for establishment of Kameng Hydro Electric project, Kimi Power House. The above allotment included 5,17,300 sq m of Government land in Jamziri area. NEEPCO being a commercial organisation engaged in production and distribution of power, was liable to pay premium and annual lease rent of Rs. 67.25 lakh on the aforesaid land for the period from November 2001 to October 2005. But the Department did not charge any premium and lease rent for the aforesaid land which resulted in non realisation of land revenue of Rs. 67.25 lakh. Further, there will be annual recurring loss of Rs. 10.35 lakh towards lease rent till the allotment order is rectified.

After this was pointed out in May 2005, the DC, Land Revenue, Bomdila while admitting the facts stated in June 2006 that NEEPCO was directed to pay the premium and lease rent immediately. Report on recovery is awaited (November 2006).

The case was reported to Government in July 2005 and April 2006; their reply has not been received (November 2006).

TAXATION DEPARTMENT

6.12 Evasion of tax

A registered dealer concealed taxable turnover of Rs. 1.58 crore and evaded tax of Rs. 15.76 lakh and penalty of Rs. 23.64 lakh.

Under the provisions of Arunachal Pradesh Sales Tax Act (APST Act), 1999 if any dealer conceals turnover or furnishes incorrect particulars of such turnover in any return, he shall be liable to pay penalty in addition to the tax payable by him a sum not exceeding one and a half times of tax due.

Test check of records of the Superintendent of Taxes (ST), Papumpare, Zone I, Naharlagun in September 2005 revealed that a dealer disclosed sales turnover of Rs. 18.06 lakh for the period from April 2002 to March 2004 and was assessed in December 2004 accordingly. Further scrutiny of C form utilisation statements revealed that the dealer actually sold goods valued at Rs. 1.76 crore during the aforesaid period. Thus, the dealer concealed turnover of Rs. 1.58 crore which escaped the notice of the assessing officer (AO)

leading to evasion of tax of Rs. 15.76 lakh. Besides, penalty not exceeding Rs. 23.64 lakh was also leviable.

The matter was reported to the Department/Government in October 2005 and March 2006; their replies have not been received (November 2006).

6.13 Underassessment as turnover escaped assessments

Underassessment of tax of Rs. 2.38 lakh and penalty of Rs. 3.57 lakh as turnover of Rs. 29.71 lakh escaped assessment.

Under Section 18 (1) of the APST Act, if the AO has reason to believe that whole or any part of turnover of the dealer in respect of any period has escaped assessment to tax, he may after giving the dealer a reasonable opportunity of being heard and making such enquiry as he considers necessary, proceed to determine to the best of his judgment the amount of tax due from the dealer in respect of such turnover. Further, if the dealer conceals any part of his gross turnover, the AO may direct that, in addition to amount of tax so assessed, a sum not exceeding one and half times the amount of tax due shall be recovered by way of penalty.

Test check of records of the ST, Papumpare, Zone I, Naharlagun in September 2005 revealed that a dealer imported taxable goods valued at Rs. 1.80 crore for the period from April 2002 to March 2004. The AO determined the sales turnover after adding 10 per cent profit on such purchase and completed the assessment accordingly in December 2004. Further scrutiny revealed that although the dealer mentioned that four C forms remained unutilised during the aforesaid period, he actually imported goods worth Rs. 27.01 lakh by using those C forms. This resulted in under assessment of tax of Rs. 2.38 lakh. Besides, penalty not exceeding Rs. 3.57 lakh was not levied.

After this was pointed out in October 2005 and March 2006, the AO while admitting the facts stated in June 2006 that concealment was due to belated submission of utilisation statement of 'C' forms. The report on reassessment and recovery of tax is awaited (November 2006).

The matter was reported to Government in October 2005 and March 2006; their replies have not been received (November 2006).

6.14 Underassessment of tax due to mistake in computation

A dealer was levied tax of Rs. 76.52 lakh instead of Rs. 81.77 lakh resulting in underassessment of tax of Rs. 5.25 lakh.

Under the provision of the APST Act, the authority which made an assessment may at any time within three years from the end of the financial year in which such assessment was made and of its own motion rectify any arithmetical

mistake apparent from the record. In Arunachal Pradesh, motor vehicle is taxable at the rate of 12 *per cent*.

Test check of records of the ST Zone – II, Itanagar in December 2005 revealed that a dealer disclosed turnover of sales of Rs. 7.63 crore for the period from April 2003 to March 2004 as per books of account. The AO, however, while making the assessment in August 2005 levied tax of Rs. 76.52 lakh instead of Rs. 81.77 lakh calculated at the rate of 12 *per cent*. Mistake in computation of tax by the AO resulted in under assessment of tax of Rs. 5.25 lakh.

After this was pointed out in March 2006, the AO stated in August 2006 that sale of spare parts of Rs. 48.98 lakh taxable at the rate of eight *per cent* was also included in the turnover. The reply is not tenable as sale of spare parts of Rs. 8.18 lakh was assessed separately by the AO.

The case was reported to Government in March 2005; their reply had not been received (November 2006).

6.15 Inadmissible exemption from payment of tax

Grant of inadmissible exemption of taxable turnover of Rs. 1.24 crore led to underassessment of tax of Rs. 9.92 lakh.

Under the provision of APST Act, tax payable by a dealer shall be at the rates specified under schedule I annexed to the Act. Act further provides that, sale of goods specified under schedule II shall be exempted. Cement is taxable at the rate of eight *per cent*.

Test check of records of the ST, Papumpare, Zone I, Naharlagun in September 2005 revealed that a dealer sold cement valued at Rs. 1.89 crore during the period between April 2002 and March 2004 and the AO assessed the dealer in February 2005 after deducting turnover of Rs. 1.24 crore as specified in schedule II. Since cement is not specified in schedule II and is taxable at the rate of eight *per cent* as per schedule I, grant of exemption of Rs. 1.24 crore was inadmissible and led to under assessment of tax of Rs. 9.92 lakh.

The case was reported to the Department and Government in October 2005; their reply has not been received (November 2006).

6.16 Concealment of turnover

A dealer concealed turnover of Rs. 43.15 lakh and evaded tax of Rs. 3.45 lakh and penalty of Rs. 5.18 lakh.

Under the provisions of APST Act, if the Commissioner is satisfied that any dealer conceals any part of his turnover or furnishes incorrect particulars of such turnover, he may direct that such dealer shall, in addition to any tax or

interest payable by him, pay by way of penalty a sum not exceeding one and half times the amount of tax sought to be evaded.

Test check of records of the ST, Papumpare, Zone I, Naharlagun in September 2005 revealed that a cement dealer (A) in his statement, disclosed purchase of cement valued at Rs. 43.15 lakh from another dealer (B) registered in the same circle during the period from April 2002 to March 2004. Cross verification of records revealed that the dealer 'B' did not disclose sale of cement to dealer 'A' during the aforesaid period. Thus, dealer 'B' concealed turnover of Rs. 43.15 lakh and evaded tax of Rs. 3.45 lakh calculated at the rate of eight *per cent*. Besides, maximum penalty of Rs. 5.18 lakh was also leviable.

The case was reported to the Department and Government in October 2005; their reply has not been received (November 2006).

6.17 Irregular allowance of deduction

Underassessment of tax of Rs. 7.71 lakh due to irregular grant of exemption of Rs. 82.63 lakh.

Under clause (b) of Rule 14(1) of APST Rules 2000, a dealer who wishes to deduct from his gross turnover amount of sales on the ground that he is making a sale to a registered dealer in the state for further sale of the goods, shall, produce a declaration in form 'A' obtained from the purchasing dealer in this behalf. Cement and electronics items are taxable at the rate of eight and 12 *per cent* respectively with effect from April 2002.

6.17.1 Test check of records of the ST, Papumpare, Zone II, Itanagar in December 2005 revealed that a cement dealer disclosed gross turnover of Rs. 1.30 crore during the period from April 2002 to March 2004 and claimed deduction of Rs. 55.19 lakh being sale covered by form 'A' and the AO also assessed the dealer accordingly in February 2005. Further scrutiny, however, revealed that the turnover deducted was not supported by any declaration in form 'A'. Thus, deduction of Rs. 55.19 lakh allowed from the gross turnover was inadmissible and resulted in underassessment of tax of Rs. 4.42 lakh.

6.17.2 Similarly, another dealer dealing in electronics items registered in the same zone claimed exemption of Rs. 34.21 lakh being sales supported by form 'A' and the AO assessed the dealer accordingly in August 2005. Further scrutiny, however, revealed that out of Rs. 34.21 lakh, the dealer furnished declaration for Rs. 6.77 lakh only. Thus, exemption granted for the balance amount of Rs. 27.44 lakh was inadmissible and resulted in underassessment of tax of Rs. 3.29 lakh.

After this was pointed out in March 2006, the AO in respect of the former case stated in August 2006 that deduction allowed was supported by 'A' forms. The reply is not tenable as further scrutiny revealed that these forms were

issued by the purchasing dealers after the date of completion of assessment. No reply has been received in respect of later case.

The cases were reported to Government in March 2006; their reply has not been received (November 2006).

6.18 Loss of revenue

A non registered dealer irregularly procured one C form and imported goods valued at Rs. 37.69 lakh resulting in loss of revenue of Rs. 11.30 lakh.

Under section 7 of the Central Sales Tax Act (CST Act) 1956, any dealer liable to pay tax under the sale tax laws of the appropriate State shall possess a certificate of registration granted by the competent authority. Further, rule 12(6) of the CST (Return and Turnover) Rules, 1957 states that, form 'C' shall be obtained by the purchasing dealer in the State in which he is registered. Commissioner of Tax (COT) is responsible for proper custody and accountal of declaration form. Act further provides that, whoever falsely represents while purchasing goods in course of interstate trade that such goods are included in his certificate of registration, shall be liable to pay penalty not exceeding one and a half times the tax due. Glassware is taxable at the rate of 12 per cent with effect from April 2002.

Cross verification of records of the ST, Guwahati with those of the ST, Papumpare revealed that a dealer stated to have been registered in Papumpare district, imported glassware valued at Rs. 37.69 lakh against one form 'C' from a dealer of Assam during the period from July 2002 to May 2003 in course of interstate trade or commerce. It was, however, noticed that the dealer was neither registered with the ST, Papumpare nor was the 'C' form issued by the COT, AP. This resulted in loss of revenue of Rs. 11.30 lakh including penalty.

After this was pointed out in October 2005, the ST, Papumpare while confirming the aforesaid facts referred the matter to the COT for further action. Reply of the COT is awaited (November 2006).

The case was reported to Government in November 2005 and April 2006; their reply has not been received (November 2006).

6.19 Evasion of tax by unregistered dealer

Failure to register a dealer and deduct tax at source led to evasion of tax of Rs. 5.30 lakh.

Under Section 10(1) of the APST Act, no dealer liable to pay tax shall carry on business unless he has been registered and possesses a certificate of registration. The Act empowers the AO to register a dealer if he fails to apply for registration. The Act further provides for deduction of tax at source at the rate of four *per cent* in respect of works contract.

Cross check of records of the Executive Engineer, Rural Works Division (E.E, RWD), Papumpare, Itanagar with those of the ST, Papumpare revealed that a dealer executed a works contract, valued at Rs. 1.33 crore between April 2002 and March 2004. The dealer neither applied for registration nor was he registered by the AO as required under the Act. The amount of tax was also not deducted by the Rural Works Department at the time of making payment. Thus, lack of coordination between EE, RWD, Papumpare and ST, Papumpare resulted in evasion of tax of Rs. 5.30 lakh.

After this was pointed out in November 2005, the AO while admitting the facts stated in August 2006 that tax was not deducted by the Government Department due to delay in receipt of Government notification. The reply is however silent regarding action taken to register the dealer and recover the tax.

The case was reported to Government in November 2005; their reply has not been received (November 2006).

6.20 Irregular grant of exemption

A dealer was irregularly allowed exemption of Rs. 14.58 lakh resulting in underassessment of tax of Rs. 2.39 lakh including interest.

Under the CST Act and Rules framed thereunder, interstate sales to Government Departments duly supported by certificate in form 'D' are taxable at the concessional rate of four *per cent*. Sales of goods to Government Department within the state are taxable as per schedule I attached to the local Sales Tax Act. Electrical and electronic goods are taxable at the rate of 12 *per cent*.

Test check of records of the ST, Papumpare, Zone II, Itanagar revealed in December 2005 that a dealer sold electronic goods of Rs. 14.58 lakh to Government Departments within the state during the period from April 2002 to March 2005 against form 'D' and claimed exemption from payment of tax and the AO assessed the dealer in August 2005 accordingly. Since sale to Government Departments within the state is intrastate sales, grant of

exemption was inadmissible. This resulted in under assessment of tax of Rs. 2.39 lakh including interest.

After this was pointed out in March 2006, the AO stated in August 2006 that purchasing Government Department had been asked to pay the tax. Report on recovery is awaited (November 2006).

The case was reported to the Government in March 2006 and April 2006; their reply has not been received (November 2006).

6.21 Underassessment of tax due to incorrect deduction

Underassessment of tax of Rs. 2.92 lakh due to irregular allowance of deduction of Rs. 36.48 lakh.

Under Section 7 of the APST Act, in determining the taxable turnover of a dealer, a deduction on account of tax collected by him is allowed from the gross turnover in accordance with the prescribed formula.

Test check of records of the ST, Papumpare, Naharlagun revealed in September 2005 that turnover of two dealers for the year 2002-03 and 2003-04 was determined at Rs. 4.87 crore after adding 10 *per cent* profit on cost price. Though the element of tax was not included in the turnover, an amount of Rs. 36.48 lakh was deducted from the taxable turnover by the AO. Such inadmissible deduction resulted in underassessment of tax of Rs. 2.92 lakh.

The matter was reported to the Department/Government in October 2005 and April 2006; their reply has not been received (November 2006).

6.22 Turnover escaped assessment

Three dealers sold cement valued at Rs. 3.29 crore but disclosed turnover of Rs. 1.81 crore and evaded tax of Rs. 10.99 lakh and penalty of Rs. 16.49 lakh.

Under Section 18 of the APST, if the AO has reason to believe that whole or any part of the turnover of a dealer in respect of any period has escaped assessment to tax, he may after giving the dealer reasonable opportunity of being heard, and making such enquiry as he considers necessary, proceed to determine to the best of his judgment, the amount of tax due from the dealer in respect of such turnover and may also direct that in addition to the amount so assessed, a sum not exceeding one and half times the tax due shall be recovered from the dealer by way of penalty.

Test check of records of the ST, Papumpare, Zone I and II, Naharlagun and Itanagar in September and December 2005 revealed that three registered dealers disclosed sales of 2,25,839 bags of cement valued at Rs. 3.71 crore

during 2002-03 and 2003-04. Further scrutiny of TDS challans by audit revealed that the turnover included sale of 82,760 bags of cement to Government Departments valuing Rs. 1.91 crore at the rate of Rs. 230 per bag. The remaining 1,43,079 bags of cement were sold to private consumers on which turnover of Rs. 1.81 crore at the rate of Rs. 126 per bag was disclosed by the dealer instead of Rs. 3.29 crore calculated at the prevalent rate of Rs. 230 per bag⁵⁶. The AO accepted the returns and assessed the dealers accordingly in July 2004. Thus, turnover of Rs. 1.48 crore⁵⁷ escaped assessment and tax of Rs. 10.99 lakh was evaded by these dealers. Besides, penalty of Rs. 16.49 lakh was also leviable.

After this was pointed out in October 2005 and March 2006, the AO stated in June 2006 that Government approved rate was applicable only in departmental purchase and was not at all related to market price. The reply is not tenable as Government approved rate was based on prevailing market price relating to that period.

The cases were reported to Government in October 2005 and March 2006; their reply has not been received (November 2006).

TRANSPORT DEPARTMENT

6.23 Unauthorised plying of motor vehicles

Non realisation of motor vehicle tax of Rs. 39.03 lakh from the owners of 242 commercial vehicles led to unauthorised plying of vehicles without payment of tax, besides non levy of penalty of Rs. 9.76 lakh.

The Arunachal Pradesh Motor Vehicle Taxation Act (APMVT Act) 1984, provides that road tax at the prescribed rate shall be levied and collected annually/quarterly/ monthly as the case may be, on all motor vehicles used or kept for use in the state unless any vehicle is exempted from tax based on an application to the effect that the vehicle would not be used in any public place and the registration certificate is surrendered. The Act further provides that in the event of failure to pay the tax due, the taxation officer shall in addition to the tax due, levy and collect penalty of one fourth of the annual tax and proceed to recover the same as an arrear of land revenue.

Test check of records of the DTO, Yupia in February 2004 revealed that although 242 owners did not obtain any exemption by surrendering their registration certificates, they did not pay road tax of Rs. 39.03 lakh due between 2000-01 to 2004-05. The Department also did not levy minimum penalty amounting to Rs. 9.76 lakh.

⁵⁶ The price at which cement was sold by the dealer to Government Departments.

⁵⁷ (1,43,079 X Rs..230) – Rs..180.71 lakh.

After this was pointed out in June 2004, the DTO, Yupia stated (June 2006) that as per suggestion of audit, the cases had been sent to bakijai officer⁵⁸ (BO) for recovery of dues as arrears of land revenue. Report on recovery by BO is awaited (November 2006).

The matter was reported to Government in June 2004; their reply has not been received (November 2006).

6.24 Non realisation of fitness fee

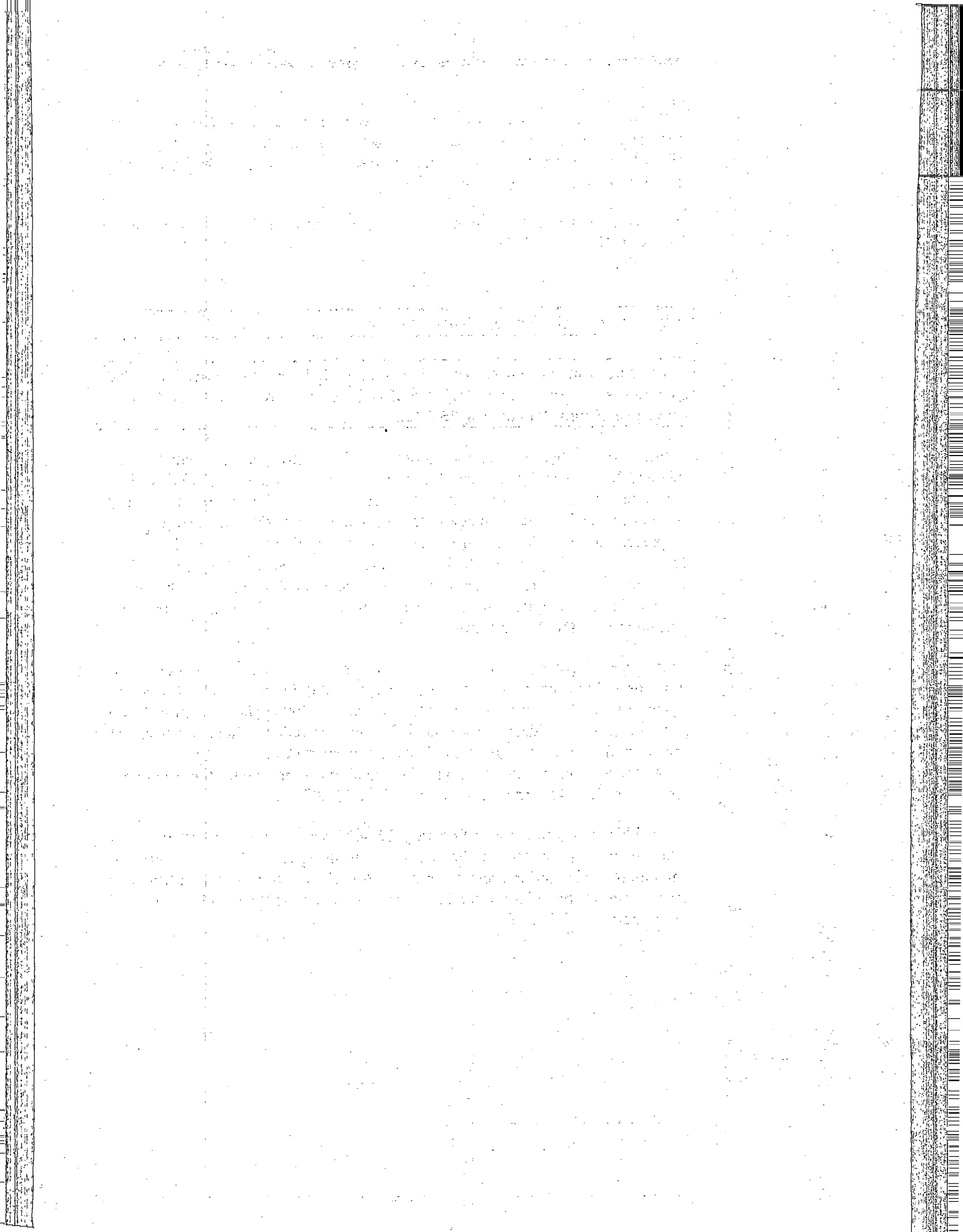
Non realisation of fitness fee of Rs. 4.21 lakh from the owners of 1,280 vehicles led to unauthorised plying of vehicles without fitness besides non levy of minimum fine of Rs. 25.60 lakh.

Section 56 of the MV Act provides that, a transport vehicle shall not be deemed to be validly registered unless it carries a fitness certificate (FC) issued by the competent authority. FC issued to new transport vehicles is valid for a period of two years and is to be renewed annually thereafter on payment of prescribed fees. The Act further provides for a minimum fine of Rs. 2,000 for the first offence and Rs. 5,000 each for subsequent offences. The enforcement staff are required to conduct periodical check of vehicles to ensure that no vehicle plies on road without a valid FC along with other requirement of the Act and Rules.

Test check of records of the DTO, Yupia revealed in February 2004 that 2,254 transport vehicles were registered upto March 2000 out of which 974 vehicles renewed their FCs between April 2002 and March 2003. The remaining 1,280 vehicle owners neither renewed their FCs nor surrendered their certificate of registration. The enforcement staff of the transport Department also failed to detect these vehicles plying without FC, resulting in non realisation of fitness fee of Rs. 4.21 lakh and minimum fine of Rs. 25.60 lakh.

After this was pointed out in February 2004, Government stated in July 2006 that all the cases had been forwarded to the designated BO to recover the amount as arrears of land revenue but the BO failed to trace out the owners of the vehicles. Thus failure of the Department to take timely action led to loss of revenue of Rs. 29.81 lakh.

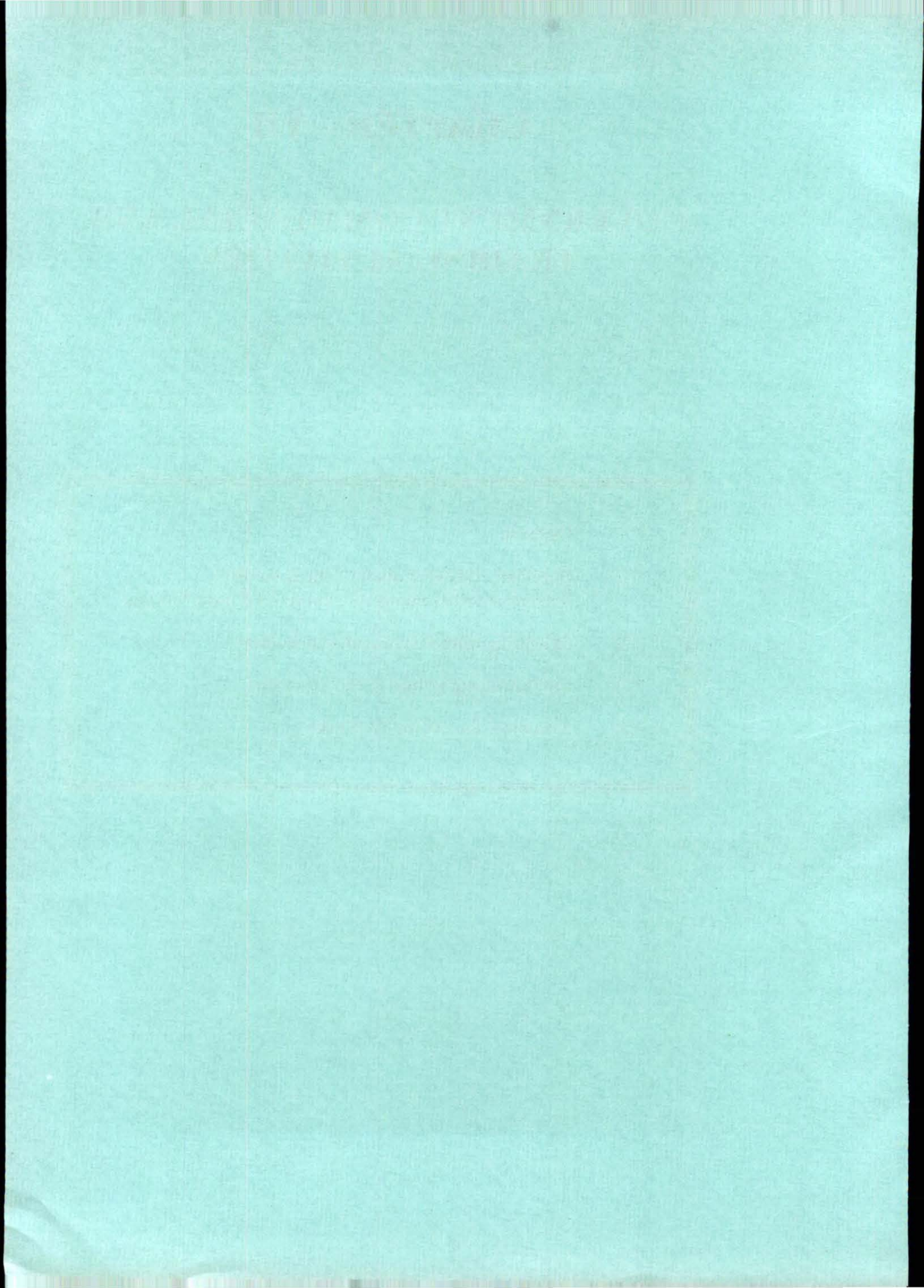
⁵⁸ Recovery officer.



CHAPTER – VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

- | | |
|------------|--|
| 7 | General |
| 7.1 | Overview of Government Companies and Departmentally managed Commercial undertakings |
| 7.2 | Extending undue favour to a consumer |
| 7.3 | Unfruitful expenditure: Rs.1.29 crore |
| 7.4 | Avoidable loss of Rs.13.98 lakh |



CHAPTER – VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7 General

This chapter deals with the results of audit of Government companies and departmentally managed commercial undertakings.

Paragraphs 7.1.1 to 7.1.16 give an overview of Government companies and departmentally managed commercial undertakings, and paragraphs 7.2 to 7.4 deal with miscellaneous topics of interest.

7.1 Overview of Government companies and departmentally managed commercial undertakings

7.1.1 Introduction

As on 31 March 2006 there were five Government companies (three working companies and two non-working companies⁵⁹) and two departmentally managed commercial undertakings viz., State Transport Services and State Trading Scheme⁶⁰ as against same number of Government companies and departmentally managed commercial undertakings as on 31 March 2005 under the control of the State Government. The results of audit of the Power (Electricity) Department are also incorporated in the Commercial chapter (Para 7.1.16 refers). The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are 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(4) of the Companies Act, 1956. The accounts of departmentally managed commercial undertakings are audited by the CAG under Section 13 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

⁵⁹ Non working Government companies are those that are in the process of liquidation/ closure/merger, etc.

⁶⁰ State Transport Services and State Trading Scheme of Transport Department and Supply Department respectively are commercial in nature and proforma accounts are prepared by them.

Working Public Sector Undertakings (PSUs)

7.1.2 Investment in working PSUs

As on 31 March 2006, the total investment in three working PSUs (Government companies) was Rs.14.60 crore⁶¹ (equity Rs.9.04 crore and long term loan⁶²: Rs.5.56 crore) as against total investment of Rs.16.90 crore (equity : Rs.8.94 crore and long term loans : Rs.7.96 crore) in three working PSUs (Government companies) as on 31 March 2005.

Decrease in investment in 2005-06 as compared to the previous year was mainly due to repayment of loans (Rs.2.40 crore) by PSUs in Forest sector.

The summarised statement of Government investment in the working Government companies in the form of equity and loan is given in **Appendix – XLI**.

As on 31 March 2006, the total investment in working Government companies, comprised 61.92 per cent of equity and 38.08 per cent of loans as compared to 52.90 per cent and 47.10 per cent respectively as on 31 March 2005.

7.1.3 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues, and conversion of loans into equity by the State Government to working Government companies are given in **Appendices – XLI & XLIII**.

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies for the three years upto 2005-06 was Rs.nil, Rs.10 lakh and Rs. 10 lakh respectively.

The Government had guaranteed the loans aggregating Rs.12 crore obtained by one working Government company (Sl. No.3 of **Appendix – XLIII**) in 2003-04.

At the end of 31 March 2006 the guarantees amounting to Rs.5.56 crore against two Government companies were outstanding.

7.1.4 Finalisation of accounts by working PSUs

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 Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with

⁶¹ State Government investment was Rs.9.04 crore (others :Rs.5.56 crore). Figure as per Finance Accounts 2005-06 is Rs.27.77 crore. The difference is under reconciliation.

⁶² Long term loans mentioned in the para 6.1.2 and 6.1.8 are excluding interest accrued and due on such loans.

Section 19 of the 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.

It can be seen from **Appendix – XLII** that none of the three working Government companies had finalised their accounts for the year 2005-06 within the stipulated period. During the period from August 2005 to September 2006 only one working Government company finalised its account for the year 2004-05.

The accounts of all the three working companies were in arrears for periods ranging from one to 12 years as on 30 September 2006 as detailed below:

Table 7.1

| Sl. No. | Number of working Government companies | Year from which accounts are in arrears | Number of years for which accounts are in arrear | Reference to Sl. No. of Appendix-XLII |
|---------|--|---|--|---------------------------------------|
| 1. | 1 | 2005-06 | 1 | 1 |
| 2. | 1 | 1999-2000 to 2005-06 | 7 | 3 |
| 3. | 1 | 1994-95 to 2005-06 | 12 | 2 |

It is the responsibility of the Administrative Departments to oversee and ensure that the accounts are finalised and adopted by the companies within prescribed period. Though the concerned Administrative Departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of the accounts, no effective measures have been taken by the Government and, as a result, the net worth of these Government companies could not be assessed in audit.

7.1.5 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Government companies) as per their latest finalised accounts are given in **Appendix – XLII**.

According to the latest finalised accounts of three working Government companies all the three companies had incurred an aggregate loss of Rs.4.97 crore.

7.1.6 Loss incurring working Government companies

One company, out of the three loss incurring working Government companies, (Sl. No.1 of **Appendix – XLII**) had accumulated losses amounting to Rs.16.80 crore which has eroded its paid up capital of Rs.2.07 crore.

7.1.7 Return on capital employed

As per the latest annual accounts finalised upto September 2006, the capital employed⁶³ worked out to Rs.49.26 crore and total return⁶⁴ thereon amounted to Rs.(-) 4.02 crore as compared to total return of Rs.(-) 5.40 crore in the previous year. The details of capital employed and total return on capital employed in case of working Government companies are given in Appendix – XLII.

Non-working Public Sector Undertakings (PSUs)

7.1.8 Investment in non-working PSUs

As on 31 March 2006, the total investment in two non-working PSUs (Government companies) was Rs.3.15 crore (equity: Rs.0.42 crore and long term loans: Rs.2.73 crore). There was no change in the total investment as compared to 2004-05.

The plants of both the non-working Government companies remained inoperative from December 1986 and July 1987 and all the employees had been retrenched. Although no budgetary support was extended during 2005-06 to the non-working companies for disbursement of salaries and wages, the proposals for disposal of assets (including plant and machinery) of the companies were pending for long with the Government.

7.1.9 Finalisation of accounts of non-working Government companies

The accounts of two non-working companies were in arrear for periods ranging from 19 to 22 years as on 30 September 2006 as can be seen from Appendix – XLII.

7.1.10 Financial position and working results of non-working Government companies

The summarised financial results of non-working Government companies as per their latest finalised accounts are given in Appendix – XLII.

The summarised details of paid-up capital, net worth, cash loss and accumulated loss of one non-working PSU (Sl. No.4 of Appendix – XLII) as per its latest finalised accounts are given below while the other non-working PSU (Sl. No.5 of Appendix – XLII) was in construction stage.

⁶³ Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of Arunachal Pradesh Industrial Development and Financial Corporation Limited, where it represents a mean of aggregate of opening and closing balances of paid-up-capital, free reserves and borrowings (including refinance).

⁶⁴ For calculating total return on capital employed, interest on borrowed fund is added to net profit/subtracted from the loss as disclosed in profit and loss account.

Table 7.2

(Rupees in lakh)

| Year | Paid-up capital | Net worth ⁶⁵ | Cash loss ⁶⁶ | Accumulated loss |
|---------|-----------------|-------------------------|-------------------------|------------------|
| 1986-87 | 13.50 | 83.42 | 1.78 | 15.40 |

7.1.11 Internal Audit

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the companies audited by them in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act 1956 and to identify areas which need improvement. Accordingly, the Statutory Auditors in their reports qualified that one Company (Sl. No.1 of **Appendix – XLII**) did not have any internal audit system.

7.1.12 Recommendations for improving performance or closure of Government companies

Even after completion of 28 years of its existence, the turnover of one working Government company, viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited, had been less than Rupees five crore in each of the preceding five years of the latest finalised accounts. The Company also had been incurring losses for five consecutive years (as per latest finalised accounts) leading to negative net worth of Rs.13.29 crore. In view of poor turnover and continuous losses, the Government may take measures either to improve the performance of the Company or consider its closure.

7.1.13 Response to Inspection reports, draft paras and reviews

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 the offices/companies 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 2006 pertaining to seven Government companies/departmental commercial undertakings and Power (Electricity) Department disclosed that 368 paragraphs relating to 63 Inspection reports remained outstanding at the end of September 2006. Of these, 24 Inspection reports containing 98 paragraphs had not been replied to for more than five years. Department-wise break-up of Inspection reports and audit observations outstanding as on 30 September 2006 is given in **Appendix – XLIV**.

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

⁶⁵ Net worth represents paid up capital plus free reserves less accumulated loss.

⁶⁶ Cash loss represents loss for the year less depreciation for the year.

Department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Three draft paragraphs which were forwarded to the Department of Power and Environment and Forest Department during April and June 2006 as detailed in **Appendix – XLV** have not been replied to so far (November 2006).

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

7.1.14 Position of discussion of commercial chapter of Audit Report by the Committee on Public Undertakings (COPU)/Public Accounts Committee (PAC)

The position of reviews/paragraphs of Commercial Chapter of Audit Reports discussed in COPU/PAC as on 31 March 2006 was as follows:

Table 7.3

| Period of Audit Reports | Total number of reviews/ paragraphs appeared in Audit Report | | Number of reviews/paragraphs discussed | |
|-------------------------|--|------------|--|------------|
| | Reviews | Paragraphs | Reviews | Paragraphs |
| 1987-1988 | 2 | 2 | 2 | 1 |
| 1988-1989 | - | 3 | - | 2 |
| 1989-1990 | - | 1 | - | - |
| 1990-1991 | 1 | 1 | 1 | 1 |
| 1991-1992 | - | 4 | - | 3 |
| 1992-1993 | 1 | 1 | 1 | 1 |
| 1993-1994 | 1 | 3 | 1 | 3 |
| 1994-1995 | - | 5 | - | 3 |
| 1995-1996 | - | 2 | - | 1 |
| 1996-1997 | - | 5 | - | 3 |
| 1997-1998 | - | 4 | - | 3 |
| 1998-1999 | 1 | 4 | - | - |
| 1999-2000 | 1 | 4 | - | - |
| 2000-2001 | - | 6 | - | 3 |
| 2001-2002 | 1 | 7 | - | 4 |
| 2002-2003 | - | 4 | - | 3 |
| 2003-2004 | 1 | 4 | - | - |
| 2004-2005 | - | 3 | - | - |

7.1.15 Departmentally managed Government commercial and quasi-commercial undertakings

Though the State Transport Services and the State Trading Scheme (Central Purchase Organisation) of Transport and Supply Directorates are commercial

in nature and are functioning as such, they had not been declared as commercial organisations by the Government (November 2006).

Preparation of proforma accounts of the State Transport Services for 2005-06 and of the State Trading Scheme for 2002-03 to 2005-06 were in arrears. The arrear in finalisation of accounts was last brought to the notice of the Government in October 2006.

The financial position, working results and operational performance of the State Transport Services for the three years upto 2004-05 as per finalised accounts are given in **Appendix – XLVI**.

During last three years upto 2004-05, the State Transport Services had incurred operating losses varying from Rs.8.76 crore to Rs.20.26 crore and net losses varying from Rs.14.17 crore to Rs. 26.38 crore. As on 31 March 2005, the accumulated loss stood at Rs.147.14 crore which was 93.06 *per cent* of capital of Rs.158.12 crore. As analysed in audit, the losses were attributable to high incidence of operating expenditure which increased from Rs.15.73 crore in 2002-03 to Rs.21.09 crore in 2004-05; poor load factor for low density of population; concession to students and staff; operation on un-economic routes; competition from private bus/sumo operators and high percentage of off-road vehicles.

The working results of the State Trading scheme for the three years upto 2001-02 as per finalised accounts are given in **Appendix – XLVII**.

With effect from September 1975, the selling price of each commodity had been fixed by adding 30 *per cent* to cost price to cover the overhead charges.

During the three years upto 2001-02, the actual overhead charges worked out to a higher percentage as follows:

Table 7.4

(Rupees in lakh)

| | | 1999-00 | 2000-01 | 2001-02 |
|----|--|---------|---------|---------|
| 1. | Overhead charges (items (b) and (c) of trading expenses) | 263.64 | 216.40 | 390.95 |
| 2. | Cost of procurement (opening stock plus purchases less closing stock) | 399.17 | 396.57 | 239.59 |
| 3. | Percentage of overhead cost to cost of procurement (percentage of 1 to 2) | 66.05 | 54.57 | 163.17 |

The reasons for higher percentage of overhead charges to cost of procurement was attributable to high incidence of establishment and contingent charges which alone constituted 49.08 *per cent*, 50.99 *per cent* and 121.79 *per cent* of cost of procurement during the three years respectively.

7.1.16 Power (Electricity) Department

The operational performance of the Department for the last three years upto 2002-03 is given in Appendix – XLVIII. Submission of performance data for 2003-04, 2004-05 and 2005-06 by the Department is awaited (November 2006).

The Auxiliary Consumption was excessively high ranging from 7.41 to 8.46 *per cent* of total power generated.

The transmission and distribution (T&D) losses ranged from 49.22 to 56.12 *per cent* to total power available for sale as against the norms of 15.5 *per cent* fixed by the Central Electricity Authority (CEA). During three years upto 2002-03, the excess T&D loss beyond norm was 172 MU (Rs.27.81 crore in financial terms).

During the three years upto 2002-03, the losses per unit sold were Rs.6.27, Rs.6.13 and Rs.4.44 respectively. The total expenditure during the period was Rs.57.82 crore, Rs.57.85 crore and Rs.53.55 crore respectively as against revenue of Rs.13.60 crore, Rs.11.79 crore and Rs.12 crore in respective years. The Department incurred losses amounting to Rs.44.22 crore, Rs.46.06 crore and Rs.41.55 crore during the three years upto March 2003 respectively.

PARAGRAPHS

POWER DEPARTMENT

7.2 Extending undue favour to a consumer

Undue favour to a consumer through non observance of the provisions of the power purchase agreement and consequent short/non-billing of energy valued at Rs.3.12 crore and surcharge of Rs.0.74 crore.

Department of Power (DOP), entered into (April 2004) a Power Purchase Agreement (PPA) with Adani Exports Limited (AEL), Ahmedabad to sell surplus energy during peak and off-peak hours. The delivery point of energy was Bongaigaon sub-station of Power Grid Corporation of India Limited.

The PPA, *inter alia*, provided that the energy supplied by the DOP at the delivery point, as measured by North Eastern Regional Electricity Board (NEREB) in its Regional Energy Accounting (REA), would be treated as energy supplied to AEL. The total energy supplied by DOP to AEL during the month would be based on the REA issued by NEREB. This would form the basis for monthly billing and would be binding on both the parties. Surcharge of 18 (eighteen) *per cent* would be levied on all outstanding dues in case the payments were not released by AEL within 30 days of the receipt of the bill from the Government (clause 4.3.2).

Scrutiny of records (November 2005) by Audit of Executive Engineer, Capital Electrical Division (CED) of DOP revealed that CED had, during the period from May 2004 to March 2005 raised energy bills for 159.60 million units on AEL. The bills were raised without taking into account the energy transmitted as per REA. Verification of REA, however, revealed that DOP had supplied 175.19 million units during the same period. It was noticed that no bill was raised for the month of July 2004 for the supply of energy. The bill for July 2004 was 74 *per cent* of the total difference.

Thus, DOP had not raised the bills as per the REA and had extended undue favour to AEL by not/short billing for Rs.3.12 crore⁶⁷ besides non-levy of surcharge of Rs.0.74 crore.

The matter was reported to the Department and Government in April 2006; their replies are awaited (November 2006).

7.3 Unfruitful expenditure

Unfruitful expenditure of Rs. 1.29 crore due to faulty execution of a project besides forgoing revenue amounting to Rs. 1.12 crore.

Miao Electrical Division (MED) of Department of Power (DOP) Government of Arunachal Pradesh prepared a project report (March 2001) for construction

⁶⁷ 1,55,91,353 units @ Rs.2 per unit is Rs. 3.12 crore. (17,51,87,905-15,95,96,552).

of 33 KV line from Margherita to Changlang at an estimated cost of Rs. 1.29 crore to be completed within 24 months from the date of sanction/allocation of funds. The project report was submitted to the Chief Engineer (CE) for Government approval which was approved in July 2001. The project was to be funded from Rural Infrastructure Development Fund (RIDF). The annual revenue after completion of the project was estimated at Rs. 0.71 crore.

The objectives of the project were (a) to reduce the line losses (b) sale of extra energy by drawing more power from central grid; and (c) saving of the operating and maintenance cost of diesel generating sets.

MED started the work on the project in December 2001 and completed the same in January 2005 at a cost of Rs. 1.29 crore.

The line, however, could not be energised due to:

- Non-availability of feeder line at Margherita as the feeder line was located at Ledo, which is six Kilometers away from Margherita; and
- Non-installation, testing and commissioning of 2 X 1.63 MVA 33/11 KV Switchyard at Changlang.

Thus, the project was executed without considering the requirement of feeder line at Margherita and also without providing for the 33/11 KV switchyard at Changlang. This led to unfruitful expenditure of Rs.1.29 crore besides forgoing the projected revenue of Rs. 1.12⁶⁸ crore from January 2005 to July 2006.

The matter was reported to the Department and Government in June 2006; their replies are awaited (November 2006).

ENVIRONMENT AND FOREST DEPARTMENT

ARUNACHAL PRADESH FOREST CORPORATION LIMITED

7.4 Avoidable loss

Non-execution of agreement and non-collection of security deposit resulted in an avoidable loss of Rs.13.98 lakh.

The Divisional Manager (DM) of Arunachal Pradesh Forest Corporation Limited (APFCL) submitted (April 2003) to the Managing Director (MD) the details of rates offered by bidders for disposal of Green Tea Leaves (GTL).

⁶⁸ Annual revenue of Rs. 71 lakh for 19 months from January 2005 to July 2006.
=71/12x19=Rs. 1.1241 crore.

These rates were communicated for the purpose of entering into agreements with the successful bidders for disposal of the GTL from Mopa Tea Estate (MTE) for the season 2003-04. Amongst the rates communicated by the DM, rate of Agro Chemical Center (firm) was the highest at Rs. 6.76 per kg of GTL.

The MD instructed the DM in (April and May 2003) to enter into Agreement with the firm and collect security deposit in the form of FDR as per the terms and conditions of Notice Inviting Tender (NIT). The DM communicated (June 2003) the refusal of the firm for depositing the security in FDR form and proposed to collect the same in the form of bank guarantee, which was accepted by the APFCL (July 2003).

Audit scrutiny revealed that the DM without collecting the security deposit or entering into any agreement started supplying the GTL from April 2003. Upto January 2004 APFCL had supplied 4.24 lakh KGs of GTL worth Rs.28.65 lakh to the firm. The firm stopped procuring GTL after January 2004 and paid only Rs.14.67 lakh (upto December 2004) leaving a balance of Rs.13.98 lakh which is still outstanding (July 2006).

Thus, non-execution of agreement and non-collection of security deposit, resulted in avoidable loss of Rs.13.98 lakh (Rs.28.65 lakh less Rs.14.67 lakh).

The matter was reported to Management and Government in June 2006; their replies are awaited (November 2006).

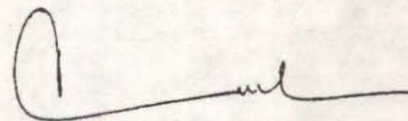
Shillong
The 07 MAR 2007



(Rajib Sharma)

Principal Accountant General (Audit)
Arunachal Pradesh, Meghalaya and
Mizoram, Shillong -1

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi
The 14 MAR 2007

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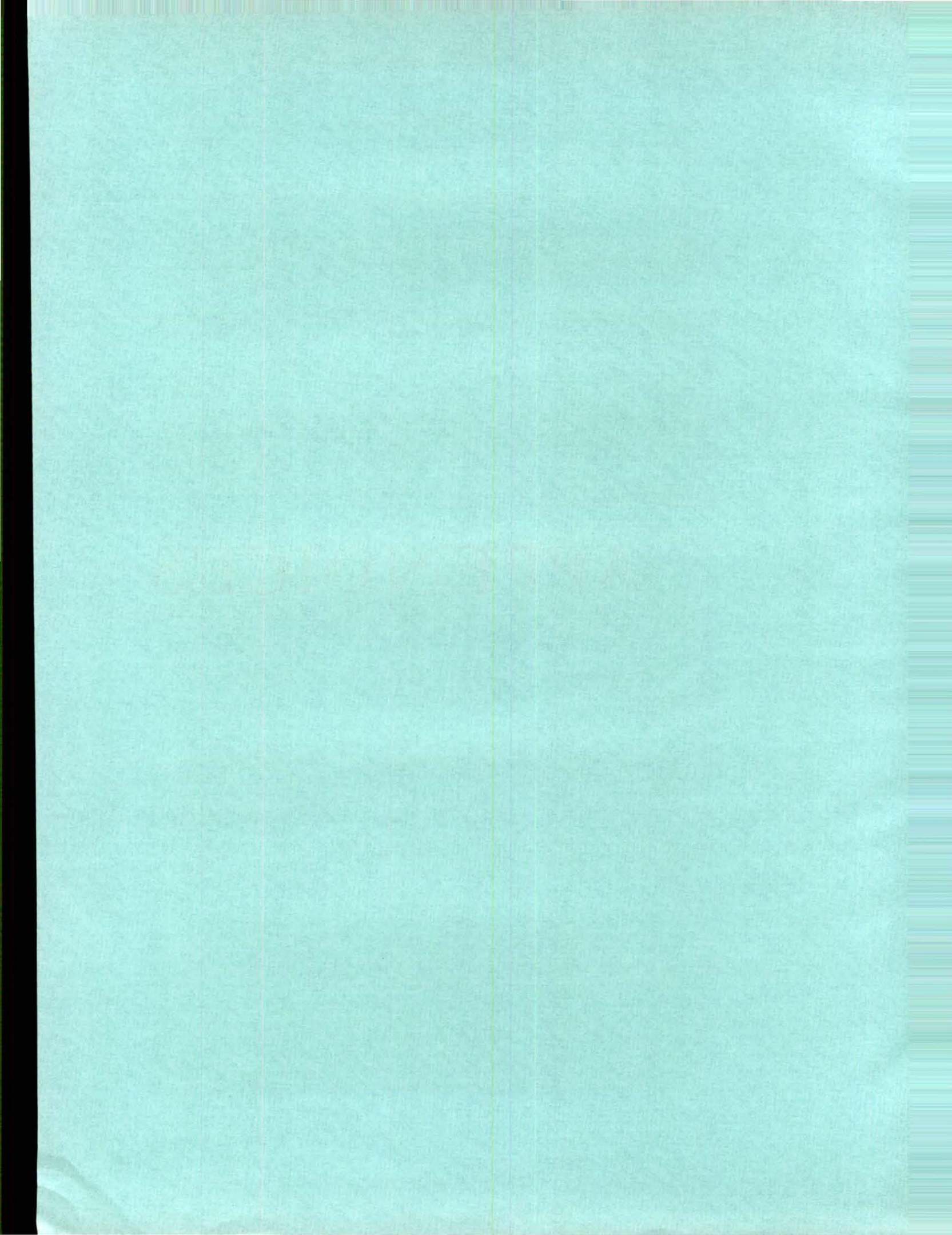
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APPENDICES



APPENDIX – 1.1

PART - A:

Structure and Form of Government Accounts

(Reference: Paragraph 1.1; Page 1)

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III : Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances *etc* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and not subject to vote by the State legislature.

PART – B

LAYOUT OF FINANCE ACCOUNTS

(Reference: Paragraph 1.1; Page 1)

| Statement | Lay Out |
|-----------------|--|
| Statement No.1 | Presents the summary of transactions of the State Government - receipts and expenditure, revenue and capital, public debt receipts and disbursements etc., in the Consolidated Fund, Contingency Fund and Public Account of the State. |
| Statement No.2 | Contains the summarised statement of capital outlay showing progressive expenditure to the end of current year. |
| Statement No.3 | The State Government had not declared any Irrigation Project as commercial/productive. |
| Statement No.4 | Indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt. |
| Statement No.5 | Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc. |
| Statement No.6 | Gives the summary of guarantees given by the Government for repayment of loans etc., raised by the statutory corporations, local bodies and other institutions. |
| Statement No.7 | Gives the summary of cash balances and investments made out of such balances |
| Statement No.8 | Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2005. |
| Statement No.9 | Shows the revenue and expenditure under different heads for the current year as a percentage of total revenue/expenditure. |
| Statement No.10 | Indicates the distribution between the charged and voted expenditure incurred during the year. |
| Statement No.11 | indicates the detailed account of revenue receipts by minor heads. |
| Statement No.12 | Provides accounts of revenue expenditure by minor heads under non-plan, State plan and Centrally Sponsored Schemes separately and capital expenditure major head wise. |
| Statement No.13 | Depicts the detailed capital expenditure incurred during and to the end of the current year. |
| Statement No.14 | Shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc., up to the end of March 2005. |
| Statement No.15 | Depicts the capital and other expenditure (other than revenue account) to the end of the current year and the principal sources from which the funds were provided for that expenditure. |
| Statement No.16 | Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account |
| Statement No.17 | Presents the detailed account of debt and other interest bearing obligations of the Government. |
| Statement No.18 | Provides the detailed account of loans and advances given by the Government of Mizoram, the amount of loans repaid during the year, the balances at the end of the year and the amount of interest received during the year. |
| Statement No.19 | Gives the details of balances of earmarked funds. |

PART – C

List of terms used in the Chapter-I and basis for their calculation

(Reference: Paragraph 1.3; Page 4)

| Terms | Basis for calculation |
|---|---|
| Buoyancy of a parameter | $\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$ |
| Buoyancy of a parameter (X) with respect to another parameter (Y) | $\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$ |
| Rate of Growth (ROG) | $[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$ |
| Development Expenditure | Social Services + Economic Services |
| Weighted Interest Rate (Average interest paid by the State) | $\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$ |
| Interest spread | GSDP growth – Weighted Interest Rates |
| Quantum spread | Debt stock * interest spread |
| Interest received as <i>per cent</i> to Loans Advanced | $\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$ |
| Revenue Deficit | Revenue Receipt – Revenue Expenditure |
| Fiscal Deficit | Revenue Expenditure + Capital expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest Payments |
| Balance from Current Revenue (BCR) | Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt |

APPENDIX – 1.2

Outcome Indicators of the State's Own Fiscal Correction Path

(Reference: Paragraph 1.1.4; Page 3)

(Rupees in crore)

| | Base Year Estimate | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--|---------------------------------------|---------|---------|---------|---------|---------|---------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| A. STATE REVENUE ACCOUNT: | | | | | | | |
| 1. Own Tax Revenue | 36.84 | 49.49 | 96.29 | 62.80 | 67.06 | 71.06 | 75.06 |
| 2. Own Non-tax Revenue | 89.16 | 170.20 | 224.41 | 187.49 | 195.00 | 202.80 | 211.00 |
| 3. Own Tax + Non-tax Revenue (1+2) | 126.00 | 219.69 | 320.70 | 250.29 | 262.06 | 273.86 | 286.06 |
| 4. Share in Central Taxes & Duties | 124.85 | 192.57 | 273.69 | 273.69 | 345.98 | 397.89 | 458.57 |
| 5. Plan Grants | 740.52 | 789.94 | 1011.50 | 1149.59 | 1279.97 | 1425.18 | 1587.79 |
| 6. Non-Plan Grants | 265.18 | 299.64 | 319.18 | 326.42 | 358.19 | 340.72 | 324.62 |
| 7. Total Central Transfer (4 to 5) | 1130.55 | 1282.15 | 1604.37 | 1749.70 | 1984.14 | 2163.79 | 2370.98 |
| 8. Total Revenue Receipts (3+7) | 1256.55 | 1501.84 | 1925.07 | 1999.99 | 2246.20 | 2437.65 | 2657.04 |
| 9. Plan Expenditure | 475.89 | 579.03 | 682.45 | 828.83 | 912.00 | 995.00 | 1100.00 |
| 10. Non-Plan Expenditure | 675.05 | 930.61 | 1019.97 | 980.68 | 1103.45 | 1150.00 | 1220.00 |
| 11. Salary Expenditure | 434.24 | 417.33 | 579.25 | 614.00 | 688.00 | 760.00 | 820.00 |
| 12. Pension | 60.07 | 70.65 | 71.29 | 78.47 | 85.00 | 92.00 | 100.00 |
| 13. Interest Payments | 126.03 | 146.90 | 161.08 | 180.69 | 190.00 | 200.00 | 210.00 |
| 14. Subsidies - General | -- | -- | -- | -- | -- | -- | -- |
| 15. Subsidies - Power | -- | -- | -- | -- | -- | -- | -- |
| 16. Total Revenue Expenditure (9+10) | 1150.94 | 1509.64 | 1702.42 | 1809.51 | 2015.45 | 2145.00 | 2320.00 |
| 17. Salary + Interest + Pensions (11+12+13) | 620.61 | 634.88 | 811.62 | 873.16 | 963.00 | 1052.00 | 1130.00 |
| 18. as % of Revenue Receipts (17/8) | 49.39 | 42.27 | 42.16 | 43.66 | 42.87 | 43.16 | 42.53 |
| 19. Revenue Surplus/Deficit (8-16) | 105.61 | -7.80 | 222.65 | 190.48 | 230.75 | 292.65 | 337.04 |
| B. CONSOLIDATED REVENUE ACCOUNT: | | | | | | | |
| 1. Power Sector loss/profit net of actual subsidy transfer | Power Sector is Government Department | | | | | | |
| 2. Increase in debtors during the year in power utility account/Increase (-) | | | | | | | |
| 3. Interest payment on off budget borrowings and Spy borrowings made by PSU/SPUs outside budget. | -- | -- | -- | -- | -- | -- | -- |
| 4. Total (1 to 3) | -- | -- | -- | -- | -- | -- | -- |
| 5. Consolidated Revenue Deficit (A19 + B4) | 105.61 | -7.80 | 222.65 | 190.48 | 230.75 | 292.65 | 337.04 |
| C. CONSOLIDATED DEBT: | | | | | | | |
| 1. Outstanding debt and liability | -- | 1587.42 | 1792.46 | 1958.96 | 2125.19 | 2299.82 | 2481.06 |
| 2. Total Outstanding guarantee of which (a) guarantee on account of budgeted borrowing and Spy borrowing | -- | 8.05 | 5.72 | 3.39 | 1.06 | 1.14 | 1.23 |

| (Rupees in crore) | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| D. CAPITAL ACCOUNT: | | | | | | | |
| 1.Capital Outlay | 341.63 | 375.07 | 562.14 | 311.74 | 350.00 | 392.00 | 440.00 |
| 2.Disbursement of Loans and Advances | 3.79 | 5.97 | 4.60 | 4.43 | 5.00 | 5.00 | 5.00 |
| 3.Recovery of Loans and Advances | 2.15 | 2.61 | 1.70 | 1.75 | 2.00 | 2.50 | 3.00 |
| 4.Other Capital Receipts | -- | -- | -- | -- | -- | -- | -- |
| E. GROSS FISCAL DEFICIT (GFD) | | | | | | | |
| {(8+D3+D4)-(16+D1+D2)} | (-)237.66 | (-)386.23 | (-)342.39 | (-)123.94 | (-)122.25 | (-)101.85 | (-)104.96 |
| E as % of GSDP | (-)11.56% | (-)15.71% | (-)12.84% | (-)4.29% | (-)3.90% | (-)3.00% | (-)2.85% |
| F. GSDP at current prices | | | | | | | |
| Actual/Assumed Nominal Growth Rate (%) | -- | 8.66% | 8.44% | 8.44% | 8.44% | 8.44% | 8.44% |

APPENDIX – II

Summarised financial position of the Government of Arunachal Pradesh
as on 31 March 2006

(Reference: Paragraphs 1.3 and 1.7; Pages 4 and 17)

| As on 31.03.2005 | | Liabilities | (Rupees in crore) | |
|------------------|----------|---|-------------------|---------|
| | | | As on 31.03.2006 | |
| 627.69 | | Internal Debt | | 1231.89 |
| | 285.60 | Market loans bearing interest | 345.38 | |
| | | Market loans not bearing interest | | |
| | | Market loans Suspense | | |
| | 1.09 | Loans from LIC | 1.79 | |
| | 0.18 | Loans from GIC | .14 | |
| | 115.63 | Loans from NABARD | 137.94 | |
| | 112.36 | Loans from other Institutions | 484.95 | |
| | ... | Ways and Means and Advances | 88.70 | |
| | ... | Overdraft from Reserve Bank of India | 172.99 | |
| 504.05 | | Loans and Advances from Central Government | | 492.62 |
| | 39.84 | Non-Plan loans | 40.84 | |
| | 365.39 | Loans for State Plan Schemes | 383.59 | |
| | 2.98 | Loans for Central Plan Schemes | 2.99 | |
| | 4.00 | Loans for Centrally Sponsored Plan Schemes | 7.92 | |
| | 47.31 | Loans for Special Schemes | 51.20 | |
| | | Other Ways and Means Advances | 6.08 | |
| 0.05 | | Contingency Fund | | 0.05 |
| 525.45 | | Small Savings, Provident Funds, etc. | | 464.38 |
| 37.40 | | Deposits | | 56.48 |
| 148.12 | | Suspense and Miscellaneous Balances | | 58.57 |
| 99.87 | | Reserve Funds | | 116.74 |
| | | Remittance Balances | | |
| 2459.68 | | Surplus on Government Account | 2459.68 | 2641.44 |
| | 2283.02 | (i) Revenue surplus as on 31 March 2005 | 181.76 | |
| | 184.46 | (ii) Revenue deficit during the year | | |
| 4402.31 | | Total | | 5062.17 |
| | | Assets | | |
| 4472.12 | | Gross Capital Outlay on Fixed Assets | 27.77 | 4909.73 |
| | 16.13 | Investment in shares of Companies, Corporations, Cooperatives, etc. | 4881.96 | |
| | 4080.91 | Other Capital Outlay | | |
| 24.61 | | Loans and Advances | | 25.47 |
| | | Loans for Power Projects | | |
| | 6.10 | Loans for Other Industries and Minerals | 6.10 | |
| | 2.24 | Other Development Loans | 2.34 | |
| | 5.23 | Loans for Co-operatives | 10.20 | |
| | 7.68 | Loans to Government servants and Miscellaneous loans | 6.83 | |
| 12.82 | | Advances | | 12.02 |
| 122.38 | | Remittance Balances | | 100.56 |
| ... | | Suspense and Miscellaneous Balances | | ... |
| -229.62 | | Cash | | 14.39 |
| | 0.01 | Cash in treasuries and Local Remittances | 19.64 | |
| | - 150.50 | Deposits with Reserve Bank and other Banks | (-) 31.42 | |
| | 0.73 | Departmental Cash Balance | 1.26 | |
| | 0.01 | Permanent Advances | 0.01 | |
| | 6.07 | Cash Balance Investments | | |
| | 12.90 | Investment of earmarked funds | 24.90 | |
| 4402.31 | | Total | | 5062.17 |

APPENDIX – III

Abstract of receipts and disbursements for the year 2005-06

(Reference: Paragraph 1.3; Page 4)

(Rupees in crore)

| Receipts | | | Disbursements | | | | |
|------------------------------|---|-----------|---------------|---|----------|--------|---------|
| 2004-05 | | 2005-06 | 2004-05 | | 2005-06 | | |
| | | | | | Non-Plan | Plan | Total |
| Section – A : Revenue | | | | | | | |
| 1501.84 | I. Revenue receipts | 1849.41 | 1509.64 | I. Revenue expenditure | 943.98 | 723.67 | 1667.65 |
| 50.11 | Tax revenue | 62.09 | 489.02 | General Services | 471.26 | 17.47 | 488.73 |
| 170.20 | Non-tax revenue | 202.36 | 472.67 | Social Services | 166.49 | 404.56 | 571.05 |
| | | | 204.34 | Education, Sports, Arts and Culture | 90.87 | 125.20 | 216.07 |
| | | | 77.07 | Health and Family Welfare | 53.53 | 17.30 | 70.83 |
| 191.95 | State's share of Union taxes | 272.15 | 124.19 | Water Supply, Sanitation, Housing and Urban Development | 12.46 | 140.80 | 153.26 |
| | | | 3.55 | Information and Broadcasting | 2.75 | 1.22 | 3.97 |
| 299.64 | Non-Plan grants | 388.50 | 2.50 | Labour and Labour Welfare | 0.78 | 1.71 | 2.49 |
| | | | 58.28 | Social Welfare and Nutrition | 4.01 | 118.32 | 122.33 |
| 613.88 | Grants for State Plan Scheme | 726.39 | 2.74 | Others | 2.09 | -- | 2.09 |
| 141.92 | Grants for Central and Centrally Sponsored Plan Scheme | 148.80 | 547.95 | Economic Services | 306.23 | 301.64 | 607.87 |
| 34.14 | Grants for Special Plan Schemes | 49.12 | 179.55 | Agriculture and Allied Activities | 97.61 | 106.83 | 204.44 |
| | | | 56.72 | Rural Development | 34.57 | 19.90 | 54.47 |
| | | | 16.00 | Special Area Programme | 0.03 | 25.95 | 25.98 |
| | | | 39.43 | Irrigation and Flood control | 6.56 | 38.70 | 45.26 |
| | | | 105.55 | Energy | 94.62 | 8.61 | 103.23 |
| | | | 14.36 | Industries and Minerals | 6.20 | 9.43 | 15.63 |
| | | | 58.58 | Transport | 35.08 | 35.21 | 70.29 |
| | | | 23.08 | Communications | 22.81 | -- | 22.81 |
| | | | 0.35 | Science, Technology and Environment | -- | 10.35 | 10.35 |
| | | | 54.33 | General Economic Services | 8.75 | 46.66 | 55.41 |
| | | | | Grants-in-aid and Contributions | | | -- |
| 7.80 | II. Revenue deficit carried over to Section B | ... | ... | II. Revenue surplus carried over to Section B | | | 181.76 |
| Section – B | | | | | | | |
| (-)130.78 | III. Opening Cash balance including Permanent Advances and Cash Balance Investment | (-)229.62 | ... | III. Opening Overdraft from RBI | | | ... |
| | IV. Miscellaneous Capital receipts | ... | 375.07 | IV. Capital Outlay | (-) 1.07 | 438.68 | 437.61 |
| | | | 14.53 | General Services | -- | 16.07 | 16.07 |
| | | | 71.89 | Social Services | -- | 90.21 | 90.21 |
| | | | 19.58 | Education, Sports, Art and Culture | -- | 24.34 | 24.34 |
| | | | 16.93 | Health and Family Welfare | -- | 5.09 | 5.09 |
| | | | 29.55 | Water Supply, Sanitation, Housing and Urban Development | -- | 44.80 | 44.80 |
| | | | 4.34 | Social Welfare and Nutrition | -- | 13.84 | 13.84 |
| | | | 0.11 | Information and Broadcasting | -- | -- | -- |
| | | | 1.38 | Others | -- | 2.14 | 2.14 |

(Rupees in crore)

| Receipts | | | Disbursements | | | | |
|----------------------|---|---------|---------------|---|-----------|--------|---------|
| 2004-05 | | 2005-06 | 2004-05 | | 2005-06 | | |
| | | | | | Non-Plan | Plan | Total |
| | | | 288.65 | Economic Services | (-) 1.07 | 332.40 | 331.33 |
| | | | 4.84 | Agriculture and Allied Activities | (-) 1.07 | 23.62 | 22.55 |
| | | | 0.04 | Rural Development Programme | -- | 2.41 | 2.41 |
| | | | 37.18 | Special Areas Programme | -- | 56.28 | 56.28 |
| | | | 3.86 | Irrigation and Flood Control | -- | 5.87 | 5.87 |
| | | | 149.41 | Energy | -- | 124.09 | 124.09 |
| | | | 0.15 | Industry and Minerals | -- | 2.86 | 2.86 |
| | | | 85.92 | Transport | -- | 95.48 | 95.48 |
| | | | ... | Science Technology and Environment | -- | -- | -- |
| | | | 7.25 | General Economic Services | -- | 21.79 | 21.79 |
| 2.61 | V. Recoveries of Loan and Advances - | 2.82 | 5.97 | V. Loans and Advances disbursed | | | 3.68 |
| ... | From Power Projects | ... | ... | For Power Projects | ... | | |
| 2.29 | From Government servants | 2.47 | 3.12 | To Government servants | 0.80 | | |
| 0.32 | From others | 0.34 | 2.85 | To others | 2.88 | | |
| ... | VI. Revenue surplus brought down | 181.76 | 7.80 | VI. Revenue deficit brought down | | | |
| 215.30 | VII. Public Debt receipts | 714.07 | 57.95 | VII. Repayment of Public Debt - | | | 250.55 |
| 47.85 | Internal debt other than Ways and Means Advances and Overdraft | 345.46 | 31.33 | Internal debt other than Ways and Means Advances and Overdraft | 35.88 | | |
| 96.31 ^(a) | Net transaction under Ways and Means Advances including Overdraft | 165.37 | ... | Net transaction under Ways and Means Advances including Overdraft | - | | |
| 71.14 | Loans and Advances from Central Government | 203.24 | 26.62 | Repayment of Loans and Advances to Central Government | 214.67 | | |
| ... | VIII. Appropriation to Contingency Fund | ... | ... | VIII. Appropriation to Contingency Fund | | | ... |
| ... | IX. Amount transferred to Contingency Fund | ... | ... | IX. Expenditure from Contingency Fund | | | ... |
| 1208.86 | X. Public Account receipts - | 1425.12 | 1082.82 | X. Public Account disbursements - | | | 1387.92 |
| 134.07 | Small Savings and Provident funds | 129.45 | | Small Savings and Provident funds | 61.26 | | |
| 11.41 | Reserve funds | 16.92 | | Reserve Funds | 0.06 | | |
| 47.09 | Suspense and Miscellaneous | 51.06 | | Suspense and Miscellaneous | 140.63 | | |
| 925.42 | Remittances | 1080.61 | | Remittances | 1058.79 | | |
| 90.87 | Deposits and Advances | 147.08 | | Deposits and Advances | 127.18 | | |
| 4.00 | XI Earmarked Funds | | (-) 229.62 | XI. Closing cash balance | | | 14.39 |
| | | | ... | Cash in Treasuries and Local Remittances | 19.64 | | |
| | | | (-) 247.38 | Deposits with Reserve Bank and other banks | (-) 31.42 | | |
| | | | 0.86 | Departmental Cash Balance including Permanent Advances | 1.27 | | |
| | | | 16.90 | Cash Balance Investment and investment of earmarked funds | 24.90 | | |
| 2809.63 | | 2094.15 | 2809.63 | | | | 2094.15 |

(a) Represents receipts Rs.191.87 crore and disbursements Rs.95.56 crore

APPENDIX – IV

Sources and application of funds

(Reference: Paragraph 1.3; Page 4)

(Rupees in crore)

| 2004-05 | Sources | | | 2005-06 |
|----------------|---------|---|---|----------------|
| 1501.84 | 1. | Revenue receipts | | 1849.41 |
| 2.61 | 2. | Recoveries of Loans and Advances | | 2.82 |
| 157.35 | 3. | Increase in Public debt | | 463.52 |
| 126.04 | 4. | Net receipts from Public Account | | 37.21 |
| | | 81.92 | Net effect of Small Savings | 68.19 |
| | | (-4.89) | Net effect of Deposits and Advances | 19.90 |
| | | 11.41 | Net effect of Reserve Funds | 18.86 |
| | | 38.61 | Net effect of Suspense and Miscellaneous transactions | (-89.56) |
| | | (-1.01) | Net effect of Remittance transactions | 21.82 |
| ... | 5. | Increase in Reserve Fund | | ... |
| 4.00 | 6. | Increase in Earmarked Funds | | ... |
| ... | 7. | Net effect of Contingency Fund transactions | | ... |
| 98.84 | 8. | Decrease in closing cash balance | | ... |
| 1890.68 | | Total | | 2352.96 |
| | | Application | | |
| 1509.64 | 1. | Revenue expenditure | | 1667.65 |
| 5.97 | 2. | Lending for development and other purposes | | 3.68 |
| 375.07 | 3. | Capital expenditure | | 437.61 |
| ... | 4. | Net effect of Contingency Fund transactions | | ... |
| ... | 5. | Increase in closing cash balance | | 244.02 |
| 1890.68 | | Total | | 2352.96 |

Explanatory Notes to Appendix III, IV & V

1. The abridged accounts in the above Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the surplus/deficit on Government account, as shown in Appendix III indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, etc.
4. There was a net difference of Rs.69.10 crore between the figures reflected in the accounts {Rs.45.24 crore} and that intimated by the Reserve Bank of India [(-) Rs.23.86 crore] due to (i) misclassification by Bank/Treasury (Rs.7.56 crore – credit) and (ii) non-receipt of details of adjustment made by RBI (Rs.76.66 crore – debit).

APPENDIX – V

Time series data on State Government finances

(Reference: Paragraphs 1.3 and 1.7; Pages 4 and 17)

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|-------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| Part A. Receipts | | | | | | |
| 1. Revenue Receipts | 961.41 | 1085.30 | 1108.29 | 1576.36 | 1501.84 | 1849.41 |
| (a) Tax Revenue | 20.63(2) | 30.89 (3) | 37.26 (3) | 43.73(3) | 50.11(3) | 62.09(3) |
| Taxes on Sales, Trade, etc. | 8.19(40) | 16.78(54) | 17.62(47) | 21.79(50) | 28.25(56) | 47.69(77) |
| State Excise | 9.01(44) | 10.55 (34) | 14.26 (38) | 15.42(35) | 17.79(36) | 9.51(15) |
| Taxes on vehicles | 1.12(5) | 1.61 (5) | 1.75 (5) | 2.02(5) | 2.21(4) | 2.99(4) |
| Stamps and Registration fees | 0.25(1) | 0.27(1) | 2.10(6) | 0.31(1) | 0.46(1) | 0.41(1) |
| Land Revenue | 1.45(7) | 1.00 (3) | 0.81 (2) | 3.57(8) | 0.76(2) | 1.11(2) |
| Other Taxes | 0.61(3) | 0.68 (2) | 0.72 (2) | 0.62(1) | 0.64(1) | 0.38(1) |
| (b) Non Tax Revenue | 63.65(7) | 70.91 (7) | 76.30 (7) | 120.57(8) | 170.20(11) | 202.36(11) |
| (c) State's share in Union taxes and duties | 115.67(12) | 90.93 (8) | 121.68 (11) | 160.60(10) | 191.95(13) | 272.15(15) |
| (d) Grants-in-aid from Government of India | 761.46(79) | 892.57 (82) | 873.05 (79) | 1251.46(79) | 1089.58(73) | 1312.81(71) |
| 2. Miscellaneous Capital Receipts | ... | ... | ... | ... | ... | ... |
| 3. Total Revenue and non Debt Capital receipts (1+2) | 961.41 | 1085.30 | 1108.29 | 1576.36 | 1501.84 | 1849.41 |
| 4. Recoveries of Loans and Advances | 1.60 | 1.86 | 2.24 | 2.35 | 2.61 | 2.82 |
| 5. Public Debt Receipts | 116.14 | 139.99 | 143.08 | 305.98 | 215.30 | 714.07 |
| Internal Debt (excluding Ways & Means Advance and Overdrafts) | 59.64 | 71.12 | 76.06 | 189.79 | 47.85 | 345.46 |
| Net Transactions under Ways & Means Advances & Overdraft | ... | ... | ... | ... | 96.31 | 165.37 |
| Loans and advances from Government of India | 56.50 | 68.87 | 67.02 | 116.19 | 71.14 | 203.24 |
| 6. Total receipts in the Consolidated Fund (3+4+5) | 1079.15 | 1227.15 | 1253.61 | 1884.69 | 1719.75 | 2566.30 |
| 7. Contingency Fund Receipts | ... | ... | ... | ... | ... | ... |
| 8. Public Accounts Receipts | 876.54 | 947.58 | 1513.88 | 958.09 | 1208.86 | 1425.12 |
| 9. Total Receipts of Government (6+7+8) | 1954.69 | 2174.73 | 2767.49 | 2842.78 | 2928.61 | 3991.42 |
| Part B. Expenditure/Disbursement | | | | | | |
| 10. Revenue Expenditure | 979.62(79) | 1029.55 (77) | 1031.37 (78) | 1391.90(76) | 1509.64(80) | 1667.65(79) |
| Plan | 371.44(38) | 454.48 (44) | 422.47 (41) | 550.72(40) | 579.02(38) | 723.67(43) |
| Non-Plan | 608.18(62) | 575.07 (56) | 608.90 (59) | 841.18(60) | 930.62(62) | 943.98(57) |
| General Services (including interest payments) | 332.04(34) | 337.33 (33) | 364.56 (35) | 438.20(31) | 489.02(33) | 488.73(29) |
| Social Services | 298.60(30) | 342.50 (33) | 327.76 (32) | 433.28(31) | 472.67(31) | 571.05(34) |
| Economic Services | 348.98(36) | 349.72 (34) | 339.05 (33) | 520.42(37) | 547.95(36) | 607.87(37) |
| Grants-in-aid and contributions | ... | ... | ... | ... | ... | ... |
| 11. Capital Expenditure | 264.25(21) | 301.51 (23) | 290.06 (22) | 433.35(24) | 375.07(20) | 437.61(21) |
| Plan | 264.06(100) | 302.64 (100) | 289.43 (100) | 429.74(99) | 372.11(99) | 438.68(100) |
| Non-Plan | 0.19(0) | (-1.13 (0) | 0.63 (0) | 3.61(1) | 2.96(1) | (-1.07(0) |
| General Services | 15.88(6) | 22.04 (7) | 18.20 (6) | 15.08(4) | 14.53(4) | 16.07(3) |

| | (Rupees in crore) | | | | | |
|--|-------------------|-----------------|-----------------|------------------|------------------|------------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Social Services | 42.89(16) | 51.61 (17) | 38.65 (13) | 57.59(13) | 71.89(19) | 90.21(21) |
| Economic Services | 205.48(78) | 227.86 (76) | 233.22 (80) | 360.68(83) | 288.65(77) | 331.33(76) |
| 12. Disbursement of Loans and Advances | 2.74 | 4.90 | 2.98 | 3.50 | 5.97 | 3.68 |
| 13. Total (10+11+12) | 1246.61 | 1335.96 | 1324.41 | 1828.75 | 1890.68 | 2108.94 |
| 14. Repayments of Public Debt | 20.90 | 31.33 | 38.83 | 206.87 | 57.95 | 250.55 |
| Internal Debt (excluding Ways & Means Advances and Overdrafts) | 2.72 | 10.36 | 11.40 | 19.76 | 31.33 | 35.88 |
| Net Transactions under Ways & Means Advances & Overdraft | ... | ... | ... | ... | ... | ... |
| Loans and advances from Government of India | 18.18 | 20.97 | 27.43 | 187.11 | 26.62 | 214.67 |
| 15. Appropriation to Contingency Fund | ... | ... | ... | ... | ... | ... |
| 16. Total Disbursement out of Consolidated Fund (13+14+15) | 1267.51 | 1367.29 | 1363.24 | 2035.62 | 1948.63 | 2359.49 |
| 17. Contingency Fund disbursements | ... | ... | ... | ... | ... | ... |
| 18. Public Account disbursements | 695.10 | 807.04 | 1314.05 | 969.76 | 1082.82 | 1387.92 |
| 19. Total disbursements by the State (16+17+18) | 1962.61 | 2174.33 | 2677.29 | 3005.38 | 3031.45 | 3747.41 |
| Part C. Deficits/Surplus | | | | | | |
| 20. Revenue Deficit (-)/Revenue Surplus (+) (10-1) | (-)18.21 | (+)55.75 | (+)76.92 | (+)184.46 | (-)7.80 | (+)181.76 |
| 21. Fiscal Deficit (3+4-13) | 283.60 | 248.80 | 213.88 | 250.04 | 386.23 | 256.71 |
| 22. Primary Deficit (21-23) | 162.92 | 139.81 | 88.48 | 108.12 | 239.33 | 100.26 |
| Part D. Other data | | | | | | |
| 23. Interest Payments (included in revenue expenditure) | 120.68 | 108.99 | 125.40 | 141.92 | 146.90 | 156.45 |
| 24. Arrears of Revenue (Percentage of Tax & non tax Revenue Receipts) | NA | NA | NA | NA | NA | NA |
| 25. Financial Assistance to local bodies etc. | 8.17 | 10.46 | 22.40 | 64.78 | 41.59 | 66.94 |
| 26. Ways and Means Advances/Overdraft availed (days) | 1 | 5 | 28 | ... | 80 | 94 |
| 27. Interest on Ways and Means Advances/Overdraft | 0.00062 | 0.03 | 0.04 | ... | 0.25 | 1.11 |
| 28. Gross State Domestic Product (GSDP) | 1783.44 | 1941.78 | 1962.65 | 2262.29 | 2458.20 | 2665.67 |
| 29. Outstanding Fiscal liabilities (year end) | 945.66 | 1094.49 | 1226.53 | 1524.81 | 1777.54 | 2337.20 |
| 30. Outstanding guarantees (year end) | 0.55 | 0.55 | 0.79 | 22.76 | 8.05 | 5.69 |
| 31. Maximum amount guaranteed (year end) | ... | ... | ... | ... | 14.00 | 24.00 |
| 32. Number of incomplete projects | 241 | 445 | 17 | 64 | 442 | 345 |
| 33. Capital blocked in incomplete projects | 47.41 | 61.66 | 1.26 | 172.02 | 3.10 (55) | 26.64 |

Note: Figures in brackets represent percentages (rounded)

APPENDIX – VI

Cases of misappropriation reported to audit

(Reference: Paragraph 1.6.8; Page 17)

| Sl. No. | Department | Upto 2000-01 | | 2001-02 | | 2002-03 | | 2003-04 | | 2004-05 | | 2005-06 | | Total | |
|--------------|-------------------------------|--------------|---------------|----------|-------------|----------|-------------|----------|----------|----------|--------------|----------|-------------|-----------|---------------|
| | | N | A | N | A | N | A | N | A | N | A | N | A | N | A |
| 1. | Education | 4 | 3.37 | - | - | - | - | - | - | - | - | 1 | 1.28 | 5 | 4.35 |
| 2. | Forest | 10 | 828.25 | 1 | 1.87 | 2 | 4.64 | - | - | 4 | 45.72 | - | - | 17 | 880.48 |
| 3. | General Administration | 1 | 0.03 | - | - | - | - | - | - | - | - | 1 | 3.10 | 2 | 3.13 |
| 4. | Public Works | 6 | 2.93 | - | - | - | - | - | - | - | - | - | - | 6 | 2.93 |
| 5. | Supply & Transport | 6 | 1.33 | - | - | -1 | -0.12 | - | - | - | - | - | - | 5 | 1.21 |
| 6. | Information & Public Relation | 1 | 2.65 | - | - | - | - | - | - | - | - | - | - | 1 | 2.65 |
| 7. | CWC | 1 | NA | - | - | - | - | - | - | - | - | - | - | 1 | NA |
| 8. | Public Health Engineering | 1 | 1.08 | - | - | - | - | - | - | - | - | - | - | 1 | 1.08 |
| Total | | 30 | 839.64 | 1 | 1.87 | 1 | 4.52 | - | - | 4 | 45.72 | 2 | 4.38 | 38 | 896.13 |

N : Number of cases

A : Amount (Rupees in lakh)

NA : Not available

APPENDIX – VII

Statement showing areas in which major savings occurred

(Reference: Paragraph 2.3.1(i); Page 26)

(Rupees in crore)

| Grant No./ Major Head | Areas in which major savings occurred | Savings |
|--------------------------|--|---------|
| 6 | 6-District Administration (Revenue Voted) | |
| 3451 | Untied fund | 14.94 |
| 14 | Education (Capital voted) | |
| 4202 | Establishment of Polytechnic | 10.22 |
| 27 | 27 -Panchayat (Revenue Voted) | |
| 2515 | Other Rural Development Programmes | 13.60 |
| | Public Debt (Revenue Charged) | |
| 2049 | Interest on Loans for Rural Electrification Corp. Ltd. | 10.37 |
| 33 | North Eastern Areas(Capital Voted) | |
| 4552 | Naharkatia Khonsa Road | 1.70 |
| 4552 | Nari-Telam-Lipu-Maney-Kora-Koyu-Seren-Rimi-Road | 1.54 |
| 4552 | Margharita Changlang Road | 1.63 |
| 34 | 34-Power (Revenue Voted) | |
| 2801 | Purchase of Electricity | 12.63 |
| 34 | 34-Power (Capital Voted) | |
| 4801 | Schemes under APDRP | 30.97 |
| 4801 | Rural Electrification | 12.00 |
| 4801 | Scheme under R. E. C. | 3.50 |
| 57 | 57-Urban Development (Capital Voted) | |
| 4217 | Schemes against HUDCO Loan | 4.08 |
| 4217 | Urban Road at Hawaii Township | 2.63 |
| 66 | Power Civil (Capital Voted) | |
| 4801 | Creation of Infrastructure under RIDF | 3.54 |
| 4801 | Schemes under REC | 1.62 |

APPENDIX – VIII

Statement showing expenditure which fell short by more than Rs.1 crore
and also by more than 10 per cent of the total provision

(Reference: Paragraph 2.3.1(ii); Page 26)

(Rupees in crore)

| Sl. No. | Number and name of grant/appropriation | Total provision | Actual expenditure | Savings | Percentage with reference to total provision |
|---------|--|-----------------|--------------------|---------------|--|
| | Revenue (Charged) | | | | |
| 1. | 66- Power (Civil) | 2.00 | -- | 2.00 | 100 |
| | Public Debt | 189.07 | 167.53 | 21.54 | 11 |
| | Revenue Section (Voted) | | | | |
| 2. | 6-District Administration | 90.56 | 78.19 | 12.37 | 14 |
| 3. | 27-Panchayat | 40.95 | 27.22 | 13.73 | 34 |
| 4. | 34-Power | 114.34 | 101.01 | 13.33 | 12 |
| 5. | 42-Rural Development | 30.50 | 25.47 | 5.03 | 16 |
| 6. | 50-Secretariat Economic Services | 363.26 | 21.89 | 341.37 | 94 |
| | Capital Section (Voted) | | | | |
| 7. | 14-Education | 31.99 | 21.23 | 10.76 | 34 |
| 8. | 21-Food, Storage and Warehousing | 2.45 | 1.28 | 1.17 | 48 |
| 9. | 31-Public Works | 14.34 | 11.13 | 3.21 | 22 |
| 10. | 33-North Eastern Areas | 42.52 | 37.83 | 4.69 | 11 |
| 11. | 34-Power | 142.43 | 89.83 | 52.60 | 37 |
| 12. | 39-Loans to Government Servant | 3.55 | 0.80 | 2.75 | 77 |
| 13. | 45-Civil Aviation | 2.10 | 0.05 | 2.05 | 98 |
| 14. | 57-Urban Development | 29.12 | 21.84 | 7.28 | 25 |
| 15. | 66-Power (Civil) | 42.64 | 35.80 | 6.84 | 16 |
| | Total | 1141.82 | 641.10 | 500.72 | |

APPENDIX – IX

Statement showing excess expenditure relating to previous years requiring regularisation

(Reference: Paragraph 2.3.2(i); Page 27)

| (Rupees in crore) | | | |
|---------------------------|--------------------------------|---|---------------------|
| Year | No. of Grant/ Appropriation | Grant/Appropriation(s) | Amount of excess |
| 1986-87 (U.T. Period) | 13 | 1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 42 | 6.56 |
| 1986-87 (State Period) | 28 | 1, 2, 3, 6, 7, 8, 10, 11, 13, 14, 16, 18, 19, 20, 22, 24, 27, 28, 29, 31, 32, 33, 34, 38, 39, 40, 42 and 43 | 12.71 |
| 1987-88 | 16 | 14, 18, 19, 22, 23, 24, 26, 30, 31, 32, 33, 34, 35, 40, 42 and Public Debt | 9.06 |
| 1988-89 | 12 | 1, 13, 15, 17, 21, 24, 30, 31, 32, 34, 40 and Public Debt | 54.51 |
| 1989-90 | 15 | 8, 10, 15, 30, 31, 32, 33, 34, 38, 40, 43, 45, 48, 49 and Public Debt | 17.49 |
| 1990-91 | 16 | 5, 8, 13, 15, 19, 23, 24, 26, 30, 31, 32, 34, 40, 44, 48 and Public Debt | 28.61 |
| 1991-92 | 17 | 4, 8, 10, 14, 15, 18, 19, 23, 25, 28, 30, 31, 34, 37, 42, 43 and Public Debt | 63.12 |
| 1992-93 | 11 | 14, 15, 18, 28, 30, 31, 34, 40, 43, 21 and 38 | 27.91 |
| 1993-94 | 12 | 8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45 | 30.66 |
| 1994-95 | 18 | 6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 45 | 64.45 |
| 1995-96 | 24 | 8, 9, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 28, 29, 31, 32, 34, 40, 41, 51, 53, 59, 60 and Public Debt | 38.41 |
| 1996-97 | 12 | 1, 9, 11, 13, 14, 21, 28, 30, 31, 34, 40 and 51 | 14.86 |
| 1997-98 | 15 | 9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 60 | 25.34 |
| 1998-99 | 15 | 1, 7, 13, 15, 19, 20, 31, 34, 36, 41, 50, 53, 54, 64 and Public Debt | 25.26 |
| 1999-2000 | 7 | 13, 31, 44, 52, 53, 60 and Public Debt | 14.27 |
| 2000-01 | 12 | 1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62 | 13.27 |
| 2001-02 | 13 | 1, 7, 8, 11, 13, 14, 16, 22, 28, 33, 35, 48 and 59 | 27.08 |
| 2002-03 | 14 | 1, 4, 5, 7, 13, 19, 23, 28, 31, 43, 46, 58, 61 and 62 | 9.70 |
| 2003-04 | 21 | 5, 13, 15, 16, 24, 26, 28, 31, 32, 33, 35, 36, 42, 43, 44, 47, 56, 58, 59, 61 and 62 | 20.15 |
| 2004-05 | 17 | 8, 14, 15, 18, 19, 26, 28, 31, 32, 33, 40, 43, 48, 58, 61, 65, 66 and Public Debt | 46.46 |
| Total: | | | 549.88 |

APPENDIX - X

Statement showing excess expenditure under the grants

(Reference: Paragraph 2.3.2(ii); Page 27)

(Amount in Rupees)

| Sl. No. | Number and name of Grant/Appropriation | Total Grant/ Appropriation | Actual Expenditure | Excess |
|---------|---|----------------------------|-----------------------|-----------------------|
| | Capital (Charged) | | | |
| 1. | Public Debt | 1,35,90,14,000 | 3,28,88,46,554 | 1,92,98,32,554 |
| | Total : Capital Section (Charged) | 1,35,90,14,000 | 3,28,88,46,554 | 1,92,98,32,554 |
| | Revenue Section (Voted) | | | |
| 2. | 1- Legislative Assembly | 6,40,60,000 | 6,43,70,816 | 3,10,816 |
| 3. | 5- Secretariat Administration | 22,72,55,000 | 23,26,29,082 | 53,74,082 |
| 4. | 8-Police | 1,02,86,18,000 | 1,03,20,83,756 | 34,65,756 |
| 5. | 16- Art & Cultural Affairs | 6,39,19,000 | 6,46,17,624 | 6,98,624 |
| 6. | 25- Relief & Rehabilitation & Re-settlement | 29,28,57,000 | 97,62,81,769 | 68,34,24,769 |
| 7. | 35- Informations & Public Relations | 3,53,53,000 | 3,97,06,811 | 43,53,811 |
| 8. | 41- Land Management | 2,15,03,000 | 2,15,84,239 | 81,239 |
| 9. | 43 Fisheries | 4,53,60,000 | 4,88,61,268 | 35,01,268 |
| 10. | 58- Stationery & Printing | 1,41,45,000 | 1,68,58,469 | 27,13,469 |
| 11. | 60- Textiles & Handicraft | 11,20,19,000 | 11,25,91,541 | 5,72,541 |
| 12. | 66- Power (Civil) | 1,07,71,000 | 3,06,94,804 | 1,99,23,804 |
| | Total Revenue Section | 1,91,58,60,000 | 2,64,02,80,179 | 72,44,20,179 |
| | Capital Section (Voted) | | | |
| 13. | 52- Sports & Youth Affairs | 1,35,57,000 | 1,49,51,187 | 13,94,187 |
| 14. | 56- Tourism | 20,35,68,000 | 21,64,10,838 | 1,28,42,838 |
| 15. | 58- Stationery & Printing | 5,20,000 | 14,86,567 | 9,66,567 |
| | Total Capital Section | 21,76,45,000 | 23,28,48,592 | 1,52,03,592 |
| | Grand Total | 349,25,19,000 | 616,19,75,325 | 266,94,56,325 |

APPENDIX – XI

Statement showing unnecessary supplementary provision

(Reference: Paragraph 2.3.4(i); Page 27)

(Rupees in crore)

| Sl. No. | Number and name of grant/ appropriation | Amount of Supplementary provision | Amount of saving |
|---------|---|-----------------------------------|------------------|
| | Revenue (Voted) | | |
| 1. | 6- District Administration | 1.14 | 12.37 |
| 2. | 34- Power | 7.58 | 13.33 |
| 3. | 45- Civil Aviation | 0.10 | 0.33 |
| 4. | 53- Fire Protection & Control | 0.06 | 0.21 |
| 5. | 54- State tax & Excise | 0.14 | 0.16 |
| | Capital (Voted) | | |
| 6. | 14- Education | 4.79 | 10.75 |
| 7. | 40- Housing | 0.20 | 0.62 |
| 8. | 48- Horticulture | 0.02 | 0.28 |
| 9. | 51- Directorate of Library | 0.25 | 0.26 |
| | Revenue (Charged) | | |
| 10. | 66- Power (Civil) | 2.00 | 2.00 |
| | Total | 16.28 | 40.31 |

APPENDIX - XII

Statement showing excessive supplementary grants in cases where ultimate savings in each case exceeded Rs.10.00 lakh

(Reference: Paragraph 2.3.4(ii); Page 27)

(Rupees in lakh)

| Sl No | Number & name of Grant/appropriation | Original | Actual expenditure | Additional grant required | Supplementary grant obtained | Net Savings |
|-------|--|----------|--------------------|---------------------------|------------------------------|-------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Revenue (Charged) | | | | | |
| 1. | 2-Governor | 111.13 | 147.32 | 36.19 | 53.52 | 17.33 |
| 2. | 12- Social Security & Welfare | 46.00 | 63.76 | 17.76 | 28.36 | 10.60 |
| | Revenue (Voted) | | | | | |
| 3. | 3- Council of Ministers | 235.36 | 285.60 | 50.24 | 74.96 | 24.72 |
| 4. | 11- Social Welfare | 1199.86 | 2364.12 | 1164.26 | 1244.93 | 80.67 |
| 5. | 15- Health & Family Welfare | 6078.92 | 7083.40 | 1004.48 | 1240.15 | 235.67 |
| 6. | 19-Industries | 461.71 | 466.52 | 4.81 | 22.57 | 17.76 |
| 7. | 22- Civil Supplies | 951.38 | 1060.53 | 109.15 | 124.27 | 15.12 |
| 8. | 23- Forests | 4051.24 | 5966.94 | 1915.70 | 2559.28 | 643.58 |
| 9. | 24- Agriculture | 2686.83 | 5680.38 | 2993.55 | 3157.82 | 164.27 |
| 10. | 26- Rural Works | 2004.26 | 3408.79 | 1404.53 | 1477.30 | 72.77 |
| 11. | 27- Panchayat | 253.23 | 2722.34 | 2469.11 | 3842.73 | 1373.62 |
| 12. | 28- A. H. & Veterinary | 1918.73 | 2276.60 | 357.87 | 509.93 | 152.06 |
| 13. | 29- Co-operation | 324.61 | 413.65 | 89.04 | 118.39 | 29.35 |
| 14. | 30- State Transport | 2503.01 | 2834.54 | 331.53 | 403.43 | 71.90 |
| 15. | 31- Public Works | 3801.53 | 4508.52 | 706.99 | 939.17 | 232.18 |
| 16. | 32- Roads & Bridges | 2359.80 | 2617.25 | 257.45 | 653.50 | 396.05 |
| 17. | 33- North Eastern Areas | 0.00 | 441.90 | 441.90 | 467.43 | 25.53 |
| 18. | 36-Statistics | 383.35 | 474.86 | 91.51 | 124.62 | 33.11 |
| 19. | 38-Irrigation and Flood Control | 4178.29 | 4525.60 | 347.31 | 534.96 | 187.65 |
| 20. | 48- Horticulture | 958.89 | 1196.49 | 237.60 | 295.04 | 57.44 |
| 21. | 56-Tourism | 320.55 | 349.37 | 28.82 | 68.29 | 39.47 |
| 22. | 57-Urban Development | 42.15 | 65.05 | 22.90 | 111.00 | 88.10 |
| 23. | 59-Public Health Engineering | 2777.34 | 14290.42 | 11513.08 | 11831.06 | 317.98 |
| 24. | 65- Department of Tirap & Changlang District | 21.88 | 242.69 | 220.81 | 265.12 | 44.31 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Capital (Voted) | | | | | |
| 25. | 8- Police | 334.50 | 463.95 | 129.45 | 200.00 | 70.55 |
| 26. | 11-Social Welfare | 529.00 | 1377.04 | 848.04 | 972.41 | 124.37 |
| 27. | 18-Research | 0.00 | 109.19 | 109.19 | 151.00 | 41.81 |
| 28. | 19- Industries | 7.10 | 359.33 | 352.23 | 390.11 | 37.88 |
| 29. | 28- A.H. & Veterinary | 376.36 | 497.77 | 121.41 | 209.70 | 88.29 |
| 30. | 31-Public Works | 543.05 | 1113.14 | 570.09 | 891.08 | 320.99 |
| 31. | 32- Roads & Bridges | 8123.20 | 8972.58 | 849.38 | 3754.67 | 2905.29 |
| 32. | 33-North Eastern Areas | 800.00 | 3782.66 | 2982.66 | 3451.84 | 469.18 |
| 33. | 34-Power | 8120.20 | 8983.13 | 862.93 | 6123.22 | 5260.29 |
| 34. | 57- Urban Development | 412.00 | 2184.08 | 1772.08 | 2499.71 | 727.63 |
| 35. | 59-Public Health Engineering | 750.00 | 1705.57 | 955.57 | 1023.13 | 67.56 |
| 36. | 61-Geology and Mining | 14.40 | 140.91 | 126.51 | 139.48 | 12.97 |
| 37. | 66- Power (Civil) | 2682.20 | 3580.30 | 898.10 | 1581.87 | 683.77 |
| | Total | 60362.26 | 96756.29 | 36394.23 | 51536.05 | 15141.82 |

APPENDIX – XIII

Statement showing supplementary provision which proved insufficient by more than Rs.10.00 lakh leaving an uncovered excess

(Reference: Paragraph 2.3.4(iii); Page 27)

(Rupees in crore)

| Sl. No. | Number and name of Grant | Provision | | Total grant | Actual expenditure | Excess |
|---------|---|---------------|--------------|---------------|--------------------|--------------|
| | | O | S | | | |
| 1. | 5- Secretariat Administration (Revenue voted.) | 20.68 | 2.05 | 22.73 | 23.26 | 0.53 |
| 2. | 8-Police (Revenue voted) | 102.57 | 0.29 | 102.86 | 103.21 | 0.35 |
| 3. | 25- Relief, Rehabilitation & Resettlement (Revenue voted) | 16.10 | 13.19 | 29.29 | 97.63 | 68.34 |
| 4. | 35- Information & Public Relation (Revenue Voted) | 3.49 | 0.05 | 3.54 | 3.97 | 0.43 |
| 5. | 43-Fisheries (Revenue voted) | 3.59 | 0.95 | 4.54 | 4.89 | 0.35 |
| 6. | 53- Sports & Youth Services (Capital Voted) | 0.81 | 0.55 | 1.36 | 1.50 | 0.14 |
| 7. | 56 – Tourism (Capital-Voted) | 3.67 | 16.69 | 20.36 | 21.64 | 1.28 |
| 8. | 58- Stationery & Printing (Revenue Voted) | 1.40 | 0.01 | 1.41 | 1.68 | 0.27 |
| 9. | 66- Power (Civil) (Revenue Voted) | 0.99 | 0.08 | 1.07 | 3.06 | 1.99 |
| | Total | 153.30 | 33.86 | 187.16 | 260.84 | 73.68 |

(O=Original Grant, S=Supplementary Grant)

APPENDIX – XIV

Statement showing excessive/unnecessary/injudicious re-appropriation of funds

(Reference: Paragraph 2.3.5; Page 27)

(Rupees in lakh)

| Sl. No. | Number and name of grant/ appropriation and Head of account | Budget provision (original plus supplementary) | Re-appropriation Addition (+) Reduction (-) | Total Grant | Total Expenditure | Excess (+) Saving (-) |
|---------|---|--|---|-------------|-------------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | 6- District Administration 2053 District Administration 093 District Establishment 01 Establishment Charges | O 3723.54 S 81.59 | (+) 3.10 | 3808.23 | 3785.29 | (-) 22.94 |
| 2. | 6- District Administration 2053 District Administration 101 Commissioners 01 Establishment Charges | O 46.06 S 12.98 | (-) 3.10 | 55.94 | 41.16 | (-) 14.78 |
| 3. | 8- Police 2055 Police 115 Modernisation of Police Force 1041 Modernisation of Police | O 400.00 | (+) 13.85 | 413.85 | 1049.29 | (+) 635.44 |
| 4. | 8- Police 2055 Police 109 District Police 01 Establishment Expenses | O 4635.88 | (+) 377.69 | 5013.57 | 4749.04 | (-) 264.53 |
| 5. | 8- Police 2055 Police 104 Special Police 01 Armed Police Battalion | O 2031.94 | (+)121.35 | 2153.29 | 2137.13 | (-) 16.16 |
| 6. | 8- Police 2055 Police 114 Wireless and Computers 01 Establishment Expenses | O 1436.82 | (-)619.53 | 817.29 | 755.81 | (-) 61.48 |
| 7. | 8- Police 2055 Police 104 Special Police 01 India Reserve Battalion | O 1385.33 | (-) 20.34 | 1364.99 | 1277.54 | (-) 87.45 |
| 8. | 8- Police 2056 Police 001 Direction & Administration 01 Headquarter Establishment | O 2.03 S 29.07 | (+) 111.61 | 142.71 | | (-) 142.71 |
| 9. | 11- Social Welfare 4235 Capital Outlay on Social Security & Welfare 02 Social Welfare 800 Other Expenditure 1101 Construction Ashram School/Hostel | O 302.00 S 678.69 | (+) 220.00 | 1200.69 | 1176.32 | (-) 24.37 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|----------------------|------------|---------|---------|-------------|
| 10. | 12- Social Security & Welfare 2235 Social Security and Welfare 60 Other Social Security & Welfare Programmes 800 Other Expenditure 02 Ex-gratia Payment | O 15.00 S 8.36 | (+) 4.94 | 28.30 | 53.37 | (+) 25.07 |
| 11. | 13- Directorate of Accounts 2071 Pension and other Retirement Benefits 01 Civil 105 Family Pensions 01 Ordinary Pensions | O 310.80 | (+) 12.20 | 323.00 | 133.78 | (-) 189.22 |
| 12. | 14- Education 4202 Capital Outlay on Education, Sports, Arts & Culture 02 Technical Education 104 Polytechnics 01 Establishments of Polytechnics | O 2100.00 S 70.00 | (+) 200.00 | 2370.00 | 1347.76 | (-) 1022.24 |
| 13. | 14- Education 4202 Capital Outlay on Education, Sports, Arts & Culture 01 General Education 202 Secondary Education 01 Construction of Building for Education | O 5.00 S 50.00 | (+) 100.00 | 155.00 | 109.90 | (-) 45.00 |
| 14. | 19- Industries 1875 Capital Outlay on other Industries 60 Other Industries 190 Investments in Public sector and other Undertakings 02 Clearing the liabilities of APIDFC Ltd., Itanagar under Special Plan Assistance | S 149.90 | (+) 0.10 | 150.00 | 135.00 | (-) 15.00 |
| 15. | 23- Forests 2406 Forestry & Wildlife 02 Environmental Forestry and Wild Life 800 Other Expenditure 1625 Forest works | O 50.00 S 1776.87 | (+) 173.13 | 2000.00 | 1561.40 | (-) 438.60 |
| 16. | 23- Forests 2406 Forestry & Wildlife 01 Forestry 102 Social & Farm Forestry 02 Compensatory Afforestation | O 325.00 | (-) 54.88 | 270.12 | 193.34 | (-) 76.78 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|------------------------|------------|---------|---------|-------------|
| 17. | 23- Forests 2406 Forestry & Wildlife 01 Forestry 001 Direction & Administration 01 Establishment Expenses | O 2122.34 | (-)15.96 | 2106.38 | 2012.36 | (-) 94.02 |
| 18. | 24- Agriculture 4415 Capital Outlay on Agricultural Research And Education 80 General 800 Other Expenditure 1802 Creation of Assets | O 38.00 | (+)3.00 | 41.00 | 12.14 | (-) 28.86 |
| 19. | 25- Relief, Rehabilitation & Resettlement 2245 Relief on Account of Natural Calamities 02 Floods, Cyclones etc., 102 Gratuities Relief 1821 Transferred to Reserve Fund and deposit Accounts of Calamity Fund | O 1533.00 S 1296.92 | (+) 0.08 | 2830.00 | 9668.08 | (+) 6838.08 |
| 20. | 28- Animal Husbandry 4403 Capital Outlay on Animal Husbandry 800 Other Expenditure 2011 Maintenance and Creation of Assets | O 24.62 S 142.87 | (+) 9.25 | 176.74 | 97.04 | (-) 79.70 |
| 21. | 30- State Transport 5055 Capital Outlay on Road Transport 102 Acquisition of Fleet 01 Purchase of Vehicles | O 160.00 | (-) 10.00 | 150.00 | 102.41 | (-) 47.59 |
| 22. | 32- Roads and Bridges 5054 Capital Outlay on Roads and Bridges 04 District & other Roads 800 Other Expenditure 03 Schemes under Central Road Fund | O 1925.00 | (-) 303.00 | 1622.00 | 1643.52 | (+) 21.52 |
| 23. | 33- North Eastern Areas 4552 Capital Outlay on North Eastern Areas 800 Other Expenditure 12 Nari-Telam-Lipen -Maney-Kora-Koyu-Seren Rimi Road | O 50.00 S 815.00 | (+) 50.00 | 915.00 | 761.04 | (-) 153.96 |
| 24. | 33- North Eastern Areas 4552 Capital Outlay on North Eastern Areas 800 Other Expenditure 28 Margharita Changlang Road | O 50.00 S 160.00 | (+) 250.00 | 460.00 | 296.84 | (-) 163.16 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|------------------------|------------|---------|---------|-------------|
| 25. | 33- North Eastern Areas 4552 Capital Outlay on North Eastern Areas 800 Other Expenditure 30 Bridge over Dirok Deomali Road | O 50.00 | (-) 25.16 | 24.84 | 121.85 | (+) 97.01 |
| 26. | 34- Power 4801 Capital Outlay on Power Projects 01 Hydel Generation 800 Other Expenditure 2337 Scheme under APDRP. | O 1800.00 S 1985.95 | (+) 978.02 | 4763.92 | 1666.85 | (-) 3097.07 |
| 27. | 34- Power 4801 Capital Outlay on Power Projects 01 Hydel Generation 800 Other Expenditure 2330 Scheme under R.E.C. | O 600.00 | (-) 90.80 | 509.20 | 159.18 | (-) 350.02 |
| 28. | 34- Power 4801 Capital Outlay on Power Projects 01 Hydel Generation 800 Other Expenditure 2334 100 Metering System | O 81.40 | (+) 307.09 | 388.49 | 14.00 | (-) 374.49 |
| 29. | 34- Power 4801 Capital Outlay on Power Projects 80 General 800 Other Expenditure 08 Repair & Maintenance of Electric Installation of Residential Building | O 500.00 | (-) 55.00 | 445.00 | 460.96 | (+) 15.96 |
| 30. | 34- Power 4801 Capital Outlay on Power Projects 80 General 800 Other Expenditure 03 Maintenance of Diesel including Fuel | O 1500.00 | (-) 100.00 | 1400.00 | 1450.45 | (+) 50.45 |
| 31. | 34- Power 4801 Capital Outlay on Power Projects 80 General 800 Other Expenditure 07 Pitty Works | O 500.00 | (-) 40.00 | 460.00 | 477.06 | (+) 17.06 |
| 32. | 34- Power 4801 Capital Outlay on Power Projects 80 General 800 Other Expenditure 06 Maintenance of Transmission Line Including substations | O 654.80 S 1652.49 | (+) 448.89 | 2756.18 | 2735.74 | (-) 20.44 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|---|---------------------|-----------|--------|--------|------------|
| 33. | 54- State Tax & Excise 2039 State Excise 001 Direction & Administration 01 Head Quarter Establishment | O 115.71 S 13.60 | (+) 4.33 | 133.64 | 113.94 | (-) 19.70 |
| 34. | 56- Tourism 3452 Tourism 80 General 800 Other expenditure 2912 Brahmaputra Darshan Festival | S 22.47 | (+) 89.53 | 112.00 | 56.91 | (-) 55.09 |
| 35. | 56- Tourism 5452 Capital outlay on Tourism 80 General 800 Other expenditure 01 Construction of Building | O 52.00 | (-) 2.00 | 50.00 | 234.57 | 184.57 |
| 36. | 56- Tourism 5452 Capital Outlay on Tourism 01 Tourist Infrastructure 102 Tourist Accommodation 3354 Construction of Circuit Development at Pasighat Dying Ering Wild life Sanctuary | S 200.00 | (+) 39.20 | 239.20 | 259.36 | (+) 20.16 |
| 37. | 56- Tourism 5452 Capital Outlay on Tourism 01 Tourist Infrastructure 102 Tourist Accommodation 3353 Destination Development of Hot Spring/C/o Wayside Amenities at Sangam/Development Circuit and Wild life Sanctuary | S 500.00 | (+) 11.80 | 511.80 | 555.73 | (+) 43.93 |
| 38. | 56- Tourism 5452 Capital Outlay on Tourism 01 Tourist Infrastructure 102 Tourist Accommodation 2955 Development of places of Tourist Centre/Interest | S 600.00 | 174.43 | 774.43 | 71.30 | (-) 703.13 |
| 39. | 56- Tourism 5452 Capital Outlay on Tourism 01 Tourist Infrastructure 102 Tourist Accommodation 3355 Construction of Multi purpose Hall at Pasighat | S 100.00 | (+) 28.80 | 128.80 | - | (-) 128.80 |
| 40. | 57- Urban Development 4217 Capital Outlay on Urban Development 60 Other Urban Development Schemes 800 Other Expenditure 03 Procurement of Assets | O 87.00 S 1.79 | (+) 35.00 | 123.79 | 103.98 | (-) 19.81 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|---|-----------|------------|---------|---------|-------------|
| 41. | Public Debt | | | | | |
| | 2049 Interest Payments | | | | | |
| | 01 Interest on Internal Debt | 0 1856.42 | (+) 375.58 | 2232.00 | 2272.22 | (+) 40.22 |
| | 101 Interest on Market Loans | | | | | |
| | 01 Payment & interest on Market Loan | | | | | |
| 42. | Public Debt | | | | | |
| | 2049 Interest Payments | | | | | |
| | 04 Interest on Loans and Advances from Central Government | | | | | |
| | 104 Interest on Loans for Non-plan Schemes | 0 1118.08 | (-) 907.66 | 210.42 | 1461.60 | (+) 1251.18 |
| | 01 Payment and Interest on Non-plan Schemes | | | | | |

APPENDIX – XV

Statement showing expenditure without provision of funds and re-appropriation

(Reference: Paragraph 2.3.6; Page 27)

(Rupees in lakh)

| Sl. No. | Number and name of Grant | Head | Total appropriation | Actual expenditure | Excess |
|---------|----------------------------------|---|---------------------|--------------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1. | 33- North Eastern Areas | 2552- North Eastern Areas 800- Other expenditure 27- Development of Technology for Proposition & Cultivation Himalaya Yew | | 12.84 | 12.84 |
| 2. | -do- | 2552- North Eastern Areas 800- Other expenditure 09- Installation of SPV Power Plan at Gensi | | 9.36 | 9.36 |
| 3. | -do- | 2552- North Eastern Areas 800- Other expenditure 38- Vocationalisation of Education in North Eastern Region | | 8.99 | 8.99 |
| 4. | 39- Loans to Government Servants | 7610-Loans to Government Servants etc., 202- Advances for Purchase of Motor Conveyances 01- Motor Car etc., | | 1.54 | 1.54 |
| 5. | 55- State Lotteries | 2075- Miscellaneous General Services 800- Other expenditure 03- Out of Pocket Expenses | | 31.00 | 31.00 |
| 6. | 56- Tourism | 5452- Capital outlay on Tourism 01- Tourist infrastructure 102- Tourist Accommodation 3347- C/o Tourist Complex at Along | | 395.86 | 395.86 |

| (1) | (2) | (3) | (4) | (5) | (6) |
|--------------|-------------|---|-----|-----------------|-----------------|
| 7. | 56- Tourism | 5452- Capital outlay on Tourism 01- Tourist Infrastructure 102- Tourist Accommodation 2980- Renovation of Tourist Lodge at Bomdila | | 25.00 | 25.00 |
| 8. | -do- | 5452- Capital outlay on Tourism 01 Tourist infrastructure 102- Tourist Accommodation 2960- Construction of Tourist Lodge at Ziro | | 18.00 | 18.00 |
| 9. | -do- | 5452- Capital outlay on Tourism 01 Tourist infrastructure 102- Tourist Accommodation 3346- C/o Way side Amenities at Kuprijo | | 13.08 | 13.08 |
| 10. | Public Debt | 2049- Interest Payment 60- Interest on other obligations 701- Miscellaneous 03- Interest on Power Bonds | | 204.61 | 204.61 |
| 11. | -do- | 6004- Loans and Advances from the Central Govt. 06- Ways and Means Advances 800- Other ways and Means Advances | | 19392.00 | 19392.00 |
| Total | | | | 20112.28 | 20112.28 |

APPENDIX – XVI

Statement showing non-utilisation of entire provision of funds in excess of
Rs.10 lakh

(Reference: Paragraph 2.3.7; Page 28)

(Rupees in crore)

| Sl. No. | Number and name of grant | Head of Account | Total grant | Total expenditure | Saving (-) | Percentage |
|---------|--------------------------------|---|-------------|-------------------|------------|------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | 8-Police | 2056-Jails 001 – Direction & Administration 01 - Headquarter Establishment O – 0.02 S – 0.29 R - 1.12 | 1.43 | - | 1.43 | 100 |
| 2. | 12 – Social Security & welfare | 2235 – Social Security & Welfare 60 – Other Social Security & Welfare Programme 800 - Other Expenditure 04 – Provisions in lieu of 3 rd Party Insurance of APST Buses S - 0.20 | 0.20 | - | 0.20 | 100 |
| 3. | 23 – Forests | 2406 - Forestry & Wild Life 1 - Environmental Forestry & Wild Life 110 Wild Life Preservation 1 Economic Development of Namdhapha & Tiger Reserve S - 0.75 | 0.75 | - | 0.75 | 100 |
| 4. | 27 – Panchayat | 2515 – Other Rural Development Programme 001 – Direction & Administration 1 Panchayat & Local Bodies S - 13.06 | 13.60 | - | 13.60 | 100 |
| 5. | 31 – Public works | 4059 - Capital Out lay on Public Works 80 General 800 Other expenditure 2206 - Construction of 200 seated Girls Hostel At J.N. College Pasighat S - 1.76 | 1.76 | - | 1.76 | 100 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|----------------------|--|------|-----|------|-----|
| 6. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2256 Construction of Link Road from Lhou Nallah To Mukto Circle S - 5.68 | 5.68 | - | 5.68 | 100 |
| 7. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2257 Improvement of Doimukh to Taru Road S - 5.36 | 5.36 | - | 5.36 | 100 |
| 8. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2259 Construction of Motorable Suspension Bridge over Lohit to Connect Manchal Administrative Circle S - 4.13 | 4.13 | - | 4.13 | 100 |
| 9. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2258 Construction of Roads from Bameng to Loda S - 2.39 | 2.39 | - | 2.39 | 100 |
| 10. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2255 Construction of Roads from Dipulangu Bridge Point to Dipu S - 1.09 | 1.09 | - | 1.09 | 100 |
| 11. | 32 - Roads & Bridges | 5054 - Capital outlay on Roads & Bridges 04 District & other Roads 800 Other expenditure 2254 Improvement of Portar Track from Tugri to Mago S - 0.98 | 0.98 | - | 0.98 | 100 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--------------------|---|-------|-----|-------|-----|
| 12. | 34 Power | 4801- Capital Outlay on Power Project 06 Rural 800 Other Expenditure 01 Rural Electrification S - 12.00 | 12.00 | - | 12.00 | 100 |
| 13. | 56 – Tourism | 03 Centrally Sponsored scheme 5452 Capital Outlay on Tourism 01 Tourist infrastructure 102 Tourist accommodation 3355 Construction of multipurpose Hall at Pasighat S - 1.00 R - 0.29 | 1.29 | - | 1.29 | 100 |
| 14. | 56 – Tourism | 03 Centrally Sponsored scheme 5452 Capital Outlay on Tourism 01 Tourist infrastructure 102 Tourist accommodation 3357 Development of Aero Sport Centre S - 0.80 | 0.80 | - | 0.80 | 100 |
| 15. | 66 – Power (Civil) | 07 – Non- Lapsable Pool 4801 – Capital Outlay on Power Projects 05 Transmission & Distribution 800 Other expenditure 3281 Schemes under REC S - 1.62 | 1.62 | - | 1.62 | 100 |
| | | Total : | 53.08 | - | 53.08 | |

APPENDIX – XVII

Statement showing persistent savings in excess of Rs.10 lakh in each case and 10 per cent or more of the provision:

(Reference: Paragraph 2.3.8; Page 28)

(Percentage of savings to total provision)

| Sl. No. | Number and name of grant/appropriation | 2003-04 | 2004-05 | 2005-06 |
|---------|--|---------|---------|---------|
| | Revenue (Charged) | | | |
| 1. | 2-Governor | 27 | 12 | 11 |
| 2. | 12 – Social Security | 44 | 13 | 13 |
| | Revenue (Voted) | | | |
| 3. | 27-Panchayat | 53 | 19 | 34 |
| 4. | 38-Irrigation and Flood Control | 14 | 23 | 12 |
| 5. | 50-Secretariat Economic Services | 64 | 53 | 94 |
| 6. | 53 – Fire Protection & Control | 11 | 12 | 11 |
| 7. | 57-Urban Development | 60 | 23 | 58 |
| | Capital (Voted) | | | |
| 8. | 14-Education | 31 | 35 | 34 |
| 9. | 18- Research | 46 | 52 | 28 |
| 10. | 24-Agriculture | 62 | 74 | 21 |
| 11. | 31-Public Works | 39 | 64 | 22 |
| 12. | 34-Power | 20 | 32 | 37 |
| 13. | 51-Directorate of Library | 100 | 77 | 100 |
| 14. | 57-Urban Development | 61 | 79 | 25 |

APPENDIX – XVIII

Statement showing non-surrender of savings in excess of Rs.20 lakh

(Reference: Paragraph 2.3.9; Page 28)

(Rupees in crore)

| Sl. No. | Number and name of the grant / appropriation | Total grant / appropriation | Savings | Un-surrendered savings | Percentage of un-surrendered savings |
|---------|--|-----------------------------|---------|------------------------|--------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| | Revenue (Charged) | | | | |
| 1. | Public Debt | 189.07 | 21.54 | 2.56 | 12 |
| | Revenue (Voted) | | | | |
| 2. | 3- Council of Ministers | 3.10 | 0.25 | 0.25 | 100 |
| 3. | 6. District Administration | 90.56 | 12.37 | 8.45 | 68 |
| 4. | 11 – Social Welfare | 24.45 | 0.81 | 0.81 | 100 |
| 5. | 14 – Education | 209.76 | 8.08 | 8.08 | 100 |
| 6. | 15- Health & Family Welfare | 73.19 | 2.36 | 2.36 | 100 |
| 7. | 23 – Forests | 66.11 | 6.44 | 6.44 | 100 |
| 8. | 24 - Agriculture | 58.45 | 1.64 | 1.64 | 100 |
| 9. | 26 – Rural works | 34.82 | 0.73 | 0.73 | 100 |
| 10. | 27 – Panchayat | 40.96 | 13.74 | 13.74 | 100 |
| 11. | 28 – Animal H. & Veterinary | 24.29 | 1.52 | 1.52 | 100 |
| 12. | 29 – Co-operation | 4.43 | 0.29 | 0.29 | 100 |
| 13. | 30 – State Transport | 29.06 | 0.72 | 0.72 | 100 |
| 14. | 31 – Public Works | 47.41 | 2.32 | 0.37 | 16 |
| 15. | 33 – North Eastern Areas | 4.67 | 0.26 | 0.26 | 100 |
| 16. | 34 – Power | 114.34 | 13.33 | 13.19 | 99 |
| 17. | 36 – Statistics | 5.08 | 0.33 | 0.33 | 100 |
| 18. | 38 - Irrigation & Flood Control | 47.13 | 1.88 | 1.88 | 100 |
| 19. | 42 – Rural Development | 30.50 | 5.03 | 4.57 | 91 |
| 20. | 48 – Horticulture | 12.54 | 0.57 | 0.51 | 100 |
| 21. | 50 – Secretariat Economic Services | 363.26 | 341.37 | 30.05 | 9 |
| 22. | 53 – Fire Protection & Control | 1.83 | 0.21 | 0.21 | 100 |
| 23. | 56 – Tourism | 3.89 | 0.39 | 0.39 | 100 |
| 24. | 57 – Urban Development | 1.53 | 0.88 | 0.88 | 100 |
| 25. | 59 – Public Health Engineering | 146.08 | 3.18 | 3.18 | 100 |

| (1) | (2) | (3) | (4) | (5) | (6) |
|-----|---|----------------|---------------|---------------|-----|
| 26. | 65 – Department of Tirap & Changlang District | 2.87 | 0.44 | 0.44 | 100 |
| | Capital (Voted) | | | | |
| 27. | 8 – Police | 5.35 | 0.71 | 0.71 | 100 |
| 28. | 11 – Social Welfare | 15.01 | 1.24 | 1.24 | 100 |
| 29. | 14 – Education | 31.98 | 10.75 | 10.75 | 100 |
| 30. | 15 – Health & Family Welfare | 5.87 | 0.77 | 0.77 | 100 |
| 31. | 16 – Art & Culture Affairs | 1.02 | 0.49 | 0.49 | 100 |
| 32. | 18 – Research | 1.51 | 0.42 | 0.42 | 100 |
| 33. | 19 – Industries | 3.97 | 0.38 | 0.38 | 100 |
| 34. | 30 – State Transport | 2.90 | 0.50 | 0.50 | 100 |
| 35. | 31 – Public Works | 14.34 | 3.21 | 3.21 | 100 |
| 36. | 32 – Roads & Bridges | 118.78 | 29.05 | 29.05 | 100 |
| 37. | 33 – North Eastern Areas | 42.52 | 4.69 | 4.69 | 100 |
| 38. | 34 – Power | 142.43 | 52.60 | 52.60 | 100 |
| 39. | 40 – Housing | 6.52 | 0.62 | 0.62 | 100 |
| 40. | 48 – Horticulture | 0.91 | 0.28 | 0.28 | 100 |
| 41. | 51 – Directorate of Library | 0.26 | 0.26 | 0.26 | 100 |
| 42. | 57 – Urban Development | 29.12 | 7.28 | 7.28 | 100 |
| 43. | 59 – Public Health Engineering | 17.73 | 0.68 | 0.68 | 100 |
| 44. | 65 – Department of Tirap and Changlang District | 24.78 | 6.32 | 3.67 | 58 |
| 45. | 66 – Power (Civil) | 42.64 | 6.84 | 6.84 | 100 |
| | Total | 2137.02 | 567.77 | 228.29 | |

APPENDIX – XIX

Statement showing the number of cases in which the amount surrendered was in excess of actual savings (Table-A)/excess (Table-B)

(Reference: Paragraph 2.3.10; Page 28)

Table-A

(Rupees in lakh)

| Sl. No. | Grant number | Saving (-) | Amount surrendered | Excess amount surrendered |
|---------|----------------------------------|---------------|--------------------|---------------------------|
| | Revenue (Voted) | | | |
| 1. | 32-Roads and Bridges | 396.05 | 400.11 | 4.06 |
| 2. | 40 – Housing | 5.73 | 5.74 | 0.01 |
| | Capital Voted | | | |
| 3. | 39 – Loans to Government Servant | 274.92 | 276.16 | 1.24 |
| 4. | 62 – Directorate of Transport | 4.80 | 6.90 | 2.10 |
| | Total: | 681.50 | 688.91 | 7.41 |

Table-B

(Rupees in lakh)

| Sl. No. | Grant number | Excess (+) | Amount surrendered | Excess amount surrendered |
|---------|-------------------------------------|--------------|--------------------|---------------------------|
| | Revenue (Voted) | | | |
| 1. | 35 – Information & Public Relations | 43.54 | 18.67 | 18.67 |
| 2. | 58 – Stationery & Printing | 27.13 | 9.67 | 9.67 |
| | Total: | 70.67 | 28.34 | 28.34 |

APPENDIX - XX

Statement showing rush of expenditure during the month of March

(Reference: Paragraph 2.3.11; Page 29)

(Rupees in crore)

| Sl No. | Heads of accounts | Grant No. | Total provision | Expenditure | | | | Total expenditure | Percentage of expenditure during 4 th quarter to total expenditure | Expenditure during March | Percentage of expenditure during March | |
|--|-------------------|-----------------|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------|---|--------------------------|--|-------------------|
| | | | | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | | | | Total provision | Total expenditure |
| 1. | 2055 | 8 | 102.46 | 18.73 | 18.23 | 22.38 | 43.77 | 103.11 | 42 | 27.91 | 27 | 27 |
| 2. | 2202 | 14 | 208.96 | 37.34 | 35.58 | 42.47 | 85.43 | 200.82 | 43 | 61.06 | 29 | 30 |
| 3. | 2210 | 15 | 68.30 | 13.13 | 11.15 | 14.59 | 28.00 | 66.87 | 42 | 17.35 | 25 | 26 |
| 4. | 2211 | 15 | 4.89 | 0.66 | 0.62 | 0.87 | 1.81 | 3.96 | 46 | 1.28 | 26 | 32 |
| 5. | 2215 | 59 | 146.08 | 5.65 | 9.86 | 29.24 | 98.14 | 142.90 | 69 | 77.02 | 53 | 54 |
| 6. | 2235 | 8,11,12,13 & 25 | 25.35 | 2.38 | 3.95 | 5.29 | 12.81 | 24.43 | 52 | 7.73 | 30 | 32 |
| 7. | 2401 | 24,48 | 61.01 | 6.53 | 7.42 | 8.69 | 36.94 | 59.58 | 62 | 29.32 | 48 | 49 |
| 8. | 2403 | 28 | 23.20 | 3.71 | 4.03 | 4.93 | 9.09 | 21.76 | 42 | 6.07 | 26 | 28 |
| 9. | 2515 | 27, 42 | 53.10 | 2.27 | 2.24 | 26.87 | 6.12 | 37.50 | 16 | 3.97 | 07 | 11 |
| 10. | 2851 | 19, 60 | 14.68 | 2.19 | 1.96 | 2.51 | 8.00 | 14.66 | 55 | 4.40 | 30 | 30 |
| Total: | | | 708.03 | 92.59 | 95.04 | 157.84 | 330.11 | 675.59 | 49 | 236.11 | 33 | 35 |
| Percentage with reference to total expenditure | | | | 14 | 14 | 23 | 49 | 95 | | 35 | | |

Source : Accountant General (A&E).

APPENDIX – XXI

Statement showing the drawal of amount by AC bills

(Reference: Paragraph 2.3.13; Page 29)

Abstract of total number of AC bills awaiting adjustment

| Total number of AC bills awaiting adjustment | Amount involved (Rupees) | Age-wise break up of outstanding advances | | |
|--|--------------------------|---|-----------------|-----------------|
| | | Year | Number of items | Amount (Rupees) |
| 1632 | 16,14,62,565 | 2001-02 | 147 | 29,92,200 |
| | | 2002-03 | 389 | 72,16,517 |
| | | 2003-04 | 206 | 163,29,612 |
| | | 2004-05 | 465 | 10,07,89,341 |
| | | 2005-06 | 425 | 3,41,34,895 |
| | | | | 16,14,62,565 |

DETAILS OF AC BILLS AWAITING ADJUSTMENT

(Amount in Rupees)

| Sl. No. | Name of the D.D.O/Controlling Officers for whom D.C. bills are awaited | Year | Total number of items | Amount involved |
|---------|---|------|-----------------------|-----------------|
| 1. | Director of Sports and Youth Welfare, Itanagar | | 1 | 20000 |
| 2. | Chief Medical Officer, General Hospital, Naharlagun | | 22 | 155000 |
| 3. | District Election Officer, Daporijo | | 8 | 2436000 |
| 4. | Deputy Director (Fisheries), Directorate of Fisheries, Itanagar | | 1 | 75000 |
| 5. | District Medical Officer, Roing | | 2 | 60000 |
| 6. | Director of Higher Education, Itanagar | | 1 | 500000 |
| 7. | Directorate of Textile and Handicraft | | 1 | 1000000 |
| 8. | District Medical Officer (FWL), Pasighat | | 10 | 130700 |
| 9. | Superintendent of Police (PS), Itanagar | | 1 | 40000 |
| 10. | Superintendent of Police (Tele), Itanagar | | 244 | 66480015 |
| 11. | Under Secretary, Public Service Commission, Itanagar | | 13 | 196320 |
| 12. | Deputy Director Stationery and Printing, Naharlagun | | 5 | 6225000 |
| 13. | District Election Officer, Along | | 34 | 1927430 |
| 14. | Assistant Director for Relief and Rehabilitation and Settlement, Itanagar | | 4 | 18000 |
| 15. | District Medical Officer (FWL), Changlang | | 1 | 15000 |
| 16. | District Election Officer, Yingkiong | | 26 | 344348 |
| 17. | District Medical Officer, (MED) Tezu | | 5 | 520000 |
| 18. | Deputy Commissioner (Admn), Tezu | | 7 | 425000 |
| 19. | District Election Officer, Tawang | | 3 | 425000 |
| 20. | District Election Officer, (DC) Seppa | | 5 | 3800000 |
| 21. | Deputy Director of Health Services (T&R) (FWL), Pasighat | | 8 | 600000 |
| 22. | District Election Officer, Tirap, Khonsa | | 1 | 154100 |
| 23. | Child Development Project Officer, Doimukh | | 1 | 2067000 |
| 24. | Director, Social Welfare Department, Naharlagun | | 2 | 17000 |
| 25. | District. Medical Officer, Papumpare (MED), Papumpare | | 6 | 63000 |
| 26. | Finance and Accounts Officer, Legislative Assembly, Naharlagun | | 58 | 926000 |
| 27. | District Relief and Rehabilitation Officer, Itanagar | | 4 | 19000 |
| 28. | Divisional Commissioner (West), Itanagar | | 3 | 991802 |

| Sl. No. | Name of the D.D.O/Controlling Officers for whom D.C. bills are awaited | Year | Total number of items | Amount involved |
|---------------|--|------|-----------------------|------------------|
| 29. | Director General Police, Itanagar | | 25 | 31229436 |
| 30. | District Medical Officer (MED), Changlang | | 1 | 45608 |
| 31. | Deputy Commissioner, Papumpare | | 2 | 50000 |
| 32. | District Medical Officer (FWL), Bomdila | | 2 | 20000 |
| 33. | Social Welfare Woman and Child Department, Naharlagun | | 10 | 144760 |
| 34. | District Election Officer, Changlang | | 4 | 450000 |
| 35. | District Election Officer, Bomdila | | 4 | 302000 |
| 36. | Treasury Officer, Along | | 1 | 15770 |
| 37. | District Medical Officer, Yingkiang | | 2 | 30000 |
| 38. | Deputy Commissioner (Admn), Anini | | 1 | 28626 |
| 39. | Deputy Commissioner (Admn), Bomdila | | 1 | 6000 |
| 40. | Deputy Commissioner (Admn), Tirap | | 1 | 5600 |
| 41. | District Medical Officer (FWL), Daporijo | | 1 | 20000 |
| 42. | Director of Relief and Rehabilitation, Itanagar | | 1 | 5000 |
| 43. | Assistant Commissioner, Excise & Taxation, Itanagar | | 1 | 5000 |
| 44. | District Medical Officer, Seppa | | 1 | 40000 |
| 45. | District Medical Officer, Khonsa | | 13 | 90000 |
| 46. | Treasury Officer, Itanagar | | 1 | 207951 |
| 47. | Director of Small Saving, Naharlagun | | 1 | 15000 |
| 48. | Deputy Commissioner (Admn), Tawang | | 2 | 81000 |
| 49. | Deputy Commissioner (Admn), Itanagar | | 7 | 1162990 |
| 50. | District Election Officer (ADC), Roing | | 2 | 160000 |
| 51. | District Election Officer, Ziro | | 1 | 200000 |
| 52. | District Election Officer, Pasighat | | 1 | 78225 |
| 53. | Vice Principal, P.T.C., Banderdewa | | 1 | 20000 |
| 54. | Deputy Commissioner (LAR), Along | | 1 | 5400 |
| 55. | Director of Health Services (MED), Naharlagun | | 2 | 20000 |
| 56. | Editor, A.P. Gazetteer, Shillong | | 3 | 149482 |
| 57. | Under Secretary to (Estt)(Law), Itanagar | | 3 | 3007470 |
| 58. | Director of Audit and Pension, Naharlagun | | 7 | 80000 |
| 59. | Deputy Director Small Saving, Naharlagun | | 3 | 40000 |
| 60. | Under Secretary, Itanagar | | 159 | 3995650 |
| 61. | Director of Health Services, Naharlagun | | 18 | 190000 |
| 62. | Director of Accounts and Treasuries, Naharlagun | | 16 | 133000 |
| 63. | Minister of Arunachal Pradesh | | 10 | 83587 |
| 64. | Commandant 1 st AAP, BHQ, Itanagar | | 2 | 70000 |
| 65. | District Health and Medical Officer (FWL), Along | | 37 | 304800 |
| 66. | Deputy Superintendent of Police (Tele), Itanagar | | 7 | 334920 |
| 67. | Under Secretary to Governor, Itanagar | | 185 | 5890634 |
| 68. | District Election Officer, Naharlagun | | 10 | 336900 |
| 69. | Under Secretary (Estt), O/O The Divisional Commission, Itanagar | | 191 | 2525910 |
| 70. | Under Secretary (Estt), Govt. of A.P., Itanagar | | 349 | 14051461 |
| 71. | Secretary, State Lotteries, Itanagar | | 26 | 5444300 |
| 72. | Under Secretary (Estt), Itanagar | | 42 | 1797720 |
| Total: | | | 1632 | 161462565 |

APPENDIX – XXII

Statement showing details of re-allocation and lifting of foodgrains under BPL

(Reference: Paragraph 3.1.8.3; Page 37)

Name of the Scheme = TPDS/BPL (Quintals)

| Name of the District | Year | Re-allotment of food grains by the State Govt. | Off-take by the District Authority | Short Off-take by the District Authority | Percentage of lifting |
|--|---------|--|--|---|-----------------------|
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2000-01 | 8180 NA 18784 8510 | 7305.88 NA 14395.45 7116.00 | 874.12 NA 4388.00 1394.00 | 81.23 |
| | | 35474 | 28817.33 | 6656.12 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2001-02 | 13542 NA 38162 13556 | 12834.00 NA 25419.51 11196.00 | 708.00 NA 12742.49 2360.00 | 75.77 |
| | | 65260 | 49449.51 | 15810.49 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2002-03 | 22060 24838 41629 12985 | 19697.00 24308.74 22901.17 10161.00 | 2363.00 529.26 18727.83 2824.00 | 75.92 |
| | | 101512 | 77067.91 | 24444.09 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2003-04 | 22632 28508 30420 13994 | 21370 21649 20800.71 15037 | 1262.00 6859.00 9619.29 (+)1043.00 | 82.52 |
| | | 95554 | 78856.71 | 16697.29 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2004-05 | 17875 28541 16706 31809 | 10752.00 20289.37 13715.09 24503.00 | 7123.00 8251.63 2990.91 7306.00 | 72.96 |
| | | 94931 | 69259.46 | 25671.54 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2005-06 | 19750 27684 15816 31809 | 19314.00 27274.00 11295.00 24989.00 | 436.00 410.00 4521.00 6823.00 | 87.18 |
| | | 95054 | 82869.00 | 12190.00 | |

APPENDIX – XXIII

Statement showing details of re-allocation and lifting of foodgrains under AAY

(Reference: Paragraph 3.1.8.3; Page 37)

Name of the Scheme = TPDS/AAY

(Quintals)

| Name of the District | Year | Re-allotment of food grains by the State Govt. | Off-take by the District Supply Officer | Short Off-take by the District Authority | Percentage of lifting |
|--|---------|--|--|---|-----------------------|
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2000-01 | Not implemented | Not implemented | Not implemented | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2001-02 | NA NA 1350 330 | NA NA 466.06 304.00 | NA NA 833.92 26.00 | 45.84 % |
| | | 1680 | 770.06 | 859.92 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2002-03 | 4674 4616 7275 2417 | 4458.00 4545.50 5001.79 2369.00 | 216.00 70.50 2273.20 48.00 | 86.26 % |
| | | 18982 | 16374.29 | 2607.70 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2003-04 | 4908 4848 6000 2772 | 5280.30 4364.00 4429.35 2358.00 | (-) 372.30 484.00 1570.65 414.00 | 88.68 % |
| | | 18528 | 16431.65 | 2096.35 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2004-05 | 6391.3 6619 7311 3850 | 5033.85 5279.00 6301.65 3652.00 | 1357.45 1340.00 1009.35 198.00 | 83.84 % |
| | | 24171.30 | 20266.50 | 3904.80 | |
| 1) West Kameng 2) West Siang 3) Lower Subansiri 4) Papum Pare | 2005-06 | 9240 8880 10512 3852 | 9240.00 8880.00 7692.00 3296.00 | - - 2820.00 556.00 | 89.60% |
| | | 32484 | 29108.00 | 3376.00 | |

APPENDIX – XXIV

Statement showing avoidable excess claim of HTS due to allocation of foodgrains (Rice) by head loads in excess over norms

(Reference: Paragraph 3.1.8.13; Pages 42 and 43)

A West Kameng

| Location/ Village | Population as per Census (2001) | Bill No. and date | Month | Head load distance (km) | Carriage rate per quintal (Rs) | Quantity allotted (Qtls) | Bill amount (Rs.) | Quantity required to be allotted as per norm (Qtls) | Excess quantity allotted (Qtls) | Resultant excess HTS claimed (Rs.) |
|----------------------|--|--------------------------------------|--------------------|----------------------------------|---|--------------------------------|-------------------------|---|--|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| Doimara | 228 | SUP/WK/NT/08/2003-04 dt. 17.08.04 | July 2004 | 65 | 8125 | 400.00 | 3250000 | 79.80 | 320.20 | 2601625 |
| Foothills | 120 | SUP/WK/NT/08/2003-04 dt. 17.08.04 | July 2004 | 75 | 9375 | 2196.00 | 20587500 | 42.00 | 2154.00 | 20193750 |
| Khellong | 97 | SUP/WK/NT/08/2003-04 dt. 17.08.04 | | 60 | 7500 | 200.00 | 1500000 | 33.95 | 166.05 | 1245375 |
| Yayung | 90 | SUP/WK/NT/08/2003-04 dt. 17.08.04 | | 36 | 4500 | 50 | 225000 | 31.50 | 18.50 | 83250 |
| Doimara | 228 | SUP/WK/NT/10/2003-04 dt. 17.01.05 | Nov & Dec 2004 | 65 | 8125 | 250.00 | 2031250 | 159.60 | 90.40 | 734500 |
| Foothills | 120 | SUP/WK/NT/10/2003-04 dt. 17.01.05 | Nov & Dec 2004 | 75 | 9375 | 1074.00 | 10068750 | 84.00 | 990.00 | 9281250 |
| Foothills | 120 | SUP/WK/NT/11/2003-04 dt. | Jan to Mar 2005 | 75 | 9375 | 1227.00 | 11503125 | 126.00 | 1101.00 | 10321875 |
| Kamengba ri | 279 | SUP/WK/GM/09/2003-04 dt. 14.07.04 | June 2004 | 114 | 14250 | 267.75 | 3815438 | 97.65 | 170.10 | 2423925 |
| Challan | 166 | SUP/WK/GM/09/2003-04 dt. 14.07.04 | June 2004 | 55 | 6875 | 70.00 | 481250 | 58.10 | 11.90 | 81812.5 |
| Marraka | 19 | SUP/WK/GM/09/2003-04 dt. 14.07.04 | June 2004 | 41 | 5125 | 50.00 | 256250 | 6.65 | 43.35 | 222168.75 |
| Wathun | 12 | SUP/WK/GM/09/2003-04 dt. 14.07.04 | June 2004 | 78 | 9750 | 50.00 | 487500 | 4.20 | 45.80 | 446550 |
| Dilching | 90 | SUP/WK/GM/09/2003-04 dt. 14.07.04 | June 2004 | 86 | 10750 | 50.00 | 537500 | 31.50 | 18.50 | 198875 |
| Kamengba ri | 279 | SUP/WK/GM/10/2003-04 dt. 09.08.04 | July 2004 | 114 | 14250 | 512.75 | 7306688 | 97.65 | 415.10 | 5915175 |
| Challan | 166 | SUP/WK/GM/10/2003-04 dt. 09.08.04 | July 2004 | 55 | 6875 | 120.00 | 825000 | 58.10 | 61.90 | 425562.5 |
| Marraka | 19 | SUP/WK/GM/10/2003-04 dt. 09.08.04 | July 2004 | 41 | 5125 | 50.00 | 256250 | 6.65 | 43.35 | 222168.75 |
| Wathun | 12 | SUP/WK/GM/10/2003-04 dt. 09.08.04 | July 2004 | 78 | 9750 | 100.00 | 975000 | 4.20 | 95.80 | 934050 |
| Dilching | 90 | SUP/WK/GM/10/2003-04 dt. 09.08.04 | July 2004 | 86 | 10750 | 100.00 | 1075000 | 31.50 | 68.50 | 736375 |
| Total of A | | | | | | 6767.5 | 65181501 | | | 56068288 |

B Lower Subansiri

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-------------------|-----|---|--------------|-----|-------|--------|----------------|------------------|---------|------------------|
| Pochu | 70 | HT/HTS/04/2002-03 DT.01.02.03 | Nov-03 | 117 | 4536 | 60 | 272160 | 24.50 | 35.50 | 161028 |
| Nama | 29 | HT/HTS/04/2002-03 DT.01.02.03 | Nov-03 | 242 | 11600 | 1000 | 11600000 | 10.15 | 989.85 | 11482260 |
| Taib | 160 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb-03 | 130 | 12161 | 100 | 1216100 | 56.00 | 44.00 | 535084 |
| Amgi | 64 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb-03 | 124 | 10661 | 100 | 1066100 | 22.40 | 77.60 | 827293.6 |
| Pochu | 70 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb-03 | 117 | 8911 | 100 | 891100 | 24.50 | 75.50 | 672780.5 |
| Nama | 29 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb-03 | 242 | 22650 | 400 | 9060000 | 10.15 | 389.85 | 8830102.5 |
| Nama | 29 | HT/HTS/05/2002-03 DT.01.12.03 | Nov-03 | 242 | 22850 | 239 | 5461835 | 10.15 | 228.85 | 5229222.5 |
| Taib | 160 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb & May 03 | 130 | 12161 | 150 | 1824150 | 112.00 | 38.00 | 462118 |
| Amgi | 64 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb & May 03 | 124 | 10661 | 150 | 1599150 | 44.80 | 105.20 | 1121537.2 |
| Pochu | 70 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb & May 03 | 117 | 8911 | 150 | 1336650 | 49.00 | 101.00 | 900011 |
| Nama | 29 | SUP/LS/TV/01/03 dt. 23.9.03 | Feb & May 03 | 242 | 22850 | 600 | 13710000 | 20.30 | 579.70 | 13246145 |
| Amgi | 64 | SUP/LS/TV/02/03 dt. 23.9.03 | May-03 | 124 | 10661 | 50 | 533050 | 22.40 | 27.60 | 294243.6 |
| Pochu | 70 | SUP/LS/TV/02/03 dt. 23.9.03 | May-03 | 117 | 8911 | 50 | 445550 | 24.50 | 25.50 | 227230.5 |
| Nama | 29 | SUP/LS/TV/02/03 dt. 23.9.03 | May-03 | 242 | 22650 | 200 | 4530000 | 10.15 | 189.85 | 4300102.5 |
| Taib | 160 | SUP/LS/TV/03/03 dt. 30.9.03 | Sep-03 | 130 | 12161 | 140 | 1702540 | 56.00 | 84.00 | 1021524 |
| Amgi | 64 | SUP/LS/TV/03/03 & SUP/LS/TV/04/03 dt. 30.9.03 | Sep-03 | 124 | 10661 | 150 | 1599150 | 22.40 | 127.60 | 1360343.6 |
| Pochu | 70 | SUP/LS/TV/03/03 & SUP/LS/TV/04/03 dt. 30.9.03 | Sep-03 | 117 | 8911 | 150 | 1336650 | 24.50 | 125.50 | 1118330.5 |
| Nama | 29 | SUP/LS/TV/03/03 & SUP/LS/TV/04/03 dt. 30.9.03 | Sep-03 | 242 | 22650 | 160 | 3624000 | 10.15 | 149.85 | 3394102.5 |
| Pochu | 70 | LS/TV/SUP/03/HTS/04/22 dt. 01.09.04 | Jun-04 | 117 | 4536 | 50.36 | 228433 | 24.50 | 25.86 | 117300.96 |
| Amgi | 64 | LS/TV/SUP/03/HTS/04/22 dt. 01.09.04 | Jun-04 | 124 | 5411 | 650 | 3517150 | 22.40 | 627.60 | 3395943.6 |
| Nama | 29 | LS/TV/SUP/03/HTS/04/22 dt. 01.09.04 | Jun-04 | 242 | 11600 | 1193 | 13838800 | 10.15 | 1182.85 | 13721060 |
| Pochu | 70 | LS/TV/SUP/03/HTS/04/24 dt. 01.09.04 | May-04 | 117 | 4536 | 300 | 1360800 | 24.50 | 275.50 | 1249668 |
| Nama | 29 | LS/TV/SUP/03/HTS/04/24 dt. 01.09.04 | May-04 | 242 | 11600 | 326.54 | 3787864 | 10.15 | 316.39 | 3670124 |
| Nama | 29 | LS/TV/SUP/03/HTS/04/21 dt. 16.06.04 | May-04 | 242 | 11600 | 2000 | 23200000 | 0.00 | 2000.00 | 23200000 |
| Total of B | | | | | | | 8558.90 | 107741232 | | 100537556 |

C West Siang

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|----------------|------|---|------------------------|-----|------|---------|----------|--------|---------|----------|
| Dupu | 67 | WS/HTS/RICE/2003/02 dt. 09.05.03 | April 2003 | 303 | 3357 | 100.00 | 335700 | 23.45 | 76.55 | 256978 |
| Gameng | 156 | WS/HTS/RICE/2003/02 dt. 09.05.03 | April 2003 | 285 | 2136 | 100.00 | 213600 | 54.60 | 45.40 | 96974 |
| Gate | 124 | WS/HTS/RICE/2003/02 dt. 09.05.03 | April 2003 | 306 | 3500 | 200.00 | 700000 | 43.40 | 156.60 | 548100 |
| Mechuka | 1119 | WS/HTS/RICE/2003/03 dt. 10.05.03 | April 2003 | 369 | 4650 | 1300.00 | 6045000 | 391.65 | 908.35 | 4223828 |
| Payum | 220 | WS/HTS/RICE/2003/02 dt. 09.05.03 | April 2003 | 280 | 1570 | 100.00 | 157000 | 77.00 | 23.00 | 36110 |
| Pidi | 517 | WS/HTS/RICE/2003/02 dt. 09.05.03 | April 2003 | 350 | 3935 | 500.00 | 1967500 | 180.95 | 319.05 | 1255462 |
| Diten | 46 | WS/HTS/RICE/2003/01 dt. 15.10.03 | August 2003 | 159 | 4286 | 200.00 | 857200 | 16.10 | 183.90 | 788195 |
| Dupu | 67 | WS/HTS/RICE/2003/01 dt. | August 2003 | 303 | 3357 | 100.00 | 335700 | 23.45 | 76.55 | 256978 |
| Gate | 124 | WS/HTS/RICE/2003/01 dt. | August 2003 | 306 | 3590 | 100.00 | 359000 | 43.40 | 56.60 | 203194 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/01 dt. | August 2003 | 367 | 4650 | 1400.00 | 6510000 | 756.70 | 643.30 | 2991345 |
| Pidi | 517 | WS/HTS/RICE/2003/01 dt. | August 2003 | 350 | 3935 | 500.00 | 1967500 | 180.95 | 319.05 | 1255462 |
| Sibe | 33 | WS/HTS/RICE/2003/01 dt. 15.10.03 | August 2003 | 155 | 3976 | 130.00 | 516880 | 11.55 | 118.45 | 470957 |
| Yachugi | 50 | WS/HTS/RICE/2003/01 dt. 15.10.03 | August 2003 | 147 | 3354 | 117.00 | 392418 | 17.50 | 99.50 | 333723 |
| Diten | 46 | WS/HTS/RICE/2003/01 dt. 24.02.04 | Dec 2003 | 159 | 6433 | 160.00 | 1029280 | 16.10 | 143.90 | 925709 |
| Sibe | 33 | WS/HTS/RICE/2003/01 dt. 24.02.04 | Dec 2003 | 155 | 5933 | 40.00 | 237320 | 11.55 | 28.45 | 168794 |
| Pidi | 517 | WS/HTS/RICE/2003/07 dt. 9.2.07 | Dec 2003 | 367 | 7029 | 200.00 | 1405800 | 180.95 | 19.05 | 133902 |
| Gasseng | 156 | WS/HTS/RICE/2003/01 & 02 both dt. 9.2.06 | Dec 2003 & Jan 2004 | 315 | 8126 | 300.00 | 2437800 | 54.60 | 245.40 | 1994120 |
| Gate | 124 | WS/HTS/RICE/2003/01 & 02 both dt. 9.2.05 | Dec 2003 & Jan 2004 | 320 | 8751 | 1200.00 | 10501200 | 43.40 | 1156.60 | 10121407 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/02 & 07 both dt. 9.2.07 | Dec 2003 & Jan 2004 | 382 | 8904 | 8000.00 | 71232000 | 756.70 | 7243.30 | 64494343 |
| Mechuka | 1119 | WS/HTS/RICE/2003/01 & 02 both dt. 9.2.07 | Dec 2003 & Jan 2004 | 382 | 8904 | 1000.00 | 8904000 | 391.65 | 608.35 | 5416748 |
| Payum | 220 | WS/HTS/RICE/2003/01 & 02 both dt. 9.2.04 | Dec 2003 & Jan 2004 | 285 | 4376 | 300.00 | 1312800 | 77.00 | 223.00 | 975848 |
| Diten | 46 | WS/HTS/RICE/2003/01 dt. 24.02.04 | Jan 2004 | 226 | 6656 | 360.00 | 2396160 | 16.10 | 343.90 | 2288998 |
| Sibe | 33 | WS/HTS/RICE/2003/01 dt. 24.02.04 | Jan 2004 | 222 | 6156 | 230.00 | 1415880 | 11.55 | 218.45 | 1344778 |
| Yachugi | 50 | WS/HTS/RICE/2003/01 dt. 24.02.04 | Jan 2004 | 214 | 5156 | 64.00 | 329984 | 17.50 | 46.50 | 239754 |
| Dupu | 67 | WS/HTS/RICE/2003/02 dt. 22.08.03 | July 2003 | 303 | 3357 | 100.00 | 335700 | 23.45 | 76.55 | 256978 |
| Gameng | 156 | WS/HTS/RICE/2003/02 dt. 22.08.03 | July 2003 | 288 | 2126 | 100.00 | 212600 | 54.60 | 45.40 | 96520 |
| Gate | 124 | WS/HTS/RICE/2003/02 dt. 22.08.03 | July 2003 | 306 | 3590 | 200.00 | 718000 | 43.40 | 156.60 | 562194 |

Audit report for the year ended 31 March 2006

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-------------------|------|---|-----------------|-----|------|-------------------|---------|--------|---------|---------|
| Dupu | 67 | WS/HTS/RICE/2003/01 dt. 08.07.03 | June 2003 | 303 | 3357 | 100.00 | 335700 | 23.45 | 76.55 | 256978 |
| Gameng | 156 | WS/HTS/RICE/2003/01 dt. 08.07.03 | June 2003 | 288 | 2136 | 100.00 | 213600 | 54.60 | 45.40 | 96974 |
| Gate | 124 | WS/HTS/RICE/2003/01 dt. 08.07.03 | June 2003 | 306 | 3590 | 200.00 | 718000 | 43.40 | 156.60 | 562194 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/01 dt. 08.07.03 | June 2003 | 369 | 4650 | 899.98 | 4184907 | 756.70 | 143.28 | 666252 |
| Mechuka | 1119 | WS/HTS/RICE/2003/01 dt. 18.07.03 | June 2003 | 369 | 4650 | 700.00 | 3255000 | 391.65 | 308.35 | 1433828 |
| Mechuka | 1119 | WS/HTS/RICE/2003/01 dt. 18.07.03 | June 2003 | 369 | 4650 | included above | | | | |
| Pidi | 517 | WS/HTS/RICE/2003/01 dt. 08.07.03 | June 2003 | 350 | 3935 | 500.00 | 1967500 | 180.95 | 319.05 | 1255462 |
| Mechuka | 1119 | WS/HTS/RICE/2003/02 dt. 10.05.03 | March 2003 | 369 | 3099 | 1016.00 | 3148584 | 391.65 | 624.35 | 1934861 |
| Payum | 220 | WS/HTS/RICE/2003/01 dt. 09.05.03 | March 2003 | 250 | 1046 | 500.00 | 523000 | 77.00 | 423.00 | 442458 |
| Pidi | 517 | WS/HTS/RICE/2003/01 dt. 09.05.03 | March 2003 | 350 | 2623 | 500.00 | 1311500 | 180.95 | 319.05 | 836868 |
| Dupu | 67 | WS/HTS/RICE/2003/03 dt. 09.05.03 | May 2003 | 303 | 3357 | 400.00 | 1342800 | 23.45 | 376.55 | 1264078 |
| Gameng | 156 | WS/HTS/RICE/2003/03 dt. 09.05.03 | May 2003 | 288 | 2136 | 100.00 | 213600 | 54.60 | 45.40 | 96974 |
| Gate | 124 | WS/HTS/RICE/2003/03 dt. 09.05.03 | May 2003 | 306 | 3590 | 500.00 | 1795000 | 43.40 | 456.60 | 1639194 |
| Mechuka | 1119 | WS/HTS/RICE/2003/04 dt. 10.05.03 | May 2003 | 369 | 4650 | 1400.00 | 6510000 | 391.65 | 1008.35 | 4688828 |
| Payum | 220 | WS/HTS/RICE/2003/03 dt. 09.05.03 | May 2003 | 280 | 1570 | 500.00 | 785000 | 77.00 | 423.00 | 664110 |
| Pidi | 517 | WS/HTS/RICE/2003/03 dt. 09.05.03 | May 2003 | 350 | 3935 | 1500.00 | 5902500 | 180.95 | 1319.05 | 5190462 |
| Disi | 225 | WS/HTS/RICE/2003/02 dt. 11.12.03 | Nov 2003 | 215 | 2231 | 188.50 | 420544 | 78.75 | 109.75 | 244852 |
| Diten | 46 | WS/HTS/RICE/2003/01 dt. 10.12.03 | Nov 2003 | 159 | 6433 | 180.00 | 1157940 | 16.10 | 163.90 | 1054369 |
| Gate | 124 | WS/HTS/RICE/2003/01 dt. 15.12.03 | Nov 2003 | 320 | 8751 | 100.00 | 875100 | 43.40 | 56.60 | 495307 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/01 dt. 15.12.03 | Nov 2003 | 382 | 8904 | 900.00 | 8013600 | 756.70 | 143.30 | 1275943 |
| Mechuka | 1119 | WS/HTS/RICE/2003/01 dt. 15.12.03 | Nov 2003 | 382 | 8904 | 700.00 | 6232800 | 391.65 | 308.35 | 2745548 |
| Sibe | 33 | WS/HTS/RICE/2003/01 dt. 10.12.03 | Nov 2003 | 155 | 6933 | 60.00 | 415980 | 11.55 | 48.45 | 335904 |
| Sibe | 33 | WS/HTS/RICE/2003/02 dt. 11.12.03 | Nov 2003 | 214 | 2106 | 300.00 | 631800 | 11.55 | 288.45 | 607476 |
| Siru | 25 | WS/HTS/RICE/2003/02 dt. 11.12.03 | Nov 2003 | 219 | 2731 | 300.00 | 819300 | 8.75 | 291.25 | 795404 |
| Yachugi | 50 | WS/HTS/RICE/2003/01 dt. 10.12.03 | Nov 2003 | 147 | 4933 | 54.00 | 266382 | 17.50 | 36.50 | 180055 |
| Diten | 46 | WS/HTS/RICE/2003/01 dt. 10.12.03 | October 2003 | 159 | 6433 | 160.00 | 1029280 | 16.10 | 143.90 | 925709 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/Pt.III dt. 17.11.03 | October 2003 | 382 | 8904 | 1100.00 | 9794400 | 756.70 | 343.30 | 3056743 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|-------------------|------|---|-------------------|-----|------|-----------------|------------------|--------|--------|------------------|
| Mechuka | 1119 | WS/HTS/RICE/2003/Pt.III dt. 17.11.03 | October 2003 | 382 | 8904 | 500.00 | 4452000 | 391.65 | 108.35 | 964748 |
| Sibe | 33 | WS/HTS/RICE/2003/01 dt. 10.12.03 | October 2003 | 155 | 5933 | 40.00 | 237320 | 11.55 | 28.45 | 168794 |
| Diten | 46 | WS/HTS/RICE/2003/02 dt. 15.10.03 | September 2003 | 159 | 4286 | 150.00 | 642900 | 16.10 | 133.90 | 573895 |
| Lower Monigong | 2162 | WS/HTS/RICE/2003/Pt.II dt. 17.11.03 | September 2003 | 382 | 8904 | 900.00 | 8013600 | 756.70 | 143.30 | 1275943 |
| Mechuka | 1119 | WS/HTS/RICE/2003/01 dt. 25.09.03 | September 2003 | 369 | 7279 | 750.00 | 5459250 | 391.65 | 358.35 | 2608430 |
| Mechuka | 1119 | WS/HTS/RICE/2003/Pt.II dt. 17.11.03 | September 2003 | 382 | 8904 | 200.00 | 1780800 | 0.00 | 200.00 | 1780800 |
| Sibe | 33 | WS/HTS/RICE/2003/02 dt. 15.10.03 | September 2003 | 155 | 3976 | 100.00 | 397600 | 11.55 | 88.45 | 351677 |
| Yachugi | 50 | WS/HTS/RICE/2003/02 dt. 15.10.03 | September 2003 | 147 | 3354 | 97.00 | 325338 | 17.50 | 79.50 | 266643 |
| Total of C | | | | | | 33646.48 | 210307997 | | | 142475160 |

APPENDIX – XXV

Statement showing excess amount of HTS claimed due to non-regulation of claim for transportation within plain areas as per RTC rate of FCI

(Reference: Paragraph 3.1.8.16; Page 44)

(Amount in Rupees)

| From | To | Rice | Wheat | Rate for 48 km | Rate per km | Excess per quintal | Resultant excess amount of HTS claimed |
|---------------------------------------|--------|-----------|----------|----------------|-------------|--------------------|--|
| West Siang District, Along | | | | | | | |
| Sept 01 | | 4145.99 | 481.55 | 145 | 3.02 | 138.72 | 6,41,932 |
| Oct 01 | Mar 02 | 15515.62 | 3421.55 | 30 | 0.63 | 24.00 | 4,54,492 |
| Apr 02 | Nov 02 | 33051.83 | 6075.20 | 218 | 4.54 | 211.68 | 82,82,410 |
| Dec 02 | Mar 03 | 20309.10 | 2763.23 | 45 | 0.94 | 38.88 | 8,97,052 |
| Apr 03 | Oct 03 | 33633.90 | 120.00 | 218 | 4.54 | 211.68 | 71,45,026 |
| Nov 03 | Mar 03 | 65207.48 | 60.00 | | 3.00 | 137.76 | 89,91,248 |
| Total | | | | | | | 2,64,12,160 |
| Lower Subansiri District, Ziro | | | | | | | |
| May 2000 | Mar 01 | 17471.09 | | 17.00 | 0.55 | 13.02 | 2,27,474 |
| Apr 01 | Jun 04 | 98475.52 | 10816.21 | 23.00 | 0.74 | 18.91 | 20,66,707 |
| | | 115946.61 | 10816.21 | | | | 22,94,181 |
| Total | | | | | | | 2,87,06,341 |

APPENDIX – XXVI

Statement showing District-wise, year-wise target for inspection of FPS
and achievement thereof

(Reference: Paragraph 3.1.11; Page 46)

| Sl. No | Name of the District | Target | Achievement | Shortfall | Percentage of achievement |
|--------|----------------------|--------|-------------|-----------|---------------------------|
| 1. | West Siang | 4232 | 484 | 3784 | 11.14 |
| 2. | Lower Subansiri | 1260 | 17 | 1243 | 1.34 |
| 3. | West Kameng | 636 | 104 | 532 | 16.35 |
| 4. | Papum Pare | 1454 | 55 | 1399 | 3.78 |

APPENDIX – XXVII

Statement showing shortfall in achievement of physical targets

(Reference: Paragraph 3.2.11; Page 54)

| Year | Name of protected area | Components of conservation activities | Targets | Achievement | Shortfall |
|---|------------------------|--|------------|--------------|------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2001-02 | Namdapha PT | 1) Construction SPT (BW) 4 unit staff quarter. | 1 No | -- | 1 No (100%) |
| | | 2) Desiltation of water ponds | 4 Nos. | - Nil - | 4 Nos. (100%) |
| | Pakke PT | 3) Construction of Beat Office building at Dichu | 1 No | - Nil - | 1 No. (100%) |
| | Reserve Elephant | 4) Improvement of water holes & saltlick within Elephant Reserve | 8 Nos. | 6 | 2 Nos. (25%) |
| | | 5) Purchase and installation of wireless sets | 20 Nos. | 16 | 4 Nos. (20%) |
| | | 6) Setting up of protection Squads for chasing away of Elephant | 10 Nos. | 6 | 4 Nos. (40%) |
| | | 7) Erection of EB fencing | 50 Km | 34 | 16 (32%) |
| | Tale WLS | 8) Construction of Protection barrack | 1 No | 55% | 1 No. (45%) |
| | | 9) Fuel wood plantation | 25 Ha | 15 Ha | 10 Ha (40%) |
| | Itanagar WLS | 10) Construction of watch tower | 1 No. | 55% | 1 No. (45%) |
| 2002-03 | Namdapha PT | 11) Maintenance of Bridle path and nature trail | 70 Km. | - Nil - | 70 Km (100%) |
| | | 12) Construction of 4 units quarter | 1 No. | 49% | 1 No. (51%) |
| | Reserve Elephant | 13) Construction of protection camp | 2 Nos. | - Nil - | 2 (100%) |
| | | 14) Construction of Patrolling path | 20 Km. | 10 Km | 10 (50%) |
| | | 15) Raising of bamboo plantation | 30 Ha | 10 Ha | 20 (67%) |
| | | 16) Fire protection | 80 Km. | 30 Km. | 50 (63%) |
| | | 17) Erection of electric Barrier fencing | 40 Km | 25 Km. | 15 (38%) |
| | Tale WLS | 18) Construction of protection building | 1 No. | 45% | 1 No. (55%) |
| | | 19) Distribution of fish seed | 20000 Nos. | 10000 Nos. | 10000 Nos. (50%) |
| 2003-04 | Namdapha PT | 20) Construction of 4 units staff quarter at M' Pen | 1 No. | 40% | 1 No. (60%) |
| | | 21) Fire protection measures | LS | 50% | 50% |
| | | 22) Field equipments | LS | 10% | 90% |
| | | 23) Installation of drinking water supply | LS | Nil | 100% |
| | | 24) Monitoring of Tiger and other animals including poaching | LS | 65% | 35% |
| | | 25) Nature camp | LS | 10% | 90% |
| | | 26) Public awareness | LS | Nil | 100% |
| | Pakke PT | 27) Boundary demarcation | 10 Km | Nil | 100% |
| | | 28) Construction of Boat | 2 Nos. | Nil | 100% |
| | | 29) Fire line cutting | 20 Km | Nil | 100% |
| | Reserve Elephant | 30) Fire protection and fire line cutting | 80 Km | 70 Km | 10 Km (13%) |
| | | 31) Creation of artificial saltlick | 5 Nos. | 3 Nos. | 2 Nos. (40%) |
| | | 32) Erection of Electric barrier fencing | 30 Km | 18 Km | 12 Km (40%) |
| | | 33) Purchase of mini truck for anti-depredation squad | 1 No. | Nil | 1 No. (100%) |
| 34) Replacement of condemned vehicle for anti poaching duty | | 1 No. | Nil | 1 No. (100%) | |

| (1) | (2) | (3) | (4) | (5) | (6) |
|-------------------------------------|-------------------------------------|---|--------------|-------------------|-------------------|
| 2003-04 | Tale WLS | 35) Distribution of fish seed | 200000 Nos. | 100000 Nos. | 100000 Nos. (50%) |
| | | 36) Construction of SPT-III building | 1 No. | 11% | 1 No. (89%) |
| | | 37) Poultry farm | 5 Nos. | 2 Nos. | 3 Nos. (60%) |
| | | 38) Survey & demarcation | Ph-1 | 70% | 30% |
| | | 39) Security Fencing | 1000 Rmt. | 620 Rmt. | 380 Rmt. (38%) |
| | Itanagar WLS | 40) Survey and demarcation | 100% | 11% | 89% |
| | | 41) Free distribution of LPG cylinder | 100 families | 71 families | 29 families (29%) |
| 42) Free distribution of piggery | | 50 units | 40 units | 10 units (20%) | |
| | 43) Immunization of domestic animal | 200 Nos. | 100 Nos. | 100 Nos. (50%) | |
| 2004-05 | Namdapha PT | 44) Construction of 4 unit staff quarter | 1 No | 20% | 80% |
| | Pakke PT | 45) Purchase of boat with life jacket | 2 Nos. | -Nil- | 2 Nos. (100%) |
| | | 46) Purchase of wireless sets | 2 Sets | Nil | 2 Sets (100%) |
| | | 47) Purchase of hand sets | 10 Sers | Nil | 100% |
| | | 48) Construction of Bailey Steel Bridge | 25 Mtr | Nil | 25 Mtr (100%) |
| | Eagle Nest WLS | 49) Major animal census | LS | Nil | 100% |
| | | 50) Purchase of solar light | 3 Nos. | Nil | 3 Nos. (100%) |
| | | 51) Survey and demarcation | LS | Nil | 100% |
| | | 52) Control of soil erosion | 200 Mtr | Nil | 200 Mtr (100%) |
| | Elephant Reserve | 53) Fire line within E.R | 10 Km | 5 Km | 5 Km (50%) |
| | | 54) Replacement of condemned vehicle for anti poaching duty | 1 No | Nil | 1 No (100%) |
| | | 55) Raising of bamboo plantation | 15 Km | 10 Km | 5 Km (33%) |
| | | 56) Erection of Electric barrier fencing | 12 Km | 3 Km | 9 Km (75%) |
| | | 57) Construction of patrolling path | 15 Km | 12 Km | 3 Km (20%) |
| | | 58) Raising of bamboo/other fodder species in degraded/blank areas within E.R | 60 Ha | 34 Ha | 26 Ha (43%) |
| | | 59) Construction of wire mesh protection spur | 200 Mtr | 50 Mtr | 150 Mtr (75%) |
| | | 60) Erection of power fencing | 20 Km | 13 Km | 7 km (35%) |
| | Tale WLS | 61) Poultry Farm | 5 Nos. | 3 Nos. | 2 Nos. (40%) |
| | | 62) Construction of security fencing | 100 Rmt | 38 Rmt | 62 Rmt (62%) |
| | | 63) Construction of Range Office | 1 No | 59% | 1 No (41%) |
| 2005-06 | Namdapha PT | 64) Purchase of wireless sets | 2 Nos. | Nil | 2 Nos. (100%) |
| | | 65) Purchase of hand sets | 10 Nos. | Nil | 10 Nos. (100%) |
| | | 66) Purchase of Rubber boats | 2 Nos. | Nil | 2 Nos. (100%) |
| | | 67) Awareness and education tour | 80 Nos. | Nil | 80 Nos. (100%) |
| | Pakke PT | 68) Construction of patrolling path(balance work) | 20 Km | Nil | 20 Km (100%) |
| | | 69) Construction of protection camp | 7 Nos. | 1 No | 6 Nos. (86%) |
| | | 70) Printing of remote sensing map | 20 Nos. | Nil | 20 Nos. (100%) |
| | Eagle Nest WLS | 71) Installation of telephone line | 4 Nos. | Nil | 4 Nos. (100%) |
| | | 72) Survey and demarcation | LS | Nil | 100% |
| | Tale WLS | 73) Free distribution of piggery | 50 families | 42 families | 8 families (16%) |
| | | 74) Purchase of camp equipments | LS | 50% | 50% |
| | Itanagar WLS | 75) Construction of R CC culvert | 2.5 Mtr | 1.25 Mtr | 1.25 Mtr (50%) |
| | | 76) Construction of watch tower | 1 No | 50% | 50% |
| 77) Free distribution of CGI sheets | | 25 families | 13 families | 12 families (50%) | |

APPENDIX – XXVIII

Statement showing details of expenditure incurred on works and purchase of materials without maintenance of any record like estimates, tender, work order, stock account etc.

(Reference: Paragraph 3.2.13.3; Page 58)

(Rupees in lakh)

| Name of PA | Period of execution | Sl No | Component of works as per the annual progress report | Amount |
|-------------------------|-------------------------------------|-------|--|--------------|
| Tale WLS Naharlagun | Between April and September 2001 | 1. | Advance payment for improvement of Monipoliang road | 4.00 |
| | | 2. | Advance payment for organising nature camp | 1.70 |
| | Between October 2002 and March 2003 | 3. | Construction of patrolling path | 2.00 |
| Itanagar WLS Naharlagun | Between April and September 2001 | 4. | Advance payment to contractor without any purpose on record | 2.28 |
| | | 5. | Purchase of building materials | 14.83 |
| | | 6. | Purchase of fencing materials | 2.83 |
| | | 7. | Creation of chain link fencing | 9.50 |
| | | 8. | Survey and demarcation (Ph II) | 5.79 |
| Pakke WLS seijosa | Between July and October 2002 | 9. | Construction of fair weather road | 2.74 |
| | | 10. | Construction of inspection path | 1.80 |
| | | 11. | Construction of two barracks for protection staff | 3.04 |
| | | 12. | Payment to local contractors by cheque without any purpose on record | 3.09 |
| | | 13. | Purchase of store materials from local suppliers by cheques | 12.66 |
| Total | | | | 66.26 |

APPENDIX – XXIX

Statement showing excess expenditure incurred on procurement of furniture and medical/surgical machinery and equipments

(Reference: Paragraph 3.3.13.4; Page 80)

(in Rupees)

| Sl No. | Name of Machinery and equipment | Rate quoted as per limited tender (4% CST exclusive) | Procurement rate as per supply order dt. 24.3.05 | Difference | Quantity | Amount |
|--------|---|--|--|------------|----------|----------|
| 1. | Microscope Pathological | 6,864 | 8,130 | 1,266 | 2 | 2,532 |
| 2. | Q.B.C. with Q.B.C. Haematology analyzer | 9,20,400 | 9,36,000 | 15,600 | 1 | 15,600 |
| 3. | Suction apparatus | 8,840 | 19,084 | 10,244 | 39 | 3,99,516 |
| 4. | O.T. light shadow less 28" | 72,072 | 78,000 | 5,928 | 4 | 23,712 |
| 5. | Obstetric labour table | 18,616 | 20,789 | 2,173 | 2 | 4,346 |
| 6. | Anaesthesia machine | 2,56,880 | 3,75,000 | 1,18,120 | 4 | 4,72,480 |
| 7. | Generator 10HP | 65,416 | 70,902 | 5,486 | 12 | 65,832 |
| Total | | | | | | 9,84,018 |

APPENDIX - XXX

Details of road length covered in Arunachal Pradesh under NEC Plan upto 31-03-2006

(Reference: Paragraph 3.4.1; Page 84)

| Sl. No | Name of road | Plan | Length (Km) | Status of work |
|--------------|--------------------------|------|--------------|----------------|
| 1. | Banderdewa- Itanagar | V | 34 | Completed |
| 2. | Kumchi-Manbun-Deban | VI | 58 | " |
| 3. | Orang - Mazbat-Rupa | V | 142 | " |
| 4. | Gohpur-Itanagar | VI | 22 | " |
| 5. | Longding - Bimalpur | VI | 44 | " |
| 6. | Tezu - Sadiya | VI | 9 | " |
| 7. | Margherita - Deomali | VI | 17 | " |
| 8. | Jagun - Miao | VII | 27 | " |
| 9. | Kaying - Tato | VI | 97 | " |
| 10. | Taliha - Nacho | VI | 73 | " |
| 11. | Dilte - Dime- Migging | VI | 200 | " |
| 12. | Hunli - Anini | VII | 142 | " |
| 13. | Pakke - Saijosa-Itakhola | VI | 76 | On going |
| 14. | Pakke - Daporijo NT Road | VI | 125 | " |
| 15. | Seppa-Sagali-Yozali | VI | 220 | " |
| 16. | Naharlagun - Khonsa | IX | 35 | " |
| 17. | Joite - Balijan | IX | 47 | " |
| 18. | Margherita - Changlang | IX | 36 | " |
| 19. | Passighat - Koyu-Ego | X | 60 | " |
| 20. | Nari-Telem - Rimmi | X | 61 | " |
| Total | | | 1,525 | |

APPENDIX – XXXI

Statement showing extra cost involved on awarding of higher rates

(Reference: Paragraph 3.4.13.2; Page 91)

| SL No. | Item of works | Chainage | Qty. executed | Rate for completion | Co-efficient | Rate with cement (F.O.C) (Rs.) ⁶⁹ | Cost of cement (Rs.) | Total cost (7) + (8) (Rs.) | Different of cost per unit (Rs.) (8) - (4) | Total difference (Rs.) (9) x (3) |
|--------------------|--|--------------|------------------------|---------------------|-----------------------------|--|----------------------|----------------------------|--|----------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1. | P/L 1:3:6 C.C. work | 0-10 km | 826.04 m ² | 1920 | 22 mt per m ² | 954.00 | 1037 | 1991.00 | 71 | 58,648 |
| | | 10-20 " | 714.04 " | 1935 | " | 955.50 | 1037 | 1992.50 | 57.5 | 41,057 |
| | | 20-30 " | 1099.497 " | 1950 | " | 957.00 | 1037 | 1994.00 | 44 | 48,378 |
| | | 30-37.48 " | 733.829 " | 1970 | " | 958.50 | 1037 | 1995.50 | 25.5 | 18,713 |
| | | Total | 3,373.406 " | | | | | | | |
| 2. | Randon Rubble Masonry | 0-10 km | 3431.65 m ³ | 1350 | 0.085 mt per m ³ | 1050.00 | 401 | 1451.00 | 101 | 3,46,597 |
| | | 10-20 " | 4189.73 " | 1370 | " | 1065.00 | 401 | 1466.00 | 96 | 4,02,214 |
| | | 20-30 " | 4773.52 " | 1440 | " | 1085.00 | 401 | 1486.00 | 46 | 2,19,582 |
| | | 30-37.48 " | 1963.57 " | 1480 | " | 1100.00 | 401 | 1501.00 | 21 | 41,235 |
| | | Total | 14,358.47 " | | | | | | | |
| 3. | Course Rubble Masonry (1 st sort) | 0-10 km | 616.16 m ³ | 1630 | 0.153 mt per m ³ | 1190.00 | 721 | 1911.00 | 281 | 1,73,178 |
| | | 10-20 " | 682.68 " | 1650 | " | 1200.50 | 721 | 1921.50 | 271.5 | 1,85,348 |
| | | 20-30 " | 1096.20 " | 1740 | " | 1210.00 | 721 | 1931.00 | 191 | 2,09,374 |
| | | 30-37.48 " | 515.29 " | 1765 | " | 1220.50 | 721 | 1941.00 | 176 | 90,691 |
| | | Total | 2,910.33 " | | | | | | | |
| 4. | Course Rubble masonry (2 nd sort) | 0-10 km | 1160.04 m ³ | 1610 | 0.153 mt per m ³ | 930.00 | 721 | 1651.00 | 41 | 47,562 |
| | | 10-20 " | 502.88 " | 1620 | " | 940.00 | 721 | 1661.00 | 41 | 20,618 |
| | | 20-30 " | 2353.56 " | 1625 | " | 952.00 | 721 | 1673.00 | 48 | 1,12,969 |
| | | 30-37.48 " | 515.29 " | 1765 | " | 963.00 | 721 | 1684.00 | 49 | 43,410 |
| | | Total | 4,531.77 " | | | | | | | |
| Grand Total | | | 25,173.976 " | | | | | | | 20,59,574 |

⁶⁹ Cost of cement @ Rs.4712.85 per m³ as taken from utilization statement attached with urs.

APPENDIX – XXXII

Statement showing interest recoverable on the outstanding mobilisation advance

(Reference: Paragraph 4.1; Pages 97 and 98)

(Amount in Rupees)

| Bill number | Date of payment | Value of the bills | MA (10 %) recovered | Balance MA | Interest payable for the days | Interest due |
|---------------------------------------|-----------------|--------------------|---------------------|-------------|--------------------------------|------------------|
| Bill for MA | 6.3.2003 | 1,00,00,000 | ... | 1,00,00,000 | 6.3.03 to 10.7.03 = 127 days | 6,26,301 |
| 1 st to 3 rd RA | 10.7.2003 | 1,57,94,608 | 15,79,461 | 84,20,539 | 11.7.03 to 24.12.03 = 167 days | 6,93,483 |
| 4 th RA | 24.12.2003 | 30,43,530 | 3,04,353 | 81,16,186 | 25.12.03 to 27.01.04 = 34 days | 1,36,085 |
| 5 th RA | 27.01.2004 | 36,57,574 | 3,65,757 | 77,50,429 | 28.01.04 to 07.6.04 = 132 days | 5,04,521 |
| 6 th & 7 th RA | 07.06.2004 | 63,12,065 | 6,31,206 | 71,19,223 | 08.6.04 to 11.6.04 = 4 days | 14,043 |
| 8 th & 9 th RA | 11.06.2004 | 57,16,864 | 5,71,686 | 65,47,537 | 12.6.04 to 07.07.04 = 26 days | 83,952 |
| 10 th RA | 07.07.2004 | 31,28,747 | 3,12,875 | 62,34,662 | 08.7.04 to 06.9.04 = 61 days | 1,87,552 |
| 11 th RA | 06.9.2004 | 14,11,089 | 1,41,107 | 60,93,555 | 07.9.04 to 25.11.04 = 80 days | 2,40,403 |
| 12 th RA | 25.11.2004 | 15,70,697 | 1,57,069 | 59,36,486 | 26.11.04 to 07.2.05 = 74 days | 2,16,641 |
| 13 th RA | 08.2.2005 | 10,18,828 | 1,01,829 | 58,34,657 | 08.2.05 to 06.5.05 = 88 days | 2,53,208 |
| 14 th RA | 07.5.2005 | 14,05,176 | 1,40,517 | 56,94,054 | 07.5.05 to 16.7.05 = 12 days | 33,696 |
| Price escalation | 17.7.2005 | 46,10,474 | 4,61,047 | 52,33,007 | 17.7.05 to 30.9.05 = 76 days | 1,96,130 |
| 15 th RA | 1.10.2005 | 10,34,302 | 1,03,430 | 51,29,577 | 1.10.05 to 31.3.06 = 182 days | 4,60,397 |
| Total | | 5,87,03,954 | 48,70,337 | | | 36,46,412 |

APPENDIX - XXXIII

Statement showing excess payment on carriage of S.K.O.

(Reference: Paragraph 4.7; Page 104)

| Carriage rate per qtl. per km valid upto 31.3.03 (Rs) | Enhanced rate per qtl. Per km w.e.f. 1.4.03 at which payment was made (Rs) | Destination | Distance from Miao to destination | Difference of rate per qtl. Per km | Quantity dispatch (in qtl.) | Total excess payment (Cols 4x5x6) (in Rupees) |
|---|--|-------------|-----------------------------------|------------------------------------|-----------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29.17 | 125 | Gandhigram | 134 | 95.83 | 15.60 | 2,00,323 |
| | | Phapurbari | 144 | | 15.60 | 2,15,273 |
| | | Vijaynagar | 157 | | 39.00 | 5,86,767 |
| Total | | | | | | 10,02,363 |

APPENDIX – XXXIV

Statement showing the quantity of materials damaged

(Reference: Paragraph 4.10; Page 107)

| Period | Item | Quantity procured | Rate (Rs.) | Value (Rs.) | Quantity damaged | Value (Rs.) |
|----------------------------|---|-------------------|---|-------------|------------------|---------------|
| November 2002 to July 2004 | Sausage Wire | 12611 kg | 39.00 | 491829 | 3500 kg | 136500 |
| | Boulder (150-300mm) | 1561.62 cum | 380.00 | 593416 | 1291.21 cum | 490660 |
| | Stone aggregate (90-45 mm) | 115.71 | 420.00 | 48598 | 115.71 cum | 48598 |
| | Stone aggregate (63-45 mm) (breaking of boulder 150-300mm to 63-45mm) | 113.54 | 180.00 (Breaking cost) + 380.00 (cost of boulder) | 63582 | 113.54 cum | 63582 |
| Total | | | | | | 739340 |

APPENDIX-XXXV

Statement showing excess payment of headload paid due to allowance of higher headload rate

(Reference: Paragraph 4.12 (b); Page 110)

(Amount in Rupees)

| Material transported | Destination | Headload rates from Tawang to destination wef 15/3/03 (per quintals) | Quantity (in quintals) | Period of supply | Headload rates at which payment made | Rates paid in excess (per quintals) | Total excess payment made |
|----------------------|-------------|--|------------------------|------------------|--------------------------------------|-------------------------------------|---------------------------|
| SKO | Bletting | 2550 | 58.50 | | 3750.00 | 1200 | 70200 |
| | Muktur | 2550 | 58.50 | | 3750.00 | 1200 | 70200 |
| | Mago | 5950 | 234.00 | | 12500.00 | 6550 | 1532700 |
| | Bongleng | 4250 | 117.00 | | 9251.00 | 5001 | 585117 |
| | Bletting | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Muktur | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Mago | 5950 | 78.00 | | 12562.70 | 6613 | 515791 |
| | Bongleng | 4250 | 39.00 | | 9317.25 | 5067 | 197623 |
| | Bletting | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Muktur | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Mago | 5950 | 78.00 | | 12562.70 | 6613 | 515791 |
| | Bongleng | 4250 | 39.00 | | 9317.25 | 5067 | 197623 |
| | Bletting | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Muktur | 2550 | 19.50 | | 3872.10 | 1322 | 25781 |
| | Mago | 5950 | 78.00 | | 12562.70 | 6613 | 515791 |
| | Bongleng | 4250 | 39.00 | | 9317.25 | 5067 | 197623 |
| Iodised salt | Bletting | 2550 | 70.00 | | 3750.00 | 1200 | 84000 |
| | Muktur | 2550 | 50.00 | | 3750.00 | 1200 | 60000 |
| | Mago | 5950 | 200.00 | | 12500.00 | 6550 | 1310000 |
| | Bongleng | 4250 | 100.00 | | 9251.25 | 5001 | 500125 |
| | Surbi | 850 | 60.00 | | 1660.50 | 811 | 48630 |
| | Thingbu | 4250 | 50.00 | | 7467.50 | 3218 | 160875 |
| Total | | | | | | | 6716775 |

APPENDIX – XXXVI

Statement showing excess payment of headload paid due to allowance of higher headload rate

(Reference: Paragraph 4.12 (b); Page 110)

(Amount in Rupees)

| Road point from where lifted by Head load | Transported to | Quantity lifted (in qtls) | Head load rate per qtls. for entire distance wef May 2003 | Amount involved | Amount paid at revised higher rate | Total excess payment made |
|---|----------------|---------------------------|---|-----------------|------------------------------------|---------------------------|
| Lhou | Gongkhar | 1,000 | 850 | 8,50,000 | 14,27,500 | 5,77,500 |
| Lhou | Shayaro | 800 | 1,700 | 13,60,000 | 21,71,000 | 8,11,000 |
| Lhou | Gyamdung | 900 | 1,700 | 15,30,000 | 25,54,875 | 10,24,875 |
| Lhou | Khet | 2,500 | 1,700 | 42,50,000 | 77,21,875 | 34,71,875 |
| Lhou | Jangda | 1,500 | 1,700 | 25,50,000 | 46,87,500 | 21,37,500 |
| Lhou | Rho | 1,000 | 1,700 | 17,00,000 | 33,75,000 | 16,75,000 |
| Lhou | Thingbu | 2,400 | 4,250 | 1,02,00,000 | 1,79,22,000 | 77,22,000 |
| Lhou | Bongleng | 2,500 | 4,250 | 1,06,25,000 | 2,31,28,125 | 1,25,03,125 |
| Lhou | Mago | 2,000 | 5,950 | 1,19,00,000 | 2,67,52,500 | 1,48,52,500 |
| Lhou | Bomza | 800 | 2,550 | 20,40,000 | 31,02,000 | 10,62,000 |
| Lhou | Changleng | 500 | 1,700 | 8,50,000 | 12,50,000 | 4,00,000 |
| Lhou | Kharangi | 1,000 | 4,250 | 42,50,000 | 93,75,000 | 51,25,000 |
| Lhou | Tsechu | 600 | 4,250 | 25,50,000 | 33,75,000 | 7,75,000 |
| Tawang | Shurbi | 800 | 850 | 6,80,000 | 15,00,000 | 8,20,000 |
| Jang | Mirba | 600 | 850 | 5,10,000 | 9,00,000 | 3,90,000 |
| Jang | Serjung | 1,000 | 1,700 | 17,00,000 | 25,00,000 | 8,00,000 |
| Lumla | Dodunghar | 1,500 | 1,700 | 25,50,000 | 37,50,000 | 12,00,000 |
| Lumla | Dongmareng | 1,050 | 1,700 | 17,85,000 | 26,25,000 | 8,40,000 |
| Lumla | Muktur | 1,300 | 2,550 | 33,15,000 | 48,75,000 | 15,60,000 |
| Lumla | Bletting | 1,300 | 2,550 | 33,15,000 | 48,75,000 | 15,60,000 |
| Total | | 25,050 | | 6,85,10,000 | 1278,67,375 | 5,93,57,375 |

Source: Information furnished by the Department

APPENDIX – XXXVII

Details of explanatory notes on paragraphs of Audit Reports pending as of August 2006

(Reference: Paragraph 4.14; Page 111)

| Year of Audit Report | Audit Report placed before the State Legislature | Paragraph number for which <i>suo moto</i> explanatory notes are awaited | Department |
|----------------------|--|--|---------------------------|
| (1) | (2) | (3) | (4) |
| 1994-95 | 27-03-1996 | 4.4, 4.5, 4.6, 4.7 | Power |
| 1997-98 | 23-07-1999 | 3.1, 3.2 | Health and Family Welfare |
| 1998-99 | 24-07-2000 | 3.7 | Rural Development |
| 1999-2000 | 21-09-2001 | 3.4 | Urban Development |
| | | 3.8 | Land revenue |
| | | 4.3, 4.5 | Public Works |
| | | 7.2, 7.3, 7.4, 7.5 | Finance |
| 2000-2001 | 28-02-2002 | 3.6 | Horticulture |
| | | 4.2 | Public Works |
| | | 7.2, 7.3, 7.4, 7.5 | Finance |
| 2001-2002 | 16-02-2004 | 3.6 | Tourism |
| | | 3.7 | Health and Family Welfare |
| | | 6.3, 6.4, 6.5, 6.6 | Finance |
| 2002-2003 | 24-06-2004 | 3.1, 3.5, 3.6 | Health and Family Welfare |
| | | 3.2 | Planning |
| | | 3.4 | Civil Supplies |
| | | 3.9 | Horticulture |
| | | 3.12 | Finance |
| | | 4.5, 5.1 | Public Works |
| 7.2, 7.3, 7.4, 7.5 | Finance | | |

| (1) | (2) | (3) | (4) |
|--------------|------------|--------------------------------|---|
| 2003-2004 | 24-09-2005 | 3.1 | Horticulture |
| | | 4.1 | Agriculture |
| | | 4.2 | Animal Husbandry & Veterinary |
| | | 4.3 | Art and Culture |
| | | 4.4 | Environment and Forests |
| | | 4.5 | Health and Family Welfare |
| | | 4.6, 4.7, 4.8 & 4.9 | Public Works |
| 2004-2005 | 23-03-2006 | 3.1 | Public Works |
| | | 3.2 | Social Welfare, Women and child Development |
| | | 4.1 | Animal Husbandry & Veterinary |
| | | 4.2, 4.3 | Health and Family Welfare |
| | | 4.4 | Urban Development and Housing |
| | | 4.5 | Public Health Engineering |
| | | 4.6, 4.7, 4.8, 4.9, 4.10, 4.11 | Public Works |
| Total | | 63 paragraphs | |

APPENDIX – XXXVIII

Status of outstanding Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee

(Reference: Paragraph 4.14; Page 111)

| Year of Audit Report | Particulars of paragraphs on which recommendations were made by the PAC but ATNs are awaited | | PAC Report in which recommendations were made | Date of presentation of the Report of the PAC to the State Legislature |
|----------------------|--|-----------------|---|--|
| | Paragraph number | Total paragraph | | |
| 1 | 2 | 3 | 4 | 5 |
| 1986-87 | 3.1, 3.2, 3.3 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 4.3, 5.2, 7.2 and 7.3 | 13 | 27 th , 36 th , 37 th , 40 th , 42 nd , 44 th , 49 th Report | 08 th September 1994, 27 th September 1996, 10 th November 1998, 24 th March 2000, 21 st September 2001 and 3 rd March 2003. |
| 1987-88 | 3.1 to 3.7, 3.9, 4.7, 4.8 and 5.1 | 11 | 27 th , 36 th , 37 th , 40 th and 42 nd Report | 08 th September 1994, 27 th September 1996, 10 th November 1998 and 24 th March 2000 |
| 1988-89 | 3.1 to 3.8, 3.10, 3.11, 3.14, 4.5, 4.6, 4.8, 5.5 and 5.6 | 16 | 37 th , 38 th , 40 th , 42 nd and 45 th Report | 27 th September 1996, 10 th November 1998, 24 th March 2000, and 3 rd March 2003. |
| 1989-90 | 5.2 | 1 | 44 th Report | 21 st September 2001 |
| 1990-91 | 3.4, 3.7 to 3.9, 7.3 and 7.5 | 6 | 39 th , 44 th , 45 th and 48 th Report | 06 th March 1997, 21 st September 2001, 19 th March 2002 and 3 rd March 2003 |
| 1991-92 | 3.1, 4.3, 4.4 and 5(b) | 4 | 39 th and 44 th Report | 06 th March 1997 and 21 st September 2001 |
| 1992-93 | 3.3, 3.4, 4.3, 4.4, 4.5 and 5.1 | 6 | 44 th Report | 21 st September 2001 |
| 1993-94 | 4.6, 4.7 and 7.2 | 3 | 48 th Report | 19 th March 2002 |
| 1994-95 | 3.3, 3.4, 3.5, 3.6, 4.3 and 4.10 | 6 | 45 th and 46 th Report | 19 th March 2002 and 3 rd March 2003 |
| 1995-96 | 3.2 to 3.6, 3.9 and 3.11 | 7 | 46 th Report | 19 th March 2002 |

| 1 | 2 | 3 | 4 | 5 |
|---------|-----------------------------------|---|--|--|
| 1996-97 | 3.13, 4.10 to 4.14, 4.16 and 4.17 | 8 | 48 th Report | 19 th March 2002 |
| 1997-98 | 4.6, 5.4 and 5.1 | 3 | 48 th Report 51 st Report | 19 th March 2002 21 st March 2006 |
| 1998-99 | 3.6 | 1 | 51 st Report | 21 st March 2006 |

APPENDIX – XXXIX

Statement showing the number of outstanding Inspection Reports and paras with money value issued upto December 2005 and their position as on 30 June 2006

(Reference: Paragraph 6.1.11; Page 130)

(Rupees in lakh)

| Year | Sales Tax | | | Motor Vehicles Tax | | | Forest | | | Others | | |
|-----------|-------------|--------------|-------------|--------------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|
| | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value |
| 1990-1996 | 00 | 00 | 0.00 | 00 | 00 | 0.00 | 4 | 8 | 62.42 | 3 | 6 | 480.44 |
| 1996-1997 | 00 | 00 | 0.00 | 00 | 00 | 0.00 | 2 | 2 | 76.16 | 1 | 1 | 11.83 |
| 1997-1998 | 00 | 00 | 0.00 | 2 | 5 | 2.41 | 4 | 8 | 4.23 | 3 | 11 | 9.47 |
| 1998-1999 | 00 | 00 | 0.00 | 3 | 4 | 4.00 | 1 | 1 | 7.79 | 1 | 1 | 1.25 |
| 1999-2000 | 00 | 00 | 0.00 | 2 | 2 | 11.77 | 8 | 11 | 122.72 | 3 | 3 | 32.56 |
| 2000-2001 | 00 | 00 | 0.00 | 1 | 1 | 58.19 | 7 | 7 | 34.70 | 2 | 3 | 10.30 |
| 2001-2002 | 00 | 00 | 0.00 | 3 | 5 | 28.98 | 7 | 9 | 148.31 | 11 | 27 | 189.73 |
| 2002-2003 | 00 | 00 | 00 | 3 | 12 | 16.64 | 11 | 13 | 917.73 | 9 | 20 | 233.72 |
| 2003-2004 | 3 | 25 | 166.89 | 1 | 2 | 22.43 | 10 | 42 | 2204.76 | 5 | 19 | 2973.00 |
| 2004-2005 | 4 | 24 | 170.08 | 7 | 14 | 43.69 | 5 | 50 | 185.35 | 12 | 47 | 1439.65 |
| 2005-2006 | 4 | 19 | 179.89 | 5 | 17 | 128.64 | 7 | 22 | 2433.91 | 13 | 41 | 1272.49 |
| Total | 11 | 68 | 516.86 | 27 | 62 | 316.75 | 66 | 173 | 6198.08 | 63 | 179 | 6654.44 |

APPENDIX – XL

Details of explanatory notes on paragraphs of Audit Reports pending as of November 2006

(Reference: Paragraph 6.1.13; Page 131)

| Year of Audit Report | Date of presentation of the Audit Reports before the State Legislature | Number of paragraphs/reviews included in the Audit Reports (excluding standard paragraphs) | | Paragraphs/ reviews number for which <i>suo moto</i> explanatory notes are awaited | Department |
|----------------------|--|--|------------|--|------------------------|
| | | Reviews | Paragraphs | | |
| 1988-89 | 02-12-1992 | | 4 | 6.6, 6.7, 6.8 | Environment and Forest |
| 1992-93 | 27-03-1995 | | 3 | 6.7 | Transport |
| 1997-98 | 23-07-1999 | | 5 | 6.7 | Environment and Forest |
| 1999-2000 | 21-09-2001 | 1 | 8 | 6.5 | Transport |
| 2000-01 | 28-02-2002 | | 8 | 6.14 | Transport |
| 2001-02 | 16-02-2004 | 1 | 8 | 5.8 | Land Management |
| | | | | 5.9 | Environment and Forest |
| | | | | 5.14, 5.15 | Geology and Mining |
| 2002-03 | 24-06-2004 | - | 13 | 6.8 | Environment and Forest |
| | | | | 6.15, 6.16, 6.17, 6.18 | Geology and Mining |
| | | | | 6.19, 6.20 | Transport |
| 2003-04 | 24-09-2005 | 1 | 12 | 5.8, 5.9, 5.10 | Environment and Forest |
| | | | | 5.11, 5.12, 5.13, 5.14, 5.15, 5.16, 5.17 | Excise |
| | | | | 5.18, 5.19 | Taxation |
| | | | | 5.20 | Transport |
| 2004-05 | 23-05-2006 | -- | 15 | 5.9, 5.10, 5.11 | Environment and Forest |
| | | | | 5.12 | Excise |
| | | | | 5.13 | Geology and Mining |
| | | | | 5.14, 5.15 | Land Management |
| | | | | 5.16 | State Lottery |
| | | | | 5.17, 5.18, 5.19, 5.20, 5.21, 5.22 | Taxation |
| Total | | | | 46 paragraphs | |

APPENDIX – XLI

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2006 in respect of Government companies

(Reference: Paragraphs 7.1.2 and 7.1.3; Page 150)

(Figures in bracket indicate budgetary outgo during the year)

(Figures in Columns 3(a) to 4(f) are Rupees in lakh)

| Sl. No. | Sector and Name of the Company | Paid up capital as at the end of 2005-06 ⁷⁰ | | | | | Equity/Loans received out of budget during the year | | Other loans received during the year | Loans outstanding at the close of 2005-06 ⁷¹ | | | Debt equity ratio for 2005-06 (figure in bracket indicates for previous year) 4(f)/3(e) |
|---|--|--|--------------------|-----------------|----------|---------------|---|----------|--------------------------------------|---|---------------|---------------|---|
| | | State Government | Central Government | Holding Company | Others | Total | Equity | Loans | | Government | Others | Total | |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 3(e) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 4(f) | 5 |
| A. WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | |
| Sector: Industrial Development and Financing | | | | | | | | | | | | | |
| 1. | Arunachal Pradesh Industrial Development and Financial Corporation Limited | 211.50 | - | - | - | 211.50 | 5.00 | - | - | - | 76.20 | 76.20 | 0.36:1 (0.37:1) |
| Total of the Sector | | 211.50 | - | - | - | 211.50 | 5.00 | - | - | - | 76.20 | 76.20 | 0.36:1 (0.37:1) |
| Sector: Mining | | | | | | | | | | | | | |
| 2. | Arunachal Pradesh Mineral Development and Trading Corporation Limited | 243.12 | - | - | - | 243.12 | 5.00 | - | - | - | - | - | 0:1 (0:1) |
| Total of the Sector | | 243.12 | - | - | - | 243.12 | 5.00 | - | - | - | - | - | 0:1 (0:1) |
| Sector: Forest | | | | | | | | | | | | | |
| 3. | Arunachal Pradesh Forest Corporation Limited | 449.72 | - | - | - | 449.72 | - | - | - | - | 480.00 | 480.00 | 1.07:1 (1.60:1) |
| Total of the Sector | | 449.72 | - | - | - | 449.72 | - | - | - | - | 480.00 | 480.00 | 1.07:1 (1.60:1) |
| Total of A | | 904.34 | - | - | - | 904.34 | 10.00 | - | - | - | 556.20 | 556.20 | 0.62:1 (0.89:1) |

Note: Figures are provisional as given by the Companies

⁷⁰ Paid-up-capital includes Share application money also.

⁷¹ Loans outstanding at the close of 2005-06 represents long-term loan only.

| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 3(e) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 4(f) | 5 |
|--|--|---------------|------|--------------|------|---------------|--------------|------|------|------|---------------|---------------|----------------------------|
| B. NON-WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | |
| Sector: Cement | | | | | | | | | | | | | |
| 4. | Parasuram Cements Limited | - | - | 23.50 | - | 23.50 | - | - | - | - | 136.50 | 136.50 | 5.81:1 (5.81:1) |
| | Total of the Sector | - | - | 23.50 | - | 23.50 | - | - | - | - | 136.50 | 136.50 | 5.81:1 (5.81:1) |
| Sector: Fruit Processing | | | | | | | | | | | | | |
| 5. | Arunachal Horticulture Processing Industries Limited | - | - | 18.81 | - | 18.81 | - | - | - | - | 136.45 | 136.45 | 7.25:1 (7.25:1) |
| | Total of the Sector | - | - | 18.81 | - | 18.81 | - | - | - | - | 136.45 | 136.45 | 7.25:1 (7.25:1) |
| | Total of B | - | - | 42.31 | - | 42.31 | - | - | - | - | 272.95 | 272.95 | 6.45:1 (6.45:1) |
| | Grand Total (A+B) | 904.34 | - | 42.31 | - | 946.65 | 10.00 | - | - | - | 829.15 | 829.15 | 0.88:1 (1:14:1) |

APPENDIX - XLII

Statement showing summarised financial results of Government companies for the latest year for which accounts were finalised

(Reference: Paragraphs 7.1.4, 7.1.5, 7.1.6, 7.1.7, 7.1.9, 7.1.10 and 7.1.11; Pages 151, 152 and 153)

(Figures in columns 7 to 12 & 15 are Rupees in lakh)

| Sl. No | Sector and name of the company | Name of department | Date of incorporation | Period of accounts | Year in which accounts finalized | Net profit (+) /loss (-) | Net impact of audit comments | Paid-up capital | Accumulated profit (+)/ loss (-) | Capital employed ⁷² | Total return on capital employed | Percentage of return on capital employed | Arrears of accounts in terms of years | Turn-over | Man-power (number of employee) |
|---|--|--------------------|-----------------------|--------------------|----------------------------------|---|------------------------------|-----------------|----------------------------------|--------------------------------|----------------------------------|--|---------------------------------------|-----------|--------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| A. WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | | | |
| Sector: Industrial Development and Financing | | | | | | | | | | | | | | | |
| 1 | Arunachal Pradesh Industrial Development and Financial Corporation Limited | Industries | Aug/78 | 2004-05 | 2005-06 | (-) 174.94 | - | 206.50 | (-) 1679.63 | 2421.12 | (-) 80.87 | - | 1 | 253.19 | 86 |
| Total of the Sector | | | | | | (-) 174.94 | - | 206.50 | (-) 1679.63 | 2421.12 | (-) 80.87 | - | - | 253.19 | - |
| Sector: Mining | | | | | | | | | | | | | | | |
| 2 | Arunachal Pradesh Mineral Development and Trading Corporation Limited | Geology and Mining | Mar/91 | 1993-94 | 2000-01 | (-) 12.66 | - | 99.22 | (-) 24.80 | 73.80 | (-) 12.66 | - | 12 | 6.14 | 32 |
| Total of the Sector | | | | | | (-) 12.66 | - | 99.22 | (-) 24.80 | 73.80 | (-) 12.66 | - | - | 6.14 | - |
| Sector: Forest | | | | | | | | | | | | | | | |
| 3 | Arunachal Pradesh Forest Corporation Limited | Forest | Mar/77 | 1998-99 | 2004-05 | (-) 308.95 | - | 449.72 | (+) 1639.56 | 2430.69 | (-) 308.95 | - | 7 | 332.08 | 445 |
| Total of the Sector | | | | | | (-) 308.95 | - | 449.72 | (+) 1639.56 | 2430.69 | (-) 308.95 | - | - | 332.08 | - |
| Total of A | | | | | | (-) 496.55 | - | 755.44 | (+) 64.87 | 4925.61 | (-) 402.48 | - | - | 591.41 | 563 |
| B. NON-WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | | | |
| Sector: Cement | | | | | | | | | | | | | | | |
| 4 | Parasuram Cements Limited | Industries | Jan/85 | 1986-87 | 2001-02 | (-) 6.97 | - | 13.50 | (-) 15.40 | (+) 120.65 | (-) 6.15 | - | 19 | 51.05 | - |
| Total of the Sector | | | | | | (-) 6.97 | - | 13.50 | (-) 15.40 | (+) 120.65 | (-) 6.15 | - | - | 51.05 | - |
| Sector: Fruit Processing | | | | | | | | | | | | | | | |
| 5 | Arunachal Horticulture Processing Industries Limited | Industries | May/82 | 1983-84 | 2004-05 | The Company is under construction stage | | | | | | - | 22 | - | - |
| Total of the Sector | | | | | | - | - | - | - | - | - | - | - | - | - |
| Total of B | | | | | | (-) 6.97 | - | 13.50 | (-) 15.40 | (+) 120.65 | (-) 6.15 | - | - | 51.05 | - |
| Grand Total (A+B) | | | | | | (-) 503.52 | - | 768.94 | (+) 49.47 | 5046.26 | (-) 408.63 | - | - | 642.46 | 563 |

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Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of Arunachal Pradesh Industrial Development and Financial Corporation Limited, where the capital employed is worked out as a mean of aggregate of opening and closing balances of paid-up-capital, free reserves and borrowings (including refinance).

APPENDIX - XLIII

Statement showing grants/subsidy received, guarantees received and guarantees outstanding at the end of March 2006

(Reference: Paragraph 7.1.3; Page 150)

(Figures in Columns 3(a) to 7 are Rupees in lakh)

| Sl. No. | Name of the Government Company | Subsidy and grants received during 2005-06 | | | | Guarantees received during the year and outstanding at the end of the year ⁷³ | | | | | Waiver of dues during the year | | | | Loans on which moratorium allowed | Loans converted into equity during the year |
|---|--|--|-------------|--------|-------|--|--------------------------|---|---|----------|--------------------------------|-----------------|-----------------------|-------|-----------------------------------|---|
| | | Central Govt. | State Govt. | Others | Total | Cash credit from banks | Loans from other sources | Letters of credit opened by banks in respect of imports | Payment obligation under agreement with foreign consultant or contracts | Total | Loan repayment written off | Interest waived | Penal interest waived | Total | | |
| (1) | (2) | 3(a) | 3(b) | 3(c) | 3(d) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 5(a) | 5(b) | 5(c) | 5(d) | (6) | (7) |
| A WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | | | | |
| 1. | Arunachal Pradesh Industrial Development & Financial Corporation Limited | | | | | | (76.20) | | | (76.20) | | | | | | |
| 2. | Arunachal Pradesh Mineral Development and Trading Corporation Limited | | | | | | | | | | | | | | | |
| 3. | Arunachal Pradesh Forest Corporation Limited | | | | | | (480.00) | | | (480.00) | | | | | | |
| | Total of A : | | | | | | (556.20) | | | (556.20) | | | | | | |
| B NON-WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | | | | |
| 4. | Parasuram Cements Limited | | | | | | | | | | | | | | | |
| 5. | Arunachal Horticulture Processing Industries Limited | | | | | | | | | | | | | | | |
| | Total of B : | | | | | | | | | | | | | | | |
| | Grand Total (A + B): | | | | | | (556.20) | | | (556.20) | | | | | | |

⁷³ Figures in bracket indicates guarantees outstanding at the end of the year.

APPENDIX -XLIV

Statement showing the department-wise outstanding Inspection Reports (IRs)

(Reference: Paragraph 7.1.13; Page 153)

| Sl. No. | Name of Department | Number of Government companies/ departmental undertakings | Number of outstanding IR | Number of outstanding paragraphs | Years from which paragraphs outstanding |
|--------------|---------------------|---|--------------------------|----------------------------------|---|
| 1. | Industries | 3 | 5 | 30 | 1994-95 |
| 2. | Geology & Mining | 1 | 3 | 7 | 1994-95 |
| 3. | Forest | 1 | 12 | 78 | 1991-92 |
| 4. | Transport | 1 | 12 | 53 | 2004-05 |
| 5. | Supply | 1 | 6 | 24 | 1991-92 |
| 6. | Power ⁷⁴ | 1 | 25 | 176 | 1998-99 |
| Total | | 8 | 63 | 368 | |

⁷⁴ The results of audit of Power (Electricity) Department are also incorporated in Commercial Chapter.

APPENDIX – XLV

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

(Reference: Paragraph 7.1.13; Page 154)

| Sl. No. | Name of department | Number of reviews | Number of draft paragraphs | Period of issue |
|--------------|------------------------|-------------------|----------------------------|-------------------|
| 1. | Power | --- | 2 | April & June 2006 |
| 2. | Environment and Forest | --- | 1 | June 2006 |
| Total | | --- | 3 | |

APPENDIX – XLVI

Statement showing financial position, working results and operational performance of the State Transport Services for the three years upto 2004-05

(Reference: Paragraph 7.1.15; Page 155)

(Rupees in crore)

| Sl. No. | Particulars | 2002-03 | 2003-04 | 2004-05 |
|-----------|-------------------------------------|---------------|---------------|---------------|
| A | Financial Position | | | |
| 1. | Liabilities | | | |
| | (a) Government Capital | 111.97 | 138.32 | 158.12 |
| | (b) Interest on Government Capital | - | - | - |
| | (c) Sundry Creditors | 2.29 | 3.62 | 5.54 |
| | Total | 114.26 | 141.94 | 163.66 |
| 2. | Assets | | | |
| | (a) Gross Block | 41.16 | 43.87 | 47.08 |
| | (b) Less Depreciation | 28.33 | 32.52 | 37.06 |
| | (c) Net fixed Assets | 12.83 | 11.35 | 10.02 |
| | (d) Current Assets Loans & Advances | 3.00 | 5.16 | 6.50 |
| | (e) Accumulated Losses | 98.43 | 125.43 | 147.14 |
| | Total | 114.26 | 141.94 | 163.66 |
| B. | Working Results | | | |
| 1. (a) | Operating | | | |
| | (i) Revenue | 6.97 | 6.91 | 7.17 |
| | (ii) Expenditure | 15.73 | 27.17 | 21.09 |
| | (iii) Surplus (+)/Deficit (-) | (-)8.76 | (-)20.26 | (-)13.92 |
| (b) | Non-operating | | | |
| | (i) Revenue | - | - | - |
| | (ii) Expenditure | 1.56 | 1.94 | 1.71 |
| | (iii) Surplus(+)/Deficit(-) | (-)1.56 | (-)1.94 | (-)1.71 |
| (c) | Total | | | |
| | (i) Revenue | 6.97 | 6.91 | 7.17 |
| | (ii) Expenditure | 17.29 | 29.11 | 22.80 |
| 2. | Gross Deficit (-) | (-)10.32 | (-)22.20 | (-)15.63 |
| | Add: depreciation | 3.85 | 4.18 | 4.54 |
| 3. | Working Loss | 14.17 | 26.38 | 20.17 |
| | Add: interest on capital | - | - | - |
| 4. | Net loss | 14.17 | 26.38 | 20.17 |

| Sl. No. | Particulars | 2002-03 | 2003-04 | 2004-05 |
|-----------|---|---------|---------|---------|
| C. | Operational Performance | | | |
| 1. | Average no. of vehicles held | 236 | 230 | 238 |
| 2. | Average no. of vehicles on road | 160 | 128 | 112 |
| 3. | Percentage of utilisation of vehicles (Percentage of 2 to 1) | 67.80 | 55.65 | 47.08 |
| 4. | Numbers of routes operated at the end of the year | NA | NA | NA |
| 5. | Kilometres operated effective (in lakh) | 68.99 | 73.00 | 72.00 |
| 6. | Average kilometres covered per bus per day | 82 | 86 | 87 |
| 7. | Average operating revenue per kilometre (Rupees) | 10.91 | 10.29 | 10.34 |
| 8. | Average operating expenditure per Kilometre (Rupees) | 26.02 | 25.83 | 33.36 |
| 9. | Operating loss per Kilometre (Rupees) | 15.83 | 15.54 | 23.02 |
| 10. | Number of operating depots | 13 | 13 | 13 |
| 11. | Passenger Kilometre operated (in crore) | 0.69 | 0.73 | 0.74 |
| 12. | Occupancy ratio (Load factor) (per cent) | 47 | 54 | 48 |
| 13. | Cost of fuel per effective km (Rupees) | 8.42 | 9.86 | 10.93 |
| 14. | Expenditure on tyres and tubes per effective km (Rupees) | 6.29 | 19.55 | 9.10 |

APPENDIX – XLVII

Statement showing working results of State Trading scheme from
1999-2000 to 2001-02

(Reference: Paragraph 7.1.15; Page 155)

(Rupees in lakh)

| | | 1999-2000 | 2000-01 | 2001-02 |
|-----|---|---------------|---------------|---------------|
| A. | Income | | | |
| (a) | Sales | 348.34 | 370.37 | 427.25 |
| (b) | Increase(+)/decrease(-) of stock | (+) 39.17 | (-) 47.75 | (+)115.42 |
| | Total – A | 387.51 | 322.62 | 542.67 |
| B. | Trading Expenses: | | | |
| (a) | Purchases | 438.34 | 348.82 | 355.01 |
| (b) | Packing materials | 67.74 | 14.17 | 99.15 |
| (c) | Establishment and contingent charges | 195.90 | 202.23 | 291.80 |
| (d) | Air dropping and godown losses | 30.95 | 17.33 | 13.28 |
| | Total – B | 732.93 | 582.55 | 759.24 |
| C. | Trading Profit (+)/ Loss (-)(A-B) | (-) 345.42 | (-) 259.93 | (-)216.57 |
| D. | Non-trading expenses – interest on capital and audit fee (provisions) | 23.51 | 30.68 | 12.80 |
| E. | Net profit (+)/Loss (-) | (-) 368.93 | (-) 290.61 | 229.37 |

APPENDIX – XLVIII

Statement showing operational performance of Power Department for the three years upto 2002-03

(Reference: Paragraph 7.1.16; Page 156)

| Sl. No. | Items | 2000-01 | 2001-02 | 2002-03 |
|---------|--|------------------------------|------------------------------|------------------------------|
| 1. | Installed Capacity : (M W) | | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | 31.92 | 32.28 | 32.28 |
| | (c) Gas | - | - | - |
| | (d) Others (Diesel) | 35.00 | 27.12 | 27.12 |
| | Total | 66.92 | 59.40 | 59.40 |
| 2. | Normal maximum demand of the State (M Kwh) | 80.00 | 94.00 | 115.00 |
| 3. | Power Generated : (M K W H) | | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | 47.07 | 47.07 | 52.04 |
| | (c) Gas | - | - | - |
| | (d) Others (Diesel) | 11.06 | 11.09 | 10.48 |
| | Total | 58.13 | 58.16 | 62.52 |
| | Less : Auxiliary Consumption (M K W H) (brackets indicated the percentage to Power Generated) | | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | | | |
| | (c) Gas | 4.92 | 4.50 | 4.63 |
| | (d) Others (Diesel) | (8.46) | (7.74) | (7.41) |
| | Total | 4.92 (8.46) | 4.50 (7.74) | 4.63 (7.41) |
| 4. | Net Power Generated (M K W H) | 53.21 | 53.66 | 57.89 |
| 5. | Power purchased (M K W H) | | | |
| | KHEP | - | - | - |
| | AGBPP | - | - | - |
| | AGTPP | 107.46 | 94.37 | 104.02 |
| | LOKTAK | - | - | - |
| | Total | 107.46 | 94.37 | 104.02 |
| 6. | Free Power received (M K W H) | - | - | - |
| 7. | Total Power available for Sale (M K W H) (4+5+6) | 160.67 | 148.03 | 161.91 |
| 8. | Power Sold (MU) | | | |
| | (a) Within the State | 70.50 | 75.17 | 93.51 |
| | (b) Outside the State | - | - | - |
| | Total | 70.50 | 75.17 | 93.51 |
| 9. | Transmission and distribution loss (MU) (7-8) | 90.17 | 72.86 | 68.40 |
| 10. | Load factor (percentage) | 33 | 30 | 32 |
| 11. | Percentage of transmission and distribution losses to total power available for sale (Percentage of 9 to 7) | 56.12 | 49.22 | 42.25 |

| Sl. No. | Items | 2000-01 | 2001-02 | 2002-03 |
|---------|---|------------------|------------------|------------------|
| 12. | Number of Villages/towns electrified | | | |
| | (a) Villages | 35.00 | 113 | 16 |
| | (b) Towns | --- | --- | --- |
| 13. | Number of Pump sets/wells energised | --- | --- | --- |
| 14. | Number of Sub-stations (in MVA) | 220 | 216 | 444 |
| 15. | Transmission/distribution lines (in kms) | | | |
| | (a) High voltage | 6930 | NA | 3222 |
| | (b) Medium voltage | --- | --- | 4006 |
| | (c) Low voltage | 6880 | - | 6988 |
| 16. | Connected load (in MW) | 80.00 | 94.00 | 105 |
| 17. | Number of consumers | 105615 | 109500 | 112018 |
| 18. | Number of employees | 8870 | NA | 10300 |
| 19. | Consumer/employees ratio | 11.91:1 | NA | 10.88:1 |
| 20. | Total expenditure on staff during the year (Rupees in crore) | 28.76 | 18.50 | 21.20 |
| 21. | Percentage of expenditure on staff to total revenue expenditure | 49 | 32 | 39 |
| 22. | Unit sold to different category of consumers : (MU) (Percentage of share to total units sold indicated in bracket): | | | |
| | (a) Agriculture | --- | --- | --- |
| | (b) Industrial | 7.98 (11.32) | 3.76 (5.00) | 4.68 (5.01) |
| | (c) Commercial | 10.27 (14.57) | 8.28 (11.01) | 11.22 (12.00) |
| | (d) Domestic | 40.09 (56.86) | 48.85 (64.98) | 61.71 (65.99) |
| | (e) Irrigation | --- | --- | --- |
| | (f) Bulk supply | --- | --- | --- |
| | (g) Other categories (P/Lighting, P/Water Works, Non-Residential) | 12.16 (17.25) | 14.29 (19.01) | 15.90 (17.00) |
| | (h) Inter-State | --- | --- | --- |
| | Total | 70.50 | 75.18 | 93.51 |
| 23. | Revenue (Rupees in crore) | 13.60 | 11.79 | 12.00 |
| 24. | Expenditure (Rupees in crore) | | | |
| | (a) Salary & Wages | 28.76 | 7.79 | 7.57 |
| | (b) Fuel | 8.60 | 6.00 | |
| | (c) Spares etc. | 9.46 | 25.56 | 41.98 |
| | (d) Power Purchased | 11.00 | 18.50 | 4.00 |
| | Total | 57.82 | 57.85 | 53.55 |
| 25. | Loss (24-23) | 44.22 | 46.06 | 41.55 |
| 26. | Loss per unit sold (25-22) | 6.27 | 6.13 | 4.44 |

