REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2002

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 Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, Revenue Receipts, audit of Autonomous Bodies and departmentally run commercial undertakings.

4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001 – 2002 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2001 – 2002 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Report includes two chapters on Finance and Appropriation Accounts of the Government of Arunachal Pradesh for the year 2001-2002 and five other chapters, comprising 7 reviews and 43 paragraphs, based on the audit of certain selected programmes and activities of the financial transactions of the Government. A synopsis of the important findings contained in this Report is presented in this overview.

1 Accounts of the State Government

- The assets of the State Government during 2001-2002 increased from Rs.3144.68 crore in 2000-2001 to Rs.3459.91 crore (10.02 *per cent*), while the liabilities grew from Rs.994.33 crore to Rs.1253.81 crore (26.10 *per cent*). This was mainly due to very high growth in the market loans bearing interest (37 *per cent*), loans from other institutions (23 *per cent*) and suspense and miscellaneous balances (250 *per cent*).

- The revenue receipts (Rs.1085.30 crore) during the year exceeded the revenue expenditure (Rs.1029.55 crore) resulting in a revenue surplus of Rs.55.75 crore. Revenue receipts increased from Rs.961.41 crore in 2000-2001 to Rs.1085.30 crore in 2001-2002 which constituted an increase of 12.89 *per cent*.

- Of the total revenue receipts, Rs.983.50 crore constituting 91 *per cent* came from State's share of net proceeds of the divisible Union taxes and duties and Central grants.

- Revenue expenditure (Rs.1029.55 crore) during the year accounted for 77 *per cent* of the total revenue and capital expenditure of the State Government and increased by 5 *per cent* during 2001-2002. The share of non-Plan expenditure to revenue expenditure during 2001-2002 was 56 *per cent* against 44 *per cent* under Plan side.

- The payment of interest on borrowings of the Government increased by 81 *per cent* from Rs.60.26 crore in 1997-98 to Rs.108.99 in 2001-2002.

- Although the capital expenditure showed a rising trend, the share of capital expenditure to total expenditure has dropped from 31 *per cent* in 1997-98 to 23 *per cent* in 2001-2002.

- Return on investment made in companies/corporations was less than one *per cent* (0.0008 to 0.25).

- The fiscal deficit of the State increased to Rs.248.80 crore in 2001-2002 from Rs.122.46 crore in 1997-1998. This deficit during 2001-2002 was covered by public debt and partly by the surplus from the Public Account.

The Public Debt and other liabilities of the State Government increased by 88 *per cent* from Rs.582.58 crore in 1997-1998 to Rs.1094.48 crore in 2001-2002. However, very little of the borrowings were available for investment after meeting the repayment obligations. Of Rs.291.43 crore received during 2001-2002, only Rs.39.84 crore (14 *per cent*) were available for investment after repayment of obligations.

(Paragraphs 1.1 to 1.10)

Indicators of the financial performance of the State Government

- The balance from current revenue (BCR) has been negative for 5 years indicating that the State had to depend only on borrowings for meeting its Plan expenditure.
- The ratio of capital outlay to capital receipts has come down from 3.42 in 1997-1998 to 1.65 in 2001-2002 indicating lesser revenue receipts were being applied for capital formation.
- The ratio of assets to liabilities decreased from 4.12 in 1997-1998 to 2.76 in 2001-2002 indicating declining solvency of the State.

(Paragraph 1.11)

2. Appropriation audit and control over expenditure

- During 2001-2002, expenditure of Rs.1388.13 crore was incurred against the total grant and appropriation of Rs.1654.59 crore resulting in a saving of Rs.266.46 crore (16 *per cent*). The overall saving was the result of savings of Rs.293.54 crore in 90 grants and appropriations offset by excess of Rs.27.08 crore in 13 cases of grants. The above excess of Rs.27.08 crore requires regularisation by the Legislature under Article 205 of the Constitution.
- Supplementary provision made during the year constituted 22 *per cent* of original provision as against 23 *per cent* in the previous year. In 24 cases, supplementary provision of Rs.49.63 crore proved unnecessary in view of the aggregate savings of Rs.121.73 crore. Further, against the requirement of Rs.2.63 crore, supplementary grants and appropriations of Rs.220.71 crore were obtained resulting in savings in each case exceeding Rs.10.00 lakh, aggregating Rs.218.08 crore. Substantial non-utilisation/under utilisation of supplementary provision indicated absence of closer scrutiny of the supplementary estimates proposed by the departments.
- Persistent savings ranging from 15 to 86 *per cent* occurred in 12 cases of grants and appropriations during the three years period from 1999-2000 to 2001-2002.

- In 27 cases, expenditure totalling Rs.28.55 crore was met by re-appropriation without the authorisation of the Legislature and in 17 cases, the expenditure of Rs.27.20 crore was incurred without any original or supplementary provision and also by re-appropriation. This constituted a breach of Government financial norms.
- Savings of Rs.148.63 crore in 29 grants/appropriations were not surrendered even partially by the concerned departments. In 15 cases, against the available savings of Rs.143.75 crore (savings of Rs.1 crore and above in each case) the departments had not surrendered any amount at all. This indicated lack of financial control and monitoring.
- 70 drawing and disbursing officers (DDOs) had not accounted for Rs.3.32 crore drawn during 1998-2001 against 100 AC bills indicating a serious deficiency in control over expenditure.

(Paragraphs 2.1 to 2.5)

3. Audit reviews on developmental/welfare programmes, etc.

(i) Swarnajayanti Gram Swarozgar Yojana

The SGSY aims at alleviation of poverty at grass root level targeting the rural population living below the poverty line (BPL). The review highlights failure of the Rural Development Department to identify BPL families and key activities, under-utilisation and diversion of funds, locking up of funds and locking up of subsidy with the banks which adversely affected the implementation of the scheme. Some important findings are given below :

- Under-utilisation of funds to the extent of Rs.1.51 crore during 1999-2002 adversely affected generation of income through self employment programmes of the rural people.
- Unauthorised expenditure of Rs.1.54 crore reduced the availability of funds under the scheme affecting generation of self employment.
- Incorrect reporting of expenditure of Rs.1.52 crore and inflated reporting of excess receipt of Rs.0.83 crore to Government of India during 1999-2001 were noticed.
- Subsidy of Rs.1.19 crore was locked up with the participating banks.
- Despite incurring expenditure of 84 *per cent* of the available fund, the physical performance was only 40.27 *per cent*.

(Paragraph 3.1)

(ii) Indira Awaas Yojana

A review of the implementation of the scheme during the period from 1997-1998 to 2001-2002 revealed the following significant points :

- Due to failure of the Director (RD&PR) to utilise the fund, an amount of Rs.2.34 crore (new construction – Rs.2.04 crore, upgradation – Rs.0.30 crore) remained unutilised at the end of March 2002.
- Excess expenditure of Rs.13.93 crore was incurred on account of rendering higher assistance to beneficiaries possessing shelter.
- Utilisation of CGI sheets valued at Rs.9.83 crore was doubtful, due to inefficiency in monitoring the implementation of the scheme.
- Funds of Rs.5.11 crore under *Gramin Awaas* were diverted to other unknown activities.
- Extra expenditure of Rs.37.44 lakh was incurred due to procurement of CGI sheets at higher rate.

(Paragraph 3.2)

(iii) Piggery Development Scheme

A scheme for piggery development was launched in the State during 1974-1978 for upgrading of local stock through cross-breeding with exotic breeds. A review of the scheme revealed the following :

- 4 pig breeding farms were not established despite availability of Central funds of Rs.40.00 lakh for the purpose for a period of over 4 years.
- Shortfall in production of piglets varied from 7 to 29 *per cent* in Central Pig Breeding Farm (CPBF), Karsingsa and 1 to 39 *per cent* in respect of the REPBF, Loiliang during the period from 1997-1998 to 2001-2002.
- Loss incurred by the two farms were Rs.0.75 crore (CPBF, Karsingsa) and Rs.0.71 crore (REPBF, Loiliang) during Ninth Plan period.
- Entertainment of excess staff resulted in extra expenditure of Rs.17.89 lakh.
- Base farm established at Namsai did not function during 1993 resulting in unproductive expenditure of Rs.25.18 lakh. Further, inaction on the part of the farm resulted in loss of Rs.2.50 lakh.

(Paragraph 3.3)

(iv) Review of Public Works Department, including manpower management

The basic objective of the Public Works Department (PWD) is to construct new roads, bridges (other than National Highways and border roads) and residential and non-residential Government buildings, as well as to maintain and repair the existing roads, bridges in the State. As of April 2002, the State had (a) surface roads 4990.92 kms (b) unmetalled roads 9498.71 kms covering a total length of 14,489.63 kms. A review of the working of the department revealed the following :

- Budgetary control in the department was weak leading to persistent savings, failure to surrender savings and rush of expenditure during last quarters of the years.
- The department failed to achieve the physical targets set for the road, bridge and building sectors, the shortfall varying from 37 to 62 *per cent* in respect of roads, 4 to 39 *per cent* in respect of bridges and 35 *per cent* in respect of buildings.
- Due to abnormal delay, the cost overrun on 17 completed and 45 ongoing works was Rs.21.13 crore.
- There was wasteful expenditure of Rs.2.17 crore due to abandonment of work after partial execution (Rs.1.84 crore) and taking up of scheme without ascertaining the economic viability and technical feasibility (Rs.0.33 crore). There was also unproductive expenditure of Rs.11.71 crore due to discontinuance of work after partial execution.
- The Banderdewa Store Division (PWD) holds idle stock of water supply materials worth Rs.2.87 crore for periods ranging from 10 to 18 years.
- Claims for Rs.9.43 crore were outstanding against 10 divisions and procurement of materials worth Rs.1.36 crore under DGS&D rate contract was kept out of Government accounts owing to work miscellaneous claim (WMC) memos issued by the Accountant General (A&E) lying unadjusted.
- Excess entertainment of work charged staff with consequential extra expenditure of Rs.68.06 crore was noticed.

(Paragraph 4.1)

(v) Review of Irrigation and Flood Control Department including manpower management

The Irrigation and Flood Control Department (IFCD) was created in 1995-1996 for providing irrigation facilities in cultivable land and preservation of existing water resources. Prior to creation of IFCD, the work relating to minor irrigation projects (MIP) was executed by Rural Works Department and of flood control by Public Works Department. The review highlights defective budgeting, failure to bring more areas under irrigation, delay in completion of irrigation schemes, unfruitful and wasteful expenditure and excess entertainment of work charged staff.

- Budgeting of the department was defective.
- Out of the irrigation potential of 15417 ha created during 1997-1998 to 2001-2002 only 4165 ha (27 *per cent*) was utilised for irrigation purpose and balance of 11252 ha (73 *per cent*) remained unutilised as of March 2002.
- 932 irrigation schemes due to be completed during the period from March 1997 to March 2002 were not completed although an expenditure of Rs.30.00 crore was incurred as of April 2002.
- Taking up of survey and investigation of two irrigation schemes inspite of adverse feasibility report submitted by the Executive Engineer and lack of initiative in finalisation of DPR in respect of one project, resulted in unfruitful expenditure of Rs.2.03 crore.
- 7688 work orders valued Rs.26.68 crore were issued between 1997-98 and 2001-2002 by the 3 divisions without calling for tenders and work orders amounting to Rs.25.48 crore were issued in excess without regard to emergency/urgency norms.
- Excess entertainment of work charged staff resulted in extra expenditure of Rs.2.73 crore.

(Paragraph 4.2)

(vi) Assessment, levy and collection of land revenue

- There was blockage of revenue of Rs.867.14 crore due to non-assessment of lease rent.
- Land value amounting to Rs.7.54 crore for land already allotted to the departments of the Central and State Government remained unrealized.
- Delay in issue of allotment orders to Central and State Government departments resulted in loss of Rs.3.57 crore by way of land value remaining unrealised.

(Paragraph 5.8)

(vii) Review on construction of 132 KV single circuit transmission line from Deomali to Namsai

The main object of the project was to draw State's share of power from Kathalguri Gas based Power Project and through the network of Power Grid Corporation of India Limited, at 132 KV/33 KV sub-station at Deomali for eastern sector of the State. The work was taken up in March 1995 and suspended in August 1999 after incurring an expenditure of Rs.17.51 crore with only 30 *per cent* progress due to failure of the Power Department to complete the project within the target date *i.e.* by April 1998. The progress of the work was too slow since inception and no work was carried out by the contractor since August 1999 due to paucity of fund. No remedial action was taken by the department till date to remove such bottlenecks and restart the work. The salient features of the review are as follows :

- Unproductive expenditure of Rs.17.51 crore due to the project remaining incomplete.
- There was an undue and erroneous concession of Rs.1.91 crore to the executing contractor by inflating contract value from Rs.43.68 crore to Rs.45.59 crore.
- Procurement of materials at higher rate amounted to extra expenditure of Rs.6.69 crore and penalty of Rs.2.85 crore was not imposed on the contractor for incomplete work.
- Materials procured at a value of Rs.9.69 crore were lying idle.

(Paragraph 7.2)

4. Other points of interest

(A) Civil

(i) Diversion of PMGY fund by the Director, Social Welfare Women and Child Development Department, Naharlagun

Funds of Rs.9.28 crore, provided specifically to eradicate malnutrition in children below 3 years, were diverted for clearing outstanding air lift charges and carriage charges of Public Distribution System items and procurement of Supplementary Nutrition Programme food items for all groups which were not covered under PMGY scheme.

(Paragraph 3.4)

(ii) Avoidable extra expenditure on payment of land compensation for construction of 500 bed referral hospital at Naharlagun

Avoidable extra expenditure of Rs.46.26 lakh was incurred due to failure on the part of the DC, Papumpare to allot land free from all encumbrances to the Health and Family Welfare Department.

(Paragraph 3.7)

(iii) Unfruitful expenditure on Miao - Vijayanagar road

Improper work and survey without obtaining Environment and Forest clearance certificate by the Jairampur Public Works Division led to unfruitful expenditure of Rs.2.75 crore for a period of over 12 years.

(Paragraph 4.3)

(iv) Infructuous expenditure on development of land at Itanagar

Expenditure of Rs.0.51 crore became infructuous due to failure on the part of the DC, Papumpare and the Director, Animal Husbandry and Veterinary Department, Nirjuli to ensure that the land allotted was free from all encumbrances.

(Paragraph 4.4)

(B) Revenue

(i) Loss of revenue due to short levy of royalty

Faulty clause in an agreement executed by the Government (April 1991) with the licensee for collection of 'Oleo resin' led to loss of revenue of Rs.9.98 lakh.

Royalty charges of Rs.2.88 lakh out of Rs.4.29 lakh were short realised due to irregular permission for removal of timber without payment of royalty in advance.

Failure of the department to initiate action against two lessees led to royalty/additional royalty of Rs.12.19 crore remaining unrealised.

(Paragraphs 5.9, 5.10 and 5.14)

(ii) Misclassification of IMFL/evasion of excise duty/failure to levy licence fee and penalty

Failure of the department to levy excise duty of Rs.0.95 crore against Rs.2.58 crore by classifying 1,58,981 cases of brandy as general brand instead of premium brand resulted in short realisation of excise duty of Rs.1.62 crore.

Unauthorised removal of liquor from the bonded warehouse led to evasion of excise duty of Rs.1.56 lakh.

Licence fee of Rs.10.11 lakh was not levied due to inaction of department to levy fee, besides, non-levy of penalty of Rs.4.01 lakh for default in payment.

(Paragraphs 5.11, 5.12 and 5.13)

(iii) Avoidable loss of revenue

Undue financial benefit accrued to the lessee by way of execution of faulty agreement by the department resulting in loss of revenue of Rs.2.71 crore.

(Paragraph 5.15)

(C) Commercial

(i) Loss of finished products

Due to gross negligence of the managements of PCL/APIDFCL, there was loss of Rs.0.28 crore of finished goods.

(Paragraph 7.3)

(ii) Shut down of a company due to mis-management

Mis-management led to bankruptcy and closure of PCL with blockage of assets (Rs.1.58 crore) and increased liability (Rs.1.48 crore).

(Paragraph 7.4)

(iii) Loss due to unauthorised removal of coal

Unauthorised grant of exploration of coal and lack of supervision helped in large scale illegal removal of coal by a private party resulting in a loss of Rs.0.20 crore.

(Paragraph 7.5)

(iv) Idle outlay

Issue of work orders for delivery of 41 micro hydel sets without specifying the project sites therein resulted in blockage of Rs.9.88 crore with loss of interest of Rs.7.11 crore.

(Paragraph 7.6)

(v) Undue benefit to contractors due to delay in execution of projects

Undue payments of unsecured mobilisation advances (Rs.2.00 crore) followed by further payments of a bill (Rs.24.30 lakh) to a turnkey contractor for completion of 2 hydel projects not only locked up a fund of Rs.2.24 crore but also resulted in loss of interest of Rs.2.13 crore.

(Paragraph 7.7)

(vi) Undue financial aid and idle outlay

Execution of faulty agreement and lack of monitoring resulted in undue financial benefits to a firm for Rs.2.49 crore in the shape of unadjusted mobilisation advance and transportation charges, and idle outlay of Rs.8.46 crore on materials remaining unutilised for about 5 years, besides loss of interest of Rs.6.18 crore on total investment/outstandings.

(Paragraph 7.8)

(vii) Undue financial benefit

Injudicious decision of the department to release the advance in bulk to the supplier resulted in undue financial benefit of Rs.3.93 crore.

(Paragraph 7.9)

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

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AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the **Appendix - I (A)**.

1.2 Financial position of the State

1.2.1 In the Government accounting system comprehensive accounting of fixed assets like land and buildings etc. owned by the Government is not done. The Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. An abstract of such liabilities and the assets as on 31 March 2002, compared with the corresponding position on 31 March 2001 is given below:

Table 1.1

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ARUNACHAL PRADESH AS ON 31 MARCH 2002

(Rupees in crore)

As on 31.03.2001		Liabilities		As on 31.03.2002
		External Debt		
219.41		**Internal Debt**		**280.17**
	74.14	Market loans bearing interest	101.34	
		Market loans not bearing interest	-	
	1.31	Loans from LIC	1.24	
	143.96	Loans from other Institutions	177.59	
		Ways and Means Advances		
		Overdraft from Reserve Bank of India		
442.96		**Loans and Advances from Central Government**		**490.86**
	87.02	Non-Plan loans	84.07	
	309.42	Loans for State Plan Schemes	358.22	
	0.45	Loans for Central Plan Schemes	0.45	
	2.00	Loans for Centrally Sponsored Plan Schemes	3.19	
	44.07	Loans for Special Schemes	44.93	
0.05		**Contingency Fund**		**0.05**
263.20		**Small Savings, Provident Funds etc.**		**303.23**
17.77		**Deposits**		**18.22**
43.26		**Suspense and Miscellaneous balances**		**151.54**
7.68		**Reserve Funds**		**9.74**
2150.35		**Surplus on Government Account**		**2206.10**
	2168.56	(i) Revenue surplus as on 31 March 2001	2150.35	
	18.21	(ii) Revenue surplus during the year	55.75	
3144.68				**3459.91**

(Rupees in crore)

As on 31.03.2001		Assets		As on 31.03.2002
3072.13		**Gross Capital Outlay on Fixed Assets**		3373.64
	12.71	Investment in Shares on Companies, Corporation etc.	13.14	
	3059.42	Other Capital Outlay	3360.50	
16.31		**Loans and Advances**		19.35
	6.10	Loans for Other Industries and Minerals	6.10	
	2.28	Other Development Loans	2.28	
	3.76	Loans for Co-operatives	5.39	
	4.17	Loans to Government Servants	5.58	
		Reserve Fund Investment		
6.07		**Advances**		11.54
...		**Suspense and Miscellaneous Balances**		....
116.48		**Remittance Balances**		118.92
(-)66.31		**Cash in Treasuries and Local Remittances**		(-)63.54
	(-)72.54	Deposits with Reserve Bank	(-)71.94	
	0.85	Departmental Cash Balance	0.65	
	...	Permanent Advances	0.01	
	...	Cash Balance Investment	...	
	5.38	Investment of earmarked Funds	7.74	
		Deficit on Government accounts		
		(i) Revenue Deficit of the Current Year		
		(ii) Appropriation of Contingency Fund		
		(iii) Miscellaneous Deficit		
3144.68				3459.91

1.2.2 While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from the table that while the liabilities increased by 26.10 *per cent*, the assets grew only by 10.02 *per cent* during 2001-2002 over the previous year, mainly as a result of a very high growth in the market loans bearing interest (37 *per cent*), loans from other institutions (23 *per cent*), and Suspense and Miscellaneous balances (250 *per cent*).

1.3 Sources and application of fund

1.3.1 The position of sources and application of funds during the current and the preceding years is given in the table below.

Table 1.2
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2000-2001		SOURCES		2001-2002
961.41		1. Revenue receipts		1085.30
1.60		2. Recoveries of Loans and Advances		1.86
95.24		3. Increase in Public debt other than overdraft		108.66
180.14		4. Net receipts from Public account		140.85
	67.06	-Increase in Small Savings	40.03	
	5.69	-Decrease in Deposits and Advances	(-)5.02	
	105.68	-Net effect of Suspense and Miscellaneous transactions	108.28	
	(-) 1.71	-Net effect of Remittance transactions	(-)2.44	
0.30		5. Increase in Reserve Funds		(-) 0.31
2.72		6. Increase in earmarked Funds		2.37
...		7. Net effect of Contingency Fund transactions		...
5.20		8. Increase in closing cash balance		...
1246.61				1338.73

(Rupees in crore)

2000-2001	APPLICATION	2001-2002
979.62	1. Revenue expenditure	1029.55
2.74	2. Lending for development and other purposes	4.90
264.25	3. Capital expenditure	301.51
...	4. Net effect of Contingency Fund transactions	...
...	5. Decrease in closing cash balance	2.77
1246.61	Total	1338.73

1.3.2 The main sources of funds include revenue receipts of the Government, recoveries of loans and advances, public debt and receipts in Public Account. These are applied mainly on revenue and capital expenditure and lending for developmental purposes. It would be seen that revenue receipts constitute the most significant source of funds for the State Government. Their relative share increased from 77.12 *per cent* in 2000-2001 to 81.07 *per cent* in 2001-2002. This was mainly due to more receipts received from Food Storage and Warehousing (469 *per cent*), Sales Tax (105 *per cent*), Water Supply and Sanitation (252 *per cent*) and Forestry and Wildlife (94 *per cent*) in comparison with the previous year. The relative share of net receipts from Public Account, however declined from 14.45 *per cent* to 10.52 *per cent* in 2001-2002. The decline in net Public Account receipts was mainly due to decrease in "Deposits and Advances".

1.3.3 The ratio of revenue expenditure to total application of funds went down from 78.58 *per cent* in 2000-2001 to 76.90 *per cent* in 2001-2002. The revenue expenditure was lower than the total revenue receipts of State Government which led to revenue surplus (Rs.55.75 crore). Despite having revenue surplus the percentage of capital expenditure and lending for development purposes went up marginally from 21.20 to 22.52 and 0.22 to 0.37 *per cent* respectively during 2001-2002 in comparison with 2000-2001.

1.4 Financial operations of the State Government

1.4.1 Exhibit-I (page 19-20) gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs.1029.55 crore) during the year was lower than the revenue receipts (Rs.1085.30 crore) resulting in revenue surplus of Rs.55.75 crore. The revenue receipts comprised tax revenue (Rs.30.89 crore), non-tax revenue (Rs.70.91 crore), share of net proceeds of divisible Union taxes (Rs.90.93 crore) and grants-in-aid from the Central Government (Rs.892.57 crore). The main sources of tax revenue were State Excise (34 *per cent*) and Sales Tax (54 *per cent*). Non-tax revenue came mainly from Forest and Wildlife (36 *per cent*), Power (17 *per cent*), Road Transport (10 *per cent*) and Non-Ferrous Mining and Metallurgical Industries (6 *per cent*).

1.4.2 The capital receipts comprised Rs.1.86 crore from recoveries of loans and advances and Rs.139.99 crore from public debt. Against this, the expenditure was Rs.301.51 crore on capital outlay, Rs.4.90 crore on disbursement of loans and advances and Rs.31.33 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.947.58 crore, against which disbursement of Rs.807.04 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was decrease of negative cash balance (Rs.2.77 crore) from Rs.(-)66.31 crore at the beginning of the year to Rs.(-)63.54 crore at the end of the year 2001-2002.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit-I (page 19-20) and the time series data for the five years period from 1997-98 to 2001-2002 presented below:

Table 1.3

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
Part A. Receipts					
1. Revenue Receipts	**835.46**	**923.57**	**1008.92**	**961.41**	**1085.30**
(a) Tax Revenue	9.83	11.29	13.88	20.63	30.89
Agricultural Income Tax	....	....	....	...	...
Sales Tax	0.32	0.28	0.35	8.19	16.78
State Excise	5.56	7.58	10.08	9.01	10.55
Taxes on vehicle	0.97	1.01	1.12	1.12	1.61
Stamps and Registration fees	0.42	0.50	0.45	0.25	0.27
Land Revenue	1.98	1.33	1.36	1.45	1.00
Other Taxes	0.58	0.59	0.52	0.61	0.68
(b) Non Tax Revenue	57.27	64.54	67.01	63.65	70.91
(c) Share of net proceeds of divisible Union Taxes	243.83	268.84	340.77	115.67	90.93
(d) Grants-in-aid from Government of India	524.53	578.90	587.26	761.46	892.57
2. Misce. Capital Receipts	...	...	...	...	...
3. Total Revenue and non Debt Capital receipts (1+2)	**835.46**	**923.57**	**1008.92**	**961.41**	**1085.30**
4. Recoveries of Loans and Advances	**1.33**	**1.38**	**1.35**	**1.60**	**1.86**
5. Public Debt Receipts	**65.36**	**76.78**	**94.81**	**116.14**	**139.99**
Internal Debt (excluding Ways & Means Advance and Overdrafts)	15.59	18.61	24.50	59.64	71.12
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India*	49.77	58.17	70.31	56.50	68.87*
6. Total receipts in the Consolidated Fund (3+4+5)	**902.15**	**1001.73**	**1105.08**	**1079.15**	**1227.15**
7. Contingency Fund Receipts	...	...	...	...	...
8. Public Accounts Receipts	**4003.49**	**2939.28**	**2674.81**	**875.54****	**947.58****
9. Total Receipts of the State (6+7+8)	**4905.64**	**3941.01**	**3779.89**	**1954.69**	**2174.73**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**664.62**	**746.81**	**837.34**	**979.62**	**1029.55**
Plan	260.18	282.51	297.67	371.44	454.48
Non-Plan	404.44	464.30	539.67	608.18	575.07
General Services	195.99	231.54	270.79	332.04	337.33
Social Services	225.76	234.80	280.·8	298.60	342.50
Economic Services	242.87	280.47	286.07	348.98	349.72
Grants-in-aid and Contributions	...	...	...	...	...

* Excludes Ways and Means Advances from Government of India.

** Excludes Other Accounts figures.

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
11. Capital Expenditure	**293.57**	**232.35**	**258.87**	**264.25**	**301.51**
Plan	294.24	232.50	257.81	264.06	302.64
Non-Plan	(-)0.67	(-)0.15	1.06	0.19	(-)1.13
General Services	15.71	15.23	15.29	15.88	22.04
Social Services	44.91	28.83	31.07	42.89	51.61
Economic Services	232.95	188.29	212.51	205.48	227.86
12. Loans and advances given	**1.06**	**1.54**	**2.85**	**2.74**	**4.90**
13. Total (10+11+12)	**959.25**	**980.70**	**1099.06**	**1246.61**	**1335.96**
14. Repayments of Public Debt	**12.29**	**16.07**	**17.87**	**20.90**	**31.33**
Internal Debt (excluding Ways & Means Advances and Overdrafts)	1.84	2.27	2.29	2.72	10.36
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India*	10.45	13.80	15.58	18.18	20.97
15. Appropriation to Contingency Fund	**...**	**...**	**...**	**...**	**...**
16. Total Disbursement out of Consolidated Fund (13+14+15)	**971.54**	**996.77**	**1116.93**	**1267.51**	**1367.29**
17. Contingency Fund Disbursement	**...**	**...**	**...**	**...**	**...**
18. Public Account Disbursement	**3913.07**	**2967.88**	**2628.03**	**695.10**	**807.04*****
19. Total Disbursement by the State (16+17+18)	**4884.61**	**3964.65**	**3744.96**	**1962.61**	**2174.33**
Part C. Deficits/Surplus					
20. Revenue Surplus (1-10)	**170.84**	**176.76**	**171.58**	**-**	**55.75**
20. Revenue Deficit	**...**	**...**	**...**	**18.21**	**...**
21. Fiscal Deficit (3+4-13)	**122.46**	**55.75**	**88.79**	**283.60**	**248.80**
22. Primary Deficit (21-23)	**62.20**	**(-)15.51**	**8.99**	**162.92**	**139.81**
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	**60.26**	**71.26**	**79.80**	**120.68**	**108.99**
24. Arrears of Revenue (Percentage of Tax & non tax Revenue Receipts)	**NA**	**NA**	**NA**	**NA**	**NA**
25. Financial Assistance to local bodies etc.	**10.85**	**9.06**	**13.84**	**8.17**	**10.46**
26. Ways and Means Advances / Overdraft availed (days)	**1**	**21**	**6**	**1**	**5**
27. Interest on WMA/Overdraft	**....**	**0.010**	**0.02**	**0.00026**	**0.03**
28. Gross State Domestic Product (GSDP)	**996.19**	**1071.81**	**1110.58**	**1105.79**	**NA**
29. Outstanding Debt (year end)	**565.15**	**652.80**	**763.28**	**925.58**	**1074.26**
30. Outstanding guarantees (year end)	**0.50**	**0.50**	**0.50**	**0.55**	**0.55**
31. Maximum amount granted (year end)	**...**	**....**	**....**	**...**	**...**
32. Number of incomplete projects	**...**	**41**	**106**	**241**	**445**
33. Capital blocked in incomplete projects		**31.25**	**26.02**	**47.41**	**61.66**

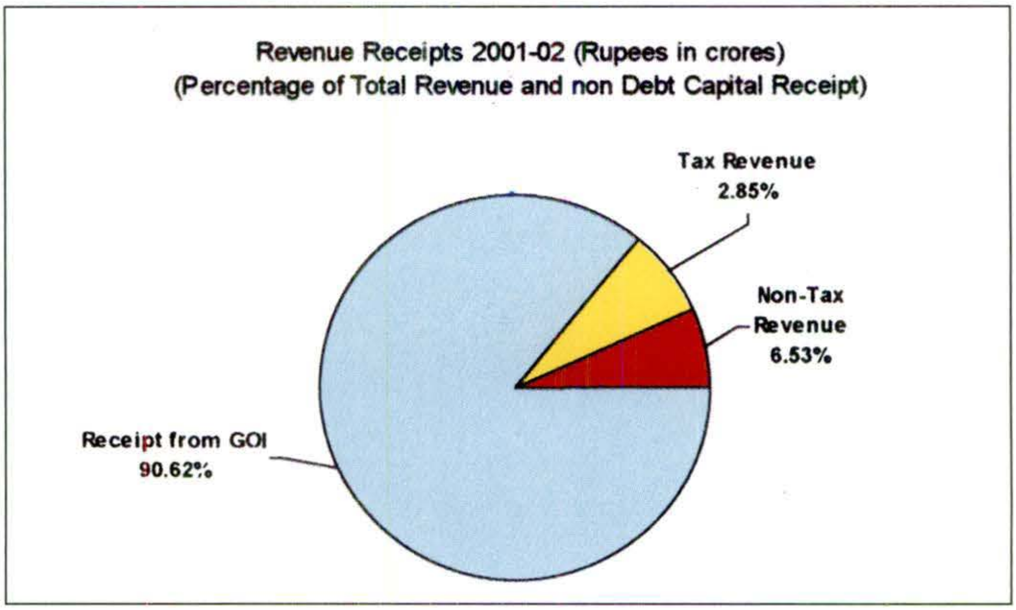
* Excludes Ways and Means and Advances from Government of India.

*** Excludes Other Accounts figures

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India. Their relative shares are shown at figure 1. Revenue receipts increased from Rs.961.41 crore in 2000-2001 to Rs.1085.30 crore in 2001-2002 which constituted an increase of 12.89 *per cent*.

Figure 1



Tax revenue

1.5.2 These constitute a negligible share (2.85 *per cent*) of the revenue receipts inspite of a 49.73 *per cent* growth over the previous year 2000-2001.

Non-tax revenue

1.5.3 The non-tax revenue constituted 6.53 *per cent* of the revenue receipts of the Government in 2001-2002. Despite having registered a significant growth of 469.40 *per cent* under Food Storage and Warehousing, the non-tax revenue increased marginally by 11.41 *per cent* over the previous year i.e. 2000-2001.

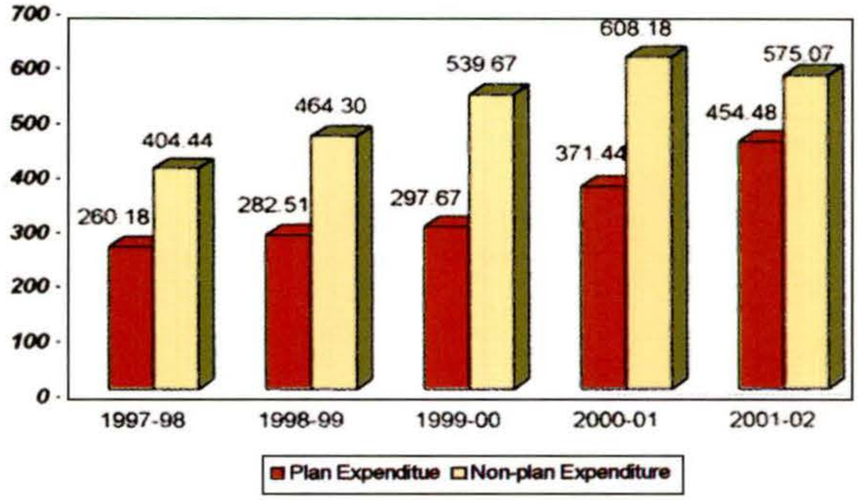
Share of net proceeds of the Union Taxes and grants-in-aid from the Central Government

1.5.4 The share of net proceeds of the divisible Union Taxes (share of net proceeds assigned to States, income other than corporation taxes) decreased by 21 *per cent* during the year, while the grants-in-aid from the Central Government increased by 17 *per cent*. These receipts (Rs.983.50 crore) financed 96 *per cent* of the revenue expenditure (Rs.1029.55 crore) of the State. The relative share of net proceeds of the Union Taxes to revenue receipts decreased from 29 *per cent* in 1997-98 to 8 *per cent* in 2001-2002 while the grants-in-aid from Government of India increased from 63 *per cent* in 1997-1998 to 82 *per cent* in 2001-2002.

1.6 Revenue expenditure

1.6.1 The revenue expenditure (both Plan and non-Plan) accounted for 77 *per cent* of the expenditure of the State Government during 2001-2002 and increased by 5 *per cent* as compared to 2000-2001. Compared to the previous year the increase was 22 *per cent* under the Plan side and the decrease 5 *per cent* in the non-Plan side. The share of non-Plan expenditure during 2001-2002 was 56 *per cent* of the revenue expenditure against 44 *per cent* under Plan. The trend analysis shows that the growth under non-Plan was faster than the Plan side as shown in figure 2.

Figure 2



1.6.2 Sector-wise analysis shows that while the expenditure on General Services increased by 72 *per cent* from Rs.195.99 crore in 1997-1998 to Rs.337.33 crore in 2001-2002, the corresponding increase in expenditure on Social Services and Economic Services were 52 *per cent* and 44 *per cent* respectively. As a proportion of total expenditure, the share of General Services increased from 29 *per cent* in 1997-98 to 33 *per cent* in 2001-2002, whereas the share of Economic Services and Social Services decreased from 37 *per cent* to 34 *per cent* and from 34 *per cent* to 33 *per cent* respectively.

Interest payments

1.6.3 Interest payments increased steadily by 81 *per cent,* from Rs.60.26 crore in 1997-1998 to Rs.108.99 crore in 2001-2002 but declined by Rs.11.69 crore in comparison with the previous year 2000-2001. This is further discussed in the section on financial indicators.

Financial assistance to local bodies and other institutions

1.6.4 The quantum of assistance in the form of grants-in-aid provided to different local bodies etc., during the period of five years ending 2001-2002 was as follows:

Table 1.4

(Rupees in crore)

		1997-98	1998-99	1999-2000	2000-2001	2001-2002
1	Universities and Educational Institutions	6.51	6.73	9.65	3.79	8.01
2	Art and Culture	...	...	...	0.46	0.27
3	Medical and Public Health and other charitable Institutions	3.55	...	...	...	...
4	Urban Development	...	...	...	...	...
5	Social Welfare	...	...	...	0.42	0.90
6	Rural Development	...	1.70	2.43	2.22	0.15
7	Other institutions	0.79	0.63	0.58	1.28	0.77
8	*Panchayat Raj* Institutions	...	...	1.18	...	...
9	Co-operation	...	...		...	0.36
	Total	10.85	9.06	13.84	8.17	10.46
	Percentage of growth over previous year	140	(-) 16.50	52.75	(-) 41	28
	Assistance as a percentage of revenue expenditure	1.63	1.21	1.65	0.83	1.02
	Assistance as a percentage of revenue receipts	1.30	0.98	1.37	0.85	0.96

During the year the assistance to local bodies and others increased by 28 *per cent* as compared to 2000-2001. The financial assistance to universities and educational institutions also witnessed an increase of 111 *per cent* over 2000-2001.

1.6.5 The assistance to local bodies and others ranged from 0.85 to 1.37 *per cent* of the revenue receipts and from 0.83 to 1.63 *per cent* of the revenue expenditure during 1997-2002.

Loans and Advances by the State Government

1.6.6 The Government gives loans and advances to Government companies, local bodies, autonomous bodies, cooperatives, non-government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 2001-2002 there was negligible improvement in repayment as a result of which the closing balance increased by about 18.64 *per cent*.

Table 1.5

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02
Opening balance	13.78	13.51	13.67	15.17	16.31
Amount advanced during the year	1.06	1.54	2.85	2.74	4.90
Amount repaid during the year	1.33	1.38	1.35	1.60	1.86
Closing balance	13.51	13.67	15.17	16.31	19.35
Net addition	(-) 0.27	(+)0.16	(+) 1.50	(+) 1.14	(+) 3.04
Interest received	0.42	0.03	0.001	0.0001	0.69

1.7 Capital expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations, etc. and loans and advances. The capital expenditure in 2000-2001 and 2001-2002 increased by 2 *per cent* and 14 *per cent* over the previous years *viz.* 1999-2000 and 2000-2001 respectively. The share of capital expenditure to total expenditure dropped from 31 *per cent* in 1997-1998 to 23 *per cent* in 2001-2002. The table in paragraph 1.4.3 shows that 75.57 *per cent* and 17.12 *per cent* of the capital expenditure during 2001-2002 was on Economic Services and Social Services respectively.

1.8 Quality of expenditure

1.8.1 Government spends money on different activities ranging from maintenance of law and order to various developmental activities. Government expenditure is broadly classified into Plan and non-Plan and revenue and capital. While the Plan and capital expenditure are usually associated with asset creation, the non-Plan and revenue expenditure are identified with expenditure on establishment, maintenance and services.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social Services.

1.8.3 The following table lists out the trend in these indicators :

Table 1.6

		1997-98	1998-99	1999-2000	2000-01	2001-02
1.	Plan expenditure as a Percentage of :					
	Revenue expenditure	39	38	36	38	44
	Capital expenditure	100	100	100	100	100
2.	Capital expenditure (*per cent* of total expenditure)	31	24	24	21	23
3.	Expenditure on General Services (*per cent*)					
	Revenue	29	31	32	34	33
	Capital	5	7	6	6	7
4.	Amount of wastage and diversion of funds detected during test audit	-	-	-		-
5.	Non-remunerative expenditure on incomplete projects (Rupees in crore)	-	31.25	26.02	47.41	61.66

1.8.4 It would be seen that the share of Plan expenditure under revenue increased by 6 *per cent* in 2001-2002 as compared to 2000-2001, whereas under capital *cent per cent* has been achieved. The share of capital expenditure to total expenditure showed a decreasing trend from 31 *per cent* to 23 *per cent* during 1997-98 to 2001-2002. The expenditure on General Services under both revenue and capital showed an increasing trend between 1998-99 and 2001-2002 in comparison with 1997-98. As on March 2002, Rs.61.66 crore was blocked in 445 incomplete projects.

1.9 Financial Management

1.9.1 The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

Investments and returns

1.9.2 Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under :

Table 1.7

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		As on 31.03.2002	During 2001-2002
1 Government Companies	5	8.71	-
2. Cooperative Institutions	144	6.53	2.53
Total	**149**	**15.24**	**2.53**

1.9.3 The details of investments and the returns realised during the last five years by way of dividend and interest were as follows :

Table 1.8

(Rupees in Crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (*per cent*)
1997-1998	11.80	0.01	0.08	13
1998-1999	12.07	0.03	0.25	13.05 and 12.30
1999-2000	12.34	0.001	0.008	14 and 11.30
2000-2001	12.71	0.0001	0.0008	14 and 11.30
2001-2002	15.24	0.0034	0.022	14 and 10.52

1.9.4 Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns.

Ways and means advances and overdraft

1.9.5 Under an agreement with the Reserve Bank of India, the State Government had to maintain with the bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum balance on any day, the deficiency had to be made good by taking ways and means advances (WMA)/ overdraft (OD) from the bank. In addition special ways and means advances are also made by the bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects on the financial management in Government.

1.9.6 The extent to which the Government maintained the minimum balance with the bank and took WMA and OD during the year 2001-2002 is given below :

1.	Number of days on which the minimum balance was maintained without obtaining any advance	360 days
2.	Number of days on which the minimum balance was maintained by taking ordinary ways and means advance	05 days
3.	Number of days on which overdraft was taken	...

1.9.7 During 2001-2002, the State Government took ordinary (Rs.14.73 crore) ways and means advance and the entire amount (Rs.14.73 crore) was repaid along with interest of Rs.2.72 lakh.

1.9.8 Deficits in Government account represent gaps between receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., revenue deficit, fiscal deficit and primary deficit.

1.9.9 Revenue deficit is the excess expenditure over revenue receipts. Fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over revenue receipts (including grants-in-aid received). Primary deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account during 2001-2002 and how these were financed.

Table 1.9

OVERALL FINANCIAL TRANSACTIONS OF GOVERNMENT

(Rupees in crore)

CONSOLIDATED FUND (CF)					
Receipt	**Amount**			**Disbursement**	**Amount**
Revenue	1085.30	Revenue Surplus	55.75	Revenue	1029.55
Misc. Capital receipts	...			Capital	301.51
Recovery of loans & advances	1.86			Loans & advances disbursement	4.90
Sub Total	**1087.16**	**Gross fiscal deficit**	**248.80**	**Sub Total**	**1335.96**
Public debt receipts	139.99			Public debt repayment	31.33
Total	**1227.15**	**A:Deficit in CF:**	**140.14**		**1367.29**

PUBLIC ACCOUNT					
Receipt	**Amount**			**Disbursement**	**Amount**
Small savings, PF, etc.	85.59			Small savings, PF, etc.	45.56
Deposits & advances	78.67			Deposits & advances	83.69
Reserve Funds	2.06			Reserve Funds	2.37
Suspense & Misc.	148.21			Suspense & Misc.	39.93
Remittances	633.05			Remittances	635.49
Total Public Account	**947.58**	**B : Surplus in Public Account :**	**140.54**		**807.04**
		C : Investment in earmarked fund :	**2.37**		
Decrease in cash balances (B + C - A): 2.77					

1.9.10 The table shows that though there was no revenue deficit in Government accounts, it had a fiscal deficit of Rs.248.80 crore as of 31 March 2002. The deficit was mainly financed by net proceeds of the Public Debt (Rs.108.66 crore) and partly by the surplus from Public Account (Rs.140.14 crore). The table in paragraph 1.4.3 shows that the fiscal deficit has decreased by 12.27 *per cent* in 2001-2002, when compared to 2000-2001.

Application of the borrowed funds (fiscal deficit)

1.9.11 The fiscal deficit (FD) represents total net borrowing of the Government. These borrowings are applied for meeting the revenue deficit (RD), for making the capital expenditure (CE) and for giving loans to various bodies for development and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowings for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of Arunachal Pradesh for the last five years.

Table 1.10

Ratio	1997-98	1998-99	1999-2000	2000-2001	2001-02
RS/FD	(-) 1.39	(-) 3.17	(-) 1.93	-	(-)0.22
RD/FD	-	-	-	0.06	-
CE/FD	2.39	4.17	2.92	0.93	1.21
Net loans/FD	-	-	0.01	0.01	0.01
Total	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**

(RS : Revenue Surplus)

1.9.12 As there was revenue surplus during 2001-2002, revenue expenditure had not been met from borrowed funds.

Guarantees given by the State Government

1.9.13 Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. The outstanding guarantees as on March 2002 were Rs.55.00 lakh.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 88 *per cent*. This was on account of 126 *per cent* growth in internal debt, 61 *per cent* growth in loans and advances from Government of India and 111 *per cent* growth in other liabilities. During 2001-2002, the Government raised market loan amounting to Rs.27.20 crore.

Table 1.11

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
1997-1998	123.93	305.55	429.48	153.10	582.58	0.58
1998-1999	140.28	349.91	490.19	178.75	668.94	0.62
1999-2000	162.49	404.64	567.13	209.89	777.02	0.70
2000-2001	219.41	442.96	662.37	283.29	945.66	0.86
2001-2002	280.17	490.86	771.03	323.45	1094.48	NA

1.10.2 The amount of funds raised through Public Debt, the amount of repayment and net funds available are given in the following table:

Table 1.12

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
Internal Debt[a]					
Receipt during the year	15.64	52.29	62.06	73.00	85.85
Repayment (Principal + Interest)	17.00	55.84	59.19	38.39	53.65
Net funds available *(Per cent)*	(-) 1.36 (-9)	(-) 3.55 (-7)	2.87 (5)	34.61 (47)	32.20 (38)
Loans and advances from Government of India					
Receipt during the year	49.77	58.17	70.31	56.50	68.87
Repayment (Principal + Interest)	39.63	47.58	55.29	64.77	74.89
Net funds available *(Per cent)*	10.14 (20)	10.59 (18)	15.02 (21)	(-) 8.27 (-15)	(-) 6.02 (- 9)
Other liabilities[b]					
Receipt during the year	39.96	50.06	61.51	145.63	136.71
Repayment	31.25	40.71	48.75	124.02	123.05
Net funds available *(Per cent)*	8.71 (22)	9.35 (19)	12.76 (21)	21.61 (15)	13.66 (10)

[a] *Includes Ways and Means advances.*

[b] *Other liabilities includes small savings, provident fund, reserve funds, deposits and other non-interest bearing obligations.*

1.10.3 It would be seen that the bulk of the receipts from borrowings were utilised in repayments during the entire period and with very little available for investment and other expenditure. Considering that the outstanding debt has been increasing year after year the net availability of funds for investment is likely to get reduced.

1.11 Indicators of the financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing, and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate into annual development plans and are provided for in the State budget. Broadly, it can be stated that non-Plan expenditure represents Government maintaining the existing level of activity while Plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, the financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to flesh out sustainability, flexibility, and vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in **Appendix - I (B)** to this chapter. The table in Exhibit-II (page 21) read in conjunction with **Appendix – II** indicates the behaviour of these indices/ratios over the period from 1997-98 to 2001-2002. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 ***The behaviour of the indices/ratios is discussed below***

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government had surplus from its revenues for meeting plan expenditure. The table shows that the State Government had a negative BCR in all the five years, suggesting that Government had to depend only on borrowings for meeting its plan expenditure.

(ii) Interest ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In Arunachal Pradesh the ratio increased from 0.07 to 0.10. This rising interest ratio has adverse implications on sustainability since it points out to rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than 1 (one) would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In Arunachal Pradesh, the ratio has come down from 3.42 in 1997-98 to 1.65 in 2001-2002 indicating that lesser revenue receipts were being applied for capital formation.

(iv) Tax receipts vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability but the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility. A high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in Arunachal Pradesh this ratio during four years viz., 1997-98 to 2000-2001 decreased from 0.25 to 0.12. The ratio of State tax receipts compared to GSDP has increased from 0.01 to

0.02 during the period from 1997-98 to 2000-2001. The trend analysis for these four years suggests that while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits. As the GSDP figures pertaining to 2001-2002 have not yet been finalised by the Government for which the ratio of the year could not be worked out.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The tables at (page 11) presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. The ROI in Arunachal Pradesh has been negligible and ranged from 0.0001 to 0.03 during 1997-2002. As the investments are made from borrowed funds the insignificant return makes them unsustainable.

(vi) Capital repayments vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In Arunachal Pradesh, this ratio has been in the ranges of 0.15 to 0.64 during the five years period ending March 2002. Compared to 2000-2001 (0.15) the ratio increased during 2001-2002 (0.20) indicating decrease in the availability of fund for capital investment.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In Arunachal Pradesh, this ratio increased from 0.58 to 0.86 in 2000-2001 showing greater inability of the Government to meet debt obligations. The figures for 2001-2002 have not yet been furnished by the department (December 2002).

(viii) Primary deficit vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the lower the value of the ratio, the lesser is the availability of funds for capital investment. In Arunachal Pradesh, the ratio was less than one in all the preceding five years which was indicative of increased vulnerability since capital was being applied to meet fiscal deficit rather than increasing the assets.

(ix) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings, etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio the worse off is the State because it would indicate that the deficit burden is increasing without adding to the repayment capacity of the State. In Arunachal Pradesh, there was no revenue deficit during the five years period ending March 2002 except for the year 2000-2001.

(x) Guarantees vs Revenue receipts

Outstanding guarantees including the letter of credit issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay *viz.* its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In Arunachal Pradesh, the ratio ranged between 0.0005 and 0.0006 during 1997-2002 and was thus negligible.

(xi) Assets vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than liabilities) while a ratio of less than 1 would be a contra indicator. In Arunachal Pradesh this ratio has all along been more than 1 but has decreased from 4.12 in 1997-1998 to 2.76 in 2001-2002 indicating lowering of solvency of the Government.

(xii) Budget

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year *vis-à-vis* the final modified grant. Significant variations (excess/savings) between the final modified grant and actual expenditure were also persistent.

1.12 Conclusions

The financial position of the State Government is characterised by negative BCR, considerable increase in interest ratio and negligible return on investment during the period from 1997-1998 to 2001-2002 indicating that the State does not have any surplus for meeting Plan expenditure from its revenue after excluding the Central Plan Assistance received and meeting the non-Plan expenditure. This in turn limited the state's ability for creating assets and potential for increased revenues. Even the limited capital expenditure had no appreciable benefit due to negligible returns on investments. This had adverse implications for sustainability.

1.13 The matter was reported to Government in October 2002; reply has not been received (December 2002).

EXHIBIT - I

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2001-2002

(Rupees in crore)

Receipts				Disbursements			
2000-2001			2001-2002	2000-2001			2001-2002
	Section – A: Revenue						
961.41	I. **Revenue receipts**		1085.30	979.62*	I. **Revenue expenditure**		**1029.55**
20.63	Tax Revenue	30.89		332.04	**General Services**	**337.33**	
63.65	Non Tax Revenue	70.91			**Social Services**	**342.50**	
	Share of net proceeds of the divisible Union Taxes			142.88	-Education, Sports, Art and Culture	164.87	
115.67	States Share of Union Taxes	90.93		57.08	-Health and Family Welfare	61.77	
				54.22	-Water Supply, Sanitation, Housing and Urban Development	62.20	
169.48	Non-Plan grants	246.76		2.87	-Information and Broadcasting	2.86	
					-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	...	
				2.87	-Labour and Labour Welfare	6.78	
514.89	Grants for State Plan Scheme	554.44		2.87	-Social Welfare and Nutrition	42.08	
64.82	Grants for Central and Centrally Sponsored Plan Schemes	78.61		1.63	-Others	1.94	
12.27	Grants for Special Plan Schemes	12.76			**Economic Services**	**349.72**	
				141.76	-Agriculture and Allied Activities	144.50	
				24.46	-Rural Development	26.57	
				7.03	-Special Areas programmes	13.17	
				46.34	-Irrigation and flood control	43.18	
				20.16	-Energy	16.37	
				15.13	-Industry and Minerals	12.47	
				46.83	-Transport	45.43	
				2.31	-Science, Technology and Environment	0.29	
				35.43	-General Economic Services	39.99	
					-Grants-in-aid and contribution	...	
				9.53	-Communication	7.75	
18.21	II **Revenue deficit carried over to Section B**				II **Revenue Surplus carried over to Section B**		**55.75**
(-) 61.11	III **Opening Cash balance including Permanent Advances and Cash Balance investment**		**(-) 66.31**	—	III **Opening Overdraft from RBI**		—
	IV **Miscellaneous Capital receipts**			264.25	IV **Capital Outlay**		**301.51**
				15.88	**General Services-**	**22.04**	
...					**Social Services-**	**51.61**	
				10.46	-Education Sports, Art and Culture	18.34	
				6.27	-Health and Family Welfare	5.90	
				25.42	-Water Supply, Sanitation, Housing and Urban Development	21.20	
					-Information and Broadcasting	0.12	
					-Welfare of Scheduled Castes Scheduled Tribes and Other Backward classes	...	
				0.60	-Social Welfare and Nutrition	5.36	
				0.14	-Others	0.69	
					Economic Services-	**227.86**	
				3.15	-Agriculture and Allied Activities	5.69	
				0.70	-Rural Development	0.78	
				12.23	-Special Areas Programmes	23.27	
				6.28	-Irrigation & Flood Control	5.47	
				86.92	-Energy	91.67	
				0.52	-Industry and Minerals	0.25	
				94.03	-Transport	98.89	
				1.65	-General Economic Services	1.84	
1.60	V **Recoveries of Loans and advances**		**1.86**	**2.74**	V **Loans and Advances disbursed**		**4.90**
...	-From Power Projects	...		...	-For Power Projects	...	

* Details of Plan and non-Plan expenditure are given in Appendix – I(C)

(Rupees in crore)

Receipts				Disbursements			
2000-2001			2001-2002	2000-2001			2001-2002
	Section – A: Revenue						
1.22	-From Government Servants	1.58		2.40	-To Government Servants	2.99	
0.38	-From Others	0.28		0.34	-To others	1.91	
...	**VI Revenue Surplus brought down**		**55.75**	**18.21**	**VI Revenue deficit brought down**		...
116.14	**VII Public debt receipts**		**139.99**	**20.90**	**VII Repayment of Public Debt**		**31.33**
	-External debt	...			-External debt	...	
59.64	-Internal debt other than ways and means Advances and Overdraft	71.12		2.72	-Internal debt other than Ways & Means Advances & Overdraft	10.36	
	-Net transactions under Ways and Means Advances including overdraft	...			- Net transactions under Ways and Means Advances including Overdraft	...	
56.50	-Loans and Advances from Central Government	68.87		18.18	-Repayment of Loans and Advances to Central Government	20.97	
...	**VIII Appropriation to Contingency Fund**			...	**VIII Appropriation to Contingency Fund**		
...	**IX Amount transferred to Contingency Fund**			...	**IX Expenditure from Contingency Fund**		
875.54	**X Public Account receipts**		**947.58**	**695.10**	**X Public Accounts disbursements**		**807.04**
102.96	-Small savings and Provident fund	85.59		35.90	- Small savings and provident fund	45.56	
3.02	Reserve Funds	2.06		2.72	- Reserve Funds	2.37	
133.26	-Suspense and Miscellaneous	148.21		27.58	-Suspense and Miscellaneous	39.93	
574.32	-Remittance	633.05		572.61	-Remittance	635.49	
61.98	-Deposits and Advances	78.67		56.29	-Deposits and Advances	83.69	
...	**XI Closing Overdraft from Reserve Bank of India**		...	(-) 66.31	**XI Cash Balance at end of 31 March 2002**		**(-) 63.54**
2.72	**XII Earmarked funds**		**2.37**		-**Cash in Treasuries and Local Remittances**		
				(-) 72.54	-Deposits with Reserve Bank	(-) 71.94	
				0.85	-Departmental Cash Balance including permanent Advances	0.66	
					-Cash Balance Investment	...	
				5.38	-Investment of earmarked funds	7.74	
1914.51	**Total**		**2166.54**	**1914.51**	**Total**		**2166.54**

Explanatory notes

1. The abridged accounts in foregoing statement have to be read with comments and explanations in the Finance accounts.
2. Government accounts being mainly on cash basis, the surplus on Government account, as shown in paragraph 1.2 indicates the position on cash basis, as opposed to accrual basis in the commercial accounting, consequently, items payable or receivable or items like depreciation or variation in stock figure etc., do not figure in the accounts.
3. Suspense and miscellaneous balances includes cheques issued but not paid, payment made on behalf of the State and other pending settlements.
4. There was a difference of Rs.18.69 crore (net debit) between the figure reflected in the accounts Rs.(-) 63.13 crore and that intimated by the RBI under "Deposit with Reserve Bank" Rs.(-) 81.82 crore. The difference is under reconciliation.

EXHIBIT-II
FINANCIAL INDICATORS FOR GOVERNMENT OF ARUNACHAL PRADESH

	1997-98	1998-99	1999-2000	2000-2001	2001-02
Sustainability					
BCR (Rs. in crore)	(-) 39.20	(-) 81.35	(-) 108.15	(-) 238.74	(-) 135.58
Primary Deficit (PD) (Rs.in crore)	62.21	(-) 15.51	8.99	162.92	139.81
Interest Ratio	0.07	0.07	0.08	0.12	0.10
Capital outlay/Capital receipts	3.42	2.24	1.99	1.43	1.65
Total tax receipts/GSDP	0.25	0.26	0.32	0.12	NA
State Tax Receipts/GSDP	0.01	0.01	0.01	0.02	NA
Return on Investment ratio	0.01	0.03	0.0001	Nil	0.0034
Flexibility					
BCR (Rs. in crore)	(-) 39.20	(-) 81.35	(-) 108.15	(-) 238.74	(-) 135.58
Capital repayments/Capital borrowings	0.64	0.21	0.19	0.15	0.20
State Tax receipts/GSDP	0.01	0.01	0.01	0.02	NA
Debt/GSDP	0.58	0.62	0.70	0.86	NA
Vulnerability					
Revenue Surplus (RS) (+) or Revenue Deficit (-) (Rs.in crore)	170.84	176.76	171.58	(-) 18.21	55.75
Fiscal Deficit (FD) (Rs. in crore)	122.46	55.75	88.79	283.60	248.80
Primary Deficit (PD) (Rs. in crore)	62.20	(-) 15.51	8.99	162.92	139.81
PD/FD	0.51	0.28	0.10	0.57	0.56
RS/FD	(-) 1.39	(-) 3.17	(-) 1.93	...	(-) 0.22
RD/FD	*	*	*	0.06	...
Outstanding Guarantees/revenue receipts	0.0006	0.0005	0.0005	0.0006	0.0005
Assets/Liabilities	4.12	3.99	3.79	3.16	2.76

Note :

1. The interest payment in 1998-99 was more than the fiscal deficit, hence the negative figure for primary deficit.
2. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.
3. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as internal loans + Loans and Advances from Government of India + Net receipts from small savings, PF, etc. + Repayments received from loans advanced by the State Government – Loans advanced by State Government.

* In all the years there was a revenue surplus

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

CHAPTER – II

APPROPRIATION ACCOUNTS – 2001-2002 AT A GLANCE

Total number of Grants/Appropriations : 65 (60 Grants, 5 Appropriations)

Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1360.70	Revenue	1030.15
Supplementary	293.89	Capital	357.98
Total gross provision	1654.59	Total gross expenditure	1388.13
Recoveries in reduction of expenditure	6.11	**Deduct** -Actual Recoveries in reduction of expenditure	6.11
Total net provision	1648.48	Total net expenditure	1382.02

Voted and charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1039.34	126.53	916.36	113.79
Capital	416.71	72.01	311.92	46.06
Total Gross :	1456.05	198.54	1228.28	159.85
Deduct - recoveries in reduction of expenditure	6.11	-	6.11	-
Total Net:	1449.94	198.54	1222.17	159.85

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

2.1.2 The objective of appropriation audit is 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

2.2.1 The summarised position of actual expenditure, excess and savings during 2001-2002 against 65 grants/appropriations is as follows:

Table 2.1

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted I.	Revenue	854.52	184.82	1039.34	916.36	(-) 122.98
II.	Capital	316.01	95.63	411.64	307.02	(-) 104.62
III.	Loans	3.83	1.24	5.07	4.90	(-) 0.17
Total Voted:		**1174.36**	**281.69**	**1456.05**	**1228.28**	**(-) 227.77**
Charged IV.	Revenue	125.94	0.59	126.53	113.79	(-) 12.74
V.	Capital	-	-	-	-	-
VI.	Public Debt	60.40	11.61	72.01	46.06	(-) 25.95
Total Charged:		**186.34**	**12.20**	**198.54**	**159.85**	**(-) 38.69**
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total:		**1360.70**	**293.89**	**1654.59**	**1388.13**	**(-) 266.46**

2.2.2 These are gross figures inclusive of recoveries adjusted in accounts as reduction of expenditure *viz,.* revenue expenditure Rs.0.60 crore and capital expenditure Rs. 5.51 crore.

2.3. Excess over provision relating to previous years requiring regularisation

2.3.1 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.446.49 crore for the following years is yet to be regularised.

Table 2.2

(Rupees in crore)

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of excess
1986-87 (U.T. Period)	13	1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 42	6.56
1986-87 (State Period)	28	1, 2, 3, 6, 7, 8, 10, 11, 13, 14, 16, 18, 19, 20, 22, 24, 27, 28, 29, 31, 32, 33, 34, 38, 39, 40, 42 and 43	12.71
1987-88	16	14, 18, 19, 22, 23, 24, 26, 30, 31, 32, 33, 34, 35, 40, 42 and Public Debt	9.06
1988-89	12	1, 13, 15, 17, 21, 24, 30, 31, 32, 34, 40 and Public Debt	54.51
1989-90	15	8, 10, 15, 30, 31, 32, 33, 34, 38, 40, 43, 45, 48, 49 and Public Debt	17.49
1990-91	16	5, 8, 13, 15, 19, 23, 24, 26, 30, 31, 32, 34, 40, 44, 48 and Public Debt	28.61
1991-92	17	4, 8, 10, 14, 15, 18, 19, 23, 25, 28, 30, 31, 34, 37, 42, 43 and Public Debt	63.12
1992-93	11	14, 15, 18, 28, 30, 31, 34, 40, 43, 21and 38	27.91
1993-94	12	8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45	30.66
1994-95	18	6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 45	64.45
1995-96	24	8, 9, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 28, 29, 31, 32, 34, 40, 41, 51, 53, 59, 60 and Public Debt	38.41
1996-97	12	1, 9, 11, 13, 14, 21, 28, 30, 31, 34, 40 and 51	14.86
1997-98	15	9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 60	25.34
1998-99	15	1, 7, 13, 15, 19, 20, 31, 34, 36, 41, 50, 53, 54, 64 and Public Debt	25.26
1999-2000	7	13, 31, 44, 52, 53, 60 and Public Debt	14.27
2000-2001	12	1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62	13.27
		Total	446.49

2.4 Results of Appropriation Audit

Original budget and supplementary provisions

2.4.1 The overall saving of Rs.266.46 crore was the result of saving of Rs.293.54 crore in 90 grants and appropriations offset by excess of Rs.27.08 crore in 13 cases of grants and appropriations.

2.4.2 Supplementary provision made during the year constituted 22 *per cent* of the original provision as against 23 *per cent* in the previous year.

Unnecessary/excessive/inadequate supplementary provision

2.4.3 Supplementary provision of Rs.49.63 crore made in 24 cases during the year proved unnecessary in view of aggregate saving of Rs.121.73 crore as detailed in **Appendix - III**.

2.4.4 In 49 cases, against additional requirement of Rs.2.63 crore, supplementary grants and appropriations of Rs.220.71 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.218.08 crore. Details of these cases are given in **Appendix - IV**.

Substantial savings/excesses

2.4.5 The excess of Rs.27.08 crore under 13 grants requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - V**.

2.4.6 In 8 cases, supplementary provision of Rs.55.06 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.23.08 crore as per details given in **Appendix - VI**.

2.4.7 In 26 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in **Appendix - VII**. In 11 of the above cases (Sl.No.6, 13, 14, 16, 17, 18, 19, 20, 23, 24 and 25) 52 to 100 *per cent* of the total provision totalling Rs.133.36 crore was not utilised.

2.4.8 In 4 cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details of these are given in **Appendix - VIII**. In 1 out of the above 4 cases, the expenditure exceeded the approved provision by over 47 *per cent.*

Persistent savings/excess

2.4.9 In 12 cases, there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case. Details are given in **Appendix - IX**.

2.4.10 Excess was persistent under Grant No. 13 – Directorate of Accounts during the period 1999-2002.

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

Excessive/unnecessary re-appropriation of funds

2.4.12 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. There were 24 cases where injudicious re-appropriation of funds resulted in excess/saving by over Rs.20 lakh. The details are given in **Appendix - X**.

New Service/New Instrument of Service

2.4.13 Article 205 of the Constitution provides that expenditure on a "New Service" not contemplated in the annual financial statement (budget) can be incurred only after its specific authorisation by the Legislature. The Government have issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of 'New Service'/'New instrument of Service'.

2.4.14 In 27 cases, expenditure totalling Rs.28.55 crore which should have been treated as 'New Service'/'New Instrument of Service' was met by re-appropriation without the authorisation of the Legislature. This constituted a breach of Government financial norms. Details of these cases are given in **Appendix - XI**.

Expenditure without provision of fund and re-appropriation

2.4.15 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.27.20 crore was incurred in 17 cases as detailed in **Appendix - XII** without provision having been made either in the original estimates or in the supplementary demands and no re-appropriation orders were issued. This action without authorisation of the Legislature constituted a breach by the government.

Anticipated savings not surrendered

2.4.16 According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2001-2002 there were 29 grants/appropriations in which large savings had not been surrendered even partially by the department. The amount involved was Rs.148.63 crore. In 15 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated to Rs.143.75 crore. This indicated lack of financial control and monitoring. Details are given in **Appendix - XIII**.

Surrender in excess of actual savings

2.4.17 In 2 cases, the amount surrendered was in excess of actual savings and in one case though there was excess expenditure under revenue head of account in respect of one grant, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As against the total amount of actual savings of Rs.2.46 lakh against grant under revenue section, the amount surrendered was Rs.4.99 lakh resulting in excess surrender of Rs.2.53 lakh. Further, against the excess expenditure of Rs.388.78 lakh under capital section of one grant, the amount surrendered was Rs.505.00 lakh, which resulted in injudicious surrender of Rs.505.00 lakh as the expenditure already exceeded the grant and no savings were available for surrender. This calls for better monitoring and control by the Finance Department. Details are given in **Appendix - XIV**.

2.4.18 The above instances of budgetary irregularities are reported from year to year in chapter II of the Audit Report. If precautions had been taken by all the departments in the light of the observations made earlier in chapter II of the Reports, the irregularities would not have occurred.

Non-receipt of explanations for savings/excesses

2.4.19 For the year 2001-2002, explanations for savings/excesses were not received.

Trend of recoveries and credits

2.4.20 Under system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the Accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimate.

2.4.21 In two grants the actual recoveries (Rs.0.81 crore) were adjusted in reduction of expenditure without any provision of fund and in one grant the actual recoveries (Rs.5.30 crore) exceeded the estimated recoveries (Rs.3.30 crore) by Rs.2.00 crore. More details are given in Appendix of Appropriation Accounts.

2.5 Control over expenditure

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

2.5.2 Test check (March 2002) of the records of 70 drawing and disbursing officers (DDOs) revealed that Rs.3.32 crore were drawn during 1998-99 (Rs.0.55 crore), 1999-2000 (Rs.0.22 crore) and 2000-2001(Rs.2.55 crore) through 100 AC bills (1998-99: 18 nos; 1999-2000: 26 nos; 2000-2001: 56 nos) but DCC bills had not been furnished to the Accountant General till 31 March 2002 (Details given in **Appendix - XV**).

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

2.5.4 The matter was reported to Government in October 2002; reply has not been received (December 2002).

CHAPTER III

SECTION-A
AUDIT REVIEWS

CHAPTER – III

CIVIL DEPARTMENTS

SECTION – A - REVIEW

RURAL DEVELOPMENT DEPARTMENT

3.1 Swarnajayanti Gram Swarozgar Yojana (SGSY)

Highlights

The review highlights the failure of the Rural Development Department to identify families below the poverty line (BPL), under-utilisation and diversion of funds, locking up of funds with banks and non-release of subsidy by banks, all of which adversely affected the implementation of the scheme.

Under-utilisation of funds, to the extent of Rs.1.51 crore during 1999-2002 adversely affected generation of income through self employment programmes of the rural people.

(Paragraphs 3.1.7 and 3.1.8)

Unauthorised expenditure of Rs.1.54 crore reduced the availability of funds under the scheme affecting generation of self employment.

(Paragraphs 3.1.10 to 3.1.12)

Incorrect reporting of expenditure of Rs.1.52 crore and inflated reporting of excess receipt of Rs.0.83 crore to Government of India during 1999-2001 were noticed.

(Paragraphs 3.1.13 & 3.1.14)

Subsidy of Rs.1.19 crore was locked up with participating banks.

(Paragraphs 3.1.15 to 3.1.17)

Despite spending 84 *per cent* of available funds, the physical achievement was only 40.27 *per cent*.

(Paragraph 3.1.22)

Doubtful utilisation of Rs.0.43 crore in respect of infrastructure creation and under-utilisation of infrastructure funds of Rs.0.97 crore during 1999-2001 were noticed.

(Paragraphs 3.1.36 and 3.1.37)

Introduction

3.1.1 In April 1999, after restructuring all the self employment programmes like IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS, Government of India launched a new programme "*Swarnajayanti Gram Swarojgar Yojana* (SGSY)" for the rural poor. The SGSY aims at alleviation of poverty at grass root level targeting population below the poverty line (BPL).

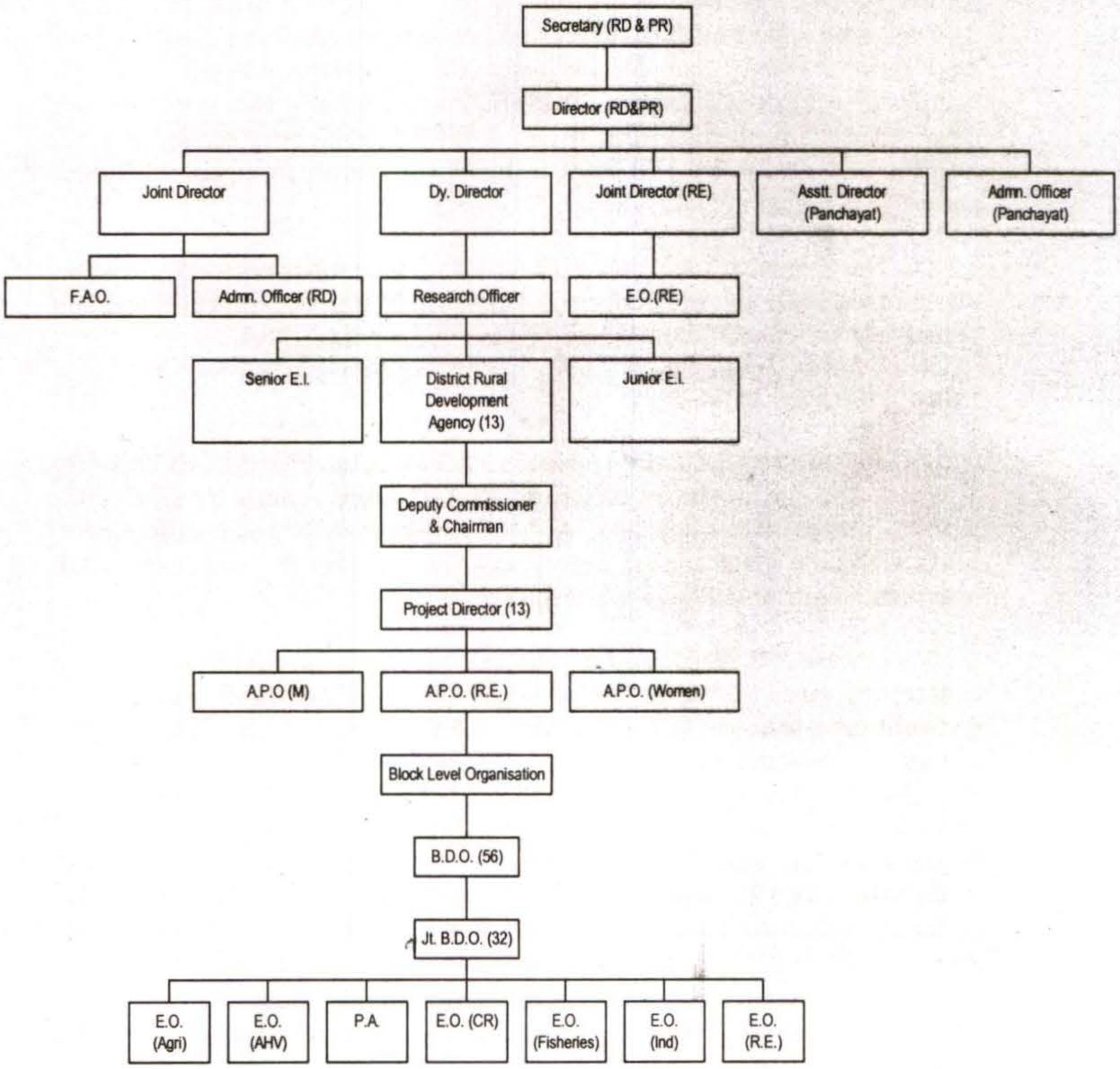
3.1.2 This programme covered all the aspects of self employment programmes, such as organisation of poor rural people into self help groups (SHG), training, credit, technology, infrastructure and marketing with the objective of bringing the assisted poor families (BPL) above the poverty line in three years by providing them income generating assets through a mix of bank credit and Government subsidy. SGSY seeks to ensure that the family has a monthly net income of at least Rs.2000 excluding repayment. Subject to the availability of funds, the scheme sought to cover 30 *per cent* of the poor families in each block during the next five years.

Organisational set up

3.1.3 Under SGSY scheme, the Secretary, Rural Development and *Panchayati Raj* Department (RD&PR) was incharge of the programme. The agencies responsible for implementation of the programme are depicted in the chart given below :

Chart 3.1

ORGANISATIONAL CHART OF RURAL DEVELOPMENT & PANCHAYATI RAJ DEPARTMENT, ARUNACHAL PRADESH



Audit coverage

3.1.4 The implementation of the programme during the period from 1999-2000 to 2001-2002 was reviewed in audit (April – May 2002) based on test check of records of the Directorate of RD&PR, four* District Rural Development Agencies (DRDAs) (31 *per cent*) out of 13 DRDAs and 7 blocks (28 *per cent*) out of 25 blocks covering 40 *per cent* of the total expenditure during the period. Important points noticed are discussed in succeeding paragraphs.

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* Along , Pasighat , Ziro and Tezu

Finance

3.1.5 SGSY is being implemented on sharing basis by Centre and State in the ratio of 75:25. Out of the funds received by the DRDAs directly from the respective Governments, 10 *per cent* is for training of *Swarozgaris*, 25 *per cent* for infrastructure development, 10 *per cent* for revolving funds for self help groups (SHG) and 55 *per cent* for providing subsidy. With the introduction of new scheme "SGSY" from 1.4.1999 the erstwhile self employment programmes like IRDP, DWCRA etc., became defunct and unspent balances as on 31.3.1999 under those defunct programmes formed part of SGSY funds.

3.1.6 The year wise allocation of Central and State funds released and actual expenditure under the programme as furnished by the department during the period 1999-2000 to 2001-2002 are given in **Appendix - -XVI**.

Under-utilisation of fund

3.1.7 It would be seen from **Appendix - XVI** that unutilised funds under the SGSY at the end of 2001-2002 were Rs.1.51 crore against Rs.9.24* crore available under the scheme since April 1999. Reasons for under-utilisation of funds were not stated by the department. The reasons for which the funds remained largely unutilised are as follows :

3.1.8 Release of funds to the DRDAs was not based on progress of expenditure made and utilisation of funds. The unutilised funds pertaining to erstwhile programme to be merged with SGSY was Rs.5.13 crore (April 1999) and the expenditure incurred during 1999-2000 was Rs.3.94 crore leaving an unutilised balance of Rs.1.19 crore (Rs.5.13 crore – Rs.3.94 crore) under the scheme. It was seen that despite availability of sufficient funds at the beginning of the year, funds amounting to Rs.1.02 crore (Central - Rs.0.81 crore, State - Rs.0.21 crore) were released during 1999-2000. Thus, the release of funds of Rs.1.02 crore during 1999-2000 was injudicious. During 1999-2000 to 2001-2002 the reported expenditure ranged from 46 to 63 *per cent* of the available funds. The shortfall in utilisation of funds indicated poor performance of the implementing agencies which adversely affected generation of income through self employment.

3.1.9 Release of funds both by Government of India and the State without matching utilisation resulted in parking of funds outside Government accounts. The fiscal cost of such retention of funds outside Government accounts was Rs.0.50 crore; worked out by applying the average cost of

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* **(Rupees in crore)**

Opening balance	Rs.5.13
Funds released during 1999-2002	Rs.3.89
Misc. receipt	Rs.0.22
Total	**Rs.9.24**

borrowing on the unutilised funds and interest earned on savings accounts. The details are given in **Appendix - XVII**.

Unauthorised expenditure

3.1.10 According to the guidelines, it is not permissible to incur expenditure on any programme or activity other than on specified components of SGSY like subsidy, infrastructure, etc., at prescribed percentage.

3.1.11 Scrutiny of records and information/materials furnished by the department showed that out of Rs.6.23 crore available under SGSY during 1999-2000, an amount of Rs.1.54 crore was incurred on two independent schemes (DRDA Administration – Rs.1.37 crore and Employment Assurance Scheme (EAS) – Rs.0.17 crore) which is against the norms of SGSY. Out of the expended amount, Rs.0.59 crore (DRDA Admn. – Rs.0.56 crore; EAS – Rs.0.03 crore) related to 4 test checked DRDAs.

3.1.12 Thus, the unauthorised expenditure of Rs.1.54 crore reduced the availability of funds under SGSY affecting generation of self employment.

Inflated reporting of expenditure

3.1.13 The expenditure figures reported to Government of India by the 4 test checked DRDAs were at variance with those reflected in their accounts, prepared by Chartered Accountants, as shown in **Appendix - XVIII**. Against an actual expenditure of Rs.0.80 crore, as reflected in the accounts of 4 test checked DRDAs, during 1999-2000 to 2000-2001, the expenditure reported to Government of India was Rs.2.32 crore resulting in inflated reporting of expenditure of Rs.1.52 crore. The inflated reporting of expenditure was either a measure to tap more funds from the Government of India and State Government or was because of defective monitoring and control over expenditure on the part of the nodal department. The incorrect reporting was largely due to the fact that during 1999-2000, Rs.1.59 crore was spent on defunct programmes of IRDP, DWCRA, TRYCEM etc. Reasons for spending money on defunct programmes had not been stated.

3.1.14 Similarly, during 1999-2001 the total receipt of 4 test checked DRDAs under the scheme was Rs.3.66 crore whereas the total receipt reported to Government of India was shown as Rs.4.49 crore resulting in incorrect reporting of excess receipt of Rs.0.83 crore. The discrepancy has not yet been reconciled.

Locking up of funds with banks

3.1.15 The assistance to beneficiaries under SGSY comprised loan and subsidy. The major part of the investment in the form of loan come from institutional credit while part of the project cost is met by giving back end subsidy from Government accounts. The subsidy is to be released to the bank after ensuring sanction of loan by the banks to the *Swarozgaris* (beneficiaries).

3.1.16 During 1999-2000 to 2001-2002, the test checked DRDAs paid back end subsidy totalling Rs.1.19 crore to participating banks. This back end subsidy was deposited in Subsidy Reserve Fund (SRF) with the banks bearing no interest to enable the bank to disburse the loans to the selected *Swarozgaris*. The DRDAs did not ascertain whether the loans were disbursed to the *Swarozgaris* for whom the subsidy money was deposited into SRF. In the absence of confirmation about disbursement of loans against back end subsidy paid, possibility of unwanted locking up of funds with the banks and eventual loss of interest on subsidy money kept in SRF cannot be ruled out. During 2000-2001, the DRDA, Ziro showed coverage of 81 individuals and 1 SHG under SGSY. The back end subsidy required to be paid to banks to cover these beneficiaries should be Rs.9.35 lakh (81 x Rs.0.10 lakh + 1 x Rs.1.25 lakh) whereas Rs.22.80 lakh had been deposited into SRF.

3.1.17 The DRDAs stated that monthly returns from the participating banks indicating the amount of loan disbursed, amount of loan recovered and end subsidy ultimately adjusted against the amount disbursed to the *Swarozgaris* were not forthcoming. The extent of utilisation of subsidy of Rs.1.19 crore paid from Government Account could not be ascertained in audit and the impact of such investment towards subsidy for generation of self employment could not be assessed. On the issue of expenditure towards subsidy, the Chartered Accountant had observed that monitoring over subsidies and its end use needed updating by the DRDAs.

Maintenance of fund

3.1.18 Guidelines of the scheme envisaged that the funds received by the DRDAs should be kept in saving bank accounts separately for each component of SGSY. The DRDAs can open these accounts with principal bank branches in the field (blocks). But it was noticed in audit that the scheme funds were kept in savings bank accounts with SBI, Arunachal Pradesh Rural Bank (APRB) or Arunachal Pradesh State Co-operative Apex Bank (APSCAB) in lump sum and no separate account for each component was maintained.

3.1.19 The DRDA, Ziro had a bank account with SBI, Ziro to deal with SGSY funds comprising IRDP and DRDA Administration, and till March 2002 there was no separate bank account for SGSY. Thus, entire process of maintenance of SGSY funds was in contravention of provisions stipulated in the guidelines and the reason thereof was not on record.

Physical and Financial Performance

3.1.20 The resume of physical and financial performance are shown in Appendix - XIX.

The following points were noticed in audit :

3.1.21 The scheme intends to cover 30 *per cent* of the poor (BPL) families in each block within 5 years i.e. by March 2004. Accordingly, intended coverage per year comes to 6 *per cent* and coverage for preceding three years should be 18 *per cent*.

3.1.22 It was noticed in audit that total available funds of last three years for implementation of SGSY were Rs.9.24 crore and expenditure thereagainst was Rs.7.73 crore (84 *per cent*) leaving 16 *per cent* of total available funds unutilised. Further, out of 80,627 poor families in the State, 5844 (individual *Swarozgaris* – 4808 and members of SHG – 1036) families were covered in last three years as against 14,513 families (18% of 80,627) to be covered. Percentage of coverage being 40.27 *per cent*, there was shortfall of 59.73 *per cent* in terms of intended coverage even though 16 *per cent* of the available funds remained unutilised. Financial achievement was 84 *per cent* whereas physical achievement was 40.27 *per cent* only. Thus, physical achievement did not match or even come close to the financial achievement.

3.1.23 None of the test checked DRDAs had incurred any expenditure towards payment of subsidy during 1999-2000, but a physical achievement of bringing 1884 individual beneficiaries under the scheme was reported. Similarly, DRDA, Ziro had not incurred any expenditure towards subsidy during 2001-2002, but reported physical achievement of 203 individual and 59 SHG under the scheme (**Appendix - XIX**). Thus, the veracity of reported physical achievement was doubtful.

Planning

3.1.24 Apart from making adequate provision of funds and identification of *Swarozgaris*, the scheme envisaged detailed planning at DRDA level about selection of key activities compatible with *Swarozgaris* before providing assistance, market support, skill upgradation and technology transfer. Banks, line departments, NGOs and technical institutions in the district are also required to be involved in process of efficient and effective planning.

3.1.25 Test check of records of 4 districts revealed that no survey was conducted under the scheme to assess the viability of any key activity based on local resources, occupational skills of the people and availability of inputs, markets etc., before implementation of the scheme. No specific target was fixed at State level to extend benefit to the beneficiaries for proper implementation of the programme. The SGSY committees at blocks/district level were not formed or were not functioning in the districts test checked. As a result, the scheme could not gain momentum in the district/block level.

Identification of BPL families not done

3.1.26 Government of India in April 1997 instructed all the States to conduct BPL survey at the beginning of each five year plan to identify BPL families on the basis of household income through household consumer expenditure, employing trained staff for the purpose. No realistic BPL survey was conducted on list of BPL families prepared. In the absence of such a list of BPL families showing name, age, sex, etc., it could not be ascertained in audit that the *Swarozgaris*, to whom assistance have been provided, belonged to BPL families. Selection of *Swarozgaris* and rendering of assistance lacked transparency.

Key activities not identified

3.1.27 The success of SGSY depends on activities based on local resources and the products' ready market. As the *Panchayati Raj* was not in existence in the State of Arunachal Pradesh, selection of key activity remained with block SGSY committees who were to identify 8 – 10 activities which could derive net monthly income of at least Rs.2000. The district committee was to finally select 4 – 5 activities per block and circulate to BDOs, banks and all line departments.

3.1.28 It was noticed that none of the test checked DRDAs/BDOs had followed the selection procedure as enumerated above. Activities were taken up in accordance with the choice of *Swarozgaris*. During the period 2000-2002, 1010 beneficiaries, both individual and SHG were reported to have been covered under the 4 test checked districts. Out of 1010 beneficiaries, 447 were classified under "Other Farm Activities" and "Others" without specifying their actual activities in concrete terms (**Appendix – XX**). Non selection of block-wise key activities in specific terms was a weakness in the implementation of the scheme.

Shortfall in identification of Swarozgaris/formation of SHG

3.1.29 Under SGSY, beneficiaries are known as *Swarozgaris* who can either be individual or groups (SHG). SGSY lays importance on group approach under which rural poor organised into SHG. Each SHG consisting of 10 to 20 members, should devise a code of conduct.

3.1.30 SHG are entitled to receive assistance if the group qualifies through successive tests of (i) group formation, (ii) capital formation & skill development and (iii) taking up of economic activities. The DRDAs are required to identify suitable agency for the grading exercise. Although SGSY lays importance on SHG, only 100 SHG could be provided with assistance during the 3 years against a target of 302 and in respect of test checked 4 DRDAs, the physical coverage under SHG upto March 2001 was only 7 against a target of 115 (**Appendix - XIX**). Reason for shortfall in achievement had not been stated. This indicated that establishment of enterprise through SHG could not gather momentum in the State.

3.1.31 It was further noticed that neither was any external agency identified for gradation exercise nor was the gradation done otherwise. The records maintained by the DRDAs did not indicate anything about the existence, present status and income generated by the SHG out of the assistance provided to the group.

Programme implementation

Assets created not maintained by assisted Swarozgaris

3.1.32 The scheme guidelines envisaged that the procurement and maintenance of assets by *Swarozgaris* are to be monitored by the DRDAs and banks and in the event of information of procurement of assets by *Swarozgaris* not being received, the bank has the right to cancel the loan and recover the money.

3.1.33 It was revealed that the BDOs had no intimation from the *Swarozgaris* about procurement of assets. The DRDAs too had never monitored or checked assets created by *Swarozgaris*.

Unauthorised investment under revolving fund

3.1.34 The scheme guidelines envisaged that revolving fund be provided to a SHG only when it has passed on to second stage, i.e., capital formation stage. Further, guidelines issued to scheduled bank on 1.9.99 by the Reserve Bank of India showed that a SHG that was in existence in rural area at least for a period of six months and which had demonstrated potential of a viable group was entitled to receive a revolving fund of Rs.25,000 from bank as cash credit facility. Of this, a sum of Rs.10,000 would be given by DRDA.

3.1.35 Although, the DRDAs were not required to invest more than Rs.10,000 to revolving funds of a SHG, the 4 test checked DRDAs (**Appendix - XXI**) had invested an amount of Rs.8.59 lakh to revolving funds of 32 SHGs formed during last three years against required investment of Rs.3.20 lakh (Rs.10,000 x 32) which resulted in unauthorised investment of Rs.5.39 lakh and the reason thereof was not on record.

Doubtful expenditure in respect of infrastructure creation and under-utilisation of fund

3.1.36 Proper infrastructure is essential for the success of micro enterprises. The infrastructure may be either in the area of production, processing, quality testing, storage or marketing. Further, as per norms of the scheme, a DRDA is to incur 25 *per cent* of available funds on infrastructure development during a year.

3.1.37 It was noticed in audit that none of the 4 test checked DRDAs made any effort to identify gaps in infrastructure through any survey/review as per aforementioned provision. An amount of Rs.0.43 crore was spent by 4 DRDAs during last three years towards creation of infrastructure like market sheds, transit godowns etc., without assessing actual requirement and gaps in infrastructure. Date of construction/completion, present status of utilisation of all those assets created under "infrastructure development" etc., were not on record. Utility of the entire expenditure of Rs.0.43 crore as mentioned above, was thus unascertainable. Further, out of the total available funds of Rs.5.62 crore during 1999-2002 as reported to Government of India, infrastructure funds actually available as per norm were Rs.1.40 crore. Thus, there was under-utilisation of funds of Rs.0.97 crore for infrastructure development, which indicates that proper importance was not given to this area despite availability of funds.

Monitoring and evaluation

3.1.38 In order to develop a consistent system of monitoring the implementation of SGSY at block/DRDA level through field visits and physical verification of assets, as well as the progress in the income of *Swarozgaris*, Government of India suggested a schedule of inspection at various levels right from Deputy Commissioner downwards, the number of visits varying between 10 to 20 per month. The State Government did not prescribe any schedule of inspection by the various levels of officers responsible for the implementation of the scheme.

3.1.39 None of the 4 DRDAs and 7 blocks whose records were test checked, could furnish any reports in support of inspection of assisted *Swarozgaris*, conducted during the years 1999-2002. No information about number of *Swarozgaris* brought above the poverty line, even after spending Rs.1.19 crore in form of subsidy could be furnished either. No market survey was conducted by any of the 4 test checked DRDAs for identification and development of market to the *Swarozgaris* in respect of their output.

3.1.40 The monitoring system for the programme thus remained ineffective and the overall impact of the implementation of the scheme remained unevaluated.

3.1.41 The matter was reported to Government (July 2002); reply has not been received (December 2002).

Recommendations

3.1.42 The State Government has to take immediate steps to identify BPL families in the State, impart quality training to the beneficiaries and should also ensure better co-ordination amongst the line departments, banks and beneficiaries so as to achieve the desired objectives of the scheme. It should also evaluate the effectiveness of the scheme in assisting the rural poor to rise above the poverty line.

3.2 Indira Awaas Yojana (IAY)

Highlights

In order to provide houses by Ninth Plan period (1997-2002) to rural people, assistance was provided for construction of dwelling units for SC/ST and freed bonded labourer families living below the poverty line (BPL) in rural areas. From the year 1993-94, the scope of the IAY was extended to cover members of rural non-SC/ST communities below the poverty line, and ex-service men and widows of Defence personnel killed in action. A review of the implementation of the scheme during the period 1997-98 to 2001-2002 revealed the following significant points :

Due to failure of the Director (RD&PR) to utilise funds, an amount of Rs.2.34 crore (new construction – Rs.2.04 crore, upgradation – Rs.0.30 crore) remained unutilised at the end of March 2002.

(Paragraph 3.2.6)

Excess expenditure of Rs.13.93 crore was incurred on account of rendering higher assistance to beneficiaries possessing shelter and inflated expenditure of Rs.2.26 crore was booked in accounts.

(Paragraphs 3.2.7 to 3.2.9)

Utilisation of CGI sheets valued at Rs.9.83 crore was doubtful due to inefficiency in monitoring the implementation of the scheme.

(Paragraph 3.2.16 to 3.2.20)

Funds of Rs.5.11 crore under *Gramin Awaas* were diverted to other unknown activities.

(Paragraphs 3.2.22 to 3.2.24)

As records of implementation of innovative scheme for rural housing at a cost of Rs.2.60 crore were not maintained, expenditure of Rs.2.60 crore could not be vouchsafed in audit.

(Paragraphs 3.2.27 & 3.2.28)

Extra expenditure of Rs.37.44 lakh was incurred due to procurement of CGI sheets at higher rate.

(Paragraphs 3.2.29 & 3.2.30)

Introduction

3.2.1 To provide housing to the members of Scheduled Castes (SC)/Scheduled Tribes (ST) and freed bonded labourers living below the poverty line (BPL), the *Indira Awaas Yojana* (IAY) was launched in 1985-86 by the Government of India (GOI), as a component of the Rural Landless Employment Guarantee Programme (RLEGP), a Centrally sponsored wage employment programme fully funded by the Centre. With the merger of RLEGP with *Jawahar Rozgar Yojana* (JRY) in April 1989, the IAY became a component of JRY. From the year 1993-94 the scope of IAY was extended to cover other than SC/ST BPL families in the rural areas and from 1995-96 to widows or next of kin of Defence personnel and para military forces killed in action. Benefits have also been extended to ex-servicemen and retired members of the para military forces. IAY has been delinked from JRY and made an independent scheme with effect from January 1996. Under the scheme, assistance was provided for construction of dwelling units for SC/ST and freed bonded labourers' families living below the poverty line in rural areas. For hilly areas the maximum assistance fixed under the scheme was Rs.22 thousand for construction of a house including low cost sanitary latrine, smokeless *chullas* and common facilities. From 1999-2000, 20 *per cent* of IAY fund has been earmarked for conversion of unserviceable katchha houses into *pucca* houses for which a maximum assistance of Rs.10 thousand is provided to BPL families of rural area. The aim of the IAY is to provide houses for BPL families by Ninth Plan period (1997-2002).

3.2.2 To supplement the efforts of IAY, 5 new schemes were launched by GOI in 1999-2000* and 2000-2001**. Of these two schemes, viz. (i) Innovative Stream for Rural and Habitat Development and (ii) Pradhan Mantri Gramodaya Yojana – Gramin Awaas (PMGY-GA) were being implemented in the State.

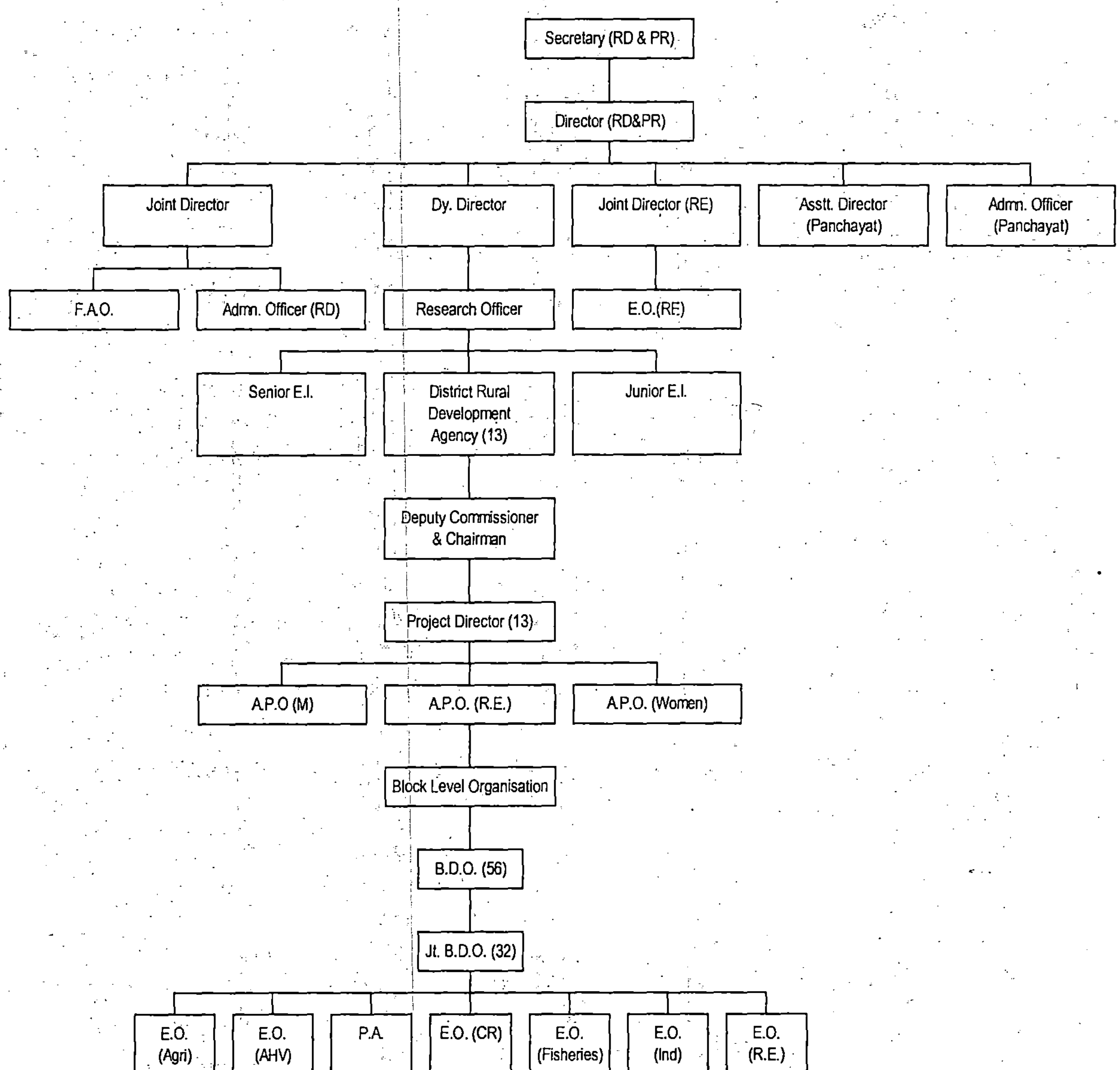
Organisational set up

3.2.3 Under IAY the Secretary Rural Development and *Panchayat Raj* Department (RD&PR) of the Government of Arunachal Pradesh was in overall charge of the programme. The agencies responsible for implementation of the programme are depicted in the chart given below:

* (i) Credit-cum-Subsidy scheme (ii) Samagra Awaas Yojana (iii) Rural Building Centres (iv) Innovative stream for Rural Habitat Development (ISRHD)

** Pradhan Mantri Gramodaya Yojana - Gramin Awaas (PMGY-GA)

Chart 3.2



Audit coverage

3.2.4 The implementation of IAY during the period from 1997-98 to 2001-2002 was reviewed in audit (April – May 2002) based on test check of records of the Directorate of Rural Development, 4 DRDAs (out of 13) and 7 blocks (out of 25 under 4 DRDAs selected) which accounted for an expenditure of Rs.9.83 crore (36 *per cent)* out of the total expenditure of Rs.27.62 crore. Important points noticed as a result of test check of the scheme are brought out in succeeding paragraphs.

Financial outlay and expenditure

3.2.5 IAY was funded on cost sharing basis between Central and State Government in the ratio of 80 : 20 and 75 : 25 from April 1999 onwards. A maximum *40 per cent* of available funds during a financial year is earmarked for construction/upgradation of dwelling units for non-SC/ST BPL households from which priority is to be given to ex-servicemen etc. and remaining for SC/ST. Three *per cent* of available funds against the respective share is earmarked for physically handicapped and mentally retarded persons. IAY funds should be kept in an exclusive savings bank account.

Unutilised fund

3.2.6. It would be seen from the **Appendix - XXII**, that during 1997-98 to 2001-2002 against available funds of Rs.29.96 crore expenditure was Rs.27.62 crore leaving unutilised funds of Rs.2.34 crore (new construction – Rs.2.04 crore, upgradation of *katcha* house – Rs.0.30 crore) at the end of March 2002. The year-wise unutilised funds against availability ranged from 16 to 55 *per cent*. Reason for partial utilisation had not been stated but partial utilisation of funds resulted in parking of funds outside Government accounts in the hands of the DRDAs. The fiscal cost worked out to Rs.0.90 crore by applying the average cost of borrowing (12.5 *per cent*) on the unutilised funds reduced by interest (4 *per cent)* earned on keeping the money in savings bank accounts during 1999-2002.

Excess expenditure due to rendering higher assistance to beneficiaries possessing shelter

3.2.7 It would be seen from **Appendix - XXII** that during 1997-98 to 2001-2002, expenditure totalling Rs.27.62 crore was incurred in the State under IAY of which Rs.23.81 crore was for new construction and Rs.3.81 crore for upgradation of *katcha* houses. In compliance with the budget speech of the Union Finance Minister, Government of India issued instructions in April 1999 that 80 *per cent* of the IAY funds was to be targeted specifically to provide shelter for shelterless rural households. The Rural Development Department of the State Government had asserted (October 1999) that there was no family without a house, as by customary law, they construct houses collecting materials from forest. The census report 1991 also reflects that there are no shelterless households in the State. In this background the targeted rural families of the State are entitled to the assistance for upgradation of dwelling units only and not for constructing new dwelling units.

3.2.8 The department could not justify the action to render higher assistance for construction of new houses to families. The unjustified action resulted in excess expenditure of Rs.13.93 crore (**Appendix - XXIII**) assuming that beneficiaries to whom the higher assistance for construction of new dwelling unit had been given were entitled to lesser assistance for upgradation of their houses. The department could have covered additional 0.14 lakh beneficiaries for upgradation of their houses had such excess expenditure not been incurred.

Excess expenditure

3.2.9 The scheme envisaged granting maximum assistance of Rs.22 thousand for construction of new houses and Rs.10 thousand for upgradation of *katcha* houses, to BPL families residing in rural areas. The department incurred an expenditure of Rs.23.81 crore on 9888 beneficiaries towards construction of new houses and Rs.3.80 crore on 3602 beneficiaries for upgradation of *katcha* houses during the period from 1997-1998 to 2001-2002.

Thus the department incurred an excess expenditure of Rs.2.26* crore over norm (Rs.2.06 crore + Rs.0.20 crore) during the period from 1997-1998 to 2001-2002. The basis on which excess expenditure of Rs.2.26 crore was incurred by the department and booked in accounts was neither available on record nor stated. The matter was also not investigated by the department.

Diversion of funds

3.2.10 The scheme does not envisage diversion of resource from one district to another let alone to any activities other than those prescribed under the scheme. Scrutiny revealed that DRDA, Ziro (Lower Subansiri district) maintained a combined cash book and bank account to deal with funds under IAY, JRY, MWS and during 1998-99, Rs.6.33 lakh out of IAY was diverted to meet the deficit of JRY funds. The reason for such unauthorised diversion of funds has not been stated.

3.2.11 Similarly, in contravention of the scheme guideline, the DRDA, Pasighat transferred an amount of Rs.2.91 lakh from IAY funds to the DRDA, Yingkiong (Upper Siang) during the year 1997-98 and the reason thereof was also not on record.

Physical and Financial Progress

3.2.12 During the period from 1997-98 to 2001-2002, 9888 new dwelling units against the target of 13266 units, were constructed, while 3602 *katcha* houses against target of 4997 houses were upgraded during the last three years (1999-2002) as detailed in **Appendix – XXIV**.

3.2.13 From **Appendix – XXIII**, it is seen that though the percentage of funds utilised on new construction and upgradation was 92 and 93 *per cent* respectively, the physical achievement under new construction and upgradation was 75 and 72 *per cent* respectively. Thus, the physical achievement did not even roughly correspond to the financial achievement.

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(Rupees in crore)

Construction of new houses				Upgradation of houses			
No.	Amount spent	Amount required	Excess expenditure	No.	Amount spent	Amount required	Excess expenditure
9888	23.81	21.75	2.06	3602	3.80	3.60	0.20

Unrealistic survey for beneficiary identification

3.2.14 The guidelines of the scheme envisaged that the BPL census would be completed in all respects by March 1998 and printed list of BPL families made available to all concerned. The scheme was implemented in the State with reference to a survey of 1991 indicating district-wise number of BPL families/households in the State. Names and categories of BPL households such as SC, ST, non-SC/ST etc., were not shown in the said survey report. The survey report is quite unrealistic/unreliable in as much as it referred to Arunachal Pradesh census report 1991. The reason for not conducting the survey as per scheme guideline had not been stated.

3.2.15 According to the scheme, the village panchayat is to select the beneficiaries within the targets for a district fixed by the DRDAs, on the basis of available funds. Priorities as prescribed in the guidelines viz. (i) freed bonded labour, (ii) SC/ST households, (iii) families of Defence personnel killed in action, (iv) Non-SC/ST households etc., should be applied while selecting the beneficiaries. There being no *Panchayat Raj* in the State, selection of beneficiaries was vested with BDOs. But none of the BDOs, test checked had even prepared a list of beneficiaries. The assistance was provided on the basis of applications received and availability of funds. For both construction of new houses and upgradation of houses all the beneficiaries reportedly belonged to ST categories but in the absence of any panel of beneficiaries it could not be ascertained in audit whether prioritisation in the extension of benefit has been followed or not. The process of identification of beneficiaries was not transparent.

Inefficiency in implementation of the scheme resulted in doubtful expenditure of Rs.9.83 crore

3.2.16 Under the scheme, a dwelling unit not less than 20 sq. metres is to be constructed by the beneficiary according to his choice keeping in view the climatic conditions.

3.2.17 Scrutiny of records of 4 selected DRDAs (**Appendices - XXV & XXVI**) revealed that on the basis of the target fixed, 5450 beneficiaries (new construction – 3653, upgradation of *katcha* house- 1797) out of 6144 targeted beneficiaries were supplied with corrugated galvanised iron (CGI) sheets valued at Rs.9.83 crore during the period from 1997-98 to 2001-2002 for construction of new dwelling unit (Rs.8.03 crore) and upgradation of *katcha* house (Rs.1.80 crore). The beneficiaries were provided with the full financial assistance of Rs.22 thousand and Rs.10 thousand each in the form of supplying the CGI sheets for construction of new dwelling units and upgradation of *katcha* house respectively. The CGI sheets were procured by the DRDAs and supplied to the beneficiaries through respective Block Development Officers. The reasons for not covering 694 beneficiaries as per target fixed (6144 – 5450) had not been furnished. During 1997-2002, 3411 beneficiaries had completed the new construction and 1267 beneficiaries had completed upgradation of their *katcha* house. The balance of 772 beneficiaries (new construction – 242, upgradation of *katcha* house – 530) had not yet completed the construction of their houses and the works were in progress. Reasons for providing CGI sheets without ascertaining the requirements for the construction of durable houses for the beneficiaries had not been stated.

3.2.18 The DRDAs had also not ascertained whether or not the dwelling unit was constructed out of the CGI sheet in proper structure and infrastructure had been developed. The cluster approach of IAY housing was defeated due to selection of beneficiaries in isolated manner, on the basis of their application only and not in a planned manner covering all the beneficiaries of a habitation at a time. Thus, the selection process was not only defective but also arbitrary at the level of BDOs.

3.2.19 The Rural Development Department asserted (October 1999) that with the amount of Rs.22 thousand durable house of size to which most families of the State are used to cannot be constructed. The DRDAs were, therefore asked to evolve prototype dwelling units within the ceiling limit of assistance with parameters likes CC pillars, timber post secured by iron clamps and wooden frame for roofing with CGI sheets besides low cost sanitary latrine. None of the test checked DRDAs developed any prototype design. Instead, the DRDAs supplied CGI sheets as full financial assistance for constructing the dwelling units without ascertaining whether or not the beneficiaries had the capability to afford to make suitable frames to fix the CGI sheet so supplied. The entire expenditure of Rs.9.83 crore, (**Appendix – XXV**) incurred by the 4 DRDAs during 1997-98 to 2001-2002 to cover 5450 beneficiaries (**Appendix – XXVI**) was towards procurement of CGI sheets. There was no monitoring to ascertain whether the beneficiaries had really built a durable dwelling unit using the CGI sheet so supplied. In fact, by providing CGI sheet worth the full financial assistance, the residual expenditure to construct a durable units had been passed on to the beneficiaries and if they had really incurred the residual expenditure it is difficult to comprehend how these beneficiaries could have been categorised as BPL.

3.2.20 Thus, inefficiency in monitoring of the programme by the respective DRDAs/BDOs is fraught with the risk of doubtful execution of the construction of dwelling/upgradation of houses valued Rs.9.83 crore.

Inventory register not maintained

3.2.21 The inventory register as required under the scheme guidelines had not been maintained. The physical achievement reported by the DRDAs to the Government was based on distribution of CGI sheets and not on the basis of inventory register.

Diversion of fund of Rs.5.11 crore under Gramin Awaas under PMGY

3.2.22 *Gramin Awaas*, a component of *Pradhan Mantri Gramodaya Yojana* (PMGY) was introduced from 1 April 2000 based on the pattern of IAY. Although the *Gramin Awaas* was to be implemented through the DRDAs, the funds were released to the State through the RBI unlike the IAY where funds were released to DRDAs directly by Government of India. Following the introduction of *Gramin Awaas*, the scheme of "shelter for poor" under basic minimum service which was implemented by the Rural Works Department of the State Government stands merged with the PMGY (*Gramin Awaas*).

3.2.23 Against an allocation of Rs.10.23 crore for the state under *Gramin Awaas* during 2000-2001, Government of India released (July 2002) the 1st instalment of Rs.5.11 crore of which Rs.0.51 crore was loan and Rs.4.60 crore was grant. The second instalment was not released as no utilisation certificate of expenditure against the first instalment was furnished to Government of India. Scrutiny of records of the Directorate of Rural Development revealed that on a move to make budget provision for Rs.5.11 crore during 2001-2002 for utilisation of the funds under *Gramin Awaas*, the Planning Secretary pointed out (December 2001) that there were no funds available as the funds released were presumably utilised under other heads, and advised the Directorate of Rural Development to request the Ministry of R&D, Government of India not to insist on utilisation certificate for the funds of Rs.5.11 crore. Although no such request as such to the Ministry appeared in the records of the R&D Department, the Government of India released Rs.3.02 crore as 1st instalment of the allocation (Rs.6.04 crore) for the year 2001-2002 against which Rs.2.76 crore was reported to have been spent up to 31 March 2002.

3.2.24 Thus, funds to the tune of Rs.5.11 crore meant for *Gramin Awaas* were diverted to unknown activities.

3.2.25 During 2001-2002, Rs.1.20 crore were spent by the test checked DRDAs to provide financial assistance in kind as that of IAY viz. supply of CGI sheet worth Rs.22 thousand for construction of dwelling units and Rs.10 thousand for upgradation as follows :

Table 3.1

DRDA 2001-02	Financial (Rs. in lakh)		Physical (In numbers)			
	Funds received	Expdn.	Target		Achievement	
			New Const.	Upgradation	New Const.	Upgradation
Along	23.85	23.02	NA	NA	82	58
Pasighat	14.20	14.19	NA	NA	NA	NA
Ziro	65.90	65.90	NA	NA	225	98
Tezu	21.00	16.72	NA	NA	NA	NA
Total	**124.95**	**119.83**	**--**	**--**	**307**	**156**

Source : DRDAs

3.2.26 Pasighat and Tezu reported an expenditure of Rs.30.91 lakh but the number of beneficiaries covered had not been furnished. Due to target not being fixed, achievements of all the 4 test checked districts regarding new construction and upgradation of houses could not be verified by audit. Reason for not fixing the target had not been furnished.

Implementation of Innovative Scheme for rural housing had not been given due importance

3.2.27 The Innovative Scheme for Rural Housing and Habitat Development is a project based scheme launched by the Government of India with effect from

01.04.1999 with a view to promote and propagate the innovative technologies, materials, methods etc., for cost effective and environment friendly rural housing and habitat development.

3.2.28 It was noticed that other than DRDAs, no education/technical institutions and non-governmental organisation had come up with any project proposal and the reason thereof was not on record. Out of Rs.1.84 crore sanctioned against 4 projects submitted by 4 DRDAs during 2000-2001, an amount of Rs.1.17 crore was released and disbursed to the concerned DRDAs. Similarly, Rs.1.43 crore against funds of Rs.2.86 crore sanctioned for 7 projects submitted by 7 DRDAs, was released and disbursed during the year 2001-2002. But physical and financial progress of those projects were not available with the department. In the absence of records, the utilisation of the funds of Rs.2.60 crore could not be vouchsafed in audit.

Other points of Interest

Excess expenditure due to procurement of CGI sheets at higher rate

3.2.29 In February 1999, the State Government approved rate for procurement of CGI sheet of 0.63 mm thickness required by DRDAs. The approved rate, inclusive of all charges, for supply to DRDA, Ziro and DRDA, Pasighat was Rs.34,542 and Rs.34,425 per MT respectively. During 1999-2000 and 2000-2001, the DRDA – Ziro purchased 503.95 MT of TATA brand CGI sheet of 0.63 mm thickness at the all inclusive rate of Rs.39,380 per MT from a local supplier. Similarly, during 2000-2001 and 2001-2002, DRDA – Pasighat purchased 103.87 MT and 217.47 MT of CGI sheets at an all inclusive rate of Rs.43,975 and Rs.35,868 per MT respectively. The rates at which these DRDAs purchased the CGI sheets were higher than the approved rate fixed by the Government for CGI sheet.

3.2.30 Procurement of CGI sheet at rates higher than the approved rate resulted in avoidable excess expenditure of Rs.37.44 lakh as detailed in **Appendix - XXVII**. The reasons for such procurement of CGI sheets were neither on record nor stated.

Monitoring

3.2.31 The programme of IAY is required to be monitored by the DRDAs and BDOs through field visits and physical verification of dwelling units for which funds are provided. The State Government is to monitor the implementation through State Level Co-ordination Committee (SLCC) for Rural Development and conduct periodical evaluation studies of its own or by external agency. None of the test checked DRDAs and blocks could furnish any report in support of field inspection/physical verification of dwelling units carried out during 1997-2002 even though each of the DRDAs had a monitoring cell supervised by an Assistant Project Officer. Though the IAY had been in operation for last 17 years, no evaluation study had been conducted by the State Government.

3.2.32 Thus the monitoring and evaluation system remained totally neglected.

3.2.33 The matter was reported to the Government (July 2002); reply had not been received (December 2002).

Recommendation

3.2.34 Funds may be released to the implementing authorities without delay and diversion of funds from one scheme to other may be avoided.

- There should be regular monitoring by the DRDAs and BDOs through field visits in order to ensure foolproof implementation of the programme.
- Construction of dwelling house and upgradation of *katcha* houses to be undertaken on the basis of prototype design as per recommendation of the Rural Development Department in order to avoid doubtful utilisation of CGI sheets.
- Awareness programme needs to be intensified through community participation in the implementation of the programme.
- Identification of beneficiaries may be made as per guidelines.

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

3.3 Piggery Development Scheme

Highlights

A scheme for piggery development was launched in the state during 1974-78 for upgrading of local stock through cross-breeding with exotic breeds. The review highlights certain major short-comings in the implementation of the programme which interalia includes shortfall in production of piglets, entertainment of excess additional boars in the farms, high mortality of piglets, lack of care in respect of animal health, unproductive expenditure and loss in running of the two pig farms.

4 pig breeding farms were not established despite availability of Central funds of Rs.40.00 lakh for the purpose for a period of over 4 years.

(Paragraphs 3.3.7 and 3.3.8)

Shortfall in production of piglets varied from 7 to 29 *per cent* in Central Pig Breeding Farm (CPBF), Karsingsa and 1 to 39 *per cent* in respect of the REPBF, Loiliang during the period from 1997-98 to 2001-2002.

(Paragraph 3.3.9)

Mortality in the Government farms in the State varied from 16 to 59 *per cent* during 1997-98 to 2000-2001. No investigation was carried out to ascertain the causes of high mortality.

(Paragraph 3.3.11 and 3.3.12)

Loss incurred by the two farms were Rs.0.75 crore (CPBF, Karsingsa) and Rs.0.71 crore (REPBF, Loiliang) during Ninth Plan period.

(Paragraph 3.3.19)

Entertainment of excess staff resulted in extra expenditure of Rs.17.89 lakh.

(Paragraph 3.3.22)

Base farm established at Namsai did not function during 1993 resulting in unproductive expenditure of Rs.25.18 lakh. Further, inaction on the part of the farm resulted in loss of Rs.2.50 lakh.

(Paragraphs 3.3.23 to 3.3.26)

Introduction

3.3.1 A scheme for Piggery Development was launched in the State during the Fifth Five Year Plan period (1974-78) for upgrading local stock through cross-breeding with exotic breeds. During the period from 1977-78 to 1993-94, the State had established six piggery farms.[1] The pig population in the State as per the last live stock census report 1997 was 2.75 lakh. After that, no census was conducted. The main objectives of these farms were (i) to produce improved variety of pigs which were appropriate and ideal to the local agro-climatic condition having better productivity rate, (ii) to distribute/sell quality boar to farmers for cross breeding, (iii) to train farmers in various aspects of pig husbandry and management practices including disease control and health care, (iv) to serve as a demonstration unit on pig rearing for the benefit of pig farmers of the State and (v) to supplement pork production through disposing of excess of culled stock.

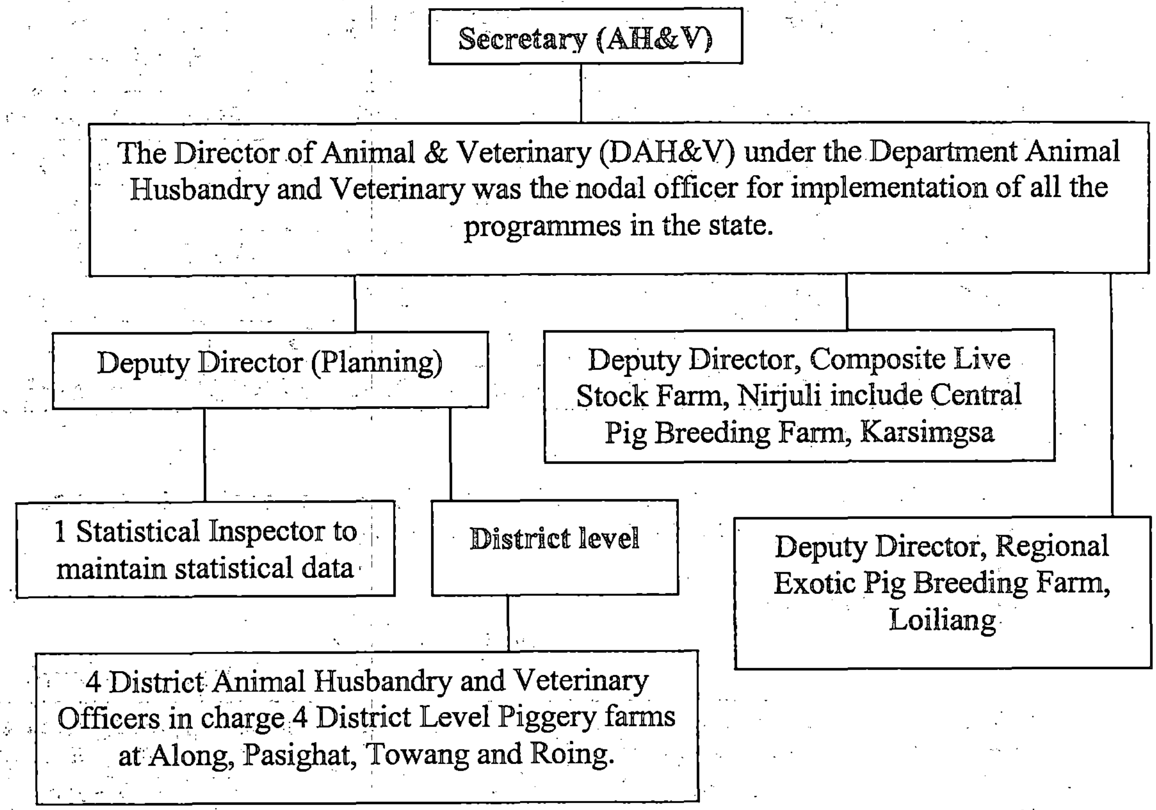
3.3.2 During the Ninth Plan period (1997-2002) emphasis was given to increasing pork production to provide additional income to the farmers. For this purpose, pig units each comprising one exotic cross-breed boar and four sows were to be distributed to selected beneficiaries at 50 *per cent* subsidised rates. Altogether 144 numbers of such unit were distributed to selected farmers during the plan period.

Organisational set up

3.3.3 The organisational structure for implementation of the programme is detailed below :

[1] (i) Central Pig Breeding Farm (CPBF) at Karsingsa with 40 sow capacity 1977-78 (ii) Regional Exotic Pig Breeding Farm (REPBF) at Loiliang with 100 sow capacity 1978-79 (iii) District Pig Breeding Farm (PBF) at Along with 20 sow capacity 1990-91 (iv) District Pig Breeding Farm (PBF) at Lamberdung, Towang with 12 sows capacity 1990-91 (v) District Pig Breeding Farm (PBF) at Berung, Pasighat with 4 sow capacity 1993-94 and (vi) District Pig Breeding Farm (PBF) at Roing with 6 sow capacity 1993-94.

Chart No. 3.3



Audit coverage

3.3.4 The records of the statistical wing of the Directorate of the Animal Husbandry and Veterinary, two pig breeding farms at Karsingsa and Loilang, the District offices in Lower Subansiri, Papumpare and Lohit districts for the period from 1997-98 to 2001-2002 were test checked and expenditure of Rs.2.14 crore (89 *per cent*) of the total expenditure of Rs.2.41 crore was covered during the period May and June 2002. Important points noticed in test check are brought out in the succeeding paragraphs.

Finance

3.3.5 The year-wise budget provision and expenditure in respect of the schemes during the financial years 1997-98 to 2001-02 were as follows :

(a) State fund

Table 3.2

(Rupees in lakh)

Year	Budget provision		Expenditure		Excess (+) Savings (-)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1997-1998	29.89	21.64	29.91	21.61	(+) 0.02	(-) 0.03
1998-1999	24.36	25.30	24.36	25.30	Nil	Nil
1999-2000	20.00	23.62	20.12	23.62	(+) 0.12	Nil
2000-2001	20.92	24.87	28.10	26.58	(+) 7.18	(+) 1.71
2001-2002	16.44	25.31	16.44	25.31	Nil	Nil
Total	111.61	120.74	118.93	122.42	(+) 7.32	(+) 1.68

Source : Department

3.3.6 Reasons for overall excess of Rs.9.00 lakh in respect of State funds could not be explained by the department (December 2002).

(b) Central fund

Table 3.3

(Rupees in lakh)

Year	Funds received by State	Funds released by State	Funds utilised	Closing balance of unspent balance
1998-1999	40.00	Nil	Nil	40.00
1999-2000	Nil	Nil	Nil	40.00
2000-2001	Nil	Nil	Nil	40.00
2001-2002	Nil	Nil	Nil	40.00

Source : Department

Pig breeding farms were not established

3.3.7 For establishment of 4 pig breeding farms at Changlang, Ziro, Seppa and Daporijo, the Government of India, Ministry of Agriculture, Department of Animal Husbandry and Dairying sanctioned Rs.40.00 lakh in February 1998 under Integrated Piggery Development Scheme. As the amount could not be spent by the State Government, the Government of India in October 2001 issued final sanction of Rs.40.00 lakh after due revalidation (with a deviation of one place from Daporijo to Koloriang) with the instruction that no further revalidation of the funds would be made and to surrender the funds in case the State Government was unable to spent the amount at the end of the current financial year.

3.3.8 It was noticed (June 2002) that neither was the amount utilised by the State Government nor was it surrendered. Thus, the purpose for which the grant was sanctioned remained unfulfilled and the amount was unnecessarily blocked for a period of over 4 years. Circumstances under which the amount could not be utilised by the State Government had not been explained (December 2002).

Implementation

Pigs breeding farms – Targets and achievements

3.3.9 The CPBF, Karsingsa and REPBF, Loiliang were established with the objective of producing improved variety of breeding stock to meet the increased demand of the local farmers and also those of the other North Eastern States. On the basis of norms fixed by the two farms one sow can farrow twice in a year with an average litter of 8 (in case of REPBF, Loiliang) and 9.2 (in case of CPBF, Karsingsa). The working results of the two farms showing number of boars and sows reared, piglets produced and sold during 1997-98 to 2001-2002 are indicated in **Appendix - XXVIII**. On the basis of the norm fixed by the two farms, it was noticed that shortfall in production of piglets during the period from 1997-1998 to 2001-2002 was 1243 (CPBF – 710 and REPBF – 533) and in terms of percentage, the shortfall in respect of CPBF, Karsingsa varied from 7 to 29 and in respect of REPBF, Loiliang varied from 1 to 39 during the period from 1997-98 to 2001-2002. Reasons for shortfall were neither available on record nor stated.

Loss due to maintenance of additional boar

3.3.10 According to the prescribed norm, one boar is required to serve ten sows for breeding purposes. On the basis of the 1:10 ratio, the two farms were required to maintain 43 boars against 426 sows. During the five years period, the two farms maintained 71 boars (CPBF – 38 boars, REPBF – 33 boars). Thus, 28 boars were maintained in excess (71 – 43) of the requirement. The feeding cost for the additional boars was Rs.2.26 lakh which could have been avoided had the norms been observed. The department had not investigated the reasons for maintenance of excess boars (December 2002).

Mortality

3.3.11 No norm regarding accepted rate of mortality of pigs in the State was prescribed by the department. According to the Institute of Applied Statistics and Development Studies, Lucknow which carried out evaluation of REPBF, Loiliang in 1988, the overall rate of mortality in respect of young stock should be below 10 *per cent* and in respect of adult stock below 2 *per cent*. Test check of records of the Directorate revealed that mortality rates were much higher than the norms in certain farms. The details are indicated in **Appendix – XXIX**.

3.3.12 Reasons for such high rates of mortality ranging from 16 to 59 *per cent* were neither investigated nor any remedial action, to keep the mortality rates within the norm, was taken (December 2002).

Culling of animals

3.3.13 236 animals were culled at the two farms (CPBF, Karsingsa – 85, REPBF, Loiliang – 151) during 1997-2002. Norms for culling of animals were not fixed by the department and the reason thereof was not on record (December 2002).

Training of Farmers

3.3.14 For giving an impetus to pig farming, imparting practical training to the farmers and field staff on improved pig husbandry practices was envisaged by the department. During the period from 1997-98 to 2001-2002, not a single farmer was trained in any of the farms. The department stated that due to paucity of funds training could not be imparted.

Animal Health

3.3.15 According to the Health Code prescribed (January 1989) by the Government of India, Ministry of Agriculture, the routine screening of pigs for infectious diseases, like tuberculosis and brucellosis, should be undertaken regularly. But it was seen that no diagnostic tests for infectious diseases were carried out in the CPBF, Karsingsa or REPBF, Loiliang during the period from 1997-98 to 2001-2002 though the State has 93 veterinary dispensaries, and 13 diagnostic laboratories spread over all the districts besides three disease investigation laboratories at Nirjuli, Loiliang and Kamki. Reasons for not carrying out such tests were not on record (December 2002)

3.3.16 In the absence of preventive measures and screening of pigs for infectious diseases it was not possible in audit to ascertain on what basis disease free stock of pigs and piglets were distributed to the people inside and outside the State.

Supply/Distribution of Piglets

3.3.17 The main aim of the scheme was to introduce improved exotic breeds of pigs by producing pedigree breeding stock in Government pig breeding farms for supply to the interested breeders within and outside the State for improving their local stock. The 6 Government farms of the State sold 5053 pigs during the years 1997-98 to 2000-2001 and the CPBF and REPBF sold a further number of 799 during the year 2001-2002 (figures of other farms not available), but there was no follow up action after sale. The extent of qualitative improvement of the local stock had also not been assessed by the department. The department did not offer any comments in this regard (December 2002).

3.3.18 No ration scales for boars, pregnant, nursing sows and for the young stock was prescribed by the department to obtain optimum physical and genetic potential of the herd (December 2002).

Loss in running of farms

3.3.19 Test check of income and expenditure records for the years 1997-1998 to 2001-2002 in respect of the CPBF and REPBF revealed that both the farms were running at a loss and the cumulative losses were Rs.0.75 crore and Rs.0.71 crore respectively. The details are indicated in Appendix - XXX.

3.3.20 Reasons for such loss were neither investigated by the department nor any remedial action taken. The loss was attributable to (i) boars and sows losing fertility not being replaced, (ii) inability to dispose of animals in time, (iii) lack of marketing facilities and (iv) sale of animals at subsidised rates.

Co-operative marketing not formed

3.3.21 The National Commission on Agriculture, in its report of 1976, had stated that, due to lack of any organised channels for marketing, the pig farms did not generally obtain reasonable price for their pigs and they had to dispose of their animals at distress prices. It had suggested that the pig breeders be helped to organise themselves into cooperatives. But it was noticed (June 2002) that the department did not organise any pig producers-cum-marketing cooperative society in the State in the absence of any interested breeders. No record showing any initiative towards formation of cooperative marketing societies was made available to audit.

Entertainment of excess staff resulting in higher maintenance expenditure

3.3.22 The REPBF, Loiliang was entertaining staff on the basis of 100 sow capacity prior to the 9th Five Year Plan period. But on an average only 37 sows existed in the farm during 1997-2002. Against the requirement of 12 pig attendants for 100 sows, the farm had employed 11 number of attendants for 37 sows. Thus (six) pig attendants (11 – 5) were employed in excess resulting in extra avoidable expenditure of Rs.17.89 lakh during 1997-98 to 2001-2002.

Unproductive expenditure

3.3.23 The Regional Pig Breeding Farm (REPBF), Loiliang remains cut off from the rest of the country for a considerable period of the year during monsoon due to lack of communication facilities. Considering the disruption in communications and inadequate marketing facilities, a base farm, the extension unit of Loiliang, was set up at Namsai during December, 1993 at a cost of Rs.25.18 lakh. The farm could not function due to lack of water supply and electricity and unhygienic condition of grower shed. As such the farm was closed down by the Dy. Director, Loiliang in December 1996.

3.3.24 In addition to the above expenditure, a further amount of Rs.2.50 lakh was released by the Government for lifting water supply in the base farm against sanction (March 1995) of Rs.8.00 lakh. The entire amount (Rs.2.50 lakh) was drawn and paid to a local contractor in the same month for supply of materials. The materials were not supplied by the said contractor and no work was done by the PHED for water supply. No action was also taken by the farm against the contractor for not supplying the materials although 7 years had lapsed from the date of payment to the contractor. Inaction on the part of the farm resulted in a loss of Rs.2.50 lakh. The matter was neither investigated nor any disciplinary action taken.

3.3.25 Thus, the entire expenditure of Rs.25.18 lakh on the construction of the base farm remained unproductive for a period of over 7 years as the base farm at Namsai did not function.

3.3.26 In reply, the department stated that efforts were being made to reopen the base farm as early as possible. Further development is awaited.

Monitoring and Evaluation

3.3.27 A comprehensive monitoring system is essential for effective control over expenditure and also to ensure smooth functioning of the piggery farms in the State. No such monitoring system had been evolved in the department and as a result, performance of the piggery farms remained unassessed.

3.3.28 The matter was reported to Government (July 2002); reply had not been received (December 2002).

Recommendations

3.3.28 Two farms test checked were running at a loss. Effective steps may be taken to run the farms smoothly without any loss.

- Base farm constructed at Namsai may be made operational as early as possible.

- Effective monitoring of the execution of works needs to be done to avoid locking up of funds and unproductive expenditure.

CHAPTER III

SECTION-B
AUDIT PARAGRAPHS

SECTION – B – PARAGRAPHS

SOCIAL WELFARE, WOMEN & CHILD DEVELOPMENT DEPARTMENT

3.4 Diversion of PMGY fund by the Director, Social Welfare Women and Child Development Department, Naharlagun

Funds of Rs.9.28 crore, provided specifically to eradicate malnutrition in children below 3 years, was diverted for clearing outstanding air lift charges and carriage charges of Public Distribution System items and procurement of Supplementary Nutrition Programme food items for all groups which were not covered under PMGY scheme

3.4.1 *Pradhan Mantri*'s *Gramodaya Yojana* (PMGY) was introduced during July 2000 to eradicate malnutrition amongst children below 3 years by increased nutritional coverage of supplementary feeding of these children through the Integrated Child Development Services (ICDS) schemes. The PMGY, *inter alia* envisaged that (i) the additional Central Assistance (ACA) allocated to States/UTs for nutrition component of PMGY be specifically utilised for nutritional supplementation/supplementary feeding cost to children of the age group of 0 to 3 years and (ii) that the funds earmarked for nutrition component be utilised only for the same purpose.

3.4.2 Scrutiny (December 2001) of records of the Director, Social Welfare Women and Child Development (DSWW&CD) Department revealed that the State Government during 2000-01, made a budget provision of Rs.2.38 crore (Plan – Rs.2.28 crore, non-Plan – Rs.10.00 lakh) for the special nutrition programme. During July 2000, the Government of India allocated an amount of Rs.10.23 crore to the Government of Arunachal Pradesh, under PMGY, for nutrition component aimed at combating malnutrition among children of the age group of 0 to 3 years. On receipt of ACA from Government of India under the nutrition component of PMGY, supplementary provision for a further amount of Rs.7.00 crore was made under the head thereby raising the total provision of Rs.9.28 crore under PMGY and Rs.10.00 lakh under SNP (non-Plan) for 2000-2001. The balance of Rs.0.95 crore (Rs.10.23 crore – Rs.9.28 crore) was to be adjusted against ACA for 2001-2002 under PMGY.

3.4.3 While making the supplementary provision of Rs.7.00 crore to the SWW&CD under nutrition component of ICDS, the State Planning Department instructed (March 2001) the SWW&CD Department that the same may be sub-allotted to Director, Supply and Transport (DST) and Rs.2.28 crore was to be adjusted under PMGY allocation of funds against the cost of reaching nutrition to children in the 0-6 age group for dropping zone areas. The department failed to produce any record to justify whether the

Government of India has accorded approval for deviation in implementation of PMGY scheme. The DST incurred an expenditure of Rs.7.00 crore during March 2001 out of the funds sub-allotted (March 2001) to them by the DSWW&CD. The expenditure was incurred for clearing outstanding air lift charges amounting to Rs.6.20 crore and carriage charges for PDS items Rs.37.29 lakh. The purpose for which the balance amount of Rs.42.69 lakh was spent was neither stated nor on record. Regarding utilisation of Rs.2.28 crore it was seen that the same was incurred by the Social Welfare Department during 2000-01 for procurement of ground nut, green *moong*, gram, rice, *dal* and fruits for consumption of all groups of children (0-6 years), pregnant women and lactating mothers for Supplementary Nutrition Programme under ICDS scheme. The procurement of SNP food items during 2000-01 for all groups of children (0-6 years), pregnant women and lactating mothers indicated that the funds of Rs.2.28 crore allocated for PMGY was diverted for implementation of Supplementary Nutrition Programme under ICDS scheme as no provision for plan funds was kept either in the budget or in the Annual Operating Plan (AOP) for 2000-01 for SNP under ICDS scheme.

3.4.4 Thus, the basic objective of the scheme to provide increased nutritional support to children of 0 – 3 years remained unachieved and unauthorised diversion of PMGY funds without the approval of Government of India for clearing past liabilities and procurement of SNP food items under ICDS resulted in misutilisation of funds of Rs.9.28 crore.

3.4.5 The matter was reported to Government/department in April 2002; reply has not been received (December 2002).

3.5 Extra avoidable expenditure on procurement of food stuff at higher rate by the Director, Social Welfare, Women and Child Development Department, Naharlagun

The Department incurred an avoidable extra expenditure of Rs.9.91 lakh due to procurement of foodstuff at higher rate

3.5.1 Government of Arunachal Pradesh, Department of Social Welfare, Women & Child Development (SWW&CD) sanctioned (August 2001) Rs.1.00 crore for procurement of Farex Rice (Baby Rice Cereal) for combating under-nutrition among the children between 0 to 3 years. The sanction was from the Additional Central Assistance received from the Government of India during 2000-2001 under *Pradhan Mantri Gramodaya Yojana* (PMGY).

3.5.2 Test check of records (December 2001) of the Director, SWW&CD, Naharlagun revealed that during the period from October 2001 to December 2001, the Directorate procured 57,142 kgs of Farex rice at a cost of

Rs.99,99,850.00 i.e. @ Rs.70.00 per 400 gms carton or Rs.175.00 per kg from the authorised dealer of the manufacturer*. But from the price list of the manufacturer, it was seen that there existed two different selling rates of Farex rice, *viz.* Rs.63.06 per 400 gms carton (price to retailer) and Rs.70.00 per 400 gms carton (price to consumer). The cheapest rate of Rs.63.06 per 400 gms carton (price to the retailer) was not brought to the notice of the Government by the Social Welfare Department at the time of finalisation of the rate (August 2001) by the Government though the purchase was made for bulk quantities and the reason thereof was not on record. Thus the procurement of food stuff at higher rate without availing the lowest rate of the manufacturer resulted in avoidable extra expenditure of Rs.9.91 lakh**.

3.5.3 In reply, the Secretary, Social Welfare, Women and Child Development stated (May 2002) that the Government could go for procurement @ Rs.63.06 paise per 400 gm carton pack at retailer price but additional expenditure of Rs.6.94 per packet had to be met separately for transportation/insurance/packing, etc., as per authorised dealer of the firm letter dated 20.08.2001. Reply is not tenable since as per manufacturer's letter dated 15.07.2002 the price list in respect of its products (including Farex) was inclusive of all delivery cost including packing, forwarding, transportation and standard margin of 5.5 *per cent* to its redistribution stockists. Moreover, the price list also mentioned that both the prices were inclusive of all taxes and the prices set out in the list were the maximum prices and it was open to sell the products at prices lower than the relevant prices shown in the relevant column of price list.

TOURISM DEPARTMENT

3.6 Infructuous expenditure on office building of Director of Tourism, Itanagar, subsequently abandoned

Execution of work without proper survey and investigation led to infructuous expenditure of Rs.11.55 lakh for a period of over 4 years

3.6.1 The Deputy Commissioner (DC), Papumpare, in January 1995 allotted a plot of land measuring 4000 sqm at Naharlagun to the Department of Tourism for construction of an office building for the Director of Tourism including staff quarters, guest house etc., as the department had no office complex for the Director after the bifurcation of the Tourism Department from Information and Public Relations Department.

* M/s Heinz India Ltd., Mumbai

** Rs.70.00 per 400 gms or Rs.175.00 per kg x 57142 kgs	=	Rs.99,99,850
Rs.63.06 per 400 gms or Rs.157.65 per kg x 57142 kgs	=	Rs.90,08,436
Difference	=	Rs. 9,91,414

3.6.2 Scrutiny (September 2001) of records revealed that for site development and construction of retaining wall on the said plot of land, the Department of Tourism in March 1996 accorded administrative and expenditure sanction for Rs.11.55 lakh. The funds for the same was allotted to the Chief Engineer, PWD during March 1996 (Rs.10.00 lakh) and July 1996 (Rs.1.55 lakh). The Sr. Architect (PWD) in May 1995 intimated the Director of Tourism that because of not receiving the details of the building design from the Department of Tourism, he could not decide on the specific area and the extent of excavation required and advised the department that the existing land feature of the allotted land should not be disturbed by earth cutting etc. The division started the work in March 1996 and completed the same in March 1997 at a cost of Rs.11.55 lakh. The site was handed over to the Director of Tourism by the division in September 1997. The reason for delay in handing over the site to Tourism Department has not been stated (May 2002). Further, the Sr. Architect during his visit to the site on 20.09.96 observed that the site was basically unsuitable for the purpose of construction of the building due to unstable soil condition. Finally in October 1998, the Sr. Architect completely rejected the site and advised for an alternative site for construction of the building on the basis of which the department requested (March 1999) the Deputy Commissioner, Papumpare for allotment of an alternate plot of land for the said purpose at Itanagar. The land was not yet allotted by the DC, Papumpare (September 2001). The basis on which the work was executed by the department by ignoring the Sr. Architect's advice was neither available on records nor stated.

3.6.3 Thus, irregular execution of the work by the PWD without proper survey and investigation of the plot of land and also without obtaining Architect's clearance regarding stability of the soil for construction of the building led to an infructuous expenditure of Rs.11.55 lakh, and defeated the very objective of the work. No responsibility for the failure in executing the work had been fixed as of September 2002.

3.6.4 The matter was reported to the Government/department in December 2001; reply has not been received (December 2002).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.7 Avoidable extra expenditure on payment of land compensation for construction of 500 bed referral hospital at Naharlagun

Avoidable extra expenditure of Rs.46.26 lakh was incurred due to failure on the part of the DC, Papumpare to allot a land free from all encumbrances to the Health & Family Welfare Department

3.7.1 For construction of 500 bed referral hospital at Naharlagun, the Deputy Commissioner (DC), Papumpare (April 1999) with Government's approval offered allotment of 810000 m^2 of land to the Department of Health & Family Welfare (DH &FW) at Panchin Colony, Naharlagun. The land was offered to the department after DC, Papumpare inspected (February 1998) the site and found it to be free from all encumbrances.

3.7.2 The full value of the land amounting to Rs.40.50 lakh was paid (February 1998 – Rs.36.42 lakh and May 1999 – Rs.4.08 lakh) by the department. The DC issued formal order of allotment in June 1999 with request to DH&FW to take over the possession of the land. The land allotted was 600 m^2 less than the offered area of land and the reason thereof was not on record.

3.7.3 In November, 1999 after five months of issue of allotment order, the DC forwarded an additional claim for Rs.45.97 lakh to the department for payment to local people who allegedly developed some parts of the land allotted to the department as horticulture garden, wet rice cultivation (WRC) fields and fish ponds, etc. The period during which encroachment came up was neither available on record nor stated. The issue was discussed by the Empowered Project Management Board in November 1999, which recommended payment of compensation of around Rs.46.26 lakh to the affected people.

3.7.4 Accordingly, the sanction for Rs.46.26 lakh was issued (March 2000) and payment made to the DC (April 2000) for disbursement amongst the affected people. Dates on which the amount was disbursed to the affected people and reasons for making excess payment of Rs.0.29 lakh (Rs.46.26 lakh – Rs.45.97 lakh) as compensation claim were neither available on record nor stated.

3.7.5 It was noticed that despite receipt of payment of compensation of Rs.46.26 lakh, because of not completing the ground marking and configuration of actual boundary of the said plot of land, the DC, Papumpare was not able to hand over the land to the DH &FW Department (June 2002).

3.7.6 Thus, failure on the part of the DC, Papumpare to allot a land free from all encumbrances resulted in extra avoidable expenditure of Rs.46.26 lakh and the purpose for which the land was allotted remained unachieved even after a period of over 3 years (June 2002) due to delay in handing over the land to the concerned department. The land has not been handed over to department as on date.

3.7.7 The matter was reported to the Government/department in April 2002; reply has not been received (December 2002).

EDUCATION, HEALTH AND FAMILY WELFARE AND PUBLIC HEALTH ENGINEERING DEPARTMENTS

3.8 Failure to respond to audit objections and compliance thereof

697 paragraphs pertaining to 167 Inspection Reports involving Rs.56.30 crore concerning Education, Health and Family Welfare and Public Health Engineering Departments were outstanding as on June 2002. Of these first replies for 2 Inspection Reports containing 26 paragraphs had not been received

3.8.1 Principal Accountant General (Audit) conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs).When important irregularities etc. detected during inspection, are not settled on the spot, these are included in the IRs and the IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. Rules/orders of Government provide for prompt response by the executive to the IRs issued by the Principal Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. noticed during the inspection. The Heads of offices and next higher authorities are required to attend to the observations contained in the IRs and rectify the defects and omissions promptly and report compliance to the Principal Accountant General. Serious irregularities are also brought to the notice of the Head of the department by the office of the Principal Accountant General (Audit). A half-yearly report of pending inspection reports is sent to the Secretary of the department (in respect of pending IRs) to facilitate monitoring of the audit observations in the pending IRs.

3.8.2 Inspection Reports issued from 1984 upto March 2002 pertaining to 91 offices of 3 departments disclosed that 697 paragraphs relating to 167 IRs involving an amount of Rs.56.30 crore remained outstanding at the end of

June 2002. Of these, 50 IRs containing 155 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue of IR were not received in respect of 26 paras for 2 IRs pertaining to 2 offices issued between 1995-96 and 1996-97.

3.8.3 As a result, some of the important irregularities pertaining to 238 paragraphs (113 paragraphs + 53 paragraphs + 72 paragraphs) involving an amount of Rs.31.71 crore (Rs.20.84 crore + Rs.4.24 crore + Rs.6.63 crore) commented upon in the outstanding Inspection Reports of the three departments have not been settled as of June 2002 as indicated below :

Table – 3.4

Sl. No.	Nature of Irregularities	Education Department		Health and Family Welfare Department		Public Health Engineering Department	
		No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)
1.	Local purchase of stationery in excess of authorised limits and expenditure incurred without sanction	5	5.27	19	35.38	-	-
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll	17	2.81	-	-	-	-
3.	Delay in recovery or non-recovery of department receipts, advances and other recoverable charges	19	9.90	2	1.24	-	-
4.	Drawal of funds in advance of requirements resulting in retention of money in hand for long periods	12	3.71	1	166.83	-	-
5.	For want of D C C bills	41	1927.65	5	10.58	-	-
6.	For want of APRs	9	63.90	-	-	-	-
7.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	4	0.92	-	-	-	-
8.	For want of sanctions	2	0.19	6	9.30	-	-
9.	Over payment or inadmissible payments noticed in audit not recovered	4	70.19	17	182.44	-	-
10.	Payment of grants in excess of requirement	-	-	1	13.83	-	-
11.	Payees receipts not received	-	-	2	4.39	-	-
12.	Extra avoidable expenditure	-	-	-	-	5	8.87
13.	Irregular and unauthorised expenditure	-	-	-	-	20	221.13
14.	Excess/Extra expenditure	-	-	-	-	14	32.29
15.	Locking up of Government funds/Idle Outlay	-	-	-	-	19	158.10
16.	Wasteful expenditure	-	-	-	-	4	38.42
17.	Expenditure in excess over sanction amount	-	-	-	-	9	81.29
18.	Injudicious expenditure	-	-	-	-	1	122.74
	Total	**113**	**2084.54**	**53**	**423.99**	**72**	**662.84**

Source: Department

3.8.4 A review of the IRs which were pending due to non receipt of replies, in respect of the departments revealed that the Heads of the offices, whose records were inspected by Principal Accountant General, and the Heads of the departments, failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs and thereby indicated their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the Principal Accountant General. The Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the departments took prompt and timely action.

3.8.5 The above also indicated that no action was taken against the defaulting officers.

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

3.8.7 The matter was reported to the Government in August 2002; reply has not been received (December 2002).

FINANCE DEPARTMENT

3.9 Misappropriation, losses etc.

Delay in settlement of 31 cases of losses, misappropriation (loss – Rs.8.41 crore and misappropriation – Rs.0.34 lakh) etc., by 8 departments resulted in outstanding balance of Rs.8.42 crore for periods ranging from 1 year to 42 years

3.9.1 Thirty one cases of misappropriation, losses etc. of Government money aggregating Rs.8.42 crore reported to audit were pending settlement for periods ranging from 1 year to 42 years at the end of June 2002.

3.9.2 Department-wise and case-wise analysis of outstanding cases in which final action was pending as of 30 June 2002 is given in Appendix - XXXI.

3.9.3 The year-wise and department-wise, position of misappropriation, losses etc., along with period of pending as of 30 June 2002 is given in table 3.5 and 3.6 below:

Table – 3.5

(Rupees in lakh)

Year	Cases of loss		Cases of misappropriation		Total No. of cases	
	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7
Upto 1990	16	10.12	1	0.34	17	10.46
1991-1992	1	0.65	-	-	1	0.65
1992-1993	2	0.18	-	-	2	0.18
1993-1994	1	0.15	-	-	1	0.15
1994-1995	1	Amount not intimated	-	-	1	-
1995-1996	1	0.48	-	-	1	0.48
1996-1997	1	Amount not intimated	-	-	1	-
1997-1998	1	1.08	-	-	1	1.08
1998-1999	2	8.52	-	-	2	8.52
1999-2000	1	4.44	-	-	1	4.44
2000-2001	3	815.55	-	-	3	815.55
2001-2002	-	-	-	-	-	-
Total:	**30**	**841.17**	**1**	**0.34**	**31**	**841.51***

Source: Departments

Table – 3.6

(Rupees in lakh)

Sl. No.	Department	Number of cases	Period of pendency (In years)	Amount
1.	Education	4	4 to 7	3.37
2.	Forest*	11	1 to 15	830.12
3.	General Administration	1	23	0.03
4.	Public Works	6	9 to 15	2.93
5.	Supply and Transport	6	15 to 42	1.33
6.	Information and Public Relation	1	13	2.65
7.	CWC*	1	7	Amount not intimated
8.	Public Health Engineering	1	5	1.08
	Total:	**31**		**841.51**

Source: Departments

* No of cases in which amount not intimated – 2 (Forest – 1, CWC – 1)

3.9.4 Out of 31 numbers of unsettled cases, departmental/police action was awaited in 10 cases, 8 cases were pending in the court of law and 13 cases were awaiting recovery/write off order from Government.

3.9.5 The matter was referred to Government (August 2002); their reply has not yet been received (December 2002).

CHAPTER IV

SECTION-A
AUDIT REVIEWS

CHAPTER – IV

WORKS EXPENDITURE

SECTION – A – REVIEW

PUBLIC WORKS DEPARTMENT

4.1 Review of Public Works Department, including manpower management

Highlights

Budgetary control in the department was weak leading to persistent savings, failure to surrender savings and rush of expenditure during last quarters of the years..

(Paragraphs 4.1.4 to 4.1.10)

The department failed to achieve the physical targets set for the road, bridge and building sectors, the shortfall varying from 37 to 62 *per cent* in respect of roads, 4 to 39 *per cent* in respect of bridges and 35 *per cent* in respect of buildings.

(Paragraphs 4.1.11 to 4.1.13)

Due to abnormal delay, the cost overrun on 17 completed and 45 ongoing works was Rs.21.13 crore.

(Paragraphs 4.1.14 and 4.1.15)

There was wasteful expenditure of Rs.2.17 crore due to abandonment of work after partial execution (Rs.1.84 crore) and taking up of scheme without ascertaining the economic viability and technical feasibility (Rs.0.33 crore). There was also unproductive expenditure of Rs.11.71 crore due to discontinuance of work after partial execution.

(Paragraphs 4.1.18 to 4.1.26)

The Banderdewa Store Division (PWD) holds idle stock of water supply materials worth Rs.2.87 crore for periods ranging from 10 to 18 years.

(Paragraphs 4.1.31 to 4.1.34)

The Banderdewa Store Division incurred an avoidable expenditure of Rs.0.86 crore in the form of interest due to delay in payment of supply bills.

(Paragraphs 4.1.35 to 4.1.38)

Claims for Rs.9.43 crore were outstanding against 10 divisions and procurement of materials worth Rs.1.36 crore under DGS&D rate contract was kept out of Government accounts owing to WMC memos issued by AG (A&E) lying unadjusted.

(Paragraphs 4.1.39 to 4.1.41)

Excess entertainment of work charged staff with consequential extra expenditure of Rs.68.06 crore was noticed.

(Paragraphs 4.1.44 to 4.1.46)

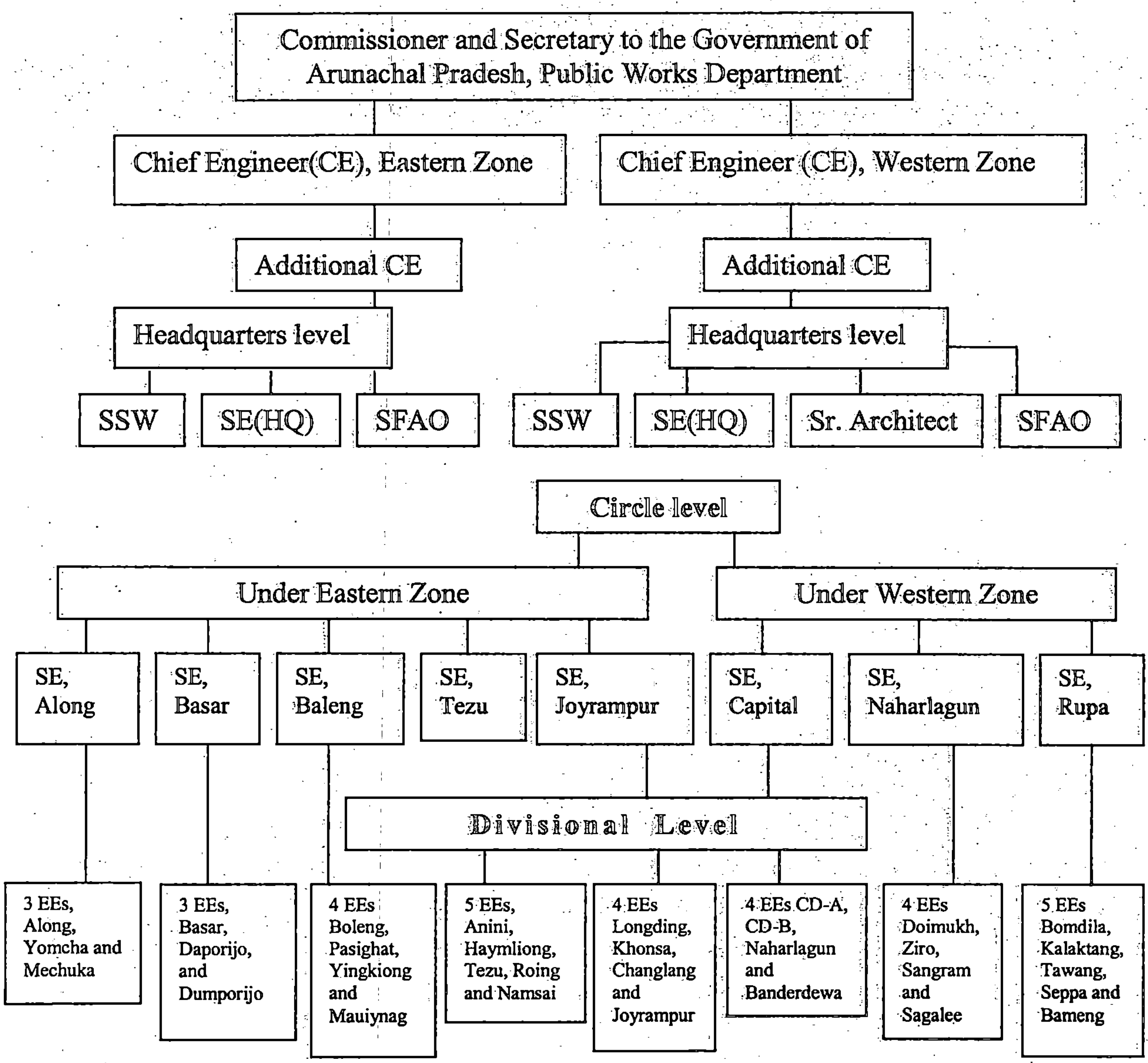
Introduction

4.1.1 The basic objective and responsibility of the Public Works Department (PWD) is to construct new roads, bridges (other than National Highways and border roads), and residential and non-residential Government buildings, as well as to maintain and repair the existing roads, bridges and buildings in the State. The PWD, Government of Arunachal Pradesh also undertakes construction, maintenance and repair works of roads/bridges under North Eastern Council (NEC) and Rural Infrastructure Development Fund (RIDF) Schemes. As of April 2002, the State had surfaced roads of 4990.92 km and unmetalled roads of 9498.71 km covering a total length of 14489.63 km. The said road length had a total road density of 16.58 km per 100 sq.km in comparison to the all India road density of 62 km per 100 sq.km (as per 1991 census).

Organisational set up

4.1.2 The Organisational structure of the department is detailed below:

CHART – 4.1



Audit coverage

4.1.3 The records of the Chief Engineer (Eastern and Western Zone), 2 Superintending Engineers (capital circle and Naharlagun central circle), Senior Architect, Itanagar and eight divisions* for the period from 1997-98 to 2001-2002 were test checked (25 *per cent*) and expenditure of Rs.218.65 crore (35 *per cent*) of the total expenditure of Rs.622.59 crore was covered during the period April-July 2002. Important points noticed in test check are brought out in succeeding paragraphs.

Financial Management

Defective budgeting

4.1.4 The budget allotment and expenditure during the five years period ending March 2002 were as under (Grant No. 31 & 32):

TABLE - 4.1

Capital section:

(Rupees in crore)

Year	Budget Provision	Amount surrendered	Final modified grant	Expenditure	Variation between modified grant with actual expenditure Savings (-) Excess (+)
1997-1998	141.96	18.92	123.04	102.69	(-) 20.35
1998-1999	80.41	0.42	79.99	80.00	(+) 0.01
1999-2000	83.49	0.77	82.72	82.46	(-) 0.26
2000-2001	103.45	--	103.45	88.64	(-) 14.81
2001-2002	108.81	--	108.81	86.29	(-) 22.52
Total	**518.12**	**20.11**	**498.01**	**440.08**	**(-) 57.93**

Source : Department and detailed Appropriation Accounts

4.1.5 Persistent significant savings between budget provision and actual expenditure even after surrendering funds of Rs.20.11 crore during 1997-2002 showed that, except for 1998-99, estimates of expenditure prepared in March (at the time of proposing surrender of provision) were defective and control over expenditure was inadequate. Failure on the part of the controlling officers to surrender the entire savings resulted in under-utilisation of fund to the extent of Rs.57.93 crore and the Finance Department was consequently unable to reallocate such savings to other needy departments.

* (1) Capital Division –'A', Itanagar (2) Ziro Division, Ziro (3) Sangram Division, Sangram (4) Store Division, Banderdewa (5) Pasighat Division, Pasighat (6) Namsai Division, Namsai (7) Roing Division, Roing (8) Jairampur Division, Jairampur.

TABLE- 4.2

Revenue section:

(Rupees in crore)

Year	Budget Provision	Amount Surrendered	Final modified grant	Expenditure	Variation between modified grant with actual expenditure Savings (-) / Excess (+)
1997-1998	23.79	1.55	22.24	31.16	(+) 8.92
1998-1999	56.67	13.25	43.42	44.34	(+) 0.92
1999-2000	43.46	5.05	38.41	39.05	(+) 0.64
2000-2001	45.47	1.13	44.34	47.06	(+) 2.72
2001-2002	20.90	--	20.90	20.90	--
Total	190.29	20.98	169.31	182.51	(+) 13.20

Source: Department and detailed Appropriation Accounts

4.1.6 It would be seen from the above table that there was excess expenditure of Rs.13.20 crore over the final modified grant during the period 1997-2001. This indicated that the surrender of fund of Rs.20.98 crore during the period 1997-2001 was not made on realistic basis and control over expenditure was lacking.

Reconciliation of issued cheques/remittances not done

4.1.7 As per codal provision, on expiry of the month, a monthly settlement should be effected by the divisions with the treasuries in respect of the transactions of the entire division. Certificate of Treasury Issues (CTI) and Consolidated Treasury Remittances (CTR) to be sent to the divisions by Treasury Officer after reconciliation with the bank, were in arrears for a period of 24 months as of February 2002 in respect of one division** out of 8 test checked divisions. In the absence of reconciliation, the possibility of serious irregularities like fraud or misappropriation lying undetected could not be ruled out.

Huge liabilities on contractors' pending bills

4.1.8 Scrutiny revealed that 14 PWD divisions had accumulated liability of Rs.23.93 crore against pending bills of contractors/suppliers during the period 1981-82 to 2001-2002. Neither was any provision of funds made in the budget nor was any action taken by the department to clear the liabilities out of savings under capital section through timely re-appropriation. Creation of such huge liabilities in the absence of budgetary support is indicative of poor budgetary control.

** Sangram P.W.Division

Rush of expenditure in the last quarter of the year

4.1.9 The Chief Engineer controls fund flow through issue of Letter of Credit (LOC) to different divisions on receipt of authorisation from the Finance Department. The records of 13 divisions under Western zone revealed heavy rush of expenditure in the last quarter (January-March) of each year as shown in **Appendix – XXXII**

4.1.10 Financial rules require that Government expenditure be evenly distributed throughout the year. It would be seen from the **Appendix - XXXII** that expenditure during last quarter of each year ranged from 33 to 50 *per cent*. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure.

Implementation

Physical Target and Achievement

4.1.11 During the period from 1997-98 to 2001-2002, the department prepared an annual operating plan (AOP) and targets for construction of roads, bridges and buildings were fixed every year. Test check of records revealed that there were persistent shortfalls in achieving targets for construction of roads, bridges and buildings during 1997-98 to 2001-2002. The consolidated position for five years ending 2001-2002 is shown in **Appendix - XXXIII**.

4.1.12 It would be seen from the **Appendix - XXXIII** that the shortfall varied from 37 to 62 *per cent* in respect of roads, 4 to 39 *per cent* in respect of bridges and 35 *per cent* in respect of buildings.

4.1.13 The shortfall in physical performance occurred despite spending 93 *per cent* of budget provision.

Lack of planning resulted in abnormal delay in completion of works and cost overrun

4.1.14 Test check revealed that 16 divisions took up 62 schemes (52 roads, 2 bridges and 8 buildings) initially sanctioned for Rs.18.97 crore during the period 1980-81 and 1996-97 with the target date of completion between March 1984 and March 1998. Except for 17 works (10 roads, 1 bridge and 6 buildings) all other works remained incomplete as of March 2002 even after incurring an expenditure of Rs.40.10 crore as shown in **Appendix - XXXIV**. The reasons for cost overrun were attributable mainly to abnormal delay in completion of works with consequent increase in cost of materials and labour besides execution of extra/substituted items of work.

4.1.15 Thus, failure of the Government to review the progress of the schemes from time to time by co-ordinating with the implementing department coupled with not being able to complete the work as per target date resulted in cost overrun of Rs.21.13 crore for 62 schemes and time overrun of 24 to 240 months.

NEC Works

4.1.16 With a view to increase the airport facilities and improve the economic condition of the people through road communication of the State, the Planning Commission had approved three works for inclusion in the Ninth Five Year Plan of North Eastern Council (NEC). Accordingly, the NEC during the period from March 1997 to February 1999 accorded sanction for these works at a cost of Rs.34.18 crore. The details of these works are indicated in Appendix - XXXV.

4.1.17 All these three works were executed by the Pasighat PW Division during the period from March 1997 to December 1999 at a cost of Rs.13.55 crore. The irregularities noticed in implementation of these works are discussed in the succeeding paragraphs as under:

Wasteful expenditure of Rs.1.84 crore on development/improvement of existing airport at Pasighat for landing of 50 seater aircraft due to defective estimate

4.1.18 For construction of Pasighat airport, the NEC without receipt of Expenditure Finance Committee's (EFC) clearance from GOI accorded sanction (March 1998) for Rs.1.14 crore for security fencing and in September 1998 for Rs.2.15 crore for development of runway drainage system. The work started in March 1998 was stopped in August 1999 after incurring an expenditure of Rs.1.84 crore for want of EFC clearance. The reason for starting the work without receipt of EFC clearance was neither available on record nor stated. The project is due for completion in 2003-2004 at a total cost of Rs.25.74 crore.

4.1.19 Though the work was discontinued in August 1999, the department did not take any action to protect the already executed works including the materials kept at site and resultantly during flood of June 2002, severe damage was caused to the already executed works of runway and security fencing materials etc. The cost of repair of the damaged works was assessed as Rs.0.94 crore (including the loss of store materials, POL, T&P, etc., worth Rs.30.14 lakh) by the divisional officer. No action was taken by the department to restore the damaged work since the work had already been discontinued and ultimately abandoned (July 2001) at the behest of NEC.

4.1.20 It was noticed that Planning Commission (Project Appraisal and Management Division), New Delhi in May 2001 intimated the Deputy Secretary (NEC), Ministry of Home Affairs, New Delhi that in respect of the project, no viability analysis has been carried out and no details of revenue earnings etc., have been worked out for calculation of FIRR and EIRR and the basis on which the traffic estimate (assessed as 500 per week) was worked out had also not been furnished. He also expressed doubt whether 50 seater air craft are operational in the country particularly in the North Eastern Region. From the minutes of the meeting of the Standing Finance Committee (SFC) under the chairmanship of Secretary, NEC in November 2001, it was decided that no new airport will be undertaken unless and until the economic viability of the project is established. The scheme *abinitio* was faulty and was evidently floated without examining the economic viability of the scheme. The department also neither investigated the matter nor was any responsibility fixed for such lapses.

4.1.21 Thus, preparation of defective project report without working out the economic viability of the project led to abandonment of the work. Further, gross negligence in protecting Government assets and consequent non-functioning of the airport resulted in wasteful expenditure of Rs.1.84 crore.

Unproductive expenditure of Rs.11.71 crore due to discontinuance of the two works after partial execution

4.1.22 The Pasighat PW Division during 1996-98 took up the two works at Sl.No. 2 and 3 of the **Appendix - XXXV** without obtaining clearance from the Expenditure Finance Committee (EFC) and incurred an expenditure of Rs.11.71 crore (Inter State Road – Rs.7.76 crore and East West Highway – Rs.3.95 crore) on both these works upto December 1999. The reason for not obtaining EFC clearance before the commencement of the work had not been stated.

4.1.23 The department in August 1999 had suspended all the works in respect of both the schemes as the NEC stopped funding of the schemes in absence of EFC clearance. Reasons for funding of the scheme by the NEC without EFC clearance and arbitrarily stopping the work were not available on records. Though the department suspended the works in August 1999 the works of both the schemes were actually stopped by the implementing division in October 1999 (Inter State Road) and December 1999 (East West Highway) leaving the major portion of the work of the two roads incomplete. It was further seen that in the Standing Finance Committee meeting held in NEC Secretariat during November 2001 it was decided that no further work of the two schemes would be undertaken. The department also did not take any initiative to complete the remaining works of both the schemes out of State funds till June 2002.

4.1.24 Thus, taking up of the works without EFC clearance and the ultimate discontinuance of work of both the schemes after partial execution and the failure of the Government to provide funds for completion of the balance work, rendered the total expenditure of Rs.11.71 crore incurred so far unproductive for a period of over 5 years with the risk of damage/deterioration of the executed works owing to vagaries of nature. The purpose for which the two roads were undertaken also remained unachieved.

Wasteful expenditure due to taking up of work without ascertaining economical viability and technical feasibility

4.1.25 Between March 1992 and March 1993, the Government accorded sanction for Rs.32.00 lakh for formation cutting in connection with the realignment of Palin-Sangram road from 5 to 7 km. The work was taken up by the Sangram PW Division in 1991-92. While the work was in progress, the

Chief Engineer, Western zone directed (September 1994) the division to abandon the work as it was found neither economically viable nor technically feasible but without resorting to LOC cut. As a result, the division continued the work on the basis of LOC received from the department and completed formation cutting of 5.95 metres width after incurring an expenditure of Rs.33.00 lakh till December 1997. Thereafter, no further work was executed and the scheme stood finally abandoned. It was further seen that the division submitted (August 1998) a revised estimate for Rs.44.00 lakh to the higher authority to cover the liabilities incurred against the scheme, but no sanction to the revised estimate was accorded as of January 2002.

4.1.26 Thus, taking up of the scheme without ascertaining the economical viability and technical feasibility with proper survey and investigation had led to abandonment of the work after partial execution resulting in wasteful expenditure of Rs.33.00 lakh which would increase further with the payment of liability of Rs.10.65 lakh. This could have been reduced to the extent of Rs.22.00 lakh incurred between September 1994 and December 1997 had the CE not released LOC after September 1994.

Work done through casual labourers without recording outturn of work

4.1.27 According to Para 9.3 of CPWD Manual (Volume-II) the output of the daily labour should be commensurate with the expenditure incurred on their wages.

4.1.28 Test check of records revealed that the Capital 'A' PW Division executed the work of annual/special repair and maintenance of roads and buildings by engaging casual workers for 2050 mandays (skilled - 945; semi skilled - 715 and unskilled - 390) during the period from June 2001 to April 2002 and spent Rs.26.95 lakh towards payment of their wages without any recorded output of these labourers. The Hon'ble Minister (PWD) also adversely commented upon financial implication stating *inter alia* that no effort was made to correlate physical achievements with the overall expenditure. Further, the details of work done and the certificate to the extent that payments were made to the actual payees were not found recorded on muster rolls maintained by the divisions. In the absence of such records, the genuineness of these payments could not be vouchsafed by Audit and the scope of misuse of Government funds cannot be ruled out.

Material management

Reserve stock limit (RSL), book balance and ground balance - discrepancy thereof

4.1.29 Test check of record revealed that the Banderdewa, PW Store Division was holding ground balance of stock worth Rs.8.53 crore as of March 2002 against sanctioned (July 2001) RSL of Rs.5.95 crore. Thus, the division was holding excess stock worth Rs.2.58 crore over the sanctioned RSL. The reasons thereof were neither on record nor stated.

4.1.30 Further, from 1997-98 onwards there was a discrepancy of Rs.2.50 crore between ground balance (Rs.8.53 crore) and book balance (Rs.6.03 crore) which remained unreconciled as of March 2002. The division has not initiated any action to reconcile the discrepancies.

Unnecessary locking up of fund

4.1.31 Test check of records revealed that the Banderdewa Store Division was holding (1997-98) a stock balance of water supply materials like GI pipe, GI fittings etc., worth Rs.2.90 crore which were procured (1984-85 to 1992-93) prior to creation of Public Health Engineering Department (PHED). After creation of PHED (1995-96) it was decided (October 1998) by the Government that these materials were to be transferred to PHED on book transfer basis.

4.1.32 In this connection joint verification of water supply materials conducted by PWD and PHED in Store Sub-division No. I and II during 1998-99 resulted in lifting of materials worth Rs.3.45 lakh. As of June 2002 the balance materials worth Rs.2.87 crore remained idle in the Banderdewa Store Division.

4.1.33 It was further seen from records that the materials were not purchased against any particular project and 90 *per cent* of these materials were not required by PHED as these materials were not found suitable by the PHED because of larger size for installing water supply schemes in villages and small towns.

4.1.34 Thus, procurement of materials without any requirement by PWD led to unnecessary locking up of funds to the extent of Rs.2.87 crore for periods ranging from 10 to 18 years with the risk of deterioration/damage of materials due to prolonged storage.

Avoidable expenditure

4.1.35 The Executive Engineer, Banderdewa PWD Store Division placed (February 1996) supply order on a Kolkata based firm for supply of 5000 MT portland slag cement at Rs.2859 per MT ex-Jogigopa Rail head. As per terms and conditions of supply order 90 *per cent* payment was to be released on receipt of railway receipts (RR) and balance 10 *per cent* was to be released after receipt of materials. The despatch of materials was to be completed by the firm within 20 days from the date of receipt of supply order. It was seen that the firm despatched (May-June 1996) 6180.20 MT of cement in order to fulfill the complete rake load (Railway) against the quantity of 5000 MT as per supply order. The divisional officer had accepted 6145.05 MT valuing Rs.1.76 crore after rejecting the damaged quantity of 35.15 MT cement. Between May 1996 and February 1998, the division paid Rs.0.91 crore to the firm and the balance amount of Rs.0.85 crore remained unpaid due to non-availability of funds.

4.1.36 In October 1996, the firm requested the Chief Engineer to release the overdue payment as otherwise the department would be obliged to pay interest for such delay in making payment. The firm also issued (May 1997) a notice to the Chief Secretary to the Government of Arunachal Pradesh as required under civil procedure code before filing a money suit for recovery of outstanding bills. No action was taken by the Government/ department to clear the outstanding payment.

4.1.37 Failing to obtain the payment from the department, the firm filed (January 1999) a case in the Calcutta High Court. The Hon'ble High Court decreed (September 2001) the case in favour of the firm according to which department was to pay the sum of Rs.0.85 crore with interest thereon at the rate of 18 *per cent* per annum from 29.6.1996 from which date the aforesaid amount became due and payable until realisation of the decretal dues. As the payment was delayed further, the Hon'ble High Court directed (6 March 2002) the Reserve Bank of India (RBI), Kolkata to hand over Rs.1.71 crore to the firm within a month. Accordingly, the RBI made payment of Rs.1.71 crore (April 2002) to the firm by debiting the State Government account with RBI.

4.1.38 Thus, purchase of materials without making necessary provision of funds resulted in delay in payment of supply bills of the firm and consequential avoidable expenditure of Rs.0.86 crore (Rs.1.71 crore - Rs.0.85 crore) on payment of interest.

Accounting management

Outstanding amount under Cash Settlement Suspense Account (CSSA)

4.1.39 The Government of Arunachal Pradesh, Finance (Budget) Department had decided to stop the system of Cash Settlement Suspense Accounts (CSSA) with effect from 1 April 1998 in respect of transfer of materials between divisions and accordingly introduced prepayment system (cash and carry system) for transfer of materials from that date.

4.1.40 Test check of records, however, disclosed that claims of Rs.9.43 crore (inward: Rs.6.64 crore, outward: Rs.2.79 crore) pertaining to the period from 1974-75 to 1997-98 under CSSA have been lying unadjusted as of March 2002 against 10 divisions. The divisions did not initiate any action to clear the outstanding claims against them as yet and the reason thereof was not on record.

Procurement of materials under DGS&D rate contract

4.1.41 Test check of records revealed that adjustment of works miscellaneous credit (WMC) memos issued by the AG (A&E), Shillong was not carried out by six divisions in 96 cases involving Rs.1.36 crore pertaining to the period from November 1982 to February 1997 (March 2002). Thus, materials worth Rs.1.36 crore for which payments were made by DGS&D were kept out of accounts of the concerned divisions which thereby failed to reflect a true and fair picture of the transactions of stores and stocks. The divisions stated that adjustments could not be made due to funds not being available. This indicates imprudent placing of demands with DGS&D without assessing the feasibility for availability of required funds besides not being able to project correct expenditure in the accounts for appraisal of the State Legislature.

Manpower management

Variation between sanctioned strength and men-in-position

4.1.42 The department had not formulated any staffing pattern. However, the sanctioned strength (SS) and men-in-position (MIP) during the period from 1997-98 to 2001-2002 were as shown in **Appendix – XXXVI**.

4.1.43 It would be seen from **Appendix – XXXVI** that the vacant posts under Class II (T) and Class III (T), directly linked with the implementation of works programme, ranged between 5 to 12 *per cent* of the sanctioned strength. The vacancies under Class II (NT) and Class III (NT) ranged between 2 and 15 *per cent* of the sanctioned strength. The reasons for vacancies, however, were neither on record nor stated. Further, the ratio between technical and non-technical staff (in position) during last 5 years was 1: 1.5. The PWD being a technical department the entertainment of huge staff under non-technical category appears to be injudicious.

Expenditure on work-charged establishment in excess of permissible limit

4.1.44 As per provisions in every individual estimate of an original work under Plan head of accounts, 2 *per cent* of the estimated cost is earmarked for meeting the expenditure on payment to work charged staff by charging direct to concerned work.

4.1.45 Test check of records revealed that 1 division under Eastern zone and 13 divisions under Western zone had incurred expenditure of Rs.74.19 crore on payment to work charged staff during 1997-98 to 2001-2002 ranging from 19 *per cent* to 30 *per cent* resulting in excess expenditure of Rs.68.06 crore (Rs.74.19 crore – Rs.6.13 crore being 2 *per cent* of works expenditure of Rs.306.70 crore during 1997-2002) due to excess entertainment of work charged staff.

4.1.46 This had unnecessarily over-burdened the work estimate for which no justification could be furnished by the department. No action was initiated to retrench the surplus staff or utilise their services gainfully by diverting them elsewhere.

Unnecessary expenditure towards payment of salaries on retention of idle manpower

4.1.47 The Public Works Department is maintaining a central store division at Banderdewa with 43 regular staff (RS) 84 work charged staff (WC) and 129 casual labourers (CL) to hold stock materials of entire PWD as of March 2002. Scrutiny of records revealed that the division incurred expenditure of Rs.2.32 crore (RS: Rs.0.94 crore; WC&CL: Rs.1.38 crore) during 2000-2001 to 2001-2002 towards entertainment of above mentioned staff although the transaction under "Stock Suspense" during the period was very negligible (Receipt of stock: Nil and Issue of stock: Rs.8.27 lakh). It was also seen that the payments to work charged and casual staff were made during the period without any outturn of work. Thus the expenditure incurred against the entertainment of staff was not commensurate with the work load of the division resulting in idle manpower. Exact number of idle staff could not be assessed due to non-formulation of staffing pattern by the department. No action was, however, initiated by the department till the date of audit (July 2002) to assess the actual number of idle staff for utilisation of their services elsewhere.

Monitoring and evaluation

4.1.48 The work of monitoring cell is looked after by the Superintending Surveyor of works of the respective zone. The activities of the monitoring cell are confined to conventional method of compilation of progress reports received from executing divisions. No evaluation on the impact of the implementation of works programmes was conducted either by the department or by Government (June 2002).

4.1.49 The matter was reported to Government in August 2002; reply has not been received (December 2002).

Recommendation

4.1.50 The audit recommendations are as follows :

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
- Materials should be procured as per requirement of the works.
- Excess expenditure on work-charged staff may be avoided.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.2 Review of Irrigation and Flood Control Department including manpower management

Highlights

The review highlights defective budgeting, failure to bring more areas under irrigation, delay in completion of irrigation schemes, unfruitful and wasteful expenditure and excess entertainment of work charged staff. Evaluation of functioning of irrigation schemes to assess their impact on socio-economic upliftment of poor farmers had not been made. The Government had not prepared a long term policy to cover the entire estimated cultivable command area under irrigation in a time bound manner.

Budgeting of the department was defective

(Paragraph 4.2.6)

Out of the irrigation potential of 15417 ha created during 1997-98 to 2001-2002 only 4165 ha (27 *per cent*) was utilised for irrigation purpose and the balance 11252 ha (73 *per cent*) remained unutilised as of March 2002.

(Paragraph 4.2.14)

932 irrigation schemes due to be completed during the period from March 1997 to March 2002 were not completed although an expenditure of Rs.30.00 crore was incurred as of April 2002.

(Paragraph 4.2.15)

Delay in completion of 22 irrigation schemes led to consequential cost overrun of Rs.0.81 crore, and time overrun in respect of 34 irrigation schemes ranged from 2 to 9 years though an expenditure of Rs.1.64 crore was incurred.

(Paragraphs 4.2.16 and 4.2.17)

Taking up of survey and investigation of two irrigation schemes in-spite of adverse feasibility reports submitted by the Executive Engineer and lack of initiative in finalisation of DPR in respect of one project, resulted in unfruitful expenditure of Rs.2.03 crore.

(Paragraphs 4.2.18 to 4.2.21)

Procurement of materials in excess of requirement resulted in idle investment of Rs. 0.58 crore.

(Paragraphs 4.2.30 to 4.2.32)

7688 work orders valued Rs.26.68 crore were issued between 1997-98 and 2001-2002 by the 3 divisions without calling for tenders and work orders amounting to Rs.25.48 crore were issued in excess without regard to emergency/urgency norms.

(Paragraphs 4.2.33 to 4.2.35)

Excess entertainment of work-charged staff resulted in extra expenditure of Rs. 2.73 crore.

(Paragraphs 4.2.42 to 4.2.44)

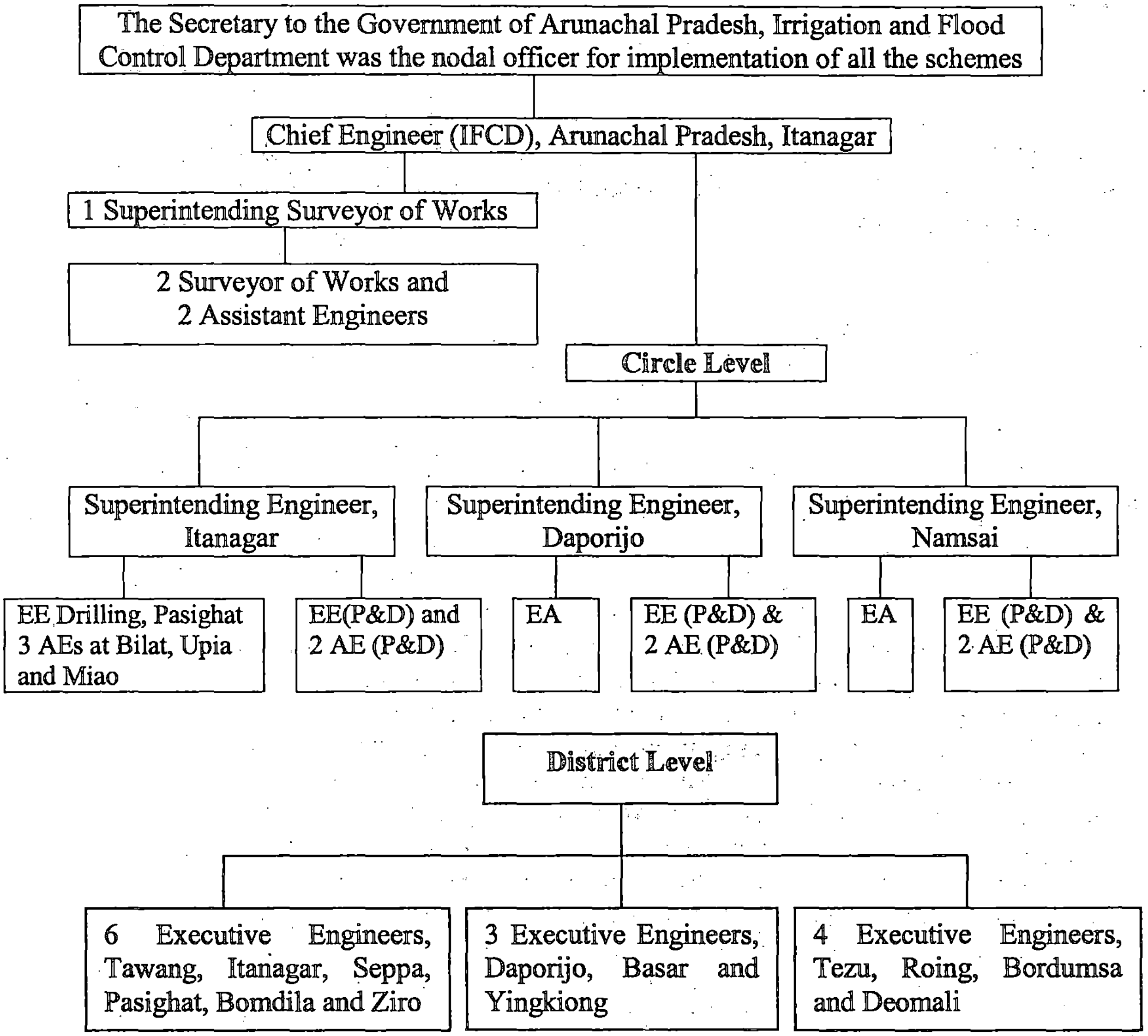
Introduction

4.2.1 In Arunachal Pradesh the total area of land is 83.74 lakh hectare (ha) comprising total cultivable land of 50.24 lakh ha and uncultivable land of 33.50 lakh ha. However, ultimate irrigation potential of the State was assessed at 3.60 lakh ha by the Water and Power Consultancy Services (WAPCOS) India Limited. The Irrigation and Flood Control Department (IFCD) was created in 1995-96 for providing irrigation facilities in cultivable land and preservation of existing water resources. Prior to creation of IFCD, the work relating to minor irrigation projects (MIP) was executed by Rural Works Department (RWD) and of flood control by Public Works Department. The department is mainly responsible for formulation, implementation, operation and maintenance of minor irrigation schemes in the State. As a part of implementation of the schemes, the department is to provide assured irrigation facilities in entire agricultural land for optimising food grain production as well as to raise the income level of the poor farmers. Upto 2001-2002 the total area brought under irrigation was 30.15 lakh ha which constituted 60 *per cent* of the cultivable land. As of May 2002, there are no major or medium irrigation projects in the State.

Organisational set up

4.2.2 The organisational structure for implementation of the programmes is detailed below:

Chart 4.2



Audit coverage

4.2.3 The records of the Chief Engineer, IFCD, Itanagar and Executive Engineers of Itanagar, Ziro, Basar, Roing, Daporijo, Pasighat and Drilling Division, Pasighat (located in the districts of Papumpare, Lower Subansiri, West Kameng, Dibang Valley, Upper Subansiri and East Kameng) for the period from 1997-1998 to 2001-2002 were test checked (50 *per cent*) and expenditure of Rs.90.45 crore (54 *per cent*) of the total expenditure of Rs.168.31 crore of 14 divisions was covered during the period January-June 2002. Important points noticed in test check are bought out in the succeeding paragraphs.

Financial Management

4.2.4 The budget provisions and expenditure incurred during the five years period ending March, 2002 were as under:

Revenue section :

Table 4.3

(Rupees in crore)

Year	Budget provision	Amount surrendered	Final modified grant	Release of fund by Finance Department	Expen-diture	Variation between modified grant with actual expenditure Savings(-)/ Excess(+)
1997-1998	30.74	2.93	27.81	20.31	20.30	(-) 7.51
1998-1999	28.36	11.18	17.18	17.18	17.17	(-) 0.01
1999-2000	25.15	--	25.15	25.15	21.40	(-) 3.75
2000-2001	67.10	--	67.10	67.10	46.34	(-) 20.76
2001-2002	66.70	16.04	50.66	66.54	44.04	(-) 6.62
Total	**218.05**	**30.15**	**187.90**	**196.28**	**149.25**	**(-) 38.65**

Source : Department

4.2.5 The details above indicate the following shortcomings in financial control and discipline.

Defective budgeting

4.2.6 Persistent significant savings between the budget provision and actual expenditure even after surrendering Rs.30.15 crore during 1997-2002 showed that estimates of expenditure prepared in March (at the time of proposing surrender of provision) were defective and control over expenditure was inadequate. Failure on the part of the controlling officers to surrender the entire savings resulted in under-utilisaton of fund to the extent of Rs.38.65 crore and the Finance Department was consequently unable to re-allocate such savings to other departments, where funds would have been required.

Capital section :

Table 4.4

(Rupees in crore)

Year	Budget provision	Amount surrendered	Final modified grant	Fund released by Finance Department	Expen-diture	Savings with reference to modified grant and expenditure
1997-1998	6.78	1.09	5.69	5.69	5.69	--
1998-1999	7.00	0.67	6.33	6.33	6.33	--
1999-2000	16.04	10.11	5.93	5.93	5.93	--
2000-2001	6.28	-	6.28	6.28	6.28	--
2001-2002	5.47	-	5.47	5.47	5.47	--
Total	**41.57**	**11.87**	**29.70**	**29.70**	**29.70**	**--**

Source : Department and detailed Appropriation Accounts

4.2.7 Surrender of funds of Rs.11.87 crore (40 *per cent*) out of the total budget provision of Rs.29.82 crore during 1997-1998 to 1999-2000 indicated over provisioning of funds and defective estimate of expenditure.

Rush of expenditure in the last quarter of the year

4.2.8 The Chief Engineer controls fund flow through issue of LOC to different divisions on receipt of authorisation from the Finance Department. The records of 5 test checked divisions (Itanagar, Ziro, Pasighat, Roing and Pasighat Drilling IFC Division) out of 14 divisions revealed heavy rush of expenditure in the last quarter (January-March) of each year as under:

Table 4.5

(Rupees in crore)

Year	Total expenditure	Expenditure during January-March	Percentage of expenditure during last quarter over the total expenditure
1997-1998	9.58	3.39	35
1998-1999	6.20	2.97	48
1999-2000	8.82	3.26	37
2000-2001	18.41	12.29	67
2001-2002	19.70	14.39	73

Source : Department

4.2.9 Financial rules require that Government expenditure be evenly distributed throughout the year. It would be seen from the table that expenditure during last quarter of each year from 1997-1998 to 2001-2002 ranged from 35 to 73 *per cent,* showing an increasing trend over the years except for the year 1999-2000 which was against the rules. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure.

Failure to bring more areas under irrigation

4.2.10 As the topography of the State does not permit significant increase in the net area sown under food grain cultivation, the creation of irrigation potential is an alternative to increase food grain production in the State. The annual plan proposals emphasised creation of irrigation potential by development of irrigation projects to maximise the food grain production in the State. The year wise target, actual production and productivity per hectare (ha) of food grain of the State during 1997-1998 to 2001-2002 are given in **Appendix - XXXVII**. It would be seen from **Appendix - XXXVII** that the production of food grains in the State remained almost constant because the area brought under cultivation remained near constant. The Government had also not prepared a long term policy to cover the entire estimated cultivable command area under irrigation in a time bound manner and the reason thereof was not furnished. It is clear that this was largely due to failure to bring more areas under irrigation as discussed in the succeeding paragraphs.

Target and achievement

4.2.11 Against 3.78 lakh ha irrigation potential area (surface water: 3.60 lakh ha and ground water 0.18 lakh ha) assessed in the State, the department could create irrigation potential of 1.06 lakh ha of which only 0.46 lakh ha was brought under cultivation and 0.60 lakh ha remained unutilised for the purpose of cultivation till March 2002. Thus the department failed to play a significant role in coverage of cultivable area under irrigation for development of agriculture.

4.2.12 The reason for this gap in utilisation of created potential was however, attributed by the department to lack of proper maintenance of irrigation projects for want of adequate maintenance grant, on farm development work not being taken up resulting in low cropping intensities, low irrigation intensities and project deficiencies, recommended cropping patterns not accepted by the farmers, etc.

Shortfall in achievement of targets

4.2.13 The physical target fixed for minor irrigation projects and achievement made thereagainst during five years period ending 31 March 2002 were as under :

Table 4.6

(In hectare)

Year	Minor Irrigation Projects			Percentage of excess/shortfall
	Target	Achievement	Excess(+) Shortfall(-)	
1997-1998	3323	4676	(+) 1353	(+) 41
1998-1999	3687	3215	(-) 472	(-) 13
1999-2000	1510	1497	(-) 13	(-) 1
2000-2001	4029	4029	--	--
2001-2002	2000	2000	--	--
Total	**14549**	**15417**	**(+) 868**	**(+) 6**

Source : Department

4.2.14 It would be seen from above that the department covered an excess area of 1353 ha in 1997-98 but there was shortfall in coverage of 472 ha in 1998-99 and 13 ha in 1999-2000 respectively. Further, out of the irrigation potential of 15417 ha created during 1997-1998 to 2001-2002, only 4165 ha (27 *per cent*) was utilised for cultivation and balance 11252 ha (73 *per cent*) remained unutilised as of March 2002.

Inefficiency in the implementation of irrigation projects

4.2.15 For providing assured irrigation to agricultural land, the IFCD has been implementing minor irrigation projects using surface as well as ground water since inception (1995-96). The department completed 1339 irrigation projects (minor irrigation project: 1238 and command area development: 101) at a cost of Rs.95.37 crore for a command area of 37047 ha covering 40265 beneficiaries till March 2002 as detailed in **Appendix - XXXVIII**. Further, 932 irrigation schemes were sanctioned at a cost of Rs.77.88 crore between 1992-93 and 1999-2000, for coverage of 23556 ha and the schemes were targeted for completion during March 1997 to March 2002 (932 schemes). However, none of these schemes (932 schemes) were completed as of April 2002 although an expenditure of Rs.30.00 crore was incurred by the department till March 2002 (**Appendix - XXXIX**).

Delay in completion of schemes with consequential cost overrun

4.2.16 Test check of 22 irrigation schemes in 8 divisions revealed that an expenditure of Rs.3.62 crore was incurred during the years 1988-1989 to 2001-2002 against the original estimated cost of Rs.2.81 crore resulting in cost overrun of Rs.0.81 crore (29 *per cent*). There was time overrun in respect of 22 schemes ranging from 2 to 8 years from the targeted date of completion (**Appendix - XL**) which would increase further in respect of 20 schemes yet to be completed. The cost overrun was attributable mainly to abnormal delay in completion of works with consequential increase in cost of material and labour besides execution of extra items of works. The delay in completion of works was, however, attributed by the department (January 2002) to insufficient flow of funds. This is not borne out by the facts as there was substantial saving of funds during 1997-2002.

4.2.17 Further, during 1990-1991 to 1997-1998, 34 irrigation schemes were taken up by 6 divisions at a sanctioned cost of Rs.3.00 crore (revised Rs.3.25 crore) for coverage of 1136 ha with targeted date of completion between 1993-1994 to 1999-2000. None of these schemes were completed although an expenditure of Rs.1.64 crore was incurred with a partial coverage of 396 ha as of March 2002 (**Appendix - XLI**) resulting in time overrun of 2 to 9 years which would increase further till the completion of the schemes. Due to delay in completion of these projects, the farmers were deprived of the irrigation facilities. For want of sufficient information/records relating to old period with the implementing agencies, audit could not analyse the various reasons responsible for the time overrun.

Unfruitful expenditure

4.2.18 For survey and investigation of (i) Abapani Irrigation cum Micro Hydel Project, (ii)Deopani Irrigation cum Micro Hydel Project and (iii) Laxmi Lift Irrigation scheme, the Government of Arunachal Pradesh, PWD sanctioned (March 1991) Rs.3.66 crore (Rs.1.22 crore for each project). These sites were identified by Central Water Commission (CWC) during December

1987. Records revealed that well before taking up these projects, the Executive Engineer, RWD, Roing intimated (May 1991) the Chief Engineer, RWD, that it was not feasible to locate all the three projects at the proposed site as the silting as well as seepage rate of surrounding soil of Abapani and Deopani rivers is very high and as such no permanent structure would be stable. Moreover, the discharge of the sources of proposed Abapani Irrigation cum Micro Hydel Project and Laxmi Irrigation Scheme was very low for taking up such projects. The Executive Engineer also suggested not to take up these projects at such a huge amount of Rs.3.66 crore to avoid wastage of money. Contrary to the suggestion of Executive Engineer, the work was entrusted (July 1991) to CWC as deposit work with the target date of completion as June 1994.

4.2.19 It was noticed that during survey and investigation of these projects, a joint inspection was conducted (February 1992) by the RWD and CWC and after inspection it was decided to suspend the survey and investigation work of Abapani Irrigation cum Micro Hydel Projects and Laxmi Lift Irrigation scheme on the ground that these schemes were not viable. Accordingly, the works of these two projects were closed (March 1992) after incurring an expenditure of Rs.8.38 lakh (Abapani Project: Rs.5.14 lakh; Laxmi Project: Rs.3.24 lakh).

4.2.20 The survey and investigation work of Deopani Irrigation cum Micro Hydel Project was, however, in progress as of March 2002 although the project was scheduled to be completed by March 1994 which was extended upto March 1997. The scope of work of Deopani project was also increased in view of provision of a pick up barrage down stream of the existing power house of Abapani river resulting in increase of expenditure and duration of investigation works. Accordingly, the project cost was revised to Rs.1.99 crore in September 1995 and sanctioned in March, 1997. The interim report submitted in February 1999 by CWC to IFCD did not include the revised change in scope and design of the project entirely and hence became out dated. The Chief Engineer, IFCD suggested (December 2001) updating of the report incorporating all the salient features derived from subsequent studies and requested the CWC to ensure timely submission of draft project report (DPR) as the department had already included the project proposal in the tenth Five Year Plan and any further delay would cause set back to the physical and financial targets of the project. However, no final DPR was submitted by the CWC although an expenditure of Rs. 1.95 crore had already been incurred by the department as of March 2002.

4.2.21 Thus, due to taking up of survey and investigation of these projects inspite of adverse feasibility reports submitted by the Executive Engineer RWD, Roing, the department incurred an unfruitful expenditure of Rs.8.38 lakh on survey and investigation of Abapani Irrigation cum Micro Hydel Projects and Laxmi Lift Irrigation scheme. Further, due to delay in finalisation of DPR on Deopani Irrigation cum Micro Hydel Project even after a lapse of 8 years from the schedule date of completion (March 1994), the expenditure of Rs.1.95 crore also remained unfruitful as of March 2002 and the intended beneficiaries were deprived of the benefit of the scheme. Thus, in respect of 3 projects (Abapani, Laxmi and Deopani Irrigation Project), the total expenditure of Rs.2.03 crore remained unfruitful as of March 2002.

Idle investment

4.2.22 Test check of records revealed that between 1989-90 and 1996-97 Yiongkiong, Deomali and Ziro IFC Divisions took up 4 irrigation schemes at Adipasi village, Sipnipather, Yazali and Sangram at a sanctioned cost of Rs.22.55 lakh for covering 167 ha command area with the target date of completion between March 1998 and March 2000. It was seen that the works of two schemes at Adipasi and Sipnipather under Yiongkiong and Deomali divisions were stopped (March 1998) after incurring an expenditure of Rs.15.19 lakh as the revised estimate of the work was not sanctioned and the two other schemes at Yazali and Sangram were discontinued after incurring an expenditure of Rs.4.15 lakh without any physical achievement due to land dispute. The nature of dispute was, however, not available on record. No action was taken to revive these schemes till March 2002.

4.2.23 Thus, inaction of the department to revive the scheme during last 4 to 5 years led to the entire investment of Rs.19.34 lakh remaining idle with the risk of damage/deterioration of the executed works owing to vagaries of nature.

Undue financial aid to contractor

4.2.24 As per analysis of rate adopted in Arunachal Pradesh Schedule of Rates (APSR)- 1992 the cost for the work "Providing and laying boulder crated wall with boulders of size 150 to 300 mm including dumping/laying in sausage wire net etc." was Rs.428.10 per cum including the cost of boulder with a lead of 15 km.

4.2.25 Test check of records revealed that the Roing IFC Division took up the work of anti-erosion work at Deopani river to protect Roing township at an estimated cost of Rs.2.31 crore as sanctioned (March 2000) by the Government of India followed by administrative approval and expenditure sanction accorded by the Government of Arunachal Pradesh in November 2000 (Rs.1.56 crore) and December 2001 (Rs.0.74 crore). Technical sanction of the work was not accorded (May 2002). The work was, however, completed in January 2002.

4.2.26 It was noticed that between December 2000 and January 2001 the division executed 7522 cum works for providing and laying boulder crated wall with boulders of size 150 to 300 mm including the cost of boulders through contractors without call of tenders. Between February 2001 and January 2002, the contractors were paid Rs.44.93 lakh at the rate of Rs.428.10 per cum plus cost index ranging from 39.15 to 43.15 *per cent*. The contractors were also paid Rs.17.09 lakh @ Rs.225.80 and Rs.240.10 per cum being cost of carriage of boulder extra from quarry to work site with a lead of 15 km.

4.2.27 According to the APSR-1992, cost of the boulder was considered with a lead of 15 km only and hence no extra charge for carriage was admissible to contractors. The payment of carriage charge of boulders, thus, resulted in an extra expenditure of Rs.17.09 lakh and resultant in undue financial aid to contractor.

Extra expenditure

4.2.28 According to the corrigendum issued by Government of Arunachal Pradesh in May 1996 the enhancement at the rate of 7½ *per cent* per annum over APSR'92 in respect of the works like earthwork in foundation, random rubble masonry and dry course wire crated boulder bund etc. is applicable from May 1997 (1997-98). The enhancement of rate applicable year wise is as under:

1997-1998	:	7½ *per cent* over APSR'92
1998-1999	:	15 *per cent* over APSR'92
1999-2000	:	22 ½ *per cent* over APSR'92
2000-2001	:	30 *per cent* over APSR'92
2001-2002	:	37 ½ *per cent* over APSR'92

4.2.29 Test check of records of Ziro IFC Division and Pasighat Drilling Division revealed that between January, 2001 and March, 2002 the divisions, through contractors, executed earthwork in foundation, random rubble masonry, dry course wire crated boulder bund etc., for flood damage repair, construction of MIP and residential buildings etc. at a cost of Rs.0.56 crore. The rates were allowed as per APSR'92 plus enhancement of rates by 45 to 60 *per cent* over APSR'92 against the approved rates of 30 to 37.5 *per cent* over APSR'92. Accordingly the amount payable to contractors was computed to Rs.0.50 crore (**Appendix - XLII**). Thus due to wrong computation of rates there was an extra expenditure of Rs.6.00 lakh.

Material Management

Materials procured at a cost of Rs.0.58 crore lying unutilised

4.2.30 Financial rules of the Government require that materials should be purchased in accordance with definite requirements and should not be procured in excess of actual requirements.

4.2.31 Test check of records of one department and two divisions revealed that materials like sluice gate, irrigation gate, water supply materials and T&P materials etc., valued at Rs.0.58 crore were lying unutilised in stores as of June 2002, as detailed in **Appendix – XLIII**.

4.2.32 Thus procurement of materials without assessing the actual requirement resulted in locking up of funds of Rs.0.58 crore for a period ranging from 4 years to 22 years besides the risk of likely deterioration of materials due to prolonged storage. After 8 years of the procurement of 32,468 sq.ft. of sluice gate and 2,695 sq.ft. of irrigation gate valued Rs.0.20 crore, the department failed to issue any quantity of the materials till date. No action had been taken for disposal of the idle stock, reasons for which were neither on record nor stated (December 2002).

Flouting of delegated powers

Irregular issue of work orders

4.2.33 According to delegation of financial powers, the Executive Engineer is empowered to issue work orders without call of tenders in emergency cases upto Rs.1.00 lakh per work order with an annual limit of Rs.8.00 lakh. Besides, he should ensure that the sum total of all such orders does not exceed this limit prescribed in the rules.

4.2.34 Test check of records of three divisions (Pasighat IFC Division, Ziro IFC Division and Pasighat Drilling Division) revealed that between 1997-1998 and 2001-2002 the divisions without calling for tenders issued 7688 work orders valuing Rs.26.68 crore resulting in excess issue of work orders over the ceiling limit amounting to Rs.25.48 crore (**Appendix - XLIV**) though there was no emergency/urgency.

4.2.35 The reasons for issue of work orders without calling for tenders, in total disregard to the delegated financial powers, were neither on record nor stated. This irregular procedure followed by the divisions not only resulted in the department not being able to avail of the benefit of competitive rates available in calling of tenders but also fraught with the danger of jeopardising the best interest of Government.

Irregular issue of supply orders

4.2.36 According to delegation of financial powers, the Executive Engineer is empowered to make local purchases upto Rs.30,000 per item subject to an annual limit of Rs.3.10 lakh. Rules further provide that in all such cases of local purchases, quotations/tenders should be invited from manufacturers and recognised dealers so as to get the materials at competitive rates.

4.2.37 It was noticed that contrary to these provisions, Pasighat and Ziro IFC divisions between 1997-1998 and 2001-2002 issued 604 supply orders (Pasighat – 339, Ziro – 265) valuing Rs.1.23 crore to various firms without inviting quotations/tenders resulting in excess issue of supply orders valued Rs.0.92 crore over the prescribed ceiling limit. The reasons for issue of supply orders without inviting quotations/tenders were neither on record nor stated. The irregular issue of supply orders was not regularised by obtaining *ex-post facto* sanction from the higher authority.

Participatory irrigation management not developed

4.2.38 As per the policy adopted by the Government of India, all the State Governments were to introduce participatory irrigation management (PIM) where the responsibility for operation, maintenance and management should be transferred to the farmer's association. No such PIM had been introduced by the State Government. The department incurred expenditure of Rs.6.94[1] crore during the 5 years period ending 31 March 2002 on operation and maintenance of completed projects, which could have been avoided had the completed projects been handed over to farmers' association.

4.2.39 The department stated (May 2002) that the farmers' association or water users' association are being formed for handing over the completed irrigation schemes for maintenance by the farmers themselves in future.

Manpower management

Variation between sanctioned strength and men-in-position

4.2.40 The Irrigation and Flood Control Department is following the norms and staffing pattern as adopted by the erstwhile Rural Works Department. The sanctioned strength (SS) and Men-in-position (MIP) of the department were as under:

Table 4.7

(In numbers)

Cadre	Sanctioned Strength (SS)		Men-in-position (M-I-P) 1997-98 to 2001-2002		Variation between SS and M-I-P Excess (+)/ Shortfall (-)		Percentage	
	T	NT	T	NT	T	NT	T	NT
Class I	32	-	26	--	(-) 6	--	(-) 19	--
Class II	178	6	72	5	(-)106	(-) 1	(-) 60	(-)17
Class III	241	430	185	247	(-) 56	(-) 183	(-) 23	(-)43
Class IV	8	227	46	77	(+) 38	(-) 150	(+)475	(-)66
Total	459	663	329	329	(-) 130	(-) 334		

(T: Technical, NT: Non-Technical)
Source: Department

4.2.41 While the vacant posts under Class II (NT) were minimal, the vacant posts under Class II (T) and Class III (T), directly linked with the implementation of irrigation activities, were between 23 to 60 *per cent* of the sanctioned strength. The vacancies under Class III and Class IV (NT) ranged between 43 to 66 *per cent*. The men-in-position under Class IV (T) is 475 *per cent* above the sanctioned strength. The reasons for vacancies or excess entertainment of staff under Class IV (T) were neither on record nor stated.

Expenditure on work-charged establishment in excess of permissible limit

4.2.42 As per provisions contained in CPWD Manual Volume II, in every individual estimate of an original work under plan head of accounts, 2 *per cent* of the estimated cost is required to be earmarked for meeting the expenditure on payment to work charged staff by charging direct to concerned work.

[1] 1997-98 – Rs. 0.93 crore, 1998-99 – Rs. 0.60 crore, 1999-2000 – Rs. 1.12 crore, 2000-2001 – Rs.2.27 crore and 2001-2002 – Rs.2.02 crore.

4.2.43 Test check of records of Chief Engineer IFCD, Arunachal Pradesh revealed that during the period from 1997-1998 to 2001-2002, the department incurred expenditure of Rs.5.26 crore on payment of work charged staff against the permissible expenditure of Rs.2.53 crore (2 *per cent* of Rs.126.64 crore on works expenditure) which resulted in extra expenditure of Rs.2.73 crore (Rs.5.26 crore – Rs.2.53 crore) on entertainment of excess work charged staff *i.e.* over 107 *per cent* of the permissible limit. The details are indicated below:

Table 4.8

(Rupees in crore)

Year	Works expenditure	Expenditure on work charged establishment	Percentage
1997-1998	18.33	0.41	2
1998-1999	15.25	0.60	4
1999-2000	15.83	1.27	8
2000-2001	40.40	1.44	4
2001-2002	36.83	1.54	4
Total	**126.64**	**5.26**	

(Permissible expenditure on W.C. Estt: 2 *per cent* of Rs.126.64 crore *i.e.* Rs.2.53 crore)

4.2.44 This had unnecessarily over-burdened the work estimates for which no justification could be furnished by the department. No action was initiated to retrench the surplus staff or utilise their services gainfully by diverting them elsewhere.

Monitoring and evaluation

4.2.45 The implementation of the schemes was monitored through routine monthly progress report received from the executing divisions and by site inspection. But it is seen that in respect of the completed schemes, the cost-benefit ratio of their utility had not been ascertained in any of the divisions test checked so as to assess their financial viability. Evaluation of functioning of irrigation schemes in the State had not been done to assess their impact on socio-economic upliftment of beneficiaries and taking remedial measures for future. As such, performance of the department remained unassessed.

4.2.46 The matter was reported to Government in August 2002; reply has not been received (December 2002).

Recommendations

4.2.47 The audit recommendations are as follows :

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
- In order to avoid operation and maintenance expenditure, completed irrigation scheme should be handed over to the farmers' association for its maintenance at the earliest.
- The irrigation projects need to be monitored by prescribing periodical returns and evaluated to assess their impact on agricultural production and upliftment of beneficiaries.
- Excess expenditure on work-charged staff should be avoided.

CHAPTER IV

SECTION-B
AUDIT PARAGRAPHS

SECTION – B – PARAGRAPHS

PUBLIC WORKS DEPARTMENT

4.3 Unfruitful expenditure on Miao-Vijayanagar road

Improper work and survey without obtaining Environment and Forest clearance certificate by the Jairampur Public Works Division led to an unfruitful expenditure of Rs.2.75 crore for a period of over 12 years

4.3.1 Forest (Conservation) Act 1980, prohibits use of forest land for non-forest purposes without prior approval of the Government of India. The Government of India also clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of approval was not permissible and that request for *ex-post facto* approval would not be entertained.

4.3.2 Contrary to these provisions, the Jairampur Public Works Division, on the basis of administrative approval and expenditure sanction of 8 estimates of the improvement work of the Miao-Vijayanagar road by the Government (upto March 2000), incurred a total expenditure of Rs.2.56 crore between February 1989 and October 2001 at various chainages without obtaining forest clearance certificate from the Government of India. The Forest Department had been raising objections since 1996 against execution of the work as the 157 km jeepable road from Miao to Vijayanagar constructed in 1974-75 passed through 9.43 km stretch of reserve forest and another 122.57 km stretch passed through Namdapha National Tiger Project. The balance 25 km stretch passed through unclassified state forest. The reasons for according sanction for eight estimates for widening of the road by the Government and survey and investigation work by the NEC without obtaining forest clearance certificate were neither available on record nor stated. It was also seen (December 2001) that the division during the period from August 1999 to March 2001 incurred a further expenditure of Rs.0.19 crore towards detailed survey and investigation work for improvement of the road against a sanctioned amount of Rs.15.73 lakh (December 1997) by the North Eastern Council (NEC). The department had not initiated any action on the survey report submitted (July 2000) by the consultant. Meanwhile, the department, realising the remote possibility of getting Environment and Forest clearance certificate, suspended all works on the Miao-Vijaynagar road with effect from July 2000.

4.3.3 Thus, due to failure in complying with the codal provisions, the department had to suspend the said work which led to an unfruitful expenditure of Rs.2.75* crore incurred over a period of 12 years with the risk of damage/deterioration of the executed works owing to vagaries of nature and the beneficiaries remained deprived of the intended benefits.

4.3.4 The matter was reported to the Government in April 2002; reply has not been received (December 2002).

4.4 Infructuous expenditure on development of land at Itanagar

Expenditure of Rs.0.51 crore became infructuous due to failure on the part of the D.C., Papumpare and the Director, Animal Husbandry & Veterinary Department, Nirjuli to ensure that the land allotted was free from all encumbrances

4.4.1 The Government agreed in principle (May 1995) to allot a plot of land measuring 200 acres behind Donyl Polo Vidya Bhawan at Itanagar for the purpose of shifting the 'Central Cattle Breeding Farm' from Nirjuli as the area was earmarked for expansion of the North Eastern Regional Institute of Science and Technology (NERIST) and the Institute was pressing hard to get the site vacated by shifting the farm in order to start construction work of the Institute. The Deputy Commissioner (DC), Papumpare District in August 1995, instructed the Director, Animal Husbandry and Veterinary (AH&V) Department, Nirjuli to survey and demarcate the said plot. The allotment order was to be issued only after the land was surveyed. Accordingly, at the request of the AH&V Department, the Capital Division "A", Public Works Department (PWD), Itanagar took up (August 1995) the survey and investigation work of the proposed land and completed it in December 1995. A local inhabitant in October 1995 brought to the notice of the DC, Papumpare that her 3 acres of land had been encroached. The Government sanctioned in March 1996 Rs.1.91 crore for execution of the work.

4.4.2 Test check of records (May 2002) of the division revealed that out of Rs.1.74 crore placed by the AH&V Department (March 1995 – April 1996) at their disposal, the division during the period from August 1995 to March 1997

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(Rupees in crore)

A. 1.	Construction of 6 bridges	1.49
2.	Improvement of road	0.40
3.	Construction of culvert	0.28
4.	Soling	0.13
5.	Retaining Wall & Breast Wall (6-46 km)	0.26
Total A		**2.56**
B.	Expenditure on survey and investigation work-paid to consultant	0.19
Total B		**0.19**
Total A+B (Rs.2.56 + Rs.0.19)		**2.75**

incurred an expenditure of Rs.0.69 crore* against the work. The work was abruptly stopped in July 1997 due to a court case filed by the local inhabitant (March 1997) claiming *inter alia* the encroachment of a portion of her land (3 acres) through which the proposed approach road passed and claimed an amount of Rs.12.04 lakh as compensation for damage to her horticulture garden (Rs.2.04 lakh) and cost of 3 acres of land (Rs.10.00 lakh). Further, another local resident also claimed a portion of the land (3 acres). Pending final verdict in the case, the Government decided (June 2001) to shift the breeding farm from Nirjuli to Balijan due to dispute over the land and entrusted the Rural Works Department (RWD) to take over the work to be executed at Balijan from the PWD. Accordingly, the PWD handed over (August 2001) the balance of Rs.1.05 crore (Rs.1.74 crore – Rs.0.69 crore) and the building materials worth Rs.26.51 lakh (June 2001) to the RWD of which materials like wash basin, w.c. pan, looking mirror, man hole cover, bricks etc., costing Rs.2.18 lakh had become unserviceable due to prolonged storage.

4.4.3 It was noticed that the DC took no action on the complaint filed by the local inhabitant in October 1995. Instead of suspending the work or settling the dispute on receipt of complaint from the owner of the land the work was continued and unnecessary expenditure of Rs.0.51 crore** was incurred. The basis on which the work was taken up despite receipt of complaint from the local inhabitants regarding possession of the land was neither available on records nor stated (December 2002).

4.4.4 Thus due to failure of the DC, Papumpare to allot a plot of land free from all encumbrances and failure of the PW Department to stop the work at the commencement stage of work on receipt of complaint from the local inhabitant, the Government unnecessarily incurred a nugatory expenditure of Rs.0.51 crore**. The responsibility for irregular execution of such work has not yet been fixed.

4.4.5 In reply, the Chief Engineer, PWD (Western Zone) stated (August 2002) that closure of the work sites at Itanagar was due to the court case filed by the local inhabitants and as per minutes of the meeting held on 14.06.2001, it was decided that any liability, if it accrues on account of court case will be the responsibility of the AH&V Department and the PWD was relieved of any such responsibility in this regard. Reply was silent regarding non-suspension of the work by the PWD at the commencement stage of work on receipt of complaint from the local inhabitants.

4.4.6 The reply of the Government is still awaited (December 2002).

* Survey and investigation work - Rs.0.48 lakh, formation cutting and construction of approach road - Rs.41.55 lakh, site development work – Rs.0.80 lakh, procurement of building materials- Rs.26.51 lakh.

** Expenditure on S&I - Rs.0.48 lakh, construction of approach road -Rs.40.32 lakh, repair of damaged vety. farm complex at Donyl Polo Vidhya Bhawan - Rs.1.23 lakh, site development - Rs.0.80 lakh, unserviceable material - Rs.2.18 lakh, expenditure on watch and ward duties from April 1997 to May 2001 – Rs.6.16 lakh (Total - Rs.51.17 lakh).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5 Loss due to defective selection of site at Deopani

Wasteful expenditure of Rs.9.99 lakh on water supply scheme due to defective selection of site by the Public Health Engineering Division, Roing

4.5.1 To meet the water needs of the fast growing population of Roing township, the Government in March 1998, sanctioned Rs.39.23 lakh for implementation of a new scheme "Providing main line from Deopani to Sedimentation tank" with a time frame to complete the work in three years.

4.5.2 Test check (March 2002) of the records of the Public Health Engineering (PHE) Division, Roing revealed that no technical sanction was issued for the execution of the scheme till the date of audit. No proper survey was conducted to ensure the technical viability of the source of water by obtaining river gauge data of Deopani river which is very turbulent and violent in nature during monsoon. The division incurred an expenditure of Rs.20.73 lakh (June 2000) towards construction of 18000 litres capacity intake tank with supporting pillars and laying of 1550.55 metres of 150 mm dia GI pipe. The intake tank alongwith supporting pillars, 250 metres out of 1550.55 metres of GI pipe already laid and 312 metres of GI pipe stacked at the site were washed away by flood water in June 2000. The loss on this account was worked out to Rs.9.99 lakh (Rs.20.73 lakh – Rs.10.74 lakh) by the division. The department inspected the site (December 2000) after a delay of 6 months and decided to stop work since there was no scope for completion of the work as the riverbed was eroded throughout long stretches with severe bank erosion taking place during the last 4/5 monsoons.

4.5.3 Thus, taking up of the scheme without considering the peculiar site conditions, seasonal factors and without making provision for adequate safety measures against foreseeable vagaries of nature led to wasteful expenditure of Rs.9.99 lakh besides, defeating the very objective of the scheme. The department had not initiated any action to obtain write off sanction from the Government for such loss and the reason thereof was not on record.

4.5.4 The matter has been reported to the Government in April 2002; reply has not been received (December 2002).

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.6 Excess payment due to allowance of excess weight of sausage wire by the Executive Engineer, Irrigation and Flood Control Division, Bomdila

The Executive Engineer, Irrigation and Flood Control Division, Bomdila made excess payment of Rs.12.99 lakh owing to allowance of excess weight of sausage wire

4.6.1 Mention was made in Para 4.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 regarding violation of prescribed norms by the Rural Works Department, Namsai Circle on standard weight of sausage wire gauge (SWG) of different specifications. As per norms, the standard weight of 8 gauge sausage wire of 100 mm mesh is 1.822 kg/sqm (82 kg per roll of 45 sq.m).

4.6.2 Test check of records (August 2001) of Irrigation and Flood Control Division, Bomdila revealed that the division during the period from January 1996 to January 2001 procured 2066 rolls of 45 sqm per roll of 8 gauge sausage wire of 100 mm mesh at the rate of Rs.35 per kg from different suppliers without inviting tender/quotations etc. The reason thereof was not on record. In all the supply orders placed the weight of roll mentioned was 100 kg per roll. The weight of these rolls as per standard norms worked out to 1,69,412 kg only (2066 x 82 kg). But the division adopted a different norm than the standard norm and paid for 2,06,508 kg. This resulted in excess payment of Rs.12.98 lakh*.

4.6.3 The matter was referred to the Government in February 2002; reply has not been received (December 2002).

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Quantity procured (in kg)	Quantity as per norm (in kg)	Difference in weight (in kg)	Rate per kg (in Rupees)	Extra expenditure
20,6508	16,9412	37,096	35	Rs.12.98 lakh

CHAPTER V

GENERAL

CHAPTER – V

REVENUE RECEIPTS

GENERAL

5.1 Trend of revenue receipts

5.1.1 The total receipts of Government of Arunachal Pradesh for the year 2001-2002 were Rs.1085.30 crore against the budget estimates of Rs.1143.06 crore. The position of revenue raised by the State Government and State's share of divisible Union taxes and grants-in-aid received from Government of India during the year 2001-02 and preceding two years is given below :

Table 5.1

(Rupees in crore)

Sl. No.	Head of revenue	1999-2000	2000-2001	2001-2002	
I.	**Revenue raised by State Government**	17.16	24.48	30-34	
	(a) Tax revenue	13.88	20.63	30.89	
	(b) Non-tax revenue	82.04 67.01	75.52 63.65	70.91	69.86
	Total	**80.89**	**84.28**	**101.80**	
II.	**Receipts from Government of India**				
	(a) State's share of divisible Union taxes	340.77	115.67	90.93*	
	(b) Grants-in-aid	587.26	761.46	892.57	
	Total	**928.03**	**877.13**	**983.50**	
III.	**Total receipts of State (I + II)**	**1008.92**	**961.41**	**1085.30**	
IV.	**Percentage of (I to III)**	**8**	**9**	**9**	

* The decline of State share of divisible Union taxes is due to recovery of excess release of State's shares of net proceeds during previous years (2000-2001 and 2001-2002 respectively)

5.2 Tax revenue raised by the State

5.2.1 Receipts from tax revenue constituted 30 *per cent* of State's own revenue receipts during the year 2001-2002. Details of tax revenue for the year 2001-2002 and those of the preceding two years are given below :

Table 5.2

(Rupees in crore)

Sl. No.	Head of revenue	1999-2000	2000-2001	2001-2002		Percentage of increase (+)/ decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 2000-2001	Budget estimate of 2001-2002
1.	State Excise	10.08	9.02	10.00	10.55	(+)17	(+) 6
2.	Taxes on Vehicles	1.12	1.12	1.40	1.61	(+) 44	(+) 15
3.	Land Revenue	1.36	1.45	1.50	1.00	(-) 31	(-) 33
4.	Other Taxes	0.52	0.60	0.60	0.68	(+) 13	(+) 13
5.	Sales Tax	0.35	8.19	13.00	16.78	(+) 105	(+) 29
6.	Stamps and Registration fees	0.45	0.25	0.45	0.27	(+) 8	(-) 40
7.	Taxes and Duties on Electricity	...	...	...	...	...	...
	Total	13.88	20.63	26.95	30.89	(+) 50	(+) 15

5.2.2 Reasons for variations in receipts (actuals) during 2001-2002 over those of 2000-2001 and with reference to budget estimates under all the above heads of revenue had not been furnished by the State Government (December 2002) though called for.

5.3 Non-tax revenue of the State

Table 5.3

(Rupees in crore)

Sl. No.	Head of revenue	1999-2000	2000-2001	2001-2002		Percentage of increase (+) / Decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 2000-2001	Budget estimate of 2001-2002
1.	2.	3.	4.	5.	6.	7.	8.
1.	Forestry and Wild Life	16.23	13.00	30.00	25.24	(+) 94	(-) 16
2.	Power	7.08	12.08	36.55	11.86	(-) 2	(-) 68
3.	Miscellaneous General Services	4.02	3.27	10.00	3.66	(+) 12	(-) 63
4.	Interest Receipts	4.23	8.99	7.65	6.36	(-) 29	(-) 17
5.	Road Transport	6.07	6.40	9.68	7.22	(+) 13	(-) 25
6.	Public Works	1.76	1.58	2.00	1.77	(+) 12	(-) 12
7.	Others	13.21	9.38	19.56	6.62	(-) 29	(-) 66
8.	Other Administrative Services	6.62	0.78	2.84	0.78	...	(-) 73
9.	Non-Ferrous Mining and Metallurgical Industries	4.32	5.18	6.34	4.48	(-) 14	(-) 29

(Rupees in crore)

1.	2.	3.	4.	5.	6.	7.	8.
10.	Animal Husbandry	0.93	0.73	1.10	0.57	(-) 22	(-) 48
11.	Crop Husbandry	1.62	1.11	1.50	1.26	(+) 14	(-) 16
12.	Village and Small Industries	0.36	0.43	0.65	0.40	(-) 7	(-) 38
13.	Education, Sports, Art and Culture	0.56	0.72	0.65	0.69	(-) 4	(+) 6
	Total	67.01	63.65	128.52	70.91	(+) 11	(-) 45

5.3.1 Reason for increase/decrease in collection of receipts has not been furnished by the State Government (December 2002) though called for.

5.4 Analysis of actual revenue receipts of the State

5.4.1 The trend of revenue receipts of the Government during the period 1997-98 to 2001-2002 is indicated in the following table :

Receipts of the State

Table 5.4

(Rupees in crore)

Year	Budget estimate	Revised estimate	Actual revenue receipts	Increase (+)/ Decrease (-) over the budget estimate	Increase (+)/ Decrease (-) over the revised estimate	Percentage Increase (+)/ Decrease (-) over	
						Budget estimate	Revised estimate
1997-1998	924.94	881.49	835.46	(-) 89.48	(-) 46.04	(-) 9.68	(-) 5.22
1998-1999	871.54	927.34	923.57	(+) 52.03	(-) 3.77	(+) 5.97	(-) 0.41
1999-2000	963.25	1023.94	1008.92	(+) 45.67	(-) 15.02	(+) 4.74	(-) 1.47
2000-2001	997.98	1136.14	961.41	(-) 36.57	(-) 174.73	(-) 3.66	(-) 15.38
2001-2002	1143.06	NA	1085.30	(-) 57.76	NA	(-) 5.05	NA

5.4.2 The actual revenue receipts increased from Rs.835.46 crore in 1997-98 to Rs.1008.92 crore in 1999-2000 but declined to Rs.961.41 crore in 2000-2001 and increased to Rs.1085.30 crore in 2001-2002. The receipts from the Government of India rose from Rs.768.36 crore in 1997-98 to Rs.877.13 crore in 2000-2001. During 2001-2002, receipts from Government of India (Rs.983.50 crore) was 91 *per cent* of the total revenue receipts (Rs.1085.30 crore).

5.4.3 The tax revenue of the State has shown an increase from Rs.9.83 crore in 1997-98 to Rs.30.89 crore in 2001-2002 and in comparison with 2000-2001 tax revenue collection increased by 50 *per cent*. The non-tax revenue collection by the State increased from Rs.57.26 crore in 1997-98 to Rs.70.91 crore in 2001-2002 and in comparison with 2000-2001, the collection of non-tax revenue increased by 11 *per cent* only.

5.4.4 Except in the years 1998-99 and 1999-2000, the actual revenue receipts in the years 1997-98, 2000-2001 and 2001-2002 were less than the budget estimates. It is seen that the budget estimates increased year after year except for the year 1998-99.

5.5 Follow up on Audit Report – summarised position

5.5.1 With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Shakder Committee, appointed to review the response of the State Government to Audit Reports, had recommended (March 1993), *inter alia* that the concerned departments of the State Government should (i) without waiting for the receipt of any notice or call from the Public Accounts Committee (PAC), submit *suo-motu* replies on all paragraphs and reviews featuring in the Audit Reports within 3 months and (ii) submit Action Taken Notes (ATN) in respect of recommendations of the PAC within the dates as stipulated by the PAC or within a period of **six months** whichever is earlier.

5.5.2 While accepting the recommendations (1996), the Government specified the time frame of 3 months for submission of *suo motu* replies by the concerned departments. But the time limit for submission of ATN is yet to be fixed.

5.5.3 Review of outstanding ATNs as of 31 August 2001 on paragraphs included in the Reports of the Comptroller and Auditor General of India revealed that :

i) The departments of the State Government had not submitted *suo motu* replies on 52 paragraphs of Audit Reports for the years 1987-88 to 2000-2001 in respect of revenue receipts. The details are given below :

Table 5.6

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/reviews included in the Audit Report (excluding standard paragraph)		Number of Paragraphs/reviews on which suo-motu replies are awaited		Total (5+6)
		Para-graphs	Reviews	Para-graphs	Reviews	
1.	2.	3.	4.	5.	6.	7.
1987-88	18.03.1992	6	-	3	-	3
1988-89	02.12.1992	4	-	4	-	4
1989-90	18.03.1993	3	-	1	-	1

1.	2.	3.	4.	5.	6.	7.
1992-93	27.03.1995	3	-	3	-	3
1993-94	27.06.1995	1	-	1	-	1
1994-95	27.03.1996	2	-	2	-	2
1995-96	05.02.1998	7	-	1	-	1
1996-97	09.11.1998	6	1	5	1	6
1997-98	23.07.1999	5	-	5	-	5
1998-99	24.07.2000	8	1	8	1	9
1999-2000	21.09.2001	8	1	8	1	9
2000-2001	22.08.2002	8	-	8	-	8
Total		61	3	49	3	52

ii) 21 paragraphs have already been discussed by the PAC, pertaining to the years from 1996-97 to 1998-99 but neither the recommendations nor any ATN have been submitted by the PAC/department in respect of these 21 paragraphs. The detailed position is indicated below :

Table 5.7

Year of Audit Report	Number of paragraphs on which recommendations were made by PAC but ATNs are awaited	Particulars of paragraphs	Number of PAC Report in which recommendations were made
1996-97	7	6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9	...
1997-98	5	6.3, 6.4, 6.5, 6.6, 6.7	...
1998-99	9	6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11	...
Total	21		

5.6 Response of the departments to draft paragraphs

5.6.1 The draft paragraphs are forwarded to the Secretaries of the concerned departments through demi-official letters drawing their attention to the audit findings and requesting them to send their reply within six weeks. The fact that the replies from the departments have not been received are invariably indicated at the end of each such paragraph included in the Audit Report.

5.6.2 9 draft review/paragraphs pertaining to revenue receipts, proposed for inclusion in this Report were forwarded demi-officially to the Secretaries of the respective departments during May-July 2002.

5.6.3 The Secretaries of the departments did not send replies to 7 draft review/paragraphs and these paragraphs have been included in this Report without the response of the departments.

5.7 Results of audit

5.7.1 Test check of the records of Land Revenue Department, Forest Department, Excise Department, Geology and Mining Department and other departmental offices conducted during the year revealed under-assessment/ short levy/loss of revenue amounting to Rs.24.45 crore in 92 cases.

5.7.2 This chapter contains 7 paragraphs and 1 review involving financial effect of Rs.900.77 crore of which Rs.9.97 crore was accepted by the Government in reply and action for recovery, wherever possible, was stated to have been taken. Replies in 6 cases involving Rs.890.80 crore have not been received.

CHAPTER V

SECTION-A
AUDIT REVIEW

SECTION – A - REVIEW

LAND MANAGEMENT DEPARTMENT

5.8 Assessment, levy and collection of land revenue

Highlights

There was a blockage of revenue of Rs.867.14 crore due to lease rent not being assessed.

(Paragraph 5.8.7)

Land value amounting to Rs.7.54 crore for land already allotted to the departments of the Central and State Government remained unrealised.

(Paragraph 5.8.9)

Lease rent of Rs.1.66 crore in 4179 cases and interest of Rs.0.17 crore per year remained unrealised due to inaction on the part of the department.

(Paragraph 5.8.13)

In 1009 cases there was short realisation of lease rent of Rs.0.02 crore.

(Paragraph 5.8.16)

Delay in issue of allotment orders to Central and State Government Departments resulted in loss of Rs.3.57 crore by way of land value remaining unrealised.

(Paragraphs 5.8.19 and 5.8.20)

Failure to comply with Government orders resulted in penalty of Rs.3.28 crore remaining unrealised from 1470 allottees.

(Paragraphs 5.8.24 to 5.8.30)

The discrepancy of Rs.0.37 crore between revenue returns of the directorate and district units, besides further discrepancies of 16,01,515 m^2 in respect of areas of land allotted to Government departments as per records of the directorate/district units remained unreconciled.

(Paragraphs 5.8.33 to 5.8.39)

There was under-assessment of land revenue of Rs.0.58 crore due to irregular allowance of concessional rate to CAU, Imphal.

(Paragraphs 5.8.47 and 5.8.48)

Introductory

5.8.1 The Land Management Department in the state of Arunachal Pradesh was created in February 1981 to deal with all cases of land acquisition, survey, allotment to Government departments, other local bodies, organisations and individuals for residential and other purposes. The Arunachal Pradesh (Land Settlement and Records) Act, 2000, as approved by the State Legislature was notified on 8.11.2000. Prior to this, the activities of the department were guided by the Arunachal Pradesh Allotment of Government Land Rules, 1988, besides administrative orders issued from time to time. The total area of land in Arunachal Pradesh was reported to be 83,743 sq.km.

Organisational set up

5.8.2 The department is headed by the Director of Land management (LM) and assisted by the Deputy Director (LM), Assistant Director (LM) and Surveyor (LM) under the administrative control of the Secretary (Land Management), Government of Arunachal Pradesh. The provisions of the Act and the Rules are administered at the district level by the Deputy Commissioner (DC) of the district who is assisted by the Extra Assistant Commissioner (Revenue) and Circle Officer (Revenue).

Scope of audit

5.8.3 A review on assessment, levy and collection of land revenue was conducted covering the period from 1996-97 to 2000-01 to examine the effectiveness and adequacy of rules and procedures, *vis-à-vis* assessment, levy and collection of premium, annual lease rent, penalty for unauthorised occupation of land and interest for delayed payment. For this purpose, records of eleven* (out of sixteen) unit offices were test checked between November 2001 to February 2002. The audit findings are discussed in the succeeding paragraphs.

* (1) Director Land management
(2) Deputy Commissioner, Itanagar
(3) Deputy Commissioner, Seppa
(4) Deputy Commissioner, Pasighat
(5) Deputy Commissioner, Along
(6) Deputy Commissioner, Daporijo
(7) Deputy Commissioner, Roing
(8) Deputy Commissioner, Tezu
(9) Deputy Commissioner, Khonsa
(10) Deputy Commissioner, Changlang
(11) Deputy Commissioner, Yinkiang

Trend of revenue

5.8.4 Land revenue is one of the major sources of revenue of the Government of Arunachal Pradesh. The budget estimates and actuals for the year 1996-97 to 2000-2001 were as under :

Table 5.8

(Rupees in crore)

Year	Budget Estimates	Actuals receipt	Excess(+)/ Shortfall(-)	Percentage of Excess(+)/ Shortfall (-)
1996-1997	1.06	1.27	(+) 0.21	(+) 20
1997-1998	1.36	1.98	(+) 0.62	(+) 46
1998-1999	2.12	1.33	(-) 0.79	(-) 37
1999-2000	1.48	1.36	(-) 0.09	(-) 8
2000-2001	2.50	1.45	(-) 1.05	(-) 42

5.8.5 The reasons for variation between budget estimates and actuals although called for (November 2001) have not been furnished.

Assessment, levy and collection of land revenue

Unassessed lease rent

5.8.6 Under the Arunachal Pradesh Allotment of Government Land (APAGL) Rule, 1988, the allottee/lessee shall pay the lease money annually at the rates fixed by the Government from time to time. Further, under the Arunachal Pradesh (Land Settlement and Records) Act, 2000, land revenue shall be payable at such times, in such instalments to such persons and at such places, as may be prescribed by the Government. Any instalment of land revenue or part thereof which is not paid on due date shall become an arrear of land revenue and the person responsible for payment shall become a defaulter. Interest at the rate of 15 *per cent* per annum from commercial allotments would be charged on unpaid amounts of premium and lease rent in terms of APAGL Rules, 1998.

5.8.7 Mention was made in paragraph 8.5.6.1(i) of the Report of the CAG of India for 1998-99 regarding occupation of forest land (867.14 sq.km) by the Arunachal Pradesh Forest Corporation Limited (APFCL) which was incorporated in March 1977. The annual lease rent as recoverable from the APFCL was neither assessed nor was any demand notice issued by the department against the corporation to pay the arrear of land revenue from year to year. As a result, an amount of Rs.867.14 crore payable by the corporation at prevailing rate of Rs.2 per m^2 per annum during 5 years ended 31 March 2001 remained un-assessed and hence un-realised.

5.8.8 In reply, the Director, Land Management (LM) stated (August 2002) that as the details of land allotted to the APFCL were not available in the Directorate the same has been called for from the district authorities. The report on further progress of this case has not been received (December 2002).

Government departments

5.8.9 Similarly, during test check of records of 9 districts*, it was noticed that in 188 cases 83,87,451 m^2 of land was allotted to various departments of the State Government and in 34 cases 50,22,829 m^2 of land allotted to various departments of the Central Government involving land value of Rs.3.51 crore and Rs.4.03 crore respectively. No action was taken by the concerned Deputy Commissioners for speedy realisation from the allottees the unpaid revenue till date, resulting in revenue of Rs.7.54 crore remaining unrealised.

5.8.10 On this being pointed out, the DC, Tezu stated (July 2002) that demand notices were issued to all Government departments for payment of the dues whereas the DC, Roing intimated (August 2002) that the Government departments failed to pay the dues for want of funds despite demand notices issued. Further report on recovery was awaited (December 2002). The Director (LM) stated (August 2002) that all the DCs had been requested to realise land revenue from the State and the Central Government departments.

Unrealised lease rent

5.8.11 Section 59(i) of the Arunachal Pradesh (Land Settlement and Records) Act provides that any instalment of land revenue or part thereof which is not paid on due date shall become an arrear of land revenue and the person responsible for the payment shall become a defaulter. Further, Section 60 of the Act *ibid* provides that the arrear of land revenue may be recovered by any one of the following processes namely:

a. by serving a written notice of demand to the defaulter

b. by restraints and sale of the defaulters moveable property including the produce of the land

c. by attachment and sale of defaulters immovable property.

5.8.12 Besides an interest at the rate of 10 *per cent* per annum from private allotments would be charged on unpaid amounts of premium and annual lease rent as per Rule 6(ii) of APAGL Rules, 1988.

* Itanagar, Along, Daporijo, Khonsa, Tezu, Roing Seppa, Pasighat and Changlang.

5.8.13 During test check of the records of the Deputy Commissioners (DC) of 9 districts, *viz.*, Tezu, Khonsa, Seppa, Itanagar, Daporijo, Roing, Along, Pasighat and Changlang, it was noticed that land revenue of Rs.1.66 crore payable by the allotees was assessed in 4,179 cases during the period 1982-83 to 2000-2001. The department neither issued demand notices nor initiated penal action contemplated in the Act as above. This resulted in lease rent of Rs.1.66 crore and of interest of Rs.0.17 crore per year remaining unrealised due to inaction on the part of the departments.

5.8.14 In reply, DCs (Tezu, Roing and Changlang) stated (July and August 2002) that demand notices were served (between April and August 2002) on the concerned allottees for payment of the dues. The Director (LM) stated (August 2002) that the concerned district authorities were asked to initiate legal action against the defaulters and to recover the dues immediately. The report on recovery has not been received (December 2002).

Short realisation of lease rent

5.8.15 In July 1994, the Government of Arunachal Pradesh prescribed the rates for realisation of annual lease rents at Re.0.50 per m^2 and Rs.2 per m^2 for land allottees for residential and non-residential purposes respectively.

5.8.16 A test check of Land Allotment Register maintained by the Director of Land Management, Itanagar revealed that 1,17,757 m^2 and 84,788 m^2 of land were under the occupation of 636 and 373 allotees for residential and commercial purposes respectively in the Ziro district during the period from April 1999 to March 2001. The annual lease rent payable by these allotees during the aforesaid period worked out to Rs.4.57 lakh against which Rs.2.19 lakh was levied and collected by the Deputy Commissioner, Ziro. This resulted in short levy of lease rent of Rs.2.38 lakh.

5.8.17 In reply, the Director (LM) stated (August 2002) that the DC, Ziro was requested to assess the reason of shortfall of land revenue collection in these cases. The action taken report has not been received (December 2002).

Unassessed land value

5.8.18 Under the Arunachal Pradesh Allotment of Government Land Rule, 1988, there is no bar for allotment of land to Central Government Departments and Government undertakings for establishing their offices and residential complexes on assessment of correct requirement of land and its value.

5.8.19 Test check of records of DC, Along revealed that 32,04,414 m^2 of land was in occupation of Assam Rifles (under the administrative control of the Ministry of Home Affairs) deployed in West and East Siang district since 1958 due to operational reasons. The unit of Assam Rifles approached the Deputy Commissioner, Along in July 1996 to settle all the formalities in regard to survey, demarcation, allotment etc., by issue of gazette notification thereon. But the district authority had not taken any action towards allotment of the land nor was any demand notice issued so far towards payment of dues. Thus delay in finalisation of allotment etc., had resulted in land value to the tune of Rs.3.21 crore not being assessed.

5.8.20 Similarly, 5,71,433 m^2 of land in Along, Daporijo, Seppa and Pasighat districts was also under occupation of various departments of Central and State Governments. The Government departments approached the respective Deputy Commissioners between 1989 and 1996 for issuance of allotment orders but no action was taken to regularise the cases till date of audit. Thus, inaction on the part of the DCs concerned to settle these cases by issue of formal allotment orders had resulted in land value of Rs.0.36 crore not being assessed.

5.8.21 On these being pointed out (June 2002) by audit, the Director (LM) stated (August 2002) that the concerned DCs were requested time and again to recover the land revenue from all the State and Central Government Departments. But the reply was silent on allotment of land already under occupation of these departments.

Improprieties on regulation of penalty vis-à-vis illegal occupation of Government lands

5.8.22 Consequent upon the report of large scale unauthorised occupation of Government land by private individuals, the Government of Arunachal Pradesh instructed (25 October 1994) all Deputy Commissioners to regulate such unauthorised occupation of land with the cut off date of 24 July 1994, by realising penalty at the rate of Rs.100 per m^2 for use of residential purposes and Rs.200 per m^2 for other in addition to the premium and annual lease rent as per rates prescribed by the State Government from time to time. All such cases of unauthorised occupation prior to the said cut off date were required to be finalised/regularised within a stipulated period of 60 days from the date of issue of the order (25.10.1994). The Government of Arunachal Pradesh (Land Management Department) revoked (30 January 2001) the order of October 1994 and directed all DCs to realise only the premium and annual lease rent without realising any penalty as indicated below:

i) All cases recommended for regularisation, now pending with the Directorate of Land Management, shall be returned to respective DCs/ADCs for resubmission to the Government for reconsideration as fresh cases on merit subject to realisation of premium and arrear lease rent from the date of their actual occupation of respective plots.

ii) In such cases where Government approvals were already accorded but issue of formal allotment orders were pending with DCs/ADCs for non-payment of penalty, allotment order shall be issued by DCs on payment of premium and arrear lease rent with effect from the date of their occupation of respective plots.

5.8.23 The deletion of penal clause diluted the very spirit of administrative control and the very purpose of proper land management. Further, these two orders (October 1994 and January 2001) created discrimination between two categories of dwellers by levying/realisation of penalty from some and exempting others from the same while both the categories being 'unauthorised and illegal occupants of Government lands'.

5.8.24 Test check of records of Director of Land Management, Itanagar and district unit offices disclosed the following points of irregularities:

Injudicious exemption of penalty

5.8.25 Altogether 1607 cases of unauthorised occupation of Government land were regularised between 25 October 1994 and 29 January 2001 by the Deputy Commissioners of Tezu, Yinkiang, Changlang, Along, Itanagar and Tawang after realising penalty of Rs.1.22 crore against Rs.4.48 crore due for reasons not on records.

5.8.26 This resulted in injudicious exemption leading to penalty of Rs.3.26 crore remaining unrealised from 967 allottees who were also unauthorised occupants as shown in the table below:

Table 5.9

(Rupees in crore)

District	Cases of unauthorised occupation			Penalty payable	Penalty levied and realised		Non/short realisation of penalty	
	Number	Purpose	Area in m^2		No. of cases	Amount	No. of cases	Amount
Lohit (Tezu)	02 64	Commercial Residential	2068 15900	0.20	1	---	65	0.20
West Siang (Along)	03 53	Commercial Residential	730 60586	0.62	6	0.01	50	0.61
Papumpara (Itanagar)	92 588	Commercial Residential	14521 121072	1.50	605	1.19	75	0.31
Upper Siang (Yinkiang)	-- 68	Commercial Residential	--- 17761	0.18	7	0.01	61	0.17
Tawang	55 06	Commercial Residential	5162 585	0.11	21	0.01	40	0.10
Changlang	25 1	Commercial Residential	3337 500	0.07	--	---	26	0.07
West Siang (Along)	--- 650	Commercial Residential	--- 180321	1.80	--	---	650	1.80
	177	Commercial	25818					
	1430	Residential	396725					
Total	1607		422543	4.48	640	1.22	967	3.26

5.8.27 In reply, the DC, Tezu stated (July 2002) that though the Government directed (October 1994) to realise penalty it could not be realised due to the revocation order of January 2001. The DC, Changlang stated (August 2002) that demand notices were issued to all allottees for payment of penalty. However, the Director (LM) in reply confirmed (August 2002) that the

Government's revocation order of 30 January 2001 had resulted in loss of revenue but was silent on realisation of the penalty prior to issue of revocation order (30 January 2001). The replies received from various DCs were also silent on realisation of the penalty prior to issue of revocation order of 30 January 2001.

Delay in issuance of formal allotment orders

5.8.28 Government of Arunachal Pradesh *vide* its revised order dated 30.01.2001 had clarified that in cases where Government's approvals were already accorded but issue of formal allotment orders pending with DCs/ADCs for non-payment of penalty, allotment orders shall be issued by DCs on payment of premium and arrear lease rent with effect from the date of their occupation of respective plots.

5.8.29 However, in 503 cases formal allotment orders were not issued by the concerned Deputy Commissioners, though requisite approval was accorded by the Government beforehand between 1 December 1997 and 29 January 2001 in order to regularise the cases of unauthorised occupation of Government lands.

5.8.30 As no formal allotment orders were issued in these cases, the Government suffered a further revenue loss in the shape of one time premium of Rs.1.19 lakh at the rates of Rs.5 per m^2 (commercial) and Re.1 per m^2 (residential) besides recurring loss on annual lease rent of Rs.0.58 lakh based on computation at the rates of Rs.2 per m^2 (commercial) and Re.0.50 per m^2 (residential).

Cases awaiting formal approval

5.8.31 In Seppa, 15,571 m^2 of land was occupied unauthorisedly by 250 individuals. The DC did not forward the cases to the Government for approval till the date of audit (December 2001). Thus, the cases remained unregularised in absence of formal approval and allotment.

5.8.32 In reply, the Director (LM) stated (August 2002) that the concerned DCs were requested to forward all pending allotment cases for formal approval of the Government. Further progress in these cases has not been received (December 2002).

Reconciliation of monthly revenue returns not done

5.8.33 The Government of Arunachal Pradesh, Department of Land Management instructed (July 1994) all the Deputy Commissioners to submit the monthly return of revenue collected along with copies of treasury challan to the Land Management Department on or before 10th of the following month.

5.8.34 During test check of records of 7 districts it was noticed that there was discrepancy in collection of revenue between the figures of directorate office and the district offices for the period from 1996-97 to 2000-2001 as indicated below:

Table 5.10

(Rupees in crore)

Name of district	Revenue collection		Difference with reference to district records
	As per records of the directorate	As per records of the district offices	
Along	0.32	0.33	(-) 0.01
Pasighat	0.35	0.41	(-) 0.06
Seppa	0.87	0.39	(+) 0.48
Tezu	0.62	0.66	(-) 0.04
Changlang	0.19	0.22	(-) 0.03
Khonsa	0.22	0.14	(+) 0.08
Roing	0.22	0.27	(-) 0.05
Total	2.79	2.41	(+) 0.37

5.8.35 From the above it is evident that the monthly revenue return was neither properly maintained in the Directorate nor was the same reconciled with the monthly returns submitted by the district offices. The reason for unusual variation (Rs.0.48 crore) in respect of Seppa district was not available on record.

5.8.36 In reply, the Director (LM) stated (August 2002) *inter alia* that action would be taken to reconcile the figures. The DC, Tezu stated (July 2002) that differences were due to non accountal of application fees and late receipt of treasury challans; but the reply was silent as to the corrective measure taken to reconcile the figures.

Discrepancy in area of land allotted to the Government departments

5.8.37 No survey and settlement of lands was carried out by the department with a view to preparing "Settlement Register" showing the area of the land, survey numbers and other relevant particulars till the date of audit (February 2002) as required under the Arunachal Pradesh (Land Settlement and Records) Act, 2000. The DC is entrusted with the duty of acquisition and subsequent allotment of land subject to the approval of the Government.

5.8.38 Cross verification of Allotment Register of 4 districts (Tirap, Changlang, Lohit and Lower Dibang Valley) with the records of the Directorate of Land Management Department revealed the following discrepancies in respect of allotment of land to various State and Central Government departments.

Table 5.11

Name of Government	Land allotted (In m²)		Discrepancy with reference to district records
	As per records of the Directorate	As per records of the districts	
State Government	61,09,936	51,73,151	(+) 9,36,785
Central Government	20,02,729	45,41,029	(-) 25,38,300
Total	81,12,665	97,14,180	(-) 16,01,515

5.8.39 Reasons for discrepancy of 16,01,515 m^2 of land were neither clarified nor furnished by the department.

5.8.40 In reply, the Director (LM) stated (August 2002) that the discrepancy in the area of land allotted to the various Government departments and private individuals was due to incomplete survey in the State for want of fund. Thus, lack of initiative of the Government to undertake proper survey had led to the aforesaid discrepancies.

Reconciliation of revenue figures not done

5.8.41 Under the Central Treasury Rule, where the head of the office is making any remittance of revenue, he should as soon as possible after the end of the month, obtain from the treasury a consolidated receipts of all such remittances made during the month and verify the same with the entries made in the cash book.

5.8.42 Test check of records maintained by the 9 DCs revealed that none of them reconciled the figures as recorded in the cash book with those of the concerned treasury during the entire period covered by this review. An instance showing the impact of not reconciling the figures between the cash book and the concerned treasury is shown below:

Table 5.12

(Rupees in crore)

Name of the district	Year	Figures of revenue as per cash book	Figures of revenue as per treasury receipt	Difference with reference to cash book
Lohit, Tezu	1996-1997	0.12	0.13	(+) 0.01
	1997-1998	0.18	0.23	(+) 0.05
	1998-1999	0.06	0.05	(-) 0.01
	1999-2000	0.16	0.16	Nil
	2000-2001	0.13	0.12	(-) 0.01
Total		0.65	0.69	(+) 0.04

5.8.43 Such lapses on the part of the department in not reconciling the departmental receipts are likely to result in misappropriation of Government money apart from misclassification.

5.8.44 In reply, the Director (LM) stated (August 2002) that the concerned DCs would be asked to reconcile the figures without fail. The DC, Tezu stated (August 2002) that the discrepancy was mainly due to delay in receipt of the copies of treasury challans from the different allottees. But the reply was silent about the action taken to correct the discrepancy.

Internal audit

5.8.45 It was noticed that the department had no internal audit wing. In the absence of any internal check the adequacy of internal controls is doubtful.

5.8.46 In reply, the Director (LM) stated (August 2002) that internal audit wing could not be set up for want of funds. But the Director failed to explain whether the required fund was demanded from the Government for the purpose *ibid*, though called for (September 2002).

Other topics of interest

Under assessment of land premium and lease rent

5.8.47 Government of Arunachal Pradesh, Department of Land Records decided (June 1986) that the land allotted to societies dealing with educational, medical and religious institutions would be required to pay concessional rent @ Rs.10 per acre per year from the date of actual possession of the land subject to prior approval of the Cabinet.

5.8.48 During test check of Pasighat unit office it was noticed that 145 acres of land (5,86,815 m^2) were transferred (June 2000) to the Central Agricultural University (CAU), Imphal (Manipur) on lease for a period of 30 years for establishment of Horticulture and Forestry College at Pasighat, subject to payment of premium and annual lease rent and other terms and conditions. But the Deputy Commissioner, Pasighat fixed (July 2000) the land premium and lease rent @ Rs.10 per acre per year without prior approval of the Cabinet. The action of the Deputy Commissioner was irregular as neither the approval of the Cabinet was obtained before the concessional rate (Rs.10 per acre/year) was fixed in terms of Government order of June 1986, nor the prevailing rate (Rs.10 per m^2) applicable in normal course considered while fixing such rent. Thus, due to irregular and incorrect fixation of land premium and lease rent, there was under assessment of land revenue of Rs.0.58 crore*.

*

(i) Premium/ rent due	:	Rs.10 x 5,86,815 m^2	= Rs.58.68 lakh
(ii) --- do ---assessed	:	Rs.10 x 145 acre x 30 years	= Rs .0.44 lakh
(iii) Variation	:		= Rs.58.24 lakh

5.8.49 In reply, the DC, Pasighat stated (June 2002) that after obtaining approval of the Government, bill for Rs.0.59 crore was served on CAU for payment. The report on recovery has not been received (December 2002).

Allotment of land in excess of admissible area

5.8.50 Government of Arunachal Pradesh, Land Record Department decided (October 1994) that due to scarcity of land in the urban areas particularly in the district headquarters recommendation for residential plot should be restricted to 500 m^2. The encroachment beyond 500 m^2 was to be considered as unauthorised/illegal.

5.8.51 Test check of records of 4 districts (Along, Tezu, Pasighat and Itanagar) disclosed that 1,57,982 m^2 of land were allotted between October 1999 and January 2001 among 97 occupants for residential purpose against admissible area of 48,500 m^2 in order to regularise illegal occupation by levying penalty over and above prescribed premium and lease rent. This resulted in excess allotment of 1,09,482 m^2 of land in contravention of Government order, since such excess lands could have been allotted to other needy and genuine landless people of the State in terms of the said order (October 1994).

5.8.52 In reply, the department while admitting the facts stated (August 2002) that the excess land might have been allotted perhaps due to cancellation of the Government order of 25 October 1994 after revocation order was issued on 30 January 2001. The reply was not tenable as the department itself was not sure whether the Government order of 25 October 1994 was cancelled by the revocation order of 30 January 2001. The fact also remains that the ceiling for allotment of land fixed by the Government in its order of 25 October 1994 was not cancelled in its revocation order of 30 January 2001.

Recommendation

5.8.53 The Land Management Department in Arunachal Pradesh was created in February 1981 to deal with all cases of acquisition, survey, settlement and allotment of lands. The department, however, had not prepared any survey report, settlement register and records of rights of the State despite enforcement (November 2000) of the Arunachal Pradesh (Land Settlement and Records) Act, 2000. Since no proper survey was conducted, the exact area of settled land was not known.

5.8.54 State Government should take immediate steps to prepare the Rules under the Act updating all relevant provisions of the old Rules (Arunachal Pradesh Allotment of Government Land Rules, 1988) and by stipulating guidelines for proper maintenance of the basic records in correct and complete manner. The Government should also gear up internal mechanism to ensure proper collection and accountal of land revenue including arrear of land revenue together with penalty and interest from the defaulters as per provisions of the Act/Rules.

5.8.55 In reply, the Director (LM) stated (August 2002) that action was initiated to undertake cadastral survey operation in the State and the Land Rules were drafted which were under examination by various higher authorities for submission to the Cabinet for approval. Report on further progress of land survey and approval of the Land Rules has not been received (December 2002).

5.8.56 Foregoing points were reported to the Government in March 2002; their reply has not been received (December 2002).

CHAPTER V

SECTION-B
AUDIT PARAGRAPHS

SECTION – B – PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

5.9 Loss of revenue

Faulty clause in an agreement executed by the Government (April 1991) with the licensee for collection of 'Oleo resin' led to loss of revenue of Rs.9.98 lakh

5.9.1 The Government of Arunachal Pradesh in their notification of January 1997 has fixed the royalty on 'Oleo Resin' (a minor forest product) at Rs.15 per blaze and monopoly fee leviable at the rate of 35 *per cent* on royalty value of such minor forest produce in all ranges under Bomdila Forest Division with effect from 2 November 1996. Mention was also made in Paragraph 6.9 of the Report of the Comptroller and Auditor General of India for the year 1999-2000 regarding loss of revenue (Rs.28.03 lakh) on unrealised monopoly fee at the rate of 35 *per cent* on royalty value (Rs.80.09 lakh) during April 1997 to March 1999 in respect of Bomdila Forest Division.

5.9.2 A scrutiny (December 2000) of records of the Bomdila Forest Division, disclosed that the (same) licensee was allowed to collect 'Oleo Resin' from pine trees of the divisional forest land for which an agreement was entered into by the department as far back as in April 1991 (when monopoly fee was not in force) with the stipulation that the licensee should pay royalty at the rate prevalent at the time of collection of 'Oleo Resin'. Accordingly, the divisional officer realised royalty of Rs.28.50 lakh from the licensee for collection of 'Oleo Resin' during April 1999 to March 2000 without monopoly fee of Rs.9.98 lakh.

5.9.3 On this being pointed out in audit (January 2001), the Government issued a corrigendum on 6 April 2001 exempting monopoly fee on 'Oleo Resin' retrospectively from 2 November 1996. Grant of such exemption was incorrect, as, a Legislature can only give retrospective effect to a piece of legislation passed by it and an executive Government exercising sub-ordinate powers cannot make such legislation with retrospective effect as upheld* by different Hon'ble High Courts. Hence, this incorrect exemption led to a loss of revenue of Rs.9.98 lakh.

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* Modi Food Products Vs CST(1995) 6 STC 287, Allahabad;
India Sugars Refineries Ltd., Vs State of Mysore AIR 1963 Mysore 326;
Aggarwal Wool & Thread Co. Vs STC (1966) 18 STC 405 Punjab;
Calicut – Wynad Motor Service Vs State of Kerala AIR 1959 Kerala 347;
Gokulchand Kisturchand Vs State of Assam 1973 Tax LR 1771 Gauhati.

5.9.4 In reply, the Government stated (July 2002) that notification (January 1997) was issued in exercise of powers conferred upon it under the relevant provisions of the Assam Forest Regulations, 1891, as adopted by the Government of Arunachal Pradesh and not by an Act or piece of Legislation and therefore the same executive Government was competent to issue corrigendum to the earlier notification with retrospective effect. The contention of the Government was not tenable as the relevant provisions under Section 34(1) and Section 34(2)(h) delegating State Government to issue notifications for fixing royalties, monopoly fees, etc., were enacted by an Act of legislation. Hence, granting of any exemption with retrospective effect in such cases vests with the Legislature only. Interestingly, monopoly fee on 'Pine Resin' was reintroduced from 15 March 2001 consequent upon revision (March 2001) of rates of royalty of forest produces by the State Government in exercise of the powers conferred by Section 34(2)(h) of the State Forest Regulation. Obviously, issue of an erroneous corrigendum (06.04.2001) by an executive authority allowing exemption of monopoly fee with retrospective effect without prior approval of the Legislature was granted with malafide intention merely to extend undue benefit to a particular licensee, which not only stands to the contrary of Forest Regulation but also the judgements pronounced by different High Courts.

5.10 Short realisation of royalty

Royalty charges of Rs.2.88 lakh out of Rs.4.29 lakh were short levied due to irregular permission for removal of timber without payment of royalty in advance

5.10.1 Under the Arunachal Pradesh Forest Manual 1980, no forest produce shall be removed from forest area without full payment of royalty charges in advance.

5.10.2 Test check (February 1998 and August 1999) of records of the Divisional Forest Officer, Khellong disclosed as under :

5.10.3 (A) 75 trees of mixed species measuring 391.14 cum were sold to 3 contractors from three timber coupes of Namorah reserve forest on realisation of Rs.2.38 lakh during June 1993 to November 1994. But these contractors actually operated 606.029 cum of timber of mixed species and removed excess volume of 214.889 cum without payment of advance royalty and monopoly fee of Rs.1.72 lakh. Such irregular permission for removal of timber by the divisional authority without payment of royalty charges in advance resulted in short realisation of royalty of Rs.1.72 lakh.

5.10.4 (B) Similarly, another 8 contractors were permitted to remove 279 seized logs measuring 202.3115 cum of mixed wood species from the reserve forest areas of the division on realisation of royalty and monopoly fee of Rs.0.50 lakh against Rs.3.07 lakh between February and June 1999. This resulted in short realisation of royalty charges of Rs.2.57 lakh.

5.10.5 On these being pointed out (February 1998 and August 1999) in audit the divisional forest officer (DFO) in the case of 'A' stated (June 2001) that the concerned contractors were asked to pay the balance amount of Rs.0.38 lakh for removal of excess volume of timber. The reply was not tenable as an amount Rs.1.72 lakh was recoverable as royalty and monopoly fee. Similarly, in the case of 'B' the DFO stated (October 2001) that Rs.1.41 lakh was recovered (September 1999 and June 2000) and recovery of balance amount of Rs.1.08 lakh would be intimated in due course. The DFO's contention on the balance amount was not tenable as the actual amount to be recovered was Rs.1.16 lakh instead of Rs.1.08 lakh. The report on recovery of balance amount (Rs.2.88 lakh) in both the cases has not been intimated (December 2002) despite reminders.

5.10.6 The cases were reported to the Government in February 1998 and November 1999; their reply has not been received (December 2002) despite reminder.

EXCISE DEPARTMENT

5.11 Misclassification of IMFL

Levy of excise duty of Rs.0.95 crore against Rs.2.58 crore by classifying 1,58,981 cases of brandy as general brand instead of premium brand resulted in short realisation of excise duty of Rs.1.62 crore

5.11.1 The Government of Arunachal Pradesh, Taxation and Excise Department, notified (19 September 1994) that 'brandy', an Indian Made Foreign Liquor (IMFL), shall be classified as premium brand and general brand based on ex-bonded warehouse price of Rs.500 and above per case and below Rs.500 per case respectively. Further, as per the guidelines (9 May 1995) of the State Commissioner of Tax and Excise, ex-bonded warehouse price of IMFL per case shall include ex-distillery price, export fee of Rs.18 per case, Central sales tax on ex-distillery price and export fee, insurance of 1 *per cent* on ex-distillery price, transportation charges @ Rs.50 per case, administrative and handling cost of Rs.5 per case and bonder's commission on all the above elements except on administrative and handling cost. The excise duty on premium and general brand of IMFL is payable within the State at the rate of Rs.162 and Rs.60 per case respectively.

5.11.2 Test check (August 2001) of records of the Commissioner of Excise, Itanagar revealed that three bonded warehouses imported 1,58,981 cases of premium brand brandy from outside the State between May 1998 and March 2001 at ex-bond warehouse price ranging from Rs.552 to Rs.627 per case as per aforesaid guidelines (9 May 1995). All these cases of brandy were sold classifying them as general brand between April 1999 and August 2001 by realising excise duty of Rs.95.39 lakh @ Rs.60 per case instead of Rs.257.55 lakh realisable @ Rs.162 per case. Such misclassification of IMFL (brandy) had resulted in short realisation of excise duty of Rs.162.16 lakh.

5.11.3 On this being pointed out (June 2002) in audit, the department stated (September 2002) that the prevalent guidelines (May 1995) were in the process of revision. But no revision as contemplated has been made so far (December 2002).

5.12 Evasion of excise duty

Unauthorised removal of liquor from the bonded warehouse led to evasion of excise duty of Rs.1.56 lakh

5.12.1 Under the Arunachal Pradesh Excise Act, 1993 and Rules framed thereunder, no Indian Made Foreign Liquor (IMFL) shall be removed from a bonded warehouse unless the excise duty thereof has been paid in full or a bond has been executed for payment thereof.

5.12.2 Test check (August 2001) of records of the Commissioner of Taxation and Excise, Itanagar revealed that a bonder unauthorisely removed 2663.71 cases of IMFL from the bonded warehouse at Likabali and its sub-depot at Banderdewa during August and September 1999. This involved excise duty of Rs.1.56 lakh which was neither paid by the bonder nor was any action initiated by the department to levy and collect the same till the date of audit (August 2001). This resulted in evasion of excise duty of Rs.1.56 lakh.

5.12.3 On this being pointed out (September 2001) in audit the Commissioner of Taxation and Excise, Itanagar while admitting the facts stated (October 2001) that the bonder was directed to deposit the excise duty (Rs.1.56 lakh) immediately into the Government accounts. The report on recovery has not been received till date.

5.12.4 The case was reported to the Government in September 2001; their reply has not been received (December 2002).

5.13 Licence fee and penalty not levied

Licence fee of Rs.10.11 lakh and penalty of Rs.4.01 lakh for default in payment was not levied due to inaction of the department

5.13.1 The Government of Arunachal Pradesh, Taxation and Excise Department notified (31 May 1994) that licence fee @ Rs.1.50 lakh per annum shall be payable for operating a wholesale vend at any one place. Section 29(i)(b) of the Arunachal Pradesh Excise Act, 1993 provides that the authority who granted any licence may cancel it if the prescribed annual fee payable by the licencee has not been paid. Further, the Commissioner of Excise, Arunachal Pradesh instructed (15 March 1996) that if any wholesale vendor fails to pay the prescribed annual licence fee within the stipulated date, he shall be liable to pay penalty @ Rs.70 per day for the period of default in making payment of such fee.

5.13.2 It was noticed (December 2001) in audit of records of the Excise unit office at Seppa that two vendors 'A' and 'B' were granted (8 October 1996 and 30 June 1997) licences for operating two wholesale vends at Bhalukpong and Seppa on realisation of the prescribed annual fee upto 7 October 1997 and 30 June 1999 respectively. Thereafter, both 'A' and 'B' defaulted in payment of the prescribed annual fee of Rs.6.35 lakh and Rs.3.76 lakh payable for the periods from 8 October 1997 and from 1 July 1999 respectively till the date of audit (December 2001). The licence granting authority did not initiate any action either to realise the aforesaid fees or to cancel their licences. This resulted in licence fee of Rs.10.11 lakh besides, penalty of Rs.4.01 lakh (A: Rs.2.86 lakh, B: Rs.1.15 lakh) for default in payment of the prescribed fee not being levied till the date of audit (December 2001).

5.13.3 On this being pointed out (January 2002) in audit, the Superintendent of Excise, Seppa stated (May 2002) that the matter was referred to the Government for decision since none of the licencees had responded despite notices served against their defaults in payment.

5.13.4 The case was reported to the Government in January 2002; their reply has not been received (December 2002).

GEOLOGY AND MINING DEPARTMENT

5.14 Royalty and additional royalty not realised

Failure of the department to initiate action against two lessees led to royalty/additional royalty of Rs.12.19 crore remaining unrealised

5.14.1 As envisaged in Rule 23 of Petroleum and Natural Gas Rules 1959, all lease royalties etc., if not paid to the Government within the time specified for such payment, be increased by ten *per cent* for each month or portion of a month during which such royalties etc., remain unpaid, provided that if such dues are in arrear for more than 3 months, the Government may cancel such lease effective from the date of publication as such.

5.14.2 The Government of Arunachal Pradesh executed lease agreements (12 September 1997 and 21 October 1997) effective from 27 November 1983 and 16 June 1995 with two lessees (A and B) for extraction of crude oil from Ningru and Kharsang respectively, stipulating *inter alia* that the lessees should pay royalty on crude oil extracted from the leased areas to the State Government within thirty days of the month to which the operation relate as required under rules.

5.14.3 Test check (August 2001) of records of the Director of Geology and Mining, Itanagar disclosed that the lessees extracted 314630.608 metric tonnes (MT) of crude oil between January 1996 and June 2001 involving royalty of Rs.18.30 crore of which a total amount of Rs.16.96 crore was belatedly paid between August 1996 and August 2001 leaving a balance amount of Rs.1.34 crore.

5.14.4 For belated payments of royalty, additional royalty of Rs.10.85 crore was to be levied and collected as per Rules/agreement, but was not levied and collected till the date of audit (August 2001). This resulted in non-realisation of total additional royalty of Rs.10.85 crore from these two lessees besides balance royalty of Rs.1.34 crore remaining unpaid by 'B' alone. No action was initiated by the department either to realise the arrear dues from the lessees nor were the lease agreements cancelled.

5.14.5 The cases were reported to the department/Government in September 2001; their replies have not been received (December 2002).

5.15 Avoidable loss of revenue

Undue financial benefit accrued to the lessee by way of execution of faulty agreement resulting in loss of revenue of Rs.2.71 crore

5.15.1 The Government of India determines periodically the royalty payable on minerals and this royalty is collected by the State Government as their revenue. Accordingly, agreement is to be executed between the lessee and the State Government stipulating *inter alia* that the lessee shall pay to the State Government royalty at the rates prescribed by the Government of India, from time to time in terms of provisions of the Petroleum and Natural Gas Rules, 1959.

5.15.2 Test check (August 2001) of records of the Director of Geology and Mining, Itanagar, revealed that a mining lease agreement was formally executed (21 October 1997) for a period of 20 years effective from 16 June 1995 between a Delhi based firm and the Deputy Commissioner of Changlang on behalf of the Government of Arunachal Pradesh, fixing the royalty @ Rs.528 per MT without any reference to the prevalent rates of royalty on crude oil ranging from Rs.554 to Rs.800 per metric ton (MT) as prescribed by the Government of India for the period from 1 April 1996 to 31 July 2001.

5.15.3 Based on this erroneous agreement, the lessee extracted 180149.697 MT of crude oil from the leased area during May 1996 to June 2001 and paid royalty of Rs.9.51 crore at the fixed rate of Rs.528 per MT against the royalty of Rs.12.22 crore leviable at the rates prescribed by the Government of India during the aforesaid period. Thus, execution of faulty agreement not only resulted in loss of revenue of Rs.2.71 crore, but also extended financial benefit to the lessee. This loss could have been avoided had the Government stipulated in the agreement that payment of royalty would be made at the prevalent Government rates as was done in other cases.

5.15.4 The case was reported to the department/Government in September 2001; their replies have not been received (December 2002).

CHAPTER VI

CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

6.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, rural development, improvement of roads and other communication facilities under municipalities and local bodies.

6.1.2 During 2001-2002, financial assistance of Rs.10.46 crore was paid to various autonomous bodies and others broadly grouped as under :

Table 6.1

(Rupees in crore)

Sl. No.	Name of Institutions	Amount of assistance paid
1.	Universities and Educational Institution	8.01
2.	Art and Culture	0.27
3.	Rural Activities	0.15
4.	Social Welfare	0.90
5.	Co-operation	0.36
6.	Other Institutions	0.77
	Total	**10.46**

6.1.3 Financial assistance paid to these bodies during the year 2001-2002 constituted 1.02 *per cent* of the total revenue expenditure (Rs.1029.55 crore) of the Government for the year.

6.2 Utilisation certificates

6.2.1 The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from grantees and after verification, these should be forwarded to Accountant General within one year from the date of sanction, unless specified otherwise.

6.2.2 Although the Finance Department, Government of Arunachal Pradesh was requested (July 2002) to furnish department wise position of utilisation certificates due and submitted during the last 3 years, the required information was not furnished (December 2002).

6.3 Audit of financial assistance to local bodies and others

Audit under Sections 14 and 15

6.3.1 According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (as amended from time to time), receipts and expenditure of bodies and authorities substantially financed by grants/loans from the Consolidated Fund of the State are audited by the Comptroller and Auditor General of India (CAG). A body or authority is deemed to have been substantially financed in a year if the aggregate of grants and loans received by it during the year (including unutilised balance of grants and loans of previous years) is not less than (a) Rs. 25 lakh representing 75 *per cent* of the total expenditure of that body or authority and (b) Rs.1.00 crore.

6.3.2 Section 15 of the Act *ibid* requires that where any grants/loans are given to any body or authority for specific purposes from the consolidated fund, the CAG should scrutinise the procedure by which the sanctioning authority has satisfied itself as to the fulfillment of the conditions subject to which such grants and loans are given.

6.3.3 In order to identify the institutions which attract audit under section 14/15 of the Act, *ibid*, Governments/heads of departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

6.3.4 The Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 1999-2002 by different administrative departments, despite repeated requests (July 2002). As a result, neither a complete list of bodies/authorities to be audited under Section 14 of the Act *ibid*, could be drawn up nor could the amount of assistance given to various bodies during these years be ascertained (December 2002).

6.3.5 However, as per information collected by audit in earlier years, out of 13 bodies/authorities, whose accounts for 2001-2002 were received, these bodies/authorities attracted audit under Section 14 of the Act, *ibid.* The status of submission of accounts by these bodies and completion of their audit as of September 2002 are given in **Appendix - XLV**.

6.3.6 According to provisions in the manual, District Rural Development Agencies (DRDAs) are required to submit their certified accounts to audit by 30 September each year. Two DRDAs did not submit accounts for 8 and 7 years respectively (from 1994-95 to 2001-2002 and 1995-1996 to 2001-2002). Similarly, 2 other DRDAs did not submit their accounts for 4 years and 3 years respectively (from 1998-1999 to 2001-2002 and from 1999-2000 to 2001-2002). Further 6 other DRDAs did not submit accounts for 2 years and 1 year respectively (3 DRDAs from 2000-2001 to 2001-2002 and 3 other DRDAs from 2001-2002). Only two DRDAs had submitted accounts for 2001-2002. One DRDA being new its accounts are awaited. As such, the amount of financial assistance received by 10 DRDAs out of 13 DRDAs (1 DRDA being new) from the State/Central Government during the period from 1994-1995 to 2001-2002 and utilisation thereof could not be ascertained (December 2002).

6.4 Audit under Section 20(i)

6.4.1 The status of submission of accounts by autonomous bodies covered under Section 20 (i) of the CAG's (DPC) Act, 1971 (as amended from time to time) and submission of Audit Reports to the Parliament as of September 2002 is given below :

Table 6.2

Name of Body	Year upto which accounts due	Year upto which accounts submitted	Year upto which Audit report issued	Year upto which Audit report placed before parliament
North Eastern Regional Institute of Science and Technology* (NERIST), Nirjuli	2001-2002	2001-2002	2000-2001	Upto 1999-2000 (Information regarding placement of Report for the year 2000-2001 is awaited from the Ministry)

* Audit of Institution has been entrusted to Comptroller and Auditor General of India from 1997-98 to 2001-2002.

6.5 Audit arrangement by Government

6.5.1 In order to ensure correct accounting and proper utilisation of financial assistance, the State Government was to arrange primary audit of the accounts of local bodies and authorities.

6.5.2 Although the Finance Department was requested (July 2002), the required information about arrangements made for primary audit of these local bodies and authorities was not furnished (December 2002).

6.5.3 The above matters were reported to Government (October 2002), their reply had not been received (December 2002).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

CHAPTER - VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

7.1.1 This chapter deals with the results of audit of Government companies and departmentally managed commercial undertakings.

7.1.2 Paragraphs 7.1.3 to 7.1.47 give an overview of Government companies and departmentally managed commercial undertakings and paragraph 7.2 deals with review on 132 KV single circuit transmission line from Deomali to Namsai and paragraphs 7.3 to 7.9 deal with miscellaneous topics of interest.

Overview of Government companies and departmentally managed commercial undertakings

Introduction

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

Working Government companies

Investment in working Government companies

7.1.4 The total investment in three working companies as on 31 March 2001 and 31 March 2002 are as follows :

Table – 7.1

(Rupees in crore)

Year	No. of working Companies	Equity	Share application money	Long term money	Total
2000-01	3	8.42	0.20	3.01	11.63
2001-02	3	8.62	-	2.01	10.63

7.1.5 The summarised statement of Government investment in the working Government companies in the form of equity and loan is given in **Appendix - XLVI**.

7.1.6 Due to repayment of loan amounting to Rs.1.00 crore by one company without any further investment in equity the debt equity ratio has decreased from 0.35:1 in 2000-01 to 0.23:1 in 2001-02.

7.1.7 As on 31 March 2002, the total investment in working Government companies, comprised 81.09 *per cent* of equity and 18.91 *per cent* of loan compared to 74.11 *per cent* and 25.89 *per cent*, respectively as on 31 March 2001.

Budgetary outgo, grants/subsidies, and guarantees, waiver of dues and conversion of loan into equity

7.1.8 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues, and conversion of loans into equity by State Government to working Government companies are given in **Appendices – XLVI and XLVIII**.

7.1.9 The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from State Government to 3 working Government companies for the three years upto 2001-02 are given below :

Table – 7.2

(Rupees in crore)

Sl. No.	Particulars	1999-2000		2000-2001		2001-2002	
		No. of companies	Amt.	No. of companies	Amt.	No. of companies	Amt.
1.	Equity capital outgo from budget	1	0.18	2	0.37	-	-
2.	Loans given from budget	-	-	-	-	-	-
3.	Grants/subsidy towards project/ programmes/ schemes	-	-	-	-	-	-
Total outgo		**1**	**0.18**	**2**	**0.37**	**-**	**-**

7.1.10 During the year 2001-02, the Government had not given fresh guarantee for raising loans by working Government companies. At the end of the year guarantees amounting to Rs.0.90 crore (principal: Rs.0.88 crore and interest: Rs.0.02 crore) against one Government company were outstanding. There was one case of default in repayment of guaranteed loans during the year. No guarantee commission was payable to the Government by the Government companies.

Finalisation of accounts by working Government companies

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

7.1.12 It can be noticed from **Appendix - XLVII** that none of the three working Government companies had finalised their accounts for the year 2000-01 within the stipulated period. During the period from October 2001 to September 2002, three working Government companies finalised their accounts for earlier years.

7.1.13 The accounts of all the three working companies were in arrears for periods ranging from 3 years to 8 years as on 30 September 2002 as detailed below :

Table – 7.3

Sl. No.	Number of working Government companies	Year from which accounts are in arrear	Number of years for which accounts are in arrear	Reference to Sl. No. of Appendix-XLVII
1.	1	1999-2000	3	1
2.	1	1997-1998	5	3
3.	1	1994-1995	8	2

7.1.14 The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the companies within prescribed period. Though the concerned administrative departments and officials of Government were appraised quarterly by the audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and as a result, the investments made in these Government companies could not be assessed in audit.

Financial position and working results of working companies

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

7.1.16 According to latest finalised accounts of 3 working Government companies, two companies had incurred an aggregate loss of Rs.0.97 crore and one company earned profit of Rs.3.70 crore.

Profit earning working Government company and dividend

7.1.17 The lone working Government company which finalised its accounts for 1996-97 (Sl. No.3 of **Appendix - XLVII**) had earned profit for two or more successive years. No dividend has been declared during the year. The State Government has not formulated any dividend policy for payment of minimum dividend.

Loss incurring working Government companies

7.1.18 Of the two loss incurring working Government companies, one company (Sl. No.1 of **Appendix - XLVII**) had accumulated losses amounting to Rs.6.18 crore which has far exceeded its paid up capital of Rs.1.63 crore.

7.1.19 Despite poor performance and complete erosion of paid up capital, the State Government continued to provide financial support to this company. According to available information, the financial support so provided by the State Government to this company by way of share capital contribution amounted to Rs.17.00 lakh during 2000-01. No financial support has been provided by Government during 2001-02 to these companies.

Return on capital employed

7.1.20 As per the latest finalised accounts (upto September 2002) the capital employed* worked out to Rs.43.99 crore and total return** thereon amounted to Rs.3.71 crore which is 8.43 *per cent* as compared to total return of Rs.5.61 crore (15.60 *per cent*) in the previous year (accounts finalised upto September 2001). The details of capital employed and total return on capital employed in case of working Government companies are given in **Appendix - XLVII.**

Non-working Government companies

Investment in non-working Government companies

7.1.21 As on 31 March 2002, the total investment in two*** non-working Government companies was Rs.3.24 crore (equity: Rs.0.42 crore and long term loan: Rs.2.82 crore) as against total investment of Rs.2.01 crore (equity: Rs.0.42 crore and long term loan: Rs.1.59 crore) as on 31 March 2001 in two non-working Government companies. During the year 2001-02 there was an increase of Rs.1.23 crore in the long term loan of Arunachal Pradesh Horticulture Processing Industries Limited which it received from its holding company (Arunachal Pradesh Industrial Development and Financial Corporation Limited) for payment to retrenched employees under "Golden Handshake Scheme".

7.1.22 The plants of both the non-working Government companies remained inoperative from December 1986 and July 1987 and all the employees had been retrenched. Although no budgetary support was extended during 2001-02 to the non-working companies for disbursement of salaries and wages, the proposals for disposal of the companies assets (including plant and machinery) were long pending with the Government.

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

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

*** 1. Parasuram Cements Ltd. and 2. Arunachal Horticulture Processing Industries Ltd.

7.1.23 As both the non-working companies were under liquidation/closure under Section 560 of the Companies Act, 1956 for 6 to 7 years and substantial amount of investment of Rs.3.24 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation.

Finalisation of accounts of non-working Government companies

7.1.24 The accounts of two non-working companies were in arrears for periods ranging from 15 to 20 years as on 30 September 2002 as could be noticed from **Appendix - XLVII**.

Financial position and working results of non-working Government companies

7.1.25 One non-working Government company has not finalised its accounts since inception. The other non-working company has so far finalised its accounts upto 1986-87, summarised financial results of which as per latest finalised accounts are given in **Appendix - XLVII**.

7.1.26 The details of paid-up capital, net worth, cash loss/cash profits and accumulated loss of one non-working PSU as per its latest finalised accounts are given below :

Table – 7.4

(Rupees in lakh)

Year	Paid-up capital	Net worth	Cash loss (-)/ Cash profit (+)	Accumulated loss (-)/Profit (+)
1986-87*	13.50	83.42	(-) 1.78	(-) 15.40

Results of audit of accounts of PSUs by Comptroller and Auditor General of India

7.1.27 During the period from October 2001 to September 2002, the audit of accounts of two Government companies (both working) were selected for review. The net impact of the audit observations as a result of review of the Government companies were as follows :

Table – 7.5

(Rupees in lakh)

Details	No. of accounts of Government companies		Amount	
	Working	Non-working	Working	Non-working
i) Non-disclosure of material facts	1	-	7.26	-

7.1.28 Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies are mentioned below:

* Parasuram Cements Ltd.

Arunachal Pradesh Forest Corporation Limited (Accounts for 1996-1997)

7.1.29 (a) The net fixed assets (Rs.10.22 crore) include value of unsuitable seedlings amounting to Rs.7.26 lakh which awaited write off, but, the fact has not been disclosed.

(b) Expenditure on lease rent (Rs.2.44 crore) charged to profit and loss account for the year includes Rs.0.75 crore pertaining to previous year which should have been exhibited under prior period adjustment account.

Recommendations for improving performance or closure of Government companies

7.1.30 Even after completion of five years of its existence, the turnover of one working Government company, *viz.,* Arunachal Pradesh Industrial Development and Financial Corporation Limited, had been less than Rs.5.00 crore in each of the preceding five years of latest finalised accounts. The company also had been incurring losses for five consecutive years (as per latest finalised accounts) leading to negative net worth of Rs.1.70 crore. In view of poor turnover and continuous losses, the Government may either improve performance of above Government company or consider its closure.

Response to Inspection reports, draft paras and reviews

7.1.31 Observations made during audit and not settled on the spot are communicated to the head of the companies and concerned departments of State Government through Inspection reports. The heads of the offices/companies are required to furnish replies to the Inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued upto March 2002 pertaining to 8 Government companies/departmental commercial undertakings disclosed that 581 paragraphs relating to 112 Inspection reports remained outstanding at the end of September 2002. Of these, 18 Inspection reports containing 79 paragraphs had not been replied to for more than 5 years. Department-wise break-up of Inspection reports and audit observations outstanding as on 30 September 2001 is given in **Appendix - L**.

7.1.32 Similarly, draft paragraphs and reviews on the working of the Government companies and departmentally managed commercial undertakings are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It is observed that one review and eight draft paragraphs which were forwarded to the various departments during April to June, 2002 as detailed in **Appendix - LI**, have not been replied to so far (December 2002).

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

Position of discussion of commercial chapter of Audit Report by the Committee on Public Undertakings (COPU)/Public Accounts Committee (PAC)

7.1.34 The reviews/paragraphs of commercial chapter of Audit Reports pending discussion as on 31 March 2002 by the COPU are shown below :

Table – 7.6

Period of Audit Reports	Total number of reviews/ paragraphs appeared in Audit Report		Number of reviews/paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1987-1988	2	2	-	1
1988-1989	-	3	-	1
1989-1990	-	1	-	1
1990-1991	1	1	-	-
1991-1992	-	4	-	1
1992-1993	1	1	-	-
1993-1994	1	3	-	-
1994-1995	-	5	-	2
1995-1996	-	2	-	1
1996-1997	-	5	-	2
1997-1998	-	4	-	1
1998-1999	1	4	1	4
1999-2000	1	4	1	4
2000-2001	-	6	-	6

Departmentally managed Government commercial and quasi-commercial undertakings

7.1.35 Though the State Transport Services and the State Trading Scheme (Central Purchase Organisation) of Transport and Supply Directorates are commercial in nature and are functioning as such, they have not been declared as commercial organisations by the Government (September 2002).

7.1.36 Preparation of proforma accounts of the State Transport Services for 2000-01 and 2001-02 and of State Trading Scheme for 2001-02 was in arrears. The arrear in finalisation of accounts was last brought to the notice of the Government in July 2002.

7.1.37 The financial position, working results and operational performance of the State Transport Services for the three years upto 1999-2000 as per finalised accounts are given in Appendix - XLIX.

7.1.38 During last 3 years upto 1999-2000, the State Transport Services had incurred operating losses varying from Rs.0.74 crore to Rs.2.04 crore and net losses varying from Rs. 10.58 crore to Rs.12.19 crore. As on 31 March 2000, the accumulated loss stood at Rs.81.38 crore which was 97.63 *per cent* of Government capital of Rs.83.36 crore. As analysed in Audit, the reasons for incurring losses were attributable to high incidence of salaries and wages, poor operation of buses per day (average 89.96 to 99.07 kms) and low occupancy ratio (45.68 to 58.75 *per cent*).

7.1.39 The working results of State Trading scheme for the three years upto 2000-01 as per finalised accounts are summarised below:

Table – 7.7

(Rupees in lakh)

		1998-99	1999-2000	2000-01
A.	Income			
(a)	Sales	294.52	348.34	370.37
(b)	Increase(+)/decrease(-) of stock	(+) 0.22	(+) 39.17	(-) 47.75
	Total – A	**294.74**	**387.51**	**322.62**
B.	Trading Expenses:			
(a)	Purchases	314.32	438.34	348.82
(b)	Packing materials	54.62	67.74	14.17
(c)	Establishment and contingent charges	195.84	195.90	202.23
(d)	Air dropping and godown losses	20.76	30.95	17.33
	Total – B	**585.54**	**732.93**	**582.55**
C.	Trading Profit (+)/ Loss (-)(A-B)	(-) 290.80	(-) 345.42	(-) 259.93
D.	Non-trading expenses – interest on capital and audit fee (provisions)	24.70	23.51	30.68
E.	Net profit (+)/Loss (-)	(-) 315.50	(-) 368.93	(-) 290.61

7.1.40 With effect from September 1975, the selling price of each commodity had been fixed by adding 30 *per cent* to cost price to cover the overhead charges.

7.1.41 During the three years upto 2000-01, the actual overhead charges worked out to a higher percentage is as shown below:

Table – 7.8

(Rupees in lakh)

		1998-99	1999-00	2000-01
1.	Overhead charges (items (b) and (c) of trading expenses)	250.46	263.64	216.40
2.	Cost of procurement (opening stock plus purchases less closing stock)	314.10	399.17	396.57
3.	Percentage of overhead cost to cost of procurement (percentage of 1 to 2)	79.74	66.05	54.57

7.1.42 The reasons for higher percentage of overhead charges to cost of procurement was attributable to high incidence of establishment and contingent charges which alone constituted 62.35 *per cent*, 49.08 *per cent* and 50.99 *per cent* of cost of procurement during the three years respectively.

Power (Electricity) Department

7.1.43 The department has not prepared proforma accounts pending constitution of State Electricity Board. The matter was last taken up with the Chief Secretary in May 2002. Reply of the Government was awaited (December 2002).

7.1.44 The operational performance of the department for the last three years upto 2001-2002 is given in **Appendix - LII**.

7.1.45 The Auxiliary Consumption was excessively high ranging from 8.46 to 10.36 percentage to total power generated.

7.1.46 The transmission and distribution (T&D) losses were excessive ranging from 49.22 to 56.12 *per cent* to total power available for sale as against the norms of 15.5 *per cent* fixed by the Central Electricity Authority (CEA). During three years upto 2001-02, the excess T&D loss beyond norm was 170 MU or Rs.31.56 crore in financial terms.

7.1.47 During the three years upto 2001-02, the losses per unit sold were Rs.4.48, Rs.6.27 and Rs.6.13 crore respectively. The total expenditure during the period was Rs.52.49 crore, Rs.57.82 crore and Rs.57.85 crore respectively as against revenue of Rs.16.19 crore, Rs.13.60 crore and Rs.11.79 crore in respective years. The department incurred losses amounting to Rs.36.30 crore, Rs.44.22 crore and Rs.46.06 crore during the three years upto 2002 respectively.

CHAPTER VII

SECTION-A
AUDIT REVIEW

SECTION – A - REVIEW

POWER DEPARTMENT

7.2 Review on Construction of 132 KV Single Circuit transmission line from Deomali to Namsai

Highlights

Construction of 132 KV transmission line from Deomali to Namsai not administratively approved and technically sanctioned was irregularly taken up for execution in March 1994 at an estimated cost of Rs.31.64 crore to draw State's share of power from Kathalguri Gas Based Power Project and Central Sector, but temporarily suspended in August 1999 after incurring an expenditure of Rs.17.51 crore with 30 *per cent* progress only and remained incomplete till date.

(Paragraphs 7.2.1, 7.2.4, 7.2.5, 7.2.9 and 7.2.12)

There was an irregular diversion of fund of Rs.22.29 lakh from this project towards construction of building beyond the scope of detailed project report and schedule of works.

(Paragraph 7.2.13)

There was an undue and erroneous concession of Rs.1.91 crore to the executing contractor by inflating contract value from Rs.43.68 crore to Rs.45.59 crore (March 1995).

(Paragraph 7.2.14)

Procurement of materials at higher rate amounted to extra expenditure of Rs.6.69 crore.

(Paragraph 7.2.15)

Excess procurement of materials leading to blockage of fund of Rs.1.62 crore.

(Paragraph 7.2.16)

Penalty of Rs.2.85 crore was not imposed on the contractor for unfinished work.

(Paragraph 7.2.23)

Materials procured at a value of Rs.9.69 crore were lying idle.

(Paragraph 7.2.25)

There was no monitoring of the work at the department's level.

(Paragraphs 7.2.29 and 7.2.30)

Social objectives of the project were not achieved.

(Paragraphs 7.2.31 to 7.2.34)

Introduction

7.2.1 For meeting demand of power in the backward areas of eastern part of Arunachal Pradesh (Tirap, Changlang and Lohit districts), the Chief Engineer (CE) of the State Power Department submitted a proposal (February 1993) to the Central Electricity Authority (CEA) for "Construction of 132 KV single circuit transmission line from Deomali to Namsai". The proposed transmission line was regarded as pioneering step towards formation of 132 KV State Power Grid to draw State's share of power from Kathalguri Gas Based Power Project (KGBPP) and other Central Sector generating stations of North Eastern Region through the transmission network of Power Grid Corporation of India Limited (PGCIL) through Deomali sub-station and to distribute power through 132/33 KV substations and sub-transmission systems operating at 33/11 KV. The Project had the following objectives :

Objectives

7.2.2 To ensure sufficient and steady power supply in the backward area of the State and to act as a catalyst towards improvement of living conditions of the people, agricultural and industrial development.

7.2.3 To improve power distribution system in Tirap, Changlang, Lohit and Dibang Valley districts at required voltage and to avoid burning of transformers, snapping of conductor and other related problems.

Appointment of consultant

7.2.4 The department engaged (March 1994) one Guwahati based firm M/S K.R. Engineering Services (KRES) on lowest quoted rate basis at a total cost of Rs.46.07 lakh for the purpose of conducting survey and investigation (S&I) and preparation of a detailed project report. The firm submitted (February 1995) the project report for an estimated cost of Rs.31.64 crore for a line length of 196.5 kms. The basis of working out the estimated cost was not indicated in the project report nor was the same available on record.

Administrative Approval

7.2.5 Neither any technical estimate for the work was prepared by the CE nor the required administrative approval of the department thereon was obtained. In absence of these, the execution of the work was irregular.

Approval of CEA

7.2.6 While agreeing with the proposal of construction of the transmission line, the CEA advised (May 1993) the CE to submit a project report for their final approval. However, the project report was not submitted to CEA for obtaining approval, reasons for which were not on record.

Award of work

7.2.7 Based on the project report, the CE invited tenders (June 1994) on turnkey contract basis. Only four parties participated in tender but the comparative statement of quotations and the basis of selection of turnkey contractor was not made available to audit.

7.2.8 In March 1995, the CE with the approval (February 1995) of the State Works Advisory Board (WAB) executed agreement with a Calcutta based firm M/S Horizon Hi-tech Engicon (Private) Limited (HHEPL) and issued turnkey works order for 'supply, installation, testing and commissioning' of the transmission line for a contract value of Rs.45.59 crore which was neither administratively approved by the department nor technically sanctioned by the CE himself. The excess contract value of Rs.13.95 crore (Rs.45.59 crore – Rs.31.64 crore) over the estimated cost as per project report was attributable to

- difference in rates for erection works (Rs.0.80 crore),
- materials (Rs.11.24 crore) and
- inclusion of one floating item as 'head load charge' (Rs.1.91 crore as computed in audit) in the terms and conditions of contract without exhibiting the same in the work schedule attached to the tender documents and without quantifying the distance (to be covered) and weight of materials (to be carried).

Achievement

7.2.9 The scope of work included (a) check survey, tower spotting and final peg marking (196.5 kms), (b) stub setting and erection of towers (595 numbers) including all related civil works (c) earthing of towers (595 numbers), and (d) stringing of panther conductor (196.5 kms). As per terms of contract, the construction of the line was to be completed and commissioned by April 1998 (commencing from March 1995). While the work of stringing of panther conductor had not been taken up at all, the progress of other items of work varied only from 8.24 to 64.55 *per cent* when the work was ultimately suspended in August 1999 as the contractor had left the work site. Implementation of the project has been discussed in paras 7.2.14 to 7.2.34.

Organisational set up

7.2.10 The Chief Engineer, Power Department overall incharge of the project was assisted by the Superintending Engineer (SE), Arunachal Pradesh Electrical Circle-II (upto 10 March 1997) and SE, Electrical Circle, Miao (afterwards).

Audit coverage

7.2.11 Records of CE, SEs Arunachal Pradesh Electrical Circle-II Pasighat and Electrical Circle, Miao, EEs, Deomali Electrical Division and Miao Electrical Division for the period from 1993-94 to 2001-02 were test audited during February-March 2002. Important points noticed as a result of test check are brought out in the succeeding paragraphs.

Finance

7.2.12 State Government did not accord administrative approval (AA)/expenditure sanction (ES) of the project nor was the project technically sanctioned (TS) by the CE (Power), who, continued to irregularly release Plan funds through letter of credit (LOC) from time to time on the basis of the annual operation plan (AOP). Year-wise allotment of funds for the project and expenditure incurred were as under:

Table - 7.9

(Rupees in crore)

Year	Release of funds/expenditure incurred
1994-1995	1.30
1995-1996	7.55
1996-1997	5.00
1997-1998	1.75
1998-1999	1.81
1999-2000	0.10
Total	**17.51**

7.2.13 Out of Rs.17.51 crore shown above as expenditure incurred, total amount of Rs.15.78 crore was paid (September 1998) to HHEPL, upto 7th running account (RA) bill. The balance amount of Rs.1.73 crore was spent on different items like survey work, tools & plants, materials, wages and other miscellaneous items executed by the division through different contractors. Of Rs.1.73 crore, there was an irregular diversion of Rs.22.29 lakh during 1995-96 to 1999-2000 towards construction of a building beyond the scope of the project report and schedule of works. Entire expenditure incurred was without any technical and administrative approval, and thus irregular.

Implementation

Improper finalisation of contract

7.2.14 Scrutiny of the contract agreement No. 6 of 1994-95 executed (March 1995) between CE and M/s HHEPL disclosed that the actual value of the contract should have been Rs.43.68 crore as per schedule of works attached to the contract agreement instead of the contract value of Rs.45.59 crore (**Appendix – LIII**). Thus, there was an irregular and undue concession extended to the firm to the tune of Rs.1.91 crore by erroneously inflating the total contract value to that extent. The EE, Miao Electrical Division in his report (January 1997) to the SE (AP Circle-II), Pasighat also raised this point to justify that the difference of Rs.1.91 crore was attributable to head load charge (actual expenditure on this account upto 7^{th} running bill dated 12.04.1998 was Rs.0.52 crore) as per terms and conditions of the contract agreement. However, project report, schedule of works (1994) and preliminary estimate (February 2000)* submitted by the CE were silent in respect of head loading charges as referred to above. The department, thus, did not assess properly the item of works to be executed before entering into the agreement.

Procurement of materials at higher rates

7.2.15 The department had incurred an extra expenditure of Rs.6.69 crore for procurement of materials from M/S HHEPL, Calcutta at much higher rate compared to the approved (April 2001) rates of PGCIL which had also supplied similar items in the works executed by them in Arunachal Pradesh. Though it was reported (February 2000) by the CE to the Government that PGCIL's rates were also taken into consideration while revising the estimate to Rs.48.91 crore for according AA/ES, but in practice it was not followed for no recorded reasons. The details of extra expenditure are shown as below:

Table – 7.10

Sl. No.	Name of material	Unit	Rates of procure-ment (Rupees)	Appro-ved rate of PGCIL (Rupees)	Quantity procured	Differential higher rates involved (4-5) (Rupees)	Extra-expenditure (7x6) (Rs. in lakh)	Rate as per project report (Rupees)
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Panther conductor	per km.	2,17,000	84,708	315.945 km	1,32,292	417.97	90,000
2.	'C' type tower material	per mt	54,500	33,975	424.089 mt	20,525	87.04	50,400
3.	11 KV disc. Insulator							
	a) 70 KN insulator	each	710	405	6199 Nos.	305	18.91	650
	b) 90 KN insulator	each	820	405	30780 Nos.	415	127.74	750
4.	Vibration damper for panther conductor	each	1000	322	2484 Nos.	678	16.84	750
Total							668.50	

* Preliminary estimate because no sanction (technical and administrative) accorded earlier submitted in February 2000 for the first time for approval.

Excess procurement of materials

7.2.16 As per schedule of works, 31 'C' type towers (C+O = 17 Nos.; C + 3 = 11 Nos.; and C + 6 = 3 Nos.) were to be erected. The assessed weight of each tower was 3.393 MT for C+O type, 4.219 MT for C+3 type, and 4.786 MT for C+6 type and the weight of accessories for 'C' type towers was 9.011 MT. Accordingly, total requirement of 31 'C' type towers with accessories was 127.459 MT (as per analysis of audit based on PROJECT REPORT) against which the contractor had supplied 424.089 MT. Thus, 296.630 MT (424.089 MT – 127.459 MT) of 'C' type tower materials valuing Rs.1.62 crore (@ Rs.54,500 per MT) were procured in excess. This resulted in unnecessary blocking of fund amounting to Rs.1.62 crore.

Execution of work

7.2.17 As per clause 5.03 of the agreement, the work was to be completed within thirty six months from the date of execution of the contract (March 1995).

7.2.18 The estimated quantity of items of works (included in scope of work) to be executed, schedule date of completion, the actual quantity executed, and percentage of physical progress as of April 1998 (date of last measurement) were as under:

Table – 7.11

Sl. No.	Items of work/contract	Estimated quantity to be executed	Schedule date of completion	Quantity executed	Percentage of physical progress
1.	Check survey and tower spotting	196.5 kms	07/1995	38.71 kms	19.70
2.	Fabrication, procurement of tower materials	2471 mt	12/1996	859.11 MT	34.77
3.	Foundation work, benching, levelling	26250 cum	06/1997	16944.17 cum	64.55
4.	Excavation for foundation	48,600 cum	- do -	7710.99 cum	15.87
5.	Foundation concreting	9150 cum	- do -	1329.658 cum	14.53
6.	Tower erection	2471 mt	09/1997	203.506 MT	8.24
7.	Stringing	196.5 circuit kms	12/1997	Nil	Nil
8.	Testing and commissioning	-	03/1998	-	-
9.	Supply of:				
	a) ACSR 'panther' conductor	615.00 kms	Not included in bar chart	315.945 kms	51.37
	b) Accessories for line:				
	i) Vibration damper	2484 Nos.	-do-	2484 Nos.	100
	ii) Number Plate	595 Nos.	-do-	595 Nos.	100
	iii) Anti-climbing device	595 Nos.	-do-	595 Nos.	100
	iv) Danger plate	595 Nos.	-do-	595 Nos.	100
	v) 70 KN Disc insulator	6199 Nos.	-do-	6199 Nos.	100
	vi) 90 KN Disc insulator	30780 Nos.	-do-	30780 Nos.	100

7.2.19 It would, therefore, be evident from the above that the contractor devoted himself towards supply of materials only and not to execution of work as specified in the bar-chart as per agreement. Contractor had supplied high valued materials costing Rs.15.03 crore which represented 88 *per cent* of total value (Rs.17.10 crore) of work done and measured upto 7th RA bill (April 1998). The department, on the other hand, failed to monitor the work though it continued to make payments to the contractor as and when claimed for.

7.2.20 Though the contractor failed to execute further works after August 1999, no penal provision was resorted to, to realise the compensation from the contractor as per agreement. In fact, contractor was paid 92 *per cent* of his dues, being Rs.15.78 crore against Rs.17.10 crore of total work done and measured upto 7th RA bill (April 1998). No effective steps for re-starting the work for completion of the project were also initiated by the department, resulting in blocking of funds and non-fulfilment of the basic objective.

Penalty not imposed

7.2.21 As per clause 5.07 of terms and conditions of the agreement, if the contractor failed to complete all items of work within the stipulated period as per contract, the contractor should pay to the department a penalty @ 1/4 *per cent* of the value of the balance work or such smaller amount as the Chief Engineer (whose decision in writing would be final) might decide for each calendar week (7 days) or part thereof of delay in completion from the scheduled completion date or extension thereof subject to a maximum of 10 *per cent* value of the balance incompleted work.

7.2.22 The target date of completion of the work was April 1998. The contractor did not follow the time schedule, and left the work in August 1999 (physical progress - 30 *per cent* of the total work).

7.2.23 Scrutiny of records disclosed that neither the CE decided any rate of penalty in this case nor was the penalty levied on the contractor for delay in completion of the work. Thus, maximum penalty amounting to Rs.2.85 crore, being 10 *per cent* of value of unfinished work of Rs.28.49 crore (Rs.45.59 crore - Rs.17.10 crore) as due was not imposed on the contractor in terms of the agreement.

Security deposit not deducted - an undue benefit to the contractor

7.2.24 The department did not deduct security deposit from the RA bills of the contractor at the stipulated rate of 10 *per cent* subject to maximum limit of Rs.5 lakh (in terms of Para 22.1 of CPWD Manual) on the plea that Rs.5 lakh in fixed deposit receipt (FDR No. 148452/187/95-96 dated 08/11/1995 on UCO Bank), Itanagar were obtained from the contractor in December 1995 as reported by the CE to the divisional authority during February 1995 and January 1996. The division failed to produce or give any clue about the FDR (Rs.5 lakh) received by CE. Thus, whether the department has actually obtained the FDR or not is a matter of doubt.

Materials lying idle/unutilised

7.2.25 Unutilised materials (Appendix - LIV) valuing Rs.9.69 crore issued to the contractor between December 1995 to January 1998 are lying at storage site at Kharshang. Materials had been issued to the contractor for the execution of work, and he was the sole custodian till the work was completed and handed over to the department. The contractor has withdrawn all the staff from the storage site, and the materials are lying in open yard with all the risk of damages/deterioration /losses. So far no action plan has been framed for their best utilisation.

Analysis of rates awarded to contractor not furnished.

7.2.26 As envisaged in clause 5.08 of the agreement (March 1995), cement required for foundation and masonry work was to be supplied free of cost by the department, and according to clause 5.10 *ibid* the contractor was required to submit the utilisation statement of cement alongwith RA bills. As per project report based on which the agreement was executed with M/S HHEPL, the rate of reinforced cement concrete work for foundation including shoring and shuttering, etc., was Rs.4365.00 per cum in case of 'Deomali to Namsai' and 'Changlang to Namsai'. In the latter case only it was mentioned that cement was to be issued free of cost. But as per schedule of work, the above rate was Rs.4800.00 per cum. Due to unavailability of analysis of rate for the above item of work, justification of higher rates allowed to the contractor could not be verified by audit. Further the contractor did not submit the utilisation statement alongwith the RA bills and the department made payment without verifying the utilisation statement while passing the bills for payment. In the absence of utilisation statement actual consumption of cement could not be verified in audit.

7.2.27 In the case of the following major items of works, the contractor was allowed to execute work at much higher rate compared to the rate in project report:

Table – 7.12

(Rupees)

Sl. No.	Item of Work	Unit	Rate as per project report	Rate allowed to M/S HHEPL as per contract	Excess in rate over the project report (bracket indicates percents)
1.	2.	3.	4.	5.	6.
1.	Check survey including checking of preliminary profile, tower spotting and peg-marking	km	14550	16000	1450 (9.97)
2.	Concreting of foundation work including shoring, shuttering and form boxed, etc. re-inforced cement concrete of M-15 grade	cum	4365	4800	435 (9.97)

(Rupees)

1.	2.	3.	4.	5.	6.
3.	Protection of tower footings:				
	a) random rubble masonry including shoring and shuttering	cum	1818.75	2000	181.25 (9.97)
	b) stone bound in galvanised wire netting	cum	1455	1500	45 (3.09)
	c) plain cement concrete	cum	2910	3100	190 (6.53)
4.	Tower erection including benching of bolt, nut and mounting of all accessories	MT	5092	5200	108 (2.12)
5.	Stringing of power conductor panther for three phases including fitting and fixing of hardware, etc. including jumpering	circuit km	26190	28500	2310 (8.82)
6.	Stringing of ground conductor including fitting and fixing of hardwares, etc.	km	8730	9500	770 (8.82)

7.2.28 In absence of rate analysis, the reasonableness of awarding the work at higher item rates could not be verified in audit.

Monitoring

7.2.29 A comprehensive system of monitoring is essential for effective control over expenditure as well as smooth implementation of the project. There was total failure of the department from the very inception of the project which was approved by the WAB but ventured for execution without obtaining CEA's approval and without ensuring availability of requisite funds besides administrative approval/technical sanction/expenditure sanction. The project was targeted for completion by April 1998 *i.e.* within 3 years from the date of commencement (20 April 1995) of the work. The progress of the work was too slow throughout the project execution since inception and no work was carried out by the contractor since August 1999. The department temporarily suspended the work since then, reportedly due to paucity of fund despite a time overrun of 4 years till date. The overall progress was only 30 *per cent* as reported by the department in February 2000, but no remedial action was taken till date to remove all such bottlenecks for restarting the work.

7.2.30 Further, though the Deputy Secretary (Power), Government of Arunachal Pradesh framed several charges against the contractor (M/S HHEPL) and others in May 1997 and directly reported the matters to Police (Itanagar PS case No. 73/97 dated 26 May 1997), the contractor was allowed to work even thereafter without any legal/penal action. No follow-up report against those charges was available on records. This indicates total lack of intra-departmental co-ordination besides overall deficiency in monitoring work.

Social objectives were not achieved

7.2.31 The main object of the project was to draw state's share of power from KGBPP and other central sector through the network of PGCIL at 132KV/33 KV sub-station at Deomali for the eastern sector of the State. Due to the failure on the part of the contractor in execution of the work as well as the department's failure in getting administrative approval/technical sanction/ expenditure sanction the completion of the project got delayed and the work was ultimately suspended since August 1999. Resultantly, the social objectives as to (i) availability of cheap power to at least 15.00 lakh people in the backward areas of eastern Arunachal Pradesh (ii) injection of power in the State from KGBPP (iii) boost to agriculture/industries could not be achieved.

7.2.32 Further, due to inadequacy of the transmission network in the State, rural areas are mostly kept under load shedding during peak hours. This is adversely affecting the people who are forced to use alternative means at higher cost. The small scale industries operating in the region are running on their own diesel generation due to shortage of power. KGBPP was commissioned in 1995 by the North Eastern Electric Power Corporation Limited (NEEPCO), but the State Government has not been able to draw power at cheaper rate due to absence of transmission net work from KGBPP to Deomali and from Deomali to Namsai.

7.2.33 Thus, the very purpose of the project to draw and distribute power for economical and industrial development of such backward areas of the State was totally defeated, so much so, the benefits expected to flow out of the project could not be derived at all besides locking up of entire fund of Rs.17.51 crore in the unfinished project.

7.2.34 The foregoing points were reported to the department (March 2002); replies have not been received (December 2002).

CHAPTER VII

SECTION-B
AUDIT PARAGRAPHS

SECTION – B – PARAGRAPHS

INDUSTRIES DEPARTMENT

PARASURAM CEMENTS LIMITED

7.3 Loss of finished products

Due to gross negligence of the managements of PCL/APIDFCL, there was loss of Rs.0.28 crore of finished goods

7.3.1 Parasuram Cements Limited (PCL) a subsidiary company of Arunachal Pradesh Industrial Development and Finance Corporation Limited (APIDFCL), had stopped its production since May 1995 when the company had its closing stock of finished goods valued at Rs.0.28 crore. After closing of production, APIDFCL the holding company of PCL had decided to sell out the assets of the company and deployed (August 1996) one Chartered Engineer and Registered Valuer to assess the value of the assets of PCL. The Valuer had submitted its report (September 1996) indicating the value of finished/semi-finished stock as 'nil'. There was no reflection of any sale out of that stock during the period from May 1995 to September 1996 either in cash book or in the general ledger of PCL. Neither PCL, nor APIDFCL had investigated the reasons for missing stock (January 2002). Thus, due to gross negligence of the management of PCL/APIDFC, disappearance of entire stock within a period of almost sixteen months was made possible resulting in loss of Rs.0.28 crore.

7.3.2 Matter was reported to the management/Government in March 2002; reply has not been received (December 2002).

7.4 Shutdown of a company due to mismanagement

Mismanagement led to bankruptcy and closure of PCL with blockage of assets (Rs.1.58 crore) and increased liability (Rs.1.48 crore)

7.4.1 Mention was made in Paragraphs 7.3.1 and 7.3.2 of the Report (1994-95) of the Comptroller and Auditor General of India regarding incurring of infructuous and avoidable expenditure (Rs.12.89 lakh) in respect of M/S Parasuram Cements Limited (PCL) a subsidiary company of Arunachal

Pradesh Industrial Development and Finance Corporation Limited (APIDFCL) which was incorporated on 23 June 1984 with authorised share capital of Rs.45.00 lakh. The plant was established (February 1985) near Tezu with the installed capacity for production of 9000 tonnes of cement per year of 300 days (*i.e.* 30 TPD).

7.4.2 Test check (January 2002) of records (April 1993 - December 2000) of the PCL, presently in the custody of APIDFCL revealed that the plant never achieved the projected utilisation capacity and the target fluctuated between 1 and 41.8 *per cent* during 1984-85 to 1995-96. Further scrutiny disclosed that though the plant started functioning from 1985, most of the staff recruited initially (1983) at high salaries including advance increments in certain cases, were not equipped with adequate knowledge and experience to run the cement plant as reported (October 1995) to the Government by the deputy commissioner (DC) of Lohit district, Tezu who was also functioning as managing director (MD) for PCL. Besides, locational disadvantages and acute shortage of power added further to the sickness of this subsidiary company. Acute financial crunch *vis-à-vis* accumulated liabilities during the years as attributed (October 1995) by the DC-cum-MD to all round mis-management ultimately led to the closure of the plant in May 1995.

7.4.3 In August 1996, the MD of the holding company (APIDFCL) assigned the job for valuation of assets, etc. of PCL to one Chartered Engineer and Registered Valuer (CERV) who submitted (September 1996) his report to the management stating *inter alia* the value of fixed and current assets at Rs.1.67 crore excluding the value of land, staff quarters, office building, etc. against which net liability of the PCL was Rs.1.48 crore. But, still there was no move on the part of the Government/management of the holding company to dispose of the properties as follow-up of CERV's report (September 1996).

7.4.4 The board of directors (BOD) of PCL in their extra-ordinary meeting held on 16 July 1997 had decided to sell out the assets of the PCL at the scrap value of Rs.73.00 lakh which was, not approved by the Government due to non-finalisation of arrear accounts. In January 1998, PCL had implemented one golden handshake scheme (GHS) with retrenchment of all the staff with total payment of Rs.31.62 lakh (GHS: Rs.19.56 lakh; other dues like dearness allowance, bonus, etc: Rs.12.06 lakh) as on 31 December 1996 with the support of loan extended by APIDFCL, but without obtaining any approval of the Government.

7.4.5 Besides, delay in disposal of assets in time, the PCL was not only burdened with huge liability (Rs.148.07 lakh) but the assets worth Rs.158.24 lakh (fixed: Rs.145.64 lakh excluding Rs.8.81 lakh being the cost of land development; current: Rs.12.60 lakh) remained idle for years together on account of lack of an active strategy on the part of both the Government and the management. These idle assets are obviously fraught with the risk of losing their commercial value due to wear and tear with the passage of time.

7.4.6 The matter was reported to the management (APIDFCL)/Government in March 2002; reply has not been received (December 2002).

GEOLOGY AND MINING DEPARTMENT

ARUNACHAL PRADESH MINERAL DEVELOPMENT AND TRADING CORPORATION LIMITED

7.5 Loss due to unauthorised removal of coal

Unauthorised grant of exploration of coal and lack of supervision helped in large scale illegal removal of coal by a private party resulting in a loss of Rs.20.26 lakh

7.5.1 Test check (February 2001) of records of the Arunachal Pradesh Mineral Development and Trading Corporation Limited (APMDTCL) revealed that the Government of Arunachal Pradesh leased out (May 1983) Namchik-Namphuk coalfields measuring 44.032 sq.km to Coal India Limited (CIL) for a period of 30 years. The agreement with Coal India was terminated midway in August 1994, prior to which the State Government already leased out (July 1994) one block of the coal field comprising an area of 4.661 sq.km to APMDTCL for 20 years with the aim of promoting mining activities by the State. At the time of termination of the agreement with CIL in August 1994, the lessee (CIL), handed over to the Government 1460 MT of stacked coal in the extraction site for which, CIL had already claimed (February 1998 and January 1999) Rs.11.62 lakh.

7.5.2 Meanwhile, the managing director (MD) of APMDTCL, permitted (March 1995) one private party *viz.* M/S Donyi Polo Industries (P) Limited (DPIL), Itanagar to carry out detailed exploration work in the coal field. MD had requested the sub divisional officer, Miao for grant of innerline* pass to DPIL to facilitate exploration work. No formal agreement was concluded with the DPIL restraining it from carrying on commercial activity.

7.5.3 The DPIL unauthorisedly mined and removed 1000 MT of coal from the coalfields during 1996, and this fact came to the notice of APMDTCL only in March 1999 when a joint inspection was conducted by the officers of the Department of Geology and Mining and APMDTCL. The inspection revealed large scale mining and theft/transportation of truck loads of coal from the pit head for a considerable period in 1996. The company (APMDTCL) belatedly framed a complaint on 12 March 2000 to lodge an FIR with Kharshang Police Station against DPIL for theft of coal (1460 MT + 1000 MT) but the FIR was not ultimately filed for want of exact address of the Directors of DPIL.

* exploration area where coal mining is done.

7.5.4 The department in reply (September 2001) while admitting the facts of unauthorised removal of coal, stated that the FIR was filed with Police in July 2001 and that the Government had formed (July 2001) a high level committee to know the exact quantity of coal unauthorisedly removed from the coalfields. The reply of the department is, silent on the issue of the MD (APMDTCL) arbitrarily permitting the DPIL to enter into the coal field for unauthorised extraction of coal and also not ensuring any monitoring and supervision of DPIL's activities.

7.5.5 Thus, due to utter laxity on the part of the management, there was illegal removal of coal at least to the extent of 2460 MT attributable to unauthorised grant of permission (March 1995) to the DPIL by the MD causing at least a loss of Rs.20.26 lakh to the State exchequer. The recovery of loss is now remote as the whereabouts of the party are reportedly not known/available with the Government.

POWER DEPARTMENT

7.6 Idle outlay

Issue of work orders for delivery of 41 micro hydel sets without specifying the project sites therein resulted in blockage of Rs.9.88 crore with loss of interest of Rs.7.11 crore.

7.6.1 The Chief Engineer (Power) executed an agreement on turn key basis during 1994-95 with M/S Hydro Power Equipments (HPE), Jorhat for supply, installation and commissioning of 31 micro hydel sets (10,11 & 10 sets of 20 KW, 30 KW & 50 KW respectively) for contract value of Rs.7.95 crore inclusive of all taxes and freight. An amount of Rs.2.00 crore was paid as mobilisation advance (MA) to the contractor during December 1994 against the bank guarantee of equal amount, kept valid only upto 30 June 1998. Approval of Works Advisory Board (WAB) as required under the rules was not obtained. As per further terms and conditions of the contract, 10 to 20 sets were to be supplied per month within 90 days of receipt of order. Besides, the sets were to be supplied FOR destination for installation and commissioning in the project sites.

7.6.2 Test check (December 2001) of records of Bomdila Civil Division (Power Department) revealed that 6 sets of 30 KW and 5 sets of 50 KW were delivered (March 1996) by the firm at the departmental store at Charduar, Jorhat (Assam), as department could not select sites of work. Payment of Rs.1.00 crore was made to the supplier in March 1996. All these sets were lying idle since their procurement at the departmental store (Assam) except 2 sets (50 KW) reported (June 1999) to have been taken by the Yingkiong Division as per Chief Engineer's directive (December 1998). But there was no report as yet on their actual installation/commissioning.

7.6.3 In December 1998, the department in its meeting with the supplier decided to restrict the supply to 11 sets only but no further development was available on records nor reported. The department has also not assessed the estimated expenditure required for transportation, installation and commissioning of these sets in the project sites.

7.6.4 Similarly, 30 micro hydel sets with contract value of Rs.7.70 crore procured at Rs.6.88 crore during January 1995 to October 1997 from M/S M.R. Power Project (MRPP), Guwahati (in terms of approval (July 1994) of the WAB) have also been lying idle in the said departmental store (Assam) without any hope of their installation in the near future. A complaint was reported (June 1999) to have been lodged with the State Police against the firm for forgery and cheating in this case as the firm failed to complete installation/commissioning even of a single set inspite of its commitment (December 1998) to the department.

7.6.5 Thus, due to faulty planning and issue of work orders in haste even before selection of proper sites, Government investment of Rs.9.88 crore remained idle for over 4 to 7 years with the loss of interest of Rs.7.11 crore worked out in audit upto March 2002 at the minimum Government borrowing rate of 11.30 *per cent*.

7.6.6 The matters were reported to the department/Government in March 2002; replies have not been received (December 2002).

7.7 Undue benefit to contractor due to delay in execution of projects

Undue payments of unsecured mobilisation advances (Rs.2.00 crore) followed by further payments of a bill (Rs.24.30 lakh) to a turnkey contractor for completion of 2 hydel projects not only locked up a fund of Rs.2.24 crore but also resulted in loss of interest of Rs.2.13 crore

7.7.1 In March 1993, the Chief Engineer (Power) awarded to M/S Subhash Marketing Corporation Limited, Calcutta the construction works of (i) Kipti Micro hydel project phase II (3x1 MW) for a contract value of Rs.18.34 crore, and (ii) Mukto Micro hydel project (3x1 MW) for a contract value of Rs.11.89 crore on turnkey basis. The scope of works included fabrication, supply, erection and commissioning of electro-mechanical works including related civil works required to complete the projects. As per terms of contract, both the projects were to be taken up in April 1993 and completed by October 1994 failing which penalty upto 10 *per cent* of contract value was realisable from contractor. No clause for realisation of security deposit from contractor was stipulated in the contract to enforce fulfilment of contractual obligations, to ensure timely commissioning of the projects with a view to earning revenue of the Government besides meeting the growing demand of power.

7.7.2 Test check of records (December 2001) of Bomdila Civil Division (Power Department) revealed that the department paid (April 1993) mobilisation advance (MA) amounting to Rs.2.00 crore (Rs.1.00 crore for each project) to the contractor against bank guarantees (BG) of equal amounts which were valid only upto 19/02/1995 and 10/05/1993 respectively. Thereafter, the BGs were not revalidated by the contractor. Further, the contractor who was to submit detailed programmes, indicating various activities involving designs, drawings, etc. within 3 months as per Agreements did not comply with such terms/conditions nor were the works executed so far.

7.7.3 Despite non-execution of the contracted works, the divisional officer paid (February 1998) a further amount of Rs.24.30 lakh to the contractor on the basis of certificate of a junior engineer on the bill stating that the power house structure under Kipti project was brought to site. No further progress of work was available on records nor reported by the division in either of the projects indicating total absence of monitoring of the works. Surprisingly, no penal provision of the contract was invoked to levy/realise compensation of Rs.3.02 crore from the defaulting contractor nor was it ensured by the department to get the BGs revalidated in time to recover the dues (MA) from the contractor to safeguard the interest of the Government.

7.7.4 Thus, there were undue payments of MA which remained unsecured besides incurring further idle expenditure of Rs.24.30 lakh on power house structure leaving the works unfinished even after 8 years of execution of turnkey contracts for which compensation of Rs.3.02 crore was not realised from the delinquent contractor. Further, there was also a loss of interest of Rs.2.13 crore at minimum Government borrowing rate of 11.30 *per cent* per annum on locked up fund of Rs.2.24 crore.

7.7.5 The above matters were reported to the department and to the Government in March 2002; replies have not been received (December 2002).

7.8 Undue financial aid and idle outlay

Execution of faulty agreement and lack of monitoring resulted in undue financial benefits to a firm for Rs.2.49 crore in the shape of unadjusted mobilisation advance and transportation charges, and idle outlay of Rs.8.46 crore on materials remaining unutilised for about 5 years, besides loss of interest of Rs.6.18 crore on total investment/outstandings.

7.8.1 The Chief Engineer (Power) floated the notice inviting tenders (NIT) in January 1993 for "Fabrication, supply, erection and commissioning of electro-mechanical works including related civil works for Kush Micro hydel project at Sangram" and entered into an agreement in October 1993 with M/S. Boving Fouress Ltd., Bangalore (firm) being the lowest bidder at total contract value of Rs.16.06 crore on turnkey basis against the firm's offer of Rs.15.99 crore (civil works: Rs.8.08 crore; electro-mechanical works: Rs.7.91 crore) thereby awarding (October 1993) the contract, interestingly, at a higher price of Rs.6.39 lakh for no recorded reasons. The work scheduled to be completed in November 1996, has not yet been completed. Neither the approval nor justification on revision of estimate could, however, be verified from the records made available to audit by Ziro Civil Division (Power).

7.8.2 Test check (June 2001) of divisional records also revealed the following :

(1) The materials worth Rs.8.46 crore was delivered (December 1994 to March 1997) at Lilabari at a distance of about 276 kms from the work site (*viz.* Sangram) as the work site was not ready to be handed over to the firm. The differential transportation charges were estimated at Rs.42.29 lakh against which only Rs.24.41 lakh were recovered (March 1996) leaving a balance of Rs.17.88 lakh remaining unrecovered for which no follow up action was initiated by the department.

(2) Interest free mobilisation advance (MA) of Rs.4.01 crore was paid to the firm in terms of the agreement. Payment of MA was not stipulated in the NIT. Against the MA the firm had pledged a bank guarantee (BG) for Rs.4.01 crore which was reduced from time to time and last BG for Rs.2.06 crore expired on 16 September 1998. The MA unrecovered was Rs.2.31 crore.

(3) The work was awarded (October 1993) on turnkey basis. The firm did not take (July 2001) over the site for starting the work.

7.8.3 Thus, execution of faulty agreement with the firm by the Chief Engineer (Power) and lack of effective monitoring of works resulted in undue financial benefit of Rs.2.49 crore to the firm (MA : Rs.2.31 crore, TC : Rs.17.88 lakh) and idling of materials costing Rs.8.46 crore having been dumped at Lilabari (Assam) since March 1997, besides sustaining loss of Rs.6.18 crore towards interest on total investment/outstandings.

7.8.4 The matter was reported to the Government in July 2001; reply has not been received (June 2002). The department has, however, reported (March 2002) that the matter was under investigation of Central Bureau of Investigation (CBI) and all records had accordingly been seized by the CBI. Further, development is awaited (December 2002).

7.9 Undue financial benefit

Injudicious decision of the department to release the advance in bulk to the supplier resulted in undue financial benefit of Rs.3.93 crore.

7.9.1 On the basis of the firm's request (November 1992) and without invitation of tenders, the Chief Engineer (CE), Power Department placed (February 1993) an order worth Rs.6.94 crore on M/s Jaypee Rewa Cement Company for supply of 30,000 MT of ordinary portland cement conforming to IS-269-1976 specification (@ Rs.2313/- per MT, inclusive of taxes, excise duty and railway freight upto Jogigopa Rail head). The terms and conditions of the order (February 1993) stipulated that advance payment would be made to the extent of 75 *per cent* of the total quantity ordered under programme phasing against bank guarantee (BG) of a scheduled bank for the equivalent amount remaining valid upto 31 January 1994. The balance 25 *per cent* was to be released within 20 days after receipt of railway receipts (RRs) as proof of despatch of cement. It was also stipulated in the order that the delivery schedule would be intimated to the supplier from time to time as per requirements of the department.

7.9.2 Test check (September 2001) of records of the Capital Electrical Division, Itanagar revealed that the department without properly assessing the requirements of cement under programme phasing in terms of supply order (February 1993), placed 7 indents between June 1993 and December 1997 for a total quantity of 22000 MT of cement and made advance payment of Rs.5.20 crore against five BGs furnished in January 1993, being 75 *per cent* of total contract value of Rs.6.94 crore for entire quantity of 30,000 MT of cement (27.02.1993 : Rs.2.00 crore; 20.05.1993 : Rs.3.20 crore) even before such delivery schedule was chalked out which was in violation of terms and conditions of the supply order. The firm supplied only 19,991.90 MT of cement in 10 instalments between August 1993 and March 1999, and the BG had also expired between June 1996 and June 1998 due to lack of effective pursuance on the part of the department. Against this, an amount of Rs.3.73 crore only was adjusted upto 1998-99 leaving the balance of Rs.1.47 crore with the supplier from whom, the balance quantity of 10,008.10 MT

(30,000 MT – 19,991.90 MT) of cement was awaited. No effective steps have been taken for recovery of balance quantity (10,008.10 MT) of cement/unadjusted value (Rs.1.47 crore) of advances.

7.9.3 Thus, (i) injudicious decision on the part of the department to release the advance in bulk to the supplier much ahead of preparation of delivery schedule, instead of paying such advances in phased manner (ii) and failure to get the bank guarantee for the outstanding amount extended resulted in undue financial benefit of Rs.3.93 crore in the shape of unrecovered and unsecured advance (Rs.1.47 crore) since 1998-99 and interest (Rs.2.46 crore) at the minimum rate (11.30 *per cent*) of Government borrowing which the supplier has been enjoying for over last eight years.

7.9.4 The matter was reported to the Government/department in November 2001; their reply has not been received (December 2002).

Shillong:
The

(N. R. Rayalu)
Principal Accountant General (Audit)
Meghalaya, Arunachal Pradesh
and Mizoram

Countersigned

New Delhi:
The

(Vijayendra N. Kaul)
Comptroller and Auditor General of India

APPENDICES

APPENDIX – I (A)

Part A. Government Accounts

(Reference: Paragraph 1.1 at page 1)

1. Structure

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

Part –I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(I) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue receipts and Revenue expenditure) and Capital Account (Capital receipts, Capital expenditure, Public Debt and Loans, etc.).

Part – II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. No fund for the corpus was authorised by the Legislature during the year.

Part – III Public Account

Receipts and disbursement in respect of small savings, provident funds, deposits, reserve funds, suspense, remittance etc., which do not form part of the Consolidated Fund, are accounted for the Public Account and are not subject to vote by the State Legislature.

II. Form of annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation accounts, present the details of expenditure by the State Government vis-à-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

APPENDIX – I (B)

Part B. List of indices/ratios and basis for their calculation

(Reference: Paragraph 1.11.2 at page 16)

Indices/ratios		Basis for calculation
Sustainability		
Balance from the current revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02.03.04) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit minus Interest payments
Interest Ratio		Interest Payment – Interest receipts Total revenue receipts – Interest receipts
Capital Outlav Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No – 12 of the Finance accounts
	Capital receipts	Internal Loans + Loans and advances from Government of India + Net receipts from small savings PF etc., + Repayment received of loans advanced by the State Government – Loans advanced by the State Government
Total tax receipts Vs GSDP		Statement 10 of Finance Accounts
State tax receipts Vs GSDP		State Tax receipts plus State's share of Union Taxes
Flexibility		
-Balance from current revenues		As above
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
	Capital borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways & Means advances/overdraft under both the major heads
-Total Tax Receipts Vs GSDP	State Tax Receipts	Statement No. 10 of Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
-Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts)
Vulnerability		
-Revenue Surplus/Deficit		Paragraph No. 1.4.3 of the Audit Report
-Fiscal Deficit		------------------- do -------------
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Table in Paragraph 1.4.3
	Revenue Receipts	Table in Paragraph 1.5.1
Assets Vs Liabilities		Paragraph 1.11.3 of the Audit Report
	Assets and Liabilities	Table in Paragraph 1.2.1

APPENDIX – I (C)

Statement showing the Plan and non-Plan expenditure under revenue and capital during 2001-2002

(Reference : Exhibit-I at page 19)

Revenue expenditure (Rupees in crore)

		Non-Plan	Plan	C.S.S.	Total
A.	**General services (Total)**	**328.24**	**2.00**	**7.09**	**337.33**
B.	**Social Services**				
-	Education, Sports, Arts and Culture	61.80	97.55	5.52	164.87
-	Health and family Welfare	37.78	17.70	6.29	61.77
-	Water supply, Sanitation, Housing and Urban Development	2.65	34.11	25.44	62.20
-	Information and Broadcasting	1.93	0.93	...	2.86
-	Welfare of scheduled castes, scheduled tribes and other backward classes				...
-	Labour and Labour Welfare	0.62	1.18	4.98	6.78
-	Social Welfare and Nutrition	1.71	13.45	26.92	42.08
-	Others	1.94	-	-	1.94
	Total	**108.43**	**164.92**	**69.15**	**342.50**
C.	Economic Services	-	-	-	-
-	Agriculture and Allied Activities	76.88	43.59	24.03	144.50
-	Rural Development	7.30	4.46	14.81	26.57
-	Special Areas Programme	0.02	13.15	-	13.17
-	Irrigation and Flood Control	5.04	21.44	16.70	43.18
-	Energy	14.03	1.50	0.84	16.37
-	Industry and Minerals	4.01	5.59	2.87	12.47
-	Transport	16.89	28.54	-	45.43
-	Communication	7.75	-	-	7.75
-	Science, Technology and Environment	-	0.29	-	0.29
-	General Economic Services	6.47	31.81	1.71	39.99
	Total	**138.39**	**150.37**	**60.96**	**349.72**
	Grand Total (A+B+C)	**575.06**	**317.29**	**137.20**	**1029.55**

II Capital expenditure

		Non-Plan	Plan	C.S.S.	Total
A.	**General Services (Total)**	**-**	**21.48**	**0.56**	**22.04**
B.	**Social Services**				
-	Education, Sports, Art and Culture	-	18.34	-	18.34
-	Health and Family Welfare	-	5.90		5.90
-	Water supply and sanitation	-	19.99	1.21	21.20
	Information and Broadcasting	-	0.12	-	0.12
-	Social Welfare and Nutrition	-	0.09	5.27	5.36
-	Others	-	0.10	0.59	0.69
	Total	**-**	**44.54**	**7.07**	**51.61**
C.	Economic Services	-			0.00
-	Agriculture and Allied Activities	-1.13	4.51	2.31	5.69
-	Rural Development	-	0.78	-	0.78
-	Special Areas Programme	-	23.27	-	23.27
-	Irrigation and Flood Control	-	5.47	-	5.47
-	Energy	-	90.77	0.90	91.67
-	Industry and Minerals	-	0.25	-	0.25
-	Transport	-	98.89	-	98.89
-	Other General Economic Services	-	1.00	0.84	1.84
	Total	**-1.13**	**224.94**	**4.05**	**227.86**
	Grand Total (A+B+C)	**-1.13**	**290.96**	**11.68**	**301.51**

APPENDIX - II

Working sheet for indicators of financial performance of Government (Reference: Paragraph 1.11.2 at page 16)

(Rupees in crore)

Sl. No.		Particulars	2001-02
1.	(a)	Revenue Receipts	1085.30
	(b)	Less, plan grants	645.81
	(c)	Less, Non-Plan Revenue Expenditure	575.07
	(d)	Net Balance from current Revenue	(-)135.58
2.	(a)	Interest Receipts (0049)	6.35
	(b)	Interest Payment (2049)	108.99
	(c)	Net Interest Payment (b-a)	102.64
	(d)	Revenue Receipts – Interest Receipts	1078.95
	(e)	Interest Ratio (2c ÷ 2d)	0.10
3.		Capital Outlay	301.51
4.		Capital Receipts	183.06
	(a)	Addition under 6003 Internal Debt minus ways and Means Advance	85.85 (-)14.73
			71.12
	(b)	Addition under 6004 Loans from Central Government minus W&M Advance	68.87
	(c)	Net recepits under Small Savings, PF etc.	40.03
	(d)	Miscellaneous capital receipts (4000)	...
	(e)	Net additions of F. Loans /Advances	4.90 (-) 1.86
			3.04
	(f)	Total (a + b + c + d)	183.06
5.		Capital Outlay/Capital Receipts (3 ÷ 4 f)	1.65
6.		Gross State Domestic Product (SDP)	NA
7.		Total Tax Receipts	121.82
8.		Total Tax Receipts/SDP	NA
9.		State Tax Receipts (Tax Rev. – I.Tax)	30.89
10.		State Tax Receipts/SDP (9 ÷ 6)	NA
11.		Total Investment	13.14
12.		Return on investment	0.0034
13.		Percentage of return on investment	0.0259
14.		Capital Repayment	
	(a)	Disbursement under 6003 Internal debt minus Ways & Means Advance	25.09 (-)14.73
			10.36
	(b)	6004 Loans and Advances from Central Govt. minus W&M advances and non-Plan loans	17.81
	(c)	Total (a + b)	28.17
15.		Capital borrowing	139.98
16.		Capital repayment/Capital borrowing	0.20
17.		Debt	
	(i)	Borrowing at the end of the year	1074.26
	(ii)	Other obligations at the end of the year	20.22
		Total (i) + (ii)	1094.48
18.		Debt/SDP (17÷ 6)	NA
19.		Revenue Surplus (+) / Revenue Deficit (-)	(+) 55.75
20.		Fiscal Deficit (Rev.Exp. + Cap.Exp. + Net Loans and adv.) – (Rev. Receipts minus Miscellaneous Capital Receipts)	248.80
21.		Primary Deficit (Fiscal Deficit-Interest Payment (20-2b)	139.81
22.		PD/FD (21 ÷ 20)	0.56
23.		RS(-),RD(+)/FD(19÷20)	(-) 0.22
24.		Outstanding Guarantees	0.55
25.		Outstanding Guarantees/Rev. receipts	0.0005
26.		Assets	3459.91
27.		Liabilities	1253.81
28.		Assets/Liabilities (26 ÷ 27)	2.76

APPENDIX – III

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.4.3 at page 26)

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Amount of Supplementary provision	Amount of saving
	Revenue (Voted)		
1	22-Civil Supplies	2.66	3.35
2	26-Rural Works	0.60	2.53
3	27-Panchayat	0.06	5.66
4	32-Roads and Bridges	0.27	3.61
5	38-Irrigation and Flood Control Projects	16.63	23.53
6	44-Attached offices of the Secretariat Administration	0.05	0.12
7	47-Administration of Justice	0.06	0.23
8	48-Horticulture	0.05	0.96
9	49-Science & Technology	1.60	2.62
10	51-Directorate of Library	0.02	0.22
11	54-State Tax & Excise	0.05	0.05
12	64-Trade & Commerce	0.0030	13.00
	Capital (Voted)		
13	16-Art & Cultural Affairs	0.51	0.51
14	18-Research	0.0022	0.21
15	26-Rural Works	9.74	13.25
16	31-Public Works	1.90	4.68
17	36-Statistics	0.02	0.02
18	39-Loans to Government Servants	0.10	0.11
19	40-Housing	0.16	0.50
20	45-Civil Aviation	0.23	0.41
21	53-Fire Protection and Control	0.92	1.04
22	57-Urban Development	2.31	19.10
23	60-Textile & Handicraft	0.07	0.07
	Capital (Charged)		
24	Public Debt	11.61	25.95
	Total	49.6252	121.73

APPENDIX - IV

Statement showing excessive supplementary grants in cases where ultimate savings in each case exceeded Rs.10.00 lakh

(Reference : Paragraph 2.4.4 at page 26)

(Rupees in lakh)

Sl. No	Number & name of Grant/appropriation	Original	Actual expenditure	Additional grant required	Supplementary grant obtained	Net Savings
1	2	3	4	5	6	7
Revenue (Charged)						
1	2-Governor	92.82	107.56	14.74	39.87	25.13
Capital (Charged)						
2	Public Debt	6040.48	4606.46	(-)1434.02	1161.24	2595.26
Revenue (Voted)						
3	5-Secretariat Administration	1572.26	1685.13	112.87	128.74	15.87
4	6 - District Administration	4530.39	5947.85	1417.46	1585.82	168.36
5	9 - Motor Garages	410.30	446.53	36.23	76.91	40.68
6	11-Social Welfare	972.91	2890.95	1918.04	1934.80	16.76
7	15-Health & Family Welfare	5734.29	6176.82	442.53	752.69	310.16
8	19-Industries	407.44	420.97	13.53	29.03	15.50
9	22-Civil Supplies	431.88	362.18	(-)69.70	265.64	335.34
10	23-Forest	4206.09	4852.97	646.88	1647.50	1000.62
11	24-Agriculture	2054.31	2542.81	488.50	1087.77	599.27
12	26-Rural Works	1836.40	1643.53	(-)192.87	60.24	253.11
13	27-Panchayat	688.31	128.17	(-)560.14	6.36	566.50
14	28-Animal Husbandary & Vety.	1502.70	1659.23	156.53	425.39	268.86
15	29-Co-operation	362.21	503.04	140.83	163.93	23.10
16	30-State Transport	1618.13	1726.25	108.12	130.03	21.91
17	31-Public Works	2347.67	2496.44	148.77	261.92	113.15
18	32-Road and Bridges	2450.80	2116.93	(-)333.87	27.00	360.87
19	35-Information & Public Relation	281.23	285.94	4.71	32.91	28.20
20	36-Statistics	310.46	382.71	72.25	104.83	32.58
21	37-Legal Metrology	128.40	161.09	32.69	48.36	15.67
22	38-Irrigation and Flood Control Projects	5007.65	4317.69	(-)689.96	1662.59	2352.55
23	40-Housing	1432.00	1398.18	(-)33.82	16.18	50.00
24	41-Land Management	276.20	307.66	31.46	91.17	59.71
25	42-Rural Development	2210.32	2239.54	29.22	570.50	541.28
26	43-Fisheries	390.52	394.99	4.47	118.01	113.54
27	44-Attached offices of the Secretariat Administration	212.97	206.59	(-)6.38	5.20	11.58
28	47-Administration of Justice	98.10	80.93	(-)17.17	5.60	22.77
29	48-Horticulture	917.81	827.43	(-)90.38	5.17	95.55
30	49-Science & Technology	123.56	21.95	(-)101.61	160.30	261.91
31	51-Directorate of Library	134.36	113.90	(-)20.46	1.57	22.03
32	60-Textile & Handicraft	648.32	886.05	237.73	483.50	245.77
33	64-Trade & Commerce	1300.50	0.83	(-)1299.67	0.30	1299.97

1	2	3	4	5	6	7
Capital (Voted)						
34	8-Police	347.60	618.12	270.52	310.69	40.17
35	14-Education	2301.54	1758.96	(-) 542.58	2779.86	3322.44
36	15-Health and Family Welfare	427.35	589.96	162.61	803.32	640.71
37	18-Research	23.50	2.42	(-)21.08	0.22	21.30
38	19-Industries	37.00	79.68	42.68	84.64	41.96
39	26-Rural Works	1203.50	852.73	(-) 350.77	974.20	1324.97
40	29-Co-operation	103.00	454.23	351.23	368.70	17.47
41	31-Public Works	1757.41	1479.17	(-) 278.24	189.93	468.17
42	32-Road and Bridges	8185.20	8628.61	443.41	748.76	305.35
43	34-Power	8639.01	9227.09	588.08	2206.68	1618.60
44	42-Rural Development	75.00	78.36	3.36	31.00	27.64
45	45-Civil Aviation	220.00	202.44	(-)17.56	23.19	40.75
46	52-Sports and Youth Services	55.75	66.17	10.42	23.62	13.20
47	53-Fire Protection and Control	100.56	88.58	(-)11.98	91.65	103.63
48	56-Tourism	77.51	162.40	84.89	113.49	28.60
49	57-Urban Development	1987.01	307.81	(-)1679.20	230.57	1909.77
	Total	**76272.73**	**76536.03**	**263.30**	**22071.59**	**21808.29**

APPENDIX – V

Statement showing excess expenditure under the grants

(Reference : Paragraph 2.4.5 at page 26)

(Amount in Rupees)

Sl. No.	Number and name of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess
REVENUE SECTION (VOTED)				
1	1 – Legislative Assembly	2,89,49,000	2,89,87,372	38,372
2	7-Treasury & Accounts Administration	1,51,85,000	1,53,75,513	1,90,513
3	8 – Police	68,76,71,000	71,36,62,558	2,59,91,558
4	13 – Directorate of Accounts	47,36,60,000	56,22,79,153	8,86,19,153
5	14-Education	1,52,22,67,000	1,58,51,92,123	6,29,25,123
6	16-Art & Cultural Affairs	1,56,20,000	1,99,69,814	43,49,814
7	59-Public Health Engineering	57,44,83,000	61,45,82,537	4,00,99,537
Total : Revenue Section (Voted)		3,31,78,35,000	3,54,00,49,070	22,22,14,070
CAPITAL SECTION (VOTED)				
8	11-Social Welfare	5,35,55,000	5,35,55,448	448
9	22-Civil Supplies	5,00,000	21,25,548	16,25,548
10	28 – Animal Husbandry and Veterinary	24,00,000	38,03,015	14,03,015
11	33-North Eastern Areas	19,38,00,000	23,26,77,653	3,88,77,653
12	35-Information & Public Relation	3,36,000	12,24,983	8,88,983
13	48-Horticulture	1,23,07,000	1,81,19,492	58,12,492
Total : Capital Section (Voted)		26,28,98,000	31,15,06,139	4,86,08,139
GRAND TOTAL		3,58,07,33,000	3,85,15,55,209	27,08,22,209

APPENDIX – VI

Statement showing supplementary provision which proved insufficient by more than Rs.10.00 lakh leaving an uncovered excess

(Reference : Paragraph 2.4.6 at page 26)

(Rupees in crore)

Sl. No.	Number and name of Grant	Provision		Total grant	Actual expenditure	Excess
		O	S			
1.	8-Police (Revenue)	64.81	3.96	68.77	71.37	2.60
2.	13-Directorate of Accounts (Revenue)	43.94	3.43	47.37	56.23	8.86
3.	14-Education (Revenue)	140.77	11.46	152.23	158.52	6.29
4.	16-Art & Cultural Affairs(Revenue)	1.19	0.37	1.56	2.00	0.44
5.	22-Civil Supplies (Capital)	-	0.05	0.05	0.21	0.16
6.	28-Animal Husbandry and Veterinary (Capital)	0.16	0.08	0.24	0.38	0.14
7.	48-Horticulture (Capital)	0.75	0.48	1.23	1.81	0.58
8.	59-Public Health Engineering (Revenue)	22.22	35.23	57.45	61.46	4.01
	Total		55.06			23.08

(O=Original Grant, S=Supplementary Grant)

APPENDIX – VII

Statement showing expenditure which fell short by more than Rs.1.00 crore and also by more than 10 *per cent* of the total provision

(Reference : Paragraph 2.4.7 at page 26)

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total provision	Actual expenditure	Savings	Percentage with reference to total provision
Revenue Section (Voted)					
1	21-Food Storage & Warehousing	44.62	26.49	18.14	41
2	22-Civil Supplies	6.97	3.62	3.35	48
3	23-Forest	58.54	48.53	10.01	17
4	24-Agriculture	31.42	25.43	5.99	19
5	26-Rural Works	18.97	16.44	2.53	13
6	27-Panchayat	6.95	1.28	5.67	82
7	28-Animal Husbandary & Vety.	19.28	16.59	2.69	14
8	32-Road and Bridges	24.78	21.17	3.61	15
9	38-Irrigation and Flood Control Projects	66.70	43.18	23.52	35
10	42-Rural Development	27.81	22.40	5.41	19
11	43-Fisheries	5.09	3.95	1.14	22
12	45-Civil Aviation	10.47	8.35	2.12	20
13	49-Science & Technology	2.84	0.22	2.62	92
14	50-Secretariat Economic Services	46.28	15.19	31.09	67
15	60-Textile & Handicraft	11.32	8.86	2.46	22
16	64-Trade & Commerce	13.01	0.01	13.00	100
Capital (Voted)					
17	14-Education	50.81	17.59	33.22	65
18	15-Health and Family Welfare	12.31	5.90	6.41	52
19	24-Agriculture	3.63	1.02	2.61	72
20	26-Rural Works	21.78	8.53	13.25	61
21	31-Public Works	19.47	14.79	4.68	24
22	34-Power	108.46	92.27	16.19	15
23	53-Fire Protection and Control	1.92	0.89	1.03	54
24	57-Urban Development	22.18	3.08	19.10	86
25	59-Public Health Engineering	9.50	4.14	5.36	56
Capital (Charged)					
26	65-Public Debt	72.02	46.07	25.95	36

APPENDIX – VIII

Statement showing the number of cases in which expenditure exceeded the approved provisions by Rs. 25.00 lakh or more and also by more than 10 *per cent* of the total provision

(Reference : Paragraph 2.4.8 at page 26)

(Rupees in crore)

Sl. No.	Grant No.	Total Grant/ Appropriation		Actual Expenditure		Excess		Percentage of excess	
		Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
1.	13-Director of Accounts	47.37	-	56.23	-	8.86	-	19	-
2.	16-Art & Culture	1.56	-	2.00	-	0.44	-	28	-
3.	33-North Eastern Areas	-	19.38	-	23.27	-	3.89	-	20
4.	48-Horticulture	-	1.23	-	1.81	-	0.58	-	47

APPENDIX – IX

Statement showing persistent savings in excess of Rs.10.00 lakh in each case and 10 *per cent* or more of the provision

(Reference : Paragraph 2.4.9 at page 26)

(Percentage of savings to total provision)

Sl. No.	Number and name of grant/appropriation	1999-2000	2000-2001	2001-2002
	Revenue (Charged)			
1.	2-Governor	15	16	19
	Revenue (Voted)			
2.	22-Civil Supplies	25	37	48
3.	27-Panchayat	78	83	82
4.	33-North Eastern Areas	65	68	72
5.	38-Irrigation and Flood Control Projects	15	31	35
	Capital (Voted)			
6.	14-Education	87	72	65
7.	15-Health and Family Welfare	83	57	52
8.	24-Agriculture	85	69	72
9.	42-Rural Development	57	20	26
10.	53-Fire Protection and Control	100	46	54
11.	56-Tourism	74	16	15
12.	57-Urban Development	49	50	86

APPENDIX – X

Statement showing excessive/unnecessary/injudicious re-appropriation of funds

(Reference : Paragraph 2.4.12 at page 27)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess(+) Saving(-)
1	2	3	4	5	6
1.	13-Director of Accounts	2071-Pension and other retirement benefits 01-Civil 104-Gratuities 001-01 Payment of Gratuities O. 8,00.00 S. ... R.(-)12.00	788.00	812.10	(+) 24.10
2.	14-Education	4202-Capital Outlay on Education Sports, Art and Culture 0002-01 Construction of Building for Education O.11,00.00 S. ... R. (-)11,00.00	...	33.36	(+) 33.36
3.	14-Education	4202-Capital Outlay on Education ,Sports, Art and Culture 0004-01 Hostel Building O.1,32.54 S. ... R. (-) 1,12.43	20.11	213.10	(+) 192.99
4.	23-Forest	2406-Forestry and Wild life 02-Environmental Forestry and Wild Life 110- Wild Life Preservation 0001-01 Establishment Expenses O.2,54.40 S. ... R.(-) 10.94	243.46	279.26	(+) 35.80
5.	65-Public Debt	2049-Interest Payment 04-Interest on Loans and Advances from Central Government 104-Interest on Loans for Non-Plan Schemes 0001-01 Payment and Interest on Non-Plan Schemes O.9,15.81 S. ... R (-) 39.39	876.42	1,026.68	(+) 150.26
6.	14-Education	2202-General Education 03-University and Higher Education 001-Direction and Administration 0001-01 Directorate of Establishment O. 7,08.33 S. ... R. 26.82	735.15	654.69	(-) 80.46

(Rupees in lakh)

1	2	3	4	5	6
7.	14-Education	2204-Sports and Youth Services 101-Physical Education 0001-01 NCC/Scout & Guides Activities in School O. 46.05 S. 18.17 R. 9.09	73.31	30.75	(-) 42.56
8.	14-Education	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 800-Other Expenditure 1244-School Building O. ... S. 16,27.50 R. 15,29.50	3,157.00	797.83	(-) 2,359.17
9.	-do-	202-Secondary Education 0001-01 Construction of Building for Education O. ... S. ... R. 288.03	288.03	120.51	(-) 167.52
10.	19-Industries	4250-Capital Outlay on other Social Services 800-Other Expenditure 0001-01 Creation of Assets O. ... S. 84.64 R. 24.00	108.64	59.21	(-) 49.43
11.	22-Civil Supplies	2408-Food Storage and Warehousing 02-Storage and Ware housing 190-Assistance to Public Sector and other Undertaking 0001-01 Land Transport Subsidy O. 76.78 S. 232.12 R. 12.15	321.05	76.76	(-) 244.29
12.	23-Forest	2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110-Wild life Preservation 1661-Economic Development of Namdhapha and Tiger Reserve O. ... S. ... R. 90.91	90.91	11.16	(-) 79.75
13.	24-Agriculture	2435-Other Agricultural Programmes 01-Marketing and Quality Control 800-Other Expenditure 1726-Establishment Expenses O. ... S. 127.62 R. 96.38	224.00	18.78	(-) 205.22

(Rupees in lakh)

1	2	3	4	5	6
14.	26-Rural Works	2216-Housing 03-Rural Housing 800-Other Expenditure 1831-Distribution of (CGI) Sheets in lieu of cash O. 100.00 S. ... R. 12.00	112.00	4.60	(-) 107.40
15.	31-Public Works	2059-Public Works 80-General 799-Suspense 0001-01 Purchase of Stores O. ... S. 225.92 R. 68.20	294.12	197.50	(-) 96.62
16.	33-North Eastern Areas	09-North Eastern Council 4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0016-16 Pakke-Seijosa Itakhola Road O. 5.00 S. ... R. (-)5.00	...	750.00	(+) 750.00
17.	34-Power	4801-Capital Outlay on Power Projects 05-Transmission and Distribution 800-Other Expenditure 0001-01 Prime Minister Gramin Yojana O. ... S. 356.64 R. 327.36	684.00	338.47	(-) 345.53
18	42-Rural Development	2505-Rural Employment 01-National Programmes 701-National rural employment programmes 2545-PMGAY O. ... S. 418.00 R. 186.00	604.00	302.00	(-) 302.00
19.	42-Rural Development	2501-Special Programmes for Rural Development 01-Integrated Rural Development Programme 001-Direction and Administration 2537-Block Level Administration O. 310.00 S. ... R. 10.00	320.00	291.35	(-) 28.65
20.	43-Fisheries	2405-Fisheries 101-Inland Fisheries 2603-Rejuvenation of Ponds/Beels etc. O. 50.00 S. 6.81 R. 43.50	100.31	...	(-) 100.31

(Rupees in lakh)

1	2	3	4	5	6
21.	57-Urban Development	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes - 800-Other Expenditure 0001-01 Establishment Expenses O. 120.80 S. 102.51 R. 2.00	225.31	110.45	(-) 114.86
22.	59-Public Health Engineering	2215-Water Supply and Sanitation 02-Sewerage and Sanitation 800-Other Expenditure 0002-02 Maintenance of RPWS O. ... S. 27.80 R. 24.00	51.80	...	(-) 51.80
23.	65-Public Debt	2049-Interest Payment 01-Interest on Internal Debt 200-Interest on other Internal Debts 0003-03 Interest on Loan from National Bank for Agriculture and Rural Development O. 248.21 S. ... R. 321.82	570.03	480.16	(-) 89.87
24.	-do-	6003-Internal Debt of the State Government 800-Other Loans 0001-01 Loans from Rural Electrification Corporation Limited O. 340.00 S. 462.24 R. 297.76	1,100.00	1,011.74	(-) 88.26

APPENDIX – XI

Statement showing New Service/New Instrument of Service

(Reference : Paragraph 2.4.14 at page 27)

Expenditure met by re-appropriation

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total appropriation	Actual expenditure	Excess (+) Savings (-)
1	2	3	4	5	6
1	14-Education	2202-General Education 03-University and Higher Education 102-Assistance to University 0001-01 Aid to Arunachal Pradesh University O. ... S. ... R. 3,75.00	375.00	375.00	...
2.	14-Education	2202-General Education 02-Secondary Education 107-Scholarships 0002-02 Scholarship and incentives O. ... S. ... R. 321.00	321.00	243.13	(-) 77.87
3.	-do-	2202-General Education 02-Secondary Education 110-Assistance to Non-Govt. Secondary Schools 0001-01 Institutions administered by NGOs O. ... S. ... R. 185.82	185.82	185.49	(-) 0.33
4.	-do-	2202-General Education 02 Secondary Education 106 Text Books 0001-01 Procurement of Text Books to students of Secondary level of Education O. ... S. ... R. 75.15	75.15	75.14	(-) 0.01
5.	...- do -	04-State Plan Schemes 4202 Capital Outlay on Education, Sports, Art and Culture 01-General Education 202-Secondary Education 0001-01 Construction of Building for Education O. ... S. ... R. 288.03	288.03	120.51	(-) 167.52

(Rupees in lakh)

1	2	3	4	5	6
6.	23-Forest	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wildlife 02-Environmental Forestry and Wildlife 110-Wildlife Preservation 1642-Assistance for Development of Pakhui Sanctuary O. ... S. ... R. 25.42	25.42	32.89	(+)7.47
7.	- do -	1643-Assistance for Development of Eagle Nest Sanctuary O. ... S. ... R. 15.00	15.00	41.18	(+) 26.18
8.	-do-	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wild life 02-Environmental Forestry and Wildlife 110-Wildlife Preservation 1645-Assistance for Development of Itanagar Sanctuary O. ... S. ... R. 21.75	21.75	40.86	(+) 19.11
9.	- do -	08-Central Plan Schemes(fully funded by Central Government) 2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110- Wild life Preservation 1650-Assistance for Development of Mehao Sanctuary O. ... S. ... R. 28.36	28.36	31.26	(+) 2.90
10.	- do-	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110- Wild life Preservation 1647-Assistance for Development of D.Ering Sanctuary O. ... S. ... R. 37.24	37.24	31.22	(-) 6.02
11.	- do -	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110- Wild life Preservation 1654-Economic Development of Itanagar Sanctuary O. ... S. ... R. 10.00	10.00	17.41	(+) 7.41

(Rupees in lakh)

1	2	3	4	5	6
12.	- do -	2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110-Wild life Preservation 1649-Assistance for Development of Dibang Sanctuary O. ... S. ... R. 19.87	19.87	13.02	(-) 6.85
13.	23-Forest	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wild life 02-Environmental Forestry and Wild life 110-Wild life Preservation 1661-Economic Development of Namdhapha and Tiger Reserve O. ... S. ... R. 90.91	90.91	11.16	(-) 79.75
14.	28-Animal Husbandry and Veterinary	04-State Plan Scheme 2403-Animal Husbandry 101-Veterinary Services and Animal Health 1917-Purchase of medicines, vaccines, instruments and appliances O. ... S. ... R. 40.00	40.00	40.00	...
15.	- do -	2403-Animal Husbandry 102-Cattle and Buffalo Development 1922-Maintenance of District Cattle Breeding Farms O. ... S. ... R. 20.47	20.47	21.10	(+) 0.63
16.	- do -	04-State Plan Schemes 2403-Animal Husbandry 101-Veterinary Services and Animal Health 1912-Establishment and maintenance of Veterinary Aid Centres O. ... S. ... R. 20.70	20.70	20.77	(+) 0.07
17.	- do -	04-State Plan Schemes 2403-Animal Husbandry 103-Poultry Development 1929-Maintenance of District Poultry Farms O. ... S. ... R. 18.47	18.47	18.49	(+) 0.02

(Rupees in lakh)

1	2	3	4	5	6
18.	28-Animal Husbandry and Veterinary	04-State Plan Schemes 2403-Animal Husbandry 102-Cattle and Buffalo Development 1925-Maintenance of Cattle upgrading centres O. ... S. ... R. 15.67	15.67	16.04	(+) 0.37
19.	- do -	04-State Plan Schemes 2403-Animal Husbandry 103-Poultry Development 1927-Maintenance of Central Poultry Farm at Nirjuli O. ... S. ... R. 15.00	15.00	15.01	(+) 0.01
20.	-do-	04-State Plan Schemes 2403-Animal Husbandry 101-Veterinary Services and Animal Health 1911-Establishment and maintenance of Veterinary Dispensaries O. ... S. ... R. 12.92	12.92	12.95	(+) .0.03
21.	- do -	2403-Animal Husbandry 102-Cattle and Buffalo Development 1921-Maintenance of Cattle Breeding Farm at Nirjuli O. ... S. ... R. 10.32	10.32	10.33	(+) 0.01
22.	- do -	2403-Animal Husbandry 105-Piggery Development 1934-Maintenance of Central Pig Breeding Farm at Karsingsa O. ... S. ... R. 7.22	7.22	7.25	(+) 0.03
23.	- do -	04-State Plan Schemes 2403-Animal Husbandry 103-Poultry Development 1928-Maintenance of Central Hatchery at Nirjuli O. ... S. ... R. 5.04	5.04	5.04	...
24.	Land Management	05-Finance Commission Recommendation 2506-Land Reforms 800-Other Expenditure 2522-Establishment Expenses O. ... S. ... R. 100.56	100.56	92.31	(-) 8.25

(Rupees in lakh)

1	2	3	4	5	6
25.	48-Horticulture	03-Centrally Sponsored Schemes 2401-Crop Husbandry 119-Horticulture and Vegetable Crops 2678-Aried Zone of Fruits O. ... S. ... R. 11.69	11.69	11.68	(-) 0.01
26.	50-Secretariat Economic Services	2575-Other Special Areas Programmes 60-Others 800-Other Expenditure 2751-Border Area Development O. ... S. ... R. 13.00.00	1300.00	1300.00	...
27.	51-Directorate of Library	2205-Art and Culture 105-Public Libraries 0002-02-Maintenance of District Libraries O. ... S. ... R. 68.34	68.34	65.68	(-) 2.66
			Total:	2854.92	

APPENDIX – XII

Statement showing Expenditure without provision of fund and reappropriation

(Reference : Paragraph 2.4.15 at page 27)

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total appropriation	Actual expenditure	Excess(+) Savings(-)
	2	3	4	5	6
.	13-Directorate of Accounts	2071-Pensions and other Retirement benefits 01-Civil... 107-Contributions to Pensions and Gratuities 0001-01-Contributions O. ... S. ... R. ...	...	421.44	(+) 421.44
.	14-Education	07-Non Lapsable Pool Fund 2202-General Education 80-General 800-Other expenditure 1134-Construction of Hostel Buildings O. ... S. ... R. ...	...	1520.00	(+) 1520.00
.	- do -	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 800-Other expenditure 0001-01-Creation of Assets O. ... S. ... R. ...	...	19.34	(+) 19.34
.	22-Civil Supplies	08-Central Plan Schemes (fully funded by Central Government) 4408-Capital Outlay on Food Storage and Ware housing 800-Other expenditure 1613-Creation of Assets O. ... S. ... R. ...	...	21.26	(+) 21.26

(Rupees in lakh)

1	2	3	4	5	6
5.	23-Forest	08-Central Plan Schemes (fully funded by Central Government) 2406-Forestry and Wild Life 02-Environmental Forestry and Wild Life 110-Wild Life Preservation 1646-Assistance for Development of Tale Sanctuary O. … S. … R. …	…	16.95	(+) 16.95
6.	33-North Eastern Areas	4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0012-12-Nari-Telam-Lipen Mamey-Kora-Koyu- Seren O. … S. … R. …	…	224.93	(+) 224.93
7.	– do -	09-North Eastern Council 4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0015-15-Kumehain Manabum Dabhan Road O. … S. … R. …	…	181.35	(+) 181.35
8.	– do -	4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0011-11-East West Highway (Jonai Ruksin) O. … S. … R. …	…	95.28	(+) 95.28
9.	– do -	4552-Capital Outlay on North Eastern Areas 800-Other expenditure 0018-02-Orang Mazbat Rupa Road O. … S. … R. …	…	56.00	(+) 56.00
10.	– do -	4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0021-05-Longding-Bimalpur Road O. … S. … R. …	…	25.00	(+) 25.00

(Rupees in lakh)

1	2	3	4	5	6
11.	– do -	09-North Eastern Council 4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0010-10-Jaguar Miao Road O. ... S. ... R. ...	...	12.00	(+) 12.00
12.	– do -	4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 0007-07-Tezu Sadiya Road O. ... S. ... R. ...	...	6.00	(+) 6.00
13.	34-Power	4801-Capital Outlay on Power Projects 80-General 799-Suspense 0602-Stock O. ... S. ... R. ...	...	80.88	(+) 80.88
14.	35-Information and Public Relations	4220-Capital Outlay on Information and Publicity 60-Others 800-Other expenditure 0001-01-Creation of Assets O. ... S. ... R. ...	...	12.25	(+) 12.25
15.	56-Tourism	03-Centrally Sponsored Schemes 5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2951-Construction of Tourist Lodge and Cultural Complex at Tawang O. ... S. ... R. ...	...	12.19	(+) 12.19
16	56-Tourism	03-Centrally Sponsored Schemes 5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2962-Construction of Basic Amenities at Zemithang O. ... S. ... R. ...	...	5.75	(+) 5.75

(Rupees in lakh)

1	2	3	4	5	6
17.	57-Urban Development	03-Centrally Sponsored Schemes 4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other expenditure 3051-State Capital Project O. … S. … R. …	…	9.70	(+) 9.70
			Total	**2720.32**	

APPENDIX - XIII

Non-surrender of savings in excess of Rs.20.00 lakh

(Reference : Paragraph 2.4.16 at page 27)

(Rupees in crore)

Sl. No.	Number and name of the grant / appropriation	Total grant / appropriation	Savings	Unsurrendered savings	Percentage of unsurrendered savings
	Revenue (Charged)				
1.	2-Governor	1.33	0.25	0.25	100
	Capital (Charged)				
2.	Public Debt	72.02	25.95	25.95	100
	Revenue (Voted)				
3.	9-Motor Garages	4.87	0.41	0.41	100
4.	22-Civil Supplies	6.98	3.35	3.35	100
5.	27-Panchayat	6.95	5.66	5.66	100
6.	28-Animal Husbandry & Veterinary	19.28	2.69	2.69	100
7.	30-State Transport	17.48	0.22	0.22	100
8.	31-Public Works	26.10	1.13	1.13	100
9.	36-Statistics	4.15	0.33	0.33	100
10.	40-Housing	14.48	0.50	0.50	100
11.	42-Rural Development	27.81	5.41	5.41	100
12.	49-Science and Technology	2.84	2.62	2.62	100
13.	51-Directorate of Library	1.36	0.22	0.22	100
	Capital (Voted)				
14.	14-Education	50.81	33.22	33.22	100
15.	15-Health and Family Welfare	12.31	6.41	6.41	100
16.	16-Art and Cultural Affairs	0.51	0.51	0.51	100
17.	18-Research	0.24	0.21	0.21	100
18.	19-Industries	1.22	0.42	0.42	100
19.	21-Food Storage and Warehousing	4.13	0.35	0.35	100
20.	26-Rural Works	21.78	13.25	13.25	100
21.	31-Public Works	19.47	4.68	4.68	100
22.	32-Roads and Bridges	89.34	3.05	3.05	100
23.	34-Power	108.46	16.19	16.19	100
24.	42-Rural Development	1.06	0.28	0.28	100
25.	45-Civil Aviation	2.43	0.41	0.41	100
26.	51-Directorate of Library	0.55	0.48	0.48	100
27.	53-Fire Protection and Control	1.92	1.04	1.04	100
28.	56-Tourism	1.91	0.29	0.29	100
29.	57-Urban Development	22.18	19.10	19.10	100
	Total		**148.63**	**148.63**	

APPENDIX - XIV

Statement showing the number of cases in which the amount surrendered in excess of actual savings/excess

(Reference :Paragraph 2.4.17 at page 28)

(Rupees in lakh)

Sl. No.	Grant Number	Saving(-) Excess(+)	Amount surrendered	Excess amount surrendered
1.	18-Research (Revenue)	(-) 2.46	4.99	2.53
	Total	(-) 2.46	4.99	2.53
2.	33-North Eastern Areas (Capital)	(+) 388.78	505.00	505.00
	Total	(+) 388.78	505.00	505.00

APPENDIX – XV

Statement showing the drawal of amount by AC bills in Arunachal Pradesh

(Reference : Paragraph 2.5.2 at page 29)

(Rupees)

Amount involved		Name of the D.D.O/Controlling Officers for whom D.C. bills are awaited	Year	Total No. of items	Amount involved
1		2	3	4	5
3,32,31,764	1	Dte. of Horti Naharlagun	Mar-99	1	338041
	2	Dr. N. Yadav, DDM Naharlagun	Mar-99	1	81437
	3	A.K. Dubey, SDHO, Tezzu	Mar-99	1	719500
	4	G. Hocha, EO (Horti), Khonsa	Mar-99	1	300000
	5	M.ETTT, EO (Agri) Njapin, Ziro	Mar-99	1	2000000
	6	Dist.T.O, FTC Lower Subansiri, Ziro	Mar-99	1	200000
	7	Dist.T.O, FTC Lower Subansiri, Ziro	Mar-99	1	467603
	8	EO (H) Lumla, Tawang	Mar-99	1	50000
	9	V.K.Verma, P.T.O (FTC) Kharam Tezu	Mar-99	1	241700
	10	B. Biswas, EO (Agri)	Mar-99	1	40000
	11	Dist. T.O (FTC), Pasighat	Mar-99	1	511338
	12	D. Lida, PTO (FTC), Pasighat	Mar-99	1	45000
	13	D.Darang, DTO (FTC), Pasighat	Mar-99	1	20000
	14	EO (Agri) Koyu, Pasighat	Mar-99	1	160000
	15	Dist. Horti Officer Pasighat	Mar-99	1	87775
	16	EO, (Agri) Daporijo	Mar-99	1	162500
	17	EO (Agri) Mugli,Daparijo	Mar-99	1	20000
	18	EO(Agri) Daparijo	Mar-99	1	80000
	19	KUK mennon PS to Hon.Min. Textile and Handicraft.	Oct-99	1	15000
	20	UKK mennon PS to Hon.Min. Textile and Handicraft.	Oct-99	1	15000
	21	T. Charu, Publication Manager, IPR,Nlg	Jan-00	1	2000
	22	C.M Longphang, DD Ipr&R, Nlg	Jan-00	1	2000
	23	T. Charu, Publication Manager, IPR,Nlg	Jan-00	1	6000
	24	A. Tayeng A.O. Dts. Of Research, Itanagar	Jan-00	1	4000
	25	B.N. Phukan, Principal, Govt. College,Itanagar	Jan-00	1	7000
	26	KUK Menon PS to Hon. Min. of Industries, Itanagar	Mar-00	1	15000
	27	KUK Menon PS to Hon. Min. of Industries, Itanagar	Mar-00	1	15000
	28	Shri Monoharan Nair, P.S. to the Hon.Minister of State for Industries and Textile Handicraft	Mar-00	1	10000
	29	S.B. Gupta, PTO, FTC, Pasighat	Mar-00	1	200000
	30	D. Lida, PTO, FTC, Pasighat	Mar-00	1	80000
	31	Dist. T.O. FTC., Pasighat	Mar-00	1	289936
	32	Finance & A/Cs Officer, Changlang	Mar-00	1	4000
	33	Dist. Research Officer, Tamang	Mar-00	1	3000
	34	Dist. Research Officer, Tamang	Mar-00	1	1000
	35	Dist. Research Officer, Tamang	Mar-00	1	1000
	36	Dist. Research Officer, Tamang	Mar-00	1	3000
	37	A.O. Dte. of Research, Itanagar	Mar-00	1	1500
	38	A.O. Dte. of Research, Itanagar	Mar-00		6505
	39	A.O. Dte. of Research, Itanagar	Mar-00	1	8000
	40	A.O. Dte. of Research, Itanagar	Mar-00	1	5000
		Total			6218835

(Rupees)

1		2	3	4	5
	41	A.O. Dte. of Research, Itanagar.	Mar-00	1	10000
	42	AO Dte. of Research Itanagar	Mar-00	1	2000
	43	A.O. Dte. of Research, Itanagar	Mar-00	1	10000
	44	Dir. Sports & Youth Affairs, Itanagar	Mar-00	1	1464000
	45	Dir. of Geology & Mining	Jun-00	1	10000
	46	Manoharan Nair, P.S. to MOS (Industry) for Director of Industries, Itanagar	Jun-00	1	10000
	47	KUK Menon P.S. to H.M.I. for Director of Industries, Itanagar	Jun-00	1	15000
	48	C.M. Longphang, Dy. Dir.of Information & I.R. Naharlagun	Jul-00	1	15000
	49	Sri. Leki Phunso, Dy. Dir of I&PR, Naharlagun	Jul-00	1	4000
	50	C.M. Longphang, Dy.Dir of Information & I.R., Naharlagun	Jul-00	1	7000
	51	Dr. S.P. Bharduraj, Asstt.Labour Commissioner, Naharlagun	Sep-00	1	2000
	52	Sri. Morje Etc., Labour Commissioner, Naharlagun	Sep-00	1	10000
	53	Director of Supply & Transport, Naharlagun	Jul-00	1	3000
	54	Director of Supply & Transport, Naharlagun	Jul-00		750058
	55	Director, Sports & Youth Affairs, Itanagar	Jul-00	1	5000
	56	Principal Govt. of Higher Secondary School, Itanagar	Aug-00	1	17800
	57	KUK Menon, P.S. to Textile & Handicraft Industries Minister, Itanagar	Jul-00	1	15000
	58	KUK Menon, P.S. to Textile & Handicraft Industries Minister, Itanagar	Jul-00	1	15000
	59	Sri. V.P. Pathanio, ADTW, Itanagar	Jul-00		15000
	60	KUK Menon, P.S. to Textile & Handicraft Industries Minister, Itanagar	Sep-00	1	15000
	61	Sri.Manoharan Nair, P.S. to Textile & Handicraft Industries Minister, Itanagar	Sep-00	1	15000
	62	KUK Menon, P.S. to Textile & Handicraft Industries Minister, Itanagar	Feb-01		10000
	63	Sri.Manoharan Nair, P.S. to Textile & Handicraft Industries Minister, Itanagar	Feb-01	1	15000
	64	KUK Menon, PS to Minister Textile & Handicraft Industries Minister, Itanagar	Feb-01	1	15000
	65	Sri.Manoharan Nair, P.S. to Textile & Handicraft Industries Minister, Itanagar	Feb-01	1	15000
	66	A. Tayang, Dir. of Reaearch, Itanagar	Mar-01	1	4000
	67	Principal, Govt. College, Bomdila	Apr-01	1	15000
	68	Principal, Govt. College, Bomdila	May-01	1	12000
	69	Director of School Education, West Kameng Dist.,Bomdila	Jun-01	1	699987
	70	Director of School Education, West Kameng Dist.,Bomdila	Jul-01	1	200000
	71	Director of School Education, West Kameng Dist.,Bomdila	Aug-01	1	288000
	72	Asstt. Dir.Sports & Youth Affairs, Govt. of A.P., Itanagar	Sep-01	1	2000000
	73	S.K. Chakraborty, Dir. Of Trade & Commerce, Govt. of A.P., Itanagar.	Oct-01	1	150000
		Total			5833845

(Rupees)

1		2	3	4	5
	74	Sri.Manoharan Nair, P.S. to Hon'ble Minster of State Education	Nov-01	1	15000
	75	Sri.Manoharan Nair, P.S. to Hon'ble Minster of State Education	Dec-01	1	15000
	76	Sri.Manoharan Nair, P.S. to Hon'ble Minster of State Education	Jan-02	1	15000
	77	Shri G . Agni , Asstt. Dir. of Industries, Upper Siang Dist.	Feb-02	1	25000
	78	K.U.K.Menon, PS to Industry Minister, (Textile & Handicraft)	Mar-02	1	15000
	79	K.U.K.Menon, PS to Industry Minister, (Textile & Handicraft)	Apr-02	1	15000
	80	K.U.K.Menon, PS to Industry Minister, (Textile & Handicraft)	May-02	1	15000
	81	Dir. of Industries , Govt of A. P., Itanagar	Jun-02	1	5000000
	82	Shri. S. K. Singh, PS to HCM ,Govt. of A. P. , Itanagar	Jul-02	1	5000
	83	I. G. P. Itanagar.	More than 1year	1	2294727
	84	I.G.P., Itanagar	-do-	-do-	8268401
	85	I.G.P., Itanagar	-do-	-do-	4876956
	86	Medl. & P.H.D.M.O. Bomdila	-do-	-do-	50000
	87	Medl. & P.H.D.M.O. Bomdila	-do-	-do-	7500
	88	Medl. & P.H.D.M.O. Bomdila	-do-	-do-	7000
	89	Medl. & P.H.D.M.O. Bomdila	-do-	-do-	6000
	90	Medl. & P.H.D.M.O. Bomdila	-do-	-do-	7500
	91	D.H.S. Naharlagun	-do-	-do-	10000
	92	D.H.S. Naharlagun	-do-	-do-	3500
	93	D.H.S. Naharlagun	-do-	-do-	5000
	94	D.H.S. Naharlagun	-do-	-do-	15000
	95	D.H.S. Naharlagun	-do-	-do-	15000
	96	D.H.S. Naharlagun	-do-	-do-	10000
	97	D.H.S. Naharlagun	-do-	-do-	7500
	98	D.H.S. Naharlagun	-do-	-do-	10000
	99	D.H.S. Naharlagun	-do-	.do.	15000
	100	D.H.S. Naharlagun	-do-	.do.	450000
		Total			21179084

Total No of A.C. Bills awaiting adjustment	Amount Involved	Age-wise break up of outstanding Advances		
		Year	No. of items	Amount
100	Rs.3,32,31,764	1998-1999	18	Rs. 55,24,894
		1999-2000	26	Rs. 21,79,941
		2000-2001	56	Rs. 2,55,26,929
			100	Rs. 3,32,31,764

Total of 1st page	Rs.	62,18,835
Total of 2nd page	Rs.	58,33,845
Total of 3rd page	Rs.	2,11,79,084
Grand Total	Rs.	3,32,31,764

APPENDIX – XVI

Statement showing year wise allocation, release and actual expenditure

(Reference : Paragraphs 3.1.6 and 3.1.7 at page 34)

(Rupees in lakh)

Year	Allocation			Release			Opening Balance	Misc. Receipt	Total fund available (7+8+9)	Total expenditure	Closing Balance
	Central	State	Total	Central	State	Total					
1	2	3	4	5	6	7	8	9	10	11	12
1999-2000	136.72	45.57	182.29	81.16	21.23	102.39	512.86[1]	8.04	623.29	393.84 (63%)	229.45 (37%)
2000-2001	188.30	45.00	233.30	110.25	34.19	144.44	229.45	14.44	388.33	179.93 (46%)	208.40 (54%)
2001-2002 (Provisional)	164.76	105.00	269.76	100.45	41.81	142.26	208.40	-	350.66	199.71 (57%)	150.95 (43%)
Total	489.78	195.57	685.35	291.86	97.23	389.09		22.48		773.48 (84%)	

Source : Department

[1] Total unutilised fund under erstwhile programmes.

APPENDIX – XVII

Statement showing the details of the average cost of borrowings, interests earned and fiscal cost

(Reference : Paragraph 3.1.9 at page 35)

(Rupees in lakh)

Unspent amount	Germani period	Average rate of borrowing	Interest payable at borrowing rate	Interest earned on S/B 4 *per cent*	Fiscal cost (4-5)
1	2	3	4	5	6
229.45	1 (1999-2000)	12.50	28.68	9.18	19.50
208.40	1 (2000-2001)	-	26.05	8.34	17.71
150.95	1 (2001-2002)	-	18.86	6.04	12.82
				Total	50.03

APPENDIX - XVIII

Statement showing yearwise actual receipt and expenditure in respect of 4 (four) selected DRDAs as depicted in Auditor's Report (CA) and amounts reported to Ministry by the department

(Reference : Paragraph 3.1.13 at page 35)

(Rupees in lakh)

Name of DRDA	Year*	As per accounts of the DRDAs		Amount Reported to Ministry by Department		Variance		Remarks
		Receipt	Expenditure	Receipt	Expenditure	Receipt Excess(+) Less (-)	Expenditure Excess (+) Less(-)	
Along	1999-2000	51.54	NIL	60.06	26.56	(+) 8.52	(+) 26.56	As furnished by the DRDAs. Final report to GOI is awaited.
Pasighat	-do-	59.56	NIL	59.89	50.71	(+) 0.33	(+) 50.71	
Ziro	-do-	46.65	NIL	68.86	40.67	(+) 22.21	(+) 40.67	
Tezu	-do-	56.60	NIL	78.12	40.95	(+) 21.52	(+) 40.95	
		214.35	NIL	266.93	158.89	(+)52.58	(+)158.89	
Along	2000-01	42.91	29.03	51.54	20.71	(+) 8.63	(-) 8.32	
Pasighat	-do-	27.76	23.22	36.64	23.29	(+) 8.88	(+) 0.07	
Ziro	-do-	42.21	5.33	38.85	6.18	(-) 3.36	(+) 0.85	
Tezu	-do-	38.84	22.81	54.96	22.44	(+) 16.12	(-) 0.37	
		151.72	80.39	181.99	72.62	(+) 30.27	(-) 7.77	
Along	2001-2002 (Provisional)	**Accounts are yet to be prepared by Chartered Accountant**		33.38	25.35			
Pasighat				24.51	20.91			
Ziro				27.32	0.20			
Tezu				27.52	28.64			
				112.73	**75.10**			
Grand Total					306.61			

Source : DRDAs

* **Summarised position upto 2000-2001**

1. Total expenditure reported to Ministry : Rs. 2.32 crore
2. Total expenditure as per accounts of DRDAs : Rs. 0.80 crore
3. Total receipts reported to Ministry : Rs. 4.49 crore
4. Total receipts as per accounts of DRDAs : Rs. 3.66 crore

APPENDIX - XIX

Statement showing the physical achievement with reference to financial achievement

(Reference: Paragraphs 3.1.20, 3.1.23 and 3.1.30 at pages 36, 37 & 38)

A : State as a whole

Year	SHG		Individual		Financial achievement (in lakh) and (Percentage to availability of fund)	Unutilised fund (in lakh) (Percentage to availability of fund)
	Target (No.of Group)	Achievement (No. of workers) Men + Women	Target	Achievement		
1999-2000	154	1 (4+1 = 5)	847	3055	393.84 (63)	229.45 (37)
2000-2001	122	56 (317+284 = 601)	2618	802	179.93 (46)	208.40 (54)
2001-2002	26	43 (Breakup not available Total 430)	1775	951	199.71 (57)	150.95 (43)

B : Statement showing the physical performance under SGSY for selected 4 DRDAs (Along, Pasighat, Ziro, Tezu) with reference to financial activities

(Rupees in Lakh)

Year	DRDA	SHG		Individual		Financial achievement (towards payment of subsidy)
		Target	Achieve-ment	Target	Achieve-ment	
1999-2000	Along	19	Nil	106	130	Nil
	Pasighat	11	Nil	61	983	Nil
	Tezu	14	Nil	76	510	Nil
	Ziro	25	Nil	136	261	Nil
	Total	69			1884	
2000-01	Along	8	Nil	145	74	29.02 (17.53)
	Pasighat	8	6	200	87	23.22 (17.45)
	Tezu	10	Nil	225	161	22.44 (13.40)
	Ziro	20	1	437	81	23.39 (22.80)
	Total	46	7		403	98.07 (71.18)
2001-02	Along	NA	4	NA	111	25.35 (13.33)
	Pasighat	NA	3	NA	69	20.91 (10.56)
	Tezu	NA	Nil	NA	240	28.64 (24.10)
	Ziro	NA	59	NA	203	0.20 (Nil)
	Total		66		623	75.10 (47.99)
						173.17 (119.17)

Source : Department and DRDAs.

APPENDIX - XX

Statement showing the nature of key activities and number of beneficiaries (Individual plus SHG) for which assistance provided

(Reference: Paragraph 3.1.28 at page 38)

Year	DRDAs	Activities specified	Activities classified as other farm	
			Other Farm activities	Others
2000-2001	Along	34	44	-
	Pasighat	94	-	-
	Tezu	65	84	12
	Ziro	187	37	11
Total		380	165	23
2001-2002	Along	70	45	-
	Pasighat	72	-	-
	Tezu	40	200	-
	Ziro	1	8	6
	Total	183	253	6
	Grand Total	563	418	29

Source :- DRDAs

APPENDIX–XXI

Statement showing release of subsidy and revolving funds to SHGs under test check DRDAs

(Reference: Paragraph 3.1.35 at page 39)

(Rupees in lakh)

DRDA	1999-2000			2000-2001			2001-2002			Total		
				SHG	Subsidy	Rev. Fund	SHG	Subsidy	Rev. Fund	SHG	Subsidy	Rev. Fund
Along	-	-	-	18	15.46	2.50	4	4.65	5.69	22	20.10	8.19
Pasighat	-	-	-	7	8.75	-	3	3.71	0.30	10	12.46	0.30
Ziro	-	-	-	-	-	-	-	-	0.10	-	-	0.10
Tezu	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	25	24.21	2.50	7	8.36	6.09	32	32.56	8.59

Source : Department

APPENDIX – XXII

Statement showing financial performance under IAY during 1997-2002

(Reference: Paragraphs 3.2.6, 3.2.7 & 3.2.13 at page 44 & 45)

(Rupees in lakh)

Year	Total Allocation	Opening balance	Fund released		Misc. receipt	Total fund	Expend-iture	Unspent balance	Remarks % of savings	Fiscal receipts @ 8.5 *per cent*
			Centre	State						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1997-1998 (New Const.)	100.88	49.18	208.58	49.99	3.73	311.48	210.49	100.99	32	8.58
1998-1999 (New Const.)	230.02	100.99	118.47	34.13	4.59	258.18	127.82	130.36	50	11.08
1999-2000										
New Const.	804.26	130.36	510.17	164.82	11.91	817.26	660.04	157.22	19	13.36
Upgrad.	201.07	--	121.57	39.18	--	160.75	71.98	88.77	55	7.55
2000-2001										
New Const.	775.30	157.22	635.25	190.08	22.11	1004.66	724.16	280.50	28	23.84
Upgrad.	193.84	88.77	94.39	29.87	2.48	215.51	151.13	64.38	40	5.47
2001-2002										
New Const.	626.05	280.50	421.67	154.65	6.02	862.84	658.81	204.03	24	17.34
Upgrad.	151.00	64.38	90.06	32.91	0.53	187.88	157.43	30.45	16	2.59
Total	**3082.42**		**2200.16**	**695.63**	**51.37**		**2761.86 (92%)**			**89.81**
New Const.	**2536.51**	**49.18**	**1894.14**	**593.67**	**48.36**	**2585.35**	**2381.32 (92%)**	**204.03**		
Upgrad.	**545.42**		**306.02**	**101.96**	**3.01**	**410.99**	**380.54 (93%)**	**30.45**		

Source : Department

APPENDIX – XXIII

Statement showing excess expenditure due to taking up of new construction instead of upgradation

(Reference: Paragraph 3.2.8 at page 44)

(Rupees in lakh)

Period	No. of beneficiaries assisted for new construction	Amount spent	Amount that would be required for upgradation (@ Rs.10,000 per unit)	Difference/ Excess	No. of units that could have been covered for upgradation
(1)	(2)	(3)	(4)	(5)	(6)
A : State as a whole 1997-1998 to 2001-2002	9888	2381.32	988.80	1392.52	13925
B : 4 Test checked DRDAs 1997-1998 to 2001-2002	3653	803.66	365.30	438.36	4384

Source : Department and DRDAs

APPENDIX – XXIV

Statement showing target and achievement of construction of new houses and upgradation of *katcha* houses

(Reference: Paragraph 3.2.12 at page 45)

(In numbers)

Category	1997-1998	1998-1999	1999-2000	2000-01	2001-02	Total
A. New Houses						
Target	1386	1045	3656	2740	4439	13266
Achievement	932	470	2485	3078	2923	9888 (75%)
B. Upgradation						
Target	--	--	2010	1506	1481	4997
Achievement	--	--	725	1437	1440	3602 (72%)

Source : DRDAs

APPENDIX – XXV

Statement showing year-wise expenditure incurred by 4 DRDAs during 1997-2002 under new construction and upgradation separately

(Reference: Paragraphs 3.2.17 and 3.2.19 at page 46 & 47)

(Rupees in lakh)

A:New Construction	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	Total
DRDA - Along	4.74	6.69	68.66	74.94	79.44	234.47
DRDA – Pasighat	9.34	1.29	39.48	35.48	68.52	154.11
DRDA – Ziro	4.49	--	98.46	96.05	16.91	215.91
DRDA – Tezu	7.46	3.33	60.59	45.10	82.69	199.17
Total of A	26.03	11.31	267.19	251.57	247.56	803.66 (a)
B:Upgradation						
DRDA – Along	--	--	--	8.94	15.00	23.94
DRDA – Pasighat	--	--	--	13.72	13.09	26.81
DRDA – Ziro	--	--	22.13	9.34	60.50	91.97
DRDA – Tezu	--	--	6.21	15.56	15.21	36.98
Total of B	--	--	28.34	47.56	103.80	179.70 (b)
Total of A + B						983.36

Source : DRDAs

---

(1) Amount spent on new construction — Rs.803.66 lakh

(2) According to guidelines, amount per beneficiary — Rs. 22,000

(a) No. of beneficiaries $= \frac{\text{Rs.803.66 lakh}}{\text{Rs.22,000}}$

= 3653

(3) Amount spent on upgradation of *Katcha* Houses — Rs.179.70 lakh

(4) According to guidelines, amount per beneficiary — Rs.10,000

(b) No. of beneficiaries $= \frac{\text{Rs.179.70 lakh}}{\text{Rs.10,000}}$

= 1797

Total number of beneficiaries = (a) + (b) = 3653 + 1797 = 5450

APPENDIX – XXVI

Statement showing physical achievement of 4 selected DRDAs for the period from 1997-1998 to 2001-2002

(Reference: Paragraphs 3.2.17 and 3.2.19 at page 46 and 47)

DRDA	1997-98		1998-99		1999-2000		2000-01		2001-02		Total	
	New	Upgrd.	New	Upgrd.	New	Upgrd.	New	Upgrd.	New	Upgrd.	New	Upgrd.
Along												
Target	53	--	128	--	398	219	298	164	322	161	1199	544
Achievement	13	--	30	--	274	--	230	142	511	--	1058	142
Pasighat												
Target	29	--	113	--	307	33	230	127	249	124	928	284
Achievement	36	--	22	--	146	--	192	145	313	125	709	270
Ziro												
Target	61	--	137	--	259	252	344	189	372	186	1173	627
Achievement	23	--	16	--	238	210	300	188	268	147	845	545
Tezu												
Target	35	--	77	--	325	179	244	134	263	132	944	445
Achievement	33	--	7	--	156	4	240	134	363	172	799	310
Target	178	--	455	--	1289	683	1116	614	1206	603	4244	1900
Achievement	105	--	75	--	814	214	962	609	1455	444	3411	1267

Source : DRDAs

APPENDIX – XXVII

Statement showing procurement of CGI sheet at rates higher than the approved rate

(Reference: Paragraph 3.2.30 at page 49)

Year	DRDA	Quantity purchased mt.	Rate of procurement per mt. (Rs.)	Approved rate per mt. (Rs.)	Difference in rate per mt. (Rs.)	Excess expenditure Rs. in lakh
1999-2000	Ziro	268.27	39,380	34,542	4,838	12.98
2000-2001	-do-	235.68	-do-	-do-	-do-	11.40
2000-2001	Pasighat	103.87	43,975	34,425	9,550	9.92
2000-2001	-do-	217.47	35,868	-do-	1,443	3.14
						37.44

Source : Department

APPENDIX-XXVIII

Statement showing number of boars and sows reared as well as production and sale of piglings in CPBF, Karsingsa; REPBF, Loiliang during 1997-98 to 2001-2002

(Reference : Paragraph 3.3.9 at page 55)

(In numbers)

Sl. No.	Name of Farm	Year	Pigs reared				Farrows due @ 2 Nos. per sow and 1 no. per gilt in a year	Actual farrowing	Expected production based on farm-wise assessment of 9.2 & 8 litres per farow	Actual production	Shortfall in production	Percentage of shortfall	Piglings sold in Nos.
			Boars	Young Boars	Sows	Gilts							
1.	CPBF, Karsingsa	1997-1998	8	NA	55	NA	110	108	993	701	292	29	550
		1998-1999	6	NA	44	NA	88	101	929	779	150	16	863
		1999-2000	5	NA	41	NA	82	71	653	570	83	13	576
		2000-2001	8	NA	41	NA	82	80	736	589	147	20	521
		2001-2002	11	NA	58	NA	116	56	515	477	38	7	446
		Total	**38**	**-**	**239**	**-**	**478**	**416**	**3826**	**3116**	**710**	**-**	**2956**
2.	REPBF, Loiliang	1997-1998	6	2	35	28	98	60	784	475	309	39	236
		1998-1999	7	3	38	12	88	63	704	695	9	1	420
		1999-2000	9	2	33	21	87	80	696	743	-	-	463
		2000-2001	6	1	44	2	90	49	720	561	159	22	324
		2001-2002	5	1	37	NIL	74	52	592	536	56	9	353
		Total	**33**	**9**	**187**	**63**	**437**	**304**	**3496**	**3010**	**533**	**-**	**1796**
			71	**9**	**426**	**63**	**915**	**720**	**7322**	**6126**	**1243**	**17**	**4752**

NB : Expected number of production has been calculated farm-wise separately on the basis of norm adopted in respective farm *i.e.* for CPBF on the basis of actual farrowings and for REPBF on the basis of farrowings due. Average production per sow per farrow was taken as 9.2 litter in CPBF and 8 litter in REPBF.

Source : Piggery Farms.

APPENDIX – XXIX

Statement showing mortality rates at different farms

(Reference: Paragraphs 3.3.11 at page 55)

Year	Name of Farm	Total stock in number	Total death in number	Percentage of mortality
1997-1998	REPBF - Loiliang	504	105	21
	DPBF – Along	114	37	32
	-do- Pasighat	333	143	43
	-do- Towang	167	26	16
1998-1999	-do- Along	110	65	59
	-do- Roing	106	19	18
1999-2000	-do- Along	80	14	18
	-do- Roing	144	26	18
	-do- Towang	262	48	18
2000-2001	-do- Along	83	27	33

Source : Department

APPENDIX – XXX

Statement regarding loss in running of farms

(Reference: Paragraphs 3.3.19 at page 57)

(Rupees in lakh)

Name of Farm	Year	Expenditure (excluding capital cost)	Income	Loss (-)
1. CPBF, Karsingsa	1997-1998	18.50	5.97	(-) 12.53
	1998-1999	20.96	8.90	(-) 12.06
	1999-2000	19.16	5.33	(-) 13.83
	2000-2001	18.76	4.56	(-) 14.20
	2001-2002	26.86	4.09	(-) 22.77
			Total	(-) 75.39
2. REPBF, Loiliang	1997-1998	18.63	2.62	(-) 16.01
	1998-1999	18.02	4.60	(-) 13.42
	1999-2000	18.52	4.71	(-) 13.81
	2000-2001	19.30	4.54	(-) 14.76
	2001-2002	17.15	4.21	(-) 12.94
			Total	(-) 70.94

Source : Piggery Farms

APPENDIX - XXXI

Statement showing department-wise break up of misappropriation, losses etc., cases as of 30 June 2002

(Reference : Paragraph : 3.9.2 at page 66)

Sl No	Department	Cases in which Department & Criminal action have not been started		Cases in which Department/ Police action had been started but not finalised		Cases where criminal proceeding had been finalised but execution certificates/cases for recovery pending		Cases in the court of law		Cases awaiting orders for recovery or write off		Total	
		No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Education Department	-	-	2	1.80	-	-	1	1.28	1	0.29	4	3.37
2.	Forest Department	-	-	4 1	8.81 Not intimated	-	-	2	1.23	4	820.08	11	830.12
3.	General Adminis-tration Department	-	-	-	-	-	-	1	0.03	-	-	1	0.03
4.	Public Works Department	-	-	1	0.44	-	-	1	1.64	4	0.85	6	2.93
5.	Supply and Transport Department	-	-	1	0.53	-	-	1	0.34	4	0.46	6	1.33
6.	Public Relation Department	-	-	-	-	-	-	1	2.65	-	-	1	2.65
7.	CWC Department	-	-	-	-	-	-	1	Not intimated	-	-	1	Not intimated
8.	PHE Department	-	-	1	1.08	-	-	-	-	-	-	1	1.08
	Total	-	-	10	12.66	-	-	8	7.17	13	821.68	31	841.51

NB : (Rupees in lakh)

	No. of Cases	Amount
As per last report	31	839.64
New Cases	Nil	1.87*
Total	31	841.51

Source : Department

* One case of last year (in respect of Forest Department) in which amount was not intimated, has now been furnished as Rs.1.87 lakh.

APPENDIX - XXXII

Statement showing rush of expenditure in the last quarter of the year

(Reference: Paragraphs 4.1.9 and 4.1.10 at page 74)

(Rupees in lakh)

Year	Total expenditure of the year	Expenditure during January-March	Percentage of expenditure of last quarter over the total expenditure
1997-1998	4815.87	2011.98	42
1998-1999	5269.94	2660.74	50
1999-2000	5578.13	1835.45	33
2000-2001	6604.41	2860.81	43
2001-2002	7656.92	3315.34	43

APPENDIX - XXXIII

Statement showing the physical target and achievement

(Reference: Paragraph 4.1.11 and 4.1.12 at page 74)

Sub head	Target	Achievement	Percentage of shortfall
Roads			
1. Survey and Investigation	2268.40 km	1297.47 km	43
2. Earth Work (Formation)	1170.96 km	740.17 km	37
3. Black Topping	368.37 km	139.26 km	62
Bridges			
1. R.C.C. Bridges	558.50 mtr	350.65 mtr	37
2. Bailey Bridges	791.75 mtr	761.60 mtr	4
3. Steel Bridges	1038.56 mtr	633.42 mtr	39
Buildings	691 Nos.	449 Nos.	35

APPENDIX-XXXIV

Statement showing Time and Cost overrun

(Reference : Paragraph 4.1.14 at Page 74)

(Rupees in lakh)

Sl No.	Name of Public Works Divisions	No. of Schemes.	Year of Sanction	Year of commencement	Target year of completion.	Date of completion	Sanctioned Cost		Expenditure	Cost overrun	Time Overrun
							Original	Revised			
A. Roads											
1.	Capital 'B'	1	1991-92	1992-93	3/95	3/2002	6.79	20.58	20.55	13.76	72
2.	Capital 'B'	1	1987-88	1988-89	3/91	Work-in-progress (WIP)	31.93	81.09	79.51	47.58	132
3.	Sangram	5	1989-90 to 1998-99	1989-90 to 1998-99	3/96 to 2/2000	-do-	206.80	241.19	327.61	120.81	24 to 72
4.	Ziro	9	1981-82 to 1988-89	1981-82 to 1988-89	3/85 to 3/96	3 Nos completed-3/2000 6 Nos: WIP	300.08	447.59	578.10	278.02	48 to 84
5.	Bameng	6	1982-83 to 1993-94	1982-83 to 1993-94	3/89 to 3/97	3 Nos completed 3/2000 to 3/02 3 Nos. WIP	145.70	166.74	351.39	205.69	60 to 84
6.	Bomdila	3	1990-91 to 1991-92	1990-91 to 1991-92	3/91 to 3/96	W.I.P	73.84	181.46	138.60	64.76	72 to 132
7.	Kalektang	1	1993-94	1993-94	3/97	-do-	26.30	--	26.32	0.02	60
8.	Tawang	1	1989-90	1989-90	3/92	-do-	33.44	114..25	114.20	80.76	120
9.	Yomcha	6	1986-87 to 1990-91	1986-87 to 1990-91	3/88 to 3/95	1 Nos (3/2000) 5 Nos WIP	163.76	242.51	266.50	102.74	84 to 120
10.	Boleng	4	1982-83 to 1991-92	1982-83 to 1991-92	3/88 to 3/97	1 Nos (3/2000) 3 Nos WIP	142.71	373.37	357.18	214.47	60 to 168
11.	Pasighat	1	1989-90	1989-90	3/95	WIP	29.37	49.93	40.88	11.51	84
12.	Jairampur	4	1988-89	1988-89	3/89 to 3/92	-do-	133.36	226.27	178.53	45.17	120 to 156
13.	Anini	1	1984-85	1984-85	3/87	-do-	48.24	162.18	121.22	72.98	180
14.	Khonsa	4	1988-89	1988-89	3/90 to 3/92	-do-	106.54	178.53	216.47	109.93	120 to 144
15.	Longding	4	1980-81 to 1991-92	1980-81 to 1991-92	3/82 to 3/95	-do-	38.24	73.44	169.02	130.78	84 to 240
16.	Hayuliang	1	1982-83	1982-83	3/84	3/01	22.73	--	146.99	124.26	84
Total A		52					1509.83	2559.13	3133.07	1623.24	
B. Bridges											
1.	Yomcha	1	1990-91	1990-91	3/91	3/2000	17.74	--	30.87	13.13	108
2.	Sangram	1	1996-97	1996-97	3/97	WIP	65.00	--	111.20	46.20	60
Total B		2					82.74	--	142.07	59.33	
C. Buildings											
1.	Tawang	1	1988-89	1988-89	3/89	3/2000	16.40	43.20	41.70	25.30	132
2.	Capital 'A'	7	1986-87 to 1994-95	1986-87 to 1994-95	3/91 to 3/98	5 Nos: 3/97 to 2 Nos: WIP	287.86	792.78	693.39	405.53	68 to 95
Total C		8					304.26	835.96	735.09	430.83	
Grand Total		62					1896.83	3395.11	4010.23	2113.40	

APPENDIX - XXXV

Statement showing execution of works and expenditure incurred in respect of three NEC Schemes

(Reference: Paragraph 4.1.16 and 4.1.22 at page 75 & 76)

(Rupees in lakh)

Sl. No.	Name of work	(i) Date and amount of sanctioned cost (ii) Date of commencement of the work	Scope of work	Work executed	Total expenditure incurred	Balance work to be executed	Present status
1.	Development/ improvement of existing airport at Pasighat for landing of 50 seater aircraft.	(i) 329.23 lakh (March & September 1998) (ii) March 1998	i) Security Fencing-3720 mtrs. ii) Deep Bore Well – 1 No. iii) Development of site including runway formation –1500 mtrs. iv) Diversion of drain – 550 mtrs. v) Site drain – 3320 mtrs. vi) Retaining wall –500 mtrs.	3400 mtrs. 1 No. 1500 mtrs. 100 mtrs. - -	184.08	320 mtrs. - - 450 mtrs. 3320 mtrs. 500 mtrs.	Work stopped in August 1999.
2.	Construction of a Inter State road from NH-52 at Laimekuri in Assam to Seren in Arunachal Pradesh via Nari, Telam, Pore, Korang, Kakki, Koyu and Saku.	(i) 2270.79 lakh for Phase I (155 km) to VII, March 1997 to February 1999) (ii) March 1997	(i) Survey & investigation – 155 km (ii) formation cutting – 74 km (iii) Slab culvert – 212 Nos. (iv) RCC Slab Culvert – 94 Nos. (v)Retaining/ Breast Wall 2564 mtr.	94 km 42.991 km 53 Nos. 9 Nos. 428 mtrs.	776.35	61 km 31.009 km 159 Nos. 85 Nos. 2136 mtrs.	Work stopped from October 1999.
3.	Construction of East-West Highway for a length of 80 km from Ruksin to Bhairab kund.	(i) 817.82 lakh (September 1997 to March 1998) (ii) 1997-98	(i) S&I – 75 (ii) FC – 34.50 km (iii) Culvert- 60 nos. (iv)Retaining/ Breast Wall – 1211 mtrs.	75 km 28.25 km 27 Nos. 190 mtrs.	394.73	- 6.25 km 33 Nos. 1021 mtrs.	Work stopped from August 1999.
	Total	3417.84			1355.16		

APPENDIX– XXXVI

Statement showing sanctioned strength and men-in-position

(Reference: Paragraph 4.1.42 and 4.1.43 at page 80)

(In numbers)

Cadre	Sanctioned Strength (SS)		Men-in-roll (M-I-P)		Variation between SS and M-I-P Excess (+)/ Shortfall (-)		Percentage	
	T	NT	T	NT	T	NT	T	NT
1997-1998								
Class I	60	1	60	1	--	--	--	--
Class II	166	30	167	30	1	--	--	--
Class III	755	889	701	851	(-) 54	(-) 38	7	4
Class IV	--	490	--	490	--	--	--	--
	981	1410	928	1372	(-) 53	(-) 38		
1998-1999								
Class I	61	1	61	1	--	--	--	--
Class II	164	29	154	28	(-) 10	--	6	--
Class III	755	889		870	(-) 37	(-) 19	5	2
Class IV	--	490	--	490	--		--	--
	980	1409	933	1390	(-) 47	(-) 19		
1999-2000								
Class I	63	1	63	1	--	--	--	--
Class II	165	35	149	33	(-) 16	(-) 2	10	6
Class III	755	889	692	851	(-) 63	(-) 38	8	4
Class IV	--	490	--	490	--	--	--	--
	983	1415	904	1375	(-) 79	(-) 40		
2000-2001								
Class I	66	1	66	1	--	--	--	--
Class II	168	40	156	34	(-) 12	(-) 6	7	15
Class III	755	889	688	846	(-) 67	(-) 43	9	5
Class IV	--	490	--	490	--	--	--	--
	989	1420	910	1371	(-) 79	(-) 49		
2001-2002								
Class I	70	1	69	1	(-) 1	--	--	--
Class II	164	36	145	34	(-) 19	(-) 2	12	6
Class III	755	889	721	869	(-) 34	(-) 20	5	2
Class IV	--	490	--	490	--	--	--	--
	989	1416	935	1394	(-) 54	(-) 22		

(T: Technical, NT: Non-Technical)
Source : Department

APPENDIX-XXXVII

Statement showing year wise target, actual production and productivity per Hectare (ha) of food grain

(Reference : Paragraph 4.2.10 at page 86)

Year	Rice				Wheat				Maize				Total			
	T	A	AC	P	T	A	AC	P	T	A	AC	P	T	A	AC	P
1997-1998	158.00	129.51	120.02	1.08	8.00	5.73	3.79	1.51	55.00	50.03	34.50	1.45	221.00	185.27	158.31	1.17
1998-1999	150.00	114.12	115.48	0.99	8.00	4.40	3.66	1.20	60.00	47.02	36.24	1.30	218.00	165.54	155.38	1.07
1999-2000	145.00	134.81	122.74	1.10	6.00	5.07	3.90	1.30	55.00	48.35	35.64	1.36	206.00	188.23	162.28	1.16
2000-2001	145.00	132.69	118.60	1.12	6.50	6.23	4.40	1.42	54.00	52.30	38.43	1.36	205.50	191.22	161.43	1.18
2001-2002	157.00	NA	NA	NA	6.50	NA	NA	NA	55.00	NA	NA	NA	218.50	NA	NA	NA
	755.00	511.13	476.84	1.07	35.00	21.43	15.75	1.36	279.00	197.70	144.81	1.37	1069.00	730.26	637.40	1.15

Source : Information furnished by Directorate of Agriculture, Arunachal Pradesh, Naharlagun

T : Target for production (in thousand tonnes)
A : Actual Production (in thousand tonnes)
AC : Area Covered (in thousand hectare)
P : Productivity *i.e.* yield (in tonne per Hectare)

APPENDIX XXXVIII

Statement showing details of completed schemes

(Reference : Paragraph 4.2.15 at page 88)

(Rupees in lakh)

Year	Number of projects		Year of commencement	Year of completion	Command area (in hectare)	Beneficiaries	Estimated Cost	Expenditure
	Minor Irrigation	Command Area Development						
Upto 1996-1997	160	--	1992-93	1996-1997	3462	3763	1102.21	1102.21
1997-1998	141	14	1990-91 to 1991-92	1997-1998	5368	5835	1133.55	1133.55
1998-1999	115	7	1992-93 to 1993-94	1998-1999	3814	4145	878.93	878.93
1999-2000	232	24	1995-96 to 1997-98	1999-2000	6618	7192	1844.37	1844.37
2000-2001	360	31	1992-93 to 1997-98	2000-2001	10037	10909	2506.26	2506.26
2001-2002	230	25	1993-94 to 1997-98	2001-2002	7748	8421	2071.87	2071.87
Total	**1238**	**101**			**37047**	**40265**	**9537.19**	**9537.19**

Source : Department

APPENDIX XXXIX

Statement showing ongoing projects as on 31 March 2002

(Reference : Paragraph 4.2.15 at page 88)

Sl. No	Name of district & division	No. of Irrigation Schemes		Command Area (in hectare)	Benefi-ciaries	Year of commence-ment	Original schedule date of completion	Present status (in *per cent*)	Estimated cost (Rs. in lakh)	Expendi-ture (Rs. in lakh)
		Minor Irrigation	Command Area							
1	Tawang	38	5	1187	NA	1997-98	03/1999 to 03/2000	NA	310.88	31.42
2	Bomdila	20	1	358	NA	1996-97 to 1999-2000	03/1998 to 03/2002	NA	233.90	36.32
3	Seppa	84	8	972	NA	1992-93 to 1996-97	03/1997 to 03/1999	NA	455.24	76.71
4	Ziro	103	1	973	NA	1992-93 to 1999-2000	03/1997 to 03/2002	NA	447.30	112.59
5	Itanagar	111	6	2513	NA	1992-93 to 1997-98	03/1997 to 03/2000	NA	786.59	345.30
6	Daporijo	98	4	1145	NA	1992-93 to 1998-99	03/1997 to 03/2001	NA	471.39	253.75
7	Basar	173	5	4244	NA	1992-93 to 1996-97	03/1997 to 03/1999	NA	1552.87	727.13
8	Pasighat	55	-	2434	NA	1992-93	03/1997	NA	650.52	427.81
9	Yingkiong	37	6	3973	NA	1993-94 to 1997-98	03/1998 to 03/2000	NA	752.70	319.47
10	Dibang Valley/ Roing	58	-	1536	NA	1992-93	03/1997	NA	658.21	190.43
11	Tezu	37	3	2150	NA	1992-93 to 1997-98	03/1997 to 03/2001	NA	546.50	169.08
12	Bordumsa	24	7	1428	NA	1993-94 to 1997-98	03/1998 to 03/2000	NA	392.20	144.89
13	Deomali	25	--	388	NA	1995-96	March, 1999	NA	320.33	92.08
14	DIC Pasighat	23	--	255	NA	1992-93	March, 1997	NA	209.56	73.32
		886	**46**	**23556**	**NA**				**7788.19**	**3000.30**

Source : Department

APPENDIX - XL

Statement showing cost overrun

(Reference : Paragraph 4.2.16 at page 88)

(Rupees in lakh)

Sl. No.	No. of IFC Division	No. of scheme	Year of sanction	Year of commencement	Target year of completion	Date of completion	Sanctioned cost		Expenditure	Cost overrun	Time overrun (Months)
							Original	Revised			
1	Bordusa	4	1989-90 to 1995-96	1990-91 to 1995-96	3/94 to 3/2000	work-in-progress	31.62	-	37.49	5.87	24 to 96
2	Deomali	1	1989-90	1989-90	3/99	work-in-progress	10.60	-	12.08	1.48	36
3	Tezu	5	1992-93 to 1995-96	1992-93 to 1995-96	3/96 to 3/98	4 work-in-progress 1 completed – 3/02	83.13	184.21	129.50	46.37	72 to 96
4	Daporijo	4	1992-93 to 1993-94	1992-93 to 1993-94	3/98 to 3/99	3 work-in-progress 1 completed – 3/02	29.00	36.82	45.63	16.63	36 to 48
5	Roing	1	1995-96	1995-96	3/98	work-in-progress	6.00	-	7.07	1.07	48
6	Itanagar	2	1989-90 to 1993-94	1992-93 to 1993-94	3/97 to 3/98	-do-	14.46		18.56	4.10	48 to 60
7	Ziro	1	1994-95	1995-96	3/98	-do-	6.44		9.33	2.89	48
8	Pasighat	4	1988-99 to 1995-96	1988-99 to 1995-96	3/95 to 3/98	-do-	100.10		102.80	2.70	48 to 84
	Total	**22**					**281.35**		**362.46**	**81.11**	

Source : Department

APPENDIX - XLI

Statement showing time overrun

(Reference : Paragraph 4.2.17 at page 88)

(Rupees in lakh)

Sl. No.	No. of IFC Division	No. of scheme	Year of sanction	Year of commencement	Target year of completion	Date of completion	Sanctioned cost		Expenditure	Time overrun (Months)
							Original	Revised		
1	Bordusa	7	1989-90 to 1997-98	1990-91 to 1997-98	3/96 to 3/2000	work-in-progress	69.68	-	33.24	24 to 72
2	Roing	2	1992-93 to 1993-94	1992-93 to 1993-94	3/96 to 3/97	-do-	35.98	-	22.75	60 to 72
3	Daporijo	13	1989-90 to 1996-97	1989-90 to 1996-97	3/93 to 3/2000	-do-	61.69	82.80	32.67	24 to 108
4	Itanagar	10	1989-90 to 1995-96	1992-93 to 1995-96	3/96 to 3/98	-do-	109.18	112.50	59.64	48 to 72
5	Ziro	1	1996-97	1996-97	3/2000	-do-	2.95	-	1.04	24
6	Yingkiong	1	1993-94	1993-94	3/2000	-do-	20.69	-	14.48	24
		34					300.17		163.82	

Source : Department

APPENDIX-XLII

Statement showing extra expenditure for allowance of incorrect cost index

(Reference : Paragraph 4.2.29 at page 91)

(Rupees in lakh)

Name of division	Period of work	Particulars of work	Rate paid	Value of work done	Cost Index allowed over SOR'92	Amount of Cost Index	Total amount paid (5+7)	Admissible cost Index	Amount payable on cost index	Total amount payable (5+10)	Excess amount period (8-11)
Ziro	Nov'2001 to March' 2002	FDR Work, C/o. MIP and Residential Buildings -Eearth work in foundation -Random Rubble Masonry -Formation cutting -C.C. Work etc.	As per APSR'92	9.70	60%	5.82	15.52	37.5%	3.64	13.34	2.18
	Jan'01 to March, 01	FDR work Dry course wire created boulder bund.	-do-	9.23	52.5%	4.85	14.08	30%	2.77	12.00	2.08
	Feb'02 to March 02	-do-	-do-	1.74	52.5%	0.91	2.65	37.5%	0.65	2.39	0,26
	Feb,02	-do-	-do-	1.24	60%	0.74	1.98	37.5%	0.47	1.71	0.27
Pasighat Drilling	Oct'01 to Jan'02	Energisation Ground Water resources C/o. Dry Masonry Wall, CC Work T/S reinforcement, Dry stone pitching	-do-	14.81	45%	6.66	21.47	37.5%	5.55	20.36	1.11
				36.72		18.98	55.70		13.03	49.80	5.90

Source : Department

APPENDIX-XLIII

Statement showing materials lying unutilised

(Reference : Paragraph 4.2.31 at page 91)

(Rupees in lakh)

Sl. No.	Name of the Deptt/ Divisions	Particulars of materials	Month and year of procurement	Value	Quantity issued and period of issue	Value of materials remained unutilised as on June 2002	Remarks
1.	The erstwhile Rural Works Department	(i) 32,468 sq.ft. sluice gate (ii) 2,695 sq.ft. Irrigation gate	1994	20.48	-	20.48	Materials transferred to Daporijo IFC Division in July 1996 and lying idle in stock.
2.	-do-	Water supply materials like sluice gate, GM wheel valve, Pipe die set etc.	March 1980 and March 1991	11.96	2.67 (3/98 to 12/93)	9.29	Materials transferred to Ziro IFC Division after its creation in March 1997 and lying in stock.
3.	-do-	T&P materials like die set, rain coat	July 1994 and Nov'94	22.75	8.25 (2/97)	14.50	Transferred to Basar IFC Divn. in 1995-96 and lying idle in stock.
4.	Pasighat Drilling Division	T&P materials like survey umbrella, kitchen tent	March 1995 and February 1998	17.36	7.31 (1/96 to 11/2000)	10.05	-
5.	Ziro IFC Division	1500 RM of different dia M.S. Pipe	February 1996	25.17	21.43 (5/97)	3.74 of 230.94 dia MS Pipe	-
	Total			97.72	39.66	58.06	

Source : Department

APPENDIX-XLIV

Statement showing issue of work orders

(Reference : Paragraph 4.2.34 at page 92)

(Rupees in lakh)

Name of division	Total number of work orders issued without call of tender	Period	Amount involved	Annual ceiling limit	Excess
Pasighat	888	1997-1998	327.96	8	319.96
	438	1998-1999	178.63	8	170.63
	472	1999-2000	238.35	8	230.35
	897	2000-2001	504.93	8	496.93
	979	2001-2002	531.34	8	523.34
Ziro	797	1997-1998	99.98	8	91.98
	764	1998-1999	69.58	8	61.58
	773	1999-2000	285.27	8	277.27
	567	2000-2001	71.10	8	63.10
	645	2001-2002	131.37	8	123.37
Pasighat Drilling	40	1997-1998	16.16	8	8.16
	91	1998-1999	37.57	8	29.57
	92	1999-2000	47.82	8	39.82
	95	2000-2001	51.30	8	43.30
	150	2001-2002	76.40	8	68.40
	7688		2667.76	120	2547.76

Source : Department

APPENDIX - XLV

Statement showing status of submission of accounts by autonomous bodies and completion of audit as of September 2002

(Reference Paragraph 6.3.5 at page 133)

Sl. No.	Name of Body	Assistance received from State/ Central Govt.*	Year upto which accounts due	Year upto which accounts submitted	Arrears in submission of accounts	Audit conducted upto**
1.	DRDA, Pasighat	-	2001-02	1999-2000	2	1999-2000
2.	DRDA, Along	-	2001-02	2000-2001	1	2000-2001
3.	DRDA, Seppa	-	2001-02	1994-1995	7	1994-1995
4.	DRDA, Bomdila	-	2001-02	1993-1994	8	1993-1994
5.	DRDA, Ziro	-	2001-02	2000-2001	1	2000-2001
6.	DRDA, Daporijo	-	2001-02	1997-1998	4	1997-1998
7.	DRDA, Teju	-	2001-02	1999-2000	2	1999-2000
8.	DRDA, Khonsa	-	2001-02	2001-2002	Nil	1995-1996
9.	DRDA, Changlang	-	2001-02	2000-2001	1	2000-2001
10.	DRDA, Papumpare (Itanagar)	-	2001-02	1999-2000	2	1999-2000
11.	DRDA, Yangkiong	-	2001-02	(New)	-	-
12.	DRDA, Towang	-	2001-02	2001-2002	-	-
13.	DRDA, Anini	-	2001-02	1998-1999	3	1998-1999

* Due to non-receipt of information/accounts from the concerned departments/bodies, amount of assistance received during 1994-2000 by the above bodies could not be given.

** Audit of DRDA, Tawang starting from the year 2000-2001 has not yet been taken up.

APPENDIX - XLVI

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2002 in respect of Government Companies

(Reference : Paragraphs 7.1.5 and 7.1.8 at pages 136)

(Figures in bracket indicate budgetary outgo during the year)

(Figures in Columns 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and Name of the Company	Paid up capital as at the end of 2001-2002 *					Equity/Loans received out of Budget during the year		Other loans received during the year	Loans outstanding at the close of 2001-2002 **			Debt equity ratio for 2001-2002 (figure in bracket indicates for previous year) 4(f)/3(e)
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans		Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	A. WORKING GOVERNMENT COMPANIES												
	Sector: Industrial Development and Financing												
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	179.50	-	-	-	179.50	-	-	-	-	87.94	87.94	0.49:1 (1.05:1)
	Total of the Sector	179.50	-	-	-	179.50	-	-	-	-	-		0.49:1 (1.05:1)
	Sector: Mining												
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	233.22	-	-	-	233.22	-	-	-	-	-		0:1 (0:1)
	Total of the Sector	233.22	-	-	-	233.22	-	-	-	-	-		0:1 (0:1)
	Sector: Forest												
3.	Arunachal Pradesh Forest Corporation Limited	449.72	-	-	-	449.72	-	-	-	-	113.01	113.01	0.29:1 (0.25:1)
	Total of the Sector	449.72	-	-	-	449.72	-	-	-	-	113.01	113.01	0.29:1 (0.25:1)
	Total of 'A'	862.44	-	-	-	862.44	-	-	-	-	200.95	200.95	0.23:1 (0.35:1)
	B. NON-WORKING GOVERNMENT COMPANIES												
	Sector: Cement												
1.	Parasuram Cements Limited	10.00	-	13.50	-	23.50	-	-	-	-	145.10	145.10	6.17:1 (6.17:1)
	Total of the Sector	10.00	-	13.50	-	23.50	-	-	-	-	145.10	145.10	6.17:1 (6.17:1)
	Sector; Fruit Processing												
2.	Arunachal Horticulture Processing Industries Limited	-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (0.74:1)
	Total of the Sector	-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (0.74:1)
	Total of 'B'	**10.00**	-	**32.31**	-	**42.31**	-	-	-		**281.55**	**281.55**	**6.65:1 (3.76:1)**
	Grand Total (A+B)	872.44	-	32.31	-	904.75	-	-	-	-	482.50	482.50	0.54:1 (0.51:1)

Note:

Figures are provisional as given by the Companies

* Paid-up-capital includes Share application money also;

** Loans outstanding at the close of 2001-02 represents long term loan only.

APPENDIX- XLVII

Statement showing summarised financial results of Government companies for the latest year for which accounts were finalised

(Reference : Paragraphs 7.1.12 , 7.1.15, 7.1.17, 7.1.18, 7.1.20, 7.1.24 and 7.1.25 at pages 137, 138 & 139)

(Figures in columns 7 to 12 & 15 are Rupees in lakh)

Sl. No	Sector and Name of the Company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net profit (+)/ Loss (-)	Net impact of Audit comments	Paid-up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed*	Total return on capital employed	Percentage of return on capital employed	Arrears of accounts in terms of years	Turnover	Manpower (No. of employees)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. WORKING GOVERNMENT COMPANIES															
	Sector: Industrial Development and Financing														
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industries	August, 1978	1998-99	2001-02	(-) 83.86	-	162.50	(-) 617.91	1121.52	(+) 13.03	1.16	3	128.80	86
	Total of the Sector					(-) 83.86		162.50	(-) 617.91	1121.52	(+) 13.03	1.16			
	Sector: Mining														
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	Geology and Mining	March, 1991	1993-94	2000-01	(-) 12.66	-	99.22	(-) 24.80	73.80	(-) 12.66	-	8	6.14	32
	Total of the Sector					(-) 12.66		99.22	(-) 24.80	73.80	(-) 12.66	-			
	Sector: Forest														
3.	Arunachal Pradesh Forest Corporation Limited	Forest	March, 1977	1996-97	2001-02	(+) 370.40	-	449.72	(+) 2188.36	3203.96	(+) 370.40	11.56	5	1028.78	445
	Total of the Sector					(+) 370.40		449.72	(+) 2188.36	3203.96	(+) 370.40	11.56			
	Total of 'A'					(+) 273.88		711.44	(+) 1545.65	4399.28	(+) 370.77	8.43		1163.72	563
B. NON-WORKING GOVERNMENT COMPANIES															
Sector: Cement															
1.	Parasuram Cements Limited	Industries	January, 1985	1986-87	2001-02	(-) 6.97	-	13.50	(-) 15.40	(+) 120.65	(-) 6.15	-	15	51.05	48
	Total of the Sector					(-) 6.97		13.50	(-) 15.40	(+) 120.65	(-) 6.15	-			
Sector: Fruit Processing															
2.	Arunachal Horticulture Processing Industries Limited	Industries	May, 1982	No accounts finalised since inception.									20		
	Total of the Sector														
	Total of 'B'					(-) 6.97		13.50	(-) 15.40	(+) 120.65	(-) 6.15	-		51.05	48
	Grand Total (A+B)					(+) 266.91		724.94	(+) 1530.25	4519.93	(+) 364.62	8.07		1214.77	611

* Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of Arunachal Pradesh Industrial Development and Financial Corporation Limited, where the capital employed is worked out as a mean of aggregate of opening and closing balances of paid-up-capital, free reserves and borrowings (including refinance)

APPENDIX- XLVIII

Statement showing grants/subsidy received, guarantees received and guarantees outstanding at the end of March 2002

(Referred : Paragraph 7.1.8, at page 136)

(Figures in Columns 3(a) to 7 are Rs. in lakh)

Sl. No.	Name of the Government Company	Subsidy and grants received during 2000-01				Guarantees received during the year and outstanding at the end of the year ***					Waiver of dues during the year				Loans on which morato-rium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loan repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A- WORKING GOVERNMENT COMPANIES																
1.	Arunachal Pradesh Industrial Development & Financial Corporation Limited	-	-	-	-	-	- (87.94)			- (87.94)						
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	-	-	-	-	-										
3.	Arunachal Pradesh Forest Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total of A :	-	-	-	-	-	(87.94)	-	-	(87.94)	-	-	-	-	-	-
B- NON-WORKING GOVERNMENT COMPANIES																
1.	Parasuram Cements Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Arunachal Horticulture Processing Industries Limited	-	-	-	-	-					-	-	-	-	-	-
	Total of B :	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B) :	-	-	-	-	-	(87.94)	-	-	(87.94)	-	-	-	-	-	-

*** Figures in bracket indicates guarantees outstanding at the end of the year.

APPENDIX – XLIX

(Reference : Paragraph 7.1.37 at page 141)

Statement showing financial position, working results and operational performance of the State Transport Services for the year upto 1999-2000

(Rupees in crore)

Sl. No.	Particulars		1997-98	1998-99	1999-2000
A	Financial Position				
1.	Liabilities				
	(a)	Government Capital	62.25	72.20	83.36
	(b)	Int. on Government Capital	13.91	13.91	13.91
	Total		76.16	86.11	97.27
2.	Assets				
	(a)	Gross Block	32.77	34.48	36.14
	(b)	Less Depreciation	17.17	19.79	22.61
	(c)	Net fixed Assets	15.60	14.69	13.53
	(d)	Current Assets Loans & Advances	1.36	1.63	2.36
	(e)	Accumulated Losses	59.20	69.79	81.38
	Total		76.16	86.11	97.27
B.	Working Results				
1 (a)	Operating				
	(i)	Revenue	5.25	5.39	6.18
	(ii)	Expenditure	5.99	6.92	8.22
	(iii)	Surplus (+)/Deficit (-)	(-) 0.74	(-) 1.53	(-) 2.04
(b)	Non-operating				
	(i)	Revenue	0.61	0.34	0.62
	(ii)	Expenditure	6.06	6.74	7.36
	(iii)	Surplus(+)/Deficit(-)	(-) 5.45	(-) 6.40	(-) 6.74
(c)	Total				
	(i)	Revenue	5.86	5.73	6.80
	(ii)	Expenditure	12.05	13.66	15.58
2.	Gross Deficit		6.19	7.93	8.78
	Add:- depreciation		3.05	2.65	2.82
3.	Working Loss		9.24	10.58	11.60
	Add:- interest on capital		2.95	-	-
4.	Net loss		12.19	10.58	11.60

Sl. No.	Particulars	1997-98	1998-99	1999-2000
C.	**Operational Performance**			
1.	Average no. of vehicles held	215	231	232
2.	Average no. of vehicles on road	155	180	186
3.	Percentage of utilisation of vehicles (Percentage of 2 to 1)	72.09	77.92	80.17
4.	Numbers of routes operated at the end of the year	8	8	8
5.	Kilometres operated effective (in lakh)	66.33	65.09	67.13
6.	Average kilometres covered per bus per day	89.96	99.07	98.88
7.	Average operating revenue per kilometre (Rupees)	7.91	8.28	9.21
8.	Average operating expenditure per Kilometre (Rupees)	9.03	10.63	12.24
9.	Operating loss per Kilometre (Rupees)	1.12	2.35	3.03
10.	Number of operating depots	10	10	10
11.	Passenger Kilometre operated (in crore)	0.66	0.65	0.67
12.	Occupancy ratio (Load factor) (per cent)	58.75	45.68	53.27
13.	Cost of fuel per effective km (Rupees)	3.57	4.80	6.06
14.	Expenditure on tyres and tubes per effective km (Rupees)	5.46	5.82	6.19

APPENDIX – L

Statement showing the department-wise outstanding Inspection reports (IRs)

(Reference : Paragraph 7.1.31 at page 140)

Sl. No.	Name of Department	No. of Government companies/ Departmental undertakings	No. of outstanding I.R	No. of outstanding paragraphs	Years from which paragraphs outstanding
1.	Industries	3	9	55	1990-91
2.	Geology & Mining	1	03	08	1995-96
3.	Forest	1	11	76	1991-92
4.	Transport	1	34	128	1988-89
5.	Supply	1	04	14	1991-92
6.	Power	1	51	300	1991-92
Total			112	581	

APPENDIX – LI

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

(Reference : Paragraph 7.1.32 at page 140)

Sl. No.	Name of department	No. of draft paragraphs	No. of reviews	Period of issue
1.	Industries	02	-	May 2002
2.	Geology and Mining	01	-	April 2002
3.	Transport	01	-	April 2002
4.	Power	04	01	April to June 2002

APPENDIX - LII

Statement showing operational performance of Power Department

(Reference : Paragraph 7.1.44 at page 143)

Sl. No.	Items	1999-2000	2000-01	2001-2002
1.	Installed Capacity : (M W)			
	(a) Thermal	-	-	-
	(b) Hydro	31.83	31.92	32.28
	(c) Gas	-	-	-
	(d) Others (Diesel)	35.00	35.00	27.12
	Total	**66.83**	**66.92**	**59.40**
2.	Normal maximum demand of the State (M Kwh)	75.00	80.00	94.00
3.	Power Generated : (M K W H)			
	(a) Thermal	-	-	-
	(b) Hydro	60.00	47.07	47.07
	(c) Gas	-	-	-
	(d) Others (Diesel)	10.00	11.06	11.09
	Total	**70.00**	**58.13**	**58.16**
	Less : Auxiliary Consumption (M K W H) (brackets indicated the percentage to Power Generated)			
	(a) Thermal	-	-	-
	(b) Hydro (c) Gas (d) Others (Diesel)	7.25 (10.36)	4.92 (8.46)	4.50 (7.74)
	Total	**7.25 (10.36)**	**4.92 (8.46)**	**4.50 (7.74)**
4.	Net Power Generated (M K W H	62.75	53.21	53.66
5.	Power purchased (M K W H)			
	KHEP	39.74	-	-
	AGBPP	13.57	-	-
	AGTPP	28.27	107.46	94.37
	LOKTAK	17.31	-	-
	Total	**98.89**	**107.46**	**94.37**
6.	Free Power received (M K W H)	-	-	-
7.	Total Power available for Sale (M K W H) (4+5+6)	161.64	160.67	148.03
8.	Power Sold (MU)			
	(a) Within the State	80.95	70.50	75.17
	(b) Outside the State	-	-	-
	Total	**80.95**	**70.50**	**75.17**
9.	Transmission and distribution loss (MU) (7-8)	80.69	90.17	72.86
10.	Load factor (percentage)	33	33	30
11.	Percentage of transmission and distribution losses to total power available for sale (Percentage of 9 to 7)	49.92	56.12	49.22

Sl. No	Items	1999-2000	2000-2001	2001-2002
12.	Number of Villages/towns electrified			
	(a) Villages	25.00	35.00	NA
	(b) Towns	-	-	-
13.	Number of Pump sets/wells energised	-	-	-
14.	Number of Sub-stations (in MVA)	199	220	216
15.	Transmission/distribution lines (in KMs)			
	(a) High voltage	6885	6930	NA
	(b) Medium voltage	-	-	-
	(c) Low voltage	6780	6880	-
16.	Connected load (in MW)	75	80.00	94.00
17.	Number of consumers	102375	105615	109500
18.	Number of employees	8675	8870	NA
19.	Consumer/employees ratio	11.80:1	11.91:1	NA
20.	Total expenditure on staff during the year (Rs.in crore)	26.46	28.76	18.50
21.	Percentage of expenditure on staff to total revenue expenditure.	64	49	32
22.	Unit sold to different category of consumers : (MU) (Percentage of share to total units sold indicated in bracket):			
	(a) Agriculture	-	-	-
	(b) Industrial	4.86 (6.00)	7.98 (11.32)	3.76 (5.00)
	(c) Commercial	8.45 (10.44)	10.27 (14.57)	8.28 (11.01)
	(d) Domestic	56.46 (69.75)	40.09 (56.86)	48.85 (64.98)
	(e) Irrigation	-	-	-
	(f) Bulk supply	-	-	-
	(g) Other categories (P/Lighting, P/Water Works, Non-Residential)	11.18 (13.81)	12.16 (17.25)	14.29 (19.01)
	(h) Inter-State	-	-	-S-
	Total	**80.95**	**70.50**	**75.18**
23.	Revenue (in crore of Rs.)	16.19	13.60	11.79
24.	Expenditure (Rupees in crore)			
	(a) Salary & Wages	26.46	28.76	7.79
	(b) Fuel	8.35	8.60	6.00
	(c) Spares etc.	11.68	9.46	25.56
	(d) Power Purchased	6.00	11.00	18.50
	Total	**52.49**	**57.82**	**57.85**

APPENDIX - LIII

Statement showing item-wise rate as per DPR, agreement with the contractor (M/S HHEPL), value of work done and preliminary estimate.

(Reference: Paragraph 7.2.14 at page 149)

(In Rupees)

Sl. No	Execution of work	As per Project Report (1994)				As per Agreement (March 1995)				Measurement made and paid upto 7th R.A. bill (upto 12/04/1998)				Preliminary Estimate submitted in February 2000			
		Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount
(1)	(2)	(3a)	(3b)	(3c)	(3d)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)	(6a)	(6b)	(6c)	(6d)
A																	
1.	Check survey including checking of preliminary profile, tower spotting and peg marking	196.50	km	14550	2859075	196.50	km	16000	3144000	38.71	km	16000	619360	196.50	km	16000	3144000
2.	Excavation for benching and levelling:																
	(a) Normal Soil	13000	cum	174.60	2269800	13000	cum	190	2470000	5222.993	cum	190	992369	13000	cum	190	2470000
	(b) Fissured rock/soft rock	9850	cum	218.25	2149762	9850	cum	230	2265500	7853.476	cum	230	1806299	9850	cum	230	2265500
	(c) Hard rock blasting prohibited	1100	cum	531	584100	1100	cum	550	605000	3867.701	cum	550	2127236	1100	cum	550	605000
	(d) Hard rock with blasting	2300	cum	436.50	1003950	2300	cum	475	1092500	-	-	-	-	2300	cum	475	1092500
3.	Excavation for foundation pits including sheering and shuttering																
	(a) Normal dry soil	24000	cum	174.60	4190400	24000	cum	192	4608000	3100.02	cum	192	595205	24000	cum	192	4608000
	(b) Fissured rock/soft rock	8100	cum	218.25	1767825	8100	cum	235	1903500	2413.312	cum	235	567128	8100	cum	235	1903500
	(c) Hard rock blasting prohibited	1400	cum	531	743400	1400	cum	560	784000	440.652	cum	560	246765	1400	cum	560	784000
	(d)Wet soil	5200	cum	240	1248000	5200	cum	260	1352000	1113.841	cum	260	289599	5200	cum	260	1352000
	(e) Hard rock with blasting	2900	cum	436/ 436.50	1265350	2900	cum	480	1392000	-	-	-	-	2900	cum	480	1392000
	(f) Partially submerged soil	3900	cum	291	1134900	3900	cum	320	1248000	151.83	cum	320	48586	3900	cum	320	1248000
	(g) Fully submerged soil	3100	cum	363.75	1127625	3100	cum	395	1224500	492.135	cum	395	194393	3100	cum	395	1224500
4.	Concreting for foundation work including sheering, shuttering and form boxed, etc. Reinforcement cement concrete of M-15 grade	9150	cum	4365	39939750	9150	M^3	4800	43920000	1329.658	cum	4800	6382358	9150	M^3	4800	43920000
5.	Supply, bending, binding, and placement of reinforced steel (tor)	105400	kg	4.36	459544	105400	kg	4.80	505920	-	-	-	-	105400	kg	4.80	505920
6	Protection of tower footings a) Random Rubble masonry including shearing and shuttering	4470	M^3	1818.75	8129812	4470	M^3	2000	8940000	-	-	-	-	4470	M^3	2000	8940000
	b) Stone bound in galvanised wire netting	3640	"	1455	5296200	3640	"	1500	5460000					3640	"	1500	5460000
	c) Plain Cement Concrete M-150	420	"	2910	1222200	420	"	3100	1302000					420	"	3100	1302000
	d) Back filling of volume enclosed by (a) & (b) above	730	"	145.50	106215	730	"	155	113150					730	"	155	113150
7.	Stub setting for all types of tower	595	No	3637/ 3637.50	2164312	595	No	4000	2380000	150 No	No	4000	600000	595	No	4000	2380000
8.	Tower erection including benching of bolt, nut and mounting of all accessories like phase plate, danger plate, hanger and anti-climbing device, etc.	2471	mt	5092	12582332	2471	mt	5200	12849200	203.506	mt	5200	1058231	2471	mt	5200	12849200
9.	Earthing of towers including supply of all materials and necessary excavation and back filling, etc. as required																
	(a) Pipe earthing	399	No	1455	580545	380	No	1550	589000	20	No	1550	31000	380	No	1550	589000
	(b) Counter earthing	215	No	2182	469237	215	No	2350	505250	-	-	-	-	215	No	2350	505250
10.	Stringing of power conductor panther for three phases including fitting & fixing of hardwares, etc. including jumpering	196.5	km circuit of 3 wire	26190	5146335	196.5	km circuit of 3 wire	28500	5600250	-	-	-		196.5	km circuit of 3 wire	28500	5600250
11.	Stringing of ground conductor 7/3.15 mm size including fitting and fixing of hardwares, etc.	196.5	km	8730	1715445	196.5	km	9500	1866750	-	-	-	-	196.5	km	9500	1866750

(In Rupees)

(1)	(2)	(3a)	(3b)	(3c)	(3d)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)	(6a)	(6b)	(6c)	(6d)
12.	Head loading charges																
	i) In case of plain and paddy field																
	500 to 750 M	-	-	-	-	-	mt	1000	-	892.487	mt	1000	892487	-	-	-	-
	750 to 1000	-	-	-	-	-	mt	1500	-	524.308	mt	1500	786462	-	-	-	-
	1000 to 1500	-	-	-	-	-	mt	2000	-	905.767	mt	2000	1811534	-	-	-	-
	ii) In case of hilly terrain																
	50 to 250	-	-	-	-	-	mt	1100	-	173.16	mt	1100	1.90476	-	-	-	-
	250 to 500	-	-	-	-	-	mt	1600	-	178.90	mt	1600	286240	-	-	-	-
	500 to 700	-	-	-	-	-	mt	2200	-	544.36	mt	2200	1197592	-	-	-	-
	Total				98156114				**106120520**				**20723320**				**106120520**

(In Rupees)

Sl. No.	Execution of work	As per D.P.R				As per Agreement				Measurement made and paid upto 7 th R.A.bill				Preliminary Estimate submitted in February 2000			
		Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quan-tity	Unit	Rate	Amount
(1)	(2)	(3a)	(3b)	(3c)	(3d)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)	(6a)	(6b)	(6c)	(6d)
B	**Line material**																
1.	Designed fabrication and supply of Hot dip galvanised tower made with angle iron including nuts and bolts hanger and D-Shackle, etc.	2471	mt	50400	124538400	2471	mt	54500	134669500	859.11	mt	54500-	46821495	2471	mt	54500	134669500
2.	Supply of galvanised steel ground wire 7/3.15 mm 95 kgi quality	205	km	15500	3177500	205	km	30000	6150000	-	-	-	-	205	km	30000	6150000
3.	Supply of 11 KV Disc Insulator																
	90 KN (255x145mm of EMS)	30780	No	750	23085000	30780	No	820	25239600	30780	No	820	25239600	30780	No	820	25239600
	70 KN (255x145 mm of EMS	6199	No	650	4029350	6199	No	710	4401290	6199	No	710	4401290	6199	No	710	4401290
4.	Supply of accessories for line																
	a) Danger Plate	595	No	150	89250	595	No	150	89250	595	No	150	89250	595	No	150	89250
	b) Number plate	595	No	150	89250	595	No	140	83300	595	No	140	83300	595	No	140	83300
	c) Phase plate	398	No	150	59700	398	No	152	60496	-	-	-	-	398	No	152	60496
	d) Anti climbing device	595	No	1100	654500	595	No	1150	684250	595	No	1150	684250	595	No	1150	684250
	e) Accessories for ACSR panther		No				No								No		
	i) Single suspension clamp	498	No	1125	560250	498	No	1200	597600					498	No	1200	597600
	ii) Double Suspension clamp	93	No	1800	167400	93	No	1850	172050					93	No	1850	172050
	iii) Single Tension clamp	1650	No	1800	2970000	1650	No	1800	2970000					1650	No	1800	2970000
	iv) Double tension clamp	270	No	2000	540000	270	No	2050	553500					270	No	2050	553500
	v) vibration dumper	2484	No	750	1863000	2484	No	1000	2484000	2484	No	1000	2484000	2484	No	1000	2484000
	vi) Repair sleeves	100	No	200/ 400	30000	100	No	350	35000					100	No	350	35000
	vii) Mid Span compression	50	No	400	20000	50	No	400	20000					50	No	400	20000
5.	Accessories for ground wire																
	(i) Suspension clamp	197	No	1125	221625	197	No	1200	236400	-		-	-	197	No	1200	236400
	(ii) Tension clamp	558		1350	753300	558		1350	753300	-		-	-	558		1350	753300
	(iii) Repair sleeves	75		350	26250	75		350	26250	-	No	-	-	75		350	26250
	(iv) Mid span compression joint	75	No	400	30000	75		400	30000	-	No	-	-	75	No	400	30000
					162904775				**179255786**				**79803185**				**179255786**

(In Ru

Sl. No.	Execution of work	As per D.P.R				As per Agreement				Measurement made and paid upto 7 th R.A.bill				Preliminary Estimate submitte February 2000			
		Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Amount	Quantity	Unit	Rate	Am
(1)	(2)	(3a)	(3b)	(3c)	(3d)	(4a)	(4b)	(4c)	(4d)	(5a)	(5b)	(5c)	(5d)	(6a)	(6b)	(6c)	(6
C.	Other Material																
1.	Supply of portland cement	70537	per bag		To be supplied by the department	61248	Per bag	280	17149440	6800	bag	280	1904000	58560	Bag	280	163
2.	Supply of M.S. Rod	105400	kg			105400	kg	38	4005200	-		-	-	1098000	kg	38	417
3.	Supply of ACSR panther conductor	615*	km/mt	90000	55350000	615*	km/mt	217000	130252080	315.945	km	217000	68560065	605.13	km	217000	131
	Total				55350000				19140672				70464065				189

* Quantity not correctly shown in the agreement.
It should be 600.24 km.

Abstract:

		As per D.P.R:	As per agreement:	As per execution of works upto 7th R.A. Bill:	Preliminary estimate submitted in February 2000
A.	Execution of works	Rs.9,81,56,114	Rs.10,61,20520	Rs.2,07,23,320	Rs.10,61,20,520
B.	Cost of lime material:	Rs.16,29,04,775	Rs.17,92,55786	Rs.7,98,03,185	Rs.17,92,55,726
C.	Other material: (Cost of Cement, Steel and ACSR conductor)	Rs.5,53,50,000 (Exluding cost of cement and rod)	Rs.15,14,06720	Rs.7,04,64,065	Rs.18,94,34,010
D.	Total Value as should be	Rs.31,64,10,889	Rs.43,67,83,026	Rs.17,09,90,570	Rs.47,48,10,256
E.	Contract Value (CV) signed for		Rs.45,59,00,000		3% Contingency: Rs.1,42,44,308
F.	Difference (E-D) showing inflated CV		Rs.1,91,16,974		Total: Rs.48,90,54,564

APPENDIX - LIV

Statement showing the list of materials issued to the contractor lying unutilised

(Reference: Paragraph 7.2.25 at page 152)

Sl. No.	Name of Articles	Quantity	Unit	Rate (Rupees)	Amount (Rupees in lakh)
1.	11 KV insulator 70 KN	6199	No	710	44.01
2.	ACSR conductor/31/7/3 mm	282.445	km	217,000	612.91
3.	Vibration damper	2484	No	1000	24.84
4.	'A' Type tower element	.882	mt	54,500	0.48
5.	Medium angle tower element 'B' Type	169.941	mt	54,500	92.62
6.	+ 6 meter extention bar 'A' Type tower 'B' Type tower	1.558 2.015	mt mt	54,500 54,500	0.85 1.10
7.	Large angle dead and 'C' Type tower element	351.994	mt	54,500	191.84
	TOTAL				968.65 (Say 9.69 crore)