



सत्यमेव जयते

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

**FOR THE YEAR ENDED
31 MARCH 1996**

GOVERNMENT OF ARUNACHAL PRADESH

REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR
1954-55

GOVERNMENT OF INDIA

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1995-96 together with other points arising from audit of financial transactions of the Government of Arunachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1995-96.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1995-96 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 1995-96 have also been included, wherever considered necessary.

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OVERVIEW

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This Report includes two Chapters on the Finance and Appropriation Accounts of the Government of Arunachal Pradesh for the year 1995-96 and six other Chapters, comprising 2 reviews and 38 paragraphs, based on the audit of certain selected programmes and activities of the Government. A synopsis of the important findings contained in the Report is presented in this Overview.

1. Accounts of the State Government

The liabilities of the State Government increased from Rs.371.63 crores at the end of March 1995 to Rs.441.79 crores at the end of March 1996, while the assets of the State Government increased from Rs.1552.36 crores to Rs.1886.23 crores during the same period.

The revenue receipts of the State Government increased by Rs.336.16 crores during the five years from Rs.434.83 crores in 1991-92 to Rs.770.99 crores in 1995-96. The increase was **77 per cent**. The State's own tax revenue increased from Rs.4.09 crores in 1991-92 to Rs. 7.68 crores in 1995-96. The non-tax revenue raised by the State during the corresponding period increased from Rs.49.21 crores to Rs.91.10 crores.

The State's share of net proceeds of Income Tax, Union Excise Duties/Taxes and Grants-in-aid increased from Rs.381.53 crores to Rs.672.21 crores between 1991-92 and 1995-96 an increase of **76 per cent**. The revenue raised by the State to the total revenue receipts was **13 per cent** in 1995-96 as against **14 per cent** in 1994-95.

The total revenue expenditure increased from Rs.293.26 crores to Rs.507.28 crores over the period 1991-92 to 1995-96. The Plan expenditure increased from Rs.95.34 crores to Rs.178.35 crores (an increase of **87 per cent**) while the Non-plan expenditure increased from Rs.197.92 crores to Rs.328.93 crores (an increase of **66 per cent**) during the same period.

Public debt had increased from Rs.170.48 crores in 1991-92 to Rs.327.51 crores in 1995-96 registering an increase of **92 per cent**. The other liabilities on account of small savings, provident funds etc., registered an increase of **170 per cent** from Rs.33.15 crores to Rs.89.64 crores between 1991-92 and 1995-96.

The repayment of Central Government loans and interest thereon aggregating Rs.26.98 crores during 1995-96 constituted **69 per cent** of the Central Government loans (Rs.38.94 crores) received during the year. Government paid interest totalling Rs.42.41 crores on debt and other obligations during 1995-96, while the interest received on all account was Rs.4.90 crores only leaving a net interest burden of Rs.37.51 crores.

All abbreviations used in the Report are listed in glossary at Appendix IX at Pages 118-120.

Against an investment of Rs.10.76 crores as on 31 March 1996 in various statutory corporations, Government companies and co-operative societies, dividend earned during the year was a meagre Rs.0.01 crore.

Amount outstanding on account of Government loans and advances paid to Government companies, co-operative societies, etc., for developmental and non-developmental activities stood at Rs.13.91 crores at the end of 1995-96. The interest received during the year was Rs.0.20 crore.

(Paragraph 1.1 to 1.13)

2. Appropriation audit and control over expenditure

Against the total budget provision of Rs.848.03 crores (including supplementary) actual expenditure was Rs.848.72 crores. The overall excess of Rs.0.69 crore was the net effect of the saving of Rs.37.72 crores in 69 cases of grants and 5 cases of appropriations and excess of Rs.38.41 crores in 23 grants and 1 case of appropriation. The excess requires regularisation by the Legislature under Article 205 of the Constitution of India.

The supplementary grant of Rs.73.12 crores obtained during 1995-96 constituted 9 **per cent** of the original budget provision. Supplementary provision aggregating Rs.4.62 crores obtained in respect of 17 cases of grants/appropriations during the year proved unnecessary.

Savings in a grant/appropriation are to be surrendered as soon as these are foreseen. Savings should not be held in reserve for possible future excess. In the case of 10 grants/appropriations, the entire saving of Rs.896.25 lakhs was not surrendered. In four cases, the surrender of savings was less than 50 **per cent**. Non-surrender of funds at the right time had deprived the Government of an opportunity to transfer the funds to other needy sectors.

Persistent savings (98 to 99 **per cent** of total provision) was noticed in grant No. 12-Social Security and Welfare during the period 1993-94 to 1995-96.

Persistent excess was noticed in three grants/appropriation viz. Public Works Department, Power and Housing during the period 1993-94 to 1995-96.

(Paragraph 2.1 and 2.2)

3. Audit reviews on developmental/welfare programme etc.

(a) Preservation of wildlife

Scheme for preservation of wildlife in the State was taken up in 1973 and 10 wildlife sanctuaries and two national parks covering an area of 9583.48 square Kms were constituted to ensure proper protection of wildlife habitat in the State. Out of the central assistance of Rs.459.34 lakhs, Rs.407.08 lakhs were spent during 1990-91 to 1995-96.

Management plan was not prepared for any of the wildlife sanctuaries/national parks for systematic implementation of the scheme.

Survey, demarcation and boundary consolidation of the notified wildlife sanctuaries/ national parks were not completed.

Though expenditure of Rs.23.52 lakhs was incurred on habitat improvement activities this was ineffective and inadequate. Regular wildlife census of all animals including tigers in tiger reserve areas should be undertaken once in every 2 years to determine the trend in the growth of wildlife in order to assess the impact of conservation measures. However, in respect of census carried out at Namdapha Tiger Reserve during 1995, against 18 species covered in 1993, only 2 species were covered in 1995. The reasons for not conducting regular census operation to cover all animals were, however, not available on records produced to Audit nor could be clarified. Hence the population and growth trend of many other endangered and vulnerable species in the State was yet to be ascertained as the work of census remained incomplete as of September 1996.

Despite incurring an expenditure of Rs.2.11 lakhs during 1990-91 to 1995-96 on captive breeding of the endangered white winged wood duck, the species continued to show a declining trend in re-production and survival.

No system of monitoring the implementation of various activities towards wildlife preservation was evolved nor was any evaluation of the impact of the preservation programmes carried out.

(Paragraph 3.2)

(b) Improvement of Yingkiang - Damroh Road

The improvement of the Yingkiang-Damroh road was taken up in 1977 to facilitate transportation of forest and agricultural produce of surrounding areas and to bring about an overall socio-economic development of the people.

Although an expenditure of Rs.941.73 lakhs was incurred on improvement of the road during 1977-78 to 1995-96 against the allotment of Rs.696.65 lakhs the work was still in progress.

Extra expenditure of Rs.22.85 lakhs was incurred owing to unauthorised and arbitrary change in the specification of culverts.

Consumption of materials in excess of norms resulted in an extra expenditure of Rs.26.68 lakhs.

(Paragraph 4.1)

4. Other points of interest

(a) Civil Department

An amount of Rs.4.19 lakhs was drawn twice by the Director of Health Services against a sanction order for pro-rata contribution for Bachelor of Dental Surgery seats in the Regional Dental College, Guwahati. However, only one drawal was recorded in the cash book of the Directorate of Health Services. The Principal of the Dental College also confirmed receipt of only Rs.4.19 lakhs. The second drawal of this amount was therefore misappropriated.

(Paragraph 3.6)

Consequent upon the acceptance of terms and condition of lease, the Department of Industries was allotted land but the department failed to make provision and get funds allotted in time for payment of lease premia etc. to City and Industrial Development Corporation of Maharashtra Limited. Due to delayed payment the department incurred an avoidable expenditure of Rs.5.99 lakhs as interest on lease premia etc.

(Paragraph 3.8)

✓ Due to lack of co-ordination between the Power and Finance Department, Government incurred an avoidable expenditure of Rs.129.75 lakhs as interest on a loan and the loan was also not utilised for the purpose for which it was raised.

(Paragraph 3.10)

✓ Extra expenditure of Rs.73.70 lakhs was incurred by the Power Department owing to erroneous allowance of increased rates without considering the actual increase in the price of aluminium per kilometre of Aluminium Conductor Steel Reinforced.

(Paragraph 4.4)

Purchase of High Power Sodium vapour lamp ignitors without assessing the requirement resulted in an idle outlay of Rs.30.13 lakhs and blockage of Government funds.

(Paragraph 4.5)

Antistripping compound purchased without ascertaining the requirement resulted in idle investment of Rs.23.40 lakhs.

(Paragraph 5.2)

(b) Revenue Receipts

The total receipts of the State during the year 1995-96 amounted to Rs.770.99 crores. This comprised tax revenue of Rs.7.68 crores, non-tax revenue of Rs.91.10 crores, State Government's share of divisible Union Taxes of

Rs.124.52 crores and Grants-in-aid of Rs.547.69 crores from the Union Government.

(Paragraph 6.1 and 6.2)

There was a loss of revenue amounting to Rs.21.24 crores due to injudicious and irregular reduction in excise duty.

(Paragraph 6.4)

13 Wind fallen trees of soft wood measuring 98.67 cum of timber were not disposed of resulting in loss of Rs.3.30 lakhs due to exposure to weather.

(Paragraph 6.7)

Short levy of royalty, additional royalty and monopoly fee on 10183.118 cum of different categories of round logs by the Deomali Forest Division resulted in revenue loss of Rs.85.95 lakhs.

(Paragraph 6.8)

(c) **Commercial and trading activities**

There were five Government companies (including two subsidiaries) and two Departmentally-managed commercial and quasi-commercial undertakings in the State of Arunachal Pradesh as on 31 March 1996.

(Paragraphs 8.1.1 and 8.2.1)

The aggregate paid-up capital of these companies as on 31 March 1996 was Rs.7.54 crores of which Rs.7.40 crores were invested by the State Government and Rs.0.14 crore by a holding company.

(Paragraph 8.1.1 and Appendix-V)

None of the companies have finalised their accounts for 1994-95. The accounts were in arrears for periods ranging from 4 to 14 years.

(Paragraph 8.1.3)

The two Departmentally-managed commercial and quasi-commercial undertakings viz., the State Transport Services and the State Trading Scheme had finalised their accounts up to 1990-91 and 1989-90 and incurred a cumulative loss of Rs.9.57 crores and Rs.8.54 crores respectively.

(Paragraphs 8.2.2 and 8.2.3)

Rs.124.52 crore and Grants-in-aid of Rs.247.69 crore from the Union
 Arunachal Pradesh Forest Corporation Limited sustained a loss of Rs.3.68
 lakhs due to failure to arrange transportation of 231.2607 cum of logs to the
 millyard and consequent deterioration of the same beyond their salvage point
 owing to lack of co-ordination between the company, Forest Department and the
 contractor concerned.

(Paragraph 8.3.1)

13 Wind fallen trees of soft wood measuring 98.07 cum of timber were
 not disposed of resulting in loss of Rs.3.30 lakhs due to exposure to weather.

(Paragraph 8.3.2)

2000 Tonnage of timber, additional royalty and monopoly fee on 10183.18
 cum of different categories of roundings by the Arunachal Forest Division resulted
 in revenue loss of Rs.82.92 lakhs.

(Paragraph 8.3.3)

141.4 Cum of timber and timber waste
 were not disposed of resulting in loss of Rs.1.10 lakhs due to exposure to weather.
 141.4 Cum of timber and timber waste were not disposed of resulting in loss of Rs.1.10 lakhs due to exposure to weather.

(Paragraphs 8.3.4 and 8.3.5)

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(Paragraphs 8.3.6 and 8.3.7)

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(Paragraph 8.3.8)

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(Paragraphs 8.3.9 and 8.3.10)

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CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised financial position

The financial position of the Government of Arunachal Pradesh as on 31 March 1996 as emerging from the Appropriation Accounts and the Finance Accounts for the year 1995-96, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds are given in the following statements :-

STATE-
I - Summarised financial position of

Amount as on 31 March 1995 (Rupees in crores)	Liabilities	Amount as on 31 March 1996 (Rupees in crores)
1	2	3
86.92	Internal Debt	98.13
	(i) Market loans	40.24
	(ii) Loans from other Institutions	<u>57.89</u>
197.54	Loans and Advances from the Central Government	229.38
	(i) Non-Plan Loans	50.69
	(ii) Loans for State Plan Schemes	135.37
	(iii) Loans for Central Plan Schemes	0.42
	(iv) Loans for Centra- lly Sponsored Plan Schemes	1.99
	(v) Loans for Special Schemes	<u>40.91</u>
0.05	Contingency Fund	0.05
71.61	Small Savings, Provide- nt Funds, etc.	89.64
2.00	Reserve Fund	2.00
13.51	Deposits	22.59
1180.73	Surplus on Government Accounts	1444.44
	(i) Revenue Surplus as on 31 March 1995	1180.73
	(ii) Revenue Surplus during the year	263.71
	(iii) Less: Miscellaneous adjustment	—
1552.36		1886.23

MENT - I
Government of Arunachal Pradesh as on 31 March 1996

Amount as on 31 March 1995 (Rupees in crores)	Assets	Amount as on 31 March 1996 (Rupees in crores)
4	5	6
1459.91	Gross Capital Outlay on Fixed Assets	1746.11
	(i)Investment in Shares of Com- panies, Corpo- rations,etc.	10.76
	(ii)Other Capital Outlay	<u>1735.35</u>
13.47	Loans and Advances	13.91
	(i)Loans for other Industries and Minerals	6.10
	(ii)Loans for Co-operatives	3.02
	(iii)Loans to Gove- rnment Servants, etc.	2.38
5.95	(iv)Other Loans	<u>2.41</u>
45.34	Other Advances	6.87
	Suspense and	
	Miscellaneous	37.42
90.52	Remittances	116.84
(-)62.83	Closing Cash Balance	(-)34.92
	(i)Departmental Cash Balance	0.66
	(ii)Cash Balance Investment	37.52
	(iii)Deposits with Reserve Bank of India	(-)73.10*
1552.36		1886.23

*See explanatory Notes (4) and (5)

STATEMENT - II
II - Abstract of Receipts and Disbursements for the year 1995-96

Section - A - Revenue

Receipts	Disbursement				
(Rupees in crores)	(Rupees in crores)				
I. Revenue Receipts	770.99	I. Revenue Expenditure	507.28		
(i) Tax Revenue	7.68	Sector	<u>Non-Plan</u>	<u>Plan</u>	<u>Total</u>
(ii) Non-Tax Revenue	91.10	(i) General Services	139.94	0.72	140.66
(iii) State's Share of net proceeds of Taxes on Income other than Corporation Tax	18.80	(ii) Social Services	82.94	73.66	156.60
(iv) State's Share of Union Excise Duties	105.72	(iii) Agriculture and Allied Activities	58.09	48.39	106.48
(v) Non-Plan Grants	142.15	(iv) Rural Development	3.99	17.67	21.66
(vi) Grants for State Plan Schemes	366.07	(v) Special Area Programme	0.02	0.52	0.54
(vii) Grants for Central Plan Schemes	4.08	(vi) Irrigation and Flood Control	0.80	16.01	16.81
(viii) Grants for Centrally Sponsored Schemes	33.33	(vii) Energy	20.76	1.13	21.89
(ix) Grants for Special Plan Schemes	<u>2.06</u>	(viii) Industries and Minerals	2.11	6.60	8.71
		(ix) Transport	14.54	7.35	21.89
		(x) Communication	2.01	-	2.01
		(xi) Science, Technology and Environment	-	0.24	0.24
		(xii) General Economic Services	<u>3.73</u>	<u>6.06</u>	<u>9.79</u>
			328.93	178.35	507.28
		II. Revenue Surplus Carried over to Section - B			263.71
	770.99				770.99

Section - B - Others

Receipts		Disbursement		
(Rupees in crores)		(Rupees in crores)		
I. Opening Cash Balance	(-)62.83	I. Capital Outlay		286.20
		Sector	Non-Plan Plan	Total
		(i)General Services	0.21 9.56	9.77
		(ii)Social Services	- 50.39	50.39
		(iii)Agricultural and Allied Activities	(-)0.12* 8.97	8.85
		(iv)Rural Development	- 2.41	2.41
		(v)Special Area Programme	- 4.75	4.75
		(vi)Irrigation and Flood Control	- 4.10	4.10
		(vii)Energy	- 108.85	108.85
		(viii)Industry and Minerals	- 0.55	0.55
		(ix)Transport	- 94.75	94.75
		(x) Science, Technology and Environment	- -	-
		(xi)General Economic Services	- 1.78	1.78
			0.09 286.11	286.20
II. Recoveries of Loans and Advances	1.07	II. Loans and Advances disbursed		1.51
(i)From Government Servants	0.78	(i)To Government Servants	0.85	
(ii)Others	<u>0.29</u>	(ii)Others	<u>0.66</u>	
III. Revenue surplus brought down	263.71	III. Public Debt Disbursement		38.09
Less: Miscellaneous adjustment	-	(i)Repayment of internal Debt other than Ways and Means Advances	19.39	
IV. Public Debt Receipts	81.14	(ii)Repayment of Ways and Means Advances	11.60	
(i) Internal Debt other than Ways and Means Advances	30.60			
(ii)Ways and Means Advances	11.60			

* Minus expenditure is due to recoveries being more than expenditure during the year.

Section - B - Others

Receipts	Disbursement
(Rupees in crores)	(Rupees in crores)
(iii) Loans and Advances from Central Government	(iii) Repayment of Loans and Advances from Central Government
38.94	7.10
V. Public Account Receipts	IV. Public Account Disbursements
683.69	675.90
(i) Small savings, Provident Funds, etc.	(i) Small savings, Provident Funds, etc.
29.46	11.43
(ii) Deposits and Advances	(ii) Deposits and Advance
62.36	54.21
(iii) Suspense and Miscellaneous excluding Departmental Balance	(iii) Suspense and Miscellaneous excluding Departmental Balances
36.29	23.36
(iv) Remittances	(iv) Remittances
555.58	581.90
	(v) Reserve fund
	—
	V. Closing Cash balance
	(-)34.92*
(v) Reserve Fund	(i) Departmental Cash Balance
—	0.66
	(ii) Cash Balance Investment
	37.52
	(iii) Deposit with reserve Bank of India
	(-)73.10
966.78	966.78

* See explanatory Notes (4) and (5)

STATEMENT -- III
Sources and Application of Funds for the year 1995-96

Serial Number	Sources (Rupees in crores)	Serial Number	Application (Rupees in crores)
1.Revenue Receipts	770.99	1.Revenue Expenditure	507.28
2.Recoveries of Loans and Advances	1.07	2.Lending for development and other purposes	1.51
3.Increase in Public Debt	43.05	3.Capital Expenditure	286.20
4.Net Receipts from Public Account	7.79	4.Increase in closing cash balance	27.91
(a) Increase in Small Savings, Provident Funds, etc.	18.03		
(b) Increase in Deposits and Advances	8.15		
(c) Effect of Remittance Balances	(-)26.32		
(d) Effect of Suspense and Miscellaneous Balances	7.93		
(e) Miscellaneous adjustment	---		
	822.90		822.90

Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus of the year has been worked out on cash basis. Consequently, amounts payable or receivable or items like depreciation, variation in stock figures, etc. do not figure in the accounts.
3. Although a part of the revenue expenditure (grants) and the loans are used for Capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.
4. The excess drawal of Rs.73.10 crores included Rs.57.02 crores drawn in excess by the U.T.Government upto 19 February 1987. The final decision regarding treatment of the Cash balances of the U.T.Government period was awaited from the Government of India.
5. There was a difference of Rs.11.54 crores between the figures reflected in the accounts viz.(-)Rs.16.09 crores and that intimated by the R.B.I. (-)Rs.27.63 crores. The difference was under reconciliation.

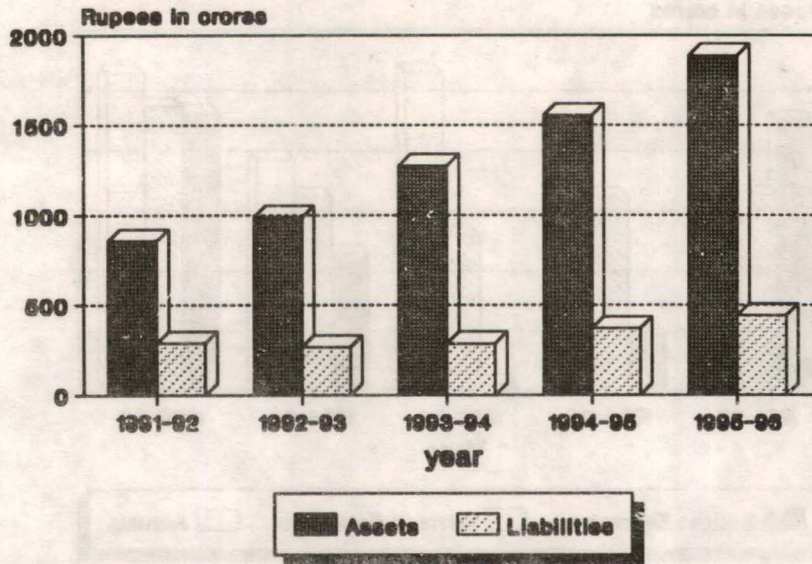
Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the finance of the Government during 1995-96.

1.2 Assets and liabilities of the State

The assets comprising capital investments, loans and advances and the total liabilities of the State during the last five years were as under:-

Year	Assets	Liabilities
(Rupees in Crores)		
1991-92	858.43	288.44
1992-93	989.25	265.47
1993-94	1274.67	286.67
1994-95	1552.36	371.63
1995-96	1886.23	441.79

ASSETS AND LIABILITIES OF THE STATE



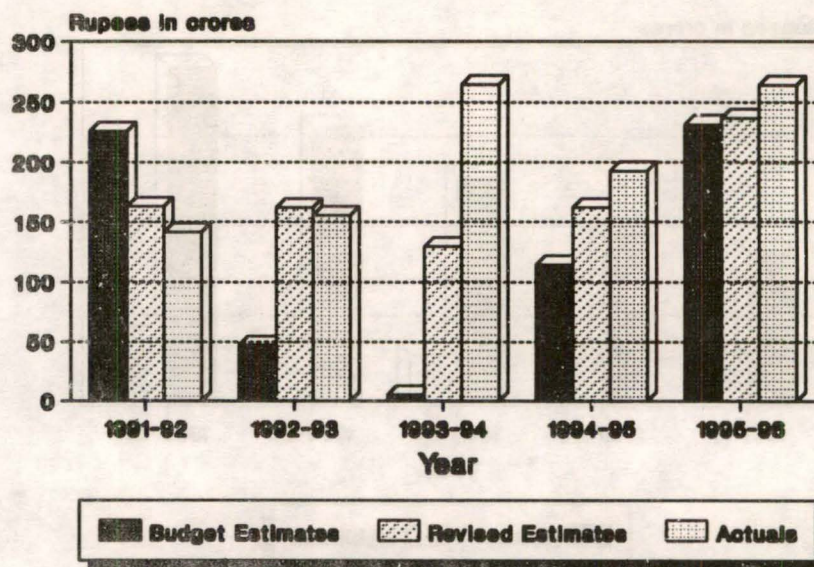
While the assets had grown by 120 per cent during the five years, the liabilities had grown by 53 per cent. The growing gap between assets and liabilities was on account of continued revenue surplus.

1.3 Revenue surplus

The revenue surplus envisaged in the budget estimate for the year 1995-96 was Rs.231.65 crores. This was increased to Rs.236.76 crores in the revised estimate. Against this the actual surplus was Rs.263.71 crores. The position of revenue surplus envisaged in the budget/revised estimates and the actuals during the period from 1991-92 to 1995-96 are given below :-

Year	Revenue surplus		Actuals
	Budget Estimate	Revised Estimate	
(Rupees in Crores)			
1991-92	226.05	163.09	141.57
1992-93	46.95	162.33	155.55
1993-94	5.48	129.54	264.26
1994-95	114.78	162.37	192.73
1995-96	231.65	236.76	263.71

REVENUE SURPLUS

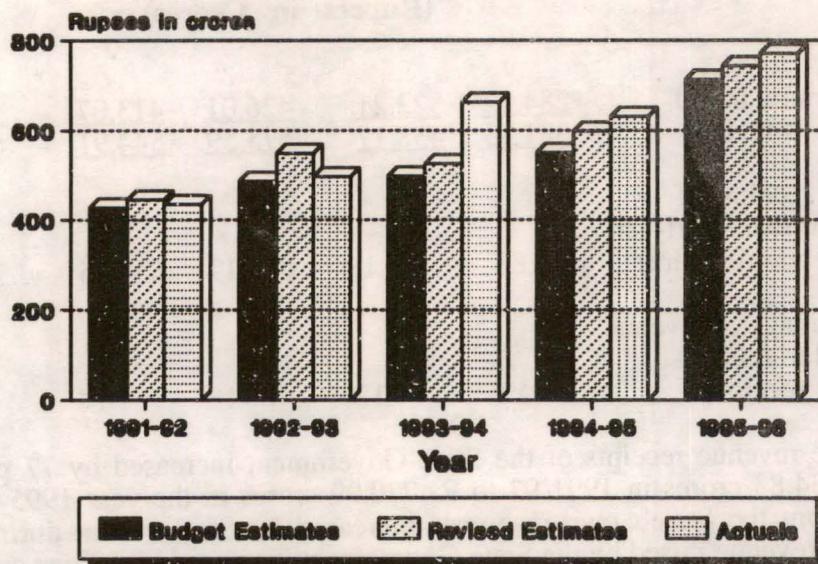


1.4 Revenue receipts

The actual revenue receipts during the five years ending the period 1995-96 are given below :-

Year	Budget estimate	Revised estimate	Actuals of revenue receipts	
			Amount	Percentage growth over the previous year
(Rupees in Crores)				
1991-92	427.96	445.06	434.83	(-)24
1992-93	487.52	549.65	497.13	14
1993-94	498.68	526.61	663.17	33
1994-95	550.20	598.02	631.06	(-) 5
1995-96	713.80	743.57	770.99	22

REVENUE RECEIPTS



The position of revenue raised by the State and the State Share of Union taxes and grants received from Government of India was as under:-

	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in Crores)					
I. Revenue raised by the State Government :					
(a) Tax revenue	4.09	4.54	3.63	5.60	7.68
(b) Non-tax revenue	<u>49.21</u>	<u>54.42</u>	<u>83.95</u>	<u>80.55</u>	<u>91.10</u>
Total of I:	<u>53.30</u>	<u>58.96</u>	<u>87.58</u>	<u>86.15</u>	<u>98.78</u>
II. State shares of net proceeds of Taxes on income other than Corporation Tax:	3.68	4.01	6.40	6.25	18.80
III. Receipts from Government of India:					
(i) State's share of Union Excise Duties	93.73	111.95	143.18	125.59	105.72

	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in Crores)					
(ii) Grants-in-aid	<u>284.12</u>	<u>322.21</u>	<u>426.01</u>	<u>413.07</u>	<u>547.69</u>
Total of II+III :	<u>381.53</u>	<u>438.17</u>	<u>575.59</u>	<u>544.91</u>	<u>672.21</u>
IV. Total receipts of Government(I+II+III) (Revenue Account)	434.83	497.13	663.17	631.06	770.99
V. Percentage of revenue raised to total revenue receipts	12	12	13	14	13

The revenue receipts of the State Government increased by 77 per cent from Rs.434.83 crores in 1991-92 to Rs.770.99 crores in the year 1995-96. The revenue from the State's own resources increased by 85 per cent during these years. Tax revenue raised by the State Government increased by 88 per cent from Rs.4.09 crores in the year 1991-92 to Rs.7.68 crores in the year 1995-96. Collections from non-tax revenue increased by 85 per cent, from Rs.49.21 crores in the year 1991-92 to Rs.91.10 crores in the year 1995-96. Further analysis of the State's revenue receipts is given in Chapter VI of this Report.

1.5 State's share of Union Taxes/Duties and Grants-in-aid from the Central Government

The aggregate of the State's share of Union Taxes/Duties and the Grants-in-aid from the Central Government during the year 1995-96 was Rs.672.21 crores representing 87 per cent and 133 per cent of the total revenue receipts and revenue expenditure of the State Government respectively. The year-wise details for the period 1991-92 to 1995-96 are given below :-

Year	State's share of Union Taxes and Duties	Grants-in-aid	Total	Percentage of total to	
				Revenue receipt	Revenue expenditure
(Rupees in Crores)					
1991-92	97.41	284.12	381.53	88	130
1992-93	115.96	322.21	438.17	88	128
1993-94	149.58	426.01	575.59	87	144
1994-95	131.84	413.07	544.91	86	124
1995-96	124.52	547.69	672.21	87	133

The State Government did not spend the full amount received from Government of India.

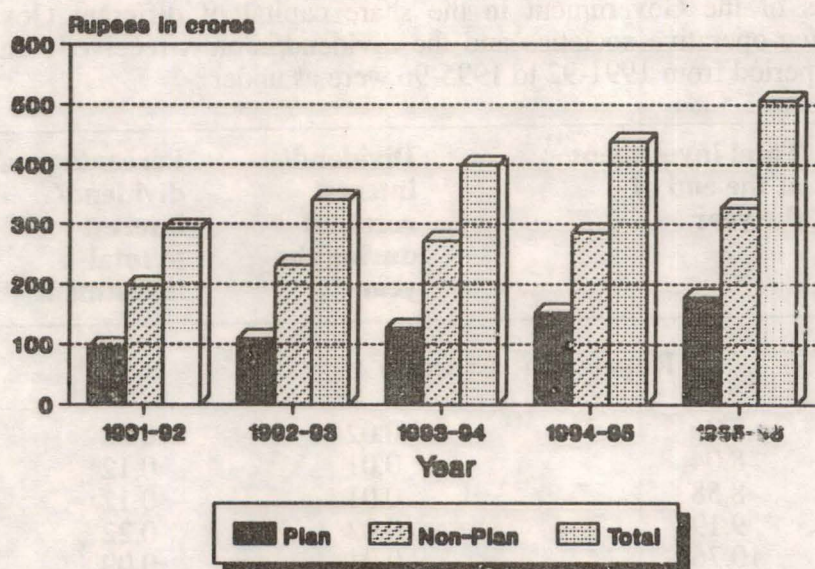
1.6 Growth of revenue expenditure

The revenue expenditure (both Plan and non-Plan) during the last five years was as under :-

Revenue expenditure

Year	Plan	Non-Plan	Total
	(Rupees in Crores)		
1991-92	95.34	197.92	293.26
1992-93	108.84	232.74	341.58
1993-94	126.65	272.26	398.91
1994-95	151.92	286.41	438.33
1995-96	178.35	328.93	507.28

GROWTH OF REVENUE EXPENDITURE



The total revenue expenditure increased from Rs.293.26 crores in 1991-92 to Rs.507.28 crores in 1995-96 showing an increase of 73 per cent. The expenditure under plan increased by Rs.26.43 crores (17 per cent) during the year while that under non-plan increased by Rs.42.52 crores (15 per cent) as compared to previous year. The detailed reasons for variation are given in Statement No.1 of the State Government Finance Accounts for 1995-96.

1.7 Non-Plan revenue expenditure

The following table shows the details of non-Plan revenue expenditure, other than interest payments where there had been significant increase over five years.

	1991-92	1995-96	Percentage increase
	(Rupees in crores)		
1. Secretariat General Services	3.34	7.19	115
2. Social Security and Welfare	0.27	0.72	167
3. Food storage and Warehousing	12.78	29.91	134
4. Power	10.11	20.76	105
5. Road transport	3.75	8.50	127

1.8 Investment and returns

In 1995-96, Government invested Rs.1.57 crores in various Government companies (Rs. 0.75 crore) and co-operative societies (Rs.0.82 crore). The investments of the Government in the share capital of different Government companies/co-operative societies and the dividend/interest received during the five years period from 1991-92 to 1995-96 were as under :-

Year	Total investment at the end of the year	Dividend/ interest received during the year	Percentage of dividend/ interest to total investment
------	---	---	--

(Rupees in Crores)

1991-92	7.26	0.02	0.28
1992-93	8.04	0.01	0.12
1993-94	8.58	0.01	0.12
1994-95	9.19	0.02	0.22
1995-96	10.76	0.01	0.09

Thus the return on investment in the respective years was insignificant and was very much less than the rate of interest of 14 per cent for long term Government borrowings during this period.

1.9 Public Debt and Other liabilities

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limit, if any, as may be from time to time fixed by an Act of the

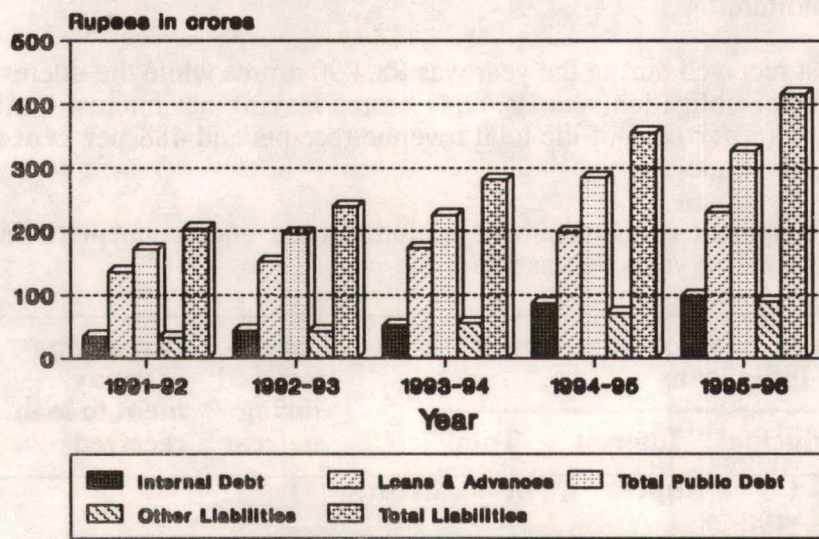
State Legislature. No law had been passed by the State Legislature laying down such a limit.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal Debt comprises long-term loans raised in the open market and loans received from financial institutions etc. This also includes Ways and Means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and advances from the Central Government represent loans received from Government of India for execution of various plan/non-plan schemes. Besides, the Government had other liabilities on account of funds raised through Small Savings, Provident Funds, etc.

The details of such liabilities of the State Government during the five years ending March 1996 are given below:-

Year	Internal debt	Loans and Advances from Central Government	Total public debt	Other liabilities	Total liabilities
(Rupees in Crores)					
1991-92	35.15	135.33	170.48	33.15	203.63
1992-93	44.32	151.38	195.70	43.24	238.94
1993-94	52.62	172.64	225.26	55.85	281.11
1994-95	86.92	197.54	284.46	71.61	356.07
1995-96	98.13	229.38	327.51	89.64	417.15

PUBLIC DEBT AND OTHER LIABILITIES



Public Debt (Rs.170.48 crores) at the end of the year 1991-92 increased to Rs.327.51 crores during the year 1995-96. The other liabilities increased from Rs.33.15 crores to Rs.89.64 crores between the period 1991-92 and 1995-96.

1.10 Debt services

The State Government had not made any amortisation arrangements for debt.

The following table shows the outgo of funds on account of interest payments (gross) during the five years ending 1995-96:-

Year	Opening balance		Small savings, provident Funds etc.	Total obligations	Interest paid	Percentage of interest to	
	Internal debt	Loans and Advances from Central Government				Total obligations	Total revenue expenditure
1	2	3	4	5	6	7	8
(Rupees in crores)							
1991-92	28.18	113.21	22.34	163.73	21.37	13	7
1992-93	35.15	135.33	33.15	203.63	21.83	11	6
1993-94	44.32	151.38	43.24	238.94	27.53	12	7
1994-95	52.62	172.64	55.85	281.11	34.53	12	8
1995-96	86.92	197.54	71.61	356.07	42.41	12	8

It would be seen that the outflow of funds for payment of interest during 1991-96 had been Rs.147.67 crores and was between 6 and 8 per cent of the revenue expenditure.

Interest received during the year was Rs.4.90 crores while the interest paid on debt and other obligation was Rs.42.41 crores leaving net interest burden of Rs.37.51 crores (5 per cent of the total revenue receipts and 488 per cent of the tax revenue of the State).

The repayment of Government of India loans and payment of interest thereon during the five years was as under :-

Year	Repayment of Government of India loans			Loan received during the year	Percentage of repayment to loan received
	Principal	Interest	Total		
(Rupees in Crores)					
1991-92	16.96	12.71	29.67	39.08	76
1992-93	7.87	11.53	19.40	23.92	81
1993-94	10.87	14.54	25.41	32.13	79
1994-95	9.30	16.43	25.73	34.20	75
1995-96	7.10	19.88	26.98	38.94	69

During the year 1995-96, the repayment of loan and interest constituted 69 per cent of the amount of loan received from the Central Government.

The following table shows the repayment of internal debts of the State Government and payment of interest thereon during the five years ending 1995-96 :-

Year	Repayment of internal debt			Loan received during the year	Percentage of repayment to loan received
	Principal	Interest	Total		
(Rupees in crores)					
1991-92	28.04	3.64	31.68	35.02	90
1992-93	0.46	4.07	4.53	9.63	47
1993-94	5.22	5.37	10.59	13.52	78
1994-95	10.89	8.26	19.15	45.19	42
1995-96	19.39	10.16	29.55	30.60	97

The repayment of principal and interest on internal debt during the year 1995-96 constituted 97 per cent of total loan received during the year.

1.11 Loans and Advances by the State Government

The State Government has been advancing loans to Government Companies, Co-operatives, etc. for developmental and other activities. The position of such loans during the five years period from 1991-92 to 1995-96 is indicated below :-

	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in Crores)					
Opening balance	9.89	11.23	12.73	13.50	13.47
Amount advanced during the year	2.09	2.37	1.72	1.16	1.51
Amount repaid during the year	0.75	0.87	0.95	1.19	1.07
Closing balance	11.23	12.73	13.50	13.47	13.91
Net addition	1.34	1.50	0.77	(-0.03)	0.44
Interest received	0.80	0.20	0.14	0.21	0.20

Information about arrears in recovery of loans and advances (including interest) as on 31 March 1996 had not been received from departmental authorities who maintain the detailed accounts (September 1996).

1.12 Ways and Means Advances

Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank on all days a minimum balance of Rs. 10 lakhs. If the balance falls below the agreed minimum, the Government can take ordinary Ways and Means Advances from the Bank. In addition, Special Ways and Means Advances are also made available against Government of India securities held by the State Government. If even after the maximum advances are given, the cash balance is below the prescribed minimum, the deficit is left uncovered and is treated as overdraft.

During 1995-96 the State Government took Ways and Means Advances of Rs.11.60 crores and overdrafts of Rs.6.64 crores from Reserve Bank of India and the entire amount was repaid along with interest of Rs.1.05 lakhs and Rs.53000 respectively.

The extent to which the Government maintained the minimum balance with the Bank during the year 1995-96 is given below :-

(i) Number of days on which the minimum balance was maintained without obtaining any advance	360 days
(ii) Number of days on which minimum balance was maintained by taking Ordinary and Special Ways and Means Advances	2 days
(iii) Number of days on which there was shortfall from minimum balance after taking above advance but no overdraft was taken	...
(iv) Number of days on which overdraft was taken	<u>4 days</u>
	Total : 366 days

1.13 Guarantees given by the Government

The contingent liabilities of Rs.4.75 lakhs (Principal : Rs.4.50 lakhs and interest : Rs.0.25 lakh) outstanding as on 31 March 1987 for guarantees given by the Government of India on behalf of the Union Territory Government of Arunachal Pradesh prior to the attainment of statehood have become the liability of the State Government and was outstanding as on 31 March 1996.

The position as on 31 March 1996 regarding the guarantees given by the State Government on behalf of Statutory Corporations, Local Bodies and Other Institutions had not been furnished (September 1996).

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CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India soon after the grants under Article 203 are made by the Assembly, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Act passed by the Legislature contains authority to appropriate certain sums from and out of the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Acts include the expenditure which has been voted by the Assembly on various grants in terms of Article 204 and 205 of the Constitution of India and also include the expenditure which is required to be charged on the Consolidated Fund of the State in terms of Article 202(3) of the Constitution of India. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Acts.

The Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual expenditure and savings/excess for the grants/appropriations as a whole during the financial year. There were 62 number of demands for grants/appropriations obtained by the various departments of the Government during 1995-96.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provisions of the Constitution is so charged. Appropriation audit also ascertains whether the expenditure so incurred is in conformity with law, relevant rules, regulations and instructions.

This chapter contains observations on the audit conducted in respect of the Appropriation Accounts for the year 1995-96.

2.1.1 Summary of appropriation accounts

A summary of appropriation accounts indicating sums expended during the year ended 31 March 1996 compared with the several sums authorised in the schedule appended to the Appropriation Acts, 1995 passed under Article 204 and 205 of the Constitution of India, is given below :-

	Original grant/ appropriation*	Supplementary grant/ appropriation	Total	Actual expenditure	Variation Excess (+) Saving (-)
(In lakhs of rupees)					
I.Revenue					
Voted	43617.14	3292.21	46909.35	48690.19	(+)1780.84
Charged	4662.35	28.38	4690.73	4342.17	(-) 348.56
II.Capital					
Voted	27068.65	3958.03	31026.68	29040.19	(-)1986.49
III.Public Debt					
Charged	1992.51	...	1992.51	2648.58	(+) 656.07
IV Loans and Advances					
Voted	150.20	33.42	183.62	151.07	(-) 32.55
Total					
Voted	70835.99	7283.66	78119.65	77881.45	(-) 238.20
Charged	6654.86	28.38	6683.24	6990.75	(+) 307.51
Grand Total :	77490.85	7312.04	84802.89	84872.20	(+) 69.31

2.2 Results of appropriation audit

The overall excess was the net result of saving in 74 grants/appropriations and excess in 24 grants as shown below :-

	Savings		Excess		Net Saving(-) Excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	1	2	3	4	5	6
(In lakhs of Rupees)						
Voted	1348.15 (in 37 grants)	2074.71 (in 32 grants)	3128.99 (in 18 grants)	55.67 (in 5 grants)	(+)1780.84	(-)2019.04
Charged appropriation	348.56 (in 5 appropriations)	656.07 (in 1 appropriation)	(-)348.56	(+)656.07
	1696.71	2074.71	3128.99	711.74	(+)1432.28	(-)1362.97

*In a demand, the grants are voted and appropriations are charged.

While there was net excess of Rs.1780.84 lakhs under revenue (voted) grants, there was a net saving of Rs.2019.04 lakhs under capital (voted) grants showing a significant excess in revenue expenditure and a significant reduction in capital expenditure on the corresponding budgeted levels.

The supplementary grants and appropriations of Rs.7312.04 lakhs obtained during 1995-96 constituted 9 per cent of the original grants and appropriations as against 8 per cent in the previous year.

2.2.1(a) Excess over grants

According to the provisions of the Financial Rules no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorised by legislature by law for a financial year even after obtaining a supplementary grant.

In the Revenue Section, there was total excess of Rs.31,28,99,564 in 18 grants while the excess in the capital section amounted to Rs.55,66,791 in 5 grants and Rs.6,56,06,666 in 1 appropriation as detailed below :-

Serial Number and name of Number grant/appropriation	Total grant/ appropriation	Expenditure	Excess
(In rupees)			
Revenue section (Voted)			
1. 8 - Police	29,78,26,000	30,09,07,747	30,81,747
2. 9 - Motor Garage	3,68,80,000	3,70,62,015	1,82,015
3. 11 -Social Welfare Department	7,38,43,000	8,59,37,773	1,20,94,773
4. 13 -Directorate of Accounts	9,02,26,000	10,95,59,473	1,93,33,473
5. 14 -Education	67,90,36,000	70,78,00,670	2,87,64,670
6. 15 -Health and Family Welfare	29,76,40,000	32,50,48,498	2,74,08,498
7. 16 -Arts and Cultural Affairs	1,35,98,000	1,36,98,000	1,00,000
8. 18 -Research	1,13,40,000	1,21,98,012	8,58,012
9. 21 -Food Storage and Warehousing	28,50,23,000	28,65,19,849	14,96,849
10. 29- Co-Operative	2,23,09,000	2,23,52,778	43,778
11. 31 -Public Works	21,23,97,000	37,36,19,168	16,12,22,168
12. 32- Road and Bridges	8,34,80,000	8,34,80,035	35
13 34 -Power	20,24,43,000	23,91,16,719	3,66,73,719
14. 40 -Housing	4,60,61,000	5,95,61,065	1,35,00,065
15. 51 -Library	74,70,000	82,52,207	7,82,207
16. 53 -Fire Protection and Control	63,63,000	64,29,423	66,423
17. 59 -Public Health Engineering	20,41,05,000	21,12,44,455	71,39,455
18. 60 -Handloom and Handicraft	5,00,15,000	5,01,66,677	1,51,677
		Total:	31,28,99,564

Serial Number and name of Number grant/appropriation	Total grant/ appropriation	Expenditure	Excess
(In rupees)			
Capital section (Voted)			
19. 20 -Labour	24,70,000	28,22,696	3,52,696
20. 23 -Forest	1,21,20,000	1,22,27,544	1,07,544
21. 24 -Agriculture	2,85,50,000	3,17,60,252	32,10,252
22. 28 -Animal Husbandry and Veterinary	47,50,000	66,46,157	18,96,157
23. 41 -Land Record	5,87,000	5,87,142	142
		Total:	55,66,791
Capital section(Charged)			
24. Public Debt	19,92,51,000	26,48,57,666	6,56,06,666
		Total:	6,56,06,666

These excesses require regularisation under Article 205 of the Constitution.

2.2.1(b) Excess expenditure of previous years not got regularised by the Legislature

Excess expenditure aggregating Rs.3,68,98,18,772 covering 254 cases of grants and 15 cases of appropriations, pointed out in the Reports of the Comptroller and Auditor General of India for the years 1981-82 to 1994-95 was yet to be regularised (October 1996). The year-wise break up is given below :-

Year	Number of cases		Amount of excess	
	Voted grants	Charged appropriations	Voted grants Rs.	Charged appropriations Rs.
1981-82	16	1	8,52,29,169	453
1982-83	19	2	18,54,72,757	3,772
1983-84	20	3	9,37,03,752	64,913
1984-85	14	2	8,62,35,599	861
1985-86	17	1	8,81,62,686	9,560
1986-87	13	...	6,56,00,239	...
(U.T Period)				
1986-87	33	...	12,71,95,746	...
(State Period)				
1987-88	17	2	7,20,60,492	1,85,84,112
1988-89	13	1	8,18,60,983	46,32,52,167
1989-90	15	1	7,82,16,510	9,66,58,001
1990-91	15	1	4,88,37,365	23,72,71,069

Year	Number of cases		Amount of excess	
	Voted grants	Charged appropriations	Voted grants Rs.	Charged appropriations Rs.
1991-92	18	1	35,62,87,373	27,49,48,076
1992-93	12	...	27,90,74,548	...
1993-94	13	...	30,66,16,646	...
1994-95	<u>19</u>	...	<u>64,44,72,023</u>	...
Total:	<u>254</u>	<u>15</u>	<u>2,59,90,25,888</u>	<u>1,09,07,92,884</u>

2.2.2 Unnecessary supplementary provision

In 17 cases of grants/appropriations detailed below the entire supplementary provision of Rs.462.11 lakhs obtained, proved wholly unnecessary as the expenditure was less than even the original provision. This indicated defective budgeting by the concerned departments. It also indicated the failure of the departments to exercise caution while forecasting its additional budgetary requirement.

Serial Number	Number and name of grant/appropriation	Original provision	Supplementary provision	Total provision	Total expenditure	Final Saving
(In lakhs of rupees)						
Revenue section(Charged)						
1.	2-Governor	56.50	24.58	81.08	53.98	27.10
Revenue section(Voted)						
2.	19-Industries Department	677.76	3.39	681.15	376.92	304.23
3.	27-Panchayat Department	77.79	1.57	79.36	74.77	4.59
4.	33-North Eastern Areas	58.75	60.15	118.90	51.92	66.98
5.	41-Land Record Department	200.87	3.28	204.15	116.60	87.55
6.	42-Rural Development Department	1981.23	20.23	2001.46	1927.63	73.83
7.	48-Horticulture Department	697.80	40.63	738.43	654.90	83.53
8.	52-Sports and Youth Services	252.42	0.93	253.35	181.16	72.19
9.	56-Tourism	74.35	0.09	74.44	62.95	11.49
Capital section(Voted)						
10.	15-Health and Family Welfare Department	487.00	4.00	491.00	441.93	49.07
11.	30-State Transport Department	397.23	0.89	398.12	368.72	29.40

Serial Number	Number and name of grant/appropriation	Original provision	Supplementary provision	Total provision	Total expenditure	Final Saving
(In lakhs of rupees)						
12.	33-North Eastern Areas	625.00	220.77	845.77	474.97	370.80
13.	36-Statistics Department	53.50	9.24	62.74	50.24	12.50
14.	38-Irrigation and Flood Control Project	412.00	10.00	422.00	409.65	12.35
15.	52-Sports and Youth Services	69.00	51.00	120.00	...	120.00
16.	56-Tourism	135.00	10.36	145.36	77.67	67.69

17. The entire supplementary grant of Rs.1.00 lakh obtained in Grant No.11-Social Welfare Department - Capital Section-Voted (Original provision - Nil) remained unutilised.

2.2.3 Unutilised provision

In the following grants/appropriations, the expenditure fell short by more than Rs.10 lakhs in each case and also by more than 10 per cent of the total provision:-

Serial Number	Number and name of grant/appropriation	Amount of savings (In lakhs of Rs.) Percentage of savings to total provision	Remarks
(1)	(2)	(3)	(4)
Revenue section (charged)			
1.	2-Governor	<u>27.10</u> (33)	No part of the saving was surrendered. Reasons for balance savings have not been intimated (October 1996).
2.	12-Social Security and Welfare	<u>99.00</u> (99)	Against the final savings of Rs.99.00 lakhs, Rs.97.00 lakhs were surrendered (March 1996). Reasons for balance savings have not been intimated (October 1996).
Revenue section (Voted)			
3.	4-Election	<u>40.76</u> (13)	Out of savings of Rs.40.76 lakhs, Rs.27.22 lakhs were surrendered (March 1996). Savings of Rs.22.69 lakhs was reportedly due to less printing of identity cards of electorate. Reasons for balance savings have not been intimated (October 1996).

(1)	(2)	(3)	(4)
4.	19-Industries Department	<u>304.23</u> (45)	Against the final savings of Rs.304.23 lakhs, Rs.278.50 lakhs were surrendered (March 1996).Savings were reportedly due to less requirement of fund.
5.	33-North Eastern Areas	<u>66.98</u> (56)	No part of the saving was surrendered. Reasons for savings have not been intimated (October 1996).
6.	41-Land Record Department	<u>87.55</u> (43)	Out of final savings of Rs.87.55 lakhs, Rs.83.84 lakhs were surrendered(March 1996).Savings of Rs.4.68 lakhs was reportedly due to less number of tours performed and engagement of less number of contingency staff. Reasons for balance savings have not been intimated (October 1996).
7.	47-Administration of Justice	<u>10.92</u> (69)	Against the final saving of Rs.10.92 lakhs, Rs 9.59 lakhs were surrendered (March 1996). Savings were reportedly due to adoption of measure of economy in expenditure.
8.	52-Sports and Youth Services	<u>72.19</u> (28)	Against the final savings of Rs.72.19 lakhs, Rs.46.81 lakhs were surrendered (March 1996).Saving of Rs.53.00 lakhs was reportedly due to adoption of measure of economy in expenditure. Reasons for balance savings have not been intimated (October 1996).
9.	55-State Lottery Department	<u>113.90</u> (72)	Against the final savings of Rs.113.90 lakhs, Rs.113.89 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).
10.	56-Tourism	<u>11.49</u> (15)	Against the final savings of Rs.11.49 lakhs, Rs.11.36 lakhs were surrendered (March 1996). Anticipated savings of Rs.6.00 lakhs was reportedly due to less requirement of fund. Reasons for balance savings have not been intimated (October 1996).
11.	57-Urban Development	<u>48.24</u> (27)	Against the final savings of Rs.48.24 lakhs, Rs.28.00 lakhs were surrendered (March 1996).Reasons for savings have not been intimated (October 1996).

(1)	(2)	(3)	(4)
Capital section (Voted)			
12.	14-Education Department	<u>382.76</u> (19)	Against the final savings of Rs.382.76 lakhs, Rs.160.00 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).
13.	18-Research Department	<u>14.34</u> (100)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
14.	19-Industries Department	<u>94.56</u> (64)	Against the final savings of Rs.94.56 lakhs, Rs.44.50 lakhs were surrendered (March 1996). Out of the anticipated savings of Rs.37.50 lakhs, Rs.6.00 lakhs was reportedly due to less requirement of fund. Reasons for balance amount of savings have not been intimated (October 1996).
15.	21-Food Storage and Warehousing	<u>165.00</u> (31)	Against the final savings of Rs.165.00 lakhs, Rs.167.16 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).
16.	22-Civil Supplies Department	<u>91.54</u> (38)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
17.	31-Public Works Department	<u>201.59</u> (14)	Against the final savings of Rs.201.59 lakhs, Rs.123.30 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).
18.	33-North Eastern Areas	<u>370.80</u> (44)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
19.	36-Statistics Department	<u>12.50</u> (20)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
20.	39-Loans to Government Servants	<u>34.96</u> (29)	Against the final savings of Rs.34.96 lakhs, Rs.22.00 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).

(1)	(2)	(3)	(4)
21.	43-Fisheries Department	<u>19.46</u> (72)	Against the final savings of Rs.19.46 lakhs, Rs.4.95 lakhs were surrendered (March 1996). Reasons for savings have not been intimated (October 1996).
22.	51-Library	<u>24.80</u> (100)	Against the final savings of Rs.24.80 lakhs, Rs.2.50 lakhs were surrendered (March 1996). Reasons for balance savings have not been intimated (October 1996).
23.	52-Sports and Youth	<u>120.00</u> (100)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
24.	56-Tourism	<u>67.69</u> (47)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
25.	57-Urban Development	<u>108.30</u> (26)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).
26.	60-Handloom and Handicrafts	<u>17.00</u> (100)	No part of the savings was surrendered. Reasons for savings have not been intimated (October 1996).

In eight cases the savings exceeded Rs.1 crore and in ten cases the savings was more than 50 per cent of the grant/appropriation.

Savings in a grant or appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last day of the year. Savings should not be held in reserve for possible future excess. Out of the 26 cases listed above, in 10 grants/appropriation, the entire savings of Rs.896.25 lakhs was not surrendered. In four cases, the surrender of savings was less than 50 per cent. Non-surrender of funds at the right time had deprived the Government of an opportunity to transfer the funds to other needy sectors.

2.2.4 Persistent savings

During the period of three years ending 1995-96, persistent saving of 10 per cent and above were noticed in the following grants/appropriations :-

Serial Number	Number and name of grant/appropriation	Percentage of saving to total provision		
		1993-94	1994-95	1995-96
Revenue section (Charged)				
1.	2-Governor	21	28	33
2.	12-Social Security and Welfare	99	98	99
Revenue section (Voted)				
3.	33-North Eastern Areas	62	38	56
4.	47-Administration of Justice	83	77	69
5.	52-Sports and Youth Services	21	32	28
Capital section (Voted)				
6.	14-Education Department	38	19	19
7.	19-Industries Department	49	16	64
8.	21-Food Storage and Warehousing	41	24	31
9.	33-North Eastern Areas	15	45	44

2.2.5 Persistent excess

A grant/appropriation for expenditure is distributed by sub-heads under which it is accounted. Re-appropriation of funds can take place within a grant/appropriation before the close of the financial year. Re-appropriation of funds should be made when it is known or anticipated that the appropriation from the sub-heads for which funds are to be transferred will not be utilised in full or that savings can be affected in the appropriation of the unit.

During the period of three years ending 1995-96, persistent excess were noticed in the following grants :-

Serial Number	Number and name of grant/appropriation	Percentage of excess to total provision		
		1993-94	1994-95	1995-96
Revenue section (Voted)				
1.	31-Public Works Department	72	68	76
2.	34-Power	72	116	18
3.	40-Housing	19	22	29

2.2.6 Injudicious/ excessive/ unnecessary re-appropriation

A grant/appropriation for expenditure is distributed by sub-heads under which it is accounted. Re-appropriation of funds can take place within a grant/appropriation on or before the close of the financial year. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation from the sub-heads for which funds are to be transferred will not be utilised in full or that savings can be affected in the appropriation of the unit.

A few instances, where re-appropriation of funds during the year proved either injudicious/ excessive or unnecessary are given below :-

(a) **Injudicious re-appropriation**

In the following cases, withdrawal of provisions proved injudicious in view of the final excess :-

Serial Number	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of Rupees)					
1.	8-Police	2055-Police A(d) 109-District Police O. 1477.63 S. 104.62 R(-) 4.92	1577.33	1621.38	44.05
2.	14-Education Department	2202-Education B(a) 80-General B(a) 001- Direction and Adminis- tration O. 85.03 R(-) 3.09	81.94	105.15	23.21
3.	15-Health and Family Welfare Department	2210-Medical and Public health B(b)-101(1) Malaria Eradication Programme O. 286.95 R(-) 22.00	264.95	359.07	94.12
4.	15-Health and Family Welfare Department	2210-Medical and Public Health B(b)06-101(3) T.B. Control Programme O. 75.26 R(-) 2.55	72.71	114.60	41.89
5.	15-Health and Family Welfare Department	2210-Medical and Public Health B(b) 06-101(4) Leprosy Control Programme O. 31.19 R(-) 3.00	28.19	42.29	14.10

(1)	(2)	(3)	(4)	(5)	(6)
6.	56-Tourism	3452-Tourism C(f)800 Other Expenditure C(f)800(16) Publication on Tourist Information O. 16.00 R(-) 7.36	8.64	12.50	3.86
7.	59-Public Health Engineering	2215-Water Supply and Sanitation B(c)01- 102(27) Minor Works O. 284.60 S. 51.00 R(-) 6.00	329.60	503.80	174.20

(b) Excessive/unnecessary re-appropriation

In view of the final savings, the augmentation of provision by way of re-appropriation in the following cases proved to be excessive/unnecessary:-

Serial Number	Number and name of grant	Head of Account	Total grant	Total expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of Rupees)					
1.	14-Education Department	2202-Education B(a)02- Secondary B(a)108(1) Reimbursement of Examination fees/Tuition Fees of AISSC Examination O. 10.00 R. 4.80	14.80	8.00	6.80
2.	15-Health and Family Welfare Department	2210-Medical and Public Health B(b)03-110- Hospital and Dispensaries O. 1849.41 S. 48.00 R. 22.77	1920.18	1802.28	117.90

(1)	(2)	(3)	(4)	(5)	(6)
3.	15-Health and Family Welfare Department	2210-Medical and Public Health B(b)06-101(2) Expanded Programme of Immunisation O. 122.11 R. 25.00	147.11	108.90	38.21
4.	-Do-	2210-Medical and Public Health B(b)06-101(5) Mobile Eye Clinic O. 7.81 R. 5.00	12.81	6.77	6.04
5.	19-Industries Department	4885-Capital Outlay on Industry and Minerals C(f)60-800 Major Works R. 6.00	6.00	...	6.00
6.	23-Forest Department	2406-Forestry and Wild Life C(a)01-001 Direction and Administration O. 891.15 S. 19.89 R. 16.84	927.88	916.19	11.69
7.	30-State Transport Department	5055-Capital Outlay on Road Transport C(g)050 (53)(a) Building O. 136.30 S. 0.89 R. 2.85	140.04	123.86	16.18
8.	31-Public Works Department	2059-Public Works A(d)80-General A(d) 80-001(3)-Structural Planning O. 125.62 R. 1.20	126.82	...	126.82
9.	57-Urban Development	2230-Labour and Employment B(f)02-101(5) A&E O. 23.46 R. 2.70	26.16	3.42	22.74

(1)	(2)	(3)	(4)	(5)	(6)
10.	60-Handloom & Handicraft	2851-Village and Small Industries Centrally Sponsored Schemes C(f)103(I) Handloom Development Centre in A.P. O. 48.00 S. 44.16 R. 17.00	109.16	94.00	15.16
11.	61-Geology and Mining	2853-Non-Ferrous Mining and Metallurgical Industries C(f)02 Regulation and Development of Mines C(f)800- Other Expenditure R. 6.50	6.50	1.35	5.15

Reasons for augmentation of provisions by re-appropriation in excess of requirement have not been intimated (December 1996).

2.2.7 Absence of departmental reconciliation

To enable the departmental officers to exercise proper control over expenditure, the rules require that expenditure recorded in their books should be reconciled by them with those recorded in the books of the Accountant General (Accounts & Entitlement) before the close of accounts of a year. Five out of 99 controlling officers did not reconcile the figures in respect of five Heads of Accounts involving Rs.102.25 crores before the final closing of the accounts of the year 1995-96.

2.2.8 Shortfall/excess in recoveries

Under the system of gross budgeting the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated receipts and recoveries are shown separately in the budget estimates. During the year 1995-96 the anticipated receipts and recoveries and actuals were as under :-

Serial Number	Number and name of grant	Budget estimates	Actuals	Variations More (+) Less (-)
(In lakhs of rupees)				
Revenue section(Voted)				
1.	21-Food and Nutrition	65.00	85.93	(+) 20.93
2.	26-Rural Works Department	...	6.06	(+) 6.06
3.	31-Public Works Department	15.00	1,651.38	(+)1,636.38
4.	34-Power Project	300.00	311.98	(+) 11.98
5.	38-Irrigation and Flood Control Project	...	249.15	(+) 249.15
Total Revenue section (Voted)		380.00	2,304.50	(+) 1,924.50
Capital section(Voted)				
6.	21-Food and Nutrition	520.58	419.83	(-) 100.75
Total Capital section (Voted)		520.58	419.83	(-) 100.75

2.3 Control over expenditure

The Central Treasury Rules adopted by the State Government, require that moneys drawn on abstract contingent (AC) bills must be regularised by submission of detailed bills not later than one month from the date of such drawal.

Test-check (May to August 1996) of the records of 11 Drawing and Disbursing Officers (DDOs) revealed that Rs.130.56 lakhs were drawn during 1995-96 through 135 AC bills but remained unregularised as at the end of the financial year (Details given in Appendix-I).

Withdrawal of money in AC bills was exhibited in the accounts as spent for the purpose for which the funds were provided by the Legislature. However, due to non-submission of detailed countersigned bills, the actual expenditure against the withdrawal in AC bills and the extent to which the purpose for which the amounts appropriated was fulfilled, remained unassessed by the Government. The large scale non-regularisation of withdrawal against AC bills indicated a serious deficiency in control over expenditure.

CHAPTER III
CIVIL DEPARTMENTS
EDUCATION DEPARTMENT

3.1 Mis-appropriation of Government money

The Cashier in the office of the Deputy Director of Public Instructions (DDPI), Pasighat who was absconding from 1 August 1995 was suspected to have mis-appropriated the pay and allowances of teachers drawn for the month of July 1995. Internal audit team of the Department estimated (August 1995) the amount of mis-appropriation at Rs.48.62 lakhs. On the basis of a report received from the Directorate of Public Instruction, the State Government requested (January 1996) the Principal Accountant General (Audit) to conduct a detailed audit of the accounts of the DDPI, Pasighat.

Audit scrutiny (March 1996) of the records pertaining to the period from 17 August 1993 to 31 July 1995 revealed the actual shortage of cash to the tune of Rs.68.91 lakhs as detailed below :-

	Rupees in lakhs
Closing balance as on 19 June 1995 (upto which closing balance was drawn in the cash book):	53.28
Add: net of treasury drawals (Rs.36.81 lakhs) and disbursements (Rs.29.99 lakhs) during 20 June to 30 June 1995, but not paid:	06.82
Unaccounted money drawn in June 1995 :	01.07
Unaccounted money drawn from treasury during 17 August 1993 to 5 September 1994:	05.06
Unaccounted money and discrepancy in closing balance with effect from 6 September 1994:	10.66
Closing balance as on 30 June 1995 as worked out:	<u>76.89</u>
Add: Drawals in July 1995:	51.55
Deduct: Disbursement made in July 1995:	<u>58.30</u>
Closing balance as on 31 July 1995 as worked out:	70.14
Physical chest balance on 08-08-1995:	<u>01.23</u>
	<u>68.91</u>

The mis-appropriation was facilitated due to the negligence and non-adherence of the fundamental principles of Financial Rules for maintenance of cash book namely :

- money drawn from the treasury was not always accounted for,
- full amount of the money drawn/disbursed was not reflected correctly,
- closing and opening balance was reduced without any reason,
- frequent tampering of figures by way of overwriting, cancellation and erasing of entries without proper attestation by the DDO,
- non-verification of the closing balance of the cash book and non endorsing of the certificate to that effect at the end of every month and
- daily entries in the cash book were not attested by the DDO, closing balance at the end of the day had not been attested by the DDO since 6 September 1994 and daily closing balance was not worked out after 19 June 1995.

Apart from the above, there was heavy cash balance ranging from Rs.18.19 lakhs to Rs.104.12 lakhs at the end of each month during the period from August 1993 to June 1995 in spite of this having been pointed out earlier by Audit. In sixteen cases, amounts drawn from the treasury (Rs.8.70 lakhs) were not entered in the cash book immediately. There were delays ranging from 47 to 296 days.

The findings of detailed audit were communicated to the Government in April 1996. Follow up action of the report had not been intimated (December 1996).

ENVIRONMENT AND FOREST DEPARTMENT

3.2 Preservation of Wildlife

3.2.1 Introduction

The Indian Wildlife (Protection) Act 1972 came into force in Arunachal Pradesh in May 1973. Accordingly, a separate wildlife wing was created in the Department headed by a Chief Conservator of Forests (CCF), Wildlife(WL). Upto the end of 1995-96, 10 wildlife sanctuaries and two National Parks covering an area of 9583.48 sq.km were constituted in the state to ensure proper protection of wildlife habitat.

The main activities geared towards preservation of wildlife are :-

- (i) Infrastructure development activities such as fencing, construction and maintenance of approach roads, patrol paths and watch towers, provision of staff quarters and development of camp sites.
- (ii) Habitat improvement including provision of water holes and reservoirs, salt licks, planting of fruit and fodder species and creation of grasslands.
- (iii) Enhancing wildlife awareness through, *inter alia*, publicity campaigns, education camps, seminars etc.
- (iv) Relocation of human settlements, conducting animal census and undertaking anti-poaching measures.
- (v) Maintenance and development of zoological parks and declaration of suitable areas as wildlife protection areas.

Besides, the following Centrally sponsored schemes were also being implemented by the department :-

1. Development of National Parks and Sanctuaries
2. Beneficiary Oriented Scheme for Tribal Development
3. Assistance for Development of Selected Zoo
4. Project Elephant
5. Control of Poaching and Illegal Trade in Wildlife (transferred to State plan since 1993-94)

3.2.2 Organisational set up

The Environment and Forest Department headed by the Principal Chief Conservator of Forests (PCCF) is the nodal department for the implementation of all wildlife preservation measures. The PCCF is assisted by the wildlife (WL) wing of the department headed by the Chief Conservator of Forests (CCF{WL}) who is assisted by one Deputy Conservator of Forests (DCF)/WL, one Deputy Chief Wildlife Warden (DCWW), Naharlagun, one Field Director (FD), Project Tiger at Namdapha National Park (NNP) and five Divisional Forest Officers (DFO)/WL at Miao, Roing, Seijosa, Pasighat and Jengging.

3.2.3 Audit coverage

A review of the wildlife preservation activity in the State for the period 1990-91 to 1995-96 was conducted during February-April 1996 by test check of the records in the offices of the PCCF, CCF(WL), Itanagar, DCWW, Naharlagun, DFOs, Namdapha Wildlife Sanctuary and Kamlang Wildlife Sanctuary Divisions, Miao, Project Director, Tiger Project (NNP), Miao, DFOs, Pakhui Wildlife Sanctuary and Eaglenest Wildlife Sanctuary Divisions, Seijosa.

3.2.4 Highlights

Out of the total Central assistance of Rs.459.34 lakhs received during 1990-91 to 1995-96, only Rs.407.08 lakhs were spent. The percentage of unutilised amount at the end of every year varied between 15 and 49. The allocation by the Forest Department for wildlife protection fell short of the prescribed 15 per cent in all years except 1994-95.

(Paragraph 3.2.5)

Management plan was not prepared for any of the wildlife sanctuaries/national parks by the department.

(Paragraph 3.2.6)

Survey, demarcation and boundary consolidation of the notified wildlife sanctuaries/national parks were not completed even though the notifications were issued in 1977-78.

(Paragraph 3.2.7)

Despite incurring an expenditure of Rs.85.05 lakhs on anti-poaching measures, no specialised force was created.

(Paragraph 3.2.9(b))

Though expenditure of Rs.23.52 lakhs were incurred, habitat improvement activities were ineffective and inadequate.

(Paragraph 3.2.10)

Regular wildlife census of all animals including tigers in tiger reserve areas should be undertaken once in every 2 years to determine the trend in the growth of wildlife in order to assess the impact of conservation measures. However, in respect of census carried out at Namdapha Tiger reserve during 1995, against 18 species covered in 1993, only 2 species were covered in 1995. The reasons for not conducting regular census operation to cover all animals were however, not available on records produced to Audit nor could be clarified. Hence the population and growth trend of many other endangered and vulnerable species in the State was yet to be ascertained as the work of census remained incomplete as of September 1996.

(Paragraph 3.2.12)

Despite incurring an expenditure of Rs.2.11 lakhs during 1990-91 to 1995-96 on captive breeding of the endangered white winged wood duck, the species continued to decrease in number.

(Paragraph 3.2.13(iii))

There was idle investment of Rs.2.29 lakhs owing to unnecessary purchase of one speed boat and loss of Rs.7.27 lakhs on account missing of electric bar fencing from the field leaving the sanctuary unprotected.

(Paragraph 3.2.14)

No system of monitoring the implementation of various activities towards wildlife preservation was evolved nor was any evaluation of the impact of the preservation programmes carried out.

(Paragraph 3.2.15)

3.2.5 Financial progress

The anticipated Central assistance, Central assistance received and expenditure incurred thereagainst during 1990-91 to 1995-96 were as shown below :

Year	Total provision of forest department	Budget provision for Wildlife preservation	Percentage of total provision	Central assistance* (inclusive of unspent balance of previous year)	Expenditure			Overall Savings(-) Excess (+)	Central assistance (CA)	Percentage of unspent balance of CA
					Central share	State share	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			[(3)-(2)]							
(Rupees in lakhs)										
1990-91	1970.69	199.45	10	77.90	62.01	128.88	190.89	(-)8.56	15.89	20
1991-92	1782.44	186.81	10	53.20	41.21	137.53	178.74	(-)8.07	11.99	23
1992-93	2026.84	239.39	12	90.90	77.55	159.04	236.59	(-)2.80	13.35	15
1993-94	2260.94	267.01	12	113.86	74.50	183.69	258.19	(-)8.82	39.36	35
1994-95	2612.96	386.90	15	132.74	67.58	190.35	257.93	(-)128.97	65.16	49
1995-96	2572.17	242.25	9	136.49	84.23	204.59	288.82	(+)46.57	52.26	38
	13226.04	1521.81	12		407.08	1004.08	1411.16	(-)110.65		

The percentage of unutilised central assistance varied from 15 to 49 during the period 1990-91 to 1995-96. During 1994-95 there was an overall saving of Rs. 128.97 lakhs constituting 33 per cent which was stated (April 1996) to be due to late receipt of sanctions from the State Government.

*Central assistance received during 1990-91 to 1995-96 represents sum total of unspent balance of the previous years carried over and added to the CA released (Rs.459.34 lakhs) during respective years which works out to Rs.77.90 lakhs (1990-91); Rs.37.31 lakhs (1991-92); Rs.78.91 lakhs (1992-93); Rs.100.51 lakhs (1993-94); Rs.93.38 lakhs (1994-95); Rs.71.33 lakhs (1995-96).

According to the recommendations of the Indian Board of Wildlife, 15 per cent of the annual budget of the Forest Department should be earmarked for wildlife preservation. It was, however, observed that the percentage of allocation varied between 9 and 12 except in 1994-95.

3.2.6 Management plan

Management plan (MP) constitutes the coherent strategy of a department for the fulfillment of its objectives and is vital for the systematic implementation of a scheme. However, management plan was not finalised for any of the 12 protected areas although Rs. 1.43 lakhs were spent on data collection activities during 1992-93 (Rs.1.37 lakhs) and 1993-94 (Rs. 0.06 lakh) for 4 (Kamlang, Mehao, Pakhui and Eaglenest) wildlife sanctuaries. The CCF(WL), stated (April 1996) that a few plans have been submitted by the DFOs and were under scrutiny.

3.2.7 Boundary consolidation

The details of the sanctuaries and parks in the state were as shown below :-

Serial Number	Name of Sanctuary/National Park	Area (Sq.Km)	Date of Notification
1.	Pakhui Wildlife Sanctuary	861.95	28-03-77
2.	Itanagar Wildlife Sanctuary	140.80	14-06-78
3.	D-Ering Wildlife Sanctuary	190.00	23-08-78
4.	Mehao Wildlife Sanctuary	281.50	15-12-80
5.	Kamlang Wildlife Sanctuary	783.00	18-10-89
6.	Eaglenest Wildlife Sanctuary	217.00	18-10-89
7.	Kane Wildlife Sanctuary	55.00	11-09-91
8.	Dibang Wildlife Sanctuary	4,149.00	26-11-91
9.	Tale Wildlife Sanctuary	337.00	14-07-95
10.	Namdapha National Park (Tiger Project)	1,985.23	12-05-83
11.	Mouling National Park	483.00	30-12-86
12.	Sessa Orchid Sanctuary	100.00	08-10-89

However, none of the above areas had been demarcated by means of walls, fences, cairns, etc. Though preliminary notification was issued in respect of Kane and Dibang Wildlife Sanctuaries final notification was pending as various claims made by local people have yet to be settled (December 1996) in those cases.

3.2.8 Human settlement and relocation

Human settlements within National Parks(NP) and Wildlife Sanctuaries(WS) constitute a constant source of threat and disturbance to wildlife therein and are, therefore, required to be relocated. There were human dwellings in 3 WS (Kamlang : 3 settlers; Itanagar : 5 villages occupying 12.80 sq.km;

Kane : 55 sq.km) and 1 NP (9 settlers occupying 0.06 sq.km), which were yet to be relocated. The Department stated (September 1996) that action was being taken for relocations of such settlers.

3.2.9 Wildlife protection

(a) The State Wildlife Advisory Board in their meeting (April 1994) proposed introduction of wireless networks in all the wildlife sanctuaries of the State for effective protection and management of the areas. But, no follow up action to provide wireless network to all the sanctuaries had been taken (April 1996). Out of the 10 WS and 2 NP, wireless networks were provided in only 1 WS (D-Ering) and 1 NP (Namdapha Project Tiger). Scrutiny revealed that the department purchased 41 wireless sets and related equipment at a cost of Rs.7.57 lakhs during 1984-85 (24 sets), 1993-94 (10 sets) and 1994-95 (7 sets) in respect of Namdapha Project Tiger. The Field Director, Project Tiger Namdapha, however, stated (April 1996) that with the existing facilities of wireless network 50 per cent of the area could only be covered. Twenty four sets purchased during 1984-85 at a cost of Rs. 3.54 lakhs were declared out of order since 1988. The department stated (September 1996) that the defective wireless sets were being replaced in a phased manner.

(b) Though Rs. 85.05 lakhs were incurred during 1990-91 to 1995-96 towards anti-poaching measures like construction of patrolling paths, procurement of arms and ammunition, establishment of watch towers and watch and ward duties, no specialised anti-poaching force was created.

The Department stated (September 1996) that due to lack of adequate field staff, extensive coverage of protected areas could not be made.

3.2.10 Habitat improvement

Suitable habitat conditions viz. availability of food, cover and water in sufficient quantities, are essential for the growth and preservation of wildlife. The activities required to create such conditions include construction of check dams, water holes, gully plugging, planting fruit and fodder species, restoration of degraded areas, weed-clearance, study of animal behaviour etc.

During 1990-91 to 1995-96 identifiable habitat improvement activities like creation of water holes, planting of fodder species, provision of salt licks involved an expenditure of Rs.23.52 lakhs (i.e. below two per cent of the total expenditure of Rs.1411.16 lakhs) which was negligible. However, it was observed that while systematic habitat study was carried out by the research unit in the Namdapha NP(Project Tiger), no such approach was adopted in any of the other protected areas as there were no research units. While accepting the facts the Department stated (September 1996) that the research aspects of wildlife sector would be covered in due course.

3.2.11 Forest offences

Hunting of wild animals, extraction of forest growth, illegal felling of trees, etc. are punishable offences under the Wildlife (Protection) Act 1972. The

details of offence cases noticed in respect of 2 WS and 1 NP test-checked in audit(April 1996) are given below :-

Name of Wildlife Sanctuary/National Park	Year	No. of cases			Nature of offence
		Registered	Settled	Pending	
Itanagar Wildlife sanctuary	1993-94	1	-	1	2 persons arrested for illegal trade of musk-pods.
-do-	1994-95	2	-	2	5 persons arrested for illegal trade of animal skins/teeth and rhino-horns (money value involved Rs.3.50 lakhs).
	Sub-Total:	<u>3</u>		<u>3</u>	
Pakhui Wildlife Sanctuary & Eaglenest Wildlife Sanctuary	1990-91	1	1	-	(i)Illegal felling of trees valued at Rs.26.26 lakhs (offenders not known)
	1991-92	1	1	-	
	1992-93	1	1	-	(ii)One Country-made gun was seized from Pakhui Wildlife Sanctuary on 4-4-95.
	1994-95	2	2	-	
	1995-96	5	-	5	
	Sub Total:	<u>10</u>	<u>5</u>	<u>5</u>	
Namdapa National Park(Tiger Project)	1990-91	1	1	-	Illegal collection of canes, hunting of Sambar, felling of trees, catching of fish etc.
	1992-93	2	2	-	
	1993-94	2	2	-	
	1995-96	<u>2</u>	<u>-</u>	<u>2</u>	
	Sub-Total:	<u>7</u>	<u>5</u>	<u>2</u>	
Grand Total:		20	10	10	

Out of the 20 cases of offences registered by the department during 1990-91 to 1995-96, only 10 cases have been settled and 10 cases are still pending settlement. No systematic records/registers were maintained by the department. The Department had, however, stated (September 1996) that systematic records will be maintained in future.

3.2.12 Animal census

As per Government of India's directives (October 1994), regular wildlife census of all animals including tigers in tiger reserve areas should be undertaken once in every 2 years to determine the trend in the growth of wildlife in order to assess the impact of conservation measures. However, in respect of census carried out at Namdapha Tiger Reserve during 1995, against 18 species covered in 1993, only 2 species were covered in 1995.

The department incurred an expenditure of Rs.18.34 lakhs on different census operations carried out in the State during 1992-93 to 1995-96.

The population figures of animals particularly that of elephant as per the latest census (1993) indicated inadequate impact of the preservation programme in the State. It was seen from the records of the office of the Chief Conservator of Forests, Wildlife, Arunachal Pradesh, that elephant census was conducted in different years in 1984 (Phase I), 1986 (Phase II) and 1993 the results of which were as shown below :

Name of species	1984	1986	1993
Elephant	1324 (Phase I)	1159 (Phase II)	2098

The reasons for not conducting regular census operation to cover all animals were, however, not available on records produced to Audit nor could be clarified (December 1996). Hence the population and growth trend of many other endangered and vulnerable species in the state was yet to be ascertained as the work of census remained incomplete as of September 1996.

3.2.13 Implementation of special programmes

(i) Project Elephant

Project Elephant was launched by Government of India during 1991-92 as a 100 per cent centrally sponsored scheme. The scheme was being implemented in the State since 1992-93 with the primary objective of conservation of the habitat of the species and the maintenance of viable population of elephant in harmony with the local population. Identified activities taken up under the project include habitat protection and improvement, reduction of man and animal confrontation, restoration of elephant corridors, strengthening of anti-poaching measures, launching of eco-development, research, training, education and awareness programmes.

Against total allotment of Rs.89.57 lakhs made by the Government of India, the department incurred an expenditure of Rs.39.89 lakhs during 1992-93 to 1995-96 on works like erection of electric barrier fencing, purchase of camp equipment, payment of compensation in elephant depredation cases, publicity, veterinary care etc. Thus, only 45 per cent of the allotted funds could be utilised till March 1996, leaving an unutilised balance of Rs.49.68 lakhs. The department stated (September 1996) that non-utilisation was due to late receipt of central assistance.

(ii) Project Tiger

The Project Tiger, a centrally sponsored scheme, covers an area of 1985.235 sq.km including a buffer zone of 177.415 sq.km in the Namdapha Tiger Reserve (May 1983) and has been in operation since March 1987.

As per Government of India's "Tiger Action Plan" launched during October 1973, each tiger reserve should have an appropriately drafted management plan covering all values, issues, objectives and problems. Although the first management plan (1986-87 to 1990-91) had already expired, no new management plan had been formulated so far (April 1996).

No survey of the project area was carried out. Under the scheme, expenditure on non-recurring components are fully financed by the Government of India and the recurring expenditure being shared by the State Government and the Central Government on 50:50 basis. The year-wise allotment and expenditure were as under :-

Year	Allotment				Expenditure			Unspent balance	
	Recurring		Non-re- curring	Total	Recur- ring	Non-re- curring	Total		
	Central	State							Total
(In lakhs of rupees)									
1990-91	10.01	10.01	20.02	26.16	46.18	19.95	16.09	36.04	10.14
1991-92	10.99	10.99	21.98	14.88	36.86	21.99	12.31	34.30	2.56
1992-93	12.70	12.70	25.40	19.11	42.51	25.93	9.75	35.68	6.83
1993-94	16.82	16.82	33.64	24.91	58.55	33.05	15.66	48.71	9.84
1994-95	14.45	14.45	28.90	27.03	55.93	30.30	20.67	50.97	4.96
1995-96	16.00	16.00	32.00	23.95	55.95	30.95	15.44	46.39	9.56
Total	80.97	80.97	161.94	134.04	295.98	162.17	89.92	252.09	43.89

The unspent balance of non-recurring central assistance had accumulated (March 1996) to Rs.44.12 lakhs constituting 33 per cent of total assistance (Rs.134.04 lakhs). This exhibited inadequacy in management of the Project.

Promotional activities such as printing and distribution of brochures, pamphlets, purchase of films and exhibition of film shows on wildlife etc. were carried out and an expenditure of Rs.4.10 lakhs were incurred during 1990-91 to 1995-96. But no records could be made available to Audit to establish that the promotional (publicity) activities were actually carried out. The Department stated (September 1996) that the relevant records would henceforth be maintained.

(iii) Captive breeding of White Winged Wood duck

Miao aviary under Namdapha Wildlife Sanctuary Division, is the main captive breeding centre for the endangered White Winged Wood (WWW) duck. The year-wise stock position, production and mortality of this endangered species were as shown below:-

Year	Opening stock	Production	Mortality	Closing balance
1990-91	15	1	10	6
1991-92	6	5	6	5
1992-93	5	4	3	6
1993-94	6	10	2	14
1994-95	14	NIL	1	13
1995-96	13	NIL	10	3

The Department stated (September 1996) that the heavy death toll of the species was due to diseases like Avian tuberculosis, cancer, enlargement of liver and heart and infection of lungs, and steps were being taken in consultation with veterinary doctors to ensure survival of the remaining ducks. Had such action been taken earlier, the mortality rate of this rare species could have been minimised. Action, if any, taken to increase the population of this endangered species during last two years had not been intimated. Though Rs. 2.11 lakhs was incurred on the project out of a provision of Rs. 2.76 lakhs during the period 1990-91 to 1995-96 for preservation of this species, the breeding programme had proved futile in view of continuously diminishing trend of re-production and survival of the birds.

3.2.14 Other topics of interest

(i) Idle investment

Government accorded sanction (March 1991) of Rs.2.50 lakhs for purchase of a fibre glass speed boat, requirement for which was not pre-assessed by the department. A fibre glass speed boat of 5 m x 1.6 m x 0.65 m fitted with a 18 H.P. Yamaha engine with all accessories was purchased (March 1991) at a cost of Rs. 2.29 lakhs by the Field Director, Project Tiger, Namdapha. The boat had not been put to use since its procurement. On this being pointed out in audit, the Field Director stated (April 1996) that no driver had been appointed so far and that there was a proposal to shift the speed boat to another sanctuary. Thus, the entire investment of Rs. 2.29 lakhs on procurement of the speed boat without prior assessment of its requirement was rendered infructuous.

(ii) Wasteful expenditure

During 1990-91 to 1995-96, the DFO, Pakhui WS Division, Seijosa incurred an expenditure of Rs.9.00 lakhs for raising Electric Bar Fencing (EBF) to cover a length of 62 Km as a protection measure in respect of Pakhui sanctuary. Besides, the cost of maintenance on EBF during 1990-91 to 1995-96 was Rs.1.79 lakhs.

Further scrutiny (April 1996) of records revealed that most of the wires, posts etc. were missing from the field as detected by the DFO in July 1995.

The DFO, however, stated (April 1996) that only 18.89 Km of fencing was in existence in the area/sanctuary (Bali Village). Thus, the expenditure of

Rs.7.27 lakhs (A)* was rendered wasteful due to missing of fencing structure around 57.11 km (B) leaving the Sanctuary unprotected. The department stated (September 1996) that the matter was being investigated.

3.2.15 Monitoring and evaluation

No system of monitoring the implementation of various activities towards wildlife preservation was evolved nor was any evaluation of the impact of the preservation programmes carried out. A separate monitoring cell was created only in January 1996, for monitoring all activities implemented by the Department and not specifically for wildlife preservation.

3.3 Wasteful expenditure

In March 1992, Forest Department accorded sanction of Rs.12.03 lakhs for implementation of 'Peach Haj Watershed Project' under Sagalee block of Lower Subansiri District under the Centrally sponsored scheme - National Watershed Development Project for Rainfed Areas (NWDPR). The sanction *inter alia* provided Rs.2.95 lakhs for (i) survey and projection and (ii) establishment and management cost for full time project workers.

Test-check (March 1995) of records of Divisional Forest Officers(DFO), Wasteland Development Division, Itanagar, (the Nodal Officer for NWDPR) revealed that Rs.1.27 lakhs was diverted for construction of Draftsman-cum-storeroom (Rs.0.57 lakh) and a temporary office building (Rs.0.70 lakh) at Naharlagun which was not within the scope of NWDPR Scheme. The buildings were also not handed over to succeeding Nodal Officers viz. Deputy Director (Horticulture) (November 1992 to May 1993) and Deputy Director (Plant Protection, Agriculture).

Government stated (July 1996) that owing to acute shortage of accommodation at the Headquarters, the buildings were needed to look after the activities of the scheme including management and project formulation etc. It was also stated that since survey and project formulation under the programme were

* (A) Total expenditure (1990-91 to 1995-96) on:	(i) Erection(62 km) :	Rs. 9.00 lakhs
	(ii) Maintenance (49.19km):	<u>Rs. 1.79 "</u>
		Rs.10.79 lakhs
D/d- EBF in existence(18.89 km) involving maintenance cost:		<u>Rs. 0.69 lakh</u>
		Rs.10.10 lakhs
Less-Proportionate erection cost on 18.89 km @ Rs.0.15 lakh/km (i.e. Rs.9 lakhs/62 km)		<u>Rs. 2.83 lakhs</u>
		Rs. 7.27 lakhs
(B) New erection (1991-92 to 1993-94) :		62 km
add-earlier erection carried over (1990-91) for maintenance		<u>14 km</u>
		76 km
D/d- EBF in existence		<u>18.89 km</u>
		57.11 km

now over, the buildings were not required by succeeding Nodal Officers and the buildings had become more or less unserviceable. Reply of Government was not tenable since diversion of NWDPR fund without prior approval of Central Government was not permissible. Besides, the entire expenditure of Rs.1.27 lakhs was rendered wasteful as the building had become unserviceable.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 National AIDS Control Programme

In order to check the spread of Acquired Immuno Deficiency Syndrome (AIDS) Government of India launched a comprehensive "National AIDS Control Programme" in September 1992 with the assistance of the World Bank and World Health Organisation. The Programme was a centrally sponsored scheme with cent per cent Central assistance. The programme was implemented in the State from 1992 with the objective of slowing down the spread of Human Immuno Deficiency Virus (HIV) so as to reduce future morbidity, mortality and impact of AIDS. This was to be attained through development of HIV/AIDS prevention activities, spreading public awareness, screening of blood used in transfusion and discouraging the practice of professional blood donation. Control of Sexually Transmitted Diseases(STD) and skills in detection of the infection were to be strengthened and support was to be provided to those suffering from the infection, systems of surveillance were to be established for collecting data for the infection to enable planning of appropriate intervention and to control its spread.

The Directorate of Health Services was in overall charge of the programme. The State AIDS Control Cell with the Deputy Director of Health Services (Leprosy) as State Programme Officer (SPO) was established (1992) for the purpose of implementing the programme.

Out of the Central assistance of Rs.106.88 lakhs received during 1992-93 to 1995-96, an amount of Rs.16.49 lakhs remained unutilised (March 1996). The Directorate stated (May/August 1996) that savings were owing to non-creation of prescribed posts under the programme consequent upon the State Government's ban on creation of new posts.

(i) **General management (strengthening the management capacity for HIV Control)**

(a) Government of India prescribed a definite staffing pattern for AIDS Control Cell for effective planning, co-ordination and monitoring of the programme. Posts prescribed by GOI, posts sanctioned and posts filled up by State Government were as under :-

Post	Post prescribed by GOI	Post sanctioned by State Government	Post filled up	Date of filling up of posts
A. General Management				
1. Deputy Director	1	1	1	1992-93
2. Assistant Director	1	-	-	
3. Statistician	1	-	-	
4. Programme PA	1	-	-	
5. Accountant	1	1	1	July 1995
6. Peon	1	1	1	January 1994
7. Driver	1	1	1	January 1994
B. Blood Safety Programme				
1. Deputy Director	1	-	-	
2. Drug Inspector	1	1	1	January 1994
3. Technician Assistant	1	-	-	
	10	5	5	

Against 10 posts approved by the Centre, only 5 posts were sanctioned and filled up (May 1996) by the State.

(b) The project provided finance for conducting workshops to train high level officials and the Mid level administrative officials of the State, working on the AIDS Project. Out of Rs.10.87 lakhs provided for this component, only Rs.0.49 lakh was spent during 1992-93 to 1995-96. Though no targets were fixed 49 people were trained by holding 22 workshops. Reasons for non-utilisation of fund and non-fixing of targets were not furnished (December 1996).

(ii) Information, Education and Communication (IEC) activities

Against the Central assistance of Rs.52.35 lakhs released during 1992-93 to 1995-96 for IEC activities, Rs.61.75 lakhs were incurred on printing of leaflets, booklets, posters, installation of hoardings, exhibition etc. The excess expenditure of Rs.9.40 lakhs was incurred out of unutilised amount under programme management, which was irregular. No approval was obtained from GOI for reasons not furnished (December 1996).

(iii) Strengthening and upgrading the blood bank system

There was no functional blood bank in the State as of November 1995. However, one blood bank at the General Hospital, Naharlagun was established during 1995-96. Equipments (18 nos) received from National AIDS Control Organisation (NACO) for modernisation of blood bank at General Hospital, Naharlagun were installed after delays ranging from 21 to 1078 days. Thus, the equipment remained idle for a considerable period due to non-installation of the same and consequently the strengthening and modernisation of blood bank remained unattended during the period. Delay in installation was stated (August

1996) by Directorate to be due to lack of accommodation. Reasons for the delay in creation of necessary infrastructure have not been intimated (December 1996).

Though two Elisa Readers costing Rs.5.20 lakhs were received from NACO during 1994-95, one machine could not be put to use as of August 1996 for want of necessary infrastructure. The Government stated (August 1996) that for want of well trained technical personnel it was not possible to work on Elisa Readers. The reply of the Government is not convincing as the Department had not taken any steps to train the personnel or to create necessary infrastructure.

(iv) Building surveillance and clinical management capacity

Financial assistance of Rs.3.36 lakhs was provided for surveillance centre during 1993-94 to 1995-96, of which only Rs.1.75 lakhs were spent.

One surveillance centre at Naharlagun targetted to be opened during 1992-93 was opened only in December 1994. The delay was attributed (May 1986) to lack of technical staff and non-availability of accommodation. Action, if any, taken to appoint the technical staff had not been intimated (December 1996).

High risk group (STD clinic attendants, sexually promiscuous men and women, iv drug users, recipients of blood/blood products, professional blood donors), other risk groups (TB patients) and groups without identified risk (OPD attendants, anti-natal clinic attendants, voluntary/ replacement blood donors) were to be covered under the surveillance programme. However, only high risk group was covered during the period from 1992-93 to 1995-96 by screening 2000 cases and no case of HIV infection was detected. The year-wise target could not be fixed due to shortage of technical staff and non-availability of test kits as stated (August 1996) by the SPO. The SPO also stated (May 1996) that other two categories were not covered due to shortage of trained man-power and lack of accommodation. Action taken, if any, to train the required persons had not been intimated (December 1996).

(v) Evaluation

The programme was not evaluated by the State Government to assess the qualitative and quantitative achievements of the programme.

3.5 Extra expenditure

The Director of Health Services (DHS), Naharlagun, without inviting tenders or executing any agreement, placed 9 orders (4 orders on 30 September 1994 and 5 orders on 30 January 1995) with 5 different firms approved by DHS for supply of 3 medicines. The DHS in his supply orders clearly stipulated that the suppliers must furnish approved manufacturer's printed price list of medicines supplied, failing which bills would not be entertained. It was also stipulated *inter alia* that the rates of medicines if found higher than the manufacturer's hospital/wholesale rates the difference in cost would be recovered at any time.

Test check (November 1995) of the records of the DHS, Naharlagun, however, revealed that the Directorate had not adhered to the terms and

conditions laid down in the supply orders. The medicines were procured from different agencies at varying rates during the same period. Considering the lowest rates of medicines, there had been an extra expenditure of Rs. 2.65 lakhs as indicated in the Appendix-II which could have been avoided.

The matter was reported to Government in February 1996 ; reply had not been received (December 1996).

3.6 Double drawal

Scrutiny of treasury vouchers in Central Audit revealed that the Director of Health Services drew Rs. 4.19 lakhs twice in January 1995 against a sanction order issued (December 1994) by Government for payment of Pro-rata contribution for Bachelor of Dental Surgery seats in the Regional Dental College, Guwahati (RDC) for the year 1993-94 and both the payments were included by the Treasury Officer in his list of payments schedule submitted to the Accountant General (A&E).

Further verification (October and November 1995) of the records of the Directorate of Health Services revealed that only one drawal of Rs. 4.19 lakhs was entered in the cash book and other subsidiary records. The second drawal of Rs. 4.19 lakhs was not entered at all in the cash book and other books of accounts. The Principal RDC, Guwahati also confirmed (January 1996) receipt of the amount of Rs. 4.19 lakhs only against demand for the year 1993-94. Evidently, the second drawal of Rs. 4.19 lakhs made by the Directorate of Health Services was misappropriated.

The matter was reported to Government in January 1996; reply had not been received (December 1996).

HORTICULTURE DEPARTMENT

3.7 Drawal of money in advance of requirement

For implementation of a pilot project on large cardamom cultivation in East Siang District and Upper Subansiri District, Government accorded sanction (March 1994) of Rs.24.72 lakhs. The Director of Horticulture, Naharlagun drew the entire amount on abstract contingent bills on 31 March 1994 subject to adjustment by submission of detailed countersigned contingent bills.

The department had not utilise the amount and kept the same as Deposit at Call Receipt as of November 1996. Thus it could be seen that an amount of Rs.24.72 lakhs had remained locked up for over 2 years.

The matter was reported to Government (February 1996); reply had not been received (December 1996).

INDUSTRIES DEPARTMENT

3.8 Avoidable expenditure owing to delayed payments of lease premia

Consequent upon the acceptance (November 1993) by Government of Arunachal Pradesh, Department of Industries, of the terms and conditions for allotment of land on lease hold basis and payment of lease premia etc., City and Industrial Development Corporation of Maharashtra Limited (CIDCO) allotted (January 1994) a plot of land measuring 2500 square metres at Vashi, New Bombay to Government of Arunachal Pradesh for construction of State Guest House/emporium. As agreed upon, the department was to pay Rs.101.25 lakhs to CIDCO on account of lease premia (Rs.100 lakhs) and water source development charges (Rs.1.25 lakhs) in two instalments on or before 18 March 1994. In case of failure to pay the amount, CIDCO could rescind the agreement or extend the period for payments subject to levy of interest at its approved rate.

The department did not pay the lease premia and the water source development charges by the due date. The department did not make any provision in the budget for 1993-94 and Rs.54.50 lakhs, available out of savings of the department, was drawn on 31 March 1994 and remitted to CIDCO on 22 April (Rs.50 lakhs) and 22 July 1994 (Rs.4.50 lakhs); Rs.46.75 lakhs was paid on 9 August 1994 out of the budget provision for 1994-95. Due to delay in payments, CIDCO levied interest of Rs.5.99 lakhs which was paid in April 1995.

Thus, failure on the part of the department to make provisions/allot funds in time resulted in an avoidable expenditure of Rs.5.99 lakhs by way of interest.

The matter was reported to Government (May 1996); reply had not been received (December 1996).

RURAL DEVELOPMENT DEPARTMENT

3.9 Employment Assurance Scheme

Employment Assurance Scheme (EAS), a centrally sponsored scheme was launched by Government of India, in August 1993 and was implemented from 2 October 1993 in rural areas of all the 56 blocks of the State. The scheme was implemented on cost sharing basis between the Central and State Government in the ratio of 80:20. The objective of the scheme was to provide assured wage employment for 100 days during lean agricultural season to all able-bodied adults in rural areas, who were in need and desirous of work and creation of economic infrastructure and durable and productive community assets for sustained employment.

The Director of Rural Development at State level, District Rural Development Agencies (DRDAs) under the Chairmanship of Deputy Commissioners at district level and Block Development Officers (BDOs) assisted by Extension Officers and Progress Assistants at block level, were responsible for implementation of the scheme.

The implementation of the scheme for the period from 1993-94 to 1995-96 was reviewed in Audit (February - April 1996) based on a test-check of records of the Directorate of Rural Development, four DRDAs (out of 12) and 26 blocks (out of 56).

(a) According to the scheme, DRDAs were required to prepare "Shelf of Projects (SOP)" before December each year. The SOP was initially to be prepared at the block level taking into consideration local needs and demands of the target groups. At the DRDA level, the same was to be placed before the District level, EAS committee for scrutiny and approval. The SOPs were required to be prepared and ready for use much before the commencement of works.

Test-check, however, revealed that SOPs in respect of two districts (Lower Subansiri and Papumpare) for 1993-94 were finalised only in January 1994 although the scheme was to be implemented from October 1993.

Only water and soil conservation, minor irrigation, link roads and primary School/Anganwadi buildings works were to be taken up under the scheme. Test-check of records of 4 DRDAs revealed that during 1995-96, Rs.63.29 lakhs were spent on construction of 18 multipurpose community halls (Pasighat: Rs.40 lakhs; Papumpare: Rs.10 lakhs; Along: Rs.5.38 lakhs and Ziro: Rs.7.91 lakhs) for Development of Women and Children in Rural Areas (DWCRA), which was irregular as this was not covered under the scheme.

The Government, however, stated (August 1996) that the DWCRA was an approved item under Jawahar Rozgar Yojana (JRY) and due to paucity of fund under JRY the expenditure was met out of EAS fund. The reply was not tenable as the item was not covered under EAS nor was any approval obtained from the Government of India (GOI).

(b) Forty per cent of the resources was to be earmarked for water and soil conservation works, 20 per cent for minor irrigation works, 20 per cent for link roads and 20 per cent for primary School/Anganwadi buildings. Sixty per cent of the resources had to be spent on the wage component.

The year-wise release of fund by Central/State Government, expenditure thereagainst on the scheme and opening and closing balance were as under:-

Year	Opening balance	Release of fund		Miscellaneous receipts (interest)	Total Fund (including interest)	Expenditure	Unspent balance (Percentage of total funds)
		Central	State				
(Rupees in lakhs)							
1993-94	-	240.00	-	-	240.00	136.37	103.63 (43)
1994-95	103.63	960.00	185.00	19.13	1267.76	862.80	404.96 (32)
1995-96	404.96	1859.00	588.75	34.87	2887.58	2020.33	867.25 (30)
Total :		3059.00	773.75	54.00	4395.34	3019.50	

Thus, funds ranging between Rs.103.63 lakhs (43 per cent) to Rs 867.25 lakhs (30 per cent) remained unspent at the end of each year during the period from 1993-94 to 1995-96. The Government stated (August 1996) that the funds could not be utilised fully due to weak administrative machinery in the DRDAs/Blocks and shortage of technical manpower. However, information on action taken, if any, to strengthen the administrative machinery and technical manpower, was not furnished (December 1996).

(c) The State Government was required to release the State share to the DRDAs within a fortnight of release of Central assistance.

It was, however, noticed that there was delay in release of State share ranging from one to fifteen months during the period 1993-94 to 1995-96.

The Government stated (August 1996) that the funds could not be released in 1993-94 for want of budget provision. During 1994-95 and 1995-96 the late release was stated to be due to procedural formalities involved in drawal of State share for release to DRDAs.

(d)(i) The year-wise physical targets in terms of mandays of employment and achievements made thereagainst are indicated below :-

Year	Target	Achievement	Shortfall	Percentage of shortfall
(Mandays in lakhs)				
1993-94	-	3.81	-	-
1994-95	25.40	20.84	4.56	18
1995-96	60.00	51.76	8.24	14

Target for 1993-94 was not fixed. The percentage of shortfall in achievement was 18 and 14 during 1994-95 and 1995-96 respectively.

The Government stated (August 1996) that the shortfall in generation of employment was mainly due to non-implementation of some of the approved schemes owing to shortage of technical staff at the Block level. However, steps taken to improve the staff position have not been intimated (December 1996).

(ii) Wage employment for 100 days in a lean agricultural season was to be assured under the scheme to all able bodied persons in rural areas, who were in need and were desirous of work.

Test-check of records of DRDA, Ziro revealed that employment was provided for days varying from 12 to 79 days in a year as shown below :-

Year	No. of workers engaged	Mandays generated	Number of days of employment per worker
(In lakhs)			
1993-94	0.02	0.23	12
1994-95	0.05	3.94	79
1995-96	0.16	8.81	55

Government stated (August 1996) that the non-fulfilment of the assurance of 100 days employment in a year was due to unwillingness of the villagers of a particular village to move to other district villages. The reply was not acceptable in view of the fact that the persons seeking work under EAS were required to be given employment within the area of the Block and not other district villages.

(e) Though evaluation of the programme/scheme was very essential, no evaluation was undertaken in the State. The Government stated (August 1996) that evaluation of the scheme will be taken up after the staff position was streamlined and when funds would be available.

SECRETARIAT ADMINISTRATION DEPARTMENT

3.10 Avoidable expenditure

Test-check (November 1995) of records of Secretariat Administration Department revealed that pending final decision of Government regarding financial assistance from Rural Electrification Corporation Limited (REC) by way of leasing of 4 micro hydel projects, Power Department entered into an agreement (8 April 1994) with REC for a loan of Rs. 10 crores (termed as Bridge loan) for meeting contractual obligations in respect of these micro hydel projects. The objective of these projects was to achieve 100 **per cent** rural electrification during 8th Five Year Plan. The grant of loan (Rs.10 crores : repayable on expiry of two months with interest rate of 16 **per cent** per annum) had been agreed to by REC at the request of the Power Department with the assurance that documents of lease would be finalised by Government within two months and the amount would be adjusted against lease amount. Power Department, however, did not consult Finance in this regard for reasons not on record.

REC released the loan (Rs.10 crores) on 9 April 1994 and sent the amount to Finance Department by bank draft. Finance Department, without making any enquiries about this loan at this stage, deposited the amount into treasury. By retaining the loan amount intended for the projects, the ways and means position of the State Government improved during this period. On expiry of two months time, REC claimed refund of loan (Rs.10 crores) and interest (Rs.26.74 lakhs) but Government's final decision regarding lease arrangement of micro hydel projects was awaited. Only at this point of time, the Finance Department called for

relevant records/documents relating to the loan from the Power Department and found that the loan had been obtained without consulting Finance and budget provision for refund of loan and interest thereon, could be made only thereafter. By then, interest liability had increased from Rs.26.74 lakhs to Rs.156.49 lakhs (31 March 1995). Subsequently, Rs.136.93 lakhs was paid as interest to REC and loan (Rs. 10 crores) and balance amount of interest (Rs. 19.56 lakhs) were adjusted against another loan of Rs.29.99 crores released by REC on 31 March 1995.

Loan raised by Power Department without the concurrence of Finance and in anticipation of finalisation of the lease arrangement of micro hydel projects by Government within two months, was irregular. Thus, lack of co-ordination between the Power and Finance Departments led to an avoidable expenditure of Rs.129.75 lakhs besides defeating the purpose for which the loan was raised.

The matter was reported to Government in February 1996 ; reply had not been received (December 1996).

**CIVIL SUPPLY / PANCHAYAT / INFORMATION
PUBLIC RELATIONS AND TOURISM / FISHERIES / RURAL
DEVELOPMENT DEPARTMENTS**

3.11 Outstanding Audit Inspection Reports

(a) Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot, are communicated to the Heads of Office and to the next higher departmental authorities through Audit Inspection Reports. The important irregularities are reported to the Head of Departments and Government for remedial action.

A review (June 1996) of the outstanding audit paragraphs included in the Inspection Reports in respect of Civil Supply, Panchayat, Information Public Relation and Tourism, Fisheries and Rural Development Departments showed the position of unsettled paragraphs as of March 1996 as below :-

Serial Number	Department	Number of outstanding	
		Inspection Reports	Paragraph
1.	Civil Supply	8	8
2.	Panchayat	3	3
3.	Information, Public Relation & Tourism	5	5
4.	Fisheries	28	31
5.	Rural Development	5	8
		49	55

Year-wise analysis of the number of audit objections is given below:-

Year	Departments				
	Civil supply	Panchayat	Information, Public Relation and Tourism	Fisheries	Rural Development
1	2	3	4	5	6
<u>Number of audit observation</u>					
1984-85	-	-	-	-	1
1986-87	-	-	-	-	2
1988-89	-	-	-	2	-
1989-90	2	1	1	1	-
1990-91	-	-	1	3	-
1991-92	-	1	-	6	2
1992-93	1	-	-	5	2
1993-94	1	-	1	2	-
1994-95	-	1	2	4	1
1995-96	4	-	-	8	-
	8	3	5	31	8

(b) The outstanding paragraphs pertained mainly to the following categories of comments in the Inspection Reports :-

Serial Number	Nature of Irregularities	Civil supply	Panchayat	Information, Public Relation & Tourism	Fisheries	Rural Development
1	2	3	4	5	6	7
1.	Non-observance of rules relating to custody and handling of cash book and muster rolls	1	-	-	2	-

1	2	3	4	5	6	7
2.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	-	-	-	4	-
3.	Defective maintenance and/or non-maintenance of log book of departmental vehicles	-	1	-	2	-
4.	Delay in recovery or non-recovery of departmental receipts, advances and recoverable charges	1	-	-	8	3
5.	Sanction to write-off loans, losses, etc.	1	-	-	3	-
6.	Payment of grants in excess of requirement	-	1	-	-	-
7.	Over-payment or inadmissible payment noticed in audit not recovered	-	-	-	1	1
8.	Utilisation certificate and accounts certified by audit in respect of grants-in-aid not furnished	-	1	-	-	-
9.	Payees receipts not received	1	-	-	-	-
10.	For want of sanction	-	-	-	-	1
11.	Other reasons	3	-	-	6	-
12.	Detailed Countersigned Contingent bills wanting	1	-	4	2	2

1	2	3	4	5	6	7
13.	Drawal of funds in advance of requirement resulting in retention of funds in hand for long periods	-	-	1	-	1
14.	Local purchase of stationeries in excess of authorised limits & expenditure incurred without sanction	-	-	-	3	-
Total		8	3	5	31	8

(c) During 1995-96, one Audit Committee meeting was held in respect of the Departments of Forest, Agriculture, Animal Husbandry & Veterinary, Social Welfare and Cultural Affairs and 587 paragraphs were discussed and 307 paragraphs were settled.

The matter was reported to the Government in July 1996 ; reply had not been received(December 1996).

FINANCE DEPARTMENT

3.12 Mis-appropriation, losses etc.

Twenty six cases of misappropriation, losses etc., of Government money aggregating Rs.13.91 lakhs reported to Audit upto March 1996 were pending for the period ranging from 1 to 36 years as at the end of June 1996.

The break up of pending cases is given below:-

Serial Number	Particulars	Number of cases	Amount involved
			(in lakhs of rupees)
1.	Cases awaiting departmental action	6	3.06
2.	Cases in court of law/ awaiting police investigation	7	7.17
3.	Cases awaiting orders of Government/Department for recovery or write off	<u>13</u>	<u>3.68</u>
Total :		26	13.91

Department-wise and year-wise analysis of outstanding cases in which final action was pending as at the end of June 1996 is given in Appendix-III.

The matter was reported to Government (August 1996); reply had not been received (December 1996).

4.1.1. Introduction

The Government of India has been providing financial assistance to various States for the purpose of strengthening their judicial systems. This assistance is provided in the form of grants-in-aid to the States. The Government has been providing financial assistance to the States since 1952. The assistance is provided in the form of grants-in-aid to the States. The Government has been providing financial assistance to the States since 1952. The assistance is provided in the form of grants-in-aid to the States.

4.1.2. Objectives

The objectives of the Government are to provide financial assistance to the States for the purpose of strengthening their judicial systems. This assistance is provided in the form of grants-in-aid to the States. The Government has been providing financial assistance to the States since 1952. The assistance is provided in the form of grants-in-aid to the States.

4.1.3. Details

The details of the Government's financial assistance to the States are given in the following table. The table shows the amount of financial assistance provided to the States in various years. The Government has been providing financial assistance to the States since 1952. The assistance is provided in the form of grants-in-aid to the States.

4.1.4. Summary

The summary of the Government's financial assistance to the States is given in the following table. The table shows the total amount of financial assistance provided to the States in various years. The Government has been providing financial assistance to the States since 1952. The assistance is provided in the form of grants-in-aid to the States.

CHAPTER IV
WORKS EXPENDITURE
PUBLIC WORKS DEPARTMENT

4.1 Improvement of Yingkiong - Damroh Road

4.1.1 Introduction

In order to facilitate transportation of forest and agricultural produce of surrounding areas and for the overall socio-economic development of the people, the State Government decided (1976) to improve the existing jeepable road from Yingkiong to Damroh (0 to 62 Km) to the District Road Standard having a width of 4.05 metres and carriage way of 3.75 metres. The administrative approval for the work was given in phases for a total cost of Rs.682.24 lakhs.

4.1.2 Organisational set up

The Chief Engineer, Public Works Department (PWD), Zone I, was in overall charge of the construction. The Superintendent Engineer, Along Civil Circle, was responsible for supervision and control of the works executed by the Along Central Public Works Division (August 1977 to June 1982) and the Yingkiong Public Works Division (July 1982 onwards).

4.1.3 Audit coverage

The review covering the period from August 1977 to March 1996 was conducted during May - June 1996 based on test-check of the records of the Superintending Engineer, Along Circle and Executive Engineers, Public Works Divisions, Along and Yingkiong.

4.1.4 Highlights

- **Though an expenditure of Rs.941.73 lakhs was incurred together with a further committed liability of Rs.63.50 lakhs on the road during 1977-78 to 1995-96 against the allotment of Rs.696.65 lakhs, the work was still in progress.**

(Paragraph 4.1.5)

- **Extra expenditure of Rs.22.85 lakhs was incurred owing to unauthorised and arbitrary change in the specification of culverts.**

(Paragraph 4.1.7(a))

- **Allowance of higher rates resulted in extra expenditure of Rs.2.06 lakhs.**

(Paragraph 4.1.7(b))

- Less utilisation of road metals resulted in execution of work below the standard specification in a road length of 12 Km constructed at a cost of Rs.64.15 lakhs.

(Paragraph 4.1.7 (c))

- Excess utilisation of road metals and firewood resulted in extra expenditure of Rs.26.68 lakhs.

(Paragraph 4.1.7(d)(i)(i))

- Defective execution of a permanent bridge at 5th Km rendered the expenditure of Rs.2.49 lakhs wasteful.

(Paragraph 4.1.7(f))

- Irregular extra expenditure of Rs.79.42 lakhs was incurred towards annual repairs and maintenance of the road while the original work was in progress.

(Paragraph 4.1.7(g))

4.1.5 Finance

The component-wise administrative approval/expenditure sanction and cost were as given below:-

Serial Number	Component of work	Administrative approval/ expenditure sanction	Expenditure till March 1996	Committed liability
(Rupees in lakhs)				
1.	Construction of hume pipe culverts, retaining walls, breast walls and causeway (0-62 Km)	108.25	206.28	-
2.	Soling, Metalling and carpeting (0-62 Km)	264.02	226.01	+ 50.00
3.	Improvement of geometrics and easing of gradient (8-57 Km)	28.21	33.98	-
4.	Diversion of Roads (13 - 15 Km) (18 - 20 Km) (40 - 41 Km)	65.76	61.92	-
5.	Pucca side drain	5.94	5.07	-
6.	R.C.C. causeway near 40th Km	5.94	4.36	-
7.	Construction of bridges at 5th Km " 32nd Km " 34th Km " 35th Km " 37th Km " 42nd Km at Lagru	139.91	226.01	+ 9.00

Serial Number	Component of work	Administrative approval/ expenditure sanction	Expenditure till March 1996	Committed liability
(Rupees in lakhs)				
8.	Protection works (Lagru bridge at 42nd Km)	40.19	45.26	-
9.	Bridge approach roads	14.06	15.54	-
10.	Masonry Wall for Bridge at 35th Km	4.96	2.18	-
11.	Special repairs to lagru Bridge at 42nd Km	5.00	1.31	+ 4.50
	Total :	682.24	846.19	+ 63.50
12.	Annual Repairs and Maintenance	-	95.54	-
	Grand Total :	682.24	941.73	+ 63.50

Expenditure incurred was in excess of the sanctioned amount but revised sanctions were not obtained by the division to regularise the excess expenditure.

Year-wise allotment of funds and expenditure incurred during 1977-78 to 1995-96 were as given below :-

Year	Allotment	Expenditure	(+)Excess (-)Savings
(In lakhs of Rupees)			
1977-78 to 1982-83	18.15	3.25	(-)14.90
1983-84	13.00	13.30	(+)0.30
1984-85	5.80	19.10	(+)13.30
1985-86	21.00	28.14	(+)7.14
1986-87	20.00	22.47	(+)2.47
1987-88	70.00	55.01	(-)14.99
1988-89	73.00	77.78	(+)4.78
1989-90	58.00	158.79	(+)100.79
1990-91	103.60	51.53	(-)52.07
1991-92	63.40	75.04	(+)11.64
1992-93	47.00	67.40	(+)20.40
1993-94	69.20	81.74	(+)12.54
1994-95	54.50	96.30	(+) 41.80
1995-96	80.00	96.34	(+) 16.34
	Total :	696.65	(+)149.54
Repairs and Maintenance (1983-84 to 1995-96)	-	95.54	(+) 95.54
Grand Total:	696.65	941.73	(+)245.08

There was an overall excess expenditure of Rs.245.08 lakhs over the total allotment. The division stated (June 1996) that the excess expenditure was met from the lump sum release of funds for all the works under the division through re-appropriation. But the contention of the department was not acceptable as no

re-appropriation account was submitted to the Government for according approval. Thus, the excess expenditure of Rs.245.08 lakhs together with a further committed liability of Rs.63.50 lakhs (for the works done and measured but payment not yet made) over the total allotment was unauthorised and irregular.

4.1.6 Physical target and achievement

The work was taken up in September 1977 under State Plan in a phased manner through 33 estimates. The phase-wise achievement of work vis-a-vis estimated cost, date of sanction and time schedule for completion are shown in Appendix - IV. There were delays ranging from 12 to 108 months beyond their scheduled dates in implementation of different phases of works. No specific target was fixed for completion of the work as a whole. The reasons for non-fixation of target as well as for delay in completion of works was mainly attributed to fund constraints. Thus, the achievement of the main objectives of the scheme got delayed by atleast 09 years besides involving cost overrun of Rs.245.08 lakhs.

Physical progress of the major items of work as of May 1996 was as under :-

<u>Total Road length:62 Km</u>	<u>As per estimated provision</u>	<u>Achievement</u>
Culverts	363 numbers	386 numbers
Bridges	7 numbers	6 numbers
Soling	50.75 Km	50.50 Km
Metalling	41.45 Km	42.50 Km
Carpeting	29.80 Km	22.00 Km

4.1.7 Implementation

All the 33 estimates were administratively approved by the Government between June 1979 and January 1996 for a total amount of Rs.682.24 lakhs. Construction of hume pipe culverts, breast walls, causeway (0-45 Km) was taken up (September 1977) before getting administrative approval (June 1979). The expenditure (Rs.1005.23 lakhs) including committed liability (Rs.63.50 lakhs) exceeded the estimate cost by Rs.322.99 lakhs and no revised sanction had been obtained (June 1996). The department stated (June 1996) that revised estimates were under preparation.

(a) Extra expenditure owing to unauthorised change in specification of work

The estimates for the work "Construction of hume pipe culverts, retaining walls and breast walls etc. (0 - 47 Km) Phase I to Phase III" were administratively approved (September 1985) for an amount of Rs.64.45 lakhs. The estimate provided construction of 285 hume pipe culverts having a length of 7.5 metres single opening with the use of 600 mm dia hume pipe of 2.5 metres length.

Test-check of records disclosed that the division on receipt of the sanction and prior to taking up actual execution of hume pipe culverts, procured 615 (900mm dia) and 540 (600mm dia) hume pipes having a length of 2.5 metres each between September 1985 and March 1987 though there was no provision for use of 900 mm dia pipes in the sanctioned estimates. The division took up the construction in March 1987 and constructed 139 hume pipe culverts with 900 mm dia instead of with 600 mm dia pipes.

Thus, the unauthorised purchase of 900 mm dia hume pipes in the first instance and their subsequent utilisation in 139 culverts beyond the provision of the sanctioned estimates and without obtaining prior approval from the competent authority was irregular. This resulted in extra expenditure of Rs.22.85 lakhs at the rate of Rs.16436 per culvert (cost of 900 mm dia culvert : Rs.24685 each - cost of 600 mm dia culvert : Rs.8249 each):

The reasons for such unauthorised change in the specification of 139 culverts were not furnished nor the unauthorised execution regularised by obtaining revised sanction from the competent authority till the date of Audit (June 1996).

(b) Extra expenditure due to allowance of higher rate

Between November 1991 and March 1993, Yingkiong Public Works Division executed 1279.06 cum of "Random Rubble Masonary Work with hard stone in cement mortar" in RCC hume pipe culverts, retaining walls, breast walls etc. at different chainages through a contractor without any agreement and paid Rs.8.36 lakhs.

Scrutiny of the records revealed that the aforesaid work was awarded to the contractor without calling for tenders and in 19 cases (out of 24) work orders were placed only after completion of work. In five cases (November 1991 to March 1993) payments were made at the rate analysed and approved by the division at Rs.492.70 per cum (March 1988) and in 19 cases (December 1992 to March 1993) at 92 to 150 *per cent* above Schedule of rates (1985) (Rs.314.10 per cum). The approved rate for the work was applicable from November 1991 to March 1993, and the allowance of higher rates of 92 to 150 *per cent* above SOR, 1985 during the same period was unjustified. This resulted in extra expenditure of Rs.2.06 lakhs. Reasons for adoption of higher rates have not been intimated (December 1996).

(c) Execution of work below the standard specification

The sanctioned estimates for soling, metalling and carpeting of road (length- 12 Km i.e. 0 - 6 Km from Lagru end towards Mariyang and from 0 - 6 Km from Mariyang end towards Lagru) provided for sub-base course (soling) of 10 cm thickness in one layer with Grade I metals of 90 - 40 mm size and another metalling course of 7.50 cm thickness in one layer with Grade II metals of 63 - 40 mm size and 2.50 cm thick premixed carpeting with seal coat to lay a road 20 cm

thick. The total requirement of metals, both Grade I and II together was 11,481 cum. **

In order to lay a road 20 cm thick 11,481 cum of metals were to be utilised. As against this, the department had utilised only 9488.72 cum metals (Grade I : 5491.57 cum and Grade II : 3997.15 cum). Thus, the non-utilisation of 1992.28 cum of metals resulted in execution of work below the standard specification and was also not got tested by the quality control unit.

Reasons for execution of soling and metalling works on the 12 Km stretch of the road (cost : Rs.64.15 lakhs) with less utilisation of road metals were not furnished (December 1996).

(d) Extra expenditure due to utilisation of excess materials

(i) Between December 1989 and March 1996, the division executed departmentally soling works (with grade I metals) on an area of 1,11,365 square meters. Metalling works (with grade II metals) were executed on an area of 79,040 square meters. As per norm adopted by the State PWD, 14,700.18 cubic meters of Grade I and 7,904.00 cubic meters of grade II metals were required to complete the above works respectively. However, 20,303.16 cubic meters of grade I and 10,631.60 cubic meters grade II metals were actually utilised.

The division thus utilised 5602.98 cum of Grade I and 2727.60 cum of Grade II metals in excess of norms resulting in extra expenditure of Rs.17.75* lakhs.

(ii) According to norms adopted by the Sate Public Works Department 4.079 quintals of firewood are required for premix carpeting including tack coat and seal coat works on 100 sqm of the road.

It was noticed that between December 1989 and March 1996, the division executed departmentally premix carpeting including tack coat and seal coat works on 86,825 sqm at different chainages of road wherein 35,448 quintals of firewood

**Area of 12 Km road including 5 per cent for curves and passing places :

(i) Sub-base course (soling area having a width of 4.05 metres actually executed with Grade I metals :	51, 030 Sqm
(ii) Metalling course area having a width 3.75 metres actually executed with Grade II metals:	<u>47,450 Sqm</u>
	98,480 Sqm

The requirement of metals of Grade I and II per 10 Sqm was 1.32 cum and 1.00 cum respectively. As such, the requirement for 12 Km area with Grade I metals was 6736.00 cum (51,030X1.32-10) and with Grade II metals was 4745.00 cum (47,450X1.00-10).

* Grade I 5602.98 x 200 : Rs.11.21 lakhs
 Grade II 2727.60 x 240 : Rs. 6.54 lakhs
Rs.17.75 lakhs

were utilised. As per norms only 3542 quintals of firewood were required in the works. There was, thus, an excess utilisation of 31,906 quintals of firewood resulting in extra expenditure of Rs.8.93 lakhs (@Rs.28.00 per quintal).

(e) Stone metals not accounted for

Between October 1989 and March 1993, the division procured 2964.93 cum (cost :Rs.4.31 lakhs) of road metals against the work "Soling, metalling and Carpeting of Yingkiong - Damroh Road - 0-1 Km".

The road metals were neither accounted for in the Materials At Site Account (MAS A/c) nor was their utilisation in any work shown to audit (June 1996). The division did not conduct physical verification to see if road metals were available.

(f) Defective construction of permanent RCC Bridge at 5th Km rendered expenditure of Rs.2.49 lakhs wasteful

"Construction of 18.20 metres span permanent RCC Bridge at 5th Km on Yingkiong - Damroh Road" was administratively approved by the Government (January 1981) for an amount of Rs.2.50 lakhs. However, technical sanction was not obtained. The work was taken up in October 1982 and completed in March 1985 at a cost of Rs.2.49 lakhs.

In August 1983, while the work was in progress, the Superintending Engineer, Along Circle, inspected the site and instructed the division to raise the level of embankment by 1.5 metres as the design level of abutment fell fairly below the existing formation level of the road. Despite the above instructions, the division completed construction of the bridge in March 1985 as per the original design without raising the level of abutment. The department had neither investigated the matter nor taken action, if any, to fix responsibility for improper execution of work.

On 25 April 1985, the slab and abutment of the bridge was washed away by flood and a bailey bridge of 15.20 metres span (cost :Rs.11.80 lakhs) near the location of damaged RCC bridge was constructed (March 1993) on the basis of sanction accorded by Government (October 1989).

Thus, the construction of a R.C.C. bridge without raising the level of abutment rendered the expenditure of Rs.2.49 lakhs wasteful.

(g) Irregular and extra expenditure on repairs and maintenance of road

Normally, no expenditure on "Repairs and Maintenance of road" is admissible while the original work in progress. The sanctioned estimates, however, provided maintenance charges at the rate of Rs.2000 per Km per year and accordingly the division was entitled to incur expenditure limited to Rs.1.24

lakhs (Rs.2000 x 62 Km) per year for repairs and maintenance during construction period.

It was, however, noticed that between April 1983 and March 1996 (i.e. within a span of 13 years), the department had incurred a total expenditure of Rs.95.54 lakhs as against the permissible amount of Rs.16.12 lakhs on repairs and maintenance of the road while the original work was in progress (April 1983 to June 1996). Thus, computed on the basis of provision made in the sanctioned estimates the department had incurred an irregular extra expenditure of Rs.79.42 lakhs (Rs.2000 x 62 x 13 : Rs.16.12 lakhs; Rs.95.54 lakhs - Rs.16.12 lakhs).

4.1.8 Other points of interest

(I) Wrong booking of expenditure

(i) Construction of hume pipe culverts, retaining walls etc. for the entire road length (0-62 km) was administratively approved in phases (I to IV) (September 1985 and March 1990) for Rs.99.67 lakhs. The Division completed the work between March 1990 and March 1996 at the cost of Rs.207.72 lakhs. Out of this, Rs.203.15 lakhs was booked under this work and Rs.4.57 lakhs was charged to another work 'Diversion of road between 13 and 15 km' which was completed (cost Rs.8.44 lakhs) much below the sanctioned amount (Rs.14.58 lakhs).

(ii) Between March 1989 and June 1991, the division executed earthwork at a cost of Rs.3.60 lakhs in the chainage - 40.100 Km to 40.273 km and 41.003 Km to 41.900 km for which provisions were made in the estimate for "Improvement of geometrics and gradient of Road from 8-57 km". This work was sanctioned for Rs.28.21 lakhs and Rs.33.98 lakhs was already spent against the sanctioned amount. The expenditure (Rs.3.60 lakhs) was however, booked under another work "Diversion of Road between 40-41 km".

Thus, there was erroneous booking of expenditure by the division. The division did not rectify the errors (June 1996).

(II) Irregular and unnecessary purchase

Between December 1989 and July 1995, the division purchased materials like desert cooler, steel rack, steel almirah, dinner set, oil pressure valve, executive revolving chair etc. valued at Rs.1.30 lakhs by debiting the expenditure to "Improvement of Yingkiang - Damroh Road" without any provision and requirement in the work.

The expenditure of Rs.1.30 lakhs incurred for procurement of materials which were not related to the work was unnecessary and irregular.

The above points were brought to the notice of the Government in July 1996; reply had not been received (December 1996).

4.2 Avoidable expenditure owing to local purchase at higher rates

Rules provide that in all cases where local purchase is resorted to, quotations or tenders, as the case may be, should be invited from manufacturers and recognised dealers so as to obtain materials at competitive rates.

Test-check of records (November 1994, June 1995 and November 1995) revealed that between January 1993 and December 1994, the following P.W.Divisions purchased survey materials as under without inviting quotations or tenders :-

Name of the materials	Quantity procured by the Divisions		Rate (Rupees)	Amount (Rs.in lakhs)
1. Theodolite	Pasighat	4 sets	35,000 per set	1.40
	Longding	6 sets	86,944 " "	5.22
	Ziro	2 sets	48,000 " "	0.96
2. Dumpylevel	Pasighat	4 sets	18,000 " "	0.72
	Ziro	2 sets	45,000 " "	0.90
3. Prismatic compass	Pasighat	6 nos.	5,000 each	<u>0.30</u>
				Total : 9.50

One of the Divisions (Pasighat) stated that the purchase had to be made on emergency basis for important works. But no reply had been received from the other divisions. The reply was not tenable as the works for which procurement was made were sanctioned and included in the Annual Operating Plan 1994-95 well in advance and no initiative was taken to procure the materials after inviting tender.

As per price list (1993-94) of a Roorkee based manufacturing firm, prices of the aforesaid survey materials were much lower than the rates at which purchases were made by the Divisions. Computed with the rates of the above firm after allowing one hundred per cent over the firm's rates towards transportation, supplier's profit etc. there was an extra avoidable expenditure of Rs.7.28 lakhs.**

On this being pointed out, the Government stated (May 1996) that the matter was being investigated by the Vigilance Department. Further development was awaited (December 1996).

**Cost of survey materials as per manufacturers price list plus 100 per cent increase towards transportation charge, suppliers profit etc.

1.	Theodolite 12 sets @ Rs.7,500/- per set =	Rs.0.90 lakh
2.	Dumpylevel 6 sets @ Rs.2750/- per set =	Rs.0.16 lakh
3.	Prismatic compass 6 nos. @ Rs.750/- each=	<u>Rs.0.05 lakh</u>
		Total : Rs.1.11 lakhs
		Add 100 per cent : <u>Rs.1.11 lakhs</u>
		Total : Rs.2.22 lakhs

Extra avoidable expenditure

(Rs.9.50 lakhs - Rs.2.22 lakhs) = Rs.7.28 lakhs

4.3 Extra expenditure owing to utilisation of road metals in excess of norms

According to norm, the requirement of stone aggregate(63-40 mm) and screening metals for the road work in Water Bound Macadam (WBM) base course was 0.99 cum and 0.135 cum per 10 sq metre respectively.

It was, however, seen in audit (December 1995) that for construction of Namsai-Diyun Road in reach 24 to 32 km, Namsai Public Works Division executed (between February 1986 and August 1989) 29497 sq metre of WBM base course through contractors. 4567.863 cum of stone aggregate(63- 40mm) and 922.451 cum of screening metals have been utilised against the requirement of 2920.203 cum and 398.21 cum respectively as per norm. The excess utilisation of 1647.663 cum of stone aggregate and 528.251 cum of screening metal over norm resulted in extra expenditure of Rs. 3.30 lakhs. Reason for such excess utilisation of road metals in excess of prescribed norm had not been intimated (December 1996).

The matter was reported to Government (May 1996); reply had not been received (December 1996).

POWER DEPARTMENT

4.4 Extra payment due to erroneous allowance of increased rates for aluminium

In May 1994, the Chief Engineer (CE) Power invited tenders for supply of Aluminium Conductor Steel Reinforced (ACSR) of different specification without mentioning the estimated requirement. In response, a Naharlagun based firm offered (May 1994) the lowest rate (inclusive of all taxes, freight, insurance etc.) among the six tenderers. The said lowest rate was further reduced through negotiation (June 1994) and was approved by Works Advisory Board (WAB) in October 1994 as under:-

Specification of ACSR Conductor	Rate per km (October 1994)
6/1/2.11 mm (A)	Rs. 8496
6/1/2.59 mm (B)	Rs.12838
6/1/3.35 mm (C)	Rs.21364

The work order was issued and agreement entered into with the firm in September 1994 with the stipulation to complete the delivery within four months. It was, however, seen (February 1996) that the Firm in September 1994, December 1994 and January 1995 requested the Department to enhance the price of conductors owing to increase in the cost of aluminium between June 1994 and January 1995. The total increase in the cost of aluminium was Rs.23,600 per tonne*. The Government approved the increase in rates of conductors at the rate of 17 per cent over the approved rates of WAB in October 1994 and again at the rate of 20 per cent over the enhanced rates of October 1994 in January 1995 as under without taking into consideration the actual increase in cost of ACSR on the basis of weight of aluminium per km of ACSR.

	Increased rates approved by Government	
	October 1994 (Rs./km)	January 1995 (Rs./km)
Conductor 'A'	9940.32	11928.38
Conductor 'B'	15020.46	18024.55
Conductor 'C'	24995.88	29995.00

Between January 1995 and March 1995, the firm supplied 3032.194 kms of conductor (A:1461.235 km; B: 1151.959 km; C: 419.000 km). A total payment of Rs.507.62 lakhs was made to the firm during February and March 1995 for the entire supply at the approved rates of January 1995.

Scrutiny of records revealed that the actual increase in cost of conductors of different specifications per km, owing to increase in cost of aluminium was less than the increased rate approved and paid for. The total cost of these 3032.194 kms of conductors after allowing actual increase in price of aluminium per km, on the basis of weight per km of aluminium in ACSR of aforesaid specifications as laid down in ISI standards, together with excise duty and Central

*June 1994: Rs.2,750; July 1994: Rs.5,000; September 1994: Rs.4,350; November 1994: Rs.8,200 and January 1995: Rs.3,300. = Rs. 23,600/ tonne

Sales Tax payable on the increased cost was Rs.433.92 lakhs*.

Thus, owing to erroneous allowance of increased rates without taking into account the actual increase in the price of aluminium per kilometre of ACSR, the Department incurred an extra expenditure of Rs.73.70 lakhs.

The matter was referred to Government in April 1996 ; reply had not been received (December 1996).

4.5 Unnecessary purchase leading to blockage of Government money

Between August 1994 and January 1995, the Along Electrical Division procured 17100 High power Sodium Vapour (HPSV) lamps Igniter of different

***Aluminium conductor steel reinforced (ACSR) weight of aluminium per km :conductor 'A': 58Kg; conductor 'B':87 Kg; Conductor 'C': 145 Kg.**

Specifications	Agreed Rate per km (in Rs)	Actual increase in cost per Km	Increased rate
A	8496	$\frac{23600 \times 58}{1000} = 1368.80$ Excise Duty <u>273.76</u> (20%) 1642.56 CST (4%) <u>65.70</u> 1708.26 i.e 1708.00	Rs. 10,204 per km
'B'	12838	$\frac{23600 \times 87}{1000} = 2053.20$ Excised duty <u>410.64</u> (20%) 2463.84 CST (4%) <u>98.55</u> 2562.39 i.e 2562.00	Rs. 15,400 per Km
'C'	21364	$\frac{23600 \times 145}{1000} = 3422.00$ Excise duty <u>684.40</u> (20%) 4106.40 CST (4%) <u>164.26</u> <u>4270.66</u> i.e. 4271.00	Rs. 25,635 per Km

Total Cost :

Conductor 'A' 1461.235 KM X Rs.10,204 :Rs.149.11 lakhs

Conductor 'B' 1151.959 KM X Rs.15,400 :Rs.177.40 lakhs

Conductor 'C' 419 KM X Rs.25,635 :Rs.107.41 lakhs

Rs.433.92 lakhs

Wattage costing Rs.30.13 lakhs against stock. Reserve stock limit sanctioned for the division was Rs. 25 lakhs. The materials were procured as per supply orders placed (between May 1993 and May 1994) by the Chief Engineer through D.G.S&D rate contract without any assessment of the requirement of the Division. The entire quantity so procured had been lying unutilised till the date of audit (January 1996). Further, there were only 100 HPSV lamps fixed in street lighting under the Division and also there was no sanctioned work in the Division. As a result there was no likelihood of utilisation of these Igniters in the near future. This resulted in an idle outlay of Rs.30.13 lakhs and blockage of Government funds. Reasons for such unnecessary purchases or action taken to transfer the materials to the needy Divisions; if any, have not been intimated (September 1996).

The matter was reported to Government (March 1996); reply had not been received (December 1996).

RURAL WORKS DEPARTMENT

4.6 Unnecessary purchases resulting in idle investment

In March 1994, the Basar Rural Works division procured 20 items of materials (like theodolite, altimeter, dumpy level, rock drill machine, plumber field kit etc.) valued at Rs.9.66 lakhs, against stock instead of work without having any reserve stock limit sanctioned by the competent authority. The materials so procured were lying unutilised (May 1996).

The Rural Works Department was divided (July 1995) into 3 Departments (viz. Public Health Engineering, Irrigation and Flood Control and Rural Works) and the Basar Division started functioning as Irrigation and Flood Control Division from November 1995. The Executive Engineer (EE) intimated (May 1996) that the matter was taken up with all the heads of the Departments to arrange distribution of the materials among the Divisions under them. However, the EE had not explained the reasons for such unnecessary procurement. Unnecessary purchase without any immediate requirement thus led to an idle investment of Rs.9.66 lakhs besides blockage of Government money.

The matter was reported to Government (August 1996); reply had not been received (December 1996).

4.7 Purchase of survey instrument

Test-check (January 1996) of records of the Rural Works Division, Along (renamed as Along PHE Division) revealed that the Division purchased 17 sets of survey instrument* (Dumpy level with stand and accessories) from two firms (Guwahati and Naharlagun based) at the rate of Rs.35,000/- per set (January and August 1995) and paid Rs.5.95 lakhs. Purchase was done without inviting tenders/quotations.

*10 sets in January 1995, from Guwahati based firm @ Rs.35,000/= for Rs.3,50,000/=; 7 sets in August 1995, from Naharlagun based firm @ Rs.35,000/= per set for Rs.2,45,000/=.

It was, however, observed that the same Guwahati based firm has supplied (May 1995) a identical type of instrument with the same specification to a nearby Basar Rural Works Division at the rate of Rs.12,500 per set.

Computed with reference to the rate at which the instrument was supplied to Basar RWD, the Division incurred extra expenditure of Rs.3.83 lakhs for purchase of 17 sets of survey instrument in January and August 1995. Reasons for such purchases without inviting tenders have not been intimated (December 1996).

The matter was reported to Government (February 1996); reply had not been received (December 1996).

4.8 Excess payment owing to allowance of excess weight

As per the norms prescribed (January 1992) by the Rural Works Department, Namsai Circle, the standard weight of 10 gauge sausage wire of 100 mm mesh is 1.177 kg per Sqm (53 kg per roll of 45 Sqm).

(a) Test check of records (February 1996) revealed that Rural Works Division, Basar** purchased 705 rolls ($705 \times 45\text{m}^2 = 31725 \text{ Sqm}$) of 10 gauge sausage wire of 100 mm mesh during August 1994 to December 1995 from different suppliers at a cost of Rs.14.02 lakhs at the rate of Rs.28.40 per kg by converting the wire mesh (705 rolls) into its weight equivalent to 49350 kg at the rate of 70 kg per roll instead of 53 kg per roll as per the standard weight. Adoption of higher rate of conversion resulted in excess payment of Rs.3.40 lakhs for the excess weight of 11985 kg so allowed ($11985 \text{ kg} \times \text{Rs. } 28.40$).

(b) Similarly, between February 1994 and March 1995, Rural Works Division, Along*** purchased 262 rolls ($262 \times 45\text{m}^2 = 11790 \text{ Sqm}$) of sausage wire of same specification for various works and paid Rs.6.81 lakhs (174 rolls @ Rs.35 per kg and 88 rolls @ Rs.29 per kg) by converting the wire mesh (262 rolls) into the weight equivalent to 20,632.50 kg at the rate of 78.75 kg per roll instead of 53 kg per roll. Adoption of such higher rate of conversion resulted in excess payment of Rs.2.23 lakhs for the excess weight of 6746.50 kg ($4480 \text{ kg} @ \text{Rs.} 35 \text{ per kg} = \text{Rs.} 1.57 \text{ lakhs}$ plus $2260 \text{ kg} @ \text{Rs.} 29 \text{ per kg} = \text{Rs.} 0.66 \text{ lakh}$) so allowed.

The matter was referred to the Government (March 1996 and May 1996 respectively) ; reply had not been received (December 1996).

4.9 Extra expenditure due to purchase at higher rate

As per extant orders, in all cases, where local purchase is resorted to, quotations or tenders as the case may be, should be invited from recognised dealers so as to get the materials at competitive rates.

**Renamed as Irrigation and Flood Control Division, Basar with effect from July 1995

***Renamed as Along PHE Division with effect from October 1995

Test-check (January 1996) of the records of Basar Rural Works Division, however, revealed that the Division purchased (March 1994) against stock, through five work** orders instead of supply orders to avoid sanction from the higher authority, 188 mining helmets (Rs.1.51 lakhs) and 164 square feet of marble slabs (Rs.0.75 lakh) at the rate of Rs.802.50 each and Rs.458.30 per square foot respectively while the prevailing market rates were Rs.50 each(maximum) for mining helmet and Rs.50 per square foot (maximum) for marble slab. Purchase without assessing the prevailing market rates, thus, resulted in an extra expenditure of Rs.2.08* lakhs. Reasons for such purchase have not been intimated (December 1996).

The matter was reported to Government (May 1996); reply had not been received (December 1996).

**Work order is issued in favour of a contractor for execution of works while the supply order is issued in favour of a supplier for supply of stock materials. According to Delegation of Financial Rules, the E.E. is empowered to issue work order and supply order upto Rs.75,000.00 and Rs.30,000.00 respectively in an individual case.

*Rs.2.26 lakhs - (188X50: Rs.9,400+164X50: Rs.8200 = Rs.17600/-)

CHAPTER V
STORES AND STOCK
PUBLIC WORKS DEPARTMENT

5.1 Unnecessary procurement of stores and loss due to idling of materials

It was noticed in audit (January 1996) that materials viz. water proofing compound (4208 Pkts), White putty (2030 kgs), wood preservation oil (790 litres) and wiremesh (2685 metres) valued at Rs.2.63 lakhs procured by Changlang P.W. Division between 1988 and 1990 were declared unserviceable by an Assistant Engineer during physical verification of store in June 1995. The reasons for the materials becoming unserviceable were attributed to expiry of shelf-life, leakage due to old stock etc. The Division could not produce any record to show the need for procurement, nor could indicate the steps taken to either transfer the materials to the needy divisions, if any, or dispose of the same before they became unserviceable.

The Divisional Officer stated (July 1996) that the materials procured against the sanctioned work could not be utilised owing to fund constraints and that the same could not be transferred to other divisions too for want of any demand. The reply was, however, not tenable since the initial purchases made between July 1988 and December 1989 had remained unutilised, and the subsequent purchases on several occasions between December 1989 and June 1994 could have, therefore, been avoided.

Thus, continued procurement of the materials without proper assessment and their prolonged storage without taking timely action for disposal rendered the materials unserviceable resulting in loss of Rs.2.63 lakhs.

The matter was reported to the Government (March 1996) ; reply had not been received (December 1996).

5.2 Injudicious purchase

Banderdewa Store Division (Store Division) being the central store holding division is required to procure materials after ascertaining the requirement of all the field divisions. Nevertheless, in November 1994, the Chief Engineer PWD, Western Zone, without assessing the requirements or receiving any demand from the field divisions and without inviting tenders, accorded approval for procurement of 15 tonnes of antistripping compound* from a Noida based firm at the negotiated rate of Rs.150 per Kg (Plus 4 per cent Central Sales Tax) by the Store Division for distribution to various field divisions. Accordingly, the division purchased (January 1995) 15 tonnes of antistripping compound from

*An antistripping compound is utilised in road surfacing work, specifically in premix carpetting work.

the said firm at a cost of Rs.23.40 lakhs. The entire quantity except 400 Kg (valued Rs. 0.60 lakh) damaged during flood in August 1995, had been lying in stock unutilised (August 1996) as none of the field divisions placed any demand despite repeated requests by the Store Division.

The basis on which such a decision to procure the material was taken was neither available in the divisional records nor furnished by the Chief Engineer.

The injudicious purchase resulted in idle investment of Rs.23.40 lakhs besides entailing risk of further loss due to likely deterioration of the materials during prolonged storage.

The matter was referred to the Government in March 1996; reply had not been received (December 1996).

5.3 Injudicious and unnecessary procurement of stores

(a) Jairampur P.W.Division procured materials viz., wire rope, sluice valve, G.I. special, paints etc. during December 1989 to July 1994 at a cost of Rs.6.39 lakhs for utilisation in various Water Supply Schemes. The entire quantity of these materials could not be utilised for the purpose for which these were procured and were lying unutilised (July 1996). The Executive Engineer (EE), stated (July 1996) that materials had become surplus to the requirement of the Division consequent upon transfer of all the Water Supply Schemes from P.W.D. to the newly created Public Health Engineering Department (PHED). The reply was not tenable as the PHED was created only in 1995-96 whereas the materials were procured much before the creation of the new department.

(b) Despite availability (between February 1992 and June 1995) of stock of other materials (C.I. man hole cover, wheel valve, full way valve and G.I. specials) worth Rs.2.11 lakhs, the Division resorted to purchase of similar materials worth Rs.3.39 lakhs between February 1992 and June 1995. Of the total materials worth Rs.5.50 lakhs, materials worth Rs.0.75 lakh had only been utilised during the period February 1992 to December 1995 and there was accumulation (as on December 1995) of stock worth Rs.4.75 lakhs. The E.E. stated (July 1996) that efforts were being taken for disposal of the surplus materials by transfer to PHED in the State.

As the materials mentioned in sub-paras (a) and (b) above had remained unutilised for nearly six years, their purchase was evidently in excess of actual requirement resulting in blocking of Government fund amounting to Rs.11.14 lakhs.

(c) Materials like M.S. angle, storage battery etc. worth Rs.2.37 lakhs procured between January 1974 and September 1987 were declared (December 1995) unserviceable by the Assistant Engineer owing to prolonged storage resulting in loss to Government. The E.E. stated (July 1996) that the materials would be disposed of by public sale as soon as the write off sanction was received from the competent authority. Further development was awaited (December 1996).

The matter was reported to Government (March 1996); reply had not been received (December 1996).

(d) The Stores Division, Banderdewa was responsible for purchase of material in bulk for storage and supply to all Public Works Division in the State. According to Government instructions (February 1983), purchase of materials by field divisions from other agencies could be made only after obtaining non-availability certificate from the Stores Division.

Notwithstanding the above instructions, the Doimukh Public Works Division purchased (between August 1994 and July 1995) the following material from local suppliers at prices higher than issue rates of Stores Division even though sufficient quantities were available with the Stores Division, Banderdewa, as detailed below :-

Item	Unit	Quantity procured	price(Rs) per unit	Quantity available with stores Division, Banderdewa	Issue rate of stores Division (Rs) per unit	Difference in cost between SI 4 and 6 (Rs) per unit	Extra Expenditure (Rupees in Lakhs)
1	2	3	4	5	6	7	8
1. Glass panes (3mm thick)	sqm	1291.191	257	8458	167.65	89.35	1.15
2. Brass Bibcock (15 mm)	Nos.	400	169	8186	77.50	91.50	0.37
3. Brass Stopcock (15 mm)	Nos.	380	169	4960	77.50	91.50	0.35
							1.87

Thus purchase of the material at higher rates without obtaining non-availability certificate from Stores Division resulted in an extra expenditure of Rs. 1.87 lakhs. Reasons for purchase of the materials directly have not been intimated (September 1996).

The matter was referred to Government (May 1996); reply had not been received (December 1996).

CHAPTER VI
REVENUE RECEIPTS

A-GENERAL

6.1 Trend of revenue receipts

The total receipts of Government of Arunachal Pradesh for the year 1995-96 were Rs.770.99 crores against the anticipated receipts of Rs.743.57 crores. Out of the total receipts of Rs.770.99 crores, revenue raised by the State Government amounted to Rs.98.78 crores, of which Rs.7.68 crores represented tax revenue and Rs.91.10 crores non-tax revenue.

6.2 Analysis of revenue receipts

(a) An analysis of the receipts during the year 1995-96, alongwith corresponding figures for the preceding two years, is given below :-

	1993-94	1994-95	1995-96
(In crores of rupees)			
I. Revenue raised by State Government			
(a) Tax Revenue	3.63	5.60	7.68
(b) Non-tax revenue	<u>83.95</u>	<u>80.55</u>	<u>91.10</u>
Total:	87.58	86.15	98.78
II. Receipts from Government of India			
(a) State's share of divisible union taxes	149.58	131.84	124.52
(b) Grants-in-aid	<u>426.01</u>	<u>413.07</u>	<u>547.69</u>
Total :	575.59	544.91	672.21
III. Total receipts of State (I + II)	663.17	631.06	770.99
IV. Percentage of (I to III)	13	14	13

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 8 per cent of State's own revenue receipts during the year 1995-96. Details of tax revenue for the year 1995-96 and those of the preceding two years are given below :-

	1993-94	1994-95	1995-96	Percentage of increase(+) Decrease(-) with reference to 1994-95
(In lakhs of rupees)				
1. State Excise	145.03	319.76	449.44	(+) 41
2. Taxes on Vehicles	66.41	81.14	99.10	(+) 22
3. Land Revenue	32.61	55.86	98.43	(+) 76
4. Other Taxes and Duties on commodities and Services	40.93	46.94	55.22	(+) 18
5. Sales Tax	69.54	49.10	33.67	(-) 31
6. Stamps and Registration fees	8.56	7.33	32.00	(+)337
7. Taxes and Duties on Electricity	0.03	0.01	0.01	
Total :	363.11	560.14	767.87	(+) 37

The reasons for variations though called for from the Government, have not been received (December 1996).

(c) Non-tax revenue of the State

The principal sources of non-tax revenue were Forestry and Wildlife, Power, Miscellaneous General Services, Interest Receipts, Road Transport and Public Works which constituted 83 per cent of the revenue raised by the State during 1995-96.

Details of the non-tax revenue receipts under the principal heads of revenue for the year 1995-96 and the preceding two years are given below :-

Serial Number	Head of revenue	1993-94	1994-95	1995-96	Percentage of Increase (+) Decrease (-) with reference to 1994-95
(In lakhs of rupees)					
1.	Forestry and Wild Life	3964.54	3488.77	4904.39	(+) 41
2.	Power	569.45	1003.55	1490.70	(+) 49
3.	Miscellaneous General Services	1717.13	1463.52	707.69	(-) 52
4.	Interest Receipts	409.04	324.00	489.83	(+) 51
5.	Road Transport	409.82	393.83	384.68	(-) 2
6.	Public Works	342.52	338.76	258.84	(-) 24
7.	Others	159.70	214.88	238.30	(+) 11
8.	Other Administrative Services	209.49	218.94	156.65	(-) 28
9.	Non-Ferrous Mining and Metallurgical Industries	286.04	103.66	146.52	(+) 41

Serial Number	Head of revenue	1993-94	1994-95	1995-96	Percentage of Increase (+) Decrease (-) with reference to 1994-95
(In lakhs of rupees)					
10.	Animal Husbandry	98.79	127.94	115.37	(-) 10
11.	Crop Husbandry	75.63	91.19	101.65	(+) 11
12.	Village and Small Industries	52.45	139.95	61.00	(-) 56
13.	Education, Sports, Art and Culture	76.20	102.20	54.80	(-) 46
Total :		8395.15	8055.26	9110.42	(+) 13

Reasons for substantial variations though called for from the Government, have not been received (December 1996).

6.3 Outstanding Inspection Reports

Audit objection on incorrect assessments, under assessments, non-levy and short levy of royalties, taxes, duties, fees and other revenue receipts noticed during local audit and not settled on the spot, are communicated to the departmental authorities, heads of departments and also to the Government where necessary through inspection reports. They are requested to furnish replies thereto within a month of their receipt. In addition, statements showing details of objections raised upto December each year and remaining outstanding for more than six months are sent to the Departments and Government every year in July for expediting settlement.

(i) Revenue head-wise analysis of outstanding inspection reports, number of audit objections and money value involved as at the end of June 1996 is given below :-

Revenue Head	Number of inspection reports	Number of outstanding objections	Money value (in lakhs of rupees)
State Excise	4	16	2663.09
Forest	71	212	818.25
M.V. Tax	11	24	13.22
	86	252	3494.56

(ii) Year-wise analysis of outstanding inspection reports, number of audit objections and money value involved as at the end of June 1996 is given below :-

Year	Number of inspection reports	Number of audit objections	Money value (in lakhs of rupees)
1987-88	9	19	22.24
1988-89	7	13	86.37
1989-90	14	36	145.01
1990-91	8	24	137.77
1991-92	10	40	80.78
1992-93	13	26	128.85
1993-94	12	34	64.68
1994-95	9	36	167.84
1995-96	4	24	2661.02
Total :	86	252	3494.56

(iii) Out of the 86 inspection reports issued upto December 1995 which were pending settlement as on 30 June 1996, even first replies had not been received in respect of 4 inspection reports containing 15 audit objections as per details given below :-

Revenue Head	Number of inspection reports	Number of audit objections	Money value (in lakhs of rupees)
Forest	2	10	26.92
M.V.Tax	2	5	13.07
Total :	4	15	39.99

B - EXCISE DEPARTMENT

6.4 Loss of revenue due to reduction in Excise duty

The Government of Arunachal Pradesh vide notification issued in June 1994 fixed rates of excise duty and fee at Rs.630, Rs.445 and Rs.66 per case of premium brand Indian Made Foreign Liquor (IMFL), general brand IMFL and beer respectively. This was done after taking into consideration the rates of duties prevalent in the neighbouring states of Assam and Meghalaya.

During the course of audit (September 1995) of the records of Commissioner of Excise, Arunachal Pradesh, it was noticed that a note regarding reduction of Excise duty was initiated by the Commissioner in July 1994 and revised rates issued vide notification issued on July 25, 1994 superseding thereby the rates issued in June 1994. The concurrence of Finance Department for this reduction leading to loss of revenue, though required, was not obtained. The new rates were Rs.172, Rs.70, Rs.46 and Rs.80 per case of premium brand IMFL,

general brand IMFL, rum and beer respectively. The department subsequently issued 378 permits to bonded warehouses of Itanagar for importing 8.08 lakh cases of IMFL/beer between July 1994 and July 1995. The excise duty and fee payable on this consignment worked out to Rs.25.69 crores as per the notification of June 1994 and Rs.4.45 crores as per the notification of July 1994 registering an adverse impact of Rs.21.24 crores on the revenue.

On this being pointed out in December 1995 the department stated that the reduction was a policy decision of the Government for the benefit of the people. The reply of the department is not tenable as the (i) rates were notified with undue haste and without the concurrence of the Finance Department as required under the rules (ii) The reduction in rates of excise duty will raise the consumption in alcohol which has no welfare aspect (iii) initiative for revision of rates has come from the authorities with family links in the liquor trade.

Thus injudicious and irregular reduction in excise duty resulted in loss of Rs.21.24 crores to the State.

On this being pointed out in audit (December 1995) the Government stated (January 1997) that the matter was under examination. Further development is awaited (January 1997).

6.5 Irregular lifting of liquor

As per the Arunachal Pradesh Excise Rules, 1994 Excise Duty on liquor shall be paid in advance through treasury challan before removal from bonded warehouse, unless a bond has been executed.

It was noticed in the course of audit (September 1995) from the records of the Commissioner of Excise, Arunachal Pradesh that a permit to a liquor vendor in Naharlagun was issued (May 1995) for lifting of 5,300 cases of Indian Made Foreign Liquor (IMFL)/beer in May 1995 on advance payment of excise duty of Rs.2.12 lakhs. The vendor, however, was allowed to lift (June & July 1995) on the strength of the above permit 16,549 $\frac{1}{2}$ cases of IMFL/beer involving an excise duty of Rs.8.58 lakhs. It was further noticed that he was issued another permit (July 1995) for lifting 1,322 cases of IMFL from a bonded warehouse on advance payment of Rs.1 lakh. This permit was subsequently cancelled and the duty of Rs.1 lakh which was paid by the vendor was adjusted towards short payment of duty for the first permit. Thus, an amount of Rs.3.12 lakhs only was realised against a duty payable of Rs.8.58 lakhs. This resulted in short realisation of revenue of Rs.5.46 lakhs.

On this being pointed out in audit (September 1995), the department confirmed (August 1996) that the entire amount was realised in January and February 1996.

The matter was reported to the Government (December 1995) followed by reminder (February 1996); their reply has not been received (December 1996).

6.6 Non-realisation of establishment cost

Arunachal Pradesh Excise Rules, 1994 provide that the Collector on direction of Excise Commissioner shall employ Officers and establishment to the charge of a bonded warehouse. The licensee of the bond shall pay in advance a fee in cash equivalent to the estimated cost of such officers and establishment for three months. Further, a monthly fee for deployment of such officers and establishment shall also be paid within seven days after the expiry of the month to which the fee relates. The cost of establishment shall include pay and allowances as well as leave salary and pension contribution.

On scrutiny of records of the Commissioner of Excise, Arunachal Pradesh (September 1995) it was noticed that two Excise Inspectors were employed in August 1994 to the charge of two bonded warehouses in Itanagar by the Commissioner of Excise. But neither the fee equivalent to the estimated cost of establishment for three months for two officers was realised in advance from the licencees of the bonds nor was the monthly claim preferred for payment of fee equivalent to monthly cost of establishment of two officers. Failure to raise any demand on the estimated cost for three months, monthly fee as also leave salary for the period from August 1994 to August 1995, led to non-realisation of revenue amounting to Rs.1.30 lakhs.

The department while accepting the audit objection stated (April 1996) that the action to realise the establishment cost was initiated. However, further reply regarding realisation has not been received (December 1996).

The matter was reported to the Government in December 1995 followed by reminder in January and February 1996; their reply has not been received (December 1996).

C - FOREST DEPARTMENT

6.7 Loss due to non-disposal of soft-wood species

Soft-wood species such as Hallong, Makai etc., loses their commercial value after three months of felling due to infections and vagaries of weather. As such timber of such species should be disposed of expeditiously to ensure that there is no loss of revenue.

It was noticed during audit (February 1996) of Khonsa Forest Division, that 13 wind fallen trees, of soft-wood measuring 98.67 cum of timber valued at Rs.3.30 lakhs were lying in Huniam Unclassified State Forest since June 1995 till the time of Audit (February 1996). The wind fallen trees had remained in the forest exposed to the vagaries of weather for eight months, thereby losing their commercial value. Failure of the department to dispose of the soft wood timber before it lost its commercial value led to a loss in Government revenue amounting to Rs.3.30 lakhs.

The department while accepting the audit objection stated (July 1996) that due to inaccessible location neither the wind fallen trees were extracted departmentally nor any action was initiated to dispose of the same considering the high cost of extraction. The reply of the department was not tenable since there was demand from the local contractor for granting permit to lift the aforesaid wind fallen trees from Hunlam Unclassified State Forest.

The matter was reported to the Government (April 1996); their reply has not been received (December 1996).

6.8 Short levy of royalty

The Government of Arunachal Pradesh entered into three agreements (October 1992, April 1993 and June 1993) with a local mill for supply of round logs against annual quota from October 1992, April 1993 and June 1993 for a period of 12 years, 11¹/₂ years and 9 years respectively. The agreement provided for royalty, additional royalty and monopoly fee on logs in case of self operation* at rates fixed by the department from time to time during the currency of the agreements.

In the course of scrutiny of records of DFO, Deomali relating to tree marking, log marking and bill registers, it was noticed (January & February 1996) that a local mill had self operated 10183.118 cum of different categories of round logs between July 1993 and March 1995. According to the agreement royalty, additional royalty and monopoly fee payable on the said quantity of round logs at the prevalent rates of royalty etc., worked out to Rs.278.67 lakhs. However, in accordance with the instructions of the Principal Chief Conservator of Forests (December 1993) the Divisions preferred bills amounting to Rs.192.72 lakhs levying royalty etc., at rates prevalent at the time the agreements were signed. It was also noticed that the original clause of the agreements regarding rates of royalty had been substituted (December 1993) with a clause providing for levy of royalty at rates current at the commencement of the agreement periods. The authority under which the original clause of the agreement was substituted with the modified clause was not available. Further scrutiny revealed that during the same period the Division had supplied round logs through agreements to nine other local mills against their annual quota and charged royalty etc., at rates revised from time to time and prevalent during the periods of operation of the agreement without modifying the clause relating to royalty.

This resulted in short levy of royalty, additional royalty and monopoly fee to the tune of Rs.85.95 lakhs.

The department while accepting the audit objection stated (May 1996) that royalty rate was charged at rates prevalent at the time the agreements were signed on the instruction of officer at higher echelons. The reply however did not indicate the basis of downward reduction of royalty rate.

*The mill themselves shall operate trees by felling, cutting and logging after marking by the department.

The matter was reported to Government (March 1996); their replies have not been received (December 1996).

6.9 Non-realisation of regeneration cost

The department of Forests, Government of Arunachal Pradesh in an effort to protect the forest cover of the State decided on a Regeneration Programme and directed (November 1994) the Divisional Forest Officer, Nampong to levy plantation charge at the rate of Rs.2000/- per tree permit in all cases when tree permits were issued in the year 1994-95 from Unclassed State Forest Areas.

During the course of audit of Nampong Forest Division (July 1995), it was noticed that during the period from August 1994 to March 1995, 118 permits holders were in operation. However, no regeneration cost as envisaged in the Government instruction was levied from the permit holders. Failure to levy plantation charges led to a loss of revenue of Rs.2.36 lakhs.

The department while accepting the audit observation stated (February 1996) that the orders for levy of plantation charges were received only in April 1995.

The above matter was reported to the Government (September 1995); their replies have not been received (December 1996).

6.10 Loss of revenue due to short-payment of kist money

According to the Assam Settlement of Forest Coupes and Mahals by Tender System Rules, 1967 as adopted by Arunachal Pradesh, coupes and mahals are settled by inviting competitive tenders. If the mahaldar fails to pay the instalments, the coupe or the mahal may be resettled for the remaining part of the settlement period at the risk of such mahaldar. Further, if the proceeds on resettlement are less than the value at which it was originally settled, the difference shall be realisable from the original mahaldar.

It was noticed during the course of audit (May/June 1994) of Kholong Forest Division, that the Mamorah Timber Mahal was settled (December 1992) for extraction of 201.148 cum of timber for the period December 1992 to October 1993 at a settled value of Rs.3.53 lakhs. As per the settlement order the mahaldar was to pay the settled value in four (4) equal kist* of Rs.88,130.00 each. It was noticed that the mahaldar after payment of Rs.2.64 lakhs (3 kists), failed to pay the balance, Rs. 88,130.00 though the entire quantity of 201.148 cum of timber was extracted. Failure on the part of the Department to take necessary remedial action to recover the balance kist led to a loss of revenue amounting to Rs.88,130.00.

On being pointed (August 1994) out in the audit, the Department stated that (August 1995) the security deposit of Rs. 17,630.00 was being held up and with regard to the balance dues, Bakijai case was instituted (July 1996) against

*Kist money is the instalment of the amount at which mahal is settled.

the defaulter. However, the report on realisation has not been received (December 1996).

The matter was reported to the Government (August 1994); their reply has not been received (December 1996) despite reminders.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Grants paid to local Bodies and others

During 1995-96 Rs.135.42 lakhs was paid as grants to local bodies and others which formed 0.3 per cent of Government's total expenditure (Rs. 53032.36 lakhs) on revenue account.

The grants were paid mainly for maintenance of educational institutions, rural development, social welfare, etc., as under :-

Purpose of grants	Amount		Increase (+) Decrease (-)
	1994-95	1995-96	
1	2	3	4
(Rupees in lakhs)			
(i) Education	637.63	29.78	(-)607.85
(ii) Art and Culture	41.29	65.42	(+)24.13
(iii) Medical and Public Health	2.25	1.90	(-)0.35
(iv) Urban Development	...	11.67	(+)11.67
(v) Social Welfare	20.25	26.15	(+)5.90
(vi) Others	9.50	0.50	(-)9.00
Total :	710.92	135.42	(-)575.50

7.2 Audit of financial assistance to Local Bodies and others

According to the provisions of section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of services) Act, 1971; as amended from time to time, receipts and expenditure of bodies and authorities substantially financed by grants and/or loans are to be audited by the Comptroller and Auditor General. A body or authority is deemed to have been substantially financed by grants and loans from the Consolidated Fund if the aggregate of grants and loans to it in a financial year is not less than Rs.25 lakhs (Rs.5 lakhs prior to 1983-84) and also not less than 75 per cent of the total expenditure of that body or authority.

The Finance Department was requested (May/June 1996) to furnish relevant information about grants and loans given to various bodies and authorities to enable Audit to identify the bodies and authorities substantially financed from the Consolidated Fund for determining the applicability of audit under Section 14 of the said Act. The information was not received as of December 1996, in the absence of which neither a complete list of such institutions could be prepared nor could the status of preparation of their accounts be ascertained.

However, from the information collected by Audit from various bodies and authorities, eight institutions were indentified as having been substantially financed during 1994-95. The table below indicates details of the funds placed at the disposal of these bodies and authorities for the years 1993-94 and 1994-95, expenditure incurred and completion of audit as of June 1996 were as under:-

Serial Number	Name of body/ Authority	Source of Funds	Amount of grants and loans		Expenditure		Year upto which audit completed
			1993-94	1994-95	1993-94	1994-95	
1	2	3	4	5	6	7	8
(In lakhs of rupees)							
1.	Arunachal Pradesh State Social Advisory Board, Itanagar	State and Central Government	60.20	84.24	59.01	77.91	1994-95
2.	District Rural Development Agency, Pasighat	-do-	52.78	256.25	160.55	205.20	1994-95
3.	District Rural Development Agency, Ziro	-do-	407.84	-	235.26	-	1993-94
4.	District Rural Development Agency, Khonsa	-do-	149.05	-	67.49	66.32	1993-94
5.	District Rural Development Agency, Daporijo	-do-	171.70	151.75	145.97	91.86	1994-95
6.	District Rural Development Agency, Tezu	-do-	246.52	626.71	136.01	302.74	1994-95
7.	District Rural Development Agency, Seppa	-do-	165.38	268.99	114.70	234.12	1994-95
8.	District Rural Development Agency, Along	-do-	356.77	517.96	280.22	233.55	1994-95

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8. General view of Government companies and departmentally - managed Government commercial and quasi-commercial undertakings

Government commercial concerns, the accounts of which are analysed in audit by the Comptroller and Auditor General of India fall under the following categories :

- Government companies, and
- Departmentally - managed Government commercial and quasi-commercial undertakings.

Paragraph 8.1 gives a general view of Government companies, paragraph 8.2 deals with departmentally - managed Government and **quasi** - commercial undertakings and paragraph 8.3 deals with miscellaneous topics of interest.

Introduction

The accounts of Government companies are audited by Statutory Auditors who are appointed by Central Government on the advice of 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 CAG as per provisions of Section 619(4) of the Companies Act.

The accounts of departmentally - managed Government commercial and **quasi** - commercial undertakings are audited solely by CAG under section 13 of CAG's (Duties, Powers and Conditions of Services) Act, 1971.

8.1 Government companies - General view

8.1.1 As on 31 March 1996, there were five Government companies (including two subsidiaries) with total investment of Rs. 18.89 crores (equity : Rs.7.54 crores; long-term loan : Rs. 11.35 crores) as against total investment of Rs. 18.07 crores (equity : Rs.6.52 crores; long-term loan : Rs.11.55 crores) as on 31 March 1995 in equal number of Government companies (including two subsidiaries).

The particulars of financial position and working results in respect of all Government companies are given in Appendices V and VI respectively.

Out of five Government companies, four companies are under Industries department and the remaining one company is under the Forest department. The sector wise investment in these companies is given below :

Equity and Loans

Department(s)/ type of PSUs	As at the end of						Debt-equity ratio in 1995-96 (Bracket indicates ratio for 1994-95)
	1995-96			1994-95			
	No.	Equity (Rupees in Crores)	Loan (Rupees in Crores)	No.	Equity (Rupees in Crores)	Loan (Rupees in Crores)	
Industries :							
A. Government companies	2	2.90	9.09	2	2.38	9.37	3.14:1 (3.94:1)
B. Subsidiary companies	2	0.14	2.26	2	0.14	2.18	18.28:1 (15.57:1)
Forest :							
A. Government company	1	4.50	-	1	4.00	-	-
Total :	5	7.54	11.35	5	6.52	11.55	

Increase in equity investment of Rs.1.02 crores represents additional investment during 1995-96 in the existing companies by Industries department (Rs.0.52 crore) and by Forest department (Rs. 0.50 crore)

8.1.2 Budgetary outgo

The outgo from the State Government to three PSUs during the period from 1993-94 to 1995-96 in the form of equity capital was as detailed below :

	1993-94	1994-95	1995-96
	(Rupees in lakhs)		
Equity capital outgo from budget :	42.00	47.00	102.00

8.1.3 Finalisation of accounts

Accountability of PSUs to the Legislature is to be achieved through the submission of audited annual accounts within the prescribed time limit to the Legislature. As on 30 September 1996, the accounts of all the five companies (including two subsidiaries) were in arrears ranging from 4 to 14 years as indicated in Appendix VII.

Two subsidiary companies (Sl.Nos.3 and 4 of Appendix VI) have not finalised their accounts since inception. Out of the three remaining companies, according to the latest finalised accounts, two companies earned a total profit of Rs.333.03 lakhs and one company incurred loss of Rs.3.47 lakhs as indicated below :

Profit making companies

Year to which accounts pertain	Amount of profit (Rupees in lakhs)	Number of companies	Serial number in appendix II
1986-87	0.06	1	1
1990-91	332.97	1	5
Total	333.03	2	
Loss making company			
1991-92	3.47	1	2
Total	3.47	1	

The administrative departments have to oversee the working of the companies and to ensure that accounts are finalised and adopted by the companies in the Annual General Meeting (AGM) within the time schedule prescribed in the Companies Act, 1956. Though the concerned administrative departments and officials of the Government were apprised by audit of the position of arrears quarterly, no effective measures had been taken by the Government for timely finalisation of accounts. As these companies did not adhere to the time schedule, the investment made in these companies by the Government remained outside the purview of audit and their accountability could not be ensured.

8.1.4 Working results

8.1.4.1 Profit making companies

The two profit making companies earned profit for two successive years and more. One company viz., Arunachal Pradesh Forest Corporation Limited declared dividend of Rs.19.99 lakhs for the year 1990-91 in 1994-95 and Rs.23.98 lakhs for the year 1991-92 in 1996-97. Free reserves and surplus amounting to Rs.54.97 lakhs were built up in two companies viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited (Rs.8.73 lakhs) and Arunachal Pradesh Forest Corporation Limited (Rs.46.24 lakhs).

8.1.4.2 Loss making company

According to the latest available accounts (September 1996), the Arunachal Pradesh Mineral Development Corporation Limited had incurred accumulated loss of Rs.3.47 lakhs as against paid-up capital of Rs. 11.12 lakhs.

The main reasons for poor performance of the company as analysed by Audit were high incidence of administrative and overhead expenses and negligible activities.

8.1.4.3 Under section 619(4) of the Companies Act, 1956, CAG has the right to comment upon or supplement the report of the Statutory Auditors. Accordingly, the audited annual accounts of the Government companies are reviewed on a selective basis. During the period from October 1995 to September 1996, the accounts of one company were selected for review. The net effect of the important comments as a result of such review was as follows :-

Details	Number of accounts	Monetary effect (Rupees in lakhs)
Increase in profits :	1	1.00

8.1.4.3 Financial Results

The financial results of all the companies based on latest available accounts are given in Appendix VI.

(a) Return on capital invested

The capital invested has been taken into account consisting of paid-up capital, long term loans and free reserves less accumulated losses at the close of the financial year. Similarly, the return has been taken not only as the profit or loss (before tax and prior period adjustments) as disclosed in the accounts but also interest paid on long-term loans. On this basis, the return on total investment of Rs. 7.82 crores in two companies amounts to Rs.3.51 crores which is **44.89 per cent.**

(b) Return on capital employed

Capital employed has been taken as net fixed assets (excluding capital work-in-progress) plus working capital. Interest on borrowed funds is added/subtracted from/to the net profit/loss as disclosed on the profit and loss accounts. Thus, as per last finalised accounts, the total capital employed works out to Rs. 10.40 crores in 2 companies and the return thereon amounted to Rs. 3.33 crores which is **32.02 per cent.**

8.1.4.4 The Companies Act, 1956, empowers the Comptroller and Auditor General of India to issue directives to Statutory Auditors of Government companies in regard to performance of their function. In pursuance of the directives so issued, special reports of the Statutory Auditors on accounts of two companies during the year 1995-96 were received. The important points noticed in the reports are summarised below :-

Serial Number	Nature of defects	Reference to Sl.No. of the company as per Appendix IV & VI
1.	Internal audit system is not commensurate with the size and nature of business	1
2.	Internal control procedure for purchases not introduced	1
3.	Non-maintenance of proper record showing quantitative details and situation of fixed assets	2

8.1.4.5 Under section 619(4) of the Companies Act, 1956, the Comptroller and Auditor General of India has a right to comment upon or supplement the reports of the Statutory Auditors. Under this provision, the review of the annual accounts of the Government companies is conducted in selected cases. Accounts relating to one company were selected for such review during the period from October 1995 to September 1996.

Some major errors and omissions noticed in course of such review of annual accounts of the under mentioned company, not pointed out by Statutory Auditors, were as under :-

Arunachal Pradesh Industrial Development and Financial Corporation

(Annual accounts for the year 1986-87)

Profit and loss account

Salaries and wages - Rs. 14.01 lakhs

Salaries and wages did not include the amount due to staff on account of pay revision with effect from January 1986. This resulted in understatement of current liabilities with corresponding overstatement of profit for the year by Rs.1 lakh.

8.1.5 Capacity utilisation

Mention was made in paragraph 8.1.4.3.3. of Chapter VIII of the Report of the Comptroller and Auditor General of India for the year 1994-95 about the low utilisation of the installed capacity of the lone cement manufacturing company during the period from 1985-86 to 1994-95 and poor quality of finished product. The reasons for low utilisation of plant capacity were attributable to several design defects in plants, erratic power supply and locational disadvantages. As

per information furnished by the company, the production of cement was stopped from April 1995 onwards. The percentage of utilisation of the installed rated capacity of the company is given in Appendix VIII.

8.2 Departmentally managed Government commercial and quasi-commercial undertakings

8.2.1 Though the State Transport Services and State Trading Scheme of the Supply and Transport Directorate are commercial in nature and are functioning as such, these have not so far been declared as commercial organisations by the Government (May 1996).

8.2.2 The **proforma** accounts of the State Transport Services have been prepared upto the year 1990-91 and as per latest accounts, the accumulated losses of the Transport Services from 1975 to 1990-91 amounted to Rs.9.57 crores against the capital of Rs.14.66 crores constituting an erosion of 65.24 *per cent* of the investment.

The working results and physical performance of the Transport Services for the three years upto 1990-91 were incorporated in paragraph 8.3.3 of Chapter VIII of the Report of the Comptroller and Auditor General of India for the year 1993-94.

Proforma accounts of the State Transport Services for the year from 1991-92 to 1995-96 have not been received as yet (December 1996). The delay in finalisation of **proforma** accounts was last brought to the notice of the Government at the level of the Chief Secretary in July 1996.

8.2.3 The **proforma** accounts of the State Trading Scheme have been prepared up to the year 1989-90 and as per latest accounts, the accumulated losses since inception of the scheme in 1955-56 up to the year 1989-90 amounted to Rs.8.54 crores.

The working results and performance of the scheme for the three years upto 1989-90 were incorporated in paragraph 8.3.3 of Chapter VIII of the Report of the Comptroller and Auditor General of India for the year 1992-93.

Proforma accounts of the scheme for the years from 1990-91 to 1995-96 have not been received as yet (December 1996) from the Directorate. The delay in finalisation of **proforma** accounts was last brought to the notice of the Government at the level of the Chief Secretary in July 1996.

FOREST DEPARTMENT

Arunachal Pradesh Forest Corporation Limited

8.3 Miscellaneous topics of interest

8.3.1 Loss due to deterioration of logs

The Principal Chief Conservator of Forests, Government of Arunachal Pradesh allotted (August 1990) nine coupes in favour of company's Banderdewa Saw Mill and Plywood Industries (BSM&PI) at a bid value of Rs.5.43 lakhs. The work order was issued by the Divisional Forest Officer, Bhallukpong in February 1991 stipulating working period upto October 1991 with instruction to pass only the standing volume of trees for extraction and transportation. For composite operation of cutting, dragging, high banking and transportation of logs to the mill yard, nine separate work orders were issued by BSM&PI in February 1991 to a local contractor with the stipulation that the entire process of composite operation at the rate of Rs.29.75 per cft. in respect of five coupes under Namorah range be completed in May 1991 and the remaining four coupes at the rate of Rs.27.25 per cft. under Derring range in April 1991. According to the work orders issued by BSM&PI, the contractor was to transport the log upto the millyard on his own and he would be responsible for arranging necessary road permission.

Scrutiny of record in Audit (February 1995) revealed that out of total extracted quantity of 1093.7216 cu.m. of timber the contractor transported only 862.4609 cu.m. of timber upto the millyard within the working period ending October 1991 as stipulated in the work order (February 1991). The balance of 231.2607 cu.m. of timber kept at the diesel point (jungle point) had not been transported till February 1995 by the contractor despite grant of extension of the working period from time to time. The last such extension was granted up to March 1994 by the Conservator of Forests, Banderdewa in March 1993 by imposing two **per cent** extension fee plus levy of the difference between the old rate and revised rate of royalty payable from April 1992, which did not have any result.

The Manager BSM&PI in his physical verification report (June 1993) stated that the balance quantity of timber lying in the diesel points under Namorah and Derring depots had already dried-up and rotted and the expected out-turn from them both in case of saw mill and peeling was negligible. The Board of Directors in their meeting (30 June 1994) observed that the loss owing to this deterioration was due to negligence of the Manager of BSM&PI and staff of the forest department who failed to take timely action for removal of the logs

and directed Secretary, Forest department to conduct an enquiry into the matter and fix responsibility for the loss. The Board further decided that the logs be disposed of to the best advantage of the company. Further development in this regard was awaited (December 1996).

Thus, failure to arrange transportation of the balance quantity of logs to the millyard for lack of co-ordination between the company, Forest department and the contractor resulted in deterioration of 265 logs (231.2607 cu.m.) beyond their salvage point and consequential loss of Rs.3.68 lakhs to the company.

The matter was reported to the Government and the management in February 1995; replies had not been received (December 1996).

8.3.2 Avoidable expenditure

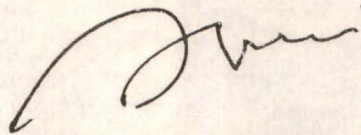
Under the Central Sales Tax Act 1956, Inter-State sale to a registered dealer is taxable at the rate of four **per cent** provided that such sale is supported by prescribed declaration in form 'C'. Arunachal Pradesh Forest Corporation Limited, a Government company is the registered user of form 'C' under Central Sales Tax Act 1956 and had been availing of the concession for using form 'C' for purchase of seeds and other inputs from firms outside the State.

Scrutiny of records in Audit (February 1995) revealed that the company purchased tea seeds valued at Rs.30.68 lakhs (inclusive of tax and Rs.1.05 lakhs being packing charges) from a Tinsukia based firm of Assam during the year 1993-94 (Rs.16.84 lakhs) and 1994-95 (Rs.13.84 lakhs). The amount of Rs.30.68 lakhs included Rs.2.74 lakhs being the amount of 10 **per cent** Central Sales Tax (CST) paid to the firm as the company did not avail of concessional rate of four **per cent** CST using form 'C'.

On this being pointed out by Audit the management moved (July 1995) the Commissioner of Taxes, Government of Arunachal Pradesh to include tea seeds in CST registration certificate of the company to enable them to procure the same at concessional rates under CST Act. Further development in this regard was awaited (December 1996).

Thus, due to inaction of the Management to arrange inclusion of tea seeds in CST registration certificate prior to purchase of the seeds resulted in avoidable expenditure of Rs.1.64 lakhs, calculated at the differential rate of 6 per cent, to the Company.

The matter was reported to the Government in April 1995; reply had not been received (December 1996).

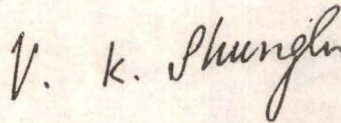


(A.L. GANAPATHI)
Principal Accountant General(Audit)
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Shillong
The

07 APR 1997

Countersigned



(V.K. SHUNGLU)
Comptroller and Auditor General of India

New Delhi
The

22 APR 1997

This is to certify that the following is a true and correct copy of the original as shown to me by the person who presented it for my signature.

Witness my hand and seal this 1st day of January 1900.



W. B. BARKER
Notary Public for the State of New York
in and for the County of ...

1900
1

Notary Public

W. B. BARKER
Notary Public for the State of New York
in and for the County of ...

1900
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APPENDICES

APPENDICES

APPENDIX-I

STATEMENT SHOWING DRAWAL OF AMOUNT BY A.C. BILLS IN ARUNACHAL PRADESH

(Reference to paragraph 2.3 at page 34)

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
1.	Director, Social Welfare, Naharlagun	WCA 29/95(SNP) dt.20.3.96	15,052	Purchase	846 dt.22.3.96	1.7.96 - 8.7.96	
2.		WC DTC-4/94(TRG) dt.12.3.96	21,780	Expenditure for job training course for AWWWS	861 dt.12.3.96	-do-	
3.		WC DTC-3/95(T) dt.20.3.96	6,000	Electric works at training centre	862 dt.25.3.96	-do-	
4.		WCA-13/96(ICDS) dt.25.3.96	3,000	POL	870 dt.26.3.96	-do-	
5.		WCA-52/94(SNP) dt.27.3.96	19,000	POL	897 dt.28.3.96	-do-	
6.		WCA-52/94(SNP) dt. 29.3.96	19,000	POL	920 dt.29.3.96	-do-	
7.		WCA-52/94(SNP) dt.29.3.96	19,000	POL	921 dt.29.3.96	-do-	
8.		SCA/TPT/291 dt.29.12.95	4,152	Purchase	644 dt.8.1.96	-do-	
9.		SCA/TPT/7/92-93 dt.19.1.96	8,000	POL	682 dt.25.1.96	-do-	
10.		SWA/37/94(VEH) dt.30.1.96	3,000	POL	715 dt.2.2.96	-do-	
11.		SCA/TPT/2/91 dt.29.1.96	4,000	POL	716 dt.2.2.96	-do-	
12.		WCD/188/93(ICDS) dt.21.2.96	5,000	POL	772 dt.26.2.96	-do-	
13.		WCD/107/94(ICDS) dt.28.2.96	5,000	POL	780 dt.29.2.96	-do-	
14.		WCD/31/94(ICDS)	2,500	POL	789 dt.4.3.96	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
15.		WCD-10/95(ICDS) dt.6.3.96	50,000	Celebration of 20 years of ICDS at State level	792 dt.7.3.96	1.7.96 - 8.7.96	
16.		WCD-52/94(SNP) dt.1.3.96	19,000	POL	793 dt.7.3.96	-do-	
17.		SCA/TPT/5/92-93 dt.8.3.96	1,000	POL	837 dt.21.3.96	-do-	
18.		WCD/83/95(ICDS) dt.27.10.95	8,000	Conducting written examination for Supervisor/UDC	489 dt.8.11.95	-do-	
19.		SCA/TPT/7/92-93 dt.29.11.95	10,000	POL	554 dt.1.12.95	-do-	
20.		WCD/37/94(VEH) dt.30.11.95	5,000	POL	556 dt.5.12.95	-do-	
21.		WCD-83/95(ICDS) dt.17.12.95	16,662	Honorarium	574 dt.8.12.95	-do-	
22.		WCD-188/93(ICDS) dt.7.12.95	5,000	POL	575 dt.8.12.95	-do-	
23.		WCD-100/94(ICDS) dt.1.12.95	5,000	POL	582 dt.18.12.95	-do-	
24.		WCD-107/94(ICDS) dt.14.12.95	5,000	POL	583 dt.18.12.95	-do-	
25.		WCD-52/94(SNP) Pt.II dt.14.12.95	19,000	POL	584 dt.19.12.95	-do-	
26.		WCD-29/95(SNP) dt.22.12.95	6,04,137	Purchase	626 dt.21.1.96	-do-	
27.		SW-0051/94 dt.5.1.96	15,000	Expenditure for attending of Republic Day 1996	640 dt.5.1.96	-do-	
28.		SCA/TPT/5/92-93 dt.5.1.96	8,000	POL	643 dt.8.1.96	-do-	
29.		SCA/TPT/5/92-93 dt.26.9.95	10,000	POL	365 dt.4.10.95	-do-	
30.		WCD-21/95(ICDS) dt.25.7.95	12,448	2 Nos. Tyres, Tube	397 dt.11.10.95	-do-	
31.		WCD-21/95(ICDS) dt.25.7.95	12,448	Purchase	398 dt.11.10.95	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
32.		WCD-21/95(ICDS) dt.25.7.95	12,448	Purchase	399 dt.11.10.95	1.7.86 - 8.7.96	
33.		WCD-21/95(ICDS) dt.25.7.95	6,224	Purchase	400 dt.11.10.95	-do-	
34.		SCA/TPT/7/95-96 dt.12.10.95	10,000	POL	410 dt.16.10.95	-do-	
35.		WCD-21/95(ICDS) 13.10.95	10,000	POL	414 dt.17.10.95	-do-	
36.		CD-309/86(TRG) dt.30.10.95	700	Valedictory function	475 dt.2.11.95	-do-	
37.		WCD-113/93(ICDS) dt.1.11.95	10,000	Purchase	476 dt.2.11.95	-do-	
38.		WCDTC-4/94(TRG) dt.20.10.95	24,205	Expenditure	477 dt.2.11.95	-do-	
39.		SCA/TPT/6/92-93 dt.13.7.95	15,000	POL	172 dt.18.7.95	-do-	
40.		WCD-2/92(SNP) dt.13.7.95.	14,000	POL	178 dt.20.7.95	-do-	
41.		WCD-107/94(ICDS) dt.9.8.95	5,000	POL	227 dt.10.8.95	-do-	
42.		WCD-100/94(ICDS) dt.17.8.95	5,000	POL	238 dt.22.8.95	-do-	
43.		SCA/TPT/5/92-93 dt.21.8.95	10,000	POL	241 dt.23.8.95	-do-	
44.		WCD-52/94(SNP) pt-II dt.7.9.95	4,000	Loading/ unloading	312 dt.11.9.95	-do-	
45.		WCD-52/94(SNP) pt-II dt.6.9.95	15,000	POL	313 dt.11.9.95	-do-	
46.		WCD-188/93(ICDS)Pt dt.8.9.95	5,000	POL	314 dt.11.9.95	-do-	
47.		WCD-188/93(ICDS) dt.30.8.95	5,000	POL	317 dt.14.9.95	-do-	
48.		CD-105/85(N) dt.12.9.95	3,000	Contingency charge	333 dt.19.9.95	-do-	
49.		WCD-88/93(ICDS) dt.18.4.95	10,000	POL	15 dt.24.4.95	-do-	
50.		WCD-100/94(ICDS) dt.2.5.95	5,000	POL	54 dt.5.5.95	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
51.		WCD-4/92(SNP) dt.1.5.95	14,000	POL	54(B) dt.5.5.95	1.7.96 - 8.7.96	
52.		SW.98/94(VEH) dt.2.4.95	15,000	POL	55 dt.5.5.95	-do-	
53.		WCD-100/94(ICDS) dt.12.5.95	10,738	5 nos. of tyres & tubes	67 dt.16.5.95	-do-	
54.		SCA/TPT/5/92-93 dt.26.5.95	8,000	accessories and spares	105 dt.1.6.95	-do-	
55.		WCD-4/92(SNP) dt.8.6.95	14,000	POL	131 dt.12.6.95	-do-	
56.		WCD-107/94(ICDS) dt.8.6.95	5,000	POL	132 dt.12.6.95	-do-	
57.		WCD-37/94(veh) dt.15.6.95	8,000	POL	140 dt.19.6.95	-do-	
58.		SW/RAC-15/94 dt.26.6.95	5,000	POL	146 dt.27.6.95	-do-	
59.		WCD-37/94(VEH) dt.10.4.95	8,000	POL	3 dt.17.4.95	-do-	
60.	District AH & Veterinary Office, Khonsa	AHV/P-1036/95 dt.10.1.96	1,38,300	Purchase of Milch cows	TV. No. 1 dt. 13.2.96	1.7.96 - 5.7.96	
61.		AHV/P-1155/92 dt.2.1.96	9,500	Farmers training camp	TV No. 15 dt.13.2.96	-do-	
62.		AHV/P-1064/93 dt.11.1.96	1,00,000	Financial assistance	TV No. 2 dt. 14.3.96	-do-	
63.		AHV/P-1091/92 dt.21.1.96	8,250	Purchase & Dis- tribution of Sheep/Goat	Tv.22 dt.14.3.96	-do-	
64.		AHV/E-179/84 dt.31.10.95	3,000	TA/DA	TV 1 dt.26.3.96	-do-	
65.		AHV/E-179/84 dt.31.10.95	3,000	TA/DA	TV 2 dt.26.3.96	-do-	
66.		AHV/9-1092/92 dt.17.2.96	21,750	Purchase of piggery unit	TV 146 dt.29.3.96	-do-	
67.		AHV/9-1092/93 dt.6.3.96	50,000	assistance to farmers	Tv.7 dt.26.3.96	-do-	
68.		AHV/P-1026/94 dt.6.3.96	28,500	Purchase of poultry unit	Tv.121 dt.28.3.96	-do-	
69.		AHV/P-1090/92 dt.18.3.96	27,000	Purchase of Goat unit	Tv.131 dt.29.3.96	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
70.		AHV/P-1094/92 dt.18.3.96	36,000	Purchase of samll diary units	Tv.4 dt.29.3.96	1.7.96 - 5.7.96	
71.		AHV/F-4/95-96 dt.12.3.96	2,80,000	Implemen- tation of CSS(95-96)	Tv.132 dt.29.3.96	-do-	
72.		AHV/P-1144/92 dt.18.3.96	25,000	One genera- tor set	Tv.161 dt.30.3.96	-do-	
73.		AHV/P-1075/92 dt.26.3.96	8,325	Purchase of piggety unit	Tv.165 dt.30.3.96	-do-	
74.	Director of Infor- mation & Public Relations, Naharlagun, A.P.	IPR-44/94 dt.5.10.95	55,970	Celebrating Birth Aniver- sary of Mahatma Gandhi.	54 dt.5.10.95 125th	7.5.96 to 14.5.96	
75.		IPR(Press)/20/95 dt.8.1.96	60,934	8 nos.of in- tercom for Govt. Press	77 dt.10.1.96	- do -	
76.		IPR-58/86(Pt) dt.9.1.96	92,500	Press party visit in AP	78 dt.10.1.96	- do -	
77.		IPR(MV)-61/95 dt.12.1.96	3,10,491	Purchase of Maruti and Yamaha RX-100	80 dt.16.1.96	- do -	
78.		IPR-131/84 dt.1.3.96	19,700	Photo films and medicines	100 dt.2.3.96	- do -	
79.		IPR(MV)61/95 dt.21.3.96	5,66,813	Purchase of 2 Nos. of Maruti Gypsies	107 dt.21.3.96	-do-	
80.		IPR(Press)19/ 95 dt.20.3.96	1,00,000	Annual maintenance of DTP system in Govt.Press	111 dt.25.3.96	-do-	
81.		IPR-66/94(Pt) dt.25.3.96	99,200	Production of departmental documentary film	113 dt.25.3.96	-do-	
82.		IPR(Press)15/ 95 dt.15.1.96	6,02,190	Offset machine & Chemicals of Govt. Press	81 dt.17.1.96	-do-	
83.	Dy. Director Public Instru- ction,Pasighat	DRCSE/110/95- 96 dt.29.1.96	1,46,250	To organise science and Maths Orientation Prog. for teachers during 1995-96	2 of 1995-96	23.9.96 to 27.9.96	
84.		E.2693/95-96 dt.14.3.96	37,323	To conduct 1X4X1 Exam 1995-96	3 of 1995-96	- do -	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
85	DAO, Khonsa		1,26,000	Purcase of Plough/Bullock	Tv.No.163 dt.29.3.96	27.5.96 to 4.6.96	
86.			50,000	Farmers demonstration	Tv.No.248 dt.30.3.96	- do -	
87.			2,08,000	Purchase of machinery	Tv.No.250 dt.30.3.96	-do-	
88.	DAO, Tawang		4,58,637	Cost of 1 No. Truck	TV.No.11 dt.12.1.96	6.6.96 to 13.6.96	
89.			18,235	- do -	TV.NO.419 dt.30.3.96	- do -	
90.			11,284	Purchase of hand tools	TV.No.361 dt.30.3.96	- do - dt.30.3.96	
91.			12,000	Cash reward to farmers	TV.No.35 dt.6.3.96	- do -	
92.	DHO, Tawang		4,03,050	Peoples Horticulture garden	AC.No.354 dt.28.3.96	21.6.96 to 26.6.96	
93.			70,000	Black pepper cultivation	Ac.No.351 dt.28.3.96	- do -	
94.			1,13,400	Border area plantation	Ac.No.350 dt.28.3.96	- do -	
95.			43,900	Establishment of large Cardamom project	353 dt.28.3.96	- do -	
96.	Director of Agriculture, Naharlagun, AP		5,91,000	Purchase of 2 Nos. of Maruti Gypsy.	496 dt.25.9.96	13.5.96 to 23.5.96	
97.			5,000	POL expenses etc	611 dt.30.10.95	-do-	
98.			5,000	- do -	867 dt.19.1.96	-do-	
99.			15,000	To meet expenses of farmers	890 dt.30.1.96	-do-	
100.			3,000	POL expenses	957 dt.21.2.96	-do-	
101.			2,86,000	Purchase of 1 No. Maruti Gypsy (Soft Top)	1013 dt.8.3.96	-do-	
102.			75,000	To meet up wages.	1121 dt.25.3.96	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
103.			1,55,000	To meet up POL expenses/minor repairs/maintenance/wages etc.	1130 dt.25.3.96	13.5.96 - 23.5.96	
104.			3,00,000	For purchase of Tractors	1162 dt.27.3.96	-do-	
105.			14,11,807	For purchase of 5 nos. Tractors	1163 dt.27.3.96	-do-	
106.			35,00,000	For implementation of National Agriculture Extension programme	1165 dt.28.3.96	-do-	
107.			3,00,000	For purchase of 1 no. Maruti Gypsy (Hard Top)	1258 dt.29.3.96	-do-	
108.	Development	PD(P).3/96 Commissioner, dt.25.3.96 P&D Deptt., Itanagar	2,23,000	Preparation of resource at par etc.	795 dt.25.3.96	3.7.96 to 11.7.96	
109.		PD/NT-49/95 dt.13.6.96	10,000	Purchase of POL	746 dt.14.3.96	- do -	
110.		PD/NT-61/95 dt.14.3.96	10,000	- do -	748 dt.15.3.96	- do -	
111.		PD/NT-40/95 dt.28.2.96	5,000	- do -	719 dt.29.2.96	- do -	
112.		PD/EM-122/94 dt.21.8.95	20,000	For meeting expenditure on R.A's exam.	334 dt.24.8.95	- do -	
113.	District Animal Husbandry & Veterinary Deptt., Papumpare, AP.		18,000	Implementation of Goatery units	1 dt.28.3.96	7.5.96 to 13.5.96	
114.			50,000	Implementation of Mithun units	2 dt.28.3.96	-do-	
115.			9,500	Farmers training for 95-96	3 dt.28.3.96	-do-	
116.			1,84,000	Implementation of Poultry units	4 dt.28.3.96	-do-	
117.			60,650	Implementation of Piggery units	5 dt.28.3.96	-do-	
118.			2,22,000	Implementation of Diary units	6 dt.28.3.96	-do-	

Sl. No.	Office and Department	Sanction No. and date	Amount in Rs.	Purpose	AC Bill No. and date	Period of Inspection	Remarks
119.	DMO, Ziro		2,000		1 dt.1.6.95	6.9.96 to 17.9.96	
120.			5,000		2 dt.1.6.95	-do-	
121.			3,000		3 dt.1.6.95	-do-	
122.			4,000		4 dt.1.6.95	-do-	
123.			2,000		5 dt.1.6.95	-do-	
124.			3,000		6 dt.1.6.95	-do-	
125.			4,000		7 dt.2.6.95	-do-	
126.			3,000		8 dt.2.6.95	-do-	
127.			3,500		9 dt.2.6.95	-do-	
128.			3,500		10 dt.2.6.95	-do-	
129.			3,000		11 dt.2.6.95	-do-	
130.			4,000		12 dt.2.6.95	-do-	
131.			4,000		13 dt.2.6.95	-do-	
132.			5,000		14 dt.1.6.95	-do-	
133.			2,000		15 dt.16.6.95	-do-	
134.			2,000		16 dt.29.11.95	-do-	
135.			2,000		17 dt.5.2.96	-do-	

Rs.1,30,55,953

APPENDIX II

Statement showing excess expenditure owing to rate variations of some medicines

(Reference to paragraph 3.5 at page 50)

Serial Number	Date of supply order	Name of suppliers (M/s)	Name of medicine	Reference to suppliers bill	Quantity supplied	Rate allowed (Rs)	Amount paid (Rs)	Month of payment	Amount involved at lowest rate* (Rs)	Difference showing excess expenditure (Rs)
1	2	3	4	5	6	7	8	9	10	11
1.	30 September 1994	(i) Aidco Pharmaceuticals New Delhi	COTRIMOXA-ZOLE (SS)	11/94	50,000 tabs	126.00 per 100 tabs	63,000	3/95		
2.	-do-	(ii) Jain Pharma, Guwahati	-do-	10/94	<u>20,000</u> tabs 70,000 tabs	*62.90 per 100 tabs	<u>12,580</u> 75,580	3/95	44,030	31,550
3.	-do-	(i) As in S1.1	COTRIMOXA-ZOLE (DS)	12/94	50,000 tabs	235.00 per 100 tabs	1,17,500	3/95		
4.	-do-	(ii) As in S1.2	-do-	10/94	<u>20,000</u> tabs 70,000 tabs	*126.00 per 100 tabs	<u>25,200</u> 1,42,700	3/95	88,200	54,500
5.	30 January 1995	(i) Arunachal Trade Centre Banderdewa	-do-	3/95	1,00,000 tabs	235.00 per 100 tabs	2,35,000	4/95		
6.	-do-	(ii) Dee Kay Drugs, Guwahati	-do-	3/95	24,000 tabs *158.00 per 100 tabs	316.00 per 200 tabs	37,920	4/95		
7.	-do-	(iii) Purbachal Pharmaceuticals, Dirbugarh	-do-	3/95	<u>96,350</u> tabs 2,20,350	190.00 per 100 tabs	<u>1,83,065</u> 4,55,985	4/95	3,48,153	1,07,832
8.	-do-	(i) As in S1.2	GENTAMYCINE INJECTION	3/95	4,800 vials (80 mg)	*7.65 per vial	36,720	3/95		
9.	-do-	(ii) As in S1.5	-do-	3/95	<u>25,000</u> vials (80 mg) 29,800 vials	10.50 per vial	2,62,500	3/95		<u>71,250</u>
							2,99,220 9,73,485		2,27,970 7,08,353	2,65,132 (Say Rs. 2.65 lakhs)

APPENDIX III

Statement showing Department-wise and age-wise break up of Misappropriation, losses etc., cases pending at the end of June 1996

(Reference to paragraph 3.12 at page 59)

Serial Number	Department	Cases awaiting Departmental action			Cases in court of law/ awaiting police investigation			Cases awaiting orders of Government/Department for recovery of write off			Total	
		No. of cases	Period of pending	Amount (in lakhs of rupees)	No. of cases	Period of pending	Amount (in lakhs of rupees)	No. of cases	Period of pending	Amount (in lakhs of rupees)	No. of cases	Amount (in lakhs of rupees)
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Community Development	-	-	-	-	-	-	1	23	0.13	1	0.13
2.	Education	2	1 to 5	1.80	1	4	1.28	1	17	0.29	4	3.37
3.	Forest	1	5	0.29	2	4 to 6	1.23	2	2 to 3	1.59	6	3.11
4.	General Administration	1	9	Amount not intimated	1	17	0.03	-	-	-	1	0.03
5.	Public Works	1	9	0.44	1	5	1.64	4	3 to 10	0.85	6	2.93 ✓
6.	Supply and Transport	1	9	0.53	1	25	0.34	4	16 to 36	0.46	6	1.33
7.	Information and Public Relation	-	-	-	1	25	2.65	-	-	-	1	2.65
8.	Industry	-	-	-	-	-	-	1	5	0.36	1	0.36
Total :		6	-	3.06	7	-	7.17	13	-	3.68	26	13.91

APPENDIX - IV

Statement showing the phase wise targets and achievements in respect of the work
"Improvement of Yingkiong-Damroh Road"

(Reference : Paragraph 4.1.6 at page 63)

Serial Number	Components of the work	Date of sanction	Sanctioned cost	Expenditure as on 31.3.1996	Date of commencement of work	Schedule date of completion	Status as on 31st March 1996	Delay in completion
(In lakhs of rupees)								
1.	Construction of hume pipe culverts, retaining walls, breast walls and Cause ways :							
(a)	Chainage 0 to 45 Km	June 1979	8.58	3.13	September 1977	NA	NA	Transferred to Yingkiong P.W. Division in July, 1982 and then the work was discontinued
(b)	" 0 to 16 Km (Phase I)	September 1996	22.33					
(c)	" 16 to 32 Km (Phase II)	September 1985	20.50	166.67	September 1985	September 1986	Completed March 1990	42 months
(d)	" 32 to 47 Km (Phase III)	September 1985	21.62					
(e)	" 47 to 62 Km (Phase IV)	March 1990	<u>35.22</u>	<u>36.48</u>	March 1990	March 1992	Completed March 1996	48 months
			<u>108.25</u>	<u>206.28</u>				
2.	Diversion of roads to prevent against sinking and protection against sliding :							
(i)	Chainage 13 to 15 Km	February 1990	14.58	13.01	February 1990	March 1992	Completed March 1996	48 months
(ii)	" 18 to 20.10 Km	February 1990	22.92	27.90	February 1990	March 1992	Completed March 1995	36 months
(iii)	" 40 to 41 Km	February 1991	<u>28.26</u>	<u>21.01</u>	February 1991	March 1993	In progress 75% completed	
			<u>65.76</u>	<u>61.92</u>				
3.	Improvement of Geometrical curves and easing of gradient : Chainage 8 to 57 Km	March 1991	28.21	33.98	March 1991	March 1994	Completed March 1995	12 months
4.	Soling, Metalling and carpeting :							
(i)	Chainage 0 to 10 Km (Phase I)	December 1989	44.62	60.86	December 1989	March 1991	Completed March 1992	12 months
(ii)	" 8 to 16 Km (Phase II)	July 1993	31.89	41.51	July 1993	March 1995	In progress 85% completed	
(iii)	" 16 to 26 Km (Phase III)	February 1994	39.98	33.31	March 1994	March 1996	In progress 67% completed	
(iv)	Soling, metalling and carpeting to the extent of 1 km. on either side of Lagru Bridge	January 1990	12.96	13.46	January 1990	March 1992	Completed March 1992	12 months
(v)	Soling, metalling and carpeting 0-6 Km from Lagru end towards Mariyang	February 1994	37.74	37.17	February 1994	March 1996	Completed March 1996	
(vi)	Soling, metalling and carpeting 0-6 Km from Mariyang end towards Lagru	February 1994	37.74	26.98 + 12.00 (committed liability)	February 1994	March 1996	Physically completed March 1996	

Sl. No.	Components of the work	Date of sanction	Sanctioned cost	Expenditure as on 31.3.96	Date of commencement of work	Schedule date of completion	Status as on 31st March 1996	Delay in completion
(In lakhs of rupees)								
(vii)	W.B.M from Gobuk to Lagru (from Lagru side) 35-40 Km	January 1996	20.19	1.02 + 24.00 (Committed liability)	January 1996	March 1998	Physically completed March 1996	
(viii)	W.B.M from Gobuk to Lagru (from Gobuk side) Phase II 0-5 Km	January 1996	19.17	5.83 + 14.00 (Committed liability)	January 1996	March 1998	Physically completed March 1996	
(ix)	W.B.M from Mariyang to Damroh (0-5 Km)	January 1996	<u>19.73</u>	<u>5.87</u>	January 1996	March 1998	In progress 40% completed	
5.	Bridge approach Roads		<u>264.02</u>	<u>226.01</u>	March 1991	March 1994	Completed March 1995	12 months
(i)	Making Bridge approach by regarding and Back-cutting two end of Bailey Bridge at 35 Km	March 1991	2.63	2.60	1991			
(ii)	Lowering down of approach Road Mariyang side at Lagru Bridge	February 1991	11.43	12.94	February 1991	March 1994	Completed March 1995	12 months
6.	Construction of Pucca side drain for the Black top portion (0-10 Km)	March 1992	5.94	5.07	March 1992	March 1993	In progress 70% completed	
7.	Construction of R.C.C causeway near 40 Km	March 1992	5.94	4.36	March 1992	March 1993	In progress 70% completed	
8.	Construction of Bridges							
(i)	C/o Permanent Bridge at 5th Km	January 1981	2.50	2.49	October 1982	March 1984	Completed March 1985	
(ii)	C/o Permanent Bridge over river Jamini at Lagru	March 1979	19.43	153.98	March 1980	March 1983	Completed March 1992	108 months
(iii)	C/o Bailey Bridge at 5th Km	March 1989	14.59	11.80	March 1989	March 1992	Completed March 1993	12 months
(iv)	C/o Permanent Bridge near 35th Km 1989	November 1989	15.61 + 3.00	13.24 1990 (committed liability)	November 1989	November March 1993	Completed months	45
(v)	C/o Permanent Bridge near 37th Km 1990	November 1990	34.80 + 4.00	31.75 1990 (committed liability)	November 1990	March 1993 March 1996	Completed months	36
(vi)	C/o Permanent Bridge near 32 Km	March 1993	22.96	2.32	March 1993	March 1996	In progress 20% completed	
(vii)	C/o Permanent Bridge near 34th Km 1993	March 1993	30.02 + 2.00	28.70 1993 (committed liability)	March 1993	March 1996 completed	Physically completed March 1996	
9.	Protection works to Bridges							
(i)	Protection of Anchor Block and Cable Anchorage by constructing walls and gates on either Bank of Yamni at Lagru	February 1991	9.77	11.89	February 1991	March 1994	Completed March 1996	24 months
(ii)	Protection work at the two banks by constructing wire crated massonary wall on the right bank of Lagru Bridge	February 1994	<u>30.42</u> <u>40.19</u>	<u>33.37</u> <u>45.26</u>	March 1994	March 1995	March 1995	12 months
10.	Massonary wall for Bailey Bridge at 35th Km	December 1995	4.96	2.18	December 1995	March 1997	In progress 50% completed	
11.	Special repair and maintenance of Bailey suspension bridge at Lagru Bridge	January 1996	5.00	1.31 + 4.50 (committed liability)	January 1996	March 1996	Physically completed	
12.	Under Non-Plan Head Annual Repairs and Maintenance from 1983-84 to 1995-96			95.54				
	Grand Total	33 Sanctions	<u>682.24</u>	941.73 <u>+ 63.50</u> <u>1005.23</u>		(committed liability)		

APPENDIX V

**Statement showing particulars of Up-to-date capital,
budgetary outgo, loans given out from budget, outstanding loans etc. of the
Government companies as on 31-03-1996**

(Reference to paragraph 8.1.1 at page 89)

Sl. No.	Name of the Company	Paid up capital at the end of the year 1995-96					Loans given out of budget during the year	Loans outstanding
		State Government	Central Government	Holding Company	Others	Total		
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4	5
(Rupees in lakhs)								
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	132.50 (107.50)	- (-)	- (-)	- (-)	132.50 (107.50)	- (-)	908.59 (936.50)
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	158.22 (131.22)	- (-)	- (-)	- (-)	158.22 (131.22)	- (-)	0.80 (-)
3.	Parasuram Cements Limited (Subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited)	- (-)	- (-)	13.50 (13.50)	- (-)	13.50 (13.50)	- (-)	96.09 (96.09)
4.	Arunachal Horticultural Processing Industries Limited	- (-)	- (-)	0.002 (0.002)	- (-)	0.002 (0.002)	- (-)	129.41 (122.41)
5.	Arunachal Pradesh Forest Corporation Limited	449.72 (399.72)	- (-)	- (-)	- (-)	449.72 (399.72)	- (-)	- (-)
		740.44 (638.44)	- (-)	13.50 (13.50)	- (-)	753.94 (651.94)	- (-)	1134.89 (1155.00)

Notes : 1 Figures in the bracket indicates figures for previous year.

2 Loan outstanding includes loans obtained from National Banks/
other financial institutions.

APPENDIX

**Summarised financial results of the Government companies
(Reference to paragraph**

Sl. No.	Name of the Company	Month/Year of incorporation	Period of accounts	Year in which finalised	Profit(+)/ Loss (-)
1	2	3	4	5	6
(Rupees)					
A. Department : Industries					
<i>Sector: Industrial Development and Financing</i>					
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	August, 1978	1986-87	1996-97	(+) 0.06
<i>Sector: Mineral Development</i>					
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	March, 1991	1991-92	1995-96	(-) 3.47
<i>Sector: Cement Manufacturing</i>					
3.	Parasuram Cements Limited (Subsidiary of the Company at Sl.no. 1 above)	January, 1984	-	-	-
<i>Sector: Fruit Processing</i>					
4.	Arunachal Horticultural Processing Industries Limited (Subsidiary of Company at Sl.no.1 above)	May, 1982	-	-	-
B. Department : Forest					
<i>Sector : Forest Development</i>					
5.	Arunachal Pradesh Forest Corporation Limited	March, 1977	1991-92	1996-97	(+)332.97

- Note: 1. Figures under columns from 7 to 13(b) represents figures for the year for which accounts were finalised
2. Capital invested represents paid-up capital plus long term loan plus free reserves.
3. Capital employed represents net fixed assets (excluding capital-work-in progress) plus working capital.

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for the latest year for which accounts were finalised
8.1.1, 8.1.3 and 8.1.4.3 at pages 89,91 and 92)

Paid up capital	Accumulated Profit (+)/ Loss (-)	Capital invested	Capital employed	Return on capital invested	Return on capital employed	Percentage of return on Capital invested	Percentage of return on Capital employed
7	8	9	10	11	12	13(a)	13(b)
37.50	(+) 8.73	382.72	314.17	17.55	(+) 0.06	4.58	0.01
11.12	(-) 3.47	11.12	6.84	(-) 3.47	(-) 3.47	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
399.72	(+) 213.19	399.72	726.16	332.97	332.97	83.30	48.85

in lakhs)

APPENDIX VII

Statement showing the position of finalisation of accounts
by the Government companies as on 30 September 1996

(Reference to Paragraph 8.1.3 at page 90)

Sl. No.	Name of the company	Year for which accounts are in arrears	Total number of years accounts in arrears
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	1987-88 to 1995-96	9
2.	Arunachal Pradesh Forest Corporation Limited	1991-92 to 1995-96	5
3.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1992-93 to 1995-96	4
4.	Subsidiaries : Arunachal Horticultural Processing Industries Limited	1982-83 to 1995-96	14
5.	Parasuram Cements Limited	1984-85 to 1995-96	12

APPENDIX VIII

Statement showing the capacity utilisation of manufacturing companies during the year 1995-96

(Reference to paragraph 8.1.5 at page 94)

Sl. No.	Name of the company	Installed/ rated capacity	Actual utili- sation	Percentage of utili- sation
Industries Department				
Sector : Cement Manufacturing				
1.	Parasuram Cements Limited	9000 tonnes per year	Nil (1832 tonnes)	Nil (20.36)

Note : (i) Figures in bracket indicates figures for previous year.

(ii) Production of cement stopped from April, 1995 onwards.

APPENDIX-IX**GLOSSARY OF ABBREVIATION**

ACSR	Aluminium Conductor Steel Reinforced
AIDS	Acquired Immuno Deficiency Syndrome
BDO	Block Development Officer
BDS	Bachelor of Dental Surgery
BSM&PI	Banderdewa Saw Mill and Plywood Industries
CA	Central Assistance
CAG	Comptroller and Auditor General of India
CCF	Chief Conservator of Forests
CE	Chief Engineer
CIDCO	City and Industrial Development Corporation
CST	Central Sales Tax
DCC	Detailed Countersigned Contingent
DCF	Deputy Conservator of Forests
DDO	Drawing and Disbursing Officer
DDPI	Deputy Director of Public Instruction
DFO	Divisional Forest Officer
DGS&D	Director General of Supply and Disposal
DHS	Director of Health Services
DRDA	District Rural Development Agencies
DWCRA	Development of Women and Children in Rural Areas
EAS	Employment Assurance Scheme
EBF	Electric Bar Fencing

EE	Executive Engineer
FD	Field Director
GOI	Government of India
HIV	Human Immuno Deficiency Virus
HPSV	High Power Sodium Vapour
IEC	Information Educaion and Communication
JRY	Jawahar Rozgar Yojana
MS	Mild Steel
NACO	National AIDS Control Organisation
NNP	Namdapha National Park
NP	National Park
NWDPRA	National Watershed Development Project for Rained Areas
OPD	Out Patient Department
PCCF	Principal Chief Conservator of Forests
PHED	Public Health Engineering Department
PSUs	Public Sector Undertakings
PWD	Public Works Department
RCC	Reinforced Cement Concrete
RDC	Regional Dental College
REC	Rural Electrification Corporation
RMS	Road Metal at Site
RWD	Rural Works Division
SOP	Shelf of Project
SPO	State Programme Officer
STD	Sexually Transmitted Diseases

WAB Works Advisory Board
WBM Water Bound Macadam
WL Wild Life
WS Wildlife Sanctuaries
WWW White Winged Wood