

03553



REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA

FOR THE YEAR  
ENDED 31 MARCH 1990

GOVERNMENT OF ARUNACHAL PRADESH

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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 1989-90 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 1989-90.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1989-90 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 1989-90 have also been included, wherever considered necessary.



## OVERVIEW

This Report contains two Chapters about the financial position of the Government of Arunachal Pradesh for the year 1989-90 and about Government's overall control over expenditure. The remaining 5 chapters include Audit reviews on developmental/welfare programmes and other activities, apart from the paragraphs containing comments on various irregularities. The more important Audit findings are summarised in the succeeding paragraphs.

### 2. Financial position and control over expenditure

#### 2.1 Accounts of the State Government

— The revenue receipt of the Government amounted to Rs. 2,89.17 crores in 1989-90 as against Rs. 2,61.22 crores during 1988-89. The accounts of the year closed with a revenue surplus of Rs. 32.51 crores as against the surplus of Rs. 52.04 crores in 1988-89.

(Paragraph 1.4)

— The revenue expenditure (both Plan and non-plan) of Rs. 256.66 crores during 1989-90 increased by Rs. 47.48 crores as compared to the year 1988-89.

(Paragraph 1.9)

— The interest paid on debt and other obligations during the year was Rs. 16.70 crores while the interest received was Rs. 0.95 crore resulting in a net interest burden of Rs. 15.75 crores.

(Paragraph 1.13)

— Dividend of Rs. 0.04 crore was received during the year against the investment of Rs. 6.52 crores in shares of Government Companies and Co-operative Societies as on 31st March 1990, which constituted 0.67 *per cent* of the investment against the rate of interest of 11.5 *per cent* on long-term borrowing of Government.

(Paragraph 1.14)

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All abbreviations used in this Report are listed alphabetically and expanded in the glossary at Appendix IV (Page 130—131).

— Total liabilities of the Government increased from Rs. 333.03 crores (1987-88) to Rs. 360.47 crores during 1989-90.

(Paragraph 1.15)

— The repayment of Central loans and accrued interest during the year constituted 150.16 *per cent* of the loans received from the Central Government during the year.

(Paragraph 1.16)

— The net loans and advances disbursed during the year constituted 22 *per cent* compared to the net receipt from long term borrowings of the State Government.

(Paragraph 1.17)

## 2.2 Appropriation audit and control over expenditure

— There was a saving of Rs. 39,48,51,783 in 50 cases of grants and appropriations and an excess expenditure of Rs. 17,48,74,511 in 16 grants and appropriations. The excess expenditure of Rs. 17,48,74,511 requires regularisation under Article 205 of the Constitution.

(Paragraph 2.2.3)

## 3 Audit reviews on developmental/Welfare programmes, etc.

### 3.1 Dairy Development Schemes

Dairy Development Scheme was taken up in the State during 1974-75 to enhance the production and collection of milk and to ensure supply of wholesome and hygienic milk to the Urban customers at reasonable prices.

— Rs. 74.21 lakhs were spent on the Scheme during 1985-86 to 1989-90 against budget provision of Rs. 95.24 lakhs. Out of Central assistance of Rs. 10 lakhs during 1989-90 under the Integrated Dairy Development, project only Rs. 0.47 lakh was spent.

— No profit-and-loss accounts were prepared by the Milk Collection and Marketing Centres at Roing and Pasighat. The receipts and expenditure



accounts of the centres revealed loss of Rs. 1.23 lakhs.

- In Tarajuli farm, the expenditure on establishment and maintenance during 1987-88 to 1988-89 exceeded the sale proceeds by Rs. 5.58 lakhs.

(Paragraph 3.2)

### 3.2 Construction of Seppa-Chayangtajo Road

Arunachal Pradesh consists of hilly terrain with inadequate communication facilities. The development of the State depends mainly on road communication. A proper network of roads was thus essential for administrative and strategic reasons. The construction of this road was taken up in 1970 to connect 4 circle headquarters of the East Kameng District of the State.

- Seventynine *per cent* of the road work was completed after spending Rs. 533.02 lakhs (116 *per cent* of the estimate) during 1969-70 to 1989-90.

- A bridge over river Pacha constructed in March 1982 at a cost of Rs. 13.30 lakhs, collapsed the next day after it was opened to traffic.

- Utilisation of materials costing Rs. 35.73 lakhs issued to work could not be ascertained.

- Overpayment of wages to labourers amounted to Rs. 10.06 lakhs.

(Paragraph 4.1)

### 3.3 Sessa Micro Hydel Scheme, Kameng

The scheme was taken up during 1978-79 envisaging an installed capacity of 1.5 megawatts to meet the power requirements of residential and industrial complexes at Bhalukpong, electrification of nearby villages and a Border Road Task Force Camp. The scheme also aimed at improving the socio-economic condition of the people by supplying them power at low rates.

- Rs. 445.79 lakhs were spent till March 1990 but only 75 *per cent* of civil works had been completed.

- After spending Rs. 26.41 lakhs on construction the site of the scheme was shifted from the right bank

to the left bank of Sessa Nallah due to erroneous initial selection of site. The expenditure has become infructuous.

— Construction of weir and intake chamber was delayed by 22 months.

— Due to allowance of lead and lift in earthwork in contravention of the Chief Engineer's orders, the Department over paid contractors Rs. 13.46 lakhs, in construction of power channel.

— Rupees 119.77 lakhs were spent on earth work in site development of forebay tank without provision in the estimate.

— Hume pipes and collars costing Rs. 10.01 lakhs procured during March 1987 were lying unutilised.

(Paragraph 4.2)

#### 4. Other important points

— The District Agriculture Officer, Pasighat issued between October 1984 and August 1988 seeds, fertilizer and implements valued at Rs. 4.46 lakhs to the Village Level Workers for sale to the cultivators at subsidised rates. Against the Rs. 2.13 lakhs to be realised, the Village Level Workers deposited only Rs. 1.11 lakhs till July 1989. The unsold inputs were not returned.

(Paragraph 3.1)

— The Director, Animal Husbandry and Veterinary procured 251.50 tonnes of maize from private sources during July 1988 to October 1989 at prices ranging from Rs. 1950 to Rs. 3000 per tonne, against the price of Rs. 1700 and Rs. 1900 per tonne offered by National Agriculture Co-operative Marketing Federation of India Limited, Guwahati. Procurement at higher rates resulted in additional expenditure of Rs. 0.99 lakh.

(Paragraph 3.3)

— The District Animal Husbandry and Veterinary Officer, Ziro purchased forms of pay bills, travelling allowance bills, contingency bills, etc., from a local supplier at a total cost of Rs. 0.68 lakh without proper sanction and without inviting tenders. The purchase



were excessive and would cover fifteen years' requirements.

(Paragraph 3.4)

— The Divisional Forest Officer, Namdapha Wildlife sanctuary Division, Miao constructed the 'Deban Diversion Road' at a total cost of Rs. 3.50 lakhs.

The Chief Conservator of Forests did not approve the construction of the road on the ground that the gradient of the road was very steep. The Divisional Forest Officer approached the Public Works Division, Jairampur for taking over the road, but the latter refused to take it over because of its defective construction. Finally the road was abandoned, resulting in wasteful expenditure of Rs. 3.50 lakhs.

(Paragraph 3.6)

— The Divisional Forest Officer, Namsai spent Rs. 0.60 lakh on maintenance of about 4 lakh seedlings during 1988-89 which were raised during that year at a cost of Rs. 3.80 lakhs. Expenditure on maintenance of seedlings in nurseries is authorised only during the year subsequent to the year of planting.

(Paragraph 3.7)

— The Hapoli Forest Division, Ziro suffered a loss of Rs. 1.95 lakhs due to damage to plantations by fire on eight occasions all within a spell of 73 days, in Yachuli Range. No departmental investigation was conducted to ascertain the cause of the repeated fire incidents.

(Paragraph 3.8)

— According to existing instructions, the Public Works Divisions could purchase stores from other agencies only after obtaining non-availability certificate from Banderdewa Stores Division. In contravention of the instructions, the Capital 'B' Division, Itanagar, Doimukh and Along Public Works Division purchased building materials/stores from local suppliers during March 1988, April 1988 and February 1989 respectively

at rates higher than issue rates of Stores Division, resulting in an extra expenditure of Rs. 4.94 lakhs.

(Paragraph 4.3)

— The Public Works Division, Along and Tezu purchased materials costing Rs. 11.36 lakhs and Rs. 7.65 lakhs respectively without inviting tenders. Compared to the prices paid for the same items by the Rural Works Division, purchase by the Along and Tezu Divisions resulted in extra expenditure of Rs. 5.12 lakhs and Rs. 1.19 lakhs respectively.

(Paragraph 4.4)

— The Executive Engineer, Public Works Division, Jairampur procured anstrip anti steeping agent worth Rs. 1.71 lakhs for utilisation in the road works. The Superintending Engineer, Jairampur circle ordered in February 1988 recovery of the entire cost of materials from the Executive Engineer as they were not necessary for use in the work.

(Paragraph 4.5)

— Due to allowance of higher rates and also cent *per cent* lead and lift of soil instead of limiting it to 10 *per cent* of the quantity as approved, the Doimukh Public Works Division incurred an excess expenditure of Rs. 9.60 lakhs in a certain road work.

(Paragraph 4.6)

— Public Works Division, Along and Rural Works Division, Along purchased stores valued at Rs. 10.36 lakhs between 1967 and 1987-88 which remained unutilised.

(Paragraph 5.2)

## REVENUE RECEIPTS

— The total receipts of the State during the year 1989-90 amounted to Rs. 2,89.17 crores. This comprised tax revenue of Rs. 2.32 crores, non-tax revenue of Rs. 35.78 crores, State Government's share of divisible Union taxes Rs. 52.30 crores and grants-in-aid of Rs. 198.82 crores from the Union Government.

(Paragraph 6.1)



— 109 inspection reports containing 428 observations with money value of Rs. 10.05 crores were pending settlement at the end of June 1990.

(Paragraph 6.4)

### **Free grant of timber**

A review on free grant of timber issued to the local people for construction of their houses revealed that in the absence of any annual ceilings for issue of free grant timber there was no proper control on the issue of such permits. The value of timber issued against such permits during the last 5 years ending 1989-90 worked out to Rs. 44.61 lakhs.

In respect of 894 permits for 7594.516 cu.m of timber valuing Rs. 38.25 lakhs utilisation certificates were not furnished. In 21 cases, issue of permits for purposes other than for construction of dwelling houses, in contravention of the scheme, resulted in loss of revenue of Rs. 1.24 lakhs (1985-86 to 1989-90).

— Issue of permits for 278.073 cu.m of softwood instead of hard wood during the period from 1985-86 to 1989-90, in contravention of Government policy, resulted in loss of revenue of Rs. 0.87 lakh.

— No mechanism for monitoring and evaluating the implementation of the programme was formulated. Deficiencies were noticed in maintenance of records and registers, required to be maintained under the scheme, which affected the proper monitoring of the scheme.

(Paragraph 6.5)

— Due to non-imposition of penalty for failure to extract marked timber by a saw mill, as stipulated in the agreement, there was loss of revenue of Rs. 1.54 lakhs.

(Paragraph 6.6)

— Forest royalty of Rs. 2.18 lakhs recoverable from contractors' bills, for non-production of forest royalty clearance certificate in respect of forest produces removed by them under permits, was not recovered by two forest Divisions.

(Paragraphs 6.7 (a) and (b))

## COMMERCIAL ACTIVITIES

— There were three Government Companies (including one Subsidiary) and two departmentally-managed commercial and *quasi* commercial undertakings in the State of Arunachal Pradesh as on 31st March 1990.

(Paragraphs 7.2.1 and 7.3.1)

— The paid-up capital of these companies was Rs. 5.21 crores, of which State Government's investment was Rs. 4.92 crores. The outstanding loans of the State Government as on 31st March 1990 were to the extent of Rs. 3.21 crores.

The State Government had guaranteed repayment of loans raised by one company and payment of interest thereon. The amounts guaranteed and outstanding there against including interest were Rs. 0.33 crore as on 31st March 1990.

(Paragraph 7.2.2)

— Accounts of the three Companies were in arrears for periods ranging from 3 to 10 years. One company, *viz.*, Arunachal Pradesh Forest Corporation Limited had finalised its account for the year 1985-86.

(Paragraph 7.2.3)

— The two departmentally-managed commercial and *quasi* commercial undertakings, *viz.*, the State Transport Services and State Trading Scheme had finalised their accounts up to 1986-87 with a cumulative loss of Rs. 2.32 crores and Rs. 5.77 crores since their inception in 1975 and in 1955-56 respectively. (Paragraph 7.3)

— The other points noticed in respect of State Transport Services were :

(i) Non-accountal of Government money to the tune of Rs. 0.44 lakh in the office of the Assistant Station Superintendent, Ziro due to irregular maintenance of cash book. (Paragraph 7.4.1)

(ii) Avoidable expenditure of Rs. 3.52 lakhs towards fabrication of bus bodies due to non-acceptance of lowest tendered rate, and (Paragraph 7.4.2)

(iii) Excess payment of Rs. 1.90 lakhs towards price escalation. (Paragraph 7.4.3)



## **CHAPTER I**

### **Accounts of the State Government**

#### **1.1 Summarised Financial Position**

The financial position of the Government of Arunachal Pradesh as on 31st March 1990 as emerging from the Appropriation Accounts and the Finance Accounts for the year 1989-90, the abstract of Receipt and Disbursements and the details of the sources and application of funds are detailed in the following statements.

**I-STATEMENT OF FINANCIAL POSITION OF THE  
AS ON 31ST MARCH**

| Amount as<br>on 31st<br>March 1989<br>(Rupees in<br>crores) | Liabilities  | Amount as on<br>31st March 1989<br>(Rupees in<br>crores) |
|---|--|--|
| 1   | 2  | 3  |
| 14.16   | <b>Internal Debt</b>   | 19.78  |
|   | (Including Ways and<br>Means Advances, Market<br>Loans and Others) |  |
| 328.08  | <b>Loans and Advances from<br/>the Central Government</b>          | 329.72   |
|   | (i) Non-Plan Loans   | 55.48  |
|   | (ii) Loans for State<br>Plan Schemes                               | 234.99   |
|   | (iii) Loans for Central<br>Plan Schemes                            | 0.05   |
|   | (iv) Loans for Centrally<br>Sponsored Plan<br>Schemes              | 0.77   |
|   | (v) Loans for<br>Special Schemes                                   | 38.43  |
| 0.10  | <b>Contingency Fund</b>  | 0.10   |
| 7.79  | <b>Small Savings, Provi-<br/>dent Funds, etc.</b>                  | 10.97  |
| 5.94  | <b>Deposits and Advances</b>                                       | 6.84   |
| 85.71   | <b>Surplus on<br/>Government Account</b>                           | 118.22   |
|   | (i) Revenue surplus as<br>on 31st March 1989                       | 85.71  |
|   | (ii) Revenue surplus<br>during the year                            | 32.51  |
| 31.55   | <b>Suspense and<br/>Miscellaneous</b>                              | 72.95  |
| 14.51   | <b>Remittances</b>   | 1.94   |
| <u>487.84</u>   |  | <u>560.52</u>  |

**GOVERNMENT OF ARUNACHAL PRADESH**  
1990

| Amount as<br>on 31st<br>March 1989<br>(Rupees in<br>crores) | Assets   | Amount as<br>on 31st<br>March 1990<br>(Rupees in<br>crores) |
|---|--|---|
| 4   | 5  | 6   |
| 537.83  | <b>Gross Capital<br/>Outlay on fixed<br/>Assets</b>                    | 643.49  |
|   | (i) Investment in<br>Shares of Com-<br>panies, Corpora-<br>tions, etc. | 6.52  |
|   | (ii) Other Capital<br>Outlay   | 636.97  |
| 6.95  | <b>Loans and Advances</b>  | 8.54  |
|   | (i) Loans for Other<br>Industries and<br>Minerals                      | 3.36  |
|   | (ii) Loans for<br>Co-operation   | 2.09  |
|   | (iii) Loans to Government<br>Servants, etc.                            | 1.31  |
|   | (iv) Other Loans   | 1.78  |
| (—)56.94  | <b>Closing Cash Balance</b>  | (—)91.51  |
|   | (i) Departmental<br>Cash Balance (—)                                   | 1.31  |
|   | (ii) Cash Balance<br>Investment (—)                                    | 8.57  |
|   | (iii) Deposits with<br>Reserve Bank (—)                                | 81.63   |
| <u>487.84</u>   |  | <u>560.52</u>   |

II—STATEMENT OF ABSTRACT OF RECEIPTS  
SECTION—A—

---

| RECEIPTS<br>(Rupees in crores) |   |        |
|--------------------------------|---|--------|
| <b>I.</b>                      | <b>Revenue Receipts</b>                     | 289.17 |
| (i)                            | Tax Revenue                                 | 2.32   |
| (ii)                           | Non-tax Revenue                             | 35.73  |
| (iii)                          | States' Share of Union Taxes                | 52.30  |
| (iv)                           | Non-plan Grants                             | 57.29  |
| (v)                            | Grants for State Plan Schemes               | 124.11 |
| (vi)                           | Grants for Central Plan Schemes             | 0.86   |
| (vii)                          | Grants for Centrally Sponsored Plan Schemes | 11.29  |
| (viii)                         | Grants for Special Plan Schemes             | 5.27   |

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289.17



AND DISBURSEMENTS FOR THE YEAR 1989-90  
REVENUE

|            |  | DISBURSEMENTS<br>(Rupees in crores) |              |               |
|------------|--|-------------------------------------|--------------|---------------|
|            |  | Non-Plan                            | Plan         | Total         |
| <b>I.</b>  | <b>Revenue Expenditure</b>                       |                                     |              | <b>256.66</b> |
|            | Sector   |                                     |              |               |
| (i)        | General Services                                 | 74.54                               | 0.44         | 74.98         |
| (ii)       | Social Services                                  | 49.18                               | 32.45        | 81.63         |
| (iii)      | Agriculture and Allied Activities                | 30.46                               | 17.21        | 47.67         |
| (iv)       | Rural Development                                | 2.60                                | 5.81         | 8.41          |
| (v)        | Special Area Programme                           | —                                   | 9.94         | 9.94          |
| (vi)       | Irrigation and Flood Control                     | 1.95                                | 4.73         | 6.68          |
| (vii)      | Energy   | 9.34                                | 0.39         | 9.73          |
| (viii)     | Industry and Minerals                            | 1.24                                | 1.22         | 2.46          |
| (ix)       | Transport  | 8.26                                | 2.05         | 10.31         |
| (x)        | Science, Technology and Environment              | —                                   | 0.06         | 0.06          |
| (xi)       | General Economic Services                        | 1.89                                | 2.90         | 4.79          |
|            |  | <u>179.46</u>                       | <u>77.20</u> | <u>256.66</u> |
| <b>II.</b> | <b>Revenue Surplus carried over to Section—B</b> |                                     |              | <b>32.51</b>  |
|            |  |                                     |              | <u>289.17</u> |

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**RECEIPTS**  
(Rupees in crores)

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**II. Opening Cash Balance** (—)56.94

**III. Recoveries of Loans and Advances** 0.54

(i) Form Government Servants 0.28

(ii) From Others 0.26

## —B—OTHERS

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**DISBURSEMENTS**  
 (Rupees in crores)
 

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**III. Capital Outlay** 105.66

| Sector                                  | Non-Plan | Plan   | Total  |
|---|----------|--------|--------|
| (i) General Services                    | 0.59     | 8.34   | 8.93   |
| (ii) Social Services                    | 1.40     | 20.01  | 21.41  |
| (iii) Agriculture and Allied Activities | 0.02     | 3.05   | 3.07   |
| (iv) Rural Development                  | —        | 0.45   | 0.45   |
| (v) Special Areas Programme             | —        | 0.58   | 0.58   |
| (vi) Irrigation and Flood Control       | —        | 1.43   | 1.43   |
| (vii) Energy                            | —        | 15.80  | 15.80  |
| (viii) Industry and Minerals            | —        | 1.24   | 1.24   |
| (ix) Transport                          | —        | 52.20  | 52.20  |
| (x) General Economic Services           | —        | 0.55   | 0.55   |
|   | 2.01     | 103.65 | 105.66 |

**IV. Loans and Advances disbursed** 2.13

|                            |      |
|----------------------------|------|
| (i) To Government Servants | 0.61 |
| (ii) To Others             | 1.52 |



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| RECEIPTS           |  |        |
|--------------------|--|--------|
| (Rupees in crores) |  |        |
| <b>IV.</b>         | <b>Revenue Surplus brought down</b>                              | 32.51  |
| <b>V.</b>          | <b>Public Debt Receipts</b>                                      | 43.57  |
| (i)                | Internal Debt other than<br>Ways and Means Advances              | 5.62   |
| (ii)               | Ways and Means Advances  | 9.74   |
| (iii)              | Loans and Advances from<br>Central Government                    | 28.21  |
| <b>VI.</b>         | <b>Public Accounts Receipts</b>                                  | 397.95 |
| (i)                | Small Savings,<br>Provident Funds, <i>etc.</i>                   | 6.95   |
| (ii)               | Reserve Funds  | ...    |
| (iii)              | Deposit and Advances   | 27.79  |
| (iv)               | Suspense and Miscellaneous<br>excluding Departmental<br>Balances | 72.09  |
| (v)                | Remittances  | 291.12 |

## OTHERS (Concl'd)

| DISBURSEMENTS<br>(Rupees in crores) |   |           |
|-------------------------------------|---|-----------|
| <b>V.</b>                           | <b>Revenue Deficit brought down</b>                           | ...       |
| <b>VI.</b>                          | <b>Public Debt Disbursements</b>                              | 36.31     |
| (i)                                 | Repayment of Internal Debt other than Ways and Means Advances | ...       |
| (ii)                                | Repayment of Ways and Means and Advances                      | 9.74      |
| (iii)                               | Repayment of Loans and Advances from Central Government       | 26.57     |
| <b>VII.</b>                         | <b>Public Accounts Disbursements</b>                          | 365.04    |
| (i)                                 | Small Savings, Provident Funds, etc.                          | 3.77      |
| (ii)                                | Reserve Funds   | ...       |
| (iii)                               | Deposit and Advances  | 26.89     |
| (iv)                                | Suspense and Miscellaneous excluding Departmental Balances    | 30.69     |
| (v)                                 | Remittances   | 303.69    |
| <b>VIII.</b>                        | <b>Closing Cash Balance</b>                                   | (—) 91.51 |
| (i)                                 | Departmental Cash Balance                                     | (—) 1.31  |
| (ii)                                | Cash Balance Investment                                       | (—) 8.57  |
| (iii)                               | Deposits with Reserve Bank of India                           | (—) 81.63 |
|                                     |   | 417.63    |

### III—STATEMENT OF SOURCES AND THE YEAR

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#### SOURCES (Rupees in crores)

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|       |  |        |  |
|-------|--|--------|--|
| (i)   | Revenue Receipts   | 289.17 |  |
| (ii)  | Increase in Small Savings,<br>Provident Funds and<br>Reserve Funds | 3.18   |  |
| (iii) | Increase in Public Debt  | 7.26   |  |
| (iv)  | Decrease in Closing<br>Cash Balance                                | 34.57  |  |
|       |  | 334.18 |  |

#### Adjustments

#### Add :

|      |  |       |  |
|------|--|-------|--|
| (i)  | Decrease in Suspense and<br>Miscellaneous Balance  | 41.40 |  |
| (ii) | Decrease in balance under<br>Deposits and Advances | 0.90  |  |

#### Less :

|  |                              |       |  |
|--|------------------------------|-------|--|
|  | Effect of Remittance Balance | 12.57 |  |
|--|------------------------------|-------|--|

29.93

363.91



## APPLICATION OF FUNDS FOR

1989-90

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**APPLICATIONS**  
(Rupees in crores)

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|       |   |        |
|-------|---|--------|
| (i)   | Revenue Expenditure                             | 256.66 |
| (ii)  | Capital Outlay                                  | 105.66 |
| (iii) | Lending for Development<br>and other programmes | 1.59   |

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**363.91**

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## Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts and the 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 depreciations, variations in stock figures, *etc.*, do not figure in the accounts.
3. Excess drawal of Rs. 81.63 crores includes Rs. 57.02 crores representing excess drawal by the Union Territory Government up to 19th February 1987 merged in the general cash balance of the Central Government. Final decision regarding treatment of this amount is awaited from the Government of India. The balance amount of Rs. 24.61 crores represents excess drawal of the State Government as on 31st March 1990.
4. There was unreconciled difference of Rs. 5.16 crores between the amount of excess drawal as reflected in the accounts (Rs. (—) 27.93 crores) and that intimated by Reserve Bank of India (Rs. (—) 22.77 crores). The difference is 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 1989-90 in juxtaposition to the position obtaining in the earlier two years.

## 1.2 Assets and Liabilities of the State

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

| Year    | Assets*<br>(Rupees in | Liabilities*<br>crores) |
|---------|-----------------------|-------------------------|
| 1987-88 | 400.01                | 366.33                  |
| 1988-89 | 487.84                | 402.13                  |
| 1989-90 | 560.52                | 442.30                  |

The assets have grown by 40 *per cent* during the two years as against a growth of 21 *per cent* in liabilities.

## 1.3 Overall surplus

The overall surplus of Rs. 8.38 crores for 1989-90 projected at the budget stage was revised to an overall surplus of Rs. 6.05 crores at the Revised Estimate stage against which actual surplus was Rs. 12.73 crores. The variation in the estimates and actuals was mainly due to lower expenditure under Social Welfare and Nutrition and Public Works which was partly off-set by an overall fall in revenue receipts.

## 1.4 Revenue surplus

The revenue receipts had gone down from Rs. 296.66 crores in 1987-88 to Rs. 289.17 crores in 1989-90 showing a decrease of 3 *per cent* while there was a 3 *per cent* increase in the revenue expenditure during the same period. Revenue surplus had gone down by 32 *per cent* at the end of 1989-90 over a period of 2 years.

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\* Differs from the position reflected in earlier Audit Reports due to the non-inclusion of data relating to 'Deposits with Reserve Bank of India' under cash balance.



The position is summarised in the following table :-

| Year | Revenue |             | Surplus | Percentage variation over the previous year |  |
|------|---------|-------------|---------|---|--|
|      | Receipt | Expenditure |         | Increase (+)/<br>Decrease (-)               | Revenue Receipt<br>Revenue Expenditure |

(Rupees in crores)

|         |        |        |       |           |           |
|---------|--------|--------|-------|-----------|-----------|
| 1987-88 | 296.66 | 248.89 | 47.77 | —         | —         |
| 1988-89 | 261.22 | 209.18 | 52.04 | (-)-11.94 | (-)-15.95 |
| 1989-90 | 289.17 | 256.66 | 32.51 | (+)-10.70 | (+)-22.70 |

The revenue surplus as envisaged in the Budget estimates and the revised estimate *vis a vis* the actuals are given below :-

| Year | Revenue surplus  |                   | Actuals | Percentage of actual surplus to revenue receipts |
|------|------------------|-------------------|---------|--|
|      | Budget Estimates | Revised Estimates |         |  |

(Rupees in crores)

|         |       |       |       |       |
|---------|-------|-------|-------|-------|
| 1987-88 | 4.27  | 51.18 | 47.77 | 16.10 |
| 1988-89 | 82.65 | 48.58 | 52.04 | 19.92 |
| 1989-90 | 60.30 | 16.82 | 32.51 | 11.24 |

### 1.5 Revenue Receipts

The actual revenue receipts during the three years ending 1989-90 are given below :-

| Year    | Budget<br>Estimates | Revised<br>Estimates | Actuals |   |
|---------|---------------------|----------------------|---------|---|
|         |                     |                      | Amount  | Percentage<br>of growth<br>over the<br>previous<br>year |
| 1987-88 | 247.30              | 292.47               | 296.66  | 115.01  |
| 1988-89 | 336.01              | 306.75               | 261.22  | (—) 11.94   |
| 1989-90 | 328.89              | 335.01               | 289.17  | 10.70   |

(Rupees in crores)

The position of revenue raised by the State and the State share of taxes and grants received from Government of India was as follows :-

1987-88 1988-89 1989-90

(Rupees in crores)

#### I. Revenue raised by the State Government :

|                     |       |       |       |
|---------------------|-------|-------|-------|
| (a) Tax Revenue     | 2.06  | 2.34  | 2.32  |
| (b) Non-tax Revenue | 25.28 | 28.75 | 35.73 |
| Total :             | 27.34 | 31.09 | 38.05 |

|  | 1987-88 | 1988-89 | 1989-90 |
|--|---------|---------|---------|
|--|---------|---------|---------|

( Rupees in crores )

**II. Receipts from Government of India :**

(a) State's share of

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| (i) Income tax, etc.,    | 3.11   | 2.47   | 1.95   |
| (ii) Union Excise Duties | 71.80  | 50.29  | 50.35  |
| (b) Grants-in-aid        | 194.41 | 177.37 | 198.82 |
| Total :                  | 269.32 | 230.13 | 251.12 |

**III. Total receipts of State Government (Revenue Account)**

|  |        |        |        |
|--|--------|--------|--------|
|  | 296.66 | 261.22 | 289.17 |
|--|--------|--------|--------|

**IV. Percentage of revenue raised to total revenue receipts**

|  |   |    |    |
|--|---|----|----|
|  | 9 | 12 | 13 |
|--|---|----|----|

**1.6 Tax Revenue**

The tax revenues during the last three years were as indicated below :—

| Year | Tax Revenue | Percentage of growth over previous year |
|------|-------------|---|
|------|-------------|---|

| (Rupees in crores) |      |         |
|--------------------|------|---------|
| 1987-88            | 2.06 | 26.38   |
| 1988-89            | 2.34 | 13.59   |
| 1989-90            | 2.32 | (—)0.85 |

While the revenue receipts of the Government indicated a considerable fluctuation during 1988-89 and 1989-90, the tax revenue showed a declining trend during the same period.



The analysis of tax revenue raised by the State Government is given below :-

|                               | 1987-88            | 1988-89       | 1989-90       |
|-------------------------------|--------------------|---------------|---------------|
|                               | (Rupees in crores) |               |               |
| 1. Sales Tax                  | 0.21<br>(10)       | 0.22<br>(9)   | 0.31<br>(13)  |
| 2. State Excise               | 0.93<br>(45)       | 0.98<br>(42)  | 1.06<br>(46)  |
| 3. Taxes on Vehicles          | 0.34<br>(17)       | 0.35<br>(15)  | 0.38<br>(16)  |
| 4. Land Revenue               | 0.41<br>(20)       | 0.59<br>(25)  | 0.33<br>(14)  |
| 5. Stamps and<br>Registration | 0.05<br>(2)        | 0.05<br>(2)   | 0.06<br>(3)   |
| 6. Other Taxes                | 0.12<br>(6)        | 0.15<br>(7)   | 0.18<br>(8)   |
| <br>                          |                    |               |               |
| Total :                       | 2.06<br>(100)      | 2.34<br>(100) | 2.32<br>(100) |

Percentage share of individual taxes of the total is given in brackets. The decline of revenue earning during 1989-90 under Land Revenue was due to less realisation of land revenue/tax.

### 1.7 Non-tax Revenue

The position of non-tax revenue raised during the last 3 years is indicated below :-

| Year    | Non-tax revenue    | Percentage of growth over previous year |
|---------|--------------------|---|
|         | (Rupees in crores) |   |
| 1987-88 | 25.28              | 15.27                                   |
| 1988-89 | 28.75              | 13.72                                   |
| 1989-90 | 35.73              | 24.27                                   |

The increase of non-tax revenue of Rs. 6.98 crores during 1989-90 over the previous years was mainly under the following heads :-

| Major Heads                            | Actuals            |         | Variation (Increase) |
|--|--------------------|---------|----------------------|
|  | 1988-89            | 1989-90 |                      |
|  | (Rupees in crores) |         |                      |
| 1. 0075-Miscellaneous General Services | 0.10               | 2.40    | 2.30                 |
| 2. 0406-Forestry and Wild Life         | 15.66              | 19.00   | 3.34                 |

The reasons for such increase have not been intimated (September 1991).

### 1.8 State's share of Union Taxes/Duties and Central Grants

The aggregate of the State's share of Union Taxes/Duties and the Grants-in-aid recovered from Central Government during 1989-90 was Rs. 251.12 crores

representing 86.84 *per cent* and 97.84 *per cent* of the total revenue receipts and the revenue expenditure of the State Government respectively. The year-wise details are given below :—

| Year               | State's share of Taxes and Duties | Grants-in-aid | Total  | Percentage of State's share etc. to total |                     |
|--------------------|-----------------------------------|---------------|--------|---|---------------------|
|                    |                                   |               |        | Revenue Receipts                          | Revenue Expenditure |
| (Rupees in crores) |                                   |               |        |   |                     |
| 1987-88            | 74.91                             | 194.41        | 269.32 | 90.78                                     | 108.20              |
| 1988-89            | 52.76                             | 177.37        | 230.13 | 88.09                                     | 110.01              |
| 1989-90            | 52.30                             | 198.82        | 251.12 | 86.84                                     | 97.84               |

### 1.9 Revenue Expenditure

The revenue expenditure (Plan) during 1989-90 was Rs. 77.20 crores against the budget estimate of Rs. 96.77 crores (including supplementary) disclosing a shortfall of Rs. 19.57 crores. The non-plan revenue expenditure during the year was Rs. 179.46 crores against the budget estimates of Rs. 211.49 crores (including supplementary) disclosing a shortfall of Rs. 32.03 crores in expenditure. The main reasons for shortfall in expenditure are given in Chapter-II of this Report. Further details wherever furnished by the State Government are available in the Appropriation Accounts of the State Government for 1989-90.

The revenue expenditure (both Plan and Non-plan) during 1989-90 was Rs. 256.66 crores as against Rs. 209.18 crores during 1988-89. The increase was mainly under (i) Election Department (Rs. 2.14 crores) for conduct of election to State Legislature/Parliament,



(ii) Public Works Department (Rs. 4.05 crores) on account of sale of stores on credit, execution of deposit works in excess of deposit receipts and greater expenditure under Direction and Administration, (iii) Education Department (Rs. 4.81 crores) on account of greater expenditure under Secondary Education, (iv) Finance Department (Rs. 8.91 crores) on account of greater expenditure on payment of interest on loans for State Plan and Non-plan schemes, (v) Civil Supplies Department (Rs. 5.82 crores) on account of greater expenditure on other expenditure under Food, and (vi) Home Department (Rs. 4.73 crores) for repair and restoration of residential buildings, damaged water supply, evacuation of population, assistance to farmers, etc.

### 1.10 Growth of Revenue Expenditure

The revenue expenditures (both plan and non-plan) during the last 3 years were as follows :—

| Year    | Revenue expenditure |          |        |
|---------|---------------------|----------|--------|
|         | Plan                | Non-Plan | Total  |
|         | (Rupees in crores)  |          |        |
| 1987-88 | 53.48               | 195.41   | 248.89 |
| 1988-89 | 57.27               | 151.91   | 209.18 |
| 1989-90 | 77.20               | 179.46   | 256.66 |

The revenue expenditure (both plan and non-plan) increased from Rs. 248.89 crores in 1987-88 to Rs. 256.66 crores in 1989-90 showing an increase of 3 per cent. The expenditure under non-plan decreased by Rs. 15.95 crores while that under Plan increased by Rs. 23.72 crores over a period of 2 years.

### 1.11 Non-Plan Revenue Expenditure

The following table shows the details of non-plan revenue expenditure where there has been significant increase over three years.

|  | 1987-88 | 1989-90 | Percentage increase |
|--|---------|---------|---------------------|
| (Rupees in crores)                             |         |         |                     |
| (1) Election                                   | 0.37    | 2.68    | 624.32              |
| (2) Forestry and Wildlife                      | 3.56    | 6.66    | 87.08               |
| (3) Relief on account of Natural Calamities    | 6.49    | 11.05   | 70.26               |
| (4) Pension and Miscellaneous General Services | 1.78    | 2.96    | 66.29               |
| (5) Food Storage and Warehousing               | 8.95    | 14.10   | 57.54               |
| (6) Soil and Water Conservation                | 1.61    | 2.32    | 44.10               |

### 1.12 Capital Expenditure

The Capital Expenditure during 1989-90 was Rs. 105.66 crores against the budget estimate of Rs. 150.42 crores disclosing a shortfall in expenditure of Rs. 44.76 crores.

The main reasons for shortfall in expenditure are given in Chapter II of this Report. Further details wherever furnished by the State Government are available in the Appropriation Accounts of the State Government for 1989-90.

### 1.13 Interest payments

The interest payments in the last three years were as indicated below :-

| Year               | Inter-<br>est<br>pay-<br>ment | Opening balance of    |   |  |                          | Total  | Per-<br>cent-<br>age of<br>inte-<br>rest<br>paid to<br>total<br>obliga-<br>tions |
|--------------------|-------------------------------|-----------------------|---|--|--------------------------|--------|--|
|                    |                               | Inter-<br>nal<br>Debt | Small<br>Sav-<br>ings,<br>Provi-<br>dent<br>Fund,<br>etc. | Loans<br>and Ad-<br>vances<br>from<br>Central<br>Govern-<br>ment | Other<br>obli-<br>gation |        |  |
| (Rupees in crores) |                               |                       |   |  |                          |        |  |
| 1987-88            | 33.68                         | —                     | 0.34  | 327.69   | —                        | 328.03 | 10.27  |
| 1988-89            | 7.79                          | —                     | 4.50  | 328.53   | —                        | 333.03 | 2.34   |
| 1989-90            | 16.70                         | 14.16                 | 7.79  | 328.08   | —                        | 350.03 | 4.77   |

While the rate of interest of the market borrowings of the State Government for 1989-90 was 11.5 *per cent* per annum the interest received during the year was Rs. 0.95 crore on investment of cash balances, Loans and Advances, etc.

### 1.14 Investment and Returns

The investments of the Government in the share capital of different Government companies/Co-operative Societies at the end of 1987-88, 1988-89 and 1989-90 were Rs. 6.09 crores, Rs. 6.13 crores and Rs. 6.52\* crores respectively. There was, however, no fresh investment during the year 1989-90.

Dividend/interest of Rs. 2.00 lakhs, 0.72 lakh and Rs. 4.38 lakhs were received during the year 1987-88, 1988-89 and 1989-90 respectively from investment in Government companies and Co-operative Societies which constituted 0.33, 0.12 and 0.67 *per cent* in the respective years against the rate of interest of 11.5 *per cent* for long-term Government borrowing during this period.

\* Differs with the figures of 1988-89 owing to *pro forma* correction.



The dividend/interest received from Government companies and Co-operative Institutions are indicated below :-

|                           | 1987-88              | 1988-89 | 1989-90 |
|---------------------------|----------------------|---------|---------|
|                           | (In lakhs of rupees) |         |         |
| 1. Government Companies   | 1.26                 | —       | —       |
| 2. Co-operative Societies | 0.74                 | 0.72    | 4.38    |
|                           | 2.00                 | 0.72    | 4.38    |

### 1.15 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 Government within such limit, if any, as may be from time to time fixed by the Act of the legislature of the State. No law has been passed by the State Legislature laying down such a limit.

The details of the total liabilities of the State Government during the 3 years ending March 1990 are given below :-

| Year    | Internal Debt      | Loans and Advances from Central Government | Total Public Debt | Other liabilities | Total liabilities |
|---------|--------------------|--|-------------------|-------------------|-------------------|
|         | (Rupees in crores) |  |                   |                   |                   |
| 1987-88 | —                  | 328.53                                     | 328.53            | 4.50              | 333.03            |
| 1988-89 | 14.16              | 328.08                                     | 342.24            | 7.79              | 350.03            |
| 1989-90 | 19.78              | 329.72                                     | 349.50            | 10.97             | 360.47            |

It would be seen that the total liabilities of the Government had increased from Rs. 333.03 crores (1987-88) to Rs. 360.47 crores (1989-90) registering an increase of 8.24 *per cent* over a period of 2 years.

### 1.16 Debt Service

The annual debt service obligation according to schedule of repayment of principal and payment of interest was Rs. 53.01 crores. The actual discharge was Rs. 53.01 crores compared to Rs. 72.02 crores during 1988-89.

Depreciation Fund or Sinking Fund, etc., were not operated for the amortisation of the Debts.

The outflow of funds on account of interest payment (gross) *vis a vis* revenue expenditure during 1987-88 to 1989-90 is summarised below :-

| Year | Revenue expenditure | Interest Payment | Interest payment as a percentage of revenue expenditure |
|------|---------------------|------------------|---|
|------|---------------------|------------------|---|

(Rupees in crores)

|         |        |       |       |
|---------|--------|-------|-------|
| 1987-88 | 248.89 | 33.68 | 13.53 |
| 1988-89 | 209.18 | 7.79  | 3.72  |
| 1989-90 | 256.66 | 16.70 | 6.51  |

The outflow of funds for payment of interest was between 3.72 *per cent* and 13.53 *per cent* of the revenue expenditure during the period.

The repayment of Government of India loans and payment of interest thereon by the State Government during the last three years was as follows :—

| Year               | Repayments |          |       | Loan received during the year | Percentage of repayment to loans received |
|--------------------|------------|----------|-------|-------------------------------|---|
|                    | Principal  | Interest | total |                               |   |
| (Rupees in crores) |            |          |       |                               |   |
| 1987-88            | 14.88      | 31.86    | 46.74 | 15.72                         | 297.33                                    |
| 1988-89            | 17.91      | 7.63     | 25.54 | 17.45                         | 146.36                                    |
| 1989-90            | 26.57      | 15.79    | 42.36 | 28.21                         | 150.16                                    |

The repayment of Central loans and accrued interest constituted 146 *per cent* to 297 *per cent* of the loans received from the Central Government.

### 1.17 Loans and Advances by the State Government

The State Government have been advancing loans to Government Companies and co-operatives for developmental activities. The position of such loans for the last three years is given below :—

|                                 | 1987-88 | 1988-89 | 1989-90 |
|---------------------------------|---------|---------|---------|
| (Rupees in crores)              |         |         |         |
| Opening balance                 | 3.33    | 4.72    | 6.95    |
| Amount advanced during the year | 1.63    | 2.63    | 2.13    |
| Amount repaid during the year   | 0.24    | 0.40    | 0.54    |
| Closing balance                 | 4.72    | 6.95    | 8.54    |



|                                       | 1987-88            | 1988-89 | 1989-90 |
|---------------------------------------|--------------------|---------|---------|
|                                       | (Rupees in crores) |         |         |
| Net addition                          | 1.39               | 2.23    | 1.59    |
| Interest received                     | 0.10               | 0.09    | 0.69    |
| Net receipt from long-term borrowings | 0.84               | 7.84    | 7.25    |

The net loans and advances disbursed during 1987-88 to 1989-90 constituted 16.5 per cent, 28 per cent and 22 per cent respectively of the net receipts from long-term borrowings of the State Government.

### 1.18 Recoveries in Arrears

The information about arrears in recovery of principal as well as interest as on 31st March 1990 has not been received from Departmental authorities who maintain the detailed accounts (June 1991).

### 1.19 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.

The position of Ways and Means Advances taken by the State Government during 1987-88 to 1989-90 is detailed below :—

|  | 1987-88           | 1988-89  | 1989-90 |
|--|-------------------|----------|---------|
|  | (Rupees in lakhs) |          |         |
| <b>Ways and means Advances :—</b>              |                   |          |         |
| 1. Advances taken during the year              | 38.00             | 52,19.00 | 9,74.19 |
| 2. Advances outstanding at the end of the year | —                 | 5,87.00  | 5,87.00 |

## 1.20 Guarantees given by Government

The contingent liability of Rs. 4.75 lakhs (Principal : Rs. 4.50 lakhs and interest : Rs. 0.25 lakh) as on 31st 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 Government of Arunachal Pradesh, and was outstanding as on 31st March 1990.

The position as on 31st March 1990 regarding the guarantees given by the State Government on behalf of Statutory Corporations, Local Bodies and other Institutions has not been furnished by the Government (June 1991).

## CHAPTER-II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1 General

2.1.1 The summarised position of actual expenditure of the State of Arunachal Pradesh during 1989-90 against grants/appropriations is as follows :—

|                                  | Original<br>grants/app-<br>ropriations | Supple-<br>mentary | Total      | Actual<br>expenditure | Variation<br>Excess(+)<br>Saving(—) |
|----------------------------------|--|--------------------|------------|-----------------------|-------------------------------------|
| ( In lakhs of rupees )           |  |                    |            |                       |                                     |
| <b>I. Revenue</b>                |  |                    |            |                       |                                     |
| Voted                            | 2,48,91.01                             | 39,58.07           | 2,88,49.08 | 2,72,59.02            | (—) 15,90.06                        |
| Charged                          | 67.73                                  | 9.84               | 77.57      | 56.46                 | (—) 21.11                           |
| <b>II. Capital</b>               |  |                    |            |                       |                                     |
| Voted                            | 1,10,27.95                             | 12,52.19           | 1,22,80.14 | 1,08,38.41            | (—) 14,41.73                        |
| <b>III. Public<br/>Debt</b>      |  |                    |            |                       |                                     |
| Charged                          | 37,75.00                               | 7,89.34            | 45,64.34   | 53,01.22              | (+) 7,36.88                         |
| <b>IV. Loans and<br/>Advance</b> |  |                    |            |                       |                                     |
| Voted                            | 91.01                                  | 5.99               | 97.00      | 2,13.24               | (+) 1,16.24                         |
| <b>Total</b>                     |  |                    |            |                       |                                     |
| Voted                            | 3,60,09.97                             | 52,16.25           | 4,12,26.22 | 3,83,10.67            | (—) 29,15.55                        |
| Charged                          | 38,42.73                               | 7,99.18            | 46,41.91   | 53,57.68              | (+) 7,15.77                         |
| <b>Grand<br/>Total</b>           | 3,98,52.70                             | 60,15.43           | 4,58,68.13 | 4,36,68.35            | (—) 21,99.78                        |

#### 2.2 Result of Appropriation Audit

The following results emerge broadly from the Appropriation Audit :—



### 2.2.1 Supplementary provision

Supplementary provision of Rs. 60,15.43 lakhs obtained during the year constituted 15.09 *per cent* of the original budget provision of Rs. 3,98,52.70 lakhs.

### 2.2.2 Unnecessary Supplementary provision

In 13 significant cases of grants and 3 appropriations entire supplementary provision of Rs. 1,43.18 lakhs obtained was unnecessary as the expenditure was less than even the original provision as detailed below :—

| Sl. No. | Number and name of grants/appropriations | Original provision | Supplementary provision | Total provision | Total Expenditure | Final Saving |
|---------|--|--------------------|-------------------------|-----------------|-------------------|--------------|
|---------|--|--------------------|-------------------------|-----------------|-------------------|--------------|

( In lakhs of rupees )

#### Revenue Section ( Voted )

|     |   |         |       |         |         |         |
|-----|---|---------|-------|---------|---------|---------|
| 1.  | 7-Treasury and Accounts Administration        | 42.39   | 0.47  | 42.86   | 41.57   | 1.29    |
| 2.  | 9-Motor Garages                               | 1,73.00 | 1.50  | 1,74.50 | 1,59.98 | 14.52   |
| 3.  | 16-Social and Cultural Department             | 1,40.58 | 2.30  | 1,42.88 | 1,37.49 | 5.39    |
| 4.  | 19-Industries Department                      | 2,48.75 | 7.35  | 2,56.10 | 2,26.45 | 29.65   |
| 5.  | 20-Labour Department                          | 8.89    | 0.55  | 9.44    | 8.40    | 1.04    |
| 6.  | 28-Animal Husbandry and Veterinary Department | 4,53.25 | 1.80  | 4,55.05 | 4,36.86 | 18.19   |
| 7.  | 29-Co-operative Department                    | 1,05.79 | 1.88  | 1,07.67 | 1,05.02 | 2.65    |
| 8.  | 35-Publicity Department                       | 1,24.50 | 1.62  | 1,26.12 | 1,21.47 | 4.65    |
| 9.  | 37-Legal Metrology Department                 | 31.00   | 0.57  | 31.57   | 28.76   | 2.81    |
| 10. | 38-Irrigation and Flood Control Project       | 12.00   | 38.00 | 50.00   | 8.94    | 41.06   |
| 11. | 40-Housing                                    | 5,03.83 | 12.00 | 5,15.83 | 4,29.35 | 86.48   |
| 12. | 42-Rural Development Department               | 6,54.00 | 45.30 | 6,99.30 | 3,50.75 | 3,48.55 |

| Sl No.                              | Number and name of grants/appropriations | Original provision | Supplementary provision | Total provision      | Total Expenditure | Final Saving |
|-------------------------------------|--|--------------------|-------------------------|----------------------|-------------------|--------------|
| <b>Revenue Section</b><br>(Charged) |  |                    |                         | (In lakhs of rupees) |                   |              |
| 13.                                 | 1-Legislative Assembly                   | 3.76               | 0.15                    | 3.91                 | 3.13              | 0.78         |
| 14.                                 | 2-Governor                               | 38.00              | 9.50                    | 47.50                | 33.57             | 13.93        |
| 15.                                 | 46-State Public Service Commission       | 20.47              | 0.19                    | 20.66                | 19.54             | 1.12         |
| <b>Capital Section</b><br>(Voted)   |  |                    |                         |                      |                   |              |
| 16.                                 | 48-Horticulture Department               | ...                | 20.00                   | 20.00                | ...               | 20.00        |
|                                     |  | 25,60.21           | 1,43.18                 | 27,03.39             | 21,11.28          | 5,92.11      |

2.2.3 There was excess of Rs. 17,48,74,511 in 15 grants and 1 appropriation (Revenue : Rs. 7,39,90 lakhs ; Capital : Rs. 10,08.85 lakhs) and total saving of Rs. 39,48,51,783 in 45 cases of grants and 5 cases of appropriations (Revenue : Rs. 25,80.76 lakhs ; Capital : Rs. 13,67.76 lakhs). The excess expenditure of Rs. 17,48,74,511 (Appendix — 1) requires regularisation under Article 205 of the Constitution of India.

#### 2.2.4 Unutilised provision

In the following grants, 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 :—

| Sl. No. | Number and name of grants/appropriations                                     | Amount of savings (in lakhs of rupees)<br>percentage of savings to total provisions | Remarks  |
|---------|--|---|--|
| 1.      | <b>Revenue Section (Voted)</b><br>11-Relief on account of Natural Calamities | 1,65.02<br><hr style="width: 50px; margin: 0 auto;"/> (12.99)                       | No part of saving was surrendered. The saving of Rs. 19.13 lakhs was stated to be due to less demand than originally estimated. Reasons for balance savings of Rs. 145.89 lakhs have not been intimated (August 1991). |

| Sl. No. | Number and name of grants/ appropriations     | Amount of Savings<br>( in lakhs of rupees )<br><hr/> percentage of savings<br>to total provision | Remarks  |
|---------|---|--|--|
| 2.      | 19-Industries<br>Department                   | 29.65<br><hr/> (11.57)   | Out of savings of Rs. 29.65 lakhs only Rs. 26.93 lakhs were surrendered (March 1990). The saving of Rs. 4.10 lakhs was stated to be due to revision of Plan Allocations. Reasons for balance savings of Rs. 25.54 lakhs have not been intimated (August 1991). |
| 3.      | 24-Agriculture<br>Department                  | 96.85<br><hr/> (15.67)   | Anticipated saving of Rs. 98.87 lakhs was surrendered in March 1990, however, the final savings was Rs. 96.85 lakhs, the reasons for which have not been intimated (August 1991).  |
| 4.      | 32-Roads and<br>Bridges                       | 2,12.49<br><hr/> (23.89)   | Amount surrendered (Rs. 2,32.95 lakhs) was in excess of the available saving of Rs. 2,12.49 lakhs by Rs. 20.46 lakhs. Reasons for saving have not been intimated (August 1991).  |
| 5.      | 36-Statistics<br>Department                   | 19.09<br><hr/> (24.62)   | Rs. 19.65 lakhs were surrendered in March 1990 ; the actual savings was however, Rs. 19.09 lakhs. Reasons for savings of Rs. 19.65 lakhs have not been intimated (August 1991).  |
| 6.      | 38-Irrigation<br>and Flood<br>Control Project | 41.06<br><hr/> (82.12)   | Out of savings of Rs. 41.06 lakhs, only Rs. 3.38 lakhs were surrendered (March 1990). The reasons for savings of Rs. 41.06 lakhs have not been intimated (August 1991).  |



| Sl. No.                        | Number and name of grants/appropriations | Amount of savings (in lakhs of rupees)<br>percentage of savings to total provisions | Remarks   |
|--------------------------------|--|---|---|
| 7.                             | 40-Housing                               | 86.48<br><hr/> (16.76)  | Rs. 153.02 lakhs were surrendered in March 1990 ; the actual savings was Rs. 86.48 lakhs. The reasons for savings of Rs. 86.48 lakhs have not been intimated (August 1991).   |
| 8.                             | 42-Rural Development Department          | 3,48.55<br><hr/> (49.84)  | Out of savings of Rs. 3,48.55 lakhs only Rs. 3,32.30 lakhs were surrendered (March 1990). The reasons for savings of Rs. 3,48.55 lakhs have not been intimated (August 1991).   |
| 9.                             | Public Debt (Charged)                    | 2,29.70<br><hr/> (12.08)  | No part of the saving was surrendered. The saving of Rs. 2,19.00 lakhs was attributed mainly to non-adjustment of interest accrued to the State Provident Fund. Reasons for the balance amount have not been intimated (August 1991). |
| <b>Capital Section (Voted)</b> |  |   |   |
| 1.                             | 30-State Transport Department            | 71.74<br><hr/> (45.11)  | Out of actual savings of Rs. 71.74 lakhs, Rs. 71.75 lakhs were surrendered (March 1990). Reasons for savings of Rs. 71.74 lakhs have not been intimated (August 1991).  |
| 2.                             | 33-North Eastern Areas                   | 37.44<br><hr/> (39.12)  | Entire savings of Rs. 37.44 lakhs, were surrendered (March 1990). Reasons for savings of Rs. 37.44 lakhs have not been intimated (August 1991).   |

| Sl. No. | Number and name of grants/appropriations | Amount of savings (in lakhs of rupees)<br>percentage of savings to total provisions | Remarks   |
|---------|--|---|---|
| 3.      | 34-Power Projects                        | 3,82.32<br>(19.48)  | Out of actual savings of Rs. 3,82.32 lakhs, Rs. 4,72.00 lakhs were surrendered (March 1990). Reasons for the savings have not been intimated (August 1991). |
| 4.      | 48-Horticulture Department               | 20.00<br>(100)  | No part of the savings was surrendered. The reasons for final savings of Rs. 20.00 lakhs have not been intimated (August 1991).                             |

### 2.2.5 Persistent savings

Persistent savings of 10 *per cent* and above were noticed in the following grants/appropriations :—

| Sl. No.                          | Number and name of grants/appropriations | Percentage of saving to total provision |         |         |
|----------------------------------|--|---|---------|---------|
|                                  |  | 1987-88                                 | 1988-89 | 1989-90 |
| <b>Revenue Section (Charged)</b> |  |   |         |         |
| 1.                               | 2-Governor                               | 15                                      | 22      | 29      |
| <b>Revenue Section (Voted)</b>   |  |   |         |         |
| 2.                               | 36-Statistics Department                 | 31                                      | 11      | 25      |
| 3.                               | 38-Irrigation and Flood Control Project  | 12                                      | 22      | 82      |
| <b>Capital Section (Voted)</b>   |  |   |         |         |
| 4.                               | 29-Co-operative Department               | 16                                      | 30      | 20      |

### 2.2.6 Excess over grants

In the following grants, the expenditure exceeded the provision by more than Rs. 10 lakhs and also by more than 10 per cent of the total provision :—

| Sl. No. | Number and name of grants/appropriations | Amount of excess ( in lakhs of rupees ) | Remarks |
|---------|--|---|---------|
|         |  | (Percentage of total provision )        |         |

#### Revenue Section (Voted)

|    |   |                            |  |
|----|---|----------------------------|--|
| 1. | 10-Other General, Social and Community Services | 28.03<br>-----<br>(388.23) | The reasons for final excess of Rs. 28.03 lakhs have not been intimated (August 1991). |
| 2. | 49-Village Defence Force                        | 14.66<br>-----<br>(14660)  | The reasons for final excess of Rs. 14.66 lakhs have not been intimated (August 1991). |

### 2.2.7 Injudicious/Excessive/Unnecessary re-appropriation

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

#### (a) Injudicious re-appropriation

(i) In the following significant cases withdrawal of provisions proved injudicious in view of the final excess expenditure.

| Sl. No. | Number and name of grant                                | Head of Account  | Total grant            | Total Expenditure | Excess      |
|---------|---|--|------------------------|-------------------|-------------|
|         |   |  | ( In lakhs of rupees ) |                   |             |
| 1.      | 10-Other General, Social and Community Services (Voted) | 2070-Other Administrative Services, A (d)<br>800-Other Expenditure |                        |                   |             |
|         |   | O.   | 6.00                   |                   |             |
|         |   | R.   | (—) 4.52               | 1.48              | 34.26 32.78 |



| Sl. No.                | Number and name of grant           | Head of Account   | Total grant | Total expenditure | Excess  |
|------------------------|------------------------------------|---|-------------|-------------------|---------|
| ( In lakhs of rupees ) |                                    |   |             |                   |         |
| 2.                     | 14-Education Department (Voted)    | 2202-General Education<br>B(a)02 Secondary Education<br>B(a)01 Direction and Administration<br>O. 6,66.00<br>R. (—) 1,00.41 | 5,65.59     | 7,29.40           | 1,63.81 |
| 3.                     | 19-Industries Department (Voted)   | 2851-Village and small Industries c(f)-103-Handloom Industries<br>O. 53.50<br>R. (—) 29.00                                  | 24.50       | 50.17             | 25.67   |
| 4.                     | 24-Agriculture Department (Voted)  | 2401-Agriculture Research and Education<br>c(a) 113 Agriculture Engineering<br>O. 37.62<br>R. (—) 5.50                      | 32.12       | 49.33             | 17.21   |
| 5.                     | 24-Agriculture Department (Voted)  | 2401-Agriculture Research and Education<br>C(a) 107-Plant Protection<br>O. 44.44<br>R. (—) 1.93                             | 42.51       | 52.51             | 10.00   |
| 6.                     | 31-Public Works Department (Voted) | 2059-Public Works<br>A(d) 80-102 Maintenance and Repairs<br>O. 3,45.36<br>R. (—) 91.77                                      | 2,53.59     | 3,67.36           | 1,13.77 |
| 7.                     | 31-Public Works Department (Voted) | 2215-Water Supply and Sanitation<br>B(c) 01-Water Supply<br>B(c) 01-101 Urban Water Supply<br>O. 1,36.65<br>R. (—) 29.81    | 1,06.84     | 1,24.35           | 17.51   |

| Sl. No.              | Number and name of grant           | Head of Account  | Total grant | Total expenditure | Excess  |
|----------------------|------------------------------------|--|-------------|-------------------|---------|
| (In lakhs of rupees) |                                    |  |             |                   |         |
| 8.                   | 31-Public Works Department (Voted) | 4202-Capital Outlay on Education, Sport, Art and Culture<br>B(a) 01-Office Buildings, B(a)01-800(3) Buildings under special problem grant<br>O. 28.00<br>R. (—) 4.60 | 23.40       | 56.06             | 32.66   |
| 9.                   | 31-Public Works Department (Voted) | 5452-Capital Outlay on Tourism<br>C(j)800-Other expenditure<br>C(j) 800(1) Buildings<br>O. 18.30<br>R. (—) 18.30   | ...         | 19.70             | 19.70   |
| 10.                  | 32-Roads and Bridges (Voted)       | 5054-Capital Outlay on Roads and Bridges<br>C(g)04 District and other Roads<br>C(g) 04-800(2) Maintenance<br>O. 7,10.38<br>R. (—) 2,25.77                            | 4,84.61     | 5,04.23           | 19.62   |
| 11.                  | 33-North Eastern Areas (Voted)     | 4552-Capital Outlay on North Eastern Areas<br>C(c)03-Tribal Areas<br>C(c)03(8) Transport and Communication<br>O. 6,79.30<br>R. (—) 2,08.88                           | 4,70.42     | 8,51.83           | 3,81.41 |
| 12.                  | 34-Power Projects (Voted)          | 4801-Capital Outlay on Power Project<br>C(e)01-Hydel Generation<br>C(e)01-800 Other Expenditure<br>O. 14,12.00<br>R. (—) 4,22.00                                     | 9,90.00     | 10,35.54          | 45.54   |

| Sl. No.                                   | Number and name of grant                        | Head of Account  | Total grant | Total expenditure | Excess |
|---|---|--|-------------|-------------------|--------|
| (In lakhs of rupees)                      |   |  |             |                   |        |
| 13.                                       | 38-Irrigation and Flood Control Project (Voted) | 4711-Capital Outlay on Flood Control Project<br>C(d)01-Flood Control<br>C(d)01-800 Other Expenditure<br>O. 43.00<br>R. (—) 38.00   | 5.00        | 45.86             | 40.86  |
| 14.                                       | 40-Housing (Voted)                              | 2216-Housing<br>B(c)01-Government Residential Buildings<br>B(c)01-106(2) Minor Works<br>O. 1,27.64<br>R. (—) 75.56                 | 52.08       | 72.60             | 20.52  |
| 15.                                       | 40-Housing (Voted)                              | 2216-Housing<br>B(c)01-106(1) Maintenance and Repairs<br>O. 3,76.19<br>R. (—) 77.66  | 2,98.53     | 3,56.75           | 58.22  |
| 16.                                       | 40-Housing (Voted)                              | 4216-Capital Outlay on Housing<br>B(c)01-Government Residential Building<br>B(c)01-107 Police Housing<br>O. 2,07.00<br>R. (—) 7.00 | 2,00.00     | 2,28.02           | 28.02  |
| b) Excessive/Unnecessary re-appropriation |   |  |             |                   |        |

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



| Sl. No.              | Number and name of grant                           | Head of Account   | Total grant | Total expenditure | Savings |
|----------------------|--|---|-------------|-------------------|---------|
| (In lakhs of rupees) |  |   |             |                   |         |
| 1.                   | 11—Relief on Account of Natural Calamities (Voted) | 2245-Relief on Account of Natural Calamities<br>B (g) 02-Floods, cyclones, etc.<br>B (g) 02-113 (1) Assistance for re-allocation and reconstruction of houses at the rate of Rs. 1000 per house<br>R. 14.04 | 14.04       | ...               | 14.04   |
| 2.                   | 19—Industries Department (Voted)                   | 2851-Village and Small Industries<br>C (f) 105-Khadi and Village Industries<br>R. 31.00   | 31.00       | ...               | 31.00   |
| 3.                   | 31—Public Works Department (Voted)                 | 4059-Capital outlay on Public Works<br>A.80-General<br>A.80-800 Other expenditure<br>A-80-800 (1) Other Major works<br>O. 91.80<br>R. 2.41  | 94.21       | 74.76             | 19.95   |
| 4.                   | 31—Public Works Department (Voted)                 | 4885-Capital Outlay on Industries and Minerals<br>C (f) 60-Others<br>C (f) 60-800 Other Expenditure<br>C (f) 60-800 (1) Buildings<br>O. 17.00<br>R. 32.00   | 49.00       | 28.66             | 20.34   |

| Sl. No.              | Number and name of grant          | Head of Account  | Total grant | Total expenditure | Savings |
|----------------------|-----------------------------------|--|-------------|-------------------|---------|
| (In lakhs of rupees) |                                   |  |             |                   |         |
| 5.                   | 33—North Eastern Areas<br>(Voted) | 4552-Capital Outlay on North Eastern Areas<br>C (c) 03 Tribal Areas<br>C (c) 03 (7) Man Power Development<br>C (c) 03 (7) (3) Operation Black Board<br>O. 6.00<br>R. 88.48         | 94.48       | 48.98             | 45.50   |
| 6.                   | 33—North Eastern Areas<br>(Voted) | 4552-Capital Outlay on North Eastern Areas<br>C (c) 03 Tribal Areas<br>C (c) 03-(3) Animal Husbandry and Dairy Development<br>C (c) 03 (1) Regional Goat Breeding Farm<br>R. 14.20 | 14.20       | ...               | 14.20   |

Reasons for augmentation of the provisions by re-appropriation in excess of requirement were not intimated (August 1991).

### 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 in reduction of expenditure. The anticipated receipts and recoveries are shown separately in the budget estimate. During the year 1989-90 the anticipated receipts and recoveries and the actuals were as under :—

| Sl. Number and name<br>No. of grant | Budget<br>estimate | Actuals | Actuals<br>compared to<br>budget<br>estimate<br>More (+)<br>Less (-) |
|-------------------------------------|--------------------|---------|--|
|-------------------------------------|--------------------|---------|--|

( In lakhs of rupees )

| Revenue Section (Voted)          |          |          |     |         |
|----------------------------------|----------|----------|-----|---------|
| 1. 21—Food and Nutrition         | 70.00    | 93.10    | (+) | 23.10   |
| 2. 23—Forest Department          | 4,50.00  | 3,79.93  | (—) | 70.07   |
| 3. 26—Rural Works<br>Department  | 3,00.00  | 3,46.95  | (+) | 46.95   |
| 4. 31—Public Works<br>Department | 30,00.00 | 25,00.02 | (—) | 4,99.98 |
| <hr/>                            |          |          |     |         |
| Total Revenue (Voted) :          | 38,20.00 | 33,20.00 | (—) | 5,00.00 |

**Capital Section (Voted)**

|                          |          |          |     |         |
|--------------------------|----------|----------|-----|---------|
| 5. 21—Food and Nutrition | 1,93.00  | 2,72.57  | (+) | 79.57   |
| <hr/>                    |          |          |     |         |
| Total Capital (Voted) :  | 1,93.00  | 2,72.57  | (+) | 79.57   |
| <hr/>                    |          |          |     |         |
| Grand Total :            | 40,13.00 | 35,92.57 | (—) | 4,20.43 |

Reasons for variations have not been intimated (August 1991).

**2.2.9 Unregularised excess of previous years**

Excess expenditure aggregating Rs. 1,41,65,88,366 covering 174 cases of grants and 13 cases of appropriations, mentioned in the Reports of the Comptroller and Auditor General of India for the years 1980-81 to 1988-89 is yet to be regularised (November 1991). The yearwise break-up of the excess amount is given below :—



| Year           | Number of cases |                        | Amount of excess      |                                 |
|----------------|-----------------|------------------------|-----------------------|---------------------------------|
|                | Voted grants    | Charged appropriations | Voted grants<br>(Rs.) | Charged appropriations<br>(Rs.) |
| 1980-81        | 12              | 1                      | 4,91,50,562           | 543                             |
| 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           | --                              |
| (UT 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                    |
| <b>Total :</b> | <b>174</b>      | <b>13</b>              | <b>93,46,71,985</b>   | <b>48,19,16,381</b>             |

The matter was brought to the notice of the Commissioner and Secretary, Finance Department in (May 1991); reply had not been received (November 1991).

## CHAPTER III

### CIVIL DEPARTMENTS

#### Agriculture Department

##### 3.1 Irregular retention of Government money

During test-check (July 1989) of the records of the District Agriculture Officer (DAO) Pasighat, it was observed that agricultural inputs viz. seeds, fertilizers and implements valued at Rs. 4.46 lakhs were issued (October 1984 to August 1988) to the Village Level Workers (VLWs) for sale at (50 per cent and 75 per cent) subsidised rates to the cultivators. Out of subsidised value of Rs. 2.13 lakhs to be realised, the VLWs deposited Rs. 1.11 lakhs only till July 1989. Neither the balance amount of Rs. 1.02 lakhs was deposited nor were the unsold inputs returned to the DAO. The reasons for not depositing the balance amount or non-return of inputs were not stated. The possibility of misutilisation/misappropriation of the money/stores could not be ruled out.

The DAO, Pasighat reported the cases to the Deputy Commissioner, Pasighat, who instructed (March 1989) that in the event of failure to deposit the money by the VLWs, disciplinary proceedings should be initiated against them. However, no disciplinary proceedings had been initiated (April 1991).

The matter was reported (October 1989) to the Government ; reply had not been received (April 1991).

#### Animal Husbandry and Veterinary Department

##### 3.2 Dairy Development Scheme

###### 3.2.1 Introduction

With a view to enhance the production and collection of milk and to ensure the supply of wholesome

and hygienic milk to the urban customers at reasonable prices, the 'Dairy Development Scheme' was taken up in the State during the year 1974-75.

The following are the components of the scheme :—

- (i) Establishment/maintenance of milk collection and marketing centres
- (ii) Urban dairy centres
- (iii) Distribution of dairy units on subsidy
- (iv) Assistance to dairy co-operatives
- (v) Grants-in-aid to voluntary organisations, and
- (vi) Integrated Dairy Development Project, a Centrally sponsored scheme (expenditure shared with the State Government on 50 : 50 basis).

### 3.2.2 Organisational set up

The Director of Animal Husbandry and Veterinary is vested with the overall responsibility for co-ordination and implementation of the scheme in the State. He is assisted by District Animal Husbandry and Veterinary Officer and the Deputy Director, Composite Livestock Farm, Nirjuli.

### 3.2.3 Audit coverage

The implementation of the scheme for the period from 1985-86 to 1989-90 was test-checked from the records of Director, Animal Husbandry and Veterinary, Nirjuli, Deputy Director, Composite Livestock Farm, Nirjuli (Lower Subansiri District) and the District Animal Husbandry and Veterinary Officer, Pasighat (East Siang District), during June-July 1990.

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All abbreviations used in this review are listed alphabetically and expanded in the Glossary at Appendix IV (Page 130—131)



Important points noticed are given in the succeeding paragraphs.

### 3.2.4 Highlights

- Rs. 74.21 lakhs were spent during the years 1985-86 to 1989-90 against the budget provision of Rs. 95.24 lakhs on Dairy Development. Out of the Central assistance of Rs. 10 lakhs received during 1989-90 under the Integrated Dairy Development Project, only Rs. 0.47 lakhs was spent.

(Paragraphs 3.2.5 and 3.2.12)

- The Milk Collection and Marketing Centres at Roing and Pasighat had not prepared any Profit and Loss Account to bring out their working results. However, the Receipts and Expenditure Accounts prepared by them revealed that the centres incurred a loss of Rs. 1.23 lakhs during 1986-87 to 1989-90 without taking into accounts the expenditure on the salaries paid to the marketing staff.

(Paragraph 3.2.6)

- No target was fixed for production of milk for the years 1985-86 to 1987-88 by the dairy section of the Composite Livestock Farm, Nirjuli. The farm incurred a loss of Rs. 43.87 lakhs on sale of 11.41 lakhs litres of milk during 1985-90.

(Paragraph 3.2.7)

- In Tarajuli farm, an expenditure of Rs. 20.66 lakhs was incurred on establishment and maintenance during 1987-88 to 1989-90 against sale proceeds of Rs. 15.08 lakhs realised.

(Paragraph 3.2.8)

- During 1985-86 to 1988-89, 107 dairy units were distributed to the dairy farmers on 50 per cent subsidy for enhancement of milk production. But proper utilisation of the dairy unit was not monitored by the Department.

(Paragraph 3.2.9)

- No evaluation to assess the impact of the various components of the scheme had been done by the Department.

(Paragraph 3.2.14)

### 3.2.5 Budget provision and expenditure

Budget provision and the actual expenditure on different schemes relating to Dairy Development during the years 1985-86 to 1989-90 were as follows :—

| Year                 | Budget | Expenditure | Excess (+)<br>Savings (—) |
|----------------------|--------|-------------|---------------------------|
| (In lakhs of rupees) |        |             |                           |
| 1985-86              | 15.13  | 11.15       | (—) 3.98                  |
| 1986-87              | 23.85  | 15.00       | (—) 8.85                  |
| 1987-88              | 19.92  | 18.73       | (—) 1.19                  |
| 1988-89              | 12.13  | 11.07       | (—) 1.06                  |
| 1989-90              | 24.21  | 18.26       | (—) 5.95                  |
|                      | 95.24  | 74.21       | (—) 21.03                 |

There was a total saving of Rs. 21.03 lakhs during 1985-90 ; reasons for this have not been intimated (April 1991).

### 3.2.6 Implementation

#### Establishment of milk collection and marketing centres

The objective of the scheme was to procure milk from private parties and to arrange its marketing in nearby townships at reasonable prices. The scheme also envisaged setting up of milk collection and marketing centres, and to build up a working capital of Rs. 5.00 lakhs in each centre from out of the sale proceeds of milk after meeting cost of milk, transportation and other recurring expenses to help the centres become self-supporting and to facilitate transfer of the centres to the concerned Dairy Co-operative Society after a period of 5 years.

During 1985-86 and 1986-87, two milk collection and marketing centres each for handling 500 litres of milk, were established by the Department at Roing (Dibang Valley District) and Pasighat (East Siang District), with a capital investment of Rs. 2.00 lakhs and Rs. 2.45 lakhs respectively. The receipts and the expenditure of Roing centre for the years 1986-87 to 1989-90 and Pasighat centre for the years 1987-88 to 1989-90 indicated substantial cumulative *deficit* in their working as shown below:—

| Centre          | Year    | Quantity of milk handled (Litres in lakh) | Net receipt after procurement cost (Rupees in lakhs) | Expenditure (Rupees in lakhs) | Deficit(—) Surplus(+)<br>(Rupees in lakhs) |
|-----------------|---------|---|--|-------------------------------|--|
| (1)             | (2)     | (3)                                       | (4)  | (5)                           | (6)  |
| <b>Roing</b>    | 1986-87 | 0.69                                      | 0.54   | 0.68                          | (—) 0.14                                   |
|                 | 1987-88 | 0.89                                      | 1.19   | 1.27                          | (—) 0.08                                   |
|                 | 1988-89 | 0.65                                      | 0.74   | 0.85                          | (—) 0.11                                   |
|                 | 1989-90 | 1.74                                      | 2.33   | 2.66                          | (—) 0.33                                   |
|                 | Total : | 3.97                                      | 4.80   | 5.46                          | (—) 0.66                                   |
| <b>Pasighat</b> | 1987-88 | 0.52                                      | 0.59   | 1.37                          | (—) 0.78                                   |
|                 | 1988-89 | 0.81                                      | 0.44   | 0.60                          | (—) 0.16                                   |
|                 | 1989-90 | 0.88                                      | 1.16   | 0.79                          | (+) 0.37                                   |
|                 | Total : | 2.21                                      | 2.19   | 2.76                          | (—) 0.57                                   |



- (i) The expenditure incurred included cost of milk, transportation, wages of labourers, office contingency, *etc.*, excluding the expenditure incurred on salaries of the regular staff of the marketing cell, which if taken into consideration, would increase the accumulated deficit, by Rs. 0.33 lakh.
- (ii) Against the targeted annual collection of 1.83 lakh litres of milk, the average collection of milk by Roing centre was 0.99 lakh litres, and that by Pasighat centre was 0.74 lakh litres. The reasons for short collection of milk by the centres were attributed mainly to lack of infrastructure facilities, problems of transportation and storage of milk.
- (iii) During the year 1987-88 to 1989-90, in Pasighat centre a sum of Rs. 0.54 lakh was paid as collection charges to agents in addition to the procurement price of milk. No authority in support of the payment of collection charges to agents could be shown to Audit (July 1990).
- (iv) Milk collected by the milk collection and marketing centres at Roing and Pasighat was sold to the urban consumers without further processing to improve its caloric value.
- (v) Milk was sold by the centres at rates fixed by the Government from time to time. No cost analysis was done.
- (vi) In Pasighat centre the purchase prices of milk was fixed by the Deputy Commissioner, Pasighat on the basis of the fat content of milk and varied from Rs. 3.50 to Rs. 3.30 per litre. But in Roing Centre, no record showing the fixation of purchase price of the milk was made available. As such it could not be verified whether the procurement price of the milk was reasonable.
- (vii) Under the scheme, 2 milk collection and marketing centres had been established earlier at Along (West Siang District) and at Tezu (Lohit District) in the year 1980-81.

The centre at Along was closed due to non-availability of adequate milk in the locality. The cost of setting up of the marketing centre and the expenditure incurred towards its maintenance and revenue earned from selling of milk were not made available to audit (July 1990).

The centre at Tezu, which was showing encouraging performance, was handed over in August 1986 to the Lohit Farmers' Livestock Products and Marketing Co-operative Ltd., Tezu. The Department stated (February 1991) that the centre was handed over with assets valued at Rs. 2.03 lakhs after an operational period of 5 years. But the reason for shortfall in creation of working capital of Rs. 5 lakhs as envisaged in the scheme was not stated (February 1991).

### 3.2.7 Urban Dairy Centres

The Composite Livestock Farm, Nirjuli was established in 1974-75 with the aim of improving the indigenous stock of cattle through cross-breeding/upgrading processes, and to produce milk for marketing to the township of Itanagar. The table below shows the targets and achievement, the milk produced/marketed, receipts and expenditure incurred on the maintenance of the farms for the 5 years ending 1989-90.

| Year    | Milch cattle maintained (in number) | Average yield per cattle (in litres) | Milk produced     |             | Milk marketed        | Amount realised | Expenditure incurred on farms |
|---------|-------------------------------------|--------------------------------------|-------------------|-------------|----------------------|-----------------|-------------------------------|
|         |                                     |                                      | Targets           | Achievement |                      |                 |                               |
|         |                                     |                                      | (litres in lakhs) |             | (in lakhs of rupees) |                 |                               |
| 1985-86 | 235                                 | 5.6                                  | A                 | 3.69        | 3.31                 | 9.21            | 17.54                         |
| 1986-87 | 220                                 | 5.05                                 | A                 | 3.23        | 2.86                 | 9.01            | 20.00                         |
| 1987-88 | 189                                 | 5.58                                 | A                 | 2.79        | 2.42                 | 9.67            | 15.39                         |
| 1988-89 | 133                                 | 4.2                                  | 2.06              | 1.92        | 1.38                 | 5.54            | 18.82                         |
| 1989-90 | 122                                 | 5.5                                  | 1.97              | 1.69        | 1.44                 | 7.05            | 12.60                         |
| Total   | 899                                 |                                      |                   | 13.32       | 11.41                | 40.48           | 84.35                         |

A—Not fixed



(i) No target was fixed for production of milk by the farm for the years 1985-86 to 1987-88. The production of milk declined steadily from 3.69 lakh litres in 1985-86 to 1.69 lakh litres in 1989-90. The reason for decrease in milk production was attributed by the Department (February 1991) to decrease of cattle stock due to non-availability of land for production of adequate fodder for them.

(ii) During the years 1985-86 to 1989-90, milk was sold to 1,955 beneficiaries annually (on an average), in and around Itanagar at Rs. 2.50 (from January 1984 to April 1985), Rs. 3.00 (from May 1985 to February 1987), Rs. 4.00 (from March 1987 to April 1989) and Rs 5.00 (from May 1989 to July 1990) per litre. No cost analysis to determine the production cost was made before fixing the selling price. While an expenditure of Rs. 84.35 lakhs was incurred on the farm during the period, the realisation was only Rs. 40.48 lakhs on sales of 11.41 lakh litres. This implies that milk was on sale at a subsidy of Rs. 3.84 per litre to a few urban customers. This would be more if other overhead charges of the farm are taken into account.

### 3.2.8 Expansion programme

Under an expansion programme, in addition to the existing composite livestock farm, Nirjuli, another cattle breeding farm was established in Tarajuli in 1985-86, with a view to produce 250-300 litres of milk daily at a cost of Rs. 5.76 lakhs, to meet the growing demand of milk in Itanagar. The farm started production of milk from June 1987.

The table below shows the cattle maintained in the farm, production of milk, quantity of milk marketed, sale proceeds realised and expenditure incurred towards establishment and maintenance of the farm during the years 1985-86 to 1989-90.



| Year                 | Cattle population (in number) | Production                |             | Average yield per head of cattle (in litres) | Milk marketed (litres in lakh) | Sale proceeds realised | Expenditure incurred |
|----------------------|-------------------------------|---------------------------|-------------|--|--------------------------------|------------------------|----------------------|
|                      |                               | Tar-gets (litres in lakh) | Achi-vement |  |                                |                        |                      |
| (in lakhs of rupees) |                               |                           |             |  |                                |                        |                      |
| 1985-86              | ...                           | ...                       | ...         | ...  | ...                            | ...                    | 5.76                 |
| 1986-87              | ...                           | ...                       | ...         | ...  | ...                            | ...                    | 6.49                 |
| 1987-88              | 110                           | ...                       | 1.04        | 6.9  | 0.93                           | 3.46                   | 3.63                 |
| 1988-89              | 104                           | 1.83                      | 1.38        | 4.83   | 1.35                           | 5.24                   | 9.67                 |
| 1989-90              | 102                           | 1.53                      | 1.34        | 6.5  | 1.30                           | 6.38                   | 7.36                 |
| Total                | 316                           |                           | 3.76        |  | 3.58                           | 15.08                  | 32.91                |

The realisation on sale of milk did not meet the annual expenditure of running and maintenance of the farm. The yield per head of cattle was also poor.

### 3.2.9 Distribution of dairy units on subsidy

For enhancing milk production, dairy units (each consisting of 3 crossbred cows) at 50 *per cent* subsidy and a lump sum of Rs. 5,000 for construction of a cowshed and cost of utensil and feed, are distributed to the selected farmers having interest and capability in the management of dairy farming. The scheme, in operation from 1985-86, apart from partially meeting the milk requirements in the locality, provides a source of subsidy income to the farmer beneficiaries.

During the years 1985-86 to 1989-90, the number of beneficiaries and the expenditure incurred on the scheme were :—

| Year    | No. of beneficiaries | Expenditure<br>(Government's share) |
|---------|----------------------|-------------------------------------|
|         |                      | (in lakhs of rupees)                |
| 1985-86 | 36                   | 3.96                                |
| 1986-87 | 27                   | 2.97                                |
| 1987-88 | 27                   | 4.59                                |
| 1988-89 | 14                   | 2.38                                |
| 1989-90 | 3                    | 2.00                                |
| Total   | 107                  | 15.90                               |

(i) The District Animal Husbandry and Veterinary Officers distributed (July 1990) the cattle to the farmers without a formal agreement laying down the terms and conditions to production of milk.

(ii) The District Animal Husbandry and Veterinary Officers did not submit any performance reports showing the utilisation of the benefits by the recipients, milk produced or the advantages derived by the beneficiaries under the scheme, to the Directorate of Animal Husbandry and Veterinary.

### 3.2.10 Assistance to Dairy Co-operatives

#### (a) Diversion of fund

In January 1987, the Director of Animal Husbandry and Veterinary paid Rs. 2.00 lakhs (Rs. 1.20 lakhs as subsidy and Rs. 0.80 lakh as loan) to the Lohit Farmers' Livestock Products Marketing Co-operative Society Ltd., Tezu for construction of a poultry house under the Dairy Development Scheme. Construction of a poultry house had no relation with the Dairy Development.

The Department stated (February 1991) that since the assistance was being extended to a Dairy Co-operative, it was decided by Government to meet the expenditure as part dairy development.

(b) **Non-recovery of loan and interest**

The loan of Rs. 0.80 lakh at 2.5 *per cent* interest per annum is repayable in 15 annual equal instalments commencing from the first anniversary date of drawal of the loan. A sum of Rs. 0.16 lakh towards repayment of principal and Rs. 0.06 lakh towards interest had become due up to March 1990, but the Society has not paid back any amount (July 1990).

No steps, were taken to realise the outstanding amounts.

**3.2.11 Grants-in-aid to voluntary Organisations**

Under this scheme, grants-in-aid is given to various voluntary organisations for setting up of dairy units/purchase of cows every year to enhance the production of milk.

During 1985-86 to 1989-90, grants-in-aid amounting to Rs. 5.62 lakhs were given to the following voluntary organisations.

| Year    | Organisations                    | Amount paid      | Purpose                             |
|---------|----------------------------------|------------------|-------------------------------------|
|         |                                  | (Rupees in lakh) |                                     |
| 1985-86 | Donyi-Polo Mission, Itanagar     | 0.33             | Expansion of dairy unit.            |
|         | R. K. Mission Hospital, Itanagar | 0.60             | Setting up of dairy mission.        |
|         | R. K. Mission, Along             | 0.93             | Construction of dairy sheds/stores. |



| <u>Year</u> | <u>Organisations</u>                  | <u>Amount paid</u>   | <u>Purpose</u>                 |
|-------------|---------------------------------------|----------------------|--------------------------------|
|             |                                       | (Rupees<br>in lakhs) |                                |
|             | Bouem Kakir Mission,<br>Midpu         | 1.05                 | Setting up of a<br>dairy unit. |
| 1986-87     | R. K. Mission, Along                  | 0.32                 | Purchase of cows.              |
|             | R. K. Mission,<br>Deomali             | 0.68                 | Expansion of<br>dairy units.   |
| 1987-88     | R.K. Mission Hospital,<br>Itanagar    | 0.60                 | Expansion of<br>dairy units.   |
| 1988-89     | R. K. Mission Hospital,<br>Itanagar   | 0.60                 | Expansion of<br>dairy units.   |
| 1989-90     | Bouem Kakir Mission<br>School, Boleng | 0.54                 | Opening of<br>dairy farm.      |
|             | Total                                 | 5.62                 |                                |

The Department did not assess the contribution of these units towards increase in production of milk (April 1991).

### **3.2.12 Integrated Dairy Development project : Centrally sponsored scheme**

The Government of India, conveyed in March 1987 approval for the scheme in the towns of Itanagar (Lower Subansiri) and Pasighat (East Siang) at an estimated cost of Rs. 80.91 lakhs, to be shared with the State Government on 50 : 50 ratio basis. The Government of India's assistance was to be in the form of 30 per cent grant and 70 per cent loan. The scheme aimed at collecting, processing and marketing of milk in these two towns at reasonable price. Under the scheme, during 1987-88 to 1989-90, 2,000 litres of milk were expected to be collected and marketed daily in the towns. Besides, 1,500 litres of milk were to be produced daily by the milk farmers in Itanagar area.

The Government of India sanctioned Rs. 6.36 lakhs as 100 *per cent* subsidy during the year 1987-88 and Rs. 10 lakhs as their share on 50 : 50 basis during the year 1989-90 under the scheme.

The Budget provision, the Central assistance received, expenditure incurred and savings thereon were as follows :—

| Year    | Budget provision     | Amount released by GOI | Percentage share of Central assistance | Expenditure          | Savings(+)<br>Excess(—) |
|---------|----------------------|------------------------|--|----------------------|-------------------------|
|         | (in lakhs of rupees) |                        |  | (in lakhs of rupees) |                         |
| 1987-88 | 6.36                 | 6.36                   | 100                                    | 6.33                 | (+) 0.03                |
| 1988-89 | ...                  | ...                    | ...                                    | ...                  | ...                     |
| 1989-90 | 10.00                | 10.00                  | 50                                     | 0.47                 | (+) 9.53                |
| 1990-91 | ...                  | ...                    | ...                                    | 0.44                 | (—) 0.44                |
| Total : |                      | 16.36                  |  | 7.24                 | (+) 9.12                |

Almost the entire amount of the Central subsidy received during the year 1987-88 was spent on purchase of vehicles, utensils, equipment and expenditure on staff salaries. The State Government did not contribute its share of the expenses. While the State Government implemented the scheme in the town of Itanagar during January 1989, it remained unimplemented at Pasighat. The reasons for not implementing the scheme at Pasighat were stated by the Director, Animal Husbandry and Veterinary (July 1990) to be due to shortage of managerial staff and for want of proper infrastructure facilities.



During January 1989 to March 1990, in Itanagar 37,833 litres of milk (on an average 83 litres daily) were collected (Rs. 1.62 lakhs). Out of this, 33,814 litres of milk were marketed and Rs. 1.51 lakhs were received as sale proceeds resulting in a loss of Rs. 0.11 lakh (Rs. 1.62 lakhs—Rs. 1.51 lakhs). The remaining milk curdled in handling, which was attributed by the Deputy Director, Composite Livestock Farm, Nirjuli due to the summer season and inadequate storage facilities.

### 3.2.13 Other points of interest

#### Short realisation of sale proceeds of milk

The milk produced at the Composite Livestock Farm, Nirjuli, is sold departmentally through the marketing cell, by advance sale of coupons, and in some cases in cash. During the period from 1987-88 to 1989-90, the Farm Manager, Central Livestock Farm supplied 8.81 lakh litres of milk to the Marketing Cell for sale to the customers in Itanagar and adjoining areas. At the prescribed selling price (Rs. 4.00 to Rs. 5.00 per litre) Rs. 37.76 lakhs should have been realised, whereas Rs. 36.88 lakhs only were actually realised leaving a balance of Rs. 0.88 lakh.

The Department stated in February 1991 that the reasons for short realisation were mainly due to (i) handling loss and (ii) curdling of milk during summer seasons.

### 3.2.14 Monitoring and evaluation

No evaluation to assess the impact of the scheme had been made as of July 1990.

The points mentioned here were referred (October 1990) to the Government ; reply had not been received (April 1991).



### 3.3 Extra expenditure on purchase of maize

In July-August 1988, the Director of Animal Husbandry and Veterinary (Director) placed an order on the National Agriculture Co-operative Marketing Federation of India Limited, Guwahati (NAFED), for supply of 370 tonnes of imported maize for distribution as animal and poultry feed to different State agencies. He paid Rs. 1.57 lakhs as (25 per cent) advance of the cost of supply. NAFED requested in October 1988 that the balance cost (Rs. 4.70 lakhs) may also be paid before its arranging the supply. At this stage the Director reduced the quantity in order to 150 tonnes, to be supplied in April 1989, and also remitted an additional amount of Rs. 0.55 lakh being the balance cost for the supply at Rs. 1,700 (less Rs. 289 for transport charges) per tonne. 145 tonnes of maize were received in April 1989.

In July 1989 NAFED intimated that 160 tonnes of maize at Rs. 1900 per tonne had been allotted to the State for the year 1989-90, but the Director of Animal Husbandry and Veterinary agreed to accept only 80 tonnes. In September 1989 NAFED again intimated that additional quantity of maize was available, but was informed by the Director that no further quantity was required, thought the normal off-take was 384 tonnes per annum.

But although the quantity ordered from NAFED initially in 1988 was reduced, and only 80 tonnes were accepted in 1989, the Director procured 251.50 tonnes of maize from private sources during July 1988 to October 1989 at prices ranging from Rs. 1,950 to Rs. 3,000 per tonne, against the price offered by NAFED at Rs. 1,700 and Rs. 1,900. The procurement at costlier prices resulted in additional expenditure of Rs. 0.99 lakh to the State. Reasons for procurement of maize from sources other than NAFED, which was willing to supply the full requirements, were not stated.

The case was reported to Government in March 1990 ; Government stated in October 1990 that NAFED's

offer for supply was rejected due to financial constraints. The reply is not tenable since purchases at higher rate were made from private suppliers during the same period.

### 3.4 Unauthorised expenditure on purchase of forms

Forms, registers and service books required for official use are to be obtained from the Printing and Stationery Department. In case, these are not available, they may be printed locally after obtaining non-availability certificates from the Department and after observing the codal formalities.

The District Animal Husbandry and Veterinary Officer, Ziro purchased 31,700 forms (pay, T.A. and contingency bills, treasury challans, GPF recovery schedules, increment certificates, leave application forms and service books from a local supplier at a total cost of Rs. 0.68 lakh without inviting tenders. Neither any indents were placed on the Printing and Stationery Department, nor was the non-availability certificates obtained. The annual requirement of the forms was also only 2,090 and the purchase represented 15 years' requirements. Funds needed for purchase of the forms, were diverted from other budget grants. The expenditure of Rs. 0.68 lakh was incurred by preparing 12 bills varying in amount between Rs. 2,505 and Rs. 10,300 to avoid obtaining sanction of the competent authority at higher level. The purchase was thus unauthorised as well as unnecessary.

The Department stated (September 1989) that the purchase was made against budget allotment under other sub-heads to save expenditure in the next few years on this account.

The matter was reported to the Government (March 1989) ; reply had not been received (April 1991).



## Co-operative Department

### 3.5 Short-realisation of interest

The Assistant Registrar, Co-operative Societies, Khonsa disbursed loans totalling Rs. 6.77 lakhs to ten Co-operative Societies between January 1981 and March 1987 as working capital and for construction of buildings. The loans carried simple interest @ 5.5 per cent per annum, which was to be reduced to 2.5 per cent per annum in case the instalments of principal and interest were paid regularly on the due dates. The loans were repayable in 15 equal annual instalments commencing from one year after their disbursement.

During test-check (August 1989) of the records of the Assistant Registrar, Co-operative Societies, Khonsa, it was observed that societies which were defaulting in repayment of the principal continued to pay interest at the reduced rate of 2.5 per cent instead of the prescribed rate of 5.5 per cent per annum.

Recovery of interest at the lower rate from the co-operative societies from January 1983 to March 1988, resulted in short-recovery of Rs. 0.66 lakh.

The matter was reported to the Government (December 1989) ; Government stated in July 1990 that interest could not be recovered due to poor performance of the societies, and instructions had been issued to the district functionaries to gear up the activities of the societies.

## Forest Department

### 3.6 Unnecessary expenditure on construction of a road

The Miao—Vijoyanagar PWD road (136 km) was blocked (1981) at the 14th mile due to heavy landslide over 0.6 km length of the road, cutting off communications between



Deban Forest Lodge and the Range Office located on either side of the road. To restore communication between these places, construction of "Deban Diversion Road" (length - 0.932 km, width - 3 metres) was undertaken (September 1985) departmentally by the Divisional Forest Officer (DFO), Namdapha wildlife sanctuary Division, Miao at the point of road block (14th mile). The work was started without prior sanction, but was later (March 1987) covered by ex-post-facto approval. The work was completed in December 1985 at a total expenditure of Rs. 3.50 lakhs. The Chief Conservator of Forests (CCF) had not initially approved the construction as the gradient of the road was very steep and it involved felling of large number of trees. Afterwards, on completion of the construction of the road, the CCF observed (January 1986) that the road, though jeepable, was constructed on such a steep gradient that it would not serve the purpose and asked the DFO to make proper alternative alignment following an easy gradient. Meanwhile, the DFO approached (January 1986) the Public Works Division, Jairampur for taking over the road, but the Public Works Division did not agree because (i) the road was not constructed according to standard specification in regard to width, gradient, metalling, etc., and (ii) it would only serve the purpose of a porter track with possibility of being blocked at any time during rainy season. The Forest Division incurred an expenditure of Rs. 0.05 lakh on maintenance of the road. It was used till 1986-87, when the regular P.W.D. road was opened after repairs for traffic and the diversion road was abandoned. The expenditure of Rs. 3.50 lakhs incurred did not meet the intended purpose and could have been avoided with a better liaison with the PWD. Government was of the view (October 1990) that the diversion road could be used at times when the PWD road remained closed due to landslide.

Government also stated that no road in hilly terrain came to perfection unless maintained for 3/4 years.

### 3.7 Unnecessary expenditure on maintenance of seedlings

The Divisional Forest Officer, Namsai created a nursery by planting 3.93 lakh seedlings in 1987-88 and 4 lakh seedlings during 1988-89 at a total cost of Rs. 3.80 lakhs. Expenditure on maintenance of seedlings at a rate of 15 paise per seedling per year is permitted one year after their plantation. The Division incurred in 1988-89 expenditure of Rs. 0.60 lakh on maintenance of 4 lakh seedlings planted in that year, which was unauthorised. No reason to justify the expenditure has been given (December 1990).

### 3.8 Loss due to burning down of plantations

During the period November 1987—February 1988 the Hapoli Forest Division, Ziro suffered a loss of Rs.1.95 lakhs due to damage of plantations by fire on eight occasions within a spell of 73 days in Yachuli Range. The details are shown below :—

| Date of occurrence of fire | Year of plantation | Area burnt (in hectares) | Loss (in lakhs of rupees) |
|----------------------------|--------------------|--------------------------|---------------------------|
| 25.11.87                   | 1986               | 2.50                     | 0.05                      |
| 10.12.87                   | 1981               | 4.00                     | 0.08                      |
| 26.12.87                   | 1981               | 4.00                     | 0.08                      |
| 27.12.87                   | 1987               | 8.00                     | 0.14                      |
| 07.01.88                   | 1984               | 4.00                     | 0.12                      |
| 19.01.88                   | 1981               | 4.00                     | 0.08                      |
| 04.02.88                   | 1983               | 40.00                    | 0.94                      |
| 05.02.88                   | 1986               | 20.00                    | 0.46                      |
| Total :                    |                    |                          | 1.95                      |

Though the Range Officer reported (between November 1987 and February 1988) the fire incidents to the police, no departmental investigation was instituted (November 1989) to ascertain the causes of repeated incidence in the same range, and no remedial action was taken. The Division had constructed a watch tower, at a cost of Rs. 0.23 lakh for preventing theft and fire incidents in the range. The Division also maintained forest guards and forest watchers, but that did not help to prevent recurrence of fire and to control loss of plantations.

The matter was reported to Government (March 1990) ; reply has not been received (April 1991).



## CHAPTER IV

### Works Expenditure

#### Public Works Department

#### 4.1 Construction of Seppa—Chayangtajo Road

##### 4.1.1 Introduction

Arunachal Pradesh consists of hilly terrain with poor communication facilities. A proper network of road is essential for efficient administrative control and also for strategic reasons. Many interior areas are still not connected by any road, and are supplied essential commodities by air-dropping during rains.

The Seppa—Chayangtajo road was taken for construction in 1970 to connect 4 Circle headquarters at Chayangtajo, Khenowa, Bameng and Lada of the East Kameng District of the State. The administrative approval for the work was given in phases for a total cost of Rs. 457.69 lakhs.

##### 4.1.2 Organisational set up

The Chief Engineer, Public Works Department, Zone-II is overall in charge of the construction. The Superintending Engineer, Rupa Circle is responsible for supervision and control of the works executed by the Executive Engineer, Seppa Public Works Division through Seppa Sub-Division No. 1 and Bameng Sub-Division.

##### 4.1.3 Audit coverage

During audit (January-February 1990), the records for the period from 1984-85 to 1989-90 of the Executive Engineer, Seppa Public Works Division, Seppa Sub-Division No. 1 and Bameng Sub-Division were test-checked.

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All abbreviations used in this review are listed alphabetically and expanded in the glossary at Appendix IV (page 130—131).

#### 4.1.4 Highlights

- Even after spending Rs. 533.02 lakhs (116 per cent of estimates) during 1969-70 to 1989-90, only 79 per cent of the road from Seppa to Chayangtajo was completed. Delay in completion of the various components of the scheme ranged from one year to seven years.

(Paragraphs 4.1.5. and 4.1.6)

- A bridge constructed over river Pacha collapsed on the next day after it was opened to traffic. The contractor owned the responsibility for the collapse but did not reconstruct it. The work was completed departmentally, and a claim for Rs. 4.96 lakhs was outstanding (February 1990) against the contractor.

(Paragraph 4.1.8 (b) )

- Utilisation of materials costing Rs. 35.73 lakhs issued to the work could not be ascertained.

(Paragraph 4.1.8 (c) )

- There was overpayment of wages amounted to Rs. 10.06 lakhs.

(Paragraph 4.1.8 (d) )

#### 4.1.5 Finance

The component-wise administrative approval, technical sanction and cost are given below :—

|   | Estimated cost/<br>Administrative<br>approval/tech-<br>nical sanction | Expenditure<br>till 1990 |
|---|---|--------------------------|
|   | (in lakhs of rupees)  |                          |
| 1. Provision of a jeep road from Seppa to Chayangtajo   | 35.82   | 79.16                    |
| 2. Widening of the jeep road 4.27 metres to 6.10 metres | 76.40   | 110.05                   |

|  | Estimated cost/<br>Administrative<br>approval/tech-<br>nical sanction | Expenditure<br>till 1990 |
|--|---|--------------------------|
| (in lakhs of rupees)                             |   |                          |
| 3. Improvement of bad patches                    | 24.40   | 25.29                    |
| 4. Construction of R.C.C.<br>pipes/slab culverts | 35.79   | 95.77                    |
| 5. Soling, metalling and<br>black-topping        | 155.16  | 109.34                   |
| 6. Construction of<br>R.C.C/steel bridges        | 42.49   | 49.76                    |
| 7. Construction of<br>retaining/breast walls     | 77.44   | 15.57                    |
| 8. Construction of<br>road-side drains           | 10.19   | 4.05                     |
|  | 457.69  | 488.99                   |

During 1969-70 to 1983-84, the Department had spent Rs. 221.56 lakhs for implementation of the scheme.

Year-wise details of allotment of funds and expenditure incurred during 1984-85 to 1989-90 are given below :-

| Year                 | Allotment of<br>fund | Expenditure | Excess (+)<br>Saving (-) |
|----------------------|----------------------|-------------|--------------------------|
| (in lakhs of rupees) |                      |             |                          |
| 1984-85              | 19.00                | 35.08       | (+ ) 16.08               |
| 1985-86              | 39.00                | 51.29       | (+ ) 12.29               |
| 1986-87              | 40.00                | 61.38       | (+ ) 21.38               |
| 1987-88              | 33.71                | 32.70       | (- ) 1.01                |
| 1988-89              | 54.60                | 57.91       | (+ ) 3.31                |
| 1989-90              | 98.64                | 73.10       | (- ) 25.54               |
| Total :              | 284.95               | 311.46      | (+ ) 26.51               |

The progressive expenditure of the scheme till March 1990 was Rs. 533.02 lakhs.



**4.1.6 Progress in Construction**

(x)

Construction of the jeep road taken up in 5 phases was completed by March 1979 at a cost of Rs. 79.16 lakhs. Progress in construction of the phases of the other components is detailed below :-

| Phase of the work | Date of commencement | Date for completion as per progress report and annual operation plan | Actual date of completion | Percentage of work (December 1989) |
|-------------------|----------------------|--|---------------------------|------------------------------------|
| 1                 | 2                    | 3  | 4                         | 5                                  |

**(i) Widening of Seppa—Chayangtajo Road**

|              |              |            |         |           |
|--------------|--------------|------------|---------|-----------|
| 1. Phase I   | July 1978    | July 1979  | 1985-86 | Completed |
| 2. Phase II  | July 1978    | July 1979  | 1985-86 | Completed |
| 3. Phase III | January 1979 | March 1984 | 1985-86 | 86        |
| 4. Phase IV  | January 1979 | March 1985 | 1985-86 | 86        |
| 5. Phase V   | January 1979 | March 1985 | 1985-86 | 94        |

**(ii) Improvement of bad patches**

|             |         |            |         |           |
|-------------|---------|------------|---------|-----------|
| 1. Phase I  | 1981-82 | March 1984 | 1984-85 | Completed |
| 2. Phase II | 1977-78 | March 1984 | 1986-87 | Completed |

(x) Ph I—2 Km to 19 Km; Ph II—20 Km to 30 Km; Ph. III—31 Km to 50 Km; Ph. IV—51 Km to 70 Km; Ph. V—71 Km to 80 Km.

| Phase of the work | Date of commencement | Date for completion as per progress report and annual operation plan | Actual date of completion | Percentage of work (December 1989) |
|-------------------|----------------------|--|---------------------------|------------------------------------|
| 1                 | 2                    | 3  | 4                         | 5                                  |

(iii) **Construction of R.C.C. pipe/slab culverts**

|              |                |                |         |           |
|--------------|----------------|----------------|---------|-----------|
| 1. Phase I   | September 1976 | September 1977 | 1984-85 | Completed |
| 2. Phase II  | February 1984  | February 1985  | 1987-88 | Completed |
| 3. Phase III | February 1984  | February 1984  | 1989-90 | Completed |
| 4. Phase IV  | November 1984  | December 1985  | —       | 85        |
| 5. Phase V   | November 1984  | December 1985  | —       | 78        |

(iv) **Soling, metalling and black topping**

|                                   |               |            |   |    |
|-----------------------------------|---------------|------------|---|----|
| 1. Phase I                        | February 1984 | March 1987 | — | 83 |
| 2. Phase II                       | October 1985  | March 1987 | — | 39 |
| 3. Phase III<br>31 Km to<br>40 Km | August 1986   | March 1987 | — | 43 |
| 4. Phase IV<br>41 Km to<br>50 Km  | August 1986   | March 1987 | — | 17 |

| Name of the Component of the work                  | Date of commencement | Date for completion as per progress report and annual operation plan | Actual date of completion | Percentage of work done up to December 1989 |
|--|----------------------|--|---------------------------|---|
| 1  | 2                    | 3  | 4                         | 5   |
| <b>(v) Construction of R.C.C./Steel bridges</b>    |                      |  |                           |   |
| 1. 45 metres span bridge over river Pachi          | February 1978        | November 1978  | 1983-84                   | Completed                                   |
| 2. 56 metres span bridge over river Pacha          | August 1976          | November 1976  | 1981-82                   | Completed                                   |
| 3. 10 metres span 3 bridges                        | 1987-88              | March 1989   | —                         | 57  |
| <b>(vi) Construction of retaining/breast walls</b> |                      |  |                           |   |
| 1. Phase I   | February 1989        | March 1990   | —                         | 45  |
| 2. Phase II  | February 1989        | March 1990   | —                         | 34  |
| 3. Phase III                                       | February 1989        | March 1990   | —                         | 40  |
| 4. Phase IV  | March 1989           | March 1990   | —                         | 12  |
| 5. Phase V   | January 1989         | March 1990   | —                         | 50  |
| <b>(vii) Construction of road side drains</b>      |                      |  |                           |   |
| 1. Phase I   | March 1988           | March 1989   | —                         | 35 (upto April 1991)                        |

The table above reveals that there were delays in completion of the different components of the scheme far



beyond their targeted dates. The Department could not furnish any reason for such delays in completion/non-completion of the different components of the scheme.

#### 4.1.7 Implementation

The components of the work were taken up for construction in phases, and the work was executed partly by employing departmental labour and partly by engaging contractors for supply of materials and execution of works. The item of work executed departmentally and through contractors under the various components were :-

| Item                                   | Expenditure         |             | Total  |
|--|---------------------|-------------|--------|
|  | Departmental labour | Contractors |        |
| (Rupees in lakhs)                      |                     |             |        |
| 1. Construction of jeep road           | 79.16               | —           | 79.16  |
| 2. Widening of jeep road               | 75.35               | 34.70       | 110.05 |
| 3. Improvement of bad patches          | 14.88               | 10.41       | 25.29  |
| 4. Construction of R.C.C. Culverts     | 30.60               | 65.17       | 95.77  |
| 5. Soling, Metalling and black topping | 33.92               | 75.42       | 109.34 |
| 6. Construction of retaining walls     | 4.04                | 11.53       | 15.57  |
| 7. Construction of Steel Bridge        | 9.35                | 40.41       | 49.76  |
| 8. Construction of roadside drains     | 4.05                | —           | 4.05   |

The work executed through contractors was split up into small units keeping the value of each work order within the financial power (Rs. 40,000) of the Divisional Officer. In respect of works done Departmentally, no measurement books were maintained giving the location of works, quantum of work done, date of commencement/completion etc., but only muster roll showing the number of labourers employed and wages were maintained. In the absence of recorded measurements, it could not be ascertained by Audit whether wages paid were commensurate with the volume of work done.

In respect of culverts constructed, the Division did not maintain any register showing the location, span of culverts, or expenditure on each culvert and the dates of completion.

#### **4.1.8 Irregularities noticed in the execution of the scheme**

##### **(a) 45—metres span steel bridge over river Pachi**

Mention was made in para 4.1 of the Report of the Comptroller and Auditor General of India for the year 1980-81 about the delay in construction of the bridge. Construction of the bridge was entrusted in (February 1978) to a Bombay firm for a lump sum amount of Rs. 7.05 lakhs (estimated cost : Rs. 7.20 lakhs) with the stipulation to complete it within 9 months. Against security deposit of Rs. 0.44 lakh the firm only deposited Rs. 0.25 lakh.

The Department paid (July 1979) Rs. 0.71 lakh to the firm on submission of drawings and designs. Thereafter the firm did not executed the work and the Department rescinded (December 1979) the contract and forfeited the security amounting to Rs. 0.25 lakh. The work was completed departmentally in 1983-84 at a total cost of Rs.22.29 lakhs. Compared with the contract rate of Rs. 7.05 lakhs, the Department incurred an extra expenditure of Rs. 15.24 lakhs.

The Department referred (December 1982) the case to an Arbitrator, claiming from the firm Rs. 0.89 lakh paid for drawing and designs and towards balance security deposits. The Arbitrator in his award (November 1984) decreed that in terms of the agreement, the Department was to communicate the approval to the drawings and designs within 45 days from the date of commencement of the work, but it delayed in communicating the approval of the drawings and designs by 112 days (3rd October 1978). As a result, completion of the work by the stipulated date by the firm was not possible, and the rescission of the contract was not justified. Hence, Arbitrator ordered (November 1984) that no amount was due to Department from the firm.

The Department then submitted (January 1986) the case to the Deputy Commissioner, East Kameng District, Seppa for regularisation/settlement of Rs. 1.61 lakhs as detailed below :-

|       |   |                        |
|-------|---|------------------------|
| (i)   | Compensation at 10 <i>per cent</i> of the estimated cost (Rs. 7.20 lakhs) | Rs. 0.72 lakh          |
| (ii)  | Payment for drawings and designs already made to the firm                 | Rs. 0.71 lakh          |
| (iii) | Balance of security deposit not deducted from the firm                    | Rs. 0.18 lakh          |
|       |   | Total : Rs. 1.61 lakhs |

The matter was pending (December 1990).

**(b) 56-metre span steel bridge over river Pacha**

Mention was made in para 4.3 of the Report of the Comptroller and Auditor General of India for the year 1980-81 about collapse of the bridge on 26th August 1978 which was ready for being opened to traffic on 25th August 1978. On 31st August 1978 the firm owned responsibility for the collapse and agreed to bear the entire cost of dismantling, replacement of all damaged components and re-erection thereof, but did not carry out the work.



The Chief Engineer decided (December 1978) to re-erect the bridge departmentally at the risk and cost of the firm.

The Department incurred an expenditure of Rs. 18.12 lakhs upto March 1982 and completed the work. The Executive Engineer after, over 6 years, submitted in August 1989 a proposal for recovery of Rs. 4.96 lakhs from the firm to the Superintending Engineer (SE), Rupa Circle, after adjustment of all dues as detailed below :-

|   | Rupees in<br>lakhs |
|---|--------------------|
| (i) Works done by the department at the risk and cost of the contractor | 5.08               |
| (ii) Levy of compensation for non-completion of work in time            | 0.56               |
| (iii) Inspection bungalow rent due from the contractor                  | 0.02               |
|   | <hr/>              |
| Total :   | 5.66               |
| <i>Less amount of security deposit available with the department</i>    | 0.70               |
|   | <hr/>              |
| Net claim :   | 4.96               |

The Executive Engineer also requested the Superintending Engineer for appointment of an Arbitrator. However, no Arbitrator had been appointed as of February 1990.

**(c) Non-maintenance of detailed records**

Scrutiny of site accounts of materials, road metal statements and measurement books for 1985-86 showed that the Division had issued to works materials costing Rs. 35.73 lakhs, but the details utilisation thereof were not available.

**(d) Excess expenditure**

Scrutiny of muster rolls for soling, metalling an black-topping of road (chainage 2 Km to 19 km) for the period from January 1986 to November 1989 revealed that for laying of wearing course (7012.50 cu.m.), pre-mix carpeting (37,125 sq m.) and seal coat (37,125 sq m.) of the road, the Division paid Rs. 12.16 lakhs as wages to labourers. But on the basis of analysis of schedule of rates of 1976 of the Public Works Department for the requirement of labour mandays, the wages calculated at current rates worked out to only Rs. 2.10 lakhs. This resulted in an excess expenditure of Rs. 10.06 lakhs. No comments were offered by the Division (February 1990).

**(e) Fictitious issue of materials**

(i) Firewood is required for heating/melting bitumen. For the work soling, metalling and carpeting (Phase I of chainage of 2 km to 19 km), the Division started issuing bitumen only from 8th December 1986. The Division, however, purchased between 10th February and 7th April 1986, firewood (939 quintals) costing Rs. 0.38 lakh which was shown as utilised immediately after its purchase for heating bitumen. The actual purpose for which the firewood was utilised, when bitumen had not even been issued, could not be explained.

(ii) The work soling, metalling and black-topping phase I chainage 17th km was completed on 30th December 1987. The Division procured (6th February 1988) 199.88 cu. m. of boulders costing Rs. 0.25 lakh and showed them as utilised on 25th March 1988 in the chainage of work even though the stretch had been completed 3 months earlier.

The purchase of the materials were, therefore, apparently fictitious.

The matter was reported to the Government in May 1990 ; reply has not been received (April 1991).



## 4.2 Sessa Micro Hydel Scheme, Kameng

### 4.2.1 Introduction

The State, because of its physical terrain, possesses tremendous potential for generation of hydro electric power. The Central Water and Power Commission (C.W.P.C) after conducting (1965) a preliminary survey estimated the hydro-electric potential of the State at 20,000 megawatts. Although there is acute shortage of power in the State, it is lagging behind in harnessing hydro electricity needed for the socio-economic upliftment of the people. Up to 4th year (1988-89) of the 7th Five Year Plan, the State had commissioned 25 micro hydel schemes with an installed capacity of 14.46 megawatts. Of 2,953 villages of the State, only 1,159 were electrified at the end of 1988-89.

The Sessa Micro Hydel Scheme was proposed in 1977-78 by the State Government for construction during 7th Five Year Plan, with an installed capacity of 1.5 megawatts. Preliminary work on the scheme started in 1978-79, but the major items of work were taken up only after the estimates were sanctioned in November 1986. The scheme was to be completed within 3 years from the date of sanction, i.e. by November 1989.

The objectives of the scheme are—

(a) to meet the power requirements of residential and industrial complexes at Bhalukpong and electrification of nearby villages and Border Road Task Force Camp ; and

(b) to improve the socio-economic conditions of the local people through supply of electricity at a comparative lower rate of Re. 0.46 per unit, as against Rs. 3.50 if generated through diesel generator and Re. 0.50 if purchased from the Assam State Electricity Board.

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All abbreviations used in this review are listed alphabetically and expanded in the Glossary at Appendix IV (Page 130-131).



#### 4.2.2 Organisational set up

The Chief Engineer, Public Works Department (PWD) is responsible for overall supervision of the scheme. He is assisted by the Superintending Engineer (SE), PWD, Rupa Circle and S. E. , Electrical Circle, Naharlagun in supervision of the works. Execution of Civil Works commenced in 1979 by the Executive Engineer (E.E.), PWD, Seppa and it was transferred to the E.E., PWD, Bomdila in 1982-83. The execution of electrical works was entrusted to the E.E., Electrical Division, Bomdila.

#### 4.2.3 Scope of Audit

During test-check (March-April 1990), the records for the period of 1978-79 to 1989-90 of the S.E., Seppa, E.E., PWD, Bomdila, the E.E., PWD, Seppa and E.E., Electrical Division, Bomdila were examined. Audit findings are summarised below.

#### 4.2.4 Highlights

- Rs. 445.79 lakhs were spent against the budget allotment of Rs. 382.65 lakhs till March 1990, but only 75 per cent of Civil works had been completed.

(Paragraphs 4.2.5 and 4.2.6)

- Of electrical materials costing Rs. 100.02 lakhs, procured materials costing Rs. 62.74 lakhs were transferred to other works due to lack of progress.

(Paragraph 4.2.5)

- Due to wrong selection of site initially, the location of the scheme was shifted to the left bank of Sessa Nallah after spending Rs. 26.41 lakhs on its construction on the right bank. The expenditure has proved infructuous.

(Paragraph 4.2.7 (b) )

- Weir and intake chamber were constructed after spending Rs. 15.73 lakhs against the estimate for Rs. 3.50 lakhs with a delay of 22 months.

(Paragraph 4.2.7 (c))

- In contravention of the Chief Engineer's instructions, lead and lift were allowed to contractors on earthwork in the construction of power channel, which resulted in over-payment of Rs. 13.46 lakhs.

(Paragraph 4.2.7. (d))

- Rs. 119.77 lakhs were spent irregularly for earthwork in site development of forebay tank without any provision in the sanctioned estimate.

(Paragraph 4.2.7 (e) )

- Hume pipes and collars costing Rs. 10.01 lakhs procured for use in culverts of the approach road were lying unused.

(Paragraph 4.2.7 (f) )

- Transmission lines (Rs. 5.73 lakhs) drawn in 1979-80 were lying unused as the supply of electricity had not yet started (February 1990).

(Paragraph 4.2.7 (g) )

- Materials costing Rs. 8.82 lakhs were washed away and weir and intake structure costing Rs. 3.38 lakhs were damaged by flood of June 1989.

(Paragraph 4.2.7 (g) (i) )

#### 4.2.5 Finance

The scheme was financed out of the Plan Fund.

The year-wise budget allotment and expenditure for the civil and electrical works of the scheme are given below :—

| Year    | Budget allotment |                      |
|---------|------------------|----------------------|
|         | Civil Works      | Electrical Works     |
| 1       | 2                | 3                    |
|         |                  | (in lakhs of rupees) |
| 1978-79 | 9.00             | nil                  |
| 1979-80 | 13.85            | nil                  |
| 1980-81 | 7.80             | nil                  |
| 1981-82 | 3.00             | nil                  |
| 1982-83 | nil              | nil                  |
| 1983-84 | nil              | 1.00                 |
| 1984-85 | nil              | nil                  |
| 1985-86 | 1.00             | 1.00                 |
| 1986-87 | 45.00            | nil                  |
| 1987-88 | 55.00            | 0.50                 |
| 1988-89 | 65.50            | 5.00                 |
| 1989-90 | 150.00           | 25.00                |
|         | 350.15           | 32.50                |

The Department spent Rs. 389.62 lakhs against budget allotment of Rs. 350.15 lakhs on civil works leading to an excess expenditure of Rs. 39.47 lakhs though the work had not been completed (March 1990).



| Expenditure   |                  | Saving (—)<br>Excess (+) |                  | Saving (—)<br>Excess (+) |                  |
|---------------|------------------|--------------------------|------------------|--------------------------|------------------|
| Civil Works   | Electrical Works | Civil Works              | Electrical Works | Civil Works              | Electrical Works |
| 4             | 5                | 6                        | 7                |                          |                  |
| 10.22         | 38.83            | (+)                      | 1.22             | (+)                      | 38.83            |
| 14.37         | 21.07            | (+)                      | 0.52             | (+)                      | 21.07            |
| 1.62          | 28.24            | (—)                      | 6.18             | (+)                      | 28.24            |
| 0.20          | 3.16             | (—)                      | 2.80             | (+)                      | 3.16             |
| nil           | (—) 3.91         |                          | nil              | (—)                      | 3.91             |
| nil           | 1.53             |                          | nil              | (+)                      | 0.53             |
| nil           | 1.35             |                          | nil              | (+)                      | 1.35             |
| nil           | 1.22             | (—)                      | 1.00             | (+)                      | 0.22             |
| 32.23         | (—) 5.78         | (—)                      | 12.77            | (—)                      | 5.78             |
| 99.12         | (—) 52.77        | (+)                      | 44.12            | (—)                      | 53.27            |
| 78.70         | (—) 0.28         | (+)                      | 13.20            | (—)                      | 5.28             |
| 153.16        | 23.51            | (+)                      | 4.60             | (—)                      | 1.49             |
| <u>389.62</u> | <u>56.17</u>     | (+)                      | <u>39.47</u>     | (+)                      | <u>23.67</u>     |

Out of the total expenditure of Rs. 389.62 lakhs, Rs. 26.41 lakhs were spent by Seppa P. W. Division during 1978-79 to 1981-82 and Rs. 358.61 lakhs by Bomdila P. W. Division during 1986-87 to 1989-90.

For electrical works, the Department procured during 1983-84 to 1989-90 materials costing Rs. 100.02 lakhs against budget allotment of Rs. 32.50 lakhs. Out of total procurement of materials for Rs. 100.02 lakhs, materials for Rs. 62.74 lakhs were transferred to stock and other works during 1982-83 and from 1986-87 to 1988-89, which indicated that the materials were either not required for use in this work or had been procured prematurely.

According to the project report approved in November 1986 by the State Government, the estimated cost of the work was Rs. 195.94 lakhs (Civil works : Rs. 130.63 lakhs, electrical works : Rs. 65.31 lakhs), against which the expenditure up to March 1990 was Rs. 445.79 lakhs (Civil works : Rs. 389.62 lakhs ; electrical works : Rs. 56.17 lakhs).

The reasons for the increase in cost were not stated (February 1990).

#### **4.2.6 Physical targets and achievement**

The Department had not fixed the target dates for completion of the various components of the scheme. However, according to the project report the scheme was to be completed in 3 years from the date of commencement of major items of work (November 1986).

The following table indicates the dates of commencement and progress achieved (February 1990) in respect of various components of the scheme.

| Sl. No. | Components                     | Sanctioned cost<br>(Rupees in lakhs) | Date of commencement | Progress of work  |
|---------|--------------------------------|--------------------------------------|----------------------|---|
| 1.      | Trench type weir               | 3.34                                 | November 1986        | Completed in April 1987   |
| 2.      | Intake structure               |                                      | June 1987            | Completed in February 1988  |
| 3.      | Power Channel                  | 30.05                                | December 1987        | Completed in September 1988   |
| 4.      | Forebay tank, site development | 19.92                                | December 1987        | 85 per cent of site development completed, Forebay tank not started up to February 1990 |
| 5.      | Penstock pipe                  | 9.81                                 | February 1989        | Site development completed, laying of pipes not started up to February 1990             |
| 6.      | Power House                    | 10.53                                | December 1988        | 80 per cent of the work done up to February 1990  |
| 7.      | Approach road                  | 42.50                                | September 1987       | Earthwork only done up to February 1990   |
| 8.      | Construction of a steel bridge | Not available                        | November 1987        | Abutment work done, steel structure yet to be erected up to February 1990.              |

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 116.15



The overall progress of the civil works as stated (February 1990) by the Department was 75 per cent.

The electrical portion of the work had not been taken up as of February 1990, due to delay in completion of civil works.

Audit observed that due to inadequate planning, the Department had to revise the estimate on different occasions for getting Central Electricity Authority of India's (CEA) clearance. Had the Department ensured proper and adequate planning, the delays in getting the project cleared and the resultant cost overruns could have been avoided. No comments were offered by the Department (February 1990).

#### **4.2.7 Implementation**

##### **(a) Inadequate planning and delay in finalisation of project report**

According to the preliminary estimate (1977-78) the scheme was expected to cost of Rs. 74.82 lakhs. It included provision for construction of 340 m penstock pipe. The site was selected on the right bank of Sessa Nallah. The estimate was revised (February 1980) to Rs. 91 lakhs and provided, *inter alia*, direct penstock from weir to power house for a length of 3.5 km. The revised estimate was sent (February 1980) to the Central Electricity Authority (CEA) for techno-economic clearance. The CEA recommended reducing the length of penstock from 3.5 kms to 572 metres. Accordingly the estimates were again revised (December 1980) to Rs. 90.02 lakhs. After an in-depth study, the CEA recommended (June 1981) that the alignment of the water conductor system on the left bank of the Nallah offered considerable advantage over the water conductor system on the right bank. Based on CEA's recommendations, the project report was finally modified to Rs. 195.94 lakhs (civil works : Rs. 130.63 lakhs, electrical works : Rs. 65.31 lakhs) and was sent (April 1985) to the CEA for approval. The CEA cleared (December 1985) the project report and the State Government accorded (November 1986) the administrative approval and expenditure sanction. Thus, it took about 8 years to finalise the project report.

**(b) Wrong selection of site and consequent wasteful expenditure**

The execution of the scheme started in 1977-78 based on a preliminary estimate of Rs. 74.82 lakhs on the right bank of Sessa Nallah without conducting geo-technical survey, soil testing, foundation investigation and flood estimation, and also without techno-economic clearance from the CEA.

The scheme was ultimately shifted (September 1982) to the left bank of Sessa Nallah based on the recommendation of CEA that water conductor system on the left bank was more advantageous than on the right bank.

The Seppa P. W. Division spent Rs. 26.41 lakhs during July 1978 to November 1981 for construction of weir (Rs. 1.59 lakhs), approach road (Rs. 4.80 lakhs), power house (Rs. 1.60 lakhs), penstock (Rs. 6.36 lakhs) and miscellaneous expenses (Rs. 12.06 lakhs) on the right bank of the Nallah. The entire expenditure of Rs. 26.41 lakhs proved wasteful as the site had to be shifted to left bank. No comments were offered (April 1990) by the Department.

**(c) Construction of weir and intake chamber**

In the project report, Rs. 3.50 lakhs was provided for construction of weir, intake chamber and boulders. The time schedule for completion of work was only 4 months from the date of commencement ( November 1986 ). But the work was completed in December 1988 after a lapse of 22 months. The work was executed departmentally and Rs. 15.73 lakhs were spent. No measurements were recorded in the measurement books (MBs) though the items of work were susceptible to measurement. Reasons for not recording measurements in MBs were not stated (February 1990). In the absence of measurements, it could not be verified in audit whether the expenditure incurred actually was commensurate with the work done.

It was further noticed in audit that against the expenditure of Rs. 15.73 lakhs incurred, provision for only Rs. 6.07 lakhs was kept in the revised estimate framed



in December 1989, which was yet to be approved as of February 1990. No comments were offered (April 1990) by the Department.

(d) **Construction of power channel and extra expenditure**

For construction of a 2.42 km long power channel to discharge 27.1 cusecs of water, Rs. 30.05 lakhs were provided in the estimate of the project. The work was taken up through contractors (November 1986) to be completed by March 1988. However, the work was completed in September 1988 after incurring an expenditure of Rs. 111.80 lakhs. The reasons for the increase in cost were mainly the increase in volume of earthwork over the estimate, earthwork of higher classification of soil, and also increase in rates.

The Chief Engineer, PWD issued (November 1985) instructions that in new formation cutting in hilly roads there should be no lead and lift in excavation of earth. But the Division, while executing the earthwork in formation cutting through contractors, allowed lead and lift in contravention of the instructions, and made payments at higher rates than admissible. The Division incurred an extra expenditure of Rs. 13.46 lakhs on this account as detailed below :-

| Classifi-<br>cation of<br>soil | Quantity<br>of earth<br>excavated | Rates at<br>which<br>pay-<br>ments<br>made | Rates at<br>which<br>payment<br>were<br>to be<br>made as<br>per SOR<br>1985 | Differ-<br>ence in<br>rates | Extra<br>expendi-<br>ture<br>involved |
|--------------------------------|-----------------------------------|--|---|-----------------------------|---------------------------------------|
|                                | Cu.m                              | Rs./Cu.m                                   | Rs./Cu.m  | Rs./Cu.m                    | Rs. in<br>lakhs                       |
| Ordinary Soil                  | 11,921                            | 4.90                                       | 2.20  | 2.70                        | 0.32                                  |
| Hard Soil                      | 16,636                            | 6.35                                       | 3.65  | 2.70                        | 0.45                                  |
| Soft rock                      | 1,06,148                          | 23.85                                      | 16.10   | 7.75                        | 8.23                                  |
| Hard rock                      | 35,869                            | 34.25                                      | 21.80   | 12.45                       | 4.46                                  |
| Total :                        |                                   |  |   |                             | 13.46<br>lakhs                        |



Reasons for allowing lead and lift in contravention of the Chief Engineer's instructions were neither explained by the Division (February 1990) nor was approval of the higher authority sought. No recoveries have been made from the contractors.

(e) **Earthwork in site development of forebay tank—irregular expenditure of Rs. 119.77 lakhs**

In the sanctioned estimate of forebay tank, there was no provision for earth-cutting for site development. The Central Water Commission (CWC) suggested (September 1982) that the forebay tank be constructed at a site involving less earth-cutting. There was nothing on record to show that the Department considered the advice of the CWC. During December 1987 to February 1990 the Department paid Rs. 119.77 lakhs for earthwork in formation-cutting of the forebay tank, for which no provision was kept in the estimate. Further, had the Department taken up the construction of the forebay tank on a site involving less earth-cutting as advised by the CWC, the expenditure on site development could have been reduced. In the revised estimate, a provision for Rs. 163.46 lakhs was made for the work and was awaiting approval as of February 1990. The Department stated (April 1991) that the site was selected for urgent completion of the work and involved heavy earth-cutting.

Out of Rs. 119.77 lakhs incurred on site excavation for forebay tank, Rs. 46.58 lakhs were paid to 89 contractors for execution of 1.19 lakh cu.m of earthwork during October 1987 to March 1988. The works were awarded and executed on the basis of rates approved (November 1987) by the SE, Rupa Circle. Based on those rates the value of work done for 1.19 lakh cu.m of excavated earth worked out to Rs. 29.89 lakhs, of which Rs. 13.86 lakhs were paid to the contractors till March 1988, and the balance Rs. 15.83 lakhs was kept pending till March 1989, reportedly due to paucity of fund. In March 1989, the SE, Rupa Circle approved higher rates for the items of works which had prospective effect only. Without obtaining a

clarification if the revised rates were applicable retrospectively, the Executive Engineer, PWD, Bomdila recalculated the value of the entire excavation of 1.19 lakhs cu. m of earthwork done during October 1987 to March 1988 and paid the contractors at the revised rates. Accordingly the Division incurred an extra expenditure of Rs. 16.89 lakhs (Rs. 46.58 lakhs—Rs. 29.69 lakhs) as shown below :-

| Classification of soil | Quantity executed | Approved rates | Higher rates at which payments made | Difference in rates | Excess payment |
|------------------------|-------------------|----------------|-------------------------------------|---------------------|----------------|
|                        |                   | (Rs. cu.m)     | (Rs. cu.m)                          | (Rs. cu.m)          | (Rs. in lakhs) |
| Ordinary soil          | 5,991             | 4.95           | 8.60                                | 3.65                | 0.22           |
| Hard soil              | 19,375            | 6.60           | 11.10                               | 4.50                | 0.87           |
| Ordinary rock          | 67,986            | 26.50          | 41.85                               | 15.35               | 10.43          |
| Hard rock              | 25,494            | 39.60          | 60.65                               | 21.05               | 5.37           |
|                        |                   |                |                                     |                     | <u>16.89</u>   |

Reasons for making such payments at higher rates for works executed earlier were not stated (February 1990).

(f) **Approach road - Unnecessary procurement of hume pipes, etc.**

The Division procured (March 1987) 274 hume pipes and 146 collars for Rs. 10.01 lakhs (including carriage charge to work site). The site accounts showed that the materials were lying unutilised though the approach road



was completed (February 1990). As the hume pipes and collars were required for use in culverts, in the approach road there was hardly any possibility of utilisation of the materials in the work. Procurement of the unwanted materials resulted in an idle outlay Rs. 10.01 lakhs. No comments were offered (April 1990) by the Department.

**(g) Drawing of transmission lines in anticipation of power generation**

The sanctioned estimate of the scheme did not provide for transmission lines. But before approval (December 1985) of the project report by the CEA, the Electrical Division, Bomdila erected (1979-80) 10 km (approximately) of 33 kv high tension transmission lines from Sessa Nallah to Bhalukpong, spending Rs. 5.73 lakhs. Supply of electricity had not started (February 1990) even after 10 years of laying the transmission lines. The work was stated to have been done departmentally, but no records i.e. muster rolls, measurement books pertaining to its execution were made available to audit.

**(h) (a) Materials costing Rs. 8.82 lakhs washed away by flood**

Public Works Division, Bomdila procured tools and plants (1979-80) and construction materials costing Rs. 8.82 lakhs for use in the scheme and kept them at the work site. According to the survey reports (not dated) prepared by the Assistant Engineer, these materials were washed away by floods in June 1989. The Division had not made any efforts to investigate the loss of the materials.

**(b) Damages to weir, intake structure, desilting chamber by flood**

Damages to weir, intake structure and desilting chamber costing Rs. 3.38 lakhs occurred due to the floods of June 1989. An estimate for Rs. 3.38 lakhs was prepared (December 1989) to repair the damages and the work was in progress (February 1990). It was noticed in audit that before taking up of the scheme the Department had not done any survey to ascertain if the site was flood-prone.



#### 4.2.8 Monitoring and evaluation

The Department had not evaluated the scheme as of February 1990, nor taken measures required to remove the deficiencies noticed in the implementation of the scheme. Further, no time bound programme was chalked out for completing the scheme early. The scheme was to be completed by November 1989, but till February 1990 only 75 *per cent* of the civil works had been completed and the expenditure on civil works had exceeded the sanctioned cost by Rs. 268.87 lakhs. The major item of electrical works have not been taken up for execution though machinery and equipment were procured from 1979-80. The delay in completion of the scheme will result in cost overrun and will defeat the objective of the scheme for cheap generation of power. The investment made up to February 1990 (Rs. 422.30 lakhs) had largely been idle.

The matter was reported (May 1990) to the Government ; reply had not been received (March 1991).

#### 4.3 Unnecessary expenditure on purchase of stores

The Stores Division, Banderdewa was established in August 1982 for purchase of materials in bulk for storage and supply to all Public Works and Electrical Divisions in the State.

According to Government instructions (February 1983), all stores required for construction, maintenance of roads, buildings, *etc.*, including sanitary fittings and those for water supply, would be made available by the Stores Division, Banderdewa. Purchase of materials from the other agencies could be made by the Works Divisions only after obtaining non-availability certificates from the Stores Division.

In contravention of the above instructions, the Capital 'B' Division, Itanagar purchased in April 1988 the following materials from local suppliers at higher prices even though sufficient quantities were available with the Stores Division, Banderdewa, as detailed below:-

| Item                                      | Unit  | Quantity procured | Price per unit | Quantity available with Stores Division, Banderdewa | Issue rate of Stores Division, Banderdewa (Rs.) /Per Unit | Difference in cost between Sl. 4 and 6 (Rs.) /Per Unit | Extra expenditure (Rupees in lakhs) |
|---|-------|-------------------|----------------|---|---|--|-------------------------------------|
| 1   | 2     | 3                 | 4              | 5   | 6   | 7  | 8                                   |
| 1. Asbestos corrugated sheets (4mm thick) | Piece | 2875              | 72             | 29,784  | 42.60   | 29.40  | 0.85                                |
| 2. Glass panes (4mm thick)                | Sqm.  | 312.564           | 138            | 1142  | 49.50   | 88.50  | 0.28                                |
| 3. Glass panes (3mm thick)                | Sqm.  | 703.049           | 106            | 5146  | 45.80   | 60.20  | 0.42                                |
|   |       |                   |                |   |   |  | 1.55                                |

The purchase of the materials at higher prices resulted in an extra expenditure of Rs. 1.55 lakhs.

Reasons for purchase of the materials were not on record (September 1989).

(b) Similarly, Public Works Division, Doimukh purchased (March 1988) 3,858 Asbestos plain sheets (1.47 Sqm x 4 mm) at Rs. 76.47 per sheet from local suppliers for Rs. 2.95 lakhs without inviting any tenders, even though the material was available in the Stores Division, Banderdewa. Value of 3, 858 Asbestos plain sheets at the issue rate (Rs. 42.60 per sheet) of the Stores Division worked out to Rs. 1.64 lakhs and carriage charge for transport of equal quantity of materials from Banderdewa to Doimukh was assessed at Rs. 0.03 lakh. The purchase of the materials from the local supplier at higher prices, therefore, resulted in an extra expenditure of Rs. 1.28 lakhs.

The cases were reported to the Government (January 1990) ; reply has not been received (April 1991).

(c) The Public Works Division, Along purchased in February 1989 stores costing Rs. 6.58 lakhs from local suppliers after collecting spot quotations without consulting the Banderdewa Stores Division, where the articles were available.

Computed with reference to the Stores Division's issue rates inclusive of carriage cost from Banderdewa to Along, purchase of the items locally at higher prices resulted in an extra expenditure of Rs. 2.11 lakhs, as shown below :-



| Item                            | Unit   | Quantity<br>procured | Price at which<br>procured |                                   | Stores Division's<br>issue rate |        | Carriage<br>cost to<br>Along | Excess |
|---------------------------------|--------|----------------------|----------------------------|-----------------------------------|---------------------------------|--------|------------------------------|--------|
|                                 |        |                      | Rate<br>per<br>Unit        | Amount<br>(in lakhs<br>of rupees) | Rate<br>per<br>Unit             | Amount |                              |        |
| (In lakhs of rupees)            |        |                      |                            |                                   |                                 |        |                              |        |
| 1                               | 2      | 3                    | 4                          | 5                                 | 6                               | 7      | 8                            | 9      |
| 1. G.I. barbed<br>wire 12 gauge | Tonnes | 2.6<br>10.9          | 18,000<br>19,000           | 0.47<br>2.07                      | 13,234                          | 1.79   | 0.09                         | 0.66   |
| 2. Glass panes<br>3mm thick     | Sqm.   | 1528.9               | 145                        | 2.22                              | 111.82                          | 1.71   | 0.03                         | 0.48   |
| 3. S. W. pipe<br>100mm          | Nos.   | 1501                 | 42.90                      | 0.64                              | 30                              | 0.45   | 0.05                         | 0.14   |
| 4. Brass Bib<br>cock 15mm       | Nos.   | 500                  | 68                         | 0.34                              | 31                              | 0.16   | 0.02                         | 0.16   |
| 5. G.I. Bend<br>150mm           | Nos.   | 77<br>15             | 760<br>485.10              | 0.59<br>0.07                      | 116                             | 0.11   | 0.01                         | 0.54   |

| Item                    | Unit | Quantity<br>procured | Price at which<br>procured |                                   | Stores Division's<br>issue rate |        | Carriage<br>cost to<br>Along | Excess |
|-------------------------|------|----------------------|----------------------------|-----------------------------------|---------------------------------|--------|------------------------------|--------|
|                         |      |                      | Rate<br>per<br>Unit        | Amount<br>(in lakhs<br>of rupees) | Rate<br>per<br>Unit             | Amount |                              |        |
| (In lakhs of rupees)    |      |                      |                            |                                   |                                 |        |                              |        |
| 1                       | 2    | 3                    | 4                          | 5                                 | 6                               | 7      | 8                            | 9      |
| 6. G.I. Socket<br>150mm | Nos. | 50                   | 349.50                     | 0.18                              | 65                              | 0.03   | 0.02                         | 0.13   |
| Total :                 |      |                      |                            | 6.58                              |                                 | 4.25   | 0.22                         | 2.11   |

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The matter was reported to the Government (May 1990); reply had not been received (April 1991).

#### 4.4 Extra expenditure on purchase of Sausage wire

(a) In March 1988 and March 1989 the Public Works Division, Along purchased 54,745 kg of galvanised hexagonal iron sausage wire netting (8 gauge and 10 gauge) for Rs. 11.36 lakhs of Rs. 20.75 per kg without inviting tenders. The Division had split up the supply into 29 orders with a view to avoid obtaining the approval of the competent authority. During the same period, Rural Works Division, Along also purchased locally the same materials at Rs. 11.40 per kg.

Compared to the price paid by the Rural Works Division, the Public Works Division, Along incurred an extra expenditure of Rs. 5.12 lakhs on the purchase.

The matter was reported to Government (May 1990) ; reply has not been received (April 1991).

(b) Similarly in February 1989, the Public Works Division, Tezu purchased 37,123 kg of sausage wire costing Rs. 7.65 lakhs at the rate of Rs. 20.60 per kg from a firm of Pasighat without inviting tenders/quotations for utilisation in flood protection work (Construction of bund). During December 1988, the Rural Works Division, Tezu purchased 59,879 kg of the same materials for the same purpose costing Rs. 10.42 lakhs at the rate of Rs. 17.40 per kg from a local firm approved by the Superintending Engineer, Namsai on the basis of lowest tender. According to agreement made with the supplier the price of Rs. 17.40 per kg was valid up to March 1989.

Compared to the prices paid by the Rural Works Division (RWD), Tezu, the Public Works Division, Tezu incurred an extra expenditure of Rs. 1.19 lakhs on its purchase.

It was stated by the Public Works Division, Tezu that sausage wire was required urgently for flood protection work, and was procured at ten *per cent* above the rate approved by the Superintending Engineer, P.W.D., Jairampur. The Division further stated (November 1990) that the higher price was allowed as the supply involved fabrication of the materials and the size of the material was



bigger than that purchased by RWD. The reply of the Division is not tenable since the supply in both the cases was made after fabrication and the size of the materials did not make any difference as the market price of the item (purchased by weight) was the same.

The matter was referred to the Government (August 1989); reply had not been received (April 1991).

#### 4.5 Unnecessary purchase of Stores

In December 1987, Public Works Division, Jairampur procured 1900 kg of anstrip anti-steeping agent\* costing Rs. 1.71 lakhs for utilisation in 2 works, improvement of S.W. Road and improvement of Namchik Mammon road, without the approval of the competent authority. The materials were received by the Division in February 1988.

1,066 kg of the materials were used, and 834 kg costing Rs. 0.77 lakh remained unutilised by August 1989. The Superintending Engineer (SE), Jairampur Circle, had observed earlier in February 1988 that anstrip anti-steeping agent was not technically required for use in the road works. No provision for its use had been made in the estimates of the works. The SE also held that the entire expenditure of Rs. 1.71 lakhs was infructuous, and ordered recovery of the amount from the Executive Engineer. The amount has not so far been recovered (March 1991).

The Executive Engineer stated (April 1991) that the balance quantity (834 kgs) had been utilised between December 1989 and December 1990 with the approval of SE, and the matter of recovery was still pending with the Chief Engineer, Zone-I, Itanagar.

The matter was reported to the Government (December 1989); reply had not been received (April 1991).

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\* Anstrip, anti-steeping agent is a chemical which is used with melted bitumen for use in road works specially in heavy rain/snowfall areas.

#### 4.6 Excess expenditure

The work "Construction of road from 18th km of National Highway 52 A to bridge on Doimukh—Sagalee Road along left bank of Pachin river (0—13.20 Km) - SH—Formation cutting" under the Doimukh Public Works Division was administratively approved (March 1988) by the Government for Rs. 84.58 lakhs. The Division allotted (November 1986) the work to different contractors at the estimated cost. In the estimates it was provided that only 10 *per cent* of excavated earth would require disposal with lead and lift, and the work orders were issued accordingly. It was noticed (October 1989) in audit that Rs. 66.64 lakhs were paid between November 1986 and August 1988 to the contractors at the schedule of rates 1988 instead of at contract rate, and after allowing lead and lift for the entire 4 lakhs cu.m of soil excavated without limiting it to 10 *per cent* of the excavated quantity.

The details of payments made and payments admissible are indicated below :-

| Classification of soil | Quantity       | Rates at which payments were made | Amount paid          | Quantity               | Rates at which payments were to be made as per estimates | Amount payable        |
|------------------------|----------------|-----------------------------------|----------------------|------------------------|--|-----------------------|
|                        | (In lakh cu.m) | Rs.                               | (in lakhs of rupees) | (in lakh cu.m)         | Rs.  | (in lakhs of rupees ) |
| 1. Ordinary soil       | 0.53           | 4.90                              | 2.60                 | 0.05(10%)<br>0.48(90%) | 7.13<br>5.06   | 0.38<br>2.42          |
| 2. Hard soil           | 1.07           | 6.35                              | 6.80                 | 0.11(10%)<br>0.96(90%) | 9.23<br>7.16   | 0.99<br>6.90          |
| 3. Ordinary rock       | 2.40           | 23.85                             | 57.24                | 0.24(10%)<br>2.16(90%) | 28.85<br>18.29   | 6.91<br>39.44         |
| Total :                | 4.00           |                                   | 66.64                | 4.00                   |  | 57.04                 |



Due to payments at rates and for quantities different from those in the approved estimate, the Department incurred an excess expenditure of Rs. 9.60 lakhs.

The Department stated in November 1990 that payments were not made according to the approved estimate to avoid complexity of measurements of small units of lead and lift. The reply of the Department is not tenable since only 10 *per cent* of the total excavated earth as measured was to be paid at rates with lead and lift, and this simple calculation did not require taking any separate measurements.

The matter was reported to the Government (January 1990) ; reply had not been received (April 1991).

#### **4.7 Extra expenditure due to procurement of materials in excess of needs**

Between November 1986 and May 1988, the Public Works Division, Doimukh procured 616.25 cu.m stone metals (40-63 mm size) at a cost of Rs. one lakh at the approved Divisional rate of Rs. 163.00 per cu.m for the work "Development of site for Arunachal University at Doimukh". Of this, only 267.95 cu.m were utilised, and the balance 348.30 cu.m (cost : Rs. 0.57 lakh) were transferred (December 1988) to another work Doimukh—Sagalee Road, (29-34th km) after incurring carriage charge of Rs. 0.69 lakh. The approved Divisional rate for supply of similar stone metal to the Doimukh-Sagalee Road (29-34th km) was Rs. 165 per cu.m and the Division could have procured 348.30 cu.m stone metal by spending Rs. 0.58 lakh only. Thus, excess procurement and transfer of the material to another work resulted in an extra expenditure of Rs. 0.68 lakh (Rs. 0.57 lakh + Rs. 0.69 lakh—Rs. 0.58 lakh).

The matter was reported to the Government (January 1990) ; reply had not been received (April 1991).



## CHAPTER V

### STORES AND STOCK

#### Public Works Department

##### 5.1 Unutilised stores

Electrical goods costing Rs. 4.30 lakhs were lying unused in December 1989 in the Ziro Electrical Division since 1979.

The Assistant Engineer in-charge, Ziro Electrical Sub-Division - II, requested the Executive Engineer in August 1989 for disposal of the materials as they had become obsolete and could not be utilised.

However, no action had been taken (December 1989) to dispose of the materials. Reasons for purchase of the materials and their non-utilisation were not on record (December 1989).

The matter was reported to Government (February 1990) ; reply has not been received (April 1991).

#### Public Works/Rural Works Department

##### 5.2 Unnecessary purchase of stores and spare parts

Test-check (January - February, 1990) of the records of the Public Works/Rural Works Divisions, Along disclosed that stores and spare parts for power tillers, bulldozers, road rollers *etc.*, worth Rs. 10.36 lakhs,

which had been purchased between 1967 and 1987-88, remained unutilised (February 1990) as detailed below :-

| Name of the Division         | Materials purchased                           | Period of purchase | Value of materials purchased | Remarks   |
|------------------------------|---|--------------------|------------------------------|---|
| (In lakhs of rupees)         |   |                    |                              |   |
| Public Works Division, Along | C.I. spun pipe, nipple brass, G.I. bend, etc. | 1967 to 1979       | 1.12                         | There was no scope for utilisation of the materials in the Division, and they were declared (February 1989) unsuitable for further use due to prolonged storage. No action had been taken to dispose of the materials (December 1990).  |
| Rural Works Division, Along  | Spare parts for power tillers                 | 1981-82 to 1985-86 | 0.82                         | Spare parts purchased were meant for sale to cultivators who were provided with power tillers at subsidised rates under the Annual Operating Plan. With the abolition of the scheme from 1986-87, there was no demand, and the spare parts were lying unutilised. The stores had not been disposed of (October 1990). |

| Name of the Division        | Materials purchased                              | Period of purchase | Value of materials purchased                      | Remarks  |
|-----------------------------|--|--------------------|---|--|
|                             |  |                    | (In lakhs of rupees)                              |  |
| Rural works Division, Along | Spare parts for trucks/ bulldozers/ road rollers | 1980-81 to 1987-88 | 8.92<br>Less utilised<br>(-)0.50<br>-----<br>8.42 | Out of the total purchase made, procurement of spare parts worth Rs.4.32 lakhs was not covered by sanction. The Department stated (October 1990) that spares worth Rs. 3.35 lakhs had since been utilised. |

The matter was reported to Government in April and May 1990 ; Government (Rural Works Department) stated (November 1990) that purchases were made with a view to utilise the spares as and when necessity arose. It was also stated that the Divisional Officer had been asked to dispose of the surplus spares by public auction, and not to make such procurement in future for long-term stocking purpose.



## CHAPTER VI

### REVENUE RECEIPTS

#### A - General

##### 6.1 Trend of revenue receipts

The total receipts of the Government of Arunachal Pradesh for the year 1989-90 were Rs. 2,89.17 crores against the anticipated receipts of Rs. 3,28.89 crores. The total receipts during the year registered a decrease of 2.59 *per cent* over those of 1987-88 (Rs. 7.49 crores), and an increase of 9.66 *per cent* over those of 1988-89 (Rs. 27.95 crores). Out of the total receipts of Rs. 2,89.17 crores, revenue raised by the State Government amounted to Rs. 38.05 crores, of which Rs. 2.32 crores represented tax revenue and Rs. 35.73 crores non-tax revenue. Receipts from Government of India amounted to Rs. 2,51.12 crores.

##### 6.2 Analysis of Revenue Receipts

(a) An analysis of the receipts during the year 1989-90, along with the corresponding figures for the preceding two years is given below :-

|  | 1987-88               | 1988-89 | 1989-90 |
|--|-----------------------|---------|---------|
|  | (In crores of rupees) |         |         |
| I. Revenue raised by the State Government    |                       |         |         |
| (a) Tax Revenue                              | 2.06                  | 2.34    | 2.32    |
| (b) Non-tax Revenue                          | 25.28                 | 28.75   | 35.73   |
| Total :                                      | 27.34                 | 31.09   | 38.05   |
| II. Receipts from Government of India        |                       |         |         |
| (a) State's share of divisible Union-Taxes   | 74.91                 | 52.76   | 52.30   |
| (b) Grants-in-aid                            | 194.41                | 177.37  | 198.82  |
| Total :                                      | 269.32                | 230.13  | 251.12  |
| III. Total receipts of the State (I plus II) | 296.66                | 261.22  | 289.17  |
| IV. Percentage of I to III                   | 9                     | 12      | 13      |

While the State mobilised 13 *per cent* of its total receipts for 1989-90, the remaining 87 *per cent* came from the Union Government.

(b) **Tax revenue raised by the state**

Receipts from tax revenue constituted 6 *per cent* of the State's own revenue receipts during the year 1989-90. An analysis of tax revenue for the year 1989-90 and for the preceding two years is given below :-

|   | 1987-88              | 1988-89 | 1989-90 | Increase (+)<br>Decrease (—)<br>with refer-<br>ence to<br>1988-89 |
|---|----------------------|---------|---------|---|
|   | (In lakhs of rupees) |         |         |   |
| 1. Land Revenue   | 41.42                | 58.49   | 32.91   | (—) 25.58   |
| 2. Stamps and<br>Registration<br>Fees                               | 4.83                 | 5.38    | 5.70    | (+) 0.32  |
| 3. State Excise   | 93.11                | 98.07   | 106.03  | (+) 7.96  |
| 4. Sales Tax  | 20.84                | 22.38   | 30.64   | (+) 8.26  |
| 5. Taxes on<br>Vehicles   | 34.26                | 35.03   | 38.30   | (+) 3.27  |
| 6. Taxes and<br>Duties on<br>Electricity                            | 0.08                 | 0.02    | 0.30    | (+) 0.28  |
| 7. Other Taxes<br>and Duties<br>on Commo-<br>dities and<br>Services | 11.26                | 14.71   | 18.05   | (+) 3.34  |
| Total :   | 205.80               | 234.08  | 231.93  | (—) 2.15  |

Land Revenue, State Excise, Sales Tax and Taxes on Vehicles continued to be the principal sources of revenue of the State during the year 1989-90 ; receipts therefrom constituted 90 *per cent* of the total tax collection for the year.

### 6.3 Non-tax revenue of the State

Forestry and Wildlife, Power, Road Transport, Public Works, Non-Ferrous Mining and Metallurgical Industries, were the principal sources of non-tax revenue of the State. Receipts from non-tax revenue constituted 74 *per cent* of the revenue raised by the State during 1989-90.

An analysis of the non-tax revenue receipts under the principal heads of revenue for the year 1989-90 and the preceding two years is given below :-

|                                       | 1987-88              | 1988-89 | 1989-90 | Increase (+)<br>Decrease (-)      |
|---------------------------------------|----------------------|---------|---------|-----------------------------------|
|                                       | (In lakhs of rupees) |         |         | with refer-<br>ence to<br>1988-89 |
| 1. Interest Receipts                  | 403.36               | 32.27   | 94.94   | (+) 62.67                         |
| 2. Public Works                       | 50.19                | 391.04  | 300.38  | (-) 90.66                         |
| 3. Other Administrative Services      | 54.47                | 40.45   | 192.69  | (+)152.24                         |
| 4. Miscellaneous General Services     | 2.18                 | 9.82    | 240.03  | (+)230.21                         |
| 5. Education, Sports, Art and Culture | 30.72                | 69.40   | 58.99   | (-) 10.41                         |
| 6. Crop Husbandry                     | 76.17                | 75.75   | 70.69   | (-) 5.06                          |



|   | 1987-88              | 1988-89 | 1989-90 | Increase (+)<br>Decrease (-)<br>with refer-<br>ence to<br>1988-89 |
|---|----------------------|---------|---------|---|
|   | (In lakhs of rupees) |         |         |   |
| 7. Minor Irrigation                                 | 28.26                | 16.86   | 29.68   | (+) 12.82   |
| 8. Animal Husbandry                                 | 56.39                | 55.72   | 58.02   | (+) 2.30  |
| 9. Forestry and Wildlife                            | 1411.12              | 1565.84 | 1899.80 | (+)333.95   |
| 10. Other Rural Development Programmes              | 1.61                 | 3.35    | 3.09    | (-) 0.26  |
| 11. Non-Ferrous Mining and Metallurgical Industries | 35.78                | 65.13   | 74.75   | (+) 9.62  |
| 12. Village and Small Industries                    | 22.82                | 29.06   | 32.06   | (+) 3.00  |
| 13. Power   | 152.67               | 191.60  | 196.92  | (+) 5.32  |
| 14. Road Transport                                  | 128.15               | 225.40  | 189.39  | (-) 36.01   |
| 15. Others  | 73.85                | 102.87  | 131.47  | (+) 28.60   |
| Total :   | 2527.74              | 2874.56 | 3572.90 | (+)698.34   |

## Forest / Finance Departments

## 6.4 Outstanding inspection report

Audit observations on incorrect assessments, under assessments, non-levy and short levy of taxes, duties, fees and other revenue receipts etc. and defects in initial accounts noticed during local audit and not settled on the spot, are communicated to the departmental authorities, heads of department and also to Government, where necessary, through audit inspection reports with the request to furnish replies thereto within a month of their receipts. In addition, statements showing details of objections remaining outstanding for more than six months are sent to the Departments and Government in July each year for expediting their settlement.

(a) Inspection Reports and audit objections issued up to December 1989 which were pending settlement by the Departments as on 30th June 1990 alongside corresponding figures for the earlier two years are given below :-

| Year | Number of outstanding |                     | Amount<br>(In lakhs<br>of rupees) |
|------|-----------------------|---------------------|-----------------------------------|
|      | Inspection<br>reports | Audit<br>objections |                                   |
| 1987 | 76                    | 303                 | 697.81                            |
| 1988 | 85                    | 345                 | 801.52                            |
| 1989 | 109                   | 428                 | 1005.07                           |

(i) Revenue-headwise analysis of outstanding inspection reports, number of audit objections and the money value involved as at the end of June 1990 is given below :-

| Revenue<br>Head   | Number<br>of inspec-<br>tion reports | Outstanding<br>Audit<br>objections | Money<br>value<br>(In lakhs<br>of rupees) |
|-------------------|--------------------------------------|------------------------------------|---|
| Forest            | 94                                   | 397                                | 992.39                                    |
| Taxes on vehicles | 4                                    | 6                                  | 4.71                                      |
| State Excise      | 11                                   | 25                                 | 7.97                                      |
| Total :           | 109                                  | 428                                | 1005.07                                   |

(ii) Year-wise analysis of the outstanding inspection reports, audit objections and the money value involved is also given below :-

| year                | Number of<br>Inspection<br>Reports | Outstanding<br>Audit<br>Objections | Money value<br>(In lakhs<br>of rupees) |
|---------------------|------------------------------------|------------------------------------|--|
| Prior to<br>1985-86 | 27                                 | 99                                 | 53.55                                  |
| 1985-86             | 14                                 | 60                                 | 212.71                                 |
| 1986-87             | 15                                 | 66                                 | 279.87                                 |
| 1987-88             | 20                                 | 78                                 | 151.68                                 |
| 1988-89             | 9                                  | 42                                 | 103.71                                 |
| 1989-90             | 24                                 | 83                                 | 203.55                                 |
| Total :             | 109                                | 428                                | 1005.07                                |

(b) Out of 109 inspection reports (issued up to 31st December 1989), which were pending settlement as on 30th June 1990, even first replies had not been received as of April 1991 in respect of 3 inspection reports containing 5 audit objections as detailed below :-

| Revenue<br>head | Number of<br>Inspection<br>reports | Number of<br>audit<br>objections | Money value<br>(In lakhs<br>of rupees) |
|-----------------|------------------------------------|----------------------------------|--|
| Forest          | 3                                  | 5                                | 3.28                                   |

The above position was also brought to the notice of the Chief Secretary to the Government (April 1991).



## B - Forest Department

### 6.5 Free-grant timber issued to the local people

#### 6.5.1 Introductory

Keeping in view the need for proper utilisation of forest produce and the dependence of the local population on forest produces for their economic well-being, the people living in some parts of NEFA (now Arunachal Pradesh) are being allowed to extract trees for building their houses and for domestic use, by way of a special concession, without payment of royalty. This has been so even from the colonial days. This is subject to the condition that the forest produce so extracted shall not be transferred by sale, barter or gift. The Government by a notification issued in July 1968 extended the above concession to the entire population living in the State, prescribing, however, that such free grant of timber would be up to a maximum of 5 trees in each case. Thereafter, the prescribed limit of 5 trees in each case was restricted to the minimum requirement for construction of a dwelling house or to a maximum limit of 300 cft. (8.495 cu.m) whichever was less, by a subsequent notification issued by the Government in June 1972.

The following terms and conditions are in force for grant of free timber permits :

- (i) The grantee is required to submit an application through the Deputy Commissioner (DC)/Additional Deputy Commissioner (ADC)/ Extra Assistant Commissioner (EAC) who is required to forward the same to the Divisional Forest Officer (DFO) concerned, certifying that the applicant is a bonafide citizen of the area and is in possession of the land allotment certificate, and actually is in need of timber for construction of dwelling house.

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All abbreviations used in this review are listed alphabetically and expanded in the Glossary at Appendix IV (Page130-131).

(ii) The grantee has to furnish an undertaking that the timber would be utilised for the purpose for which it was applied for, and that it will not be sold, bartered or given as gift.

(iii) According to Government's instruction (July 1981), the concerned Range Officer is required to inspect the site at the end of six months from the date of issue of permit and submit a report of utilisation of timber issued to the grantee.

(iv) The concession of free grant of timber is admissible only once during the lifetime of the grantee.

(v) No joint application is to be entertained.

(vi) Free allotments of timber to religious/cultural institutions is to be allowed after approval of Government.

### 6.5.2 Organisational set-up

The general direction and control of the scheme is vested in the Principal Chief Conservator of Forests (PCCF) who is also the *ex-officio* Secretary to the Government of Arunachal Pradesh, Forest Department. For administrative purposes, the State is divided into 3 functional Circles, each headed by the Conservator of Forests (C.F.). The Divisional Forest Officers (DFOs) are responsible for implementation of the scheme through the concerned Range Officers, who supply the timber to eligible persons with the help of Foresters and Forest Guards.

### 6.5.3 Scopoe of audit

The performance of 14 out of 17 Forest Divisions (Deomali, Along, Seppa, Khellong, Banderdewa, Lohit, Namsai, Khonsa, Nampong, Dibang, Shergaon, Bomdila, Pasighat and Daporijo), where the scheme for issue of free-grant timber permits to the local people for construction of dwelling houses is in operation, was reviewed by Audit during July-September 1990. The test-check of records covered the period from 1985-86 to 1989-90.



#### 6.5.4 Highlights

Non-fixation of annual ceilings for issue of free grant timber permits resulted in issue of unlimited permits. The value of timber issued during the five year period from 1985-86 to 1989-90 amounted to Rs. 44.61 lakhs.

(Parargaph 6.5.5)

- The revenue forgone on account of the value of free grant of timber was not reflected in the Government accounts.

(Paragraph 6.5.6)

- Issue of permits for extraction of soft wood in contravention of Government policy resulted in loss of revenue amounting to Rs. 0.87 lakh in the form of royalty and monopoly fee.

(Paragraph 6.5.7)

- In the absence of adequate inspections of construction of houses by beneficiaries, by the Range Officer, the possibility of the free-grant timber having been sold/bartered cannot be ruled out.

(Paragraph 6.5.8)

- Revenue forgone due to irregular issue of free-grant timber permits worked out to Rs. 1.24 lakhs in 21 cases.

(Paragraph 6.5.9)

- Non-maintenance/defective maintenance of records resulted in non-assessment of revenue forgone by Government by issue of free-grant timber permits.

(Paragraph 6.5.10)

- No system of monitoring and evaluating the performance of the programme had been formulated.

(Paragraph 6.5.11)

Some of the important points noticed during the reviews are discussed in the succeeding paragraphs.



### 6.5.5 Targets and achievements

Free grant of timber is a privilege and concession given to the local people for construction of their dwelling houses. However, for the purpose of ensuring proper utilisation of forest resources and for the scientific management and preservation of forests, it was only logical that the Department should have assessed the total forest wealth, and fixed ceiling within which such permits could be issued every year, so as to regulate the depletion of forests by such free issues. It was also necessary to compute the extent of monetary value granted to the local people by way of royalty forgone under the scheme every year. But the Department did not evolve any system of conducting surveys for fixing district or Statewise annual ceilings specifying the maximum number of trees to be cut or the number of beneficiaries to whom free grant of timber could be made in a particular year. In the absence of such a system, there was no control over the number of free-grant timber permits issued, which could result in uncontrolled depletion of the scarce timber resources of the State. It was noticed (July - September 1990) in audit that during the period from 1985-86 to 1989-90, 1266 such licences were issued, and computed on the basis of the maximum permissible issue per person, the total quantity of free supply of timber works out to 10201.850 cu.m valued at Rs. 44.61 lakhs.

### 6.5.6 Revenue forgone under the scheme not reflected in Annual Budget

Year-wise break-up of the amount forgone by the Government in the course of implementation of the scheme during the period from 1985-86 to 1989-90 in respect of 14 Forest Divisions is given below :-

| Year    | Number of grantees to whom free-grant timber permits were issued in 14 Divisions | Volume of timber issued as free grant<br>(Cu.m) | Value of timber issued as free grant<br>(In lakhs of rupees) |
|---------|--|---|--|
| 1985-86 | 166  | 1397.505  | 5.30   |
| 1986-87 | 152  | 1271.492  | 3.90   |

| Year    | Number of grantee to whom free-grant timber permits were issued in 14 Divisions | Volume of timber issued as free grant (Cu.m) | Value of timber issued as free grant (In lakhs of rupees) |
|---------|---|--|---|
| 1987-88 | 239   | 1930.979                                     | 9.39  |
| 1988-89 | 415   | 3261.988                                     | 14.65   |
| 1989-90 | 294   | 2339.886                                     | 11.37   |
|         | 1266  | 10201.850                                    | 44.61   |

However, the revenue forgone on account of the value of timber supplied free under the scheme, was never reflected in the budget estimates of the Department, and hence did not have legislative sanction.

#### 6.5.7 Extraction of soft wood in contravention of the Government policy

In connection with free grant of timber to the local people for construction of their dwelling houses, Government instructed (June 1981) that only durable hardwood species, and not plywood or soft wood, be issued in so far as the latter species could be utilised for production of veneer in the commercial sector. Hence, the Divisional Forest Officers (DFO) were asked by the Principal Chief Conservator of Forest (P.C.C.F) (August 1984) not to mark any soft wood species for issue to the free-grant permit holders.

It was noticed in audit (July-September 1990) that in contravention of the above instructions, in respect of 7 Forest Divisions (Deomali, Namsai, Banderdewa, Khellong, Khonsa and Pasighat) test-checked, free-grant timber permits were issued for extraction of 278.073 cu.m of soft wood species during the period from 1985-86 to 1989-90. Neither any utilisation certificates were submitted by the grantees, nor was any report of inspection submitted by the Range Officer about actual utilisation as required by rules. It may be noted here that a number of people of the locality practice Jhum cultivation and keep shifting from place to place.



The amount of revenue forgone by way of issue of soft wood instead of hard wood amounted to Rs. 0.87 lakh in the form of royalty and monopoly fee, in respect of 278.073 cubic metres of timbers mentioned above.

#### **6.5.8 Non -submission of utilisation certificates**

According to Government instructions (July 1981), the grantees while availing the permits are required to give undertakings that the timber would be utilised only for construction of their dwelling houses and that it will not be sold or bartered or given away as gift. The concerned Range Officer is to inspect the site of construction at the end of six months from the date of issue of the permits and submit his report of utilisation to the concerned Deputy Commissioner and Divisional Forest Officer.

It was noticed in audit (July-September 1990) that out of 1,266 cases of free-grant timber permits issued during 1985-86 to 1989-90, reports of utilisation were not submitted by the Range Officers in respect of 894 cases involving 7,594.516 cubic metres of timber valued at Rs. 38.25 lakhs. In the absence of inspection reports from the Range Officers, it could not be ensured that the free-grant timber was not sold or bartered by the allottees in contravention of the terms and conditions of the scheme. As mentioned in Para 6.5.7 above, a large number of the local population in practice Jhum cultivation and shift from place to place after short periods, and hence the essentiality of inspection and utilisation reports can not be overstressed.

#### **6.5.9 Revenue forgone due to irregular issue of free grant timber permits**

Under the scheme there is no provision for issue of free-grant timber permits for construction, re-construction or repairing of business premises/shops or establishments used for commercial purpose.



(a) In Banderdewa Forest Division, it was noticed in audit that the D.F.O. had issued free-grant timber permits to 7 persons for 300 cft. (valued at Rs. 33,000) each during December 1987 to February 1990, for construction of business establishments, in contravention of Government instructions. The irregular issue of the permits resulted in loss of Government revenue amounting to Rs. 33,000.

(b) In another case, the D.F.O., Lohit Forest Division issued (March 1988 to March 1989) free-grant timber permits to 14 persons of Tezu Bazar, for extraction of 117.532 Cu.m of timber, for reconstruction of their bazar shops which were damaged by fire in December 1987 and February 1988. The permits were issued in contravention of the policy of Government and resulted in loss of revenue amounting to Rs. 0.91 lakh.

#### **6.5.10 Non-maintenance/defective maintenance of the records and non-assessment of revenue forgone**

Under the Arunachal Pradesh Forest Manual, a register is required to be maintained in the prescribed form to enter details of the free-grant timber permits issued. It was noticed during audit (July-September 1990) that 3 Divisions (Deomali, Namsai and Jairampur) did not maintain the requisite register, and the maintenance of the register by 4 other Divisions (Banderdewa, Khellong, Khonsa and Pasighat) was found to be defective in as much as the species and the volume of timber issued and royalty and monopoly fee involved were not recorded therein. Further, the excess issue of timber over 300 cft. on payment of royalty and monopoly fee was also not found recorded in the 'remarks' column. The extent of actual revenue which the Government had to forgo on account of issue of free-grant timber permits was not also assessed and recorded in the registers. In the absence of proper maintenance of records, the revenue forgone could not be ascertained by audit.

### **6.5.11 Monitoring and Evaluation**

The Government did not formulate any procedure for monitoring and evaluating the implementations of the programme. The Department was also not directed to assess the actual revenue forgone on account of such free-grant of timber to the allottees every year. The Department had not prescribed any internal system for getting periodical reports of free issue of timber. In the absence of monitoring, the value (year-wise) of timber issued through permits in the past along with the amount of royalty and monopoly fee involved could not be ascertained from the records maintained by the Department. Further, in the absence of judicious monitoring, proper utilisation of the free timber could not be ensured as pointed out in para 6.5.8 above.

The findings of Audit were reported to the Department/Government in November 1990 ; their replies have not been received (April 1991).

### **6.6 Loss of revenue due to non-fulfilment of agreement**

Under the terms of an agreement entered into by the Forest Department (15th April 1988) with a saw mill, the latter was to fell all the marked trees within the time allotted by the Forest Officer and to extract timber of an estimated quantity of 1698.995 cu.m annually. Failing this, the mill was to pay a penalty equal to the royalty due on the estimated volume of each unfelled tree. For the purpose of estimation of volume of unfelled trees, the local volume table was to be used as the basis for conversion.

In Hapoli Forest Division, it was noticed (October-November 1989) in audit that out of 945.003 cu.m of timber marked between April and October 1988 against the annual quota of 1,698.995 cu.m, the mill did not fell 463.812 cu.m. of timber during the year up to April 1989, the reasons for which were not on record. The Department did not levy any penalty for the omission of the mill as stipulated in the agreement, which resulted in loss of revenue of Rs. 1.54 lakhs, calculated at the schedule of rates effective from 1st January 1987.



The matter was reported to the Government/Department (March 1990) ; their reply has not been received (April 1991).

**C—Public works Department/Forest Department**

**6.7 Non-recovery/short recovery of forest royalty**

Removal of forest produce from any forest owned by the Government must be covered by a transit pass, as a testimony of the fact that it has been legally extracted and that royalty has been paid thereon prior to the removal.

(a) In the Public Works Division, Roing, forest royalty of Rs. 0.67 lakh was recovered (between March and August 1985) from 77 bills (35 contractors for non-production of forest royalty clearance certificates) and remitted (December 1985) to the Divisional Forest Officer, Roing. The Divisional Forest Officer assessed the forest royalty recoverable from the contractors' bills at Rs. 1.47 lakhs as against Rs. 0.67 lakh actually recovered, and instructed (April 1986) the Executive Engineer, Public Works Division, Roing, to recover the balance amount of Rs. 0.80 lakh. No action was, however, taken by the Division to realise the amount (March 1990).

(b) In another case, in the Public Works Division, Roing, 40 work orders for execution of 10 works were issued (between March 1988 and July 1989) specifying therein that forest royalty would be recovered from the contractor's bills unless they were supported by forest royalty clearance certificates.

It was noticed in audit (March 1990) that the contractors' bills were paid by the Division (between November 1988 and November 1989) without deducting forest royalty though they were not supported by forest royalty clearance certificates. Non-recovery of forest royalty on 8,404 cu.m of boulders/gravels/shingles at the rate of Rs. 15.52 per cu.m, and 879 cu.m of sand at the rate of Rs. 8.62 per cu.m resulted in loss of revenue amounting to Rs. 1.38 lakhs. No action was, however, taken by the Division to recover the amount. Reasons for non-realisation of forest royalty were not on record (March 1990).

The matter was reported to the Government (July 1990) ; their reply has not been received (April 1991).



## CHAPTER VII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### 7.1 General

This chapter deals with the results of audit of Government companies and Departmentally-managed Government commercial and *quasi* commercial undertakings.

Paragraphs 7.2 gives a general view of the Government companies ; paragraph 7.3 deals with departmentally-managed Government commercial and *quasi* commercial undertakings ; and paragraph 7.4 deals with "Miscellaneous topics of interest".

#### 7.2 Government companies - General view

7.2.1 As on 31st March 1990, there were three Government companies (including one subsidiary) in the State, *viz*, Arunachal Pradesh Forest Corporation Limited, Arunachal Pradesh Industrial Development and Financial Corporation Limited and Nocte Timber Company Limited (a subsidiary of Arunachal Pradesh Forest Corporation Limited).

7.2.2 Appendix II gives the particulars of paid-up capital, outstanding loans, amount of guarantee given by the State Government and amount outstanding thereagainst, up-to-date working results *etc.*, of these Government companies as at the end of 1989-90.

The position is summarised below :

- (a) The aggregate paid-up capital of these three companies as on 31st March 1990 stood at Rs. 5.21 crores.
- (b) The balance of long-term loans outstanding in respect of two companies as on 31st March 1990 was Rs. 493.92 lakhs (State Government : Rs. 321.41 lakhs and others : Rs. 172.51 lakhs), as against Rs. 517.65 lakhs as on 31st March 1989 (State Government : Rs. 321.41 lakhs and others : Rs. 196.24 lakhs).

(c) The state Government had guaranteed repayment of loans raised by one company and payment of interest thereon. The amounts guaranteed and outstanding thereagainst as on 31st March 1990 were Rs. 32.96 lakhs.

**7.2.3** A synoptic statement showing the financial results of all the three companies based on the latest available accounts is given in Appendix III.

None of the companies had finalised its accounts for the year 1989-90 as of November 1991.

The position of arrears in finalisation of accounts as of January 1991 is summarised below :

| Serial Number     | Name of the Company  | Extent of arrears  | No. of years involved | Investment by    |                  |         |
|-------------------|--|--------------------|-----------------------|------------------|------------------|---------|
|                   |  |                    |                       | Government       | Holding Company  |         |
|                   |  |                    |                       | Capi-Loan<br>tal | Capi-loan<br>tal |         |
| (Rupees in lakhs) |  |                    |                       |                  |                  |         |
| 1.                | Arunachal Pradesh Industrial Development and Financial Corporation Limited | 1980-81 to 1989-90 | 10                    | 92.50            | 321.41           | — —     |
| 2.                | Arunachal Pradesh Forest Corporation Limited                               | 1986-87 to 1989-90 | 4                     | 399.72           | —                | — —     |
| 3.                | Nocte Timber Company Limited (Subsidiary of company at serial number 2)    | 1987-88 to 1989-90 | 3                     | —                | —                | 14.45 — |



In the absence of finalisation of accounts, the productivity of investment of Rs. 813.63 lakhs (capital : Rs. 492.22 lakhs and loans Rs. 321.41 lakhs) by the State Government in these companies could not be conclusively vouchsafed.

The delay in finalisation of accounts was last brought to the notice of Government in October 1990.

### 7.3 Departmentally-managed Government commercial and quasi commercial undertakings

7.3.1 Though the State Transport Services and the 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 Government (September 1990).

7.3.2 The *pro forma* accounts of the State Transport Services have been prepared up to 1986-87, and according to the latest accounts, the accumulated losses since inception of the transport services from 1975 up to 1986-87 amounted to Rs. 2.32 crores.

The financial position of the State Transport Services for the last five years up to 1986-87 is summarised below :—

| 1. Liabilities                     | 1982-83           | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|------------------------------------|-------------------|---------|---------|---------|---------|
|                                    | (Rupees in lakhs) |         |         |         |         |
| (a) Government capital             | 186.07            | 224.07  | 258.27  | 352.89  | 458.48  |
| (b) Interest on Government capital | 12.16             | 16.13   | 20.28   | 25.94   | 38.46   |
|                                    | 198.23            | 240.34  | 278.55  | 378.83  | 496.94  |



## 2. Assets      1982-83 1983-84 1984-85 1985-86 1986-87

(Rupees in lakhs)

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| (a) Gross block                        | 155.31 | 170.14 | 180.01 | 253.49 | 340.31 |
| (b) Less Depreciation                  | 44.37  | 55.89  | 67.41  | 84.13  | 99.52  |
| (c) Net fixed assets                   | 110.94 | 114.25 | 112.60 | 169.36 | 240.79 |
| (d) Current Assets, Loans and Advances | 7.43   | 18.68  | 18.91  | 21.59  | 24.47  |
| (e) Accumulated losses                 | 79.86  | 107.41 | 147.04 | 187.88 | 231.68 |
|  | 198.23 | 240.34 | 278.55 | 378.83 | 496.94 |

The table below summarises the working results of the State Transport Services for the last five years up to 1986-87 :

| Particulars | 1982-83           | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|-------------|-------------------|---------|---------|---------|---------|
|             | (Rupees in lakhs) |         |         |         |         |
| Revenue     | 36.75             | 45.63   | 59.12   | 89.05   | 121.04  |
| Expenditure | 68.94             | 73.17   | 98.76   | 129.83  | 164.90  |
| Loss        | 32.19             | 27.54   | 39.64   | 40.78   | 43.86   |

Despite increase in revenue receipts in each of the three years up to 1986-87, the corresponding annual loss kept on increasing due to disproportionate increase in revenue expenditure during the years. The Management had not, however, identified the areas, where economics could be effected.

The statistical data relating to operational performance, viz, (i) fleet utilisation (ii) operational efficiency (iii) occupancy ratio (iv) average earnings (v) fuel consumption (vi) tyre performance, etc., were not compiled by the Management.

The **pro forma** accounts of the State Trading Scheme have been prepared only up to 1986-87 and as per the latest accounts, the accumulated losses since the inception of the scheme from 1955-56 up to 1986-87 amounted to Rs. 5.77 crores.

The working results of the State Trading Scheme for the five years up to 1986-87 are summarised below :

|                      | 1982-83             | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|----------------------|---------------------|---------|---------|---------|---------|
|                      | ( Rupees in lakhs ) |         |         |         |         |
| 1. Receipt :         |                     |         |         |         |         |
| (a) Sales            | 161.41              | 159.81  | 164.15  | 176.81  | 188.37  |
| (b) Closing stock    | 53.47               | 55.92   | 57.78   | 90.17   | 73.26   |
| (c) Prior Adjustment | —                   | —       | —       | 34.17   | —       |
| Total : 1            | 214.88              | 215.73  | 221.93  | 301.15  | 261.63  |
| 2. Expenditure :     |                     |         |         |         |         |
| (a) Opening stock    | 50.76               | 53.47   | 55.39   | 57.78   | 90.17   |

|   | 1982-83             | 1983-84  | 1984-85 | 1985-86 | 1986-87 |
|---|---------------------|----------|---------|---------|---------|
|   | ( Rupees in lakhs ) |          |         |         |         |
| (b) Adjustment on account of quantity of stock not taken into account during 1979-80, 1981-82 and 1983-84 | 1.88                | (-) 0.34 | 0.53    | —       | —       |
| (c) Purchases   | 112.76              | 119.11   | 138.60  | 182.36  | 122.21  |
| (d) Other expenses  | 66.56               | 59.75    | 86.37   | 109.56  | 130.51  |
| Total : 2 :   | 231.96              | 231.99   | 280.89  | 349.70  | 342.89  |
| 3. Net loss   | 17.08               | 16.26    | 58.96   | 48.55   | 81.26   |

The net loss of Rs. 81.26 lakhs during the year 1986-87 was overstated to the extent of Rs. 1.28 lakhs due to overstatement of expenditure on packing materials and railway freight charges by Rs. 1.49 lakhs and Rs. 0.90 lakh respectively and understatement of purchase by Rs. 1.11 lakhs.

With effect from 1st September 1975, the selling prices were being fixed by adding 30 *per cent* to the cost of procurement of each commodity to cover overhead charges. During the five years up to 1986-87, the actual overhead charges, however, worked out to a higher percentage, as shown below :—

|                                     | 1982-83             | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|-------------------------------------|---------------------|---------|---------|---------|---------|
|                                     | ( Rupees in lakhs ) |         |         |         |         |
| 1. Fixed overhead charges (actuals) | 35.71               | 35.84   | 51.66   | 67.82   | 73.56   |



|  | 1982-83             | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|--|---------------------|---------|---------|---------|---------|
|  | ( Rupees in lakhs ) |         |         |         |         |
| 2. Variable overhead charges (actuals)           | 23.67               | 16.20   | 23.90   | 26.95   | 31.48   |
| Total :  | 59.38               | 52.04   | 75.56   | 94.77   | 105.04  |
| 3. Cost of procurement                           | 112.76              | 119.11  | 138.60  | 149.97  | 139.12  |
| 4. Percentage of overhead to cost of procurement | 52.7                | 43.7    | 54.5    | 63.2    | 75.5    |

It was further noticed in Audit that the actual overheads recovered during 1982-83, 1983-84 and 1986-87 exceeded the notionally fixed overheads recovery, while the same fell short during 1984-85 and 1985-86. Further, the actual overhead expenses exceeded the actual overhead recovered during all the five years ending 1986-87. The details are as under :

|                             | 1982-83             | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|-----------------------------|---------------------|---------|---------|---------|---------|
|                             | ( Rupees in lakhs ) |         |         |         |         |
| Opening stock               | 52.64               | 53.13   | 55.92   | 57.78   | 90.17   |
| Add : Purchase              | 112.76              | 119.11  | 138.60  | 182.36  | 122.21  |
| Total :                     | 165.40              | 172.24  | 194.52  | 240.14  | 212.38  |
| Less : Closing stock        | 53.47               | 55.92   | 57.78   | 90.17   | 73.26   |
| Cost of sales               | 111.93              | 116.32  | 136.74  | 149.97  | 139.12  |
| Sales                       | 161.41              | 159.81  | 164.15  | 176.81  | 188.37  |
| Actual over-heads recovered | 49.48               | 43.49   | 27.41   | 26.84   | 49.25   |

|                             | 1982-83           | 1983-84 | 1984-85 | 1985-86 | 1986-87 |
|-----------------------------|-------------------|---------|---------|---------|---------|
|                             | (Rupees in lakhs) |         |         |         |         |
| Actual over-heads expenses  | 59.38             | 52.04   | 75.56   | 94.77   | 105.04  |
| Short recovery of overheads | 9.90              | 8.55    | 48.15   | 67.93   | 55.79   |

Thus, there was a short recovery of overheads to the tune of Rs. 190.32 lakhs during the five years ending 1986-87 attributable to the failure of the Management.

Due to under-recovery of notionally fixed overheads, the Department incurred an additional loss to the extent of Rs. 31.76 lakhs as under :

|  | 1984-85           | 1985-86 |
|--|-------------------|---------|
|  | (Rupees in lakhs) |         |
| Cost of sales  | 136.24            | 149.97  |
| Overheads required to be recovered at 30 per cent of cost of sales | 41.02             | 44.99   |
| Overheads recovered  | 27.41             | 26.84   |
|  | 13.61             | 18.15   |

The high incidence of overhead charges was attributed by the Department (September 1990) to high prices of packing materials, high cost of establishment, etc.

### Miscellaneous topics of interest

#### Supply and Transport Department

#### 7.4 State Transport Services

##### 7.4.1 Non-accountal of revenues

A test-check of records (March 1990) of the Assistant Station Superintendent, Ziro by Audit revealed the following irregularities :

(a) The station operated up-and-down services between Ziro and Daporijo. Under the existing procedure, wayside collections for the up-service (Ziro—Daporijo) and counter collections in respect of down-service were being remitted by the Station Superintendent, Daporijo to the Assistant Superintendent, Ziro through the conductors/drivers after obtaining their signatures on cash challans.



Cross-reference of the cash book with cash challans revealed that an amount of Rs. 0.37 lakh remitted on account of counter and wayside collections on 47 days between April and November 1989 was neither entered in the daily revenue collection register/cash book of the Assistant Superintendent nor was the amount deposited in the treasury.

(b) Shortage of cash of Rs. 0.07 lakh due to short account of daily collections in the cash book (Rs. 0.05 lakh) on 17 days between September 1989 and January 1990 and less carry-forward of opening balance (Rs. 0.02 lakh) on 3 occasions during July 1989 to November 1989 were also noticed.

The non-account of Government money amounting to Rs. 0.44 lakh was made possible *inter alia* due to irregular maintenance of the cash as detailed below :

(i) Cash balance was not physically verified and certificate of physical verification of cash was not recorded in the cash book.

(ii) Individual entries as well as cancelled/over written entries were not attested by the drawing and disbursing officer.

(iii) Imperfect reconciliation between cash book with remittance challans.

The matter was reported to the Department/Government (April 1990); their replies had not been received (April 1991).

#### 7.4.2 Avoidable expenditure of Rs. 3.52 lakhs

The Arunachal Pradesh State Transport Department invited quotations in July 1988 for fabrication of 21 aluminium bus bodies with different seating capacities. Out of 22 quotations received, 5 were not considered due to late receipt. The Department placed orders (November 1988) on a Calcutta based firm 'A', the 8th lowest tenderer, for construction of 19 bus



bodies viz., 62 seaters (5 Nos), 48 seaters (9 Nos) and 38 seaters (5 Nos) @ Rs. 1.68 lakhs, Rs. 1.57 lakhs and Rs. 1.43 lakhs each respectively excluding excise duty and sales tax. Lower rates offered by other firms were rejected either on the ground of inexperience, past performance and non-deposit of earnest money, etc.

It was noticed in audit (September 1989) that though the offer of Rs. 1.45 lakhs, Rs. 1.37 lakhs and Rs. 1.32 lakhs for the respective seating capacity buses made by a Ranchi based firm 'B' were lower than the offer of 'A', it was not considered due to non-furnishing of earnest money of Rs. 5000, even though the firm 'A' was registered as a small scale unit under the National Small Industries Corporation Limited (NSIC), (a Government of India Undertaking), Patna and was, therefore, exempted from furnishing earnest money. Further, the firm in its offer had agreed to deposit the required amount of earnest money in case it was not given the exemption as a NSIC unit. The firm had also submitted credentials of its workmanship and performance in regard to bus body-building from the Bihar State Transport Corporation. The reasons for not considering all these factors while evaluating the tenders were, however, not available on records.

Thus, non-acceptance of the lowest tendered rate had entailed the Department an avoidable extra expenditure of Rs. 3.52 lakhs towards fabrication of bus bodies.

The matter was reported to the Department/Government (January 1990); their replies had not been received (April 1991).

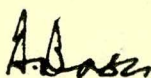
#### **7.4.3 Excess payment on price escalation—Rs. 1.90 lakhs**

The Arunachal Pradesh State Transport Department placed orders (November—December 1988) for construction of 21 aluminium bus bodies of different seating capacities on 3 Calcutta based firms (19 bodies in the case of one firm, and one body each in the other 2 cases). All the firms had claimed price escalation in terms of their offer towards aluminium consumed in the construction of bus bodies, as the

aluminium metal price had been increased by the Ministry of Steel and Mines.

It was seen in Audit (September 1989) that the increase in price of aluminium ingots, wire, rods, *etc.* was Rs. 4,440 per tonnes or Rs. 4.44 per kg. But the Department had paid (June 1989) price escalation at Rs. 11 per kg not based on any recorded justification. This resulted in excess payment of Rs. 1.90 lakhs for consumption of 28,950 kgs of aluminium in bus body-building as claimed by the firms.

The matter was reported to the Department/Government (January 1990); their replies had not been received (April 1991).

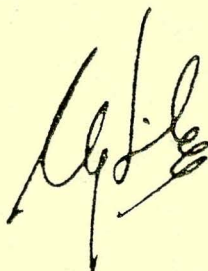


(SM. A. BASU)  
Accountant General (Audit)  
Assam, Meghalaya, Arunachal Pradesh  
and Mizoram

Shillong  
The

5 AUG 1992

Countersigned



NEW DELHI  
The

(C. G. SOMIAH)  
Comptroller and Auditor General of India

25 AUG 1992

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**A P P E N D I C E S**

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## A P P E N D I X—I

( Reference : Paragraph 2.2.3 - Page 30 )

## I. Excess over grants/appropriation requiring regularisation

## A. State of Arunachal Pradesh

| Sl. Number and name of No. grant/appropriation     | Total grant/ appropriation | Expenditure  | Excess       |
|--|----------------------------|--------------|--------------|
| ( in rupees )                                      |                            |              |              |
| <b>Revenue Section (Voted)</b>                     |                            |              |              |
| 1. 8-Police Department                             | 12,40,26,000               | 12,62,51,203 | 22,25,203    |
| 2. 10-Other General, Social and Community Services | 7,22,000                   | 35,25,214    | 28,03,214    |
| 3. 15-Medical Department                           | 13,01,68,000               | 14,06,06,128 | 1,04,38,128  |
| 4. 30-State Transport Department                   | 2,58,63,000                | 2,61,88,113  | 3,25,113     |
| 5. 31-Public Works Department                      | 45,93,87,000               | 48,94,82,144 | 3,00,95,144  |
| 6. 33-North Eastern Areas                          | 9,08,34,000                | 9,94,38,286  | 86,04,286    |
| 7. 34-Power Projects                               | 8,99,36,000                | 9,33,45,980  | 34,09,980    |
| 8. 43-Fisheries Department                         | 95,43,000                  | 95,76,703    | 33,703       |
| 9. 45-Central/Centrally Sponsored Scheme           | 15,72,28,000               | 17,16,41,780 | 1,44,13,780  |
| 10. 48-Horticulture Department                     | 1,89,49,000                | 1,91,24,650  | 1,75,650     |
| 11. 49-Village Defence Force                       | 10,000                     | 14,75,679    | 14,65,679    |
| <b>Capital Section (Voted)</b>                     |                            |              |              |
| 12. 32-Roads and Bridges                           | 42,58,87,000               | 42,71,54,232 | 12,67,232    |
| 13. 38-Irrigation and Flood Control project        | 58,00,000                  | 60,70,739    | 2,70,739     |
| 14. 40-Housing                                     | 7,30,50,000                | 7,35,69,553  | 5,19,553     |
| 15. 45-Central/Centrally Sponsored Scheme          | 6,00,000                   | 27,69,106    | 21,69,106    |
| Total (Voted) :                                    |                            |              | 7,82,16,510  |
| 16. Public Debt (Charged)                          | 26,64,34,000               | 36,30,92,001 | 9,66,58,001  |
| Total (Charged)                                    |                            |              | 9,66,58,001  |
| Grand Total :                                      |                            |              | 17,48,74,511 |

## APPENDIX

Statement showing particulars of paid-up capital, outstanding  
( Referred to in paragraph 7.2.2 ; page 113 )

| Sl. No. | Name of the Company  | Paid-up capital as at the end of current year (1989-90) |                    |                 |        |              | Loans outstanding at the close of the current year (1989-90) |
|---------|--|---|--------------------|-----------------|--------|--------------|--|
|         |  | State Government  | Central Government | Holding Company | Others | Total        |  |
| 1       | 2  | 3(a)  | 3(b)               | 3(c)            | 3(d)   | 3(e)         | 4  |
| 1.      | Arunachal Pradesh Forest Corporation Limited   | 399.72  | —                  | —               | —      | 399.72       | 32.96  |
| 2.      | Arunachal Pradesh Industrial Development and Financial Corporation Limited                   | 92.50   | —                  | —               | —      | 92.50<br>(A) | 460.96   |
| 3.      | Nocte Timber Company Limited<br>(Subsidiary of Arunachal Pradesh Forest Corporation Limited) | —   | —                  | 14.45           | 13.88  | 28.33        | —  |

(A) This includes Rs. 55.00 lakhs received from Government

(B) Transferred to General reserve.

## II

loans, working results, etc., of Government Companies

| Amount of guarantee given up to 1989-90 | Amount of guarantee outstanding at the end of 1989-90 | Position at the end of the years for which accounts were finalised |  |                                  |   |
|---|---|--|--|----------------------------------|---|
|   |   | Year for which accounts were finalised                             | Paid-up Capital at the end of the year | Accumulated Profit (+)/ Loss (-) | Any excess of accumulated loss over paid-up capital |
| 5(a)                                    | 5(b)  | 6(a)   | 6(b)                                   | 6(c)                             | 6(d)  |
| (Rupees in lakhs)                       |   |  |  |                                  |   |
| 32.96                                   | 32.96   | 1985-86  | 270.00                                 | (+) 11.17                        | —   |
| —                                       | —   | 1979-80  | 24.00                                  | (—) 0.02                         | —   |
| —                                       | —   | 1986-87  | 10.00                                  | (+) 175.32<br>(B)                | —   |

as advance against share capital awaiting allotment.



## APPENDIX

Summarised financial results of Government Companies for the  
(Referred to in paragraph

| Sl. No. | Name of the Company   | Name of the department | Date of incorporation | Period of accounts                 | Year in which finalised | Total Capital invested at the end of the year of account |
|---------|---|------------------------|-----------------------|------------------------------------|-------------------------|--|
| 1       | 2   | 3                      | 4                     | 5                                  | 6                       | 7  |
| 1.      | Arunachal Pradesh Forest Corporation Limited  | Forest                 | March 1977            | 1985-86<br>(Year ending September) | 1990-91                 | 292.19   |
| 2.      | Arunachal Pradesh Industrial Development and Financial Corporation Limited            | Industry               | August 1978           | 1979-80                            | 1988-89                 | 26.48  |
| 3.      | Nocte Timber Company Limited (Subsidiary of Arunachal Pradesh Forest Corporation Ltd. | Forest                 | February 1981         | 1986-87<br>(Year ending September) | 1988-89                 | 222.18   |

- NOTE : 1. Capital invested represents paid-up capital *plus* long  
2. Capital employed represents net fixed assets (excluding  
3. The company at Serial No. 3 was incorporated in a subsidiary in February 1981.

## III

year for which accounts were finalised

7.2.3 ; page 114 )

| Profit<br>(+)/<br>Loss<br>(-) | Total<br>inte-<br>rest<br>charged<br>to pro-<br>fit and<br>loss ac-<br>counts | Inte-<br>rest on<br>long<br>term<br>loan | Total<br>return<br>shown<br>on capi-<br>tal in-<br>vested<br>(8+10) | Capital<br>emplo-<br>yed | Total<br>return<br>on ca-<br>pital<br>emplo-<br>yed<br>(8+9) | Percent-<br>age of<br>total<br>return<br>on capi-<br>tal in-<br>vested | Percent-<br>age<br>of<br>total<br>return<br>on ca-<br>pital<br>emplo-<br>yed |
|-------------------------------|---|--|---|--------------------------|--|--|--|
| 8                             | 9   | 10                                       | 11  | 12                       | 13   | 14   | 15   |
| (Rupees in lakhs)             |   |  |   |                          |  |  |  |
| (-) 0.50                      | —   | —  | (-)0.50   | 278.33                   | (-)0.50  | —  | —  |
| (+) 0.01                      | —   | —  | 0.01  | 26.34                    | 0.01   | 0.04   | 0.04   |
| (+)39.48                      | —   | —  | 39.48   | 219.58                   | 39.48  | 17.77  | 17.99  |

term loan *plus* free reserves.

capital works-in-progress) *plus* working capital.

November 1962 as a Private Limited Company which became

## APPENDIX—IV

## GLOSSARY OF ABBREVIATIONS

|       |   |  |
|-------|---|--|
| ADC   | — | Additional Deputy Commissioner         |
| CCF   | — | Chief Conservator of Forests           |
| CEA   | — | Central Electricity Authority of India |
| CF    | — | Conservator of Forests                 |
| CI    | — | Cast Iron                              |
| Cu. m | — | Cubic metre                            |
| CWC   | — | Central Water Commission               |
| CWPC  | — | Central Water and Power Commission     |
| DAO   | — | District Agriculture Officer           |
| DC    | — | Deputy Commissioner                    |
| DFO   | — | Divisional Forest Officer              |
| EAC   | — | Extra Assistant Commissioner           |
| EE    | — | Executive Engineer                     |
| GI    | — | Galvanised Iron                        |
| Kg    | — | Kilogram                               |
| Km    | — | Kilometre                              |
| Kv    | — | Kilovolt                               |
| m     | — | metre                                  |



|       |   |   |
|-------|---|---|
| MBs   | — | Measurement Books   |
| mm    | — | milimetre   |
| NAFED | — | National Agriculture Co-operative Marketing Federation of India Limited |
| No.   | — | Number  |
| PCCF  | — | Principal Chief Conservator of Forests                                  |
| PW    | — | Public Works  |
| PWD   | — | Public Works Department   |
| RCC   | — | Re-inforced Cement Concrete   |
| RWD   | — | Rural Works Department  |
| SE    | — | Superintending Engineer   |
| Sqm.  | — | Square metre  |
| S.W.  | — | Stone Ware (Pipes)  |
| VLWs  | — | Village Level Workers   |

(C)

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