

**State Finances Audit Report  
of the  
Comptroller and Auditor General of India  
for the year ended 31 March 2018**



**लोकहितार्थं सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**

**Government of Arunachal Pradesh**  
***Report No. 1 of 2019***



**STATE FINANCES AUDIT REPORT**

**of the**

**Comptroller and Auditor General of India**

**for the year ended 31 March 2018**

**GOVERNMENT OF ARUNACHAL PRADESH**

*Report No. 1 of 2019*



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## PREFACE

- 1. This Report has been prepared for submission to the Governor of the Arunachal Pradesh under Article 151 of the Constitution, for being placed in Arunachal Pradesh Legislative Assembly.*
- 2. Chapter 1 and 2 of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2018. Information has been obtained from the Government of Arunachal Pradesh wherever necessary.*
- 3. Chapter 3 on Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to Financial Reporting during the current year.*
- 4. The Report containing findings of performance audit and compliance audit in various departments, audit of Statutory Corporations, Boards & Government Companies and Revenue Sector are presented separately.*







*EXECUTIVE SUMMARY*



# EXECUTIVE SUMMARY

## THE REPORT

*This report provides an analysis of the finances of the State Government based on the audited accounts of the Government of Arunachal Pradesh for the year ended March 2018. The Report has three Chapters.*

*Chapter I is based on the Finance Accounts and makes an assessment of Arunachal Pradesh Government's fiscal position as on 31 March 2018. It presents and analyses the State Government's resources and their application.*

*Chapter II is based on audit of the Appropriation Accounts and reviews the allocative priorities of the State Government and the manner in which the allocated resources were managed by the various Departments.*

*Chapter III gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2017-18.*

*The Report has 19 appendices containing additional data collated from several sources in support of the findings.*

## AUDIT FINDINGS

### *Analysis of Finances of the State Government*

- *State's Own Resources (Tax and Non-Tax Resources) were only about nine per cent of the Revenue Receipts. As such, the State primarily depends on resources transferred by the Central Government.*
- *Central Transfers, comprising of the State Share of Central taxes and Grants-in-aid from Government of India, increased by ₹ 2,066.85 crore in 2017-18 over 2016-17 which constituted over 91 per cent of Revenue Receipts.*
- *Revenue Receipts during 2016-17 grew by 16.94 per cent (₹ 1,995.03 crore) over the previous year.*
- *During 2017-18, Revenue Expenditure, with an increase of ₹ 1,505.93 crore (16.03 per cent) over the previous year, accounted for 77 per cent of the State's Total Expenditure, which was in the nature of current consumption, leaving only 23 per cent for Capital Expenditure (investment in infrastructure and asset creation).*
- *Committed Expenditure, viz., Salaries, Pensions, Interest Payments and Subsidies, constituted more than 53 per cent of the Revenue Expenditure during 2017-18.*

- *The State Government had given adequate thrust to Capital Expenditure in its budget for 2017-18, but failed to fulfill its commitment. Capital Expenditure (₹ 3188.10 crore) during 2017-18 increased over the previous year (₹ 1,544.01 crore) but also fell short of the Budget Estimates (₹ 4,105.11 crore) by 22.34 per cent.*
- *The ratio of Development Expenditure of the State stood at 71.38 per cent of the Total Expenditure during the year 2017-18 which was way above the combined average (58.90 per cent) of Special Category States.*
- *During 2017-18, the return to the Government on its investments in Government Companies, Co-operative Bank, Societies, etc. was 'NIL' while the Government paid an average interest rate ranging from 6.35 to 7.28 per cent on its borrowings during 2017-18. Out of the five working Government Companies, accumulated losses in two Companies had exceeded their paid-up capital and in one Company, the accumulated loss was more than 80 per cent of the paid-up capital; the remaining two Companies were in profit.*
- *During 2017-18, out of the three fiscal parameters, the State maintained two fiscal parameters i.e. Revenue Surplus of ₹ 2,874.13 crore and Primary surplus of ₹ 154.00 crore. But, Fiscal Surplus of ₹ 834.48 crore during 2016-17 turned into Fiscal Deficit of ₹ 313.36 crore during the current year, which was within the Fiscal Deficit limit of three per cent of GSDP as recommended by 14<sup>th</sup> Finance Commission.*
- *Fiscal Liabilities which stood at 29.49 per cent of the GSDP in 2016-17, was lower than the limit prescribed by the 14<sup>th</sup> Finance Commission.*
- *The State's Fiscal Liabilities were about six times the State's Own Resources at the end of 2017-18.*

**(Chapter-I)**

### **Financial Management and Budgetary Control**

*Sound financial management requires advance planning and accurate estimation of revenues and expenditure. There were instances of excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control.*

- *In 2017-18, there were total savings of ₹ 5,614.86 crore, which was the result of gross savings of ₹ 5,791.85 crore partially offset by an excess of ₹ 176.99 crore.*

- *Out of the total savings of ₹5,614.86 crore, total surrender amounted to ₹3,063.69 crore (54.56 per cent). Further, in 31 sub-heads, the surrenders amounted to more than 50 per cent of the budgetary provisions.*
- *Excess expenditure over the budgetary allocations amounting to ₹2,981.14 crore pertaining to the years 1986-87 to 2015-16 was not regularised till November 2018. The cases of excess expenditure over grants are serious breaches of legislative intent.*
- *Detailed Countersigned Contingent Bills were not submitted for ₹3.34 crore drawn on 60 Abstract Contingent Bills. In the absence of Detailed Countersigned Contingent Bills, it was not possible to ascertain whether expenditure had taken place or not. Non-adjustment of AC Bills for long periods in violation of prescribed rules was fraught with the risk of embezzlement.*

**(Chapter II)**

### ***Financial Reporting***

*Audit observed various instances of non-observance of financial rules and procedures and absence of financial controls.*

- *Utilisation Certificates were not furnished in 86 cases for ₹253.65 crore. There were delays in submission of annual accounts by 25 Autonomous Bodies/ Authorities which diluted accountability and defeated the very purpose of preparation of accounts.*

**(Chapter III)**





*CHAPTER - I*  
*FINANCES OF THE STATE*  
*GOVERNMENT*





# Chapter I

## Finances of the State Government

### *Profile of Arunachal Pradesh*

Arunachal Pradesh is a Special Category State and area-wise, is the largest State in the North-Eastern region with a geographical area of about 83,743 sq. km. It has an international border with Bhutan in the West (160 kms), China in the North and North-East (1,080 kms) and Myanmar in the East (440 kms). It also shares common boundaries with Assam and Nagaland. Arunachal Pradesh has 0.11 *per cent* of the country's population. According to the Census of India-2011, population of the State stood at 13,83,727<sup>1</sup> with a population density of 17 persons per sq. km and literacy rate of 65.38 *per cent*. General Data relating to the State is given in **Appendix 1.1 (part-D)**

### *Gross State Domestic Product*

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trend in the annual growth of India's Gross Domestic Product (GDP) and State's GSDP at current prices are indicated below.

**Table - 1.1: Trends in the annual growth of India's GDP vis-à-vis GSDP at Current Prices**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
India's GDP (₹ in crore)	112,33,522	124,67,959	137,64,037	152,53,714	167,73,145
Growth rate of India's GDP (per cent)	12.97	10.99	10.40	10.82	9.96
State's GSDP (₹ in crore)	14,581	17,960	20,433	22,415	24,442
Growth Rate of GSDP (per cent)	16.21	23.17	13.77	9.70	9.04

(Source: Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation for India's GDP and Department of Economics and Statistics, Government of Arunachal Pradesh for State GSDP).

**Table 1.1** shows that the annual growth rate of GSDP of the State ranged between 23.17 *per cent* (2014-15) to 9.04 *per cent* (2017-18). The GSDP increased to ₹ 24,442 crore in 2017-18 from ₹ 14,581 crore in 2013-14 and ₹ 22,415 crore in 2016-17; thereby, representing an increase of 67.63 *per cent* and 9.04 *per cent* respectively. The GSDP during 2017-18 was less than the assessment (₹ 24,769 crore) made by 14<sup>th</sup> Finance Commission (14<sup>th</sup> FC) by 1.34 *per cent*. The Compound Annual Growth Rate (CAGR) in respect of GSDP between the period from 2008-09 to 2017-18 was 17.60 *per cent*.

<sup>1</sup> Male: 7,13,912; Female: 6,69,815

# Finances of the State Government

## 1.1 Introduction

This Chapter provides a broad perspective of finances of the Government of Arunachal Pradesh and analyses critical changes in major fiscal aggregates keeping in view the overall trends during the last five years. The analysis has been made based on the State Finance Accounts and information obtained from State Government. The structure of Government Accounts, lay-out of Finance Accounts, methodology adopted for assessment of the fiscal position and State Profile are shown in *Appendix 1.1*. While, *Appendix 1.2* briefly outlines the Fiscal Responsibility and Budget Management (FRBM) Act of the State Government, *Appendix 1.3* presents the time series data on key fiscal variables/ parameters and fiscal ratios relating to State Government finances for the period 2013-14 to 2017-18. An exit conference to discuss the observations in the State Finance Report was held on 07 January 2019 with the Secretary, Finance Department and replies/ views of the Government as a result of the exit conference are incorporated at appropriate places in this report

### 1.1.1 Summary of Current Year Fiscal Transactions

**Table 1.2** presents a summary of the State Government's fiscal transactions during 2017-18 *vis-à-vis* the previous year while *Appendix 1.4* provides details of receipts/ disbursements and the overall fiscal position during the period.

**Table - 1.2: Summaries of Fiscal Transactions (Current Year)**

	(₹ in crore)				
Receipts	2016-17	2017-18	Disbursements	2016-17	2017-18
<b>Section – A : Revenue</b>					
<b>Revenue Receipts</b>	<b>11,779.57</b>	<b>13,774.60</b>	<b>Revenue Expenditure</b>	<b>9,394.54</b>	<b>10,900.47</b>
Tax Revenue	708.75	815.57	General Services (Including interest Payment)	2,767.76	3,484.76
Non-Tax Revenue	544.82	366.18	Social Services	3,046.47	3,950.83
Share of Union Taxes/ Duties	8,388.30	9,238.79	Economic Services	3,580.31	3,464.88
Grants-in-aid from Govt. of India	2,137.70	3,354.06			
<b>Section – B : Capital</b>					
<b>Misc. Capital Receipts</b>	<b>NIL</b>	<b>NIL</b>	<b>Capital Expenditure</b>	<b>1,544.01</b>	<b>3,188.10</b>
<b>Recoveries of Loans &amp; Advances</b>	<b>3.79</b>	<b>5.68</b>	<b>Loans &amp; Advances Disbursed</b>	<b>10.33</b>	<b>5.07</b>
<b>Public Debt Receipts</b>	<b>1,015.27</b>	<b>1,767.27*</b>	<b>Repayment of Public Debt</b>	<b>586.77</b>	<b>432.24</b>
<b>Public Account Receipts</b>	<b>6,369.65</b>	<b>5,435.37</b>	<b>Public Account Disbursements</b>	<b>7,560.96</b>	<b>5,561.32</b>
<b>Opening Balance</b>	<b>1,275.61</b>	<b>1,347.28</b>	<b>Closing Balance</b>	<b>1,347.28</b>	<b>2,243.00</b>
<b>Total</b>	<b>20,443.89</b>	<b>22,330.20</b>	<b>Total</b>	<b>20,443.89</b>	<b>22,330.20</b>

(Source: Finance Accounts 2016-17 & 2017-18)

\* Includes the rectification of misclassification of Ways and Means Advances of 2013-14 amounting to ₹516.94 crore

Significant changes during 2017-18 over the previous year:

- Revenue Receipts increased by ₹ 1,995.03 crore (16.94 per cent) over the previous year. The increase was mainly due to increase in State share of Union Taxes & Duties by ₹ 850.49 crore (10.14 per cent), Tax Revenue by ₹ 106.82 crore (15.07 per cent) and Grants-in-aid (GIA) from Government of India (GoI) by ₹ 1,216.36 crore (56.90 per cent) partly offset by decrease in Non-Tax Revenue by ₹ 178.64 crore (32.79 per cent). However, finances of State are heavily dependent on Central transfers and State's Own Resources (Tax plus Non-Tax Revenue) is just 8.58 per cent (10.64 per cent during 2016-17) of Revenue Receipts during 2017-18.
- Revenue Expenditure increased by ₹ 1,505.93 crore (16.03 per cent) over the previous year.
- Capital Expenditure increased by ₹ 1,644.09 crore (106.48 per cent) over the previous year.
- Public Account Receipts and Public Account Disbursements decreased by ₹ 934.28 crore (14.67 per cent) and ₹ 1,999.64 crore (26.45 per cent) over the previous year respectively.
- The total inflow<sup>2</sup> in respect of all funds was ₹ 20,982.92<sup>3</sup> crore against ₹ 19,168.28 crore in 2016-17, while the total outflow<sup>4</sup> was ₹ 20,087.20 crore against ₹ 19,096.61 crore during the previous year.
- There was an increase in cash balances by ₹ 895.72 crore (66.48 per cent) over the previous year.

### 1.1.2 Review of the Fiscal Situation

The 14<sup>th</sup> FC and the State Government set fiscal targets to be achieved during 2017-18. Targets *vis-à-vis* achievements in respect of major fiscal aggregates are shown in **Table 1.3**:

**Table - 1.3: Trends in Major fiscal parameters/variables *vis-à-vis* projections for 2017-18**

Particulars	Targets as prescribed in the FFC	Targets as per APFRBM Act 2006	Actuals
Revenue Surplus (₹ in crore)	Revenue Surplus	Maintain revenue Surplus	2,874.13
Fiscal Deficit/GSDP (per cent)	3.25	3.00	1.28
Total Outstanding liabilities /GSDP (per cent)	31.48	50.10	29.49

(Source: Budget documents of the State Government, 14<sup>th</sup> FC report and Finance Accounts 2017-18)

<sup>2</sup> For 2017-18, Gross Receipt ₹ 22,330.20 crore minus Opening Balance of ₹ 1,347.28 crore;

For 2016-17, Gross Receipt ₹ 20,443.89 crore minus Opening Balance of ₹ 1,275.61 crore

<sup>3</sup> This figure includes the rectification of misclassification of ways and means advance of 2013-14

<sup>4</sup> For 2017-18, Gross Disbursement ₹ 22,330.20 crore minus Closing Balance of ₹ 2,243.00 crore;  
For 2016-17, Gross Disbursement ₹ 20,443.89 crore minus Closing Balance of ₹ 1,347.28 crore

## Finances of the State Government

The State during 2017-18 achieved revenue surplus and the targets prescribed by the 14<sup>th</sup> FC. The Fiscal Deficit-GSDP ratio and Total outstanding liabilities-GSDP ratio was within the limit fixed by the 14<sup>th</sup> FC and APFRBM.

### 1.1.3 Budget Estimates and Actuals

Budget papers presented by the State Government provide estimations of revenue and expenditure for a particular year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from Budget Estimates (BEs) are indicative of non-attainment and non-optimisation of desired fiscal objectives due to various reasons, some within and some beyond the control of the Government.

**Table 1.4** presents the consolidated picture of BEs *vis-à-vis* Actuals for the State Finances during 2017-18.

**Table - 1.4: Variation in Major Items –2017-18 (Actuals) over Budget Estimates, Revised Estimates (2017-18) and Actuals (2016-17)**

(₹ in crore)

Parameters	2016-17	2017-18			Percentage of variations with reference to		
	Actuals	BEs	REs	Actuals	Actuals	BEs	REs
Tax Revenue	708.75	742.94	899.19	815.57	15.07	9.78	(-)9.30
Non-Tax Revenue	544.82	536.29	699.30	366.18	(-)32.79	(-)31.72	(-)47.64
Revenue Receipts	11,779.57	14,598.81	15,738.31	13,774.6	16.94	(-)5.65	(-)12.48
Non-debt Capital Receipts	3.79	33.93	33.40	5.68	49.87	(-)83.26	(-)82.99
Revenue Expenditure	9,394.54	11,197.32	11,431.33	10,900.47	16.03	(-)2.65	(-)4.64
Interest payments	399.23	519.38	485.99	467.36	17.07	(-)10.02	(-)3.83
Capital Expenditure	1,544.01	4,105.11	5,013.80	3,188.10	106.48	(-)22.34	(-)36.41
Disbursement of Loans & Advances	10.33	19.6	13.85	5.07	(-)50.92	(-)74.13	(-)63.39
Revenue Surplus	2,385.03	3,401.49	4,306.98	2,874.13	20.51	(-)15.50	(-)33.27
Fiscal Deficit (-) / Surplus (+)	838.48	(-) 689.29	(-) 673.42	(-) 313.36	(-)137.37	54.54	53.47

(Source: Finance Accounts 2017-18 and Annual Financial Statement 2017-18 of the State Government)

- In 2017-18, when compared with the BEs, Revenue Receipts and Revenue Expenditure fell short by 5.65 per cent and 2.65 per cent respectively.
- Compared with the BEs, the Non-debt Capital Receipts and Capital Expenditure in 2017-18 fell short by 83.26 per cent and 22.34 per cent respectively.
- Against the Revenue Surplus of ₹ 3,401.49 crore projected in BEs, the year ended with a Revenue Surplus of ₹ 2,874.13 crore. Further, in 2017-18, the State

## Finances of the State Government

Government witnessed Fiscal Deficit of ₹ 313.36 crore as against projected Fiscal Deficit of ₹ 689.29 crore in BEs.

The wide variation between BEs and Actuals indicated that the estimation was unrealistic.

### 1.1.4 Major policy initiatives in the budget

Major policy announcements made in the budget speech 2017-18 and status of their implementation is given in **Table 1.5**.

**Table - 1.5: Status of implementation of major policy announcements during 2017-18**

Major Announcements	Department
₹ 15.00 crore was proposed for the scheme Digital Arunachal	Information Technology
₹ 10.00 crore was proposed for establishment of Four Tea & Rubber nurseries -Rubber nurseries at Govt. Farm Kherem and Sonajuli and Tea nurseries at Govt. Farm Bolung and Jumlo	Agriculture
₹ 50.00 crore was proposed for Mission on Integrated Development of Horticulture (MIDH)	Horticulture
₹ 48.00 crore was proposed for completion of the Outdoor Stadiums at Pasighat, Yupia, Daporijo	Sports and Youth Affairs
₹ 65.00 crore was proposed for construction of Rural houses under the Pradhan Mantri AwasYojana	Rural Development

(Source: Budget Speech and Appropriation Accounts 2017-18)

For all the major policy initiatives mentioned above, either no budget allocation was made or the same were withdrawn by way of re-appropriation and no expenditure was incurred for the schemes during the year 2017-18.

In reply (January 2019), the Government stated that the reasons for deviation in the implementation of the major policy initiatives announced was due to delay in formulation of guidelines and also, some implementing Departments were changed during the year for which shifting of funds could not be completed and thus, funds could not be provided against these schemes/departments. However, as a matter of fact Government failed to implement any of its major policy announced during the budget speech.

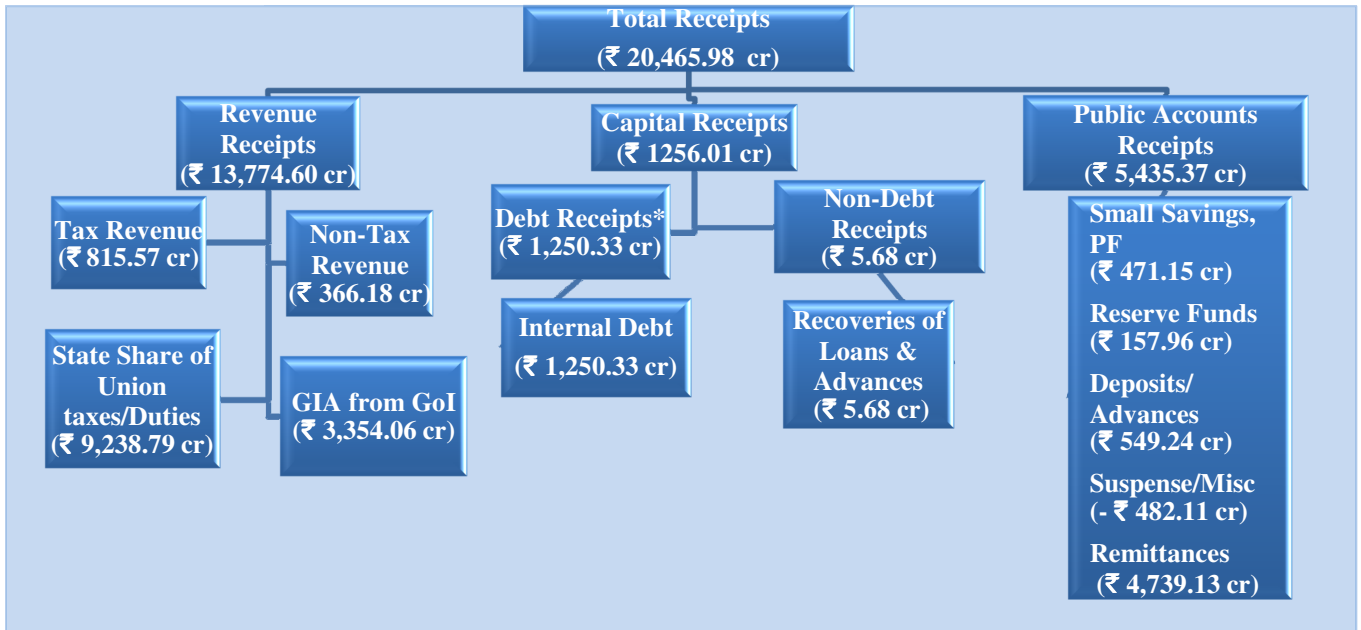
## 1.2 Resources of the State

### 1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute resources of the State Government. Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, State share of Union Taxes & Duties and GIA from GoI. Capital Receipts comprise of miscellaneous Capital Receipts, recoveries of Loans and Advances, debt receipts from internal sources (market loans, borrowings from Financial Institutions/Commercial Banks), Loans and Advances from the GoI and accruals from Public Account. **Chart 1.1** shows the composition of resources of the State during 2017-18.

# Finances of the State Government

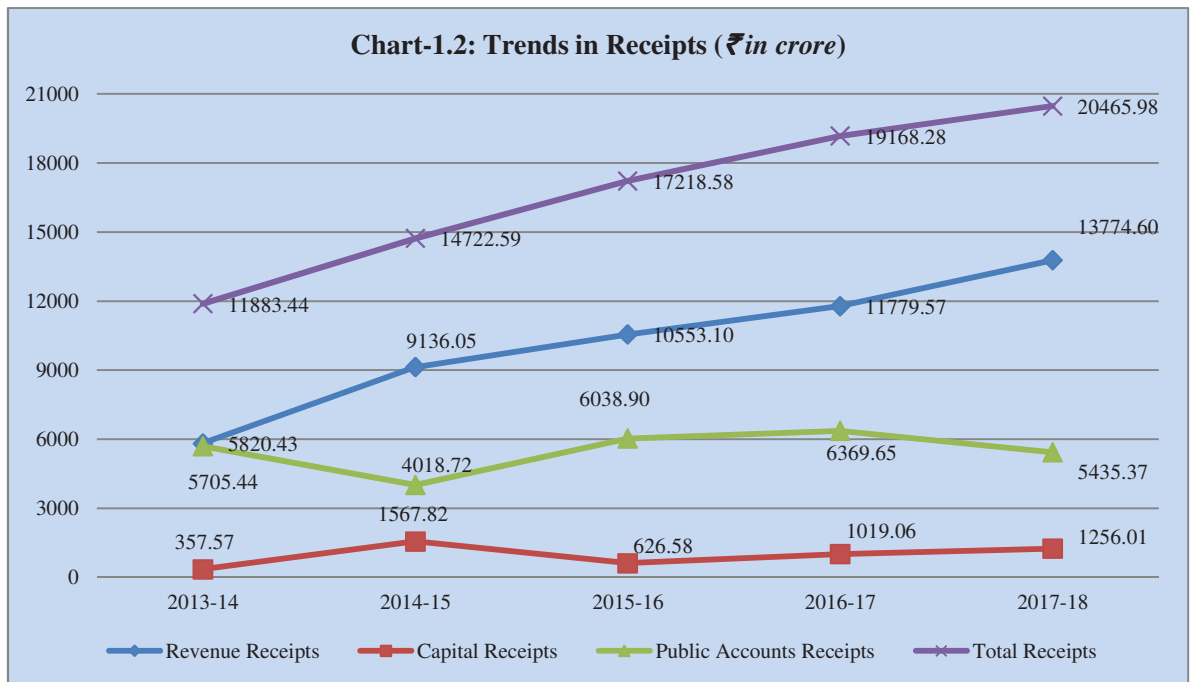
**Chart-1.1: Components and Sub-components of Resources**



(\*Ways and Means Advances are 'nil' )

(Source: Finance Accounts 2017-18)

Chart 1.2 depicts trends in various components of receipts of the State during 2013-14 to 2017-18.



(Source: Finance Accounts of respective years)

Total Receipts of the State during 2017-18 was ₹ 20,465.98 crore, of which ₹ 13,774.60 crore (67.30 per cent) came from Revenue Receipts and the remaining ₹ 6,691.38 crore (32.70 per cent) from Capital Receipts and Public Account. Total Receipts of the State increased from ₹ 11,883.44 crore in 2013-14 to ₹ 20,465.98 crore

## Finances of the State Government

in 2017-18 at a CAGR of 14.56 *per cent*. Total Receipts during 2017-18 increased by ₹ 1,297.70 crore (6.77 *per cent*) over the previous year.

Revenue Receipts in 2017-18 (₹ 13,774.60 crore) increased by ₹ 7,954.17 crore (136.66 *per cent*) and ₹ 1,995.03 crore (16.94 *per cent*) over 2013-14 and 2016-17 respectively.

### 1.2.2 Funds directly transferred to the Implementing Agencies in the State

The GoI has been transferring a sizeable quantum of funds directly to the Implementing Agencies in the State for implementing various schemes/ programmes in Social and Economic Sectors. From 2015-16 onwards, GoI decided to route these funds through the State Budget. Contrary to this decision, however, an amount of ₹ 33.06 crore was released (*Appendix-1.6*) directly to the implementing agencies/ organisations in the State during 2017-18.

**Table-1.6** presents details of fund released (₹ one crore and above in each case) directly to the Implementing Agencies during 2017-18:

**Table - 1.6: Funds transferred directly to Implementing Agencies in the State**

(₹ in crore)			
Sl. No.	Name of the schemes/programmes	Implementing Units	Funds released
1	Organic Value Chain Development for North East Region	Arunachal Pradesh Agriculture Marketing Board (APAMB), Naharlagun-791110	9.47
		Arunachal Pradesh Agriculture Marketing Board (APAMB), Naharlagun-791110	2.35
2	Rashtriya Gokul Mission	Arunachal Pradesh Livestock Development Society	2.00
3	Apprenticeship and Training	Arunachal Pradesh Skill Development Society	2.59
4	Pradhan Mantri Matru Vandana Yojna	Women & Child Development Department, Arunachal Pradesh	6.12
5	Working Women Hostel	Niaga Welfare Society	1.93
6	Working for the Welfare of Scheduled Tribes	Ramakrishna Mission, Aalo (Along)	1.94

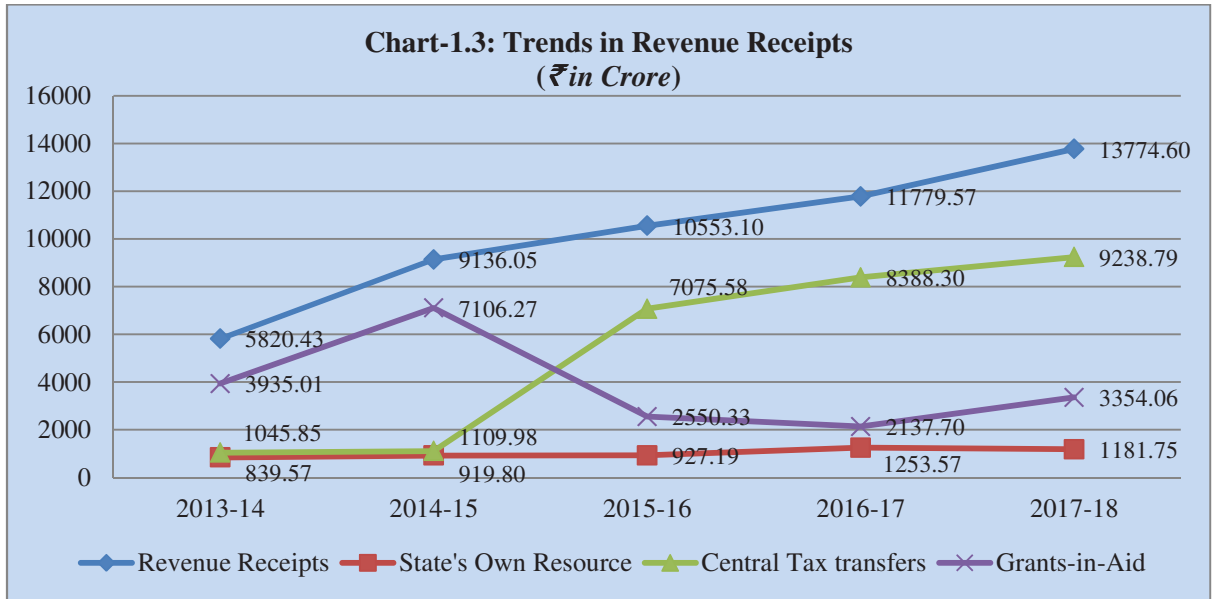
(Source: 'Public Financial Management System' Portal of the Controller General of Accounts, GoI)

As there is no central monitoring mechanism for utilisation of funds under this category, reliable data on quantum of expenditure against the funds received directly by the Implementing Agencies from GoI, is not readily available to Audit. In view of different accounting practices followed by different implementing agencies, it is difficult to monitor the end use of these direct transfers.

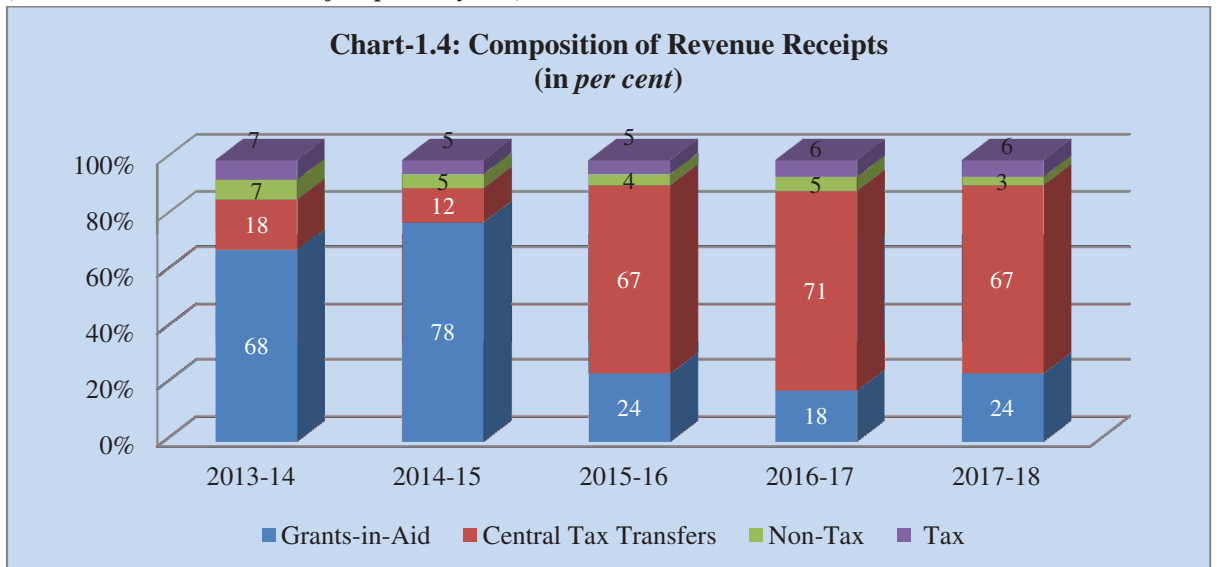
## 1.3 Revenue Receipts

**Statement-14** of the Finance Accounts details Revenue Receipts of the Government. Trends and composition of Revenue Receipts over the period 2013-18 are presented in *Appendix-1.3* and depicted in **Charts 1.3** and **1.4** respectively. Trends in Revenue Receipts relative to GSDP are presented in **Table 1.7**.

## Finances of the State Government



(Source: Finance Accounts of respective years)



(Source: Finance Accounts of respective years)

Revenue Receipts of the State increased by ₹ 7,954.17 crore from ₹ 5,820.43 crore in 2013-14 to ₹ 13,774.60 crore in 2017-18 at a CAGR of 24.03 per cent. The CAGR of Revenue Receipts for the current year in the State is better than the CAGR of the Special Category States (SCS). Similarly, during the same period, State's Own Resources grew at lower pace at a CAGR of 8.92 per cent.

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

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (₹ in crore)	5,820.43	9,136.05	10,553.10	11,779.57	13,774.60
Rate of growth of Revenue Receipts (per cent)	1.02	56.97	15.51	11.62	16.94
Rate of growth of Own Taxes (per cent)	37.29	6.36	15.78	32.46	15.07
Revenue Receipts/ GSDP (per cent)	39.92	50.87	51.65	52.55	56.36



## Finances of the State Government

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Buoyancy Ratio<sup>5</sup></b>					
Revenue receipts Buoyancy Ratio with reference to GSDP	0.06	2.46	1.13	1.20	1.87
State's Taxes Buoyancy Ratio with reference to GSDP	2.30	0.27	1.15	3.35	1.67
State's Taxes Buoyancy Ratio with reference to Revenue Receipts	36.56	0.11	1.02	2.79	0.89

(Source: Finance Accounts of respective years)

### General Trends:

The Buoyancy Ratio of Revenue Receipts with reference to GSDP increased due to significant increase in the rate of growth of Revenue Receipts in 2017-18 compared to the previous year. The Buoyancy Ratio of the State's Tax Revenue with reference to GSDP indicates the decreased growth rate in State's Tax Revenue in 2017-18 as compared to growth rate of GSDP in 2017-18.

In reply (January 2019), the Government accepted the audit observations and stated that the decreased growth rate was due to implementation of Goods and Service Tax (GST) in the State w.e.f. July 2017.

### 1.3.1 State's Own Resources

As the State share in Central taxes and GIA from GoI is determined on the basis of recommendations of the FC, the State's performance in mobilisation of resources was assessed in terms of its own resources comprising of tax and non-tax sources.

The State's Tax and Non-Tax receipts for 2017-18 *vis-à-vis* assessment made by 14<sup>th</sup> FC and BEs are given in **Table 1.8** below:

**Table-1.8: Tax and Non-Tax Receipts**

(₹ in crore)

Particulars	FFC Projections	Budget Estimates	Actual
Tax Revenue	1,016.00	742.94	815.57
Non-Tax Revenue	282.00	536.29	366.18

(Source: 14<sup>th</sup> FC Report, Annual Financial Statement and Finance Accounts 2017-18)

Tax Revenue was 19.73 per cent lower than the projections made by the 14<sup>th</sup> FC and 9.78 per cent higher than the assessment made in the BEs for 2017-18. Collection of Non-Tax Revenue during 2017-18 was higher than the projections made by the 14<sup>th</sup> FC (29.85 per cent) but lower than the assessments made in the BEs (31.72 per cent).

#### 1.3.1.1 Tax Revenue

The gross collection in respect of major taxes and duties is given in **Table 1.9**.

**Table -1.9: Tax Revenue**

(₹ in crore)

Heads	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage variation over previous year
Goods and Service Tax	-	-	-	-	223.73	-
Taxes on Sales, Trade, etc.	223.60	195.24	190.22	282.54	285.13	0.92
State Excise	55.50	59.87	86.33	109.05	122.61	12.43

<sup>5</sup> As explained in *Appendix-1.1.C*

## Finances of the State Government

Heads	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage variation over previous year
Taxes on Vehicles	17.09	17.78	19.30	24.47	31.40	28.32
Stamps & Registration Fees	4.18	3.83	5.63	5.08	10.42	105.12
Land Revenue	11.39	5.99	8.89	6.44	13.32	106.83
Taxes on Goods & Passengers	122.75	179.45	224.70	281.17	128.96	(-) 54.13
<b>TOTAL</b>	<b>434.51</b>	<b>462.16</b>	<b>535.07</b>	<b>708.75</b>	<b>815.57</b>	15.07

(Source: Finance Accounts of respective years)

In 2017-18, Tax Revenue increased by 87.70 per cent from ₹ 434.51 crore in 2013-14 to ₹ 815.57 crore and by 15.07 per cent over the previous year (₹ 708.75 crore). The Tax-GSDP Ratio of 3.34 per cent during 2017-18 was lower than the projection (4.10 per cent) made by the 14<sup>th</sup> FC. Besides, the collections from Taxes on Goods and Passengers fell drastically by over 54 per cent during the year 2017-18.

In reply (January 2019), the Government stated that except for six items which are still under VAT, rest of the items were subsumed under GST with effect from 01 July 2017.

### 1.3.1.2 Position of protected revenue to actual collection after implementation of GST

The Arunachal Pradesh Goods and Services Tax Act, 2017 was passed by the State Legislature on 24 June 2017 and made effective from 01 July 2017 in the State. According to GST (Compensation to the States) Act 2017, The Central Government was to compensate the states for loss of revenue on account of implementation of GST for a period of five years. The compensation to be paid is calculated by taking into account the protected revenue taking 2015-16 as the base year. In case of Arunachal Pradesh, the revenue during the base year 2015-16 was ₹ 256.03 crore, accordingly, the protected revenue of the State for the year 2017-18 in accordance with Section 6 of GST (Compensation to States) Act, 2017 was fixed at ₹ 332.74 crore i.e. ₹ 27.73 crore per month. The actual revenue received by the State under the State Goods and Services Tax (SGST) was ₹ 223.73 crore including an amount of ₹ 46.86 crore on account of apportionment of Integrated Goods and Services Tax (IGST).

The protected revenue of the State during the period from July 2017 to March 2018 was worked out to ₹ 249.57 crore<sup>6</sup>. Against the protected revenue, the revenue receipt of the State Government under GST for the purpose of calculation of compensation for the period from July 2017 to March 2018 is given in **Table 1.10**.

**Table - 1.10: Position of Protected Revenue**

(₹ in crore)

Particulars	Amount
<b>Revenue to be protected</b>	<b>249.57</b>
State Goods and Services Tax	223.73
Collection of Pre-GST Taxes (July 2017 to March 2018)	25.00
<b>Total Collection</b>	<b>248.73</b>
Compensation to be received during the year	0.84
<b>Compensation received during the year 2017-18</b>	<b>15.00</b>
Excess compensation released during the year 2017-18	14.16

(Source: Finance Accounts 2017-18)

<sup>6</sup> ₹ 27.73 crore X 9 months

## Finances of the State Government

The State received a compensation of ₹ 15.00 crore due to less collection of revenue for the bi-monthly period of July-August 2017 when the total collection was only ₹ 40.00 crore against the protected revenue of ₹ 55.00 crore during the period. As on 31 March 2018, the total revenue collection under GST was ₹ 248.73 crore and the State was eligible for a compensation of ₹ 0.84 crore only. Thus, the State received ₹ 14.16 crore in excess of the compensation due.

### 1.3.1.3 Non-Tax Revenue

Table 1.11 shows the trends of Non-Tax Revenue during the period 2013-18.

**Table - 1.11: Non-Tax Revenue**

Heads	(₹ in crore)					Percentage variation over previous year
	2013-14	2014-15	2015-16	2016-17	2017-18	
Interest Receipts, Dividends & Profits	24.66	13.13	39.11	56.39	46.98	(-) 16.69
General Services	42.75	30.46	81.65	108.96	40.48	(-) 62.85
Social Services	36.86	28.07	28.52	17.57	35.86	104.10
Economic Services	300.79	385.98	242.84	361.90	242.86	(-) 32.89
<b>TOTAL</b>	<b>405.06</b>	<b>457.64</b>	<b>392.12</b>	<b>544.82</b>	<b>366.18</b>	<b>(-) 32.79</b>

(Source: Finance Accounts of respective years)

Non-Tax Revenue significantly decreased by ₹ 178.64 crore (32.79 per cent) during 2017-18 over the previous year and constituted only 2.66 per cent of the Revenue Receipts. The decrease in Non-tax revenue was mainly due to decrease in revenue collection on police fines, stationary and printing, jail receipts and receipt under forest. During 2017-18, Economic Services contributed 66.32 per cent (₹ 242.86 crore) of Non-Tax Revenue, and within this category, receipts under Power Sector accounted for 54.93 per cent (₹ 133.41 crore). CAGR of Non-Tax Revenue between 2008-09 and 2017-18 for the State was (-) 7.95 per cent.

### 1.3.2 Grants-in-aid

Details of GIA from GoI are given in Table 1.12.

**Table - 1.12: Grants-in-aid from the Government of India**

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	743.62	952.12	174.36	228.69	
Grants for State Plan Schemes	2,543.31	5735.73	2,062.45	1,633.22	
Grants for Central Plan Schemes	166.23	37.59	60.72	17.73	
Grants for Centrally Sponsored Schemes	391.68	315.03	147.54	187.99	
Grants for Special Plan Schemes	90.17	65.80	105.26	70.07	-
Centrally Sponsored Schemes	-	-	-	-	2,511.35
Finance Commission Grants	-	-	-	-	140.17
Other Grants to State with Legislatures	-	-	-	-	702.54
<b>TOTAL</b>	<b>3,935.01</b>	<b>7,106.27</b>	<b>2,550.33</b>	<b>2,137.70</b>	<b>3,354.06</b>
Percentage of Increase (+)/Decrease (-) over previous year	(-) 6.37	(+) 80.59	(-) 64.11	(-) 16.18	(+) 56.90
Total Grants as a percentage of Revenue Receipts	67.61	77.78	24.17	18.15	24.35

(Source: Finance Accounts of respective years)

## Finances of the State Government

GIA from GoI increased by 56.90 per cent (₹ 1,216.36 crore) from ₹ 2,137.70 crore in 2016-17 to ₹ 3,354.06 crore in 2017-18. The increase was mainly due to allotment of ₹ 3,230.96 crore in three categories i.e. (i) Centrally Sponsored Plan Schemes (₹ 2,404.33 crore), (ii) Other Grants to State with Legislatures (₹ 702.54 crore) and (iii) FC Grants (₹124.09 crore). The increase was partly offset by decrease in Grants for State Plan Schemes by ₹ 1,548.68 crore (94.82 per cent), Non-plan Grants by ₹ 212.61 crore (92.97 per cent), Grants for Centrally Sponsored Scheme (CSS) by ₹ 179.19 crore (95.32 per cent) and Grants for Central Plan Schemes by ₹ 4.05 crore (22.84 per cent).

### 1.3.3 Central Tax Transfers

As per the 14<sup>th</sup> FC recommendations, the share of net proceeds of shareable Central Taxes was increased from 32 per cent during 13<sup>th</sup> FC award period to 42 per cent. The State share for all shareable taxes was increased from 0.288 per cent during 13<sup>th</sup> FC award period to 1.370 per cent during 14<sup>th</sup> FC award period and the share of Service Tax from 0.328 per cent during 13<sup>th</sup> FC award period to 1.431 per cent during 14<sup>th</sup> FC award period.

The share of Union taxes received during 2017-18 was ₹ 9,238.79 crore, an increase of ₹ 850.49 crore (10.14 per cent) over the previous year. The main contributions of the share of Union taxes were Corporation Tax-₹ 2,825.84 crore (30.57 per cent); Taxes on Income other than Corporation Tax-₹ 2,386.20 crore (25.83 per cent); Service Tax ₹ 1,062.55 crore (11.50 per cent); Goods and Service Tax ₹ 1,059.48 crore (11.47 per cent); Union Excise ₹ 973.50 crore (10.54 per cent); and, Customs ₹ 931.30 crore (10.08 per cent).

### 1.3.4 Optimisation of Fourteenth Finance Commission Grants

The details of recommendation of 14<sup>th</sup> FC and grants during the period 2017-18 are given in **Table-1.13**.

**Table - 1.13: Details of grants released vis-à-vis 14<sup>th</sup> FC recommendations**

(₹ in crore)

Sl. No.	Purpose for which grant is released	Actual release 2016-17	Fund recommended by 14 <sup>th</sup> FC for 2017-18	Actual release 2017-18
1	Share in Central Taxes	8,388.30	9,238.79	9,238.79
2	Disaster Relief (SDRF)	49.50	52.00	51.30
	Local Bodies Grant, of which	77.37	208.12	72.79
	(I)Performance Grants			
	(a)Rural Local Bodies	16.08	18.20	-
	(b)Urban Local Bodies	0.00	10.83	-
3	(II)Basic Grants			
	(a)Rural Local Bodies	61.29	141.62	61.08
	(b)Urban Local Bodies	0.00	37.47	11.71
	<b>Total</b>	<b>8,515.17</b>	<b>9,498.91</b>	<b>9,362.88</b>

(Source: Data furnished by the State Government)

The State Government had received financial assistance of ₹ 9,362.88 crore (98.57 per cent) against an amount of ₹ 9,498.91 crore as recommended by 14<sup>th</sup> FC. There was no release of Performance Grants to Local Bodies. Also, there was short

## Finances of the State Government

release of ₹ 106.30 crore in Basic Grants as recommended by the 14<sup>th</sup> FC during 2017-18.

The Government admitted in its reply (January 2019) that the short release of financial assistance to local bodies, was due to non-submission of utilisation certificates by the concerned departments.

### 1.4 Capital Receipts

Details of Capital Receipts during 2013-14 to 2017-18 are given in **Table 1.14**.

**Table - 1.14: Trends in Growth and Composition of Capital Receipts**

(₹ in crore/Rate of Growth in per cent)

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Capital Receipts</b>	<b>357.57</b>	<b>1,567.82</b>	<b>626.58</b>	<b>1,019.06</b>	<b>1,256.01</b>
Public Debt Receipts	354.15	1,540.41	621.10	1,015.27	1,250.33*
Recovery of Loans & Advances	3.42	27.41	5.48	3.79	5.68
Miscellaneous Capital Receipts	-	-	-	-	-
Rate of growth of Non-debt Capital Receipts	15.93	701.46	(-)80.01	(-)30.84	49.87
Rate of growth of Debt Capital Receipts	24.85	334.96	(-)59.68	63.46	23.15
Rate of growth of CR	27.98	338.47	(-)60.03	62.64	23.25

(Source: Finance Accounts of respective years)

\* This figure does not include the rectification of the misclassification of Ways and Means Advances receipts pertaining to 2013-14

Public Debt Receipts increased by ₹ 235.06 crore (23.15 per cent) over the previous year. Public Debt Receipts consist of two components viz., Internal Debt of the State and Loans and Advances from the Central Government. Internal Debt consisted of Market Loans (₹ 887.80 crore), Loans from Financial Institutions (₹ 198.69 crore) and Special Securities issued to National Small Savings Fund (₹ 163.59 crore).

During the year, no Loans & Advances from the Central Government were received by Government of Arunachal Pradesh.

#### 1.4.1 Recoveries of Loans and Advances

The Recoveries of Loans and Advances increased from ₹ 3.79 crore during 2016-17 to ₹ 5.68 crore during 2017-18. The major contributor of recoveries under Loans and Advances were loan recovery from Government Servants (₹ 3.04 crore) and Co-operation (₹ 2.64 crore).

### 1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in Public Accounts set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. After disbursements, the balance is the fund available for use with the Government.

## Finances of the State Government

**Table - 1.15: Public Account Receipts**

(₹ in crore)

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Public Accounts Receipts</b>	<b>5,705.44</b>	<b>4,018.72</b>	<b>6,038.90</b>	<b>6,369.65</b>	<b>5,435.37</b>
Small Savings, Provident Fund, etc.	308.36	405.28	387.63	388.41	471.15
Reserve Funds	62.54	20.00	200.00	180.15	157.96
Deposits & Advances	1,370.75	2,081.34	1,946.75	732.13	549.24
Suspense & Miscellaneous	963.98	(-) 1,691.51	(-)480.14	145.16	(-) 482.11
Remittances	2,999.81	3,203.61	3,984.66	4,923.80	4,739.13

(Source: Finance Accounts of respective years)

During 2017-18, the Public Account Receipts decreased by ₹ 934.28 crore (14.67 per cent) over the previous year due to less receipt in remittance and deposits and advances.

### 1.6 Application of Resources

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

#### 1.6.1 Growth and Composition of Expenditure

The total expenditure and its Composition during the years 2013-14 to 2017-18 are presented in **Table 1.16**

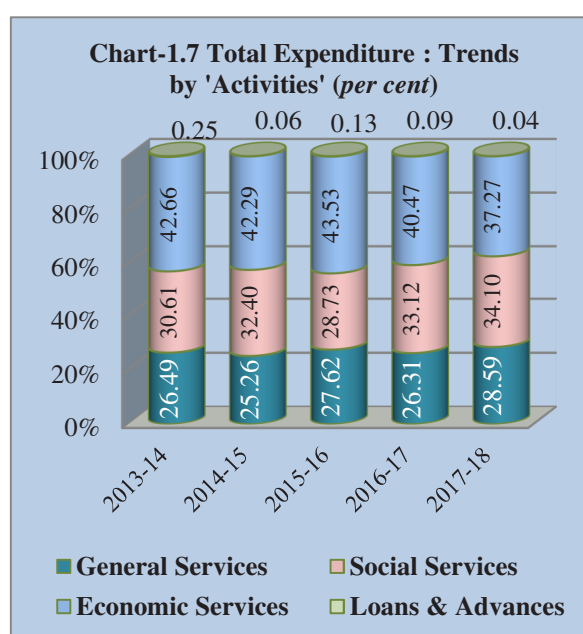
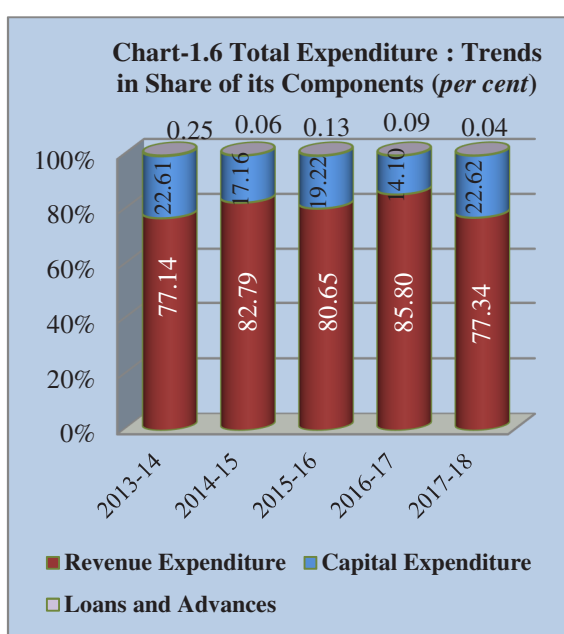
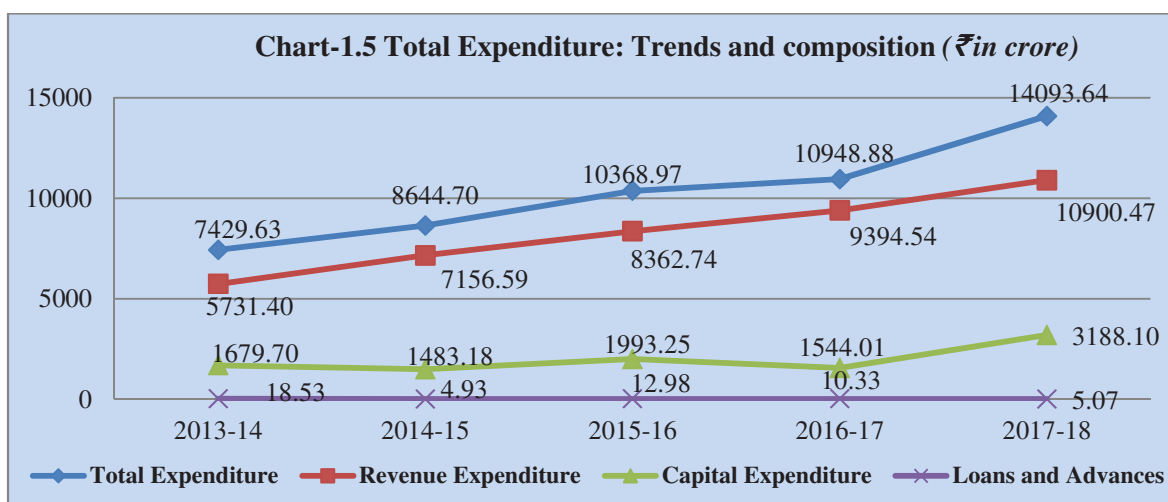
**Table - 1.16: Total Expenditure and its composition**

(₹ in crore)

Parameters	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Total Expenditure</b>	<b>7,429.63</b>	<b>8,644.70</b>	<b>10,368.97</b>	<b>10,948.88</b>	<b>14,093.64</b>
Revenue Expenditure	5,731.40	7,156.59	8,362.74	9,394.54	10,900.47
Capital Expenditure	1,679.70	1,483.18	1,993.25	1,544.01	3,188.10
Loan and Advances	18.53	4.93	12.98	10.33	5.07

**Chart 1.5** presents trends in total expenditure over five years (2013-14 to 2017-18). The compositions, both in terms of 'economic classification' and 'expenditure by activities,' are depicted in **Charts 1.6 and 1.7** respectively.

## Finances of the State Government



(Source: Finance Accounts of respective years)

Total Expenditure of the State increased by ₹ 6,664.01 crore (89.70 per cent) from ₹ 7,429.63 crore in 2013-14 to ₹ 14,093.64 crore in 2017-18. Total Expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to Revenue receipts and its buoyancy with respect to GSDP and Revenue Receipts are indicated in **Table 1.17**.

**Table - 1.17: Total Expenditure – Basic Parameters**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Total Expenditure (TE)</b>	<b>7,429.63</b>	<b>8,644.70</b>	<b>10,368.97</b>	<b>10,948.88</b>	<b>14,093.64</b>
Non-Plan Expenditure	3,966.49	4,268.05	5,671.80	6,641.45	
Plan Expenditure	3,463.14	4,376.65	4,697.17	4,307.43	
Rate of Growth of TE(per cent)	23.90	16.35	19.95	5.59	28.72
TE/GSDP Ratio (per cent)	50.95	48.13	50.75	48.85	57.66
RR/TE Ratio (per cent)	78.34	105.68	101.78	107.59	97.73
<b>Buoyancy of Total Expenditure with reference to</b>					
GSDP (ratio)	1.47	0.71	1.45	0.58	3.18
RR (ratio)	23.43	0.29	1.29	0.48	1.70

(Source: Finance Accounts of respective years)

## Finances of the State Government

The increase of ₹ 3,144.76 crore (28.72 per cent) in Total Expenditure during 2017-18 over the previous year was on account of increase of ₹ 1,644.09 crore in Capital Expenditure and ₹ 1,505.93 crore in Revenue Expenditure partly offset by decrease in Loans and Advances by ₹ 5.26 crore.

In terms of activities, Total Expenditure comprises of expenditure on General Services, including Interest Payments, Social and Economic Services and Loans & Advances. Of the Total Expenditure in 2017-18, expenditure on General Services, including Interest Payments, which are considered as non-developmental, accounted for 28.59 per cent. On the other hand, Expenditure on Social and Economic Services (Revenue & Capital), termed as Development Expenditure, together accounted for 71.37 per cent during 2017-18. The relative share of Social Services increased from 33.12 per cent in 2016-17 to 34.10 per cent in 2017-18, whereas the relative share of Economic Services decreased from 40.47 per cent in 2016-17 to 37.27 per cent in 2017-18.

The buoyancy of total expenditure to GSDP stood at 3.18 in 2017-18, which indicate that higher rate of growth of total expenditure (28.72 per cent) as compared to growth rate of GSDP (9.04 per cent).

### 1.6.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment of past obligations and does not result in any addition to the State's infrastructure and service network. The Revenue Expenditure, its rate of growth, buoyancy ratio of Revenue Expenditure to GSDP and Revenue Receipts are indicated in **Table 1.18**.

**Table - 1.18: Revenue Expenditure – Basic Parameters**

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenue Expenditure (RE), of which</b>	<b>5,731.40</b>	<b>7,156.59</b>	<b>8,362.74</b>	<b>9,394.54</b>	<b>10,900.47</b>
Non-Plan Revenue Expenditure (NPRE)	3,957.59 (69.05)	4,245.71 (59.33)	5,659.40 (67.67)	6,638.40 (70.66)	
Plan Revenue Expenditure (PRE)	1,773.81 (30.95)	2,910.88 (40.67)	2,703.34 (32.33)	2,756.14 (29.34)	
Rate of Growth of RE (per cent)	19.75	24.87	16.85	12.34	16.03
RE as percentage of TE	77.14	82.79	80.65	85.80	77.34
<b>Buoyancy Ratio of RE with</b>					
GSDP	1.22	1.07	1.22	1.27	1.77
Revenue Receipts	19.36	0.44	1.09	1.06	0.95

(Figures in brackets represent percentages to Revenue Expenditure)

(Source: Finance Accounts of respective years)

Revenue Expenditure increased by ₹ 5,169.07 crore (90.19 per cent) from ₹ 5,731.40 crore in 2013-14 to ₹ 10,900.47 crore in 2017-18 at a CAGR of 17.43 per cent. During 2017-18, it increased by ₹ 1505.93 crore (16.03 per cent) over the previous year, mainly due to increase in expenditure under Social Services by ₹ 904.36 crore and General Services by ₹ 717.00 crore which was partly offset by decrease in expenditure under Economic services by ₹ 115.43 crore. During the year, Buoyancy Ratio of Revenue Expenditure with Revenue Receipts was 0.95, which



indicates that the growth rate of Revenue Expenditure was faster than the growth rate of Revenue Receipts.

### 1.6.3 Committed Expenditure

Committed Expenditure of the State Government on Revenue Account mainly consists of Interest Payments, expenditure on Salaries, Pensions and Subsidies. **Table 1.19** present the trends in expenditure on these components during 2013-18.

**Table - 1.19: Components of Committed Expenditure**

Components of Committed Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Salaries, of which</b>	<b>2,548.91</b>	<b>2,853.24</b>	<b>3,098.20</b>	<b>3,566.88</b>	<b>4,434.61</b>
<i>Non-Plan Head</i>	2,098.77	2,343.78	2,864.40	3,468.12	
<i>Plan Head</i>	450.14	509.46	233.80	98.76	
Interest Payments	312.51	350.88	415.64	399.23	467.36
Pension and other Retirement Benefits	398.40	480.71	555.25	640.58	923.97
Subsidies	5.86	7.02	12.03	4.99	0.82
<b>TOTAL</b>	<b>3,265.68</b>	<b>3,691.85</b>	<b>4,081.12</b>	<b>4,611.68</b>	<b>5,826.76</b>

(₹ in crore)

(Source: Finance Accounts of respective years)

Overall Committed Expenditure increased by ₹ 2,561.08 crore (78.42 per cent) from ₹ 3,265.68 crore in 2013-14 to ₹ 5,826.76 crore in 2017-18. Committed Expenditure during 2017-18 constituted 53.45 per cent of Revenue Expenditure and 42.30 per cent of Revenue Receipts. Component-wise analysis is given in the preceding paragraphs.

The Government in its reply (January 2019) stated that the overall increase in the committed expenditure was due to implementation of recommendations of the 7<sup>th</sup> Central Pay Commission (CPC).

#### 1.6.3.1 Salaries

During 2017-18, Salaries alone accounted for 32.19 per cent of Revenue Receipts. It increased by 73.98 per cent and 24.33 per cent over 2013-14 and 2016-17 respectively.

The Government in its reply (January 2019), stated that increase in expenditure on salaries during the year was due to implementation of recommendations of the 7<sup>th</sup> Central Pay Commission (CPC) and payment of its arrears.

#### 1.6.3.2 Interest Payments

During 2017-18, Interest Payments, comprising of interest on Internal Debt, Small Savings, Provident Funds, etc., Loans & Advances from the Central Government and other obligations, increased by 49.55 per cent and 17.07 per cent over 2013-14 and 2016-17 respectively.

#### 1.6.3.3 Pension Payments

Pension Payments (including other Retirement Benefits) showed an increasing trend during the five-year period (2013-18). During 2017-18, Pension Payments increased by ₹ 525.57 crore (131.92 per cent) over 2013-14 and by ₹ 283.39 crore (44.24 per cent) over the previous year.

## Finances of the State Government

The Government in its reply (January 2019), stated that increase in expenditure on pension payments was due to payment of accumulated pending liabilities on National Pension System (NPS).

### 1.6.3.4 Subsidies

During 2017-18, Expenditure on payment of Subsidies decreased by 86.01 *per cent* and 83.57 *per cent* over 2013-14 and 2016-17 respectively. It constituted 0.01 *per cent* of Revenue Expenditure. The single recipient department of Subsidies in 2017-18 was Civil Supplies Department.

### 1.6.3.5 National Pension System

The Government of India (GoI) introduced (01 April 2004) a defined, contribution based National Pension System (NPS) to cover all new entrants to Government service. The interim Pension Fund Regulatory and Development Authority (PFRDA) was established (October 2003) by GoI. The PFRDA, being regulator for NPS, had been authorised by the GoI to appoint/ establish various intermediaries in the system, such as Central Record Keeping Agency (CRA), Pension Funds Trust for NPS, Custodian Banks, *etc.* PFRDA appointed National Securities Depository Limited (NSDL) as the CRA for a period of 10 years from 01 December 2007 for performing the functions of record keeping, accounting, administration and customer services for subscribers to the schemes of pension funds approved by PFRDA. Further, three pension fund managers, a custodian and a trustee bank had also been appointed.

Under the NPS, the option to join the new system was available for state governments. According to terms of the Scheme, both the Government and employee were to contribute 10 *per cent* each of basic pay and dearness allowance and the entire amount was to be transferred to the designated fund manager through NSDL/ Trustee Bank.

In Arunachal Pradesh, State Government employees recruited on or after 01 January 2008 were eligible for NPS. The contributions received from both the Government and employees are credited to the Major Head 8342-117 under Deposit & Advances and are transferred to NSDL/ Trustee Bank by debiting the same Major Head of Account.

As on 01 April 2017, Major Head 8342-117 had a balance of ₹ 59.97 crore. During 2017-18, the State Government credited an amount of ₹ 3.73 lakh to the fund out of the total amount of ₹ 60.01 crore<sup>7</sup> available under this fund, the State Government has transferred ₹ 12.76 crore (21.26 *per cent*) only to NSDL, leaving a balance of ₹ 47.29 crore<sup>8</sup> as on 31 March 2018 yet to be transferred.

Further, Government of Arunachal Pradesh has informed that the state has been temporarily parking the employee's and employer's contribution towards National Pension System (NPS) under the Current Account in the SBI branch, Naharlagun (outside the Government Account) and transferring to NSDL from the account. During

<sup>7</sup> Opening Balance of ₹ 59.97 crore plus Contribution received ₹ 0.04 crore

<sup>8</sup> An amount of ₹ 0.04 crore was transferred to GPF accounts/ CGEGIS accounts/ salary head, which was erroneously deposited under the Major Head 8342-117

## Finances of the State Government

2017-18, an amount of ₹ 129.12 crore which includes employee's share and employer's matching share was transferred directly to the NSDL from the current account.

The summary of transactions of NPS during the last four years is as under:

**Table - 1.20: The summary of the transactions under NPS:**

(₹ in crore)

Year	Opening Balance	Details of Contribution				Transfer to NSDL	Closing Balance (2+6-7)	Interest liability {(2+5)*Rate}
		Employee	Employer	Short (3-4)	Total (3+4)			
1	2	3	4	5	6	7	8	9
2014-15	47.76	49.04	0.08	48.96	49.12	0.04	96.84	8.41
2015-16	96.84	34.63	15.51	19.12	50.14	77.86	69.12	9.28
2016-17	69.12	83.71	9.77	73.94	93.48	79.33	83.27	11.16
2017-18	83.27	90.09	64.39	25.70	154.48	141.88	95.87	8.73
<b>Total</b>		<b>257.47</b>	<b>89.75</b>	<b>167.72</b>	<b>347.22</b>	<b>299.11</b>		<b>37.58</b>

Audit analysed functioning of NPS, which revealed that:

Government collected ₹ 90.09 crore from employees as contribution towards National Pension Scheme (NPS) and contributed only ₹ 64.39 crore as Government's share towards the scheme. Thus, Government did not discharge its statutory liability as it failed to contribute ₹ 25.70 crore as Government's matching share under NPS during 2017-18. Further, against the total collected funds of ₹ 237.75 crore (including previous year's balance ₹ 83.27 crore), the Government transferred ₹ 141.88 crore only to designated authority (NSDL) and did not transfer ₹ 95.87 crore to NSDL for further investment as per provisions of the scheme. Thus, there was a short transfer of ₹ 95.87 crore to the NSDL and current liability stands deferred to future year(s). Further, during the period from 2014-15 to 2017-18, State Government did not contribute its matching share of ₹ 167.22 crore as against the total Employees' share of ₹ 257.47 crore, Government contributed only ₹ 89.75 crore. Moreover, against the total collected funds of ₹ 394.98 crore (including previous year's balance ₹ 47.76 crore), the Government transferred ₹ 299.11 crore only to designated authority (NSDL). As a result, the total liability of the Government on account of NPS stands at ₹ 263.59 crore (₹ 167.72 crore- Matching share not contributed *plus* ₹ 95.87 crore- short transfer to NSDL) as on 31 March 2018. Thus, the State Government has created interest liability on the amount not transferred to NSDL, incorrectly used the funds that belong to its employees and created benefit uncertainty in respect of the employees affected.

It was also observed that a major portion of the contributions (₹ 129.12 crore) in the current year under NPS were not routed through the public account instead was routed through the current account. Only ₹ 7.46 lakh of contributions under NPS was routed through the public account. Thus, non-routing of the contributions through the Public Account is violation of guidelines, besides vulnerable to risks associated with the normal bank account operations.

Thus, the current liability stands deferred to future year(s). Non-transfer of funds to NSDL was reportedly due to non-allotment of Permanent Retirement Account Number

(PRAN) to 1822 employees. NSDL allots a Permanent Retirement Account Number (PRAN) to each employee enrolled under the System on receipt of requisite information/documents from Government.

On this being pointed out, the Government in reply (January 2019), stated that the huge outstanding balance in the fund was due to non-generation of PRAN (Permanent Retirement Account Number) of subscribers on time and delay in uploading the NPS subscriptions in NSDL, CRA Mumbai. There are 1822 subscribers pending for generation of PRAN till date (January 2019). The Government further stated that the interest figures and other pending issues have been resolved with the Stake holders.

Non-compliance with statutory requirements by the Government has the impact of deferring Government liabilities to future years and also affect, accuracy and transparency of accounts. Moreover, the State Government has created interest liability on the amount not transferred to NSDL, as the above Major Head is classified as 'Deposits bearing Interest' in the Government Accounts. Further, delays in investment of NPS contributions with Fund Managers also create an atmosphere of uncertainty about:

- the rate of return to be accrued to the employees concerned for such periods on the investment of their NPS contribution, and
- the amount of avoidable financial liability to be borne by the Government on account of non-deposit of the NPS contributions with the designated authorities.

Non-payment of the contributions of Government towards NPS apart from understating liabilities of the Government would also deprive the subscribers of their benefits on time. Further, short transfer to NSDL and parking of NPS funds in Public Account and current account would inevitably lead to bankruptcy of the NPS corpus and eventual failure of the Scheme itself.

***Recommendation: The State Government needs to ensure that Government contribution is fully matched with that of the employees' contribution and that the entire amount is transferred to NSDL in a timely manner to avoid unlimited liability on the State exchequer as well as to provide an assurance to the pensioners about the returns on their investment.***

### ***1.6.4 Capital Expenditure***

Capital Expenditure during 2017-18 (₹ 3,188.10 crore) increased by ₹ 1,644.09 crore over the previous year due to significant increase in expenditure on Economic Services (₹ 937.36 crore), General Services (₹ 431.84 crore) and Social Services (₹ 274.89 crore). This expenditure constituted 22.62 per cent of Total Expenditure during 2017-18 as compared to 14.10 per cent during the previous year. The State Government could not maintain the Capital Expenditure in line with the projections made in the BEs and REs during 2017-18, as the expenditure fell short of the BEs (₹ 4,105.11 crore) by 22.34 per cent and REs (₹ 4,999.93 crore) by 36.24 per cent.

The Government in its reply stated (January 2019) that the Capital Expenditure for the year was ₹ 3,648.27 crore including repayment of Public Debt of ₹ 432.32 crore.

## Finances of the State Government

Audit observed that the Capital expenditure was not inclusive of repayment of public debt in any of the previous year and such inclusion would enhance the Capital expenditure to that extent.

### 1.6.5 Financial Assistance by the State Government to Local Bodies, etc.

The quantum of assistance provided by way of Grants and Loans to Local Bodies and others during 2017-18, relative to previous years is presented in **Table 1.21**

**Table - 1.21: Financial Assistance to Local Bodies etc.**

Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
University and Educational Institutions	6.64	11.16	7.39	0.00	1.00
Cultural Institutions/Voluntary Organisations for promotion of Arts & Culture	1.00	0.00	2.22	0.00	0.00
State Institute of Rural Development	0.40	0.00	0.66	0.66	0.00
Social Welfare	0.57	0.57	0.44	0.48	0.41
Food, Storage and Warehousing	105.91	22.09	0.00	7.11	15.59
Co-operation	1.05	3.22	1.25	2.99	0.83
Other Institutions <sup>9</sup>	21.81	7.59	14.21	26.63	19.54
<b>TOTAL</b>	<b>137.38</b>	<b>44.63</b>	<b>26.03</b>	<b>37.67</b>	<b>37.37</b>
<i>Assistance as percentage of Revenue Expenditure</i>	<i>2.40</i>	<i>0.62</i>	<i>0.31</i>	<i>0.40</i>	<i>0.34</i>

(₹ in crore)

(Source: Finance Accounts of respective years)

Financial assistance extended to Local Bodies and other Institutions with inter-year variations decreased by 72.80 per cent from ₹ 137.38 crore in 2013-14 to ₹ 37.37 crore in 2017-18. The share of financial assistance in Revenue Expenditure also decreased from 2.40 per cent in 2013-14 to 0.34 per cent during 2017-18. Other Institutions were the major recipients (around 52.29 per cent) of the financial assistance followed by Food, Storage and Warehousing (41.72 per cent).

## 1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of expenditure. Improvement in the quality of expenditure basically involves three aspects - adequacy (adequate provisions for providing public services); efficiency of expenditure and the effectiveness (assessment of outlay-outcome relationships for select services).

### 1.7.1 Adequacy of Public Expenditure

The analysis of expenditure data is disaggregated into Developmental and Non-Developmental Expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into Social, Economic and General Services. In terms of quality of expenditure, the State was relatively well placed compared to other Special Category States (SCS). **Table 1.22** analyses the fiscal priority given by the State Government to various expenditure heads in 2013-14 and 2017-18 with regard to Developmental Expenditure, Social Sector Expenditure and Capital Expenditure.

<sup>9</sup> Other Institutions include Municipal Committees and Scientific Bodies.

## Finances of the State Government

**Table - 1.22: Fiscal priority of the State in 2013-14 and 2017-18**

Fiscal priority by the State	(in per cent)					
	TE/ GSDP	DE/ TE	SSE/ TE	CE/ TE	Education/ TE	Health/ TE
SCS Average 2013-14	23.50	64.00	37.60	13.80	18.30	5.40
Arunachal Pradesh 2013-14	50.95	73.48	30.74	22.61	10.57	4.58
SCS Average 2017-18	25.80	58.90	34.90	15.50	18.20	6.20
Arunachal Pradesh 2017-18	57.66	71.38	34.10	22.62	11.74	6.64

*TE: Total Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure*  
*Developmental expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Development Loans & Advances disbursed.*

(Source: Finance Accounts 2013-14 & 2017-18)

A comparison of the data related to Arunachal Pradesh with that of the SCS revealed the following:

- Total Expenditure as a proportion of GSDP had been higher in the State as compared to the SCS average during 2013-14 and 2017-18.
- Development Expenditure as a proportion of Total Expenditure has also been higher in the State as compared to the SCS average during both 2013-14 and 2017-18.
- Expenditure on Social Sector as a proportion of Total Expenditure was lower than the SCS average during 2013-14 and 2017-18.
- The share of Capital Expenditure as a proportion of Total Expenditure of the State was higher than the SCS average in both the years 2013-14 and 2017-18.
- The share of expenditure on Education as a proportion of Total Expenditure was lower than the SCS averages in both the years, though it improved in 2017-18.
- The share of expenditure on Health as a proportion of Total Expenditure was less than the SCS average in 2013-14 but was higher in 2017-18.

The Government in its reply (January 2019), stated that expenditure on Social Sectors and share of expenditure on Education were lower than the average of Special Category States (SCS) during the last five years due to non-formulation of guidelines in respect of various schemes that was announced in Budget speech. Besides, in some cases, implementing Departments were changed during the period. Therefore, Departments could not incur the budgeted expenditure.

### 1.7.2 Efficiency of Expenditure Use

In view of the importance of public expenditure for social and economic development, it is important for the State Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods<sup>10</sup>. Apart from improving allocation towards Development Expenditure, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to Total Expenditure (and/ or GSDP) and proportion of Revenue Expenditure being spent on operation and maintenance of existing Social and Economic Services infrastructure. The higher the ratio of these components to Total Expenditure (and/ or GSDP), the better would be the

<sup>10</sup> As explained in Appendix - 1.1.C.

quality of expenditure. **Table 1.23** presents the trend in Development Expenditure relative to the Total Expenditure of the State during 2017-18 *vis-à-vis* previous years:

**Table - 1.23: Development Expenditure**

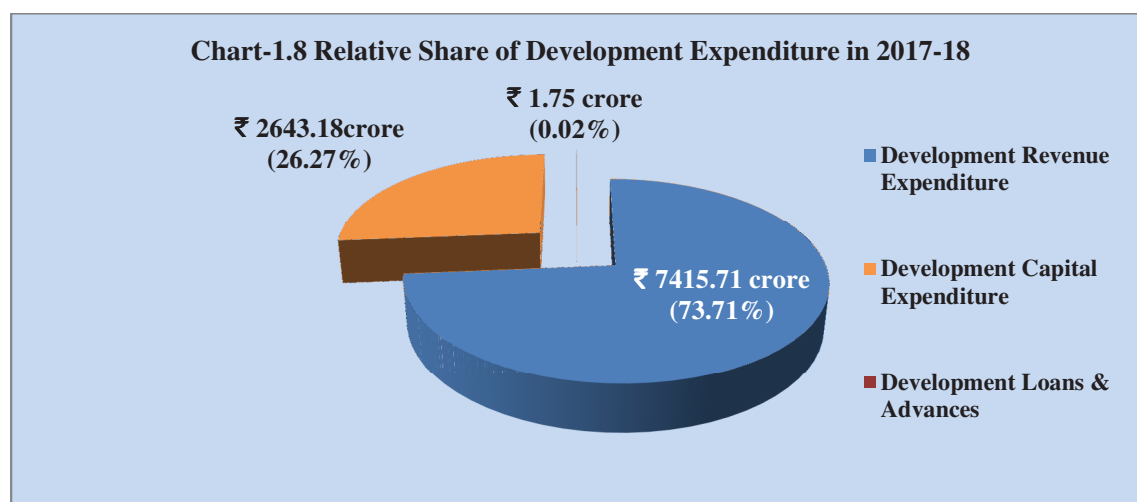
Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
Development Expenditure {(a)+(b)+(c)}£	5,459.08 (73.48)	6,456.92 (74.69)	7,502.53 (72.36)	8,065.61 (73.67)	10,060.64 (71.38)
(a) Development Revenue Expenditure\$	3,951.34 (73.38)	5,094.00 (78.89)	5,844.65 (77.90)	6,626.78 (82.16)	7,415.71 (73.71)
(b) Development Capital Expenditure\$	1,491.89 (27.33)	1,362.48 (21.10)	1,647.67 (21.96)	1,430.93 (17.74)	2,643.18 (26.27)
(c) Development Loans & Advances\$	15.85 (0.29)	0.44 (0.01)	10.21 (0.14)	7.90 (0.10)	1.75 (0.02)

(₹ in crore)

(Figures in parentheses indicate: £: Percentage to Total Expenditure, \$: Percentage to Development Expenditure)

(Source: Finance Accounts of respective years)

The Development Expenditure on socio-economic services increased from ₹ 5,459.08 crore in 2013-14 to ₹ 10,060.64 crore in 2017-18. Development Expenditure increased by 24.74 per cent (₹ 1,995.03 crore) over the previous year. During the five-year period ending 2017-18, the share of State's Development Expenditure averaged around 73 per cent of the State's Total Expenditure. The relative share of Development Expenditure during 2017-18, depicted in **Chart 1.8** below, shows that 73.71 per cent of Development Expenditure was incurred on Revenue Account and only 26.27 per cent was utilised for Capital Expenditure.



(Source: Finance Accounts 2017-18)

During 2017-18, Development Capital Expenditure as a percentage of Total Expenditure increased to 18.75 per cent as compared to 13.07 per cent in 2016-17. Though, the State Government had earmarked a considerable amount to create assets, it failed to utilise the same, which resulted in predominant share of Revenue Expenditure in Development Expenditure. This indicated that more emphasis was given on maintenance of current level of services, which did not result in any addition to the State's infrastructure and service network. The expenditure pattern under this sector needs correction in the ensuing years.

## Finances of the State Government

**Table 1.24** and **Table 1.25** summarise the percentage of expenditure incurred by the State Government in expanding and maintaining Social and Economic Services in the State under selected components of Economic and Social Services sector during the period 2013-18.

**Table - 1.24 Efficiency of Capital Expenditure in selected Social and Economic Services**

*(in per cent)*

Services	Ratio of Capital Expenditure to Total Expenditure <sup>£</sup>				
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Social Services (SS)</b>					
General Education	6.52	4.71	3.94	3.94	3.20
Technical Education, Sports and Arts & Culture	50.21	52.67	44.95	26.04	20.35
Health & Family Welfare	8.30	5.87	5.05	2.11	4.46
Water Supply & Sanitation, Housing and Urban Development	47.72	38.24	32.30	41.86	40.96
Other Social Services	15.97	11.41	14.36	12.03	23.31
<b>Total (SS)</b>	<b>22.16</b>	<b>15.80</b>	<b>14.17</b>	<b>15.99</b>	<b>17.79</b>
<b>Economic Services (ES)</b>					
Agriculture & Allied Activities	3.03	1.05	2.07	0.95	1.73
Irrigation & Flood Control	10.78	20.09	40.91	31.38	20.20
Energy	22.70	19.55	18.74	18.15	26.27
Transport	54.51	41.18	41.99	30.34	59.35
Other Economic Services	26.99	20.73	16.36	17.47	23.50
<b>Total (ES)</b>	<b>31.18</b>	<b>25.18</b>	<b>27.15</b>	<b>19.20</b>	<b>34.04</b>
<b>Grand Total (SS + ES)</b>	<b>27.41</b>	<b>21.10</b>	<b>21.99</b>	<b>17.76</b>	<b>26.28</b>

*(Source: Finance Accounts of respective years)*

£-Total Revenue and Capital Expenditure of the Services concerned

The Table shows that:

- Development Capital expenditure, in *per cent* terms, decreased to 26.28 *per cent* in 2017-18 from 27.41 *per cent* in 2013-14, but increased from 17.76 *per cent* over 2016-17.
- The ratio of Capital Expenditure in selected Social Services ranged between 14.17 to 22.16 *per cent* during 2013-18.
- The ratio of Capital Expenditure in selected Economic Services ranged between 17.76 to 27.41 *per cent* during 2013-18.

**Table - 1.25: Efficiency of Revenue Expenditure in selected Social and Economic services**

*(₹ in crore)*

Services	In Revenue Expenditure, the share of Salary					In Revenue Expenditure, the share of Non-Salary				
	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14	2014-15	2015-16	2016-17	2017-18
General Education	535.41 (74.84)	573.26 (60.10)	643.04 (54.02)	715.45 (55.37)	901.83 (56.94)	179.95 (25.16)	380.61 (39.90)	547.32 (45.98)	576.69 (44.63)	682.04 (43.06)
Technical Education, Sports and Arts & Culture	28.82 (45.66)	35.00 (45.62)	39.54 (46.03)	50.05 (42.79)	56.98 (42.59)	34.30 (54.34)	41.72 (54.38)	46.36 (53.97)	66.93 (57.21)	76.81 (57.41)
Health & Family Welfare	251.02	280.63	291.79	388.09	555.72	60.91	265.57	197.30	304.23	337.79



# Finances of the State Government

Services	In Revenue Expenditure, the share of Salary					In Revenue Expenditure, the share of Non-Salary				
	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14	2014-15	2015-16	2016-17	2017-18
	(80.47)	(51.38)	(59.66)	(56.06)	(62.20)	(19.53)	(48.62)	(40.34)	(43.94)	(37.80)
Water Supply & Sanitation, Housing and Urban Development	75.96 (23.58)	84.89 (23.75)	101.41 (21.70)	112.26 (19.16)	137.13 (16.74)	246.11 (76.42)	272.52 (76.25)	365.84 (78.30)	473.58 (80.84)	681.89 (83.26)
Other Social Services	120.72 (33.75)	116.10 (27.37)	130.51 (40.27)	138.30 (38.50)	182.79 (35.11)	236.96 (66.25)	308.09 (72.63)	193.56 (59.73)	220.89 (61.50)	337.85 (64.89)
<b>Social Services</b>	<b>1,011.93</b> <b>(57.17)</b>	<b>1,089.88</b> <b>(46.21)</b>	<b>1,206.29</b> <b>(47.18)</b>	<b>1,404.15</b> <b>(46.09)</b>	<b>1,834.45</b> <b>(46.43)</b>	<b>758.23</b> <b>(42.83)</b>	<b>1,268.51</b> <b>(53.79)</b>	<b>1,350.38</b> <b>(52.82)</b>	<b>1,642.32</b> <b>(53.91)</b>	<b>2,116.38</b> <b>(53.57)</b>
Agriculture & Allied Activities	202.87 (33.48)	226.56 (34.49)	265.16 (39.81)	279.27 (36.26)	325.82 (42.36)	403.03 (66.52)	430.29 (65.51)	400.90 (60.19)	490.94 (63.74)	443.36 (57.64)
Irrigation & Flood Control	45.97 (27.39)	52.20 (42.67)	56.26 (32.08)	67.82 (37.65)	79.24 (28.83)	121.88 (72.61)	70.12 (57.33)	119.12 (67.92)	112.33 (62.35)	195.62 (71.17)
Energy	154.52 (37.89)	177.12 (40.27)	208.20 (37.20)	231.28 (29.03)	271.15 (38.50)	253.30 (62.11)	262.70 (59.73)	351.44 (62.80)	565.32 (70.97)	433.07 (61.50)
Transport	162.33 (29.28)	174.24 (20.15)	169.20 (15.10)	48.76 (5.56)	268.55 (33.40)	392.13 (70.72)	690.51 (79.85)	951.37 (84.90)	828.68 (94.44)	535.56 (66.60)
Other Economic Services	206.50 (46.39)	221.86 (34.03)	233.07 (30.41)	455.00 (47.60)	357.58 (39.19)	238.64 (53.61)	430.01 (65.97)	533.26 (69.59)	500.91 (52.40)	554.93 (60.81)
<b>Economic Services</b>	<b>772.19</b> <b>(35.40)</b>	<b>851.98</b> <b>(31.14)</b>	<b>931.89</b> <b>(28.34)</b>	<b>1082.13</b> <b>(30.22)</b>	<b>1302.34</b> <b>(37.59)</b>	<b>1408.98</b> <b>(64.60)</b>	<b>1883.63</b> <b>(68.86)</b>	<b>2356.09</b> <b>(71.66)</b>	<b>2498.18</b> <b>(69.78)</b>	<b>2162.54</b> <b>(62.41)</b>
<b>Grand Total</b>	<b>1,784.12</b> <b>(45.15)</b>	<b>1,941.86</b> <b>(38.12)</b>	<b>2,138.18</b> <b>(36.58)</b>	<b>2,486.28</b> <b>(37.52)</b>	<b>3,136.79</b> <b>(42.30)</b>	<b>2,167.21</b> <b>(54.85)</b>	<b>3,152.14</b> <b>(61.88)</b>	<b>3,706.47</b> <b>(63.42)</b>	<b>4,140.50</b> <b>(62.48)</b>	<b>4,278.92</b> <b>(57.70)</b>

(Source: Finance Accounts of respective years)

The table shows that:

- The expenditure on Salary components under Social and Economic Services during 2017-18 increased by 75.82 per cent and 26.16 per cent over 2013-14 and 2016-17 respectively. The expenditure on Non-Salary component under Social and Economic Services in 2017-18 increased by 97.44 per cent and 3.34 per cent over 2013-14 and 2016-17 respectively.
- The Salary component under Revenue expenditure in selected Social Services in 2017-18 increased by 81.28 per cent and 30.64 per cent over 2013-14 and 2016-17 respectively. The Non-Salary component in 2017-18 increased by 179.12 per cent and 28.87 per cent over 2013-14 and 2016-17 respectively.
- The Salary component under Revenue expenditure in selected Economic Services in 2017-18 increased by 68.66 per cent and 20.35 per cent over 2013-14 and 2016-17 respectively. The Non-Salary component in 2017-18 increased by 53.48 per cent over 2013-14, but decreased by 13.44 per cent over 2016-17.

## 1.8 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its Fiscal Deficit (and Borrowings) not only at low levels, but also meet its Capital Expenditure/ Investment (including Loans and Advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowings to avoid complete dependence on market borrowings. This section presents a broad financial analysis of investments and other Capital Expenditure undertaken by the Government during 2017-18 vis-à-vis previous years.

## Finances of the State Government

### 1.8.1 Investment and Returns

As per Statement 8 and 19 of the Finance Accounts for 2017-18, as of 31 March 2018, the State Government invested ₹ 250.02 crore in five Government Companies (₹ 9.00 crore) and 150 Co-operative Banks and Societies (₹ 241.02 crore) as detailed in Table 1.26.

**Table -1.26: Return on Investment**

	(₹ in crore)				
Investment/Return/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Investment at the end of the year (₹ in crore)</b>					
(i) Government Companies	9.00	9.00	9.00	9.00	9.00
(ii) Co-operative Bank/Societies	236.05	238.59	240.11	241.02	241.02
<b>TOTAL</b>	<b>245.05</b>	<b>247.59</b>	<b>249.11</b>	<b>250.02</b>	<b>250.02</b>
Return (₹ in crore)	<i>Nil</i>				
Average Rate of Interest on Government Borrowings (per cent)	6.66	6.35	6.92	6.93	7.28
Difference between Interest Rate & Return rate (per cent)	6.66	6.35	6.92	6.93	7.28

(Source: Finance Accounts of respective years)

During 2013-14 to 2017-18, average return on investment was 'Nil', while the Government paid interest at an average rate of 6.35 per cent to 7.28 per cent on its borrowings during the period. As on 31 March 2018, there were five working Government Companies and as per latest finalised annual accounts, three<sup>11</sup> companies had accumulated losses of ₹ 29.46 crore and two companies had earned a profit of ₹ 30.09 crore. As per their latest finalised accounts, aggregate net worth<sup>12</sup> of two loss making companies<sup>13</sup> stood at *negative* ₹ 19.00 crore and the accumulated losses in these two companies exceeded the paid up capital and in one loss making company<sup>14</sup> the accumulated loss was more than 80 per cent of its paid up capital. The two profit making companies<sup>15</sup> had a combined net worth of ₹ 35.11 crore.

### 1.8.2 Loans & Advances by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the Government also provided Loans and Advances for other purposes, e.g., loans to Power Projects, Government servants, Tourism, etc. Table 1.27 shows outstanding Loans and Advances as on 31 March of last five years.

<sup>11</sup> AP Industrial Development and Financial Corporation Limited (₹ 23.07 crore); AP Mineral Development and Trading Corporation Limited (₹ 1.81 crore) and AP Forest Corporation Limited (₹ 4.58 crores)

<sup>12</sup> Net worth represents paid up capital plus free reserves less accumulated losses.

<sup>13</sup> AP Industrial Development and Financial Corporation Limited (₹ 18.92 crore); and AP Forest Corporation Limited (₹ 0.08 crore)

<sup>14</sup> AP Mineral Development and Trading Corporation Limited (₹ 1.81 crore)

<sup>15</sup> Arunachal Police Housing and Welfare Corporation Limited (₹ 28.61 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹ 6.50 crore)

## Finances of the State Government

**Table - 1.27: Loans & Advances by the State Government**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>OPENING BALANCE</b>	<b>66.86</b>	<b>81.97</b>	<b>59.49</b>	<b>66.99</b>	<b>73.53</b>
Amount advanced during the year	18.53	4.93	12.98	10.33	5.07
Amount recovered during the year	3.42	27.41	5.48	3.79	5.68
<b>CLOSING BALANCE</b>	<b>81.97</b>	<b>59.49</b>	<b>66.99</b>	<b>73.53</b>	<b>72.92</b>
<i>Net Addition</i>	<i>15.11</i>	<i>(-) 22.48</i>	<i>7.50</i>	<i>6.54</i>	<i>(-) 0.61</i>

(Source: Finance Accounts of respective years)

The amount of Loans & Advances by the State Government decreased from ₹ 10.33 crore in 2016-17 to ₹ 5.07 crore in 2017-18. Out of this, ₹ 1.75 crore pertains to Economic Services (Loans for Co-operation) and ₹ 3.32 crore to Government Servants. The repayment of Loans and Advances increased by ₹ 1.89 crore in 2017-18 mainly on account of recovery of Loans for Co-operation (₹ 2.64 crore) and Loans to Government Servants (₹ 3.04 crore).

### 1.8.3 Cash Balances and Investment of Cash Balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA), Ordinary or Special, from the Reserve Bank of India (RBI) has been put in place. The operating limit for ordinary WMA is reckoned as the three-year average of Revenue Receipts and the operative limit for special WMA is fixed by RBI from time to time depending on the holding of Government securities. Overdrafts are given by the RBI, if the state has a minus balance after availing of the maximum advances.

Under an agreement with the RBI, the State Government has to maintain an all-time minimum balance of ₹ 26.00 lakh with RBI. If the balance falls below the agreed minimum, the Government can take ordinary WMA from the RBI, in addition, special WMAs are made available against GoI securities held by the State Government.

The State Government did not avail any ways and means advance during the current year.

The Cash Balances and Investments made by the State Government out of Cash Balances during 2017-18 are shown in **Table 1.28**

**Table - 1.28: Cash Balances and Investment of Cash Balances**

(₹ in crore)

	Opening balance on 1 April 2017	Closing balance on 31 March 2018
<b>A. General Cash Balance</b>		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank	(-) 599.28	(-) 7.44
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	317.17	392.00
<b>Total (A)</b>	<b>(-) 282.11</b>	<b>384.56</b>
<b>B. Investments held in Cash Balance investment account</b>	<b>1103.03</b>	<b>1138.91</b>
<b>(a) Total (A+B)</b>	<b>820.92</b>	<b>1,523.47</b>

## Finances of the State Government

	Opening balance on 1 April 2017	Closing balance on 31 March 2018
<b>(b) Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	6.46	7.97
Permanent advances for contingent expenditure with departmental officers	0.00	0.01
Investment of earmarked funds	519.90	711.55
<b>Total (b)</b>	<b>526.35</b>	<b>719.53</b>
<b>Total (a) + (b)</b>	<b>1347.28</b>	<b>2243.00</b>
<b>Interest realized</b>	<b>55.43</b>	<b>45.28</b>

(Source: Finance Accounts 2017-18)

Cash Balances of the State Government increased from ₹ 1,347.28 crore in 2016-17 to ₹ 2,243.00 crore in 2017-18. There was a difference of ₹ 14.67 crore (net debit) at the end of accounting year 2017-18 between the General Cash Balance as worked out by the Accountant General (₹ 7.44 crore) and as reported by the RBI (₹ 22.11 crore). This difference was mainly due to misclassification of transactions by bank/ treasuries. As of 31 March 2018, the State Government invested ₹ 1,138.91 crore in GoI Treasury Bills. During 2017-18, Interest of ₹ 45.28 crore was earned on investment of Cash Balances. Despite having huge cash balances, the State Government resorted to borrowings. The Government could have lowered its borrowings and saved interest thereon as the borrowings have been done at an average interest rate of 7.28 per cent whereas average interest received on cash investment was only four per cent.

### 1.9 Assets and Liabilities

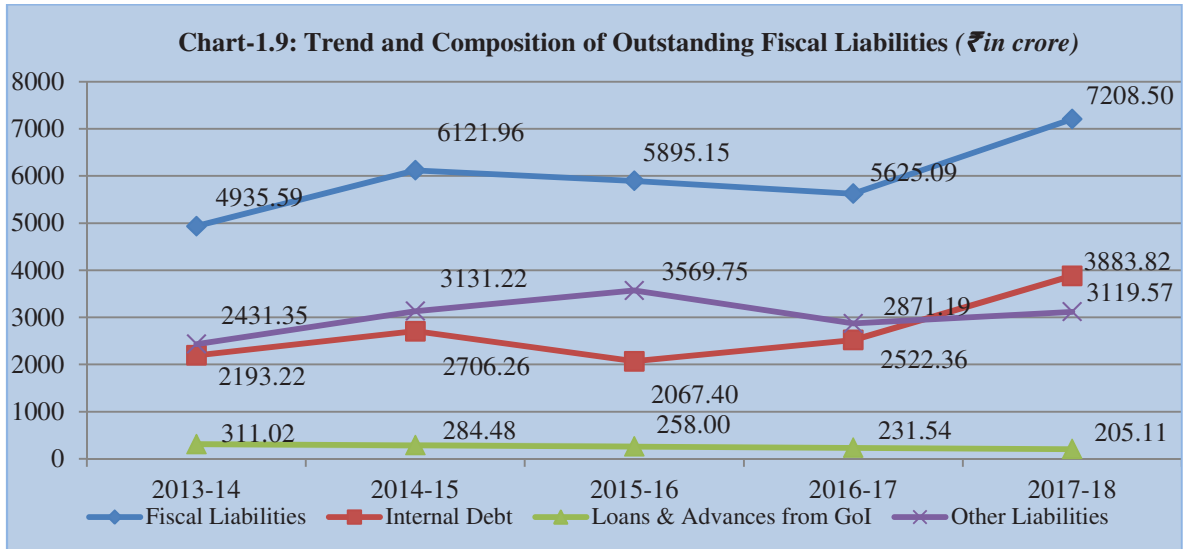
#### 1.9.1 Growth and Composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of Fixed Assets like land and buildings owned by the Government is not done. However, Government accounts do capture financial liabilities of the Government and assets created out of expenditure incurred. *Appendix 1.5* gives an abstract of such liabilities and assets as on 31 March 2018, compared with the corresponding position on 31 March 2017. While, liabilities consist mainly of Internal Borrowings, Loans & Advances from GoI, receipts from Public Account and Reserve Funds, Assets comprise mainly of Capital Outlay and Loans & Advances given by the State Government and Cash Balances.

#### 1.9.2 Fiscal Liabilities

Trends and composition of fiscal liabilities during the last five years are presented in **Chart 1.9**.

## Finances of the State Government



(Source: Finance Accounts of respective years)

**Table 1.29** gives the Fiscal Liabilities of the State, their rate of growth, the ratio of these liabilities to GSDP, to Revenue Receipts and to the State's Own Resources and also the buoyancy of Fiscal Liabilities with reference to these parameters.

**Table - 1.29: Fiscal Liabilities – Basic Parameters**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Fiscal Liabilities (₹ in crore)</b>	<b>4,935.59</b>	<b>6,121.96<sup>16</sup></b>	<b>5,895.15</b>	<b>5,625.09</b>	<b>7,208.50</b>
Rate of Growth (per cent)	11.09	24.04	(-)3.70	(-) 4.58	28.15
<b>Ratio of Fiscal Liabilities to</b>					
GSDP (per cent)	33.85	34.09	28.85	25.10	29.49
Revenue Receipts (per cent)	84.80	67.01	55.86	47.75	52.33
Own Resources (per cent)	587.87	665.58	635.81	448.73	609.99
<b>Buoyancy of Fiscal Liabilities to</b>					
GSDP (ratio)	0.68	1.04	(-) 0.27	(-) 0.47	3.11
Revenue Receipts (ratio)	10.87	0.42	(-)0.24	(-)0.39	1.66
Own Resources (ratio)	0.28	2.52	(-)4.61	(-)0.13	(-) 4.91

(Source: Finance Accounts of respective years)

Fiscal Liabilities of ₹ 7,208.50 crore during 2017-18 consisted of Internal Debt (market loans, WMAs, loans from Financial Institutions and Special Securities issued to National Small Savings Fund, etc.): ₹ 3,833.82 crore; Loans & Advances from the Central Government: ₹ 205.11 crore; Public Account Liabilities (Small Savings, Provident Funds, etc., Reserve Funds and Deposits): ₹ 3,119.57 crore. The Fiscal Liabilities of the State increased (46.05 per cent) from ₹ 4,935.59 crore in 2013-14 to ₹ 7,208.50 crore in 2017-18. The ratio of Fiscal Liabilities to GSDP decreased from 33.85 per cent in 2013-14 to 29.49 per cent in 2017-18. The buoyancy of these liabilities with respect to GSDP during the year was 3.11 indicating that for each one per cent increase in GSDP, fiscal liabilities increased by 3.11 per cent.

<sup>16</sup> The difference of ₹ 0.25 crore between last year's Closing Balance and this year's Opening Balance is due to correction of error in calculation

The liabilities were around 52 *per cent* of Revenue Receipts and 4.50 times the State's own resources at the end of 2016-17, whereas it had worsened to more than six times the State's own resources at the end of March 2018.

The State Government in its Medium Term Fiscal Plan (MTFP) Statement projected the total Outstanding Liabilities-GSDP ratio for the year 2017-18 as 23.45 *per cent*. As can be seen from the **Table 1.29** above, the Fiscal Liabilities-GSDP ratio of the State (29.49 *per cent*) was lower than the limit fixed by the 14<sup>th</sup> FC (31.48 *per cent*) and higher than the MTFP.

### **1.9.3 Transactions under Reserve Fund**

The total Fiscal Liabilities of ₹ 7,208.50 crore include balance of ₹ 723.99 crore under Reserve Funds as on 31 March 2018. The State has three Reserve Funds *viz.*, State Disaster Response Fund (SDRF), Sinking Funds and Other Funds. The status of Reserve Funds is as under:

#### **(a) State Disaster Response Fund**

SDRF was set up by the State Government in 2010-11 with contribution of funds from GoI and the State Government in the ratio of 90:10. During 2017-18, Central Government released an amount of ₹ 51.30 crore towards SDRF. As per the guidelines of this fund, the Central Government contributions along with state share are to be transferred to the Public Account (Major Head- 8121) by operating the Expenditure Major Head 2245. Expenditure incurred during the year on natural calamities should be adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. The remaining amounts of the fund are to be invested. However, contrary to the guidelines, the state government transferred the total contribution of ₹ 57.00 crore (Central Share ₹ 51.30 crore and State Share ₹ 5.70 crore) to a saving Bank Account in State Bank of India. As such, it was not possible to assess the actual utilisation of the fund on natural calamities. At the end of March 2018, outstanding balance under the Public Account Head 8121-112 amounting to ₹ 3.46 crore, remained un-invested.

Further, the amount deposited in the SDRF Bank Account was kept outside the purview of Government Accounts. As such, Audit could not ascertain the quantum of expenditure incurred as well as the balance available in the SDRF Bank Account.

In reply (January 2019), the Government stated that the fund was kept to provide immediate relief to the victims in case of any disaster. Now, the fund under SDRF is in Public Financial Management System (PFMS) platform. However, the reply did not elaborate on the details of the amounts spent from the Bank deposit made in the previous year.

#### **(b) Consolidated Sinking Fund**

The State Government set up a 'Consolidated Sinking Fund' (CSF) in 1999-2000 for amortisation of market borrowings, other loans and non-debt obligations as per the recommendation of 12<sup>th</sup> FC. According to the guidelines of the RBI, which is responsible

for management of the Fund, State Government is required to contribute a minimum of 0.5 per cent of the outstanding liabilities of the previous year. Accordingly, the contribution due from the State Government was ₹ 28.13 crore<sup>17</sup>. Against this, the State Government contributed ₹ 200.00 crore to the Fund. As of 31 March 2018, ₹ 719.90 crore (including previous year's balance of ₹ 519.90 crore) was invested in GoI Securities.

### 1.9.4 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by borrowers for whom the Guarantee was extended. As per the Finance Accounts, the maximum amount for which Guarantees were given by the State and outstanding Guarantees at the end of the year since 2013-14 to 2017-18, is given in **Table 1.30**.

**Table - 1.30: Guarantees given by the Government of Arunachal Pradesh**

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Maximum Amount Guaranteed	2.00	2.00	2.00	2.00	2.00
Outstanding Amount of Guarantees	1.55	0.97	0.97	0.97	0.97
Percentage of Maximum Amount Guaranteed to Total Revenue Receipts	0.03	0.02	0.02	0.02	0.01

(Source: Finance Accounts of respective years)

The outstanding amount of guarantee of ₹ 0.97 crore as at the close of 2017-18 was with respect to the Government guaranteed loans to one Company, i.e., Arunachal Pradesh Industrial Development & Financial Corporation Limited.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the maximum limit within which the Government may extend Guarantees on the security of the Consolidated Fund of the State.

### 1.9.5 Guarantee Redemption Fund

The Government of Arunachal Pradesh had constituted (February 2018) a 'Guarantee Redemption Fund' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Level Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund would be utilised only towards payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee was issued.

According to the Act of the fund, the Government should contribute minimum one per cent of the outstanding guarantees at the end of the previous year and thereafter minimum 0.50 per cent every year to achieve a minimum level of three per cent in next five years.

During 2017-18, the State Government contributed ₹ 0.50 crore to the Fund, which was almost 52 per cent of ₹ 0.97 crore (i.e., outstanding guarantee at the end of previous financial year). No guarantee was invoked during the year. As on 31 March 2018, the

<sup>17</sup> 0.5 per cent of the total outstanding liabilities of ₹ 5,625.09 crore of State Government as on 31 March 2017

## Finances of the State Government

total amount lying in the Fund was ₹ 0.50 crores and the entire amount has been invested by the Reserve Bank of India in Government of India Securities.

### 1.10 Debt Management

#### 1.10.1 Debt Sustainability

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

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine debt sustainability of the State. **Table 1.31** shows the debt sustainability of the State according to these indicators for five-year period from 2013-14 to 2017-18.

**Table - 1.31: Fiscal Liabilities – Net Debt Available to the State**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal Liabilities (FL)	4,935.59	6,121.96 <sup>18</sup>	5,895.15	5,625.09	7,208.50
Rate of Growth (per cent)	11.09	24.04	(-)3.70	(-) 4.58	28.15
GSDP	14,581	17,960	20,433	22,415	24,442
Rate of growth of GSDP (per cent)	16.21	23.17	13.77	9.70	9.04
Ratio of FL to GSDP	33.85	34.09	28.85	25.10	29.49
Average Rate of Interest on Outstanding liabilities (per cent)	6.66	6.35	6.92	6.93	7.28
Interest Payment/ Revenue Receipt (IP/RR) (per cent)	5.37	3.84	3.94	3.39	3.39
Total Debt Receipts	2,037.65	3,985.91	3,110.70	2,222.86	2,908.33
Total Debt Payments (including Interest)	1,232.60	2,448.90	2,921.87	2,093.69	1,792.28
Net Debt available to the State	805.05	1,537.01	188.83	129.17	1,116.05
Debt Repayment/Debt receipt (per cent)	60.49	61.44	93.99	94.19	61.63

(Source:-Finance Accounts of the respective)

**Table-1.31** shows that the Debt-GSDP ratio increased from 25.10 per cent during 2016-17 to 29.49 per cent in 2017-18. The Debt-GSDP ratio during 2017-18 was well within the projected Debt-GSDP ratio set forth by 14<sup>th</sup> FC (31.48 per cent) for Arunachal Pradesh. The net Debt available to the State had been positive during 2013-18 indicating that the incremental revenue receipts were sufficient to meet the incremental primary expenditure and interest burden. The net Debt available to the State stood at positive at ₹ 1,116.05 crore during 2017-18, which indicate that the State had made sustainable efforts to mobilise more resources to meet the incremental liabilities arising on account of additional primary expenditure and interest payments.

The trends in debt redemption ratio fluctuated widely during 2013-18 and decreased to 61.63 per cent during 2017-18 against 94.19 per cent during the previous year. During

<sup>18</sup> The difference of ₹ 0.25 crore between last year Closing Balance and this year Opening Balance is due to correction of error in calculation



## Finances of the State Government

the current year, against total debt receipts of ₹ 2,908.33 crore, Government repaid ₹ 1,792.28 crore as principal and interest on internal debt (₹ 405.81 crore), loans and advances from Central Government (₹ 26.43 crore) and other liabilities<sup>19</sup> (₹ 892.68 crore), as a result borrowed fund of ₹ 1,116.05 crore was available at the end of the year.

### 1.10.2 Debt Profile

As per Statement 17 of the Finance Accounts for the year 2017-18, the maturity profile of the State debt is as indicated in **Table 1.32**.

**Table - 1.32: Maturity Profile of State Debt**

(₹ in crore)

Date maturity	Maturity Profile	Amount			per cent
		Internal Debt	Loans & Advances from GoI	Total	
By 2018-19	0-1 year	135.60	15.38	150.98	3.70
Between 2019-20 & 2020-21	Over 1 year to 3 years	304.33	26.72	331.05	8.09
Between 2021-22 & 2022-23	Over 3 years to 5 years	530.79	24.70	555.49	13.58
Between 2023-24 & 2024-25	Over 5 years to 7 years	713.17	20.34	733.51	17.94
2025-26 onwards	Above 7 years	2,199.94	117.96	2,317.90	56.69
<b>Total</b>		<b>3,883.83</b>	<b>205.10</b>	<b>4,088.93</b>	<b>100.00</b>

The maturity profile of outstanding stock of public debt as on 31 March 2018 indicates that out of the outstanding public debt of ₹ 4,088.93 crore, 43.31 per cent (₹ 1,771.03 crore) was payable within the next seven years while the remaining 55.32 per cent (₹ 2,317.90 crore) was in the maturity bracket of more than seven years. Of the total outstanding public debt, internal debt consisting of market borrowing, loans from LIC, GIC, NABARD etc., constituted 94.98 per cent (₹ 3,883.83 crore).

### 1.11 Fiscal Imbalances

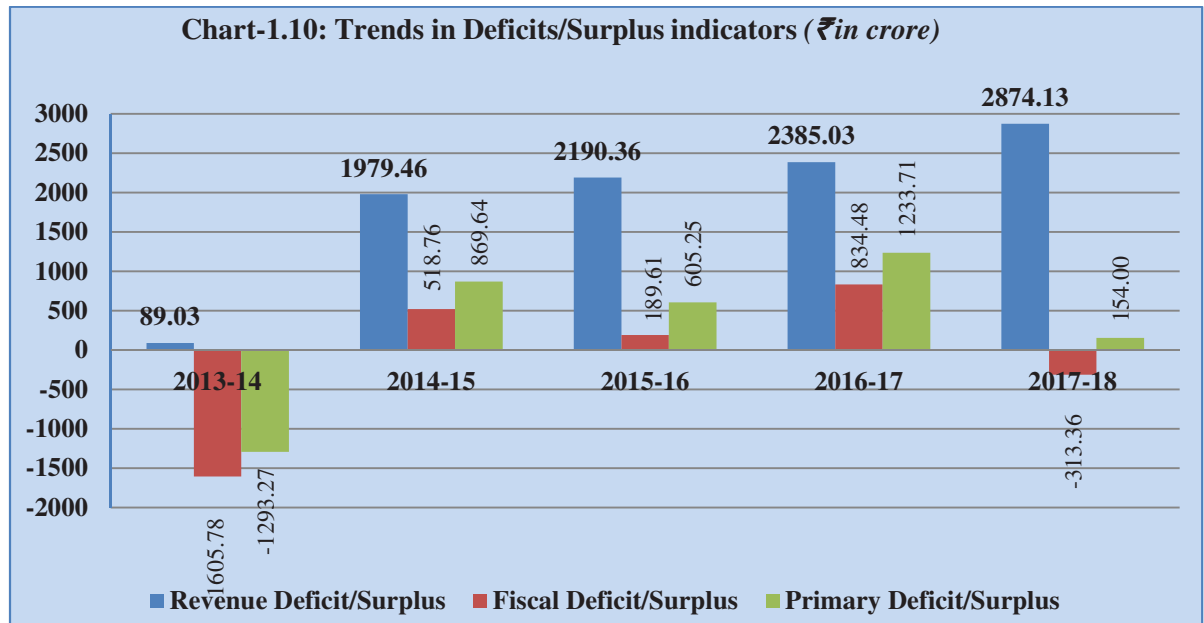
Three key fiscal parameters - Revenue, Fiscal and Primary Deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in Government Accounts represents the gap between receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, ways in which the deficit is financed and resources raised are applied are important pointers to its fiscal health. This Section presents trends, nature, magnitude, the manner of financing deficits and assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/ Rules for the financial year 2017-18.

<sup>19</sup> Small Savings, Provident Funds, Reserve Funds, Deposits, etc.

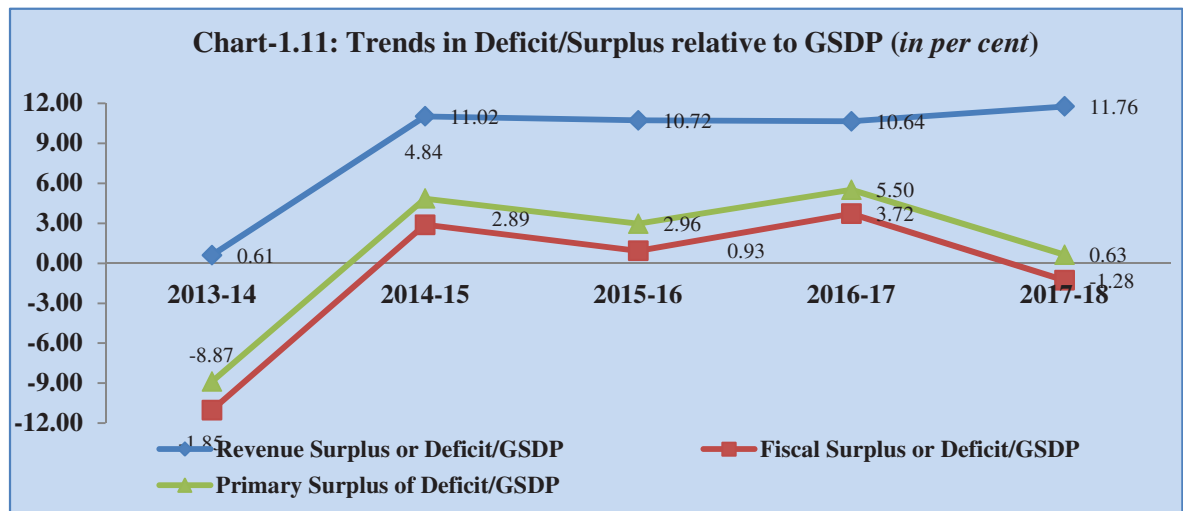
# Finances of the State Government

## 1.11.1 Trends in Deficits/Surplus

Charts 1.10 and 1.11 present the trends in deficit indicators over the period 2013-14 to 2017-18.



(Source: Finance Accounts of the respective years)



(Source: Finance Accounts of the respective years)

Chart 1.10 reveals that the State had Revenue Surplus during the period 2013-14 to 2017-18, which increased from ₹ 89.03 crore in 2013-14 to ₹ 2,874.13 crore in 2017-18. Compared to 2016-17, Revenue Surplus in 2017-18 increased by ₹ 489.10 crore (20.51 per cent) due to significant increase in Revenue Receipts by ₹ 1,995.03 crore in 2017-18. Fiscal Surplus, which represents excess of total resource gap over the total borrowings of the Government, decreased from ₹ 834.48 crore in 2016-17 and turned into Fiscal Deficit of ₹ 313.36 crore in 2017-18. The significant increase in Capital Expenditure (₹ 1,644.09 crore) together with increase in Revenue expenditure (₹ 1,505.93 crore) over the previous year mainly led to Fiscal Deficit.

## Finances of the State Government

As per recommendations of the 14<sup>th</sup> FC, Fiscal Deficit of all States will be anchored to an annual limit of three *per cent* of GSDP. The State was successful to maintain the limit as prescribed by the 14<sup>th</sup> FC.

The Primary Deficit of ₹ 1,293.27 crore, experienced by the State during 2013-14, took a turnaround in 2014-15 followed upto 2017-18, resulting in a Primary Surplus of ₹ 154.00 crore. The decrease of ₹ 1,079.71 crore (87.52 *per cent*) compared to previous year in primary surplus was mainly due to Fiscal Deficit experienced during the current year.

### 1.11.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the Fiscal Deficit is given in **Table-1.33**.

**Table - 1.33: Components of Fiscal Deficit and its Financing Pattern**

(₹ in crore)						
Sl. No	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Decomposition of Fiscal Deficit</b>						
	<b>Fiscal Deficit (-)/Surplus (+)</b>	(-)1605.78	518.76	189.61	834.48	(-)313.36
1	Revenue Deficit (-)/Surplus (+)	89.03	1,979.46	2,190.36	2,385.03	2,874.13
2	Net Capital Expenditure	1,679.70	1,483.18	1,993.25	1,544.01	3,188.10
3	Net Loans & Advances	(-)15.11	22.48	(-)7.50	(-)6.54	0.61
<b>Financing pattern of Fiscal Deficit</b>						
1	Market borrowings	199.82	178.49	58.76	287.28	703.10
2	Other Loans	-	-	-	-	(-) 6.85
3	Loans from GoI	(-)27.73	(-)26.53	(-)26.49	(-)26.45	(-) 26.43
4	Special Securities issued to NSSF	23.23	51.70	98.07	86.77	93.42
5	Loans from Financial Institutions	(-)10.25	9.23	(-)66.26	89.21	115.97
6	Small Savings, PF, etc.	143.53	200.03	135.66	157.23	241.13
7	Reserve Funds	62.54	20.00	200.00	171.55	137.87
8	Deposits and Advances	44.22	480.25	72.37	(-)1305.66	(-)134.19
9	Suspense and Miscellaneous	914.58	(-)1,686.94	(-)454.00	148.74	(-)404.85
10	Remittances	(-)87.92	82.93	723.89	(-)363.18	34.09
11	Increase (-)/ Decrease (+) in cash balances	343.76	(-)101.53	(-)202.18	(-)71.67	(-)895.72
12	Increase/ Decrease in WMAs, Overdraft	0.00	273.61	(-)729.43	(-)8.30	455.82*
	<b>Overall Deficit (1 to 11) (-)</b>	1,605.78	(-)518.76	(-)189.61	(-)834.48	313.36

(Source: Finance Accounts of respective years)

\*This was due to rectification of misclassification of Ways and means advance of 2013-14

The table shows that the State observed Fiscal surplus during 2014-15 to 2016-17, however, the State turned into Fiscal deficit of ₹ 313.36 crore during 2017-18

The increase in Capital Expenditure during the year indicated that borrowed funds were being utilised for productive uses more than that of previous year. The Government should continue this trend as the solution to the Government debt problem lies on the method of application of borrowed funds *i.e.*, whether they are being used efficiently and productively for Capital Expenditure. This would either provide returns directly or result in increased productivity of the economy. It may also result in increase in Government revenue in future making debt payments manageable.

## Finances of the State Government

### 1.11.3 Quality of Deficit/Surplus

The ratio of Revenue Deficit to Fiscal Deficit and decomposition of Primary Deficit into Primary Revenue Deficit and Capital Expenditure (including Loans & Advances) would indicate the quality of deficit in the State's finances. The ratio of Revenue Deficit to Fiscal Deficit indicates the extent to which borrowed funds were used for current consumption. Further, a persistently high ratio of Revenue Deficit to Fiscal Deficit also indicates that the asset base of the State is continuously shrinking and a part of borrowings (Fiscal Liabilities) does not have any asset back-up. The bifurcation of Primary Deficit (**Table 1.34**) would indicate the extent to which the deficit was on account of enhancement in Capital Expenditure, which may be desirable to improve the productive capacity of the State's economy.

**Table - 1.34: Primary Deficit/ Surplus – Bifurcation of Factors**

(₹ in crore)

Year	Non-Debt Receipt	Primary Revenue Expenditure	Capital Expenditure	Loans & Advances	Primary Expenditure	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3 + 4 + 5)	7 (2 - 3)	8 (2 - 6)
2013-14	5,823.85	5,418.89	1,679.70	18.53	7,117.12	404.96	(-)1,293.27
2014-15	9,163.46	6,805.71	1,483.18	4.93	8,293.82	2,357.75	(+)869.64
2015-16	10,558.58	7,947.10	1,993.25	12.98	9,953.33	2,611.48	(+)605.25
2016-17	11,783.36	8,995.31	1,544.01	10.33	10,549.65	2,788.05	(+)1233.71
2017-18	13,780.28	10,433.11	3,188.10	5.07	13,626.28	3,347.17	(+)154.00

(Source: Finance Accounts of respective years)

Analysis of the factors resulting into Primary Deficit or Surplus of the State during 2013-14 to 2017-18 revealed that only in 2013 - 14, the State experienced Primary Deficit as the Non-Debt Receipts were not enough to meet expenditure requirements under Revenue, Capital and Loans & Advances Account. However, from 2014-15 to 2017-18, Non- debt Receipts were sufficient to meet the expenditure requirement under Revenue, Capital and Loans & Advances Accounts, resulting in Primary Surplus. Primary Deficit of ₹ 1,293.27 crore during 2013 - 14 turned into Primary surplus of ₹ 869.64 crore in 2014 - 15 and continued as Primary Surplus of ₹ 154.00 crore during 2017-18, which is desirable and needs to be maintained in a consistent manner.

### 1.12 Conclusion

The State had Revenue Surplus during the period 2013-14 to 2017-18, which increased from ₹ 89.03 crore in 2013-14 to ₹ 2,874.13 crore in 2017-18. Though, the State had a Fiscal deficit of ₹ 313.36 crore in 2017-18, still it was well below the Fiscal Deficit limit of three *per cent* of GSDP as recommended by 14<sup>th</sup> FC.

The Revenue Receipts of the State grew steadily from ₹ 5,820.43 crore in 2013-14 to ₹ 13774.60 crore in 2017-18. However, the State's Own Resources (Tax and Non-Tax Resources) constituted only around Nine *per cent* of the Revenue Receipts during 2017-18. ***The State Government may explore mobilising additional resources through Tax and non-Tax sources.***

Both Revenue and Capital Expenditure increased by ₹ 1,505.93 crore (16.03 per cent) and ₹ 1,644.09 crore (106.48 per cent) respectively over the previous year. Revenue Expenditure accounted for 77 per cent of the State's Total Expenditure during 2017-18, which was in the nature of current consumption, thereby, leaving only 23 per cent for Capital Expenditure (investment in infrastructure and asset creation). The Committed Expenditure on salaries and wages, interest payments, pension and subsidies grew from ₹ 3,265.68 crore in 2013-14 to ₹ 5,826.76 crore in 2017-18.

The maturity profile of outstanding stock of public debt as on 31 March 2018 indicates that out of the outstanding public debt of ₹ 4,088.93 crore, 43.31 per cent (₹ 1,771.03 crore) was payable within the next seven years.

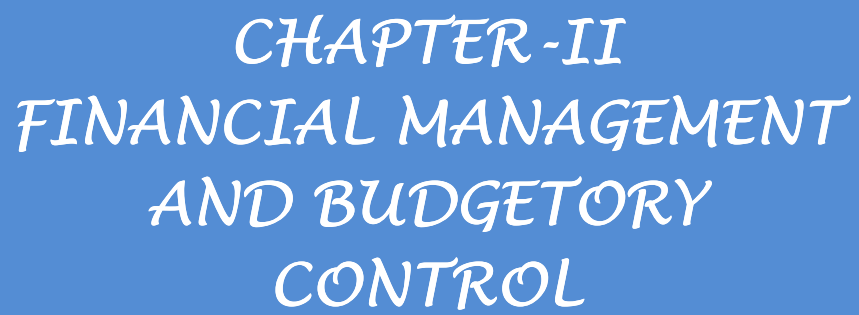
During 2017-18, the Government had invested ₹ 250.02 crore in Government Companies, Co-operative Bank, Societies, etc. The average return on this investment was *Nil* in the last five years while, the Government paid an average interest rate ranging from 6.35 to 7.28 per cent on its borrowings during 2013-18. Out of the five working Government Companies, accumulated losses in two Companies had exceeded their paid-up capital and in one Company, the accumulated loss was more than 80 per cent of the paid-up capital; the remaining two Companies were in profit.

***The Government may consider reviewing the continuance of these loss-making companies from the perspective of their public utility.***

The outstanding fiscal liabilities have shown a steady increase from ₹ 4,935.59 crore in 2013-14 to ₹ 7,208.50 crore in 2017-18. The ratio of fiscal liabilities to GSDP has decreased marginally from 33.85 per cent in 2013-14 to 29.49 per cent in 2017-18, which was lower than the limit prescribed by the 14<sup>th</sup> FC for 2017-18.

Cash Balances of the State Government at the end of the current year increased by ₹ 895.72 crore from ₹ 1,347.28 crore in 2016-17 to ₹ 2,243.00 crore in 2017-18. The State Government from the investments made in GoI Securities and Treasury Bills, had earned an interest of ₹ 45.28 crore during 2017-18.





*CHAPTER-II  
FINANCIAL MANAGEMENT  
AND BUDGETORY  
CONTROL*





## Chapter II

# Financial Management and Budgetary Control

### 2.1 Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amount of voted Grants and Appropriations charged for different purposes as specified in Schedules appended to the Appropriation Accounts. These Accounts list the original Budget Estimates (BEs), Supplementary Grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts thus, facilitate management of finances and accounts.

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

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure in 2017-18 against 77 Grants and three Appropriations is given in **Table 2.1** below:

**Table - 2.1: Position of Actual Expenditure *vis-à-vis* Original/ Supplementary Provisions**  
(₹ in crore)

Nature of Expenditure		Details of Grant/ Appropriation		Total	Actual Expenditure <sup>1</sup>	Savings (-)/ Excess (+)	Details of Surrender <sup>2</sup>	
		Original	Supplementary				Amount	Per cent
Voted	I- Revenue	10,473.75	1,740.90	12,214.65	10,209.34	(-) 2,005.31	1,493.04	74.45
	II - Capital	4,088.11	2,367.56	6,455.67	3,188.59	(-) 3,267.08	1,485.60	45.47
	III - Loans & Advances	19.60	0.04	19.64	5.07	(-) 14.57	5.78	39.67
<b>Total Voted</b>		<b>14,581.46</b>	<b>4,108.50</b>	<b>18,689.96</b>	<b>13,403.00</b>	<b>(-) 5,286.96</b>	<b>2,984.42</b>	<b>56.44</b>
Charged	IV - Revenue	740.57	20.79	761.36	691.13	(-) 70.23	50.53	71.95
	VI - Public Debt-Repayment	689.91	0.00	689.91	432.24	(-) 257.67	28.74	11.15
<b>Total Charged</b>		<b>1,430.48</b>	<b>20.79</b>	<b>1,451.27</b>	<b>1,123.37</b>	<b>(-) 327.90</b>	<b>79.27</b>	<b>24.18</b>
Appropriation to Contingency Fund (if any)		NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total</b>		<b>16,011.94</b>	<b>4,129.29</b>	<b>20,141.23</b>	<b>14,526.37</b>	<b>(-) 5,614.86</b>	<b>3,063.69</b>	<b>54.56</b>

(Source: Appropriation Accounts 2017-18)

It would be seen that:

- The total savings of ₹ 5,614.86 crore was 35.07 per cent of the original budget provision of ₹ 16,011.94 crore.

<sup>1</sup> These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Capital Expenditure (₹ 48.13 lakh).

<sup>2</sup> Entire amount was surrendered on 31 March 2018.

## Financial Management and Budgetary Control

- Gross savings of ₹ 5,791.85 crore had occurred in 68 grants and three appropriations under Revenue Section and 54 grants and one appropriation under Capital Section.
- The above gross savings was offset by excess expenditure of ₹ 176.99 crore in seven Grants and one appropriation under Revenue and one Grant under Capital Section.
- The actual expenditure of ₹ 14,526.37 crore during the year fell short of even the original budget provision of ₹ 16,011.94 crore indicating that entire supplementary budget of ₹ 4,129.29 crore was unnecessary. In reply (January 2019), Secretary, Finance stated that due to last moment allocation of fund and non-formulation of guidelines in respect of various schemes announced in Budget Speech, the expenditure could not be incurred in full.

### 2.3 Financial Accountability and Budget Management

#### 2.3.1 Expenditure without Provision

As per Article 266 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this Article. It was noticed that an expenditure of ₹ 78.55 crore was incurred in 27 sub-heads under 16 Grants/ Appropriations without any provision in the original estimates/ supplementary demands and without any re-appropriation orders to this effect as detailed in *Appendix-2.1*.

Further, there were 12 sub-heads under 12 Grants, where expenditure (more than ₹ one crore in each case) of ₹ 71.90 crore (91.52 per cent of the total expenditure without budget provision) was incurred during the year without any budget provision as shown in *Table-2.2*.

**Table - 2.2: Expenditure incurred without budget provision during 2017-18**  
(More than ₹ one crore in each case)

(₹ in crore)			
Sl. No.	Grant No.	Major Head of Account-Sub Head-Detailed Head	Expenditure
1	14	14-04-4202-01-202-01- Construction of Building for Education	2.86
2	15	15-04-2210-06-101-06- Cancer Control Programme	3.00
3	18	18-4202-04-800-01- Creation of Assets	2.03
4	23	23-2406-01-070-05- Building	1.51
5	24	24-2435-01-800-03- Implementation of AGRISNET	1.49
6	29	29-04-6425-800-01- Working Capital Loan	1.40
7	33	33-09-4552-19-800-02- Anti-Erosion on Right & Left Bank of Kolma	1.08
8	48	48-48-04-2415-01-800-05- Schemes under SADA	22.68
9	50	05-4070-800-02- Creation of Assets	12.39
10	65	65-04-4575-03-800-01- Development of Tirap & Changlang District	14.63
11	65	65-03-4575-03-800-01- Development of Tirap & Changlang District	2.69
12	76	76-08-2202-01-107-01- District Institute of Education and Training	6.15
<b>Total</b>			<b>71.90</b>

(Source: Appropriation Accounts 2017-18)

## Financial Management and Budgetary Control

This shows that bills were passed in treasuries without any provisions in the Budget, which is a violation of existing Financial Rules also against the will of the Legislature, which was indicative of lack of financial discipline. Besides, Budget and the corresponding Appropriation Act have also been flouted.

### 2.3.2 *Appropriation vis-à-vis Allocative Priorities*

The outcome of the appropriation audit showed that savings aggregating ₹ 1,435.81 crore in 21 cases (Revenue) and ₹ 3,411.96 crore in 36 cases (Capital) exceeded ₹ one crore and more than 20 per cent of the total provisions in each case. In 11 such cases, reasons for appropriation have not been appropriately explained in the Appropriation Accounts (*Appendix-2.2*). Against the gross savings of ₹ 5,791.85 crore, savings of ₹ 4,304.03 crore (74.31 per cent), exceeding ₹ 100 crore in each case, occurred in 16 Grants/ Appropriations as shown in **Table 2.3**.

**Table - 2.3: List of Grants with Savings of ₹ 100 crore and more**

(₹ in crore)

Sl. No.	Number and Name of the Grants/ Appropriations	Total	Actual Expenditure	Details of Savings	
				Amount	Per cent
<b>Revenue Voted</b>					
1	10 Other, General, Social and Community Services	299.35	0.54	298.81	99.82
2	14 Secondary Education	558.92	402.29	156.63	28.02
3	15 Health and Family Welfare	995.22	893.51	101.71	10.22
4	19 Industries	172.47	28.21	144.26	83.64
5	22 Food and Civil Supplies	226.75	77.95	148.80	65.62
6	34 Power	689.33	579.82	109.51	15.89
7	57 Urban Development	173.45	55.4	118.05	68.06
8	68 Town Planning Department	239.49	40.06	199.43	83.27
9	76 Elementary Education	1,282.88	1,077.78	205.10	15.99
<b>Capital Voted</b>					
10	6 District Administration	326.80	0.00	326.80	100.00
11	10 Other, General, Social and Community Services	339.76	0.00	339.76	100.00
12	26 Rural Works	1,025.79	521.53	504.26	49.16
13	31 Public Works	306.52	137.10	169.42	55.27
14	32 Roads and Bridges	940.16	636.52	303.64	32.30
15	34 Power	484.69	196.73	287.96	59.41
16	42 Rural Development	162.14	3.10	159.04	98.09
17	50 Secretariat Economic Services	749.02	389.28	359.74	48.03
18	57 Urban Development	351.83	238.39	113.44	32.25
<b>Capital Charged</b>					
19	97 Public Debt	689.91	432.24	257.67	37.35
<b>Grand Total</b>		<b>10,014.48</b>	<b>5,710.45</b>	<b>4304.03</b>	<b>42.98</b>

(Source: *Appropriation Accounts 2017-18*)

### 2.3.3 *Persistent Savings*

During the last five years, there were persistent savings of more than ₹ one crore and by 10 per cent or more of the total provisions in 11 Grants as shown in **Table 2.4**.

## Financial Management and Budgetary Control

**Table-2.4: List of Grants where persistent savings occurred during 2013-14 to 2017-18**

(₹ in crore)

Sl. No.	No. and Name of Grants	Amount of Savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenue Voted</b>						
1	19 Industries	3.11 (11.28)	19.99 (39.19)	30.53 (42.40)	25.91 (40.58)	144.26 (83.65)
2	27 Panchayat	90.42 (62.28)	72.49 (63.20)	47.67 (29.21)	69.18 (47.09)	62.76 (34.83)
3	68 Town Planning Dept.	8.11 (40.38)	3.69 (20.78)	47.80 (63.47)	26.89 (69.80)	199.43 (83.27)
4	73 Information Technology	2.15 (25.67)	4.56 (36.03)	8.68 (48.24)	9.96 (40.26)	3.94 (11.95)
<b>Capital Voted</b>						
5	15 Health & Family Welfare	20.96 (42.60)	8.14 (19.30)	5.00 (16.12)	11.78 (44.16)	82.76 (66.49)
6	34 Power	38.96 (30.38)	45.32 (33.11)	40.84 (28.71)	69.67 (37.76)	287.96 (59.41)
7	45 Civil Aviation	1.23 (14.67)	1.80 (29.75)	2.24 (52.78)	19.16 (85.37)	5.25 (59.36)
8	50 Secretariat Economic Services	2,717.10 (99.84)	1,722.53 (99.95)	951.33 (98.96)	635.98 (98.78)	359.74 (48.03)
9	56 Tourism	24.15 (42.40)	8.72 (15.51)	34.11 (76.43)	17.32 (24.56)	95.58 (75.44)
10	57 Urban Development	149.34 (36.42)	126.96 (43.73)	70.54 (36.92)	75.87 (20.91)	113.44 (32.24)
11	74 Social Justice, Empowerment and Tribal Affairs	36.58 (40.47)	26.55 (41.07)	78.85 (60.22)	51.68 (51.68)	22.24 (12.43)

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

(Source: Appropriation Accounts of respective years)

Analysis of the reasons for the savings during 2017-18 showed that:

- The savings under Industries was due to placement of most of the funds under development head to another head without any intimation to the Directorate of Industries and also non-consideration of some of the schemes by the Finance Department, GoAP.
- The savings under Town planning Department was due to non-release of funds by the GoI.
- The savings under Power was due to non-receipt of Letter of Credit (LOC) authorisation from the Finance Department, GoAP.
- The reasons for huge savings under Secretariat Economic Services have not been intimated.
- The savings under Urban Development Department was due to non-receipt of Letter of Credit (LOC) authorization from the Finance Department, GoAP.

The trend of persistent savings is being highlighted in the Report of the C&AG on State Finances every year but no corrective measures had been taken by the departments concerned to correct this situation.

In reply (January 2019), the Government stated that the persistent savings was due to last moment allocation of fund and non-formulation of scheme guidelines and the Government assured that due diligence will be given in future.

### 2.3.4 Unutilised budgetary provision

Appropriation of fund for a work/ scheme during a financial year is approved by the Legislature through the budget. During 2017-18, a provision of ₹ 241.80 crore (Original plus Supplementary) for maintenance works, Centrally Sponsored Schemes (CSS), Schemes under State Annual Development Agenda (SADA), etc. under 24 Grants was approved. The concerned Departments, however, could not utilise the funds which resulted in savings of the entire provision as detailed in **Appendix-2.3**.

### 2.3.5 Substantial Surrenders

Substantial surrenders<sup>3</sup> were made in respect of 31 sub-heads under 18 Grants/ Appropriations without assigning any reasons. Out of the total provision amounting to ₹ 1,855.22 crore in these 31 sub-heads, ₹ 1,740.34 crore (**Appendix-2.4**) was surrendered which included 100 per cent surrender in 20 sub-heads (₹ 1,177.57 crore).

### 2.3.6 Lack of budgetary controls

In seven Grants, as against savings of ₹ 282.96 crore, ₹ 330.63 crore was surrendered resulting in excess surrender of ₹ 47.67 crore as detailed in **Table 2.5**.

**Table - 2.5: List of Grants showing surrenders more than savings**

(₹ in crore)

Sl. No.	No. and Name of the Grants	Total provision	Total Expenditure	Savings	Details of surrender	
					Amount	Excess
<b>Revenue Voted</b>						
1	8 Police	906.71	879.15	27.55	71.13	43.58
2	11 Social Welfare	183.38	181.38	2.00	2.30	0.30
3	15 Health and Family Welfare	995.22	893.51	101.71	101.82	0.11
4	57 Urban Development	173.45	55.40	118.05	119.47	1.42
<b>Capital Voted</b>						
5	14 Secondary Education	36.50	8.13	28.37	28.42	0.05
6	45 Civil Aviation	8.85	3.60	5.25	7.32	2.07
7	58 Stationary and Printing	0.17	0.14	0.03	0.17	0.14
<b>Total</b>		<b>2,304.28</b>	<b>2,021.31</b>	<b>282.96</b>	<b>330.63</b>	<b>47.67</b>

(Source: Appropriation Accounts 2017-18)

This shows that departments lacked budgetary controls as these departments were not aware of their fund position and the expenditure actually incurred there *vis-à-vis* their budgetary provisions.

### 2.3.7 Savings not surrendered

As per extant Financial Rules, the spending departments are required to surrender the Grants/ Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of 2017-18, out of total savings of ₹ 4,210.46 crore under 52 Grants, savings (₹ one crore and above in each case) of ₹ 2,760.45 crore (65.56 per cent) remained to be surrendered as shown in **Appendix-2.5**. Further, out of

<sup>3</sup> Cases where more than 50 per cent of total provisions was surrendered

## Financial Management and Budgetary Control

the above, there were savings (₹ 10 crore and above in each case) of ₹ 1,907.91 crore (26.38 per cent) under 21 Grants but no part of the savings was surrendered by the concerned departments as shown in **Table-2.6**.

**Table - 2.6: Details of Grants/ Appropriations in which no part of the savings was surrendered (₹ 10 crore and above)**

(₹ in crore)

Sl. No.	Name of Grants/ Appropriations	Total provision	Expenditure	Savings	Surrender
<b>Revenue Voted</b>					
1	21 Directorate of Sports	51.77	39.50	12.27	Nil
2	23 Forests	236.16	218.19	17.97	Nil
3	31 Public Works	303.62	262.56	41.06	Nil
4	32 Roads and Bridges	552.02	541.03	10.99	Nil
5	38 Water Resources Department	293.58	274.86	18.72	Nil
6	42 Rural Development	526.58	458.26	68.32	Nil
7	59 Public Health Engineering	767.49	670.34	97.15	Nil
8	60 Textile and Handicraft	56.34	44.95	11.39	Nil
9	68 Town Planning Department	239.49	40.06	199.43	Nil
10	Public Debt	685.98	667.05	18.93	Nil
<b>Capital Voted</b>					
11	8 Police	84.57	0.00	84.57	Nil
12	21 Directorate of Sports	34.16	4.26	29.90	Nil
13	22 Food and Civil Supply	21.78	8.38	13.40	Nil
14	31 Public Works	306.52	137.10	169.42	Nil
15	32 Roads and Bridges	940.16	636.52	303.64	Nil
16	33 North Eastern Areas	145.27	121.52	23.75	Nil
17	40 Housing	67.61	27.31	40.30	Nil
18	50 Secretariat Economic Services	749.02	389.28	359.74	Nil
19	56 Tourism	126.70	31.12	95.58	Nil
20	57 Urban Development	351.82	238.37	113.45	Nil
21	59 Public Health Engineering	362.87	302.52	60.35	Nil
22	73 Information Technology	32.00	13.14	18.86	Nil
23	74 Social Justice, Empowerment and Tribal Affairs	178.96	156.72	22.24	Nil
24	75 Higher and Technical Education	100.42	39.47	60.95	Nil
25	79 Department of Skill Development and Entrepreneur	15.53	0.00	15.53	Nil
<b>Total</b>		<b>7,230.42</b>	<b>5,322.51</b>	<b>1,907.91</b>	Nil

(Source: Appropriation Accounts, 2017-18)

### 2.3.8 Excess Expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this Article.

In 2017-18, expenditure in Nine cases (₹ 1,194.74 crore) exceeded the approved provisions (₹ 1,017.75 crore) by ₹ 176.99 crore as detailed in **Appendix-2.6**.

Moreover, in three Grants, expenditure aggregating ₹ 1,012.53 crore exceeded the approved budget provision either by ₹ one crore or more in each case or by more than 20 per cent of the total provisions as detailed in **Table 2.7**.

**Table - 2.7: Details of Grants/ Appropriations where excess expenditure was more than ₹ one crore each or more than 20 per cent of the total provisions**

(₹ in crore)

Sl. No.	Number and Name of the Grants/ Appropriations	Total provision	Details of Expenditure		Excess as per cent of Total Provisions
			Total	Excess	
<b>Revenue Voted</b>					
1	13 Directorate of Accounts	706.43	866.01	159.58	22.59
2	33 North Eastern Areas	15.21	16.43	1.22	8.02
3	74 Social Justice, Empowerment and Tribal Affairs	115.14	130.09	14.95	12.98
<b>Total</b>		<b>836.78</b>	<b>1,012.53</b>	<b>175.75</b>	<b>21.00</b>

(Source: Appropriation Accounts 2017-18)

### 2.3.9 Excess over provisions relating to previous year requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a Grant/ Appropriation regularised by the State Legislature. Although, no time limit for regularisation was prescribed under the Article, excess expenditure was to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department. However, excess expenditure of ₹ 2,981.14 crore from 1986-87 to 2016-17 was yet to be regularised as it has not yet been taken up for discussion by the PAC, as detailed in **Appendix 2.7**.

#### 2.3.10 Unnecessary supplementary provisions

Supplementary provision aggregating ₹ 494.30 crore (₹ 10 lakh or more in each case) obtained in 25 cases, under 20 Grants, during 2017-18 proved entirely unnecessary as even the original provision was not fully utilised, as detailed in **Appendix-2.8**. This indicated that the Chief Controlling Officers could not realistically assess/ estimate the actual requirement of funds for the remaining period of the financial year. Monitoring of expenditure needs to be strengthened.

Out of these 25 cases, there were unnecessary supplementary provisions (₹ 10 crore and above in each case) aggregating ₹ 454.07 crore (91.86 per cent) in seven cases as detailed in **Table-2.8**.

In reply (January 2019), the Government stated that necessary action will be taken to ensure due diligence in future.

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**Table - 2.8: Details of unnecessary Supplementary Provisions of ₹ 10 crore and above**  
(₹ in crore)

Sl. No.	Number and Name of the Grants	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary Provision
<b>Revenue Voted</b>					
1	68 Town Planning Department	100.73	40.06	60.67	138.76
<b>Revenue Charged</b>					
2	Public Debt	669.38	667.06	2.32	16.61
<b>Capital Voted</b>					
3	8 Police	31.98	0.00	31.98	52.58
4	50 Secretariat Economic Services	728.38	389.28	339.10	20.64
5	56 Tourism	37.80	31.12	6.68	88.91
6	57 Urban Development	268.67	238.38	30.29	83.15
7	75 Higher and technical Education	47.00	39.47	7.53	53.42
<b>Total</b>		<b>1,883.94</b>	<b>1,405.37</b>	<b>478.57</b>	<b>454.07</b>

(Source: Appropriation Accounts 2017-18)

### 2.3.11 Excessive or Inadequate Supplementary Provision

During 2017-18, the excessive or inadequate Supplementary Provisions (₹ One crore and above in each case) ranged between 4 to 100 per cent of the Supplementary Provisions in 39 cases as detailed in Table-2.9.

**Table - 2.9: Range of excessive or inadequate Supplementary provisions**

(₹ in crore)

Range of Supplementary Provisions (excess/ less)	Details of Supplementary Provisions		Number of Cases
	Total	Excess (+)/ Less (-)	
0-20 per cent	601.17	55.01	10
21-40 per cent	1,016.76	378.31	7
41-60 per cent	646.42	310.35	4
61-80 per cent	171.95	116.39	9
More than 81 per cent	1,081.60	675.25	9
<b>Total</b>	<b>3,517.90</b>	<b>1,535.31</b>	<b>39</b>

(Source: Appropriation Accounts, 2017-18)

Further, under 36 Cases, Supplementary Provisions aggregating ₹ 3,403.49 crore proved excessive by ₹ 1,711.06 crore; while in three cases, Supplementary Provisions aggregating ₹ 114.21 crore proved inadequate by ₹ 175.75 crore as detailed in Appendix-2.9.

### 2.3.12 Excessive/ inadequate/ unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive, inadequate or insufficient in 72 sub-heads and resulted in savings/ excess (₹ one crore and above in each case) as detailed in Appendix-2.10. In reply (January 2019), the Government stated that due diligence exercise will be carried out in future to avoid such unnecessary re-appropriation of funds.



### **2.3.13 Unexplained re-appropriations**

According to Rule 65 of General Financial Rules, re-appropriation of funds shall ordinarily be supported by a statement showing how the excess is proposed to be met. In all orders, sanctioning re-appropriation, the reasons for saving and excess of ₹ one lakh or over and the primary units (secondary units, wherever necessary), affected shall be invariably stated. Scrutiny of Appropriation Accounts revealed that reasons for re-appropriations made during 2017-18 under various head of accounts were not explained in detail. Even in cases where the reasons were given for additional provision/ withdrawal of provision in re-appropriation orders, they were of general nature like “less requirement of funds”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” *etc.*

### **2.4. Review of Budgetary process**

A major concern is that budgetary process are being undertaken in a mechanical and routine fashion and adequate due diligence is not being given to ensure high level of preparedness before the budget is finalised. This could reduce the effectiveness of the Government to ensure that developmental goals are achieved as intended by Government.

#### **2.4.1 Budget and Accounts**

The Annual Financial Statement of the estimated receipt and expenditure of the State for a financial year is laid before the House of the Legislature in accordance with Article 202 of the Constitution of India. The estimates of expenditure embodied in the Annual Finance Statement shall show separately – (a) the sums required to meet expenditure charged upon the Consolidated Fund of the State, and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State.

Government accounts are kept in three parts, namely Part –I Consolidated Fund, Part - II Contingency fund and Part – III Public Account. The details of transactions under the three parts are classified according to various Major Heads, Sub-Major Heads, Minor Heads, Sub-Heads and Detailed Heads of accounts prescribed by the Controller General of Accounts.

The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipts heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, *etc.* – consisting of receipt heads (Capital Account) and Expenditure Heads (Capital Account). No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose, necessary Demands for Grants are placed before the Legislature at the beginning of each financial year. The Grants, as and when passed by the Legislature, are incorporated in an Appropriation Act authorising necessary appropriation from the Consolidated Fund. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

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### 2.4.2 Examination and evaluation of the budgetary system

An attempt has been made to examine and evaluate the budget documents of the Government of Arunachal Pradesh for the year 2017-18. The audit findings are given in the succeeding paragraphs.

#### 2.4.2.1 Actual receipts in Consolidated Fund vis-à-vis provision

The position of Revenue and Capital receipts under Consolidated Fund during 2017-18 is presented in **Table 2.10** below:

**Table - 2.10: Revenue and Capital Receipts**

(₹ in crore)

Year	Revenue Account				Capital Account			
	Budget Provision	Actual Receipt	Details of shortfall		Budget Provision	Actual Receipt	Details of shortfall	
			Amount	Per cent			Amount	Per cent
2015-16	11,635.68	10,553.10	1,082.58	9.30	897.94	626.58	271.36	30.22
2016-17	12,774.16	11,779.57	994.59	7.79	1,042.19	1,019.06	23.13	2.22
2017-18	14,598.81	13,774.60	824.21	5.65	1,610.23	1,256.01	354.22	22.00

(Source: Annual Financial Statement & Finance Accounts)

It can be seen from the table above, the shortfall of revenue receipts showed a decreasing trend during the last three years as it declined from 9.30 per cent in 2015-16 to 5.65 per cent in 2017-18. In respect of capital receipts, the shortfall ranged between 2.20 per cent to 30.22 per cent. It is thus, necessary that a more reliable method of forecasting revenues needs to be adopted to achieve better planning of expenditure

#### 2.4.2.2 Estimates of expenditure under Consolidated Fund

The estimates of expenditure should be prepared for the charges that will be needed for actual expenditure during the year. It is of great importance that the expenditure estimates should be accurately framed.

Budget provisions for expenditure (gross) and actual expenditure under revenue and capital accounts during 2015-16 to 2017-18 are shown in the **Table 2.11** below:

**Table - 2.11: Budget provision for expenditure (Gross) and Actual expenditure**

(₹ in crore)

Year	Revenue Account				Capital Account (including Loans and Advances and Public Debt)			
	Budget provision (O + S)	Actual expenditure	Savings	Percentage of savings	Budget provision (O + S)	Actual expenditure	Savings	Percentage of savings
2015-16	10,937.55	8,362.74	2,574.81	23.54	4,631.15	3,293.42	1,337.73	28.89
2016-17	12,114.76	9,394.54	2,720.22	22.45	4,201.03	2,141.78	2,059.25	49.02
2017-18	12,976.01	10,900.47	2,075.54	16.00	7,165.22	3,625.90	3,539.32	49.40

(Source: Appropriation Accounts: O: Original; S: Supplementary)

In all the three years, there was overestimation of expenditure which resulted in savings ranging from 23.54 per cent to 16.00 per cent under Revenue Account despite the fact that the shortfall in Revenue Receipts was only in the range of 5.65 to 9.30 per cent. Similarly, the shortfall under Capital Account ranged between 28.89 per cent and 49.40 per cent showing an increasing trend. This was indicative of the fact that contrary

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to the prescribed budgetary regulations, estimation was made without proper analysis of actual availability of resources.

### 2.4.2.3 Unrealistic Budget Estimates in revenue Section

Details of the original, revised budget estimates and the actual revenue receipts and revenue expenditure during 2015-16 to 2017-18 are given in **Table 2.12** below:

**Table - 2.12: Revised estimates and actuals in respect of receipts and expenditures**

(₹ in crore)

Year	Particulars	Original Estimates	Revised Estimates	Actuals	Shortfall vis-à-vis Revised Estimates	
					Shortfall (-)	Percentage
2015-16	Revenue Receipt	11,635.68	11,407.98	10,553.10	854.88	7.49
	Revenue Expenditure	9,302.43	9,172.19	8,362.74	809.45	8.83
2016-17	Revenue Receipt	12,774.16	12,122.40	11,779.57	342.83	2.82
	Revenue Expenditure	10,553.32	9,781.07	9,394.07	386.53	3.95
2017-18	Revenue Receipt	14,598.81	15,738.31	13,774.60	1,964.21	12.48
	Revenue Expenditure	11,197.32	11,431.33	10,900.50	530.83	4.64

(Source: Budgets and Appropriation Accounts)

As could be noticed from **Table 2.12**, during 2015-16 to 2017-18, the shortfall in actual receipt with reference to the Revised Estimate had decreased from 7.49 per cent in 2015-16 to 2.82 per cent in 2016-17 and again increased to 12.48 per cent in 2017-18. While the shortfall in actual Revenue expenditure with reference to the actual expenditure with respect to revised estimate had decreased from 8.83 per cent in 2015-16 to 3.95 per cent in 2016-17 and is 4.64 per cent in 2017-18.

Thus, variations between the estimated provision and actual receipts and actual expenditure during the said period indicated that the State Government's budgeting process lacked rigour leading to preparation of unrealistic Revised Estimate.

### 2.4.2.4 Inaccuracy in preparation of Revised Estimates

According to Appendix below Rule 52 of General Financial Rules in preparing the Revised Estimates, while previous year's actuals and current year's trends will be material factors to review the original Budget Estimates, special attention should be devoted to make as realistic an estimate as possible of receipts which are likely to materialize during the rest of the financial year. Further as per Appendix 3 below Rule 52, the Revised Estimates for expenditure should be framed with great care to include only those items which are likely to materialize for payment during the current year, in the light of (i) actuals so far recorded during the current year, compared with the actuals for corresponding period of the last and previous years, (ii) seasonal character or otherwise of the nature of expenditure, (iii) sanctions for expenditure and orders of appropriation or re- appropriation already issued or contemplated and (iv) any other relevant factor, decision or development. The revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of receipts and requirements. Some, significant cases of variation between the revised estimates and the actuals during 2017-18 under both receipts and expenditure heads of accounts are given in **Table 2.13**.

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**Table - 2.13: Variation between revised estimated and actual**

					(₹ in crore)
Sl. No	Number and name of head of accounts	Budget Estimates	Revised estimates	Actuals	Variation Excess (+)/ Shortfall (-) (per cent)
<b>Receipts</b>					
1	0029 – Land Revenue	10.75	7.08	13.32	(+) 6.24 (88.14)
2	0037 – Custom	1,303.80	680.09	931.30	(+) 251.21 (36.93)
3	0038 – Union Excise Duties	1362.84	704.46	973.50	(+) 269.04 (38.19)
4	0041 – Taxes on Vehicles	23.35	26.90	31.40	(+) 4.50 (16.73)
5	0044 – Service Tax	1,519.98	436.76	1,062.55	(+) 625.79 (143.28)
6	0049 – Interest receipts	47.32	82.05	46.98	(-) 35.07 (42.74)
7	0075 – Miscellaneous General Services	65.81	87.39	12.75	(-) 74.64 (85.40)
8	0801– Power	250.00	300.00	133.41	(-) 166.59 (55.53)
<b>Expenditure</b>					
1	2071 – Pension and other Retirement Benefits	602.00	766.53	923.97	(+) 157.44 (20.54)
2	2205 – Art and Culture	43.81	52.45	40.25	(-) 12.20 (23.26)
3	2215 – Water Supply and Sanitation	569.74	767.49	670.34	(-) 97.15 (12.66)
4	2217 – Urban Development	274.17	293.47	95.47	(-) 198.00 (67.46)
5	2230– Labour and Employment	39.22	40.78	33.51	(-) 7.27 (17.83)
6	2408 – Food Storage and Warehousing	333.39	48.19	34.42	(-) 13.77 (28.57)
7	2415 – Agricultural Research and Education	2.90	7.43	30.79	(+) 23.36 (314.40)
8	2501 – Special Programme for Rural Development	82.54	68.73	50.84	(+) 17.89 (26.03)
9	2515– Other Rural Development Programme	277.56	320.34	247.27	(-) 73.07 (22.81)
10	4059 – COL on Public Works	112.88	325.32	147.68	(-) 177.64 (54.60)
11	4070 – COL on Other Administrative Services	1,075.00	763.22	397.10	(-) 366.12 (47.97)

Wide variations ranging from 16.73 per cent to 143.28 per cent under Receipt heads and 12.66 per cent to 314.40 per cent under Expenditure heads between the budget provisions and actuals particularly with reference to revised estimates, indicated absence of proper care in estimating the revised estimates by the controlling officers concerned as envisaged in the General Financial Rules and failure of the Finance (Budget) Department in exercising adequate checks over the preliminary revised estimates.

### 2.4.2.5 Unrealistic forecasting of resources

Details of tax revenue and non-tax revenue for the last two years are given in **Table 2.14** below:

**Table - 2.14: Tax Revenue, Non-Tax Revenue during 2016-17 and 2017-18**

	2016-17		2017-18	
	Tax Revenue	Non-Tax Revenue	Tax Revenue	Non-Tax Revenue
Original Budget	670.64	528.90	742.94	536.29
Revised Estimate	650.63	506.79	899.19	699.30
Actual Receipts	708.75	544.82	815.57	366.18
<b>Shortage(-)/Excess (+)</b>	<b>(+)38.11</b>	<b>(+)15.92</b>	<b>(+)72.63</b>	<b>(-)170.11</b>

(Source: Budgets and Finance Accounts)

During 2017-18, the actual tax revenue receipts was more than the budget estimate by 9.78 *per cent* (₹ 72.63 crore) and Non-Tax Revenue was much lower than the budget estimate by 31.72 *per cent* (₹ 170.11 crore). Hence the budget estimate for tax and non-tax revenue were unrealistic.

### 2.4.3 Projection of Capital Outlay, Disbursement of Loans & Advances

The projections of Capital Outlay, Disbursement of Loans & Advances are detailed in **Table 2.15**.

**Table - 2.15: Capital Outlay, Disbursement of Loans & Advances**

(₹ in crore)

Year	Particulars	Budget Estimates	Revised Estimates	Actual Expenditure	Difference ( <i>per cent</i> )
2016-17	Capital Outlay	2,605.86	2,438.24	1,544.01	(-) 1,061.85 (40.75)
	Disbursement of Loans & Advances	14.60	20.84	10.33	(-) 4.27 (29.25)
2017-18	Capital Outlay	4,105.11	5,013.80	3,188.10	(-) 917.01 (22.34)
	Disbursement of Loans & Advances	19.60	13.85	5.07	(-)14.53 (74.13)

During 2017-18, Actual Capital Outlay was less than Budget estimate by ₹ 917.01 crore, which fell short by 22.34 *per cent*, Loans & Advances were also disbursed less by 74.13 *per cent* (₹ 14.53 crore). The shortfall in Capital outlay in 2017-18 when compared to Revised Estimate is ₹ 1,825.70 crore constituting 36.41 *per cent* of the Revised estimate indicating that even at the stage of Revised Estimate the projections were not made considering the availability of actual resources.

***Government should put in place an effective mechanism to ensure financial discipline and preparation of realistic budgets. Budgetary controls should be strengthened in all the Government Departments where savings/ excesses persisted.***

### 2.4.4 Gender Budgeting

Gender budget of a State discloses the expenditure proposed to be incurred within the overall budget on schemes which are designed to benefit women fully or partly. The budget documents for the year 2017-18 presented to the State Legislature did not include any separate volume on gender budget.

### 2.4.5 Classification of errors

Expenditure relating to minor works, repairs and GIA is to be classified as revenue expenditure. Capital expenditure is incurred with the object of increasing concrete assets of a material and permanent character or reducing permanent liabilities. As per Government Accounting Rules read with Indian Government Accounting Standard, GIA given to different institutions should be classified as Revenue Expenditure. The Government in violation of rules has classified this as Capital Expenditure. As per Finance Accounts for the year 2017-18 (Volume – II), the State Government, however, made budget provision and incorrectly classified ₹ 50.00 crore as GIA in Capital

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Section instead of booking the same under Revenue section which had the impact of understating the Revenue expenditure and overstating the Revenue Surplus as detailed given in **Table 2.16**.

**Table - 2.16: Major Grants-in-aid classified as capital Expenditure**

(₹ in crore)

Sl. No.	Major Head	Sub Major Head	Minor Head	Sub Head	Amount
<b>Grants in aid booked under 'Capital heads'</b>					
1.	4515	00	800	06	50.00
<b>Total</b>					<b>50.00</b>

### 2.5 Non-submission of DCC Bills against AC Bills

Rule 308 and 309 of the Central Treasury Rules provide that every Drawing and Disbursing Officers (DDO) is authorised to draw sums of money by preparing Abstract Contingency (AC) Bills subject to the presentation of Detailed Countersigned Contingency (DCC) Bills to the controlling officer for countersignature and transmission to the Accountant General. Further, a Certificate shall be attached to every AC Bill to the effect that DCC Bills have been submitted to the Controlling Officer (CO) in respect of AC Bills (drawn more than a month before the date of the current Bill) without which no AC Bill be accepted. In contravention to above mentioned provisions, it was noticed that there were large numbers of pending DCC Bills during the period 2016-17 to 2017-18 as detailed below:

**Table - 2.17: Details of outstanding AC Bills during the period 2015-16 to 2017-18**

Year	Opening Balance		AC Bills drawn		DCC Bills submitted		Outstanding AC Bills	
	Nos.	Amount (₹ in crore)	Nos.	Amount (₹ in crore)	Nos.	Amount (₹ in crore)	Nos.	Amount (₹ in crore)
2015-16	217	19.06	351	3.33	380	10.54	188	11.85
2016-17	188	11.85	296	5.19	419	13.11	65	3.90
2017-18	65	3.90	183	5.70	188	6.26	<b>60</b>	<b>3.34</b>

During the year 2017-18, out of 183 AC bills amounting to ₹ 5.70 crore drawn, 127 DCC Bills amounting to ₹ 3.12 crore were adjusted leading to 56 outstanding AC Bills worth ₹ 2.59 crore as on 31 March 2018. The main three defaulting departments are the Secretariat Administration Department (22 AC Bills amounting to ₹ 24.15 lakh), the Education Department (22 AC Bills amounting to ₹ 157.00 lakh) and Tourism Department (Two AC Bills amounting to ₹ 55.00 lakh) during the year 2017-18. As on 01 April 2016, 188 AC bills involving ₹ 11.85 crore were outstanding for settlement. During the last two years, the Government has substantially decreased the number of outstanding AC bills to 60 involving ₹ 3.34 crore which is appreciated.

However, the Drawing & Disbursing Officers and Treasury Officers concerned should ensure compliance of the extant Central Treasury Rules and that AC Bills should not be drawn without adjustment of previously drawn AC Bills. Prolonged non-submission of

DCC Bills renders the expenditure under AC Bills opaque. Further, non-adjustment of advances for long period is fraught with the risk of misappropriation of public money and therefore, requires close monitoring for ensuring their timely submission.

In reply (January 2019), the Government accepted the fact of the outstanding AC Bills and stated that necessary action has been taken and thus, granting of AC Bill had reduced to a large extent.

**Recommendation:** *Monitoring mechanism may be put in place to ensure that DC Bills are submitted within the prescribed time. Subsequent AC Bills should not be drawn without ensuring submission of DCC Bills against already drawn AC Bills.*

### 2.5.1 Transfer of funds to Personal Deposit Accounts

The Personal Deposit (PD) accounts, also known as Personal Ledger Accounts (PLA), are in the nature of a banking account kept in the treasuries. The Government of Arunachal Pradesh is authorised to keep funds required for specific purposes in the PD accounts by transfer of funds from the Consolidated Fund. Generally, administrators are required to close such accounts on last working day of the financial year and transfer the unspent balances back to the Consolidated Fund of Government Accounts. As on 31 March 2018, two PD Accounts having a total balance of ₹ 0.32 crore was not transferred to the Consolidated Fund, as indicated in **Table 2.18**

The Government in its reply (January 2019) stated that the Animal Husbandry & Veterinary Department has been directed to close the PD Accounts.

**Table -2.18: - Status of Personal Deposit Accounts during 2017-18**

Sl. No.	Particulars	Number	Amount (₹ in crore)
1	Opening balance as on 1st April 2017	15	1.60
2	Addition during the year	0	0.00
3	Closed during the year	13	1.28
4	Closing balance as on 31st March 2018	02@	0.32

@ These PD accounts were inoperative.

(Source: Finance Accounts 2017-18)

As on 01 April 2017, there were 15 PD accounts involving an amount of ₹ 1.60 crore. However, at the end of financial year i.e. 31 March 2018, only 2 accounts involving an amount of ₹ 0.32 crore were pending for settlement as the Government was able to close 13 PD accounts which is appreciated.

**Recommendation:** *With regards to maintenance of PD accounts, the Departments should be directed to strictly follow the procedure prescribed in Civil Accounts Manual for transfer of closing balance of the accounts to the Consolidated Fund at the year end.*

### 2.6 Conclusion

The estimates of receipts and expenditure under the Consolidated Fund, Contingency Fund and Public Account were prepared without due diligence.

Further, huge excesses over budget provisions, non-utilisation of budget provisions and persistent savings, *etc.* which were noticed were indicative of ineffective control mechanisms.

At the close of the financial year 2017-18, there were persistent savings under 11 Grants. 45.45 *per cent* of the total savings (₹ 2,551.95 crore) were not surrendered. There was an excess expenditure of ₹ 176.99 crore in Eight Grants and one appropriation under Revenue and Capital Sections. Excess expenditure over the budgetary allocations amounting to ₹ 2,981.14 crore pertaining to the years 1986-87 to 2016-17 was not regularised till February 2019. DCC Bills were not submitted for an amount of ₹ 3.34 crore drawn on 60 AC Bills. Balance of ₹ 0.32 crore lying in two PD Accounts was not transferred to the Consolidated Fund.





*CHAPTER-III*  
*FINANCIAL REPORTING*



## Chapter III

# Financial Reporting

This Chapter provides an overview and status of the State Government's compliances with various financial rules, procedures and directives during the current year.

### 3.1 Delay in submission of Utilisation Certificates

Financial Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees. After verification, these should be forwarded to the Accountant General (Accounts & Entitlement) within 12 months from the date of their sanction unless specified otherwise. As per Finance Accounts, UCs in respect of 86 cases involving an amount of ₹ 253.65 crore were outstanding for submission as on March 2018 as detailed in **Table 3.1**.

**Table - 3.1: Age-wise Arrears of UCs as on 31 March 2018**

(₹ in crore)

Year	Opening Balance		Addition		UCs Submitted		Outstanding UCs	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2012-13	463	589.41	182	348.26	155	627.62	490	310.05
2013-14	490	310.05	170	345.46	209	115.05	451	540.46
2014-15	451	540.46	112	480.15	425	616.43	138	404.18
2015-16	138	404.18	216	475.86	156	189.88	198	690.16
2016-17	198	690.16	150	729.64	262	1166.15	86	253.65

Details of Department-wise outstanding UCs are presented in **Table 3.2**.

**Table - 3.2: Department-wise outstanding UCs as on 31 March 2018**

Sl. No.	Department	No. of UCs outstanding	Amount involved (₹ in crore)
1	Police	06	69.03
2	Education	02	0.86
3	Health & Family Welfare	28	141.42
4	Information Technology	03	2.00
5	Town Planning	05	4.49
6	Social Welfare	01	0.15
7	Rural Development	01	0.06
8	Sports & Youth Affairs	07	10.60
9	Science & Technology	18	8.24
10	Panchayati Raj	12	9.71
11	Skill Development	03	7.09
	<b>Total</b>	<b>86</b>	<b>253.65</b>

The pendency in submission of UCs indicates lack of monitoring of utilisation of grants by departments due to which it cannot be ensured that expenditure has actually been incurred for the purpose for which it was given.

## Financial Reporting

As on 01 April 2016, 198 UCs involving ₹ 690.16 crore were pending for submission. However, at the end of the Financial year, only 86 UCs involving an amount of ₹ 253.65 crore were outstanding for submission. The efforts made by the Government in expediting the submission of UCs is appreciated.

The Government needs to enforce strict compliance to the timelines for submission of the UCs by the recipients and failure to comply with the timelines should be scrupulously dealt with.

Non-submission of UCs is fraught with the risk of misappropriation. Thus, a monitoring system should also be evolved by the respective Departments so that expeditious submission of UCs by the recipients is ensured. Besides, the Government needs to take appropriate action against the persons responsible for not ensuring submission of UCs in a timely manner.

In reply (January 2019), the Government stated that the departments concerned has been directed through Planning Department for timely submission of UCs.

### 3.2 Arrears of Accounts of Autonomous Bodies/ Authorities

The Government needs to provide annual inputs to Audit on financial assistance provided to various institutions, the purpose for which the assistance was granted and the expenditure of these institutions to enable the Accountant General to assess audit requirement under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Annual Accounts of 25 Autonomous Bodies/ Authorities due up to 2017-18 were yet to be submitted to the Accountant General (November 2018). Details of such accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.3**.

**Table - 3.3: Age-wise arrears of Annual Accounts due from institutions**

Sl. No.	Delay (in Years)	Number of Bodies/ Authorities from whom Annual Accounts are awaited	Numbers of Outstanding Annual Accounts
1	0 – 1	00	00
2	1 – 3	01	03
3	3 – 5	05	21
4	5 – 7	04	27
5	7 – 9	11	99
6	9 above	04	52

Out of 25 Bodies/ Authorities, Annual Accounts in respect of four organisations viz., Arunachal Pradesh Agriculture Marketing Board, Naharlagun, Arunachal Pradesh State Legal Service Authority, Itanagar and Ram Krishna Missions at Aalo and Khonsa were outstanding for more than nine years.

The State Government disbursed funds to these Autonomous Bodies regularly. In the absence of accounts and subsequent audit, it could not be verified whether the funds received and expenditure incurred had been properly accounted for and the purpose for which the funds were disbursed, were achieved.

Besides, delay in submission/ finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provisions of the respective legislations under which the Bodies were constituted.

Thus, there was a need for the Autonomous Bodies/ Councils to submit their accounts to Audit in a timely manner.

The Government stated that the matter has been taken up with nodal departments.

As the position of activities of above autonomous bodies was not transparent in the absence of finalised accounts, it is recommended that the Government should put in place appropriate mechanism prescribing duties of these bodies and that of the Departments/ Offices concerned to ensure necessary reporting and compliance to guard against the repetition of such lapses. Besides, accountability mechanism also needs to be put in place to fix responsibility of persons found at fault.

### 3.3 *Submission of Accounts by Treasuries, Public Works and Forest Divisions*

The Finance and Appropriation Accounts of the Government of Arunachal Pradesh have been compiled based on the initial monthly accounts rendered by 25 District Treasuries/ Sub-treasuries, 193 Public Works and 46 Forest Divisions and advices of the Reserve Bank of India. The monthly Accounts were to be submitted to the Accountant General by the Treasuries and Divisions by 10<sup>th</sup> of the following month. However, there were delays in rendition of monthly accounts ranging from 1 to 120 days by Treasuries, 1 to 102 days by Public Works Divisions and 1 to 112 days by Forest Divisions.

In reply (January 2019), the Government stated that the Departments have been directed to ensure timely rendition of monthly accounts to the Accountant General.

### 3.4 *End use of Cess*

The GoI had levied a Cess under Building and Other Construction Welfare (Regulation of Employment and Conditions of Service) Act, 1996 at the rate of one *per cent* of the cost of construction incurred by an employer or any executing agency as the case may be. Rule 5 of the Cess Rule, 1996 provides that the proceeds of the Cess collected shall be transferred by such Government office/ Establishment, as the case may be, to the Arunachal Pradesh Building and Other Construction Welfare Board (APBOCW).

Accordingly, the State Government directed all departments of the State Government to deduct, at source, Labour Cess at the rate of one *per cent* on the cost of construction works/ projects undertaken by all building and other constructors in the State. Further, this amount was required to be passed on to the Secretary, APBOCW through an Account Payee Cheque/ Bank Draft.

Section 24 (3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 states that no Board shall, in any financial year, incur expenses towards salaries, allowances and other remuneration to its members, officers and other employees and for meeting the other administrative expenses exceeding five *per cent* of its total expenses during the financial year.

## Financial Reporting

Scrutiny of the Receipt and Payment Account of the APBOCW for 2017-18 showed that out of the total expenditure of ₹ 39.75 crore, an expenditure of ₹ 10.00 crore (25.16 per cent of the total expenditure) was incurred towards administrative expenses in contravention of Section 24 (3).

### 3.5 Transparency in Government Accounts

There is a global trend towards greater openness in government finances. This is based on a belief that transparent budgetary and accounting practices can ensure that funds raised by the Government for public purposes will be spent as promised by the Government, while maximising the benefits derived from spending. One crucial component of a transparent system of accounting is that the forms of accounts in which the receipts and expenditure of the Government are reported to the Legislature, are constantly reviewed and updated so that they truly reflect receipts and expenditure in respect of all major activities of the Government.

Minor Head 800- Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided for in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque.

Scrutiny of transactions of relevant Major Heads showed that under expenditure section, in 20 transactions involving an expenditure of ₹ 1,598.50 crore (*Appendix-3.2*), entire provision was booked under 'Minor Head 800-Other Expenditure'.

The Government replied (January 2019) that booking of 20 transactions under 'Minor Head 800-Other Expenditure' was done due to last moment allocation of fund and paucity of time. The reply was not acceptable as the requisite procedure required to be adopted in the matter was not followed which resulted in the said inappropriate action.

### 3.6 Follow up action on State Finance Audit Reports

The State Finances Audit Reports of the Comptroller and Auditor General of India in respect of the Government of Arunachal Pradesh have been commenting upon Government's finances since 2008-09. These Audit Reports can achieve the desired results only if they evoke positive and adequate response from the administration itself. To ensure accountability of the executive about the issues contained in the Audit Reports, the Finance Department issued instructions (June 1996), for submission of *suo motu* explanatory notes indicating the action taken or proposed to be taken by the concerned administrative departments within three months from the date of presentation of the Audit Reports to the State Legislature.

Though, the Audit Reports on State Finances were placed before the State Legislature in September 2010 (2008-09), March 2011 (2009-10), September 2012 (2010-11), September 2013 (2011-12), July 2014 (2012-13), July 2015 (2013-14), March 2017 (2014-15), October 2017 (2015-16) and August 2018 (2016-17), *suo motu* explanatory notes on the observations (167 paragraphs) made in the Audit Reports had not been intimated by any of the concerned departments.

The Public Accounts Committee (PAC) met in August and October 2018 after a gap of over three years as the last meeting was held in May 2015. The PAC selected total 48 Grants (details in *Appendix-3.3*) pertaining to the period between 2008-09 to 2016-17 for discussion in respect of 15 Departments. The concerned Departments furnished their replies against the grants to the Principal Accountant General's Office and the same was examined and vetted by this office. The detailed grant wise comments of the Principal Accountant General against the replies furnished by departments was forwarded (October 2018) to the State Legislative Assembly.

### 3.7 Conclusion

State Government's compliance with various rules, procedures and directives needs to improve as 86 UCs in respect of grants aggregating ₹ 253.65 crore were still pending for submission. Non-submission of UCs is fraught with the risk of misappropriation.

Delays in submission of accounts by treasuries, public works and forest divisions and non-submission of 202 accounts by 25 Autonomous Bodies/ Councils and Authorities due up to 2017-18 to the Principal Accountant General (Arunachal Pradesh) indicates non-compliance with financial rules and weakness in accountability arrangements within the organisations coupled with the lack of effective system of internal controls.

**Place: Itanagar**  
**Dated: the 28 June 2019**

  
**(DHIREN MATHUR)**  
**Principal Accountant General**  
**Arunachal Pradesh**

**Countersigned**

**Place: New Delhi**  
**Dated: the 28 June 2019**

  
**(RAJIV MEHRISHI)**  
**Comptroller and Auditor General of India**







*APPENDICES*



## APPENDIX - 1.1

**Part – A****Structure and Form of Government Accounts**

*(Reference: Paragraph 1.1; page: 2)*

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

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

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

**Part III -Public Account:** Receipts and disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.*; which do not form part of the Consolidated Fund, are kept in the Public Account, set up under Article 266(2) of the Constitution of India, and are not subject to vote by the State Legislature.

## APPENDIX 1.1

### Part – B

#### **Layout of Finance Accounts** (Reference: Paragraph 1.1; page 2)

#### **Layout of Finance Accounts**

The Finance Accounts (Revised format introduced from 2014-15) have been divided into two Volumes – I and II. Volume I represents financial statements of the Government in summarised form, while Volume II represents detailed financial statements along with the Appendices. The layout of the Finance Accounts is chalked out in the following manner:

Layout	
<b>VOLUME - I</b>	
Statement No. 1	Statement of Financial Position
Statement No. 2	Statement of Receipts and Disbursements
Statement No. 3	Statement of Receipts (Consolidated Fund)
Statement No. 4	Statement of Expenditure (Consolidated Fund)
Statement No. 5	Statement of Progressive Capital Expenditure
Statement No. 6	Statement of Borrowings and other Liabilities
Statement No. 7	Statement of Loans & Advances given by the Government
Statement No. 8	Statement of Investment of the Government
Statement No. 9	Statement of Guarantees given by the Government
Statement No. 10	Statement of Grants-in-aid given by the Government
Statement No. 11	Statement of Voted and Charged Expenditure
Statement No. 12	Statement of Sources and Application of Funds for expenditure other than revenue account
Statement No. 13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
<b>Notes to Accounts</b>	
<b>VOLUME - II ( Part- I Detailed Statements)</b>	
Statement No. 14	Detailed Statement of Revenue and Capital Receipts by Minor Head
Statement No. 15	Detailed Statement of Revenue Expenditure by Minor Heads
Statement No. 16	Detailed Statement of Capital Expenditure by Minor Heads & Sub-Heads
Statement No. 17	Detailed Statement of Borrowings and Other Liabilities
Statement No. 18	Detailed Statement of Loans & Advances given by the Government
Statement No. 19	Detailed Statement of Investment of the Government
Statement No. 20	Detailed Statement of Guarantees given by the Government

Layout	
Statement No. 21	Detailed Statement on Contingency Fund and other Public Accounts Transactions
Statement No. 22	Detailed Statement on Investment of Earmarked Funds
<b>VOLUME-II (Part- II Appendices)</b>	
I	Comparative Expenditure on Salary by Major Heads
II	Comparative Expenditure on Subsidy
III	Grants-in-aid given by the State Government (Scheme-wise and Institution-wise)
IV	Detailed of Externally Aided Projects
V	Plan Scheme Expenditure A. Central Schemes (Centrally Sponsored Schemes Central Plan Schemes) B. State Plan Schemes
VI	Direct Transfer of Central Scheme funds to Implementing Agencies in the State
VII	Acceptance and Reconciliation of Balances in respect of closing balances shown in St. No. 18 and 21
VIII	I. Financial Results of Irrigation Schemes II. Financial Results of Electricity Schemes
IX	Commitments of the Government-List of Incomplete Capital Works
X	Maintenance Expenditure with segregation of Salary and Non-salary portion
XI	Implications of Major policy Decisions of the Government during the year or New schemes proposed in the Budget for future cash flow
XII	Committed Liabilities of the Government
XIII	Re-organisation of the State-items for which allocation of balances between/among the State has not been finalised.

**Part – C****Methodology adopted for the Assessment of Fiscal Position***(Reference: Paragraph 1.1; page: 2)*

Norms/ ceilings prescribed by the 12<sup>th</sup> Finance Commission for selected fiscal variables along with its projections for a set of fiscal aggregates and commitments/ projections made by State Governments in their Fiscal Responsibility Acts and other statements required to be laid in the Legislature under the Act are used to make a qualitative assessment of trends and patterns of major fiscal aggregates. Assuming that Gross State Domestic Product<sup>1</sup> (GSDP) is a good indicator of the performance of a State's economy, major fiscal aggregates like Tax and Non-Tax Revenue, Revenue and Capital Expenditure, Internal Debt and Revenue and Fiscal Deficits have been presented as percentages to the GSDP at current market prices. The buoyancy co-efficient for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether mobilisation of resources, pattern of expenditure, *etc.* are keeping pace with changes in the base or if these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series at current prices (Base Year 2011-12) as furnished by the Directorate of Economics & Statistics of the State Government, have been used in estimating these percentages and buoyancy ratios.

Definitions of some selected terms used in assessing trends and patterns of fiscal aggregates are given below:

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

Terms	Basis of Calculation
Buoyancy of a Parameter (X) with respect to another Parameter (Y)	Rate of Growth of parameter (X)/Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average Interest paid by the State	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest Spread	GSDP Growth – Average Interest Rate
Quantum Spread	Debt Stock *Interest Spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} [(\text{Opening Balance} + \text{Closing Balance of Loans \& Advances})/2] * 100$
Revenue Deficit/Surplus	Revenue Receipts – Revenue Expenditure
Fiscal Deficit/Surplus	Revenue Expenditure + Capital Expenditure + Net Loans & Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Compound Annual Growth Rate (CAGR)	Compound Annual Growth Rate (CAGR) is calculated by taking the $n^{\text{th}}$ root of the total percentage growth rate, where $n$ is the number of years in the period being considered. $\text{CAGR} = ((\text{Ending Value}/\text{Beginning Value})^{(1/\text{period})}) - 1$

<sup>1</sup> GSDP is defined as the total income of the State or the Market Value of goods and services produced using labour and all other factors of production.

Terms	Basis of Calculation
Core Public Goods and Merit Goods	<p><b>Core Public Goods</b> are goods which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtraction from any other individual's consumption of that good, e.g. enforcement of law &amp; order, security and protection of rights; pollution free air and other environmental goods, road infrastructure, etc.,</p> <p><b>Merit Goods</b> are commodities that the Public Sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water, sanitation, etc.,</p>

## APPENDIX - 1.1

### Part – D

#### State Profile

(Reference: Paragraph 1.1; page: 2)

A. General Data					
Sl. No.	Particulars			Figures	
1	Area			83,743 sq. km.	
2	Population - 2010-11 (as per 2011 Census)				
	Male			7,13,912	
	Female			6,69,815	
	<b>Total</b>			<b>13,83,727</b>	
3	Density of Population (as per 2011 Census) (All India Average = 382 persons per sq. km.)			17 persons per sq. km.	
4	Population Below Poverty Line (All India Average = 29.5 %)			17.6 %	
5	Population Growth (2001 to 2011)			25.92 %	
6	Literacy (as per 2011 Census) (All India Average = 73 %)			65.38 %	
7	Infant Mortality (per 1000 live births) (All India Average = 37 per 1000 live births)			30	
8	Gross State Domestic Product (GSDP)			₹ 24,442 crore	
9	GSDP <sup>2</sup> CAGR (2008-09 to 2017-18)			17.6	
B. Financial Data					
Particulars		CAGR 2008-09 to 2016-17		Growth 2016-17 to 2017-18	
		Special Category States	Arunachal Pradesh	Special Category States	Arunachal Pradesh
(a)	Revenue Receipts	13.70	14.98	10.40	16.94
(b)	Own Tax Revenue	16.00	22.89	20.00	15.07
(c)	Non-Tax Revenue	8.30	(-) 4.26	8.00	(-) 32.79
(d)	Total Expenditure	13.70	12.68	10.60	28.72
(e)	Capital Expenditure	7.80	2.27	19.60	106.48
(f)	Revenue Expenditure on General Education	16.60	16.96	15.80	22.58
(g)	Revenue Expenditure on Health & Family Welfare	18.00	19.06	20.50	29.06
(h)	Salaries	14.70	18.22	20.60	24.33
(i)	Pension	18.80	24.14	28.10	44.24

Source: Serial No. 7: SRS Bulletin December 2016 – Estimated Infant Mortality Rate, 2015.

<sup>2</sup> Based on the data furnished by the Directorate of Economics and Statistics, Government of Arunachal Pradesh



## APPENDIX - 1.2

**Fiscal Responsibility and Budget Management Act, 2006**  
(Reference: Paragraph 1.1; page: 2)

**Fiscal Responsibility and Budget Management Act**

The State Government enacted the Arunachal Pradesh Fiscal Responsibility & Budget Management (APFRBM) Act, 2006 to

- (i) ensure fiscal prudence, stability and efficiency,
- (ii) achieve fiscal consolidation for facilitating the generation of Revenue Surplus for enhancing the scope for improvement of investment in the Social and Economic Sectors/ Infrastructure,
- (iii) ensure Fiscal and Debt Sustainability through progressive reduction of Fiscal Deficit and proper Debt Management System and
- (iv) provide a more transparent and accountable system of budgeting that would ensure an efficient and effective system of governance.

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

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

❖ **Fiscal Policy Statements**

As prescribed in the Act, the State incorporated the following statements in the Budget for the year 2017-18.

- Macro-Economic Framework Statement, giving an overview of the State economy.
- Medium Term Fiscal Plan (MTFP) Statement, prescribing fiscal targets and assumptions for achieving them. As per the MTFP Statement of March 2018, the rolling targets for fiscal indicators for 2017-18 were as under:

Revenue Surplus as percentage of GSDP-	17.49
Fiscal Deficit as percentage of GSDP-	2.74
Total outstanding liabilities at the end of the year ( <i>₹ in crore</i> )	5,772.30
Liabilities as percentage of GSDP for the year-	23.45

- Fiscal Plan Strategy Statement of the State for the ensuing year relating to Taxation, Expenditure, Borrowings, Lending, Investments, *etc.*

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

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

## APPENDIX - 1.3

**Time Series Data on State Government Finances**  
(Reference: Paragraph 1.1; pages: 2)

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>PART - A (RECEIPTS)</b>					
<b>1. Revenue Receipts</b>	<b>5,820.43</b>	<b>9,136.05</b>	<b>10,553.10</b>	<b>11,779.57</b>	<b>13,774.60</b>
(a) Tax Revenue	434.51 (7)	462.16 (5)	535.07(5)	708.75(6)	815.57 (6)
Goods and Service Tax	-	-	-	-	223.73 (27)
Taxes on Sales, Trade, etc.,	223.60 (51)	195.24 (42)	190.22(35)	282.54(40)	285.13 (35)
State Excise	55.50 (13)	59.87 (13)	86.33(16)	109.05(15)	122.61 (15)
Taxes on Vehicles	17.09 (4)	17.78 (4)	19.30(4)	24.47(3)	31.40 (4)
Stamp and Registration Fees	4.18 (1)	3.83 (1)	5.63(1)	5.08(1)	10.42 (1)
Land Revenue	11.39 (3)	5.99 (1)	8.89(2)	6.44(1)	13.32 (2)
Taxes on Goods and Passengers	122.75 (28)	179.45 (39)	224.70(42)	281.17(40)	128.96 (16)
(b) Non Tax Revenue	405.06 (7)	457.64 (5)	392.12(4)	544.82(5)	366.18 (3)
(c) State Share in Union Taxes & Duties	1,045.85 (18)	1,109.98 (12)	7,075.58(67)	8,388.30(71)	9,238.79 (67)
(d) Grants-in-aid from GoI	3,935.01 (68)	7,106.27 (78)	2,550.33(24)	2,137.70(18)	3,354.06 (24)
<b>2. Miscellaneous Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Recoveries of Loans &amp; Advances</b>	<b>3.42</b>	<b>27.41</b>	<b>5.48</b>	<b>3.79</b>	<b>5.68</b>
<b>4. Total Revenue and Non-Debt Capital Receipts(1+2+3)</b>	<b>5,823.85</b>	<b>9,163.46</b>	<b>10,558.58</b>	<b>11,783.36</b>	<b>13,780.28</b>
<b>5. Public Debt Receipts</b>	<b>354.15</b>	<b>1,540.41</b>	<b>621.10</b>	<b>1,015.27</b>	<b>1,767.27</b>
Internal Debt(excluding Ways & Means Advances and Overdrafts)	354.15	407.24	287.92	761.33	1,250.33
Net Transactions under Ways & Means Advances & Overdrafts	-	1,133.17	333.18	253.94	516.94*
Loans & Advances from GoI	-	-	-	-	-
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>6,178.00</b>	<b>10,703.87</b>	<b>11,179.69</b>	<b>12,798.64</b>	<b>15,547.55</b>
<b>7. Contingency Fund Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Public Accounts Receipts</b>	<b>5,705.44</b>	<b>4,018.72</b>	<b>6,038.90</b>	<b>6,369.65</b>	<b>5,435.37</b>
<b>9. Total Receipts of Government (6+7+8)</b>	<b>11,883.44</b>	<b>14,722.59</b>	<b>17,218.58</b>	<b>19,168.28</b>	<b>20,982.92</b>
<b>PART - B (EXPENDITURE/DISBURSEMENTS)</b>					
<b>10. Revenue Expenditure</b>	<b>5,731.40</b>	<b>7,156.59</b>	<b>8,362.74</b>	<b>9,394.54</b>	<b>10,900.47</b>
Plan	1,773.81(31)	2,910.88(41)	2,703.34(32)	2,756.14(29)	10,900.47
Non-Plan	3,957.59(69)	4,245.71(59)	5,659.40(68)	6,638.40(71)	
General Services (incl. Interest Payments)	1,780.06(31)	2,062.59(29)	2,518.09(30)	2,767.76(29)	3,484.76 (32)
Social Services	1,770.16(31)	2,358.39(33)	2,556.67(31)	3,046.47(33)	3,950.83 (36)
Economic Services	2,181.18(38)	2,735.61(38)	3,287.98(39)	3,580.31(38)	3,464.88 (32)
<b>11. Capital Expenditure</b>	<b>1,679.70</b>	<b>1,483.18</b>	<b>1,993.25</b>	<b>1,544.01</b>	<b>3,188.10</b>
Plan	1,673.49(100)	1,465.33(99)	1,983.63(100)	1,543.39(100)	3,188.10
Non-Plan	6.21(-)	17.85(1)	9.62(-)	0.62 (-)	
General Services	187.81(11)	120.70(8)	345.58(17)	113.08	544.92(17)
Social Services	503.80(30)	442.51(30)	422.26(21)	579.91	854.80 (27)
Economic Services	988.09 (59)	919.97(62)	1,225.41(62)	851.02	1,788.38 (56)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>12. Disbursement of Loans &amp; Advances</b>	<b>18.53</b>	<b>4.93</b>	<b>12.98</b>	<b>10.33</b>	<b>5.07</b>
<b>13. Total of Revenue Expenditure, Capital Expenditure and Disbursement of Loans &amp; Advances (10+11+12)</b>	<b>7,429.63</b>	<b>8,644.70</b>	<b>10,368.97</b>	<b>10,948.88</b>	<b>14,093.64</b>
<b>14. Repayments of Public Debt</b>	<b>169.08</b>	<b>1,053.91</b>	<b>1,286.44</b>	<b>586.77</b>	<b>432.24</b>
Internal Debt (including Ways & Means Advances and Overdrafts)	141.35	1,027.38	1,259.95	560.31	405.81
Loans & Advances from GoI	27.73	26.53	26.49	26.46	26.43
<b>15. Appropriation to Contingency Fund</b>	<b>-NIL</b>	<b>NIL-</b>	<b>-NIL</b>	<b>-NIL</b>	<b>-NIL</b>
<b>16. Total Disbursement out of Consolidated Fund (13+14+15)</b>	<b>7,598.71</b>	<b>9,698.61</b>	<b>11,655.41</b>	<b>11,535.65</b>	<b>14,525.88</b>
17. Contingency Fund Disbursements	-	-	-	-	-
18. Public Account Disbursements	4,628.49	4,922.45	5,360.99	7,560.96	5,561.32
<b>19. Total Disbursements by the State (16+17+18)</b>	<b>12,227.20</b>	<b>14,621.06</b>	<b>17,016.40</b>	<b>19,096.61</b>	<b>20,087.20</b>
<b>PART - C (DEFICIT/SURPLUS)</b>					
<b>20. Revenue Deficit (-)/ Surplus (+) {1-10}</b>	<b>(+) 89.03</b>	<b>(+) 1,979.46</b>	<b>(+) 2,190.36</b>	<b>(+) 2,385.03</b>	<b>(+) 2,874.13</b>
<b>21. Fiscal Deficit (-)/ Surplus (+) {4-13}</b>	<b>(-) 1,605.78</b>	<b>(+) 518.76</b>	<b>(+) 189.61</b>	<b>(+) 834.48</b>	<b>(-) 313.36</b>
<b>22. Primary Deficit (-)/ Surplus (+) {21+23}</b>	<b>(-) 1,293.27</b>	<b>(+) 869.64</b>	<b>(+) 605.25</b>	<b>(+) 1,233.71</b>	<b>(+) 154.00</b>
<b>PART - D (OTHER DATA)</b>					
23. Interest Payments (incl. in Revenue Expenditure)	312.51	350.88	415.64	399.23	467.36
24. Financial Assistance to Local Bodies, etc.,	137.38	44.63	26.03	37.67	37.37
25. Ways & Means Advances/Overdraft availed (days)	-	33	2	12	-
26. Interest on Ways & Means Advances/Overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) <sup>3</sup>	14,581.06	17,960.33	20,432.60	22,415.32	24,442.19
28. Outstanding Fiscal liabilities (year end)	4,935.59	6,121.96	5,895.15	5,625.09	7,208.50
29. Outstanding guarantees (year end)	1.55	0.97	0.97	0.97	0.97
30. Maximum Amount Guaranteed (year end)	2.00	2.00	2.00	2.00	2.00
31. Number of incomplete projects	201	175	156	156	123
32. Capital blocked in incomplete projects	-	-	-	-	- <sup>4</sup>
<b>PART - E (FISCAL HEALTH INDICATORS) {per cent}</b>					
<b>I - Resource Mobilisation</b>					
33. Tax Revenue/GSDP	2.98	2.57	2.62	3.16	3.34
34. Non-Tax Revenue/GSDP	2.78	2.55	1.92	2.43	1.50
35. Central Transfers /GSDP	34.16	45.75	47.11	46.96	51.52

<sup>3</sup> GSDP figures furnished by the Directorate of Economics & Statistics, Government of Arunachal Pradesh

<sup>4</sup> Stipulated date of completion is yet not over

## APPENDICES

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>II - Expenditure Management</b>					
36.Total Expenditure <sup>5</sup> /GSDP	50.95	48.13	50.75	48.85	57.66
37.Total Expenditure/Revenue Receipts	127.65	94.62	98.26	92.95	102.32
38.Revenue Expenditure/Total Expenditure	77.14	82.79	80.65	85.80	77.34
39.Expenditure on Social Services/Total Expenditure	30.74	32.40	28.73	33.12	34.10
40.Expenditure on Economic Services/Total Expenditure	42.74	42.28	43.63	40.55	37.29
41.Capital Expenditure/Total Expenditure	22.61	17.16	19.22	14.10	22.62
42.Capital Expenditure on Social and Economic Services/Total Expenditure	20.08	15.76	15.89	13.07	18.75
<b>III - Management of Fiscal Imbalances</b>					
43.Revenue Surplus/GSDP	0.61	11.02	10.72	10.64	11.76
44.Fiscal Deficit (-) or Surplus (+)/GSDP	(-) 11.01	2.89	0.93	3.72	(-) 1.28
45.Primary Deficit (-) or Surplus (+)/GSDP	(-) 8.87	4.84	2.96	5.50	0.63
46.Revenue Surplus/Fiscal Surplus	(-) 5.54	381.58	1,155.19	285.81	(-) 917.20
47.Primary Revenue Balance/GSDP	2.75	12.97	12.75	12.42	13.67
<b>IV - Management of Fiscal Liabilities</b>					
48.Fiscal Liabilities/GSDP	33.85	34.09	28.85	25.10	29.49
49.Fiscal Liabilities/RR	84.80	67.01	55.86	47.75	52.33
50.Primary Deficit <i>vis-à-vis</i> Quantum Spread	1,717.58	1,700.30	1,023.99	1,397.01	253.00
51.Debt Redemption (Principal + Interest)/Total Debt Receipts	91.16	79.04	120.65	130.11	61.63
<b>V - Other Fiscal Health Indicators</b>					
52.Return on Investment( <i>₹in crore</i> )	-	-	-	-	-
53.Balance from Current Revenue ( <i>₹in crore</i> )	(-) 1,308.55	(-)1,263.61	2,517.93	3,382.16	-
54. Financial Assets/Liabilities (ratio)	2.35	1.12	1.13	1.12	1.13

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

*(Source: Finance Accounts of respective years)*

*\* This was due to rectification of misclassification occurred in 2013-14, the actual ways and means advance is nil during the year.*

<sup>5</sup> Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances

## APPENDIX - 1.4

## Abstract of Receipts and Disbursements for 2017-18

(Reference: Paragraph 1.1.1; page: 2)

(₹ in crore)

Receipts			Disbursements		
2016-17		2017-18	2016-17		2017-18
<b>Section – A : Revenue</b>					
<b>I - Revenue Receipts</b>			<b>I - Revenue Expenditure</b>		
708.75	Tax Revenue	815.57	<b>2,767.76</b>	<b>General Services</b>	<b>3,484.76</b>
544.82	Non-tax Revenue	366.18	<b>3,046.47</b>	<b>Social Services</b>	<b>3,950.83</b>
8,388.30	State Share of Union Taxes	9,238.79	1,409.12	Education, Sports, Arts & Culture	1,717.66
228.69	Non-Plan Grants		692.32	Health & Family Welfare	893.52
1,633.22	Grants for State Plan Schemes		585.84	Water Supply, Sanitation, Housing & Urban Development	819.02
205.72	Grants for Centrally Sponsored Schemes	2,511.35	28.84	Information & Broadcasting	25.51
			25.54	Labour & Welfare	33.51
70.07	Grants for Special Plan Schemes	-	287.32	Social Welfare & Nutrition	439.46
	Finance Commission Grants	140.17	17.49	Others	22.15
	Other Grants To State With Legislature	702.54	<b>3,580.31</b>	<b>Economic Services</b>	<b>3,464.88</b>
			770.21	Agriculture & Allied Activities	769.19
			421.77	Rural Development	575.62
			121.28	Special Areas Programme	17.71
			180.15	Irrigation & Flood Control	274.86
			796.60	Energy	704.22
			78.87	Industries & Minerals	90.78
			877.44	Transport	804.11
			31.62	Communications	30.42
			24.92	Science, Technology and Environment	45.82
			277.45	General Economic Services	152.15
<b>11,779.57</b>	<b>Total Receipts</b>	<b>13,774.60</b>	<b>9,394.54</b>	<b>Total Disbursements</b>	<b>10,900.47</b>
	<b>II - Revenue Deficit carried over to Section - B</b>		<b>2,385.03</b>	<b>II - Revenue Surplus carried over to Section - B</b>	<b>2,874.13</b>

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Receipts			Disbursements		
2016-17		2017-18	2016-17		2017-18
<b>Section – B</b>					
1,275.61	<b>III - Opening Cash Balance, including Permanent Advances and Cash Balance Investment</b>	1,347.28	-	<b>III - Opening Overdraft from RBI</b>	
-	<b>IV - Miscellaneous Capital Receipts</b>	-	1,544.01	<b>IV - Capital Outlay</b>	<b>3,188.10</b>
			113.08	<b>General Services</b>	<b>544.92</b>
			579.91	<b>Social Services</b>	<b>854.80</b>
			94.14	Education, Sports, Arts & Culture	86.62
			14.89	Health & Family Welfare	41.71
			421.74	Water Supply, Sanitation, Housing & Urban Development	568.21
			48.32	Social Welfare & Nutrition	156.72
			0.62	Information & Broadcasting	0.69
			0.20	Others	0.85
			<b>851.02</b>	<b>Economic Services</b>	<b>1,788.38</b>
			7.36	Agriculture and Allied Activities	13.58
			35.66	Rural Development Programme	53.10
			103.48	Special Areas Programme	168.57
			82.37	Irrigation & Flood Control	69.57
			176.67	Energy	250.92
			6.79	Industry & Minerals	10.28
			382.22	Transport	1,174.04
			0.06	Science, Technology and Environment	13.14
			56.41	General Economic Services	35.18

2016-17	Receipts		2017-18	2016-17	Disbursements		2017-18
<b>3.79</b>	<b>V - Recoveries of Loans &amp; Advances</b>		<b>5.68</b>	<b>10.33</b>	<b>V - Loans &amp; Advances Disbursed</b>		<b>5.07</b>
-	from Power Projects	-		-	to Power Projects	-	
3.05	from Govt. Servants	3.04		2.43	to Govt. Servants	3.32	
0.74	from Others	2.64		7.90	to Others	1.75	
<b>2,385.03</b>	<b>VI - Revenue Surplus brought down</b>		<b>2,874.13</b>	-	<b>VI - Revenue Deficit brought down</b>		-
<b>1,015.27</b>	<b>VII - Public Debt Receipts</b>		<b>1,767.27</b>	<b>586.77</b>	<b>VII - Repayment of Public Debt</b>		<b>432.24</b>
761.33	Internal Debt other than Ways & Means Advances and Overdraft	1,250.33		306.37	Internal Debt other than Ways & Means Advances and Overdraft	344.69	
253.94	Net transactions under Ways & Means Advances, incl. Overdraft	516.94*		253.94	Net transactions under Ways & Means Advances incl. Overdraft	61.12	
-	Loans and Advances from Central Govt.	-		26.46	Repayment of Loans & Advances to Central Govt.	26.43	
-	<b>VIII - Appropriation to Contingency Fund</b>		-	-	<b>VIII - Appropriation to Contingency Fund</b>		-
-	<b>IX - Amount transferred to Contingency Fund</b>		-	-	<b>IX - Expenditure from Contingency Fund</b>		-
<b>6,369.65</b>	<b>X - Public Account Receipts</b>		<b>5,435.37</b>	<b>7,560.96</b>	<b>X - Public Account Disbursements</b>		<b>5,561.32</b>
388.41	Small Savings & Provident Funds	471.15		231.18	Small Savings & Provident Funds	230.02	
180.15	Reserve funds	157.96		8.60	Reserve Funds	20.09	
145.16	Suspense & Miscellaneous	(-)482.11		(-)3.59	Suspense & Miscellaneous	(-)77.26	
4,923.80	Remittances	4,739.13		5,286.98	Remittances	4,705.04	
732.13	Deposits & Advances	549.24		2,037.79	Deposits & Advances	683.43	
	<b>XI - Earmarked Funds</b>			<b>1,347.28</b>	<b>XI - Closing Cash Balance</b>		<b>2,243.00</b>
				317.77	Cash in Treasuries and Local Remittances	392.00	
				(-)599.28	Deposits with Reserve Bank and other Banks	(-)7.44	
				6.46	Departmental Cash Balance incl. Permanent Advances	7.98	
				1,622.93	Cash Balance Investment and Investment of Earmarked Funds	1,850.46	
<b>11,049.35</b>	<b>TOTAL</b>		<b>11,429.73</b>	<b>11,049.35</b>	<b>TOTAL</b>		<b>11,429.73</b>

(Source: Finance Accounts of respective years)

\*This represents the rectification of misclassification occurred in 2013-14, the actual ways and means during the year is nil.

## APPENDIX - 1.5

Summarised financial position of the Government of Arunachal Pradesh as on 31 March 2018  
(Reference: Paragraph 1.9.1; page: 28)

(₹ in crore)

As on 31 March 2017	Liabilities		As on 31 March 2018
	<b>Internal Debt</b>		
-	Market Loans not bearing interest	-	
1,541.88	Market Loans bearing interest	2,244.98	
(-) 0.09	Loans from LIC	(-) 0.18	
307.93	Loans from NABARD	422.24	
122.60	Loans from other Institutions	124.34	
(-) 400.18	Ways and Means and Advances	55.64	
930.05	Special Securities issued to National Small Savings Fund of the Central Government	1,023.47	
20.17	Overdraft from Reserve Bank of India	-	
-	Other Loans	13.33	
<b>2,522.36</b>			<b>3,883.82</b>
	<b>Loans and Advances from Central Government</b>		
36.70	Non-Plan Loans	36.34	
145.27	Loans for State Plan Schemes	121.14	
(-) 2.23	Loans for Central Plan Schemes	(-) 3.12	
11.53	Loans for Centrally Sponsored Plan Schemes	11.53	
40.27	Loans for Special Schemes	39.21	
-	Other Ways & Means Advances	-	
<b>0.05</b>			<b>0.05</b>
	<b>Contingency Fund</b>		
<b>1,761.36</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>2,002.49</b>
<b>523.71</b>	<b>Deposits</b>		<b>393.07</b>
<b>56.21</b>	<b>Suspense and Miscellaneous Balances</b>		<b>(-) 348.64</b>
<b>586.11</b>	<b>Reserve Funds</b>		<b>723.99</b>
	<b>Surplus on Government Account</b>		
<b>16,017.89</b>	13,632.86	(i) Revenue Surplus as on 31 March 2017	16,017.89
	2,385.03	(ii) Revenue Surplus during the year	2,874.13
<b>21,699.23</b>	<b>TOTAL</b>		<b>25,751.90</b>



As on 31 March 2017	Assets		As on 31 March 2018
	<b>Gross Capital Outlay on Fixed Assets</b>		
<b>20,190.58</b>	250.02	Investment in Shares of Companies, Corporations, Co-operatives, etc; .	250.02
	19,940.56	Other Capital Outlay	23,128.66
	<b>Loans &amp; Advances</b>		
	10.00	Loans for Power Projects	10.00
<b>73.53</b>	53.22	Other Development Loans	52.33
	10.31	Loans to Government Servants and Miscellaneous Loans	10.59
<b>499.67</b>	<b>Civil Advances</b>		<b>503.23</b>
<b>(-) 411.83</b>	<b>Remittance Balances</b>		<b>(-) 445.91</b>
	<b>Suspense and Miscellaneous Balances</b>		
	<b>Cash</b>		
	317.17	Cash in Treasuries and Local Remittances	392.00
	(-) 599.28	Deposits with Reserve Bank and other Banks	(-) 7.44
<b>1,347.28</b>	6.46	Departmental Cash Balance	7.97
	-	Permanent Advances	0.01
	1,103.03	Cash Balance Investments	1,138.91
	519.90	Investment of Earmarked Funds	711.55
<b>21,699.23</b>	<b>TOTAL</b>		<b>25,751.92</b>

(Source: Finance Accounts of respective years)

### Explanatory Notes for Appendices 1.2 and 1.4 and 1.5

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government Accounts, being mainly on cash basis, the surplus/ deficit on Government Account, as shown in **Appendix 1.4**, indicates the position on cash basis, as opposed to accrual basis in Commercial Accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, *etc.*, do not figure in the accounts.
3. Suspense and Miscellaneous Balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, *etc.*
4. There was a difference of {₹ 14.67 crore (Debit)} between figures reflected in the accounts {₹ 7.44 crore (credit)} and figures intimated by the Reserve Bank of India {₹ 22.11 crore (debit)} due to misclassification by the Bank/ Treasuries {₹ 14.67 crore (Debit)}.

## APPENDIX - 1.6

## Funds transferred directly to Implementing Agencies in the State

(Reference: Paragraph 1.2.2; page: 07)

₹ in lakh)

Sl. No	Name of the Scheme/ Programme	Implementing Units	Funds released
1	Schemes for differently-abled persons	National Youth Project.	4.75
		Social Justice & Empowerment & Tribal Affairs Department.	3.00
2	Gender Budgeting	Administrative Training Institute, Naharlagun	6.26
3	Women Helpline	Itanagar WHL	59.50
4	Organic Value Chain Development for North East Region	Arunachal Pradesh Agriculture Marketing Board (APAMB), Naharlagun-791110	946.66
		Arunachal Pradesh Agriculture Marketing Board (APAMB), Naharlagun-791110	234.79
5	Rashtriya Gokul Mission	Arunachal Pradesh Livestock Development Society	200.00
6	Apprenticeship and Training	Arunachal Pradesh Skill Development Society	258.84
7	Pradhan Mantri Matru Vandana Yojna	Women & Child Development Department, Arunachal Pradesh	612.18
8	Pradhan Mantri Gram Sadak Yojna – Center Component	Rural Road Development, Itanagar	0.27
9	Beti Bachao Beti Padhao	DC- Dibang Valley	32.51
10	Working Women Hostel	Niaga Welfare Society	193.47
11	One Stop Center	One Stop Centre Pasighat	3.97
		District Magistrate One Stop Centre	49.23
12	Boys and Girls Hostel OBC	Rajiv Gandhi University	58.18
13	Aid to Voluntary Organisations Working for the Welfare of Scheduled Tribes	Arunachal Pali Vidyapith	38.07
		Bharatiya Adimjati Sevak Sangh (Rupa, Arunachal Branch)	23.03
		Bharat Sevashram Sangha, Itanagar, Arunachal Pradesh	37.65
		Centre For Buddhist Cultural studies	15.81
		Buddhist Culture Preservation Society	21.87
		Oju Welfare Association, Naharlagun, Arunachal Pradesh	59.03
		Ramakrishna Mission Hospital	69.40
		Ramakrishna Mission, Aalo (Along)	194.60
		Ramakrishna Mission, Narottam Nagar	92.43
		Ramakrishna Sarada Mission,	90.99
<b>Total</b>			<b>3,306.49</b>

(Source: - Public Financial Management System (PFMS) portal of the Controller General of Accounts (CGA))

APPENDIX - 2.1

**Expenditure incurred without any Budget Provision**

*(Reference: Paragraph 2.3.1; Page: 40)*

*(₹ in lakh)*

Sl. No.	Grants/Appropriation Number- Major Head of Account-Sub Head-Detailed Head	Expenditure without Provision
1	14-04-4202-01-202-01-Construction of Building for Education	285.72
2	15-04-2210-06-101-06- Cancer Control Programme	300.00
3	16-4202-04-800-01- Creation of Assets	19.97
4	18-04-4202-800-08- Creation of Assets under SADA	62.84
5	18-4202-04-800-01- Creation of Assets	203.02
6	18-05-4202-04-800-01- Creation of Assets	54.86
7	22-2408-02-001-01- Establishment Expenses	61.92
8	23-2406-01-070-05- Building	150.96
9	24-2435-01-800-03- Implementation of AGRISNET	149.19
10	24-2415-01-800-01- National Disaster Management Programme	35.00
11	24-03-2401-800-47- Integrated Development of Wasteland	24.00
12	24-4415-80-800-01- Creation of Assets	56.14
13	29-04-6425-800-01- Working Capital Loan	140.00
14	33-03-800-01-Strengthening and Expansion of District Pig Breeding Farm at Siro	26.00
15	33-21-800-02- Protection, Preservation and Infrastructure Development of Archaeological Museum and Monument	8.00
16	33-06-800-11- Infrastructure Development of Model School at Paying Circle	69.00
17	33-09-4552-18-800-68- Esstt. of a 50 bedded hospital at Mengio	70.95
18	33-09-4552-19-800-02- C/o Anti-Erosion on Right & Left Bank of Kolma at Nirjuli	108.00
19	45-3053-80-800-04- C/o ATC Facility at Naharlagun	9.90
20	48-48-04-2415-01-800-05- Schemes under SADA	2,268.04
21	50-05-4070-800-02-Creation of Assets	1,239.43
22	50-4070-800-02-Creation of Assets	72.30
23	61-4853-60-800-01-Creation of Assets	74.98
24	65-04-4575-03-800-01-Development of Tirap & Changlang District	1,462.61
25	65-03-4575-03-800-01-Development of Tirap & Changlang District	268.50
26	72-04-2056-800-02-Schemes under SADA	19.99
27	76-08-2202-01-107-01-Dist. Institute of Education and Training	614.56
<b>Total</b>		<b>7,855.88</b>

*(Source: Appropriation Accounts, 2017-18)*

## APPENDIX - 2.2

**Statement of various Grants/ Appropriations where savings was more than ₹ one crore and more than 20 per cent of the total provision**  
(Reference: Paragraph 2.3.2; Page: 41)

(₹ in crore)

Sl. No.	Number and Name of the Grant/ Appropriations	Total	Expenditure	Savings	Percentage	Remarks
<b>Revenue Voted</b>						
1	10 Other General, Social and community Services	299.35	0.54	298.81	99.82	
2	14 Secondary Education	558.92	402.29	156.63	28.02	
3	16 Arts and Cultural Affairs	15.61	11.87	3.74	23.96	Reason not intimated
4	18 Research	20.00	14.80	5.21	26.03	Reason not intimated
5	19 Industries	172.47	28.21	144.26	83.64	
6	20 Labour	8.57	6.74	1.83	21.35	Reason not intimated
7	21 Directorate of Sports	51.77	39.50	12.27	23.70	
8	22 Food and Civil Supplies	226.75	77.95	148.80	65.62	
9	27 Panchayat	180.16	117.40	62.76	34.84	Reason not intimated
10	45 Civil Aviation	59.87	35.26	24.61	41.10	Reason not intimated
11	48 Horticulture	126.91	97.61	29.29	23.08	
12	52 Sports and Youth Services	36.39	20.51	15.88	43.63	
13	56 Tourism	78.01	35.85	42.16	54.04	
14	57 Urban Development	173.45	55.4	118.05	68.06	
15	60 Textiles and Handicrafts	56.34	44.95	11.39	20.21	
16	65 Department of Tirap, Changlang and Longding	50.72	0.77	49.95	98.48	Reason not intimated
17	67 State Information Commission	4.98	3.29	1.69	33.94	
18	68 Town Planning Department	239.49	40.06	199.43	83.27	
19	71 Department of Tawang and West Kameng	4.29	1.26	3.03	70.63	
20	75 Higher and Technical Education	193.33	137.32	56.02	28.98	
<b>Total of Revenue Voted</b>		<b>2,557.38</b>	<b>1,171.59</b>	<b>1,385.81</b>	<b>54.19</b>	
<b>Revenue Charged</b>						
21	7 Treasury and Accounts Administration	50.00	0.00	50.00	100.00	Reason not intimated
<b>Total of Revenue Charged</b>		<b>50.00</b>	<b>0.00</b>	<b>50.00</b>	<b>100.00</b>	
<b>Capital Voted</b>						
22	4 Election	8.76	4.62	4.16	47.38	
23	6 District Administration	326.80	0.00	326.80	100.00	Reason not intimated
24	8 Police	84.57	0.00	84.57	100.00	
25	10 Other, General, Social and Community Services	339.76	0.00	339.76	100.00	Reason not intimated
26	14 Secondary Education	36.50	8.13	28.37	77.73	
27	15 Health and Family Welfare	124.47	41.71	82.76	66.49	

## APPENDICES

Sl. No.	Number and Name of the Grant/ Appropriations	Total	Expenditure	Savings	Percentage	Remarks
28	16 Art and Cultural Affairs	17.81	8.45	9.36	52.55	
29	18 Research	8.35	3.67	4.68	56.05	
30	19 Industries	47.67	8.13	39.54	82.95	
31	21 Directorate of Sports	34.16	4.26	29.90	87.53	
32	22 Food and Civil Supplies	21.78	8.38	13.40	61.52	
33	24 Agriculture	8.15	2.32	5.83	71.53	
34	26 Rural Works	1,025.79	521.53	504.26	49.16	
35	28 Animal Husbandry and Veterinary	8.83	1.45	7.38	83.58	
36	29 Co-operation	17.52	5.96	11.56	65.98	Reason not intimated
37	31 Public Works	306.52	137.10	169.42	55.27	
38	32 Roads and Bridges	940.16	636.52	303.64	32.30	
39	34 Power	484.69	196.73	287.96	59.41	
40	35 Information and Public Relations	2.70	0.70	2.00	74.07	
41	39 Loans to Government Servants	8.60	3.32	5.28	61.40	
42	40 Housing	67.61	27.31	40.30	59.61	
43	42 Rural Development	162.14	3.10	159.05	98.09	
44	43 Fisheries	6.08	0.28	5.80	95.39	
45	45 Civil Aviation	8.85	3.60	5.25	59.32	
46	47 Administration of Justice	10.53	6.14	4.39	41.69	
47	48 Horticulture	2.00	0.00	2.00	100.00	
48	50 Secretariat Economic Services	749.02	389.28	359.74	48.03	
49	51 Directorate of Library	5.15	1.20	3.95	76.70	
50	53 Fire Protection and Control	10.00	7.64	2.36	23.60	
51	56 Tourism	126.71	31.12	95.58	75.43	
52	57 Urban Development	351.82	238.39	113.45	32.25	
53	68 Town Planning Department	6.45	0.00	6.45	100.00	
54	73 Information Technology	32.00	13.14	18.86	58.94	
55	75 Higher and Technical Education	100.42	39.47	60.95	60.70	
56	79 Department of Skill Development and Entrepreneurship	15.53	0.00	15.53	100.00	
<b>Total of Capital Voted</b>		<b>5,507.90</b>	<b>2,353.65</b>	<b>3,154.29</b>	<b>57.27</b>	
<b>Capital Charged</b>						
57	97 Public Debt	689.91	432.24	257.67	37.35	Reason not intimated
<b>Total of Capital Charged</b>		<b>689.91</b>	<b>432.24</b>	<b>257.67</b>	<b>37.35</b>	
<b>Grand Total</b>		<b>8,805.19</b>	<b>3,957.48</b>	<b>4,847.77</b>	<b>55.06</b>	

(Source: Appropriation Accounts, 2017-18)

## APPENDIX - 2.3

## Statement showing unutilised provision of fund during 2017-18

(Reference: Paragraph 2.3.4; Page: 43)

(₹ in crore)

Sl. No	Grant No. & Name	Head of Account/ Description	Budget Provision			Savings	Reasons/ Remarks
			Original	Supplementary	Total		
1	6-District Administration	04-4070-800-17 Scheme under SADA	0.20	0.00	0.20	0.20	Not intimated
2	8-Police	04-4055-800-08 Creation of Assets under SADA	31.98	52.58	84.57	84.57	Not intimated
3	13-Directorate of Accounts	2701-01-111-01 Members of Legislative Assembly	4.00	1.40	5.40	5.40	Not intimated
		4047-800-05 Creation of Assets under SADA	0.40	0.00	0.40	0.40	Not intimated
4	14-Secondary School	08-2202-02-800-01 Affiliation Fees to Central Board of Secondary Education	0.02	0.00	0.02	0.02	Non-receipts of proposals
5	16-Art and Culture Affairs	05-4202-04-800-07 C/o Renovation of Community Hall	0.00	1.48	1.48	1.48	Not intimated
6	19-Industries	2408-01-800-03 Food, Storage and Warehouse	16.00	0.00	16.00	16.00	No reason
7	23-Forests	04-2406-01-800-09 Schemes under SADA	0.45	0.00	0.45	0.45	Not intimated
8	24-Agriculture	04-4415-80-800-01 Creation of Assets	0.00	0.15	0.15	0.15	Not intimated
9	29-Co-Operation	03-2425-001-02 Integrated Co-operative Development Project	0.00	2.80	2.80	2.80	Complication for registration of the Schemes
10	32-Roads and Bridges	07-5054-800-76 C/o Motorable Bridge Over Siyum River to Connect Left Bank at Paya in West Siang District	0.00	3.42	3.42	3.42	Non-completion of Physical Work
		07-5054-800-45 Bailey Bridge between Namara and Other Village	0.00	0.60	0.60	0.60	
		07-5054-800-70 C/o Steel Bridge over River Wome at Pake Point	0.00	0.33	0.33	0.33	
11	33-North Eastern Areas	09-4552-15-800-06 C/o Mega Festival cum Multipurpose Ground at	3.15	0.00	3.15	3.15	Not intimated

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		Tawang					
		09-4552-06-800-05 Infrastructure Development for VKV Kumporijo	0.33	0.00	0.33	0.33	Not intimated
		09-4552-18-800-94 Estt. Of 30 Bedded Hospital at Pareng, Sagalee	0.00	1.00	1.00	1.00	Not intimated
		09-4552-18-800-97 Estt. Of 50 Bedded Hospital at Pistana	0.00	0.83	0.83	0.83	Not intimated
		09-4552-19-800-06 C/o Flood and Erosion Management Scheme at Injan, Changlang District	0.00	0.78	0.78	0.78	Not intimated
		09-4552-06-800-13 Infrastructure Development at ME School at Longding	0.00	0.69	0.69	0.69	Not intimated
		09-4552-03-800-03 Estt. Of Poultry, Goaterry, Piggery, Dairy & Fisheries at Mai Village in L/Subansiri	0.26	0.00	0.26	0.26	Not intimated
12	34-Power	08-4801-05-800-23 Social and Infrastructure Development Fund	0.00	0.75	0.75	0.75	Non-receipt of LOC
13	38-Water Resources Department	04-2711-01-800-25 Schemes under SADA	5.24	0.68	5.92	5.92	Non-release of fund
14	50-Secretariat Economic Services	04-4070-800-17 Creation of Assets under SADA	40.00	0.00	40.00	40.00	Not intimated
15	54-State Tax and Excise	04-4070-800-17 Creation of Assets under SADA	0.25	0.25	0.50	0.50	Errorneous reflection of budget provision
16	57-Urban Development	08-4217-60-051-17 Creation of Assets under SIDF	0.00	14.72	14.72	14.72	Non-receipts of AA & ES
17	65-Department of Tirap, Changlang and Longding	04-2575-03-800-03 Schemes under SADA	0.40	0.00	0.40	0.40	Not intimated
18	68-Town Planning Department	04-4217-03-800-03 Creation of Assets under SADA	3.50	2.95	6.45	6.45	Not supported by Budgetary Documents
19	70-Administrative Training Institute	04-4070-800-17 Creation of Assets under SADA	0.82	0.00	0.82	0.82	Not supported by Utilisation Certificate



20	71-Department of Tawang and West Kameng	04-2205-800-08 Schemes under SADA	1.50	0.00	1.50	1.50	Non-Completion of Physical Works
		04-2205-800-05 Corpus Fund	0.00	1.00	1.00	1.00	
21	73-Information Technology	04-3425-60-800-03 Schemes under SADA	3.23	0.00	3.23	3.23	Not intimated
		08-3425-60-600-05 Establishment of CIC Project at CID Block in AP	2.60	0.00	2.60	2.60	Non-receipt of finance concurrence
		04-5425-600-01 National E-governance	2.00	0.00	2.00	2.00	Non-receipt of finance concurrence
22	76-Elementary Education	03-2202-01-107-01 District Institute of Education Training	15.00	7.74	22.74	22.74	Erroneous reflection of budget provision
23	77-Gauhati High Court Itanagar permanent Bench	08-4070-800-02 Creation of Assets	0.00	0.37	0.37	0.37	Not intimated
24	79-Department of Skill Development and Entrepreneurship	2230-03-800-10 Skill Development Mission	0.42	0.00	0.42	0.42	Non-consideration of the Scheme by the Finance Department
		04-4250-800-04 Creation of Assets under SADA	0.00	15.53	15.53	15.53	Non-consideration of the Scheme by the Finance Department
<b>Total</b>			<b>131.75</b>	<b>110.05</b>	<b>241.80</b>	<b>241.80</b>	

(Source: Appropriation Accounts, 2017-18)

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## APPENDIX - 2.4

**Cases of Substantial Surrenders (50 per cent and above of total provisions) made during the year  
(Reference: Paragraph 2.3.5; Page: 43)**

(₹ in crore)

Sl. No.	Number and Name of the Grants/ Appropriations	Head of Account	Total provision	Details of Surrender	
				Amount	Percent
1	6 District Administration	04-4070-800-17	176.80	174.80	98.87
		04-4070-800-18	150.00	150.00	100.00
2	7 Treasury and Accounts Administration	2049-05-105-01	50.00	50.00	100.00
3	10 Other General, Social and Community Services etc.	2250-800-02	298.80	298.80	100.00
		4250-800-05	339.76	339.76	100.00
4	14 Secondary Education	2202-04-103-03	4.10	3.69	90.00
5	15 Health and Family Welfare	2210-05-105-02	64.04	45.04	70.33
		2210-06-800-01	10.00	10.00	100.00
6	19 Industries	2408-01-800-03	150.00	103.10	68.73
		4852-02-800-01	36.71	35.00	95.35
		4408-01-103-01	3.05	2.67	87.46
7	20 Labour	2230-01-800-06	0.32	0.22	68.75
		2230-02-800-08	0.30	0.30	100.00
8	22 Food and Civil Supplies	2408-02-190-02	154.49	141.31	91.47
9	28 Animal Husbandry and Veterinary	03-2404-800-01	19.00	13.15	69.21
		04-2403-102-03	3.00	3.00	100.00
		04-4403-800-01	7.00	7.00	100.00
10	34 Power	03-2810-800-05	28.26	28.26	100.00
11	36 Statistics	04-3454-01-800-06	0.63	0.63	100.00
12	39 Loans to Government Servants	7610-202-01	2.00	2.00	100.00
13	42 Rural Development	04-4515-800-05	93.00	93.00	100.00
		03-4515-800-08	65.00	65.00	100.00
14	48 Horticulture	04-4401-800-06	2.00	2.00	100.00
15	52 Sports and Youth Services	04-4202-03-800-29	0.95	0.95	100.00
16	56 Tourism	3452-80-800-41	30.00	30.00	100.00
		03-3452-80-800-39	4.00	4.00	100.00
		08-3452-80-800-32	2.00	2.00	100.00
17	57 Urban Development	03-2217-80-800-11	88.00	88.00	100.00
		03-2217-80-800-12	34.85	25.36	72.77
18	75 Higher and Technical Education	08-2203-105-01	34.29	18.43	53.75
		2203-112-03	2.87	2.87	100.00
<b>Total</b>			<b>1,855.22</b>	<b>1,740.34</b>	<b>93.81</b>

(Source: Appropriation Accounts, 2017-18)

## APPENDIX - 2.5

## Details of savings of ₹ one crore and above not surrendered

(Reference: Paragraph 2.3.7; page: 43)

(₹ in crore)

Sl. No.	Number and Name of Grant/ Appropriation	Section	Savings	Surrender	Savings to be surrendered
1	1 Legislative Assembly	Revenue-Voted	5.02	1.70	3.32
2	4 Election	Capital-Voted	4.16	0.00	4.16
3	5 Secretariat Administration	Revenue-Voted	1.28	0.00	1.28
4	6 District Administration	Revenue-Voted	9.48	7.02	2.46
5	7 Treasury and Accounts Administration	Revenue-Voted	2.78	0.00	2.78
6	8 Police	Capital-Voted	84.57	0.00	84.57
7	14 Secondary Education	Revenue-Voted	156.63	122.37	34.26
8	15 Health and Family Welfare	Capital-Voted	82.76	21.87	60.89
9	16 Art and Cultural Affairs	Revenue-Voted	3.74	0.00	3.74
		Capital-Voted	9.36	0.00	9.36
10	18 Research	Revenue-Voted	5.21	0.00	5.21
		Capital-Voted	4.68	0.00	4.68
11	19 Industries	Revenue-Voted	144.26	103.10	41.16
		Capital-Voted	39.54	37.67	1.87
12	21 Directorate of Sports	Revenue-Voted	12.27	0.00	12.27
		Capital-Voted	29.90	0.00	29.90
13	22 Food and Civil Supply	Revenue-Voted	148.80	141.31	7.49
		Capital-Voted	13.40	0.00	13.40
14	23 Forests	Revenue-Voted	17.97	0.00	17.97
15	24 Agriculture	Revenue-Voted	17.19	16.03	1.16
		Capital-Voted	5.83	0.00	5.83
16	26 Rural Works	Revenue-Voted	3.6	0.00	3.6
		Capital-Voted	504.26	379.39	124.87
17	27 Panchayat	Revenue-Voted	62.76	57.51	5.25
18	28 Animal Husbandry and Veterinary	Revenue-Voted	17.36	13.15	4.21
19	29 Co-operation	Revenue-Voted	2.75	0.00	2.75
		Capital-Voted	11.56	0.78	10.78
20	30 State Transport	Capital-Voted	1.47	0.00	1.47
21	31 Public Works	Revenue-Voted	41.06	0.00	41.06
		Capital-Voted	169.42	0.00	169.42
22	32 Roads and Bridges	Revenue-Voted	10.99	0.00	10.99
		Capital-Voted	303.64	0.00	303.64
23	33 North Eastern Areas	Capital-Voted	23.75	0.00	23.75
24	34 Power	Revenue-Voted	109.51	101.31	8.20
		Capital-Voted	287.96	175.38	112.58
25	35 Information and Public Relations	Revenue-Voted	2.36	0.00	2.36
		Capital-Voted	2.00	0.00	2.00
26	36 Statistics	Revenue-Voted	2.10	0.00	2.10
27	38 Water Resources Department	Revenue-Voted	18.72	0.00	18.72
		Capital-Voted	1.34	0.00	1.34

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28	40 Housing	Revenue-Voted	2.54	0.00	2.54
		Capital-Voted	40.3	0.00	40.3
29	42 Rural Development	Revenue-Voted	68.32	0.00	68.32
30	43 Fisheries	Capital-Voted	5.8	0.28	5.52
	44 Attached Offices of the Secretariat Administration	Revenue-Voted	1.46	0.00	1.46
31	47 Administration of Justice	Capital-Voted	4.39	0.00	4.39
32	48 Horticulture	Revenue-Voted	29.29	19.14	10.15
33	50 Secretariat Economic Services	Capital-Voted	359.74	0.00	359.74
34	51 Directorate of Library	Capital-Voted	3.95	1.50	2.45
35	53 Fire Protection and Control	Revenue-Voted	1.19	0.00	1.19
		Capital-Voted	2.36	0.00	2.36
36	54 State Tax and Excise	Revenue-Voted	4.46	2.10	2.36
37	56 Tourism	Revenue-Voted	42.16	40.39	1.77
		Capital-Voted	95.58	0.00	95.58
38	57 Urban Development	Capital-Voted	113.45	0.00	113.45
39	59 Public Health Engineering	Revenue-Voted	97.15	0.00	97.15
		Capital-Voted	60.35	0.00	60.35
40	60 Textile and Handicraft	Revenue-Voted	11.39	0.00	11.39
41	65 Department of Tirap, Changlang and Longding	Capital-Voted	8.91	0.00	8.91
42	66 Hydro Power Development	Revenue-Voted	2.62	0.00	2.62
		Capital-Voted	4.35	0.00	4.35
43	67 State Information Commission	Revenue-Voted	1.69	0.35	1.34
44	68 Town Planning Department	Revenue-Voted	199.43	0.00	199.43
		Capital-Voted	6.45	0.00	6.45
45	71 Department of Tawang and West Kameng	Revenue-Voted	3.03	0.00	3.03
46	73 Information Technology	Revenue-Voted	3.94	0.00	3.94
		Capital-Voted	18.86	0.00	18.86
47	74 Social Justice, Empowerment and Tribal Affairs	Capital-Voted	22.24	0.00	22.24
48	75 Higher and Technical Education	Revenue-Voted	56.02	51.75	4.27
		Capital-Voted	60.95	0.00	60.95
49	76 Elementary Education	Revenue-Voted	205.10	127.17	77.93
50	79 Department of Skill Development and Entrepreneurship	Revenue-Voted	5.42	0.00	5.42
		Capital-Voted	15.53	0.00	15.53
51	Public Debt	Revenue-Voted	18.93	0.00	18.93
		Capital-Voted	257.67	28.74	228.93
	<b>Total</b>		<b>4,210.46</b>	<b>1,450.01</b>	<b>2,760.45</b>

(Source: Appropriation Accounts, 2017-18)

## APPENDIX - 2.6

**Details of excess over provisions during 2017-18**  
(Reference: Paragraph 2.3.8; page: 44)

(₹ in crore)

Sl. No.	Number and Name of the Grant/Appropriations	Total Grant/ Appropriation	Expenditure	Excess
<b>Revenue Voted</b>				
1	13 Directorate of Accounts	706.43	866.01	159.58
2	30 State Transport	106.62	106.63	0.01
3	33 North Eastern Areas	15.21	16.43	1.22
4	41 Land Management	23.96	24.04	0.08
5	50 Secretariat Economic Services	27.44	27.67	0.23
6	72 Directorate of Prison	13.23	13.55	0.32
7	74 Social Justice, Empowerment and Tribal Affairs	115.14	130.09	14.95
<b>Revenue Charged</b>				
8	12 Social Security and Welfare	3.86	3.86	0.0004
<b>Capital Voted</b>				
9	76 Elementary Education	5.86	6.46	0.60
<b>Total</b>		<b>1,017.75</b>	<b>1,194.74</b>	<b>176.99</b>

(Source: Appropriation Accounts, 2017-18)

## APPENDIX - 2.7

### Statement showing excess expenditure relating to previous years requiring regularization (Reference: Paragraph 2.3.9; page: 45)

(₹ in crore)

Year	No. of Grants/ Appropriations	Grants/Appropriations	Excess Amount	Stage of consideration by PAC
1986-87 (UT Period)	13	1,7,11,12,13,15,17,30,32,34,39,40 & 42	6.56	No meeting of the PAC was held during 2017-18 to discuss excess expenditure over Grants/ Appropriations
1986-87 (State Period)	28	1,2,3,6,7,8,10,11,13,14,16,18,19,20,22, 24,27,28, 29,31,32,33,34,38,39,40,42 & 43	12.71	
1987-88	16	14,18,19,22,23,24,26,30,31,32,33,34,35,40,42 & Public Debt	9.06	
1988-89	12	1,13,15,17,21,24,30,31,32,34,40 & Public Debt	54.51	
1989-90	15	8,10,15,30,31,32,33,34,38,40,43,45,48, 49 & Public Debt	17.49	
1990-91	16	5,8,13,15,19,23,24,26,30,31,32,34,40,44,48 & Public Debt	28.61	
1991-92	17	4,8,10,14,15,18,19,23,25,28,30,31,34,37,42,43 & Public Debt	63.12	
1992-93	11	14,15,18,28,30,31,34,40,43,21 & 38	27.91	
1993-94	12	8,15,19,25,28,30,31,32,34,38,40 & 45	30.66	
1994-95	18	6,8,11,15,21,22,23,26,28,29,31,32,34,38,40,42,43 & 45	64.45	
1995-96	24	8,9,11,13,14,15,16,18,20,21,23,24,28,29,31,32,34,40, 41,51,53,59,60 & Public Debt	38.41	
1996-97	12	1,9,11,13,14,21,28,30,31,34,40 & 51	14.86	
1997-98	15	9,10,11,13,15,20,25,30,31,34,41,46,48, 59 & 60	25.34	
1998-99	15	1,7,13,15,19,20,31,34,36,41,50,53,54, 64 & Public Debt	25.26	
1999-00	7	13,31,44,52,53,60 & Public Debt	14.27	
2000-01	12	1,3,8,13,19,28,32,34,36,50,52 & 62	13.27	
2001-02	13	1,7,8,11,13,14,16,22,28,33,35,48 & 59	27.08	
2002-03	14	1,4,5,7,13,19,23,28,31,43,46,58,61 & 62	9.70	
2003-04	21	5,13,15,16,24,26,28,31,32,33,35,36,42,43, 44, 47,5 6, 58, 59, 61 & 62	20.15	
2004-05	17	8,14,15,18,19,26,28,31,32,33,40,43,48, 58,61,65,66 & Public Debt	46.46	
2005-06	13	1,5,8,16,25,35,41,43,52,56,58,60,66 & Public Debt	266.95	
2006-07	18	5,11,13,15,24,28,29,33,35,36,38,40,41,48,58,60, 61,62 & Public Debt	173.74	
2007-08	19	1,8,13,17,24,29,30,35,36,37,43,48,51, 52, 58,62,63,64 & 65	31.77	
2008-09	13	5,9,14,17,29,34,37,43,45,48,56,59 & 65	70.60	
2009-10	12	13,14,16,28,31,35,36,43,44,50,53 & 56	33.37	
2010-11	17	12, 13, 14, 16, 20, 28, 29, 30, 33, 36, 44, 48, 54, 56, 61, 72 & Public Debt	157.64	
2011-12	16	8,16,17,19,29,34,37,39,43,45,47,48,51,62,65,66	43.75	
2012-13	5	5,13,23,43,62	63.06	
2013-14	16	7,13,17,18,25,29,30,35,43,47,48,51,54,60,62	65.87	
2014-15	12	1,7,13,16,19,21,43,52,70,72,76,97	705.09	
2015-16	15	5, 7, 13, 14, 16, 26, 43, 48, 51, 53, 65, 67, 71, 76, 97	474.5	
2016-17	15	6, 8, 13, 17, 26, 33, 43, 48, 55, 59, 62, 63, 65, 71, 76	344.92	
<b>TOTAL</b>			<b>2,981.14</b>	

(Source: Appropriation Accounts of the respective years)

## APPENDIX - 2.8

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

(Reference: Paragraph 2.3.10; page: 45)

(₹ in crore)

Sl. No.	Number and Name of the Grant/Appropriations	Original Provision	Actual Expenditure	Savings out of the original provision	Supplementary Provision
<b>Revenue Voted</b>					
1	15 Health and Family Welfare	994.92	893.51	101.41	0.30
2	18 Research	19.65	14.8	4.85	0.35
3	21 Directorate of Sports	49.84	39.5	10.34	1.93
4	28 Animal Husbandry and Veterinary	140.96	123.79	17.17	0.18
5	35 Information and Public Relations	26.19	25.52	0.67	1.69
6	60 Textile and Handicraft	46.71	44.95	1.76	9.63
7	64 Trade and Commerce	3.92	3.24	0.68	0.12
8	68 Town Planning Department	100.73	40.06	60.67	138.76
9	71 Department of Tawang and West Kameng	2.96	1.26	1.70	1.33
10	79 Department of Skill Development and Entrepreneur	30.55	26.67	3.88	1.55
<b>Revenue Charged</b>					
11	1 Legislative Assembly	0.66	0.56	0.10	0.26
12	Public Debt	669.38	667.06	2.32	16.61
<b>Capital Voted</b>					
13	8 Police	31.98	0.00	31.98	52.58
14	15 Health and Family Welfare	124.17	41.71	82.46	0.30
15	18 Research	4.23	3.67	0.56	4.12
16	29 Co-operation	12.3	5.96	6.34	5.22
17	30 State Transport	13.00	12.30	0.70	0.77
18	34 Power	477.19	196.73	280.46	7.50
19	47 Administration of Justice	8.75	6.14	2.61	1.78
20	50 Secretariat Economic Services	728.38	389.28	339.10	20.64
21	54 State Tax and Excise	0.25	0.00	0.25	0.25
22	56 Tourism	37.80	31.12	6.68	88.91
23	57 Urban Development	268.67	238.38	30.29	83.15
24	68 Town Planning Department	3.50	0.00	3.50	2.95
25	75 Higher and technical Education	47.00	39.47	7.53	53.42
<b>Total</b>		<b>3,843.69</b>	<b>2,845.68</b>	<b>998.01</b>	<b>494.30</b>

(Source: Appropriation Accounts, 2017-18)

# APPENDICES

## APPENDIX - 2.9

### Details of Excessive/ Inadequate supplementary provision (₹ one crore and above) (Reference: Paragraph 2.3.11; page: 46)

(₹ in crore)

Sl. No.	Number and Name of the Grant/ Appropriation	Details of Budget provisions			Expenditure	Supplementary Provisions	
		Original	Supplementary	Total		Excess(+)/ Less(-)	Per cent
<b>Revenue Voted</b>							
1	1-Legislative Assembly	39.33	19.81	59.14	54.13	5.01	25
2	5-Secretariat Administration	116.59	33.84	150.43	149.15	1.28	4
3	7-Treasury and Accounts Administration	20.41	70.51	90.92	88.14	2.78	4
4	13-Directorate of Accounts	606.27	100.16	706.43	866.01	(-)159.58	159
5	16-Art and Cultural Affairs	10.73	4.89	15.61	11.87	3.74	76
6	23-Forests	189.48	46.68	236.16	218.19	17.97	38
7	26-Rural Works	207.30	16.77	224.08	220.48	3.60	21
8	29-Co-operation	13.31	3.74	17.04	14.30	2.74	73
9	31-Public Works	244.33	59.29	303.62	262.57	41.05	69
10	32-Roads and Bridges	371.30	180.71	552.02	541.03	10.99	6
11	33-North Eastern Areas	13.54	1.67	15.21	16.43	(-)1.22	(-)73
12	36-Statistics	21.39	6.60	27.99	25.89	2.10	32
13	38-Water Resource Department	150.84	142.75	293.59	274.86	18.73	13
14	40-Housing	26.26	29.50	55.76	53.21	2.55	9
15	42-Rural Development	453.39	73.20	526.59	458.27	68.32	93
16	44-Attached offices of the Secretariat Administration	10.81	20.16	30.97	29.51	1.46	7
17	53-Fire Protection and Control	18.49	1.92	20.41	19.23	1.18	61
18	59-Public Health Engineering	569.74	197.75	767.49	670.34	97.15	49
19	66-Hydro Power Development	113.28	13.74	127.02	124.40	2.62	19
20	73-Information Technology	26.37	6.62	32.99	29.04	3.95	60
21	74-Social Justice, Empowerment and Tribal Affairs	102.32	12.83	115.14	130.09	(-)14.95	(-)117
22	76-Elementary Education	849.61	433.27	1282.88	1077.79	205.09	47
<b>Capital Voted</b>							
23	4- Election	0.00	8.78	8.78	4.62	4.16	47
24	16-Art and Cultural Affairs	4.00	13.81	17.81	8.45	9.36	68
25	21-Directorate of Sports	0.26	33.90	34.16	4.26	29.90	88
26	22-Food and Civil Supplies	2.50	19.28	21.78	8.38	13.40	70
27	24-Agriculture	0.00	8.15	8.15	2.32	5.83	72
28	26-Rural Works	450.00	575.79	1025.79	521.53	504.26	88
29	31-Public Works	112.88	193.65	306.52	137.10	169.42	87
30	32-Roads and Bridges	184.34	755.82	940.16	636.52	303.64	40
31	33-North Eastern Areas	51.15	94.12	145.27	121.52	23.75	25
32	35-Information and Public Relations	0.50	2.20	2.70	0.70	2.00	91



33	38-Water Resource Department	40.46	30.45	70.91	69.57	1.34	4
34	40-Housing	8.40	59.21	67.61	27.31	40.30	68
35	59-Public Health Engineering	288.53	74.34	362.87	302.52	60.35	81
36	65 –Department of Tirap, Changlang and Longding	0.00	55.97	55.97	47.06	8.91	16
37	66-Hydro Power Development	35.00	23.54	58.54	54.19	4.35	18
38	74-Social Justice, Empowerment and Tribal Affairs	102.00	76.96	178.96	156.72	22.24	29
39	79- Department of Skill Development and Entrepreneurship	0.00	15.53	15.53	0.00	15.53	100
<b>Total</b>		<b>5,455.11</b>	<b>3,517.90</b>	<b>8,973.01</b>	<b>7,437.70</b>	<b>1,535.31</b>	<b>44</b>

(Source: Appropriation Accounts, 2017-18)

APPENDIX - 2.10

**Injudicious re-appropriation resulted in savings/ excess of over ₹ one crore**

*(Reference: Paragraph 2.3.12; page: 46)*

*(₹ in lakh)*

Sl. No.	Grant/ Appropriation	Description	Major Head	Re-appropriation	Excess (+)/ Savings (-)
1	13	01 Civil 102 Commuted Value of Pensions 01 Ordinary Pension	2071	(+) 5.00	(-) 1,084.06
2	14	02 Secondary Education 109 Government Secondary Schools 07 District Establishment	2202	(-) 15,024.85	(-) 188.78
3		02 Secondary Education 800 Other Expenditure 16 Rastriya Madhyamik Shiksha Abhiyan (RMSA)	2202	(+) 4,159.85	(-) 754.07
4		04 Adult Education 200 Other Adult Education Programmes 04 Adult Education	2202	(+) 2,728.8	(-) 2,494.8
5		01 General Education 800 Other Expenditure 28 Creation of Assets under SADA	4202	(-) 2,841.70	(-) 280.77
6		15	06 Public Health 800 Other Expenditure 02 National Health Mission	2210	(-) 15,507.97
7	05 Medical Education, Training and Research 105 Allopathy 02 Grants towards Tomo		2210	(-) 5,026.00	(-) 278.00
8	03 Rural Health Services-Allopathy 110 Hospitals and Dispensaries 01 Establishment Expenses		2210	(+) 2,755.14	(+) 2,011.95
9	80 General 800 Other Expenditure 02 Schemes under SADA		2210	(+) 4,746.08	(-) 1,405.44
10	001 Direction and Administration 01 Establishment Expenses		2211	(+) 735.40	(+) 461.08
11	80 General 800 Other Expenditure 11 Creation of Assets under SADA		4210	(-) 88.35	(-) 5,385.18
12	80 General 800 Other Expenditure 06 Construction of Buildings		4210	(+) 879.10	(-) 703.88
13	18	800 Other Expenditure 08 Schemes under SADA	2205	(-) 93.84	(-) 520.61
14		04 Art and Culture 800 Other Expenditure 01 Creation of Assets	4202	(+) 422.84	(-) 789.19
15	19	01 Food 800 Other Expenditure 03 Chief Minister's Swalambam Yojana (NABARD)	2408	(-) 13,400.00	(-) 1,600.00

16		80 General 800 Other Expenditure 08 Grants to APIDFC	2852	(+) 999.00	(-) 322.53
17		01 Food 800 Other Expenditure 02 Schemes under SADA	2408	(+) 2,123.22	(-) 2,033.72
18		800 Other Expenditure 06 Creation of Assets under SADA	4851	(+) 209.00	(-) 187.48
19	21	800 Other Expenditure 07 Schemes under SADA	2204	(-) 335.00	(-) 1,166.06
20		03 Sports and Youth Services 800 Other Expenditure 22 Schemes under ACA/SPA	4202	(+) 26.00	(-) 1,988.00
21	22	001 Direction and Administration 01 Establishment Expenses	3456	(+) 223.43	(-) 674.60
22	23	01 Forestry 001 Direction Administration 01 Establishment Expenses	2406	(+) 271.37	(-) 1,294.46
23		02 Environment Forestry and Wildlife 110 Zoological Park 01 Establishment Expenses	2406	(+) 355.49	(-) 195.20
24	24	03 CSS 800 Other Expenditure 45 Rashtriya Krishi Vikas Yojana (RKVY)	2401	(-) 796.28	(-) 121.17
25		04 State Plan Schemes 800 Other Expenditure 87 Schemes under SADA	2401	(+) 683.32	(-) 334.63
26		03 CSS 800 Other Expenditure 57 Sub-Mission on Agricultural Mission (SNAM)	2401	(+) 685.73	(-) 540.73
27		03 CSS 800 Other Expenditure 55 National Mission on Agriculture Extension and Technology (NMAET)	2401	(-) 494.33	(+) 573.48
28	26	03 CSS 05 Roads 800 Other Expenditure 02 Schemes under PMGSY	5054	(-) 37,939.22	(-) 949.92
29	27	04 State Plan Schemes 800 Other Expenditure 10 Schemes under SADA	2515	(+) 563.19	(-) 438.00
30	29	03 CSS 107 Loans to Credit Co-Operatives 02 Loans to Co-operative Apex Bank	6425	(+) 170.44	(-) 161.16
31	33	09 NEC 01 Horticulture 800 Other Expenditure 06 Cultivation of Citronella in Pochau and Wakka at Tirap	2552	(+) 17.70	(+) 159.30
32		16 Roads and Bridges 800 Other Expenditure 46 Seppa Chayangtajo Road	4552	(+) 400.00	(-) 1,130.93
33		15 Tourism Department 800 Other Expenditure 06 C/o Mega Festival Cum Multipurpose Groung at Tawang	4552	(-) 17.00	(-) 315.00

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34	34	05 Transmission and Distribution 001 Direction and Administration 01 Establishment Expenses	2801	(-)1,448.10	(-)615.13
35		800 Other Expenditure 01 Grants to Arunachal Pradesh Energy Development Agency	2810	(+) 133.92	(-) 168.00
36		03 CSS 80 General 800 Other Expenditure 17 Rajiv Gandhi Gramya Vikash Yojana (RGGVY)	4801	(-) 12,536.00	(-) 2,566.00
37		04 State Plan Schemes 01 Hydel Generation 800 other Expenditure 25 Creation of Assets under SADA	4801	(+) 4,759.99	(-) 7,834.71
38	38	04 State Plan Schemes 80 General 800 Other Expenditure 13 Schemes under SADA	2702	(+) 3,600.00	(-) 1,295.48
39	42	04 State Paln Schemes 800 Other Expenditure 10 Schemes under SADA	2515	(+) 5,000.00	(-) 6,200.00
40		03 CSS 001 Direction and Administration 01 Establishment Expenses	2515	(+) 983.47	(-) 533.25
41	43	04 State Plan Schemes 800 Other Expenditure 03 Scheme on ACA/SPA/SIDF etc	4405	(+) 280.00	(-) 252.00
42	45	04 State Plan Schemes 80 General 800 Other Expenditure 13 Schemes under SADA	5053	(-) 732.39	(+) 207.08
43	47	03 CSS 80 General 800 Other Expenditure 04 Construction of Court Building	4059	(+) 827.13	(-) 406.44
44	48	04 State Plan Schemes 800 Other Expenditure 62 Schemes under SADA	2401	(+) 179.50	(-) 2711.55
45		04 State Plan Schemes 01 Crop Husbandary 119 Horticulture and Vegetable Crops 01 Establishment Expenses	2401	(+) 1,437.13	(-) 508.75
46	50	03 State Plan Schemes 800 Other Expenditure 17 Creation of Assets under SADA	4070	(-) 2,338.00	(-) 4,000.00
47		800 Other Expenditure 19 Schemes under MLALAD/ Untied Fund	4070	(+) 35,668.33	(-) 22,871.94
48		800 Other Expenditure 18 Scheme under BADP	4070	(+) 17,825.89	(-) 7,085.09
49		04 State Plan Schemes 800 Other Expenditure 02 Creaqtion of Assets	4070	(+) 3,343.78	(-) 3,328.78
50	51	01 General Education 800 Other Expenditure 01 Creation of Assets	4202	(-) 150.00	(-) 244.55

51	55	04 State Plan Schemes 800 Other Expenditure 05 Schemes under SADA	2039	(+) 52.94	(-) 125.00
52		04 State Plan Schemes 001 Direction and Administration 02 District Establishment	2039	(+) 55.33	(-) 110.50
53	56	04 State Plan Schemes 80 General 800 Other Expenditure 13 Schemes under SADA	3452	(-) 861.01	(-) 147.57
54		04 State Plan Schemes 01 Tourism Infrastructure 101 Tourist Centre 53 Creation of Assets under SADA	5452	(+) 3,734.10	(-) 9,539.59
55	57	04 State Plan Schemes 60 Other Urban Development Schemes 051 Construction 15 Creation of Assets under SADA	4217	(+) 25,316.95	(-) 9,869.62
56	59	04 State Plan Schemes 01 Water Supply 800 Other Expenditure 25 Schemes under SADA	2215	(-) 5,087.86	(-) 115.05
57		03 CSS 01 Water Supply 800 Other Expenditure 23 Swachha Bharat Mission (Gramin)	2215	(+) 11,046.50	(-) 4,994.34
58	60	800 Other Expenditure 25 Schemes under SADA	2851	(+) 207.32	(-) 1,100.16
59	67	105 Special Commission of Enquiry 01 Establishment Expenses	2070	(-) 35.14	(-) 133.80
60	68	03 Integrated Development of Small and Medium Towns 800 Other Expenditure 01 Development Activities	2217	(+) 7,172.29	(-) 18,996.94
61		03 Integrated Development of Small and Medium Towns 800 Other Expenditure 03 Capacity Building Programme for Urban Local Bodies	2217	(-) 7846.28	(-) 1124.25
62	71	04 State Plan Schemes 800 Other Expenditure 08 Schemes under SADA	2205	(-) 50.00	(+) 150.00
63	74	08 CSS (fully funded by Central Government) 02 Social Welfare 800 Other Expenditure 17 Post Matric Scholarship to ST students	2235	(+) 1,588.58	(+) 1,884.02
64		08 CSS (fully funded by Central Government) 02 Social Welfare 001 Direction and Administration 01 Establishment Charges	2235	(+) 318.30	(-) 275.73
65	75	04 State Plan Schemes 03 University and Higher Education 800 Other Education 12 Schemes under SADA	2202	(-) 5,368.53	(+) 943.80

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66		8 CSS (fully funded by Central Government) 105 Polytechnics 01 Polytechnic Establishment	2203	(-) 2,005.97	(-) 165.55
67		03 CSS 03 University and Higher Education 800 Other Expenditure 11 Rashtriya Uchcharat Shiksha Abhiyan	2202	(-) 1,024.50	(-) 1,000.50
68		03 university and Higher Education 103 Government Colleges and Institutes 01 College Establishment	2202	(+) 3299.31	(-) 105.56
69		03 CSS 01 Elementary Education 800 Other Expenditure 002 Sarva Shiksha Abhiyan	2202	(-) 12,717.45	(-) 2,879.49
70	76	8 CSS (fully funded by Central Government) 01 Elementary School 800 Other Expenditure 18 RKM School Lumdung, West Kameng	2202	(+) 153.38	(-) 750.00
71	79	04 State Plan Schemes 03 Training 800 Other Expenditure 14 Schemes under SADA	2230	(+) 173.44	(-) 162.88
72	Public Debt	111 Special Securities Issued to National Small Savings Fund of the Central Government 06 Loans from NSSF	6003	(+) 1,766.65	(+) 750.10

(Source: Appropriation Accounts, 2017-18)

## APPENDIX - 3.1

**Statement showing Bodies and Authorities, accounts of which were not received**  
(Reference: Paragraph 3.2; page: 56)

Sl. No.	Body/Authority	Category	Years for which Accounts not received	Provision under which Audit conducted
1	Arunachal Pradesh Agriculture Marketing Board, Naharlagun	State AB	2005-06 to 2017-18	19(1)
2	Central School for Tibetans, Miao	NGO	2009-10 to 2017-18	14 (1)
3	District Rural Development Agency, Along	State AB	2009-10 to 2017-18	14 (1)
4	District Rural Development Agency, Anini	State AB	2009-10 to 2017-18	14 (1)
5	District Rural Development Agency, Bomdila	State AB	2009-10 to 2017-18	14 (1)
6	District Rural Development Agency, Changlang	State AB	2009-10 to 2017-18	14 (1)
7	District Rural Development Agency, Daporijo	State AB	2009-10 to 2017-18	14 (1)
8	District Rural Development Agency, Khonsa	State AB	2014-15 & 2017-18	14 (1)
9	District Rural Development Agency, Pasighat	State AB	2009-10 to 2017-18	14 (1)
10	District Rural Development Agency, Tezu	State AB	2009-10 to 2017-18	14 (1)
11	District Rural Development Agency, Tawang	State AB	2009-10 to 2017-18	14 (1)
12	District Rural Development Agency, Yingkiong	State AB	2009-10 to 2017-18	14 (1)
13	District Rural Development Agency, Ziro	State AB	2009-10 to 2017-18	14 (1)
14	District Rural Development Agency, Seppa	State AB	2014-15 & 2017-18	14 (1)
15	District Rural Development Agency, Roing	State AB	2014-15 & 2017-18	14 (1)
16	Donyi Polo Mission, Itanagar	NGO	2014-15 & 2017-18	14 (1)
17	Member Secretary, Arunachal Pradesh State Council for Science & Technology	State AB	2013-14 to 2017-18	14 (1)
18	Ram Krishna Mission, Vivekananda Nagar Along	NGO	2005-06 to 2017-18	14 (1)
19	Ram Krishna Mission, Narottam Nagar Deomali	NGO	2011-12 to 2017-18	14 (1)
20	Ram Krishna Mission Hospital, Itanagar	NGO	2011-12 to 2017-18	14 (1)
21	Ram Krishna Mission, Khonsa	NGO	2005-06 to 2017-18	14 (1)
22	Arunachal Pradesh Building & Other Constructions Workers Welfare Board, Naharlagun	State AB	2012-13 to 2017-18	19 (2)
23	Arunachal Pradesh State Legal Service Authority, Itanagar	State AB	2007-08 to 2017-18	19 (2)
24	Arunachal Pradesh State Electricity Regulatory commission	State AB	2015-16 to 2017-18	19 (2)
25	State Compensatory Afforestation Fund & Planning Authority	State AB	2010-11 to 2017-18	19 (2)

(AB:-Autonomous Bodies, NGO:-Non-Governmental Organisations)

## APPENDIX - 3.2

Statement showing 100 per cent transactions booked under '800-Other Expenditure'  
(Reference: Paragraph 3.5; page: 58)

(₹ in crore)

Major Head	Description	Total Expenditure under the Major Head	Total Expenditure under '800-Other Expenditure'	Percentage to Total Expenditure under the Major Head
2506	Land Reforms	5.55	5.55	100
2552	North Eastern Areas	16.43	16.43	100
2711	Flood Control and Drainage	18.60	18.60	100
2810	New and Renewable Energy	18.51	18.51	100
2852	Industries	7.16	7.16	100
3275	Other Communication Services	30.42	30.42	100
4047	Capital Outlay on Other Fiscal Services	397.10	397.10	100
4210	Capital Outlay on Medical and Public Health	41.71	41.71	100
4215	Capital Outlay on Water Supply and Sanitation	302.52	302.52	100
4216	Capital Outlay on Housing	27.31	27.31	100
4235	Capital Outlay on Social Security and Welfare	156.72	156.72	100
4425	Capital Outlay on Co-operation	4.21	4.21	100
4515	Capital Outlay on Other Rural Development Programmes	53.10	53.10	100
4552	Capital Outlay on North Eastern Areas	121.52	121.52	100
4575	Capital Outlay on other Special Areas	47.06	47.06	100
4711	Capital Outlay on Flood Control Projects	66.00	66.00	100
4801	Capital Outlay on Power Projects	250.92	250.92	100
4851	Capital Outlay on Village and Small Industries	8.13	8.13	100
5055	Capital Outlay on Road Transport	12.39	12.39	100
5425	Capital Outlay on Other Scientific and Environmental Research	13.14	13.14	100
<b>Total</b>		<b>1,598.50</b>	<b>1,598.90</b>	<b>100</b>



## APPENDIX - 3.3

**Details of outcomes of Public Accounts Committee meetings held in  
August and October 2018**

*(Reference: Paragraph 3.6; page: 59)*

Sl. No	Date on PAC held	Grant No/ Department	Year of Accounts	No. of grants discussed
1	06 August 2018	26/ Rural Works Department	2012-13	01
2	08 August 2018	57/ Urban Development & Housing	2009-10, 2012-13, 2013-14, 2015-16 & 2016-17	05
3	25 October 2018	08/ Home	2009-10 & 2015-16	02
		46/ Public Service Commission	2008-09 to 2016-17	09
		05/ Secretariat Administration	2010-11	01
4	26 October 2018	11/ Social Welfare	2009-10 & 2010-11	02
		59/ Public Health Engineering	2010-11 to 2016-17	07
		51/ Library	2010-11	01
		52/ Sports & Youth Affairs	2012-13	01
		68/ Town Planning	2016-17	01
		29/ Cooperation	2016-17	01
		04/ Election	2009-10, 2010-11, 2011-12, 2012-13, 2014-15, 2015-16 & 2016-17	07
15/ Health & Family Welfare	2008-09 to 2015-16	08		
5	29 October 2018	23/ Forest	2009-10	01
		21/ Tax & Excise	2009-10	01
<b>Total</b>				<b>48</b>





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