

**Report of the Comptroller and
Auditor General of India**

on

STATE FINANCES

**For the year ended 31 March 2011
(Report No. 1)**

GOVERNMENT OF ARUNACHAL PRADESH

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PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011.*
3. *Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.*
4. *Report containing the findings of Performance Audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Government Companies and the Report containing observations on Revenue Receipts are presented separately.*

EXECUTIVE SUMMARY

BACKGROUND

This Report on the Finances of the Government of Arunachal Pradesh is being brought out with a view to objectively assess the financial performance of the State during the year 2010-11. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both 'well performing' as well as 'ill performing' Schemes/ Programmes of the Government. To give a perspective to the analysis, an effort has been made to compare achievements with the targets envisaged by the State Government in the Budget Estimates of 2010-11 and projections made by the Twelfth/ Thirteenth Finance Commissions.

Based on the audited accounts of the Government of Arunachal Pradesh for the year ending March 2011, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

THE REPORT

Chapter I is based on the audit of Finance Accounts and makes an assessment of the fiscal position of the Government of Arunachal Pradesh as on 31 March 2011. It provides an insight into the trends in committed expenditure and borrowing patterns, besides a brief account of Central Funds transferred directly to State implementing agencies through the off-budget route.

Chapter II is based on audit of Appropriation Accounts and it gives a grant-by-grant description of appropriations and the manner in which allocated resources were managed by the service delivery Departments.

Chapter III is an inventory of the compliance to various reporting requirements and financial rules by the Government of Arunachal Pradesh.

AUDIT FINDINGS AND RECOMMENDATIONS

Return to Fiscal Correction

The fiscal position of the State during 2010-11 showed significant improvement over previous years, as the State not only maintained Revenue Surplus during the last five-year period ending 2010-11, but the Revenue Surplus also reached its peak during the current year. The fiscal deficit of the State, which was persistent during 2007-10, and the primary deficit of 2008-10, turned into fiscal surplus and primary surplus during 2010-11.

Revenue Receipts

Revenue receipts during 2010-11 grew by 26.25 *per cent* (₹ 1127.22 crore) over the previous year. Tax and Non-tax Revenue receipts exceeded the normative assessment made by the XIIIth Finance Commission by around 42 *per cent* and 166 *per cent* respectively. Central transfers, comprising of the State's share of Central taxes and Grants-in-aid from the Government of India, increased by

₹ 1066.18 crore in 2010-11 and contributed to about 95 per cent of the incremental Revenue receipts during the year. However, the State depends mostly on resources transferred by the Central Government. The State's own resources as a percentage of the total receipts declined from its peak (25 per cent) in 2007-08 to its lowest (14 per cent) in 2010-11. This indicates that Central transfers were the key to the increase in Revenue receipts of the State.

The State should make efforts to increase its own resources and maintain Revenue Surplus in the ensuing years.

Revenue and Total Expenditure

Revenue Expenditure of the State during 2010-11 increased by ₹ 48.65 crore over the previous year and constituted 69.34 per cent of the total expenditure during the year. Non-plan Revenue Expenditure (NPRE) during 2010-11, though marginally decreased by ₹ 27.34 crore as compared to the previous year, exceeded the normative assessment made by the XIIIth FC by around 63 per cent and also the State's projection made in the Budget by 25.17 per cent. Committed expenditure, viz., salaries, pensions, interest payments and subsidies, constituted about 59 per cent of the Revenue Expenditure during 2010-11.

The Government should initiate suitable measures to compress Non-plan Revenue Expenditure.

Capital and Development Expenditure

The State Government has given adequate thrust to Capital Expenditure in its budget for 2010-11, but failed to fulfill its commitment. Though Capital Expenditure during the current year increased over the previous year, this fell short of the Budget Estimates by about 12 per cent. Development Expenditure during 2010-11 was 9.02 per cent more than the previous year and also exceeded the assessment made in the Budget Estimates by 35.16 per cent. But only 38.59 per cent was utilised for Capital expenditure.

The Government should consider prioritising outlays in favour of Development Capital Expenditure.

Debt Sustainability

Prevalence of fiscal liabilities of the State over the period 2006-11, which stood at 41.98 per cent of the GSDP in 2010-11, appears to be quite high especially when compared with the target prescribed by the XIIIth FC, i.e., steady reduction in augmented Debt Stock of the States to less than 25 per cent of GDP by 2014-15. The negative resource gap during 2007-10 turned into a positive resource gap during 2010-11, indicating increasing capacity of the State to sustain debt in the medium to long run.

The State Government should endeavour to maintain a proper Debt-GSDP Ratio so that incremental non-debt receipts become adequate to cover the interest burden.

Funds transferred directly by GOI to State Implementing Agencies

Funds transferred directly to State Implementing Agencies via the off-budget route impacts fiscal responsibility and legislative requirements of transparency. In the process, there is no accountability. During the current year, the GOI transferred ₹ 1219.17 crore (approx.) directly to the State Implementing Agencies for implementation of various Schemes/Programmes without routing the amount through the State Budget.

It is imperative that a system be put in place to ensure proper accounting of these funds, and the updated information validated by both the State Government and the Accountant General.

Financial Management and Budgetary Control

During 2010-11, there was an overall savings of ₹ 2380.80 crore, which was the result of savings of ₹ 2538.44 crore offset by excess of ₹ 157.64 crore. The excess of ₹ 157.64 crore required regularisation as per Article 205 of the Constitution of India. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. In many cases, anticipated savings were not surrendered and reconciliation of expenditure figures was not done by Controlling Officers.

Budgetary Controls should be strictly observed to avoid deficiencies in Financial Management.

Financial Reporting

Compliance to rules, procedures and directives by State Government was unsatisfactory, as evident from the delay in furnishing Utilisation Certificates for grants given by Government Departments. Delays also figured in submission of Annual Accounts by some Autonomous Bodies. There were also instances of losses and misappropriations.

Internal Control in all the Departments/Organisations should be strengthened to prevent the above deficiencies.

CHAPTER - I

Finances of the State Government

Profile of Arunachal Pradesh

Arunachal Pradesh, a Special Category State¹, is situated in the North-Eastern region, with a geographical area of about 83,743 sq km. It has a long international border with Bhutan in the west (160 km), China in the north and north-east (1080 km) and Myanmar in the east (440 km). It also shares common boundaries with Assam and Nagaland. Arunachal Pradesh provides shelter to 0.11 *per cent* population of the country. According to the Census of India, 2011 (provisional data), the population of the State stands at 13,82,611 (Male:7,20,232; Female: 6,62,379) and the density of population of the State is 17 persons per sq km. Gross Domestic Product of the State during 2010-11 was ₹ 8233.06 crore (Base Year 2004-05). The estimated per capita GSDP of the State stood at ₹ 59,547 during 2010-11.

As per Gross State Domestic Product (GSDP)² series (Base Year 2004-05), there was a fluctuating trend in the growth rate of GSDP. While the growth of GSDP during 2006-07 was 9.37 *per cent*, and reached its peak in 2009-10 (24.13 *per cent*), it declined to 16.62 *per cent* in 2010-11. The average Compound Annual Growth Rate (CAGR) in respect of GSDP for Arunachal Pradesh between 2004-05 and 2010-11 was 15.39 *per cent*.

The State depends mostly on resources transferred by the Central Government as the State's own resources during 2006-11 contributed only about 14 to 25 *per cent* of the total revenue receipts. The outstanding fiscal liabilities of the State as percentage to GSDP indicated a decreasing trend during the period 2006-11. It declined from its peak of 57.79 *per cent* in 2006-07 to 41.98 *per cent* in 2010-11.

This Chapter provides a broad perspective of the finances of the Government of Arunachal Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The analysis has been made based on the State Finance Accounts and the information obtained from State Government. The structure of Government Accounts, lay-out of Finance Accounts, methodology adopted for assessment of the fiscal position and State Profile are shown in **Appendix 1.1**. **Appendix 1.2** of the Chapter briefly outlines the Fiscal Responsibility and Budget Management Act of the Government while **Appendix 1.3** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2006-11.

¹ The Fifth Finance Commission accorded (1969) special status to three states on the basis of harsh terrain, backwardness and social problems prevailing in these states. Thereafter, the number of such states has increased to 11, including Arunachal Pradesh.

² GSDP is defined as the total income of the State or the market value of goods and services using labour and all other factors of production.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2010-11) *vis-à-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1: Summary of Fiscal Transactions (Current Year)

(₹ in crore)

2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11		
Section – A : Revenue							
					Non-Plan	Plan	Total
4294.87	Revenue Receipts	5422.09	3695.59	Revenue Expenditure	2533.08	1211.16	3744.24
173.44	Tax Revenue	214.99	1161.03	General Services	1239.44	25.79	1265.23
511.25	Non-tax Revenue	530.14	1196.66	Social Services	631.02	363.26	994.28
475.40	Share of Union Taxes/Duties	720.18	1337.90	Economic Services	662.62	822.11	1484.73
3134.78	Grants-in-aid from Government of India	3956.78					
Section – B : Capital							
...	Miscellaneous Capital receipts		1030.31	Capital Outlay	17.17	1632.03	1649.20
202.70	Recoveries of Loans and Advances	2.41	205.46	Loans and Advances Disbursed	6.31	-	6.31
216.20	Public Debt Receipts ³	122.36	110.81	Repayment of Public Debt	-	86.50	86.50
...	Contingency Fund		.....	Contingency Fund			
4264.84	Public Account Receipts	3077.77	3660.68	Public Account Disbursements		-	2949.79
1334.62	Opening Balance	1610.39	1610.39	Closing Balance			1798.98
10313.24	Total	10235.02	10313.24	Total			10235.02

Following are the significant changes during 2010-11 over the previous year:

- **Revenue Receipts** increased by 26.25 *per cent* (₹ 1127.22 crore) over the previous year. The increase was contributed by Grants-in-aid of ₹ 822 crore (26.22 *per cent*) from the Government of India (GOI), State's share of Union Taxes and Duties of ₹ 244.78 crore (51.49 *per cent*), Tax Revenue of ₹ 41.55 crore (23.96 *per cent*) and Non-tax Revenue of ₹ 18.89 crore (3.69 *per cent*).
- **Revenue Expenditure** increased by 1.32 *per cent* (₹ 48.65 crore) over the previous year. While ₹ 75.99 crore of the increase was under Plan heads, this was partly offset by decrease under Non-plan heads amounting to ₹ 27.34 crore.

³ Includes net Ways and Means Advances.

Capital Expenditure during the year increased by 60.07 *per cent* (₹ 618.89 crore) over the previous year.

- **Recovery and Disbursement of Loans and Advances** during the current year decreased by ₹200.29 crore and ₹ 199.15 crore respectively compared to the previous year. This was due to non-payment of any loan by the State Government to the Co-operative Apex Bank during 2010-11 against loans of ₹ 200 crore paid and recovered during the previous year.
- **Public Debt Receipts** decreased by ₹ 93.84 crore over the previous year mainly due to decrease in receipts under Internal Debt (₹ 94.21 crore). Repayment of Public Debt also decreased by ₹ 24.31 crore over the previous year.
- **Public Account Receipts and Disbursements** decreased by ₹ 1187.07 crore and ₹ 710.89 crore respectively over the previous year.
- The total inflow during 2010-11 was ₹ 8624.63 crore against ₹ 8978.62 crore in 2009-10, while the total outflow during 2010-11 was ₹ 8436.04 crore against ₹ 8702.85 crore during the previous year, registering a decrease of 3.94 *per cent* and 3.07 *per cent* respectively leading to *increase in the cash balances of the State by ₹188.59 crore (11.71 per cent) over the previous year.*

1.2 Arunachal Pradesh Fiscal Responsibility and Budget Management Act

In accordance with the Twelfth Finance Commission (XIIth FC), the Government of Arunachal Pradesh enacted the Arunachal Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2006 (**Appendix 1.2**). The State Government also developed its own Fiscal Correction Path detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the APFRBM Act. According to the recommendations of the Thirteenth Finance Commission (XIIIth FC), *the states should amend/enact FRBM Acts to build in the fiscal reform path worked out. State-specific grants recommended for a state should be released upon compliance.* However, the APFRBM Act was amended by the State Government only in December 2011, though it was deemed to have come into force with effect from 1st April 2010. The amended APFRBM Act {read with APFRBM (Amendment) Ordinance, 2012} *inter alia* substituted Sub-section (3) of Section 4 of the APFRBM Act, 2006 and inserted a new Clause (g) under Section 4 as follows:

- (a) Maintain the level of revenue surplus in all the years beginning from the initial financial year on the 1st day of April 2010 and ending 31st March 2015 {Clause (a) of Sub-section 3 - Section 4};
- (b) Maintain revenue surplus as a percentage of GSDP in each of the financial years beginning on the 1st day of April 2010 and ending on 31st March 2015 in a manner consistent with the goal set out in Clause (a) {Clause (b) of Sub-section 3 - Section 4};

- (c) Reduce fiscal deficit to not more than 3 *per cent* of estimated GSDP by the year 2011-12 and to maintain the same in the subsequent years during 2012-13 to 2014-15 {Clause (c) of Sub-section 3 - Section 4};
- (d) Maintain the outstanding debt not to be more than 61.3 *per cent* of GSDP during 2010-11, 58.2 *per cent* of GSDP during 2011-12, 55.2 *per cent* of GSDP during 2012-13, 52.5 *per cent* of GSDP during 2013-14 and 50.1 *per cent* of GSDP during 2014-15 {Clause (d) of Sub-section 3 - Section 4};
- (e) Set up by the Government an independent review or monitoring system, so as to ensure compliance of the provisions of this Act {Clause (d) of Sub-section 3 – Section 4}
- (f) Government shall notify a Medium Term Fiscal Plan with three year rolling targets, giving details of all significant items of receipts-expenditure, along with underlying assumptions made for projection purposes {Clause (g) of Section 4}.

1.3 Growth and Composition of GSDP

Gross State Domestic Product, a major fiscal indicator is considered to be a key factor for assessing the performance of the State's economy. It is prepared based on an income generating approach that measures gross income generated by factors of production physically located within the geographical boundaries of the State and also represents the volume of goods and services produced within the State. As per New GSDP series furnished (December 2011) by the Directorate of Economics and Statistics, the Government of Arunachal Pradesh (GoAP), the quick estimated GSDP for the State of Arunachal Pradesh was ₹ 8233.06 crore during 2010-11, which was arrived at on the basis of current prices, taking into account 2004-05 as base year. The table below shows the trend of growth of GSDP for the last five years.

Table 1.2 : Trends in Gross State Domestic Product

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Gross State Domestic Product ⁴ (₹ in crore)	4102.93	4806.91	5687.62	7059.83	8233.06
Growth rate of GSDP	9.37	17.16	18.32	24.13	16.62

The GSDP at current prices increased from ₹ 7059.83 crore in 2009-10 to ₹ 8233.06 crore in 2010-11, representing an increase of 16.62 *per cent*. The increase in the growth of GSDP during 2010-11 over that of previous year was mainly due to increase of 39.18 *per cent* under Secondary Sectors like Transport, Storage, Communications, Trade, Hotels, *etc.*; followed by 33.38 *per cent* under Industries. The growth of GSDP during 2010-11 also exceeded the projection made by the XIIIth FC (10.71 *per cent*). The average compound annual growth rate in respect of GSDP for Arunachal Pradesh between 2004-05 and 2010-11 was 15.39 *per cent*.

⁴ 2006-07 to 2008-09 - Revised Estimate; 2009-10 - Provisional Estimate; and 2010-11- Quick Estimate

1.4 Budget Analysis

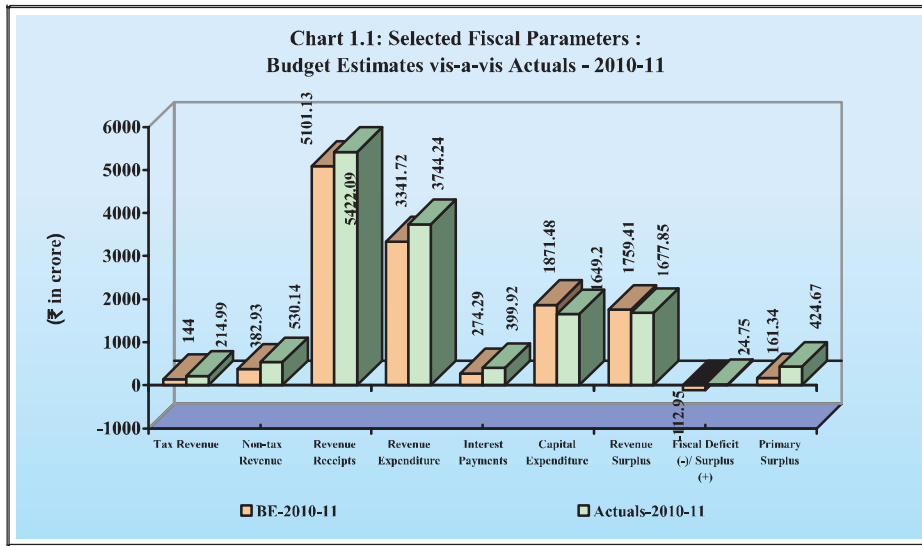
The budget documents presented by the State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Several reasons may account for the deviation of the actual realisation from the Budget Estimates. It may be because of unanticipated and unforeseen events or under or over-estimation of expenditure or revenue at the budget stage, *etc.* Actual realisation of revenue and its disbursement, however, depends on various factors, some internal and others external. **Table 1.3** presents the consolidated picture of State finances during 2009-10 (actuals) and 2010-11 (Budget Estimates, Revised Estimates and actuals) and **Chart 1.1** presents the Budget Estimates and actuals for some important fiscal parameters for 2010-11.

Table 1.3 : Variation in major items – actuals of 2010-11 over 2009-10 and Budget Estimates/Revised Estimates with actuals of 2010-11

(₹ in crore)

Parameters	2009-10	2010-11			Percentage of Excess (+)/ Shortfall (-) with reference to		
	Actuals	Budget Estimates (BE) ⁵	Revised Estimates (RE) ⁵	Actuals	Actuals of 2009-10	BE	RE
Tax Revenue	173.44	144.00	199.56	214.99	+ 23.96	+ 49.30	+ 7.73
Non-Tax Revenue	511.25	382.93	496.21	530.14	+ 3.69	+ 38.44	+ 6.84
Revenue Receipts	4294.87	5101.13	6716.93	5422.09	+ 26.25	+ 6.29	- 19.28
Non-debt Capital Receipts	202.70	2.72	3.00	2.41	- 98.81	- 11.40	- 19.67
Revenue Expenditure	3695.59	3341.72	3792.15	3744.24	+ 1.32	+ 12.05	- 1.26
Interest Payments	226.98	274.29	252.40	399.92	+ 76.19	+ 45.80	+ 58.45
Capital Expenditure	1030.31	1871.48	3045.32	1649.20	+ 60.07	- 11.88	- 45.84
Disbursement of Loans and Advances	205.46	3.60	6.10	6.31	- 96.93	+ 75.28	+ 3.44
Revenue Surplus	+ 599.28	+ 1759.41	+ 2924.78	+ 1677.85	+ 179.98	- 4.64	- 42.63
Fiscal Deficit (-)/Surplus (+)	- 433.79	- 112.95	- 123.64	+ 24.75	+ 105.71	+ 121.91	+ 120.02
Primary Deficit (-)/Surplus (+)	- 206.81	+ 161.34	+ 128.76	+ 424.67	+ 305.34	+ 163.21	+ 229.82

⁵ Net estimates



- During 2010-11, both the actual **Revenue Receipts** and **Revenue Expenditure**, as compared with the Budget Estimates, exceeded by 6.29 per cent and 12.05 per cent respectively and fell short of the Revised Estimates by 19.28 per cent and 1.26 per cent respectively.
- The **Capital Expenditure**, vis-à-vis Budget Estimates, was less by 11.88 per cent (₹ 222.28 crore). Compared to the previous year, the Capital Expenditure of the State increased by ₹ 618.89 crore, which was mainly due to increase of ₹ 256.08 crore (166.72 per cent) under Social Services and ₹ 336.12 crore (41.28 per cent) under Economic Services.
- The **Revenue Surplus** (₹ 1677.85 crore) during the year was less by 4.64 per cent (₹ 81.56 crore) and 42.63 per cent (₹ 1246.63 crore) compared to the assessment made in the Budget Estimates and Revised Estimates respectively. Against the fiscal deficit of ₹ 112.95 crore and ₹ 123.64 crore, as assessed in the Budget and Revised Estimates, the year ended with a fiscal surplus of ₹ 24.75 crore. Actual primary surplus also exceeded the Budget and Revised Estimates by 163.21 per cent and 229.82 per cent. The wide variation between the Budget Estimates and the actuals indicated that the budgeting was unrealistic.

1.5 Resources of the State

1.5.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenues, Non-tax Revenues, State's share of Union Taxes and Duties and Grants-in-aid from the Government of India (GOI). Capital Receipts comprise of miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from the GOI and accruals

from Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2 and Table 1.4** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.

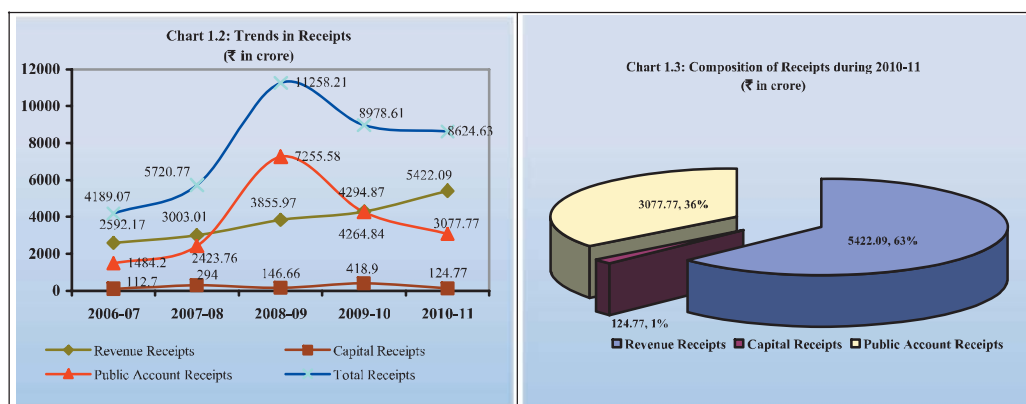


Table 1.4 : Trends in Growth and Composition of Receipts

(₹ in crore/rate of growth in per cent)

Sl. No.	Sources of State's Receipts	2006-07	2007-08	2008-09	2009-10	2010-11
I	Revenue Receipts	2592.17	3003.01	3855.97	4294.87	5422.09
	Capital Receipts (CR)	112.70	294.00	146.66	418.90	124.77
	Miscellaneous Capital Receipts	-	-	-	-	-
	Recovery of Loans and Advances	2.33	2.94	2.78	202.70	2.41
	Public Debt Receipts	110.37	291.06	143.88	216.20	122.36
II	<i>Rate of growth of Non-debt Capital Receipts</i>	- 17.38	26.18	5.44	7191.37	- 98.81
	<i>Rate of growth of Debt Capital Receipts</i>	- 84.54	163.71	- 50.57	50.26	- 43.40
	<i>Rate of growth of GSDP</i>	9.37	17.16	18.32	24.13	16.62
	<i>Rate of growth of CR</i>	- 84.28	160.87	- 50.12	185.63	- 70.21
III	Contingency Fund	-	-	-	-	-
	Public Account Receipts	1484.20	2423.76	7255.58	4264.84	3077.77
	Small Savings, Provident Fund, etc.	132.77	122.21	157.21	220.14	183.41
	Reserve Funds	10.00	10.00	14.00	15.00	17.00
	Deposits and Advances	230.32	250.28	533.44	540.38	650.90
	Suspense and Miscellaneous	- 236.81	442.90	3892.93	649.59	- 219.28
	Remittances	1347.92	1598.37	2658.00	2839.74	2445.74
	Total Receipts	4189.07	5720.77	11258.21	8978.61	8624.63

The **Total Receipts** during the current year decreased by ₹ 353.98 crore (3.94 per cent) over the previous year. Of the decrease in total receipts, Capital Receipts formed 70.21 per cent (₹ 294.13 crore) followed by Public Account Receipts at 27.83 per cent (₹ 1187.07 crore) and partly offset by the increase in Revenue Receipts by 26.25 per cent (₹ 1127.22 crore). Out of the total receipts under Public Account, remittances constituted 79.46 per cent. While 94.17 per cent (₹ 2303.15 crore) of the remittances came from Public Works remittances, Cash remittances between Treasuries and currency chests (₹ 61.05 crore) and Forest remittances (₹ 63.64 crore) together constituted 5.10 per cent.

The **Total Receipts** of the State for 2010-11 was ₹ 8624.63 crore, of which ₹ 5422.09 crore (63 *per cent*) came from Revenue receipts and the remaining (37 *per cent*) from borrowings and Public Account. The total receipts of the State increased by 105.88 *per cent* from ₹ 4189.07 crore in 2006-07 to ₹ 8624.63 crore in 2010-11. The share of Revenue receipts in total receipts of the State increased by 1 *per cent* from 62 *per cent* in 2006-07 to 63 *per cent* in 2010-11. On the other hand, the Capital receipts together with Public Account receipts decreased by 15 *per cent* from 52 *per cent* in 2009-10 to 37 *per cent* of total receipts in 2010-11.

Revenue Receipts increased steadily by 109.17 *per cent* from ₹ 2592.17 crore in 2006-07 to ₹ 5422.09 crore in 2010-11, whereas the Debt Capital receipts which create future repayment obligation, increased by 10.86 *per cent* from ₹ 110.37 crore (2.63 *per cent* of total receipts) in 2006-07 to ₹ 122.36 crore (1.42 *per cent* of total receipts) in 2010-11. The Public Account receipts increased from ₹ 1484.20 crore (35.43 *per cent* of total receipts) in 2006-07 to ₹ 3077.77 crore (35.69 *per cent* of total receipts) in 2010-11.

The rate of growth of Capital Receipts decreased from 185.63 *per cent* in 2009-10 to a negative 70.21 *per cent* in 2010-11. Compared to 2006-07, the rate of growth of Debt Capital receipts increased from a negative 84.54 *per cent* in 2006-07 to a negative 43.40 *per cent* in 2010-11 while the rate of growth Non-debt capital receipts decreased from a negative 17.38 *per cent* in 2006-07 to a negative 98.81 *per cent* in 2010-11.

1.5.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies⁶ for the implementation of various Schemes/ Programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds, and to that extent, the State's receipts and expenditure and fiscal variables/parameters derived from them, are underestimated. An illustrative position of Central funds transferred to the State Implementing Agencies during 2010-11 for implementation of various Schemes is given in **Appendix 1.5**. The GOI directly transferred ₹ 1219.17 crore (approx.) to State Implementing Agencies during 2010-11. With this transfer, the total availability of State resources increased from ₹ 8624.63 crore to ₹ 9843.80 crore. The Scheme-wise position involving substantial amount of Central funds is given in **Table 1.5**.

⁶ State Implementing Agency includes any organisation/institution including non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g., State Implementing Society for SSA and State Health Mission for NRHM, etc.

Table 1.5: Funds Transferred directly to State Implementing Agencies

		(₹ in crore)
Programme/Scheme	Implementing Agency in the State	Funds Transferred by the GOI
Crime & Criminal Tracking Network & Systems	Police Housing & Welfare Co-operation Ltd.	15.36
DRDA Administration	All DRDAs in the State	18.66
Forward Linkage to NRHM New Initiatives	AP State Health Society	19.96
Grid Interactive Renewable Power MNRE	Arunachal Pradesh Energy Development Agency	65.71
Sarva Shiksha Abhiyan	SSA, Rajya Mission, Itanagar	204.02
National Integrated Watershed Management Programme	All DRDAs in the State	46.48
Human Resources for Health	AP State Health Society	12.50
Pradhan Mantri Gram Sadak Yojana	Rural Road Development Agency, Itanagar	371.87
Mahatma Gandhi National Rural Employment Guarantee Scheme	All DRDAs in the State	59.33
National Rural Drinking Water Programme	SWSM, AP Agency	200.00
National Rural Health Mission Centrally Sponsored	AP State Health Society	61.91
Rashtriya Madhyamik Siksha Abhiyan	AP Rajya Madhyamik Siksha Mission Authority	26.98
Rural Housing- IAY	All DRDAs in the State	37.84
Total		1140.62

Source: Central Plan Scheme Monitoring System of CGA website

Of ₹ 1219.17 crore, ₹ 371.87 crore (30.50 per cent) was transferred to the Rural Road Development Agency and ₹ 204.02 crore (16.73 per cent) to the Rajya Mission of Sarva Shiksha Abhiyan. Direct transfer from the Union to the State Implementing Agencies runs the risk of poor accountability. Unless uniform accounting practices are diligently followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

An analysis on how these funds are being transferred and utilised for the purposes for one of these Schemes, viz., Sarva Shiksha Abhiyan, revealed the following:

➤ **Sarva Shiksha Abhiyan**

Sarva Shiksha Abhiyan (SSA), a comprehensive and integrated flagship programme of the GOI, was launched by the GOI in January 2001 to provide useful and relevant elementary education to all children in the age group of 6-14 years.

The SSA was being implemented in Arunachal Pradesh by the SSA Rajya Mission since 2001-02. The financial pattern under SSA is 90 per cent Central Government contribution and 10 per cent State Government share. The table below shows the

position of funds received *vis-à-vis* releases under the SSA Programme during 2010-11:

Table 1.6

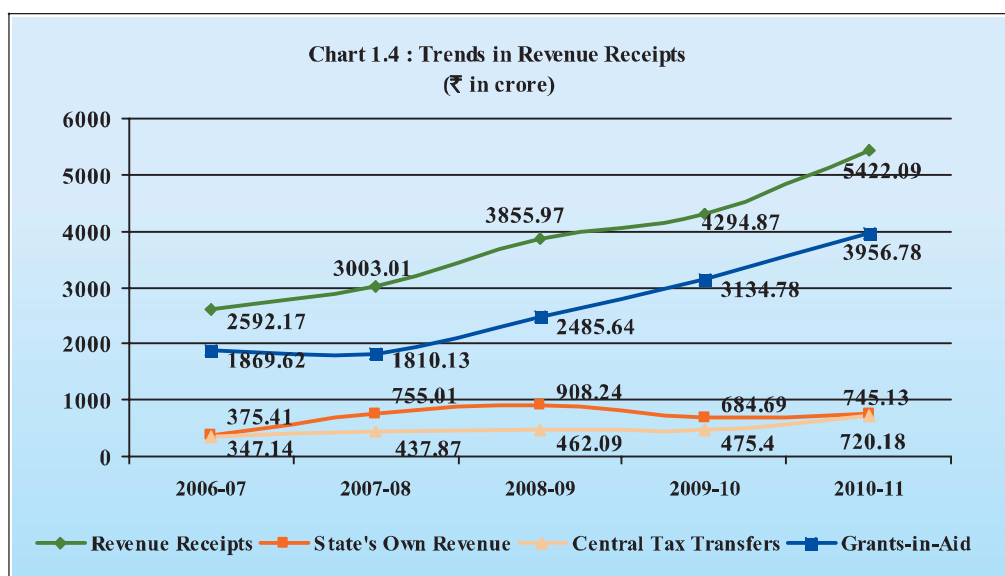
Opening Balance	Funds Received			Total Funds Available	Expenditure	Unspent Balance (per cent)
	GOI	State	Total			
11.01	204.02	1.35	205.37	216.38	212.42	3.96 (1.83)

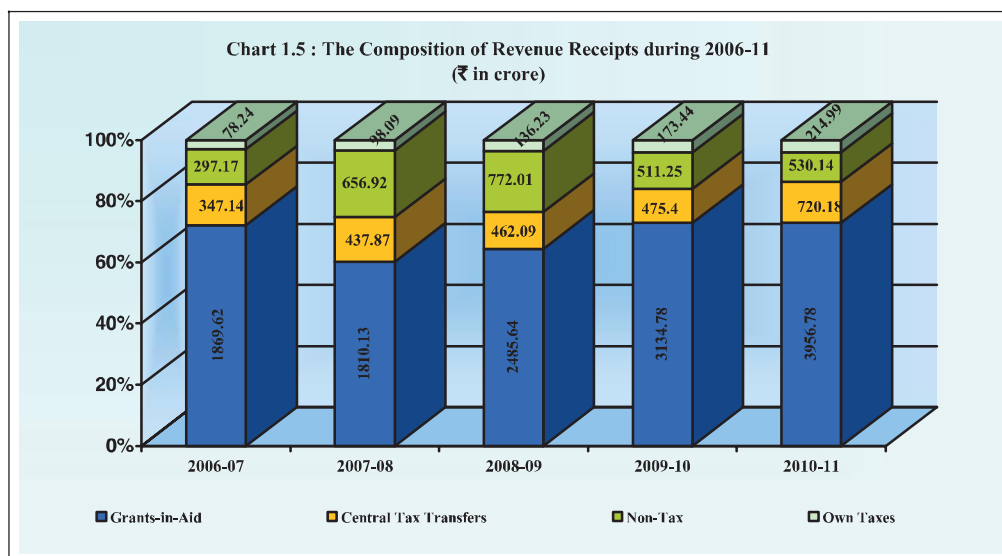
Funds released by the GOI and State Government for implementations of SSA were to be utilised during the respective years. But the SSA Rajya Mission could not utilise about 2 per cent of funds available during 2010-11. Information regarding submission of Utilisation Certificates for funds received during 2010-11 was not furnished.

As per the Financial Statement furnished by the SSA Rajya Mission, the cumulative State share due as on March 2011 was ₹ 45.90 crore. In fact, there was a continuous backlog of State share from ₹ 84.40 lakh in 2001-02 to ₹ 45.90 crore in 2010-11. SSA Rajya Mission, admitting the fact (October 2011), stated that steps were being taken to clear the backlog during the financial year 2011-12.

1.6 Revenue Receipts

Statement - 11 of the Finance Accounts details the Revenue receipts of the Government. The Revenue receipts consist of its own Tax and Non-tax revenues, Central Tax transfers and Grants-in-aid from GOI. The trends and composition of Revenue receipts over the period 2006-11 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively. The trends in Revenue receipts relative to GSDP are presented in **Table 1.7**.



**Table 1.7: Trends in Revenue Receipts relative to GSDP**

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore)	2592.17	3003.01	3855.97	4294.87	5422.09
Rate of growth of Revenue Receipts (per cent)	40.16	15.85	28.40	11.38	26.25
Rate of growth of Own Taxes (per cent)	26.01	25.37	38.88	27.31	23.96
Revenue Receipts/GSDP (per cent)	63.18	62.47	67.80	60.84	65.86
Buoyancy Ratio					
Revenue Buoyancy Ratio with reference to GSDP	4.29	0.92	1.55	0.47	1.58
State's Own Taxes Buoyancy Ratio with reference to GSDP	2.78	1.48	2.12	1.13	1.44
State's Own Taxes Buoyancy Ratio with reference to Revenue Receipts	0.65	1.60	1.37	2.40	0.91

1.6.1 General Trends

The **Revenue Receipts** of the State increased by ₹ 2,829.92 crore from ₹ 2592.17 crore in 2006-07 to ₹ 5422.09 crore in 2010-11. There were, however, wide inter-year variations in the growth rates, which increased to 26.25 per cent in 2010-11 from 11.38 per cent during the preceding year. All the components of Revenue receipts exhibited increases in absolute terms over the period 2006-11. The Buoyancy ratios of Revenue receipts and the State's own tax revenue with reference to GSDP have increased primarily due to significant increase in the rate of growth of both Revenue receipts and the State's own tax revenue under Taxes on Sales, Trade, etc. (29 per cent) and State Excise (25 per cent) in 2010-11 compared to the previous year. The Buoyancy ratio of the State's own taxes to Revenue receipts indicates that the pace of growth of own taxes was faster than the Revenue receipts in three (2007-08 to 2009-10) out of five years while it grew at a lower pace during the remaining two years.

1.6.2 Central Tax Transfers

The **Central Tax transfers** increased significantly by 51.49 per cent (₹ 244.78 crore) over the previous year and constituted 13 per cent of Revenue receipts. The increase was mainly due to transfer of an additional amount of ₹ 85.96 crore as Corporation Tax during 2010-11 (₹ 281.59 crore) compared to the previous year (₹ 195.63 crore). The Central Tax transfers also contributed around 22 per cent of the incremental Revenue receipts (₹ 1127.22 crore) during the year.

1.6.3 Grants-in-Aid

Details of Grants-in-aid from the GOI are given in **Table 1.8**.

Table 1.8: Grants-in-Aid from the GOI

Particulars	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Non-Plan Grants	387.54	380.30	454.97	505.76	836.29
Grants for State Plan Schemes	1048.91	1268.96	1664.36	2296.66	2616.44
Grants for Central Plan Schemes	67.70	60.38	52.18	66.43	47.59
Grants for Centrally Sponsored Schemes	320.17	62.33	248.81	142.39	378.31
Grants for Special Plan Schemes	45.30	38.16	65.33	123.54	78.15
Total	1869.62	1810.13	2485.65	3134.78	3956.78
Percentage of increase(+)/decrease(-) over previous year	+ 42.41	- 3.18	+ 37.32	+ 26.12	+ 26.22

Grants-in-aid from the GOI increased by 26.22 per cent (₹ 822 crore) from ₹ 3134.78 crore in 2009-10 to ₹ 3956.78 crore in the current year and contributed around 73 per cent of the incremental Revenue receipts during the year. Within the Plan grants, while grants for Centrally Sponsored Plan Schemes increased by 166 per cent (₹ 235.92 crore), grants for State Plan Schemes increased by 14 per cent (₹ 319.78 crore). However, grants received during 2010-11 for Central Plan and Special Plan Schemes were less by 28 per cent and 37 per cent respectively, compared to the previous year. The major increase under Centrally Sponsored State Plan Schemes was in the form of increased grants for Accelerated Rural Water Supply Programme (₹ 64.49 crore) and Integrated Child Development Services (₹ 54.34 crore) and also release of grants of ₹ 43.19 crore for Multi-Sartorial Development Programme for Minorities.

The Non-Plan grants (₹ 836.29 crore) constituted 21 per cent of the total grants during the year, of which 98 per cent (₹ 815.91 crore) was under the proviso to Article 275(1) of the Constitution. The remaining amount (₹ 20.38 crore) was released mainly as reimbursement of security related expenditure (₹ 11.38 crore), for raising of the IRBN (₹ 5.18 crore) and modernisation of the Police force (₹ 2.65 crore).

1.6.4 State's Own Resources

As the State's share in Central taxes and Grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for Plan schemes, etc., the State's performance in mobilisation of

additional resources should be assessed in terms of its own resources comprising of revenue from its own tax and non-tax sources. **Tables 1.9 and 1.10** below show the trends of tax and non-tax revenue during the period 2006-11 as well as the variation between the Budget Estimates of Revenue receipts and the actual receipts under the principal heads of tax and non-tax revenue for the year 2010-11.

Table 1.9: Tax Revenue

(₹ in crore)

Heads	2006-07	2007-08	2008-09	2009-10	2010-11		
					Budget Estimate	Actuals	Variations Increase (+)/ Shortfall (-) (per cent)
Taxes on Sales, Trade, etc.	61.64	77.06	105.68	130.23	110.00	168.24	+ 52.95
State Excise	10.98	11.61	16.61	23.78	17.00	29.74	+ 74.94
Taxes on Vehicles	2.93	6.42	7.76	13.07	10.00	11.76	+ 17.60
Stamp and Registration Fees	0.55	0.86	1.25	1.88	1.50	1.86	+ 24.00
Land Revenue	2.10	2.12	4.90	4.43	5.50	3.37	- 38.73
Other Taxes ⁷	0.04	0.02	0.03	0.05	-	0.02	-
Total	78.24	98.09	136.23	173.44	144.00	214.99	+ 49.30

Table 1.10: Non-Tax Revenue

(₹ in crore)

Heads	2006-07	2007-08	2008-09	2009-10	2010-11		
					Budget Estimate	Actuals	Variations Increase (+) Shortfall (-) (per cent)
Fiscal Services	-	-	-	0.02	-	-	-
Interest Receipts, Dividends and Profits	13.54	29.10	34.80	40.02	40.00	111.35	+ 178.38
General Services	74.87	53.02	28.45	23.09	45.86	17.67	- 61.47
Social Services	8.75	7.30	10.73	9.07	13.20	9.67	- 26.74
Economic Services	200.01	567.50	698.03	439.05	283.87	391.45	+ 37.90
Total	297.17	656.92	772.01	511.25	382.93	530.14	+ 38.44

1.6.4.1 Tax Revenue

Tax Revenue increased by 23.96 per cent during the current year (₹ 214.99 crore) over the previous year (₹ 173.44 crore). The revenue from Taxes on Sales, Trade, etc. contributed to the major share of tax revenue (78 per cent) and it increased by 29 per cent over the previous year. State Excise, Taxes on vehicles and Stamp & Registration Fees were the other major contributors in the State's tax revenue. Though there was an increase in the Tax revenue during 2010-11 over previous year, the Tax-GSDP ratio (2.61 per cent) during 2010-11 was marginally lower than the projection (2.85

⁷ Other Taxes include taxes on professions, trades, callings and employment, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services.

per cent) made by the XIIIth FC. The CAGR of Tax revenue between 2001-02 and 2009-10 was 24.07 per cent, which was almost similar (24.06 per cent) between 2001-02 and 2010-11.

1.6.4.2 Non-Tax Revenue

The Non-tax revenue (NTR), which constituted around 10 per cent of the total revenue receipts, has increased by ₹ 18.89 crore during 2010-11 recording a growth rate of 3.69 per cent over the previous year. Around 74 per cent (₹ 391.45 crore) of Non-tax revenue during 2010-11 was received from Economic Services and within this category, receipts under Power Sector alone contributed 53.23 per cent (₹282.18 crore). However, receipts under this sector declined by 14.3 per cent (₹ 47.09 crore) compared to the previous year. Interest receipts showed significant improvement (178 per cent) during 2010-11 compared to the previous year, mainly because of increase in realisation of Interest on investment of Cash Balances by ₹ 74.77 crore. The CAGR of Non-tax revenue for Arunachal Pradesh between 2001-02 and 2009-10 (28.01 per cent) had, however, marginally declined to 25.05 per cent between 2001-02 and 2010-11.

➤ Cost Recovery in Supply of Merit Goods and Services

The current levels of cost recovery (Non-tax revenue receipts as a percentage of Non-plan revenue expenditure) in supply of merit goods and services by Government were negligible, as depicted in **Table 1.11**.

Table 1.11: Cost Recovery

(₹ in lakh)

Particulars	2009-10			2010-11		
	Non-Tax Revenue Receipts	Non-Plan Revenue Expenditure	Cost Recovery (per cent)	Non-Tax Revenue Receipts	Non-Plan Revenue Expenditure	Cost Recovery (per cent)
Secondary Education	1.43	9167.62	0.02	9.55	8847.61	0.11
Elementary Education	0.21	29760.84	0.00	49.40	23775.55	0.21
Medical and Public Health	22.77	15992.80	0.14	35.19	17654.79	0.20
Water Supply & Sanitation	384.36	4389.71	8.76	406.48	2151.21	18.90

As can be seen from above, while the cost recovery for Water Supply and Sanitation during 2010-11 was 18.90 per cent, for Secondary Education, Elementary Education and Medical & Public Health the percentages were 0.11, 0.21 and 0.20 respectively. However, there was increase in the cost recovery during the current year as compared to the previous year in all four heads.

1.6.4.3 Own Resources vis-à-vis assessments made by the Twelfth/Thirteenth Finance Commissions

The mobilisation of the State's own resources vis-à-vis assessments made by the XIIth FC (2006-10)/XIIIth FC (2010-11) and State Government in its own Fiscal Correction Path (2006-10)/Budget Estimate (BE) (2010-11) are given below:

Table 1.12

(₹ in crore)

Year	Assessment made by XIIth/ XIIIth FC			Assessment made by State Government in Fiscal Correction Path (FCP)/BE-2010-11			Actuals		
	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total
2006-07	121.03	91.73	212.76	62.80	187.49	250.29	78.24	297.17	375.41
2007-08	138.07	103.85	241.92	67.06	195.00	262.06	98.09	656.92	755.01
2008-09	157.51	118.42	275.93	71.06	202.80	273.86	136.23	772.01	908.24
2009-10	179.69	136.03	315.72	75.06	211.00	286.06	173.44	511.25	684.69
2010-11	151.72	199.53	351.25	144.00	382.93	526.93	214.99	530.14	745.13

Though the State failed to achieve the target fixed by the XIIth FC in collection of Tax revenue during 2006-10, it has successfully achieved the target fixed by the XIIIth FC during 2010-11. During 2010-11, Tax revenue was 41.7 per cent higher than the assessment made by the XIIIth FC and 49.3 per cent higher than the assessment made in the Budget Estimates for the year. Collection of Non-tax revenue during 2010-11 was significantly higher than the assessment made by the XIIIth FC (166 per cent) and in Budget Estimates (38 per cent).

1.6.4.4 Loss of Revenue due to Evasion of Taxes, Write-offs/Waivers and Refunds

Test-check of the records of 25 units of Commercial Tax, State Excise, Motor Vehicles, Forest and other Departmental offices conducted during the year 2010-11 revealed underassessment/short levy/loss of revenue aggregating ₹ 170.99 crore in 133 cases. The total loss of revenue, which was around 23 per cent of the State's own resources consisting of Tax and Non-tax revenue (₹ 745.13 crore) during 2010-11, indicated the presence of loopholes in resource mobilization, thereby adversely affecting the developmental activities of the State.

1.7 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and Social sectors.

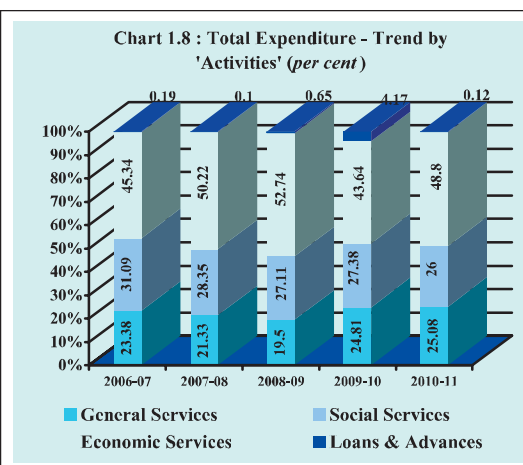
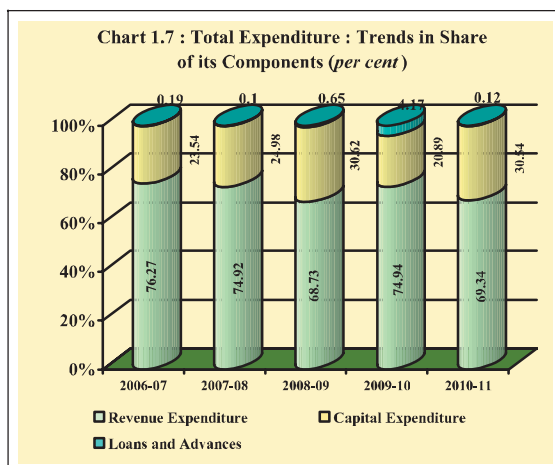
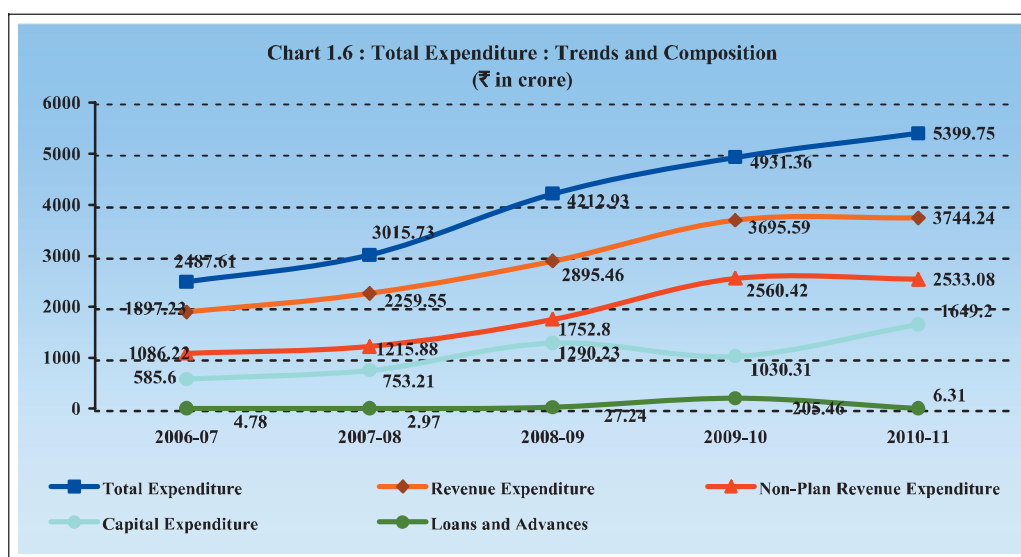
1.7.1 Growth and Composition of Expenditure

The total expenditure and its compositions during the years 2006-07 to 2010-11 are presented in the **Table 1.13**

Table 1.13: Total Expenditure and its Composition

(₹ in crore)					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Total Expenditure	2487.61	3015.73	4212.93	4931.36	5399.75
Revenue Expenditure	1897.23	2259.55	2895.46	3695.59	3744.24
<i>of which, Non-plan Revenue Expenditure</i>	<i>1086.22</i>	<i>1215.88</i>	<i>1752.80</i>	<i>2560.42</i>	<i>2533.08</i>
Capital Expenditure	585.60	753.21	1290.23	1030.31	1649.20
Loans and Advances	4.78	2.97	27.24	205.46	6.31

Chart 1.6 presents the trends in total expenditure over a period of five years (2006-11) and its composition both in terms of ‘economic classification’ and ‘expenditure by activities’ is depicted respectively in **Charts 1.7 and 1.8**.



1.7.1.1 Trends in Total Expenditure

The total expenditure of the State increased by ₹ 2912.14 crore (117.07 per cent) from ₹ 2487.61 crore in 2006-07 to ₹ 5399.75 crore. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to Revenue receipts and its buoyancy with respect to GSDP and Revenue receipts are indicated in **Table 1.14**

Table 1.14: Total Expenditure – Basic Parameters

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Total Expenditure (TE) (₹ in crore)	2487.61	3015.73	4212.93	4931.36	5399.75
Rate of Growth (<i>per cent</i>)	17.96	21.23	39.70	17.05	9.50
TE/GSDP Ratio (<i>per cent</i>)	60.63	62.74	74.07	69.85	65.59
RR/TE Ratio (<i>per cent</i>)	104.20	99.58	91.53	87.09	100.41
Buoyancy of Total Expenditure with reference to...					
GSDP (ratio)	1.92	1.24	2.17	0.71	0.57
RR (ratio)	0.45	1.34	1.40	1.50	0.36

The increase of ₹ 468.39 crore (9.5 per cent) in total expenditure during 2010-11 over the previous year was mainly on account of increase of ₹ 618.89 crore in Capital expenditure followed by increase in Revenue expenditure (₹ 48.65 crore) – offset by decrease in disbursement of Loans and Advances by ₹ 199.15 crore. While the share of Plan expenditure constituted around 53 per cent (₹ 2843.19 crore) of the total expenditure, the remaining 47 per cent (₹ 2,550.25 crore) was Non-plan expenditure. During the current year, the Revenue receipts were sufficient to meet the total expenditure. The buoyancy of total expenditure to GSDP stood at 0.57 in 2010-11 due to growth rate of total expenditure at a much slower pace as compared to that of GSDP. Similarly, the buoyancy ratio of total expenditure to Revenue receipts stood at 0.36, indicating increase in expenditure at a pace much lower than receipts.

In terms of the activities, total expenditure comprises of expenditure on General Services, including Interest payments, Social and Economic services, Grants-in-aid and Loans & Advances. Of the total expenditure during 2010-11, expenditure on General Services and Interest payments, which is considered as non-developmental, together accounted for 25.08 per cent. On the other hand, expenditure on Social and Economic services (revenue and capital) together accounted for 74.80 per cent during 2010-11. The relative share of Social Services declined from 27.38 per cent in 2009-10 to 26 per cent in 2010-11. The relative share of Economic Services when compared to 43.64 per cent in 2009-10, which was lowest in the last five years after reaching peak in 2008-09 (52.74 per cent), stood at 48.8 per cent in 2010-11. Loans and Advances revealed wide fluctuations during the period 2006-11 and stood at 0.12 per cent of the total expenditure during 2010-11.

1.7.1.2 Incidence of Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall Revenue expenditure, its rate of

growth, ratio of Revenue expenditure to GSDP and to Revenue receipts and its buoyancy are indicated in **Table 1.15**.

Table 1.15: Revenue Expenditure – Basic Parameters

(₹ in crore)					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Expenditure (RE)	1897.23	2259.55	2895.46	3695.59	3744.24
<i>of which</i>					
Non-Plan Revenue Expenditure (NPRE)	1086.22 (57.25)	1215.88 (53.81)	1752.80 (60.54)	2560.42 (69.28)	2533.08 (67.65)
Plan Revenue Expenditure (PRE)	811.01 (42.75)	1043.67 (46.19)	1142.66 (39.46)	1135.17 (30.72)	1211.16 (32.35)
Rate of Growth of					
RE (per cent)	13.77	19.10	28.14	27.63	1.32
NPRE (per cent)	15.07	11.94	44.16	46.08	- 1.07
PRE (per cent)	12.07	28.69	9.48	- 0.66	6.69
Ratio (per cent)					
RE as percentage of TE	76.27	74.93	68.73	74.94	69.34
NPRE/GSDP (per cent)	26.47	25.29	30.82	36.27	30.77
NPRE as percentage of TE	43.67	40.32	41.61	51.92	46.91
NPRE as percentage of RR	41.90	40.49	45.46	59.62	46.72
Buoyancy Ratio of Revenue Expenditure with...					
GSDP	1.47	1.11	1.54	1.15	0.08
Revenue Receipts	0.34	1.21	0.99	2.43	0.05

(Figures in brackets represent percentages to Revenue expenditure)

Revenue Expenditure constituted 69 per cent to 76 per cent of the total expenditure during 2006-11 and increased by 97.35 per cent from ₹ 1897.23 crore in 2006-07 to ₹ 3744.24 crore in 2010-11. The Non-plan Revenue expenditure (NPRE) during the same period increased from ₹ 1086.22 crore in 2006-07 to ₹ 2533.08 crore in 2010-11, an increase of 133 per cent outpacing the growth of Revenue Expenditure during the period. As a percentage of total Revenue expenditure, NPRE also increased from 57.25 per cent in 2006-07 to 67.65 per cent in 2010-11. As a result, Plan Revenue expenditure (PRE), which normally covers the maintenance expenditure incurred on services, decreased its share in total revenue expenditure from 42.75 per cent during 2006-07 to 32.35 per cent during 2010-11.

The NPRE constituted a dominant share of 67.65 per cent in the Revenue expenditure during 2010-11. However, compared to previous years, NPRE during 2010-11 decreased by ₹ 27.34 crore. The negative growth of 1.07 per cent in NPRE during 2010-11 against a positive growth of 46.08 per cent during the previous year was mainly due to decreased expenditure on Education, Sports and Arts & Culture (₹ 64.85 crore), followed by Agriculture and allied activities (₹ 57.70 crore). PRE increased by ₹ 75.99 crore over the previous year. The growth of PRE during 2010-11 at 6.69 per cent against a negative growth of 0.66 per cent during the previous year

was mainly due to increased expenditure on Transport by ₹ 67.22 crore, followed by ₹ 53.50 crore on Irrigation & Flood Control.

The NPRE at ₹ 2533.08 crore during 2010-11 was around 63 *per cent* (₹ 978.92 crore) higher than the normatively assessed level of ₹ 1554.16 crore by XIIIth FC (Table 1.16).

Table 1.16 : Non-Plan Revenue Expenditure during 2010-11: Actuals *vis-à-vis* Normative Assessment by XIIIth FC

(₹ in crore)		
Sectors	XIIIth FC Recommendations	Actuals
Salary	787.33	1368.19
Interest Payments	244.47	399.92
Pension	159.43	222.24
Other General Services	132.50	174.53
Social Services	58.02	61.52
Economic Services	172.41	306.68
Total	1554.16	2533.08

During 2010-11, the actual expenditure incurred on all other components of NPRE was more than the assessments made by the XIIIth FC. The total NPRE during 2010-11 also exceeded the projection made by the State Government in its Budget (₹ 2023.67 crore) by 25.17 *per cent* (₹ 509.41 crore).

According to the recommendation of the XIIIth FC, “*the practice of diversion of plan assistance to meet non-plan needs of special category states should be discontinued to leave these states with adequate plan expenditure*”. During 2010-11, the Revenue receipts of Arunachal Pradesh, excluding Plan assistance (₹ 3120.49 crore), was ₹ 2301.60 crore. Against this, the NPRE during the year was ₹ 2,533.08 crore. Obviously, Plan assistance was diverted for Non-plan heads and thus, the State could not adhere to the recommendation of the XIIIth FC.

1.7.1.3 Capital Expenditure

Capital Expenditure during 2010-11 (₹ 1649.20 crore) increased by ₹ 618.89 crore over previous year mainly due to increased expenditure on Transport (by ₹ 229.61 crore) and Water Supply, Sanitation, Housing and Urban Development (by ₹ 116.52 crore). However, this expenditure constituted only 30.54 *per cent* of total expenditure during the year. Though there was an increase in Capital expenditure during the current year compared to the previous year, the State Government could not fulfill its commitment made in the Budget Estimates for incurring Capital expenditure during the year, as this expenditure fell short of the Budget Estimates (₹ 1871.48 crore) by around 12 *per cent*

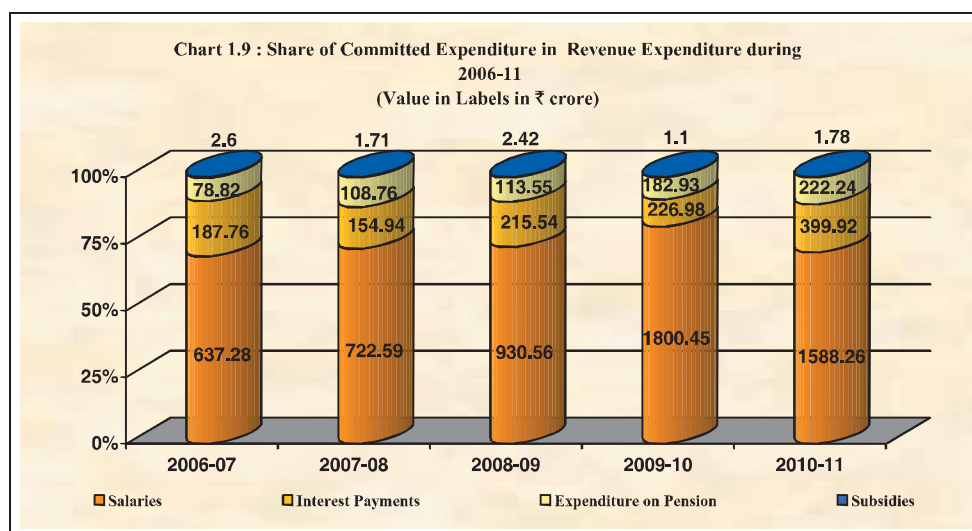
1.7.2 Committed Expenditure

The Committed Expenditure of the State Government on Revenue account mainly consists of Interest payments, expenditure on salaries, pensions and subsidies. **Table 1.17** and **Chart 1.9** present the trends in the expenditure on these components during 2006-11.

Table-1.17: Components of Committed Expenditure

(₹ in lakh)					
Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11
Salaries	637.28 (24.58)	722.58 (24.06)	930.56 (24.13)	1800.45 (41.92)	1588.26 (29.29)
<i>of which</i>					
Non-Plan Head	461.96 (17.82)	511.11 (17.02)	812.55 (21.07)	1492.54 (34.75)	1368.19 (25.23)
Plan Head	175.32 (6.76)	211.47 (7.04)	118.01 (3.06)	307.91 (7.17)	220.07 (4.06)
Interest Payments	187.76 (7.24)	154.94 (5.16)	215.54 (5.59)	226.98 (5.28)	399.92 (7.38)
Expenditure on Pension and other Retirement Benefits	78.82 (3.04)	108.76 (3.62)	113.55 (2.94)	182.93 (4.26)	222.24 (4.10)
Subsidies	2.60 (0.10)	1.71 (0.06)	2.42 (0.06)	1.10 (0.03)	1.78 (0.03)
Other Components of Revenue Expenditure, i.e, other than Committed Expenditure	990.77 (38.22)	1271.56 (42.34)	1633.39 (42.36)	1484.13 (34.56)	1532.04 (28.26)

(Figures in the parentheses indicate percentage to Revenue Receipts)



Committed Expenditure during 2010-11 constituted 59.08 per cent of Revenue expenditure and around 87 per cent of NPRE during the year.

1.7.2.1 Salaries

Salaries during 2010-11 alone accounted for over 29 per cent of the Revenue receipts of the State during the year. However, it decreased by 11.79 per cent from ₹ 1800.45 crore in 2009-10 to ₹ 1,588.26 crore in 2010-11, but exceeded the projection made in the Macro-Economic Framework (MEF) Statement of March 2011 (₹ 1395.79 crore) by ₹ 192.47 crore. *The expenditure on Non-plan Salary component during 2010-11 (₹ 1368.19 crore) was also exorbitantly higher by around 74 per cent than the assessment made by the XIIIth FC for the State (₹ 787.33 crore).*

1.7.2.2 Interest Payments

Compared to the previous year, Interest payments during 2010-11 increased by 76.19 per cent. Interest payments were on Market Loans (₹ 62.85 crore), Special Securities issued to the National Small Savings Fund (₹ 219.26 crore), other internal debts (₹ 30.07 crore), State Provident Funds and Insurance and Pension Fund (₹ 53.26 crore), Loans & Advances received from the Central Government (₹ 33.21 crore) and on other obligations (₹ 1.28 crore). *Interest payments (₹ 399.92 crore) were higher than the projections of the year made by the XIIIth FC (₹ 244.47 crore) as well as in the MEFS of March 2011 (₹ 252.40 crore).*

1.7.2.3 Pension Payments

Pension payments (including other retirement benefits) indicated an increasing trend during the five year period (2006-11). Pension payments during the current year increased by ₹ 39.31 crore, an increase of 21.49 per cent over the previous year. A comparative analysis of actual pension payments and the assessment/projection made by the XIIIth FC and the State Government showed that actual Pension payments exceeded the assessment made by the XIIIth FC by ₹ 62.81 crore and the projection made by the State Government in its Budget and MEF Statement for the year 2010-11 by ₹ 62.24 crore and ₹ 21.09 crore respectively as shown in (Table 1.18).

Table 1.18 : Actual Pension Payments vis-à-vis Projection

(₹ in crore)

Year	Assessment made by the XII/ XIIIth FC	Assessment made by the State Government in		Actuals	Expenditure in excess of Assessment made in		
		FCP	Budget/ MEF Statement of March 2011		XII/XIIIth FC	FCP	Budget
2006-07	80.26	78.47	77.98	78.82	- 1.44 (1.79)	0.35 (0.45)	0.84 (1.08)
2007-08	88.28	85.00	85.48	108.76	20.48 (23.20)	23.76 (27.95)	23.28 (27.23)
2008-09	97.11	92.00	84.30	113.55	16.44 (16.93)	21.55 (23.42)	29.25 (34.70)
2009-10	106.82	100.00	143.79	182.93	76.11 (71.25)	82.93 (82.93)	39.14 (27.22)
2010-11	159.43	NA	160.00/ 201.15	222.24	62.81 (39.40)	NA	62.24 (38.90)/ 21.09 (10.48)

(Figures in brackets represent percentages). NA: Not available.

1.7.2.4 Subsidies

Table 1.17 shows that the expenditure on payment of Subsidies increased by about 62 *per cent* from ₹ 1.10 crore in 2009-10 to ₹ 1.78 crore during the current year. The increase was mainly due to Special Programmes for Rural Development (₹ 1.10 crore), offset by ₹ 0.53 crore due to payment of less subsidy for Co-operation compared to the previous year.

1.7.3 Financial Assistance by the State Government to Local Bodies and other institutions

The quantum of assistance provided by way of grants and loans to Local Bodies and others during the current year relative to previous years is presented in **Table 1.19**.

Table 1.19 : Financial Assistance to Local Bodies, etc.

	(₹ in crore)				
Financial Assistance to Institutions	2006-07	2007-08	2008-09	2009-10	2010-11
University and Educational Institutions	10.14	12.96	47.00	3.45	8.42
Cultural Institutions/Voluntary Organisations for promotion of Arts & Culture	0.25	0.50	2.72	28.76	8.11
State Institute of Rural Development	...	1.07	...	...	0.50
Social Welfare	0.15	0.16	7.27	0.32	0.34
Ware Housing Corporations	14.93	23.06	44.97	36.12	22.13
Co-operation					2.10
Other Institutions	1.84	5.74	0.28	0.93	16.51 ⁸
Total	27.31	43.49	102.24	69.58	58.11
Assistance as percentage of RE	1.44	1.92	3.53	1.88	1.62

The financial assistance extended to Local Bodies and other institutions with inter-year variations declined by 16.48 *per cent* from ₹ 69.58 crore in 2009-10 to ₹ 58.11 crore in 2010-11. The share of financial assistance in Revenue expenditure also marginally decreased from 1.88 *per cent* in 2009-10 to 1.55 *per cent* during the current year. The Warehousing Corporation was the major recipient (around 38 *per cent*) of the financial assistance followed by University and Educational Institutions (around 14 *per cent*).

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy (i.e. adequate provisions for providing public services); efficiency (expenditure use) and effectiveness (assessment of outlay-outcome relationships for select services) of the expenditure. The analysis of expenditure data is disaggregated into Development and Non-development

⁸ Other Institutions include assistance to Local Bodies, Corporations, Urban Development Authorities, Town Development (₹ 14.23 crore) and Assistance to Scientific bodies (AP Science Centre Society) (₹ 2.28 crore).

expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans & Advances is categorised into Social Services, Economic Services and General Services. Broadly, Social and Economic services constitute Development expenditure, while expenditure on General Services is treated as Non-development expenditure.

1.8.1 Efficiency of Expenditure Use

In view of the importance of public expenditure for Social and Economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁹. Apart from improving the allocation towards development expenditure, the efficiency of expenditure use is also reflected by the ratio of Capital expenditure to total expenditure (and/or GSDP) and proportion of Revenue expenditure being spent on operation and maintenance of the existing Social and Economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.20** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.21** provides the details of Capital expenditure and the components of Revenue expenditure incurred on maintenance of the selected Social and Economic services.

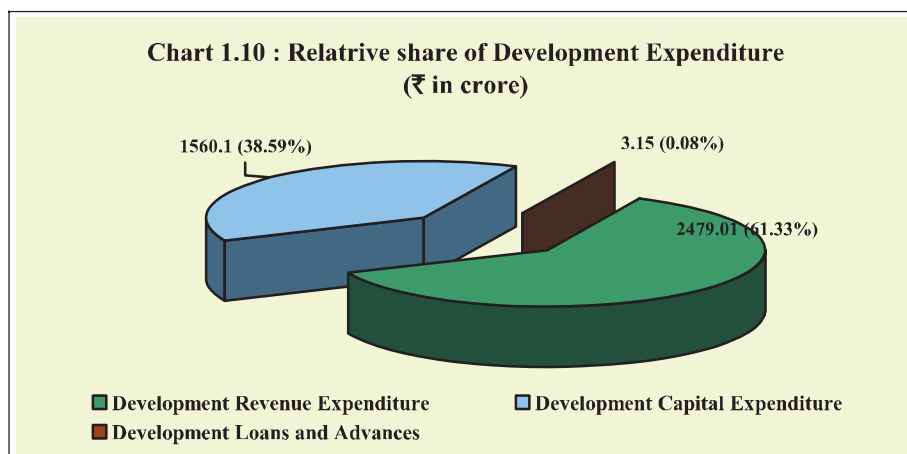
Table 1.20: Development Expenditure

Components of Development Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE (Net)	Actuals
Development Expenditure (a to c)	1902.80 (76.49)	2369.78 (78.58)	3389.76 (80.46)	3706.17 (75.16)	2990.69 (57.33)	4042.27 (74.86)
a. Development Revenue Expenditure	1337.63 (53.77)	1639.49 (54.36)	2121.22 (50.35)	2534.56 (51.40)	2392.03 (45.85)	2479.01 (45.91)
b. Development Capital Expenditure	563.58 (22.66)	730.10 (24.21)	1243.01 (29.50)	967.90 (19.63)	598.66 (11.48)	1560.11 (28.89)
c. Development Loans and Advances	1.59 (0.06)	0.19 (0.01)	25.53 (0.61)	203.71 (4.13)	-	3.15 (0.06)

(Figures in parentheses indicate percentage to Aggregate Expenditure)

Development Expenditure increased by 9.07 per cent over the previous year and also exceeded the assessment made in the Budget Estimates by 35.16 per cent. The relative share of Development expenditure during 2010-11 given in **Chart 1.10** below showed that 61.33 per cent of the Development expenditure was incurred on Revenue account and only 38.59 per cent was utilised for Capital expenditure.

⁹ Appendix 1.1.c.



During the current year, Development Capital expenditure as a percentage of aggregate expenditure had increased to 28.89 per cent as compared to 19.63 per cent in 2009-10 and also exceeded the budget projection of 11.48 per cent. This was a desirable improvement in expenditure pattern. However, the predominant share of Revenue expenditure in Development expenditure indicated that more emphasis was given on maintenance of the current level of services, which did not result in any addition to State's infrastructure and service network. Thus, the expenditure pattern under this sector needs further correction in the ensuing year.

Table 1.21: Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2009-10		2010-11	
	Ratio of Capital Expenditure to Total Expenditure ¹⁰	In Revenue Expenditure, the share of Salary	Ratio of Capital Expenditure to Total Expenditure ¹¹	In Revenue Expenditure, the share of Salary
Social Services (SS)	11.38	65.33	29.18	67.53
General Education	2.68	85.88	15.77	83.68
Technical Education, Sports and Arts & Culture	21.23	39.08	35.02	35.10
Health and Family Welfare	3.30	88.15	13.59	83.74
Water Supply & Sanitation, Housing and Urban Development	33.35	21.53	60.31	33.59
Other SS	4.09	35.07	20.39	46.58
Economic Services (ES)	37.84	37.13	43.66	31.43
Agriculture and Allied Activities	1.97	56.19	4.20	33.74
Irrigation & Flood Control	25.62	32.90	38.38	18.23
Energy	58.43	26.17	48.16	18.23
Transport	60.95	22.44	66.45	33.42
Other Economic Services	26.36	30.14	36.28	42.54

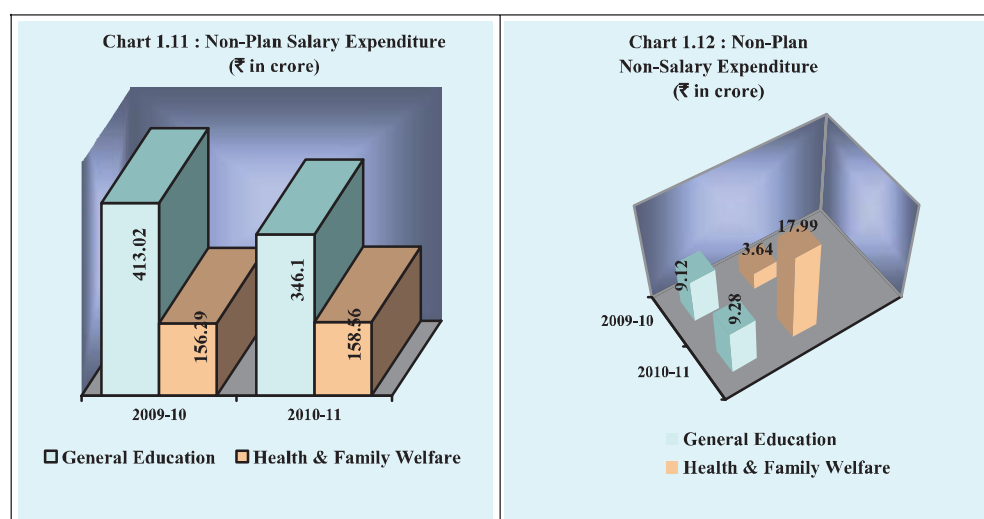
¹⁰ Total Revenue and Capital expenditure of the services concerned.

Social Services

The trends presented in **Table 1.21** reveal that Development Capital expenditure as a percentage of total expenditure increased from 11.38 *per cent* in 2009-10 to 29.18 *per cent* in 2010-11, which indicated that more emphasis was given on Capital expenditure. There was significant improvement in the share of Capital expenditure during 2010-11 under Water Supply, Sanitation, Housing & Urban Development, General Education, Technical Education, Sports, Arts & Culture and Health & Family Welfare.

Of the Revenue expenditure on Social Services, the share of Salary component marginally increased from 65.33 *per cent* in 2009-10 to 67.53 *per cent* in 2010-11. The Non-salary and Wage expenditure on Social Services decreased by 22.17 *per cent* during 2010-11 from ₹ 414.85 crore in 2009-10 to ₹ 322.89 crore in 2010-11. Within the priority sectors, Non-salary and Wage components continue to have the dominant share under Technical Education, Sports, Arts & Culture and Water Supply, Sanitation, Housing and Urban Development. High Salary and Wage expenditure was observed under General Education during 2009-10 (85.88 *per cent*) and 2010-11 (83.68 *per cent*) and Health & Family Welfare services (2009-10: 88.15 *per cent*; 2010-11: 83.74 *per cent*).

Charts 1.11 and **1.12** provide the Non-plan Salary and Non-salary expenditure under Social Services incurred during 2009-11.



While the expenditure on Non-plan Salary component under General Education during 2010-11 declined by 16.20 *per cent*, this expenditure under Health & Family Welfare sector marginally increased by 1.45 *per cent*. While the Non-salary (Non-plan) expenditure under Health & Family Welfare registered an increase of almost 400 *per cent* during 2010-11 over the previous year, under General Education it had increased marginally. This indicates improvement in the expenditure pattern.

Economic Services

The expenditure on Economic Services (including Loans & Advances) during 2010-11 (₹ 2638.31 crore) accounted for about 48.86 *per cent* of the total expenditure¹¹ and 65.27 *per cent* of the Development expenditure during the year. Out of the total expenditure on Economic Services during the current year, 32.97 *per cent* (₹ 869.74 crore) was incurred on Transport, 20.34 *per cent* (₹ 536.67 crore) on Energy and 16.14 *per cent* (₹ 425.72 crore) on Agriculture and allied activities.

The trends in Revenue and Capital expenditure on Economic Services indicate that except for 2009-10, Capital expenditure on Economic Services consistently increased from ₹ 423.73 crore in 2006-07 to ₹ 1081.32 crore in 2008-09 and ₹ 1150.43 crore in 2010-11. However, the share of Capital expenditure on Economic Services to total of Revenue and Capital expenditure on Economic Services during 2006-11 ranged between 37.57 *per cent* and 48.67 *per cent*, which indicated that the Revenue expenditure was dominant. Revenue expenditure on Economic Services also consistently increased from ₹ 704.04 crore in 2006-07 to ₹ 1484.73 crore (110.89 *per cent*) in the current year. An increase of ₹ 146.83 crore (10.97 *per cent*) during 2010-11 over the previous year in Revenue expenditure was mainly due to the increase under Transport (₹ 68.68 crore), Energy (₹ 68.06 crore), General Economic Services (₹ 37.44 crore) and Irrigation & Flood Control (₹ 33.72 crore), partly offset by decrease under Agriculture and allied activities (₹ 37.68 crore) and Special Area Programme (₹ 32.96 crore). Within the Revenue expenditure on Economic Services, the Salary component constituted 37.13 *per cent* and 31.43 *per cent* during 2009-10 and 2010-11 respectively. It decreased from ₹ 496.76 crore in 2009-10 to ₹ 466.60 crore (6.07 *per cent*) during the current year.

1.9 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its Capital expenditure/Investment (including Loans & Advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy, and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other Capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.9.1 Incomplete Projects

According to the information available in Appendix X of the Finance Accounts for 2010-11, as of 31 March 2011, there were 50 ongoing projects in the State. Information like target date of completion, estimated cost, etc. in respect of the 34 projects was not available in the Finance Accounts. In remaining, 16 Water Supply

¹¹ Revenue expenditure + Capital expenditure + Disbursement of Loans and Advances

projects (estimated cost: ₹ 219.64 crore) under execution by the Public Health Engineering Department and stipulated for completion by March 2011, remained incomplete with an expenditure of ₹ 162.78 crore till March 2011. The revised cost of two of these projects increased by about 336 *per cent* from ₹ 5.76 crore (estimated cost) to ₹ 25.09 crore (total revised cost), resulting in a total cost overrun of ₹ 19.33 crore as detailed in **Table 1.22**.

Table 1.22: Incomplete projects having cost overruns

(₹ in crore)

Name of project	Target date of completion	Original Estimated cost	Revised cost	Cost overrun (Per Cent)	Expenditure as of 31 March 2011
Water Supply to Naharlagun-Nirjuli (Ph-I) for 3.50 MLD	March 2011	1.78	14.90	13.22 (744)	14.90
Water Supply at Daporijo Township	March 2011	3.98	10.19	6.21 (156)	5.43
Total		5.76	25.09	19.33 (336)	20.33

Effective steps need to be taken to complete the incomplete projects without further delay to avoid cost overrun due to time overrun.

1.9.2 Investment and Returns

As per Statement 14 of the Finance Accounts for 2010-11, as of 31 March 2011, the State Government had invested ₹ 218.15 crore in five Government Companies (₹ 9.04 crore) and 145 Co-operative Banks and Societies (₹ 209.11 crore). Details are given in **Table 1.23**.

Table 1.23 : Return on Investment

Investment/Return/Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year (₹ in crore)					
(i) Government Companies	9.04	9.04	9.04	9.04	9.04
(ii) Co-operative Bank/Societies	22.72	208.55	211.38	209.14	209.11
Total	31.76	217.59	220.42	218.18	218.15
Return (₹ in crore)	0	(a)	0	0	0
Return (<i>per cent</i>)	0	0	0	0	0
Average Rate of Interest on Government Borrowings (<i>per cent</i>)	7.98	6.19	7.71	7.47	12.16
Difference between Interest Rate and Return (<i>per cent</i>)	7.98	6.19	7.71	7.47	12.16

(a) less than 0.01

During 2006-11, the average Return on Investment was nil, except during 2007-08, which was less than one *per cent*, while the Government paid Interest at an average rate of 6.19 *per cent* to 12.16 *per cent* on its Borrowings during the period.

1.9.3 Loans and Advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing Loans & Advances for other purposes, e.g., loans for Power Projects, loans to Government servants, loans for Tourism, etc. **Table 1.24** presents the outstanding Loans & Advances as on 31 March 2011 and Interest receipts *vis-à-vis* Interest payments during the last three years.

Table 1.24 : Average Interest Received on Loans and Advances given by the State Government

(₹ in crore)					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Opening Balance	25.47	27.92	27.95	52.41	55.17
Amount advanced during the year	4.78	2.97	27.24	205.46	6.31
Amount recovered during the year	2.33	2.94	2.78	202.70	2.41
Closing Balance	27.92	27.95	52.41	55.17	59.07
Net Addition	2.45	0.03	24.46	2.76	3.90
Interest Receipts	0.54	1.00	0.87	5.22	1.78
Interest received as <i>per cent</i> to outstanding Loans & Advances	2.02	3.58	2.17	9.70	3.12
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	7.98	6.19	7.71	7.28	12.16
Difference between Interest Payments and Receipts (<i>per cent</i>)	5.96	2.61	5.54	- 2.23	8.98

Loans and advances given by the State Government during 2010-11 significantly decreased from ₹ 205.46 crore in 2009-10 to ₹ 6.31 crore as no loan was paid to the Co-operative Apex Bank against a loan of ₹ 200 crore paid during the previous year. During 2006-11, recovery of Loans & Advances was ₹ 213.16 crore against ₹ 246.76 crore advanced during the period. The total outstanding Loans & Advances as on 31 March 2011 was ₹ 59.07 crore. *As the current level of recovery on Loans advanced by the states is extremely poor, the XIIIth FC projected the Interest receipts of States on a normative basis without linking it to the current level. Outstanding loans and advances at the end of 2009-10 have been projected by the XIIIth FC as constant over the projection period and applied an interest rate of 7 per cent to these outstanding loans and taken as the interest receipt in each of the years.* Interest receipt of ₹ 1.78 crore on Loans & Advances by the Government of Arunachal Pradesh during 2010-11 constituted 3.01 *per cent* only of the outstanding Loans & Advances at the end of 2009-10 (₹ 59.17 crore) and thus, much below the Interest rate of 7 *per cent* as applied by the XIIIth FC.

1.9.4 Cash Balances and Investment of Cash Balances

Table 1.25 depicts the Cash Balances and Investments made by the State Government out of Cash Balances during the year.

Table 1.25 : Cash Balances and Investment of Cash Balances

Particulars	(₹ in crore)		
	As on 1 st April 2010	As on 31 March 2011	Increase
Cash Balances¹²	1610.39	1798.98	188.59
Investments from Cash Balances (a & b)	1616.37	1903.64	287.27
a. GOI Treasury Bills	1616.37	1903.64	287.27
b. GOI Stock/Securities	...	...	...
Fund-wise break-up of Investment from Earmarked Balances (a & b)	73.90	90.90	17.00
a. Sinking Fund Investment Account	73.90	90.90	17.00
b. Other Development and Welfare Funds	...	...	...
Interest realised on Investment of Cash Balances	34.80	109.57	74.77

Cash Balances of the State Government at the end of the current year increased from ₹ 1610.39 crore in 2009-10 to ₹ 1798.98 crore in 2010-11. As on 31 March 2011, the State Government had invested ₹ 1,903.64 crore in GOI Treasury Bills. During 2010-11, Interest of ₹ 109.57 crore was earned on investment of Cash Balances. The Interest realised on investment of Cash Balances (considering opening cash balance of ₹ 1616.39 crore) was 6.78 *per cent* during 2010-11, while the average rate of interest on Government borrowings during the year was 12.16 *per cent*. The XIIIth FC recommended that States with large Cash Balances make efforts towards utilizing their Cash Balances before resorting to fresh borrowings.

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – Ordinary and Special – from the Reserve Bank of India (RBI) has been put in place.

The Government did not have to resort to WMA during the current year as well as during 2006-10, indicating a comfortable position of Cash Balances of the State. However, there was a balance of WMAs amounting to ₹ 55.64 crore since March 2007 (Ordinary WMA: ₹ 50.24 crore; Special WMA: ₹ 5.40 crore).

1.10 Assets and Liabilities

1.10.1 Growth and Composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of Fixed Assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position on 31 March 2010. While the liabilities in this Appendix consist mainly of

¹² Excluding investment of Earmarked Funds.

internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of the Capital Outlay and Loans & Advances given by the State Government and Cash Balances.

1.10.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However, the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.13** and **1.14**.

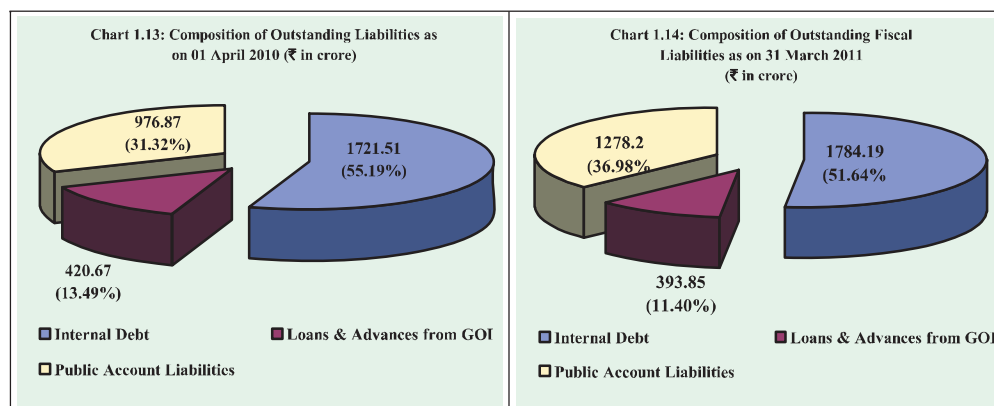


Table 1.26 gives the fiscal liabilities of the State, their rate of growth, the ratio of these liabilities to GSDP to Revenue receipts and the State's own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

Table 1.26: Fiscal Liabilities – Basic Parameters

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Fiscal Liabilities¹³ (₹ in crore)	2371.27	2638.55	2954.66	3119.05	3456.24
Rate of Growth (<i>per cent</i>)	1.46	11.27	11.98	5.56	10.81
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	57.79	54.89	51.95	44.18	41.98
Revenue Receipts (<i>per cent</i>)	91.48	87.86	76.63	72.62	63.74
Own Resources (<i>per cent</i>)	631.65	349.47	325.32	455.54	463.84
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	0.16	0.66	0.65	0.23	0.65
Revenue Receipts (ratio)	0.04	0.71	0.42	0.49	0.41
Own Resources (ratio)	0.03	0.11	0.59	-0.23	1.23

Fiscal liabilities of ₹ 3456.24 crore during 2010-11 consisted of Internal Debt, e.g., Market Loans bearing interest, WMA, loans from financial institutions and special securities issued to the National Small Savings Fund, *etc.* (₹ 1784.19 crore), Loans & Advances from the Central Government (₹ 393.84 crore), Small Savings, Provident

¹³ Includes Internal Debt, Loans and Advances from Government of India, Small Savings, Provident Funds, *etc.*, Reserve Funds and Deposits.

Funds (State Provident Funds and Insurance & Pension Funds: ₹ 870.81 crore) and other liabilities, e.g., Reserve Funds and Deposits (₹ 407.40 crore). The overall fiscal liabilities of the State increased from ₹ 2371.27 crore in 2006-07 to ₹ 3456.24 crore in 2010-11. The growth rate in 2010-11 was 10.81 per cent over the previous year. The ratio of fiscal liabilities to GSDP decreased from 44.18 per cent in 2009-10 to 41.98 per cent in 2010-11. These liabilities were around 64 per cent of the Revenue receipts and stood at 4.64 times of the State's own resources at the end of 2010-11. The buoyancy of these liabilities with respect to GSDP during the year was 0.65, indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 0.65 per cent.

As per the recommendations of the XIIIth FC, the Fiscal Consolidation Path embodies the steady reduction in augmented debt stock of the States to less than 25 per cent of GDP by 2014-15. But as per the AFRBM Act (amended in December 2011), the State Government targeted to maintain the outstanding debt GSDP ratio at 61.3 per cent during 2010-11 and 50.1 per cent during 2014-15. As can be seen from **Table 1.26** above, the fiscal liabilities to GSDP ratio during 2010-11 decreased by only 2.2 per cent from 44.18 per cent in 2009-10 to 41.98 per cent in 2010-11.

During 1999-2000, the State Government constituted a 'Consolidated Sinking Fund' for redemption and amortisation of Open Market Loans. In 2010-11, the Government appropriated ₹ 17 crore from Revenue and credited to this fund for investment in the Government of India Securities.

1.10.3 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the Finance Accounts, the maximum amount for which Guarantees were given by the State and outstanding Guarantees at the end of the year since 2006-07 are given in **Table 1.27**.

Table 1.27 : Guarantees given by the Government of Arunachal Pradesh

Particulars	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Maximum Amount Guaranteed	23.99	12.00	12.00	12.00	Information not furnished by the State Government
Outstanding Amount of Guarantees (including Interest)	13.32	0.98	0.61	0.61	
Percentage of Maximum Amount Guaranteed to Total Revenue Receipts	0.93	0.40	0.31	0.28	

The Government had guaranteed loans raised by various Corporations and others. The outstanding amount of Guarantees was in the nature of contingent liabilities. However, the position of the contingent liabilities as of March 2011 could not be ascertained as the requisite information was not furnished by the State Government (January 2012).

1.11 Debt Sustainability

Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debts. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁴; sufficiency of non-debt receipts¹⁵; net availability of borrowed funds¹⁶; burden of Interest payments (measured by Interest payments to Revenue receipts ratio) and maturity profile of State Government securities. **Table 1.28** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2006-07.

Table 1.28: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Debt Stabilisation (Quantum Spread + Primary Deficit)	327.14	405.29	141.31	285.44	563.78
Sufficiency of Non-debt Receipts (Resource Gap)	363.60	- 116.67	- 344.40	- 79.61	458.54
Net Availability of Borrowed Funds	- 153.69	112.33	100.57	- 47.59	- 45.73
Burden of Interest Payments (IP/RR ratio) (<i>per cent</i>)	7.24	5.16	5.59	5.28	7.38

Table 1.28 reveals that the quantum spread together with primary deficit has been positive for the last five years (2006-11), resulting in decline in the Debt/GSDP ratio from 57.79 *per cent* in 2006-07 to 41.98 *per cent* in 2010-11. These trends indicate the tendency towards debt stabilization, which would eventually improve the debt sustainability of the State.

The trends in Resource Gap indicate the oscillation between positive and negative magnitudes. The Resource Gap has been negative in three out of the five year period, indicating that the incremental Non-debt receipts were not sufficient to meet the incremental primary expenditure and Interest burden. However, the positive Resource Gap during 2010-11 indicated an increasing capacity of the State to sustain the debt in the medium to long run.

¹⁴ Appendix I.I.c.

¹⁵ Appendix I.I.c.

¹⁶ It indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

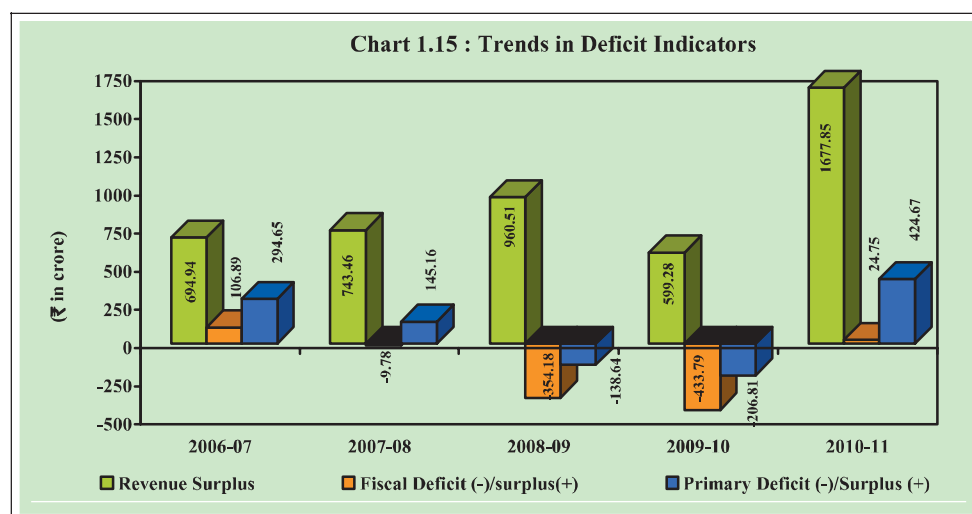
The Debt Redemption ratio fluctuated widely during 2006-11, which remained more than unity in 2006-07 and 2009-11, while during 2007-08 and 2008-09, this ratio was around 82 and 87 *per cent* respectively. During the current year, against borrowed funds of ₹ 928.28 crore, the Government repaid ₹ 974.01 crore as Principal and Interest on Internal Debt (₹ 371.48 crore), Loans & Advances from the Central Government (₹ 60.40 crore) and other liabilities¹⁷ (₹ 542.13 crore), as a result of which the State Government utilised ₹ 45.73 crore from its other sources for repayment of debt.

1.12 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2010-11.

1.12.1 Trends in Deficits

Charts 1.15 and 1.16 present the trends in deficit indicators over the period 2006-11.



¹⁷ Small Savings, Provident Funds, Reserve Funds, Deposits, etc.

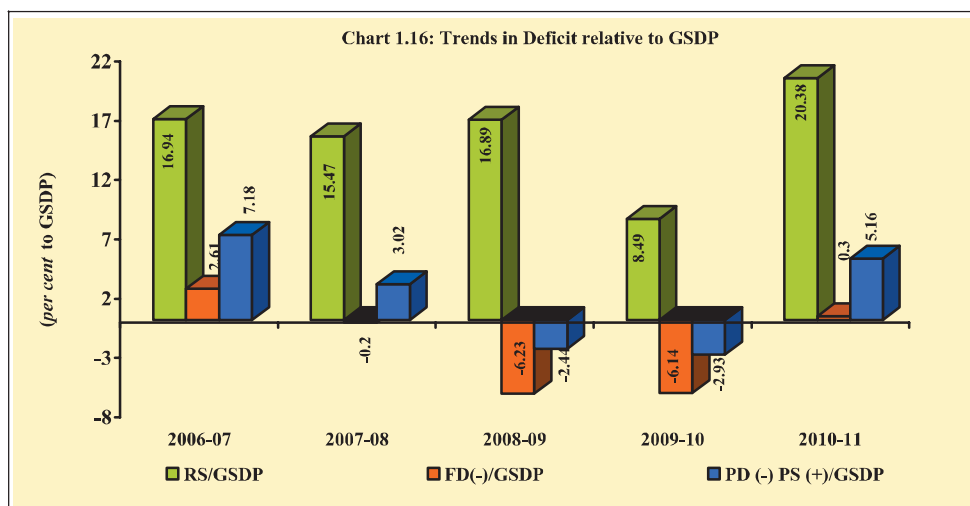


Chart 1.15 reveals that the State had a revenue surplus during the period 2006-11, which after inter-year variations, increased from ₹ 694.94 crore in 2006-07 to ₹ 1677.85 crore during the current year. Compared to 2009-10, revenue surplus during 2010-11 significantly increased by ₹ 1078.57 crore (180 per cent) mainly on account of increase in Central Transfers (₹ 1066.78 crore) and increase in Own Resources (₹ 60.44 crore) marginally offset by increase in Revenue expenditure (₹ 48.65 crore).

The fiscal deficit, which persisted during 2007-10, took a turnaround and resulted in fiscal surplus of ₹ 24.75 crore during 2010-11. The increase in Revenue Surplus (₹ 1078.57 crore) offset by increase in capital expenditure (₹ 618.89 crore) over the previous year mainly led to a fiscal surplus of ₹ 24.75 crore during the current year.

As per the recommendations of the XIIIth FC, *all special category states with base fiscal deficit of less than 3 per cent of GSDP in 2007-08 could incur a fiscal deficit of 3 per cent in 2011-12 and maintain it thereafter.* However, the Government of Arunachal Pradesh was successful in restricting the fiscal deficit-GSDP ratio as would be evident from the fact that the State achieved a fiscal surplus during 2010-11 against a fiscal deficit-GSDP ratio of 6.14 per cent during the previous year.

The primary deficit of ₹ 206.81 crore, experienced by the State during 2009-10, also took a turnaround in 2010-11, and resulted in a primary surplus of ₹ 424.67 crore. Although there was substantial increase ₹ 172.94 crore (76.19 per cent) in Interest payment during 2010-11 over the previous year, a fiscal surplus of ₹ 24.75 crore witnessed during the year led to the primary surplus.

1.12.2 Quality of Deficit/Surplus

The ratio of Revenue deficit to Fiscal deficit and the decomposition of Primary deficit into Primary Revenue deficit and Capital expenditure (including Loans & Advances) would indicate the quality of deficit in the States' finances. The ratio of Revenue deficit to Fiscal deficit indicates the extent to which borrowed funds were used for

current consumption. Further, a persistently high ratio of Revenue deficit to Fiscal deficit also indicates that the asset base of the State is continuously shrinking and a part of borrowings (fiscal liabilities) do not have any asset backup. The bifurcation of the Primary deficit (**Table 1.29**) would indicate the extent to which the deficit has been on account of enhancement in Capital expenditure, which may be desirable to improve the productive capacity of the State's economy.

Table 1.29: Primary Deficit/Surplus – Bifurcation of Factors

(₹ in crore)

Year	Non-debt Receipt	Primary Revenue Expenditure	Capital Expenditure	Loans & Advances	Primary Expenditure	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2006-07	2594.50	1709.47	585.60	4.78	2299.85	885.03	+ 294.65
2007-08	3005.95	2104.61	753.21	2.97	2860.79	901.34	+ 145.16
2008-09	3858.75	2679.92	1290.23	27.24	3997.39	1178.83	- 138.64
2009-10	4497.57	3468.61	1030.31	205.46	4704.38	1028.96	- 206.81
2010-11	5424.50	3344.32	1649.20	6.31	4999.83	2080.18	+ 424.67

The analysis of the factors resulting into Primary deficit or surplus of the State during 2006-11 revealed that in two (2008-09 and 2009-10) out of the five years, the State experienced Primary deficit, which was on account of Capital expenditure incurred and Loans & Advances disbursed by the State Government. In other words, Non-debt receipts of the State were sufficient to meet the Primary Revenue expenditure. But the surplus Non-debt receipts were not enough to meet the expenditure requirements under Capital account and Loans & Advances during 2008-10, resulting in Primary deficit. However, during 2006-08 and 2010-11, Non-debt receipts were sufficient to meet the expenditure requirement both under Revenue and Capital accounts, resulting in Primary surplus. Primary surplus was mainly on account of increases in Non-debt receipts by ₹ 926.93 crore and Capital expenditure by ₹ 618.89 crore, decreases in Primary Revenue expenditure by ₹ 124.29 crore and disbursement of Loans & Advances by ₹ 199.15 crore during 2010-11, as compared to the previous year. This is a desirable change for improving the productive capacity of the State's economy, which may be continued in ensuing years.

1.13 Conclusion and Recommendations

The fiscal position of the State during 2010-11 showed significant improvement over previous year, as the State not only maintained Revenue Surplus during the last five-year period ending 2010-11, but also the Revenue Surplus reached its peak during the current year. The fiscal deficit of the State, which was persistent during 2007-10 as well as the primary deficit of 2008-10, turned into Fiscal surplus and Primary surplus during 2010-11.

❖ **Revenue Receipts**

Revenue receipts during 2010-11 grew by 26.25 per cent (₹ 1127.22 crore) over the previous year. The Tax revenue and Non-tax revenue receipts exceeded the normative assessment made by the XIIIth FC by about 42 per cent and 166 per cent respectively. Central Transfers, comprising of the State's share of Central taxes and Grants-in-aid from the Government of India, increased by ₹ 1066.78 crore in 2010-11 and contributed about 95 per cent of the incremental Revenue receipts during the year. However, the State depends mostly on resources transferred by the Central Government. The State's own resources as percentage of the total receipts declined from its peak (25 per cent) in 2007-08 to its lowest (14 per cent) in 2010-11. This indicates that Central Transfers were the key to the increase in Revenue receipts of the State.

The State should make efforts to increase its own resources and maintain Revenue Surplus in the ensuing years.

❖ **Revenue and Total Expenditure**

Revenue expenditure of the State increased by 97.35 per cent from ₹ 1897.23 crore in 2006-07 to ₹ 3744.24 crore in 2009-10. This expenditure as a percentage of total expenditure, though decreased to 69.34 per cent in 2010-11 from 74.94 per cent in 2009-10, averaged around 73 per cent during the period 2006-11, leaving inadequate resources for expansion of services and creation of assets. NPRE during the same period increased from ₹ 1086.22 crore in 2006-07 to ₹ 2533.08 crore in 2010-11, which was around 63 per cent (₹ 978.92 crore) higher than the normatively assessed level of ₹ 1554.16 crore by the XIIIth FC for the year. Further, Salaries, Pensions, Interest payments and Subsidies continued to consume a major share of the Revenue expenditure, accounting for more than 59 per cent during 2010-11. Development expenditure during 2010-11 increased by 9.02 per cent over the previous year and also exceeded the assessment made in the Budget Estimates by 35.16 per cent. The relative share of Development expenditure during 2010-11, however, showed that 61.33 per cent of the Development expenditure was incurred on Revenue account and only 38.59 per cent was utilised for Capital expenditure. A predominant share of Revenue expenditure in Development expenditure indicated that more emphasis was given on maintenance of the current level of resources, which did not result in any addition to State's infrastructure and service network.

The expenditure pattern of the State Government needs correction in the ensuing years. The Government should initiate suitable measures to compress the components of Non-plan Revenue Expenditure and to emphasize on provision of Development Capital Expenditure.

❖ **Fiscal Correction Path**

During 2010-11, there were significant improvements in all the three major fiscal indicators, viz., Revenue Surplus, Fiscal Deficit and Primary Deficit over the previous

year. Achievement of Fiscal surplus during 2010-11 against a Fiscal deficit during the last three years indicated a comfortable fiscal position of the State. Prevalence of fiscal liabilities of the State over the period 2006-11, which stood at 41.98 *per cent* of the GSDP in 2010-11, appeared to be quite high, especially when compared with the limit prescribed by the XIIIth FC, i.e., steady reduction in augmented Debt Stock of States to less than 25 *per cent* of GDP by 2014-15.

During 2006-11, while the Government paid Interest at an average rate of 6.19 *per cent* to 12.16 *per cent* on its borrowings during the period, the average Return on Investment in Government Companies and Co-operative Societies was 'zero' (except less than one *per cent* during 2007-08). The Cash Balances of the State at the end of 2010-11 increased to ₹ 1798.98 crore and Interest received on investment of Cash Balances was only 6.78 *per cent*.

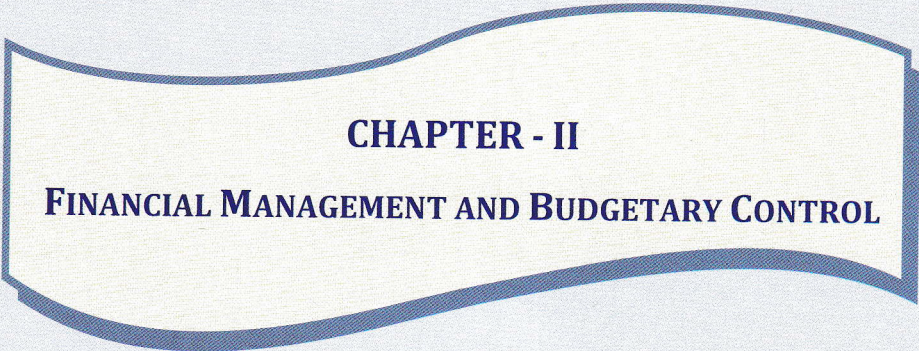
The increasing fiscal liabilities, accompanied by no return on Government investments and inadequate interest cost recovery on loans and advances, might lead to an unsustainable fiscal situation in medium to long term time-frame.

The State Government should make efforts to restrict its fiscal liabilities and also ensure proper Debt Management through advanced planning, which could minimise the need to hold large cash surpluses.

❖ ***Accounting of Funds Transferred to State Implementing Agencies***

The GOI has been transferring substantial amounts directly to the State Implementing Agencies for implementation of various Schemes/Programmes in the Social and Economic sectors. As long as these funds remain outside the State budget, there is no single agency monitoring their use and data is not readily available on how much is actually spent in a particular year.

A system has to be put in place to ensure proper accounting of these funds and updated information should be validated by the State Government and also by the Accountant General.



CHAPTER - II
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER II

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Accounts. These Accounts list the original budget estimate, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Accounts in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate management of finances and Accounts.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 73 Grants/Appropriations was as given in **Table 2.1**:

Table 2.1: Summarised position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)

	Name of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure ¹	Savings (-)/ Excess (+)
Voted	I - Revenue	3047.07	1178.72	4225.79	3319.08	- 906.71
	II - Capital	1871.44	1275.47	3146.91	1650.16	- 1496.75
	III - Loans and Advances	3.60	2.80	6.40	6.31	- 0.09
Total Voted		4922.11	2456.99	7379.10	4975.55	- 2403.55
Charged	IV - Revenue	294.98	2.66	297.64	425.15	+ 127.51
	V - Capital	-	-	-	-	
	VI - Public Debt- Repayment	190.32	0.94	191.26	86.50	- 104.76
Total Charged		485.30	3.60	488.90	511.65	+ 22.75
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		5407.41	2460.59	7868.00	5487.20	- 2380.80

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue Expenditure (₹ 0.40 lakh) and Capital Expenditure (₹ 95.27 lakh).

The overall savings of ₹ 2380.80 crore was the result of savings of ₹ 2538.44 crore in 57 Grants and three Appropriations under Revenue Section, 37 Grants and one Appropriation under Capital Section, offset by excess of ₹ 157.64 crore in nine Grants and two Appropriations under Revenue Section and seven Grants under Capital Section.

The savings/excess (detailed in the Appropriation Accounts) were intimated (February 2012) to the Controlling Officers, with a request to explain the reasons for significant variations. Out of 135 Major Heads, explanations for variations were received for 129 Major Heads.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 18 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹ 2538.44 crore, savings of ₹ 2447.26 crore (96.41 per cent) exceeding ₹ 10 crore in each case occurred in 20 Grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with Savings of ₹ 10 crore and above

(₹ in crore)

Sl. No	Number and Name of the Grant	Original Provision	Supplementary Provision	Total	Actual Expenditure	Savings
Revenue - Voted						
1.	6 District Administration	191.11	74.73	265.84	246.04	19.80
2.	8 Police	196.98	74.72	271.70	256.70	15.00
3.	14 Education	374.24	75.62	449.86	436.01	13.85
4.	23 Forests	91.74	47.93	139.67	105.21	34.46
5.	24 Agriculture	86.43	44.24	130.67	104.03	26.64
6.	27 Panchayat	24.13	30.15	54.28	35.65	18.63
7.	47 Administration of Justice	18.07	2.42	20.49	4.12	16.37
8.	50 Secretariat Economic Services	669.53	-	669.53	6.10	663.43
9.	59 Public Health Engineering	158.65	11.22	169.87	118.48	51.39
Capital - Voted						
10.	27 Panchayat	15.47	9.95	25.42	9.95	15.47
11.	31 Public Works	33.07	32.14	65.21	52.23	12.98
12.	32 Roads & Bridges	187.94	355.45	543.39	480.36	63.03
13.	33 North-eastern areas	89.92	74.47	164.39	122.46	41.93
14.	34 Power	90.04	13.03	103.07	90.45	12.62
15.	38 Water Resource Department	0.20	111.88	112.08	90.28	21.80
16.	50 Secretariat Economic Services	1200.00	-	1200.00	3.94	1196.06
17.	56 Tourism	27.65	25.47	53.12	33.65	19.47
18.	57 Urban Development	140.66	35.75	176.41	120.84	55.57
19.	66 Power (Civil)	26.34	186.95	213.29	169.30	43.99
Capital - Charged						
20.	97 Public Debt	190.33	0.94	191.27	86.50	104.77
Total		3812.50	1207.06	5019.56	2572.30	2447.26

2.3.2 Persistent Savings

In three cases (Table 2.3), during the last five years there were persistent savings of more than ₹ one crore each and also by 10 per cent or more of the total grant.

Table 2.3: List of Grants indicating Persistent Savings during 2006-11

(₹ in crore)

Sl. No	Number and Name of the Grant	Amount of Savings				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue - Voted						
1.	50-Secretariat Economic Services	328.24 (89)	523.23 (94)	1179.28 (99)	784.95 (99)	663.43 (99)
Capital - Voted						
2.	31-Public Works	10.03 (40)	5.10 (23)	31.82 (48)	38.77 (44)	12.98 (20)
3.	34-Power	25.85 (22)	63.52 (40)	45.87 (28)	62.52 (27)	12.62 (12)

(Figures in parentheses indicate percentage of savings to total provision)

One Grant, viz. 'Secretariat-Economic Services' posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive/re-appropriations, indicating poor budgeting and inadequate control over allocations.

2.3.3 Excess Expenditure

In five cases, expenditure aggregating ₹ 756.77 crore exceeded the approved budget provision by ₹ 1 crore or more in each case or by more than 20 per cent of the total provisions (Table 2.4).

Table 2.4: Details of Grants/Appropriations where excess expenditure was more than ₹ one crore each or more than 20 per cent of the total provision

(₹ in crore)

Sl. No.	Grant Number	Name of the Grant/Appropriation	Total Grant/Appropriation	Total Expenditure	Percentage of Excess Expenditure
Revenue - Voted					
1.	13	Directorate of Accounts	204.75	225.88	10.32
2.	16	Art & Cultural Affairs	13.68	16.01	17.03
Revenue - Charged					
3.	97	Public Debt	289.29	416.92	44.12
Capital - Voted					
4.	14	Education	91.98	94.65	2.90
5.	54	State Tax & Excise	1.73	3.31	91.33
Total			601.43	756.77	25.83

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a Scheme/Service without provision of funds. It was, however, noticed that expenditure of ₹ 10.73 crore was incurred in six Grants and one Appropriation, as detailed in **Appendix-2.2**, without any provision in the Original Estimates/Supplementary Demand and without any re-appropriation orders to this effect. Significant cases of such expenditure involving expenditure in excess of ₹ 1 crore are given in **Table 2.5**.

Table 2.5: Expenditure incurred without provision during 2010-11

(₹ in crore)

Grant/Appropriation Number-Major Head of Account-Sub Head - Detailed Head	Expenditure Without Provision
16-2205-102-0004-Corpus Fund	2.09
23-2406-070-0005-Building	1.23
28-4403-800-0001- Maintenance/Creation of Assets	2.05
34-4801-06-800-003-Creation of Assets	3.69
97-2049-60-701-0003- Power Bonds	1.28

2.3.5 Excess over provisions relating to previous year requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get any excess over a Grant/Appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Constitution, the regularisation of excess expenditure is done after completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 1126.31 crore for the years from 1986-87 to 2009-10 was yet to be regularised as detailed in **Appendix 2.3**.

2.3.6 Excess over provisions during 2010-11 requiring regularisation

Table 2.6 contains a summary of total excesses in 15 cases of Grants and 2 cases of Appropriations amounting to ₹ 157.64 crore over authorisation from the Consolidated Fund during 2010-11, and required regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularisation during 2010-11

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess
Revenue - Voted				
1.	13 - Directorate of Accounts	204.75	225.88	21.13
2.	16 - Arts and Cultural Affairs	13.68	16.01	2.33
3.	20 - Labour	3.35	3.43	0.08
4.	29 - Co-operation	8.17	8.56	0.39
5.	30 - State Transport	53.18	53.27	0.09
6.	33 - North-Eastern Areas	6.97	7.06	0.09
7.	44 - Attached Offices of the Secretariat Administration	6.71	7.31	0.60
8.	72 - Directorate of Prison	4.53	4.61	0.08
Revenue - Charged				
9.	12 - Social Security and Welfare	1.06	1.08	0.02
10.	97 - Public Debt	289.29	416.92	127.63
Capital - Voted				
11.	14 - Education	91.98	94.65	2.67
12.	28 - Animal Husbandry and Veterinary	2.16	2.22	0.06
13.	29 - Co-operation	1.48	1.77	0.29
14.	36 - Statistics	0.73	1.09	0.36
15.	48 - Horticulture	3.82	3.87	0.05
16.	54 - State Tax and Excise	1.73	3.31	1.58
17.	61 - Geology & Mining	0.62	0.81	0.19
	Total	694.21	851.85	157.64

2.3.7 Unnecessary/Excessive/Inadequate Supplementary Provision

Supplementary provision aggregating ₹ 66.69 crore obtained in eight cases, (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Table 2.7**.

Table 2.7: Cases of Unnecessary Supplementary Provision (₹ 10 lakh or more in each case)

(₹ in crore)

Sl. No.	Number & Name of Grant/Appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
Revenue Voted					
1.	36 Statistics	16.56	14.88	1.68	3.65
2.	45 Civil Aviation	19.71	15.11	4.60	2.01
3.	47 Administration of Justice	18.07	4.12	13.95	2.42
4.	57 Urban Development	7.43	6.94	0.49	0.75
5.	59 Public Health Engineering	158.65	118.48	40.17	11.23
Capital -Charged					
6.	97 Public Dept	190.33	86.50	103.83	0.94
Capital Voted					
7.	27 Panchayat	15.47	9.95	5.52	9.95
8.	57 Urban Development	140.66	120.84	19.82	35.74
Total		566.88	376.82	190.06	66.69

In four cases (**Table 2.8**), the supplementary provision of ₹ 126.65 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate excess expenditure of ₹ 27.71 crore over the supplementary provision.

Table 2.8: Cases of Insufficient Supplementary Provisions

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Excess
Revenue - Voted						
1.	13 - Directorate of Accounts	162.25	42.50	204.75	225.88	21.13
2.	16 - Art & Cultural Affairs	2.95	10.73	13.68	16.01	2.33
Capital - Voted						
3.	14 - Education	20.29	71.69	91.98	94.65	2.67
4.	54 - State Tax and Excise	-	1.73	1.73	3.31	1.58
Total		185.49	126.65	312.14	339.85	27.71

2.3.8 Excessive/Unnecessary Re-appropriation of Funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh in each Sub-head of 82 Grants/Appropriations as detailed in **Appendix 2.4**.

2.3.9 Unexplained Re-appropriation

According to the Budget Manual, reasons for additional expenditure and savings should be explained in the Re-appropriation Statement and vague expressions such as

“less requirement of funds”, “requirement of more funds,” etc. should be avoided. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of some cases, reasons given for additional provision/withdrawal of provision in the re-appropriation orders were release of additional funds by the Government of India for major works, non-receipt of funds from the Finance Department, non-completion of construction works in time, etc., while in most of the cases, vague expressions like, ‘based on actual requirement,’ etc., were shown as reasons for re-appropriation.

2.3.10 Substantial Surrenders

Substantial surrenders (cases where more than 50 per cent of the total provision was surrendered) were made in respect of six Grants. Out of the total provisions of ₹ 782.21 crore in these cases, ₹ 732.85 crore (93.69 per cent) were surrendered during the year, reasons for which were not stated. The details of such cases are given in Table 2.9 below.

Table 2.9: Cases of Substantial Surrenders made during the year

(₹ in crore)

Sl. No.	Number and Title of Grant	Name of the Scheme (Head of Account)	Amount Surrendered	Percentage of Surrender
1.	7 Treasury and Accounts Administration	Construction of Treasury Building	2.50	100
2.	50 Secretariat Economic Services	Establishment Expenses	662.29	99.19
3.	59 Public Health Engineering	Accelerated Rural Water Supply Programme	47.73	59.66
4.	67 State Information Commission	Capacity Building and Awareness Generation for Effective Implementation of the RTI Act	0.14	57.14
5.	97 Public Debt	Interest on State Plan Loan	19.89	63.60
6.	53 Fire Protection & Control	Creation of Assets	0.30	59.02
Total			732.85	93.69

2.3.11 Surrender in Excess of Actual Savings

In three cases (Table 2.10), against savings of ₹ 1.03 crore, the surrendered amount was ₹ 1.35 crore, resulting in excess surrender of ₹ 0.33 crore.

Table 2.10: Surrender in Excess of Actual Savings

(₹ in lakh)

Sl. No.	Number & Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Amount Surrendered	Amount Surrendered Excess
Revenue - Voted					
1.	41 Land Management	1041.69	11.37	22.37	11.00
Capital - Voted					
2.	21 Food, Storage & Warehousing	239.65	82.91	83.49	0.58
3.	53 Fire Protection and Control	50.00	8.51	29.51	21.00
Total		1331.34	102.79	135.37	32.58

2.3.12 Anticipated Savings not Surrendered

As per the Budget Manual, the spending Departments are required to surrender Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the end of the financial year 2010-11, there were 55 Grants/Appropriations where there were savings (₹ 10 lakh and above in each case), but were not surrendered by the Departments concerned. The amount involved in these cases was ₹ 510.32 crore (**Appendix 2.5**). Out of the 55 cases, savings were more than ₹ one crore in 26 cases.

Similarly, out of the total savings of ₹ 2507.71 crore under 33 Grants/Appropriations (where savings of ₹ 1 crore and above occurred in each Grant/Appropriation), an amount aggregating ₹ 1585.64 crore (63.23 per cent of total savings) was not surrendered, details of which are given in **Appendix 2.6**. Due to the non-surrender of anticipated savings by the Departments concerned, there was no scope on the part of the Finance Department to utilise the funds for other purposes.

2.3.13 Rush of Expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased over the year as far as possible. It was, however, noticed that during 2010-11, expenditure during the fourth quarter and in the month of March compared to the total expenditure during the year ranged between 30.38 per cent and 94.34 per cent and 17.82 per cent to 84.50 per cent respectively in case of 12 illustrative major Heads of Account, as indicated in **Table2.11** below:

Table2.11: Cases of Rush of Expenditure towards the end of the Financial Year

(₹ in crore)

Sl. No.	Major Head	Total Expenditure during the Year	Expenditure during January - March 2011		Expenditure during March 2011	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1.	2202	425.24	129.19	30.38	75.77	17.82
2.	2210	199.04	68.88	34.61	41.01	20.60
3.	2215	118.33	59.06	49.91	42.13	35.60
4.	2235	70.43	35.29	50.11	26.71	37.92
5.	2401	129.23	68.10	52.70	57.48	44.48
6.	2505	13.60	12.83	94.34	10.69	78.60
7.	2702	142.12	81.01	57.00	73.87	51.98
8.	2801	274.12	142.21	51.88	107.60	39.25
9.	3054	235.75	133.49	56.62	106.43	45.15
10.	4059	57.81	39.53	68.38	30.22	52.27
11.	4217	224.70	200.42	89.19	189.87	84.50
12.	4801	256.75	158.42	61.70	142.17	55.37

2.4 Non-reconciliation of Departmental Figures

2.4.1 Pending submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

Rules provide that draws through Abstract Contingent bills (AC Bills) require presentation of Detailed Countersigned Contingent bills (DCC Bills) to the Controlling Officer (CO) and transmission of the same to the Accountant General's Office. A Certificate is also required to be attached to every AC Bill to the effect that DCC Bills have been submitted to the CO in respect of all one month old AC Bills (drawn more than a month before the date of the Bill).

Records available in respect of some Drawing and Disbursing Officers (DDOs)/COs revealed that 2,359 DCC Bills amounting to ₹ 27.57 crore were not furnished to the Accountant General as of March 2011. Thus, due to non-submission of DCC Bills, the actual expenditure against these draws remained un-assessed, indicating serious deficiency in control over expenditure. The year-wise position is given in **Table 2.12** below.

Table 2.12: Position of Pending DCC bills

(₹ in crore)

Year	Total Amount Drawn during the Year	Number of Pending DCC Bills	Percentage of Outstanding Amount	Amount Involved
up to 2008-09	78.90	1701	18.31	14.45
2009-10	25.85	113	45.28	11.70
2010-11	2.93	545	48.46	1.42
Total	107.67	2359	25.61	27.57

2.4.2 Un-reconciled Expenditure

To enable COs of Departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the Financial Year with that recorded in the books of the Accountant General. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2010-11 also. Four COs did not reconcile expenditure amounting to ₹ 238.59 crore as of March 2011. Details are given in **Table 2.13**.

Table 2.13: Un-reconciled Expenditure

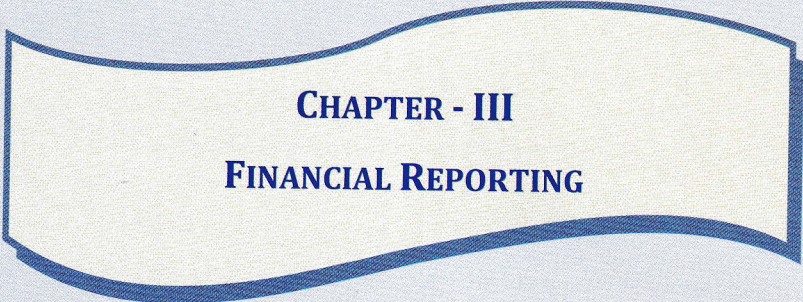
(₹ in crore)

Sl. No.	Controlling Officers	Number of Heads of Account involved	Amount not Reconciled
1.	Director, Social Security and Welfare	2235	1.08
2.	Secretary, Forests	2406, 3435	105.21
3.	Secretary, North-Eastern Areas	2552, 4552	129.52
4.	Secretary, Town Planning Department	2217	2.78
Total			238.59

2.5 Conclusion

During 2010-11, there was net savings of ₹ 2380.80 crore, which was the result of savings of ₹ 2538.44 crore, offset by excess of ₹ 157.64 crore. The excess of ₹ 157.64 crore required regularisation as per Article 205 of the Constitution. Three Grants, ‘Secretariat-Economic Services’, ‘Public-Works’ and ‘Power’ posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Rush of expenditure at the end of the Financial Year is another chronic feature noticed in the overall financial management. In many cases, anticipated savings were not surrendered, leaving no scope for utilising these funds for other development purposes. Detailed Bills were not submitted for a large amount of advances drawn on abstract contingent bills.

Budgetary Controls should be strictly observed to avoid deficiencies in Financial Management.



CHAPTER - III
FINANCIAL REPORTING

CHAPTER - III : Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The compliance to financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

3.1 Utilisation Certificates

According to Rule 212(1) of the General Financial Rules, 2005, in respect of non-recurring grants, an institution or organisation is to submit Utilisation Certificates within twelve months of the closure of the Financial Year.

Department-wise position of Utilisation Certificates (UC) for grants given by various departments for specific purposes, called for (July 2011) from the State Finance Department. 17 departments have furnished the requisite information. Of these, 13 departments furnished 'Nil' information and three departments furnished the position of grants released during 2010-11. As per the information furnished by Labour & Employment Department, out of a grant of ₹ 80 lakh paid by the Department during 2009-10, a Utilisation Certificate for ₹ 41.60 lakh was still pending as on 31 March 2011.

3.2 Non-submission/Delay in Submission of Accounts

In order to identify Institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various Institutions, purpose of the assistance granted and the total expenditure of the Institutions.

The Annual Accounts of 19 Autonomous Bodies/Authorities due up to 2010-11 have still not been received by the Accountant General as on February 2012. Details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in the Table below.

Table 3.1

Sl. No.	Delay (in Years)	Number of Bodies/Authorities from whom Annual Accounts are awaited
1.	0 – 1	07
2.	1 – 3	05
3.	3 – 5	-
4.	5 – 7	05
5.	7 – 9	01
6.	9 and above	01

Out of 19 Bodies/Authorities, Annual Accounts in respect of one organization, viz., District Rural Development Agency, Seppa, was outstanding for 15 years.

3.3 Misappropriation, Losses, Defalcation, etc.

According to Rule 33 of the General Financial Rules, 2005, any loss or shortage of public moneys, Departmental revenue or receipts, etc. held by or on behalf of the Government, irrespective of the cause of loss and manner of detection, shall be immediately reported by the subordinate authority concerned to the next higher authority and to the Statutory Audit Officer and the Accounts Officer, even when such loss has been made good by the party responsible for it.

The State Government reported 11 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹ 1.91 crore up to the period 31 March 2011, on which final action was pending. Department-wise break up of pending cases of misappropriation, losses, etc. is given in **Table 3.2** below.

Table 3.2: Department-wise break up of pending cases

(₹ in lakh)

Name of Department	Theft		Misappropriation		Loss of Government Material		Total	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
Supply and Transport	1	5.97	7	170.03	1	8.32	9	184.32
Agriculture	-	-	-	-	1	0.84	1	0.84
Fisheries	1	5.53	-	-	-	-	1	5.53
Total	2	11.50	7	170.03	2	9.16	11	190.69

Age profile of pending cases and number of cases pending in each category (theft, misappropriation, loss) are summarised in **Table 3.3**.

Table 3.3: Profile of Misappropriation, Losses, Defalcations etc.

(₹ in lakh)

Age Profile of Pending Cases			Nature of Pending Cases		
Range (in Years)	Number of Cases	Amount Involved	Nature/Characteristics of Cases	Number of Cases	Amount Involved
0-5	2	6.37	Theft	2	11.50
5-10	9	184.32	Misappropriation/Losses	9	179.19
	-		Total	11	190.69
	-	-	Cases of losses Written off during the Year	Nil	Nil
	-	-	Recovery during the Year	Nil	Nil
Total	11	190.69	Total Pending Cases	11	190.69

Out of ₹ 1.91 crore, the highest number of cases and amount of theft, misappropriation and losses was ₹ 1.84 crore in the Supply and Transport Department, involving nine cases.

3.4 Conclusion

The State Government's compliance with various rules, procedures and directives was unsatisfactory, as evident from delay in furnishing Utilisation Certificates for grants given by a Department. There were instances of losses and misappropriation, which remained unsettled with various Departments for periods ranging from one to 10 years.

Efforts should be made to bring the defaulters to book. Internal Control in all Departments/Organisations should be strengthened to prevent the above deficiencies.

Itanagar
The



(S.A. Bathew)
Accountant General
Arunachal Pradesh

Countersigned

New Delhi
The



(Vinod Rai)
Comptroller and Auditor General of India

APPENDICES

APPENDIX - 1.1

Part A - Structure and Form of Government Accounts

(Reference: Page 1)

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of Treasury Bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

APPENDIX 1.1

Part-B: Layout of Finance Accounts

(Reference: Page - 1)

Layout of Finance Accounts

The Finance Accounts (new format introduced from the year 2009-10) has been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarised form while Volume II represents detailed financial statements. The layout of the Finance Accounts is chalked out in the following manner:

Layout	
VOLUME I	
Statement No. 1	Statement of Financial Position
Statement No. 2	Statement of Receipts and Disbursements
Statement No. 3	Statement of Receipts in Consolidated Fund
Statement No. 4	Statement of Expenditure in Consolidated Fund By Function and Nature Notes to Accounts
Appendix I	Cash Balances and Investment of Cash Balances
VOLUME II - PART I	
Statement No. 5	Statement of Progressive Capital Expenditure
Statement No. 6	Statement of Borrowings and other Liabilities
Statement No. 7	Statement of Loans and Advances given by the Government
Statement No. 8	Statement of Grants-in-aid given by the Government
Statement No. 9	Statement of Guarantees given by the Government
Statement No. 10	Statement of Voted and Charged Expenditure
PART II	
Statement No. 11	Detailed Statement of Revenue and Capital Receipts by minor heads
Statement No. 12	Detailed Statement of Revenue Expenditure by minor heads
Statement No. 13	Detailed Statement of Capital Expenditure by minor heads
Statement No. 14	Detailed Statement of Investments of the Government
Statement No. 15	Detailed Statement of Borrowings and other Liabilities
Statement No. 16	Detailed Statement on Loans and Advances given by the Government
Statement No. 17	Detailed Statement on Sources and Application of funds for expenditure other than on Revenue account
Statement No. 18	Detailed Statement on Contingency Fund and other Public Account transactions
Statement No. 19	Detailed Statement on Investments of earmarked funds
PART III - APPENDICES	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme-wise and Institution-wise)
V	Externally Aided Projects
VI	Plan Scheme Expenditure (Central and State Plan Schemes)
VII	Direct transfer of Central Scheme funds to implementing agencies
VIII	Summary of Balances
IX	Financial results of Irrigation Schemes
X	Incomplete Works
XI	Statement of items for which allocation of balances, as a result of re-organisation of States, has not been finalised
XII	Maintenance Expenditure with segregation of Salary and Non-salary portions

APPENDIX - 1.1

Part - C: Methodology adopted for the Assessment of Fiscal Position

(Reference: Page - 1)

The norms/ceilings prescribed by the Twelfth Finance Commission for selected fiscal variables along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the Legislature under the Act are used to make qualitative assessment of the trends and patterns of major fiscal aggregates. Assuming that Gross State Domestic Product¹ (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy co-efficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure, *etc.*, are keeping pace with the change in the base or if these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 2004-05 as base as furnished (December 2011) by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

List of terms used in the Chapter - I and basis for their calculation

Terms	Basis of Calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average Interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening Balance} + \text{Closing Balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure, excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt
Compound Annual Growth Rate (CAGR)	The compound annual growth rate is calculated by taking the n^{th} root of the total percentage growth rate, where n is the number of years in the period being considered. $\text{CAGR} = [\text{Ending Value} / \text{Beginning Value}]^{(1/\text{period}) - 1}$

¹ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

Terms	Basis of Calculation
Core public goods and Merit goods	<p>Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc.</p> <p>Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.</p>
Debt Stabilisation	<p>A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.</p>
Non-debt receipts	<p>Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.</p>

APPENDIX 1.1
Part - D: State Profile
(Reference: Page - 1)

A. General Data		
Sl. No.	Particulars	Figures
1.	Area	83,743 sq km
2.	Population	
	2010-11 (As per census 2011 – provisional data)	13,82,611
	Male	7,20,232
	Female	6,62,379
3.	Density of Population (2011 – provisional data) (All India Average = 382 persons per sq km)	17 persons per sq. km.
4.	Population below poverty line (All India Average = 27.5%)	17.6%
5.	Population Growth (2001 to 2011)	25.92%
6.	Literacy (as per 2011 census – provisional data) (All India Average = 64.8%)	66.95%
7.	Infant Mortality (per 1000 live births) (All India Average = 50 per 1000 live births)	32
8.	Gross State Domestic Product (GSDP) 2010-11	₹ 8,233.06 crore
9.	GSDP ² CAGR (2004-05 to 2010-11)	15.39%

B. Financial Data			
Particulars		Figures (in per cent)	
		2001-02 to 2009-10	2001-02 to 2010-11
CAGR of			
(a)	Revenue Receipts	18.76	19.57
(b)	Own Tax Revenue	24.07	24.06
(c)	Non-Tax Revenue	28.01	25.05
(d)	Total Expenditure	17.73	16.79
(e)	Capital Expenditure	16.60	20.78
(f)	Revenue Expenditure on General Education	16.74	11.61
(g)	Revenue Expenditure on Health & Family Welfare	16.56	14.39
(h)	Salary	20.63	16.51
(i)	Pension	16.43	16.98

Source: Sl 7: SRS Bulletin January 2011 – Estimated Infant mortality rate, 2009.

² Based on GSDP Series (current prices) with 2004-05 as Base Year as furnished by the Directorate of Economics & Statistics, Arunachal Pradesh in December 2011.

APPENDIX - 1.2

Fiscal Responsibility and Budget Management Act, 2006

(Reference: Pages 1 & 3)

The Fiscal Responsibility and Budget Management Act

The State Government has enacted the Arunachal Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2006 to (i) ensure fiscal prudence, stability and efficiency, (ii) achieve fiscal consolidation for facilitating the generation of revenue surplus for enhancing the scope for improvement of investment in the social and economic sectors/infrastructure, (iii) ensure fiscal and debt sustainability through progressive reduction of the fiscal deficit and proper debt management system and (iv) provide a more transparent and accountable system of budgeting that will ensure an efficient and effective system of governance.

The APFRBM Act, 2006, came into effect on 30th March 2006 and the Fiscal Responsibility and Budget Management (FRBM) Rules, 2007, came into force with effect from 12th February 2007. The Rule set the following fiscal targets for the State Government;

- Maintain at least the level of revenue surplus in the base year (average of 2001-02 to 2003-04) in the subsequent years, beginning with the financial year 2005-06 and ending with 2008-09 and adhere to it thereafter.
- Reduce every year the fiscal deficit by a minimum of 0.03 *per cent* of the GSDP by the end of each financial year, beginning with the financial year 2005-06 so as to reduce the same to 3 *per cent* or below by 2009-10 and adhere to it thereafter.

❖ Fiscal Policy Statements

As prescribed in the Act, the State had incorporated the following statements in the Budget for the year 2010-11.

- Macro-Economic Framework Statement giving an overview of the State economy.
- Medium Term Fiscal Plan (MTFP) Statement prescribing fiscal targets and assumptions for achieving them. As per MTFP Statement of March 2011, the revised estimates for fiscal indicators for the year 2010-11 were as under:

- Revenue surplus as percentage of GSDP	35.42
- Fiscal Deficit as percentage of GSDP	1.50
- Total outstanding liabilities at the end of the year (₹ in crore)	3425.52
- Liabilities as percentage of GSDP for the year	41.49
- Fiscal Plan Strategy Statement of the State for the ensuing year relating to taxation, expenditure, borrowings, lending and investments etc.

❖ Road Map to Achieve the Fiscal Targets as laid down in FRBM Act/Rules

The State Government has also developed its own Fiscal Correction Path (FCP), detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the APFRBM Act.

APPENDIX 1.3
Time series data on State Government finances
(Reference: Pages 1 and 30)

	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
PART - A. RECEIPTS					
1. Revenue Receipts	2592.17	3003.01	3855.97	4294.87	5422.09
<i>(a) Own Tax Revenue</i>	78.24 (3)	98.09 (3)	136.23 (4)	173.44 (4)	214.99 (4)
Taxes on Sales, Trade, etc.	61.64 (79)	77.06 (79)	105.68 (77)	130.23 (75)	168.24 (78)
State Excise	10.98 (14)	11.61 (12)	16.61 (12)	23.78 (14)	29.74 (14)
Taxes on Vehicles	2.93 (4)	6.42 (6)	7.76 (6)	13.07 (7)	11.76(5)
Stamps and Registration fees	0.55 (1)	0.86 (1)	1.25 (1)	1.88 (1)	1.86 (1)
Land Revenue	2.10 (2)	2.12 (2)	4.90 (4)	4.43 (3)	3.37 (2)
Other Taxes	0.04	0.02	0.03	0.05	0.01
<i>(b) Non Tax Revenue</i>	297.17 (12)	656.92 (22)	772.01 (20)	511.25 (12)	530.14 (10)
<i>(c) State's share in Union taxes and duties</i>	347.14 (13)	437.87 (15)	462.09 (12)	475.40 (11)	720.18 (13)
<i>(d) Grants-in-aid from Government of India</i>	1869.62 (72)	1810.13 (60)	2485.64 (64)	3134.78 (73)	3956.78 (73)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	2.33	2.94	2.78	202.70	2.41
4. Total Revenue and non Debt Capital receipts(1+2+3)	2594.50	3005.95	3858.75	4497.57	5424.50
5. Public Debt Receipts	110.37	291.06	143.88	216.20	122.36
Internal Debt (excluding Ways & Means Advances and Overdrafts)	299.74	285.01	143.88	216.20	121.99
Net Transactions under Ways & Means Advances & Overdrafts	- 206.04	-	-	-	-
Loans and Advances from Government of India	16.67	6.05	-	-	0.37
6. Total receipts in the Consolidated Fund (3+4+5)	2704.87	3297.01	4002.63	4713.77	5546.86
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts Receipts	1484.20	2423.76	7255.58	4264.84	3077.77
9. Total Receipts of Government (6+7+8)	4189.07	5720.77	11258.21	8978.61	8624.63
PART - B. EXPENDITURE/DISBURSEMENT					
10. Revenue Expenditure	1897.23	2259.55	2895.46	3695.59	3744.24
Plan	811.01 (43)	1043.67 (46)	1142.66 (39)	1135.17 (31)	1211.16 (32)
Non-Plan	1086.22 (57)	1215.88 (54)	1752.80 (61)	2560.42 (69)	2533.08 (68)
General Services (including interest payments)	559.60 (30)	620.06 (28)	774.24 (27)	1161.03 (32)	1265.23 (34)
Social Services	633.59 (33)	706.58 (31)	980.71 (34)	1196.66 (32)	994.28 (27)
Economic Services	704.04 (37)	932.91 (41)	1140.51 (39)	1337.90 (36)	1484.73 (39)
11. Capital Expenditure	585.60	753.21	1290.23	1030.31	1649.20
Plan	585.46 (100)	552.08 (73)	1279.61 (99)	1007.48 (98)	1632.03 (99)
Non-Plan	0.14	201.13 (27)	10.62 (1)	22.83 (2)	17.17 (1)
General Services	22.02 (4)	23.11 (3)	47.22 (4)	62.41 (6)	89.10 (5)
Social Services	139.85 (24)	148.38 (20)	161.69 (12)	153.60 (15)	409.68 (25)
Economic Services	423.73 (78)	581.72 (77)	1081.32 (84)	814.30 (79)	1150.42 (69)
12. Disbursement of Loans and Advances	4.78	2.97	27.24	205.46	6.31
13. Total (10+11+12)	2487.61	3015.73	4212.93	4931.36	5399.75
14. Repayments of Public Debt	92.44	77.13	63.46	110.81	86.50
Internal Debt (excluding Ways & Means Advances and Overdrafts)	47.75	54.97	59.75	86.70	59.31
Loans and Advances from Government of India	44.69	22.16	3.71	24.11	27.19
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total Disbursement out of Consolidated Fund (13+14+15)	2580.05	3092.86	4276.39	5042.17	5486.25
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	1556.07	2169.85	4229.12	3660.68	2949.79
19. Total disbursements by the State (16+17+18)	4136.12	5262.71	8505.51	8702.85	8436.04

	2006-07	2007-08	2008-09	2009-10	2010-11
PART - C. DEFICITS/SURPLUS					
20. Revenue Deficit (-)/Surplus (+) (1-10)	+ 694.94	+ 743.46	+ 960.51	+ 599.28	+ 1677.85
21. Fiscal Deficit (-)/Surplus (+) (4-13)	+ 106.89	- 9.78	- 354.18	- 433.79	+ 24.75
22. Primary Deficit (-)/Surplus (+) (21+23)	+ 294.65	+ 145.16	- 138.64	- 206.81	+ 424.67
PART - D. OTHER DATA					
23. Interest Payments (included in revenue expenditure)	187.76	154.94	215.54	226.98	399.92
24. Financial Assistance to local bodies etc.	50.87	43.49	102.24	69.58	60.61
25. Ways and Means Advances/ Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	8.18	-	-	-	-
27. Gross State Domestic Product (GSDP) ³	4102.93	4806.91	5687.62	7059.83	8233.06
28. Outstanding Fiscal liabilities (year end)	2371.27	2638.55	2954.66	3119.05	3456.24
29. Outstanding guarantees (year end)	13.32	0.98	0.61	0.61	⁴
30. Maximum amount guaranteed (year end)	23.99	12.00	12.00	12.00	⁴
31. Number of incomplete projects	474	285	80	63	50
32. Capital blocked in incomplete projects	121.00	25.12	579.52	-	157.67 ⁵ (15)
PART - E. FISCAL HEALTH INDICATORS (per cent)					
I - Resource Mobilization					
Own tax revenue/GSDP	1.91	2.04	2.40	2.46	2.61
Own Non-Tax Revenue/GSDP	7.24	13.67	13.57	7.24	6.44
Central Transfers /GSDP	8.46	9.11	8.12	6.73	8.75
II - Expenditure Management					
Total Expenditure ⁶ /GSDP	60.63	62.74	74.07	69.85	65.59
Total Expenditure /Revenue Receipts	95.97	100.42	109.26	114.82	99.58
Revenue Expenditure /Total Expenditure	76.27	74.93	68.73	74.94	69.34
Expenditure on Social Services/Total Expenditure	31.09	28.35	27.12	27.38	26.00
Expenditure on Economic Services / Total Expenditure	45.35	50.22	52.74	43.64	48.80
Capital Expenditure /Total Expenditure	23.54	24.98	30.63	20.89	30.54
Capital Expenditure on Social and Economic Services /Total Expenditure	22.66	24.21	29.50	19.63	28.89
III - Management of Fiscal Imbalances					
Revenue Surplus /GSDP	+ 16.94	+ 15.47	+ 16.89	+ 8.49	+ 20.38
Fiscal Deficit (-) or Surplus(+)/GSDP	+ 2.61	- 0.20	- 6.28	- 6.14	+ 0.30
Primary Deficit (-) or Surplus (+)/GSDP	+ 7.18	+ 3.02	- 2.44	- 2.93	+ 5.16
Revenue Surplus /Fiscal Surplus	+ 650.15	- 7601.84	- 271.19	- 138.15	+ 6779.19
Primary Revenue Balance/ GSDP	21.51	18.69	20.68	11.70	25.24
IV - Management of Fiscal Liabilities					
Fiscal Liabilities /GSDP	57.79	54.89	51.95	44.18	41.98
Fiscal Liabilities /RR	91.48	87.86	76.63	72.62	63.74
Primary Deficit vis-à-vis quantum spread	+ 327.14	+ 405.29	+ 141.31	+ 285.44	+ 563.78
Debt Redemption (Principal + Interest)/ Total Debt Receipts	124.60	81.69	87.18	105.19	104.93
V - Other Fiscal Health Indicators					
Return on Investment(₹ in crore)	0	0	0	0	0
Balance from Current Revenue (₹ in crore)	36.63	369.70	86.50	-879.57	1079.17
Financial Assets/Liabilities (ratio)	2.39	2.44	1.87	2.20	2.51

Note: Figures in brackets represent percentages to total of each sub-heading.

³ GSDP figures (Current Prices – Base Year 2004-05) as furnished (December 2011) by the Directorate of Economics and Statistics, Government of Arunachal Pradesh (2006-07 to 2008-09: Revised Estimate; 2009-10: Provisional Estimate; 2010-11: Quick Estimate).

⁴ Information not furnished by the State Government (January 2012).

⁵ Expenditure incurred till March 2011 on projects (in brackets) scheduled to be completed by March 2011 but remained incomplete.

⁶ Revenue Expenditure, Capital Expenditure and disbursement of Loans and Advances.

APPENDIX - 1.4

Abstract of Receipts and Disbursements for the year 2010-11
(Reference: Paragraph 1.1; Page - 2)

(₹ in crore)

Receipts			Disbursements				
2009-10		2010-11	2009-10	2010-11			
Section - A : Revenue							
	I - Revenue Receipts			I - Revenue Expenditure	Non-Plan	Plan	Total
173.44	Own Tax Revenue	214.99	1161.03	General Services	1239.44	25.79	1265.23
511.25	Non-tax Revenue	530.14	1196.66	Social Services	631.02	363.26	994.28
475.40	State's share of Union taxes	720.18	605.88	Education, Sports, Arts and Culture	382.10	106.68	488.78
505.76	Non-Plan Grants	836.29	210.42	Health and Family Welfare	176.55	30.65	207.20
2296.66	Grants for State Plan Schemes	2616.44	216.19	Water Supply, Sanitation, Housing and Urban Development	35.89	112.00	147.89
208.82	Grants for Central and Centrally Sponsored Plans/Schemes	425.90	10.66	Information and Broadcasting	8.35	3.48	11.83
			7.37	Labour and Welfare	6.27	1.34	7.61
123.54	Grants for Special Plan Schemes	78.15	138.21	Social Welfare and Nutrition	14.74	109.11	123.85
			7.93	Others	7.12	-	7.12
			1337.90	Economic Services	662.62	822.11	1484.73
			444.91	Agriculture and Allied Activities	246.45	160.78	407.23
			93.81	Rural Development	48.16	43.34	91.50
			98.10	Special Areas Programme	0.06	65.08	65.14
			111.24	Irrigation and Flood Control	35.98	108.98	144.96
			208.86	Energy	156.48	120.44	276.92
			38.04	Industries and Minerals	27.38	13.59	40.97
			223.15	Transport	105.51	186.32	291.83
			25.09	Communications	13.69	-	13.69
			3.53	Science, Technology and Environment	0.17	23.71	23.88
			91.17	General Economic Services	28.74	99.87	128.61
4294.87	Total Receipts	5422.09	3695.59	Total Disbursements	2533.08	1211.16	3744.24
...	II - Revenue Deficit carried over to Section - B	...	599.28	II - Revenue Surplus carried over to Section - B			1677.85

Receipts			Disbursements				
2009-10		2010-11	2009-10	2010-11			
Section – B							
					Non-Plan	Plan	Total
1334.62	III - Opening Cash Balance, including Permanent Advances and Cash Balance Investment	1610.39	-	III - Opening Overdraft from RBI	...	...	...
-	IV - Miscellaneous Capital Receipts		1030.31	IV - Capital Outlay	17.17	1632.03	1649.20
			62.41	General Services	5.03	84.06	89.09
			153.60	Social Services	10.69	398.98	409.67
			31.39	Education, Sports, Arts and Culture	-	113.87	113.87
			7.19	Health and Family Welfare	0.30	32.30	32.60
			108.18	Water Supply, Sanitation, Housing and Urban Development	10.39	214.31	224.70
			6.11	Social Welfare and Nutrition	-	36.19	36.19
			0.12	Information and Broadcasting	-	1.14	1.14
			0.61	Others	-	1.17	1.17
			814.30	Economic Services	1.44	1148.99	1150.43
			8.95	Agriculture and Allied Activities	0.62	17.22	17.84
			27.08	Rural Development Programme	-	19.22	19.22
			66.49	Special Areas Programme	-	146.21	146.21
			38.31	Irrigation and Flood Control	-	90.28	90.28
			293.58	Energy	0.66	256.59	257.25
			0.32	Industry and Minerals	-	3.50	3.50
			348.30	Transport	0.17	577.74	577.91
				Science, Technology and Environment	-	-	-
			31.27	General Economic Services	-	38.21	38.21

2009-10	Receipts		2010-11	2009-10	Disbursements		2010-11
202.70	V - Recoveries of Loan and Advances		2.41	205.46	V - Loans and Advances disbursed		6.31
-	From Power Projects	-		2.50	For Power Projects	2.50	
2.31	From Government servants	2.18		1.75	To Government servants	3.16	
200.39	From others	0.23		201.21	To others	0.65	
599.28	VI - Revenue Surplus brought down		1677.85	-	VI - Revenue Deficit brought down		-
216.20	VII - Public Debt receipts		122.36	110.81	VII - Repayment of Public Debt		86.50
216.20	Internal debt other than Ways and Means Advances and Overdraft	121.99		-	Internal debt other than Ways and Means Advances and Overdraft	59.31	
-	Net transaction under Ways and Means Advances including Overdraft	-		-	Net transaction under Ways and Means Advances including Overdraft	-	
-	Loans and Advances from Central Government	0.37		-	Repayment of Loans and Advances to Central Government	27.19	
-	VIII - Appropriation to Contingency Fund			-	VIII - Appropriation to Contingency Fund		-
-	IX - Amount transferred to Contingency Fund		-	-	IX - Expenditure from Contingency Fund		
4264.85	X - Public Account receipts		3077.77	3660.68	X - Public Account disbursements -		2949.79
220.14	Small Savings and Provident Funds	183.41		77.40	Small Savings and Provident funds	103.91	
15.00	Reserve funds	17.00		15.00	Reserve Funds	-	
649.59	Suspense and Miscellaneous	- 219.28		131.60	Suspense and Miscellaneous	- 22.95	
2839.74	Remittances	2445.74		2810.89	Remittances	2435.93	
540.38	Deposits and Advances	650.90		625.79	Deposits and Advances	432.90	
	XI - Earmarked Funds			1610.39	XI - Closing cash balance		1798.98
				62.16	Cash in Treasuries and Local Remittances	86.26	
				- 145.20	Deposits with Reserve Bank and other banks	- 284.82	
				3.16	Departmental Cash Balance including Permanent Advances	3.00	
				1690.27	Cash Balance Investment and investment of earmarked funds	1994.54	
6617.65	Total		6490.78	6617.65	Total		6490.78

APPENDIX – 1.4
Summarised financial position of the Government of Arunachal Pradesh as on
31 March 2011

(Reference: Paragraph 1.10.1 and; Page - 29)

(₹ in crore)

As on 31 March 2010	Liabilities		As on 31 March 2011
		Internal Debt	
	-	Market loans not bearing interest	-
	698.43	Market loans bearing interest	685.50
	1.12	Loans from LIC	0.95
	283.47	Loans from NABARD	306.30
1721.51	101.30	Loans from other Institutions	100.67
	55.64	Ways and Means and Advances	55.64
	592.58	Special Securities issued to National Small Savings Fund of the Central Government	647.68
	-	Overdraft from Reserve Bank of India	-
	- 11.03	Other Loans	- 12.55
		Loans and Advances from Central Government	
	39.25	Non-Plan loans	38.88
420.66	314.11	Loans for State Plan Schemes	290.03
	2.98	Loans for Central Plan Schemes	3.35
	15.83	Loans for Centrally Sponsored Plan Schemes	14.22
	48.49	Loans for Special Schemes	47.36
	-	Other Ways and Means Advances	-
0.05		Contingency Fund	0.05
791.32		Small Savings, Provident Funds, etc.	870.81
183.40		Deposits	405.25
1500.54		Suspense and Miscellaneous Balances	1304.21
76.03		Reserve Funds	93.03
		Surplus on Government Account	
5639.68	5040.40	(i) Revenue surplus as on 31 March 2010	5639.68
	599.28	(ii) Revenue surplus during the year	1677.85
10333.19		Total	12168.91
As on 31.03.2010		Assets	As on 31.03.2011
		Gross Capital Outlay on Fixed Assets	
8569.07	220.42	Investment in shares of Companies, Corporations, Cooperatives, etc.	218.18
	8348.65	Other Capital Outlay	10000.09
		Loans and Advances	
	7.50	Loans for Power Projects	10.00
55.17	38.34	Other Development Loans	41.06
	9.33	Loans to Government servants and Miscellaneous loans	8.01
20.32		Civil Advances	24.16
78.24		Remittance Balances	68.43
-		Suspense and Miscellaneous Balances	-
		Cash	
	62.16	Cash in treasuries and Local Remittances	86.26
	- 145.20	Deposits with Reserve Bank and other Banks	- 284.82
1610.39	3.15	Departmental Cash Balance	2.99
	0.01	Permanent Advances	0.01
	1616.37	Cash Balance Investments	1903.64
	73.90	Investment of earmarked funds	90.90
10333.19		Total	12168.91

Explanatory Notes for Appendices 1.2 and 1.4

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government Accounts, being mainly on cash basis, the surplus/deficit on Government Account, as shown in **Appendix 1.4**, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, *etc.* do not figure in the accounts.
3. Suspense and Miscellaneous Balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, *etc.*
4. There was a difference of ₹ 3.54 crore (credit) between the figures reflected in the accounts ₹ 284.82 crore (credit) that intimated by the Reserve Bank of India ₹ 281.28 crore (debit) due to misclassification by Bank/Treasury {₹ 3.54 crore (debit)}.

APPENDIX 1.5
Funds Transferred Directly to State Implementing Agencies
(Reference: Paragraph 1.5; Page 8)

			(₹ in crore)
Sl. No.	Programme/Scheme	Implementing Agency	Funds Transferred by Government of India
1.	Adult Education and Skill Development Scheme	Literacy Mission Authority, Itanagar	4.87
2.	Assistance to Training Institutions	Entrepreneurship Development Institute	0.90
3..	Baba Saheb Ambedkar Hastshilpa Vikas Yojana	Mebo Handloom & Handicrafts Co-operative Society ltd.	0.02
		Koje Janggo Multipurpose Co-operative Society Ltd.	0.08
		Tarchuk Samaj	0.03
		Nani Sala Foundation Agency	0.03
		OJU Welfare Association, Naharlagun, AP	0.01
		Koje Janggo Multipurpose Co-operative Society Ltd.	0.06
4.	Buddhist and Tibetan Studies	Centre for Buddhist Cultural Studies	1.01
		Buddhist Culture Preservation Society	1.27
		Tai-Khamti Heritage and Literature Society	0.07
		Central Institute of Himalyan Culture Studies	2.88
		North East Vajarayana Buddhist Cultural Association	0.02
5.	Central Rural Sanitation Programme	AWSM, AP	1.19
6.	Crime and Criminal Tracking Network and Systems	Police Housing and Welfare Co-operation Ltd.	15.36
7.	Deen Dayal Disabled Rehabilitation Scheme SJE	Ramakrishna Mission Hospital	0.03
8.	Demonstration of Solar Thermal SPV Systems & other activities	AP Energy Development Agency	0.13
9.	Design and Technical Development	Abu Tariang Economic Development Society	0.02
		Yiren Gone Welfare Society, Itanagar	0.01
		Lower Subansiri Handloom Co-operative Society Ltd., Itanagar	0.01
		Kera Dading Multipurpose Society, Kurung Kumey	0.01
		Orphan Trust Society	0.01
10.	DRDA Administration	DRDA Changlang, Lohit, Anjaw, Kurung Kumey, Dibang Valley, Lower Subansiri, Papumpare, Tawang, Tirap, Kameng, East Siang, Upper Siang, Upper Subansiri, West Siang, East Kameng, Anjaw, Lower Dibang Valley	18.66
11.	Forward Linkages to NRHM (new initiatives in NE)	A.P State Health Society	19.96
12.	Grants-in-aid to NGO's for ST's, including Coaching & Allied Schemes and Awards for exemplary service	Ramakrishna Sarada Mission	0.46
		Ramakrishna Mission, Narottam Nagar	0.94
		Ramakrishna Mission Hospital	0.7
		Ramakrishna Mission Aalo (Along)	1.38
		OJU Welfare Association, Naharlagun	0.35
		Arunachal Pali Vidyapith	0.39
		Centre for Buddhist Cultural Studies	0.17
Buddhist Culture Preservation Society	0.22		

Sl. No.	Programme/Scheme	Implementing Agency	Funds Transferred by Government of India
13.	Grants-in-aid to Research Academic Institutions and Non-Governmental voluntary organisations for undertaking research in labour related subjects	UKU UNA Welfare Society	0.01
14.	Grid-interactive Renewable Power MNRE	A.P. Energy Development Agency	65.71
15.	Hospitals and Dispensaries (under NRHM)	A.P. State Health Society	1.17
16.	HRD (Human Resource Development)	Orphan Trust Society	0.01
		Kera Dading Multipurpose Society, Kurung Kumey	0.01
17.	Human Resources for Health	A.P. State Health Society	12.50
18.	Indian Leather Development Programme ILDP DIPP	Multi-purpose Cooperative Society Ltd.	0.11
19.	Information Publicity & Extension	A.P. Energy Development	0.70
20.	Integrated Watershed Management Programme	SLNA A.P, Itanagar, DRDA Kurung Kumey, Kameng, East Kameng, West Siang, Papumpare, Lower Subansiri, Upper Siang, East Siang, Lohit, Lower Dibang Valley, Upper Subansiri, Tirap	44.95
21.	Mahatma Gandhi National Rural Employment Guarantee Scheme	DRDA Changlang, Lohit, Anjaw, Kurung Kumey, Dibang Valley, Lower Subansiri, Papumpare, Tawang, Tirap, Kameng, East Siang, Upper Siang, Upper Subansiri, West Siang, East Kameng, Anjaw, Lower Dibang Valley	59.33
22.	Marketing and Export Promotion Scheme	Director of Textiles and Handicrafts, Itanagar	1.75
23.	Marketing Research Surveys and marketing information network	State Agriculture Management and Extension Training Institute, Pasighat	0.08
24.	Medicinal Plants	AP State Medicinal Plants Board	0.44
		AP Medicinal Plants Development Society	0.22
25.	MPs Local Area Development Scheme (MPLADS)	Deputy Commissioner, Lohit, West Siang, Lower Dibang Valley	6.00
26.	Museums	Arunodaya Welfare Society in respect of Monyul Museum	0.10
27.	National Afforestation & Eco Development Board	Lipir Village Forest Management Committee	0.03
28.	National Afforestation Programme	State Forest Development Agency, A.P.	5.52
29.	National Aids Control Programme, including STD Control	A.P. State Aids Control Society	8.45
30.	National Mission on Bamboo	A.P. Forest Research and Development Agency	2.04
31.	National Mission on Medicinal Plants	A.P. Medicinal Plants Development Society	1.59
32.	National Mission on Micro-Irrigation	State Micro-Irrigation Committee, A.P. Agency	0.75
33.	National Project for Cattle and Buffalo Breeding	A.P. Cooperative Milk Producers Union Limited	1.34
34.	National Project on Management of Soil Health & Fertility	A.P. Agriculture Marketing Board (APAMB), Naharlagun	0.75
35.	National Rural Drinking Water Program	SWSM, A.P. Agency	200.00
36.	National Rural Health Mission centrally Sponsored	A.P., State Health Society	61.91
37.	National Rural Health Mission (NRHM), Central Sector	A.P. State Health Society	1.23
38.	North-Eastern Areas	Director of Information and Public Relations	0.03
		Sports Authority of AP	0.78

Sl. No.	Programme/Scheme	Implementing Agency	Funds Transferred by Government of India
39.	OFF Grid DRPS	A.P. Energy Development Agency	1.82
40.	Panchayati Raj Institutions Voluntary Organizations, Self-help Groups for programmes related to aged SJE	AP Arts and Cultural Eco-Tourism Society	0.01
41.	Pollution Abatement	AP State Pollution Control Board	0.02
42.	Pradhan Mantri Gram Sadak Yojana	Rural Road Development, Itanagar Agency	371.87
43.	Promotion and Dissemination of Arts and Culture	Pedong Kenbo Society	0.01
		Research Centre for the Himalayan and Tribal Region	0.03
		Hime Ohho Mienki SA Society	0.01
		Hayang Memorial Agro Industry and Education Trust, AP	0.02
		Shri Ashok Sonam	0.01
		Tribal Development Society	0.01
44.	Rashtriya Gram Swaraj Yojana	The Director, State Institute of Rural Development, Itanagar	8.91
45.	Rashtriya Madhyamik Shiksha Abhiyan	AP Rajya Madhyamik Shiksha Mission Authority	26.98
46.	Renewable Energy for Rural Application for all villages	AP Energy Development Agency	0.17
47.	Research and Development for Conservation and Development	Jawaharlal Nehru College	0.09
48.	Rural Housing - IAY	DRDA Changlang, East Kameng Lower Dibang Valley, Lower Subansiri, Tawang, Tirap, Upper Subansiri, West Siang, Kameng, Anjaw, Kurung Kumey, Upper Siang, Lohit, East Siang, Dibang Valley, Papumpare	37.84
49.	Sarva Shiksha Abhiyan	SSA Rajya Mission, Itanagar, AP	204.02
50.	Scheme for Technology upgradation/ Establishment/modernization of food processing industries	M/s Pine Valley Fruit Canning, Pvt. Ltd.	0.34
51.	Schemes arising out of the implementation of the person with disabilities - Social Justice & Empowerment (SJE) (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995	Manjushree Charitable Society, Tawang	0.12
52.	Science and Technology Programme for Socio-Economic Development	AP State Council for Science and Technology, Itanagar	0.08
		Arun Kutir Udyog Cooperative Society	0.05
		Subansiri Tribal Welfare Society	0.06
		Take Bogo Multipurpose Cooperative Society Limited	0.05
53.	SJSRY (Swarna Jayanti Shahari Rojgar Yojana)	State Urban Development Agency, AP	2.02
54.	State Science and Technology Programme	AP State Council for Science & Technology, Itanagar	1.17
55.	Step Support to Training and Employment Programme for Women	Banggo Women Welfare Association	0.06
		RK Mossang Memorial Society	0.03
		Bui Welfare Society	0.05
56.	Strengthening of Education among ST Girls in low literacy Districts	Vivekanand Kendra Vidyalayas, AP Trust	0.13

Sl. No.	Programme/Scheme	Implementing Agency	Funds Transferred by Government of India
57.	Strengthening of existing Polytechnics	Rajiv Gandhi Government Polytechnic, Itanagar, Papumpare	0.20
58.	Support to NGOs/Institution/SRCs Adult Education and Skill Development (merged schemes of NGOs, JSS, SRCs)	Jan Shikshan Sansthan, Naharlagun	0.30
		OJU Welfare Association, Naharlagun, AP	0.30
		State Resource Centre, AP	0.25
59.	Support to State Extension Programme for extension reforms	AP Agriculture Marketing Board (APAMB)	3.38
60.	Swaranjayanti Gram Swarozgar Yojana	DRDA Dibang Valley, Lower Subansiri, Lohit, Papumpare, Tawang, Upper Siang, Upper Subansiri, Kameng, West Siang, Changlang, East Kameng, East Siang, Tirap	7.21
61.	Upgradation of 1396 Govt. ITIS through PPP	IMC Society of ITI, Yupia	2.50
62.	Voluntary Organisations for providing Social Defence Services, including Prevention of Alcoholism and Drug Abuse - SJE	Arunachal Pali Vidyapith	0.09
63.	Women's Hostels in Polytechnics	Rajiv Gandhi Govt. Polytechnic, Itanagar, Papumpare, AP	0.20
Total			1219.17

Source: Central Plan Scheme Monitoring System of CGA website.

APPENDIX - 2.1

Statement of various Grants/Appropriations where savings was more than ₹ 1 crore and more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1; Page 40)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
Revenue - Voted					
1.	23	Forests	139.67	34.46	24.67
2.	24	Agriculture	130.67	26.64	20.39
3.	27	Panchayat	54.28	18.63	34.32
4.	36	Statistics	20.22	5.34	26.40
5.	45	Civil Aviation	21.73	6.62	30.46
6.	47	Administration of Justice	20.49	16.37	79.90
7.	50	Secretariat Economic Services	669.54	663.43	99.08
8.	59	Public Health Engineering	169.87	51.38	30.25
9.	68	Town Planning Department	4.21	1.43	33.97
Capital - Voted					
10.	1	Legislative Assembly	13.63	9.21	67.59
11.	7	Treasury & Accounts Administration	2.50	2.50	100
12.	27	Panchayat	25.42	15.47	60.86
13.	33	North-Eastern Areas	164.39	41.93	25.51
14.	50	Secretariat Economic Services	1200.00	1196.06	99.67
15.	56	Tourism	53.12	19.47	36.65
16.	57	Urban Development	176.41	55.57	31.50
17.	66	Power (Civil)	213.29	43.99	20.62
Capital - Charged					
18.	97	Public Debt	191.27	104.77	54.78
Total			3270.71	2313.27	70.73

APPENDIX - 2.2
Expenditure incurred without any Budget Provision
(Reference: Paragraph 2.3.4; Page - 41)

(₹ in lakh)

Sl. No.	Number and Name of Grant/Appropriation	Amount of Actual Expenditure
1.	23 Forests	122.94
	2406 Forestry and Wildlife	
	070 Communication and Buildings	
	0005 Building	
2.	23 Forests	19.06
	05 Finance Commission Recommendations	
	2406 Forestry and Wildlife	
	01 Forestry	
	800 Other Expenditure	
3.	0001 Publicity and Public Awareness Programme	205.20
	28 Animal Husbandry & Veterinary	
	4403 Capital Outlay on Animal Husbandry	
	800 Other Expenditure	
4.	0001 Maintenance/Creation of Assets	368.99
	34 Power	
	4801 Capital Outlay on Power Projects	
	06 Rural Electrification	
	800 Other Expenditure	
5.	0003 Creation of Assets	127.88
	97 Public Debt	
	2049 Interest Payments	
	60 Interest on Other Obligations	
6.	701 Miscellaneous	20.00
	44 Attached Office of the Secretariat Administration	
	05 Finance Commission Recommendation	
	2059 Public Works	
	01 Office Building	
	053 Maintenance & Repairs	
7.	09 Repair & Maintenance of Resident Commissioner Building, New Delhi	209.00
	16 Arts and Cultural Affairs	
	2205 Arts and Culture	
	102 Promotional Arts and Culture	
	0004 Corpus Fund	
Total		1073.07

APPENDIX - 2.3

Statement showing Excess Expenditure relating to previous years requiring regularisation

(Reference: Paragraph 2.3.5; Page - 42)

(₹ in crore)

Year	No. of Grants/ Appropriations	Grants/Appropriations	Amount of Excess	Stage of consideration by Public Accounts Committee (PAC)
1986-87 (UT Period)	13	1,7,11,12,13,15,17,30,32,34,39,40 & 42	6.56	No meeting of the PAC was held during 2010-11 to discuss excess expenditure over Grants/ Appropriations
1986-87 (Statc Period)	28	1,2,3,6,7,8,10,11,13,14,16,18,19,20,22, 24,27,28, 29,31,32,33,34,38,39,40,42 & 43	12.71	
1987-88	16	14,18,19,22,23,24,26,30,31,32,33,34,35,40,42 & Public Debt	9.06	
1988-89	12	1,13,15,17,21,24,30,31,32,34,40 & Public Debt	54.51	
1989-90	15	8,10,15,30,31,32,33,34,38,40,43,45,48, 49 & Public Debt	17.49	
1990-91	16	5,8,13,15,19,23,24,26,30,31,32,34,40,44,48 & Public Debt	28.61	
1991-92	17	4,8,10,14,15,18,19,23,25,28,30,31,34,37,42,43 & Public Debt	63.12	
1992-93	11	14,15,18,28,30,31,34,40,43,21 & 38	27.91	
1993-94	12	8,15,19,25,28,30,31,32,34,38,40 & 45	30.66	
1994-95	18	6,8,11,15,21,22,23,26,28,29,31,32,34,38,40,42, 43 & 45	64.45	
1995-96	24	8,9,11,13,14,15,16,18,20,21,23,24,28,29,31,32, 34,40,4 1,51,53,59,60 & Public Debt	38.41	
1996-97	12	1,9,11,13,14,21,28,30,31,34,40 & 51	14.86	
1997-98	15	9,10,11,13,15,20,25,30,31,34,41,46,48, 59 & 60	25.34	
1998-99	15	1,7,13,15,19,20,31,34,36,41,50,53,54, 64 & Public Debt	25.26	
1999-00	7	13,31,44,52,53,60 & Public Debt	14.27	
2000-01	12	1,3,8,13,19,28,32,34,36,50,52 & 62	13.27	
2001-02	13	1,7,8,11,13,14,16,22,28,33,35,48 & 59	27.08	
2002-03	14	1,4,5,7,13,19,23,28,31,43,46,58,61 & 62	9.70	
2003-04	21	5,13,15,16,24,26,28,31,32,33,35,36,42, 43,44,47,56,58, 59,61 & 62	20.15	
2004-05	17	8,14,15,18,19,26,28,31,32,33,40,43,48, 58,61,65,66 & Public Debt	46.46	
2005-06	13	1,5,8,16,25,35,41,43,52,56,58,60,66 & Public Debt	266.95	
2006-07	18	5,11,13,15,24,28,29,33,35,36,38,40,41, 48,58,60, 61,62 & Public Debt	173.74	
2007-08	19	1,8,13,17,24,29,30,35,36,37,43,48,51, 52, 58,62,63,64 & 65	31.77	
2008-09	13	5,9,14,17,29,34,37,43,45,48,56,59 & 65	70.60	
2009-10	12	13,14,16,28,31,35,36,43,44,50,53 & 56	33.37	
Total			1126.31	

APPENDIX - 2.4
Excess/Unnecessary/Insufficient Re-appropriation of Funds

(Reference : Paragraph 2.3.8; Page - 43)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-Appropriation	Excess (+) / Savings (-)
Revenue - Voted					
1.	6	Establishment Charges	2053-093-0001	329.57	-67.74
2.	6	Honorarium to Gaon Burhas	2053-093-0003	-15.53	-10.90
3.	6	POL for Office Vehicles	2053-093-0004	2.46	-27.88
4.	6	Establishment Charges	2053-094-0001	6.48	-39.33
5.	6	Honorarium to Gaon Burhas	2053-094-0003	-4.53	-53.07
6.	8	Armed Police Battalion	2055-104-0001	-23.74	-27.49
7.	8	Indian Reserve Battalion	2055-104-0002	95.00	-432.81
8.	8	Establishment Expenses	2055-109-0001	120.00	+66.55
9.	11	Integrated Child Development	2235-02-800-0005	493.00	+56.55
10.	14	College Establishment	2202-03-103-0001	127.02	-10.71
11.	14	Adult Education	2202-04-200-0004	160.00	-115.15
12.	14	District Institute of Education and Training	2202-01-107-0001	508.86	-11054
13.	15	Malaria Eradication Programme	2210-05-101-0001	-1.20	-19.99
14.	15	Establishment Expenses	2211-001-0001	-165.68	-14.77
15.	15	In-service Training of Medical Professionals	2211-003-0001	-5.80	-10.32
16.	15	Expenditure on Sub-centre	2211-101-0003	-259.79	-48.25
17.	23	Development of Mouling National Park	2406-02-110-0003	-2.41	+40.68
18.	23	Other Works	2406-02-800-0001	460.90	-2719.89
19.	24	National Watershed Dev. Project for Rain Fed Areas	2401-800-0014	35.52	-19.42
20.	24	Rashtriya Krish Vikash Yojana (RKVY)	2401-800-0045	45.51	-2621.94
21.	27	Panchayat Development and Training	2515-101-0001	395.00	-576.35
22.	28	State Poultry/Duck Farm	2403-800-0014	10.09	-30.00
23.	31	Establishment Expenses	2059-80-001-0001	294.00	-71.31
24.	32	Establishment Expenses	3054-04-001-0001	30006.00	-221.40
25.	33	Tourist Lodge at Kurung Kumey	2552-800-0086	120.00	+24.59
26.	33	Establishment of Large Cardamom at Rissi Village	2552-800-091	30.00	-17.87
27.	36	National Sample Surveys Work	3454-02-201-0001	-94.00	+168.80
28.	36	Improvement of Statistical System	3454-02-800-0001	-40.00	-320.00
29.	50	Border Area Development Programme	2575-60-800-0001	98.63	-68.00
30.	50	Establishment Expenses	3451-090-0001	146.38	-41.03
31.	59	Protection & Control	2215-01-102-0001	2361.28	-194.10
32.	59	Rural Pipe Water Supply Programme	2215-01-102-0002	984.30	-101.02
33.	59	Augmentation of Water Supply at Namsai/Sepepe Township	2215-01-800-0012	-176.98	-16.60
34.	59	Implementation of Water Supply Scheme under Swajaldhara	2215-01-800-0017	-33.44	-44.56
Capital – Voted					
35.	32	Construction of Motorable Suspension Bridge between BRTF Road-Kamsin	5054-04-800-0031	199.36	-123.37
36.	32	Bailey Bridge between Namara and other Villages	5054-04-800-0045	248.45	-248.45

Sl. No.	Grant No.	Description	Head of Account	Re-Appropriation	Excess (+) / Savings (-)
37.	32	Construction of Road on Anini-Dambuine to Elabe	5054-04-800-0046	-132.39	-291.53
38.	32	Improvement of Extension Dosing-Pareng-Sime-Yibuk	5054-04-800-0053	-29.13	-190.56
39.	32	Road from Pugging to Palling in AP	5054-04-800-0066	539.07	-436.07
40.	32	MSA Bridge over River Yamne at Raglat under Mariyang	5054-04-800-0068	227.38	-228.38
41.	32	Steel Bridge over River Wome at Pake Point	5054-04-800-0070	82.82	-83.82
42.	32	Scheme under Interstate Connectivity under E&I Scheme	5054-04-800-106	288.58	-308.09
43.	33	Construction of 132x33 KV Line at Itanagar	4552-800-0039	-1058.00	-1802.00
44.	33	Establishment of 50-bedded Hospital at Palin in Kurung Kumey	4552-800-0044	-200.00	-155.00
45.	33	Seppa-Chayangtajo Road	4552-800-0046	1014.21	-1958.45
46.	33	Augmentation & Improvement of LT Distribution System at Hapoli/Ziro Area	4552-800-0058	-1629.89	-31.18
47.	33	System Improvement under Roga Electrical Division	4552-800-0069	-100.00	+32.10
48.	33	Bio-Medical Management Plan at District Hospital	4552-800-0069	-90.00	+90.00
49.	34	Creation of Infrastructure under RIDF	4801-05-800-0012	100.00	-200.00
50.	34	Maintenance of Diesel Generation, including Fuel	4801-80-800-0003	-1050.00	-347.32
51.	34	Maintenance of Transmission Line, including Sub-station	4801-80-800-0006	-2862.00	+731.60
52.	34	Petty Works	4801-80-800-0007	-200.00	-319.59
53.	34	Repair and Maintenance of Electrical Installations of Residential Buildings	4801-80-800-0008	-350.00	-53.59
54.	34	System Improvement under ACA/SPA	4801-80-800-0016	4400.19	-93.77
55.	34	33 KV Kube from Mebo to Dambuk	4801-06-800-0005	35.00	-235.00
56.	34	2x3 15 MVA 33/11 KV Sub-station at Seppa	4801-06-800-0016	97.86	-252.86
57.	34	Scheme under REC	4801-01-800-0005	-339.45	-210.55
58.	34	Scheme under APDRP	4801-01-800-0010	144.42	-650.17
59.	39	House Building	7610-201-0001	100.00	-38.91
60.	50	Schemes under ACA/SPA	4070-800-0004	60.00	+126.83
61.	50	Schemes under ACA/SPA/PM Package	4070-800-0010	-180.50	100026.30
62.	52	Schemes under ACA/SPA	4202-03-800-0022	120.62	-50.25
63.	56	Construction of Tourist Complex at Tapa Hapa	5452-01-101-0010	20.36	-94.04
64.	56	Preservation of Historical Ruin at Keke Monying	5452-01-101-0001	213.18	-313.18
65.	56	Construction of Eco-Tourism at Tego-Gandin	5452-01-101-0002	-324.00	-242.21
66.	56	Development of Double Cultural Centre at Lumla	5452-01-101-0003	203.26	-253.48
67.	56	Construction of Convention Centre at Mechuka	5452-01-101-0004	224.45	-159.91
68.	56	Development of Tourism Activities at Yazali	5452-01-101-0006	278.66	-90.11
69.	56	Development of Adventure Tourism at Iote Oma	5452-01-101-0007	309.64	-33.52
70.	56	Tourist Complex at Tajgi Pith	5452-01-101-0008	216.67	-216.67
71.	56	Construction of Tourist Lodge at Tribin	5452-01-102-0005	77.86	-173.66
72.	56	Construction of Tourist Complex at Bishmarknagar	5452-01-102-0071	50.22	-164.58
73.	56	Development of Tourist Resort at Patila	5452-01-102-0082	9.00	-120.80
74.	56	Development of Doimukh-Pakke-Kesang-Seppa Tourist Circuit	5452-01-102-0098	15.26	-15.26
75.	57	SMUIG under JNNURM	4217-60-800-0066	29.57	-29.57
Revenue - Charged					
76.	12	Ex-gratia Payment	2235-60-800-0001	25.00	-25.00

Sl. No.	Grant No.	Description	Head of Account	Re-Appropriation	Excess (+) / Savings (-)
77.	12	Provision in lieu of 3 rd Party Insurance of APST Buses	2235-60-800-0004	-15.43	+29.30
78.	97	Interest on Loans from Power Bond	2049-200-0007	-7.12	-127.88
79.	97	Payment and Interest on Block Loans	2049-04-101-0002	2803.93	+145.21
80.	97	Payment and Interest on NEC Loans	2049-04-102-0001	-11.20	-15.76
Capital - Charged					
81.	97	Loans from NSSF	6003-111-0006	156.75	+15.85
82.	97	Repayment of NLCPR Loans	6004-04-800-0002	10.86	-15.42
Total				39740.43	72158.50

APPENDIX 2.5

Statement of various Grants/Appropriations in which savings occurred but no part of which had been surrendered

(Reference: Paragraph 2.3.12; Page 45)

(₹ in crore)

Sl. No.	Number of Grant/Appropriation	Name of the Grant/Appropriation	Savings
1.	1	Legislative Assembly Revenue – Voted Capital - Voted	0.11 9.21
2.	2	Governor Revenue – Charged	0.11
3.	3	Council of Ministers Revenue - Voted	0.34
4.	5	Secretariat Administration Revenue - Voted	0.07
5.	6	District Administration Revenue - Voted	19.80
6.	7	Treasury and Accounts Administration Revenue – Voted	2.01
7.	8	Police Capital - Voted	0.80
8.	9	Motor Garages Revenue – Voted	1.96
9.	10	Other General, Social and community services Revenue – Voted	0.01
10.	11	Social Welfare Revenue – Voted Capital - Voted	1.19 0.02
11.	14	Education Revenue - Voted	13.85
12.	15	Health and Family Welfare Revenue – Voted Capital - Voted	2.05 0.09
13.	16	Art & Cultural Affairs Capital – Voted	0.21
14.	17	Gazetteer Revenue – Voted	0.05
15.	19	Industries Revenue – Voted Capital - Voted	0.65 0.25
16.	20	Labour Capital - Voted	0.18
17.	22	Civil Supplies Capital – Voted Revenue – Voted	0.12 1.18
18.	24	Agriculture Revenue - Voted	26.64
19.	25	Relief, Rehabilitation and Resettlement Revenue – Voted	1.30
20.	27	Panchayat Capital - Voted	15.47
21.	28	Animal Husbandry and Veterinary Revenue- Voted	0.54
22.	30	State Transport Capital – Voted	0.04

Sl. No.	Number of Grant/ Appropriation	Name of the Grant/Appropriation	Savings
23.	31	Public Works Revenue – Voted Capital –Voted	8.59 12.98
24.	32	Road and Bridges Revenue – Voted Capital – Voted	2.22 63.03
25.	33	North-Eastern Areas Capital – Voted	41.93
26.	34	Power Capital - Voted	12.62
27.	35	Information and Public Relations Revenue – Voted Capital - Voted	.074 0.24
28.	37	Legal Metrology and Consumer Affairs Revenue – Voted Capital - Voted	0.17 0.26
29.	38	Water Resources Department Revenue – Voted Capital - Voted	8.62 21.80
30.	39	Loans to Government Servants Capital – Voted	0.44
31.	40	Housing Capital – Voted Revenue Voted	0.09 0.68
32.	42	Rural Development Revenue – Voted Capital – Voted	1.26 0.33
33.	43	Fisheries Revenue – Voted Capital - Voted	0.95 0.48
34.	45	Civil Aviation Capital - Voted	0.38
35.	46	State Public Service Commission Revenue – Charged	0.03
36.	48	Horticulture Revenue – Voted	1.38
37.	49	Science & Technology Revenue – Voted	2.22
38.	52	Sports and Youth Affairs Revenue – Voted Capital - Voted	0.15 0.50
39.	54	State Tax and Excise Revenue - Voted	1.25
40.	55	State Lotteries Revenue – Voted	0.19
41.	56	Tourism Capital - Voted	19.47
42.	57	Urban Development Capital - Voted	55.57
43.	58	Stationery and Printing Revenue- voted	0.60
44.	59	Public Health Engineering Capital - Voted	1.90
45.	60	Textile and Handicrafts Revenue – Voted	1.27
46.	61	Geology and Mining Revenue – Voted	0.57

Sl. No.	Number of Grant/ Appropriation	Name of the Grant/Appropriation	Savings
47.	62	Directorate of Road Transport Revenue – Voted Capital – Voted	0.28 0.03
48.	63	Protocol Department Revenue – Voted	0.14
49.	64	Trade and Commerce Revenue – Voted	0.03
50.	65	Department of Tirap and Changlang Revenue – Voted Capital - Voted	0.05 0.15
51.	66	Power (Civil) Capital - Voted	43.99
52.	68	Town Planning Department Revenue - Voted	1.43
53.	70	Administrative Training Institute Revenue - Voted	0.55
54.	71	Department of Tawang & West Kameng Revenue - Voted	0.05
55.	97	Public Debt Capital- Voted	104.77
Total			510.32

APPENDIX 2.6
Details of savings of ₹ 1 crore and above not surrendered
(Reference: Paragraph 2.3.12; Page 45)

(₹ in crore)				
Sl. No.	Number and Name of Grant/Appropriation	Savings	Surrender	Saving which remained to be surrendered
1.	1. Legislative Assembly Capital - Voted	9.21	-	9.21
2.	6. District Administration Revenue - Voted	19.80	-	19.80
3.	7. Treasury and Accounts Administration Revenue - Voted	2.01	-	2.01
4.	8. Police Revenue - Voted	15.00	6.79	8.21
5.	9. Motor Garages Revenue - Voted	1.96	-	1.96
6.	11. Social Welfare Revenue - Voted	1.19	-	1.19
7.	14. Education Revenue - Voted	13.85	-	13.85
8.	15. Health and Family Welfare Revenue - Voted	2.05	-	2.05
9.	22. Civil Supplies Revenue - Voted	1.18	-	1.18
10.	23. Forests Revenue - Voted	34.46	3.10	31.36
11.	24. Agriculture Revenue - Voted	26.64	-	26.64
12.	25. Relief, Rehabilitation and Resettlement Revenue - Voted	1.30	-	1.30
13.	27. Panchayat Revenue - Voted Capital - Voted	18.63 15.47	0.05 -	18.58 15.47
14.	31. Public Works Revenue - Voted Capital - Voted	8.59 12.98	- -	8.59 12.98
15.	32. Roads and Bridges Revenue - Voted Capital - Voted	2.22 63.03	- -	2.22 63.03
16.	33. North-Eastern Areas Capital - Voted	41.93	-	41.93
17.	34. Power Revenue - Voted Capital - Voted	4.67 12.62	1.00 -	3.67 12.62
18.	36. Statistics Revenue - Voted	5.34	3.88	1.46
19.	38. Water Resources Department Revenue - Voted Capital - Voted	8.62 21.80	-	8.62 21.80
20.	42. Rural Development Revenue - Voted	1.26	-	1.26
21.	47. Administration Revenue - Voted	16.37	0.08	16.29
22.	48. Horticulture Revenue - Voted	1.38	-	1.38

Sl. No.	Number and Name of Grant/Appropriation	Savings	Surrender	Saving which remained to be surrendered
23.	49. Science and Technology Revenue – Voted	2.22	-	2.22
24.	50. Secretariat Economic Services Revenue – Voted Capital – Voted	663.43 1196.06	662.29 197.09	1.14 998.97
25.	53. Fire Protection and Control Revenue – Voted	1.40	0.06	1.34
26.	54. State Tax and Excise Revenue – Voted	1.25	-	1.25
27.	56. Tourism Capital – Voted	19.47	-	19.47
28.	57. Urban Development Capital – Voted	55.57	-	55.57
29.	59. Public Health Engineering Revenue – Voted Capital – Voted	51.39 1.90	47.73 -	3.66 1.90
30.	60. Textile and Handicrafts Revenue - Voted	1.27	-	1.27
31.	66. Power (Civil) Capital - Voted	43.99	-	43.99
32.	68. Town Planning Department Revenue – Voted	1.43	-	1.43
33.	77. Public Debt Capital – Charged	104.77	-	104.77
Total		2507.71	922.07	1585.64

APPENDIX 3.1

Statement showing names of Bodies and Authorities, the accounts of which had not been received

(Reference: Paragraph 3.2; Page 49)

(₹ in lakh)

Sl. No.	Name of Body/Authority	Years for which Accounts had not been received	Years
1.	District Rural Development Agency, Yupia	2010-11	1
2.	District Rural Development Agency, Seppa	1996-97 to 2010-11	15
3.	District Rural Development Agency, Tawang	2010-11	1
4.	District Rural Development Agency, Along	2009-10 and 2010-11	2
5.	District Rural Development Agency, Anini	2009-10 and 2010-11	2
6.	District Urban Development Agency, Bomdila	2009-10 and 2010-11	2
7.	District Urban Development Agency, Pasighat	2009-10 and 2010-11	2
8.	District Rural Development Agency, Tezu	2008-09 to 2010-11	3
9.	District Rural Development Agency, Daporijo	2005-06 to 2010-11	6
10.	District Rural Development Agency Khonsa	2011-11	1
11.	District Rural Development Agency, Changlang	2010-11	1
12.	District Rural Development Agency, Roing	2010-11	1
13.	Arunachal Pradesh Agriculture Marketing Board, Naharlagun	2005-06 to 2010-11	6
14.	Member Secretary, Arunachal Pradesh State Council for Science and Technology	2010-11	1
15.	Donyi Polo Mission, Itanagar	2003-04 to 2010-11	8
16.	Ram Krishna Mission, Narottam Nagar, Deomali	2005-06 to 2010-11	6
17.	Ram Krishna Mission, Vivekananda Nagar, Along	2005-06 to 2010-11	6
18.	Ram Krishna Mission, Khonsa	2005-06 to 2010-11	6
19.	Ram Krishna Mission Hospital, Itanagar	2010-11	1