



REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED
31 MARCH 1991

GOVERNMENT OF ARUNACHAL PRADESH

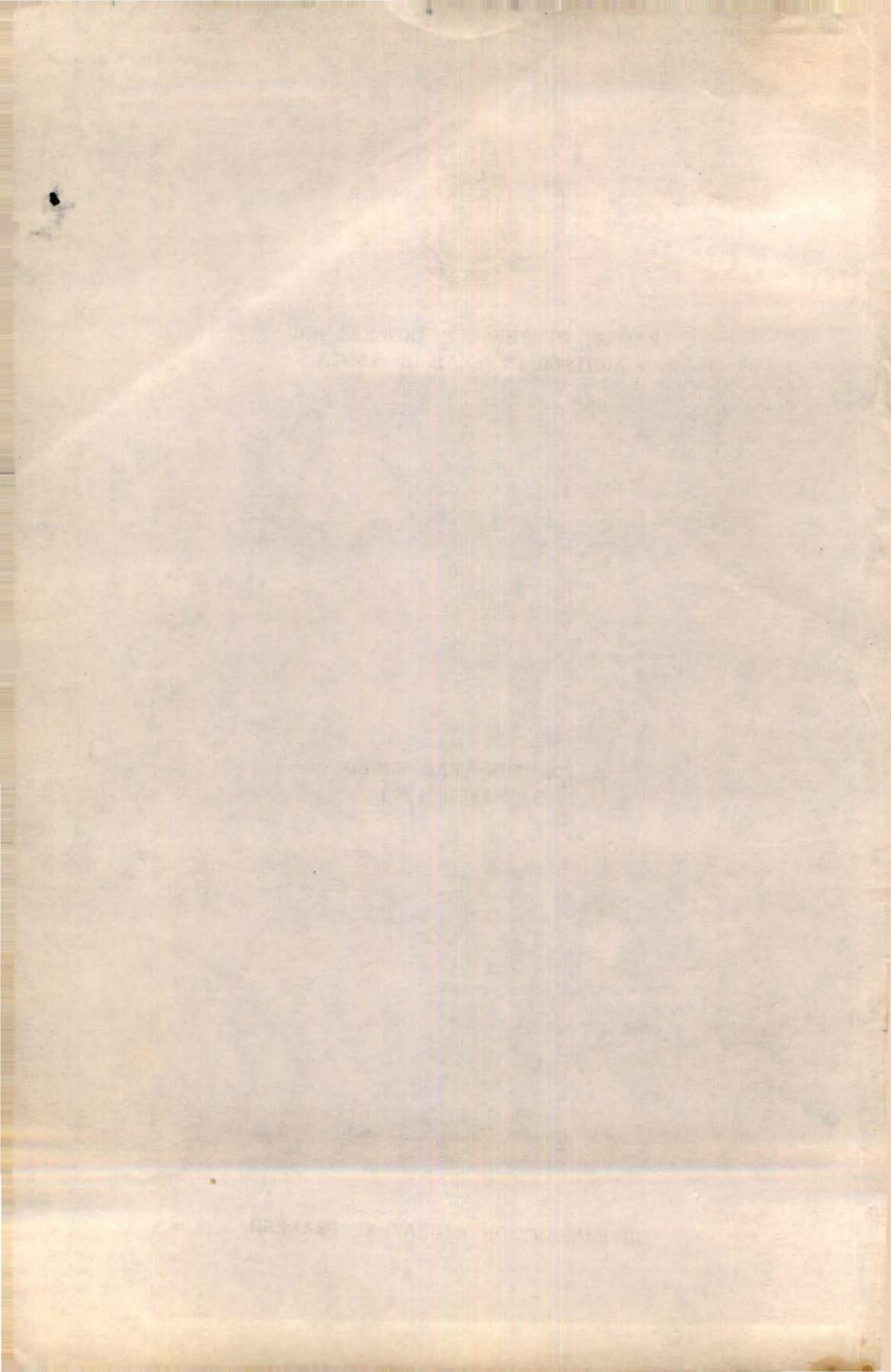


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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1990-91 together with other points arising from audit of financial transactions of the Government of Arunachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1990-91.

The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 1990-91 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 1990-91 have also been included, wherever considered necessary.



OVERVIEW

This Report contains two chapters about financial position of the Government of Arunachal Pradesh for 1990-91 and about the Government's overall control over expenditure. The remaining five chapters contain Audit reviews on developmental/welfare programmes and other activities apart from the paragraphs containing comments on various irregularities. The more important Audit findings are summarised in the succeeding paragraphs.

2. Financial position and control over expenditure

2.1 Accounts of the State Government

The Budget estimates for the year 1990-91 envisaged a revenue surplus of Rs.87.28 crores, which was scaled down to Rs.19.43 crores in the Revised Estimates. The actual revenue surplus of Rs.310.20 crores was, however, significantly higher than the estimates. The surplus has to be viewed in the light of Government of India loans aggregating Rs.224.09 crores having been written off during the year which were accounted as receipts. The liabilities of the State Government declined from Rs.442.30 crores at the end of March 1990 to Rs.278.05 crores at the end of March 1991 mainly for the same reason. The assets of the State Government, however, increased from Rs.560.52 crores to Rs.706.47 crores during the year.

Revenue Receipts :

After excluding the amount of Rs.224.09 crores on account of loans written off and accounted as receipts, the receipts of the State Government increased

The abbreviations appearing in this Report are expanded in the Glossary vide Appendix-V (page 196-197)

to Rs.344.33 crores in 1990-91 from Rs.296.66 crores in 1987-88 i.e. an increase of 16 per cent. The non-tax revenue raised by the State Government increase from Rs.25.28 crores in 1987-88 to Rs.40.80 crores in 1990-91 while the State's own tax revenue increased marginally from Rs.2.06 crores to Rs.2.64 crores during the same period. The contribution of receipts from Land Revenue to the State's own tax revenue declined from Rs.0.41 crore in 1987-88 to Rs.0.26 crore in 1990-91. The aggregate of the amount received by the State on account of share of net proceeds of Income Tax, State's share of Union Excise Duties and Grants-in-aid increased from Rs.269.32 crores to Rs.300.89 crores between 1987-88 and 1990-91 - an increase of 12 per cent. Excluding the amount of Central Government loans written off and accounted as receipts, the percentage of revenue raised by the State to the total revenue receipts increased to 13 in 1990-91 from 9 in 1987-88.

Revenue Expenditure

The Plan revenue expenditure during 1990-91 was Rs.66.76 crores against the budget provision of Rs.82.09 crores (including supplementary) disclosing a shortfall of Rs.15.33 crores. The non-Plan revenue expenditure (Rs.191.46 crores) disclosed a shortfall of 17 per cent against the budget provision (Rs.231.06 crores). Plan revenue expenditure declined by Rs.10.44 crores during 1990-91 compared to 1989-90. Non-Plan expenditure which had declined from Rs.195.41 crores in 1987-88 to Rs.151.91 crores in 1988-89 progressively increased to Rs.179.46 crores during 1989-90 and Rs.191.46 crores during 1990-91.

Public Debt

Public Debt which had increased from Rs.328.53 crores at the end of 1987-88 to Rs.349.50 crores by the end of 1989-90 declined sharply to Rs.141.39 crores at the end of 1990-91 mainly because of Central Government loans aggregating Rs.224.09 crores

having been written off during the year. The other liabilities spurted considerably from Rs.4.50 crores to Rs.22.34 crores between 1987-88 and 1990-91. The repayment of Central Government loans and interest thereon aggregating to Rs.21.77 crores during 1990-91 exceeded the amount of Central Government loans (Rs.20.59 crores) received during the year.

While the Government paid interest totalling Rs.16.21 crores on debt and other obligations during 1990-91, the interest received on all accounts was Rs.1.64 crores only leaving a net interest burden of Rs.14.57 crores.

The investment totalling Rs.6.62 crores as on 31 March 1991 in various undertakings and co-operative societies yielded a dividend of Rs.1.52 lakhs only during 1990-91. None of the four Government Companies (investment as on 31 March 1991 : Rs.4.65 crores) had given any dividend for the third consecutive years.

The low cash balance maintained by the State Government with the Reserve Bank of India necessitated taking a ways and means advances of Rs.13.14 crores and overdrafts of Rs.19.51 crores during 1990-91.

The Accounts of the three Government Companies viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited, Arunachal Pradesh Forest Corporation and Nocte Timber Company Limited, were in arrears for 10, 4 and 2 years respectively (January 1992).

(Paragraphs 1.1 to 1.19 and 7.2.3)

2.2 Appropriation Audit and control over expenditure

There was an overall saving of Rs.46.95 crores in 45 cases of grants and 5 cases of

appropriations (Revenue : Rs.29.58 crores; Capital : Rs.17.37 crores) while there was an overall excess of Rs.28.61 crores in 15 cases of grants and 1 case of appropriation (Revenue : Rs.4.09 crores; Capital: Rs.24.52 crores) requiring regularisation under Article 205 of the Constitution of India. Besides, the excess expenditure of Rs.159.15 crores pertaining to the years 1980-81 to 1990-91 is yet to be regularised.

The supplementary provision obtained during 1990-91 constituted 13.28 per cent of the original budget provision. In 7 cases the supplementary provision aggregating Rs.0.99 crore obtained during the year was unnecessary.

In 16 grants and one appropriation the expenditure during the year in each case fell short of the provision by more than Rs.10 lakhs representing more than 10 per cent of the total provision.

(Paragraph 2.2)

Audit Reviews on Developmental/Welfare Programmes

3. Sheep, Goat and Wool Development

The programme for Sheep, Goat and Wool Development aims at increasing meat and wool production through cross-breeding of local sheep and goats with better breeds brought from outside the State. The scheme also aims at improving the socio-economic conditions of the people through distribution of sheep and goat to selected beneficiaries at subsidised rates. During the period 1980-81 to 1990-91, the actual expenditure was Rs.113.87 lakhs, against budget allotment of Rs.120.19 lakhs.

During 1980-81 to 1990-91, the Regional Sheep Breeding Farm at Sangti incurred an expenditure of Rs.34.90 lakhs and the revenue earned was Rs.8.97 lakhs.

only. This was attributed to the fixation of low selling price and also high mortality of sheep.

- An amount of Rs.2.00 lakhs drawn in March 1980 for purchase of a wool carding plant was retained by the above farm outside Government account for 4 years till May 1984.

- An outbreak of fire in the above farm destroyed property worth Rs.3.93 lakhs. A judicial enquiry revealed that this incident was a case of suspected sabotage.

- A goat farm at Changlang was abandoned on the ground of unsuitability of the site after an expenditure of Rs.5.12 lakhs had been incurred on it.

- After a sum of Rs.1.14 lakhs was spent on a goat farm at Boa-Simla, the farm ceased functioning from 1989-90 due to high rate of goat mortality.

(Paragraph 3.1)

4. Piggery Development Scheme

A Piggery Development scheme was launched during the Fifth Five Year Plan for upgrading other local stock through cross-breeding with exotic breeds. In the subsequent Plan periods, the emphasis was on increasing pork production and providing more income to the farmers through distribution of piggery units to selected beneficiaries at 50 per cent subsidised rates; on increasing the capacity of one of the two pig breeding farms in the State; and setting up 3 pig farms and a pork processing unit. During 1980-81 to 1990-91, the expenditure under this scheme was Rs.155.46 lakhs, against budget provision of Rs.150.93 lakhs.

- Shortfall in production of piglets varied from 16 to 61 per cent during 1981-82 to 1990-91 (around 50 per cent in the last 3 years). This was attributed, among other things, to the absence of a fixed breeding programme.

- Mortality of pigs in the farms was very high (13 and 24 per cent) during certain successive years (1983-86), the reasons for which were not investigated.

- Due to sale of piglets at lower than the prescribed rates, the farms suffered a total loss of Rs.1.69 lakhs during May 1985 to March 1991.

(Paragraph 3.2)

5. National Literacy Mission

To overcome the deficiencies/shortcomings of National Adult Education Programme which was in operation since October 1978, a National Literacy Mission was launched in June 1988 to give special emphasis to the programme of literacy in the age group of 15-35 as well as for ensuring technological and pedagogical advances on adult education programme.

The schemes in operation in the State were : Strengthening of Administrative structure; Rural Functional Literacy Programme (RFLP); Post Literacy and Follow-up Programme (PLFP) and Mass Programme for Functional Literacy (MPFL).

- Out of Central assistance of Rs.162.53 lakhs and the budget provision of Rs.379.90 lakhs under State sector during 1985-86 to 1990-91, the Department could spend only Rs.142.86 lakhs and Rs.270.30 lakhs respectively.

- No posts were filled up for strengthening the administrative structure according to revised staffing pattern as of May 1991.

- The Department utilised only Rs.97.14 lakhs till March 1991 out of the Central assistance of Rs.127.21 lakhs under Rural Functional Literacy Programme.

- The number of Adult Education Centres opened (718/724) under RFLP and State Adult Education Programme fell short of the sanctioned number(791/831) by 9 per cent and 13 per cent respectively. According to the norms, 50 per cent of the instructors were to be women, but their proportion was only 1.6 to 5 per cent during 1985-91.

- Only Rs.2.13 lakhs could be spent for the PLFP against the Central assistance of Rs.15.10 lakhs released during 1985-91.

- Out of Central grant of Rs.22.49 lakhs received for running of Jana Shikshan Nilayam, the Department could utilise only Rs.12.68 lakhs.

- MPFL had not been implemented as of April 1991 due to non-selection of volunteers/learners. But Rs.0.92 lakh were spent unfruitfully on the purchase of literary kits.

(Paragraph 3.4)

6. Technology Mission on Immunization

This Centrally sponsored scheme has been in operation in the State from 1986-87 with the object of universally immunising infants against the vaccine-preventable diseases, viz., diphtheria, whooping cough, tetanus, polio, measles and tuberculosis, and protecting pregnant women against tetanus. It is funded fully by Government of India.

- During 1986-91 Government of India released Rs.27.49 lakhs out of which only Rs.21.01 lakhs were spent.

- Shortfall in vaccination coverage was highest in the case of Tetanus vaccine (Pregnant Women), and lowest in the case of BCG (tuberculosis). Heavy monsoons and communication difficulties were cited as reasons for the shortfall.

- Maintenance of the cold chain system suffered due to short supply of equipment, defective equipment and irregular supply of electricity.

- Urban immunization programme was not implemented in the State.

(Paragraph 1.6)

7. Development of Tourism

The scheme for Development of tourism was conceived in the State in 1973-74; but the infrastructural facilities for development of tourism in a real sense were started only from 1985-86. These had the objectives of increasing tourist accommodation, preserving the environment as well as encouraging the local culture and ethos of tourist locations, enhancing the return from investment and providing maximum facilities to attract tourists to the State. During 1985-91, Rs.123.56 lakhs were spent on tourism development, against the budget provision of Rs.129.26 lakhs. Central assistance of Rs.18 lakhs for constructing tourist lodges and beautifying a lake was utilised to the extent of Rs.17.69 lakhs.

- Actual construction of tourist complex at Parasuramkund had not been started as of May 1991 although Rs.6 lakhs were released by Government of India in July 1988.

- A sum of Rs.1,377 only was earned in comparison to the revenue expenditure of Rs.1.59 lakhs incurred for operating a minibus from Banderdewa to Ganga lake during August 1988 to March 1991.

(Paragraph 3.7)

8. Rural Landless Employment Guarantee Programme

To provide a guarantee of employment at least to one member of every rural landless household besides creating productive and durable assets for strengthening rural economy, the Rural Landless Employment Guarantee Programme (a Centrally sponsored scheme) was launched in the State during 1984-85.

- Government of India released Rs.121.38 lakhs during 1984-85 to 1988-89, but the Department could spend only Rs.101.12 lakhs out of that.

- Construction of a rural link road was left incomplete after incurring an expenditure of Rs.5.12 lakhs.

- Out of the earmarked allotment of Rs.27.65 lakhs for social forestry, Rs.16.79 lakhs were diverted to other projects.

- Out of 196 projects/works taken up during 1985-86 to 1988-89, only 55 were completed as of May 1991.

- Avoidable extra expenditure of Rs.2.75 lakhs was incurred in the execution of works under flood control and land protection schemes.

- Employment generated during 1985-89 was 4.75 lakh mandays, against the target of 7.19 lakh mandays.

- Under this Programme, Government of India allotted 1,449 tonnes of foodgrains to the State during 1985-89 as an additive resource for distribution at subsidised rates to workers as part of their wages. But the State Government lifted only 184 tonnes; and out of that 10.38 tonnes remained unutilised.

(Paragraph 3.8)

9. **Review on forest receipts**

Out of an area of 83,740 sq.km. in the State, 51,540 sq.km. (62 per cent) is covered by forest. Revenue is realised through sales of forest produces by tender and permit system. Forest revenue collected in 1989-90 was Rs.1899.80 lakhs. The expenditure of the Forest Department in that year was Rs.1299.99 lakhs (68 per cent).

- Delay in disposal of seized logs led to loss of revenue of Rs.7.81 lakhs.

- Removal of forest produce without payment of Rs.13.98 lakhs and not raising the bills resulted in unauthorised financial aid to a timber company.

- Interest amounting to Rs.2.59 lakhs for delayed payment of bills remained unrealised from the concerned mill owner/firm.

(Paragraph 6.4)

10. **Review on Arunachal Pradesh Industrial Development and Financial Corporation Limited**

The activities of one Government company, viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited, were reviewed by Audit.

The Company was incorporated in August 1978 as a wholly-owned Government company with a view to promoting and developing industries in the State. The accumulated loss of the Company up to the year ended March 1991, according to provisional accounts, was Rs.81.68 lakhs; and the net worth of the company was reduced to Rs.10.82 lakhs in 1990-91, from Rs.77.12 lakhs in 1988-89. The Company had not taken up any new project/scheme since the last Audit Review (1984-85).

- The Hotel Donyi-Polo Ashok Limited at Itanagar, which was established as a joint venture between the Company and the Indian Tourism Development Corporation Limited, started commercial operation in November 1990 after a time overrun of six years and with cost escalation of Rs.75 lakhs (from Rs.55 lakhs to Rs.130 lakhs).

(Paragraph 7.4.7.1)

- The Company has two subsidiaries. The net loss incurred by Parasuram Cement Limited till 1989-90 was Rs.9.39 lakhs. The interest on loans (Rs.53.59 lakhs) payable by it to the holding company as on 31 March 1991 stood at Rs.14.47 lakhs .

(Paragraph 7.4.7.2.1)

- The trading and production units of the company - Raw Materials Bank scheme, Arunachal Electronics (TV Assembly) Unit and Arunachal Printers - sustained losses of Rs.1.10 lakhs, Rs.12.07 lakhs and Rs.11.34 lakhs respectively during the last three years of their operation ending March 1991.

(Paragraph 7.4.7.3)

- The disbursement of loans during the three years ending 1990-91 was Rs.101.22 lakhs, against loan applications for Rs.449.30 lakhs. Against cumulative outstanding loans of Rs.300.74 lakhs as on 31 March 1991, amounts totalling Rs.117.02 lakhs towards principal and Rs.61.71 lakhs towards interest were overdue for recovery.

(Paragraph 7.4.8)

11. **Other Government Commercial and Trading activities**

There were three Government companies

(including one subsidiary) and two departmentally-managed commercial and **quasi**-commercial undertakings in the State of Arunachal Pradesh as on 31 March 1991. The aggregate paid up capital of these companies as on that date was Rs.5.21 crores, of which Rs.4.92 crores was invested by the State Government and Rs.0.29 crore by others. State Government loans to the extent of Rs.5.08 crores were outstanding as on 31 March 1991 against one company.

(Paragraphs 7.2.1/2/3 and 7.3.1)

- None of the companies had finalised the accounts for the year 1990-91 as of January 1992, and the accounts were in arrears for periods ranging from two to ten years.

(Paragraph 7.2.3)

- The two departmentally-managed commercial and **quasi**-commercial undertakings, **viz.**, the State Transport Services and the State Trading Scheme, had finalised their accounts only up to 1986-87 as of January 1992, showing cumulative losses of Rs.2.32 crores and Rs.5.77 crores respectively.

(Paragraphs 7.3.2/7.3.3/7.3.6)

- During 1989-90 there was an excess consumption of HSD oil valued at Rs.1.90 lakhs in the Transport Department with reference to the prescribed norms.

(Paragraph 7.5)

12. Other important points

- For establishment of a breeding farm for improved variety of 'mithuns' (cross breed of cow and buffalo), the North Eastern Council released Rs.43.70 lakhs during 1986-90. The Director, Animal Husbandry and

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Veterinary, after spending Rs.36.74 lakhs till 1989-90, failed to implement the scheme due to lack of infrastructural facilities like buildings, water supply, etc.

(Paragraph 3.3)

- A contractor engaged in 1988 for carriage of cement, steel, bitumen, etc. from supplying agencies to different godowns under the Banderdewa Stores Division failed to deliver materials worth Rs.164.21 lakhs as of August, 1991. No effective action was taken by the Division to recover the amount from the Contractor, who was absconding.

(Paragraph 4.1)

- During May to December 1990, the Tawang P.W. Division issued 230 tonnes of cement to different contractors, recovering the cost at the old issue rate of Rs.2,095 per tonne fixed in April 1988, instead of fixing the current rate correctly at Rs.3,169 per tonne. This involved a loss of Rs.2.47 lakhs.

(Paragraph 4.2)

- The Popumpoma Rural Works Division had not initiated any action to recover liquidated damages amounting to Rs.7.70 lakhs from a Calcutta-based firm for delay/failure in supplying cement.

(Paragraph 4.4)

- The above Division made an excess payment of Central Sales Tax of Rs.2.49 lakhs on GCI sheets by not availing of admissible concession, due to its failure to furnish a prescribed form at the time of purchase.

(Paragraph 4.5)

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- During November 1986 to October 1990, the same Division spent Rs.45.16 lakhs on a abandoned scheme of constructing a rural link road, contrary to the Chief Engineer's instructions issued in August 1986. There was also a pending liability of Rs.6.68 lakhs on this account.

(Paragraph 4.7)

- The same Division purchased G I pipes worth Rs.4.39 lakhs in August 1989 even though the Division had a stock of the same materials worth Rs.24.26 lakhs. It utilised pipes worth Rs.14.13 lakhs only till October 1990, leaving a balance quantity valued at Rs.14.52 lakhs unutilised. The Division purchased hydrobend machines worth Rs.2.25 lakhs during March 1989 to February 1990, which also remained unutilised as of January 1991.

(Paragraph 5.3)

- Spare parts worth Rs.3.46 lakhs purchased during 1971 to 1984 in the Electrical Division, Roing remained unutilised as the machines for which they were meant had become unserviceable.

(Paragraph 5.1)

- The Public Works Division, Bompila purchased building and water supply materials worth Rs.7.81 lakhs from 1967 to 1988. Of these, materials worth Rs.5.17 lakhs remained unutilised as of April 1991.

(Paragraph 5.2(a))

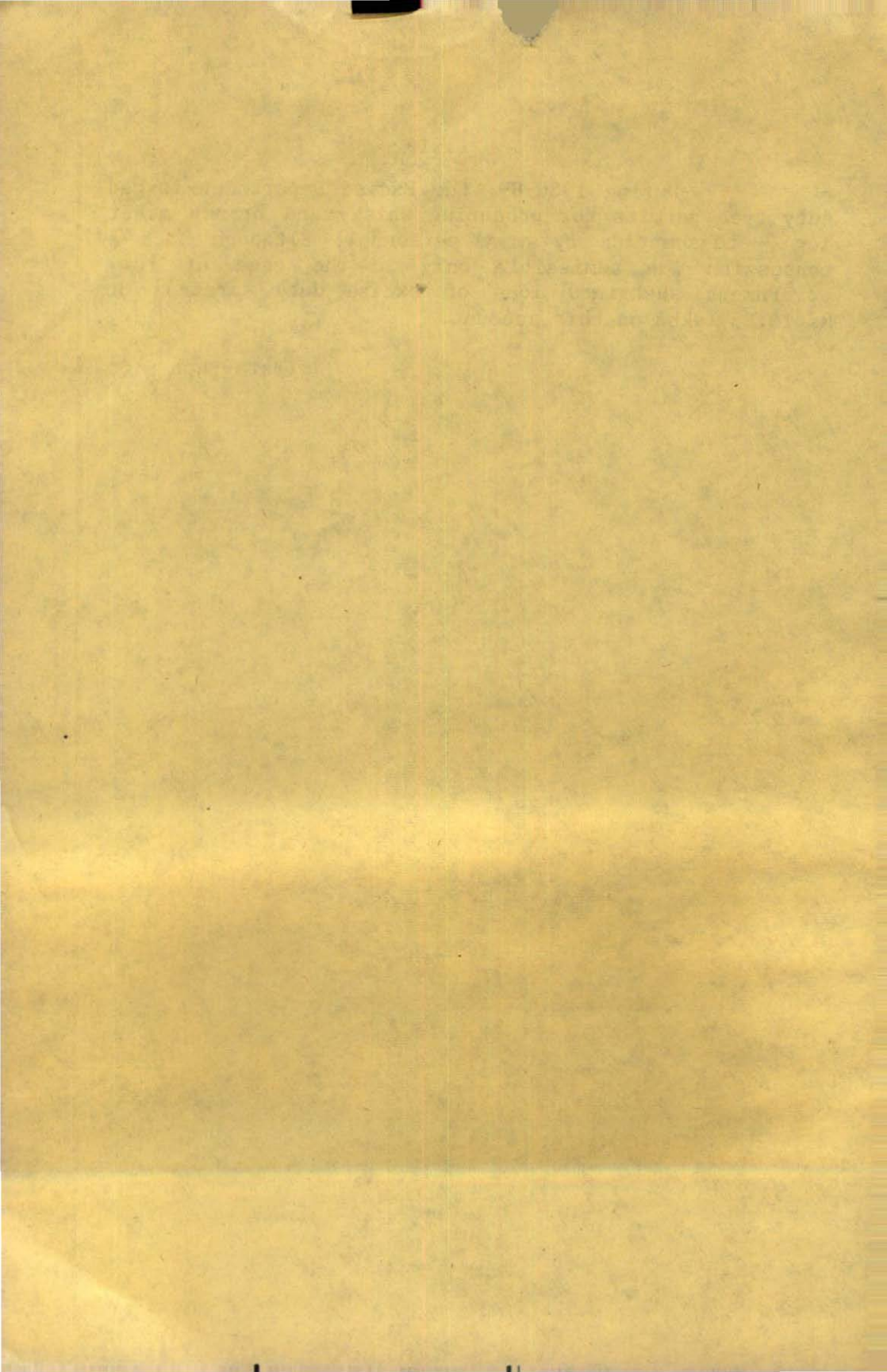
- Spare parts worth Rs.2.36 lakhs which had been purchased for a truck and a road roller during November 1977 to March 1988 in the Khonsa Public Works Division remained unutilised as of July 1990 because the concerned truck and road roller were not in use.

(Paragraph 5.2(b))

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- During 1986-89, the Excise Department issued duty free permits for procuring whisky and brandy meant for consumption by army personnel, although such a concession was admissible only in the case of rum. Government sustained loss of excise duty earnings of Rs.16.83 lakhs on this account.

(Paragraph 6.6)



CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Arunachal Pradesh as on 31 March 1991 as emerging from the Appropriation Accounts and the Finance Accounts for the year 1990-91, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds are given in the following statements :-

I - Summarised Financial Position of the Government

Amount as on 31 March 1990 (Rupees in crores)	Liabilities	Amount as on 31 March 1991 (Rupees in crores)
(1)	(2)	(3)
19.78	Internal Debt	28.18
	(i) Market Loans	11.23
	(ii) Loans from other Institutions	<u>16.95</u>
329.72	Loans and Advances from the Central Government	113.21
	(i) Non-Plan Loans	50.42
	(ii) Loans for State Plan Schemes	22.90
	(iii) Loans for Central Plan Schemes	0.05
	(iv) Loans for Centrally Sponsored Plan Schemes	0.72
	(v) Loans for Special Schemes	<u>39.12</u>
0.10	Contingency Fund	0.07
10.97	Small Savings, Provident Funds, etc.	22.34
6.62	Deposits	5.17
118.22	Surplus on Government Accounts	428.42
	(i) Revenue Surplus as on 31 March 1990.	118.22
	(ii) Revenue Surplus during the year	<u>310.20</u>
72.95	Suspense and Miscellaneous	109.08
1.94	Remittances	...
<u>560.30</u>		<u>706.47</u>

of Arunachal Pradesh as on 31 March 1991

Amount as on 31 March 1990. (Rupees in crores)	Assets	Amount as on 31 March 1991 (Rupees in crores)
(4)	(5)	(6)
643.49	Gross Capital Outlay on Fixed Assets	768.03
	(i) Investment in Shares of Companies, Corporations, etc.	6.62
	(ii) Other Capital Outlay	<u>761.41</u>
8.54	Loans and Advances	9.89
	(i) Loans for other Industries and Minerals	4.21
	(ii) Loans for Co-operatives	2.32
	(iii) Loans to Government Servants, etc.	1.53
	(iv) Other Loans	<u>1.83</u>
(-) 0.22	Other Advances	(-) 0.07
...	Remittances	30.16
(-) 91.51	Closing Cash Balance	(-) 101.54
	(i) Departmental Cash Balance (-)	1.42
	(ii) Cash Balance Investment	0.16
	(iii) Deposit with Reserve Bank of India	(-) <u>100.28</u>
<u>560.30</u>		<u>706.47</u>

II - Abstract of Receipts and
Section - A

Receipts
(Rupees in crores)

I.	Revenue Receipts	568.42
	(i) Tax Revenue	2.64
	(ii) Non-tax Revenue	264.89*
	(iii) State's share of net proceeds of Taxes on Income other than Corporation Tax	3.01
	(iv) State's share of Union Excise Duties	65.60
	(v) Non-Plan Grants	16.06
	(vi) Grants for State Plan Schemes	194.53
	(vii) Grants for Central Plan Schemes	1.13
	(viii) Grants for Centrally Sponsored Plan Schemes	11.18
	(ix) Grants for Special Plan Schemes	<u>9.38</u>

568.42

* Includes Rs.224.09 crores being the adjustment of Gov-
of the Ninth Finance Commission.

Disbursements for the year 1990-91

- Revenue

Disbursements
(Rupees in crores)

I. Revenue Expenditure 258.22

Sector	Non-Plan	Plan	Total
(i) General Services	78.29	0.31	78.60
(ii) Social Services	52.90	23.74	76.64
(iii) Agriculture and Allied Activities	31.25	19.64	50.89
(iv) Rural Development	2.88	9.98	12.86
(v) Special Areas Programme	-	0.39	0.39
(vi) Irrigation and Flood Control	1.84	7.38	9.22
(vii) Energy	9.41	0.39	9.80
(viii) Industry and Minerals	1.38	1.84	3.22
(ix) Transport	10.20	2.37	12.57
(x) Science, Technology and Environment	-	0.10	0.10
(xi) General Economic Services	3.30	0.62	3.92
(xii) Grants-in-aid and Contribution	0.01	-	0.01
	191.46	66.76	258.22

II. Revenue Surplus carried over to Section - B

310.20

568.42

ernment of India loans written off as per recommendation

Section - B

Receipts
(Rupees in crores)

I. Opening Cash Balance		(-) 91.51
II. Recoveries of Loans and Advances		0.61
(i) From Government Servants	0.41	
(ii) Others	<u>0.20</u>	
III. Revenue Surplus brought down		310.20

- Others

Disbursements
(Rupees in crores)

I. Capital Outlay 124.54

Sector	Non-Plan	Plan	Total
(i) General Services	-	4.96	4.96
(ii) Social Services	-	25.20	25.20
(iii) Agriculture and Allied Activities	(-)0.16	3.40	3.24
(iv) Rural Development	-	0.55	0.55
(v) Special Areas Programme	-	6.81	6.81
(vi) Irrigation and Flood Control	-	1.79	1.79
(vii) Energy	-	30.36	30.36
(viii) Industry and Minerals	-	1.29	1.29
(ix) Transport	-	49.74	49.74
(x) General Economic Services	-	0.60	0.60
	(-)0.16	124.70	124.54

II. Loans and Advances disbursed 1.96

(i) To Government Servants	0.63
(ii) Others	<u>1.33</u>

III. Public Debt Disbursements 51.71

(i) Repayment of Internal Debt other than Ways and Means Advances	0.17
(ii) Repayment of Ways and Means Advances	38.52
(iii) Repayment of Loans and Advances from Central Government	<u>13.02</u>

Receipts
(Rupees in crores)

IV. Public Debt Receipts		(-)156.40
(i) Internal Debt other than Ways and Means Advances	14.44	
(ii) Ways and Means Advances	32.65	
(iii) Loans and Advances from Central Government	(-)203.49*	
 V. Public Accounts Receipts		 400.87
(i) Small Savings, Provident Funds, etc.		
(ii) Deposits and Advances		
(iii) Suspense and Miscellaneous excluding Departmental Balances		
(iv) Remittances		
		<u>463.77</u>

* The amount of Rs.(-)203.49 crores shown as receipt of Rs.224.09 crores being the amount of Government of India Finance Commission.

- Others (concluded)

Disbursements
(Rupees in crores)

IV.	Public Accounts Disbursements		387.07
	(i) Small Savings, Provident Funds, etc.	4.71	
	(ii) Deposits and Advances	28.08	
	(iii) Suspense and Miscellaneous excluding Departmental Balances	28.04	
	(iv) Remittances	<u>326.24</u>	
V.	Contingency Fund		0.03
VI.	Closing Cash Balance		(-)101.54
	(i) Departmental Cash Balance (-)	1.42	
	(ii) Cash Balance Investment	0.16	
	(iii) Deposits with Reserve Bank of India (-)	<u>100.28</u>	

463.77

Government of India loans during the year includes loans written off as per the recommendation of the Ninth

Statement No. III

Sources and application of funds for 1990-91

Sl. No.	Sources	(Rupees in crores)	Sl. No.	Application	(Rupees in crores)
1.	Revenue Receipts	568.42	1.	Revenue Expenditure	258.22
2.	Recoveries of Loans and Advances	0.61	2.	Lending for development and other purposes.	1.96
3.	Decrease in Public Debt	(-) 208.11	3.	Capital Expenditure	124.54
4.	Decrease in Closing cash balance	10.03	4.	Contingency Fund	0.03
Net receipts from Public Account					
1.	Increase in Small Savings etc.	11.37			
2.	Decrease in Deposits and Advances	(-) 1.60			
3.	Effect of Remittance balances	(-) 32.10			
4.	Increase in Suspense and Miscellaneous balances	36.13			
		<u>384.75</u>			<u>384.75</u>

Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus of the year has been worked out on cash basis. Consequently amounts payable or receivable or items like depreciation, variation in stock figures, etc., do not figure in the accounts.

3. Although a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.

4. The excess drawal of Rs.100.28 crores includes Rs.57.02 crores drawn in excess by the Union Territory Government up to 19 February 1987. The final decision regarding treatment of the cash balances of the Union Territory Government period is awaited from the Government of India. There was a difference of Rs.6.66 crores between the figures reflected in the accounts viz., Rs.(-)43.26 crores and that intimated by the Reserve Bank of India viz., Rs.(-)36.60 crores. The difference is under reconciliation.

5. Reasons for adverse balances appearing against some of the Debt, Deposits and Remittances Heads have been explained by way of footnotes in the relevant statements of the Finance Accounts.

Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the finances of the Government during 1990-91.

1.2 Assets and Liabilities of the State

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

<u>Year</u>	<u>Assets*</u> (Rupees in crores)	<u>Liabilities*</u>
1987-88	400.01	366.33
1988-89	487.84	402.13
1989-90	560.52	442.30
1990-91	706.47	278.05

The decline in liabilities at the end of March 1991 was mainly due to loans aggregating Rs.224.09 crores having been written off by the Government of India during 1990-91 on the recommendations of the Ninth Finance Commission.

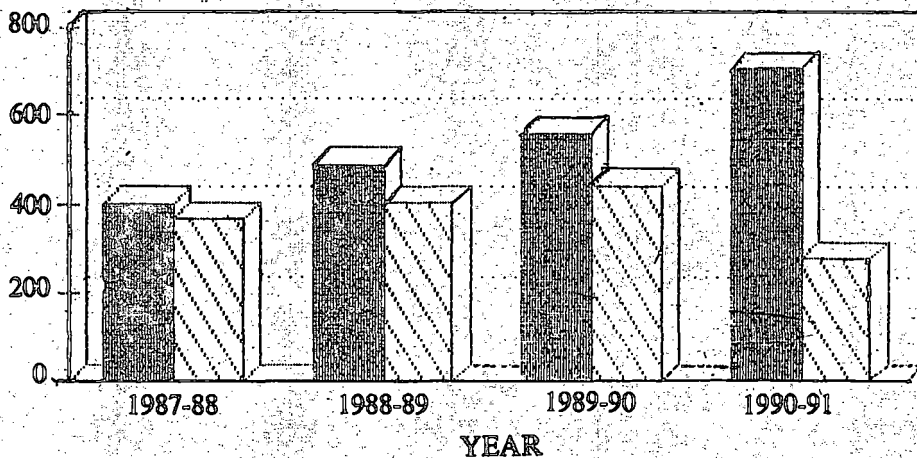
1.3 Overall deficit

An overall surplus of Rs.19.43 crores was anticipated at the Revised Estimate stage against which actual deficit was Rs.18.64 crores. The variation in the estimates and actuals was mainly due to higher expenditure under General Services, Pension and Retirement Services, Agriculture, Rural Development and Transport services.

* Differs from the position reflected in Audit Reports of 1987-88 and 1988-89 due to the non-inclusion of figures relating to Deposits with Reserve Bank of India under cash balance.

Assets and liabilities of the state

Rupees in crores



Assets Liabilities





1.4 Revenue surplus

The revenue surplus as envisaged in the Budget estimates and the revised estimate and the actuals during 1987-88 to 1990-91 are given below :-

Year	Revenue surplus		
	<u>Budget Estimates</u>	<u>Revised Estimates</u>	<u>Actuals</u>
	(Rupees in crores)		
1987-88	4.27	51.18	47.77
1988-89	82.65	48.58	52.04
1989-90	60.30	16.82	32.51
1990-91	87.28	19.43	310.20

During 1990-91 Government of India loans aggregating Rs.224.09 crores which were written off were accounted for as receipts. After excluding these receipts the surplus during 1990-91 was Rs.76.11 crores against Rs.87.28 crores as per budget estimates and Rs.19.43 crores as per the revised estimates.

1.5 Revenue Receipts

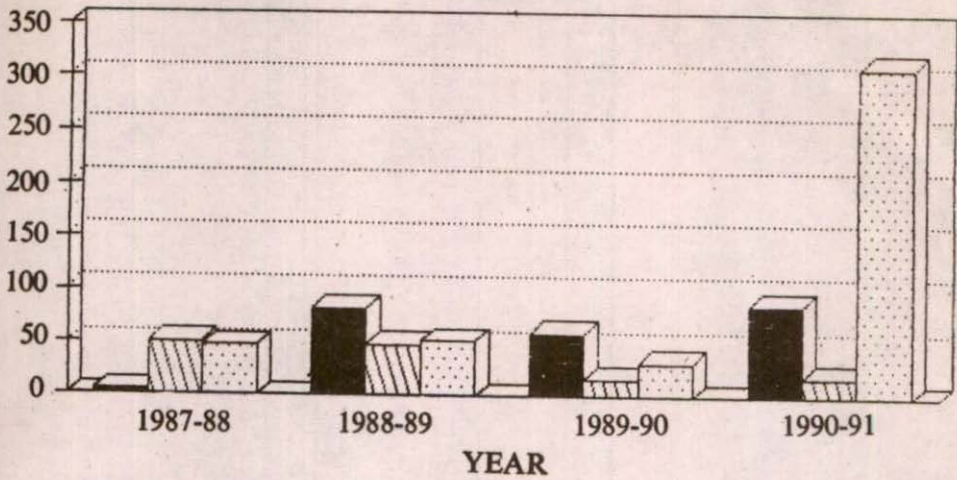
The actual revenue receipts during the four years ending 1990-91 are given below :-

Year	Budget Estimate	Revised Estimate	Actuals	
			Amount	Percentage of growth over the previous year
	(Rupees in crores)			
1987-88	247.30	292.47	296.66	115.01
1988-89	336.01	306.75	261.22	(-) 11.94
1989-90	328.89	335.01	289.17	10.70
1990-91	353.86	352.14	568.42*	96.57

* Includes Rs.224.09 crores of Government of India loans written off and accounted as receipts as per recommendations of Ninth Finance Commission.

Revenue Surplus

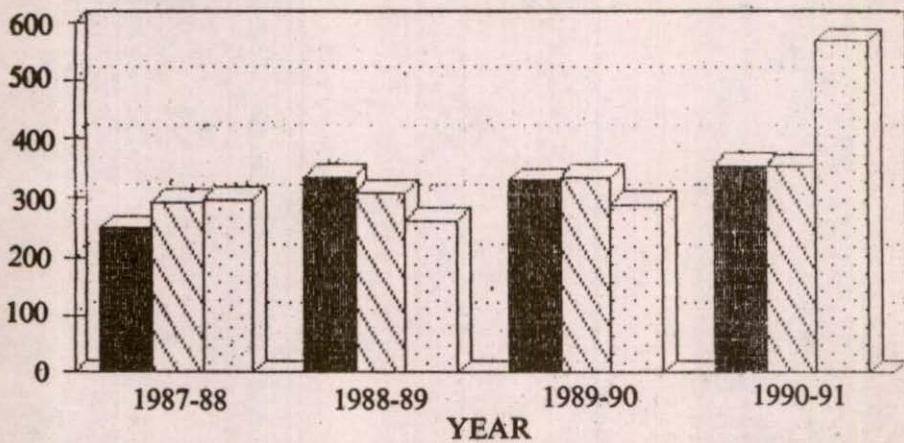
Rupees in crores



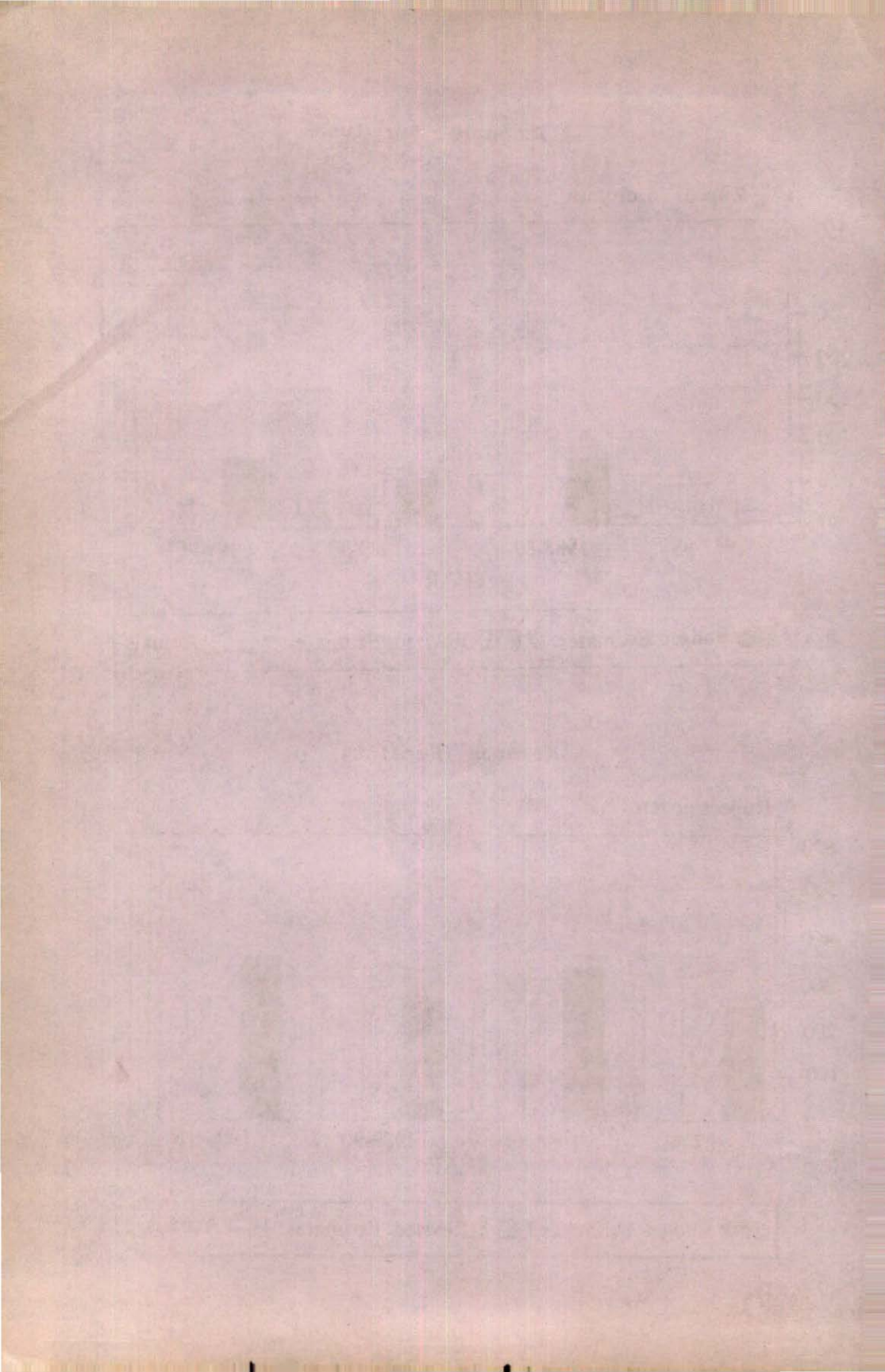
Budget Estimates
 Revised Estimates
 Actuals

Revenue Receipts

Rupees in crores



Budget Estimates
 Revised Estimates
 Actuals



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

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in crores)			
I. Revenue raised by the State Government :				
(a) Tax Revenue	2.06	2.34	2.32	2.64
(b) Non-tax Revenue	<u>25.28</u>	<u>28.75</u>	<u>35.73</u>	<u>264.89</u>
Total I :	27.34	31.09	38.05	267.53
II. State's share of net proceeds of Taxes on Income other than Corporation Tax	3.11	2.47	1.95	3.01
III. Receipts from Government of India :				
(i) State's share of Union Excise Duties	71.80	50.29	50.35	65.60
(ii) Grants-in-aid	<u>194.41</u>	<u>177.37</u>	<u>198.82</u>	<u>232.28</u>
Total II + III :	269.32	230.13	251.12	300.89
IV. Total receipts of State Government (I, II & III) (Revenue Account)	296.66	261.22	289.17	568.42
V. Percentage of revenue raised to total revenue receipts	9	12	13	47

After excluding the amount of Central Government loans (Rs.224.09 crores) written off and accounted as receipts under non-tax revenue, the

percentage of revenue raised by the State to the total receipts has increased progressively to 13 in 1990-91 from 9 in 1987-88.

1.6 Tax Revenue

The revenue from taxes levied and collected by the State Government during the last four years was as indicated below :-

Year	Tax revenue (Rupees in crores)	Percentage of growth over previous year
1987-88	2.06	26.38
1988-89	2.34	13.59
1989-90	2.32	(-) 0.85
1990-91	2.64	13.79

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

	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)			
1. State Excise	0.93 (45)	0.98 (42)	1.06 (46)	1.31 (49)
2. Taxes on Vehicles	0.34 (17)	0.35 (15)	0.38 (16)	0.42 (16)
3. Sales Tax	0.21 (10)	0.22 (9)	0.31 (13)	0.32 (12)
4. Land Revenue	0.41 (20)	0.59 (25)	0.33 (14)	0.26 (10)
5. Other Taxes	0.12 (6)	0.15 (7)	0.18 (8)	0.26 (10)
6. Stamps and Registration	0.05 (2)	0.05 (2)	0.06 (3)	0.07 (3)
Total :	2.06 (100)	2.34 (100)	2.32 (100)	2.64 (100)

Percentage share of individual taxes is given in brackets. The contribution of receipts from Land Revenue to the total tax revenue has declined between 1987-88 and 1990-91.

1.7 Non-tax revenue

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

Year	Non-tax Revenue	Percentage of growth over previous year
	(Rupees in crores)	
1987-88	25.28	15.27
1988-89	28.75	13.72
1989-90	35.73	24.27
1990-91	264.89	641.37

Non-tax revenue during 1990-91 includes Rs.224.09 crores on account of Government of India loans written off during the year. Excluding this, non-tax revenue grew by 14 per cent only during 1990-91 as against 24 per cent during 1989-90. A significant portion of the increase of Rs.5.07 crores during 1990-91 occurred under Forestry and Wildlife (Rs.2.58 crores).

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

The aggregate of the State's share of net proceeds of Income Tax, State's share of Union Taxes/Duties and the Grants-in-aid from the Central Government during 1990-91 was Rs.300.89 crores representing 53 per cent and 117 per cent of the total revenue receipts and the revenue expenditure of the State Government respectively. The year-wise details from 1987-88 to 1990-91 are given below :-

Year	State's share of Union Taxes and Duties	Grants-in-aid	Total	Percentage of State's share <u>etc.</u> to total	
				Revenue Receipts	Revenue Expenditure

(Rupees in crores)

1987-88	74.91	194.41	269.32	91	108
1988-89	52.76	177.37	230.13	88	110
1989-90	52.30	198.82	251.12	87	98
1990-91	68.61	232.28	300.89	53	117

1.9 Revenue Expenditure

The revenue expenditure (Plan) during 1990-91 was Rs.66.76 crores against the budget provision of Rs.82.09 crores (including supplementary) disclosing a shortfall of Rs.15.33 crores. The non-Plan revenue expenditure of Rs.191.46 crores during the year was also less than the budget provision of Rs.231.06 crores (including supplementary) disclosing a shortfall of Rs.39.60 crores in expenditure. The main reasons for shortfall in expenditure are given in Chapter II of this Report. Further details wherever furnished by the State Government are available in the Appropriation Accounts of the State Government for 1990-91.

1.10 Growth of Revenue Expenditure

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

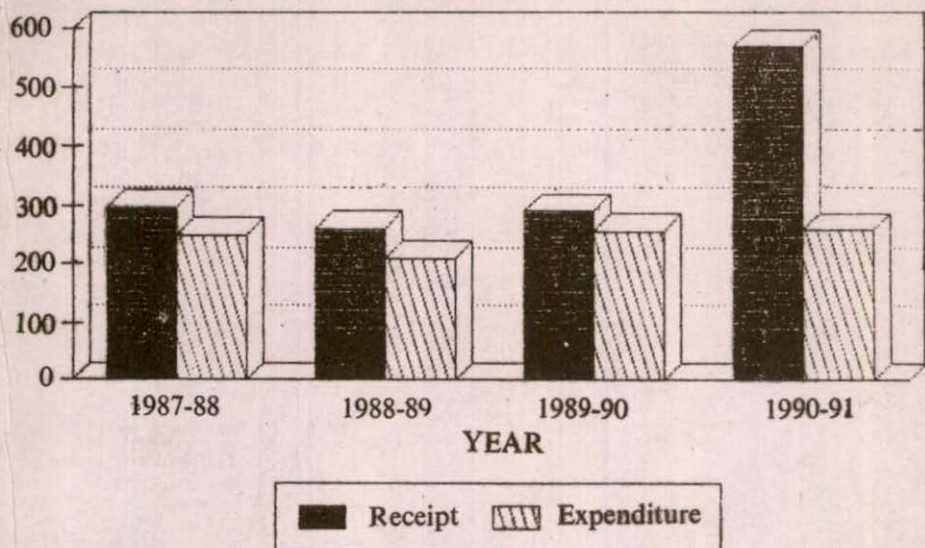
Year	Revenue expenditure		
	Plan	Non-Plan	Total

(Rupees in crores)

1987-88	53.48	195.41	248.89
1988-89	57.27	151.91	209.18
1989-90	77.20	179.46	256.66
1990-91	66.76	191.46	258.22

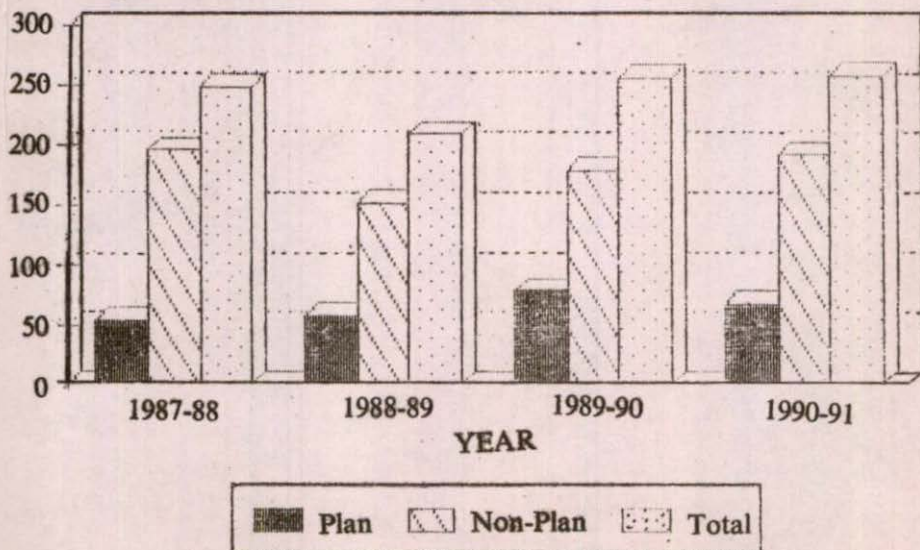
Revenue receipt-expenditure

Rupees in crores



Growth of revenue expenditure

Rupees in crores



The total revenue expenditure increased from Rs.248.89 crores in 1987-88 to Rs.258.22 crores in 1990-91. The expenditure under non-Plan increased by Rs.12 crores while that under Plan decreased by Rs.10.44 crores during 1990-91.

1.11 Non-Plan Revenue expenditure

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

	1987-88	1990-91	Percentage increase
	(Rupees in crores)		
1. Election	0.37	0.98	164.86
2. Pension and Miscellaneous General Services	1.78	4.23	137.64
3. Forestry and Wild Life	3.56	7.59	113.20
4. Other General Economic Services	0.14	0.25	78.57
5. Police	9.25	14.59	57.73

1.12 Capital expenditure

The Capital expenditure during 1990-91 was Rs.124.54 crores against the budget estimate of Rs.133.40 crores disclosing a shortfall in expenditure of Rs.8.86 crores.

The main reasons for the shortfall in expenditure are given in Chapter II of this Report. Further details wherever furnished by the State

Government are available in the Appropriation Accounts of the State Government for the year 1990-91.

1.13 Interest payments

The amount of interest payments during the last four years was as indicated below :-

Year	Interest paid	Opening balance of				Total	Percentage of interest paid to total obligations
		Inter-nal Debt	Small savings Provi-dent Fund, etc.	Loans and advances from Cen-tran Gov-ernment	Other obli-gation		
(Rupees in crores)							
1987-88	33.68	-	0.34	327.69	-	328.03	10
1988-89	7.79	-	4.50	328.53	-	333.03	2
1989-90	16.70	14.16	7.79	328.08	-	350.03	5
1990-91	16.21	19.78	10.97	329.72	-	360.47	5

The interest received during the year on investment of cash balances from co-operative Societies, etc. was Rs.1.64 crores while the interest paid on debt and other obligations was Rs.16.21 crores.

1.14 Investment and Returns

The investments of the Government in the share capital of different Government companies/co-operative societies at the end of 1987-88, 1988-89, 1989-90 and 1990-91 were Rs.6.09 crores, Rs.6.13 crores, Rs.6.52 crores and Rs.6.62 crores respectively.

Dividend/interest of Rs.2.00 lakhs, Rs.0.72 lakh, Rs.4.38 lakhs and Rs.1.52 lakhs was received during the year 1987-88, 1988-89, 1989-90 and 1990-91 respectively from these investments which constituted 0.33, 0.12, 0.67, and 0.23 per cent in the respective

years against the rate of interest of 11.5 per cent for long term Government borrowings during this period.

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

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(In lakhs of rupees)			
1. Government Companies	1.26
2. Co-operative Societies	<u>0.74</u>	<u>0.72</u>	<u>4.38</u>	<u>1.52</u>
	2.00	0.72	4.38	1.52

No dividend was received for the third consecutive year from investment in Government companies. The investment in those companies as on 31 March 1991 was Rs.4.65 crores.

1.15 Public Debt and other liabilities

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the consolidated Fund of the State within such limit, if any, as may be from time to time fixed by the Act of the State Legislature. No law has been passed by the State Legislature laying down such a limit.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from financial institutions etc. This also includes ways and means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and advances from the Central Government represents loans received from the Government of India for execution of various

Plan/Non-Plan Schemes. Besides, the Government had other liabilities on account of funds raised through small savings, provident funds, etc.

The details of such liabilities of the State Government during the four years ending March 1991 are given below :-

Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities
(Rupees in crores)					
1987-88	-	328.53	328.53	4.50	333.03
1988-89	14.16	328.08	342.24	7.79	350.03
1989-90	19.78	329.72	349.50	10.97	360.47
1990-91	28.18	113.21	141.39	22.34	163.73

While the outstanding Loans and Advances from the Central Government declined at the end of 1990-91 compared to 1989-90 (mainly due to write off of loans aggregating Rs.224.09 crores by Government of India), internal debt and other liabilities increased by 42 per cent and 104 per cent respectively.

1.16 Debt Services

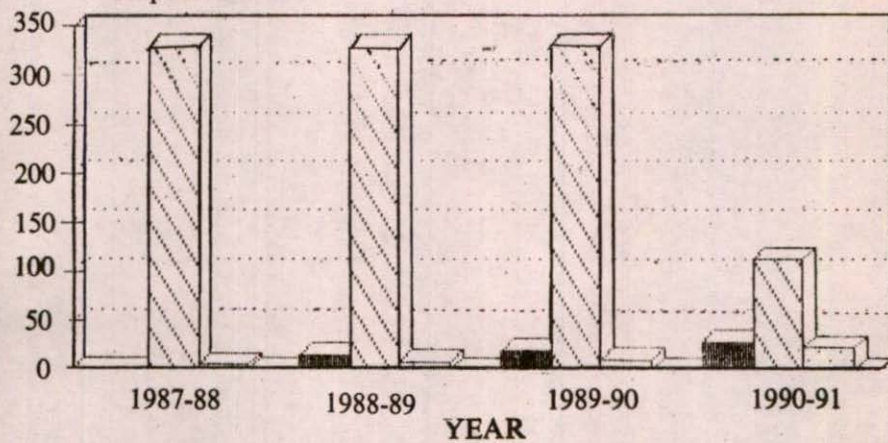
Depreciation Fund, Sinking Funds, etc., were not operated for the amortisation of debts.

The outflow of funds on account of interest payments (gross) vis-a-vis revenue expenditure during 1987-88 to 1990-91 is summarised below :-

Year	Revenue expenditure	Interest payment	Interest payment as percentage of revenue expenditure
(Rupees in crores)			
1987-88	248.89	33.68	14
1988-89	209.18	7.79	4
1989-90	256.66	16.70	7
1990-91	258.22	16.21	6

Public Debt and other liabilities

Rupees in crores



Internal Debt Loans and Advances Others

The outgo of funds for payment of interest ranged from 4 to 14 per cent of the revenue expenditure during the above period.

The repayment of Government of India loans and payment of interest thereon by the State Government during the four years was as follows :-

Year	Repayment of Principal	Interest paid	Total	Loan received during the year	Percentage of repayment to loans received
(Rupees in crores)					
1987-88	14.88	31.86	46.74	15.72	297
1988-89	17.91	7.63	25.54	17.45	146
1989-90	26.57	15.79	42.36	28.21	150
1990-91	13.01	8.76	21.77	20.59*	106

During all these years the repayment of Central Government loans and payment of interest thereon exceeded the amount of loans received from the Central Government.

1.17 Loans and Advances by the State Government

The State Government has been advancing loans to Government Companies, Co-operatives, etc., for developmental and other activities. The position of such loans during the four years from 1987-88 to 1990-91 is given below :-

	1987-88	1988-89	1989-90	1990-91
(Rupees in crores)				
Opening balance	3.33	4.72	6.95	8.54
Amount advanced during the year	1.63	2.63	2.13	1.96
Amount repaid during the year	0.24	0.40	0.54	0.61

* Excludes (-)Rs.2,24,08,85,400 being the adjustment of Government of India loans written off as per recommendations of the Ninth Finance Commission.

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in crores)			
Closing balance	4.72	6.95	8.54	9.89
Net addition	1.39	2.23	1.59	1.35
Interest received	0.10	0.09	0.69	0.0016

Information about arrears in recovery of loans and advances including interest as on 31 March 1991 has not been received from the departmental authorities who maintain the detailed accounts (April 1992).

1.18 Ways and Means Advances

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

The position of Ways and Means Advances taken by the State Government during 1987-88 to 1990-91 is detailed below :-

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in crores)			
Ways and Means Advances				
1. Advances taken during the year	0.38	52.19	9.74	13.14
2. Advances outstanding at the end of the year	-	5.87	5.87	NIL
3. Interest paid	-	0.13	0.01	0.08
Overdraft				
1. Overdraft taken during the year	-	24.44	2.14	19.51

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in crores)			
2. Overdraft outstanding at the end of the year	-	-	-	-
3. Interest paid	-	0.03	-	0.04

The extent to which the Government maintained the minimum balance with the Bank during the year 1990-91 is given below :-

(i) Number of days on which the minimum balance was maintained without obtaining any advance	304 days
(ii) Number of days on which minimum balance was maintained by taking Ordinary and Special Ways and Means Advances	41 days
(iii) Number of days on which there was shortfall from minimum balance after taking above advance but no overdraft was taken	NIL
(iv) Number of days on which overdraft was taken	20 days
Total :	<u>365 days</u>

1.19 Guarantees given by the Government

The contingent liabilities of Rs.4.75 lakhs (Principal : Rs.4.50 lakhs and interest : Rs.0.25 lakh) outstanding as on 31 March 1987 for guarantees given by the Government of India on behalf of the Union Territory Government of Arunachal Pradesh prior to the attainment of Statehood have become the liability of the Government of Arunachal Pradesh and were outstanding as on 31 March 1991.

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

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of the actual expenditure of the State of Arunachal Pradesh during 1990-91 against grants/appropriations* is as follows :-

	Original grant/ appropriation	Supple- mentary	Total	Actual expen- diture	Variation Excess(+) Saving(-)
(In lakhs of rupees)					
I. Revenue					
Voted	2,46,22.56	47,01.25	2,93,23.81	2,70,90.64	(-)22,33.17
Charged	85.03	5.83	90.86	53.94	(-) 36.92
II. Capital					
Voted	1,33,39.92	9,94.80	1,43,34.72	1,27,56.41	(-)15,78.31
III. Public Debt					
Charged	46,98.00	-	46,98.00	67,91.96	(+)20,93.96
IV. Loans and Advances					
Voted	2,30.01	5.99	2,36.00	1,56.61	(-) 79.39
Total					
Voted	3,81,92.49	57,02.04	4,38,94.53	4,00,03.66	(-)38,90.87
Charged	47,83.03	5.83	47,88.86	68,45.90	(+)20,57.04
Grand Total	4,29,75.52	57,07.87	4,86,83.39	4,68,49.56	(-)18,33.83

2.2 Results of Appropriation Audit

The overall saving was the net result of saving in 50 grants/appropriations and excess in 16

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

grants/appropriations as shown below :-

	Savings		Excesses-		Net savings(-) Excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(In lakhs of rupees)					
Voted	26,41.84 (in 33 grants)	17,37.41 (in 12 grants)	4,08.67 (in 11 grants)	79.71 (in 4 grants)	(-)2233.17	(-)1657.70
Charged Appropriation	3,15.67 (In 5 appropriations)	-	-	23,72.71 (in 1 appropriation)	(-) 315.67	(+)2372.71

The supplementary grants and appropriations of Rs.5707.87 lakhs obtained during 1990-91 constituted 13.28 per cent of the original grants and appropriations.

2.2.1 Excess over grants/appropriations

In the revenue section, there was total excess of Rs.4,08,66,900 in 11 grants. The excess in the capital section amounted to Rs.79,70,465 in 4 grants and Rs.23,72,71,069 in one appropriation.

These sixteen cases of excesses are detailed in Appendix I and require regularisation under Article 205 of the Constitution.

2.2.2 Unnecessary supplementary provision

In 5 grants and 1 appropriation the entire supplementary provision of Rs.99.01 lakhs obtained proved wholly unnecessary as the expenditure was less than even the original provision as detailed below :-

S1. Number and name No. of grant/appropriation	Original provision	Supplementary provision	Total provision	Total Expenditure	Final Saving
(In lakhs of rupees)					

Revenue Section (Voted)

1. 6-District Administration	12,48.60	14.45	12,63.05	10,20.37	2,42.68
2. 20-Labour Department	18.44	4.70	23.14	13.87	9.27
3. 26-Rural Works Department	23,49.47	61.56	24,11.03	23,12.90	98.13
4. 27-Panchayat Department	42.14	4.44	46.58	34.76	11.82
5. 36-Statistics Department	95.42	8.03	1,03.45	91.73	11.72

Revenue Section (Charged)

6. 2-Governor	47.50	5.83	53.33	28.33	25.00
		99.01			

The entire amount of supplementary grants of Rs.0.30 lakhs obtained in Grant No.27-Panchayat Department - Capital Section -Voted (Original provision - Nil) also remained unutilised.

2.2.3 Unutilised provision

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

Sl. No.	Number and name of grants/appropriations	Amount of savings (In lakhs of rupees) <u>Percentage of savings to total provision</u>	Remarks
Revenue Section (Voted)			
1.	6-District Administration	<u>242.68</u> (19.21)	Against the final savings of Rs.242.68 lakhs, Rs.24.20 lakhs were surrendered (March 1991). Savings of Rs.6.64 lakhs were stated to be due to (i) vacancies in contingency staff (ii)economy measures (iii)lower requirement of fund than anticipated (iv) lower expenditure on LTC aged fewer tours. Reasons for balance savings of Rs.236.04 lakhs have not been intimated (August 1992).
2.	11-Relief on Account of Natural Calamities	<u>329.43</u> (61.55)	No part of the saving was surrendered. Reasons for savings have not been intimated (August 1992).
3.	12-Stamps and Registration Social Security and Welfare	<u>446.55</u> (100)	The entire provision of Rs.446.55 lakh was surrendered (March 1991).Reasons for non-utilisation of the provision have not been intimated (August 1992).
4.	16-Social and Cultural Affairs Department	<u>16.16</u> (10.40)	The amount surrendered(Rs.28.88 lakhs) in March 1991 was in excess of the final savings of Rs.16.16 lakhs. Anticipated saving was reportedly mainly

Sl. No.	Number and name of grants/appropriations	Amount of savings (In lakhs of rupees) Percentage of savings to total provision	Remarks
			due to revised Plan allocation and adoption of economy measures.
5.	21-Food and Nutrition	<u>206.10</u> (14.11)	Against the final savings of Rs.206.10 lakhs, only Rs.88.75 lakhs were surrendered (March 1991). Anticipated savings of Rs.25.40 lakhs were stated to be on account of non-receipt of SDE/PMS and outstanding bills in time.Reasons for the saving of Rs.180.70 lakhs have not been intimated (August 1992).
6.	27-Panchayat Department	<u>11.82</u> (25.37)	Savings of Rs.9.22 lakhs was stated to be due to revision of Annual Plan outlay:
7.	33-North Eastern Areas	<u>616.66</u> (96.94)	Against the final savings of Rs.616.66 lakhs, only Rs.5,87.05 lakhs were surrendered (March 1991). Saving of Rs.4.00 lakhs was stated to be due to revision of Plan allocation. Reasons for the balance saving of Rs.612.66 lakhs have not been intimated (August 1992).
8.	36-Statistics Department	<u>11.72</u> (11.33)	Against the final saving of Rs.11.72 lakhs, only Rs.6.00 lakhs were surrendered (March 1991). Anticipated saving of

Sl. No.	Number and name of grants/appropriations	Amount of savings (in lakhs of rupees) <u>Percentage of savings to total provision</u>	Remarks
			Rs.6.94 lakhs was attributed to engagement of fewer contingency staff and fewer tours; reasons for the saving of Rs.4.78 lakhs have not been mentioned (August 1992).
9.	41-Land Records Department	<u>13.89</u> (22.43)	Against the final saving of Rs.13.89 lakhs, only Rs.11.50 lakhs were surrendered (March 1991).Reasons for savings have not been intimated (August 1992).
Revenue Section (Charged)			
1.	2-Governor	<u>25.00</u> (46.88)	No part of the saving was surrendered. Anticipated savings of Rs.1.34 lakhs was stated to be due to non-purchase of a car.Reasons for balance savings of Rs.23.66 lakhs have not been intimated (August 1992).
2.	Public Debt	<u>278.76</u> (14.67)	An amount of Rs.329.49 lakhs was surrendered (March 1991). The final saving was Rs.278.76 lakhs. Saving was mainly due to adjustment of the expenditure on consolidated interest on State Plan loans for the period from 1984-1989 under a separate head consequent on the recommendation of the 9th Finance Commission.

Sl. No.	Number and name of grants/appropriations	Amount of savings (in lakhs of rupees) Percentage of savings to total provision	Remarks
Capital Section (Voted)			
1.	19-Industries Department	<u>190.92</u> (66.76)	Against the final savings of Rs.190.92 lakhs Rs.183.38 lakhs were surrendered (March 1991). Reasons for savings have not been intimated (August 1992).
2.	21-Food and Nutrition	<u>55.15</u> (18.46)	Against the final savings of Rs.55.15 lakhs, only Rs.4.50 lakhs were surrendered (March 1991).Reasons for savings have not been intimated (August 1992).
3.	30-State Transport Department	<u>35.91</u> (17.96)	An amount of Rs.45 lakhs was surrendered in March 1991; the final savings was Rs.35.91 lakhs.Reasons for saving have not been intimated (August 1992).
4.	31-Public Works Department	<u>11,02.62</u> (27.30)	Against the final savings of Rs.1102.62 lakhs, Rs.10,08.57 lakhs were surrendered (March 1991). Anticipated savings of Rs.1093.84 lakhs were reportedly due to revision of Plan outlay.
5.	38-Irrigation and Flood Control Project	<u>71.09</u> (47.40)	An amount of Rs.72.12 lakhs was surrendered (March 1991), the final saving was Rs.71.09 lakhs. Reasons for savings have not been intimated (August 1992).

Sl. No.	Number and name of grants/appropriations	Amount of savings (In lakhs of rupees) Percentage of savings to total provision	Remarks
6.	48-Horticulture	<u>30.00</u> (100)	The entire saving of Rs.30 lakhs was surrendered (March 1991). Reasons for saving have not been intimated (August 1992).

2.2.4 Persistent savings

During the three years ending 1990-91; persistent saving of 10 per cent and above were noticed in the following grants/appropriations :-

Sl. No.	Number and name of grants/appropriation	Percentage of savings to total provision		
		1988-89	1989-90	1990-91
Revenue Section (Charged)				
1.	2-Governor	22	29	47
Revenue Section (Voted)				
2.	12-Stamps and Registration, Social Security and Welfare	100	100	100
3.	36-Statistics Department	11	25	11
4.	38-Irrigation and Flood Control Project	22	82	16
Capital Section (Voted)				
5.	29-Co-operative Department	30	20	34

2.2.5 Injudicious/Excessive/Unnecessary re-appropriation

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

(a) Injudicious re-appropriation

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

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess
(In lakhs of rupees)					
1.	5-Secretariat Administration	3451-Secretariat Economic Services C(j)090-Secretariat (j)090(1) Salaries O. 17.73 S. 5.77 R. (-) 2.60	20.90	51.71	30.81
2.	13-Directorate of Accounts	2071-Pension and Other Retirement Benefits A(e)-01-Civil A(e)-01-104-Gratuities O. 114.14 R. (-) 44.37	69.77	95.98	26.21
3.	14-Education Department	2204-Sports and Youth Services B(a)001-Direction and Administration O. 88.74 S. 0.89 R. (-) 46.75	42.88	80.49	37.61

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess
(In lakhs of rupees)					
4.	14-Education Department	2202-General Education B(a)01 Elementary Education B(a)001- Direction and Administration			
		O. 12,39.38			
		S. 3,83.98			
		R.(-) 1,20.98	15,02.38	16,18.03	1,15.65
5.	14-Education Department	2202-General Education B(a)-01 Elementary Education B(a)106-Text Books B(a)106(i) Procurement of Text Books for Students of Elementary level of Education			
		O. 1,00.00			
		R. (-) 20.85	79.15	1,22.00	42.85
6.	16-Social and Cultural Affairs Department	2205-Art and Culture B(a)102 Promotion of Art and Culture B(a) 102 (i)Grants-in-aid			
		O. 81.77			
		R. (-) 25.98	55.79	71.67	15.88
7.	31-Public Works Department	2059-Public Works A(d) 80-General A(d)80-001 (2) Execution			
		O. 6,76.20			
		R.(-) 1.98	6,74.22	7,07.30	33.08
8.	31-Public Works Department	2059-Public Works A(d) 80-General A(d)80-052 Machinery and Equipments			
		O. 6,19.05			
		R.(-) 92.86	5,26.19	5,94.12	67.93

Sl. Number and name No. of grant	Head of Account	Total grant	Total expen- diture	Excess
		(In lakhs of rupees)		
9. 34-Power Project	2801-Power C(e)04 Diesel/Gas Power Generation C(e)04- 800-Other Expenditure C(e)04-800(i) Maintenance O. 9,23.00 R. (-) 32.30	8,90.70	9,40.92	50.22

(b) **Excessive/Unnecessary re-appropriation**

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

Sl. Number and name No. of grants	Heads of Account	Total grant	Total expen- diture	Saving
(1)	(2)	(3)	(4)	(5)
			(In lakhs of rupees)	
1. 11-Relief on account of Natural Calamities	2245-Relief on account of natural calamities B(g)02-112(i)Expenditure on air lifting operation O. 2,85.26 R. 50.00	3,35.26	...	3,35.26
2. 13-Directorate of Accounts	2071-Pension and Other Retirement Benefits A (e)01-Civil A(e)01-105 Family Pension O. 39.95 S. 14.06 R. 16.37	70.38	47.94	22.44

(1)	(2)	(3)	(4)	(5)	(6)
3.	14-Education Department	2236-Nutrition B(g) 800(i) Nutrition R. 1,00.00	(In lakhs of rupees) 1,00.00	...	1,00.00
4.	14-Education Department	2202-General Education B(a)02-Secondary Edu- cation B(a)800 Other Expenditure B(a)800(i) Stipend to students of of Secondary level of Education O. 85.00 S. 11.05 R. 41.73	1,37.78	90.68	47.10
5.	14-Education Department	2202-General Education B(a)01-Elementary Edu- cation B(a)800-Other Expenditure B(a)800(i) Nutrition Programme B(a) 800(i) Midday Meal O. 33.00 R. 98.05	1,31.05	67.65	63.40
6.	21-Food and Nutrition	2408-Food, Storage and Warehousing C(a)-02 Storage and Warehousing C(a)001-Direction and Administration O. 1,38.68 R. 6.81	1,45.49	48.56	96.93
7.	31-Public Works Department	4202-Capital Outlay on Education, Sports, Art and Culture B(a)01- Office Buildings B(a) 01-800 Other expenditure B(a)01-800(i) Buildings (General) O. 12,04.00 R. 1,53.54	13,57.54	13,25.12	32.42

(1)	(2)	(3)	(4)	(5)	(6)
8.	31-Public Works Department	4215-Capital Outlay on Water Supply and Sanitation B(c)01-Water Supply B(c)01-800 Other Expenditure B(c)01-800(2) Water Supply Scheme under LIC Loan			
		R.	99.00	99.00	24.00 75.00
9.	45-Central/Centrally Sponsored Scheme	2505-Rural Employment C(b)701-Jawahar Rozgar Yojana			
		S.	1,21.58		
		R.	2,10.96	3,32.54	3,22.29 10.25

2.2.6 Shortfall/excess in recoveries

Under the system of gross budgeting the demands for grant presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated receipts and recoveries are shown separately in the budget estimates. During the year 1990-91 the anticipated receipts and recoveries and actuals were as under:-

Sl. No.	Number and name of grant	Budget estimate	Actuals	Variation More (+) Less (-)
(In lakhs of rupees)				
Revenue Section (Voted)				
1.	21-Food and Nutrition	1,00.00	23.66	(-) 76.34
2.	23-Forest Department	3,65.00	3,97.42	(+) 32.42
3.	26-Rural Works Department	3,00.00	2,73.55	(-) 26.45
4.	31-Public Works Department	30,00.00	22,49.14	(-) 7,50.86
	Total Revenue (Voted):	37,65.00	29,43.77	(-) 8,21.23

Sl. No.	Number and name of grant	Budget estimate	Actuals	Variation
				More(+) Less(-)
(In lakhs of rupees)				
Capital Section (Voted)				
5.	21-Food and Nutrition	2,29.82	2,63.29	(+) 33.47
Total Capital (Voted) :		2,29.82	2,63.29	(+) 33.47

2.2.7 Excess expenditure of previous years not got regularised by the Legislature

Excess expenditure aggregating Rs.1,59,14,62,877 covering 189 cases of grants and 14 cases of appropriations, pointed out in the Reports of the Comptroller and Auditor General of India for the years 1980-81 to 1989-90 is yet to be regularised (April 1992). The year-wise breakup is given below :-

Year	Number of cases		Amount of excess	
	Voted grants	Charged appropriation	Voted grants (Rs.)	Charged appropriation (Rs.)
1980-81	12	1	4,91,50,562	543
1981-82	16	1	8,52,29,169	453
1982-83	19	2	18,54,72,757	3,772
1983-84	20	3	9,37,03,752	64,913
1984-85	14	2	8,62,35,599	861
1985-86	17	1	8,81,62,686	9,560
1986-87	13	..	6,56,00,239	...
(U.T. Period)				
1986-87	33	..	12,71,95,746	...
(State Period)				
1987-88	17	2	7,20,60,492	1,85,84,112
1988-89	13	1	8,18,60,983	46,32,52,167
1989-90	15	1	7,82,16,510	9,66,58,001
Total :	189	14	1,01,28,88,495	57,85,74,382

CHAPTER III

CIVIL DEPARTMENTS

Animal Husbandry and Veterinary Department

3.1 Sheep, Goat and Wool Development

3.1.1 Introduction

Meat forms a vital part of the diet of the people of Arunachal Pradesh. Sheep rearing is a customary occupation of the people, but meat produced from livestock is not adequate to meet the increasing demand of the population. The scheme of Sheep and Goat Breeding and Wool Development in Arunachal Pradesh was taken up during the Fifth Five Year Plan to increase meat production through cross breeding local breeds of sheep with Russian Merino Ram and local indigenous goats with better breed goats brought from outside the State. The scheme also provided for distribution of sheep and goat to selected beneficiaries at subsidised rates with a view to improving the socio-economic conditions of the people.

3.1.2 Objectives

The objectives of the scheme are :-

- (i) to enhance production of meat and wool;
- (ii) to develop improved variety of sheep and goats through cross breeding; and

Note : The abbreviations appearing in this Review are listed alphabetically and expanded in the glossary at Appendix V
(Page 196-197)

- (iii) to impart training to farmers and field staff.

The objectives of the scheme are sought to be attained through the following programmes:-

- (i) Establishment of Regional Sheep Breeding farms at Sangti and goat farms at various locations;
- (ii) Establishment of sheep and wool extension centres;
- (iii) Sheep shearing, wool grading and training centre, at Sangti; and
- (iv) Distribution of sheep and goats at subsidised rates to beneficiaries.

3.1.3 Organizational set-up

The implementation of the scheme is carried out by the Director of Animal Husbandry and Veterinary, who is assisted by one Joint Director.

At the field level, the Regional Sheep Breeding Farm (RSBF) along with sheep rearing, wool grading and training centres are under the charge of a Deputy Director, while the functions of sheep and wool extension centres and distribution of sheep and goats at subsidised rates to selected beneficiaries are carried out by the District Veterinary Officers.

3.1.4 Audit Coverage

The records relating to the working of the scheme for the period 1980-81 to 1990-91 were test checked in the offices of the Director, Animal Husbandry and Veterinary, Itanagar, Deputy Director RSBF, District Veterinary Officers, Tawang and Bomdila, during the period from August to September 1990

and May 1991.

3.1.5 Highlights

- During 1980-81 to 1990-91, the Regional Sheep Breeding Farm at Sangti incurred an expenditure of Rs.34.90 lakhs, and the revenue was Rs.8.97 lakhs only. This was attributed to the fixation of low selling price and high mortality of sheep.

- Property worth Rs.3.93 lakhs including sheep (Rs.0.81 lakh) was destroyed in a fire incident in the above farm.

(Paragraph 3.1.7(a))

- For purchase of a wool carding plant, Rs.2.00 lakhs were drawn in March 1980 and were retained by the above farm in the form of bank draft for four years without the plant being purchased.

(Paragraph 3.1.8(i))

- A goat farm set up at Changlang, after incurring an expenditure of Rs.5.12 lakhs was abandoned in September 1989 on the ground that the site was not suitable for the purpose.

(Paragraph 3.1.7(b)(i))

- A goat farm at Boa-Simla on which Rs.1.14 lakhs was spent during 1985-86 to 1988-89 ceased to function from 1989-90 due to high rate of death of goat.

(Paragraph 3.1.7(b)(ii))

- No norms for the periodicity of shearing and quantity of wool in each shearing were fixed as of November 1991, in the Sheep Shearing, Wool

grading and Training Centre, Sangti.

(Paragraph 3.1.7(f)(ii))

- Wool sheared from the leg portion of pure and cross-breed Russian Merino sheep was classified as skirting wool and was sold (upto 1988-89) by the above farm at prices lower than that of body-wool. This resulted in less realisation of revenue of Rs.0.24 lakh.

(Paragraph 3.1.7(f)(ii))

3.1.6 Finance

The year-wise budget provision and expenditure for the State scheme during the period from 1980-81 to 1990-91 are shown in the table below:-

Year	Budget Provision			Expenditure			Savings(-)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Excess(+)
	(In lakhs of rupees)			(In lakhs of rupees)			
1980-81	3.45	3.50	6.95	3.37	4.00	7.45	(+)0.50
1981-82	3.50	3.50	7.00	3.56	3.50	7.06	(+)0.06
1982-83	2.62	3.66	6.28	2.66	3.72	6.38	(+)0.10
1983-84	2.10	4.59	6.69	2.10	4.59	6.69	-
1984-85	3.09	4.83	7.92	3.10	4.84	7.94	(+)0.02
1985-86	6.38	8.52	14.90	6.32	6.52	12.84	(-)2.06
1986-87	4.65	8.27	12.92	4.52	8.27	12.79	(-)0.13
1987-88	5.91	10.01	15.92	2.54	9.83	12.37	(-)3.55
1988-89	1.01	10.19	11.20	0.97	9.19	10.16	(-)1.04
1989-90	3.43	11.46	14.89	3.41	11.47	14.88	(-)0.01
1990-91	5.20	10.32	15.52	5.02	10.29	15.31	(-)0.21
	41.34	78.85	120.19	37.57	76.30	113.87	(-)6.32

Reasons for final saving of Rs.6.32 lakhs have not been intimated (May 1991).

3.1.7 Implementation

(a) Regional Sheep Breeding Farm (RSBF), Sangti

The objective of the scheme was to establish a sheep breeding farm with exotic Russian Merino Sheep to produce pure and cross-bred Sheep for distribution to local breeders at subsidised rates to multiply their stock with improved variety of sheep.

The sheep farm at Sangti started functioning from 1976-77 as a North Eastern Council (NEC) sponsored scheme with a foundation stock of 35 sheep. Since then and up to 1990-91, there was additional procurement of 448 sheep (Local 353 and Merino 95).

During the period from 1976-77 to 1990-91, 1530 lambs were born. Out of the total population, 997 (including sheep) died due to diseases. The norms for birth and death rates based on the climatic and other environmental factors were not fixed by the Department. In June 1984, due to an outbreak of fire in the sheds, property estimated at Rs.3.93 lakhs was destroyed including 230 sheep (Rs.0.81 lakh). A judicial enquiry conducted in July 1984 revealed that the fire incident was a case of suspected sabotage.

(i) During 1976-77 to 1990-91, 748 animals were supplied to other States of NE Region (93) BDOs and DVOs of the State for distribution at subsidised rates to the farmers (655) and besides 70 sheep were disposed of as culled animals.

(ii) Till 1978-79, the NEC released Rs.40.39 lakhs, out of which expenditure incurred was Rs.26.29 lakhs. Thereafter, maintenance of the firm was taken up under the State Plan budget. During 1980-81 to

1990-91, the farm incurred an expenditure of Rs.34.90 lakhs towards its maintenance and expansion and on production of sheep. Revenue earned by sale of produces during the period covered by Audit was Rs.8.97 lakhs. The average cost per sheep reared worked out to Rs.4,185 while the selling price of each sheep was fixed at Rs.1,000. Compared with the expenditure incurred on the maintenance of the farm, the revenue earned was negligible. This was attributed by the Department to the fixation of low selling price of sheep and high rate of mortality of sheep.

(b) Goat farms

(i) Goat farm, Changlang

The scheme to establish a goat farm at Changlang was sponsored in February 1987 by NEC at a cost of Rs.35.99 lakhs. The work was taken up during 1987-88 when NEC released Rs.15.90 lakhs. Out of this the Directorate placed an amount of Rs.14.63 lakhs (February 1988) at the disposal of the PWD for construction of buildings in a phased manner.

An expenditure of Rs.5.12 lakhs was incurred till July 1988 by PWD for site development and purchase of materials when the work was stopped on the ground of site being not suitable for the purpose. Finally, the scheme was abandoned by Government in September 1989.

The balance amount of Rs.9.51 lakhs had not been refunded by the PWD to the Directorate as of April 1991.

(ii) Goat farm, Boa-Simla

The establishment of the farm at Boa-Simla was sanctioned during 1984-85 by Government at a cost of Rs.1 lakh. The DVO, Ziro, incurred an expenditure of Rs.0.56 lakh on construction of shed,

purchase of goats and equipment and started (January 1986) the farm with a foundation stock of 54 goats. In March 1986, 13 goats died due to change of climate and during the next three years ending March 1989, 34 more goats died. The remaining 7 goats were sold in March 1989 through auction and an amount of Rs.1,800 was realised. During the years 1986-87 to 1988-89, an expenditure of Rs.0.58 lakh was incurred on the maintenance of the farm (0.50 lakh) and purchase of fresh flock of 20 goats (Rs.0.08 lakh).

The farm ceased to function from 1989-90 with 5 goats in stock. Disposal of remaining 15 goats were not investigated. Thus the expenditure of Rs.1.12 lakhs (Rs.1.14 lakhs - Rs.0.02 lakh) proved unfruitful.

(c) **Programme for distribution of sheep and goat units on subsidy**

The scheme envisages distribution of specified units of sheep and goats at the subsidised cost of 50 per cent. Each sheep unit consists of one pure or cross-bred Russian Merino ram and 19 local ewes and each goat unit consists of 1 buck and 5 does till 1982-83 and 2 bucks and 23 does from 1983-84.

(i) **Selection of beneficiary**

The selection of beneficiary made by a committee formed with the approval of the Deputy Commissioner, consisting of a public leader, a member from the Anchal Samity, a member from the Zilla Parishad and a representative of the beneficiaries.

Instructions were issued in December 1987 by the Directorate, that, in selecting the beneficiaries, their income and status, their being handi-capped persons, widow etc., were to be taken into consideration.

However, during July 1981, DVO, Bomdila, distributed 4 sheep to a village headman and 4 to a Anchal Samity member though they were not approved beneficiaries and were not eligible under the programme.

Distribution of sheep and goat units to the beneficiaries on subsidy basis

During 1980-81 to 1990-91 sanctions were issued for Rs.18.63 lakhs (50 per cent of the full cost of Rs.37.27 lakhs) to the DVOs, for distribution of 223 sheep units (4,460 heads) and 568 goat units (6,011 heads, i.e.431 units of only 6 goats till 1982-83 and 137 units of 25 goats from 1983-84 onwards) to the selected beneficiaries.

212 sheep units and 567 goat units were actually distributed on recovery of Rs.17.81 lakhs. The following points were noticed:

(i) During 1980-81, 15 units of sheep and 9 units of goats were sanctioned (Rs.0.44 lakh) for DVO, West Kameng, who procured and distributed at a cost of Rs.0.54 lakh, 22 units of sheep to 20 beneficiaries and 9 goat units to 6 beneficiaries. Thus, the departmental norm of distribution of one unit to a single beneficiary was not observed.

(ii) For distribution of 20 units of sheep during 1981-82 by the DVO, Tawang, Rs.0.50 lakh were sanctioned in October 1981. Against this, the DVO purchased in March 1982 only 76 ewes sufficient for 4 units from the local market at a cost of Rs.0.17 lakh. No information about purchase of ram was on record. Only one unit consisting of 19 ewes was shown as distributed to one beneficiary. No record of the distribution of the remaining 3 units of ewes was available.

The performance report (1980-81) as

submitted to the Directorate showed an achievement of 20 units at an expenditure of Rs.0.50 lakh which was, however, not supported by the records of the DVO.

(iii) The sheep unit distributed had to include one pure or cross-bred Russian Merino ram. During 1980-81 to 1984-85, only 81 Russian Merino Rams were procured by different DVOs against 139 sheep units distributed. From 1985-86 onwards, no DVOs had procured any pure/cross-bred ram from the RSBF, Sangti, which was established with the sole purpose of producing pure and cross-bred Russian Merino Sheep.

It was stated (August 1990) by the DVOs, Tawang and Bomdila that procurement of ram from the RSBF was not possible due to higher cost. No Departmental (periodical) inspection of the animals distributed was made. The benefit derived under the scheme was not also assessed by the Department.

(d) Distribution of Russian Merino Ram to sheep breeders of Dirang Circle on exchange basis

To upgrade the stock of local sheep the Department introduced in 1989-90 a new scheme of distributing Russian Merino ram to the sheep breeders of Dirang Circle on exchange basis. Under the programme, 22 Russian Merino rams have to be distributed to 7 sheep breeders, (who maintained an average of 100 ewes) in the ratio of one ram to 30 ewes. The rams are to be issued on an undertaking given by the beneficiary that within a period of 2 years he would return one progeny of the Russian Merino ram, and the maintenance cost of the ram for the initial period of 2 years is to be borne by the Department. Seven rams costing Rs.7000 were given under the programme to 3 beneficiaries in May-June 1990 and the balance 15 rams (cost:Rs.15,000)

were distributed to 4 beneficiaries in November 1990.

The scheme and its implementation suffered from the following lacunae:-

No formal undertaking was taken from the beneficiaries binding them to return a progeny to the Department.

The scheme contained no provision for ensuring that a beneficiary did not enjoy the benefits available under other programmes like grant of subsidised sheep units with the same objectives.

(e) Sheep and wool extension centres

Extension centres (one each in the districts of Lohit and West Siang, 4 in Tawang and 3 in West Kameng) were established, during 1979-80 to 1981-82 for providing an effective veterinary coverage through vaccination; improvement of local breed through cross-breeding and castrating of local scrub-lamb.

During the years from 1980-81 to 1984-85 37,467 vaccinations, 3,667 castrations and 2,179 improved progeny were achieved. Performance of improved progeny from 1985-86 to 1990-91 was not recorded. No targets were fixed for vaccination, castration and improved progeny.

The sheep and wool extension centres set up in Kibitho, Lohit District (1981-82) and Machuki, West Siang District (1979-80) ceased to function from 1983-84 after incurring an expenditure of Rs.0.38 lakh. No records were produced to Audit about performance of the centres during the periods of their operation.

None of the 9 centres maintained any stud ram, although improvement of local breed through cross-breeding was one of the objectives of the extension centre.

Periodical census of the sheep under the jurisdiction of each centre was not undertaken by the Department. As a result, it could not be ascertained whether all sheep held in each are were brought under veterinary coverage.

(f) **Sheep Shearing, Wool Grading and Training Centre, Sangti**

(i) **Training**

In 1979-80 a Training Centre for Sheep Shearing and Wool Grading was established at Sangti for imparting training to sheep breeders and field staff. The total expenditure on the maintenance of the Centre during 1980-81 to 1989-90 was Rs.1 lakh.

During 1980-81 to 1989-90 against the target of 184 persons to be trained, 145 persons were trained.

(ii) **Wool Production**

Details of the number of Russian Merino sheep held at the centre and the number sheared in different years between 1982-83 and 1990-91 are given below :-

<u>Y e a r</u>	<u>Number of Russian Merino sheep held</u>	<u>Number of Merino sheep sheared</u>
1982-83	246	5
1983-84	280	184
1984-85	218	153
1985-86	70	50
1987-88	106	84
1988-89	121	98
1989-90	111	83
1990-91	100	52

No reason was on record as to why the number of sheep sheared was less than the number

of sheep available with the farm. No action was taken by the Department to investigate the matter (April 1991).

No norms were fixed for periodical shearing and quantity of wool to be obtained in each shearing. It was, however, seen that the average annual production of wool per sheep was 3 Kg. for Russian Merino (RM), 1.5 Kg for cross-breed and 0.500 Kg. for local sheep.

During 1980-81 to 1990-91, 7,327 Kg. of wool were produced in the Centre. The Centre sold 8,272 Kg. of wool including 945 Kg. of earlier years for Rs.2.37 lakhs. The selling rate of wool was fixed in August 1985 at Rs. 45 per Kg. (Russian Merino), Rs.35 per Kg. (cross-breed) and Rs.30 per Kg. (local). Prior to August 1985 wool was sold at the rate of Rs.35 per Kg. for Russian Merino, Rs.25 per Kg. for local sheep. But no authority in support of fixing of prices prior to 1985 could be made available to Audit.

A part of the wool sold was classified as skirting wool (sheared from the leg of Russian Merino and cross-breed sheep) and sold at Rs.5 per Kg. up to 1984-85 and at Rs.10 per Kg. from 1985-86. The basis on which these prices were fixed by the farm was not explained. The schedule of rate issued by the Department in August 1985 included different selling prices for wool sheared from Russian Merino, cross-breed and local sheep but there was no separate rate for skirting wool. Further, the skirting wool classification had been dispensed with from 1989-90.

665 Kg. of such wool was sold during 1980-81 to 1988-89 and Rs.4,355 were realised. Due to selling of skirting wool at lower rates revenue of Rs.0.24 lakh was short realised.

3.1.8 Other topics of interest

(i) Retention of Rs.2 lakhs in the form of bank draft for more than 4 years

An amount of Rs.2 lakhs sanctioned (March 1980) for the purchase and installation of a wool carding plant was drawn by the Deputy Director, RSBF on 31st March 1980 and a bank draft in the name of the Deputy Director, RSBF, was procured.

Orders for supply of the plant were placed in July 1981 but the supplier could not make the supply. The bank draft was encashed in May 1984 and the amount was deposited into the treasury.

Retention of Government money for over 4 years was thus irregular. Government stated (February 1986) that the plant could not be purchased due to its non-availability.

(ii) Accounting of the amount of subsidy

In the distribution of animals at subsidised rates (50 per cent) no uniformity was adopted in accounting the amount received from the beneficiaries. While the DVO, Tawang issued receipts for the amounts received from the beneficiaries and brought the amounts into the cash book, the DVO, Bomdila kept the amounts received out of account.

The actual amount realised from the beneficiaries by the DVO, Bomdila could not be ascertained by Audit.

The points mentioned above were reported to Government in November 1990; their reply had not been received (November 1991).

3.2 Piggery Development Scheme

3.2.1 Introduction

A scheme for Piggery development was launched in the State during Fifth Five Year Plan period (1974-78) for up-grading for local stock through cross-breeding with exotic breeds. The State established two piggery farms at Central Pig Breeding Farm (CPBF) at Karsingsa with 40 sow capacity in 1977-78 and Regional Exotic Pig Breeding Farm (REPBF) at Loiliang with 100 sow capacity sponsored by North Eastern Council in 1978-79.

During Sixth Plan period emphasis was given to increasing pork production to provide additional income to the farmers. For this purpose, piggery unit, each comprising of one exotic cross-breed boar and four sows were to be distributed to selected beneficiaries at 50 per cent subsidised rates.

In Seventh Five Year Plan period (1985-90) it was proposed to undertake expansion programme to increase the capacity from 40 sows to 60 sows at Karsingsa Farm, besides setting up of 3 small pig farms at Ziro, Along and Tawang and one small pork processing unit in the State.

3.2.2 Organisational set-up

The Director of Animal Husbandry and Veterinary, is in overall charge of the scheme. He is assisted by the Deputy Director (Planning). The District Animal Husbandry and Veterinary Officers, and the Sub-Divisional Animal Husbandry and Veterinary Officers are directly responsible for implementation of the scheme. In addition, one statistical wing headed

Note : The abbreviations appearing in this Review are listed alphabetically and expanded in the glossary at Appendix V (Page 196-197)

by one Statistical Inspector attached to the Directorate maintains statistical data in respect of the scheme.

3.2.3 Audit coverage

A review of the working of the pig breeding farms in the State for the period 1981-91 was conducted. For the purpose, test-check of the records of the Directorate of Animal Husbandry and Veterinary, Statistical Wing attached to the Directorate, District Offices in Lower Subansiri and Lohit districts and the two pig breeding farms at Karsingsa and Loi-liang was conducted during August 1990 to April 1991.

3.2.4 Highlights

- During the period from 1980-81 to 1990-91 against budget provision of Rs.150.93 lakhs expenditure was Rs.155.46 lakhs.

(Paragraph 3.2.5)

- Shortfall in production of piglets varied from 16 to 61 per cent during 1981-82 to 1990-91.

(Paragraph 3.2.6(a))

- Retention of excess boars in relation to the norms resulted in an extra expenditure of Rs.0.74 lakh towards cost of feed.

(Paragraph 3.2.6(b))

- The mortality of pigs in two farms varied from 13 to 24 per cent during 1983-84 to 1985-86. No investigation was carried out to ascertain the causes of mortality

(Paragraph 3.2.6(c))

- No norms for culling of animals were prescribed by the Department.

(Paragraph 3.2.6(d))

- Training was not imparted to the farmers in Karsingsa farm after 1985-86 by the Department.

(Paragraph 3.2.6(e))

- Due to sale of piglets at lower than the prescribed rates, the farms suffered a loss of Rs.1.69 lakhs.

(Paragraph 3.2.6(g))

- Pig producers-cum-marketing co-operative societies were not organised.

(Paragraph 3.2.7)

- No monitoring and evaluation of the scheme had been made by the Department to ascertain its impact on beneficiaries.

(Paragraph 3.2.9)

3.2:5 Finance

The yearwise budget provision and expenditure under the scheme during the period from 1980-81 to 1990-91 were as follows :-

Year	Budget provision	Expenditure	Excess (+) Savings (-)
	(in lakhs of rupees)		
1980-81	4.09	4.39	(+) 0.30
1981-82	4.24	4.27	(+) 0.03
1982-83	4.87	4.92	(+) 0.05
1983-84	5.10	5.10	-
1984-85	4.79	4.84	(+ 0.05
1985-86	17.16	16.04	(-) 1.12

Year	Budget provision	Expenditure	Excess(+) Savings (-)
	(in lakhs	of rupees)	
1986-87	17.08	17.19	(+ 0.11
1987-88	22.32	25.24	(+ 2.92
1988-89	20.91	22.74	(+ 1.83
1989-90	28.84	28.84	-
1990-91	<u>21.53</u>	<u>21.89</u>	<u>(+ 0.36</u>
Total :	<u>150.93</u>	<u>155.46</u>	<u>(+ 4.53</u>

Reasons for overall excess of Rs.4.53 lakhs could not be explained by the Department (April 1991).

The expenditure incurred on the maintenance of Loiliang Farm during 1981-82 to 1990-91 and that on Karsingsa Farm during 1985-86 to 1990-91 (records relating to the period 1981-82 to 1984-85 were not made available to Audit) was Rs.84.75 lakhs and Rs.30.51 lakhs respectively, against which revenue earned was Rs.25.74 lakhs and Rs.16.11 lakhs respectively by sale of piglets and pork.

3.2.6 Implementation

(a) Pigs breeding farms - Targets and achievements

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. The two farms were to produce 1000 piglets a year. On the basis of norms fixed by the Department one sow can farrow thrice in two years and on an average 8 litters per farrow to be produced. The working results of the two farms showing number of boars and sows reared, piglets produced and sold during 1981-82 to 1990-91 are indicated below :-

Year	Pig reared <u>boars</u> <u>sows</u>	Farrows as per norm 1.5 per year	Actual farr- owing	Expected product- ion at 12 per year	Actual produc- tion	Shortfall in produc- tion	Percentage of short- fall	Piglings sold (Nos)	
(i n n u m b e r s)									
1981-82	18	81	122	47	1464	563	901	61	360
1982-83	21	89	134	63	1608	759	849	53	544
1983-84	12	68	102	74	1224	885	339	28	792
1984-85	12	73	110	92	1320	1106	214	16	633
1985-86	15	100	150	103	1800	1238	562	31	980
1986-87	11	84	126	72	1512	861	651	43	807
1987-88	9	72	108	72	1296	858	438	34	749
1988-89	15	66	99	48	1188	576	612	52	600
1989-90	13	76	114	50	1368	605	763	56	508
1990-91	<u>27</u>	<u>67</u>	<u>100</u>	<u>93</u>	<u>1200</u>	<u>686</u>	<u>514</u>	<u>42</u>	<u>691</u>
Total	<u>153</u>	<u>776</u>	<u>1165</u>	<u>714</u>	<u>13980</u>	<u>8137</u>	<u>5843</u>		<u>6664</u>

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The shortfall was attributed by the Department to :-

- (i) absence of fixed breeding programme and culling norms of animals and
- (ii) non-changing of boar and sow lines in time resulting in the animals losing their fertility efficiency.

Remedial measures taken to overcome these difficulties were not stated (April 1991).

(b) Loss due to maintenance of additional boar

According to the Department, one bore is required to serve ten sows for breeding purposes with a stand by bore to meet any casualty.

During the period from 1981-82 to 1990-91 the two farms had an annual average of 15 boars and 78 sows, the average ratio of boar to sow was nearly 1:5 against the accepted ratio 1:10. According to the Deputy Director, REPBF, Loiliang (September 1990) one standby boar is required to be kept for 18 sows. Even so the number of boar needed was only 12 in any year against 15 maintained.

Thus, 3 boars were maintained in excess of the requirement during the period. The feeding cost for the additional boars was Rs.0.74 lakh which could have been avoided had the norms been observed. The Department had not investigated the reasons for maintenance of excess boar (April 1991).

(c) Mortality

No norm regarding mortality of pigs/piglets was fixed by the Department. According to the institute of Applied Statistics and Development Studies, Lucknow which carried evaluation of REPBF, Loiliang in 1988, the overall mortality in young stock should be below 10 per cent and in adult below 2 per cent. However, test-check of the records of the two farms revealed that, although the mortality rate was generally within the norms it was higher in the few years as shown below:-

Year	Name of farm	Total stock (in numbers)	Total died (in numbers)	Mortality percentage
1983-84	CPBF, Karsingsa	867	113	13
1984-85	CPBF, Karsingsa	955	129	13
1984-85	RFPBF, Loiliang	926	123	13
1985-86	RFPBF, Loiliang	925	224	24

Reasons for the higher mortality of 13 per cent and 24 per cent during 1983-84 and 1985-86 respectively as shown above were not investigated (April 1991).

(d) Culling of animals

854 animals were culled at CPBF, Karsingsa, during 1980-81 to 1990-91. Similarly, 442 animals were culled at the REPBF, Loiliang, during 1984-85 to 1990-91 (Animals culled in the farm between 1981-82 and 1983-84 were not made available to Audit). Norms for culling of animals were not fixed by the Department (April 1991).

(e) Training

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 1983-84 to 1990-91 only 81 farmers received practical training for 7 days in the REPBF, Loiliang and only 16 farmers in the CEPBF, Karsingsa, upto 1985-86. Reasons for not imparting training after 1985-86 in Karsingsa farm were not stated.

(f) Animal Health

Health code of animals provides for routine screening of pigs for infectious diseases, viz., tuberculosis and brucellosis, to be undertaken regularly. But no diagnostic tests for infectious diseases were carried out in both the Karsingsa and Loiliang farms up to March 1990 though the Department had 13 and 9 veterinary dispensaries in lower Subansiri and in Lohit districts respectively and also Diagnostic laboratories

in all districts. Reasons for not carrying out such tests were not on record (April 1991).

However, during 1990-91 2960 cases of vaccination and 1,436 cases of deworming were done in the farms.

(g) Loss due to sale of piglets at lower prices

With effect from 1 May 1985, Government fixed selling prices of piglets and live pigs on the basis of their age and revised these prices with effect from 1 February 1987. The selling prices were as below :-

Age of Piglets/ pigs (month)	With effect from	
	1.5.85 (Rs.)	1.2.87 (Rs.)
2	300	-
3	450	480
4	550	580
5	650	732
6	750	884
	(Thereafter in- crease of Rs.200 for each month of age of animal)	(Thereafter increase of Rs.202 for each month of age of animal up to one year)

During May 1985 to March 1991, the farms sold 845 piglets (Karsingsa:499 Loiliang:346) of different ages at prices lower than those fixed by the Department. This resulted in loss of Rs.1.69 lakhs (Karsingsa:Rs.1.26 lakhs, Loiliang:Rs.0.43 lakh). The reasons given (April 1990) by the farms for selling the piglets at lower rates were :-

(i) Government agencies did not lift the piglets in time although they had booked in advance.

(ii) From the same mother (exotic or cross-breed) one or two piglets were always with stunted growth or other defects and these were sold at lower prices for the benefit of the State and to minimise the expenditure on feeding.

The reasons put forward by the farms were not tenable as the price list did not contain any relaxation for sale of piglets at lower rates.

(h) Supply of piglets

The main aim of the Scheme was to introduce improved exotic breeds of pigs by producing pedigree breeding stock in Government pig farms for supply to the interested breeders (within and outside the State) for improving their local stock. The farms sold 6,962 pigs during 1980-81 to 1990-91, but there was no follow up action after sale. The extent of qualitative improvement of the local stock had not also been assessed by the Department. The Department did not offer any comments in this regard (August 1990).

No ration schedule of boars, pregnant, nursing and empty sows as well as for young stock was prescribed by the Department to obtain optimum physical and genetic potential of the herd (April 1991).

3.2.7 Co-operative marketing

The National Commission on Agriculture, in its report of 1976, had stated that, due to lack of any organised channels for marketing, the pig farm 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 should be helped to organise themselves into co-operatives. But it was noticed (April 1991), that the Department did not organise any pig producers-cum-marketing co-operative societies. The Department stated (April 1991) that no breeders came forward for taking advantage of such help. However, the scheme was taken up from 1990-91. But no record showing organisation of co-operative societies were made available to Audit.

3.2.8 Other points of interest

(a) Stock of Pure breeds

According to the programmes, the REPBF, Loiliang was to maintain pure breed stock of Yorkshire and Hampshire pigs. It was noticed that during 1984-85 to 1988-89, the farm also maintained 143 cross-breed stock (local) alongwith the pure breed stock. The reason for deviation from the objective was not furnished. The Deputy Director stated (September 1990) that the Cross-breed stock (Local) was maintained according to verbal order of the authorities, but when found uneconomical it was discontinued. The retention of uneconomical animals without any approval from Government resulted in an unnecessary expenditure of Rs.0.72 lakh towards cost of feed alone.

(b) Purchase of defective boars

Two exotic Yorkshire boars were purchased in November 1989 at a cost of Rs.0.24 lakh for cross breeding purposes. The boars were first received in November 1989 by the CPBF, Karsingsa and then transported in December 1989 to the REPBF, Loiliang.

The Deputy Director, REPBF, Loiliang intimated (March 1990) the Director of Animal Husbandry and Veterinary, Nirjuli, that both the boars had physical defects and could not be used for cross breeding. There was nothing on record to show whether the animals were inspected before delivery was taken. No comments were offered regarding disposal of the boar.

As a result, the cost of the boars (Rs.0.24 lakh) and maintenance (Rs.0.05 lakh) thereof proved infructuous.

(c) Entertainment of excess staff resulting in higher maintenance expenditure

The REPBF was entertaining staff on the basis of 100 sow capacity since 1979-80. But on an average only 39 sows per year was in the farm during Sixth and Seventh Plan periods. Against the requirement of 12 pig attendants for 100 sows, the farm had employed the same number of attendant for 39 sows. Thus, 7 (seven) pig attendants (12-5) were employed in excess resulting in extra avoidable expenditure of Rs.3.44 lakhs during 1981-82 to 1990-91.

3.2.9 Monitoring and evaluation

No monitoring and evaluation of the scheme had been undertaken by the Department (April 1991). The Department in their reply (February 1991) accepted the facts, and stated that though there was no monitoring cell to evaluate the performance of the programme it was expected that some positive outcome would be there in 8th Plan.

The above points were referred to Government in November 1990; their reply had not been received (November 1991).

3.3 Unfruitful expenditure on establishing a breeding centre

For improved breeding of mithuns*, the North Eastern Council (NEC) sanctioned Rs.43.70 lakhs during 1986-87 to 1989-90 for establishment of a Breeding Farm at Sagalee. Out of the amount released the Director, Animal Husbandry and Veterinary spent Rs.36.74 lakhs till 1989-90 on establishing the farm.

The scheme provided for construction of functional and residential buildings, provision for fencing, electricity, water supply, approach roads, cost of 50 breedable mithuns heifer) and 3 bull-mithuns and extra staff.

It was noticed during test-check of the records of the Director of Animal Husbandry and Veterinary in November 1988, and from the information collected in June 1991 that though 84 per cent of fund released by the NEC had already been spent, only jungle clearance, fencing, laying of pipe lines for water supply and formation cutting of approach road work had been completed.

The Department stated in June 1991 that the scheme had not started functioning, as infrastructural facilities like buildings, water supply, electricity and road were yet to be completed. It was also stated that the Indian Council of Agricultural Research was contemplating to take over the land and other standing structure for setting up of a research centre on mithun; the final decision on which was also awaited (June 1991).

The matter was reported to Government in August 1991; their reply had not been received (November 1991).

* Cross-breed of cow and buffalo

Education Department

3.4 National Literacy Mission

3.4.1 Introduction

The National Adult Education Programme (NAEP) which had been in operation since October 1978 was successful to some extent in pooling resources with the purpose of progressing adult education. In practice there were several deficiencies/shortcomings like poor quality of training of functionaries, cumbersome procedure for involvement of voluntary agencies in the implementation of the programme, poor level of achievement in literacy, irregular participation of learners, considerable number of drop-outs etc. With a view to remedying these deficiencies and giving special emphasis on programme of literacy in the age group of 15-35, as well as ensuring that technological and pedagogical advances were brought to bear on adult education programme, a National Literacy Mission (NLM) was set up in June 1988.

The following projects/schemes were in operation in the State :-

- strengthening of Administrative structure;
- Rural Functional Literacy Programme (RFLP);
- Post Literacy and Follow up Programme (PLFP) through Jana Sikshan Nilayam (JSN);
- Mass Programme for Functional Literacy (MPFL)

3.4.2 Organisational Set up

The Director of Public Instructions (DPI) was in overall charge of implementation of the programme

Note : The abbreviations appearing in this Review are listed alphabetically and expanded in the glossary at Appendix V (Page 196-197)

assisted by a Joint Deputy Director (AE), Assistant Director (AE), Deputy Director (Training) of State Resource Centre and Inspector of Statistics.

3.4.3 Audit Coverage

Records of Directorate of Education, Itanagar, Deputy Director, State Resource Centre (SRC), Itanagar and Deputy Director of Public Instructions, Khonsa, Changlang and Pasighat for the period from 1985-86 to 1990-91, were test-checked during April 1990 to May 1991.

3.4.4 Highlights

- Out of Central assistance of Rs.162.53 lakhs received during 1985-86 to 1990-91 an expenditure of Rs.142.86 lakhs was incurred and Rs.19.67 lakhs remained unutilised. Besides, the State Government spent Rs.270.30 lakhs against budget provision of Rs.379.90 lakhs under SAEP upto 1990-91. Reasons for not spending full amount not specified.

(Paragraph 3.4.5)

- No post at the State and district levels for strengthening of Administrative structure were filled up according to the revised staffing pattern as of May 1991.

(Paragraph 3.4.6)

- Out of Central Assistance of Rs.127.21 lakhs received during 1985-86 to 1990-91 for RFL Programme, the Department had utilised only Rs.97.14 lakhs.

(Paragraph 3.4.7(i))

- Number of Adult Education Centres opened under RFLP and SAEP fell short of that sanctioned by 73 and 107 respectively. The percentage of women instructors ranged from 1.6 to 5 against the required 50 per cent.

(Paragraph 3.4.7(vii)(a))

- Average enrolment per centre ranged from 24 to 28 during 1985-86 to 1990-91 as against 30 fixed by Government of India.

(Paragraph 3.4.7(vii)(b))

- Under PLFP, only Rs.2.13 lakhs could be spent against central assistance of Rs.15.10 lakhs released during 1985-91.

(Paragraph 3.4.8)

- Out of Central assistance of Rs.22.49 lakhs received during 1988-89 and 1990-91 for functioning of JSNs, Rs.12.68 lakhs were spent.

(Paragraph 3.4.9)

- Mass programme for Functional Literacy was not implemented in the State till April 1991 because of non-selection of volunteers/learners from various institutions. An expenditure of Rs.0.92 lakh on the purchase of literacy kits proved unfruitful.

(Paragraph 3.4.10)

3.4.5 Financial outlay and expenditure

Funds in the shape of grants for implementing programme under NLM were provided to the State Government by Government of India. Grants were given on year to year basis. Budget provision and expenditure incurred on the programme during 1985-86 to 1990-91 were as under :-

Year	Budget Provision		Central assistance received	Expenditure		Savings under State Sector	Unspent Central assistance
	Central Sector	State Sector		Central Sector	State Sector		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1985-86	16.31	45.27	16.81	14.86	28.00	17.27	1.95
1986-87	18.13	48.43	18.63	17.29	33.69	14.74	1.34
1987-88	19.55	50.46	30.19	16.57	20.65	29.81	13.62
1988-89	43.87	70.00	30.02	34.62	70.00	-	40.60 (Excess)
1989-90	16.18	75.00	18.74	16.63	75.00	-	2.11
1990-91	<u>48.72</u>	<u>90.74</u>	<u>48.14</u>	<u>42.89</u>	<u>42.96</u>	<u>47.78</u>	<u>5.25</u>
	<u>162.76</u>	<u>379.90</u>	<u>162.53</u>	<u>142.86</u>	<u>270.30</u>	<u>109.60</u>	<u>19.67</u>

The reasons for savings of Rs.109.60 lakhs under State Sectors (SAEP) were not specified.

Reasons for non-utilisation of Central Assistance of Rs.19.67 lakhs at the end of 1990-91 were stated to be late receipt of grants from Government of India and non-revalidation of grants for the next financial year resulting in lapse of grants.

3.4.6 Strengthening of Administrative Structure

Under this programme, introduced in 1978-79, the State Government is given 100 per cent Central Grants for strengthening Administrative Structure for implementation of AEP. According to the revised staffing pattern introduced in April 1988 by Government of India, in Arunachal Pradesh, there should have been 18 posts under different categories in addition to existing 9 posts at State level and 5 posts under different categories at District level. No post under different categories were filled up at the State and District levels as of May 1991 according to the revised staffing pattern.

Reasons for non-filling up of posts at the State level and the District level were not specified.

During 1985-86 to 1990-91, out of total central assistance of Rs.22.00 lakhs, Rs.20.71 lakhs were spent under the programme, leaving an unspent balance of Rs.1.29 lakhs.

3.4.7 Rural Functional Literacy Programme (RFLP)

(i) The following table indicates the Central assistance received and expenditure incurred thereagainst under the programme for the years 1985-86 to 1990-91

Y e a r	Grants released by GOI	Grants utilised	Saving(-)
	(In lakhs.	of rupees)	
1985-86	13.68	12.73	(-) 0.95
1986-87	16.26	15.42	(-) 0.84
1987-88	15.33	12.95	(-) 2.38
1988-89	26.73	18.28	(-) 8.45
1989-90	23.57	11.36	(-)12.21
1990-91	<u>31.64</u>	<u>26.40</u>	(-) 5.24
Total :	<u>127.21</u>	<u>97.14</u>	

The savings during 1985-86 to 1990-91 were stated to be mainly due to late release/sanction of fund by Government of India/State Government.

(ii) The programme envisaged opening of 100 Adult Education Centres (AECs) in hilly areas under each project with an average of 30 adult learners in 15-35 age group per centre and conducting functional literacy classes in two phases (Phase I: 350 hours; Phase II: 150 hours) over a year. Each centre was to be manned by one instructor and provided with teaching/learning materials and other equipments while

the learners were to be provided with books, slates and pencils free of cost.

(iii) Establishment of RFLPs

Five RFLPs were functioning in the State till March 1985 covering 9 districts out of 11 districts. Three more projects with 100 centres each were sanctioned by Government of India in May 1985, and made operational by the State Government in 1985-86 thereby raising the total number of projects to 8. There were 11 SAEP in 11 districts, manned by 10 DAEOs and 1 Project Officer. Of 11 DAEOs/Project Officer 3 DAEOs and 1 PO were borne on the Central Sector, while the rest were borne on the State sector.

(iv) Survey/Action Plan

Detailed survey of villages in the project area was required to be made to prepare socio-economic and cultural profile of the population and to chalk out phased programmes to ensure total eradication of illiteracy by 1995. But neither any survey was done up to 1989-90 nor was any action plan prepared. However, the Department stated in May 1991 that survey work had since been taken up.

The scheme also envisaged organisation of social and cultural programmes and activities for promotion of mass mobilisation and creation of climate conducive to literary learning, but no such activities were organised by the Department. Out of Rs.4.08 lakhs provided for the programme for 3 districts Rs.1.14 lakhs were spent for purchase of teaching and learning materials which was not contemplated in the programme and for which separate fund was provided.

(v) Syllabus/Curriculum

NLM aims at not only wiping out illiteracy in the 15-35 age group in a phased manner but also to enable learners to (1) achieve self reliance in literacy

and numeracy, (2) become aware of their deprivation, (3) imbibe the values of national integration, women's equality, observance of small family norms etc.

It was observed in May 1991 that no syllabus/curriculum was formulated for the whole State except purchase of different sets of books and charts for primary level.

(vi) Target and achievement

The targeted enrolment of adult illiterates, vis a vis actual enrolment, together with the number of learners in 15-35 age group who successfully completed the course and number of drop-outs were as under :-

	REFP / SAEP					
	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(I n n u m b e r)					
1. Targeted enrolment of adult learners	65,600	77,500	60,000	64,000	71,200	36,500
2. Actual enrolment						
Male :	14,994	17,521	16,204	17,857	18,119	18,742
Female :	9,083	14,168	14,188	15,879	16,532	15,587
	<u>24,077</u>	<u>31,689</u>	<u>30,392</u>	<u>33,736</u>	<u>34,651</u>	<u>34,329</u>
3. Number of learners who successfully completed the course						
Male :	12,379	12,446	11,319	13,020	13,498	9,806
Female :	7,368	11,421	9,260	9,822	12,386	6,595
	<u>19,747</u>	<u>23,867</u>	<u>20,579</u>	<u>22,842</u>	<u>25,884</u>	<u>16,401</u>
4. Drop-outs	4,330	7,822	9,813	10,894	8,767	17,928

RFLP/SAEP

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
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(I n n u m b e r)

5. Percentage of actual enrolment over targeted enrolment	37	41	51	53	49	94
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Learners who completed the course successfully during 1985-86 to 1990-91 (1.29 lakhs) constituted 68 per cent of the total enrolment (1.89 lakhs).

The basis of calculation for fixing of targets could not be verified in the absence of detailed survey reports and projected illiterate population though the number of AECs was increased gradually to eradicate illiteracy.

(vii) Opening A. E. Centres

(a) Table below indicates the position of number of AECs sanctioned, opened, shortfall, etc. upto 1990-91 :-

	<u>RFLP</u> <u>1985-86</u> to <u>1990-91</u>	<u>SAEP</u> <u>1985-86</u> to <u>1990-91</u>
(i) No. of AECs sanctioned	791	831
(ii) No. of AECs opened	718	724

	RFLP 1985-86 to 1990-91	SAEP 1985-86 to 1990-91
(iii) Shortfall	73	107
(iv) Percentage of shortfall	9	13

Shortfall in the opening of centres was attributed to non-availability of instructors in remote areas.

Yearwise position of instructors under RFLP and SAEP together and percentage of women instructors are as follows :-

<u>Y e a r</u>	<u>Total number of instruc- tors</u>	<u>Number of women in- structors</u>	<u>Percentage of women in- structors</u>
1985-86	865	20	2.3
1986-87	1287	20	1.6
1987-88	1287	20	1.6
1988-89	1251	24	2.01
1989-90	1329	27	2.0
1990-91	1264	64	5.0

The percentage of women instructors ranged from 1.6 to 5 against 50 **per cent** fixed by Government of India, the reason for which was stated to be non-availability of local women instructors.

(b) Enrolment

Average enrolment per centre ranged from 24 to 28 during 1985-86 to 1990-91 against 30 fixed by Government of India.

In two projects (Pasighat and Changlang) test-checked, it was noticed that enrolment figures varied from month to month the reason for which was not stated.

(c) Attendance

Records relating centre-wise attendance of learners were not available in the Directorate of Education nor in the Project Officers test-checked. As such the number of centres run with less than 50 **per cent** attendance, 50 to 75 **per cent** attendance each year during 1985-86 to 1990-91 could not be ascertained.

(d) Though the standard forms for literacy certificates were circulated to DAEDs by the State Resource Centre for issuing certificates to learners who had completed the course to the end of March 1991, no record could be made available to Audit in support of issue of certificates as of May 1991.

(viii) Training of RFLP functionaries

The project officers were to be given orientation training by the State Resource Centre (SRC) for 21 days. It was noticed by Audit (May 1991) that SRC was established only in December 1989. During 1990-91 training programme was organised in West Siang (Along), Lohit (Tezu) and East Kameng (Seppa) districts. In remaining 8 districts no training programme was organised due to paucity of fund as pointed out by Deputy Director, SRC.

The number of supervisors/instructors trained during 1990-91 and the expenditure incurred on training was not available on record.

(ix) Supervision

During 1989-90, 36 supervisors and 32 Assistant District Education Officers (ADEO) were

jointly responsible for supervision of AECs. Of them, 31 supervisors/ADEOs supervised more than 20 AECs each per month and the remaining 37 supervised more than 10-20 AECs each per month against the norm of 8-10 AECs per month per supervisor.

3.4.8 Post literacy and follow up Programme(PLFP)

The programme intended to extend benefit of continued education to the neo-literates who had completed the basic course of 10 months' duration, to prevent them from relapsing into illiteracy. From 1987-88, the PLFP was proposed to be implemented through a new scheme of Jana Shikshan Nilayam (JSN) as conceived in the NLM.

For implementation of the scheme Government of India released grants of Rs.15.10 lakhs during 1985-86 to 1990-91. Of this, the State Government could utilise only Rs.2.13 lakhs for strengthening of existing mini libraries in 491 centres. The balance could not be utilised due to late receipt of grants and for want of revalidation in the next year.

Other activities such as, identification of neo-literates, their enrolment and opening of vocational schools as contemplated in the programme were not undertaken.

3.4.9 Jana Shikshan Nilayam (JSN)

NLM on post literacy and continuing education envisaged setting up of a JSN in a cluster of 4-5 villages (Population about 5000). The functions of a JSN included (1) evening classes for upgradation of literacy and numeracy skill for 3-4 hours once a week, (2) Library, (3) reading room with suitable newspaper, (4) charcha mandals, (5) sports and adventure activities.

(a) Opening of JSNs

Government of India sanctioned in March 1988, 135 JSNs, against which 67 JSNs were opened in 1988-89 and 68 JSNs in 1989-90, thereby delaying the opening of JSN by a year.

Before setting up of JSNs no survey was made to ascertain the number of neo-literates who had relapsed into illiteracy.

(b) Appointment of Preraks

Test-check in the districts (Tirap, Changlang and East Siang) revealed that Headmasters of Higher Secondary/Secondary/Middle Schools were asked by the DAEOs to open a Nilayam by selecting a trained teacher as Prerak. While the formal appointment letters appointing the school teachers as preraks were issued by two projects (Tirap and Changlang), the same was not done by Pasighat project.

(c) Training

Preraks were required to be given initial training for 21 days and thereafter for 10-11 days every year. It was, however, noticed that no training was arranged for the Preraks as of May 1991.

(d) Enrolment

No information about the number of beneficiaries enrolled in JSNs for post literacy and continuing education could be made available to Audit (May 1991).

(e) Activities of JSNs

Apart from holding evening classes for 3-4 hours once a week, the JSN was to undertake other activities such as running a library, charcha

mandal and sports activities. For conducting these activities Government of India sanctioned (March 1988) a grant of Rs.11.48 lakhs which was released by the State Government in February 1989 in favour of 11 DAEOs. Expenditure of Rs.10.97 lakhs incurred on purchase of books, sports items, and equipments could not be verified in audit in the absence of initial records which were not maintained by JSNs.

Grants of Rs.11.01 lakhs received in 1990-91 for running of JSNs were drawn in (March 1991) in A.C.Bills. Out of Rs.11.01 lakhs only Rs.1.71 lakhs were allotted to two districts of Khonsa (Rs.0.90 lakh) and Changlang (Rs.0.81 lakh). Balance amount was retained in hand as of May 1991.

(f) Issue of books, equipments, etc., to JSNs

According to the stock registers, equipment, Almirah, books, etc., were purchased only in March 1989 (In Tirap and Pasighat projects) and in July 1989 (In Changlang project) and were issued to JSNs during April 1989 to March 1990. As a result the JSNs could not function properly during 1988-89 for want of books and equipment.

3.4.10 Mass Programme for Functional Literacy (MPFL)

Government of India decided (March 1988) to introduce MPFL during 1988-89 through NSS volunteers, non-NSS students of Universities and Colleges and NCC. One student was expected to impart literacy to 2-3 illiterates without remuneration. Accordingly, Central grants of Rs.1.00 lakh was released (March 1988) to the State Resource Centre through the State Government for preparing literacy kits. The price of a kit was not to exceed Rs.20 in any case. The kits were to be ready by 15 April so as to make it available to the learners by 1 May 1988.

It was noticed that 7000 kits at the rate of Rs.13 each valued at Rs.0.92 lakh (including freight charges of Rs.0.01 lakh) were purchased in January 1990 from the SRC, Literary house, Lucknow and unspent balance of Rs.0.08 lakh was deposited in Government Account due to non-receipt of further demand from Districts (April 1991).

It was, however, noticed that MPFL was not implemented as of April 1991 due to non-selection of volunteers by the Programme Officer of the respective institutions. The purchase of literacy kits before selection of volunteers/learners did not add anything to the implementation of the programme. This rendered the expenditure of Rs.0.92 lakh unfruitful.

3.4.11 Monitoring and evaluation

No monitoring cell was created to watch the timely submission of periodical reports by the field workers (volunteers/preraks etc.).

As regards implementation of RFLP, Project Advisory Committee (PAC) and District Adult Education Board (DAEB) were required to be constituted for monitoring of the programmes. PAC was constituted in one of the 11 districts in May 1990 and 2 DAEBs, one each in West Siang and West Kameng districts during 1989-90. Only two meetings (one each in the district of West Siang and West Kameng) had been organised as of May 1991.

The above points were reported to Government in October 1990; their reply had not been received (November 1991).

Finance Department

3.5 Misappropriation, Losses, etc.

Twenty eight cases of misappropriation, defalcations, losses, etc. of Government money amounting to Rs.14.52 lakhs reported to Audit up to March 1991, on which final action was pending as at the end of July 1991 are as under :-

Particulars	Number	Amount (Rupees in lakhs)
(i) Cases awaiting criminal proceedings	2	2.65
(ii) Cases awaiting departmental/police action started but not finalised	21	7.96
(iii) Cases awaiting orders for recovery or write off	3	3.86
(iv) Cases awaiting recovery/information about recovery	1	0.02
(v) Cases in the court of law	<u>1</u>	<u>0.03</u>
Total :	<u>28</u>	<u>14.52</u>

Departmentwise analysis of outstanding cases in which final action was pending as at the end of August 1991 is given in **Appendix II**.

The matter was reported to Government in August 1991; their reply had not been received (November 1991).

Health and Family Welfare Department

3.6 Technology Mission on Immunization

3.6.1 Introduction

The Expanded Programme of Immunization (EPI) was initiated in 1978 with the object of reducing mortality and morbidity rates of infants and children in the wake of tetanus, diptheria, polio, whooping cough, childhood tuberculosis and measles. Universal Immunization Programme (UIP) was launched in 1985-86 for universal coverage of immunization of infants and pregnant women as well as to improve the quality of service already being rendered under EPI.

It was declared a Technology Mission in 1986 to provide a sense of urgency and commitment to achieve the goals within the specified period.

The Mission was divided into two parts viz., Part I - dealing with the implementation of the programme and Part II - dealing with Research and Development of Vaccine. **Inter alia**, it aims to reduce:-

- (a) neo-natal tetanus mortality rate to less than 1 per 1000 live births; and
- (b) Poliomyelitis incidence rates to less than 0.33 per 1000 children in the age group of 0-4 years.

It is a centrally sponsored scheme implemented in Arunachal Pradesh from 1986-87.

3.6.2 Organisational set-up

In the State the implementation of the programme is entrusted to the Directorate of Health Services. The Deputy Director of Health Services (Family Welfare) is in overall control of the programme. The

District Medical Officers co-ordinate the programme at the field level assisted by Para Medical Assistants/Health Inspectors of Expanded Programme on Immunization.

3.6.3 Audit coverage

The records relating to the implementation of the programme for the period 1986-87 to 1990-91 were test-checked in the Office of the Deputy Director of Health Services (Family Welfare), Naharlagun and in the Offices of District Medical Officers at Along, Pasighat and Ziro during April-June 1991.

3.6.4 Highlights

- Against Rs.27.49 lakhs released by Government of India during 1986-87 to 1990-91, Rs.21.01 lakhs were spent leaving an unspent balance of Rs.6.48 lakhs.

(Paragraph 3.6.5)

- No annual action plan was drawn up for PHC/District/State levels as envisaged under the programme except for the year 1988-89.

(Paragraph 3.6.6)

- Shortfall in immunization coverage was the highest in the case of Tetanus (Pregnant Women), and lowest in the case of BCG (Tuberculosis).

(Paragraph 3.6.7(a))

Note : The abbreviations contained in this Review are listed alphabetically and expanded in Glossary at Appendix V (page 196-197).

- Maintenance of the cold chain system suffered due to short supply of equipment, defective equipment and irregular supply of electricity.

(Paragraph 3.6.8(a))

- Vehicle received for UIP were utilised for other purposes also.

(Paragraph 3.6.8(b))

- Surveillance was inadequate,

(Paragraph 3.6.9)

- No effective monitoring and supervision was done.

(Paragraph 3.6.11)

- Urban immunization programme was not implemented in the State.

(Paragraph 3.6.12)

- No directory of voluntary organisation had been prepared as of June 1991.

(Paragraph 3.6.13)

- No evaluation was done to assess the impact of the implementation of the programme.

(Paragraph 3.6.14)

3.6.5 Finance

The programme was entirely financed by Government of India. Yearwise amount allocated and released and amount spent by the State during 1986-87 to 1990-91 are indicated as below :-

Year	Amount allocated	Amount released	Amount spent	Excess(+) Savings(-)
	(In	lakhs	of	rupees)
1986-87	1.48	0.18*	0.57	(+) 0.39
1987-88	2.85	1.53	0.90	(-) 0.63
1988-89	8.99	4.47*	3.44	(-) 1.03
1989-90	22.23	11.13	9.04	(-) 2.09
1990-91	<u>10.18</u>	<u>10.18</u>	<u>7.06</u>	<u>(-) 3.12</u>
Total :	<u>45.73</u>	<u>27.49</u>	<u>21.01</u>	<u>(-) 6.48</u>

The reasons for saving of Rs.6.48 lakhs were not on record.

Funds are released by Government of India on the basis of quarterly statements of expenditure furnished by the State Government. It was, however, seen that the submission of the expenditure statements was not regular.

The expenditure incurred during 1986-87 and 1987-88 were not reported by the State Government to the Ministry of Health and Family Welfare and that for the year 1988-89 the expenditure was Rs.3.44 lakhs against the reported amount of Rs.5.34 lakhs. The reasons for variations between the expenditure reflected in accounts and those reported could not be explained by the Department.

3.6.6 Physical performance

The programme provides for preparation of Annual Action Plans at PHC, District and State levels. No Action Plans at any level were prepared except for the year 1988-89. Reasons for non-preparation of Action Plan for other years were not stated.

* During 1986-87 and 1988-89 the State Government accounted for Rs.0.18 lakh and Rs.4.47 lakhs respectively against Rs.NIL and Rs.8.47 lakhs stated to have been released by GOI. The variations between the two sets of figures could not be explained by the Department.

Yearwise targets for selection of districts to be covered under UIP and the number of districts selected were as under :-

Y e a r	Targeted districts for selection	Total No.of districts selected
	(In	number)
1986-87	10	1
1987-88	9	1
1988-89	8	2
1989-90	6	<u>6</u>
		<u>10</u>

3.6.7 Provisions of Services

(a) On the basis of the population formula, Government of India fixed the immunization target at 100 **per cent** in the case of pregnant women and 85 **per cent** in the case of infants.

The districtwise number of pregnant women and infants for the year 1986-87 to 1990-91 was not made available by the Department. As such, it could not be ascertained whether the target fixed in different years covered the required percentage of pregnant women/infants.

The following table indicates the year-wise targets fixed for vaccination in respect of pregnant women and infants, achievements and percentage of shortfall :-

Year	T.T.(PW)			D.P.T.			Polio			Measles			BCG		
	Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall
	(In number)			(In number)			(In number)			(In number)			(In number)		
1986-87	4,000	999	78	3,000	1,001	67	3,000	1,317	56	3,000	1,780	41	3,000	2,504	17
1987-88	10,000	2,866	73	7,000	4,975	29	7,000	4,178	40	7,000	2,130	70	7,000	5,739	18
1988-89	11,000	5,160	53	10,500	7,578	28	10,500	7,764	26	8,000	4,162	48	10,500	8,821	16
1989-90	25,800	9,349	64	19,600	14,317	27	19,600	14,444	26	19,600	9,381	52	19,600	18,679	5
1990-91	25,600	9,984	61	23,155	15,214	34	23,155	15,316	34	23,155	9,431	59	23,155	17,592	24

The shortfalls were attributed mainly to :-

(i) Vaccination sessions were not continuous in upper belt of the State due to heavy monsoon and

(ii) Communication difficulties

(b) Drop outs

No records of the infants and pregnant women who received full doses of vaccination (DPT, Polio, TT) from 1986-87 to 1990-91 indicating the drop out cases were kept either at the State or at district level. The State Government did not conduct any periodical survey to identify drop out cases. However, based on the information available about completion of different doses by the infants and pregnant women, the drop out cases were worked out as shown below :-

Year	T.T.(P.W)(Doses)				D.P.T.(Doses)				Polio (Doses)			
	1st	2nd	Booster	Percentage of drop-outs	1st	2nd	3rd	Percentage of drop-outs	1st	2nd	3rd	Percentage of drop-outs
1986-87	1,462	872	127	91	2,523	1,945	1,068	57	2,288	1,500	720	69
1987-88	3,551	2,534	332	91	6,566	5,404	4,975	24	5,835	4,951	4,178	28
1988-89	5,876	4,449	773	87	10,162	8,582	7,740	24	10,403	8,650	7,764	25
1989-90	10,084	7,642	1,707	83	18,956	16,260	14,317	24	19,112	16,588	14,444	24
1990-91	10,053	7,796	2,188	78	18,714	16,245	15,214	19	18,771	16,431	15,316	18

Reasons for drop-outs were not on record.

(c) The programme envisaged that field survey was to be conducted to ascertain the number of infants immunized and also to verify the performance reported by health centres.

There was nothing on record as to whether any field survey was ever conducted.

3.6.8 Provision of infrastructure

(a) Cold chain

Cold chain is the system of transporting and storing vaccines at recommended temperature from the manufacturer to the point of use.

The Cold chain equipment supplied by Government of India were as follows :-

	No. of Cold chain equipment to be allocated	No. allocated	No. supplied	Short supplied
Ice-lined Refrigerator (ILR)	21	21	20	1
Deep freezer	48	48	47	1
Vaccine carrier	203	203	178	25
Voltage Stabiliser	69	69	55	14
Day carrier	91	91	91	Nil
Cold box	42	42	12	30

The requirement of the equipment is determined by Government of India and supplied directly to the districts. The reasons for

short supply of cold chain equipment with reference to the requirement were not available on record.

It was noticed that out of the equipment supplied to different districts, 54 Vaccine carriers, 16 voltage stabilisers and 14 Day carriers were not in working condition.

Government of India sanctioned (1986-87) one post of Cold Chain Officer at the State level and one mechanic each for all the district but the State Government had not created any of these posts as of June 1991.

It was also observed in audit that maintenance of cold chain suffered badly due to erratic supply of electricity in the State. However, no alternative arrangement was made to maintain the cold chain.

(b) Vehicles

Vehicles were to be provided for transporting vaccines and increasing the mobility of staff for outreach operations and supervisory visits.

One van and one jeep were supplied for each district by **UNICEF**.

Test-check of selected districts revealed that vehicles were put to use for purposes other than those covered by the programme. Details of such use of vehicles are given below :-

District	No. of Vehicles	Period of utilisation	No. of days for which these were utilised for other purposes
East Siang District, Pasighat	1	12.03.90 to 31.03.91	77

District	No. of Vehicles	Period of utilisation	No. of days for which these were utilised for other purposes
Lower Subansiri District, Ziro.	1	09.09.87 to 31.03.91	188
West Siang District, Along.	1	21.09.88 to 31.03.91	73

No reason could be furnished by the Department (June 1991) for utilisation of these vehicles for purpose other than those covered by the programme.

(c) Vaccines and other supplies

The position of receipts, utilisation, and wastage of vaccines during the years 1986-87 to 1987-88 could not be made available to Audit. However, the position for the years 1988-89 to 1990-91 are shown below :-

Year	Name of Vaccine	Opening balance	Vaccines received	Consumption			Closing Balance	
				allo- tted by GOI	by State Govern- ment	Vacchi- nes issued/ to PHCs/ sub- centres		Utili- zation (Percen- tage in bracket)
(In doses)								
1988-89	TT	36,880	83,000	83,000	64,040	39,422	24,618(38)	55,840
	DPT	29,360	90,000	90,000	71,330	51,131	20,199(28)	48,030
	Polio	34,320	70,000	1,02,680	68,240	51,836	16,404(24)	68,760
	Measles	8,190	36,000	24,680	11,160	6,602	4,558(41)	21,710
	DT	1,680	49,000	47,000	32,380	26,257	6,123(19)	16,300

Year	Name of Vaccine	Opening Balance (In doses)	Vaccines allotted by GOI	Vaccines received by State Government	Consumption			Closing balance
					vaccines issued to PHCs/sub-centres	Utilisation	Wastage (Percentage in bracket)	
1989-90	TT	55,840	1,40,000	1,40,000	78,500	46,340	32,160(41)	1,17,340
	DPT	48,030	1,15,000	1,15,000	84,690	56,847	27,843(33)	78,340
	Polio	68,760	1,28,000	1,20,000	1,26,520	57,990	68,530(54)	70,240
	Measles	21,710	30,000	30,000	23,070	9,688	13,332(58)	28,640
	DT	16,300	38,000	38,000	39,040	26,997	12,043(31)	15,260
1990-91	TT	1,17,340	80,000	80,000	1,26,690	50,779	75,911(60)	70,650
	DPT	78,340	60,000	60,000	1,19,860	56,420	63,440(53)	18,480
	Polio	70,240	60,000	61,000	1,12,020	56,968	55,052(49)	19,220
	Measles	28,640	15,000	15,000	31,680	9,539	22,141(70)	11,960
	DT	15,260	52,000	45,000	37,980	24,202	13,778(36)	22,280

The wastage for TT/DPT vaccines during 1988-89 and that for measles and all other vaccines exceeded the prescribed norm of 25/50 **per cent**; reasons for which could not be explained by the Department.

3.6.9 Surveillance

The programme envisaged that a Sentinel Surveillance system was to be developed to obtain reliable and extensive disease information and for this purpose, a hospital, health centre, laboratory or rehabilitation centres were to be declared as sentinel centres. The National Institute of Communicable Disease (NICD) is to select the sentinel centres and the State Government is to identify centres other than those selected by the NICD.

Though the NICD had not selected any centre, the State Government had declared Pasighat General Hospital (East Siang District) and Naharlagun General Hospital (Lower Subansiri District) as sentinel centres. However, cases of vaccine preventable diseases attended to by those centres were not on record.

The epidemiological evaluation was another survey prescribed by Government of India to study the occurrence of any of the vaccine preventable diseases in the form of epidemic. This survey was also not done in any of the districts. The Department surveys were not done.

No survey/review was done to evaluate the impact of immunization on reduction of neo-natal tetanus mortality rates and poliomyelitis rate.

3.6.10 Information, Education and Communication (IEC)

During 1989-90, the GOI released a sum of Rs.75,000 for activities on Information, Education and Communication against which Rs.76,628 were spent for preparation of hoarding and floders. There was, however, no record to show that the hoardings were displayed at public places and that the floders were actually distributed to the public.

No separate IEC wing was created at the district level to look after the work of immunization.

Ten cassettes were supplied by the UNICEF in January 1990 of which 3 were distributed to East Siang, Lohit and Lower Subansiri districts during April 1991 and one was being utilised at the State Headquarter. The balance 6 cassettes remained undistributed.

3.6.11 Monitoring and supervision

The programme envisaged establishment of Committees at various levels (Field/District/State) for overseeing implementation of the programme. However, no such committee had been set up at any level as of June 1991.

The programme is required to be regularly

monitored by the officials at the State, District and PHCs levels. Supervisory visits to the fields are required to be preformed by the State EPI Officers, District and PHCs level officers.

The Department stated in June 1991 that the State EPI officers performed the supervisory works at various levels, but no report of such visits could be made available to Audit.

3.6.12 Urban Immunization

Government of India had directed in November 1987 to establish a co-ordination committee at the State level to oversee the implementation of the programme in urban areas. No such committee had been formed by the State Government as of June 1991.

Government of India was informed by State Government in June 1991 that Urban immunization programme was not taken up in the State as the population of the towns was not significantly large.

3.6.13 Role of voluntary organisations

Government of India directed the State in December 1987 to prepare a directory of voluntary organisations in each district that could be involved in the UIP. But no directory of voluntary organisations had been prepared by the State Government as of June 1991. It was stated that except Ramakrishna Mission Hospital at Itanagar, no other organisation was ready to take part in the immunization programme. No records relating to vaccine issued and their utilisation by the hospital by organising immunization sessions could be made available to Audit and as such the performance of the Organisation could not be ascertained.

3.6.14 Evaluation

No evaluation of the programme had been

done by the State Government as of June 1991. However, it was stated by the Department that a survey was conducted in the year 1987-88 by a team deputed by the Ministry of Health and Family Welfare, but no report on that survey had been received.

The above mentioned points were reported to Government in July 1991; their reply had not been received (November 1991).

INFORMATION, PUBLIC RELATIONS AND TOURISM DEPARTMENT

3.7 Development of Tourism

3.7.1 Tourism in the State is viewed as an industry as in other parts of the country. There is vast potential for development of tourism in the State. Tourism plays an important role to strengthen the State's revenue earnings besides generation of employment opportunities to the local educated youth.

The scheme was conceived in the State in 1973-74 and tourism activities began in 1978 with the construction of a tourist lodge at Bomdila. Gradually other activities like construction of more tourist lodges in and around tourist spots, restaurants on major roads to cater to the need of the tourists, etc., were introduced up to the Sixth Plan period. There was no significant development up to 1983-84 in tourism activities. The infrastructural facilities for development of tourism in real sense were started during Seventh Plan period (1985-90) with the objective (i) to increase tourist accommodation substantially (ii) to preserve the environment and to encourage the local culture and ethos of tourist locations (iii) to maximise the return from investments and to obtain

Note : The abbreviations appearing in this Review are listed alphabetically and expanded in the glossary at Appendix V (Page 196-197).

optimum results from available resources and (iv) to provide maximum facilities to attract tourists in the State.

3.7.2 Organisational set-up

The Director, Information, Public Relations and Tourism is responsible for overall implementation of the scheme. The Assistant Director, Information and Public Relations and Tourism functions as the nodal officer. At the district level the District Information and Public Relations Officers are responsible for co-ordinating and monitoring the scheme including supervision of tourist lodges and tourist transport services. The liaison Offices at Delhi, Guwahati, Shillong, Lilabari, Mohanbari and Tezpur serve as tourist information-cum-liaison centres.

3.7.3 Audit Coverage

The records of the Director, Information, Public Relations and Tourism and tourist lodges at Bomdila, Miao, Tawang, Gangalake and Parasuramkund covering the period from 1985-86 to 1990-91 were test-checked in April-May 1991.

3.7.4 Highlights

- During 1985-86 to 1990-91 the Department spent Rs.123.56 lakhs against the budget provision of Rs.129.26 lakhs. Rs.17.69 lakhs were also spent against Central assistance of Rs.18.00 lakhs for construction of tourist lodges at Tawang and Parasuramkund and beautification of Gangalake.

(Paragraph 3.7.5)

- Due to delay in take-over of the tourist lodge at Tezu and its non-maintenance, the expenditure on the construction of the lodge was rendered unremunerative.

(Paragraph 3.7.9(ii))

- Due to frequent changes in decision, the estimated cost of construction of tourist lodge at Tawang had gone up from Rs.9.54 lakhs in 1984 to Rs.50.47 lakhs in 1988.

(Paragraph 3.7.9 (iii))

- The construction of tourist complex at Parasuramkund had not been started as of May 1991 although Rs.6 lakhs had been released by Government of India in July 1988 for the purpose.

(Paragraph 3.7.9 (v))

- The construction of tourist lodge at Ziro sanctioned in February 1991, could not be started due to non-acquisition of land.

(Paragraph 3.7.9(vi))

- Compared to the revenue expenditure of Rs.1.59 lakhs incurred for operating minibus from Banderdewa to Ganga lake, only Rs.0.01 lakh were earned during August 1988 to March 1991.

(Paragraph 3.7.10(ii))

- A bus service in Tezpur-Bomdila-Tawang route earned revenue of Rs.1.07 lakhs against the running expenses of Rs.2.15 lakhs.

(Paragraph 3.7.10 (iii)).

- Motor boat costing Rs.0.71 lakh purchased for Parasuramkund remained idle due to turbulent current of water.

(Paragraph 3.7.10(iv))

3.7.5 Finance

During 1985-86 to 1990-91, the budget provisions and expenditure under State Plan Scheme were as under :-

<u>Y e a r</u>	<u>Budget provision</u>	<u>Expenditure</u>	<u>Savings (-), Excess (+)</u>
	(Rupees	in lakhs)	
1985-86	19.24	17.68	(-) 1.56
1986-87	19.63	19.40	(-) 0.23
1987-88	16.32	17.04	(+) 0.72
1988-89	16.10	16.08	(-) 0.02
1989-90	31.61	28.42	(-) 3.19
1990-91	<u>26.36</u>	<u>24.94</u>	<u>(-) 1.42</u>
Total	<u>129.26</u>	<u>123.56</u>	<u>(-) 5.70</u>

Reasons for total saving of Rs.5.70 lakhs were not on record (May 1991).

During 1988-89 to 1990-91, Government of India also released Rs.18.00 lakhs for construction of Tourist lodges at Tawang and Parasuramkund and beautification of Ganga lake against which the expenditure of Rs.17.69 lakhs was incurred.

3.7.6 Identification of Tourist Centres

Twelve tourist centres at Bhisimknagar, Bomdila, Dirang, Gangalake, Itanagar, Malinithan, Namdapha, Parasuramkund, Sela, Tawang, Tipti and Ziro which have historical importance and are famous for natural beauty had been identified as of May 1991 by the Department for development of Tourist Spots/Centres.

Out of 12 tourist centres so identified the Department had taken up construction of tourist lodges at 5 places viz, Bomdila, Miao, Parasuramkund, Tawang and Tezu during 1975 to 1990-91 of which tourist lodges at Bomdila, Tezu and Miao had been completed. The remaining 2 tourist lodges at Tawang and Parasuramkund were under construction (May 1991).

3.7.7 Tourist arrival statistics

Government of India, Ministry of Tourism emphasised, in December 1986, the need for collection of the statistics of tourists arrival in the State on a regular basis as the availability of reliable statistics is a primary requisite for development of tourism infrastructure in the country. The first target on the tourists arrival for the month of January and February 1987 was sent to Government of India in April 1987. But no report prior to January 1987 was sent to the Government of India though tourists lodges were functioning at Bomdila and Tezu from 1978 and 1984 respectively.

Government of India, in October 1989, instructed the State Government to send report on tourists arrival after taking into account the tourists residing in inspection bungalows, circuit houses, dak bungalows and hotels. But no such report had been sent as of May 1991.

3.7.8 Physical targets and achievement

The table below shows the targets and achievement in infrastructural facilities during the period from 1985-86 to 1990-91.

	<u>Target</u>	<u>Achievement</u>	<u>Shortfall</u>
1. Creation of posts (in number of posts)	32	13	19
2. Vehicles (in number)	4	3	1
3. Motor boats (in number)	2	2	-
4. Beautification of tourist centres (in number)	2	-	2
5. Tourist lodges (in number)	5	3	2

Out of 32 posts of Group C and D targeted to be created, only 13 posts were created and filled up during 1985-86 to 1989-90. One vehicle was not purchased and 2 tourist lodges at Tawang, Parasuramkund were still under construction and beautification of two tourist centres was not completed for want of funds.

3.7.9 Tourist Lodges

3.7.9(i) Tourist lodge at Bomdila

The 16 bedded tourist lodge at Bomdila taken up for construction in 1975 was completed in 1978 at a total cost of Rs.6.46 lakhs.

It was observed that the bed/room rent per day was revised by Government from October 1989 as follows:-

<u>Old rates</u>	<u>New rates</u>
Rs.20 per bed	Rs.45 per bed
Rs.25 per bed	Rs.50 per bed
Rs.35 per room	Rs.85 per room
Rs.45 per room	Rs.95 per room

However, during the period from 1st November 1989 to 31st March 1989 the rent was recovered at the old rates resulting in less realisation of rent amounting to Rs.48,320. The Department stated in May 1991 that realisation of rent at old rates was due to wrong interpretation of the contents of Government order of October 1989.

(ii) Tourist lodge, Tezu

The tourist lodge at Tezu with 16 beds was taken up for construction in 1982 by the Public Works Department and was completed in December 1983. But the lodge was taken over by Tourism Department only in October 1985. The estimated cost and actual expenditure of the work was not made available by the Department.

The delay in taking over the lodge by about 2 years was mainly due to non-appointment of staff for running the lodge. The Director of Information, Public Relation and Tourism in his inspection report

of March 1985 to the Secretary, Information, Public Relations and Tourism, reported that the lodge was under occupation by the Public Works Department as office of the Assistant Engineer and the teachers of Central School. The Deputy Commissioner intimated in December 1989 to the Secretary, Information, Public Relations and Tourism that there had been no maintenance of the lodge since its take over by the Tourism Development as a result of which the condition of the lodge deteriorated badly and 3 rooms (6 beds) had become totally unfit for use. The non-maintenance of the lodge was stated to be due to non-availability of fund. The reason assigned is not tenable as there was saving in each year during 1985-86 to 1990-91.

The delay in taking over the lodge and its non-maintenance rendered the expenditure on the construction of the lodge unremunerative.

(iii) Tourist lodge, Tawang

To attract more tourists, Government decided in 1984-85 to construct a tourist lodge at Tawang which is famous for its fascinating Buddhist monastery. In October 1984, it was decided to construct a 50-60 bedded lodge instead of 20 bedded one. Again in December 1984, Government reverted to their original decision to construct a 20 bedded lodge. An estimate for Rs.9.54 lakhs was approved in March 1985 and Rs. 2 lakhs were allotted for the work in 1984-85. The work was not taken up in 1984-85, reason for which was not on record (May 1991). Thereafter, in July 1987, Government decided to construct a 20 - bedded lodge-cum-cultural complex with Central assistance and an estimate for Rs.98.32 lakhs was prepared and sent to Government of India in July 1987 for approval. The estimate was not approved by Government of India due to defective preparation of estimate. The estimate was however, revised to Rs.80.47 lakhs. In April 1988, Government of India decided to take up the project in two phases. The construction of

tourist lodge was to be taken up in first phase. In May 1988, Government of India sanctioned Rs.21.09 lakhs for the construction of the lodge against the estimated cost of Rs.30.88 lakhs and released Rs.7.00 lakhs as first instalment. After receipt of the first instalment, Government again revised the estimate of the work to Rs.50.47 lakhs which was, however, not sanctioned by Government of India (April 1991).

Thus, the construction of the lodge, which was yet to be completed, was already delayed by more than 5 years due to repeated change in the decision of Government.

(iv) Tourist lodge, Miao

Tourist lodge at Miao was constructed at a cost of Rs.12.96 lakhs in 1978. During September 1987 to March 1991, Rs.0.52 lakh were realised from the tourists as rent. It was noticed that in addition to lodge rent of Rs.0.52 lakh, Rs.1.30 lakhs were collected during September 1989 to April 1991, from the tourist bus service of Miao. Against the total revenue of Rs.1.82 lakhs, only Rs.1.78 lakhs were deposited into Government account as of April 1991. The balance amount of Rs.0.04 lakh had not been deposited as of May 1991.

(v) Tourist Complex, Parasuramkund

Parasuramkund is an attractive place of pilgrimage. About 20,000 to 25,000 pilgrims visit this place during Makar Sankranti each year to have a holy dip in the kund. To make the place more attractive for tourists, it was planned to construct a tourist lodge and 8 cottages with Central assistance. Accordingly, an estimate for Rs.15.48 lakhs was sent to Government of India in July 1987. Government of India approved the estimate for Rs.12.65 lakhs in July 1988 and sanctioned Rs.6 lakhs, and asked the State Government to contribute its share of fund for land, site development, water supply, electricity, approach road, compound wall, fencing, etc. The State Government entrusted

(March 1989) the work to the Rural Works Department (RWD). Against the first instalment of Rs.6 lakhs released by Government of India, an expenditure of Rs.5.69 lakhs was incurred by the RWD for purchase of materials like steel structure, angle posts, paints, etc. In the original sanctioned estimate provision of wooden structure was made, but due to purchase of steel structure the cost of the project went up by Rs.3.50 lakhs. No fund was released by the State Government as its matching share. The 2nd instalment of fund was also not released by Government of India as of May 1991 as the Department did not submit the progress report of the work for the quarter ending December 1990. As no fund was released either by Government of India or by the State Government during 1989-90 and 1990-91, there was no progress in the work.

(vi) Tourist lodge, Ziro

For construction of a 16 bedded Tourist lodge at Ziro, an estimate for Rs.37.98 lakhs was sent to Government of India in May 1988. Government of India suggested (November 1988) certain modification in the estimate. The State Government in June 1989 sent a revised estimate for construction of a 12 room-lodge at an estimated cost of Rs.55.45 lakhs. The State Government again revised the estimate to Rs.49 lakhs for construction of a 8 room-lodge and sent it to Government of India in June 1989. [The Government of India did not approve the estimate, reason for which was not on record (May 1991).

In February 1991, the State Government approved the estimate for Rs.55.45 lakhs and accorded administrative approval and allotted Rs.9.94 lakhs to the Public Works Department for the year 1990-91. The fund so released could not be utilised by the Public Works Department during 1990-91 reportedly due to late receipt of sanction.

It was also noticed that land for the lodge had not been acquired by the Deputy Commissioner, Ziro as of March 1991. Thus, due to lack of proper initiative and failure to take timely action, the construction of the lodge had not been taken up as of 1990-91.

(vii) Realisation of rent from Tourist Lodges

The position of total rent realised from Government Tourist Lodges and the expenditure incurred on their maintenance is as under :-

<u>Name of Government Tourist Lodge</u>	<u>Y e a r</u>	<u>Rent realised</u>	<u>Expenditure, incurred</u>
		(in lakhs of rupees)	
Bomdila	upto 1985-86	2.82	0.07
	1986-87	0.37	0.04
	1987-88	0.76	0.07
	1988-89	0.57	0.08
	1989-90	0.89	0.08
	1990-91	1.13	0.51
		<u>6.54</u>	<u>0.85</u>
Tezu	upto 1985-86	0.18	0.02
	1986-87	0.28	0.02
	1987-88	0.51	0.06
	1988-89	0.38	Nil
	1989-90	0.39	0.81
	1990-91	0.38	0.30
		<u>2.12</u>	<u>1.21</u>
Miao	upto 1987-88	0.02	0.02
	1988-89	0.09	0.08
	1989-90	0.08	0.37
	1990-91	0.33	0.10
		<u>0.52</u>	<u>0.57</u>

3.7.10 Tourist transport service

(i) Tourist bus, Miao

A deluxe tourist bus was purchased in April 1987 at a cost of Rs.3.98 lakhs for operation in the Margherita-Miao Tourist Circuit. The bus was brought to Itanagar on 13th April 1987 from Calcutta and was sent to Miao only on 24th December 1987. Delay in sending the bus to Miao was due to delayed appointment of a driver. The bus remained idle till August 1988 due to delay in receipt of inter-state permit from the Government of Assam for its operation from Margherita, which is in Assam. Thus, after purchase of the bus it remained idle for 16 months from May 1987 to August 1988. Reason for delay in obtaining permit from the Government of Assam was not stated (May 1991).

(ii) Tourist mini bus, Ganga lake

One tourist mini bus was purchased in March 1982 at a cost of Rs.1.86 lakhs to cater to the needs of tourists. The bus was at Bomdila upto September 1987 for plying in Tezpur-Bomdila-Tawang route. Thereafter in October 1987 it was brought to Naharlagun for plying from Banderdewa to Ganga lake for tourists visiting Ganga lake. The bus was in the garage upto July 1988. From August 1988 the vehicle plied between Banderdewa and Ganga lake. During the period from August 1988 to March 1991, Rs.1.59 lakhs (including pay and allowances of driver and conductor) were spent for running the service against which revenue earned was only Rs.1,377. Reasons for such poor revenue from the bus service were not analysed.

(iii) Tourist bus, Bomdila

One deluxe tourist bus was purchased in September 1987 at a cost of Rs.4.03 lakhs for plying in the Tezpur-Bomdila-Tawang route. During October 1987 to March 1991, Rs.2.15 lakhs were spent for

running of the bus (including pay and allowances of a driver and a conductor) but the revenue earned during that period was only Rs.1.07 lakhs.

During the period from 9th May 1988 to 27th June 1990 the bus was on conducted tour/picnic/cultural tours on 4 occasions in different places within the State. But the records showing revenue collection from such tours and deposit thereof to Government account were not available (May 1991).

On 19th and 22nd January 1988, Rs.1893 collected as fare from the passengers of the bus was not deposited into Government account.

(iv) Unnecessary purchase of a boat

In August 1989 an engine-operated motor boat was purchased for Rs.0.71 lakh for tourists visiting Parasuramkund out of fund provided by Government of India. But the boat could not be used there due to turbulent current of the water in the Kund. In July 1990, the boat was taken to Ganga lake and was lying idle there (May 1991). The Department did not ascertain the feasibility of its operation in the Kund before purchase.

3.7.11 Evaluation

Government of India, Ministry of Tourism, in April 1990, informed the Director of Information, Public Relation and Tourism that the Indian Society of Sample Survey Practitioners, Delhi had been appointed to conduct a study on capital investment on Tourism during 6th and 7th Five Year Plan periods by the Central and State Governments and requested for information on capital investment on tourism in the State by the Central and State Governments. The information, though required to be submitted by 10 June 1990, had not been submitted as of May 1991.

The above points were reported to Government in June 1991; their reply had not been received (November 1991).

RURAL DEVELOPMENT DEPARTMENT

3.8 Rural Landless Employment Guarantee Programme

3.8.1 Introduction

The Rural Landless Employment Guarantee Programme (RLEGP), a Central Sector Scheme fully financed by Government of India (GOI), was introduced in August 1983. The objectives of the programme were as under :-

- (i) To provide a guarantee of employment to atleast one member of every rural landless household up to 100 days in a year,
- (ii) to create productive and durable assets for strengthening rural economic and social infrastructure for rapid growth of rural economy and
- (iii) to improve the overall quality of life in the rural areas.

The objectives were sought to be achieved mainly by taking up construction of rural link roads, primary schools, houses for scheduled castes and scheduled tribes, sanitary latrines, creation of social forestry, soil and water conservation and minor irrigation works.

3.8.2 Organisational set-up

At the State level the programme was implemented by Rural Development Department through the Director. At the district level, it was implemented by the District Rural Development Agencies (DRDA) and the Block Development Officers (BDOs). The Social

Note : The abbreviations appearing in this Review are listed alphabetically and expanded in the glossary at **Appendix V** (Page 196-197).

forestry schemes were implemented partly through Forest Department.

3.8.3 Audit Coverage

The records relating to the implementation of the programme for the period 1985-86 to 1989-90 were test-checked during February-May 1989 to April-May 1991 in the offices of the Director of the Rural Development and 5 District Rural Development Officers at East Siang, West Siang, Tirap, Changlang and Lohit.

3.8.4 Highlights

- Out of Rs.121.38 lakhs released by Government of India during 1984-85 to 1988-89, the expenditure was Rs.101.12 lakhs.

(Paragraph 3.8.5)

- Expenditure of Rs.5.12 lakhs on the construction of a rural link road left incomplete proved wasteful.

(Paragraph 3.8.7 (ii))

- Out of the earmarked allotment of Rs.27.65 lakhs for social forestry, an amount of Rs.16.79 lakhs was diverted to other projects.

(Paragraph 3.8.7(iv))

- Extra expenditure of Rs.2.27 lakhs was incurred in construction of low cost sanitary latrines.

(Paragraph 3.8.7(v))

- Unauthorised expenditure of Rs.0.17 lakh was incurred on construction of a hostel building.

(Paragraph 3.8.7(vii))

Out of 196 projects/works taken up, during 1985-91, only 55 were completed as of May 1991.

(Paragraph 3.8.7(viii))

- There was avoidable extra expenditure of Rs.2.75 lakhs in the execution of works under flood control and land protection scheme.

(Paragraph 3.8.7(ix))

- Employment generated during 1985-86 to 1988-89 was 4.75 lakh mandays against the target of 7.19 lakh mandays.

(Paragraph 3.8.7 (x))

- Overpayment of wages of Rs.0.24 lakh was made due to payment of monthly wages at higher rate.

(Paragraph 3.8.7(xii))

- Out of 1,449 tonnes of foodgrains allotted by Government of India, only 184 tonnes were lifted by the State of which 10.38 tonnes lifted during 1986-87 remained unutilised.

Out of 159.16 tonnes of rice received by the DRDA, Khonsa, 50.70 tonnes was sold to Co-operative Societies at Khonsa. 5.34 tonnes of rice worth Rs.0.10 lakh remained unaccounted for.

(Paragraph 3.8.8(a))

3.8.5 Finance

RLEGP is fully financed by Government of India. The yearwise budget allocation, ~~release~~ release of funds, expenditure and unspent balance during 1984-85 to 1988-89 are indicated below :-

Year	Budget allocation	Unspent balance of previous year	Amount released	Total	Expenditure	Unspent balance at the close of the year	Percentage of unspent balance to the funds available
	(In	lakhs	of	rupees)	
1984-85	40.00	-	34.50	34.50	Nil	34.50	100
1985-86	41.80	34.50	1.80	36.30	16.00	20.30	56
1986-87	42.00	20.30	24.15	44.45	24.11	20.34	46
1987-88	40.00	20.34	23.00	43.34	33.63	9.71	22
1988-89	45.00	9.71	<u>37.93</u>	47.64	<u>27.38</u>	20.26	43
Total :			<u>121.38</u>		<u>101.12</u>		

Funds released during 1987-88 and 1988-89 were reported to Government of India as Rs.23.08 lakhs and Rs.38.22 lakhs, of which Rs.0.08 lakh and Rs.0.29 lakh related to subsidy on transportation and handling charges of foodgrains respectively.

During 1984-85 to 1988-89, 22 to 100 per cent of the available funds could not be utilised each year. The lower utilisation of funds was attributed to the delay in execution of the work and heavy rainfall for 6 to 7 months in a year.

No fresh fund for the scheme was sanctioned after 1988-89 by Government of India. The unspent balance was being utilised for completion of spill over projects, details of which were not made available to Audit (April 1991).

3.8.6 Overlapping Programme

The RLEGP is essentially meant for the rural landless labourers. However, the State Government

reported in September 1986 to Government of India through annual Progress Reports that there was no rural landless labourers in the State in the generally accepted sense. Government of India clarified in December 1984 that the programme was not restricted to rural landless labourers alone, but employment could be provided to all those who sought work in rural areas.

There is no difference in objectives between National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) except guarantee of employment to rural landless labourers under RLEGP.

The achievement reported to the Government of India in respect of low cost sanitary latrines under RLEGP overlapped with Central Rural Sanitation Programme (CRSP) and this was due to non-maintenance of records for assets created under each programme.

3.8.7 Implementation

(i) Planning

Government was required to prepare a shelf of projects to be undertaken under the programme and get them approved by Government of India. However, a shelf of Project-cum-Annual Action Plan was prepared by DRDAs for approval of the State level committee.

Out of 48 blocks in the State, the Programme was implemented only in 23 blocks during 1985-86 to 1986-87, in 8 blocks in 1987-88 and in 10 blocks in 1988-89. The programme was not implemented in 7 blocks. The schemewise implementation of the programme is discussed in succeeding paragraphs.

(ii) Rural link roads

During 1985-86 to 1988-89, 27.05 km long rural link roads were constructed in different districts after incurring expenditure of Rs.40.26 lakhs. But

there was nothing on record about completion of the construction of roads (April 1991). However, it was stated by the Department that 10 per cent of the allocation, according to RLEGP Manual, was utilised on maintenance work but expenditure in support thereof could not be shown to Audit. All the roads were Kuchha. No inspection was carried out by the authorities to ensure whether the roads were fit for use.

Out of the total length of 27.05 km of roads constructed, one road, viz, Nimte to Longpan (4.45 km) remained incomplete due to paucity of fund. It was seen in audit that Rs.5.12 lakhs were spent up to 1987-88 for construction of 3 Km long road. The rural works Department submitted a revised estimate for Rs.11.99 lakhs for completion of the work but no fund for the purpose was provided either by the Rural Development Department or by Rural Works Department (April 1991). The expenditure of Rs.5.12 lakhs incurred on the construction of the road, thus, proved wasteful.

(iii) Construction/renovation of field Channels

An expenditure of Rs.28.06 lakhs was incurred for providing facilities of minor irrigation to the local agriculturists. No completion certificate from the executing agency was received by the Department. Since 1985-86, no maintenance/repair works were done by the Department as no fund for the purpose was provided. Inspection reports regarding their existence and benefit, if any, derived by the local people from the projects could not be made available to Audit.

(iv) Social Forestry

Social Forestry covering total area of 206.21 hectares on private land, community land and forest land was taken up during the years 1985-86 to 1988-89. Against the total allocation of Rs.27.65 lakhs the

Department incurred an expenditure of Rs.10.86 lakhs for raising of plantations. Out of eleven districts, only in Khonsa and Along, expenditures of Rs.0.20 lakh and Rs.0.35 lakh were incurred on maintenance during the years 1987-88 and 1988-89 respectively. No report regarding percentage of survival of the plants had been furnished by the implementing agencies, (BDOs and Forest Department) as of 1991. The scheme also envisaged that benefits of plantation should go to the poorer families either for direct use of assets, sale of assets so as to maintain continuity of income and subsequent maintenance. In the absence of any report on survival of plantation, the success of the scheme could not be ascertained in audit.

It was noticed that only 9 per cent of the total fund released was spent for social forestry against the norm of 25 per cent. The remaining 16 per cent was diverted and unauthorisedly utilised in NRE Programme. The reason for such diversion could not be explained to Audit.

(v) Construction of sanitary latrines

Government of India approved the unit cost of sanitary latrines at Rs.1,967 as proposed by the State Government.

But, the Department constructed 63 sanitary latrines during 1985-86 to 1988-89 at a total cost of Rs.2.31 lakhs the unit cost of which worked to Rs.3,667. During 1989-90 the Department constructed 16 sanitary latrines at a cost of Rs.1.20 lakhs at an average unit cost of Rs.7500. Thus, compared with the norm fixed by Government of India the Department incurred an extra expenditure of Rs.1.96 lakhs. The Department failed to furnish any satisfactory reply against the deviation from the approved estimated amount (April 1991).

There was also nothing on record to show that these latrines after construction were maintained.

(vi) Indira Awaas Yojana

Construction of houses for Scheduled Castes, Scheduled Tribes and freed bonded labourers was to be taken up under the component 'Indira Awaas Yojana' of RLEGP.

During 1986-87 to 1988-89, 144 earthen floor houses were constructed with an expenditure of Rs.15.58 lakhs against the allocation of Rs.30.00 lakhs. There was nothing on record about the target fixed for total number of houses to be constructed in the State.

(vii) Construction of primary school buildings

Two primary school buildings were constructed at a cost of Rs.1.79 lakhs against the estimated cost of Rs.1.50 lakhs during the year 1988-89. But in the report furnished to Government of India, 3 buildings were shown to have been constructed during 1988-89.

Of the 3 buildings shown as constructed, one was hostel building, the construction of which was not permitted under the programme. However, the Department, after spending Rs.0.17 lakh on the hostel building, discontinued further expenditure from RLEGP Fund.

(viii) Projects undertaken and assets created

During 1985-86 to 1988-89, 196 project/works were taken up for execution; of which 55 only were completed and 141 projects/works remained incomplete (May 1991). DRDA-wise projects/works taken up and completed are given below :-

Name of DRDA	Projects/Works		Remaining incomplete
	Taken up	Completed	
1. Tawang	18	4	14
2. Bomdila	31	8	23
3. Seppa	16	3	13
4. Ziro	19	5	14
5. Dapporijo	14	2	12
6. Along	22	5	17
7. Pasighat	21	8	13
8. Anini	10	-	10
9. Changlang	6	1	5
10. Tezu	24	15	9
11. Khonsa	15	4	11
Total :	<u>196</u>	<u>55</u>	<u>141</u>

The programme had been discontinued from April 1989. No records showing the assets created under the programme were maintained. Further, for the maintenance of assets created no funds were provided in the State budget and 10 per cent of the allocation was also not utilised for maintenance/repair works (except in respect of social forestry under Khonsa and Along districts).

(ix) Flood control and land protection scheme

The Director, Rural Development conveyed (October 1986) approval of Government of India for execution of the project, "Flood control and land protection scheme in Derkang village in West Siang District" at an estimated cost of Rs.8.22 lakhs.

The estimate of the work included (i) earth work at Rs.6.35 per cu.m. plus 10 per cent and (ii) wire meshing of boulder bunds at the approved rate of Rs.91.75 per cu.m. plus 10 per cent. However, payment of earthwork (855 cu.m.) was made at Rs.9.24 per cu.m. and wire meshing of boulder bunds (4,397 cu.m.) at Rs.162.90 per cu.m. Payment at higher rates than the approved ones resulted in an extra expenditure

of Rs.2.75 lakhs.

(x) **Employment generation**

Employment generation was the basic objective of the programme. During the period of four years from 1985-86 to 1988 the yearwise targets and achievement in employment generation and shortfall in achievement were as under :-

<u>Y e a r</u>	<u>Target</u>	<u>Achievement</u>	<u>Shortfall</u>	<u>Percentage of shortfall</u>
		(mandays in lakhs)		
1985-86	2.00	1.12	0.88	44
1986-87	1.50	1.30	0.20	13
1987-88	2.20	1.48	0.72	33
1988-89	<u>1.49</u>	<u>0.85</u>	<u>0.64</u>	43
Total	7.19	4.75	2.44	

A test-check of the records of 5 DRDAs revealed that during 1985-86 to 1988-89 employment for 2.51 lakh mandays was generated but a higher figure of 2.63 lakh mandays was reported to Government of India as detailed below :-

<u>Name of DRDAs</u>	<u>Total mandays as reported to Government of India</u>	<u>Total mandays generated according to records of DRDA</u>	<u>Reported excess/less to Government of India</u>
Along	46,234	38,708	7,526
Pasighat	44,253	41,537	2,716
Changlang	15,884	14,296	1,588
Khonsa	1,23,109	1,23,339	(-) 230
Tezu	<u>32,983</u>	<u>32,983</u>	-
Total:	<u>2,62,463</u>	<u>2,50,863</u>	<u>11,600</u>

The records of the DRDAs further revealed that labourers were engaged during the last quarter

of each financial year. Payment of wages were made through muster rolls but father's names and addresses of the labourers were not indicated except in Changlang and Khonsa districts.

(xi) Wanting Muster rolls

During 1987-88, 31,138 mandays of employment were generated in the work "Flood control and land protection" in Devekang village, out of which muster rolls for 21,288 mandays of employment generated by the Rural Works Department, Along during May to September 1987 and December 1986 to January 1988 could not be produced to Audit. Thus, the basis of payment of Rs.3.41 lakhs on wages for 21,288 mandays could not be verified.

(xii) Overpayment of wages

In September 1986, the State Government revised the daily rate and monthly rate of wages of a labourer to Rs.16.00 and Rs.480.00 respectively. A test-check of records of DRDAs, Pasighat, Along and Khonsa revealed that payment was made at the rate of Rs.496.00 per month instead of Rs.480.00 resulting in overpayment of Rs.0.24 lakh (Pasighat Rs.2,768, Along Rs.704, Khonsa Rs.20,124).

3.8.8 (a) Foodgrains

The Central Government provided foodgrains as an additive resource over the allocated Fund for distribution at subsidised rate to workers engaged under the programme as part of their wages.

The State Government did not accept the food as an additive resource and reiterated (December 1987) that the payment of wage partly in kind stood as a major hurdle in the way of smooth and effective implementation of the programme as the workers belonged to scheduled tribes and rice was available

to them at subsidised rate.

However, the year wise allocation of foodgrains by Government of India and drawal by the State during 1985-86 to 1988-89 are indicated below :-

Year	Foodgrains released by Government of India	Balance food-grains of previous year	Foodgrains lifted during the year	Total	Utilised during the year	Balance
		(In	tonnes)			
1985-86	142	-	142	142.00	90.06	51.94
1986-87	780	51.94	42	93.94	77.06	16.88
1987-88	380	16.88	Nil	16.88	4.00	12.88
1988-89	147	12.88	Nil	12.88	2.50	10.38
	<u>1449</u>		<u>184</u>		<u>173.62</u>	

The balance stock of 10.38 tonnes of rice at the end of 1988-89 valued at Rs.0.19 lakh was lifted during 1986-87. The State Government, in their annual report for 1989-90, submitted to the Ministry of Agriculture, did not exhibit the unutilised balance of 10.38 tonnes. It was not known if the stock was fit for consumption after a lapse of four years (April 1991).

Records of DRDA, ~~Kheisa~~ revealed that against 159.16 tonnes of rice received during the years 1985-86 to 1987-88, 108.46 tonnes was distributed/utilised and the balance of 50.70 tonnes was sold to Nocte Lamp Co-operative Society.

Further, it was seen from the muster rolls that a total quantity of 103.12 tonnes was distributed. The discrepancy of 5.34 tonnes valued at Rs.0.10 lakh could not be explained.

(b) **Handling and transportation charges on foodgrains**

Fund released by Government of India for handling and transportation of foodgrains and expenditure incurred by the State Government during 1984-85 to 1988-89 were as under :-

<u>Y e a r</u>	<u>Fund released</u> (Rupees	<u>Expenditure</u> in lakhs)
1984-85	0.42	Nil
1985-86	0.27	0.27
1986-87	1.56	0.38
1987-88	0.08	0.08
1988-89	<u>0.29</u>	<u>0.29</u>
Total :	<u>2.62</u>	<u>1.02</u>

Out of Rs.2.62 lakhs, Rs.0.73 lakh were paid to DRDAs and Rs.0.29 lakh drawn during 1988-89 were diverted to work programme as there was no foodgrain to be lifted. The balance amount of Rs.1.60 lakhs remained unutilised.

According to guidelines, a maximum amount of Rs.200.00 per tonne is payable to the State Government for meeting the cost of handling and transportation of foodgrains from FCI godown to work-sites. Any expenditure beyond this limit is to be met from the non-wage component of RLEGP. During the years 1985-86 to 1988-89 the State Government released 184 tonnes of foodgrains for which expenditure on handling and transportation was Rs.0.73 lakh. The excess expenditure of Rs.0.36 lakh, required to be met out of non-wage component was met from wage component.

3.8.9 **Monitoring and evaluation**

No monitoring and evaluation of the programme was done by the Department to ascertain the

actual impact of the programme in the State.

The above points were reported to Government in August 1991; their reply had not been received (November 1991).

3.9 Blocking up of Government fund on purchase of rice haulers

The District Rural Development Agency, Ziro purchased 11 electrically driven rice haulers at a cost of Rs.0.85 lakh in March 1989 for distribution to beneficiaries through the Block Development Officer, Nyapin under the Rural Development programme.

These rice haulers had not, however, been distributed to the beneficiaries as of April 1991 as the beneficiaries wanted diesel operated haulers instead of electricity operated ones. The Department requested the supplier in April 1990 to replace those haulers by diesel operated ones but no replacement had been made by the supplier as of April 1991.

The purchase of electricity driven rice haulers without ascertaining the actual requirement of the beneficiaries resulted in blocking up of Government funds of Rs.0.85 lakh.

The matter was reported to Government in May 1991; their reply had not been received (November 1991).

Agriculture/Forest/Medical/Panchayat/ Rural Development Department

3.10 Outstanding Inspection Reports

(a) Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher Departmental authorities through the audit

inspection reports. The more important irregularities are reported to the Heads of Departments and Government for prompt action.

a review on outstanding audit paragraphs included in the inspection reports pertaining to five Departments shows the position of unsettled paragraphs as of June 1991 as shown below :-

Sl No.	<u>Name of Departments</u>	<u>Number of outstanding Inspection Reports</u>	<u>Number of outstanding Paragraphs</u>	<u>Amount (In lakhs rupees)</u>
1.	Agriculture	48	102	140.47
2.	Forest	80	127	129.40
3.	Medical	42	82	170.79
4.	Panchayat	3	4	94.09
5.	Rural Development	44	100	84.28
Total :		<u>217</u>	<u>415</u>	<u>619.03</u>

(b) The outstanding paragraphs pertain mainly to the following categories of comments in the inspection reports :-

Agriculture Forest Medical Panchayat Rural Development

(i) Non-observance of rules relating to custody and handling of cash book and muster rolls	1	-	-	-	-
(ii) Non-maintenance of proper stores accounts and non-conducting physical verification of stores	-	-	4	-	-

Agriculture Forest Medical Panchayat Rural Development

(iii) Defective maintenance and / or non-maintenance of log book of departmental vehicles	-	-	1	-	-
(iv) Delay in recovery or non-recovery of departmental receipts, advance and recoverable charges	46	23	8	-	6
(v) Sanction to write-off loans, losses, etc.	1	-	2	-	3
(vi) Payment of grants in excess of requirement	-	-	1	-	-
(vii) Overpayment or inadmissible payments noticed in audit not recovered	5	8	2	-	5
(viii) Utilisation certificate and accounts certified by Audit in respect of grants-in-aid not furnished	-	1	-	4	-
(ix) Payees receipt not received	2	1	8	-	4
(x) For want of detailed countersigned contingent bills	10	24	12	-	12

Agriculture Forest Medical Panchayat Rural Development

(xi) For want of sanctions	2	-	9	-	-
(xii) Other reasons	<u>35</u>	<u>70</u>	<u>33</u>	<u>-</u>	<u>70</u>
	<u>102</u>	<u>127</u>	<u>82</u>	<u>4</u>	<u>100</u>

During 1990-91, 18 Audit Committee meetings were held in respect of the Departments of General Administration, Medical, Agriculture, Forest, Animal Husbandry and Veterinary, Education, Horticulture and Information and Public Relations. In these meetings, 885 paragraphs were discussed of which 377 paragraphs were settled. No such meetings were, however, arranged by the Departments excepting Agriculture, Forest and Medical in respect of which review of outstanding inspection reports and paras have been brought out here.

The matter was reported to Government in August 1991; their reply had not been received (November 1991).

CHAPTER IV

WORKS EXPENDITURE

Public Works Department

4.1 Short delivery of materials by carriage contractor

Under an agreement executed in November 1988 by the Banderdewa Stores Division, a carriage contractor lifted (during November 1988 to April 1989) 118 tonnes of Galvanised corrugated (GC) sheets, 611.890 tonnes of Tor steel (TS) of different diameters, 6,594.5 tonnes of cement and 93.504 tonnes of bitumen from the stockyard/supplying point of the supplying agencies for cartage from Guwahati/Jogighopa/Digboi to different godowns under the Banderdewa Stores Division. The agreement stipulated completion of delivery of all materials by 10th November 1989. Of the quantity lifted, 2.805 tonnes of GC sheet, 121.706 tonnes of TS, 5,807.9 tonnes of cement and 29.575 tonnes of bitumen only had been delivered during December 1988 to August 1989 to the stores at Likabali and Banderdewa of the Division. The balance quantities of 115.195 tonnes of GC sheet, 490.184 tonnes of TS, 786.60 tonnes of cement and 63.929 tonnes of bitumen had not been delivered as of August 1991.

The total quantity of materials lifted by the contractor was covered under fifteen delivery/supply orders. Though the contractor failed to deliver full quantity of materials lifted by him against each of the delivery/supply orders, no action was taken by the Division to get the materials delivered within a reasonable time. In September 1989, when the contractor had already stopped delivering the materials, the Executive Engineer and the Superintending Engineer, after verification found that the contractor was absconding and his godowns were empty.

The value of undelivered materials was assessed at Rs.164.21 lakhs and was recoverable from the contractor. Only Rs.5.66 lakhs (Security deposit: Rs.1.20 lakhs and cartage payment withheld : Rs.4.46 lakhs) was available with the Division. No action was taken to recover the amount from the contractor except serving a notice in December 1990.

The matter was reported to Government in November 1990; their reply had not been received (November 1991).

4.2 Loss due to non-revision of issue rate of cement

Rules require that the issue rate of an article of stock should be fixed at the beginning of each year. Further, if there is any material variation in the purchase rates, the issue rate can be revised earlier.

In April 1988, the Tawang Public Works Division fixed the issue rate of cement at Rs.2095 per tonne. There had been no revision of the issue rate thereafter even though the cost was Rs.3,169 per tonne based on standard components, such as, procurement price, carriage and supervision charges effective from 1st May 1990.

Test-check in May 1991, revealed that the Division issued 230 tonnes of cement during May 1990 to December 1990 to different contractors for cement concrete works against 54 work orders. The work orders were issued without inviting any quotations/tenders. The Division recovered the cost of cement at the unrevised issue rate of Rs.2,095 per tonne. Thus, due to non-revision of the issue rate, the Division sustained a loss of Rs.2.47 lakhs.

The matter was reported to Government in June 1991; their reply had not been received (November 1991).

4.3 Extra expenditure

During March 1989 to October 1990, Capital 'A' Division incurred an expenditure of Rs.10.80 lakhs for execution of Random Rubble Masonry (RRM) works with hard stones in foundation (2,226.62 cu.m) under 4 major construction works relating to (i) 'Central Museum and Art Gallery' (ii) 'Road from Sidhartha Vihar to Donyi Polo School' (iii) 'Minister's Bungalow' and (iv) 'Water supply line from Dokro Nahlah to Neeti Vihar' by engaging contractors on the approved departmental analysed rate of Rs.485 per cu.m. of RRM works.

Scrutiny of the analysed rates of Rs.485 per cu.m. disclosed that the rate of hard stones (size: 150 mm to 225 mm) being a component in the analysis of rate (Rs.485) was adopted at Rs.220 per cu.m. against the procurement price varying from Rs. 136 to Rs.144 per cu.m. at which the Division purchased hard-stones of the same size for other works during the same period.

Thus, compared to the rates of Rs.1.44 (maximum) there was an excess payment to the contractors at the rate of Rs.76 per cu.m. (Rs.220-Rs.144) which resulted in extra expenditure of Rs.1.69 lakhs for execution of the work.

The matter was reported to Government in January 1991; their reply had not been received (November 1991).

Rural Works Department

4.4 Non-recovery of liquidated damages

In January 1990, the Popumpoma Rural Works Division entered into an agreement with a Calcutta firm for supply of 4,500 tonnes of cement worth Rs.77.01 lakhs with stipulation to complete delivery within 60 days (i.e. by 8 April 1990) failing which the

firm was to pay liquidated damages to the extent of one **per cent** of the tendered price of the quantity to be supplied for each day of delay subject to a maximum of 10 **per cent** of the value of the supply order.

The firm supplied only 1,719.45 tonnes of cement valued at Rs.29.42 lakhs belatedly in July 1990. Balance quantity was not supplied. No action was taken up by the Division to recover the liquidated damages amounting to Rs.7.70 lakhs against the firm on account of delay/failure in supply.

The matter was reported to Government in January 1991; their reply had not been received (November 1991).

4.5 Excess payment of Central Sales Tax

Between October 1989 and March 1990, Popumpoma Rural Works Division paid Rs.67.28 lakhs (inclusive of Rs.4.97 lakhs being Central Sales Tax at the rate of 8 **per cent**) to Guwahati firm for purchase of Galvanised Corrugated Iron sheets.

The concessional rate of CST at 4 **per cent** was admissible to the Department on production of 'D' form at the time of purchase, but it was not availed of. Thus, the Division made an excess payment of Rs.2.49 lakhs as CST. The Department stated (July 1991) that 8 **per cent** CST was paid in advance on the basis of the offer letter of Tata Iron and Steel Company Limited (TISCO). The 'D' form was submitted later and the TISCO agreed to adjust the excess amount from the subsequent supply orders of the Department. Information regarding adjustment of the amount against future delivery had not been received (November 1991).

The matter was reported to Government in January 1991; their reply had not been received (November 1991).

4.6 Excess payment

During October 1989 to May 1990, the Bomdila Rural Works Division paid a total amount of Rs.6 lakhs to 23 contractors for execution of a total quantity of 3,465.86 cu.m. of wire crated boulder spur at the rate of Rs.173 per cu.m. during the period from May 1989 to March 1990 against 23 work orders.

A test-check of the records in March 1991 revealed that the contractors executed 3,465.86 cu.m. of boulder works by utilising only 7,048.04 square metres of sausage wire. According to standard norms and Superintending Engineer's analysis, the coefficient for utilisation of sausage wire was 100 square metres for 30 cu.m. of boulder works. Accordingly, with 7,048.04 square metres of sausage wire only 2,114 cu.m. of wire crated boulder works could have been properly executed. The obvious inference to be drawn is that the work was substandard unless the measurements were wrong.

The matter was reported to Government in May 1991; their reply had not been received (November 1991).

4.7 Unauthorised expenditure of Rs.45.16 lakhs

"Construction of Rural link road from Keel to Ompali village (12 km)" was administratively approved by the Government in March 1986 to be executed by Rural Works Division at a cost of Rs.24.80 lakhs. No technical sanction was, however, accorded. It was, however, decided in July 1986 to adopt a new alignment for construction of a road from Keel to Yazali (120 Km) to be executed by the Border Roads Organisation (BRO). The Chief Engineer (RWD) issued instructions in August 1986 to the Popumpoma Rural Works Division not to incur any expenditure on the abandoned scheme.

Test-check of the records of the Division in November 1990, however, revealed that the Division incurred an expenditure of Rs.45.16 lakhs during November 1986 to October 1990 on earthwork and formation cutting on the road. It was also disclosed from Divisional Officer's report (September 1990) that there was a further liability of Rs.6.68 lakhs on this account for work executed by 17 village contractors without any work orders.

Matter was reported to Government in January 1991; their reply had not been received (November 1991).

4.8 Payment of demurrage charges

In July 1988, Popumpoma Rural Works Division placed order for supply of 1,646 tonnes of cement with two cement factories. The factories despatched 1,525.60 tonnes of cement in January 1989. But the Division took delivery of consignments after 11 to 27 days from the date of arrival at the destination railway station. For not taking delivery in time, the Division had to pay demurrage charges amounting to Rs.1.90 lakhs to the Railways. The reasons for taking delayed delivery of the consignments were not investigated.

The matter was reported to Government in January 1991; their reply had not been received (November 1991).

CHAPTER V

STORES AND STOCK

Public Works Department

5.1 Idle spare parts

A test-check in April 1991 of the records of the Executive Engineer, Roing Electrical Division disclosed that spare parts for various machineries worth Rs.3.46 lakhs purchased during January 1971 to March 1984 remained unutilised as of April 1991. The machineries for which they were purchased had become unserviceable. The Divisional Officer stated in May 1991 that action would be taken to write off the stores. Further developments were awaited (July 1991).

The matter was reported to Government in March 1991; their reply had not been received (November 1991).

5.2 Idle Outlay

(a) Stores

Public Works Division, Bomdila purchased building and Water supply materials worth Rs.7.81 lakhs during 1967 to 1988 without assessing the actual requirement. Materials costing Rs.5.17 lakhs remained unutilised in stock as of April 1991 resulting in unnecessary purchase of stores and blocking up of Government funds.

The matter was reported to Government in June 1991; their reply had not been received (November 1991).

(b) Spare parts

(i) Spare parts of a Bedford truck valued at Rs.0.63 lakhs purchased by Khonsa Public Works Division during August 1978 to July 1984 was lying unutilised as of July 1990. There was no possibility of these spare parts being utilised since the vehicle for which spare parts were purchased was not in use in the Division. The basis on which the spare parts were purchased and the reasons for non-disposal were not stated (July 1990).

(ii) Further, spare parts valued at Rs.1.73 lakhs procured for a road roller by the Division during November 1977 to March 1988 were lying unutilised as of July 1990. No action was taken by the Division to dispose of the spare parts or to transfer to other Divisions (July 1990).

The matter was reported to Government in August 1990; their reply had not been received (November 1991).

Rural Works Department**5.3 Excessive purchase resulting in blockage of funds**

(a) Popumpoma Rural Works Division, was having a stock balance of 25,879 metres of GI pipes of different diameter valued at Rs.24.26 lakhs as on 31st March 1989. It resorted to further purchase of 6,526 metres of GI pipes worth Rs.4.39 lakhs in August 1989 without any specific requirement/assessment. Out of total 32,405 metres of GI pipes, the Division could utilise only 17,842 metres GI pipes costing Rs.14.13 lakhs during April to October 1990 leaving the balance quantity of GI pipes valued at Rs.14.52 lakhs unutilised.

(b) The Division purchased 6 hydro bend machines worth Rs.2.25 lakhs for bending GI pipes in March

1989 (4 Nos.) and February 1990 (2 Nos.) which had been lying idle since their procurement.

Purchase of stores and machines without any requirement resulted in unfruitful expenditure of Rs.16.77 lakhs.

The cases were reported to Government in January 1991; their reply had not been received (November 1991).

**Public Works Department/
Rural Works Department**

5.4 Stock registers and verification of stores

5.4.1 The Priced Stores Ledger in the Public Works and Rural Works Divisions are required to be closed at the end of each month. Physical verification of stores is required to be conducted at least once a year by a responsible officer to ensure that there is no discrepancy between the book balance and the physical balance, that the stock consists only of serviceable and necessary articles and that the stores are priced at market rates.

5.4.2 The position of closing of stores ledgers and physical verification of stores in the various Divisions during 1990-91 was as given below :-

(a) Out of 32 Public Works Divisions one Division had closed the ledger up to 1988-89, one Division up to January 1991, five Divisions up to part of the year 1990-91 and 11 Divisions up to March 1991. Information regarding closing of ledgers in the remaining 14 Divisions had not been received (July 1991).

Physical verification of stock was not done during the year 1990-91 in 5 Divisions.

Information regarding physical verification done, if any, had not been received from 13 more Divisions. Only in Doimukh Public Works Division, physical verification of stores had been done up to March 1991.

(b) Out of 14 Rural Works Divisions, 6 Divisions had closed ledgers up to March 1991; information for the remaining 8 divisions had not been received.

Physical verification of stock was not done in one Division during 1990-91 and no information had been received (July 1991) from 7 Divisions.

5.4.3 Tools and Plant register

Each Division is required to close the Tools and Plant register monthly. The position regarding closing the registers and stock verification for the year 1990-91 was as given below :-

(a) Out of 32 Public Works Divisions, 10 Divisions had closed Tools and Plant registers up to March 1991, one Division up to February 1991, 4 Divisions up to March 1990, 2 Divisions up to December 1990, one Division up to September 1990 and one Division up to December 1986. Information regarding closing of registers in the remaining 13 Divisions had not been received.

Physical verification was done up-to-date in 2 Divisions only.

(b) Out of 14 Rural Works Divisions, 6 Divisions had closed the Tools and Plant registers upto March 1991. The information about remaining 8 Divisions had not been received. Physical verification was done up-to-date in respect of 2 Divisions only.

5.4.4 Reserve Stock Limit

(a) The value of stores held in stock in each

Division should not exceed the prescribed limit. The value of stores held at the end of March 1991, however, had exceeded the limit in the following Divisions:-

Name of P.W.Division	Reserve stock limit	Value of stock held at the end of March 1991
	(Rupees	in lakhs)
Kalaktang	4.00	15.07
Banderdewa Stores Division	600.00	1424.00
Pasighat	20.00	33.72

Reserve stock limit in respect of Ziro Electrical, Tawang, Doimukh, Capital Electrical and Pasighat Electrical Divisions had not been fixed, although the value of stores held by these Divisions were Rs.16.70 lakhs, Rs.15.61 lakhs, Rs.20.72 lakhs, Rs.208.34 lakhs and Rs.56.70 lakhs respectively. In Along Division, the stock balances were Rs.(-) 38.3/ lakhs. The circumstances leading to **minus** balances in the accounts were not investigated.

(b) Reserve stock limit in respect of 8 Rural Works Divisions had not been fixed. Of the 8 Divisions, the value of stores held by 6 Divisions at Yingking, Roing, Bomdila, Tawang, Tezu and Changlang were Rs.2.94 lakhs, Rs.13.03 lakhs, Rs.6.07 lakhs, Rs.5.64 lakhs, Rs.33.60 lakhs and Rs.9.38 lakhs respectively at the end of March 1991.

Information regarding reserve stock limit and value of stores held at the end of March 1991 in respect of remaining 6 Divisions had not been received (July 1991).

The matter was reported to Government in August 1991; their reply had not been received (November 1991).

CHAPTER VI
REVENUE RECEIPTS

A. - General

6.1 Trend of revenue receipts

The total receipts of the Government of Arunachal Pradesh for the year 1990-91 were Rs.568.42 crores against the anticipated receipts of Rs.353.36 crores. Out of the total receipt of Rs.568.42 crores revenue raised by the State Government amounted to Rs.267.53 crores, of which Rs.2.64 crores represented tax revenue and Rs.264.89 crores non-tax revenue. Receipts from Government of India amounted to Rs.300.89 crores.

6.2 Analysis of revenue receipts

(a) Analysis of the receipts during the year 1990-91, along with corresponding figures for the preceding two years is given below :-

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(In crores of rupees)		
I. Revenue raised by the State Government			
(a) Tax revenue	2.34	2.32	2.64
(b) Non-tax revenue	<u>28.75</u>	<u>35.73</u>	<u>264.89</u>
Total:	<u>31.09</u>	<u>38.05</u>	<u>267.53</u>
II. Receipt from Government of India			
(a) State's share of divisible Union Taxes	52.76	52.30	68.61
(b) Grants-in-aid	<u>177.37</u>	<u>198.82</u>	<u>232.28</u>
Total:	<u>230.13</u>	<u>251.12</u>	<u>300.89</u>
III. Total receipts of the State (I + II)	261.22	289.17	568.42

91 constituting 88 per cent of the total tax collection for the year.

6.3 Non-tax revenue of the State

The principal sources of non-tax revenue were Forestry and Wild life, Public Works, Power, Road Transport and Miscellaneous General Services. Receipts from non-tax revenue constituted 99 per cent of the revenue raised by the State during 1990-91.

An analysis of the non-tax revenue receipt under the principal heads of revenue for the year 1990-91 and the preceding two years is given below :-

	1988-89	1989-90	1990-91	Increase (+) Decrease (-) with referene nce to 1989-9
	(In lakhs of rupees)			
1. Interest Receipt	37.27	94.94	164.16	(+) 69.22
2. Public Works	391.04	300.38	237.26	(-) 63.12
3. Other Administrative Services	40.45	192.69	94.51	(-) 98.18
4. Miscellaneous General Services	9.82	240.03	22967.36	(+ 22727.33*
5. Education, Sports, Art and Culture	69.40	58.99	45.65	(-) 13.34
6. Crop Husbandry	75.75	70.69	72.19	(+) 1.50
7. Minor Irrigation	16.86	29.68	26.06	(-) 3.62
8. Animal Husbandry	55.72	58.02	62.62	(+) 4.60
9. Forestry and Wildlife	1565.84	1899.80	2157.95	(+)258.15
10. Other Rural Development Programme	3.35	3.09	1.62	(-) 1.47
11. Non-Ferrous Mining and Metallurgical Industries	65.13	74.75	80.58	(+) 5.83
12. Village and Small Industries	29.06	32.06	35.23	(+) 3.17
13. Power	191.60	196.92	238.85	(+) 41.93
14. Road Transport	225.40	189.39	209.96	(+) 20.57
15. Others	102.87	131.47	94.90	(-) 36.57
Total :	2879.56	3572.90	26488.90	(+)22916.00

*The abnormal increase was due to adjustment of Rs.22408.85 lakhs being Government of India Loans written off in terms of the recommendation of the Ninth Finance Commission.

B-Forest Department

6.4 Review on forest receipts

6.4.1 Introduction

The State of Arunachal Pradesh with a total area of 83,740 square kilometres (sq.km.) has a forest cover of 62 per cent as under :

1.	Reserve Forests	8,322 sq.km
2.	Protected Forests	206 "
3.	Village Forests	147 "
4.	Anchal Reserve Forests	100
5.	Unclassed State Forests	42,765 "
		51,540 sq.km.

The major forest produce of the State is timber including fire-wood and charcoal. The minor forest produces include bamboo, cane, thatch, sand, gravel, stone, etc. Revenue from forest produces is realised from the timber allotted to saw and veneer mills in the State and by selling major and minor forest produce by tender and permit system.

The total non-tax revenue realised, forest receipts and percentage of forest receipts to non-tax revenue for 1985-86 to 1989-90 are shown below :

Year	Non-tax Revenue (In lakhs of rupees)	Forest Receipts	Percentage of forest receipts in relation to non-tax revenue
1985-86	1803.64	1020.17	56.56
1986-87	2193.38	1237.14	56.40
1987-88	2527.74	1411.11	55.82
1988-89	2874.56	1565.84	54.47
1989-90	3572.90	1899.80	53.17

6.4.2 Organisational set up

Forest receipts constitute one of the major sources of revenue of the State. The Principal Chief Conservator of Forests who is the head of the Forests Department is assisted by Conservators of Forests and Divisional Forest Officers, in regard to Administration of the Forest Department as also collection of Forest Receipts. The Principal Chief Conservator of Forests is also the Secretary of the Forest Department. There are eighteen territorial forest Divisions in the State each headed by a Divisional Forest Officer (DFO). These Divisions are grouped under three circles viz., Eastern, Western and Central Circles each under the charge of a Conservator of Forests.

The Assam Forest Regulation of 1891 is followed in the management of forests in the State. Revenue collection is done by settlement of coupes and Mahals in terms of the Assam settlement of Forest coupes and Mahals by Tender system Rules, 1967 and also by issue of permits to wood-based industries and contractors for removal of timber at royalty rates and monopoly fee notified by Government from time to time. The schedule of royalty rates was last revised in September 1989.

6.4.3 Scope of audit

A review of forest receipts was conducted by Audit during April-June 1991 in eight (out of eighteen) forest Divisions viz., Banderdewa, Bhalukpong, Deomali, Jairampur, Namsai, Roing, Along and Pasighat. The scrutiny of records covered the period from 1985-86 to 1989-90.

6.4.4 Highlights

- Forest revenue collected in 1989-90 was Rs.1899.80 lakhs; expenditure of the Department in that year was Rs.1299.99 lakhs (68 per cent).

(Paragraph 6.4.5)

- Avoidable delays in disposal of seized logs resulted in loss of revenue of Rs.7.81 lakhs.

(Paragraph 6.4.6.1)

- Removal of forest produce without payment of its full value (Rs.13.98 lakhs) as well as non-raising of bills on a timber company, resulted in unauthorised financial aid to him.

(Paragraph 6.4.6.2)

- Interest amounting to Rs.2.59 lakhs for delayed payment of bills remained un-realised in 2 cases.

(Paragraph 6.4.6.3)

- Failure to stipulate the maximum quantity of cane for extraction led to loss of revenue of Rs.1.71 lakhs.

(Paragraph 6.4.6.4)

6.4.5 Trend of revenue collection

(a) The budget estimates and actuals of forest receipts of the State for the last five years are as under :-

Year	Budget estimate (In lakhs of rupees)	Actuals	Variation (+) Excess (-)Shortfall	Percentage of variation
1985-86	913.00	1020.17	(+) 107.17	11.73
1986-87	1100.00	1237.14	(+) 137.14	12.46
1987-88	1250.00	1411.11	(+) 161.11	12.88
1988-89	1300.00	1565.84	(+) 265.84	20.45
1989-90	1400.00	1899.80	(+) 499.80	35.70

Revenue collection during the period 1985-86 to 1989-90 consistently exceeded the estimated receipts which indicated that the estimates were not framed on realistic basis.

(b) The cost of collection of forest revenue has not been recorded by the Department separately. The actual expenditure incurred by the Forest Department during the years from 1985-86 to 1989-90 and the percentage of departmental expenditure in relation to revenue is shown as under :

Year	Revenue collected	Expenditure incurred by the Department	Percentage of departmental expenditure to revenue collected
	(In lakhs of rupees)		
1985-86	1020.17	697.57	68.38
1986-87	1237.14	664.89	53.74
1987-88	1411.11	848.90	60.16
1988-89	1565.84	1308.35	83.56
1989-90	1899.80	1299.99	68.43

The average percentage of expenditure incurred by the Department **vis-a-vis** revenue collected over the last five years was 66.85 per cent.

(c) The itemwise break up of revenue realised from sale of forest produce during the year 1985-86 to 1989-90 are as follows:

Source	1985-86	1986-87	1987-88	1988-89	1989-90
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(In lakhs of rupees)

Sale of timber and other forest produce	807.36	922.53	1113.53	1070.68	1468.67
Other Receipts	<u>212.81</u>	<u>314.61</u>	<u>297.58</u>	<u>495.16</u>	<u>431.13</u>
Total	1020.17	1237.14	1411.11	1565.84	1899.80

6.4.6.1 Loss of revenue due to delay in disposal of seized logs and non-disposal of illegally felled seized timber

According to instruction issued (April 1985) by Government, seized logs should be removed to the nearest Administrative or Range Office with the help of the local administration for their safe custody. Thereafter disposal of the same is to be arranged by the Department in Arunachal Pradesh to the mills in areas other than where the illegal timber operation has taken place. In the case of disposal of these seized logs, the upset price will be fixed at the usual royalty and monopoly fee plus tentative operation cost.

(a) Test-check of the records of the Deomali Forest Division revealed (April-June 1991) that 675 logs measuring 748.514 cu.m. were seized during 1988-89. The seized logs were not immediately removed to the Administrative or Range Office after the seizure. The Divisional Forest Officer allotted (30 March 1990) the seized logs to a Saw and Veneer Mill, at Tewai and raised a bill for Rs.19.03 lakhs (allowing 25 per cent rebate as the logs had decayed and

deteriorated to some extent). The mill owner, however, did not agree to pay this amount and stated (May 1990) that the logs had been felled about 3 years before the date of seizure and the allotment was made after another period of 12 to 18 months during which the commercial value had been reduced to a great extent and requested for further reduction in price. Government thereafter constituted (June 1990) a committee which after verifying the percentage of veneer production from some of the logs, recommended 37 per cent rebate on the upset price. Government accepted (August 1990) the recommendation of the Committee and instructed the Divisional Forest Officer to claim royalty accordingly. A bill amounting to Rs.11.22 lakhs was accordingly raised.

It is seen that due to the non-removal of the illegally felled logs to the nearest administrative or Range Office immediately after the seizure in terms of Government's instruction there was further deterioration of the logs. Consequently Government sustained a loss of revenue amounting to Rs.7.81 lakhs (Rs.19.03 lakhs - Rs.11.22 lakhs).

Government to whom the case was reported stated (May 1992) that the logs could not be transported to the Administrative centre or range office due to lack of infrastructure, lack of communication as also due to interference by the local people in collaboration with whom the illegal felling was done. Further, on the fact of interference by the local people being reported, the Deputy Commissioner, Tirap District directed (December 1988) that no timber should be transported from the area of operation to any other location. Hence the logs could not be shifted immediately after seizure for disposal thereof. The reply of Government about lack of infrastructure is not acceptable as in similar other cases seized logs are being shifted to the depot by the Forest Department from the area of operation. Besides, no action was taken by the Department to seize the logs immediately after

felling. Had the seizure been done in time the deterioration of the logs resulting in loss of revenue could have been avoided.

(b) A test-check of the records by Audit of the Divisional Forest Officer, Namsai Division, revealed (April-June 1991) that 543 logs measuring 691.639 cu.m. and 2164 logs measuring 3322.420 cu.m. involving royalty value (including monopoly fee) of Rs.5.64 lakhs and Rs.31.64 lakhs, seized during 1985-86 and 1986-87, were lying in the forest as on the date of audit (April-June 1991). Almost all the logs which were of softwood veneer species were exposed to the vagaries of weather for the period pertaining to 1985-86 to 1990-91. No action was taken by the Divisional Forest Officer either to dispose of these logs or to remove the same to a protected place according to Government instructions. As a result these logs valued at Rs.37.10 lakhs had lost most of their commercial value due to deterioration and decay.

6.4.6.2 Unauthorised financial aid

Under the provisions of Arunachal Pradesh Forest Manual 1980, no timber or other forest produce can be removed from the forest except on payment of its value in full prior to or at the time of delivery.

It was noticed in audit (April-June 1991) that the Divisional Forest Officer, Deomali Forest Division allowed a timber company to remove 343 number of logs measuring 388.175 cu.m. during the period from June 1989 to January 1990 without payment of royalty, monopoly fee and other charges amounting to Rs.13.98 lakhs. The reasons for issue of the transit pass without recovery was not on record. The Divisional Forest Officer, did not raise any bill till the date of audit (June 1991) to recover the outstanding amount. Thus, removal of forest produce without payment of its full value as also non-raising of bills

amounted to unauthorised financial aid to the company, to the extent of Rs.13.98 lakhs. While accepting the Audit observation Government to whom the cases was reported, stated (May 1992) that a bill for Rs.13.13 lakhs after allowing 15 per cent rebate on the upset value had since been raised against the company. Of this, Rs.2.00 lakhs had been realised. Reasons for allowing 15 per cent rebate on the upset value have, however, not been stated.

6.4.6.3 Non-realisation of interest for delayed payment of bills

According to the instructions issued (October 1984) by the Government of Arunachal Pradesh, industrial unit will be allowed to remove timber from forest only after full payment of the amount of the bill. However, a period of 45 days may be allowed to the industries within which payment must be made and removal of the logs arranged. In the event of failure to make payment within 45 days, interest at the rate of 18 per cent is chargeable.

It was noticed in audit (April-June 1991) that Nampong Forest Division raised 4 bills amounting to Rs.17.20 lakhs against Saw Mill 'A' between 6 December 1987 and 3 February 1988, of which only Rs.13.02 lakhs was paid as on March 1989. Interest amounting to Rs.2.51 lakhs due for delay in payment of the bills was not claimed by the Division (June 1991).

In another case 3 bills for Rs.0.57 lakh raised by Banderdewa Forest Division against another firm between March 1989 and May 1989, were paid by the firm in March 1990. Interest amounting to Rs.0.08 lakh due for non-payment of the bills within 45 days from the date of billing was not claimed by the Division. In these two cases, Government revenue amounting to Rs.2.59 lakhs on account of interest remained unrealised.

**6.4.6.4 Loss of revenue due to non-fixation
of Government valuation of cane
mahal**

Cane mahal No.3 under Khellong forest division was settled (April 1987) for a period of three years from 1987-88 to 1989-90 at Rs.1.64 lakhs for each year without inviting any tender. Maximum quantity of cane to be extracted from the mahal during the years were not estimated as the mahal was not surveyed by the Department.

It was noticed in audit (April-June 1991) that the Mahaldar paid Rs.4.92 lakhs (Rs.1.64 lakhs X 3 years), but extracted 3,95,511 Kaps of cane valued at Rs.6.63 lakhs. Departmental failure to stipulate the maximum quantity of cane to be extracted from the mahal on payment of a fixed sum in terms of the settlement resulted in loss of revenue amounting to Rs.1.71 lakhs (Rs.6.63 - Rs.4.92 lakhs).

Government acknowledged (May 1992) that in the case of cane mahals, the area of the mahal are specified and settlements are to be made after inviting tenders. In the instant case, however, tenders were not invited nor were reasons for the same stated.

**6.5 Loss due to application of pre-revised
rates of royalty**

By a notification issued on 25 January 1990, the Government of Arunachal Pradesh revised the rates of royalty of A III class round timber from Rs.759 per cubic metre to Rs.949 per cubic metre (Mid-girth 1.22 metre and above) with effect from 1st July 1989.

In Nampong Forest Division, it was noticed (February 1991) in audit that 74.987 cubic metres of A III class of round timber was allotted (October and November 1989) to a firm on payment of royalty

at pre-revised rates of Rs.759 per cu.m. (effective from 1 January 1987) plus reserve fee (25 per cent of royalty), monopoly fee (25 per cent of royalty plus reserve fee) and departmental cost (at the rate of Rs. 5 per cft) as prescribed. The firm after depositing (January 1991) the cost of the timber amounting to Rs.98,614 according to the bill raised (December 1990) by the Division, lifted the allotted timber. The value of 74,987 cubic metres of A III class round timber at the revised rate amounted to Rs.1,24,432. Thus, non-application of revised rates of royalty resulted in short realisation of Rs.25,819.

The points mentioned above were reported to the Department and Government (May 1991); their replies had not been received (November 1991).

Excise Department

6.6 Loss of revenue due to irregular exemption of excise duty

According to the instructions issued (March 1981) by the Government of Arunachal Pradesh, the Deputy Commissioner of Excise, Along and Bomdila, were empowered to issue duty-free permits for processing Indian Made Foreign Liquor (IMFL) Rum meant for consumption by army personnel deployed in the State.

During the course of audit (November 1990) it was observed that the Excise Department, Along, issued such duty-free permits for IMFL whisky and brandy also besides Rum. Accordingly, during the years 1986-87 to 1988-89 duty free permit for 48,800 LPL of whisky and 32,914 LPL of brandy (Duty leviable at Rs.20.60 per LPL) were issued in contravention of Government's instructions. As a result Government sustained a loss of excise duty amounting to Rs.16.83 lakhs. The reasons for allowing duty free import of whisky and brandy were not on record.

The matter was reported to the Department and to Government (April 1991) followed by a reminder (June 1991): their replies had not been received (November 1991).

Forest/Finance Department

6.7 Outstanding Inspection Report

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

(a) The number of Inspection Reports and audit objections issued upto December 1990 which were pending settlement by the Departments as on 30 June 1991 alongside corresponding figures for the earlier two years are given below :-

Year	Number of outstanding inspection audit reports objections		Amount (In lakhs of rupees)
1988	65	240	793.33
1989	85	319	992.83
1990	89	340	1039.98

(i) Revenue headwise analysis of outstanding inspection reports, number of audit objections

and the money value involved as at the end of June 1991 is given below :-

Revenue Head	Number of inspection reports	Outstanding audit objections	Money value (in lakhs of rupees)
Forest	73	303	1022.76
Taxes on vehicles	13	32	15.85
State Excise	3	5	1.37
Total :	89	340	1039.98

(ii) Yearwise analysis of the outstanding inspection reports, audit objections and the money value involved is as under :-

Year	Number of inspection reports	Outstanding audit objections	Money value (in lakhs of rupees)
1980-81	1	1	0.24
1981-82	3	8	8.80
1982-83	3	6	4.01
1983-84	4	12	14.79
1984-85	12	28	15.31
1985-86	5	20	212.28
1986-87	13	56	279.09
1987-88	16	69	147.65
1988-89	8	40	115.16
1989-90	20	79	195.50
1990-91	4	21	47.15
Total:	89	340	1039.98

(b) Out of 89 inspection reports (issued up to 31 December 1990) which were pending settle-

ment as on 30th June 1991, even first reply had not been received so far in respect of 4 inspection reports containing 8 audit objections as per details given below :-

<u>Revenue head</u>	<u>Number of inspection reports</u>	<u>Number of audit objections</u>	<u>Money value (in lakhs of rupees)</u>
Taxes on vehicles	4	8	7.93

The matter was reported to Government in August 1991; their reply had not been received (November 1991).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

This Chapter deals with the results of audit of

- Government companies and

- Departmentally-managed Government commercial and quasi commercial undertakings.

Paragraphs 7.2 gives a general view of the Government companies, paragraph 7.3 deals with departmentally-managed Government commercial and quasi commercial undertakings while paragraph 7.4 deals with review on the working of Arunachal Pradesh Industrial Development and Financial Corporation Limited and paragraph 7.5 deals with "Miscellaneous topics of interest".

7.2 Government companies - General view

7.2.1 As on 31 March 1991 there were three Government companies. (including one subsidiary) in the State, viz. Arunachal Pradesh Forest Corporation Limited, Arunachal Pradesh Industrial Development and Financial Corporation Limited and Nocte Timber Company Limited (a subsidiary of Arunachal Pradesh Forest Corporation Limited).

7.2.2 Appendix III gives the particulars of paid-up capital, outstanding loans, amount of guarantee given by the State Government and amount outstanding thereagainst, up-to-date working results etc., of these Government companies as at the end of 1990-91.

The position is summarised below :-

(a) The aggregate paid-up capital of these three companies as on 31 March 1991 stood at Rs.521 lakhs.

(b) The balance of long-term loans outstanding in respect of one Company as on 31 March 1991 was Rs.644.16 lakhs (State Government :Rs.508 lakhs and others:Rs.136.16 lakhs) as against Rs.493.92 lakhs (State Government:Rs.321.41 lakhs and others:Rs.172.51 lakhs) as on 31 March 1990.

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

None of the companies has finalised its accounts for the year 1990-91 as of January 1992. The position of arrears in the finalisation of accounts is summarised below :

Serial Number	Name of the Company	Extent of Arrears	No. of years involved	Investment by		Holding Company	Capi-Loan	tal
				Government Capital	Loan			
				(Rupees	in	lakhs)	
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	1981-82 to 1990-91	10	92.50	508.00	-	-	-
2.	Arunachal Pradesh Forest Corporation Limited	1987-88 to 1990-91	4	399.72	-	-	-	-
3.	Nocte Timber Company Limited (Subsidiary of Company at Serial Number 2)	1989-90 to 1990-91	2	-	-	14.45	-	-

In the absence of finalisation of accounts, the productivity of investment of Rs.1000.22 lakhs (capital Rs.492.22 lakhs and loans Rs.508.00 lakhs)

by the State Government in these companies could not be conclusively vouchsafed.

The delay in finalisation of accounts was last brought to the notice of Chief Secretary in July 1991.

7.3 Departmentally-managed Government Commercial and quasi-commercial undertakings

7.3.1 Though the State Transport Services and the State Trading Scheme of the Supply and Transport Directorate are commercial in nature and are functioning as such, these had not so far been declared as commercial organisations by Government, as of January 1992.

7.3.2 The *pro forma* accounts of the State Transport Services have been prepared up to 1986-87 and as per latest accounts, the accumulated losses since inception of the transport services from 1975 up to 1986-87 amounted to Rs.232 lakhs.

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

	1982-83	1983-84	1984-85	1985-86	1986-87
	(Rupees in lakhs)				
1. Liabilities					
(a) Government Capital	186.07	224.21	258.27	352.89	458.48
(b) Interest on Government Capital	12.16	16.13	20.28	25.94	38.46
	198.23	240.34	278.55	378.83	496.94
2. Assets					
(a) Gross block	155.31	170.14	180.01	253.49	340.31
(b) Less Depreciation	44.37	55.89	67.41	84.13	99.52
(c) Net fixed assets	110.94	114.25	112.60	169.36	240.79

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
	(Rupees		in	lakhs)	
(d) Current Assets, Loans and Advances	7.43	18.68	18.91	21.59	24.47
(e) Accumulated losses	<u>79.86</u>	<u>107.41</u>	<u>147.04</u>	<u>187.88</u>	<u>231.68</u>
	198.23	240.34	278.55	378.83	496.94

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

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

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

7.3.5 Operational performance

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

7.3.6 The **pro forma** accounts of the State Trading Scheme have been prepared only up to 1986-87 and according to the latest accounts, the accumulated losses since inception of the scheme from 1955-56 up to 1986-87 amounted to Rs.577 lakhs.

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

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
	(Rupees in lakhs)				
1. Receipt :					
(a) Sales	161.41	159.81	164.15	176.81	188.37
(b) Closing stock	53.47	55.92	57.78	90.17	73.26
(c) Prior Adjustment	-	-	-	34.17	-
Total 1.	<u>214.88</u>	<u>215.73</u>	<u>221.93</u>	<u>301.15</u>	<u>261.63</u>
2. Expenditure :					
(a) Opening stock	50.76	53.47	55.39	57.78	90.17
(b) Adjustment on account of quantity of stock not taken into account during 1979-80, 1981-82 and 1983-84	1.88	(-)0.34	0.53	-	-
(c) Purchases	112.76	119.11	138.60	182.36	122.21
(d) Other expenses	<u>66.56</u>	<u>59.75</u>	<u>86.37</u>	<u>109.56</u>	<u>130.51</u>
Total 2.	<u>231.96</u>	<u>231.99</u>	<u>280.89</u>	<u>349.70</u>	<u>342.89</u>
3. Net loss	17.08	16.26	58.96	48.55	81.26

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

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

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
	(Rupees in lakhs)				
1. Fixed overhead charges (actuals)	35.71	35.84	51.66	67.82	73.56
2. Variable overhead charges (actuals)	<u>23.67</u>	<u>16.20</u>	<u>23.90</u>	<u>26.95</u>	<u>31.48</u>
Total :	59.38	52.04	75.56	94.77	105.04
3. Cost of procurement	<u>112.76</u>	149.11	138.60	149.97	139.12
4. Percentage of overhead to cost of procurement	52.7	43.7	54.5	63.2	75.5

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

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

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
	(Rupees in lakhs)				
Overhead expenses	<u>59.38</u>	<u>52.04</u>	<u>75.56</u>	<u>94.77</u>	<u>105.04</u>
Short recovery of overhead	9.90	8.55	48.15	67.93	55.79

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

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

	<u>1984-85</u>	<u>1985-86</u>
	(Rupees in lakhs)	
Cost of sales	136.74	149.97
Overhead required to be recovered at 30 per cent of cost of sales	41.02	44.99
Overhead recovered	<u>27.41</u>	<u>26.84</u>
	13.61	18.15

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

7.4 Industries Department

Review on Arunachal Pradesh Industrial Development and Financial Corporation Limited

7.4.1 Introduction

Arunachal Pradesh Industrial Development and Financial Corporation Limited was incorporated as a wholly-owned Government Company in August

1978 with a view to promoting and developing industries in the State by providing requisites infrastructural facilities and financial assistance.

The main objectives of the Company as set out in the Memorandum of Association are

- to promote, encourage and aid, assist, counsel, finance, undertake, co-ordinate, organise, establish and develop small, medium and large industries in the State by means of providing direct assistance in regard to promotional, technical, managerial and financial needs for establishing, running, expanding or modernising any industrial undertaking, project or enterprise whether owned or run by the State Government, statutory body, corporation, public or private company, firm or individual and to act as a major instrument for the rapid and integrated establishment, growth and development of industries in the State;

- To encourage, promote and assist in participation of capital in industrial enterprises and expansion of investment markets in the State and to provide for financial assistance and management including direct capital participation, processing of loans, direct loan assistance, conversion of loans into equity participation in equity and preference shares, underwriting of shares, debentures, to provide guarantees to existing and new small, medium and large scale industrial undertakings or for groups thereof in the State;

- to develop industrial areas and to establish and manage industrial estates at places selected by the Company.

Note The abbreviations appearing in this Review are listed alphabetically expanded in the glossary at Appendix V at page 196-197.

The present activities of the Company, however, cover the following :

- extending financial assistance by way of term loans and seed capital to entrepreneurs;
- setting up a Raw Material Bank for supply of scarce raw materials;
- floating of joint venture - Three Star Hotel at Itanagar under an agreement with Indian Tourism Development Corporation Limited (ITDC) of New Delhi;
- take over of cement plant of 30 TPD capacity (sponsored by North Eastern Council) and run it as a subsidiary;
- setting up a Fruit Processing Plant and run it as subsidiary;
- agency for Government Project Citronella plant;
- Setting up of own production units, viz. (i) TV Assembling, (ii) Printing, and (iii) Furniture making and
- Setting up of trading units, viz. (i) Trading centre and (ii) Gas Agency.

7.4.2 Organisational set-up

The management of the Company is vested in a Board of Directors consisting of nine Directors including Chairman and Managing Director. As on 31 March 1991, there were seven Directors on the Board - one nominated by the Industrial Development Bank of India (IDBI) and the rest including Part time Chairman and Managing Director nominated by the State Government.

The Company has no qualified Company Secretary as required under the provisions of the Companies Act, 1956.

7.4.3 Scope of Audit

A comprehensive appraisal of the company was included in the Report of the Comptroller and Auditor General of India for the year 1984-85, which was considered by the Public Accounts Committee in February 1991. The activities of the Company from 1988-89 to 1990-91 were reviewed during the test-check conducted in Audit and the findings are set out in the succeeding paragraphs.

7.4.4 Highlights

- The accumulated loss of the Company up to the year ended March 1991, (based on provisional and unauthenticated accounts) was Rs.81.68 lakhs, and the net worth of the Company was reduced to Rs.10.82 lakhs in 1990-91 from Rs.77.12 lakhs in 1988-89.

(Paragraph 7.4.6.2/3)

- Since the last Audit Review (1984-85) the Company had not taken up any new project/scheme for implementation.

(Paragraph 7.4.7.3.5)

- The Hotel Donyi-Polo Ashok, Limited at Itanagar which was established as a joint venture between the Company and the Indian Tourism Development Corporation Limited started commercial operation in November 1990 after a time overrun of 6 years and with cost escalation

of Rs.75 lakhs (from Rs.55 lakhs to Rs.130 lakhs).

(Paragraph 7.4.7.1)

- Out of the two subsidiaries, the net loss of Parasuram Cement Limited till 1989-90 was Rs.9.39 lakhs. The interest on loans (Rs.53.59 lakhs) payable to the holding company as on 31st March 1991 stood at Rs.14.47 lakhs.

(Paragraph 7.4.7.2.1)

- The fruit processing unit of Arunachal Pradesh Horticulture processing Industries Private Limited, a subsidiary company started its commercial operation in August 1987, but its working results could not be ascertained due to non-finalisation of accounts since the inception. The Board decided in March 1991 to carry out a diagnostic study of the unit and to defer repayment of principal and interest to the tune of Rs.56.46 lakhs to the holding company till the study was carried out.

(Paragraph 7.4.7.2.2)

- Among the trading and production units of the Company, the Raw Materials Bank Scheme, Arunachal Electronics (TV Assembly) unit and Arunachal Printers sustained losses of Rs.1.10 lakhs, Rs.12.07 lakhs and Rs.11.34 lakhs, respectively, during the last three years of their operations ending March 1991.

(Paragraph 7.4.7.3)

- The disbursement of loans during the three years ending 1990-91 was Rs.101.22 lakhs, against loan applications for Rs.449.30 lakhs. Against cumulative outstanding loans

of Rs.300.74 lakhs as on 31 March 1991, amount totalling Rs.117.02 lakhs towards principal and Rs.61.71 lakhs towards interest, were overdue for recovery.

(Paragraph 7.4.8)

7.4.5 Capital structure

The authorised capital of the Company as on 31 March 1991 was Rs.600 lakhs consisting of 6 lakh equity shares of Rs.100 each. The paid-up capital as on 31 March 1991 was Rs.92.50 lakhs which was contributed by the State Government up to the year 1986-87.

7.4.6 Funding, financial position and working results

7.4.6.1 Funding

The Company's sources of funds comprised the share capital, loans and refinance from IDBI. At the end of March 1991, based on provisional figures, the borrowings of the Company stood at Rs.644.16 lakhs - Rs.508 lakhs from the State Government and Rs.136.16 lakhs from the IDBI.

The amount overdue for payment to the State Government as on 31 March 1991 was Rs.85.80 lakhs on account of principal and Rs.93.97 lakhs on account of interest.

The loans from the State Government included Rs.432.50 lakhs bearing interest at the rate of 11 per cent per annum which were received by the Company during the four years ending 1990-91 for specific purpose of investment in joint venture and subsidiary units. This, however, included Rs.50 lakhs

received for term lending operations. The sum of Rs.345.50 lakhs received between March 1989 and March 1991 could not be utilised by the Company immediately and as such was kept in fixed deposits for periods ranging from 45 to 182 days earning on an average interest of 8 per cent per annum against the interest liability of 11 per cent per annum to the State Government. This had resulted in an avoidable loss of Rs.5.01 lakhs to the Company during the three years ending 1990-91.

7.4.6.2 Financial position

Based on provisional figures of unauthenticated accounts, the financial position of the Company at the end of three years up to 1990-91 is given in the following table :

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees	in	lakhs)
A. Liabilities			
(a) Paid-up capital	92.50	92.50	92.50
(b) Reserves and surplus	-	-	-
(c) Incentives and grants from the State Government	48.65	48.65	48.65
(d) Borrowings	506.71	465.69	644.16
(e) Trade dues and other current liabilities including provisions	<u>53.83</u>	<u>61.01</u>	<u>104.16</u>
Total :	701.69	667.85	889.47
B. Assets			
(a) Gross Block	33.44	46.64	58.57
(b) Less: Depreciation	10.72	14.51	19.30
(c) Net fixed assets	22.72	32.13	39.27
(d) Investments	156.50	70.50	79.62
(e) Current assets, loans and advances	507.05	522.57	659.28
(f) Miscellaneous expenses not written off	0.04	13.82	29.62
(g) Accumulated loss	<u>15.38</u>	<u>28.83</u>	<u>81.68</u>
Total:	701.69	667.85	889.47

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in lakhs)		
* Capital employed	475.94	493.69	594.39
** Net worth	77.12	63.67	10.82

The net worth of the Company had declined to Rs.10.82 lakhs in 1990-91 from Rs.77.12 lakhs in 1988-89.

7.4.6.3 Working results

The working results of the Company for the three years up to 1990-91 based on provisional and unauthenticated accounts are summarised below:

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in lakhs)		
1. Income			
(a) Sales	95.24	68.42	55.19
(b) Interest	33.78	34.42	40.78
(c) Other income	<u>2.71</u>	<u>7.51</u>	<u>6.13</u>
Total - 1	231.73	110.35	102.10
2. Expenditure			
(a) Salaries and other expenses	31.57	44.20	52.68
(b) Cost of sales	70.89	45.85	40.70
(c) Depreciation	3.09	3.79	4.79
(d) Interest	<u>31.04</u>	<u>29.96</u>	<u>56.78</u>
Total - 2	136.59	123.80	154.95
Net loss	4.86	13.45	52.85

* Capital employed represents net fixed assets plus working capital.

** Net worth represents paid-up capital plus reserves and surplus less intangible assets.

The accumulated loss as on 31 March 1991 stood at Rs.81.68 lakhs. The losses were mainly due to decline in sales out-turn of the departmental units coupled with sharp rise in interest burden from year to year.

7.4.7 Activities

Results of review of the various activities of the Company are mentioned in the following paragraphs.

7.4.7.1 Participation in joint venture Hotel

The Company at the instance of the State Government entered into an agreement with the India Tourism Development Corporation Limited, New Delhi (ITDC) in January 1981 to promote a joint venture public limited company with an equity ratio of 49 and 51 **per cent** (APIDFC and ITDC respectively) to set-up and manage a **3** star hotel at Itanagar. The proposed venture **viz.** Donyi-Polo Ashok Limited was registered in August 1987 under the Companies Act, 1956 and started commercial operation from November 1990 as against the projected schedule of operation from mid - 1984 resulting in time-overrun of over 6 years in completion and commercial operation. The cost of project which was initially estimated at Rs.55 lakhs in January 1981 had escalated to Rs.130 lakhs in November 1990 mainly due to delay in preparation of architectural design, land disputes and shortage of funds. The original project report envisaged a return of 11.9 **per cent** on equity but no such return was spelt-out in the revised estimates from time to time.

The Company had invested Rs.46.11 lakhs in the equity capital of the joint venture out of State Government loan bearing interest at the rate of 11 **per cent** per annum. However, the expected

return of 11.9 per cent on the investment in the joint venture was not revised despite 136 per cent increase in the payment of the project cost after revision. The joint venture company submitted a claim of Rs.24.40 lakhs towards Central Investment Subsidy to the Central Government only in November 1988 while the scheme was abolished with effect from 30 September 1988. Had the company preferred the subsidy claim well in time its equity burden would have been reduced by Rs.11.96 lakhs (49 per cent of Rs.24.40 lakhs). The Company was persuing the claim with the Government of India for reconsideration (June 1991).

Further, in course of scrutiny of records (December 1990) of the Executive Engineer, Capital Division - A it was noticed in Audit that in course of execution of work by the State Public Works Department as a deposit work, the Chief Engineer of the Department discovered after spot verification (May 1987) that a portion of work in the ground floor executed according to drawings of the ITDC was not structurally sound and as such the work had to be dismantled rendering an expenditure of Rs.14.56 lakhs (including dismantling cost of Rs.3.49 lakhs) as wasteful. Neither investigation to the cause of faulty execution had been instituted by the Department nor any claim had been made by the company for compensation. Thus, the Company had to shoulder the burden of loss amounting to Rs.7.13 lakhs being 49 per cent of the wasteful expenditure.

7.4.7.2 Project through Subsidiaries

7.4.7.2.1 Parasuram Cement Limited

The total investment of the Company in the subsidiary as on 31 March 1991 stood at Rs.67.49 lakhs (share capital : Rs.13.50 lakhs, interest bearing loans : Rs.53.59 lakhs and non-interest bearing loan : Rs.0.40 lakhs). The net loss of the company

as per provisional accounts as on 31 March 1990 was Rs.9.39 lakhs before charging depreciation and interest on loan. The working results for the year 1990-91 had not been worked out. The interest on loans payable to the holding company as on 31 March 1991 stood at Rs.14.47 lakhs. The reasons for losses were (i) under-utilisation of installed capacity (ii) power shortages and mechanical break-down of plants and (iii) non-availability of working capital.

The team of the Cement Corporation of India had suggested long back for a larger scale of operation to make the plant profitable. But no steps had been taken either by the holding company or the subsidiary to revamp the functioning of the company (June 1991).

**7.4.7.2:2 Arunachal Pradesh Horticulture
Processing Industries Private
Limited**

Mention was made in paragraph 8.4.7(ii) of the Report of the Comptroller and Auditor General of India for the year 1984-85 regarding various aspects of setting up of the fruit processing plant as a subsidiary of the Company.

As against the last revised date of January 1987 for commencement of commercial production the unit started commercial production in August 1987. The actual project cost was not available with the company which had not finalised its accounts since inception till 31 March 1991. The estimated cost was raised from Rs.67.64 lakhs (January 1984) to Rs.100 lakhs (July 1986) according to minutes of 50th meeting of the Board held on 21st March 1991 consisting of Rs.20 lakhs as share capital, Rs.21.80 lakhs being Central subsidy and balance Rs.58.20 lakhs being term loans from the holding company. The reasons for revision were the rise in cost of plant and machinery and Civil works. The total investment of the

holding company as on 31 March 1991 was Rs.109.46 lakhs (share capital : Rs.0.002 lakh, Term loan : Rs.58.200 lakhs and Other loans : Rs.51.258 lakhs).

The estimated Central Investment Subsidy claim of Rs.21.80 lakhs had not been preferred with the Central Government till 30 September 1988 when the scheme was abolished by the Government of India resulting in a loss of Rs.21.80 lakhs to the subsidiary as well as to the holding company.

The Board of Directors decided in March 1991 (i) To carry out a diagnostic study of the unit by the institution other than North Eastern Industrial and Technological Consultancy Organisation Limited (ii) deferment of interest/repayment of principal to the tune of Rs.56.46 lakhs (Principal : Rs.29.10 lakhs; interest : Rs.27.36 lakhs) till the carrying out of the study. Further development is awaited (June 1991).

It was noticed that the capacity utilisation according to the periodic data submitted by the subsidiary was less than 10 per cent of the rated capacity.

7.4.7.3 Own Trading and Production units

7.4.7.3.1 Raw Materials Bank Scheme

The unit procured scarce raw materials for sale to small scale and medium scale industrial units and other entrepreneurs of the State at no profit no loss basis. The financial performance of the unit for the three years ending March 1991 is given below:

Year	Turn-over	Cost of sales including overheads	Loss
	(Rupees in lakhs)
1988-89	1.19	1.27	0.08
1989-90	4.20	4.58	0.38
1990-91	11.93	12.57	0.64

The losses would increase if share of head office expenditure and interest liabilities on Government loans were taken into consideration. The reasons for continuous losses had not been analysed by the Company (July 1991). The closing balance of stock as on 31 March 1991 (Rs.4.24 lakhs) included stock worth Rs 0.52 lakhs being unreconciled balance of purchase carried forward in the books of accounts since 1984-85 without being supported by physical stock.

Sales were required to be made in cash basis only according to the decision of the Board in October 1980. Credit sales were, however, made to the extent of 90 per cent of total sales during 1988-89 to 1990-91, overall credit sales being Rs.15.68 lakhs out of total sales of Rs.17.32 lakhs. The unrealised balance on account of credit sales stood at Rs.24.47 lakhs till the end of 1990-91 (Government Departments : Rs.12.60 lakhs, Private parties : Rs.11.87 lakhs). Neither any age-wise analysis of outstanding dues was prepared by the Management nor the position of old outstandings was ever reviewed by the Board (July 1991).

7.4.7.3.2 Arunachal Electronics (T.V Assembly Unit)

The unit procures black and white and coloured T.V units, assembles and market the finished products. During the three years ending 1990-91, the company produced 458, 219 and 256 sets, respectively, against the assessed assembling capacity of 2400 sets per annum. The capacity utilisation came down to 10.67 per cent in 1990-91 from 19.08 per cent in 1988-89. The Company attributed (July 1991) the low production to acute power shortage and reduction of sale to saturated market condition.

The financial performance of the unit, during the three years ending 1990-91 is given below:

<u>Year</u>	<u>Turnover</u>	<u>Cost of sales including overheads</u>	<u>Loss</u>
	(Rupees in lakhs)		
1988-89	13.79	18.16	4.37
1989-90	17.70	18.52	0.82
1990-91	9.75	16.63	6.88

The reasons for continuous losses had not been analysed by the Company. Other irregularities noticed were :

- The unit did not even cross 20 **per cent** of its production during the three years ending 1990-91.
- The unit had no sales outlet outside the State Capital.
- The unit had no system of accounting stocks and inventory control. Thus, availability or otherwise of various stocks could not be assessed in Audit. The various TV sets, Meghaphones and walkman stereos costing Rs.1.92 lakhs had been lying in stock in damaged condition for more than 5 years. Further, 62 T V Sets (value not assessed) were lying as damaged in the godown. No action for disposal of the damaged stores/stocks, after proper investigation and obtaining approval of the competent authority had been initiated by the Company (January 1992).

7.4.7.3.3 **Arunachal Printers**

The unit was mainly subsisting on Government jobs. About 70 **per cent** of jobs undertaken pertained to the Government of Arunachal Pradesh.

through the Directorate of Public Instructions viz. printing of exercise books, answer sheets etc. at the rate fixed by the State Government.

The financial performance of the unit for the three years ending 1990-91 is given below:

<u>Year</u>	<u>Turnover</u>	<u>Cost of sales including overheads</u>	<u>Loss</u>
	(R u p e e s i n l a k h s)		
1988-89	10.55	11.42	0.87
1989-90	15.23	19.81	4.58
1990-91	12.01	17.90	5.89

The increasing trend in the loss of the unit was attributed to (i) shortage of power supply (ii) non-supply of paper at concessional rate by Hindustan Paper Corporation and consequently making of purchases from local markets at higher rates.

It was also noticed in Audit that no job-costing was adopted by the unit.

7.4.7.3.4 Arunachal Furniture

The unit was running mainly on Government works for manufacture of wooden furnitures.

The financial performance of the unit for the last three years ending March 1991 is given below :

<u>Year</u>	<u>Turnover</u>	<u>Cost of Sales including overheads</u>	<u>Profit(+)</u> <u>Loss(-)</u>
	(R u p e e s i n l a k h s)		
1988-89	49.43	41.69	(+) 7.74
1989-90	7.56	8.50	(-) 0.94
1990-91	5.43	7.04	(-) 1.67

The unit made a profit during 1988-89 only because of receipt of unusually heavy order from a State Government Department and in the subsequent years it was running at losses for non-receipt of orders. The Company did not explore avenues for revamping the unit.

7.4.7.3.5 Other industrial projects

The Company had not taken up any new project/scheme for implementation in recent years, and as such the functioning of the company had remained standstill since the last appraisal of the performance of the Company as incorporated in the Report of the Comptroller and Auditor General of India for the year 1984-85. Thus, the main objectives of the Company to promote, establish and develop industries in the State remained unfulfilled.

7.4.8 Financing of loans

The Company was declared by Government of India as a financial concern in terms of the Industrial Development Bank of India Act, 1964 and was, thus, brought within the purview of refinance scheme of the IDBI. But the main objectives of the company i.e. financing of loans came to a standstill since the last appraisal of the performance of the company in view of decision taken by the Board in July 1986 to stop sanction and disbursement of industrial loans due to financial stringency. Thus, the Company cancelled 19 loans amounting to Rs.3.85 lakhs sanctioned during 1987-89 for non-availability of funds. However, during 1986-87 and 1987-88 the Company sanctioned and disbursed Rs.58.20 lakhs loan to its own subsidiary (Fruit Processing unit) and Rs.10.39 lakhs to an outside loanee.

The position of loan applications received, sanctioned, rejected, disposed, etc. during the three years ending 1990-91 are tabulated below:-

<u>Particulars</u>	<u>1988-89</u>		<u>1989-90</u>		<u>1990-91</u>	
	No.	Amount (Rupees)	No.	Amount in lakhs	No.	Amount
(i) Opening balance	-	-	1	25.52	4	8.30
(ii) Applications received	1	25.52	9	43.31	20	380.47
Total :	1	25.52	10	68.83	24	388.77
(iii) Loan sanctioned	-	-	6	56.01	10	184.57
(iv) Applications rejected	-	-	1	4.52	4	112.22
(v) Pending applications	1	25.52	3	8.30	10	91.98
Total :	1	25.52	10	68.83	24	388.77
(vi) Loans disbursed	1	*25.71	5	39.56	4	35.95

The disbursement of loans during the above three years was indicative of persistent financial stringency of the Company.

The table below summarises the opening balance of outstanding loans, disbursed and overdue for recovery during the three years ending 1990-91.

<u>Particulars</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees)	in	lakhs)
(i) Outstanding at the beginning of the year	265.78	272.74	297.71
(ii) Loans disbursed during the year	25.71	39.56	35.95
Total :	291.49	312.30	333.66
(iii) Loans recovered during the year	20.93	24.67	32.92
Balance :	270.56	287.63	300.74
(iv) Interest loaded to Principal on reschedulement of loans	2.18	10.08	-

* (Represents disbursement of loan during the year against application received prior to 1988-89)

<u>Particulars</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
(v) Loans outstanding at the close of the year	272.74	297.71	300.74
(vi) Amount overdue for recovery:			
(a) Principal	100.49	87.61	117.02
(b) Interest	50.17	51.28	61.71
(vii) Percentage of overdue principal to outstandings	36.84	29.43	38.91
(viii) Percentage of interest overdue to principal overdue	49.93	58.83	52.73

Against loan of Rs.300.74 lakhs outstanding as on 31 March 1991 an amount of Rs.117.02 lakhs towards principal and Rs.61.71 lakhs towards interest became overdue for recovery. The company had initiated legal action against 3 defaulters with a total dues of Rs.5.96 lakhs (Principal: Rs.3.60 lakhs and interest Rs.2.36 lakhs) only and action against the remaining defaulters was awaited (July 1991). However, default review committee was set up in March 1991 to review the position on a monthly basis.

7.4.9 Internal audit

The Company had not introduced an effective system of internal audit (July 1991). A firm of chartered accountants was entrusted in December 1988 to conduct internal audit of head office, units and subsidiaries for three years from 1985-86 to 1987-88 together with compilation of accounts for these years only at a total cost of Rs.1.33 lakhs. The firm, however, did not submit the internal audit report (July 1991). Further no effective action was taken against the firm to expedite submission of the report. Moreover, an extra payment of Rs.0.41 lakh was made to the firm (fee : Rs.0.19 lakh; expenses : Rs.0.22 lakh). The company had also neither taken action

on the internal audit report up to 1985-86 nor placed the same before the Board of Directors.

7.4.10 Other topics of interest

7.4.10.1 Irregularities in construction of office buildings

The Company engaged Sikkim Computers and system (P) Limited, Gangtok for construction of its office building through a work order issued in September 1989 for Rs.21.50 lakhs on the basis of contractors own estimates. An agreement was also entered into with the contractor in September 1989 to complete the work within one year.

The following points were noticed:

(i) Contrary to the decision of the Board of Directors in its 35th Meeting (July 1987) to award the work after floating tenders, it was decided in its 44th meeting to award the work to the contractor without inviting tenders to avoid delay and needless formalities. The decision of the Company was contrary to the principles of financial propriety, codal provisions and commercial practice. The value of the work at Rs.22.50 lakhs was based on estimates submitted by the contractor which was not scrutinised with the approved schedule of rates of State Public Works Department for assessing the reasonableness of the rate. The period within which the work was required to be completed (22nd September 1990) was over and the building was put to use by the Company though not formally taken over from the contractor. Neither the total work was completed in all respects nor the extension of period was granted (July 1991). A sum of Rs.22.24 lakhs was paid during September 1989 to August 1990 for the work done by the contractor.

(ii) Clause 5 of the agreement with the contractor provided for escalation of a maximum of Rs.2.49 lakhs (10 per cent of total cost) to compensate increase in prices due to budgetary levies from 1st April 1990. But, the Company paid Rs.2 lakhs towards escalation at the rate of 20 per cent of the balance work valuing Rs.10 lakhs (approx) as on 1st April 1990 as against the admissible amount of Rs.1.33 lakhs (proportionate to the balance of work outstanding) resulting in excess payment of Rs.0.67 lakh. The Company also paid 5 per cent amounting to Rs.0.50 lakh as contingency expenditure on balance work (Rs.10 lakhs) which was beyond the scope of terms and conditions of the agreement. Thus, there was unauthorised excess payment of Rs.1.17 lakhs towards escalation and contingencies.

(iii) The value of 10,000 bricks made available by the company (value not assessed) was neither adjusted from bills nor recovered in cash from the contractor.

(iv) All payments made to the contractor were released on the basis of certificate of value of works executed being obtained from a chartered Engineer and no measurement book (MB) was maintained for the purpose as required under P W D rules. The Company did not insist on measurement recorded in the M.B. nor verified the progress of work before making payments.

(v) In terms of agreement, the Company was entitled to claim liquidated damages for delay in completion of work at the rate of Rs.1000 per day. However, the Company had not worked out any claim for liquidated damages and made recovery from the contractor.

The points mentioned above were referred to the Management/Government in August 1991; their replies had not been received (November 1991).

7.5 Excess consumption of HSD Oil in Transport Department

According to the norms fixed by the Transport Department in February 1985 the consumption of HSD oil was restricted to 4 km and 3.5 km per litre in plain and hilly routes respectively. Scrutiny of records maintained by the office of the General Manager, State Transport Department, Naharlagun (September 1990) revealed that during 1989-90 12.15 lakh litres of HSD oil was consumed against the prescribed norm of 11.61 lakh litres of oil to cover a distance of 46.45 lakh kilometres. The excess consumption of HSD oil worked out to 0.54 lakh litres valuing Rs.1.90 lakhs based on the then prevailing minimum rate of Rs.3.52 per litre. The reasons for excess consumption were not analysed by the Department.

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



(ROCHILA SAIAMI)
Accountant General (Audit)
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Shillong

The

Countersigned



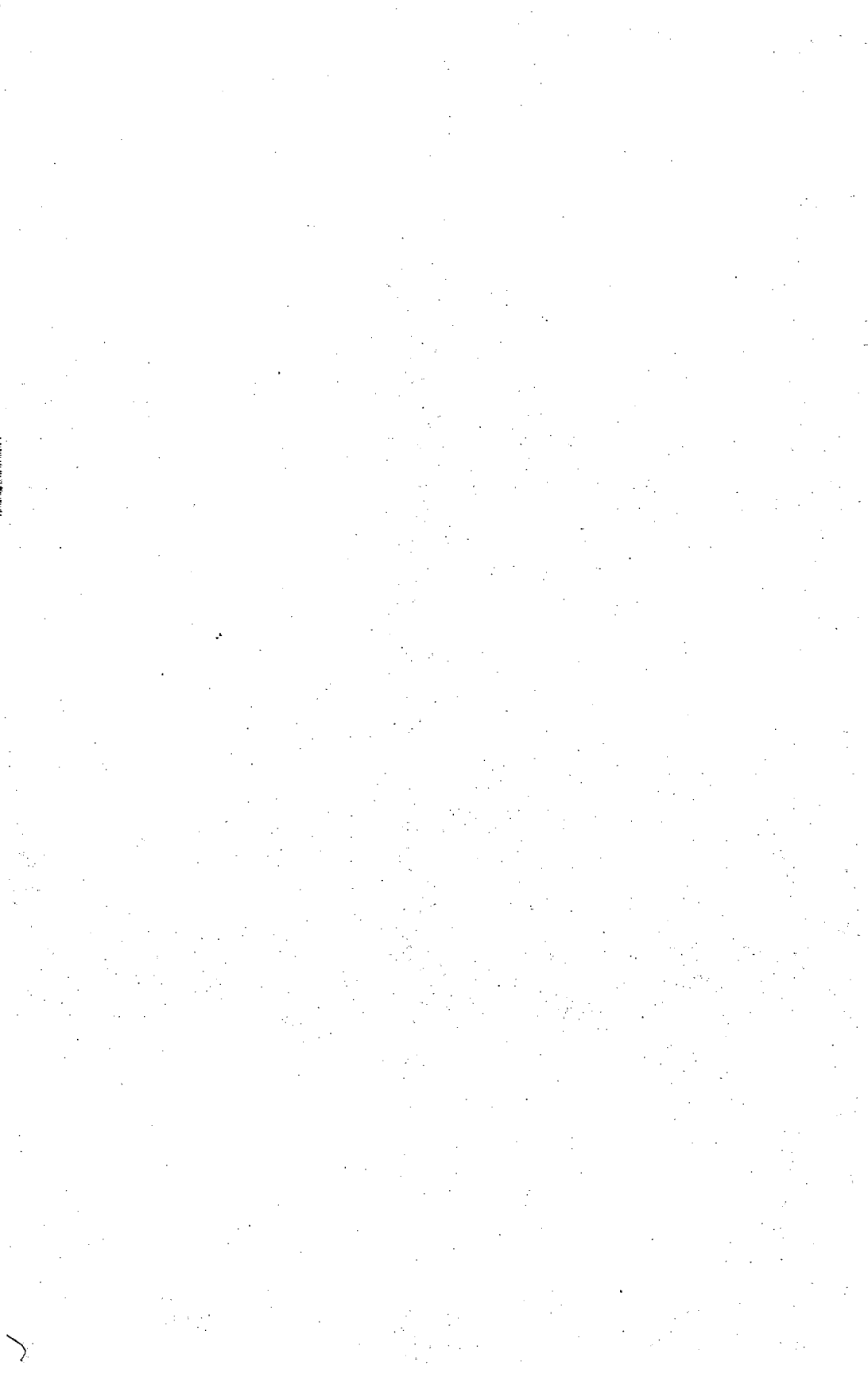
New Delhi

The

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



A P P E N D I C E S



APPENDIX - I.

(Reference : Paragraph 2.2.1; Page 36)

I. Excess over grants/appropriation requiring regularisation

A. State of Arunachal Pradesh

Sl. No.	Number and name of grant/appropriation:	Total grant/ appropriation	Expenditure	Excess
(In rupees)				
Revenue Section (Voted)				
1.	5-Secretariat Administration	3,85,64,000	4,31,16,995	45,52,995
2.	8-Police Department	14,94,35,000	14,98,17,394	3,82,394
3.	13-Directorate of Accounts	4,30,76,000	4,58,68,083	27,92,083
4.	15-Medical Department	14,32,06,000	15,14,40,316	82,34,316
5.	19-Industries Department	3,04,09,000	3,04,76,692	67,692
6.	24-Agriculture Department	6,57,41,000	6,70,77,346	13,36,346
7.	30-State Transport Department	3,38,00,000	3,51,30,098	13,30,098
8.	31-Public Works Department	45,45,61,000	47,47,31,418	2,01,70,418
9.	34-Power Project	9,23,00,000	9,40,91,762	17,91,762
10.	44-Attached Office of the Secretariat Administration	35,69,000	35,77,976	8,976
11.	48-Horticulture Department	2,40,23,000	2,42,22,820	1,99,820
			Total :	4,08,66,900
Capital Section (Voted)				
12.	23-Forest Department	24,00,000	48,01,345	24,01,345
13.	26-Rural Works Department	9,10,66,000	9,13,36,491	2,70,491
14.	32-Roads and Bridges	39,68,74,000	40,13,24,147	44,50,147
15.	40-Housing	5,70,80,000	5,79,28,482	8,48,482
			Total :	79,70,465
16.	Public Debt (Charged)	27,98,00,000	51,70,71,069	23,72,71,069
			Grand Total :	28,61,08,434

APPENDIX

Statement showing Departmentwise break-up of the pending

(Reference : Paragraph

Sl. No.	Name of the Department	Cases awaiting Criminal proceedings		Cases awaiting departmental/police action started but not finalised	
		No. of cases	Amount in lakhs of rupees	No. of cases	Amount in lakhs of rupees
1.	Community Development	-	-	1	0.13
2.	Education	-	-	4	2.95
3.	Forest	-	-	4	0.61
4.	General Administration	-	-	4	1.01
5.	Medical	1	Amount has not been intimated	-	-
6.	Public Works	-	-	5	2.67
7.	Supply and Transport	-	-	2	0.23
8.	Information and Public Relation	1	2.65	-	-
9.	Industry	-	-	1	0.36
Total :		2	2.65	21	7.96

- II

cases of loss, misappropriation, etc. at the end of June 1991

3.5 at page 88)

Cases awaiting order for recovery or writeoff		Cases awaiting re-covery/information about recovery		Cases in the court of Law		Total	
No. of cases	Amount in lakhs of rupees	No. of cases	Amount in lakhs of rupees	No. of cases	Amount in lakhs of rupees	No. of cases	Amount in lakhs of rupees
-	-	-	-	-	-	1	0.13
-	-	-	-	-	-	4	2.95
-	-	-	-	-	-	4	0.61
-	-	1	0.02	1	0.03	6	1.06
-	-	-	-	-	-	1	-
2	3.67	-	-	-	-	7	6.34
1	0.19	-	-	-	-	3	0.42
-	-	-	-	-	-	1	2.65
-	-	-	-	-	-	1	0.36
<u>3</u>	<u>3.86</u>	<u>1</u>	<u>0.02</u>	<u>1</u>	<u>0.03</u>	<u>28</u>	<u>14.52</u>

APPENDIX

Statement showing particulars of paid-up capital, outstanding

(Reference to in

Sl. No.	Name of the Company	Paid up Capital as at the end of Current year 1990-91					Loans outstanding at the close of the current year 1990-91
		State Govt.	Central Govt.	Holding Company	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4
(Rupees in lakhs)							
1.	Arunachal Pradesh Forest Corporation Limited	399.72	-	-	-	399.72	-
2.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	92.50	-	-	-	92.50	644.16
3.	Nocte Timber Company Limited (Subsidiary of Arunachal Pradesh Forest Corporation Limited)	-	-	14.45	13.88	28.33	-

(A) Transferred to General reserve.

- III

loans, working results etc., of Government companies

Paragraph 7.2.2; page#58)

Amount of guarantee given upto 1990-91	Amount of guarantee outstan- ding at the end of 1990-91	Position at the end of the year for which accounts finalised			
		Year for which accounts finali- sed	Paid up Capital at the end of the year	Accumulated Profit(+)/ Loss (-)	Any excess of accumulated loss over paid up capital
5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
(Rupees in lakhs)					
-	-	1986-87	340.00	(+) 52.44	-
-	-	1980-81	24.04	(+) 0.49	-
-	-	1987-89	14.16	(+) 166.51(A)	-

APPENDIX

Summarised financial results of Government Companies

(Referred to in

Sl. No.	Name of the Company	Name of the Department	Date of incorporation	Period of accounts	Year in which finalised	Total Capital invested at the end of the year of accounts
1	2	3	4	5	6	7
1.	Arunachal Pradesh Forest Corporation Limited	Forest	March 1977	1986-87 (Year ending September)	1991-92	407.31
2.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industry	August 1978	1980-81	1990-91	42.06
3.	Nocte Timber Company Limited (Subsidiary of Arunachal Pradesh Forest Corporation Limited)	Forest	February 1981	1987-89	1991-92	222.50

Note : 1. Capital invested represents paid-up capital **plus** long-term loans **plus** free reserves.

2. Capital employed represents net fixed assets (excluding capital works-in-progress) **plus** working capital.

3. The Company at Serial Number 3 was incorporated in November 1962 as a Private Limited Company which became a subsidiary in February 1981.

- IV

for the year for which accounts were finalised

Paragraph 7.2.3; page 159)

Profit(+) /Loss (-)	Total interest charged to pro- fit and loss account	Interest on long term loan	Total return on Capital inves- ted (8+10)	Capital emplo- yed	Total return on ca- pital emplo- yed (8+9)	Percen- tage of total return on capi- tal in- vested	Percentage of total return on capital employed
8	9	10	11	12	13	14	15

(Rupees in lakhs)

(+)	101.38	-	-	(+)	101.38	458.95	(+)	101.38	24.89	22.09
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(+)	0.51	0.09	-	0.51	41.94	0.60	1.21	1.43
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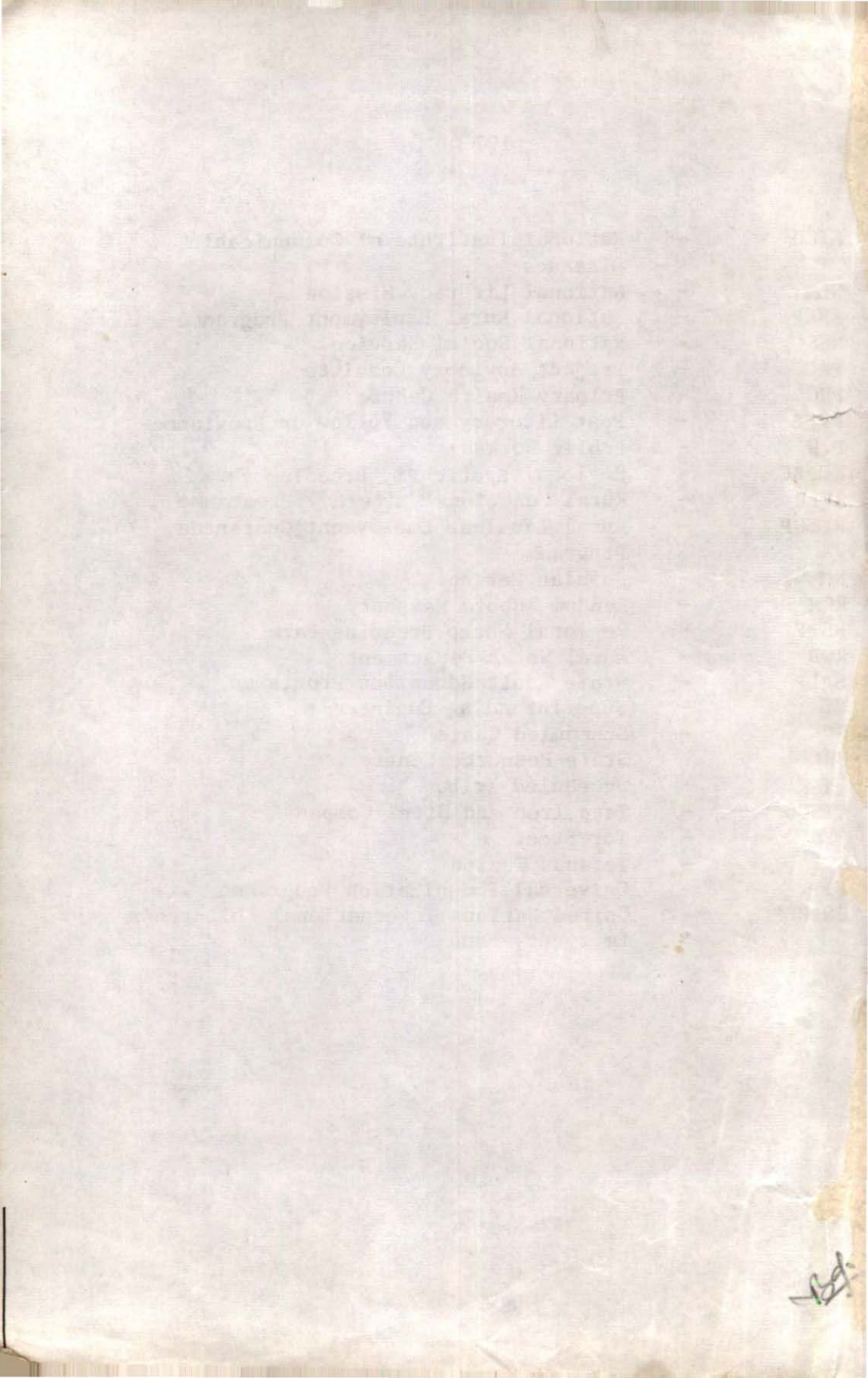
(-)	8.99	-	-	(-)	8.99	205.74	(-)	8.99	-	-
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APPENDIX - V

Glossary of abbreviations used in the Report

AC	-	Abstract Contingent
AE	-	Adult Education
AEC	-	Adult Education Centre
AEP	-	Adult Education Programme
BCG	-	Bacillus of Calmettee and Guerin
BDOs	-	Block Development Offices
BRO	-	Border Roads Organisation
Cft	-	Cubic feet
CPBF	-	Central Pig Breeding Farm
CRSP	-	Central Rural Sanitation Programme
CST	-	Central Sales Tax
Cu.m	-	Cubic metre
DAEB	-	District Adult Education Board
DAEO	-	District Adult Education Officer
DPI	-	Director of Public Instructions
DPT	-	Diphtheria Pertussis Tetanus
DRDA	-	District Rural Development Agency
DVO	-	District Veterinary Officer
EE	-	Executive Engineer
EPI	-	Expanded Programme of Immunization
GCI	-	Galvanised Corrugated Iron
GI	-	Galvanised Iron
GOI	-	Government of India
IEC	-	Information, Education and Communication
IDBI	-	Industrial Development Bank of India
ILR	-	Ice line refrigerator
IMFL	-	India made Foreign Liquor
ITDC	-	Indian Tourism Development Corporation Limited
JSN	-	Jana Shikshan Nilayam
Kg	-	Kilogram
Km	-	Kilometre
LPL	-	London Proof Litre
MB	-	Measurement Book
MPFL	-	Mass Programme for Functional Literacy
NAEP	-	National Adult Education Programme
NEC	-	North Eastern Council

NICD	-	National Institute of Communicable Diseases
NLM	-	National Literacy Mission
NREP	-	National Rural Employment Programme
NSS	-	National Social Service
PAC	-	Project Advisory Committee
PHC	-	Primary Health Centre
PIFF	-	Post Literacy and Follow up Programme
P.W	-	Public Works
REPBF	-	Regional Exotic Pig Breeding Farm
RFLP	-	Rural Functional Literacy Programme
RLEGP	-	Rural Landless Employment Guarantee Programme
RM	-	Russian Merino
RRM	-	Random Rubble Massonry
RSBF	-	Regional Sheep Breeding Farm
RWD	-	Rural Works Department
SAEP	-	State Adult Education Programme
SE	-	Superintending Engineer
SC	-	Scheduled Caste
SRC	-	State Resource Centre
ST	-	Scheduled Tribe
TISCO	-	Tata Iron and Steel Company
TS	-	Tor Steel
TT	-	Tetanus Toxioid
UIP	-	Universal Immunization Programme
UNICEF	-	United Nations International Children's Emergency Fund



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Errata to the Report of the Comptroller & Auditor
General of India for the year ended 31 March 1991
of Government of Arunachal Pradesh

Sl. No	Page No.:	Reference	For	Read
1	(i)	6th line from bottom	Investments	Investment
2	54	2nd line from top	towards it	towards its
3	72	5th line from top	whether he	whether the
4	89	4th line from bottom	implementation	implementation
5	152	14th line from top	industrial unit	industrial units
6	153	8th line from top	years were	years was
7	154	13th and 14th line from bottom	permits for processing	permits for import of
8	154	7th line from bottom	free permit	free permits
9	158	9th line from top	Paragraphs	Paragraph
10	160	18th line from top	inception	inception
11	163	6th line from top	below	below :
12	165	2nd line from top	requisites	requisite
13x	166	15th line from top	Project	Project -
14	167	Paragraph under Highlights	(Paragraph 7.4.6.2.3)	(Paragraph 7.4.6.2)
15	167	4th line from bottom	Indian Limited	India Limited
16	168	5th line from top	till 1989-90	as on March 1990 -
17	173	11th line from top	persuing	pursuing
18	184	4th line from top bottom	valuing	valued at

