

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 2005**

GOVERNMENT OF ARUNACHAL PRADESH

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Preface

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2005.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works, Rural Works and Social Welfare, Women and Child Development Department, revenue receipts, audit of autonomous bodies and departmentally run commercial undertakings.*
4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2004-05 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2004-05 have also been included wherever necessary.*

Private

1. This Report has been prepared for submission to the C.A. prior to the meeting of the Commission.

2. Chapters I and II of this report respectively contain the findings and conclusions on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2005.

3. The remaining chapters deal with the findings of performance audit and with the observations in the various departments including the Public Works, Rural Works and Social Welfare, Women and Child Development, Department, revenue receipts audit of autonomous bodies and departmentally controlled undertakings.

4. The cases mentioned in the Report are among those which have been noted in the course of the audit of accounts during the year 2004-05 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period reported to 2004-05 have also been included wherever necessary.

OVERVIEW

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This Report contains 32 audit paragraphs (including three general paragraphs), two performance reviews and one chapter on Internal Control/Internal Audit apart from comments on the Finance and Appropriation Accounts. According to existing arrangement, copies of the draft audit paragraphs and draft performance reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. The Secretaries are also reminded for replies. Besides, the Chief Secretary to the State Government was also requested to arrange for discussion of the issues raised in the draft audit paragraphs, draft performance reviews, *etc.*, for effective inclusion of the views/comments of the Government in the Audit Report. Despite such efforts, no response was received in respect of 27 audit paragraphs, two reviews and the chapter on Internal Control/Internal Audit from the concerned Secretary to the State Government.

1. Finances of the State Government

- Though the revenue receipts of the State increased at an average rate of 9.56 *per cent* during 2000-05, they had decreased by 4.73 *per cent* during the year as compared to the previous year. While 14 *per cent* of the revenue receipts during 2004-05 have come from the State's own resources, central tax transfers and grants in aid together contributed 86 *per cent*.
(Paragraph 1.5.2)
- The total expenditure of the State increased from Rs.1,246.61 crore in 2000-01 to Rs.1,890.68 crore in 2004-05 at an average trend rate of 12.24 *per cent* per annum. The rate of growth of total expenditure was higher than the rate of growth of revenue receipts during the year. Expenditure in General Services was generally stable during these years, while the relative share of interest payments in total expenditure had declined. Relative share of expenditure on Economic Services was also generally stable.
(Paragraph 1.6.1)
- Overall revenue expenditure of the State increased from Rs.979.62 crore in 2000-01 to Rs.1,509.64 crore in 2004-05 at an average rate of 13.14 *per cent* per annum. On an average 78 *per cent* of the total expenditure was on current consumption.
(Paragraph 1.6.2)
- Interest payment increased steadily by 21.73 *per cent* from Rs.120.68 crore in 2000-01 to Rs.146.90 crore in 2004-05.
(Paragraph 1.6.2 (iii))
- Return from Government's investment (Rs.16.23 crore) in its Statutory Corporations, Government companies, *etc.*, was below one *per cent*

during 2000-05, while average interest rate paid by Government on its borrowings was 10.94 *per cent*. This resulted in implicit subsidy of Rs.8.24 crore during the period.

(Paragraph 1.8.2)

- Overall fiscal liabilities of the State increased from Rs.945.66 crore in 2000-01 to Rs.1,777.54 crore in 2004-05 at an average rate of 18.02 *per cent*. Net availability of funds from the borrowings ranged between 11.93 *per cent* and 20.29 *per cent* during the period.

(Paragraph 1.8.6(i))

- In proportion to the State's gross domestic product, the fiscal deficit had increased from 11.05 *per cent* in 2003-04 to 15.71 *per cent* in 2004-05 and primary deficit from 4.78 *per cent* in 2003-04 to 9.74 *per cent* in 2004-05.

(Paragraph 1.9.1)

2. Allocative priorities and appropriation

- During 2004-05 expenditure of Rs.2,046.22 crore was incurred against total grants and appropriation of Rs.2,251.64 crore. The net saving of Rs.205.42 crore was the result of saving of Rs.251.88 crore partly offset by excess of Rs.46.46 crore. The excess requires regularisation under Article 205 of the Constitution of India.

(Paragraph 2.2)

- Supplementary provision made during the year constituted 34 *per cent* of the original provision. Supplementary provision of Rs.44.75 crore made in 12 cases proved unnecessary in view of aggregate final saving of Rs.91.09 crore.

(Paragraphs 2.3.3 and 2.3.4(i))

- Anticipated savings of Rs.181.79 crore under 46 grants/appropriations were not surrendered.

(Paragraph 2.3.9)

- As of 30 June 2005, 30 AC bills for Rs.1.43 crore for the period 1998-2002 were not adjusted for want of DCC bills.

(Paragraph 2.3.13)

3. Internal control/internal audit system in Arunachal Pradesh

Internal Control System in the Public Health Engineering and Water Supply Department (PH&WSD) was deficient and led to lack of planning, defective and unrealistic budgeting. Release of funds by CE, PH&WSD through LoC for works not even administratively approved, incurring of expenditure in works beyond sanctioned provision and issue of supply/work orders by the Divisional officers in excess of permissible financial limits indicated lack of

control over expenditure in the department. Inspections required to be conducted at each level of the functionaries also had not been done. Management Information System required for planning and monitoring has not yet been introduced throughout the department. Besides, internal audit of the department has not been done since its inception by the Internal Audit Wing under the Finance Department.

(Paragraph 7.1)

4. Reviews

(i) Pradhan Mantri Gram Sadak Yojana (PMGSY)

- Against Rs.127.46 crore released by the Government of India, during 2000-03 expenditure of Rs.124.81 crore was shown to have been incurred upto March 2005. There was also short release of funds of Rs.1.59 crore by the DRDAs during 2001-03.
- Central fund of Rs.34.25 crore allocated during 2000-01 for completion of incomplete roadworks under BMS were utilised for State Plan Works leading to non-execution of approved projects during the year.
- 100 *per cent* achievement under Phase I during 2000-01 as reported to the Government of India was not based on facts. During 2001-03 physical achievement under Phase II was 87 *per cent* although 98 *per cent* of the funds were utilised. 100 *per cent* achievement in coverage of habitations as shown by the test checked districts was also not correct as six road works remained incomplete till date.
- There was delay in submission of proposals for Phase III by more than two years.
- Due to partial execution of work, intended connectivity to a village could not be provided and the expenditure of Rs.69.06 lakh remained unproductive.
- Improper selection of road-work for providing connection to a village already connected led to injudicious expenditure of Rs.1.29 crore
- Irregular expenditure of Rs.2.99 crore was incurred by changing the scope of approved works without prior approval from the competent authority.
- There was deficiency in supervision of quality control in respect of road works executed by the executing divisions.

(Paragraph 3.1)

(ii) Nutrition Programme under Pradhan Mantri Gramodaya Yojana (PMGY)

- Total additional central assistance of Rs.56.07 crore for nutrition meant exclusively for children below the age of three years was diverted for implementation of the State Plan scheme which covered children in the age group zero to six years, pregnant women and lactating mothers.
- The State failed to implement ICDS scheme in 27 blocks out of 85 in spite of the Supreme Court's judgement. Out of 717 villages in seven CDPOs test checked only 354 villages were covered under the scheme and 363 villages remained uncovered.
- Registration of beneficiaries including children in zero to three years age group below poverty line as well as in marginalised group was not done through proper estimation.
- None of the 117 Anganwadi centres in the seven CDPOs audited had maintained records of distribution of food (take home ration) to children in the age group zero to three. Distribution of food as supplementary nutrition could therefore not be verified in audit.
- Growth monitoring through recording of weight and health checkup of children was not conducted for early detection of growth faltering and prevention of malnutrition.
- Procurement of food with short shelf-life and at a higher rate led to loss of Rs.3.42 crore and extra expenditure of Rs.2.64 crore respectively.
- The monitoring remained ineffective and the impact of implementation of the programme remained un-evaluated.

(Paragraph 3.2)

5. Other points of interest

Civil

(i) Unproductive expenditure

Delay in commissioning of a plant and its subsequent non operation resulted in avoidable expenditure of Rs.7.22 lakh and unproductive expenditure of Rs.74.39 lakh.

(Paragraph 4.1)

Non functioning/operationalisation of the hospital waste management system at Naharlagun general hospital resulted in unproductive expenditure of Rs.70.88 lakh.

(Paragraph 4.2)

(ii) Extra avoidable expenditure on transportation

Fixing of rates for transportation of DDT in 2002-03 through limited tender as well as unauthorised allowance of 28 trucks including three additional trucks against 10 trucks actually utilised for lifting of DDT in 2003-04 led to extra avoidable expenditure of Rs.26.61 lakh.

(Paragraph 4.3)

(iii) Non-availing of central subsidy

Due to lack of initiative in release of State's share and non-submission of project proposal within the stipulated time, receipt of central subsidy of Rs.18.23 lakh was delayed by two years and the State Government failed to avail further central subsidy of Rs.88.14 lakh depriving the targeted urban slum dwellers of the intended benefit of the scheme.

(Paragraph 4.4)

(iv) Excess payment

The EE, Itanagar PHE Division, finalised supplier's claims at rates higher than the rates of the supply orders and the revised rates in force. This had resulted in excess payment of Rs.27.60 lakh.

(Paragraph 4.5)

(v) Unfruitful expenditure

Public Works Division, Khonsa incurred expenditure of Rs.1.16 crore towards payment of pay and allowances/wages of surplus WC staff and casual labourers.

(Paragraph 4.6)

(vi) Diversion of funds

Funds (Rs.35.56 lakh) provided for clearance of liabilities of a closed work were irregularly diverted by the Executive Engineer, Dumporijo PW Division for purchase of T&P materials by debiting the work.

(Paragraph 4.7)

(vi) Excess expenditure

Excess utilisation of stone aggregate in road works beyond norms resulted in excess expenditure of Rs.19.64 lakh.

(Paragraph 4.8)

(vi) Unproductive expenditure

Public Works Division, Roing undertook a work without clearance from the Forest Department, which resulted in unproductive expenditure of Rs.16.39 lakh.

(Paragraph 4.9)

(vi) Loss due to injudicious procurement of materials

Injudicious procurement of material which was not utilised resulted in a loss of Rs.11.23 lakh and material worth Rs.15.99 lakh were lying idle for periods ranging from 11 to 29 years.

(Paragraph 4.10)

Revenue receipts

Non/short realisation of tax/royalty/licence fee

The Forest Department did not initiate any action to prevent unauthorised extraction of forest produce by the Border Road Task Force nor did they realise royalty of Rs.74.62 lakh.

(Paragraph 5.9)

Failure to detect illicit removal of timber led to loss of revenue of Rs.21.50 lakh.

(Paragraph 5.10)

Inaction of the Excise Department led to non realisation of licence fee and penalty of Rs.37.44 lakh.

(Paragraph 5.12)

Failure to assess a dealer on best judgement basis led to non realisation of tax of Rs.1.16 crore

(Paragraph 5.17)

Loss of revenue

Execution of faulty agreement resulted in undue financial benefit to the lessee and loss of revenue of Rs.50.16 lakh.

(Paragraph 5.13)

Execution of faulty agreement without inclusion of any penal clause led to loss of revenue of Rs.83.25 lakh.

(Paragraph 5.16)

Turnover escaped assessment

Concealment of sale turnover by the dealers led to evasion of tax of Rs.38.69 lakh and penalty of Rs.58.04 lakh.

(Paragraphs 5.18 & 5.19)

Commercial

(i) Non-realisation of revenue

Billing of energy consumption charges in violation of terms and conditions of the agreement resulted in short realisation of revenue of Rs.69.46 lakh.

(Paragraph 6.2)

(ii) Idle outlay

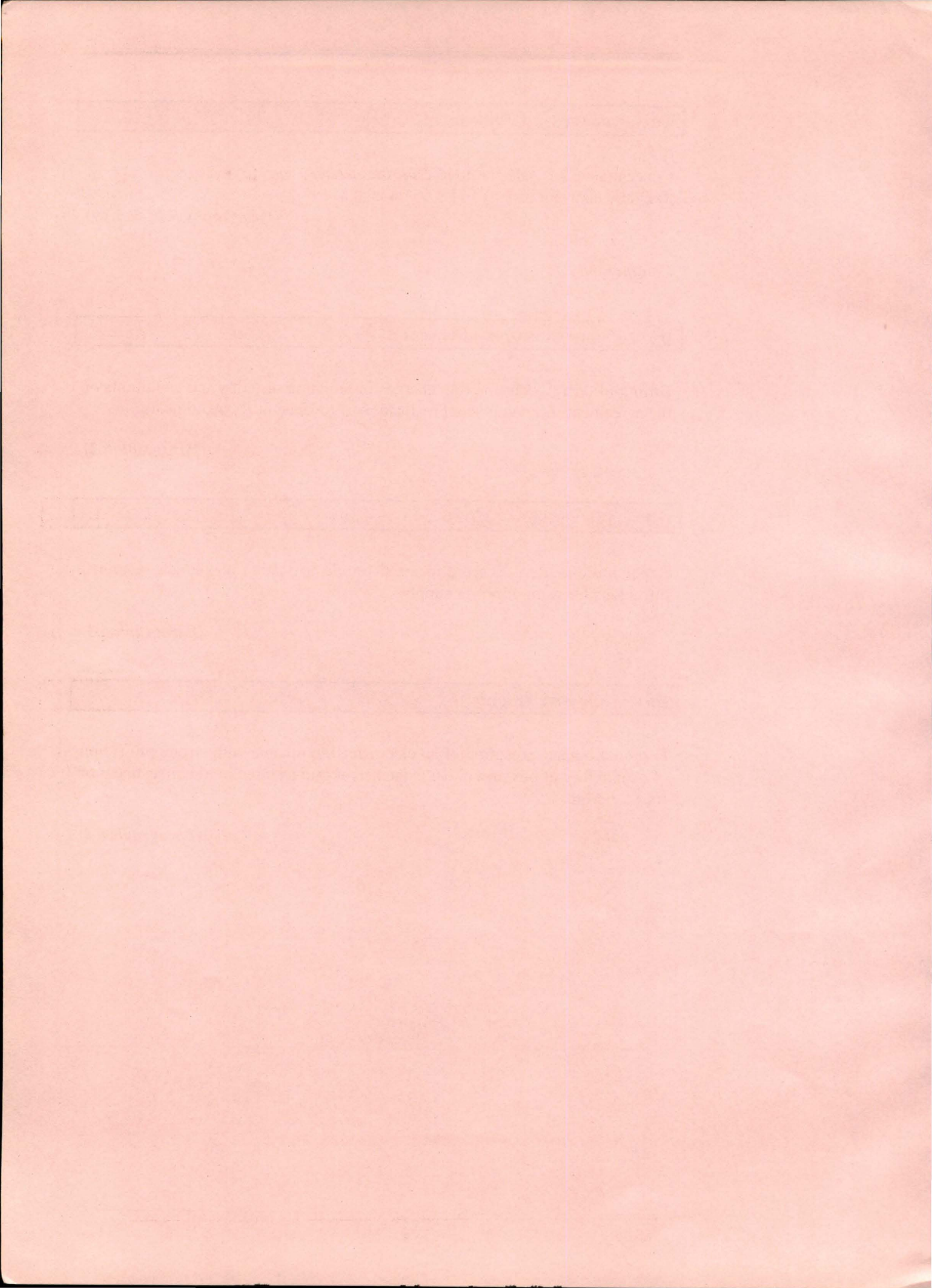
Expenditure of Rs.1.20 crore incurred for electrification of villages remained infructuous for want of power supply

(Paragraph 6.3)

(iii) Idle investment

Formulation and execution of an electrification scheme with wrong projection of availability of power without existence of grid resulted in idle investment of Rs.1.27 crore.

(Paragraph 6.4)



CHAPTER – I

FINANCES OF THE STATE GOVERNMENT

- 1. Introduction**
- 2. Trend of finances with reference to previous year**
- 3. Summary of Receipts and Disbursements for the year**
- 4. Audit methodology**
- 5. State finances by key indicators**
- 6. Application of resources**
- 7. Expenditure by allocative priorities**
- 8. Assets and liabilities**
- 9. Management of deficits**
- 10. Fiscal ratios**
- 11. Impact of Government policies**

CHAPTER - 1

FINANCIALS OF THE STATE GOVERNMENT

1.1	Introduction
1.2	Concept of Finance with reference to a given year
1.3	Statement of Receipts and Expenditure for a year
1.4	Methods of financing
1.5	State Finance & Key Indicators
1.6	Application of resources
1.7	Expenditure by business enterprise
1.8	Assets and liabilities
1.9	Management of assets
1.10	Taxation
1.11	Impact of Government policies

CHAPTER – I

FINANCES OF THE STATE GOVERNMENT

In Summary

Large fiscal deficits year after year coupled with revenue deficits in two out of the last five years indicate continued macro financial imbalances in the State. In Arunachal Pradesh, revenue receipts decreased from Rs 1,576.36 crore in 2003-04 to Rs 1,501.84 crore in 2004-05 leading to revenue deficit of Rs.7.80 crore against revenue surplus during the previous year. Increase in fiscal deficit has been continuing since 2002-03 and reached its peak of Rs. 386.23 crore in 2004-05.

Revenue of the State comprises mainly its own tax and non-tax revenue, Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts increased from Rs.961.41 crore in 2000-01 to Rs.1,501.84 crore in 2004-05 at an average rate of 9.56 *per cent*. There were, however, significant inter year variations in the growth rates. On an average 10.69 *per cent* of the revenue came from the State's own resources.

Total expenditure of the State increased from Rs.1,246.61 crore in 2000-01 to Rs.1,890.68 crore in 2004-05 at an average rate of 12.24 *per cent*. The rate of growth of expenditure in 2004-05 was 3.39 *per cent* against 38.08 *per cent* during the preceding year. Revenue expenditure during 2004-05 comprised 79.85 *per cent* of total expenditure during the year leaving very little for capital formation or assets creation. The ratio of development, plan and capital expenditure to total expenditure decreased during 2004-05 as compared to previous years. All these indicated inadequate expansion of the State's developmental activities.

Expenditure on General Services was generally stable during these years while the relative share of interest payments in total expenditure had declined. Relative share of expenditure in Economic Services was generally stable. Debt burden (fiscal liabilities) of the State at the end of 2004-05 was Rs.1,777.54 crore, up by 16.57 *per cent* over the previous year. The average rate of interest paid on the borrowings of the State during 2000-2005 (10.94 *per cent*) was more than the growth of GSDP (8.66 *per cent*) by 2.28 *per cent* resulting in negative interest spread in four out of five years. The negative spread of interest may affect debt sustainability.

It is not uncommon for a State to borrow for widening its infrastructure and creating income generating assets. However, increasing ratios of fiscal liabilities to GSDP together with a growing fiscal deficit indicate that the State is gradually getting into a debt trap. Also, use of high cost borrowings for investment with low yields, is not sustainable. Hence, the State should try to eliminate the revenue deficit and reduce the fiscal deficit to a reasonable level.

1.1 Introduction

The Finance Accounts of the Government of Arunachal Pradesh are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in **Box – 1.1**.

Box – 1.1

Lay out of Finance Accounts

Statement No. 1 presents the summary of transactions of the State Government receipts and expenditure, revenue and capital, public debt receipts and disbursements etc., in the Consolidated fund, Contingency Fund and Public Account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of current year.

Statement No.3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans etc., raised by the statutory corporations, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2005.

Statement No. 9 shows the revenue and expenditure under different heads for the current year as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the charged and voted expenditure incurred during the year.

Statement No. 11 gives the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of the current year.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc., up to the end of March 2005.

Statement No. 15 depicts the capital and other expenditure to the end of the current year and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts disbursements and balances under heads of account relating to debt, Contingency Fund and Public Account.

Statement No. 17 presents the detailed account of debt and other interest bearing obligations of the Government.

Statement No. 18 provides the detailed-account of loans and advances given by the Government of Arunachal Pradesh, the amount of loans repaid during the year, the balances at the end of the year and the amount of interest received during the year.

Statement No. 19 gives the details of balances of earmarked funds.

1.2 Trend of finances with reference to previous year

The trend of finances of the State Government during the current year compared to the previous year was as under:

Table 1.1

(Rupees in crore)

2003-04	Sl.No.	Major Aggregates	2004-05
1576.36	1	Revenue receipts (2+3+4)	1501.84
43.73	2	Tax revenue	50.11
120.57	3	Non-tax revenue	170.20
1412.06	4	Other receipts	1281.53
2.35	5	Non-debt capital receipts	2.61
2.35	6	Of which recovery of loans	2.61
1578.71	7	Total non debt receipts (1+5)	1504.45
847.93	8	Non-plan expenditure (9+11+12)	936.70
841.18	9	On revenue account	930.62
141.92	10	Of which interest payments	146.90
3.61	11	On capital account	2.96
3.14	12	On loans disbursed	3.12
980.82	13	Plan expenditure (14+15+16)	953.98
550.72	14	On revenue account	579.02
429.74	15	On capital account	372.11
0.36	16	On loans disbursed	2.85
1828.75	17	Total expenditure (8+13)	1890.68
250.04	18	Fiscal deficit (17-7)	386.23
184.46	19	Revenue deficit (9+14-1)	7.80
108.12	20	Primary deficit (18-10)	239.33

1.3 Summary of Receipts and Disbursements for the year

Table 1.2 summarises the finances of the Government of Arunachal Pradesh for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements as emerging from Statement-1 and other detailed statements of the Finance Accounts.

Table 1.2: Summary of Receipts and Disbursements for the year 2004-05

(Rupees in crore)							
2003-04	Receipts	2004-05	2003-04	Disbursements	2004-05		
					Non-Plan	Plan	Total
Section – A : Revenue							
1576.36	I. Revenue receipts	1501.84	1391.90	I. Revenue expenditure			1509.64
43.73	Tax revenue	50.11	438.20	General services	457.97	31.05	489.02
120.57	Non-tax revenue	170.20	433.28	Social services	149.33	323.34	472.67
160.60	Share of Union taxes/duties	191.95	520.42	Economic services	323.32	224.63	547.95
1251.46	Grants-in-aid from Government of India	1089.58	...	Grants-in-aid/contribution	...	...	...
Section – B: Capital							
...	II. Miscellaneous capital receipts	...	433.35	II. Capital outlay	2.96	372.11	375.07
2.35	III. Recoveries of loans and advances	2.61	3.50	III. Loans and advances disbursed	3.12	2.85	5.97
305.98	IV. Public Debt receipts	215.30 ^(a)	206.87	IV. Repayment of public debt	...	...	57.95
...	V. Contingency fund	...	...	V. Contingency fund	...	...	...
958.09	VI. Public account receipts	1208.86	969.76	VI. Public Account disbursement	...	...	1082.82
2.58	VII. Earmarked fund	4.00					
29.24	Opening balance	-130.78	-130.78	Closing balance	...	...	-229.62
2874.60	Total	2801.83	2874.60	Total			2801.83

(a) Includes net ways and means and overdraft also.

1.4 Audit methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and show these in the light of time series data and periodic comparisons. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State government has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in **Box – 1.2**.

Box – 1.2

Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt, and revenue and fiscal deficits have been presented as percentage to the GSDP at current prices as furnished by the Directorate, Economics and Statistics, Government of Arunachal Pradesh. The new GSDP has been calculated at average growth rate of previous years from 2000-01 to 2003-04 as the same has not been published by the Economic and Statistics Department of the State Government so far (October 2005).

*For most series a trend growth during 2000-05 has been indicated. The ratios with respect of GSDP have also been depicted. Some of the terms used here are explained in **Appendix – I**.*

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in **Box – 1.3**.

Box – 1.3

State Government Funds and the Public Account

<i>Consolidated Fund</i>	<i>Contingency Fund</i>	<i>Public Account</i>
<i>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 titled the Consolidated Fund of the State established under Article 266(1) of the Constitution of India.</i>	<i>Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent and unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</i>	<i>Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are also made from it.</i>

1.5 State finances by key indicators

1.5.1 Resources by volumes and sources: Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts comprise tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like recoveries of loans and advances, debt receipts from internal sources viz., market loans, borrowings from

financial institutions/commercial banks *etc.*, and loans and advances from Government of India as well as accruals from the Public Account.

The total receipts of the State Government for the year 2004-05 were Rs.2,928.61 crore as shown in **Table 1.3**. Of these, the revenue receipts were Rs.1,501.84 crore only constituting 51 *per cent* of the total receipts. The balance of receipts came from borrowings and Public Account receipts.

Table 1.3: Resources of Arunachal Pradesh

		(Rupees in crore)
I.	Revenue Receipts	1501.84
II.	Capital Receipts	217.91
	(a) Miscellaneous receipts	...
	(b) Recovery of loans and advances	2.61
	(c) Public debt receipts	215.30
III.	Contingency Fund Receipts	
IV.	Public Account Receipts	1208.86
	(a) Small savings, provident fund, <i>etc.</i>	134.07
	(b) Reserve fund	11.41
	(c) Deposits and Advances	90.87
	(d) Suspense and miscellaneous	47.09
	(e) Remittance	925.42
	Total Receipts	2928.61

1.5.2 Revenue Receipts: Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State comprise mainly its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in **Table 1.4**.

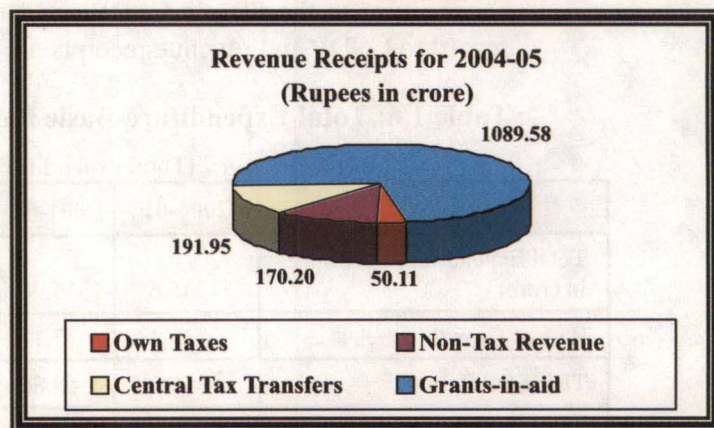
Table 1.4: Revenue Receipts-Basic Parameters

	(Values in Rupees in crore and others in <i>per cent</i>)					
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Revenue Receipts (Rupees in crore)	961.41	1085.30	1108.29	1576.36	1501.84	1246.64
Own Taxes (<i>per cent</i>)	2.15	2.85	3.36	2.77	3.34	2.89
Non-Tax Revenue (<i>per cent</i>)	6.62	6.53	6.88	7.65	11.33	7.80
Central Tax Transfers (<i>per cent</i>)	12.03	8.38	10.98	10.19	12.78	10.87
Grants-in-aid (<i>per cent</i>)	79.20	82.24	78.77	79.39	72.55	78.43
Rate of Growth (RR)	-4.71	12.89	2.12	42.23	-4.73	9.56
Revenue Receipt/GSDP	53.91	55.89	56.47	69.68	61.10	59.89
Revenue Buoyancy	(a)	1.451	1.971	2.766	(a)	1.270
Rate of growth (own taxes)	48.63	49.73	20.62	17.36	14.59	28.81
Buoyancy of own taxes	5.158	5.602	19.187	1.137	1.685	3.486
GSDP	1783.44	1941.78	1962.65	2262.29	2458.20	2081.67
GSDP growth	9.43	8.88	1.07	15.27	8.66	8.66

(a) Rate of growth of revenue receipts was negative.

Though the revenue receipts of the State increased from Rs.961.41 crore in 2000-01 to Rs.1,501.84 crore in 2004-05 at an average rate of 9.56 *per cent*, it had decreased by 4.73 *per cent* in the current year from Rs.1,576.36 crore in the previous year. There were also significant inter-year variations in the growth rates. The revenue receipts to GSDP ratio declined from 69.68 *per cent* in 2003-04 to 61.10 *per cent* in 2004-05 and the five years average ratio was 59.89 *per cent*. There was decline in growth rate of GSDP as well as revenue receipts during the year as compared to the previous year which led to sharp decline in revenue buoyancy during the year.

While 86 *per cent* of the revenue receipts during 2004-05 have come from central tax transfers and grants-in-aid from Government of India, the State's own sources of revenue comprising tax and non-tax sources together contributed around 14 *per cent* only. The tax revenue as percentage of total revenue of the State witnessed an improvement over the years and stood at 3.34 *per cent* in 2004-05 compared to 2.15 *per cent* in 2000-01. Of non-tax revenue sources, receipts from power (49 *per cent*) was the principal contributor. Sales Tax was the major contributor (56 *per cent*) of the State's own tax revenue followed by State Excise (36 *per cent*), taxes on vehicles (4 *per cent*) and land revenue (2 *per cent*).



The current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government are 2 *per cent* for Fisheries, 3 *per cent* for Animal Husbandry and 5 *per cent* for Dairy Development.

The sources of total receipts under different heads during 2000-2005 is indicated in **Table 1.5**.

Table 1.5: Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipt	Capital Receipts			Total Receipts
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account	
2000-01	961.41	1.60	116.14	875.54	1954.69
2001-02	1085.30	1.86	139.99	947.58	2174.73
2002-03	1108.29	2.24	143.08	1513.88	2767.49
2003-04	1576.36	2.35	305.98	958.09	2842.78
2004-05	1501.84	2.61	215.30	1208.86	2928.61

1.6 Application of resources

1.6.1 Trend of growth: Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.1,246.61 crore in 2000-01 to Rs.1,890.68 crore in 2004-05 at an average trend rate of 12.24 per cent per annum. The rate of growth of total expenditure was higher than the rate of growth of revenue receipts during the year. After reaching its peak of 38.08 per cent during 2003-04, it declined to 3.39 per cent during 2004-05.

Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in **Table 1.6** below:

Table 1.6: Total Expenditure-Basic Parameters

(Total expenditure in Rupees in crore and others in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Total Expenditure ^(a) (Rupees in crore)	1246.61	1335.96	1324.41	1828.75	1890.68	1525.28
Rate of Growth	13.43	7.17	-0.86	38.08	3.39	12.24
TE/GSDP Ratio	69.90	68.80	67.48	80.84	76.91	72.79
Revenue Receipts/TE Ratio	77.12	81.24	83.68	86.20	79.43	81.53
Buoyancy of Total Expenditure with						
GSDP	1.424	0.807	(b)	2.494	0.391	1.023
Revenue Receipts	(c)	0.556	(b)	0.902	(c)	0.292

(a) Total expenditure includes revenue expenditure, capital expenditure and loans and advances

(b) Rate of growth of total expenditure was negative.

(c) Rate of growth of revenue receipt was negative.

Though in monetary terms total expenditure in 2004-05 increased by Rs.61.93 crore over previous year, its ratio as a percentage to GSDP had declined. Average buoyancy of the total expenditure with GSDP during 2000-05 was 1.023 indicating that for every one per cent increase in the State's GSDP,

expenditure increased by 1.023 *per cent*. With regard to revenue receipts, the average buoyancy of total expenditure was lower than one.

In terms of activities, total expenditure could be considered as being composed of expenditure on General Services, interest payments, Social and Economic Services, grants-in-aid and other contributions to institutions and loans and advances. Relative share of these components in total expenditure is indicated in **Table 1.7**.

Table 1.7: Components of Expenditure-Relative Share

	(in per cent)					
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
General Services	18.23	18.74	19.43	18.33	18.86	18.72
Interest Payments	9.68	8.16	9.47	8.44	7.77	8.70
Social Services	27.39	29.50	27.67	27.86	28.80	28.24
Economic Services	44.48	43.23	43.21	45.12	44.25	44.06
Loans & Advances	0.22	0.37	0.22	0.25	0.32	0.28

The movement of the relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. Expenditure on General Services was generally stable during these years, while the relative share of interest payments in total expenditure had declined. There was also an increase in relative share of expenditure on Social Services during 2004-05 compared to 2000-01. Relative share of expenditure on Economic Services was also generally stable.

1.6.2 Incidence of Revenue expenditure: In the total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and its buoyancy are indicated in **Table 1.8**.

Table 1.8: Revenue Expenditure-Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Revenue Expenditure (Rupees in crore)	979.62	1029.55	1031.37	1391.90	1509.64	1188.42
Rate of Growth (<i>per cent</i>)	16.99	5.10	0.18	34.96	8.46	13.14
RE as percentage of GSDP	54.93	53.02	52.55	61.53	61.41	56.69
RE as percentage of TE	78.58	77.06	77.87	76.11	79.85	77.90
RE as percentage of RR	101.89	94.86	93.06	88.30	100.52	95.73
Buoyancy of Revenue Expenditure with						
GSDP	1.802	0.574	0.164	2.290	0.977	1.161
Revenue Receipts	(a)	0.396	0.083	0.828	(a)	0.261

(a) Rate of growth of revenue receipts was negative.

Overall revenue expenditure of the State increased at an average rate of 13.14 per cent. Rate of growth of revenue expenditure after reaching its peak of 34.96 per cent in 2003-04 declined to 8.46 per cent in 2004-05. During 2004-05, revenue expenditure was higher than the revenue receipts, which led to revenue deficit of Rs.7.80 crore. Revenue expenditure-GSDP ratio marginally declined from 61.53 per cent in 2003-04 to 61.41 per cent in 2004-05. This was due to a lower growth of revenue expenditure relating to GSDP during 2004-05. On an average 78 per cent of the total expenditure was on current consumption.

i) **High salary expenditure:** Salaries alone accounted for 27.79 per cent of the revenue receipts and 27.64 per cent of the revenue expenditure of the State during 2004-05. The expenditure on salaries increased from Rs. 396.89 crore in 2000-01 to Rs.417.33 crore in 2004-05 at an average annual rate of 3.90 per cent as indicated in **Table 1.9**.

Table 1.9

Heads	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Salary expenditure (Rupees in crore)	396.89	401.57	407.81	493.35	417.33	423.39
Growth in salary expenditure	11.18	1.18	1.55	20.98	-15.41	3.90
As a percentage of GSDP	22.25	20.68	20.78	21.81	16.98	20.50
As a percentage of Revenue Receipts	41.28	37.00	36.79	31.29	27.79	34.83
As a percentage of Revenue Expenditure	40.51	39.00	39.54	35.44	27.64	36.43

(Source: Information furnished (October 2005) by the State Government).

ii) **Huge expenditure on pension payments:** Pension payments have increased by 48 per cent from Rs.47.50 crore in 2000-01 to Rs.70.34 crore in 2004-05 (average annual rate of 12.67 per cent). Year-wise break-up of expenditure incurred on pension payments during the years 2000-01 to 2004-05 was as under:

Table 1.10

Year	Expenditure (Rupees in crore)	Percentage to total revenue expenditure
2000-2001	47.50	4.85
2001-2002	54.16	5.26
2002-2003	60.13	5.83
2003-2004	65.93	4.74
2004-2005	70.34	4.66

With the increase in number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees.

iii) **Interest payments:** Interest payments during the period from 2000-01 to 2004-05 were as shown below:

Table 1.11

Year	Interest payment (Rupees in crore)	Percentage of interest with reference to	
		Revenue Receipt	Revenue Expenditure
2000-2001	120.68	12.55	12.32
2001-2002	108.99	10.04	10.59
2002-2003	125.40	11.31	12.16
2003-2004	141.92	9.00	10.20
2004-2005	146.90	9.78	9.73

Interest payments increased steadily by 21.73 *per cent* from Rs.120.68 crore in 2000-01 to Rs.146.90 crore in 2004-05 primarily due to an increase in fiscal liabilities. The interest payment was on Internal Debt (Rs.48.55 crore), loans received from the Central Government (Rs.61.16 crore), Small Savings, Provident Fund, etc., (Rs.34.12 crore) and other obligations (Rs.3.07 crore).

iv) **Subsidies by the Government:** During last five years, the State Government paid subsidies as under:

Table 1.12

(Rupees in crore)

Sl. No	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1.	Industrial units	2.52	-	1.00	0.06	
2.	Subsidy on rice	-	0.02	0.08	0.05	0.13
3.	Others	0.25	1.26	0.19	0.58	17.32
Total		2.77	1.28	1.27	0.69	17.45
Percentage of increase (+)/decrease (-) over previous year		---	(-) 53.79	(-) 0.78	(-) 45.67	(+) 2428.99
Percentage of subsidy in total expenditure [#]		0.22	0.10	0.10	0.04	0.93

Source: Information furnished by the AG (A&E).

During the current year subsidies constituted 0.93 *per cent* of the total expenditure.

1.7 Expenditure by allocative priorities

The expenditure of the State in the nature of plan expenditure, capital expenditure and development expenditure reflects its quality. The higher the ratio of these components is to total expenditure, the better is the quality of expenditure. **Table 1.13** gives these ratios during 2000-2005 :

[#] Total expenditure excludes Loans and Advances.

Table 1.13: Quality of expenditure (per cent to total expenditure)[#]

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Total expenditure (Rupees in crore)	1243.87	1331.06	1321.43	1825.25	1884.71	1521.26
Plan Expenditure	51.09	56.88	53.87	53.72	50.47	53.21
Capital Expenditure	21.24	22.65	21.95	23.74	19.90	21.90
Development Expenditure	72.03	73.00	71.04	75.17	73.28	72.90

All the three components of quality of expenditure indicated inter year variations. In the year 2004-05, the share of expenditure on all these components in total expenditure decreased as compared to previous year.

Out of the developmental expenditure of Rs.1,381.16 crore during the year, Social Services accounted for 39 per cent (Rs.544.56 crore). Expenditure on general education, health and family welfare, water supply and sanitation constituted 86.61 per cent of the expenditure on Social Sector.

Table 1.14: Social Sector expenditure

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
General Education, Sports, Art and Culture	153.34	183.21	165.59	198.66	223.92
Health and Family Welfare	63.35	67.67	62.81	76.28	94.00
Water Supply and Sanitation	79.64	83.40	82.46	106.56	153.74
Total	296.33	334.28	310.86	381.50	471.66
As a percentage of expenditure on Social Sector	86.78	84.82	84.84	77.72	86.61

Similarly, the expenditure on Economic Services (Rs.836.60 crore) accounted for 61 per cent of the development expenditure. Of this, irrigation and flood control, energy and transport accounted for 52.92 per cent.

Table 1.15: Economic Sector expenditure

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Irrigation and Flood Control	52.62	48.65	50.41	77.23	43.29
Energy	107.08	108.04	126.96	195.36	254.96
Transport	140.86	144.32	117.55	188.67	144.50
Total	300.56	301.01	294.92	461.26	442.75
As a percentage of expenditure of Economic Sector	54.21	52.12	51.54	52.35	52.92

[#] Total expenditure excludes Loans and Advances.

1.7.1 Financial assistance to Local Bodies and other Institutions

i) **Extent of assistance:** The quantum of assistance provided to different local bodies *etc.*, during the period of five years ending 2004-05 was as follows:

Table 1.16

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Universities and Educational Institutions	3.79	8.01	10.12	15.89	24.43
Art and Culture	0.46	0.27	0.12	0.21	0.09
Rural activities	2.22	0.15	8.46	16.03	0.85
Social Welfare	0.42	0.90	0.50	0.46	0.70
Civil Supplies	-	-	0.77	4.77	-
Co-operation	-	0.36	-	-	-
Panchayat Raj Institutions	-	-	-	-	0.48
Others Institutions	1.28	0.77	2.43	27.42	15.04
Total	8.17	10.46	22.40	64.78	41.59
Percentage of increase (+)/decrease (-) over previous year	(-) 40.97	28.03	114.15	189.20	(-) 35.80
Assistance as a percentage of revenue expenditure	0.83	1.02	2.17	4.65	2.75

(Source: Information furnished by the AG (A&E).)

The total assistance at the end of 2004-05 had grown by 409 *per cent* over the level of 2000-01, but decreased by 36 *per cent* compared to previous year mainly as a result of decrease in providing assistance to Rural Sector and other Institutions. The assistance to local bodies as a percentage of total revenue expenditure had also decreased from 4.65 *per cent* in 2003-04 to 2.75 *per cent* in 2004-05.

(ii) **Delay in submission of accounts:** According to provisions in the Manual, District Rural Development Agencies (DRDAs) are required to submit their certified accounts to Audit by 30 September each year. Certified accounts were in arrears in respect of 12 DRDAs out of 14. Two DRDAs had not submitted the accounts for 10 years and more, one for six years, two for five years and two for four years. In the absence of accounts, the amount of financial assistance received by the DRDAs from the State/Central Government upto 2004-05 and utilisation thereof could not be ascertained (August 2005) in audit.

The status of submission of accounts by autonomous bodies audited under Section 20 (1) of the CAG's (DPC) Act, 1971 (as amended from time to time) and submission of Audit Reports to the Parliament as of September 2005 is given below:

Table 1.17

Name of Body	Year upto which accounts due	Year upto which accounts submitted	Year upto which audit report issued	Year upto which audit report placed before Parliament
North Eastern Regional Institute of Science and Technology [#] (NERIST), Nirjuli	2004-05	2004-05	2003-04	Upto 2001-02. Information regarding placement of Report for the years 2002-03 and 2003-04 are awaited from the Ministry

1.7.2 Misappropriation, losses etc.: As of March 2005 there were 36 cases of misappropriation, losses, etc., amounting to Rs.8.92 crore.

The year-wise details are given in **Appendix – II**.

1.8 Assets and liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings, etc., owned by Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. **Appendix – III** gives an abstract of such liabilities and the assets as on 31 March 2005 compared with the corresponding position on 31 March 2004. While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government. The liabilities of the Government of Arunachal Pradesh depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to retired State employees. **Appendices – IV, V and VI** depict the abstract of receipts and disbursements for the year 2004-05, sources and application of funds and time series data on State Government finances for the period 2000-05 respectively.

1.8.2 Investments and returns: As on 31 March 2005, Government had invested Rs.16.23^Ψ crore in Government companies and Co-operative Societies. Government's return on this investment was less than one *per cent* in the last five years. With an average interest rate of 10.94 *per cent* being paid by Government on its borrowings, the implicit subsidy during the period 2000-05 amounted to Rs.8.24 crore.

[#] Audit of Institution has been entrusted to Comptroller and Auditor General of India from 2002-03 to 2006-07.

^Ψ Figures as per Finance Accounts.

Table 1.18: Return on investment

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Investment (Rupees in crore)	12.71	15.24	16.08	16.13	16.23	15.28
Returns (Rupees in crore)	0.0001	0.0034	0.0028	0.00	0.00	0.0013
Percentage of returns	0.00	0.02	0.02	0.00	0.00	0.008
Average interest rate paid by Government	14.01	10.68	10.81	10.32	8.90	10.94
Difference between interest rates & return	14.01	10.66	10.79	10.32	8.90	10.93
Implicit subsidy (Rupees in crore)	1.78	1.62	1.74	1.66	1.44	1.65

1.8.3 Loans and advances by State Government: In addition to investments in Co-operatives and Government Companies, Government has also been providing support in terms of loans and advances to many of these parastatals. Total outstanding balance as on 31 March 2005 was Rs.24.61 crore. Interest received on such loans varied from 0.0006 *per cent* to 3.87 *per cent* during 2000-2005 (Table 1.19). Total implicit subsidy during 2000-2005 on such loans was Rs.8.18 crore.

Table 1.19: Average interest received on loans advanced by the State Government

	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2004-05
Opening Balance	15.17	16.31	19.35	20.09	21.25
Amount Advanced during the year	2.74	4.90	2.98	3.50	5.97
Amount repaid during the year	1.60	1.86	2.24	2.35	2.61
Closing Balance	16.31	19.35	20.09	21.25	24.61
Net Addition	1.14	3.04	0.74	1.15	3.36
Interest Received	0.000	0.690	0.330	0.350	0.49
Interest Received as <i>per cent</i> to loans advanced	0.0006	3.87	1.67	1.69	2.14
Average interest paid by the State (<i>per cent</i>)	14.01	10.68	10.81	10.32	8.90
Difference between interest paid and received (<i>per cent</i>)	14.01	6.81	9.14	8.63	6.76
Implicit Subsidy	2.13	1.11	1.77	1.73	1.44

1.8.4 Commercial activities: Lack of accountability in the use of public funds in departmental commercial undertakings: Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are required to prepare annual *proforma* accounts in prescribed formats showing the results of financial operations so that Government can assess their functioning. The Heads of Departments in Government are to ensure that the undertakings prepare the accounts in time and submit the same to the Accountant General for audit.

As of 31 March 2005, there were two departmentally managed commercial and *quasi*-commercial undertakings viz., Arunachal Pradesh State Transport Services (APSTS) (Transport Department) and State Trading Scheme (Supply Department) under the control of Government of Arunachal Pradesh. Preparation of *proforma* accounts for these units from 2001-02 to 2004-05 were in arrears.

The failure of the Heads of Departments and the management of the undertakings, in timely preparation of the *proforma* account was repeatedly commented upon in the earlier Reports of the Comptroller and Auditor General of India. Yet, there was no improvement in the position.

1.8.5 Management of cash balances: It is 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 the expenditure obligations, a mechanism of Ways and Means Advances (WMA) and overdraft from Reserve Bank of India has been put in place. Compared to 2003-04 when WMA facilities were never used by the State, in 2004-05 these facilities were used for 74 days besides obtaining of overdrafts for six days, indicating deterioration in management of cash balances.

1.8.6 Undischarged liabilities

i) Fiscal liabilities: public debt and guarantees: The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time be fixed by an Act of its Legislature. However, no such law has been passed by the State. **Table 1.20** below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters.

Table 1.20: Fiscal Liabilities- Basic Parameters

(Value in Rupees in crore and ratios in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Fiscal Liabilities	945.66	1094.49	1226.53	1524.81	1777.54	1321.81
Rate of Growth	21.70	15.74	15.72	20.39	16.57	18.02
Ratio of Fiscal Liabilities to						
GSDP	53.02	56.37	64.53	67.40	72.31	62.73
Revenue Receipt	98.36	100.85	114.28	96.73	118.36	105.72
Own Resources	1122.05	1075.14	1115.30	928.06	806.84	1009.47
Buoyancy of Fiscal Liabilities to						
GSDP	2.301	1.773	14.692	1.335	1.913	4.403
Revenue Receipt	(a)	1.221	7.415	0.483	(a)	1.824
Own resources	5.179	0.757	1.361	0.456	0.486	1.648

(a) Revenue receipts had a negative growth.

Overall fiscal liabilities of the State increased from Rs.945.66 crore in 2000-01 to Rs.1,777.54 crore in 2004-05 on an average rate of 18.02 *per cent* during 2000-2005. The ratio of these liabilities to GSDP also increased from 53.02 *per cent* in 2000-01 to 72.31 *per cent* in 2004-05. These liabilities stood at 1.2 times of its revenue receipts and 8.1 times of its own resources.

In addition to these liabilities, Government have guaranteed loans raised by two Government Companies which at the end of 2004-05 stood at Rs.8.05 crore[#] (Principal: Rs.7.96 crore and Interest: Rs.0.09 crore). The guarantees are in the nature of contingent liabilities. Currently the fiscal liabilities together with the contingent liabilities exceeded the revenue receipts of the State by 1.19 times. Buoyancy of the direct fiscal liabilities with respect to GSDP and revenue receipts averaged greater than one per cent indicating that for each one per cent increase in GSDP and revenue receipts, fiscal liabilities were growing at the rate of 4.403 and 1.824 *per cent*.

Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. In Arunachal Pradesh, average interest rate on fiscal liabilities at 10.94 *per cent* during 2000-05 was more than the average rate of growth of GSDP by 2.28 *per cent* resulting in negative interest spread in four out of five years. The negative spread of interest may affect debt sustainability.

Table 1.21 – Debt sustainability – Interest Rate and GSDP Growth (in *per cent*)

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Weighted interest rate	14.01	10.68	10.81	10.32	8.90	10.94
GSDP Growth	9.43	8.88	1.07	15.27	8.66	8.66
Interest spread	-4.58	-1.80	-9.74	4.95	-0.24	-2.28

Another important indicator of the debt sustainability is the net availability of the borrowed funds after repayment of principal and payment of interest. **Table 1.22** below gives the position of receipt and re-payment of internal debt and other fiscal liabilities of the State over the last five years. The net funds available during 2000-05 from the total receipts on account of public debt, loans and advances from Government of India and other debt receipts (including Public Account) ranged between 11.93 *per cent* and 20.29 *per cent* only. This was due to repayment of loans and interest from the borrowed funds.

[#] Figure as per Finance Accounts.

Table 1.22: Net availability of Borrowed Funds

	(Rupees in crore)					
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Internal Debt						
Receipt	73.00	85.85	103.45	189.79	239.72	138.36
Repayment (Principal + Interest)	38.39	53.65	75.99	66.99	175.44	82.09
Net fund available	34.61	32.20	27.46	122.80	64.28	56.27
Net fund available (<i>per cent</i>)	47.41	37.51	26.54	64.70	26.81	40.59
Loans & Advances from GOI						
Receipt	56.50	68.87	67.02	116.19	71.14	75.94
Repayment (Principal + Interest)	64.77	74.89	88.47	251.88	87.78	113.56
Net Fund available	-8.27	-6.02	-21.45	-135.69	-16.64	-37.61
Net fund available (<i>per cent</i>)	-14.64	-8.74	-32.01	-116.78	-23.39	-39.11
Other obligations						
Receipt	145.63	136.71	220.73	317.88	210.57	206.30
Repayment (Principal + Interest)	124.02	123.05	180.08	188.65	152.39	153.64
Total Liabilities						
Receipt	275.13	291.43	391.20	623.86	521.43	420.61
Payments	227.18	251.59	344.54	507.52	415.61	349.29
Net receipts	47.95	39.84	46.66	116.34	105.82	71.32
Net Fund available (<i>per cent</i>)	17.43	13.67	11.93	18.65	20.29	16.39

1.9 Management of deficits

1.9.1 Fiscal imbalances: The deficit in Government accounts represents the gap between its receipts and expenditure. The nature of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to its fiscal health. The State had a revenue deficit of Rs.7.80 crore during 2004-05 and the revenue expenditure had to be met from the borrowed funds during the year. The fiscal deficit which represents the total borrowings of the Government and the total resource gap increased from Rs.250.04 crore in 2003-04 to Rs.386.23 crore in 2004-05. The State also saw the primary deficit increasing from Rs.108.12 crore in 2003-04 to Rs.239.33 crore in 2004-05. In proportion to the State's GSDP the revenue deficit stood at 0.32 *per cent* during 2004-05, the fiscal deficit reached 15.71 *per cent* in 2004-05 from 11.05 *per cent* in 2003-04 and the primary deficit reached 9.74 *per cent* in 2004-05 from 4.78 *per cent* in 2003-04.

Table 1.23 : Fiscal Imbalances – Basic Parameters

(Values in Rupees in crore and ratios in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue deficit (RD) (-)/ Revenue surplus (RS)(+)	-18.21	+55.75	+76.92	+184.41	-7.80
Fiscal deficit (FD)	283.60	248.80	213.88	250.04	386.23
Primary Deficit (PD)	162.92	139.81	88.48	108.12	239.33
RD/GSDP	1.02	RS	RS	RS	0.32
FD/GSDP	15.90	12.81	10.90	11.05	15.71
PD/GSDP	9.14	7.20	4.51	4.78	9.74
RD/FD	6.42	RS	RS	RS	2.02

1.10 Fiscal ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table 1.24** below presents a summarised position of government finances over 2000-2005, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, and highlights areas of concern and captures its important facets.

Table 1.24: Indicators of fiscal health

(in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Resource Mobilisation						
Revenue Receipt/GSDP	53.91	55.89	56.47	69.68	61.10	59.41
Revenue Buoyancy	(a)	1.451	1.971	2.766	(a)	1.270
Own Tax/GSDP	1.16	1.59	1.90	1.93	2.04	1.72
Expenditure Management						
Total Expenditure/GSDP	69.90	68.80	67.48	80.84	76.91	72.79
Revenue Receipt/Total Exp	77.12	81.24	83.68	86.20	79.43	81.53
Revenue Exp/Total Exp	78.58	77.06	77.87	76.11	79.85	77.91
Plan Exp/Total Exp	51.09	56.88	53.87	53.72	50.47	53.21
Capital Exp/Total Exp	21.24	22.65	21.95	23.74	19.90	21.90
Development Exp/Total Exp	72.03	73.00	71.04	75.17	73.28	72.90
Buoyancy of TE with RR	(a)	0.556	(b)	0.902	(a)	0.292
Buoyancy of RE with RR	(a)	0.396	0.083	0.828	(a)	0.261
Revenue Deficit (Rupees in crore)	18.21	RS	RS	RS	7.80	RS
Fiscal Deficit (Rupees in crore)	283.60	248.80	213.88	250.04	386.23	276.51
Primary deficit (Rupees in crore)	162.92	139.81	88.48	108.12	239.33	147.73
Revenue Deficit/Fiscal Deficit	6.42	RS	RS	RS	2.02	RS

(in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	53.02	56.37	64.53	67.40	72.31	62.73
Fiscal Liabilities/RR	98.36	100.85	114.28	96.73	118.36	105.72
Buoyancy of FL with RR	(a)	1.221	7.415	0.483	(a)	1.824
Buoyancy of FL with OR	5.179	0.757	1.361	0.456	0.486	1.648
Interest spread	-4.58	-1.80	-9.74	4.95	-0.24	-2.28
Net Funds Available (<i>per cent</i>)	17.43	13.67	11.93	18.65	20.29	16.39
Other Fiscal Health Indicators						
Return on investment	0.0001	0.0034	0.0028	0.00	0.00	0.0013
BCR (Rupees in crore)	-238.74	-135.58	-131.33	-209.87	-211.31	-185.37
Financial Assets/Liabilities (Ratio)	3.16	2.76	2.46	2.50	2.27	2.63

- (a) Revenue receipts had a negative growth.
 (b) Total expenditure had a negative growth.
 RS Revenue surplus.

The ratio of own taxes to GSDP had shown continuous improvement in the five-year period. The ratio of Revenue receipt to GSDP which had reached its peak during 2003-04, declined in 2004-05. Various ratios concerning expenditure indicate the quality of expenditure and its sustainability in relation to resources. Revenue expenditure during the year increased as compared to earlier years and comprised 79.85 *per cent* of total expenditure in 2004-05 leaving very little for capital formation or asset creation. The development, plan and capital expenditure to total expenditure decreased during the year as compared to previous years. All these indicated inadequate expansion of the State's developmental activities.

Increasing fiscal and primary deficit indicates growing fiscal imbalance of the State. Similarly, increase in the ratio of revenue deficit to fiscal deficit indicates that the application of borrowed funds was largely to meet current consumption.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing fiscal deficit, indicate that the State is gradually getting into a debt trap. The average weighted interest rate paid by the State on its borrowings during 2000-2005 has also exceeded the rate of growth of its GSDP except during 2003-04, violating the cardinal rule of debt sustainability.

The State's insignificant return on investment indicated an implicit subsidy and use of high cost borrowings for investments, which yielded very little. The ratio of the State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset back up. The balance from current revenue continued to be negative

indicating continued dependence on borrowings for plan or developmental expenditure.

1.11 Impact of Government policies

Appendix – VII depicts the progress achieved during 2004-05 as compared to 2003-04 in various sectors, according to information furnished by the State Government.

The matter was reported to Government in (November 2005); reply had not been received (December 2005).

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CHAPTER – II

ALLOCATIVE PRIORITIES AND APPROPRIATION

- 1. Introduction**
- 2. Summary of Appropriation Accounts**
- 3. Fulfilment of Allocative Priorities**

CHAPTER II

THE CONSTITUTIONAL HISTORY OF
THE REPUBLIC

The Constitution of the United States is a document of great importance. It is the foundation of our government and the source of our rights. The history of the Constitution is a story of struggle and compromise. It is a story of the people's voice and the power of the courts. The Constitution has been amended many times, but its basic principles have remained the same. It is a document that has shaped our nation and will continue to shape it in the future.

CHAPTER – II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate 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.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2004-05 against 67 grants/appropriations was as follows:

Table 2.1

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure [#]	Saving(-) Excess(+)
Voted	I. Revenue	986.67	411.40	1398.07	1352.65	(-) 45.42
	II. Capital	361.66	159.47	521.13	376.60	(-) 144.53
	III. Loans	7.47	0.12	7.59	5.97	(-) 1.62
Total Voted:		1355.80	570.99	1926.79	1735.22	(-) 191.57
Charged	IV. Revenue	178.69	0.98	179.67	157.50	(-) 22.17
	V. Capital	-	-	-	-	-
	VI. Loans	-	-	-	-	-
	VII. Public Debt	145.18	-	145.18	153.50	(+) 8.32
Total Charged:		323.87	0.98	324.85	311.00	(-) 13.85
Appropriation to Contingency Fund (if any)		---	---	---	---	---
Grand Total:		1679.67	571.97	2251.64	2046.22	(-) 205.42

[#] These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue expenditure (Rs.0.51 crore) and Capital expenditure (Rs.1.53 crore).

The overall saving of Rs.205.42 crore was the result of saving of Rs.251.88 crore in 65 grants and appropriations partly offset by excess of Rs.46.46 crore in 20 cases of grants and appropriations.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

(i) Out of overall savings of Rs.205.42 crore, major savings of Rs.170.90 crore (83 per cent) occurred in 10 grants as mentioned below :

Table 2.2

(Rupees in crore)

Grant Number	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
6-District Administration (Revenue voted)	62.26	30.14	92.40	77.23	15.17
11-Social Welfare (Capital voted)	8.01	7.79	15.80	4.15	11.65
14-Education (Capital voted)	1.74	23.65	25.39	16.42	8.97
31-Public Works (Capital voted)	10.91	17.21	28.12	10.17	17.95
33-North Eastern Areas (Capital voted)	5.00	34.81	39.81	31.58	8.23
34-Power (Capital voted)	147.67	16.53	164.20	111.49	52.71
38-Irrigation and Flood Control (Revenue voted)	28.13	22.95	51.08	39.43	11.65
50-Secretariat Economic Services (Revenue voted)	33.70	0.04	33.74	15.97	17.77
57-Urban Development (Capital voted)	21.25	...	21.25	4.45	16.80
64-Trade and Commerce (Capital voted)	10.00	...	10.00	...	10.00
Total					170.90

Reasons for savings were not intimated by the departments.

Areas in which major savings occurred in these grants are given in **Appendix – VIII**.

(ii) In 24 cases aggregating Rs.224.29 crore, net savings exceeded Rs.1 crore in each case and were also more than 10 per cent of the total provision, as indicated in **Appendix – IX**.

2.3.2 *Excess requiring regularisation*

(i) *Excess over provision relating to previous years requiring regularisation* : As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.503.42 crore for the years 1986-87 to 2003-04 was yet to be regularised. Details are given in **Appendix – X**.

(ii) *Excess over provision during 2004-05 requiring regularisation* : The excess of Rs.46.46 crore under 20 grants requires regularisation under Article 205 of the Constitution (**Appendix – XI**).

2.3.3 *Original budget and supplementary provisions*

Supplementary provision made during the year constituted 34 *per cent* of the original provision as against 53 *per cent* in the previous year. Total supplementary grants obtained during the year were Rs.571.97 crore while the ultimate total savings amounted to Rs.205.42 crore.

2.3.4 *Unnecessary/excessive/inadequate supplementary provisions*

(i) Supplementary provision of Rs.44.75 crore made in 12 cases during the year proved unnecessary in view of aggregate saving of Rs.91.09 crore as detailed in **Appendix – XII**.

(ii) In 54 cases, against additional requirement of only Rs.224.21 crore, supplementary grants/appropriations of Rs.417.50 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.193.29 crore (**Appendix - XIII**).

(iii) In 12 cases, supplementary provision of Rs.63.86 crore proved insufficient by more than Rs.10 lakh each leaving an aggregate uncovered excess expenditure of Rs.37.39 crore (**Appendix – XIV**).

2.3.5 *Excessive/unnecessary re-appropriation of funds*

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 26 cases, injudicious re-appropriation of funds proved excessive or resulted in savings of Rs.50 lakh and above in each case (**Appendix - XV**).

2.3.6 *Expenditure without provision*

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.921.04 lakh was incurred in 6 cases, (**Appendix – XVI**) without any provision in the original estimate/supplementary demand or re-appropriation order.

2.3.7 Unutilised provision of fund

In 19 cases, there was no expenditure resulting in non utilisation of entire budget provision of Rs.58.48 crore (**Appendix – XVII**). In 10 cases, the savings exceeded rupees one crore or more. These instances were indicative of ineffective monitoring and control over expenditure.

2.3.8 Persistent savings/excess

In 17 cases, there were persistent savings in excess of Rs.10 lakh and 10 per cent or more of the provision in each case (**Appendix – XVIII**).

Excess was persistent under Grant No. 31-Public Works and 58-Stationery and Printing during 2002-03 to 2004-05.

The case of persistent excesses requires investigation by Government for remedial action.

2.3.9 Anticipated savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2004-05 there were 46 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs.181.79 crore. In 25 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated Rs.173.95 crore. This indicated lack of financial control and monitoring (**Appendix – XIX**).

2.3.10 Surrender in excess of actual savings

In one case, the amount surrendered was in excess of actual savings and in three other cases surrenders were made even though expenditure was in excess of the grant, indicating inadequate budgetary control. As against the savings of Rs.0.67 crore in one grant, the amount surrendered was Rs.3.24 crore, resulting in excess surrender of Rs.2.57 crore. Further, against the excess expenditure of Rs.13.85 crore in three grants, the amount surrendered was Rs.35.83 crore, which resulted in injudicious surrender of Rs.35.83 crore as the expenditure already exceeded the grant and no savings were available for surrender (**Appendix – XX**).

The above instances of budgetary irregularities are being reported every year. Had the provisions of Arunachal Pradesh Budget Manual been followed, these instances could have been minimised.

2.3.11 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of financial year is to be regarded as a breach of financial regularity and

should be avoided. Contrary to these provisions in respect of nine heads of accounts, while the expenditure during the three quarters ending December 2004 was between 14 to 20 *per cent* of the total expenditure, it was highest at 49 *per cent* in the last quarter of the year. Expenditure of Rs.164.04 crore constituting 33 *per cent* of the total expenditure was incurred in March 2005 indicating rush of expenditure in March (**Appendix – XXI**).

2.3.12 Unreconciled expenditure

Financial rules require that the departmental controlling officers (DCOs) should periodically reconcile the departmental figures of expenditure with those booked by the Accountant General. Seventy-three out of 78 DCOs reconciled their figures of expenditure for the year 2004-05 in March 2005. In respect of six heads of accounts involving expenditure of Rs.104.96 crore pertaining to 2004-05, no reconciliation was made by five DCOs.

2.3.13 Non adjustment of Abstract Contingent Bill

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

Test check (July 2005) of the records of 14 drawing and disbursing officers (DDOs) revealed that Rs.1.43 crore were drawn through 30 AC bills during 1998-99 (Rs.0.81 lakh in one bill), 1999-2000 (Rs.0.33 lakh in seven bills), 2000-01 (Rs.1.36 crore in seven bills) and 2001-02 (Rs.6.19 lakh in 15 bills), but DCC bills against these drawals in AC bills had not been furnished to the Accountant General as of March 2005 (**Appendix – XXII**). These drawals remained unadjusted for periods ranging from three years to six years as of June 2005.

Thus, due to non submission of DCC bills, the actual expenditure against these drawals remained unassessed by the Government which indicated serious deficiency in control over expenditure.

The matter was reported to Government in (October 2005); reply had not been received (December 2005).

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CHAPTER – III

PERFORMANCE REVIEWS

1. *Pradhan Mantri Gram Sadak Yojana (PMGSY)*
2. *Nutrition Programme under Pradhan Mantri Gramodaya Yojana (PMGY)*

CHAPTER III

THE EARLY COMMUNITARIAN PERIOD

The early communitarian period is characterized by a strong emphasis on community values and a focus on social cohesion. This period is marked by a shift in the dominant cultural narrative, moving away from individualism towards a more collective orientation. The emphasis is on the well-being of the community as a whole, rather than the pursuit of individual goals. This period is often associated with the rise of social movements and the development of community-based organizations. The values of this period are rooted in a sense of shared responsibility and a commitment to the common good. The early communitarian period is a time of significant social and cultural change, and it has had a lasting impact on the way we think about community and social organization.

CHAPTER – III

PERFORMANCE REVIEWS

PUBLIC WORKS AND RURAL WORKS DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojana (PMGSY)

Highlights

The review inter alia highlights non-execution of approved projects during 2000-01. Taking up of works during 2001-03 without proper survey and investigation led to failure in achieving the goal of providing desired connectivity, besides non-achievement of physical targets during 2001-03 as well as execution of works beyond the scope of approved estimates. On line management and monitoring system remained ineffective and overall impact of the implementation of the scheme remained unevaluated.

Against Rs.127.46 crore released by the Government of India, during 2000-03 expenditure of Rs.124.81 crore was shown to have been incurred upto March 2005. There was also short release of funds of Rs.1.59 crore by the DRDAs during 2001-03.

(Paragraphs 3.1.9)

Central fund of Rs.34.95 crore allocated during 2000-01 for completion of incomplete roadworks under BMS were utilised for State plan Works leading to non-execution of approved projects during the year.

(Paragraph 3.1.9)

100 per cent achievement under Phase I during 2000-01 as reported to the Government of India was not based on facts. During 2001-05 physical achievement under Phase II was 87 per cent although 98 per cent of the funds were utilised. 100 per cent achievement in coverage of habitations as shown by the test checked districts was also not correct as six road works remained incomplete till date.

(Paragraph 3.1.9)

There was delay in submission of proposals for Phase III by more than two years.

(Paragraph 3.1.9)

Due to partial execution of work, intended connectivity to a village could not be provided and the expenditure of Rs.69.06 lakh remained unproductive.

(Paragraph 3.1.10)

Improper selection of road-work for providing connection to a village already connected led to injudicious expenditure of Rs.1.29 crore

(Paragraph 3.1.10)

Irregular expenditure of Rs.2.99 crore was incurred by changing the scope of approved works without prior approval from the competent authority.

(Paragraph 3.1.10)

There was deficiency in supervision of quality control in respect of road works executed by the executing divisions.

(Paragraph 3.1.14)

3.1.1 Introduction

The *Pradhan Mantri Gram Sadak Yojana* (PMGSY), a 100 per cent Centrally Sponsored Scheme, was launched by the Government of India (GOI) in December 2000 to provide all weather access to unconnected rural habitations for promoting access to economic and social services and thereby generating increased agricultural income and productive employment opportunities. The main objective of the programme is to provide connectivity in rural areas by way of all weather roads to all unconnected habitations with a population of more than 1000 within three years (2000-03) and all habitations with a population of more than 500 (250 for hill States) by the year 2007. The programme components were as under :

- Phase I Incomplete road works under the erstwhile Basic Minimum Service (BMS) to be completed during 2000-01;
- Phase II To provide connectivity to the rural unconnected habitations by all weather roads as approved by the and Ministry of Rural Development (MoRD), Government of Phase III India during 2001-03 and 2003-04 respectively.

Under the programme 'road' means an all weather road (AWR) to be constructed to connect an un-connected habitation with an existing road. It may be constructed either as one work or in different parts, depending on the volume of work, each being called a 'road-work'. Sometimes construction of a road upto WBM level has been taken as one 'road-work' and black topping has been taken up as a separate 'road-work'. Each 'road-work' has been sanctioned as a package. An un-connected habitation is treated as connected only on completion of black-topping for the entire road length.

3.1.2 Organisational set up

According to the PMGSY guidelines, the State Government initially nominated the Rural Development Department (upto June 2003) followed by the Public Works Department (upto November 2003) and finally the Rural Works Department (RWD) (wef December 2003) as the nodal department

responsible for implementing the scheme. The Government constituted (February 2004) the Arunachal Rural Road Development Agency (ARRDA) to function as the State Level Agency (SLA) for management of funds under PMGSY and vetting project proposals for scrutiny by the State level Standing Committee (SLSC) which was constituted in June 2000. From 2001-02, Government of India released funds to the District Rural Development Agencies (DRDAs) identified as the District Project Implementation Unit (DPIU). DRDAs in turn released the same to the executing agency.

The actual execution of works was done by the Executive Engineers, PWD and RWD under the direct control of Chief Engineer (CE), PWD (EZ) & (WZ) and Chief Engineer (CE), RWD respectively.

3.1.3 Audit Coverage

Records of the Finance Department, Rural Development (RD) Department, CE, PWD (EZ & WZ), CE, RWD, six DRDAs (out of 14), five PW divisions[#] out of 28 and six RW divisions^ψ out of 14 relating to 30 selected packages out of 137 (22 per cent) of six districts^β covering the period from December 2000 to March 2005 were test checked between January and June 2005. Of the total expenditure of Rs.124.81 crore, the packages test checked accounted for Rs.23.20 crore (19 per cent). The results of the test check are discussed in the succeeding paragraphs.

3.1.4 Audit Objectives

The main audit objective was to make an assessment as to how far the scheme has been able to achieve the goal of providing connectivity through good all weather roads in the rural areas in an economical and efficient manner as per quality parameters/specifications prescribed.

The sub-objectives were as follows :

- ❖ Proper utilisation of funds for the purpose for which allotted by Government of India;
- ❖ Compliance with MoRD guidelines;
- ❖ Accuracy and reliability of data of unconnected habitations;
- ❖ Adequacy of planning;
- ❖ Adherence to prescribed quality parameters by the executing agencies; and
- ❖ Existence of proper monitoring and evaluation system.

3.1.5 Audit Criteria

The following audit criteria were adopted for achieving the audit objectives:

[#] Bomdila, Yingkiong, Basar, Tawang and Daporijo.

^ψ Singchung, Papumpare, Along, Yingkiong, Tawang and Daporijo

^β Papumpare, West Kameng, West Siang, Upper Siang, Tawang and Upper Subansiri.

- ❖ Assessment of planning, preparation and submission of Detailed Project Reports (DPR);
- ❖ Utilisation of funds in implementation of the scheme;
- ❖ Examination of physical targets with financial progress and deviations; and
- ❖ Adherence to the guidelines issued by MoRD.

3.1.6 Audit Methodology

In attempting the review, the following methodologies were adopted :

- ❖ Analysis of allocation of funds received from Government of India and its utilisation including scrutiny of release orders, sanctions, monthly accounts, progress reports, audited accounts and relevant records of the DRDAs as well as Public Works and Rural Works Departments;
- ❖ Analysis of Detailed Project Reports with rates adopted, awarding of works, execution of approved works *etc.*, including scrutiny of survey reports, DPRs, work orders, vouchers, measurement records, progress reports, etc; and,
- ❖ Analysis of the Quality Control Mechanism through scrutiny of the reports of the DPIUs, State Quality Monitors (SQM), National Quality Monitors (NQM) and action taken reports of the executing agencies on the recommendations of DPIU/SQM/NQM.

3.1.7 Audit Findings

The review of the scheme revealed that Central funds of Rs.34.25 crore allocated during 2000-01 for completion of incomplete roadworks under BMS were utilised for State Plan works leading to non-execution of approved projects during the year. There was also short release of funds by the DRDAs during 2001-03, delayed submission of core network data (from Phase II onwards) to the Government of India, selection of projects without proper survey and investigation leading to revision of estimates as well as non-completion of the works to provide connectivity as well as non-achievement of physical target during 2001-03 *etc.* Quality control at the state level was deficient and no action on defects in the road works pointed out by National Quality Monitors was taken. On line Management and Monitoring system has not been updated.

The audit findings are discussed in the succeeding paragraphs :

3.1.8 Planning process

Proper planning is imperative for achieving the objectives of a programme in a systematic and cost effective manner. Under the programme, the EEs, PWD and RWD are responsible for selection of block-wise villages to be connected by roads and preparation of project proposals after conducting proper survey and investigation and in consultation with the respective Chief Engineers. The project cost is to be determined as per technical parameters approved under the

PMGSY Scheme by the State Technical Agency (STA) as well as the Government of India. The block-wise projects selected are submitted to the respective DPIU for scrutiny and formulation of District Rural Roads Plan (DRRP). The governing body of the DRDA considers the proposals and assesses the viability of the projects in consultation with the respective EEs, RWD and PWD and the local Members of Parliament and Members of Legislative Assembly. The DRRP approved by the Governing Body, is forwarded to the Nodal Department for preparation of Core Network and Comprehensive New Connectivity Priority List (CN & CNCPL) for selection of road-works and placing before the SLSC for approval and onward transmission to the Government of India.

The Core Network and Comprehensive New Connectivity Priority List were submitted to the MoRD only during January 2005. Audit scrutiny revealed that in many cases habitations with low prioratisation took precedence over habitations with high prioratisation due to late finalisation of CNCPL. This has been discussed in the subsequent paragraphs.

Non-conducting of detailed survey and investigation prior to taking up of road works, non-adherence of the provisions of PMGSY guidelines leading to changes in the scope of works requiring revision of estimates in three road works under three RW divisions as detailed in subsequent paragraphs were indicative of poor planning.

3.1.9 Implementation

Financial Management

Details of funds released by the Government of India under PMGSY Scheme for Phases I, II and III during 2000-01 to 2004-05 and yearwise expenditure thereagainst as furnished by the Department are shown below:

Table 3.1

(Rupees in crore)

Phase	Year	Funds released by GOI	Funds released by DRDAs	Expenditure	Excess (+) Savings (-)
Phase I	2000-01	40.95	Nil	34.34	(-) 6.61
	2001-02	--	Nil	6.00	(+) 6.00
Total		40.95	Nil	40.34	(-) 0.61
Phase II	2001-02	80.00	17.22	16.77	(-) 63.23
	2002-03	6.51	56.12	38.57	(+) 32.06
	2003-04	Nil	10.14	24.47	(+) 24.47
	2004-05	Nil	1.44	4.66	(+) 4.66
Total		86.51	84.92	84.47	(-) 2.04
Phase III	2003-04	Nil	Nil	Nil	Nil
	2004-05	Nil	Nil	Nil	Nil
Grand Total		127.46	84.92	124.81	(-) 2.65

The following shortcomings were noticed:

- There was overall saving of Rs.2.65 crore. The saving was mainly due to non-completion of 18 road works under Phase II till March 2005.
- According to the PMGSY guidelines of December 2000, the State Government was to transfer funds to the DRDAs concerned within 15 days of release by Government of India. On the basis of approved proposals and recommendations of the MoRD, the Ministry of Finance, Government of India released (March 2001) Rs.40.95 crore under PMGSY (Phase I). Out of Rs.40.95 crore, Rs.34.95 crore were to be utilised for completion of incomplete road works under the erstwhile BMS programme and the balance Rs.6 crore was to be transferred to RWD for utilisation as per PMGSY guidelines. Accordingly, RD Department was to release Rs.34.95 crore to 13 DRDAs. Only Rs.0.70 crore were released (March 2001) to eight DRDAs for implementation of PMGSY. As regards the release of balance amount of Rs.34.25 crore, the 11 test checked executing agencies intimated that they had not received any funds for executing BMS works. On this being pointed out, the CE, RWD stated (August 2005) that no separate funds for PMGSY were provided by the State Government. The funds were drawn as State Plan funds and were utilised for State Plan Works as per the Annual Operating Plan 2000-01. The fact remains that funds were not released for the purpose for which the same were allocated. The incomplete roadworks under the erstwhile BMS thus remained unattended and the desired connectivity to the rural population was not achieved. The CE, RWD, released Rs.6 crore through LOC between July 2001 and October 2001 to 12 RW divisions.
- According to the monthly progress report (March 2005) sent to Government of India, the total expenditure incurred was shown as Rs.123.99 crore (Phase I: Rs.40.95 crore and Phase II: Rs.83.04 crore) against expenditure of Rs.124.81 crore (Phase I: Rs.40.34 crore and Phase II: Rs.84.47 crore) shown to have been incurred as per the records of the Rural Development Department. Reasons for reporting less/incorrect expenditure to the Government of India were not on record.
- According to the guidelines of December 2000, funds released by Government of India were to be credited into a separate bank account opened by the DRDAs concerned. The interest earned on this account was not to be diverted for any other purpose. This practice was discontinued from March 2004 when the State Level Agency (ARRDA) was authorised to maintain a single account for PMGSY funds from which all payments were to be made. Accordingly, the RD Department, directed (July 2004 and September 2004) all the DRDAs to transfer the unspent balance of PMGSY (Phase II) funds lying in their respective bank accounts alongwith interest accrued to the account of ARRDA. Scrutiny of records revealed that an amount of Rs.47.37 lakh was transferred by six out of 14 DRDAs till March 2005. The remaining eight DRDAs had not transferred the unutilised balance alongwith interest till May 2005. No action was initiated against the defaulting DRDAs. The CE, RWD in reply stated (August 2005) that four DRDAs out of the remaining eight had also transferred the unutilised balance to ARRDA's account. The reply was silent about action taken against the remaining four defaulting DRDAs.

From the year 2001-02, the Government of India released funds directly to 14 DRDAs of the State as per the total project cost approved for each district worked out on the basis of the packages cleared. The DRDAs were required to open a separate savings bank account under PMGSY with a scheduled bank for depositing the amount. The interest earned was not to be diverted for any other programme.

On the basis of detailed estimates of the packages approved by the Government of India and technical clearance of STA, the DRDAs were to release the funds to the executing agencies concerned through cheques in a phased manner depending on the progress of work.

Deviating from the prescribed norms, the Government of Arunachal Pradesh decided (March 2002) that the CEs, PWD and RWD would ensure safe custody of funds so released to their departments by opening bank account with the approval of the State Finance Department or as per established procedure of deposit works prevailing in the Works Department.

The executing departments, however, followed the procedure of deposit works and accordingly, the executing divisions on receipt of cheques from the DRDAs concerned remitted it into treasuries under '8782 Cash Remittance'. The funds so deposited are being controlled by the CEs and disbursed to the executing agencies by issuing LOC.

Deviation from the prescribed procedure of depositing the funds into bank account resulted in loss of interest of Rs.35.17 lakh (**Appendix – XXIII**) on funds received in respect of 12 packages (Phase II) under the seven divisions[#] test checked.

Out of Rs.86.51 crore released by the Government of India during 2001-02 and 2002-03 under PMGSY (Phase II), the DRDAs released only Rs.84.92 crore till March 2005 to the executing agencies for implementation of the Projects. Thus, there was a short release of funds of Rs.1.59 crore by the DRDAs. Reasons for short-release of funds were neither on record nor stated to Audit.

Diversion of PMGSY funds

PMGSY guidelines provide that the State Level Agency will ensure that the accounts of the DRDAs are audited by Chartered Accountants within six months from the close of the financial year.

Scrutiny of records, however, revealed that the RD Department received only 14 audit reports (AR) and balance sheets (BS) from 10 DRDAs (against 41 AR and BS due from 14 DRDAs) for the period from 2001-02 to 2004-05. Scrutiny of the available AR/BS including cash book of DRDA, Papumpare (2004-05) revealed that four DRDAs incurred expenditure of Rs.24.83 lakh on items of work beyond the scope of the PMGSY. Details are as under :

[#] PWD, Tawang, Yingkiong, Basar and Daporijo
RWD, Tawang, Along and Daporijo

Table 3.2

Account for the year	Name of DRDA	Particulars of Expenditure	Amount (Rupees)
2001-02	DRDA, Dibang Valley	(i) Supply of CGI sheets	8,30,640
		(ii) Contingency Expenses	19,600
2002-03	DRDA, East Kameng	Maintenance	1,05,115
	DRDA, Papumpare	Office expenses	1,63,640
2003-04	DRDA, Changlang	Purchase of new car	3,99,277
	DRDA, Papumpare	Office expenses	1,09,989
2004-05	DRDA, Papumpare	Office expenses	2,54,615
		Temporary loan for administration expenses	6,00,000
Total:			24,82,876

Balance sheets of all the DRDAs were not made available to Audit. Hence, utilisation of the PMGSY funds in conformity with the guidelines during 2001-05 could not be verified in audit.

Works Management

According to the 2001 Census, there were 2,728[#] unconnected habitations in the State as on 31 March 2001. The target set during 2000-01 (for Phase I) and 2001-03 (Phase II) for the number of road works, habitations to be covered as per approved project proposals as well as achievement till March 2005 thereagainst as reported (April 2005) to Government of India were as under :

Table 3.3

	Target					Achievement				
	No. of road works	Road length in Km	Habitation to be covered			No. of road works	Road length in Km	Habitation covered		
			>1000	500-999	250-499			>1000	500-999	250-499
2000-01 (Phase I)	202	317.97	6	18	21	202	317.97	6	18	21
2001-03 (Phase II)	137	728.76	10	22	52	119	700.16	10	22	51

Source : Department

• **Phase I**

Achievement of the target for Phase I as reported was not based on facts in view of utilisation of Rs.34.25 crore for State Plan Works. Rupees 6 crore, however, remained unspent with the RWD which was to be utilised during 2001-02. Rupees 0.70 crore allotted to eight DRDAs were utilised for maintenance (Rs.0.34 crore) and construction (Rs.0.36 crore) of Rural Link

[#] 1000 and above – 48; 500 to 999 – 119; 250 to 499 – 285 and below 250 - 2276

Roads (RLR) as per orders of the Minister, RD & PR which was beyond the scope of the PMGSY scheme.

In the six districts test checked, 100 *per cent* achievement was shown by completing 78 road works and providing connectivity to 12 habitations with population from 500-999 (four habitations) and 250-499 (eight habitations). Achievement so reported was not based on facts as funds were not released to the executing divisions as mentioned in the foregoing paragraphs.

- **Phase II**

According to the approved Project Proposal for PMGSY (Phase II), the projects were to be completed by March 2003. Although almost 100 *per cent* achievement in coverage of habitations was reported to the Government of India, the habitations actually covered till March 2005 were evidently less as there were still 18 incomplete works in the State. Completion of only 87 *per cent* of the sanctioned road works (119 out of 137) as of March 2005 at a total cost of Rs.84.47 crore being 98 *per cent* of funds released was indicative of poor planning. Reasons for delay in completion of works under Phase II was attributed by the nodal agency to delayed clearance of projects by the Government of India and late release of funds by DRDA. The contention was not tenable as the Government of India cleared only one project belatedly as a special package and DRDAs released 50 *per cent* cost immediately after receipt of funds from Government of India and thereafter on the basis of progress of work.

Scrutiny of records in the six test checked districts revealed that 100 *per cent* achievement in coverage of habitation was reported although 55 roadworks out of 59 were only shown to have been completed and four road works remaining incomplete. Further scrutiny revealed that out of 55 roadworks reported to have been completed, two roadworks (Package Nos.AR0704RWD and AR0803RWD) could not be completed due to change in approved specification as mentioned in succeeding paragraphs. Therefore, six road works remained incomplete in the test checked districts depriving the desired connectivity to six habitations. Thus, achievement reported to Government of India for Phase II was also not correct.

- **Phase III**

Proposals for Phase III were due for submission to Government of India in October 2002. MoRD, Government of India stipulated (September 2002) that roadworks included in Phase III proposal should be a part of the Core Network and Comprehensive New Connectivity Priority List. The MoRD further directed (March 2004) the State Governments for updating Online Management and Monitoring System (OMMS) to full accuracy on a regular basis.

Delay in finalisation of CN & CNCPL by the nodal agency consequently led to delayed submission (January 2005) of project proposals for Phase III with

consequential delay in providing connectivity to 54[#] eligible unconnected habitations. The proposal for Phase III has not been approved by Government of India till date (May 2005). OMMS also has not been updated as of May 2005.

Tendering of works

PMGSY guidelines provide for tendering through competitive bidding for all projects. Test check of records of 16 selected packages for Phase II, however, revealed that the executing agencies (PWD and RWD) did not invite any tender. All the packages were either executed departmentally or through contractors by issue of work orders. Due to such deviation from the prescribed procedure, the executing agencies could not maintain the time schedule for completion of works as could be seen from the succeeding paragraphs. On being pointed out the CE, RWD stated (August 2005) that tendering as per standard bidding document (SBD) would be done from Phase III. Works under Phase III not having been taken up as of date, tendering as per SBD remained unascertained.

Habitation coverage having population less than 250

Objective of the PMGSY scheme was to provide road connectivity through good all-weather roads to all rural habitation with a population of more than 500 persons (250 in case of hilly region) and where a state had no uncovered habitation of this size, smaller habitations could also be covered.

Though there were 415 uncovered habitations with population more than 1000 (43), 500-999 (105) and 250-499 (267) prior to taking up of Phase II, it was seen that the State Government proposed (August 2001) inclusion of 103 habitations with less than 250 persons. Out of 119 completed packages, 34 packages provided connectivity to habitations having population less than 250 as detailed in **Appendix – XXIV**. Out of those, population of 13 habitations were even below 100.

The above facts proved that the prioritisation of the projects proposed by the State Government was defective.

3.1.10 Execution of work

Unproductive expenditure

With a view to connect Lote village to the Sippi-Sera PWD Road, Daporijo RW Division in Upper Subansiri district had taken up construction of a road from Sera Tapapu to Lote under Package No.AR1004RWD1 (Phase II) for a length of four km at an estimated cost of Rs.80.24 lakh. Scrutiny of the project report revealed that to connect Lote a road of 6.5 km length passing through two river crossings beyond four km with span of 18 mtr and 40 mtr was required to be constructed. Although there was no approved proposal for

[#] 1000 and above – 12; 500 to 999 – 14; 250 to 499 - 28

construction of bridges over the river crossings, the division executed earthwork in formation cutting only for a road length of 4.300 km at a total cost of Rs.69.06 lakh as of March 2005. Reasons for inclusion of the project with a road length less than the required road length in the proposal for approval of Government of India was not available on record.

Thus, due to partial execution of the road having no other habitation between Sera-Tapapu and Lote as well as non-construction of the required bridges, the purpose for construction of the road was not achieved and expenditure of Rs.69.06 lakh remained unproductive so far.

Injudicious expenditure

According to the guidelines, only single road connectivity is to be provided and if a habitation is already connected to another connected habitation by way of an all-weather road, then no further work can be taken up under the PMGSY at that habitation. The road from Dong to Lillydong in Upper Subansiri district was sanctioned under Package No.AR1002 RWD1 to connect Lillydong with Dong lying on the Border Road Task Force road. Scrutiny revealed that Lillydong was already connected by an all-weather road (BRTF road to Mona). Thus, selection of the road providing dual connectivity to 'Lillydong' was in violation of the norms of the guidelines and Rs.1.29 crore spent on the project till date (June 2005) proved injudicious. On this being pointed out, the Department stated (June 2005) that proposal was made due to public demand as the road would minimise the distance between these two villages. The reply is not tenable as inclusion of the proposal was in violation of the provision of the guidelines and the prioritisation was misplaced as there were so many unconnected habitations in the State.

Irregular execution of work

The PMGSY guidelines provided that the alignment of the road, after approval, should not be changed without the concurrence of the District Panchayat, the State Technical Agency and the SLSC.

- Test check of records of Package No. AR0704 RWD (Laptap to Pech) in Papumpare district revealed that the work was approved for a road length of 6.89 km at an estimated cost of Rs.1.24 crore. The original approved estimate was, however, revised subsequently (based on SE's inspection dated August 2003) by including seven slab culverts, one RCC bridge and retaining wall, etc. To keep the estimated cost unaltered, the department executed the road length only upto 4.90 km at a cost of Rs.1.22 crore without obtaining any concurrence from the competent authorities. As such, the village Pech intended to be covered could not be covered, thereby frustrating the objective of the PMGSY scheme. Further, the report made to Government of India that village Pech was connected was also factually incorrect.

- Test check of records of the road from Nacho to Ringling in Upper Subansiri district under Package No.AR1005RWD2 sanctioned for a length of seven km at an estimated cost of Rs.1.25 crore revealed that the estimate for the work was revised by reducing the water bound macadam (WBM) from

seven km to two km to accommodate scopes of work like survey, retaining walls etc. The revised estimate was, however, not approved by competent authority. In the absence of WBM for the entire road length the road from Nacho to Ringling remained only a fair weather road and connectivity to the eligible habitations by an all weather road was not achieved.

- Test check of records of the road from Lhou-Jangda to Shyro in Tawang district (AR0803 RWD) revealed that the work was approved for 3.51 km at an estimated cost of Rs.51.64 lakh. The approved estimate was revised subsequently by reducing the road length to 2.525 km and the savings utilised for retaining wall, breast wall, side drain, etc. This was, however, not approved by the competent authority. Thus, due to unauthorised change in approved specification the road remained incomplete as of May 2005 denying intended connectivity although completion of the work at an expenditure of Rs.51.64 lakh had already been reported.

Delay in execution of work

The approved projects under PMGSY were to be executed within a period of nine months from the date of approval and in exceptional cases, this period could be extended upto 12 months. Scrutiny of 16 packages revealed that completion of 12 packages were delayed by five to 19 months and four packages remained incomplete till date, as per details given in **Appendix - XXV**.

Test check of the completed packages shown in **Appendix - XXV** revealed that out of six packages inspected by National Quality Monitors (NQM) between May 2003 and March 2004, three were graded as 'Average' and one remained un-graded. Guidelines required that average and poor roadworks be rectified and reported to NQM for re-inspection. Rectification of the defects pointed out by NQM could not be ascertained as no report was available.

3.1.11 Plantation Work

The scheme provided for plantation of fruit bearing and other suitable trees from State funds along the roads constructed under PMGSY. Scrutiny of 16 roadworks (Phase II) in six districts[#], however, revealed that provision for plantation work was not provided in any of the estimates and no plantation work was executed. Hence, soil conservation work was not carried out on the roads as specified under the programme.

3.1.12 Photography of road work

The scheme envisaged photography of road works at three stages – beginning, middle and at final stage. Scrutiny of records of 16 roadworks (Phase II) in six districts[#] revealed that photographs in respect of five roadworks^ψ were not sent

[#] Papumpare, West Kameng, West Siang, Upper Siang, Tawang and Daporijo.

^ψ (i) AR1203 PWD – Basar to Estrichiku (ii) AR1204 PWD – Gensi. Litemori – Tatamori
(iii) AR0704 RWD – Laptap to Pech (iv) AR1204 RWD – Ringi to Paimuri
(v) AR1301 PWD – Pugging to Likor

to the Government of India along with the Project Report. Photographs in respect of the remaining 11 roadworks, although stated to have been forwarded to the Government of India along with the Project Report, were not made available to Audit.

3.1.13 Performance Guarantee

A well-established procedure for tendering through competitive bidding was to be followed for all projects and the States were to follow the standard bidding document (SBD), prescribed by the MoRD, for all tenders. Para 15.2 of the guidelines further stipulated that the roads constructed under this programme were expected to be of very high standard, requiring no major repairs for at least five years after completion of construction. In order to realise this objective, suitable clauses relating to performance guarantee/routine maintenance were to be included in the contract documents, as per the provisions in the SBD. In particular, the State Government was required to obtain a bank guarantee @ 10 per cent of the value of the work from the contractors with validity period of five years.

Scrutiny of 11 roadworks completed at a cost of Rs.7.26 crore in eight PIUs (Appendix – XXVI) revealed that all the works were executed partly departmentally and partly through petty contractors on work order basis without having scope for obtaining performance guarantee. As a result, assets valued at Rs.7.26 crore created under the programme were not covered by warranty for the next five years.

3.1.14 Quality control mechanism

For effective supervision, a three tier quality control mechanism was envisaged. In the first tier, each programme implementation unit (PIU) would ensure that the workmanship and materials utilized on works conform to the prescribed specifications. In the second tier, the State Quality Monitors (SQM) were to inspect all the works periodically including testing of materials used in works. Independent monitors to be engaged by NRRDA as NQM would be the 3rd tier and inspect the road work with particular reference to quality and furnish reports to NRRDA. The NRRDA in turn would send NQM's report to the State Government for appropriate action.

In Arunachal Pradesh, SQM was created in March 2004 with Superintending Engineer, Rural Works Circle, Rupa as State Quality Control Co-ordinator (SQC) and four EEs as monitors. The SQMs were to inspect the works frequently and submit monthly reports to SQC. The SQC was responsible to submit a report in prescribed format to the CE, RWD, the State Technical Nodal Officer and the DPIUs after every inspection.

The DPIUs did not appoint the 1st tier Quality Monitors nor did any Quality Control Laboratory exist in the entire State (March 2005). The road works executed under PMGSY (Phase I) were not inspected either by the SQM or by the NQM till March 2005. Out of 119 road works completed till March 2005 under Phase II, records of inspection of only four roads by SQM in two

districts (Changlang and West Kameng) during June-July 2004 were made available to Audit. In the absence of a Quality Control Laboratory, only onsite inspection was carried out by the SQM. The reports of inspection of SQM were not available on record. However, the State Technical Nodal Officer in his report (September 2002) pointed out certain major deficiencies in the works executed under PMGSY. Quality of road works executed thus remained unassessed by the SQM and quality control as required remained deficient to that extent.

The NQM inspected 81 works between February 2003 and April 2005. Twenty four works were graded as good, 47 as average and four as poor. Six works remained ungraded. The action taken report for 18 out of 81 packages only were sent to NRRDA between February 2003 and January 2005.

3.1.15 Monitoring and evaluation

Submission of monthly/quarterly progress report on implementation of the programme by the DPIU and the executing agencies to the State Level Agencies were irregular till February 2003. From March 2003, monthly/quarterly progress report were submitted by the implementing agencies regularly to the authorities concerned but actual achievement of progress made against the works were not evaluated by the State Government as is evident from the delay in completion of work, diversion of funds, *etc.*, by the implementing agencies. Though on-line Management & Monitoring System was installed in the nodal agencies, information pertaining to all the 16 districts was not updated (March 2005) due to non-availability of internet facilities and power supply in all the districts.

The matter was reported to the Government/Department (July 2005); reply had not been received (October 2005).

3.1.16 Conclusion

The State Government utilised Central funds of Rs.34.25 crore towards State Plan works and the incomplete roadworks under BMS for which the funds were allocated remained unexecuted under Phase I and as a result 202 roadworks approved by Government of India for execution during 2000-01 had not been executed and 45 eligible habitations due to be connected were deprived of the benefit of connectivity through all weather roads. Due to delay in submission of core network for the programme (from Phase II onwards), short release of funds by DRDAs during 2001-03 and taking up of the works without proper survey and investigation, and thus requiring change in scope of works and revision of the estimates subsequently, resulted in 18 roadworks remaining incomplete depriving 23 eligible habitations from the intended benefit of connectivity by AWR. In the test checked districts six road works including two roads were reported to have been completed though incomplete, depriving six habitations of the connectivity by AWR. Works under Phase III due to be executed during 2003-04 had not yet been taken up and 54 eligible habitations due to be covered remained unconnected as of date. After implementation of the scheme for five years, 394 eligible habitations

remained unconnected. Monitoring and evaluation were ineffective and the on-line Management and Monitoring System was not updated.

3.1.17 Recommendations

The following recommendations are made :

- Timely release of funds to the executing agencies should be ensured;
- Detailed Project Report (DPR) should be prepared after conducting detailed survey;
- Works should be prioritised as per scheme guidelines;
- Execution of works should be as per approved DPR;
- Execution of works should be completed within the prescribed time frame;
- Tendering through competitive bidding, as per standard bidding document prescribed by the MoRD should be done; and
- On-line management & monitoring system for effective monitoring should be geared up.

**SOCIAL WELFARE, WOMEN AND CHILD
DEVELOPMENT DEPARTMENT**

**3.2 Nutrition Programme under Pradhan Mantri Gramodaya
Yojana (PMGY)**

Highlights

The review brings out the failure of the State Government in providing increased nutrition to children below the age of three years for eradication of malnutrition. Malnutrition amongst children below three years also had not been assessed through growth monitoring and health check-up. Besides, the monitoring system was ineffective and evaluation was not done.

Total additional central assistance of Rs.56.07 crore for nutrition meant exclusively for children below the age of three years was diverted for implementation of the State Plan scheme which covered children in the age group zero to six years, pregnant women and lactating mothers.

(Paragraph 3.2.7)

The State failed to implement ICDS scheme in 27 blocks out of 85 in spite of the Supreme Court's judgement. Out of 717 villages in seven CDPOs test checked only 354 villages were covered under the scheme and 363 villages remained uncovered.

(Paragraph 3.2.7)

Registration of beneficiaries including children in zero to three years age group below poverty line as well as in marginalised group were not done through proper estimation.

(Paragraph 3.2.7)

None of the 117 Anganwadi centres in the seven CDPOs audited had maintained records of distribution of food (take home ration) to children in the age group zero to three. Distribution of food as supplementary nutrition could therefore not be verified in audit.

(Paragraph 3.2.7)

Growth monitoring through recording of weight and health checkup of children was not conducted for early detection of growth faltering and prevention of malnutrition.

(Paragraph 3.2.7)

Procurement of food with short shelf-life and at a higher rate led to loss of Rs.3.42 crore and extra expenditure of Rs.2.64 crore respectively.

(Paragraph 3.2.8)

Monitoring remained ineffective and impact of implementation of the programme remained un-evaluated.

(Paragraph 3.2.10)

3.2.1 Introduction

Pradhan Mantri Gramodaya Yojana (PMGY) introduced in July 2000 as a 100 per cent Centrally sponsored scheme (CSS) was a new initiative for achieving the objective of sustainable human development at the village level. The scheme envisaged an additional central assistance (ACA) for the various components of Basic Minimum Services (BMS) including nutrition. The nutrition component of the PMGY had been specifically outlined with the objective of eradicating malnutrition amongst children below three years by supplementary feeding of these children through the Integrated Child Development Services (ICDS) Scheme. The PMGY envisaged that (i) the ACA allocated to States/UTs for nutrition component of PMGY be specifically utilised for supplementary feeding cost to children of the age group of zero to three years, (ii) the funds earmarked for nutrition component be utilised only for the purpose, and, (iii) the cost of supplementary feeding under ICDS for children upto six years, pregnant women and lactating mothers would continue to be borne by the State Government from its existing plan/non-plan sources.

3.2.2 Organisational set-up

The Secretary, Social Welfare, Women and Child Development (SW,W&CD) is the head of the Department. The Director, SW,W&CD, is the nodal officer responsible for co-ordination and implementation of the nutrition component in the State. He is assisted by a Deputy Director (DD), ICDS and a Programme Officer. The Child Development Project Officer (CDPO) is directly responsible for implementation of the programme at project level. At village level the programme is implemented through Anganwadis run by Anganwadi Workers (AWs) and Anganwadi Helpers (AHs) under the supervision of Supervisors/Extension Officers and Gram Sevikas. At present, there are 2,359 Anganwadi centres under 58 ICDS projects in the State to be covered under PMGY.

3.2.3 Audit coverage

The implementation of the nutrition programme was reviewed during March–April 2005 by test check of records of the DSW,W&CDD, seven CDPOs[#] in five districts^ψ (out of 16) and 117 Anganwadi centres (AWCs) out of 377 under the seven CDPOs relating to the period from 2000-01 to 2004-05 covering 43 per cent (Rs.23.88 crore) of total expenditure (Rs.54.95 crore).

[#] Sagalee, Hayuliang, Basar, Liromoba, Pasighat, Hunli-Kronli and Namsai Chowkham.

^ψ Papumpare; West Siang; Lohit; East Siang and Lower Dibang Valley.

3.2.4 Audit objectives

The audit objectives were to assess whether :

- ❖ methods for identification of the target group were effective;
- ❖ the plan was drawn up to achieve fulfilment of the policy objectives to cover the entire targeted population;
- ❖ survey was conducted for identification and registration of the mal-nourished children;
- ❖ funds provided were sufficient to achieve the annual targets;
- ❖ supplementary feeding provided to the zero to three years age group children was based on proper estimation;
- ❖ procurement of food was made in an economical, efficient and effective manner considering the quality parameters; and,
- ❖ the monitoring system evolved was effective and evaluation had been made to assess the achievement of the desired objectives.

3.2.5 Audit Criteria

Audit examination was based on the following criteria :

- ❖ adequacy of coverage of the target population;
- ❖ proper survey for identification and registration of malnourished children;
- ❖ sufficiency of funds vis-à-vis the requirement;
- ❖ growth monitoring, health checkup of children and counselling of mothers etc. and effective distribution system of food items;
- ❖ economic and efficient procurement procedure keeping in view the quality of food; and,
- ❖ monitoring, evaluation and impact assessment machinery.

3.2.6 Audit methodology

Following methodologies were adopted :

- ❖ to check the number of CDPOs/Anganwadi centres operational in the State for coverage of the programme in each village;
- ❖ verification of data regarding identification and registration of mal-nourished children below three years;
- ❖ analysis of data in respect of supplementary feeding provided to children in the age group of zero to three years;
- ❖ examination of procurement procedure for economy and efficiency and quality of food; and
- ❖ verification of reports and returns with documents maintained at CDPO/AWC.

3.2.7 Implementation

Financial management

The allocation under PMGY was an additional central assistance (ACA) given specifically to prevent malnutrition in children in the age group zero to three years and not as a substitute for the State's own plan outlays for supplementary nutrition. The State Government was required to make provisions for meeting supplementary nutrition requirements of zero to six years children, pregnant women and lactating mothers as per guidelines and norms in this regard.

Scrutiny revealed that the State had utilised the ACA released by the Government of India (GOI) during 2000-01 to 2004-05 towards procurement of food items for consumption of all groups of children (zero to six years), pregnant women and lactating mothers for supplementary nutrition programme (SNP) under ICDS scheme. This indicated that the entire funds of Rs.56.07 crore received under PMGY during 2000-01 to 2004-05 were diverted for implementation of SNP under ICDS and the objective of the PMGY of eradicating malnutrition amongst children below three years by increased nutritional coverage of supplementary feeding remained unattained.

Year-wise allocation of ACA against 'Nutrition' under PMGY, provisions made in the State budget under the State plan of SNP and expenditure incurred thereagainst during the period from 2000-01 to 2004-05 were as under :

Table 3.4

(Rupees in crore)				
Year	ACA allocated against Nutrition under PMGY	Provision made in the State budget under SNP (State plan scheme)	Expenditure	Excess (+) Savings (-) with reference to Budget provision
2000-01	10.23	9.28	9.28	-
2001-02	11.46	11.46	11.34	(-) 0.12
2002-03	11.46	11.46	11.41	(-) 0.05
2003-04	11.46	11.46	10.54	(-) 0.92
2004-05	11.46	12.38	12.38	-
Total:	56.07	56.04	54.95	(-) 1.09

Source : Appropriation Accounts

During 2000-01, the State Government made budget provision of Rs.2.28 crore for the Special Nutrition Programme (SNP) under General Plan. On receipt of ACA from Government of India in July 2000 under the Nutrition component of PMGY, the allocation under SNP was augmented by providing additional amount of Rs.7 crore thereby raising the total provision to Rs.9.28 crore. The balance ACA of Rs.0.95 crore (Rs.10.23 crore – Rs.9.28 crore) was to be adjusted against ACA for 2001-02 under PMGY. As mentioned in para 3.4 of the Audit Report for the year 2001-02, Rs.2.28 crore was utilised

for implementation of SNP under ICDS scheme and Rs.7 crore was allotted (March 2001) to the Director of Supply and Transport (DST) under the instructions (March 2001) of State Planning Department.

The Public Accounts Committee in its meeting (May 2005) while discussing the Audit Report 2001-02 (Para 3.4) felt that all children in the age group zero to three years should be covered under the programme. The Committee also observed that diversion of Rs.7 crore to Civil Supplies Department was highly irregular requiring responsibility to be fixed and suggested that the Finance Department should not allow such irregularities in future. Action on the above recommendations was awaited.

Although the unspent ACA of Rs.0.95 crore during 2000-01 was to be adjusted against ACA for 2001-02 under PMGY, the Department stated (December 2002) that the State Government had utilised the amount in high priority sectors such as primary education, health and water supply during 2001-02. The expenditure was incurred without providing for it in the budget. Further, minimum sectoral allocation under the programme was not utilised during 2000-01 as required in the guidelines. Reasons for incurring expenditure of Rs.94.55 lakh without making provision in the budget for that year and in violation of norms fixed by the Government of India for utilisation of minimum sectoral allocation were neither on record nor stated.

Reasons for savings of Rs.1.09 crore from 2000-01 to 2004-05 also were not on record.

Physical

The PMGY was introduced to specifically provide for nutritional supplementation/ supplementary feeding cost to children from six months to three years age group through ICDS with special emphasis on marginalised children who were to be given preference for food supplementation. The cost of supplementary feeding under ICDS for children in the age group of three to six years, pregnant women and lactating mothers was to be borne by the State Government from the existing plan/non-plan sources of the State.

During the period covered under the review the State Government diverted the entire amount of ACA towards supplementary nutrition under the State Plan scheme. On this being pointed out, the Government, stated (May 2005) that due to financial crunch, funds could not be provided for supplementary feeding and the funds received under PMGY were being utilised for feeding children (zero to six years), pregnant women and lactating mothers in the Anganwadi centres under SNP.

The purpose of eradicating malnutrition amongst children below three years by increased nutritional coverage as intended in the nutrition component of the programme was thus frustrated and the malnourished children below three years in the State were deprived of the benefit of increased nutritional support.

The targets fixed by the State Government and achievements reported in respect of coverage of beneficiaries under SNP during 2000-01 to 2004-05 is shown below:

Table 3.5

Year	Target		Achievement		Shortfall	
	Children (0-6 years)	Mother	Children (0-6 years)	Mother	Children (0-6 years)	Mother
2000-01	1,08,208	27,105	1,08,208	27,105	Nil	Nil
2001-02	1,14,518	28,755	1,14,518	28,755	Nil	Nil
2002-03	1,16,518	29,255	1,16,518	29,225	Nil	30
2003-04	1,19,518	29,725	1,16,725	29,545	2793	180
2004-05	1,19,518	29,772	1,18,665	28,352	853	1,420

Source : State Government's figures

Reasons for the shortfall were not on record.

The State Government claimed to have met the target of coverage of children under SNP in all years except 2003-04 and 2004-05.

Test check of six districts however revealed that as compared to the 2001 Census figures of children upto the age of six years, the shortfall in coverage as reported by the CDPOs, ranged between 10 to 61 per cent. Details are given in **Appendix – XXVII**.

The Supreme Court of India in its judgement (November 2001) directed all the State Governments to implement ICDS scheme in full and ensure that every ICDS disbursing centre in the country provided food with specified food value to each child.

Test check revealed that the State Government failed to implement the ICDS scheme in 27 blocks as the scheme is implemented in only 58 out of 85 blocks in the State. All the blocks were covered in only three districts namely West Kameng, Lower Subansiri and Tawang. In the other 13 districts coverage was only partial. Again, out of 717 villages, in seven CDPOs test checked only 354 villages were covered under the scheme leaving 363 villages uncovered.

On this being pointed out in audit, the Director, SW,W&CD stated (July 2005) that the uncovered blocks were either newly created or bifurcated from old ones. The reply is not tenable as these blocks were created during 1961-62 (one block), 2001-02 (two blocks) and 2002-03 (24 blocks).

The veracity of the figures shown under achievement by the State Government could not be verified in audit due to non-registration of beneficiaries as stated below.

Registration of beneficiaries

The Government of India while clarifying (February 2002) the doubts raised regarding SNP under ICDS and nutrition component of PMGY stated that the States have to ensure (i) registration of all eligible beneficiaries in accordance with the applicable norms and also register all children below the poverty line including marginalised children in zero to three years age group and, (ii)

provision of requisite nutrition for meeting the gap in the Recommended Dietary Allowance (RDA) by supplementing the State's commitment for supplementary nutrition.

Scrutiny of records of the seven CDPOs test checked in audit revealed that there was no registration of children in the zero to six years age group in general and children below poverty line in the zero to three years age group in particular in any of the CDPOs. As a result, the number of malnourished children requiring supplementary feeding could not be ascertained in audit.

Director, SW,W&CD stated (July 2005) that necessary instruction for registration of all eligible beneficiaries had already been issued and implementation of the instruction by the field units would be confirmed. Implementation of the instructions issued by the Directorate had thus never been monitored.

Take Home Ration Strategy

For distribution of food to children in the age group zero to three years, take home ration (THR) strategy was to be adopted and food for one to four weeks distributed at a time to mothers for feeding at home. For this purpose, the mothers were to be called alongwith the child on a specific day to the AWCs for food distribution as well as growth monitoring, health checkup, immunisation, *etc.*, and for nutrition and health education. For growth monitoring, proper record in the growth chart was to be maintained in each Anganwadi.

The 117 AWCs under the seven CDPOs test checked had neither maintained growth chart of children nor maintained records of distribution of THR. There was also no record of conducting health checkup of children in the age group zero to three years. In the absence of these records the basis of distribution of THR as supplementary feeding to the malnourished children could not be verified in audit. Counselling of mothers for imparting health care education also could not be ascertained in audit due to non-maintenance of records in this regard.

Regular growth monitoring is a tool for prevention of malnutrition and early detection of growth faltering. In the absence of growth monitoring in any of the AWCs malnutrition among children below three years remained unascertained and the children requiring additional nutrition for meeting gap in the RDA were deprived of the benefit.

On this being pointed out, the Director, SW,W&CD, stated (May & July 2005) that non-maintenance of growth chart by the CDPOs is being looked into. Further developments in this regard are awaited (July 2005). Reply of the DSW,W&CD was silent about non-maintenance of record of distribution of THR, non-conducting of health checkup of children as well as health education to mothers.

3.2.8 Procurement of food items

Extra expenditure on purchase of Poshahar (weaning food)

For the implementation of nutrition component of PMGY during 2002-03, SW,W&CD Department invited (October 2002) sealed tenders for supply of four food items[#] including poshahar. In response, 58 offers^ψ were received from different tenderers. The Board recommended (November 2002) the lowest rates for the respective items quoted by 35 valid tenderers. While the rates for groundnut, peas and biscuit were accepted (November 2002) by the Government, that of poshahar was scrapped on the grounds of (i) submission of ISO 9001 certificate instead of ISO 9002, (ii) non-availability of nutritive value content in the analysis report produced by the firm, (iii) overwriting and corrections in the tender papers, and, (iv) rejection of a few tenders by the Board without valid reasons.

Accordingly, fresh tenders were invited (January 2003) which included *inter alia* the condition that the manufacturer should have supplied in his own name to government departments directly in any of the North Eastern States. Against this, five tenderers submitted their rates and the rate of the 2nd lowest tenderer (Rs.48.34 per kg) was accepted (February 2003) by the Government on the basis of recommendation made by the Board, although the rate quoted by the same firm for supply of the same item was Rs.29.00 per kg in response to the earlier tender notice of October 2002 and the same firm supplied the same material in Meghalaya during 2002-03 and 2003-04 at Rs.29.11 per kg.

However, the Government did not take these facts into consideration before approving the much higher rate for reasons not on record.

Accordingly, order for supply of 2,24,707 kg poshahar @ Rs.48.34 per kg was issued (March 2003) to the firm and payment of Rs.1.09 crore was released (March 2003) against supply of materials during 2002-03. As the firm expressed (April 2003) its willingness to supply poshahar during subsequent years at the same rate further quantity of 11,37,780 kg of poshahar for 2003-04 was procured from the firm (March 2004) on payment of Rs.5.50 crore.

Thus, the decision of the Government in approving the higher rate even without considering the substantially lower rate (Rs.29 per kg) offered by the same supplier only four months earlier as well as the substantially lower rate of supply of the material by the same supplier in Meghalaya resulted in extra expenditure of Rs.2.64 crore^β on procurement of poshahar for the years 2002-03 and 2003-04.

[#] *Groundnut, peas, fortified biscuit and poshahar (weaning food)*

^ψ *Groundnut = 14 numbers*

Peas = 15 numbers

Biscuit = 18 numbers

Poshahar = 11 numbers

^β *2,24,707 kg (2002-03)*

11,37,780 kg (2003-04)

Total : 13,62,487 kg × Rs.19.34 (Rs.48.34 – Rs.29.00) per kg = Rs.2,63,50,499
Say Rs.2.64 crore

Procurement of Poshahar with short shelf life

Scrutiny further revealed that for supply of 11,37,771 kg of poshahar during 2003-04 the department entered into (September 2003) an agreement with the firm (M/s Continental Milkose India Ltd, New Delhi) without any warranty clause about the quality of the material although the agreement executed for the supply during 2002-03 included a warranty to the effect that the item would continue to conform to the description and quality for a period of one year from the date of delivery. Reasons for non-imposition of the warranty clause in the subsequent agreement was neither on record nor stated.

The firm supplied (January 2004 to February 2004) 11,37,780 kg (37,926 bags @ 30 kg per bag) and payment of Rs.5.50 crore was released between February 2004 and June 2004.

A Board constituted (December 2003) for inspection of the food item observed that the poshahar was to be used within six months from the date of manufacture as clearly superscribed on each packet. The items were manufactured during October 2003 (2,04,000 kg), November 2003 (5,27,550 kg) and December 2003 (4,06,230 kg) and their shelf life thus would expire between April 2004 and June 2004. The department issued 10,90,530 kg (36,351 bags of 30 kg each) to the respective CDPOs between January 2004 and April 2004 for distribution to the beneficiaries through AWCs leaving a balance of 47,250 kg in stock.

Reasons for accepting the materials having short shelf life for distribution throughout the year *i.e.* beyond the shelf life, was neither on record nor stated.

Based on four feeding days of poshahar in a month as prescribed, monthly requirement of poshahar for feeding 1,19,518 children and 29,772 women has been worked out in audit as 71,625 kg[#]. Accordingly, a maximum of 4,29,750 kg of poshahar (71,625kg × 6 months) could be issued to the beneficiaries within the shelf life and the balance 7,08,030 kg of poshahar valued at Rs.3.42 crore including 47,250 kg lying in stock as of April 2005 would be unfit for consumption due to expiry. Due to improper maintenance of the records of distribution in AWCs it was not ascertainable whether the poshahar was distributed to the beneficiaries even after expiry.

Injudicious procurement of food items with short shelf life and without safeguarding the Government's interest by incorporation of a warranty clause in the agreement resulted in loss of Rs.3.42 crore due to expiry of 7,08,030 kg poshahar @ Rs.48.34 per kg.

On this being pointed out the Director, SW, W&CD stated (July 2005) that the matter had been taken up with the Government to write off the losses. Response of the Government is awaited.

[#] Requirement of poshahar per month :

1,19,518 children @ 100 grams per child per day × 4 days = 47807.20 Kg

29,772 women @ 200 grams per woman per day × 4 days = 23817.60 Kg

Total = 71624.80 Kg

Say 71625Kg

Extra avoidable expenditure in procurement of Farex Rice

Mention was also made in para 3.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 regarding extra avoidable expenditure of Rs.9.91 lakh incurred by the DSW,W&CD on procurement of Farex Rice (Baby rice cereal) during 2001-02 at higher rates. The Public Accounts Committee in its meeting (May 2005) asked the department to furnish the reasons for procurement at a higher rate; reply of the department is awaited.

3.2.9 Irregular payment of additional honorarium

Performance linked additional honorarium @Rs.50 pm was to be paid to the AWWs and helpers out of the ACA for implementation of nutrition component of PMGY subject to (i) budgetary provisions made by the State Government for supplementary nutrition, (ii) distribution of supplementary nutrition in the AWCs covered under PMGY for not less than 21 days in a month under certification of the CDPO, (iii) regular maintenance of growth charts of zero to three years children by the AWWs and weighing was done regularly on monthly basis, and, (iv) providing supplementary nutrition to all Grade III and Grade IV malnourished children of six months to three years as per norm.

Scrutiny of records of the AWCs under the test checked CDPOs revealed that records showing distribution of supplementary nutrition items were not maintained by any of the AWCs. Weighing on monthly basis was never done since 2000-01, nor were the growth charts maintained till the date of audit. However, the AWWs and the helpers were paid additional honorarium regularly since 2000-01 till the date of audit.

Payment of additional honorarium of Rs.21.06 lakh to the 406 AWWs and 296 helpers maintained on an average under the seven CDPOs test checked despite non-fulfilment of the conditions for such payment was irregular. CDPO-wise details of AWCs, AWWs, helpers and additional honorarium paid are shown in **Appendix – XXVIII**.

3.2.10 Monitoring, evaluation and impact study

Prescribed reports/returns required to be sent for proper monitoring of the programme at field level were not sent by the Anganwadi workers. Monthly progress reports (MPR) required to be submitted to the Directorate and the Government of India were not submitted by most of the CDPOs regularly. The CDPOs also had not involved the Panchayati Raj Institutions, Mother's Committee etc., actively in monitoring of the scheme as required.

Reduction in overall levels of malnutrition amongst the under three years children was also not assessed by the test checked CDPOs through recording of weight of the children regularly.

The Director, SW,W&CD had, however, regularly sent yearly status reports to the Government of India during the period from 2000-01 to 2003-04, showing

only nutritional status of children without giving the position of children weighed. Basis on which the nutritional status of the children was arrived at without the children being weighed on a regular basis was neither on record nor stated.

The monitoring system thus remained ineffective and the overall impact of implementation of the component of PMGY remained unevaluated.

The Director, SW,W&CD stated (July 2005) that the Government is yet to evaluate the activities of the programme and efforts were being made to streamline the reporting system.

The matter was reported to the Government (July 2005); reply had not been received (October 2005).

3.2.11 Conclusions

The Government failed to implement the ICDS scheme in 27 blocks of the State and in 363 out of 717 villages of the seven test checked CDPOs, Government also diverted entire funds under PMGY to meet their obligation under SNP and failed to provide increased nutritional coverage of supplementary feeding to children below three years. Identification and registration of beneficiaries through survey was not done and as a result the number of malnourished children in the state remained unassessed. Growth monitoring and health checkup of children for detection of growth faltering and prevention of malnutrition was not done. Food items with short shelf life procured at a higher rate had resulted in loss and extra expenditure. Impact evaluation of the scheme had not been done and the monitoring system was ineffective.

3.2.12 Recommendations

- All uncovered blocks/villages should be covered under the programme;
- All eligible children in zero to three years age group should be registered;
- Additional Central Assistance should be utilised for meeting supplementary feeding cost to children in the age group of zero to three years and the State Government should provide funds for ICDS scheme from its own sources;
- Records of distribution of take home ration (supplementary nutrition) to children in the age group zero to three years must be maintained.
- Regular growth monitoring should be done for early detection of growth faltering and prevention of malnutrition in children;
- Food should be procured as per actual requirement for issue within the shelf-life after ascertaining the competitive rates; and
- Monitoring system as per the scheme should be observed scrupulously and impact of implementation of the scheme should be evaluated.

CHAPTER – IV

AUDIT OF TRANSACTIONS

1. **Unproductive expenditure**
2. **Unproductive expenditure**
3. **Extra avoidable expenditure on transportation**
4. **Non-availing of central subsidy**
5. **Excess payment**
6. **Unfruitful expenditure**
7. **Diversion of funds**
8. **Excess expenditure**
9. **Unproductive expenditure**
10. **Loss due to injudicious procurement of materials**
11. **Wasteful expenditure**
12. **Follow up action on Audit Reports**
13. **Failure to respond to audit objections and compliance thereof**
14. **Write-off of losses, etc.**

CHAPTER – IV

AUDIT OF TRANSACTIONS

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

4.1 Unproductive expenditure

Delay in commissioning of a plant and its subsequent non-operation resulted in avoidable expenditure of Rs.7.22 lakh and unproductive expenditure of Rs.74.39 lakh.

The Government of India, Ministry of Agriculture, Department of Animal Husbandry sanctioned (March 2001) the Centrally sponsored scheme 'National Project for Cattle and buffalo breeding' (NPCBB) at an estimated outlay of Rs.39.03 crore. The scheme to be implemented with full Central Assistance, was to be phased over a period of five years. Accordingly, the Government of India released (March 2001) Rs.1.40 crore for carrying out certain activities of the scheme during the year 2000-01, which *inter alia* included installation of one liquid Nitrogen Plant with accessories costing Rs.80 lakh. The scheme was to be implemented by Arunachal Pradesh Livestock Development Society (APLDS), which was registered as a society in June 2001. The Secretary, Animal Husbandry and Veterinary Department (AH & Vety) is the Chairman of the Society and Director of AH & Vety is its Chief Executive Officer.

Scrutiny (November 2004) of records of the Director of AH & Vety revealed that although a quotation from M/s Philips India Ltd., accredited representative of a foreign based company, was obtained by the Director in November 2001 for supply and installation of plant (for Rs.67.17 lakh) at Pasighat, no further action was taken by him in this regard. The State Government also after a lapse of two years from the date of release of funds by the Government of India (March 2001), sanctioned and released (March 2003) Rs.1.40 crore to APLDS for implementation of the scheme. The reason for delay in releasing the funds by the Government was neither on record nor stated to Audit. However, in June 2003, APLDS obtained another quotation from a dealer of the same foreign based manufacturing company for supply of the same plant for offered price of Rs.73.91 lakh and accordingly supply order was issued (September 2003) to the firm. In reply to an audit query, the Director stated (November 2004) that the plant was supplied and installed (date of installation not specified) by the firm but it had not been made operational as of November 2004. An amount of Rs.73.09 lakh was paid (December 2003 and February 2004) to the firm and another amount of Rs.1.30 lakh would be payable to them when the plant was made operational.

Thus, delay in releasing the Central funds by the State Government and consequent delay in placing the supply order and installation of plant resulted in avoidable expenditure of Rs.7.22 lakh due to increase in the exchange rate of Euro. Further the entire expenditure of Rs.74.39 lakh (including liability of Rs.1.30 lakh) has been unproductive so far due to non operation of the plant. Moreover, this had an adverse affect on the implementation of the Centrally sponsored scheme (for Rs.39.03 crore) as a whole.

The department in reply stated (June 2005) that the plant had been commissioned and had become fully operational producing Liquid Nitrogen. The date of commissioning as well as the purpose for which the Liquid Nitrogen was utilised had not however been stated. The reply is not tenable as Liquid Nitrogen is required for preservation of semen in frozen state and the proposal for strengthening the frozen semen network sent to Government of India in October 2004 is yet to be approved.

The matter was reported to the Government (May 2005), reply had not been received (October 2005).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.2 Unproductive expenditure

Non functioning/operationalisation of the hospital waste management system at Naharlagun general hospital resulted in unproductive expenditure of Rs.70.88 lakh.

The Bio-Medical Waste Management and Handling Rules, 1998 (BMWMH) stipulate the setting up of Hospital Waste Management System (HWMS) at hospitals to protect public health and environment. The target date for setting up of the waste management system[#] in the hospitals of Arunachal Pradesh, as specified in Schedule VI of the rules *ibid*, was 31 December 2001.

Accordingly, Government of India Ministry of Health and Family Welfare sanctioned (September 2001) and released Rs.1.50 crore on 25 September 2001 as financial assistance to the Government of Arunachal Pradesh for providing HWMS in the general hospitals at Naharlagun and Pasighat under the Central Scheme 'Assistance for Capacity Building' with the condition that the HWMS should meet the specification and emission standards as prescribed in BMWMH and a certificate obtained from the State Pollution Control Committee.

[#] Incinerator 20 kg/hour capacity, Autoclave, plastic shredder with accessories, containers, waste collection bins, waste transfer trolley, protective gear, etc.

In January 2004, the State Government sanctioned Rs.1.42 crore for procurement, installation and commissioning of HWMS at both the hospitals. Reasons for the delay in release of funds by the State Government were neither on record nor stated.

Scrutiny (December 2004) of records of the Director of Health Services Naharlagun and further information collected (May 2005) revealed that the Director placed (January 2004) the order for supply, installation and commissioning of HWMS at both the hospitals with a Guwahati based firm at a cost of Rs.1.42 crore (Rs.70.88 lakh each). In terms of the agreement (January 2004), the firm was to give equipment warranty for 12 months from the date of handing over. After installation and commissioning, the HWMS were handed over to Naharlagun hospital (2 June 2004) and Pasighat hospital (3 June 2004) and payment of Rs.1.39 crore was released between February 2004 and June 2004. Balance of Rs.2.86 lakh was to be paid after expiry of warranty period in terms of the agreement. Certificate from State Pollution Control Committee in confirmation of the specification and emission standards was, however, not obtained.

Scrutiny further revealed that the HWMS at Naharlagun could not be made operational till 8 April 2005 although water supply required for running of the incinerator was installed on 24 November 2004. The HWMS stopped functioning from 1 May 2005 after running for 10 days only and remained non-functional till date. Reasons for non-functioning of the plant even after a lapse of 10 months of the warranty period and installation of water supply was not on record.

The HWMS at Naharlagun thus remained mostly unutilised even after 11 months of its handing over rendering the expenditure of Rs.70.88 lakh unproductive. Besides, the objective to protect public health and environment in Naharlagun remained unfulfilled.

The matter was reported to the Government (March 2005), their reply had not been received (October 2005).

4.3 Extra avoidable expenditure on transportation

Fixing of rates for transportation of DDT in 2002-03 through limited tender as well as unauthorised allowance of 28 trucks including three additional trucks against 10 trucks actually utilised for lifting of DDT in 2003-04 led to extra avoidable expenditure of Rs.26.61 lakh.

The Director of Health Services, Naharlagun, placed (August 2002) work order with a local firm for transportation of 140 MT DDT for the year 2002-03 from M/s Hindustan Insecticides Limited, Rasayani, Maharashtra to Naharlagun and Jairampur in Arunachal Pradesh @ Rs15.85 per Kg as approved by the department for that year on the basis of limited tender.

Administrative approval and expenditure sanction for Rs.21.75 lakh being accorded (March 2003) by the Government, the Director on receipt of the materials released (March 2003) payment of Rs.21.75 lakh against the firm's claim of Rs.22.33 lakh.

Scrutiny (December 2004) of records of the Director revealed that Government of Arunachal Pradesh, Department of Transport approved (December 2000) freight charges of trucks at Rs.18 per kilometre (km). The firm transported the entire quantity in nine trucks and thus was to be paid Rs.4.86 lakh ($9 \times 18 \times 3000$) for transportation of 140 MT for the distance of 3000 km from Rasayani to Naharlagun/Jairampur at the rate fixed by Department of Transport. Thus there was an extra expenditure of Rs.16.89 lakh (Rs.21.75 lakh – Rs.4.86 lakh).

Similarly, for transportation of DDT for the year 2003-04, Health and Family Welfare Department approved (March 2004) engagement of a Guwahati based carriage contractor and issued (March 2004) order for carrying 150 MT DDT from M/s Hindustan Insecticides Limited, Rasayani to Naharlagun and Jairampur at a lumpsum cost of Rs.15.12 lakh. Basis of selection of the contractor was neither on record nor stated. The contractor transported (March 2004) the full quantity in 10 trucks to the respective destinations and was paid (December 2004) Rs.15.12 lakh in settlement of his claim.

Further scrutiny revealed that inspite of directions from the Finance Department (October 2003), the Director, Health Services failed to invite open tender and fixed Rs.15.12 lakh arbitrarily allowing 28 trucks (@ six MT per truck + three additional trucks as backup support) for carrying the materials at Rs.18 per truck per km as approved by Department of Transport for a distance of 3000 km from Rasayani to Naharlagun/Jairampur. Basis of considering six MT per truck as well as reasons for allowing three additional trucks as backup support beyond the ambit of the agreement were neither on record nor stated.

By allowing 28 trucks against 10 trucks actually utilised by the contractor the department incurred extra expenditure of Rs.9.72 lakh (Rs.15.12 lakh – Rs.5.40 lakh[#]).

The total extra expenditure of Rs.26.61 lakh (Rs.16.89 lakh + Rs.9.72 lakh) could have been avoided had the department resorted to open tender as well as considered the numbers of trucks actually utilised by the contractor and avoided allowance of three additional trucks.

The department had also not availed the benefit of competitive rates through open tender.

While accepting (December 2004) the facts the department agreed to adopt either open tender system or the Government approved rate in future.

The matter was reported to the Government (March 2005), their reply had not been received (October 2005).

[#] 10 trucks @ Rs.18 per km for 3000 km = $10 \times 18 \times 3000 = Rs.5.40 \text{ lakh}$

DEPARTMENT OF URBAN DEVELOPMENT AND HOUSING

4.4 Non availing of central subsidy

Due to lack of initiative in release of State's share and non submission of project proposal within the stipulated time, receipt of central subsidy of Rs.18.23 lakh was delayed by two years and the State Government failed to avail further central subsidy of Rs.88.14 lakh depriving the targeted urban slum dwellers of the intended benefit of the scheme.

Valmiki Ambedkar Malin Basti Awas Yojana, a Centrally sponsored scheme, was sanctioned (December 2001) by the Government of India for ameliorating the housing problem of urban slum dwellers below the poverty line by providing funds for construction and upgradation of dwelling units. The scheme envisaged release of Central share of 50 *per cent* of the project cost as subsidy/grant by HUDCO only after deposit of State share of 50 *per cent* with State Urban Development Agency (SUDA), the designated implementing agency. However, from 2003-04, the Government of India decided (May 2003) to release its share through the Consolidated Fund of the State to the implementing agencies with the stipulation that the State's share should be released within two to three weeks from the date of receipt of the funds.

Scrutiny (December 2004) of records of the Director, Urban Development and Housing (UD&H) Department revealed that while conveying approval of Government of India for construction of 1600 units in 16 census towns during 2001-02 and 2002-03, HUDCO informed (March 2002) the department that central subsidy of Rs.18.23 lakh allocated (March 2002) for 2001-03 would be released on depositing the State's share with SUDA and subject to completion of all prescribed formalities. The State Government, however, sanctioned Rs.18.53 lakh only on 31 March 2004 which was deposited with SUDA (April 2004) and was lying unutilised as of August 2005. Central share of Rs.18 lakh (out of Rs.18.23 lakh) stated (August 2005) to have been released by HUDCO in July 2005 was also lying unutilised as of date (August 2005).

Again, for construction of 353 units during 2003-04, the Government of India allocated (June 2003) Rs.88.14 lakh subject to furnishing of complete proposals by November 2003 failing which the funds would be diverted to other States. The department did not take any initiative to submit the proposal within the due date for release of central share.

Thus, due to lack of initiative in timely release of State's share and in submission of project proposal within the stipulated time, there was delay in receipt of central subsidy of Rs.18.23 lakh by two years. Further, the State Government failed to avail further central subsidy of Rs.88.14 lakh resulting in depriving the targeted urban slum dwellers from the intended benefit of the scheme till date.

In July 2005, the department stated that the State's share could not be released due to financial constraint during the respective years. The reply is not tenable in view of recurring savings of Rs.49.54 crore during 2001-04 under the demands for grants (Plan) of the department even after surrender of Rs.7.11 crore during 2003-04.

Reply of the Government had not been received (October 2005).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5 Excess payment

The EE, Itanagar PHE Division, finalised supplier's claims at rates higher than the rates of the supply orders and the revised rates in force. This resulted in excess payment of Rs.27.60 lakh.

The Chief Engineer, Public Health Engineering Department, Itanagar placed two supply orders in October 2003 and June 2004 with a Kolkata based firm for supply of 27,200 RMT of ductile iron (DI) pipes of different specifications as per Director General of Supplies and Disposal rate contract to PHE stores, Naharlagun. The supply orders stipulated that in case the Director General of Supplies and Disposal finalises the rate contracts where the rates are lower than the rates allowed, necessary adjustments would be made in the final payment based on the rate so finalised.

Scrutiny (May 2005) of records of the Executive Engineer, PHE division, Itanagar revealed that the firm supplied 27,195 RMT of DI pipes. Out of this a quantity of 18192.50 RMT was paid for (between September 2004 and January 2005) by the department at rates higher than the rates mentioned in the supply order involving an excess payment of Rs.17.15 lakh as detailed in **Appendix – XXIX (A)**.

Further scrutiny revealed that rates as mentioned in the supply orders were also higher than the rate contracts as finalised by Director General of Supplies and Disposal in November 2003 and July 2004. But the divisional officer while finalising the claim of the contractor did not take note of the same despite being informed by the Chief Engineer in January 2004 and August 2004. Thus, there was a further excess payment of Rs.10.45 lakh as detailed in **Appendix – XXIX (B)**.

Thus, failure on the part of the Executive Engineer to strictly adhere to the terms and conditions of the supply orders as well as the rate contract led to excess payment of Rs.27.60 lakh (Rs.17.15 lakh + Rs.10.45 lakh).

The matter was reported to the Government in July 2005; their replies had not been received (October 2005).

PUBLIC WORKS DEPARTMENT

4.6 Unfruitful expenditure

Public Works Division, Khonsa incurred an expenditure of Rs.1.16 crore towards payment of pay and allowances/wages of surplus work charged staff and casual labourers.

Scrutiny (May 2005) of records of the Public Works division, Khonsa revealed that the division had 50 work charged staff and 424 casual/contingency workers on its roll in addition to 77 regular workers/ labourers for implementation of the schemes/projects. The Executive Engineer, Khonsa PW division while furnishing (April 2005) the position of work charged and casual staff under the division, informed the Superintending Engineer, PWD Jairampur Circle about the excess staff and proposed diversion of surplus workers. No decision appears to have been taken in the matter by Superintending Engineer. The divisional officer, on enquiry confirmed (May 2005) that the division had been maintaining 121 and 127 work charged staff as well as 536 and 424 casual labourers during 2003-04 and 2004-05 respectively. Position of workers maintained during 2003-04 and 2004-05, actual requirement and surplus as well as expenditure incurred on surplus workers are detailed in the table below:

Table 4.1

Period	Category of workers	Numbers of workers	Expenditure incurred on pay and allowances and wages (Rupees in lakh)	Actual requirement of workers	Surplus staff	Unfruitful expenditure involved on surplus workers (Rupees in lakh)
2003-04	W/C staff	121	84.36	111	10	6.97
	Casual labourers	536	69.10	146	390	50.28
2004-05	W/C staff	127	88.21	111	16	11.11
	Casual labourers	424	73.37	146	278	48.11
Total:						116.47

Retaining of surplus work charged staff and casual labourers without any work resulted in unfruitful expenditure of Rs.1.16 crore towards payment of pay and allowances of work charged staff and wages of casual labourers.

The matter was reported to the Government (July 2005); their replies had not been received (October 2005).

4.7 Diversion of funds

Funds (Rs.35.56 lakh) provided for clearance of liabilities of a closed work were irregularly diverted by the Executive Engineer, Dumporijo PW Division for purchase of T&P materials by debiting the work.

Paka-Gongo NT road, a North Eastern Council funded scheme sanctioned between February 1993 and October 1998 phase-wise for execution by the State Public Works Department was suspended after incurring an expenditure of Rs.19.27 crore against sanctioned cost of Rs.22.76 crore following approval (June 1999) of handing over of the road to the Border Road Organisations by the Government.

For clearance of the liabilities pending for seven to eight years and created due to non-payment of contractor's bills against execution of earthwork, soling, metalling, culverts, etc., in different phases of the road, the Chief Engineer, Eastern Zone, PWD issued Letter of Credit for Rs.2.07 crore to the Executive Engineer, Dumporijo public work division during 2003-04. The Executive Engineer, Dumporijo public work division, instead of clearing the pending bills, spent Rs.35.56 lakh between September 2003 and April 2004 on procurement of various Tools and Plant materials[#] by debiting the works in different phases of the road by issue of work orders during March 2003 to March 2004.

The diversion of funds for purchase of Tools and Plant materials by debiting the closed works was irregular/unauthorised.

Further, scrutiny of Material at Site Accounts in respect of the road revealed that none of the materials so procured were accounted for therein. Reasons for non-accountal were not on record.

The matter was reported to the Government (May 2005); their replies had not been received (October 2005).

4.8 Excess expenditure

Excess utilisation of stone aggregate in road works beyond norms resulted in excess expenditure of Rs.19.64 lakh.

Between February 2003 and March 2005, Khonsa Public Works division executed (partly departmentally and partly through contractors by issue of works orders) pavement work of "Improvement of Khonsa-Hukanjuri-Joypur-Naharkatia road (35 km)" covering 71,648.40 sqm and 70,893.50 sqm for

[#] Shamiana, plastic tarpaulin, rain-coats, PVC chair, Vinyl flooring, hunting shoes, etc.

WBM I and WBM II respectively in sub-base course and 1,87,402.40 sqm for WBM III in base course.

Test check (May 2004) of records of the Executive Engineer, Khonsa Public Works division revealed that quantity of stone aggregates of various specifications utilised in execution of above works were in excess of the norms and requirements shown in the detailed estimate sanctioned (March 2003) resulting in excess expenditure of Rs.19.64 lakh as shown in **Appendix - XXX**.

The matter was reported to the Government (July 2005); their replies had not been received (October 2005).

4.9 Unproductive expenditure

Public Works Division, Roing undertook a work without clearance from the Forest Department, which resulted in an unproductive expenditure of Rs.16.39 lakh.

Forest Conservation Act, 1980, prohibits use of forest land for non-forest purposes without prior approval of the Government of India. The Government of India further clarified (March 1982) that request for *ex-post facto* approval on this regard would not be entertained.

Contrary to these provisions, the Government accorded (March 1997) administrative approval and expenditure sanction of Rs.15.87 lakh for execution of the items of work 'Jungle clearance and earth work in phase – I (0-5 km)' in connection with the construction of road from Bomjir to Amarpurghat (27 km). The work was technically sanctioned in December 1997. Accordingly the Roing Public Works division incurred an expenditure of Rs.14.29 lakh between March 1997 and March 2005. Besides, for undertaking survey and investigation of the road, the division incurred further expenditure of Rs.2.10 lakh during 1990-91 without obtaining clearance from the Forest Department

Test check (June 2005) of records of the Executive Engineer, Roing Public Works division revealed that after completion of jungle cutting in 3 km as of March 1998 at a cost of Rs.4.14 lakh, no further work was executed due to non-obtaining of forest clearance. Action, if any, of the Divisional Officer for obtaining forest clearance was not on record. Although the work was deferred since December 2000, the division incurred Rs.10.15 lakh during 2001-02 to 2004-05[#] on purchase of spare parts of vehicles and excess expenditure on maintenance of other works by debiting the expenditure to the deferred work.

#	2001-02	=	Rs.0.17 lakh
	2002-03	=	Rs.3.24 lakh
	2003-04	=	Rs.2.08 lakh
	2004-05	=	Rs.4.66 lakh
	Total	=	Rs.10.15 lakh

Thus, failure of the division to obtain statutory clearance from the Forest Department prior to taking up the work led to unproductive expenditure of Rs.16.39 lakh (Rs.14.29 lakh + Rs.2.10 lakh) besides irregular booking of Rs.10.15 lakh on the work even after its deferment.

The matter was reported to the Government (July 2005); their replies had not been received (October 2005).

4.10 Loss due to injudicious procurement of materials

Injudicious procurement of material which was not utilised resulted in a loss of Rs.11.23 lakh and material worth Rs.15.99 lakh were lying idle for periods ranging from 11 to 29 years.

Under Rule 103 of General Financial Rules, all purchases are to be made in accordance with definite requirement of public service and care should be taken not to purchase stores far in advance of actual requirement, if such purchase is likely to prove unprofitable to Government.

Test check (June 2005) of records of Roing Public Works Division revealed that in April 2005 the division was holding 163 items such as allum, aldrin, silica gel, paints, AC socket/shoe, nuts & bolts, GI fittings, etc., valued at Rs.19.57 lakh in stock. Scrutiny of 'Bin Cards' revealed that balances of these materials worth Rs.19.82 lakh were carried forward from the earlier bin cards during April 1988 to August 1994. Neither the earlier bin cards nor the records of procurement in respect of these materials could be made available to Audit. During the above mentioned period, the division resorted to further purchase of same materials costing Rs.3.62 lakh without considering availability of the materials *vis-à-vis* requirement. Till April 2005 the division could issue materials worth Rs.3.87 lakh only. The materials so procured without assessment of actual requirement were lying idle for periods ranging from 11 to 17 years. The physical verification of stores in March 2005 revealed that materials worth Rs.11.23 lakh were unserviceable due to prolonged storage. Necessary survey report for disposal of the unserviceable materials had not been prepared till date.

Similarly, bin cards maintained by Jairampur Public Works division revealed that balances of 84 items like allum, marble stone, hand pumps, nuts & bolts, GI fittings, cistern, RCC collar, etc., valued at Rs.8.57 lakh were carried forward during March 1976 to March 1993. Records of procurement of these materials as well as the earlier bin cards also could not be made available to Audit. The division issued materials worth Rs.0.92 lakh only till August 1994. There was however no issue after August 1994 and balance materials valued

Rs.7.65 lakh were lying in stock as of June 2005 for periods ranging from more than 12 to 29 years.

Although the matter was brought to the notice of the department during earlier audits neither the Chief Engineer, PWD, nor the concerned divisional officers had taken any action to dispose of the materials either by auction or by transfer to other needy divisions till the date of audit (June 2005).

Thus, injudicious procurement of materials not required for immediate use and inability of the department/divisions to dispose of the same before the materials became unserviceable resulted in loss of Rs.11.23 lakh to the Government. The materials valued Rs.15.99 lakh were also lying idle till date (June 2005).

The matter was reported to the Government (July 2005); their replies had not been received (October 2005).

4.11 Wasteful expenditure

Execution of portion of a road work by Jairampur PW Division, after completion of survey and investigation for a road length of 22 km, and subsequent abandonment of work led to wasteful expenditure of Rs.11.35 lakh.

To accelerate the socio-economic development of six villages by connecting them with the circle headquarter at Nampung, the Government accorded (September 2000) administrative approval and expenditure sanction for Rs.35.58 lakh for the work "Formation cutting – 5 km (phase – I)" for construction of a road from Rima to Motonga *via* Wingtong, Lungsang – 30 km. The sanction was given subject to the condition that expenditure should be incurred only after finalisation of Annual Operating Plan 2000-01. Survey and Investigation for a road length of 22 km was completed (March 2002) at a cost of Rs.3.13 lakh.

Test check (May 2005) of records of the Executive Engineer, Jairampur Public Works division and further collection of records from the division revealed that without budget provision and expenditure sanction the EE issued (March 2000) 12 work orders to local contractors for execution of jungle clearance and formation cutting for a road length of 1.008 km. In reply to an audit query, the division intimated (May 2005) that during 1999-2000 Rs.5 lakh was allotted by the Chief Engineer, Eastern Zone for the work although the work was not approved as per AOP 1999-2000. The allotment of funds during 1999-2000 without any budget provision and before receipt of expenditure sanction was irregular. Further scrutiny of payment vouchers and measurement books revealed that the contractors executed the work between November 1999 and February 2000 and the division paid (March 2000)

Rs.1.80 lakh to the contractors through hand receipts against value of work done for Rs.6.08 lakh. Out of the balance amount of Rs.4.28 lakh the division made payment of Rs.4.17 lakh between December 2000 and July 2004 and Rs.0.11 lakh remained unpaid as of date. The division debited Rs.2.25 lakh to the work between October 2000 and December 2004 being payment to work charged and casual labour (Rs.1.55 lakh); hire charge of dozer (Rs.1.01 lakh); petty purchases (Rs.0.17 lakh) and adjustment by transfer (-Rs.0.48 lakh). After completion of jungle clearance and formation cutting of 1.008 km of the road at a total cost of Rs.8.22 lakh, the work was virtually abandoned during 2003-04 due to non-availability of funds.

Thus, the execution of a work before it was sanctioned and subsequent abandonment of the work resulted in wasteful expenditure of Rs.11.35 lakh (Rs.3.13 lakh + Rs.5.97 lakh + Rs.2.25 lakh) which would increase on clearance of liability of Rs.0.11 lakh.

The matter was reported to the Government (July 2005); their replies had not been received (October 2005).

GENERAL

4.12 Follow up action on Audit Reports

As per the instructions issued by the Finance Department (June 1996), the concerned administrative departments are required to prepare an explanatory note on the paragraphs/reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Note' to the Assembly Secretariat with a copy to (1) Principal Accountant General (Audit) and (2) Secretary, Finance Department within three months from the date of receipt of the report.

Reviews of outstanding explanatory notes on paragraphs included in the Report of the Comptroller and Auditor General of India for the years from 1987-88 to 2002-03 revealed that the concerned administrative departments were not complying with these instructions. As of June 2005, *suo motu* explanatory notes on 84 paragraphs of these audit reports were outstanding from various departments as detailed in **Appendix – XXXI**.

The administrative departments were required to take suitable action on the recommendations made in the Reports of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare notes on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATN as one month up to the 49th Report. Review of 12 reports of the PAC containing recommendations on 85 paragraphs in respect of 18 departments of Audit Reports as detailed in **Appendix – XXXII** presented to the Legislature

between September 1994 and March 2003 revealed that none of these departments sent the ATNs to the Assembly Secretariat as of June 2005. Thus, the fate of the recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

The matter was reported to Government in (August 2005); reply had not been received (October 2005).

4.13 Failure to respond to audit objections and compliance thereof

791 paragraphs pertaining to 220 Inspection Reports involving Rs.44.65 crore were outstanding as on March 2005. Of these first replies to 34 Inspection Reports containing 221 paragraphs had not been received.

Principal Accountant General (Audit) conducts periodical inspection of Government departments to test check transactions and verify maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities detected during inspection are not settled on the spot, these are included in the Inspection Reports (IRs) that are issued to the Heads of the offices inspected with a copy to the next higher authorities. Government orders provide for prompt response by the executives to the IRs to ensure rectificatory action in compliance with the prescribed rules and procedures and to fix responsibility for the deficiencies, lapses, *etc.*, noticed during inspection. Serious irregularities are also brought to the notice of the Heads of the departments by the office of the Principal Accountant General (Audit). A half-yearly report of pending inspection reports is sent to the Secretary of the department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to March 2005 pertaining to 61 offices of three departments disclosed that 791 paragraphs relating to 220 IRs remained outstanding at the end of June 2005. Of these, 68 IRs containing 276 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue were not received from 31 offices for 221 paragraphs of 34 IRs issued between 1991-92 and 2004-05. As a result the following serious irregularities commented upon in these IRs had not been settled as of June 2005.

Table 4.2

Sl. No.	Nature of Irregularities	Home Department		Animal Husbandry and Veterinary Department		Rural Works Department	
		No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)
1.	Local purchase of stationery in excess of authorised limits and expenditure incurred without sanction	23	57.75	15	11.40	2	0.55
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll	-	-	15	17.65	-	-
3.	Delay in recovery or non-recovery of department receipts, advances and other recoverable charges	6	4.57	-	-	35	45.38
4.	Drawal of funds in advance of requirements resulting in retention of money in hand for long periods	15	526.95	-	-	4	13.59
5.	For want of D C C bills	-	-	20	21.99	19	188.16
6.	For want of APRs	-	-	-	-	4	1.50
7.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	1	3.35	-	-	-	-
8.	Payment of grants in excess of requirement	2	7.18	-	-	-	-
9.	Sanction to write off loans, losses, etc., not received	37	1001.87	10	25.19	1	0.05
10.	Others	158	754.06	203	929.19	221	854.41
	Total	242	2355.73	263	1005.42	286	1103.65

Source: Department

The Secretaries of the concerned departments, who were informed of the position through half-yearly reports, failed to ensure that the concerned officers of the departments took prompt and timely action. No action was taken against the defaulting officers.

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

The matter was reported to the Government (August 2005); reply had not been received (October 2005).

4.14 Write off of losses, etc.

Eighteen cases of misappropriation of funds, losses, etc., involving an amount of Rs.8.70 crore were awaiting orders for recovery or write off as on 30 June 2005. Department wise break up is given below:

Table 4.3

Sl. No.	Departments	Cases awaiting orders for recovery or write off	
		Number of cases	Amount (Rupees in lakh)
1.	Education	1	0.29
2.	Forest	10	868.32
3.	Public Works	4	0.85
4.	Supply and Transport	3	0.34
Total :		18	869.80 i.e. Rs.8.70 crore

The matter was reported to the Government (August 2005); reply had not been received (October 2005).

CHAPTER – V

REVENUE RECEIPTS

- 1. Trend of revenue receipts**
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CHAPTER - V

THEORY OF GROUPS

The theory of groups is a branch of abstract algebra that studies the properties of groups. A group is a set equipped with a binary operation that satisfies certain axioms. The study of groups is fundamental in many areas of mathematics, including geometry, physics, and chemistry. This chapter will explore the basic concepts of group theory, including the definition of a group, the properties of groups, and the structure of groups. We will also discuss the importance of groups in various fields of science and mathematics.

CHAPTER – V
REVENUE RECEIPTS
GENERAL

5.1 Trend of revenue receipts

Tax and non tax revenue raised by the Government of Arunachal Pradesh during the year 2004-05, the State's share of divisible Union taxes and grants in aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below :

Table 5.1

(Rupees in crore)

Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05
I.	Revenue raised by State Government					
(a)	Tax revenue	20.63	30.89	37.26	43.73	50.11
(b)	Non tax revenue	63.65	70.91	76.30	120.57	170.20
	Total	84.28	101.80	113.56	164.30	220.31
II.	Receipts from Government of India					
(a)	State's share of divisible Union taxes	115.67	90.93	121.68	160.60	191.95
(b)	Grants in aid	761.46	892.57	873.05	1251.46	1089.58
	Total	877.13	983.50	994.73	1412.06	1281.53
III.	Total receipts of State (I + II)	961.41	1085.30	1108.29	1576.36	1501.84
IV.	Percentage of (I to III)	9	9	10	10	15

Non plan grants received by the State from Government of India during the period from 2000-01 to 2004-05 are given below :

Table 5.2

(Rupees in crore)

Year	2000-01	2001-02	2002-03	2003-04	2004-05
Non plan grants	169.48	246.76	242.83	300.04	299.64

It would be seen that in comparison with 2000-01, non plan grants received by the State during 2004-05 increased by 77 per cent.

The details of tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below :

Table 5.3

(Rupees in crore)

Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	(a) Sales Tax	8.19	16.78	17.62	21.79	28.25	(+) 29.65
	(b) Central Sales Tax	...	...	...	...	...	...
2.	State Excise	9.02	10.55	14.26	15.42	17.79	(+) 15.37
3.	Stamps and Registration fees	0.25	0.27	2.10	0.31	0.46	(+) 48.39
4.	Taxes and Duties on Electricity	...	...	...	...	0.01	(+) 100
5.	Taxes on Vehicles	1.12	1.61	1.75	2.02	2.21	(+) 9.41
6.	Taxes on Goods and Passengers	...	...	...	...	...	...
7.	Land Revenue	1.45	1.00	0.81	3.57	0.76	(-) 78.71
8.	Taxes on Agricultural Income	...	...	...	...	...	...
9.	Others	0.60	0.68	0.72	0.62	0.63	(+) 1.61
	Total	20.63	30.89	37.26	43.73	50.11	(+) 14.59

The reasons for decrease under the head 'Land Revenue' was due to decrease in other receipts. Increase in sales tax was due to more receipts under 'Other Receipts'.

The details of the major non tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below :

Table 5.4

(Rupees in crore)

Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Interest Receipts	8.99	6.36	5.97	8.45	5.07	(-) 40.00
2.	Dairy Development	0.02	0.02	0.01	0.01	0.03	(+) 200
3.	Other Non-tax receipts	17.78	15.75	24.25	30.60	29.08	(-) 4.97
4.	Forestry and Wild Life	13.00	25.24	15.61	9.62	10.53	(+) 9.46
5.	Non-Ferrous Mining and Metallurgical Industries	5.18	4.48	7.44	17.39	28.26	(+) 62.51
6.	Miscellaneous General Services (including lottery receipts)	3.27	3.66	6.73	15.64	8.61	(-) 44.95
7.	Power	12.08	11.86	12.17	33.62	83.65	(+) 148.81
8.	Major and Medium Irrigation	...	...	...	...	...	...

(Rupees in crore)

Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
9.	Medical and Public Health	0.04	0.10	0.13	0.27	0.18	(-) 33.33
10.	Co-operation	0.02	0.02	0.03	0.02	0.10	(+) 400
11.	Public Works	1.58	1.77	2.18	1.90	2.35	(+) 23.68
12.	Police	0.91	0.87	0.71	1.81	0.83	(-) 54.14
13.	Other Administrative Services	0.78	0.78	1.07	1.24	1.51	(+) 21.77
	Total	63.65	70.91	76.30	120.57	170.20	(+) 41.16

The reasons for decrease in 'Interest Receipts' was due to less interest realised under investment of cash balance. Increase in power and nonferrous Mining and Metallurgical Industries was due to more receipts under 'Other Receipts'.

5.2 Variation between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2004-05 in respect of the principal heads of tax and non tax revenue are given below:

Table 5.5

(Rupees in crore)

Sl. No.	Head of Revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-) with reference to actuals	Percentage of variation
1.	Sales Tax	20.50	28.25	(+) 7.75	(+) 37.80
2.	State Excise	14.00	17.79	(+) 3.79	(+) 27.07
3.	Stamps and Registration Fees	2.10	0.46	(-) 1.64	(-) 78.10
4.	Land revenue	2.00	0.76	(-) 1.24	(-) 62.00
5.	Forestry and Wildlife	11.00	10.53	(-) 0.47	(-) 4.27
6.	Geology and Mining	11.00	28.26	(+) 17.26	(+) 156.91

Reasons for variations between budget estimates and actuals though called for had not been furnished (October 2005).

5.3 Cost of collection

The gross collection under taxes on vehicles, expenditure incurred on collection and the percentage of such expenditure during the year 2002-03 to 2004-05 along with all India average percentage of expenditure on collection of gross collection were as under:

Table 5.6

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection	Percentage of expenditure	All India average
			(Rupees in crore)			
1	Taxes on vehicles	2002-03	1.75	0.49	28	2.86
		2003-04	2.02	0.50	25	2.57
		2004-05	2.21	Awaited	-	-

Cost of collection, in respect of other principal heads of revenue though called for (September 2005) had not been received (October 2005).

It will be seen from above that expenditure on collection was much higher as compared to the all India average.

5.4 Arrears of revenue

The arrears of revenue in respect of some principal heads of revenue amounted to Rs.9.07 crore of which Rs.7.23 crore was outstanding for more than five years as detailed below:-

Table 5.7

(Rupees in crore)

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2005	Amount outstanding for more than five years as on 31 March 2005
1.	Land Revenue	9.07	7.23
2.	Motor Vehicles Taxes	Awaited	Awaited
3.	Forest and Environment	Awaited	Awaited

Particulars of arrears of revenue as on 31 March 2005 in respect of State Excise, Sales Tax and Motor Spirits are nil.

5.5 Results of audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicle Tax (MVT), Forest receipts and other receipts conducted during 2004-05 revealed under – assessment, non-levy, short levy, loss of revenue of Rs.19.91 crore in 154 cases. During the year, the departments accepted short/non levy and under assessments of Rs.2.69 crore in 48 cases pointed out in 2004-05 and in earlier years and recovered Rs.6.92 lakh. No reply has been received in respect of remaining cases.

This report contains 13 paragraphs involving Rs.5.43 crore. The Departments/Government have accepted four cases involving Rs.1.90 crore. The report on recovery in these cases and reply in other cases had not been received (October 2005).

5.6 Failure of senior officials to enforce accountability and protect interests of Government

The Principal Accountant General (Audit) Meghalaya, Arunachal Pradesh and Mizoram, Shillong arranges to conduct periodical inspection of various offices of the Government/departments to test check the correctness of assessments, levy and collection of tax and non tax receipts and verify the maintenance of accounts and records as per Acts, Rules and procedures prescribed by the Government/departments from time to time. These inspections are followed by Inspection Reports (IRs) issued to the heads of office inspected with copies to the next higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/heads of the Department, by the Office of the Principal Accountant General (Audit), Meghalaya, Arunachal Pradesh and Mizoram, Shillong. A half yearly report regarding pending IRs is sent to the Secretaries of the concerned Department to facilitate monitoring and settlement of audit objections raised in these IRs through intervention of the Government.

Inspection Reports issued upto December 2004 pertaining to offices under Sales Tax, State Excise, Land Revenue, Motor Vehicles Taxes and Forest departments disclosed that 437 observations relating to 145 IRs involving money value of Rs.116.48 crore remained outstanding at the end of June, 2005. Of these, 37 IRs containing 68 observations involving money value of Rs.8.28 crore had not been settled for more than five years. The year-wise position of outstanding IRs and paragraphs is detailed in **Appendix – XXXIII**.

In respect of 47 observations relating to 19 IRs involving a money value of Rs.9.47 crore issued upto March 2005, even first reply required to be received from the departments/Government had not been received (October 2005).

It is recommended that the Government prescribe a time schedule for regular submission of reply to IRs/paragraphs for settlement.

The position of old outstanding IRs/paragraphs was reported to the Government in August and September 2005; their reply had not been received (October 2005).

5.7 Response of the departments to draft paragraphs

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

Fifteen draft paragraphs proposed for inclusion in this Report were forwarded demi officially to the Secretaries of the respective departments during May 2005 and July 2005. Besides, the Chief Secretary to the State Government was also requested to arrange for discussion of the issues raised in the draft audit paragraphs for effective inclusion of the views/comments of the Government

in the Audit Report. Despite these efforts, no response was received in respect of nine draft paragraphs and these have been included in this Report without the response of the Government/departments.

5.8 Follow up on Audit Report – summarised position

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

While accepting the recommendations (1996), the Government specified the time frame of three months for submission of *suo motu* replies by the concerned departments. The Public Accounts Committee specified the time frame for submission of ATN on their recommendations as one month upto 49th Report.

Reviews of outstanding explanatory notes on paragraphs included in the Report of the Comptroller and Auditor General of India for the years from 1987-88 to 2003-04 revealed that the concerned administrative departments were not complying with these instructions. As of September 2005, *suo motu* explanatory notes on 57 paragraphs of these audit reports were outstanding from various departments as detailed in **Appendix – XXXIV**.

Review of four reports of the PAC containing recommendations on 15 paragraphs in respect of Forest Department, Finance Department and Excise Department presented to the Legislature between September 2001 and March 2003 revealed that the department failed to submit ATN on the recommendations made by the PAC as detailed below :

Table 5.8

Year of Audit Report	Paragraph numbers on which recommendations were made by the PAC but ATNs are awaited	Number of PAC Report on which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
1986-87	6.4, 6.6, 6.7 and 6.8	49 th Report	3 rd March 2003
1991-92	6.4, 6.5 and 6.6	44 th Report	21 st September 2001
1994-95	6.4	44 th Report	21 st September 2001
1995-96	6.4, 6.5 and 6.6	46 th Report	19 th March 2002
	6.7, 6.8 and 6.10	48 th Report	19 th March 2002
1996-97	6.7	46 th Report	19 th March 2002

Thus, due to failure of the department to comply with the instructions of the PAC the objective of ensuring accountability remained unfulfilled.

PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

5.9 Unauthorised extraction/removal of forest produces

The Border Road Task Force unauthorisedly extracted and removed forest produces[#] without permission from the Forest Department and without payment of royalty of Rs.74.62 lakh.

Under the Assam Forest (AF) Regulations, 1891 (as adopted by the Government of Arunachal Pradesh) and the Arunachal Pradesh Forest Manual 1980, no forest produce shall be extracted/removed from any forest area unless a written permission is granted and royalty charges are realised in full by the Forest Department.

Test check of records of the Principal Chief Conservator of Forests (PCCF), Arunachal Pradesh, Itanagar revealed in January–February 2004 that the Border Road Task Force (BRTF) extracted and removed seven categories[#] of forest produces during 2000-01 from forest areas under the Lohit Forest Division, Tezu during construction of roads without obtaining written permission of Forest Department. The Forest Department did not initiate any action to prevent such un-authorized extraction nor did they realise the royalty. This resulted in unauthorised extraction and removal of forest produce without payment of royalty of Rs.74.62 lakh.

The matter was reported to the Department/Government in April 2005; their reply had not been received (October 2005).

5.10 Failure to detect illicit removal of timber

Failure to detect illicit removal of 218.121 cum of timber led to loss of revenue of Rs.21.50 lakh.

Test check of records of the Divisional Forest Officer (DFO), Namsai revealed in February 2004 that a licensee of Veneer Mill was permitted to convert 187.612 cum of green veneer into dry veneer between April and June 2003. The Licensee, however, converted and despatched 405.733 cum of dry veneer outside the State against receipt of 187.612 cum of green veneer during the period between April and September 2003. The differential quantity between actual receipt of green veneer and despatch of dry veneer by the licensee escaped the notice of the Department. Thus failure of the Department to

[#] 4515 (4437.09 cum) trees of mixed species, 2795 poles, 5049.985 cum fire wood, 7000 bamboos, 20 kaps of cane, 10000 bundles Reed and 11400 cum shingle/boulder.

detect illicit dispatch of at least 218.121 cum dry veneer led to loss of revenue of Rs.21.50 lakh by way of royalty.

After this was pointed out in audit in June 2004 the DFO while admitting the facts stated in August 2005 that the license of the mill had been cancelled and penalty of Rs.47.25 lakh was imposed. The report on recovery has not been received (October 2005).

The matter was reported to the Government in June 2004 and July 2005; reply had not been received (October 2005).

5.11 Short realisation of royalty

Incorrect application of rate on 360.75 cum of sand and 7,135.618 cum of stone and failure to realise royalty on 195.68 cum of sand and 1,397.98 cum of stone led to short/non-realisation of royalty of Rs.3.91 lakh.

Under the AF Regulations, 1891, the Government of Arunachal Pradesh, Environment and Forest Department in their notification of 15 March 2001 revised the rate of royalty on sand and stone from Rs.16.35 and Rs.31.95 to Rs.40 and Rs.79 per cum respectively with immediate effect.

Cross check of records of two Executive Engineers PWD Yomcha and Paisghat with those of the records of the DFO, Along and Pasighat disclosed that 556.43 cum of sand and 8533.598 cum of stone were extracted and utilised in the works by the contractors between October 2001 and October 2003. However, Executive Engineer, PWD, Yomcha, realised royalty of Rs.3.05 lakh on 360.75 cum of sand and 7135.618 cum of stone at pre-revised rate from the contractors' bills instead of Rs.5.78 lakh at revised rate and the Executive Engineer, PWD, Pasighat did not realise royalty of Rs.1.18 lakh on the balance sand and stone from the contractors' bills. This resulted in non/short realisation of royalty of Rs.3.91 lakh.

The matter was reported to the Department and the Government in June 2005; their reply had not been received (October 2005).

EXCISE DEPARTMENT

5.12 Non realisation of licence fee

Failure of the Department to realise licence fee and penalty before cancellation of six licences led to loss of revenue of Rs.37.44 lakh.

Under the Arunachal Pradesh Excise Act, 1993 and Rules made thereunder, licence granted for dealing in India Made Foreign Liquor (IMFL) shall remain

valid for one year from the date of issue. On expiry of its validity period, the licensee shall either return the licence or get it renewed on payment of prescribed annual fee in advance. If he fails to get the licence renewed on payment of the prescribed fee before expiry of validity period of licence, he shall be liable to pay penalty, in addition to the fee, a sum ranging from Rs.25 to Rs.100 per day for the period of default in payment of fee.

Test check of records of the Commissioner of Excise, Itanagar in January 2004 revealed that licences of six wholesale vends of IMFL were valid upto different dates between December 1999 and February 2003. On expiry of the validity periods of licences between January 2000 and February 2003 the owners neither got their licences renewed nor returned the same though all the licensees continued their business till audit. The Department also did not initiate any action either to cancel the licences or to realise the prescribed fee and penalty. Thus, inaction of the Department led to non-realisation of licence fee of Rs.37.44 lakh inclusive of penalty.

After this was pointed out in audit in May 2004 the Department stated in March 2005 that the licences had been cancelled between May and August 2004. No reasons were cited for non-realisation of the fee and penalty.

The matter was reported to the Government in May 2004; their reply had not been received (October 2005).

GEOLOGY AND MINING DEPARTMENT

5.13 Loss of revenue

Execution of faulty agreement resulted in undue financial benefit to the lessee and loss of revenue of Rs.50.16 lakh.

The Petroleum and Natural Gas Rules, 1959 provides that royalties *etc.*, if not paid to the Government within the stipulated time, shall be increased by 10 *per cent* for each month or portion of a month during which such royalty *etc.*, remains unpaid.

Test check of records of the Director of Geology and Mining, Itanagar revealed in March 2005 that an agreement was entered in October 1997 between Government of Arunachal Pradesh and M/s Geo-Enpro Petroleum Limited for exploration of crude oil stipulating *inter alia* payment of additional royalty at the rate of 10 *per cent* per annum instead of 10 *per cent* per month for delayed payment of royalty as per provisions of the Rules *ibid*. It was further seen that the lessee paid royalty of Rs.3.63 crore due between November 2002 and December 2004, belatedly between January 2003 and January 2005. Additional royalty of Rs.54.72 lakh was payable by him as per provisions of the Rules. But due to faulty agreement the additional royalty was reduced to Rs.4.56 lakh resulting in loss of revenue of Rs.50.16 lakh.

The matter was reported to the Government/Department in May 2004; reply had not been received (October 2005).

LAND MANAGEMENT DEPARTMENT

5.14 Short realisation of revenue

Erroneous fixation of rate for allotment of 60,694 square metres of land to NEEPCO led to short realization of land revenue of Rs.14.56 lakh and recurring loss of revenue of Rs.1.21 lakh every year.

The Government of Arunachal Pradesh, Land Management Department instructed (June 1986 and July 1994) all the Deputy Commissioners (DCs) to realise value of land allotted to Central Government Departments at Rs.5 and Rs.10 per square metre as one time payment with effect from June 1986 and April 1994 respectively. However, if any land in the capital complex is allotted to any organization other than Central Government departments for industrial purpose, the land revenue should be realised as premium (one time payment) at the rate of Rs.3 and Rs.5 per square metre plus annual lease rent at Re.1 and Rs.2 per square metre with effect from July 1986 and April 1994 respectively.

Test check of records of the Deputy Commissioner (DC), Land Revenue, Papumpare, Yupia revealed in July 2004 that land measuring 60,694 square metre at Nirjuli was allotted to North Eastern Electric Power Corporation Limited (NEEPCO) in May, 1988 on realisation of Rs.3.04 lakh being value of the land. NEEPCO not being a Central Government Department was liable to pay premium including annual lease rent of Rs.17.60 lakh on the aforesaid land for the period from May 1988 to April 2004. But the DC, Yupia treated NEEPCO as a Central Government Department and collected (June 1989) Rs.3.04 lakh only as one time payment for price of the aforesaid land. This erroneous fixation of rate resulted in short realisation of land revenue of Rs.14.56 lakh upto April 2004. Further, there will be an annual recurring loss of Rs.1.21 lakh towards lease rent till the allotment is rectified.

After this was pointed out in audit in November 2004; the DC, Land Revenue, Yupia stated in July 2005 that demand notice was served on NEEPCO for payment of dues. The report on recovery has not been received (July 2005).

The matter was reported to the Government in November 2004 and July 2005; their reply had not been received (October 2005).

5.15 Loss of revenue**Delay in regularisation of unauthorised occupation of land led to loss of revenue of Rs.6.25 lakh.**

Consequent upon report of large scale unauthorised occupation of Government land, the Government of Arunachal Pradesh directed in October 1994 all the Deputy Commissioners (DCs) to regularise such unauthorised occupation of land by realising penalty at the rate of Rs.100 and Rs.200 per sq.mtr. for residential and commercial purposes respectively in addition to the premium and annual lease rent. The aforesaid provision was, however, revoked by the Government with effect from 30 January 2001.

Test check (July 2004) of records of the DC, Land Revenue, Papumpare, Yupia revealed that proposal for 27 cases of unauthorised occupation of Government land measuring 3,354 sq. mtrs and 1,446 sq. mtrs for residential and commercial purposes respectively were submitted to the Government of Arunachal Pradesh in December 1999 for allotment on payment of penalty along with premium and annual lease. But, these cases were regularized only in August 2001 after penal provision was revoked. This resulted in loss of revenue of Rs.6.25 lakh.

The matter was reported to the Department/Government in November 2004; their replies had not been received (October 2005).

STATE LOTTERY DEPARTMENT**5.16 Loss of revenue****Execution of faulty agreement without including any penal clause led to loss of revenue of Rs.83.25 lakh.**

The Government of Arunachal Pradesh, State Lotteries Department executed an agreement in October 2001 with a New Delhi based sole distributor for organising and operating the State run online lotteries. As per the agreement, the distributor was to organise a minimum of one draw every week under each scheme and pay a lumpsum of Rs.75,000 per draw to the State Government as fees towards cost of participation in draw (CPD). No penal clause for failure of the distributor to organise the stipulated number of draws was included in the agreement.

Test check of records of the Secretary, State Lotteries Department, Government of Arunachal Pradesh (December 2004) revealed that the Government launched seven online lottery schemes[#] during the year 2004-05.

[#] Max-3 silver, Max-3 Gold, Mac-3, Max-lotto, Boom Gold Pawan, Boom Gold Pukhraj, Boom Gold Diamond.

The distributor organised three lottery schemes as per the agreement and paid fees toward CPDs between 1 April and 17 November 2004. In respect of the remaining four lottery schemes^Ψ, however, the distributor organised and operated only 21 draws against the minimum of 132 draws required to be operated as per the agreement during the aforesaid period. The agreement was suspended by the Government with effect from 18 November 2004 due to the allegation that the distributor had sold counterfeit tickets in the State of Kerala. Thus, in the absence of any penal clause in the agreement, the sole distributor organised 111 less draws resulting in loss of revenue of Rs.83.25 lakh.

The matter was reported to the Department and the Government in February 2005; their reply had not been received (October 2005).

TAXATION DEPARTMENT

5.17 Non realisation of tax

Failure to assess a dealer on best judgment basis led to non realisation of tax of Rs.1.16 crore.

Under the Arunachal Pradesh Sales Tax (APST) Act, 1999, a return filed without payment of admitted tax as per return is invalid. Further, if any dealer fails to furnish return alongwith payment of admitted tax as per return or fails to comply with the requirements of notice served on him, the assessing officer may assess the dealer on best judgment basis and determine the tax payable by him on the basis of such assessment. This provision of the Act, applies *mutatis mutandis* in the case of assessment and re-assessment under the Central Sales Tax (CST) Act, 1956. Further, under the CST Act, sales turnover of declared goods are taxable at the rate of four *per cent* if such sales are supported by declaration in Form 'C'. Otherwise, such sales are taxable at the rate of eight *per cent*.

Test check of records of the Director of Geology and Mining, Itanagar revealed that a Changlang based dealer sold 125449.76 tonnes of crude oil (declared goods) involving royalty of Rs.14.50 crore to Assam in course of inter State trade during April 2002 to December 2004. Cross check of records of the Commissioner of Taxes disclosed in April 2005 that the dealer filed invalid return for the aforesaid period without payment of admitted tax on the plea that tax is not payable on sale of crude oil in course of inter State trade. It was further noticed that another dealer M/s Oil India Limited a Central Public Sector Undertaking filed return, paid tax and was assessed regularly since April 2002 for sale of crude oil in course of inter State trade. As such the dealer's plea was incorrect and he was to be assessed on best judgement basis as he filed invalid return without payment of tax. But based on dealer's plea

^Ψ Max – lotto, Boom Gold Pawan, Boom Gold Pukhraj, Boom Gold Diamond.

the assessing office did not assess the dealer on best judgement basis. Thus, failure to assess the dealer on best judgement basis as required under the Act led to non realisation of tax of Rs.1.16 crore.

After this was pointed out the Department confirmed in June 2005 that the dealer had not paid any tax and no assessment was completed.

The matter was reported to the Government in May and June 2005; their reply had not been received (October 2005).

5.18 Turnover escaped assessment

A dealer sold cement valued at Rs.12.05 crore but disclosed turnover of Rs.9.34 crore and evaded tax of Rs.21.66 lakh and penalty of Rs.32.49 lakh.

Under Section 18 of the Arunachal Pradesh Sales Tax Act (APST Act), if the assessing officer (AO) has reason to believe that the whole or any part of the turnover of a dealer in respect of any period has escaped assessment to tax, he may, after giving the dealer reasonable opportunity of being heard and making such enquiry as he considers necessary, proceed to determine to the best of his judgment, the amount of tax due from the dealer in respect of such turnover. Further, if a dealer conceals any part of his turnover, the AO may direct that in addition to the amount so assessed, a sum not exceeding one and half times the tax due shall be recovered from the dealer by way of penalty.

Test check of records of the Superintendent of Taxes, Papumpare district, Yupia revealed in October 2004 that a registered dealer sold cement valued at Rs.12.05 crore during the period April 2002 to March 2004 but disclosed turnover of Rs.9.34 crore only in his returns for the aforesaid period and was assessed (July 2004) accordingly. Thus turnover of Rs.2.71 crore escaped assessment and tax of Rs.21.66 lakh was evaded by the dealer. Besides, penalty of Rs.32.49 lakh was also leviable.

The matter was reported to the Department/Government in January 2005; reply had not been received (October 2005).

5.19 Evasion of tax by a registered dealer

A dealer concealed sale turnover of Rs.1.84 crore and evaded tax of Rs.17.03 lakh and penalty of Rs.25.55 lakh.

Under Section 22(I) (g) of the APST Act, if a dealer conceals any part of his gross turnover or furnishes incorrect particulars of such turnover, the AO may, after giving such dealer a reasonable opportunity of being heard, direct that in addition to the amount so assessed, a sum not exceeding one and half times the tax due shall be recovered from the dealer by way of penalty.

Test check of assessment records of the Superintendent of Taxes, Papumpare District, Yupia in October 2004 revealed that a dealer sold 6,61,124[#] bags of cement during 2002-03 and 2003-04, but disclosed sale of 5,73,667 bags of cement in his returns which was accepted and assessed accordingly. The dealer thus concealed sale turnover of 87,457 bags of cement valued at Rs.1.84 crore and evaded tax of Rs.14.69 lakh. Besides, penalty of Rs.22.04 lakh was also be leviable.

Similarly, the dealer imported cement valued at Rs.29.24 lakh purchased against a declaration of form 'C' by the dealer from an Assam dealer in December 2002 was not disclosed in the turnover filed by the assessee. This resulted in short levy of tax of Rs.2.34 lakh. Besides, penalty of Rs.3.51 lakh was also leviable.

The matter was reported to the Government/Department in January 2005; reply had not been received (October 2005).

5.20 Non levy of penalty for misuse of 'C' forms

Three registered dealers purchased goods valued Rs.1.93 crore from outside the State by misusing 14 'C' forms for which penalty of Rs.17.35 lakh was leviable but not levied.

Under the Central Sales Tax Act, 1956, inter-state sales of goods are taxable at concessional rate of four *per cent* if the purchaser furnishes to the seller a declaration in Form 'C' certifying that the goods are of the classes specified in his certificate of registration. Further, if a dealer purchases goods not specified in his certificate of registration, at a concessional rate, he is deemed to have falsely represented that the goods are specified in his certificate of registration. Such a violation attracts imposition of penalty not exceeding one and a half times of the tax due in lieu of prosecution.

Test check of records of the Commissioner of Taxes, Itanagar, in April 2005 revealed that three registered dealers purchased goods valued at Rs.1.93 crore from outside the State between April 2001 and March 2003 at concessional rate through 14 declarations in Form 'C' even though these items were not specified in their certificates of registration. For such misuse of 'C' Forms, maximum penalty of Rs.17.35 lakh was leviable but not levied.

The matter was reported to the Department and the Government in May 2005; their reply had not been received (October 2005).

[#] $Opening\ stock + Purchase - closing\ stock = Sale$
 $3478\ bags + 657651\ bags - 5\ bags = 661124\ bags$

5.21 Non levy of interest

Non levy of interest of Rs.3.81 lakh for default in payment of tax.

Under Section 25 of the APST Act, if a dealer fails to pay full amount of tax due within specified time, he shall be liable to pay simple interest ranging between 12 for first month and 24 *per cent* thereafter for the period of default on the amount by which the tax paid falls short.

Scrutiny of records of Superintendent of Taxes, Tawang revealed in June 2004 that though tax of Rs.71.70 lakh was assessed in May 2004 for the year 2002-03, the dealer paid Rs.56.47 lakh leaving a balance amount of Rs.15.23 lakh unpaid till the date of audit (June 2004). However, interest amounting to Rs.3.81 lakh during the period from May 2003 to May 2004 was neither levied nor realised from the dealer.

The matter was reported to the Department/Government in August 2004; their replies had not been received (October 2005).

5.22 Evasion of tax by unregistered dealers

Failure to register seven dealers by the concerned assessing officers led to evasion of tax of Rs.2.69 lakh.

Under Section 10 (1) of the APST Act, no dealer liable to pay tax shall carry on business as a dealer unless he is registered and possesses a certificate of registration. The Act empowers the assessing officer to register a dealer if he fails to apply for registration. The Act further provides that tax payable by a dealer in respect of any sale or supply of goods to a Department of the Government shall be deducted from bills, cash, etc. in the prescribed manner at the specified rate.

Cross check of records of the Executive Engineers, Public Works Divisions, Changlang and Daporijo with those of the Superintendents of Taxes, Along, Changlang and Daporijo revealed in July 2005 that seven unregistered dealers sold motor vehicles spare parts valued at Rs.33.67 lakh between March 2001 and March 2004. The dealers did not apply for registration nor were they registered by the assessing officers as required under the Act. The amount of tax was also not deducted by the Public Works Department at the time of making payment. Thus failure to register the dealer by the assessing officer and to deduct tax by the Executive Engineers of Public Works Divisions resulted in evasion of tax of Rs.2.69 lakh.

The cases were reported to the Department and the Government in July 2005; their reply had not been received (October 2005).

TRANSPORT DEPARTMENT

5.23 Non realisation of revenue

Failure of enforcement staff to detect commercial vehicles plying without permits led to non realisation of revenue of Rs.14.32 lakh.

Under the Motor Vehicles Act, 1988, no vehicle can be used as transport vehicle unless a permit is granted or countersigned by the competent authority. Government of Arunachal Pradesh fixed in July 2000 the rate of permit fees at Rs.300 per permit. In case any one drives a motor vehicle without permit he shall be punishable with a minimum fine of Rs.2000 for the first offence and Rs.5000 for the subsequent one.

Cross verification of records of Secretary, State Transport Authority, with those of the police check-post at Banderdewa disclosed in January 2004, that 164 commercial vehicles (maxi cab) plied through the check-post without valid permits. But the enforcement staff of Transport Department failed to detect the unauthorised plying of vehicles resulting in non realisation of revenue (penalty and permit fees) of Rs.14.32 lakh.

The matter was reported to the Government/Department in June 2004; their replies had not been received (October 2005).

CHAPTER – VI

GOVERNMENT COMMERCIAL & TRADING ACTIVITIES

- 1. General**
- 2. Overview of Government companies and departmentally managed commercial undertakings**
- 3. Non-realisation of revenue**
- 4. Idle outlay**
- 5. Idle investment**

CHAPTER – VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

6 General

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

Paragraphs 6.1.1 to 6.1.16 give an overview of Government companies and departmentally managed commercial undertakings, and paragraphs 6.2 to 6.4 deal with miscellaneous topics of interest.

6.1 Overview of Government companies and departmentally managed commercial undertakings

6.1.1 Introduction

As on 31 March 2005 there were five Government companies (three working companies and two non-working companies[#]) and two departmentally managed commercial undertakings viz., State Transport Services^ψ and State Trading Scheme^ψ as against same number of Government companies and departmentally managed commercial undertakings as on 31 March 2004 under the control of the State Government. The results of audit of the Power (Electricity) Department are also incorporated in the Commercial chapter (Para 6.1.16 refers). The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The accounts of departmentally managed commercial undertakings are audited by the CAG under Section 13 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

[#] Non working Government companies are those that are in the process of liquidation/ closure/merger, etc.

^ψ State Transport Services and State Trading Scheme of Transport Department and Supply Department respectively are commercial in nature and prepare proforma accounts.

Working Public Sector Undertakings (PSUs)

6.1.2 Investment in working PSUs

As on 31 March 2005, the total investment in three working PSUs (Government companies) was Rs.16.90 crore[#] (equity : Rs.8.94 crore and long term loan^Ψ: Rs.7.96 crore) as against three working PSUs (Government companies) with a total investment of Rs.20.14 crore (equity : Rs.8.84 crore and long term loans : Rs.11.30 crore) as on 31 March 2004.

Decrease in investment in 2004-05 as compared to the previous year was mainly due to repayment of loans (Rs.3.34 crore) in Forest sector.

The summarised statement of Government investment in the working Government companies in the form of equity and loan is given in **Appendix – XXXV**.

As on 31 March 2005, the total investment in working Government companies, comprised 52.90 per cent of equity and 47.10 per cent of loan as compared to 43.89 per cent and 56.11 per cent respectively as on 31 March 2004.

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

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

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies for the three years upto 2004-05 was Rs.22 lakh, nil and Rs.10 lakh respectively.

The Government had guaranteed the loans aggregating Rs.12 crore obtained by one working Government company (Sl. No.3 of **Appendix – XXXVII**) in 2003-04. At the end of 31 March 2005 the guarantees amounting to Rs.7.96 crore against two Government companies were outstanding.

6.1.4 Finalisation of accounts by working PSUs

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

[#] State Government investment was Rs.8.94 crore (others: Rs.7.96 crore). Figure as per Finance Accounts 2004-05 is Rs.16.23 crore. The difference is under reconciliation.

^Ψ Long term loans mentioned in the para 6.1.2 and 6.1.8 are excluding interest accrued and due on such loans.

It can be seen from **Appendix – XXXVI** that none of the three working Government companies had finalised their accounts for the year 2004-05 within the stipulated period. During the period from October 2004 to July 2005, one working Government company finalised two accounts for previous years.

The accounts of all the three working companies were in arrears for periods ranging from one to 11 years as on 31 July 2005 as detailed below:

Table 6.1

Sl. No.	Number of working Government companies	Year from which accounts are in arrears	Number of years for which accounts are in arrear	Reference to Sl. No. of Appendix-II
1.	1	2004-05	1	1
2.	1	1999-2000 to 2004-05	6	3
3.	1	1994-95 to 2004-05	11	2

It is the responsibility of the Administrative Departments to oversee and ensure that the accounts are finalised and adopted by the companies within prescribed period. Though the concerned Administrative Departments and officials of the Government were appraised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government, and as a result, the net worth of these Government companies could not be assessed in audit.

6.1.5 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Government companies) as per their latest finalised accounts are given in **Appendix – XXXVI**.

According to the latest finalised accounts of three working Government companies all the three companies had incurred an aggregate loss of Rs.6.34 crore.

6.1.6 Loss incurring working Government companies

One company, out of the three loss incurring working Government companies, (Sl. No.1 of **Appendix – XXXVI**) had accumulated losses amounting to Rs.15.43 crore which has eroded its paid up capital of Rs.1.97 crore.

6.1.7 Return on capital employed

As per the latest finalised accounts (upto July 2005) the capital employed[#] worked out to Rs.47.75 crore and total return^ψ thereon amounted to Rs.(-) 5.40 crore as compared to total return of Rs.(-) 3.29 crore in the previous year. The details of capital employed and total return on capital employed in case of working Government companies are given in **Appendix – XXXVI**.

Non-working Public Sector Undertakings (PSUs)

6.1.8 Investment in non-working PSUs

As on 31 March 2005, the total investment in two non-working PSUs (Government companies) was Rs.3.15 crore (equity: Rs.0.42 crore and long term loans: Rs.2.73 crore). There was no change in the total investment as compared to 2003-04.

The plants of both the non-working Government companies remained inoperative from December 1986 and July 1987 respectively and all the employees had been retrenched. Although no budgetary support was extended during 2004-05 to the non-working companies for disbursement of salaries and wages, the proposals for disposal of assets (including plant and machinery) of the companies were pending for long with the Government.

6.1.9 Finalisation of accounts of non-working Government companies

The accounts of two non-working companies were in arrears for periods ranging from 18 to 21 years as on 30 September 2005 as can be seen from **Appendix – XXXVI**.

6.1.10 Financial position and working results of non-working Government companies

The summarised financial results of non-working Government companies as per their latest finalised accounts are given in **Appendix – XXXVI**.

The summarised details of paid-up capital, net worth, cash loss and accumulated loss of one non-working PSU (Sl. No.4 of **Appendix – XXXVI**) as per its latest finalised accounts are given below while the other non-working PSU (Sl. No.5 of **Appendix – XXXVI**) was in its construction stage.

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

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

Table 6.2

(Rupees in lakh)

Year	Paid-up capital	Net worth [#]	Cash loss ^ψ	Accumulated loss
1986-87	13.50	83.42	1.78	15.40

6.1.11 Internal Audit

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the companies audited by them in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act 1956 and to identify areas which need improvement. Accordingly, the Statutory Auditors in their reports qualified that one Company (Sl. No.1 of **Appendix – XXXVI**) did not have any internal audit system.

6.1.12 Recommendations for improving performance or closure of Government companies

Even after completion of five years of its existence, the turnover of one working Government company, viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited, had been less than Rupees five crore in each of the preceding five years of the latest finalised accounts. The Company also had been incurring losses for five consecutive years (as per latest finalised accounts) leading to negative net worth of Rs.11.97 crore. In view of poor turnover and continuous losses, the Government may either improve performance of the Company or consider its closure.

6.1.13 Response to Inspection reports, draft paras and reviews

Observations made during audit and not settled on the spot are communicated to the heads of the companies and concerned Departments of State Government through Inspection reports. The heads of the offices/companies are required to furnish replies to the Inspection reports through respective Heads of Departments within a period of six weeks. Inspection reports issued upto March 2005 pertaining to seven Government companies/departmental commercial undertakings and Power (Electricity) Department disclosed that 538 paragraphs relating to 100 Inspection reports remained outstanding at the end of September 2005. Of these, 48 Inspection reports containing 106 paragraphs had not been replied to for more than five years. Department-wise break-up of Inspection reports and audit observations outstanding as on 30 September 2005 is given in **Appendix – XXXVIII**.

Similarly, draft paragraphs and reviews on the working of the Government companies and departmentally managed commercial undertakings are forwarded to the Principal Secretary/Secretary of the Administrative

[#] Net worth represents paid up capital plus free reserves less accumulated loss.

^ψ Cash loss represents loss for the year less depreciation for the year.

Department concerned demi officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It is observed that two draft paragraphs which were forwarded to the Department of Power during May-July 2005 as detailed in **Appendix – XXXIX**, had not been replied to so far (October 2005).

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

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

The reviews/paragraphs of commercial chapter of Audit Reports pending discussion as on 31 March 2005 by the PAC/COPU are as follows:

Table 6.3

Period of Audit Reports	Total number of reviews/ paragraphs appeared in Audit Report		Number of reviews/paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
(1)	(2)	(3)	(4)	(5)
1987-1988	2	2	-	1
1988-1989	-	3	-	1
1989-1990	-	1	-	1
1990-1991	1	1	-	-
1991-1992	-	4	-	1
1992-1993	1	1	-	-
1993-1994	1	3	-	-
1994-1995	-	5	-	2
1995-1996	-	2	-	1
1996-1997	-	5	-	2
1997-1998	-	4	-	1
1998-1999	1	4	1	4
1999-2000	1	4	1	4
2000-2001	-	6	-	6
2001-2002	1	7	1	7
2002-2003	-	4	-	4
2003-2004	1	4	1	4

6.1.15 Departmentally managed Government commercial and quasi-commercial undertakings

Though the State Transport Services and the State Trading Scheme (Central Purchase Organisation) of Transport and Supply Directorates are commercial in nature and are functioning as such, they had not been declared as commercial organisations by the Government (October 2005).

Preparation of proforma accounts of the State Transport Services and of State Trading Scheme for 2001-02, 2002-03, 2003-04 and 2004-05 were in arrears.

The arrear in finalisation of accounts was last brought to the notice of the Government in June 2005.

The financial position, working results and operational performance of the State Transport Services for the three years upto 2000-01 as per finalised accounts are given in **Appendix – XL**.

During last three years upto 2000-01, the State Transport Services had incurred operating losses varying from Rs.1.53 crore to Rs.2.66 crore and net losses varying from Rs. 10.58 crore to Rs.12.60 crore. As on 31 March 2001, the accumulated loss stood at Rs.84.44 crore which was 88.91 *per cent* of capital of Rs.94.97 crore. As analysed in audit, the losses were attributable to high incidence of operating expenditure which increased from Rs.6.92 crore in 1998-99 to Rs.8.95 crore in 2000-01; the non-operating expenditure also increased from Rs.6.74 crore in 1998-99 to Rs.6.99 crore in 2000-01.

The working results of State Trading Scheme for the three years upto 2000-01 as per finalised accounts are given in **Appendix – XLI**.

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

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

Table 6.4

(Rupees in lakh)

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

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

6.1.16 Power (Electricity) Department

The operational performance of the Department for the last three years upto 2002-03 is given in **Appendix – XLII**. Submission of performance data for 2003-04 and 2004-05 by the Department is awaited (October 2005).

The Auxiliary Consumption was excessively high ranging from 7.41 to 8.46 *per cent* of total power generated.

The transmission and distribution (T&D) losses ranged from 49.22 to 56.12 *per cent* to total power available for sale as against the norms of 15.5 *per cent*

fixed by the Central Electricity Authority (CEA). During three years upto 2002-03, the excess T&D loss beyond norm was 172 MU (Rs.27.81 crore in financial terms).

During the three years upto 2002-03, the losses per unit sold were Rs.6.27, Rs.6.13 and Rs.4.44 respectively. The total expenditure during the period was Rs.57.82 crore, Rs.57.85 crore and Rs.53.55 crore respectively as against revenue of Rs.13.60 crore, Rs.11.79 crore and Rs.12 crore in respective years. The Department incurred losses amounting to Rs.44.22 crore, Rs.46.06 crore and Rs.41.55 crore during the three years upto March 2003 respectively.

Year	Revenue	Expenditure	Loss
2001-02	Rs.13.60 crore	Rs.57.82 crore	Rs.44.22 crore
2002-03	Rs.11.79 crore	Rs.57.85 crore	Rs.46.06 crore
2003-04	Rs.12.00 crore	Rs.53.55 crore	Rs.41.55 crore

PARAGRAPHS

POWER DEPARTMENT

6.2 Non realisation of revenue

Billing of energy consumption charges in violation of terms and conditions of the agreement resulted in short realisation of revenue of Rs.69.46 lakh.

The Department of Power (DOP) entered into an agreement on 22 February 2001 with North Eastern Regional Institute of Science and Technology (NERIST) for supply of power at the connected load of 1200 KVA, categorised as bulk consumer. As per Clause 25 of the agreement, read with item No. VI. 6(b) of terms and conditions of supply of electrical energy of the DOP, NERIST was to be billed a monthly minimum energy charge of Rs.10.08 lakh[#].

Audit scrutiny (September 2004) revealed that Nagharlagun Electrical Sub-Division II, without following the clause of the agreement and the terms and conditions of supply, served monthly energy bills to NERIST on metered consumption basis. During April 2001 to June 2003, the billed amount in respect of 21 months (out of 36 months) fell short of minimum energy consumption charges amounting to Rs.69.46 lakh (Rs.211.68 lakh – 142.22 lakh) details of which are shown in **Appendix – XLIII**. This resulted in short billing and non-realisation of revenue amounting to Rs.69.46 lakh.

The matter was reported to the Government in May 2005. Government in reply (August 2005) stated that the revenue was collected as per the Government Notification (January 2000) applicable for all consumers. The reply is not tenable as NERIST had agreed to the terms and conditions of supply of electrical energy in February 2001 and supply was given accordingly.

6.3 Idle outlay

Expenditure of Rs.1.20 crore incurred for electrification of villages remained infructuous for want of power supply.

6.3.1 The Chief Engineer, Department of Power (DoP), Government of Arunachal Pradesh had decided to electrify 51 villages during 2001-02 under

[#] (Rs.210 X sanctioned KVA X basic cost per unit or Rs.210 X 1200 KVA X Rs.4).

Prime Minister Gramodya Yojana in Arunachal Pradesh and communicated the decision (September 2001) to all the executing divisions. Ziro Electrical Division had been entrusted to electrify five villages (out of 51) at an estimated cost of Rs.81.48 lakh. The estimate was framed to construct 23.5 KM 11 KV line, low-tension line of 12.5 KM and construction of five sub-stations without making any provision for construction of feeder line. The State grid was non-existent in the area from which feeder line could be drawn to provide electricity.

Ziro Electrical Division, contrary to the prescribed CPWD Manual, had taken-up (February 2002) the work, without obtaining the Administrative Approval, Expenditure Sanction and Technical Sanction. The division communicated to the Chief Engineer (November 2003) about completion of the work (as per the estimate) after incurring an expenditure of Rs.81.60 lakh.

During audit (September 2004), it was seen that no service connection was released to the consumers due to non-existence of feeder line. The Division had affirmed (September 2004) this fact to Audit.

The Government in its reply (July 2005) stated that there were other schemes to electrify these villages and as these villages were at the border with the State of Assam, Assam State Electricity Board was also requested to provide connection from existing feeder line. The Government further stated that the Department should not be blamed for keeping certain project half done with resultant effect on other schemes for the reasons like 'Border Dispute'.

The reply of the Government is not acceptable as a project of this magnitude (Rs.81.60 lakh) should not have been taken up without first ensuring that a feeder line could be drawn from a grid.

Thus, the Department of Power injudiciously electrified the villages without making provision for the feeder line leading to infructuous expenditure of Rs.81.60 lakh.

6.3.2 Along Electrical Division under the Department of Power, Government of Arunachal Pradesh spent an amount of Rs.33.71 lakh upto March 2002 on the electrification of three villages viz., Uli, Kangku and Hime under the Rural Electrification Corporation Scheme (code 230077). The villages were declared electrified in 1997-98 and the proposal for closure of the scheme was submitted by the Division in October 1999 to the Chief Engineer (Power), Department of Power, Government of Arunachal Pradesh.

It was observed during audit, that these villages were not electrified even upto May 2005. Though an attempt was made by the Department (March 2001) to supply the electricity to these villages by incurring an expenditure of Rs.4.80 lakh towards installation of 48 KW Diesel Generating (DG) set, this expenditure also became unfruitful as the DG set developed major defect and could not function.

The Government in its reply (July 2005) stated that the infrastructure created at these villages were at the fringe of inter state border between Assam and Arunachal Pradesh and part of un-demolished assets like distribution line,

Power House building, *etc.*, were still existing which could be utilised upon settlement of dispute.

The reply of the Government establishes the fact that these villages were wrongly declared electrified and the expenditure of Rs.38.51 lakh (Rs.33.71 lakh + Rs.4.80 lakh) incurred on the scheme has become infructuous.

6.4 Idle investment

Formulation and execution of an electrification scheme with wrong projection of availability of power without existence of grid resulted in idle investment of Rs.1.27 crore.

The Department of Power (January 2001) approved two schemes for electrification of eleven villages of East Kameng district at an estimated cost of Rs.1.57 crore under Chayangtajo Circle (five villages; estimated cost:Rs.71.54 lakh) and under Seppa Circle (six villages; estimated cost: Rs.85.21 lakh). The scope of work included construction of 33 KV lines (10 Kms), 11 KV lines (26.5 Kms), L.T. lines (10 Kms) and transformer Sub-stations (11 nos). The schemes envisaged service connection to 368 domestic consumers and 140 street light connections and projected an annual revenue of Rs. 1.02 lakh from second year (year of completion of works not indicated). As per project report the required power (total load:123.12 KW) was to be drawn from existing grid. The works were executed by Seppa Electrical Division and completed in August 2002 at a cost of Rs.1.27 crore.

Scrutiny of records (December 2004) of the Division revealed that the domestic/street light connections were not given as there was no grid to draw power for energisation of the lines, and as such no revenue envisaged in the project report was derived. The Executive Engineer of the Division admitted (December 2004) the facts and stated that the lines would be energised when 132 KV (proposed) line is completed.

Thus, due to formulation and execution of the schemes with wrong projection of availability of grid power, the investment of Rs.1.27 crore remained unproductive since August 2002 and the Department was also deprived of the anticipated revenue.

The matter was reported to the Government in July 2005. Replies had not been received (October 2005).

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CHAPTER – VII

INTERNAL CONTROL/ INTERNAL AUDIT

- 1. Internal control mechanism and internal audit***

THE NATIONAL ARCHIVES COLLEGE PARK, MARYLAND

1944

THE NATIONAL ARCHIVES COLLEGE PARK, MARYLAND

CHRYSLER - INC

CHAPTER – VII

INTERNAL CONTROL AND INTERNAL AUDIT

PUBLIC HEALTH ENGINEERING AND WATER SUPPLY DEPARTMENT

7.1 Internal control mechanism and internal audit

7.1.1 Introduction

Internal Control is an integral process which is designed to provide reasonable assurance for achieving objectives viz., fulfilling accountability obligations, complying with applicable laws and regulations, executing orderly, ethical, economical, efficient and effective operations and safeguarding resources against loss. It is a dynamic integral process that is continuously adapting to the changes faced by an organisation. Management and personnel at all levels have to be involved in this process to provide reasonable assurance of achievement of the objectives.

Internal Audit, on the other hand, is an internal control mechanism that evaluates the efficiency and effectiveness of other types of internal controls. Internal Audit works as the 'eyes and ears' of higher management. Internal Audit is also an independent appraisal of the activities within the organisation for review of accounting, financial and other business practices and it works as a protective and constructive arm of the management.

The Public Health Engineering and Water Supply (PHE&WS) Department in the State started functioning from May 1995 and has taken over all water supply schemes for both urban and rural areas from the Public Works and Rural Works Departments and was responsible for rural and urban water supply including maintenance in compliance with the laws and regulations in force.

7.1.2 Organisational set-up

The Commissioner and Secretary, Public Health Engineering and Water Supply (PHE&WS) is the administrative head of the Department. The Chief Engineer, PHE&WS department is responsible for planning, execution, monitoring and evaluation of water supply projects and is assisted by four Superintending Engineers in Headquarters and three circles and 16 Executives Engineers in the divisions.

The department in exercise of internal control at different levels through executives, follow the Central Public Works Department Codes and Manuals. Financial control is exercised through submission of monthly accounts and expenditure statements.

For effective administrative control and proper financial management in the State, the Government of Arunachal Pradesh created (June 1999) an independent Directorate viz., the Director of Audit and Pension to deal *inter alia* with audit matters (both internal and statutory).

7.1.3 Audit coverage

Records of the Chief Engineer, PHE&WS, Superintending Engineer, Itanagar Circle (out of three circles), four selected PHE&WS divisions (out of 16), Finance Department and Director of Audit and Pension covering the period from 2002-03 to 2004-05 were test checked in May 2005. Points noticed during test check are discussed in the succeeding paragraphs.

Internal control systems

7.1.4 Planning

The annual plan of the State Government is the main operational instrument for Five Year Plans. On the basis of available financial resources the departments are to ensure fund provision for spill over schemes. The work programme for completion of water supply schemes as formulated by the department and provision of funds made thereagainst during 2002-03 to 2004-05 were as under:

Table 7.1

Year	Opening balance of incomplete schemes (Numbers)	Number of new schemes sanctioned	Total number of schemes	Provision made during the year	Amount required for completion of ongoing schemes	Percentage of provision to actual requirement	Numbers of schemes completed
				(Rupees in crore)			
2002-03	530	287	817	13.14	53.91	24	383
2003-04	434	296	730	13.90	46.32	30	387
2004-05	343	489	832	15.82	66.89	24	NA

It would be seen from the table that the percentage of funds provided ranged between 24 and 30 *per cent* of the actual annual requirement. Taking up new schemes every year without providing adequate funds for completion of ongoing schemes only delayed the completion of the schemes besides requiring more funds on their completion due to time overrun. This is indicative of improper planning in the department.

7.1.5 Budgetary Control

The State Government did not have any budget manual of their own and the provisions of the General Financial Rules are followed for formulation of budget and other financial matters. The non-Plan budget proposals were to be prepared by the Controlling Officer i.e. Chief Engineer on compilation of the

inputs obtained from all the drawing and disbursing officers (DDOs) for its onward submission to the Finance Department through the Administrative Department in a consolidated form. In case of Plan budget, the annual plan outlay is finalised in consultation with the State Planning Department. For effective control as well as for estimation of savings in or excess over grants, returns of expenditure were to be obtained from the DDOs. The spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated.

Year-wise budget provision made, expenditure incurred and savings during the period from 2000-01 to 2004-05 are shown below :

Table 7.2

(Rupees in crore)

Year	Budget Provision	Expenditure	Excess (+) Savings (-)
2000-01	65.89	61.58	(-) 4.31
2001-02	66.95	65.60	(-) 1.35
2002-03	70.87	63.59	(-) 7.28
2003-04	83.59	77.43	(-) 6.16
2004-05	138.78	130.42	(-) 8.36
Total	426.08	398.62	(-) 27.46

Source : Appropriation Accounts

Although there were recurring savings during 2000-01 to 2004-05, the Department had not surrendered the savings except during 2001-02.

Scrutiny revealed that the Chief Engineer had received budget proposals from the DDOs under his control but had not compiled the same for scrutiny and preparation of consolidated budget proposal of the department. The returns of monthly expenditure as received from the DDOs although compiled had not been examined by the Chief Engineer from time to time to ascertain probable excess or anticipated savings. This had led to non surrender of savings by the department and the Finance Department was not able to reallocate the amount of savings to other needy departments.

Rules provide that controlling officers should maintain a liability register, obtain liability statements monthly from the DDOs and provision for anticipated liabilities should invariably be made in the Demands for Grants.

Test check of records of the Chief Engineer, PHE&WS revealed that the liability register had not been maintained by obtaining the liability statements from the executing divisions. Scrutiny however, revealed that there were outstanding liabilities of Rs.1.58 crore as of March 2005 in Itanagar division (Rs.0.63 crore) and Yupia division (Rs.0.95crore).

The above points are indicative of defective and unrealistic budgeting as well as ineffective control.

7.1.6 Expenditure control

The Chief Engineer exercised control over expenditure by issue of monthly Letter of Credit against requirement of the executing divisions. Under the existing system, the Chief Engineer is required to compile the monthly expenditure statements received from the executing divisions and submit monthly consolidated expenditure statements to the Finance Department. These statements were, however, submitted by the Chief Engineer without exercising any check over the expenditure incurred by the divisions as would be evident from the following deficiencies:

Rules provide that no work should commence or liability thereon be incurred until administrative approval, expenditure sanction, technical sanction and appropriation of fund is obtained from the competent authority. Test check of records of the Executive Engineer, PHE&WS division, Ziro revealed that the division had incurred an expenditure of Rs.2.37 crore against Letter of Credit received from Chief Engineer for implementation of "Augmentation of Water Supply Scheme at Hapoli" without observing the requisite formalities.

Issue of Letter of Credit by Chief Engineer for the work not yet sanctioned was irregular and the purpose of issue of Letter of Credit for controlling expenditure was defeated.

Para 2.30 and 2.31 of CPWD Manual Vol-II state that when the expenditure on a work is likely to exceed the sanctioned estimate by 5 per cent in case of works costing more than Rs.5.00 lakh and by 10 per cent in case of works costing upto Rs.5.00 lakh, a revised expenditure sanction is required to be obtained from the competent authority before incurring further expenditure.

Test check of records revealed that in three PHE&WS divisions (Itanagar, Seppa and Ziro), the Divisional Officers incurred expenditure of Rs.9.44 crore on nine works against the sanctioned amount of Rs.5.32 crore at an average of 77 per cent above the sanctioned estimates as detailed in **Appendix – XLIV** without obtaining revised expenditure sanction from the competent authority.

Expenditure incurred without provision

The PHE & WSD did not maintain any stores and stock. The procurement of materials are being done directly charging to the works executed. As such procurement of materials for works should always be in consonance with the provisions of sanctioned estimates and Chief Engineer/Superintending Engineer, being controlling officers, should always oversee the activities of the executing divisions.

During March 1998 the Superintending Engineer, Naharlagun Circle made an agreement with a local firm for supply of 300 mm dia 1960 Rm MS Pipes for utilisation in the work "Improvement of water supply scheme at Seppa – Phase I" under the Executive Engineer PHE&WS division, Seppa. The Executive Engineer received 1960.25 Rm MS pipes of 300 mm dia between November and December 1998 for which an amount of Rs.45.87 lakh was paid to the firm in March 1999.

Test check of records revealed that the sanctioned estimate did not provide for utilisation of 300 mm dia MS pipes and as such the materials were still lying unutilised with the division (May 2005).

Test check of records of three divisions (Itanagar, Ziro and Seppa) further revealed that between December 2002 and April 2005 the divisions incurred expenditure of Rs.13.28[#] lakh towards repairs, maintenance and purchase of petrol *etc.*, for the vehicles attached to the divisions and charged the entire expenditure on different water supply works though there were no provisions in the sanctioned estimates. The above facts indicated lack of control in the department to meet the accountability obligations as well as compliance with rules and regulations.

Issue of supply order/work order in excess of permissible financial limit

The financial limit for award of work of a Divisional Officer without call of tender was Rs.15 lakh per annum.

Test check of records of four divisional offices (Itanagar, Yupia, Ziro and Seppa) revealed that during 2004-05, the Executive Engineers issued 1302 supply order/work orders valued Rs.7.57 crore in excess of the permissible financial limit as detailed below:

Table 7.2

Sl No.	Name of the Division	Number of supply/work orders issued	Value (Rupees in crore)
1	EE PHE & WS Division, Itanagar	453	2.51
2	EE PHE & WS Division, Yupia	112	0.73
3	EE PHE & WS Division, Ziro	442	3.20
4	EE PHE & WS Division, Seppa	295	1.13
Total:		1302	7.57

This indicated laxity in the control system.

7.1.7 Inspection of works

It is incumbent upon various executives concerned with various works to inspect the works frequently to ensure that the works are being executed according to design, drawing and specifications laid down in the contract. The Inspecting Officers (SE, EE, AE and JE) should ensure issue of instructions by way of recording their findings in the inspection register at site or by issue of inspection notes, a copy of which is required to be pasted in the inspection register. None of the four divisions (Itanagar, Yupia, Ziro and Seppa) test checked maintained any Inspections Register nor could any inspection note be made available to Audit.

[#] Itanagar: Rs.7.44 lakh; Ziro: Rs.5.44 lakh and Seppa: Rs.0.40 lakh.

The Divisional Officers of the divisions test checked stated (May 2005) that spot verification of works were conducted by them and necessary instructions given to the AE/JE. Replies of the Divisional Officers were, however, silent about inspection, if any, conducted by other officers. It is not known as to how the specified Running Account bills were passed for payment without having stage-wise inspection reports of SE as required.

7.1.8 Management Information System

With increasing requirement of information for planning, monitoring and implementation of various schemes and on line monitoring of all Rural Water Supply Schemes in the State it was felt necessary to introduce computerised Management Information System in the department. Accordingly, a memorandum of understanding was signed (July 2004) with NIC and NICS I for development of web based MIS software modules.

It was however, noticed that the system has not been introduced throughout the department as yet. In reply to an audit observation, the Chief Engineer, PHE&WSD stated (May 2005) that the computerisation programme is in progress.

7.1.9 Internal Audit System

Internal Audit is an important management tool of a department to examine and evaluate the level of compliance to departmental rules and procedures.

Test check revealed that during last five years none of the PHE&WS division was audited by the internal audit wing of the Director of Audit and Pension. The Joint Director of Audit and Pension stated (August 2005) in response to an audit query that audit of PHE&WS divisions could not be taken up since inception (May 1995) of PHE&WS Department due to shortage of staff in Internal audit wing. The reply is not tenable as men-in position in internal audit wing were the same as the sanctioned strength.

The matter was reported to the Government (July 2005), reply had not been received (October 2005).

7.1.10 Conclusion

Internal Control System in the department was deficient and led to poor planning and defective and unrealistic budgeting. Release of funds by Chief Engineer, PH&WSD through Letter of Credit for works not even administratively approved, incurring of expenditure in works beyond sanctioned provision and issue of supply/work orders by the Divisional officers in excess of permissible financial limits indicated lack of control over expenditure in the department. Inspection required to be conducted at each level of the functionaries had also not been done. Management Information System required for planning and monitoring has not yet been introduced throughout the department. Besides, Internal audit of the department was not done since its inception by the Internal Audit Wing under the Finance Department.

7.1.11 Recommendations

- To achieve the desired objectives internal control system needs to be strengthened at all levels in the department;
- Budget proposals should be realistic;
- Planning of works programme should be improved for timely completion of the projects through proper funding;
- Expenditure should be incurred only on approved projects;
- Management Information System should be introduced throughout the department for proper planning and monitoring;
- Internal audit system in the state also needs to be strengthened to ensure functioning of internal control system in the departments effectively for achieving the desired objectives; and
- Government may consider for establishment of an Internal Audit Cell in the departments.

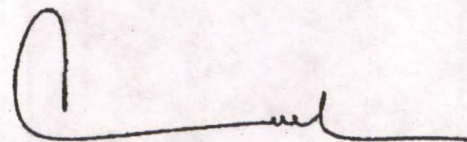


(Rajib Sharma)

Principal Accountant General (Audit)
Meghalaya, Arunachal Pradesh and
Mizoram

Shillong
The

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi
The

APPENDICES

ALPHABETICAL

APPENDIX - I

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

(Reference: Paragraph 1.4; page 5)

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of five years [LOGEST (Amount of 1999-2000: Amount of 2004-05)-1] * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (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 – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt

APPENDIX – II

Cases of misappropriation reported to audit

(Reference : Paragraph 1.7.2; page 14)

Sl. No.	Department	Upto 2000-01		2001-02		2002-03		2003-04		2004-05		Total	
		N	A	N	A	N	A	N	A	N	A	N	A
1.	Education	4	3.37	-	-	-	-	-	-	-	-	4	3.37
2.	Forest	10	828.25	1	1.87	2	4.64	-	-	4	45.72	17	880.48
3.	General Administration	1	0.03	-	-	-	-	-	-	-	-	1	0.03
4.	Public Works	6	2.93	-	-	-	-	-	-	-	-	6	2.93
5.	Supply & Transport	6	1.33	-	-	-1	-0.12	-	-	-	-	5	1.21
6.	Information & Public Relation	1	2.65	-	-	-	-	-	-	-	-	1	2.65
7.	C W C	1	NA	-	-	-	-	-	-	-	-	1	NA
8.	Public Health Engineering	1	1.08	-	-	-	-	-	-	-	-	1	1.08
Total		30	839.64	1	1.87	1	4.52	-	-	4	45.72	36	891.75

N : Number of cases
A : Amount (Rupees in lakh)
NA : Not available

APPENDIX - III

Summarised financial position of the Government of Arunachal Pradesh as on
31 March 2005

(Reference : Paragraph 1.8; page 14)

(Rupees in crore)

As on 31.03.2004		Liabilities	As on 31.03.2005	
514.86		Internal Debt		627.69
....	285.60	Market loans bearing interest	303.08	
		Market loans not bearing interest		
		Market loans Suspense		
	1.09	Loans from LIC	0.96	
	0.18	Loans from GIC	0.16	
	115.63	Loans from NABARD	112.84	
	112.36	Loans from other Institutions	114.34	
	...	Ways and Means and Advances	55.40	
	...	Overdraft from Reserve Bank of India	40.91	
459.52		Loans and Advances from Central Government		504.05
	39.84	Non-Plan loans	41.34	
	365.39	Loans for State Plan Schemes	401.80	
	2.98	Loans for Central Plan Schemes	2.98	
	4.00	Loans for Centrally Sponsored Plan Schemes	6.30	
	47.31	Loans for Special Schemes	51.63	
		Other Ways and Means Advances		
0.05		Contingency Fund		0.05
443.53		Small Savings, Provident Funds, etc.		525.45
35.35		Deposits		37.40
109.52		Suspense and Miscellaneous Balances		148.12
84.46		Reserve Funds		99.87
....		Remittance Balances		
2467.48		Surplus on Government Account		2459.68
	2283.02	(i) Revenue surplus as on 31 March 2004	2467.48	
	184.46	(ii) Revenue deficit during the year	7.80	
4114.77		Total		4402.31
		Assets		
4097.04		Gross Capital Outlay on Fixed Assets		4472.12
	16.13	Investment in shares of Companies, Corporations, Cooperatives, etc.	16.23	
	4080.91	Other Capital Outlay	4455.89	
21.25		Loans and Advances		24.61
		Loans for Power Projects		
	6.10	Loans for Other Industries and Minerals	6.10	
	2.24	Other Development Loans	2.37	
	5.23	Loans for Co-operatives	7.64	
	7.68	Loans to Government servants and Miscellaneous loans	8.50	
5.89		Advances		12.82
121.37		Remittance Balances		122.38
....		Suspense and Miscellaneous Balances		
- 130.78		Cash		-229.62
	0.01	Cash in treasuries and Local Remittances	...	
	- 150.50	Deposits with Reserve Bank and other Banks	-247.38	
	0.73	Departmental Cash Balance	0.85	
	0.01	Permanent Advances	0.01	
	6.07	Cash Balance Investments	...	
	12.90	Investment of earmarked funds	16.90	
4114.77		Total		4402.31

APPENDIX - IV
Abstract of receipts and disbursements for the year 2004-05
 (Reference : Paragraph 1.8; page 14)

(Rupees in crore)

Receipts			Disbursements				
2003-04		2004-05	2003-04		2004-05		
					Non-Plan	Plan	Total
Section - A : Revenue							
1576.36	I. Revenue receipts	1501.84	1391.90	I. Revenue expenditure	930.62	579.02	1509.64
43.73	Tax revenue	50.11	438.20	General Services	457.97	31.05	489.02
120.57	Non-tax revenue	170.20	433.28	Social Services	149.33	323.34	472.67
			182.88	Education, Sports, Arts and Culture	80.29	124.05	204.34
			67.51	Health and Family Welfare	47.93	29.14	77.07
160.60	State's share of Union taxes	191.95	86.95	Water Supply, Sanitation, Housing and Urban Development	10.80	113.39	124.19
			3.95	Information and Broadcasting	2.42	1.13	3.55
300.04	Non-Plan grants	299.64	1.99	Labour and Labour Welfare	0.91	1.59	2.50
			87.56	Social Welfare and Nutrition	4.24	54.04	58.28
821.54	Grants for State Plan Scheme	613.88	2.44	Others	2.74	...	2.74
96.65	Grants for Central and Centrally Sponsored Plan Scheme	141.92	520.42	Economic Services	323.32	224.63	547.95
33.23	Grants for Special Plan Schemes	34.14	208.40	Agriculture and Allied Activities	113.67	65.88	179.55
			37.40	Rural Development	35.26	21.46	56.72
			14.76	Special Area Programme	0.03	15.97	16.00
			59.57	Irrigation and Flood control	11.15	28.28	39.43
			25.00	Energy	100.19	5.36	105.55
			15.87	Industries and Minerals	6.19	8.17	14.36
			81.76	Transport	24.66	33.92	58.58
			30.78	Communications	23.08	...	23.08
			0.40	Science, Technology and Environment	...	0.35	0.35
			46.48	General Economic Services	9.09	45.24	54.33
			...	Grants-in-aid and Contributions			
	II. Revenue deficit carried over to Section B	7.80	184.46	II. Revenue surplus carried over to Section B			...
Section - B							
29.24	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	-130.78	...	III. Opening Overdraft from RBI			...
...	IV. Miscellaneous Capital receipts		433.35	IV. Capital Outlay	2.96	372.11	375.07
			15.08	General Services	0.47	14.06	14.53
			57.59	Social Services	0.25	71.64	71.89
			15.78	Education, Sports, Art and Culture	...	19.58	19.58
			8.77	Health and Family Welfare	...	16.93	16.93
			19.61	Water Supply, Sanitation, Housing and Urban Development	0.25	29.30	29.55
			12.75	Social Welfare and Nutrition	...	4.34	4.34
			0.02	Information and Broadcasting	...	0.11	0.11
			0.66	Others	...	1.38	1.38

(Rupees in crore)

Receipts			Disbursements				
2003-04		2004-05	2003-04		2004-05		
					Non-Plan	Plan	Total
			360.68	Economic Services	2.24	286.41	288.65
			6.40	Agriculture and Allied Activities	0.69	4.15	4.84
			0.75	Rural Development Programme	...	0.04	0.04
			54.73	Special Areas Programme	...	37.18	37.18
			17.65	Irrigation and Flood Control	...	3.86	3.86
			170.36	Energy	...	149.41	149.41
			0.91	Industry and Minerals	...	0.15	0.15
			106.91	Transport	1.55	84.37	85.92
			0.30	Science Technology and Environment	...	...	...
			2.67	General Economic Services	...	7.25	7.25
2.35	V. Recoveries of Loan and Advances -	2.61	3.50	V. Loans and Advances disbursed			5.97
...	From Power Projects	...	...	For Power Projects			
2.04	From Government servants	2.29	3.14	To Government servants	3.12		
0.31	From others	0.32	0.36	To others		2.85	
184.46	VI. Revenue surplus brought down	...		VI. Revenue deficit brought down			7.80
305.98	VII. Public Debt receipts	215.30	206.87	VII. Repayment of Public Debt -			57.95
189.79	Internal debt other than Ways and Means Advances and Overdraft	47.85	19.76	Internal debt other than Ways and Means Advances and Overdraft		31.33	
...	Net transaction under Ways and Means Advances including Overdraft	96.31 ^(a)	...	Net transaction under Ways and Means Advances including Overdraft		...	
116.19	Loans and Advances from Central Government	71.14	187.11	Repayment of Loans and Advances to Central Government		26.62	
	VIII. Appropriation to Contingency Fund			VIII. Appropriation to Contingency Fund			
	IX. Amount transferred to Contingency Fund			IX. Expenditure from Contingency Fund			
958.09	X. Public Account receipts -	1208.86	969.76	X. Public Account disbursements -			1082.82
141.33	Small Savings and Provident funds	134.07	48.98	Small Savings and Provident funds		52.15	
72.14	Reserve funds	11.41	2.58	Reserve Funds		...	
-333.11	Suspense and Miscellaneous ^(b)	47.09	-160.84	Suspense and Miscellaneous ^(b)		8.48	
941.07	Remittances	925.42	940.25	Remittances		926.43	
136.66	Deposits and Advances	90.87	138.79	Deposits and Advances		95.76	
2.58	XI. Earmarked Funds	4.00	-130.78	XI. Closing cash balance			(-) 229.62
			0.01	Cash in Treasuries and Local Remittances			
			-150.50	Deposits with Reserve Bank and other banks			(-) 247.38
			0.74	Departmental Cash Balance including Permanent Advances	0.86		
			18.97	Cash Balance Investment and investment of earmarked funds	16.90		
3059.06		2809.63	3059.06				2809.63

(a) Represents receipts Rs.191.87 crore and disbursements Rs.95.56 crore.

(b) Excluding other accounts

APPENDIX - V

Sources and application of funds
(Reference : Paragraph 1.8; page 14)

(Rupees in crore)

2003-04	Sources			2004-05
1576.36	1.	Revenue receipts		1501.84
2.35	2.	Recoveries of Loans and Advances		2.61
99.11	3.	Increase in Public debt		157.35
- 11.67	4.	Net receipts from Public Account		126.04
		92.35	Net effect of Small Savings	81.92
		- 2.13	Net effect of Deposits and Advances	-4.89
		69.56	Net effect of Reserve Funds	11.41
		- 172.27	Net effect of Suspense and Miscellaneous transactions	38.61
		0.82	Net effect of Remittance transactions	-1.01
...	5.	Increase in Reserve Fund		...
2.58	6.	Increase in Earmarked Funds		4.00
...	7.	Net effect of Contingency Fund transactions		...
160.02	8.	Decrease in closing cash balance		98.84
1828.75	Total			1890.68
	Application			
1391.90	1.	Revenue expenditure		1509.64
3.50	2.	Lending for development and other purposes		5.97
433.35	3.	Capital expenditure		375.07
...	4.	Net effect of Contingency Fund transactions		...
...	5.	Increase in closing cash balance		...
1828.75	Total			1890.68

Explanatory Notes to Appendix III, IV & V

1. The abridged accounts in the above Appendices 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 III indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, etc.
4. There was a net difference of Rs.57.52 crore between the figures reflected in the accounts {(-) Rs.190.36 crore} and that intimated by the Reserve Bank of India {(-) Rs.247.88 crore} due to (i) misclassification by Bank/Treasury (Rs.4.98 crore – credit) and (ii) non-receipt of details of adjustment made by RBI (Rs.62.50 crore – debit).

APPENDIX - VI
Time series data on State Government finances
(Reference : Paragraph 1.8; page 14)

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Part A. Receipts					
1. Revenue Receipts	961.41	1085.30	1108.29	1576.36	1501.84
(a) Tax Revenue	20.63 (2)	30.89 (3)	37.26 (3)	43.73(3)	50.11(3)
Taxes on Sales, Trade, etc.	8.19(40)	16.78(54)	17.62(47)	21.79(50)	28.25(56)
State Excise	9.01 (44)	10.55 (34)	14.26 (38)	15.42(35)	17.79(36)
Taxes on vehicles	1.12 (5)	1.61 (5)	1.75 (5)	2.02(5)	2.21(4)
Stamps and Registration fees	0.25 (1)	0.27 (1)	2.10 (6)	0.31(1)	0.46(1)
Land Revenue	1.45 (7)	1.00 (3)	0.81 (2)	3.57(8)	0.76(2)
Other Taxes	0.61 (3)	0.68 (2)	0.72 (2)	0.62(1)	0.64(1)
(b) Non Tax Revenue	63.65 (7)	70.91 (7)	76.30 (7)	120.57(8)	170.20(11)
(c) State's share in Union taxes and duties	115.67 (12)	90.93 (8)	121.68 (11)	160.60(10)	191.95(13)
(d) Grants-in-aid from Government of India	761.46 (79)	892.57 (82)	873.05 (79)	1251.46(79)	1089.58(73)
2. Miscellaneous Capital Receipts	...	...	...	...	...
3. Total Revenue and non Debt Capital receipts (1+2)	961.41	1085.30	1108.29	1576.36	1501.84
4. Recoveries of Loans and Advances	1.60	1.86	2.24	2.35	2.61
5. Public Debt Receipts	116.14	139.99	143.08	305.98	215.30
Internal Debt (excluding Ways & Means Advance and Overdrafts)	59.64	71.12	76.06	189.79	47.85
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	96.31
Loans and advances from Government of India [#]	56.50	68.87	67.02	116.19	71.14
6. Total receipts in the Consolidated Fund (3+4+5)	1079.15	1227.15	1253.61	1884.69	1719.75
7. Contingency Fund Receipts	...	...	...	...	...
8. Public Accounts Receipts	875.54	947.58	1513.88	958.09	1208.86
9. Total Receipts of Government (6+7+8)	1954.69	2174.73	2767.49	2842.78	2928.61
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	979.62 (79)	1029.55 (77)	1031.37 (78)	1391.90(76)	1509.64
Plan	371.44 (38)	454.48 (44)	422.47 (41)	550.72(40)	579.02
Non-Plan	608.18 (62)	575.07 (56)	608.90 (59)	841.18(60)	930.62
General Services (including interest payments)	332.04 (34)	337.33 (33)	364.56 (35)	438.20(31)	489.02
Social Services	298.60 (30)	342.50 (33)	327.76 (32)	433.28(31)	472.67
Economic Services	348.98 (36)	349.72 (34)	339.05 (33)	520.42(37)	547.95
Grants-in-aid and contributions	...	...	...	...	...
11. Capital Expenditure	264.25 (21)	301.51 (23)	290.06 (22)	433.35(24)	375.07
Plan	264.06 (100)	302.64 (100)	289.43 (100)	429.74(99)	372.11
Non-Plan	0.19 (0)	- 1.13 (0)	0.63 (0)	3.61(1)	2.96
General Services	15.88 (6)	22.04 (7)	18.20 (6)	15.08(4)	14.53

[#] Excludes Ways and Means Advances from Government of India.

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Social Services	42.89 (16)	51.61 (17)	38.65 (13)	57.59(13)	71.89
Economic Services	205.48 (78)	227.86 (76)	233.22 (80)	360.68(83)	288.65
12. Disbursement of Loans and Advances	2.74	4.90	2.98	3.50	5.97
13. Total (10+11+12)	1246.61	1335.96	1324.41	1828.75	1890.68
14. Repayments of Pulic Debt	20.90	31.33	38.83	206.87	57.95
Internal Debt (excluding Ways & Means Advances and Overdrafts)	2.72	10.36	11.40	19.76	31.33
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India [#]	18.18	20.97	27.43	187.11	26.62
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total Disbursement out of Consolidated Fund (13+14+15)	1267.51	1367.29	1363.24	2035.62	1948.63
17. Contingency Fund disbursements	...	...	...	...	...
18. Public Account disbursements	695.10	807.04	1314.05	969.76	1082.82
19. Total disbursements by the State (16+17+18)	1962.61	2174.33	2677.29	3005.38	3031.45
Part C. Deficits/Surplus					
20. Revenue Deficit (-)/Revenue Surplus (+) (10-1)	(-) 18.21	(+) 55.75	(+) 76.92	(+) 184.46	(-) 7.80
21. Fiscal Deficit (3+4-13)	283.60	248.80	213.88	250.04	386.23
22. Primary Deficit (21-23)	162.92	139.81	88.48	108.12	239.33
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	120.68	108.99	125.40	141.92	146.90
24. Arrears of Revenue (Percentage of Tax & non tax Revenue Receipts)	NA	NA	NA	NA	NA
25. Financial Assistance to local bodies etc.	8.17	10.46	22.40	64.78	41.59
26. Ways and Means Advances/Overdraft availed (days)	1	5	28	...	80
27. Interest on Ways and Means Advances/Overdraft	0.00026	0.03	0.04	...	0.25
28. Gross State Domestic Product (GSDP)^(a)	1783.44	1941.78	1962.65	2262.29	2458.20^(b)
29. Outstanding Fiscal liabilities (year end)	945.66	1094.49	1226.53	1524.81	1777.54
30. Outstanding guarantees (year end)	0.55	0.55	0.79	22.76	8.05
31. Maximum amount guaranteed (year end)	...	...	...	...	14.00
32. Number of incomplete projects	241	445	17	64	442
33. Capital blocked in incomplete projects	47.41	61.66	1.26	172.02	3.10 (55)^ψ

Note: Figures in brackets represent percentages (rounded)

Excludes Ways and Means and Advances from Government of India.

ψ Expenditure incurred on incomplete works (in brackets) scheduled for completion by March 2005.

(a) Figures for 2000-01 to 2003-04 differ with previous figures due to adoption of GSDP figures at current prices as furnished (June 2005) by the Directorate of Economics & Statistics, Government of Arunachal Pradesh.

(b) Since GSDP for 2004-05 had not been furnished by the Directorate of Economics & Statistics, it has been adopted by increasing GSDP for 2003-04 by 3.66 per cent, the average rate of growth of GSDP during 2000-2004.

APPENDIX - VII

Statement showing impact of Government policies in the State

(Reference : Paragraph 1.11; page 21)

Serial Number	Description	Unit	Year	
			2003-04	2004-05
1.	Education			
(a)	Schools			
(i)	Primary/Junior Basic	Number	1309	1366
(ii)	Middle/Senior Basic	Number	508	462
(iii)	High/Senior Secondary	Number	204	207
(b)	Enrolment in schools	In lakh	2.64	3.17
(c)	Literacy	Percentage	54.74% as per census 2001	
(d)	Colleges	Number	7	7
(e)	Universities	Number	1	1
2.	Technical Education			
(a)	Engineering Colleges	Number	1	1
(b)	Polytechnics	Number	1	1
(c)	Industrial Training Institutes	Number	4	3
(d)	Motor Driving and Heavy Earth Moving Training Institutes	Number	...	
3.	Health			
(i)	Primary Health Centres	Number	78	84
(ii)	Allopathic Hospitals	Number	14	15
(iii)	Ayurvedic Hospitals	Number	...	4
(iv)	Research Institutes	Number	...	1
(v)	Homeopathic Health Centres	Number	37	37
(vi)	Infant mortality	Number per thousand	63.10	63.10
4.	Animal Health			
(i)	Veterinary Hospitals	Number	1	1
(ii)	Veterinary Dispensaries	Number	93	93
5.	Irrigation			
(i)	Irrigation potential created	Lakh Hectares	2995.5	1700
6.	Agriculture Production	In lakh tonnes	4.16	NA
7.	Fruit Production	In lakh tonnes	1.00	1.03
8	Rural Works Department (HQ)			
(i)	Motorable Roads	Km	59.05	59.05
(ii)	Out of total road length, total surface road (BT)	Km	59.05	59.05
(iii)	Out of total road length, total kutchra road (FC)	Km	1658.77	1658.77

Source : Information furnished by various departments of the State Government.

APPENDIX – VIII

Statement showing areas in which major savings occurred

(Reference : Paragraph 2.3.1 (i); page 24)

(Rupees in crore)

Grant No./ Major Head	Areas in which major savings occurred	Savings
6	6-District Administration (Revenue Voted)	
3451	Untied fund	14.90
11	11-Social Welfare (Capital Voted)	
4235	Construction of Ashram School/Hostel	11.64
14	14-Education (Capital Voted)	
4202	Establishment of Polytechnic	11.00
31	31-Public Works (Capital Voted)	
4059	State Secretariat and Legislative Building	17.99
33	33-North Eastern Areas (Capital Voted)	
4552	Naharkatia Khonsa Road	2.75
4552	Tame – Dullongmukh Road	1.79
4552	Creation of Assets	1.51
4552	Nurang H. E. Project	1.43
34	34-Power (Capital Voted)	
4801	Scheme under APDRP	40.80
4801	Ranganadi Transmission	2.17
4801	Prime Minister <i>Gramin Yojana</i>	4.83
4801	100% Metering System	3.88
4801	Scheme under R. E. C.	2.99
4801	REC Grants MNP	12.06
4801	Creation of Assets Tribal Villages	1.19
38	38-Irrigation and Flood Control (Revenue Voted)	
2702	Accelerated Irrigation Benefits Programme	10.60
2702	Schemes under RIDF Loan	1.00
57	57-Urban Development (Capital Voted)	
4217	Schemes against HUDCO Loan	6.93
64	64-Trade and Commerce (Capital Voted)	
4575	Establishment Expenses	10.00

APPENDIX -IX

Statement showing expenditure which fell short by more than Rs.1 crore
and also by more than 10 per cent of the total provision

(Reference : Paragraph 2.3.1(ii); page 24)

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total provision	Actual expenditure	Savings	Percentage with reference to total provision
	Revenue (Charged)				
1.	Public Debt	176.18	154.30	21.88	12
	Revenue Section (Voted)				
2.	6-District Administration	92.40	77.23	15.17	16
3.	25-Relief, Rehabilitation and Re-settlement	28.28	25.16	3.12	11
4.	27-Panchayat	34.19	27.67	6.52	19
5.	38-Irrigation and Flood Control	51.08	39.43	11.65	23
6.	41-Land Management	4.34	2.59	1.75	40
7.	49-Science and Technology	1.81	0.25	1.56	86
8.	50-Secretariat Economic Services	33.74	15.97	17.77	53
9.	64-Trade and Commerce	1.28	0.01	1.27	99
	Capital Section (Voted)				
10.	11-Social Welfare	15.80	4.16	11.64	74
11.	14-Education	25.39	16.42	8.97	35
12.	21-Food, Storage and Warehousing	4.26	2.21	2.05	48
13.	24-Agriculture	2.63	0.68	1.95	74
14.	31-Public Works	28.12	10.17	17.95	64
15.	33-North Eastern Areas	39.81	31.58	8.23	21
16.	34-Power	164.20	111.49	52.71	32
17.	40-Housing	7.85	6.07	1.78	23
18.	42-Rural Development	1.30	0.04	1.26	97
19.	52-Sports and Youth Services	2.58	1.45	1.13	44
20.	53-Fire Protection and Control	2.75	0.54	2.21	80
21.	57-Urban Development	21.25	4.45	16.80	79
22.	59-Public Health Engineering	21.43	19.03	2.40	11
23.	64-Trade and Commerce	10.00	---	10.00	100
24.	66-Power (Civil)	42.46	37.94	4.52	11
	Total	813.13	588.84	224.29	

APPENDIX - X

Statement showing excess expenditure relating to previous years
requiring regularisation

(Reference : Paragraph 2.3.2(i); page 25)

(Rupees in crore)

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of excess
1986-87 (U.T. Period)	13	1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 42	6.56
1986-87 (State Period)	28	1, 2, 3, 6, 7, 8, 10, 11, 13, 14, 16, 18, 19, 20, 22, 24, 27, 28, 29, 31, 32, 33, 34, 38, 39, 40, 42 and 43	12.71
1987-88	16	14, 18, 19, 22, 23, 24, 26, 30, 31, 32, 33, 34, 35, 40, 42 and Public Debt	9.06
1988-89	12	1, 13, 15, 17, 21, 24, 30, 31, 32, 34, 40 and Public Debt	54.51
1989-90	15	8, 10, 15, 30, 31, 32, 33, 34, 38, 40, 43, 45, 48, 49 and Public Debt	17.49
1990-91	16	5, 8, 13, 15, 19, 23, 24, 26, 30, 31, 32, 34, 40, 44, 48 and Public Debt	28.61
1991-92	17	4, 8, 10, 14, 15, 18, 19, 23, 25, 28, 30, 31, 34, 37, 42, 43 and Public Debt	63.12
1992-93	11	14, 15, 18, 28, 30, 31, 34, 40, 43, 21 and 38	27.91
1993-94	12	8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45	30.66
1994-95	18	6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 45	64.45
1995-96	24	8, 9, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 28, 29, 31, 32, 34, 40, 41, 51, 53, 59, 60 and Public Debt	38.41
1996-97	12	1, 9, 11, 13, 14, 21, 28, 30, 31, 34, 40 and 51	14.86
1997-98	15	9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 60	25.34
1998-99	15	1, 7, 13, 15, 19, 20, 31, 34, 36, 41, 50, 53, 54, 64 and Public Debt	25.26
1999-2000	7	13, 31, 44, 52, 53, 60 and Public Debt	14.27
2000-01	12	1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62	13.27
2001-02	13	1, 7, 8, 11, 13, 14, 16, 22, 28, 33, 35, 48 and 59	27.08
2002-03	14	1, 4, 5, 7, 13, 19, 23, 28, 31, 43, 46, 58, 61 and 62	9.70
2003-04	21	5, 13, 15, 16, 24, 26, 28, 31, 32, 33, 35, 36, 42, 43, 44, 47, 56, 58, 59, 61 and 62	20.15
Total			503.42

APPENDIX – XI

Statement showing excess expenditure under the grants

(Reference : Paragraph 2.3.2(ii); page 25)

(Amount in Rupees)

Sl. No.	Number and name of Grant/Appropriation	Total Grant/ Appropriation	Actual Expenditure	Excess
	Capital (Charged)			
1.	Public Debt	145,18,66,000	153,50,47,287	8,31,81,287
	Total : Capital Section (Charged)	145,18,66,000	153,50,47,287	8,31,81,287
	Revenue Section (Voted)			
2.	8-Police	101,85,79,000	108,43,74,416	6,57,95,416
3.	14-Education	183,08,68,000	196,68,53,270	13,59,85,270
4.	15-Health and Family Welfare	70,80,64,000	77,07,18,912	6,26,54,912
5.	18-Research	2,19,85,000	2,32,78,496	12,93,496
6.	26-Rural Works	23,79,71,000	23,93,66,820	13,95,820
7.	31-Public Works	40,27,14,000	41,52,69,351	1,25,55,351
8.	33-North Eastern Areas	1,33,10,000	1,77,98,390	44,88,390
9.	40-Housing	8,68,25,000	9,37,21,217	68,96,217
10.	43-Fisheries	43,75,60,000	45,09,80,26	13,42,026
11.	48-Horticulture	10,79,21,000	16,23,29,057	5,44,08,057
12.	58-Stationery and Printing	1,44,80,000	1,52,08,705	7,28,705
13.	61-Geology and Mining	62,60,000	79,36,791	16,76,791
14.	65-Department of Tirap and Changlang	20,00,000	73,94,944	53,94,944
15.	66-Power (Civil)	99,93,000	1,00,50,377	57,377
	Total : Revenue Section (Voted)	450,47,26,000	485,93,98,772	35,46,72,772
	Capital Section (Voted)			
16.	19-Industries	1,46,54,000	1,48,03,418	1,49,418
17.	23-Forests	10,00,000	10,00,035	35
18.	28-Animal Husbandry and Veterinary	1,26,95,000	1,30,25,707	3,30,707
19.	32-Roads and Bridges	77,89,59,000	80,42,83,004	2,53,24,004
20.	48-Horticulture	1,00,00,000	1,08,94,996	8,94,996
	Total : Capital Section (Voted)	81,73,08,000	84,40,07,160	2,66,99,160
	Grand Total	677,39,00,000	723,84,53,219	46,45,53,219

APPENDIX – XII

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.3.4(i); page 25)

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Amount of Supplementary provision	Amount of saving
	Revenue (Voted)		
1.	17-Gazetteer	0.02	0.03
2.	41-Land Management	1.39	1.75
3.	42-Rural Development	0.60	2.44
4.	49-Science and Technology	0.55	1.56
5.	51-Directorate of Library	0.03	0.16
6.	52-Sports and Youth Services	0.07	0.29
7.	53-Fire Protection and Control	0.19	0.22
	Capital (Voted)		
8.	11-Social Welfare	7.79	11.65
9.	31-Public Works	17.21	17.95
10.	34-Power	16.53	52.71
11.	39-Loans to Government Servants	0.12	0.55
12.	40-Housing	0.25	1.78
	Total	44.75	91.09

APPENDIX - XIII

Statement showing excessive supplementary grants in cases where ultimate savings in each case exceeded Rs.10.00 lakh

(Reference : Paragraph 2.3.4(ii); page 25)

(Rupees in lakh)

Sl. No	Number & name of Grant/appropriation	Original	Actual expenditure	Additional grant required	Supplementary grant obtained	Net Savings
1	2	3	4	5	6	7
	Revenue (Charged)					
1.	2-Governor	105.33	144.38	39.05	59.38	20.33
	Revenue (Voted)					
2.	1-Legislative Assembly	370.61	749.91	379.30	391.37	12.07
3.	3-Council of Ministers	352.76	391.34	38.58	49.32	10.74
4.	4-Election	1068.63	2007.72	939.09	953.83	14.74
5.	5-Secretariat Administration	1783.31	2329.86	546.55	685.23	138.68
6.	6-District Administration	6225.89	7722.68	1496.79	3013.68	1516.89
7.	11-Social Welfare	1714.40	3221.05	1506.65	1744.37	237.72
8.	13-Directorate of Accounts	6885.05	7355.43	470.38	600.62	130.24
9.	19-Industries	542.15	587.44	45.29	68.99	23.70
10.	21-Food, Storage and Warehousing	1874.21	3104.59	1230.38	1269.18	38.80
11.	22-Civil Supplies	913.25	2316.58	1403.33	1427.87	24.54
12.	23-Forests	3744.93	4118.97	374.04	544.37	170.33
13.	24-Agriculture	3013.13	3265.79	252.66	334.37	81.71
14.	25-Relief, Rehabilitation and Re-settlement	1789.85	2516.02	726.17	1038.46	312.29
15.	27-Panchayat	741.71	2766.67	2024.96	2677.02	652.06
16.	28-Animal Husbandry and Veterinary	1661.70	1960.50	298.80	320.29	21.49
17.	30-State Transport	2236.22	2385.95	149.73	167.42	17.69
18.	32-Roads and Bridges	2383.20	2494.32	111.12	178.19	67.07
19.	35-Information and Public Relation	317.50	354.84	37.34	63.00	25.66
20.	36-Statistics	388.07	411.18	23.11	54.95	31.84
21.	37-Legal Metrology	149.89	158.27	8.38	19.31	10.93
22.	38-Irrigation and Flood Control	2812.58	3942.91	1130.33	2295.27	1164.94
23.	39-Loans to Government Servants	355.00	311.61	-43.39	12.00	55.39
24.	41-Land Management	294.96	258.44	-36.52	138.68	175.20

1	2	3	4	5	6	7
25.	42-Rural Development	2893.82	2709.98	-183.84	60.21	244.05
26.	45-Civil Aviation	2038.18	2405.16	366.98	386.00	19.02
27.	47-Administration of Justice	83.34	101.14	17.80	33.45	15.65
28.	49-Science and Technology	125.56	24.96	-100.60	55.44	156.04
29.	50-Secretariat Economic Services	3370.22	1596.66	-1773.56	3.60	1777.16
30.	51-Directorate of Library	145.95	133.29	-12.66	3.38	16.04
31.	52-Sports and Youth Services	297.60	275.11	-22.49	6.70	29.19
32.	53-Fire Protection and Control	157.67	154.70	-2.97	18.72	21.69
33.	56-Tourism	329.42	280.33	-49.09	0.32	49.41
34.	57-Urban Development	105.01	174.71	69.70	120.52	50.82
35.	59-Public Health Engineering	3631.58	11138.44	7506.86	8103.06	596.20
36.	63-Protocol Department	21.76	24.26	2.50	34.90	32.40
	Capital (Voted)					
37.	11-Social Welfare	800.81	415.73	-385.08	779.44	1164.52
38.	14-Education	174.31	1641.64	1467.33	2364.46	897.13
39.	15-Health and Family Welfare	504.21	1693.40	1189.19	1206.61	17.42
40.	18-Research	17.00	24.77	7.77	34.18	26.41
41.	26-Rural Works	39.25	84.39	45.14	118.32	73.18
42.	31-Public Works	1091.07	1017.44	-73.63	1720.87	1794.50
43.	33-North Eastern Areas	500.00	3158.07	2658.07	3480.89	822.82
44.	34-Power	14767.00	11148.43	-3618.57	1652.70	5271.27
45.	40-Housing	760.00	607.25	-152.75	25.00	177.75
46.	47-Administration of Justice	---	4.74	4.74	25.75	21.01
47.	52-Sports and Youth Services	72.00	145.38	73.38	186.00	112.62
48.	53-Fire Protection and Control	100.56	54.17	-46.39	174.67	221.06
49.	56-Tourism	242.45	712.79	470.34	497.48	27.14
50.	58-Stationery and Printing	7.00	24.61	17.61	28.00	10.39
51.	59-Public Health Engineering	869.97	1903.56	1033.59	1273.23	239.64
52.	61-Geology and Mining	14.40	20.00	5.60	23.00	17.40
53.	65-Department of Tirap and Changlang	500.00	559.98	59.98	80.00	20.02
54.	66-Power (Civil)	3100.00	3794.21	694.21	1146.32	452.11
	Total	78484.47	100905.75	22421.28	41750.39	19329.11

APPENDIX – XIV

Statement showing supplementary provision which proved insufficient by more than Rs.10.00 lakh leaving an uncovered excess

(Reference : Paragraph 2.3.4(iii); page 25)

(Rupees in crore)

Sl. No.	Number and name of Grant	Provision		Total grant	Actual expenditure	Excess
		O	S			
1.	8-Police (Revenue voted)	86.07	15.79	101.86	108.44	6.58
2.	14-Education (Revenue voted)	170.20	12.89	183.09	196.69	13.60
3.	15-Health and Family Welfare (Revenue voted)	60.28	10.52	70.80	77.07	6.27
4.	18-Research (Revenue voted)	2.03	0.17	2.20	2.33	0.13
5.	26-Rural Works (Revenue voted)	19.15	4.65	23.80	23.94	0.14
6.	31-Public Works (Revenue voted)	32.38	7.89	40.27	41.53	1.26
7.	32-Roads and Bridges (Capital voted)	70.64	7.26	77.90	80.43	2.53
8.	33-North Eastern Areas (Revenue voted)	0.06	1.27	1.33	1.78	0.45
9.	40-Housing (Revenue voted)	6.80	1.88	8.68	9.37	0.69
10.	43-Fisheries (Revenue voted)	4.20	0.18	4.38	4.51	0.13
11.	48-Horticulture (Revenue voted)	9.70	1.09	10.79	16.23	5.44
12.	61-Geology and Mining (Revenue voted)	0.35	0.27	0.62	0.79	0.17
	Total	461.86	63.86	525.72	563.11	37.39

(O=Original Grant, S=Supplementary Grant)

APPENDIX - XV

Statement showing excessive/unnecessary/injudicious
re-appropriation of funds

(Reference : Paragraph 2.3.5; page 25)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess(+) Saving(-)
1	2	3	4	5	6
1.	11-Social Welfare	2235-Social Security & Welfare 60-Other Social Security and Welfare Programmes 102-Pensions under Social Security Schemes 1085-Old Age Pension/NSCP National Social Asstt. Programme. O. 230.00 S. 137.06 R. 15.94	383.00	33.60	(-) 349.40
2.	-do-	4235-Capital Outlay on Social Security and Welfare 02-Social Welfare 800-Other Expenditure 1101-Construction of Ashram School/Hostel O. 568.75 S. 779.44 R. 3.06	1351.25	187.50	(-) 1163.75
3.	14-Education	2202-General Education 03-University and Higher Education 102-Assistance to Universities 02-Aid to Arunachal Polytechnic O. 550.00 R. (-) 550.00	---	1150.00	(+) 1150.00
4.	-do-	2202-General Education 01-Elementary Education 800-Other Expenditure 1153-Midday Meal O. 1025.00 R. (-) 63.27	961.73	844.37	(-) 117.36
5.	-do-	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 201-Elementary Education 01-Building for Education O. 8.00 S. 251.43 R. 35.39	294.82	559.98	(+) 265.16
6.	15-Health and Family Welfare	2210-Medical and Public Health 03-Rural Health Services- Allopathy 110-Hospitals and Dispensaries 01-Establishment Expenses O. 4182.93 S. 346.71 R. (-) 205.64	4324.00	4917.49	(+) 593.49

(Rupees in lakh)

1	2	3	4	5	6
7.	15-Health and Family Welfare	2211-Family Welfare 101-Rural Family Welfare Services 1309-Expenditure on Sub-Centre O. 10.00 S. 164.00 R. 10.00	184.00	131.05	(-) 52.95
8.	26-Rural Works	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 800-Other Expenditure 1883-Rural Link Road S. 43.00 R. 21.00	64.00	5.00	(-) 59.00
9.	31-Public Works	2059-Public Works 80-General 800-Other Expenditure 01-Maintenance of Assets O. 657.00 S. 285.39 R. (-) 54.85	887.54	1029.03	(+) 141.49
10.	32-Roads and Bridges	5054-Capital Outlay on roads and Bridges 04-District and Other Roads 800-Other Expenditure 04-Scheme under RIDF S. 460.56 R. 2139.44	2600.00	2293.85	(-) 306.15
11.	-do-	5054-Capital Outlay on roads and Bridges 04-District and Other Roads 800-Other Expenditure 03-Schemes under Central Road Fund O. 1088.00 R. (-) 163.00	925.00	1484.39	(+) 559.39
12.	33-North Eastern Areas	4552-Capital Outlay on North Eastern Areas 800-Other Expenditure 01-Nurang H. E. Project O. 23.00 S. 153.32 R. (-) 10.00	166.32	23.35	(-) 142.97
12.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2337-Scheme under APDRP O. 5468.00 R. (-) 900.00	4568.00	488.08	(-) 4079.92
13.	-do-	4801-Capital Outlay on Power Projects 05-Transmission and Distribution 800-Other Expenditure 2322-Ranganadi Transmission O. 1347.00 R. (-) 347.00	1000.00	783.00	(-) 217.00

(Rupees in lakh)

1	2	3	4	5	6
14.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2330-Scheme under R. E. C O. 878.00 R. 0.10	878.10	578.88	(-) 299.22
15.	-do-	4801-Capital Outlay on Power Projects 80-General 800-Other Expenditure 06-Maintenance of Transmission Line including sub-stations O. 700.00 R. 720.00	1420.00	3070.89	(+) 1587.89
16.	-do-	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2333-REC Grants MNP O. 364.21 R. 2035.79	2400.00	1194.31	(-) 1205.69
17.	40-Housing	4216-Capital Outlay on Housing 01-Government Residential Buildings 106-General Pool Accommodation 01-Construction O. 760.00 S. 25.00 R. (-) 127.75	657.25	607.25	(-) 50.00
18.	42-Rural Development	2505-Rural Employment 60-Other Programmes 702-Jawahar Gram Samridhi Yojana (JGSY) 2545-PMGRY O. 604.00 R. (-) 123.50	480.50	302.00	(-) 178.50
19.	66-Power (Civil)	4801-Capital Outlay on Power Projects 05-Transmission and Distribution 800-Other expenditure 12-Creation of Infrastructure under RIDF O. 800.00 R. 200.00	1000.00	602.50	(-) 397.50
20.	-do-	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2329-Schemes under MNES O. 150.00 R. 189.20	339.20	284.03	(-) 55.17

(Rupees in lakh)

1	2	3	4	5	6
21.	Public Debt	2049-Interest Payments 01-Interest on Internal Debt 200-Interest on Other Internal Debts 04-Interest on loan from Rural Electrification Corporation Limited O. 2209.00 R. (-) 9.00	2200.00	1283.57	(-) 916.43
22.	-do	2049-Interest Payments 01-Interest on Internal Debt 200-Interest on Other Internal Debts 04-Interest on loan from National Bank for Agriculture and Rural Development O. 1342.79 R. 57.21	1400.00	1235.49	(-) 164.51
23.	Public Debt	2049-Interest Payments 01-Interest on Internal Debt 101-Interest on Market Loans 01-Payment and Interest on Market Loan O. 1678.42 R. (-) 0.42	1678.00	2197.97	(+) 519.97
24.	-do-	6003-Internal debt of the State Government 110-Ways and Means Advances from the Reserve Bank of India 01-Repayment of Advances taken from Reserve Bank of India under Ways and Means O. 5538.00 R. 2.00	5540.00	9556.15	(+) 4016.15
25.	-do-	6003-Internal debt of the State Government 105-Loan from the National Bank for Agricultural and Rural Development 01-Repayment of loan for National Bank for Agricultural and Rural Development O. 1186.15 R. 193.85	1380.00	1555.75	(+) 175.75
26.	-do-	6004-Loans and Advances from the Central Government 02-Loans for State/Union Territory Plan Schemes 101-Block Loans 01-Repayment of Block Loans O. 2372.25 R. (-) 549.57	1822.68	2332.68	(+) 510.00

APPENDIX – XVI

Statement showing expenditure without provision of funds and re-appropriation

(Reference : Paragraph 2.3.6; page 25)

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropriation	Actual expenditure	Excess(+) Savings(-)
1.	14-Education	2202-General Education 01-Elementary Education 800-Other expenditure 1148-Appointment and Training of Hindi Teacher in non-Hindi Speaking States	...	100.18	(+) 100.18
2.	15-Health and Family Welfare	2210-Medical and Public Health 06-Public Health 101-Prevention and Control of Diseases 3245-Centrally Sponsored Health Scheme of NAMP (Rural)	...	171.22	(+) 171.22
3.	-do-	2211-Family Welfare 109-Reproductive and Child Health programme 0718-Family Welfare Programme	...	13.79	(+) 13.79
4.	31-Public Works	2059-Public Works 80-General 799-Suspense 01-Purchase of Store	...	28.53	(+) 28.53
5.	48-Horticulture	2401-Crop Husbandry 119-Horticulture and Vegetable Crops 2681-Swabhiman Rozgar Yojana	...	592.32	(+) 592.32
6.	61-Geology and Mining	6853-Loans for Non-ferrous Mining and Metallurgical 01-Mineral Exploration and Development 190-Loans to Public Sector and Other Undertakings 02-Loans to Undertaking	...	15.00	15.00
Total				921.04	(+) 921.04

APPENDIX - XVII

Statement showing non-utilisation of entire provision of funds
in excess of Rs.10 lakh

(Reference : Paragraph 2.3.7; page 26)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Saving (-)	Percentage
1	2	3	4	5	6	7
1.	8-Police	2055-Police 114-Wireless and Computers 1044-Purchase/Upkeepment of WT Sets S. 300.00	300.00	...	(-) 300.00	100
2.	14-Education	2202-General Education 04-Audlt Education 800-Other Expenditure 1152-Total Literacy Campaign S. 50.00	50.00	...	(-) 50.00	100
3.	14-Education	2202-General Education 02-Secondary Education 800-Other Expenditure 01-Preparation of State Perspective Plan under Teacher Education S. 19.29	19.29	...	(-) 19.29	100
4.	14-Education	4202-Capital Outlay on Education, Sports, Art and Culture 02-Technical Education 104-Polytechnics 01-Establishment of Polytechnic S. 1100.00	1100.00	...	(-) 1100.00	100
5.	24-Agriculture	6435-Loans for other Agricultural Programmes 60-Others 800-Other Expenditure 1804-Loans for purchase of Agricultural Inputs O. 100.00 R. (-) 60.00	40.00	...	(-) 40.00	100
6.	25-Relief, Rehabilitation and Re-settlement	2245-Relief on Account of Natural Calamities 80-General 800-Other Expenditure 1825-UNDP Programme O. 295.00	295.00	...	(-) 295.00	100
7.	29-Co-operation	4425-Capital Outlay on Co-operation 200-Other Investments 2128-Share participation in National Co-operative Development Corporation O. 86.25	86.25	...	(-) 86.25	100

(Rupees in lakh)

1	2	3	4	5	6	7
8.	31-Public Works	4059-Capital Outlay on Public Works 80-General 800-Other Expenditure 2205-State Secretariat and Legislative Building O. 402.74 S. 1396.26	1799.00	...	(-) 1799.00	100
9.	33-North Eastern Areas	2552-North Eastern Areas 800-Other expenditure 60-Strengthening of veterinary hospital S. 20.00	20.00	...	(-) 20.00	100
10.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2334-100% Metering System S. 388.49	388.49	...	(-) 388.49	100
11.	38-Irrigation and Flood Control	2702-Minor Irrigation 01-Surface Water 102-Lift Irrigation Schemes 02-Schemes under RIDF Loan S. 54.00 R. 46.00	100.00	...	(-) 100.00	100
12.	41-Land Management	2506-Land Reforms 800-Other Expenditure 2522-Establishment Expenses O. 100.56 R. 120.46	221.02	...	(-) 221.02	100
13.	41-Land Management	2506-Land Reforms 800-Other Expenditure 2521-Strengthening of Revenue Administrative and updating of Land Records S. 18.22	18.22	...	(-) 18.22	100
14.	47-Administration of Justice	2014-Administration of Justice 114-Legal Advisers and Counsels 2662-Computerisation in Courts S. 14.55 R. 1.45	16.00	...	(-) 16.00	100
15.	49-Science and Technology	3425-Other Scientific Research 60-Others 600-Other Schemes 02-National E-Governance S. 55.44 R. 100.56	156.00	...	(-) 156.00	100
16.	57-Urban Development	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure 3061-Schemes against HUDCO Loan O. 1753.00 R. (-) 1060.00	693.00	...	(-) 693.00	100

(Rupees in lakh)

1	2	3	4	5	6	7
17.	59-Public Health Engineering	2215-Water Supply and Sanitation 01-Water Supply 102-Rural water supply programmes 02-Rural Pipe Water Supply Programme O. 120.00 S. 294.70 R. 98.30	513.00	---	(-) 513.00	100
18.	61-Geology and Mining	4853-Capital Outlay on Non-ferrous Mining and Metallurgical Industries 60-Other Mining and Metallurgical Industries 800-Other Expenditure 01-Creation of Assets O. 14.40 S. 3.00	17.40	---	(-) 17.40	100
19.	61-Geology and Mining	4853-Capital Outlay on Non-ferrous Mining and Metallurgical Industries 60-Other Mining and Metallurgical Industries 190-Investments in public sector and other undertakings 02-Grants-in-aid to Undertaking S. 15.00	15.00	---	(-) 15.00	100
	Total		5847.67	---	(-) 5847.67	

APPENDIX – XVIII

Statement showing persistent savings in excess of Rs.10 lakh in each case and 10 per cent or more of the provision

(Reference : Paragraph 2.3.8; page 26)

(Percentage of savings to total provision)

Sl. No.	Number and name of grant/appropriation	2002-03	2003-04	2004-05
	Revenue (Charged)			
1.	2-Governor	19	27	12
	Revenue (Voted)			
2.	27-Panchayat	67	53	19
3.	38-Irrigation and Flood Control	13	14	23
4.	49-Science and Technology	81	76	86
5.	50-Secretariat Economic Services	81	64	53
6.	57-Urban Development	45	60	23
	Capital (Voted)			
7.	11-Social Welfare	98	45	74
8.	14-Education	58	31	35
9.	24-Agriculture	42	62	74
10.	29-Co-operation	83	89	14
11.	31-Public Works	29	39	64
12.	34-Power	41	20	32
13.	42-Rural Development	56	43	97
14.	51-Directorate of Library	100	100	77
15.	52-Sports and Youth Services	24	32	44
16.	53-Fire Protection and Control	42	50	80
17.	57-Urban Development	83	61	79

APPENDIX - XIX

Statement showing non-surrender of savings in excess of Rs.20 lakh

(Reference : Paragraph 2.3.9; page 26)

(Rupees in crore)

Sl. No.	Number and name of the grant / appropriation	Total grant / appropriation	Savings	Unsurrendered savings	Percentage of unsurrendered savings
1	2	3	4	5	6
	Revenue (Charged)				
1.	Public Debt	176.18	21.88	5.07	23
	Revenue (Voted)				
2.	5-Secretariat Administration	24.69	1.39	1.39	100
3.	6-District Administration	92.40	15.17	15.17	100
4.	9-Motor Garages	4.17	0.27	0.27	100
5.	11-Social Welfare	34.59	2.38	2.38	100
6.	13-Directorate of Accounts	74.86	1.30	1.30	100
7.	19-Industries	6.11	0.24	0.24	100
8.	21-Food, Storage and Warehousing	31.43	0.39	0.39	100
9.	22-Civil Supplies	23.41	0.25	0.25	100
10.	23-Forests	42.89	1.70	1.55	91
11.	24-Agriculture	33.48	0.82	0.82	100
12.	25-Relief, Rehabilitation and Re-settlement	28.28	3.12	3.12	100
13.	27-Panchayat	34.19	6.52	1.53	23
14.	28-Animal Husbandry and Veterinary	19.82	0.21	0.21	100
15.	35-Information and Public Relation	3.81	0.26	0.26	100
16.	36-Statistics	4.43	0.32	0.32	100
17.	38-Irrigation and Flood Control	51.08	11.65	11.65	100
18.	39-Loans to Government Servants	3.67	0.55	0.55	100
19.	41-Land Management	4.34	1.75	1.74	99
20.	42-Rural Development	29.54	2.44	2.44	100
21.	49-Science and Technology	1.81	1.56	1.56	100
22.	50-Secretariat Economic Services	33.74	17.77	0.27	2
23.	53-Fire Protection and Control	1.76	0.22	0.22	100
24.	56-Tourism	3.30	0.49	0.33	67
25.	59-Public Health Engineering	117.35	5.96	5.96	100
26.	63-Protocol Department	0.57	0.32	0.32	100

1	2	3	4	5	6
	Capital (Voted)				
27.	11-Social Welfare	15.80	11.65	11.65	100
28.	14-Education	25.39	8.97	8.97	100
29.	18-Research	0.51	0.26	0.26	100
30.	21-Food, Storage and Warehousing	4.26	2.05	0.25	12
31.	24-Agriculture	2.63	1.95	1.10	56
32.	26-Rural Works	1.58	0.73	0.73	100
33.	29-Co-operation	4.21	0.60	0.60	100
34.	31-Public Works	28.12	17.95	17.95	100
35.	33-North Eastern Areas	39.81	8.23	8.23	100
36.	34-Power	164.20	52.71	52.71	100
37.	40-Housing	7.85	1.78	0.50	28
38.	42-Rural Development	1.30	1.26	1.26	100
39.	45-Civil Aviation	2.10	0.57	0.57	100
40.	47-Administration of Justice	0.26	0.21	0.21	100
41.	52-Sports and Youth Services	2.58	1.13	1.13	100
42.	53-Fire Protection and Control	2.75	2.21	2.21	100
43.	56-Tourism	7.40	0.27	0.27	100
44.	57-Urban Development	21.25	16.80	6.96	41
45.	59-Public Health Engineering	21.43	2.40	2.40	100
46.	66-Power (Civil)	42.46	4.52	4.52	100
	Total	1277.79	235.18	181.79	

APPENDIX - XX

Statement showing the number of cases in which the amount surrendered was in excess of actual savings (Table-A)/excess (Table-B)

(Reference : Paragraph 2.3.10; page 26)

Table-A

(Rupees in lakh)

Sl. No.	Grant number	Saving (-)	Amount surrendered	Excess amount surrendered
	Revenue (Voted)			
1.	32-Roads and Bridges	- 67.07	323.80	256.73
	Total	- 67.07	323.80	256.73

Table-B

(Rupees in lakh)

Sl. No.	Grant number	Excess (+)	Amount surrendered	Excess amount surrendered
	Revenue (Voted)			
1.	48-Horticulture	544.08	144.00	144.00
	Capital (Charged)			
2.	Public Debt	831.81	3428.80	3428.80
	Capital (Voted)			
3.	48-Horticulture	8.95	10.25	10.25
	Total	1384.84	3583.05	3583.05

APPENDIX – XXI

Statement showing Rush of expenditure during the month of March

(Reference : Paragraph 2.3.11; page 27)

(Rupees in crore)

Sl No.	Heads of accounts	Grant No.	Total provision	Expenditure				Total expenditure	Percentage of expenditure during 4 th quarter to total expenditure	Expenditure during March	Percentage of expenditure during March	
				1 st quarter	2 nd quarter	3 rd quarter	4 th quarter				Total provision	Total expenditure
1.	2002	14	182.33	34.74	39.79	45.51	75.97	196.01	39	44.04	24	22
2.	2215	59	117.35	5.15	15.80	17.84	72.59	111.38	65	50.63	43	45
3.	2210	15	62.57	13.12	12.91	14.86	32.05	72.94	44	23.48	38	32
4.	2235	8, 11, 12, 13 & 25	24.71	2.45	4.12	3.25	12.20	22.02	55	9.99	40	45
5.	2401	24 & 48	35.15	6.13	5.86	6.61	29.33	47.93	61	25.07	71	52
6.	2403	28	18.69	3.97	3.73	4.69	5.88	18.27	32	4.12	22	23
7.	2505	42	12.59	0.23	0.22	0.31	7.99	8.75	91	1.87	15	21
8.	2851	19 & 60	12.62	2.04	1.88	2.31	6.31	12.54	50	3.66	29	29
9.	2205	16, 18 & 51	4.98	1.11	0.85	1.05	1.89	4.90	39	1.18	24	24
Total			470.99	68.94	85.16	96.43	244.21	494.74	49	164.04	35	33
Percentage with reference to Total expenditure				14	17	20	49	100		33		

Source : Accountant General (A&E).

APPENDIX - XXII

Statement showing the drawal of amount by AC bills

(Reference : Paragraph 2.3.13; page 27)

Abstract of total number of AC bills awaiting adjustment

Total number of AC bills awaiting adjustment	Amount involved (Rupees)	Age-wise break up of outstanding advances		
		Year	Number of items	Amount (Rupees)
30	1,43,35,299	1998-99	1	81437
		1999-2000	7	32505
		2000-01	7	13602357
		2001-02	15	619000
			30	14335299

Details of AC bills awaiting adjustment

(Amount in Rupees)

Sl. No.	Name of the D.D.O/Controlling Officers for whom D.C. bills are awaited	Year	Total number of items	Amount involved
1.	Dr. N. Yadav, DDH (Horti) Naharlagun	Mar-99	1	81437
2.	Finance & A/cs Officer, Changlang	Mar-00	1	4000
3.	A. Tayeng, A.O, Director of Research, Itanagar	Jan-00	1	4000
4.	-do -	Mar-01	1	4000
5.	District Research Officer, Bomdila	Mar-00	1	1000
6.	A.O. Director of Research, Itanagar	Mar-00	1	6505
7.	-do -	Mar-00	1	8000
8.	-do -	Mar-00	1	2000
9.	B.N. Phukan, Principal, Govt. College, Itanagar	Jan-00	1	7000
10.	Director of Geology & Mining (S.K. Singh, P.S. to Hon. C.M., Itanagar)	Jun-00	1	10000
11.	-do -	Mar-01	1	5000
12.	Director of School Education, West Kameng Dist., Bomdila	Mar-01	1	288000
13.	S.K. Chakraborty, Director of Trade & Commerce, Govt. of A.P., Itanagar.	Jan-01	1	150000
14.	I.G.P., Itanagar	-do-	1	8268401
15.	-do -	-do-	1	4876956
16.	Director of Med. & Health Service, Naharlagun	More than 3 years	1	450000
17.	-do -	-do-	1	15000
18.	-do -	-do-	1	10000
19.	-do -	-do-	1	7500
20.	-do -	-do-	1	10000
21.	-do -	-do-	1	15000
22.	-do -	-do-	1	15000
23.	-do -	-do-	1	6000
24.	-do -	-do-	1	5000
25.	District Medical Officer, Changlang	-do-	1	7500
26.	-do -	-do-	1	7000
27.	District Medical Officer, Bomdila	-do-	1	50000
28.	-do -	-do-	1	7500
29.	District Medical Officer, Khonsa	-do-	1	6000
30.	-do -	-do-	1	7500
Total				14335299

APPENDIX – XXIII

Statement showing loss of interest for not depositing the funds into Bank
(Reference : Paragraph 3.1.9; page 35)

Sl. No.	Package No.	Name of the road	Name of the PIU	Name of DRDA	Amount (Rupees)
1.	AR0802RWD1	Shernup to Chaksom	EE, RWD, Tawang	DRDA, Tawang	97,858
2.	AR0803RWD1	Lhou Jangda to Shyro	-do-	-do-	27,753
3.	AR0803RWD2	Sarong Gompa to Jangda	-do-	-do-	19,18,636
4.	AR1301PWD	Pugging to Likor	EE, PWD, Yingkiang	DRDA, Yingkiang	1,67,463
5.	AR1204PWD	Gensi-Litemori-Tatamori	EE, PWD, Basar	DRDA, Along	62,586
6.	AR1203PWD	Basar to Eshichiku	-do-	-do-	1,76,494
7.	AR1403RWD	Ringi to Paimuri	EE, RWD, Along	-do-	1,60,574
8.	AR0803PWD	Mukto to Gongkhar	EE, PWD, Tawang	DRDA, Tawang	1,40,406
9.	AR1002PWD1	Giturijo to Mona	EE, PWD, Daporijo	DRDA, Daporijo	1,10,099
10.	AR1002RWD1	Don to Lillydong	EE, RWD, Daporijo	-do-	1,66,946
11.	AR1004RWD1	Sera-Tapapu to Lote	-do-	-do-	1,73,377
12.	AR1005RWD1	Nacho to Ringling	-do-	-do-	3,15,024
Total:					35,17,216

APPENDIX – XXIV

Statement showing connectivity provided to habitations
having population less than 250

(Reference : Paragraph 3.1.9; page 38)

Package Number	Name of Road	District	Number of population benefited
AR0104 RWD	Changlang-Khimiyang to Chingsa	Changlang	63
AR0304 PWD	Seppa Sagalee BRO road to Seraso	East Kameng	59
AR0306 RWD	Seppa to Sebibo	East Kameng	136
AR0401 RWD	Mirsam (Diking) to Napit	East Siang	225
AR0402 PWD	Koyu to Rotte	East Siang	168
AR0403 RWD	PP road to Babuk	East Siang	147
AR0402 RWD	Tene to Sido	East Siang	92
AR1401 RWD	Nyapin to Takey (Gyamer)	Kurung Kumey	54
AR1402 RWD	Koloriang Nikja Road	Kurung Kumey	38
AR1403 RWD	Lumba Old Palin to Rakso Road	Kurung Kumey	75
AR1401 PWD	Nyapin to Malu Road	Kurung Kumey	207
AR0505 RWD	Tafragam to Tezugam	Lohit	155
AR0601 PWD	Pakhu to Yukar	Lower Subansiri	88
AR0602 RWD	Hija-Keliya-Abyo	Lower Subansiri	37
AR0603 PWD1	Deed to Radhpu	Lower Subansiri	112
AR0603 RWD1	Pitapool-Sagalee road to Kebi (Ambum)	Lower Subansiri	122
AR0704 PWD	Laptap to Pech	Papumpare	214
AR0701 RWD	Ampo to Mokomoli	Papumpare	60
AR0704 PWD2	Yallang to Sangring	Papumpare	50
AR0901 PWD	Mopaghat to Sangsatham	Tirap	61
AR0902 PWD2	Khela to New Katang	Tirap	176
AR0903 RWD2	Lazu to Nonglo	Tirap	187
AR1003 PWD1	Subansiri Bridge Point to Riddi	Upper Subansiri	154
AR1004 PWD	Leya to Giba	Upper Subansiri	98
AR1007 RWD	BRO road to JNV Lepajaring via Ningtemuri	Upper Subansiri	203
AR1101 RWD1	BRO Road to Pangma	West Kameng	101
AR1102 PWD1	KS road to Lungdur	West Kameng	231
AR1102 RWD2	RD road to Lumbaktang	West Kameng	117
AR1103RWD1	Saddle to Rurang road	West Kameng	233
AR1207 PWD1	Yomcha to Laggi Gamlin	West Siang	152
AR1207 PWD2	Yomcha to Pokto	West Siang	142
AR1207RWD	Yomcha to Doko Puto	West Siang	116
AR1204 RWD	Ringi to Paimuri	West Siang	142
AR1202 RWD	Taba Sora to Pidi Reme	West Siang	78

APPENDIX – XXV

Statement showing delay in completion of works

(Reference : Paragraph 3.1.10; page 40)

Package No.	Name of work	Date of sanction	Date of completion	Delay in months	Grading by National Quality Monitors
AR1204 RWD	Ringi to Paimuri	April 2002	October 2004	19 months	Not Graded
AR0704 PWD	Laptap to Pech	April 2002	September 2004	18 months	Not Inspected
AR1204 PWD	Gensi Litemori Tatamori	April 2002	March 2004	12 months	-do-
AR1203 PWD	Basar to Eshichiku	April 2002	March 2004	12 months	-do-
AR1104 RWD1	BRTF Rd to Singchung	April 2002	August 2003	5 months	Average
AR1303 RWD	BRTF Road to Migging	April 2002	October 2003	7 months	Not Inspected
AR1301 RWD	PWD Rd to Gette	April 2002	November 2003	8 months	-do-
AR1301 PWD	Pugging to Likor	April 2002	March 2004	12 months	-do-
AR0802RWD	Shernup to Chaksom	April 2002	March 2004	12 months	Average
AR0803PWD	Mukto to Gongkhar	April 2002	March 2004	12 months	Good
AR0803RWD	Lhou Jangda to Shyro	April 2002	March 2004	12 months	Average
AR1002PWD	Giturijo to Mona	April 2002	March 2004	12 months	Good
AR0803RWD	BRTF road near Sarong Gompa to Jangda	March 2003	Incomplete		
AR1004RWD1	Sera-Tapapu to Lote	April 2002	Incomplete		
AR1002RWD1	Don to Lilidong	April 2002	Incomplete		
AR1005RWD1	Nacho to Ringling	April 2002	Incomplete		

APPENDIX – XXVI

Statement showing details of works executed partially departmentally and partly through petty contractors

(Reference : Paragraph 3.1.13; page 41)

Sl. No.	Name of the PIU	Package Number	Name of the road	Estimated cost	Expenditure
				(Rupees in lakh)	
1.	EE, RWD, Tawang	AR0802	Shernup to Chaksom	65.01	65.01
2.	EE, PWD, Tawang	AR0803	Mukto to Gongkhar	74.48	74.48
3.	EE, RWD, Tawang	AR0803	Lhou-Jangda to Shyro	51.64	51.64
4.	EE, PWD, Upper Siang	AR1301	Pugging-Likor	156.21	156.21
5.	EE, RWD, Upper Siang	AR1301	PWD Road to Gette	19.31	19.31
6.	EE, RWD, Upper Siang	AR1303	BRTF Road to Migging	10.39	10.39
7.	EE, PWD, Upper Subansiri	AR1002	Giturijo to Mona	84.48	84.76
8.	EE, RWD, West Kameng	AR1104	BRO Road to Singchung	21.05	21.05
9.	EE, PWD, West Siang	AR1203	Basar to Eshichiku	61.74	57.36
10.	EE, PWD, West Siang	AR1204	Gensi-Tatamori to Litemori	76.86	72.90
11.	EE, RWD, West Siang	AR1204	Ringi to Paimuri	112.91	112.74
Total:				734.08	725.75

APPENDIX – XXVII

Statement showing circle-wise total numbers of children (0-6 years) under six CDPOs as per Census 2001

(Reference : Paragraph 3.2.7; page 49)

Sl. No.	Name of project	Sanctioned strength AWCs	Circle	Circle-wise population of children of 0-6 years age group as per Census 2001	Total population of children (0-6 years)	Numbers of children targeted and achieved as given by CDPOs				Shortfall	Percentage of shortfall
						Year	0-3	3-6	Total		
1.	Sagalee	57	Toru	563	2987	2000-01	2613	1782	4395	-	-
			Sagalee	1263		2001-02	1157	949	2106	881	29
			Leporiong	397		2002-03	1241	1103	2344	643	22
			Mengio	764		2003-04	1102	1127	2229	758	25
						2004-05	1403	1089	2492	495	17
2.	Hayuliang	26	Hayuliang	879	2187	2000-01	883	883	1766	421	19
			Manchal	645		2001-02	1236	957	2193	-	-
			Goiling	222		2002-03	581	453	1034	1153	53
			Chaglagam	441		2003-04	421	493	914	1273	58
						2004-05	421	442	863	1324	61
3.	Basar	53	Tirbin	912	3159	2000-01	-	-	-	-	-
			Basar	1815		2001-02	1031	1046	2077	1082	34
			Daring	432		2002-03	897	1015	1912	1247	39
						2003-04	934	1085	2019	1140	36
						2004-05	923	1130	2053	1106	35
4.	Liromoba	44	Darak	186	2440	2000-01	-	1058	1058	1382	57
			Kamba	999		2001-02	590	571	1161	1279	52
			Liromoba	762		2002-03	1028	1059	2087	353	14
			Yomcha	493		2003-04	1036	1065	2101	339	14
						2004-05	1058	1092	2150	290	12
5.	Hunli-Kronli	15	Kronli	115	514	2000-01	-	-	-	-	-
			Hunli	146		2001-02	-	-	-	-	-
			Desali	164		2002-03	-	-	-	-	-
			Anelieh	89		2003-04	233	206	439	75	15
						2004-05	249	212	461	53	10
6.	Namsai-Chowkham	138	Namsai	5874	17312	2000-01	-	-	-	-	-
			Chowkham	4065		2001-02	-	-	-	-	-
			Piyong	2291		2002-03	4299	3601	7900	9412	54
			Lekang	5082		2003-04	4226	3149	7375	9937	57
						2004-05	3728	3192	6920	10392	60

APPENDIX - XXVIII

Statement showing year-wise numbers of Anganwadi workers and Helpers maintained under each CDPOs and performance-linked honorarium paid to them during 2000-01 to 2004-05

(Reference : Paragraph 3.2.9 ; page 53)

Name of ICDS projects	2000-01		2001-02		2002-03		2003-04		2004-05		Entitlement of staff on average during 2000-05	
	AWW	AWH	AWW	AWH	AWW	AWH	AWW	AWH	AWW	AWH	AWW	AWH
Basar	100	54	73	44	53	36	53	36	53	47	66	43
Liromoba	44	35	44	35	44	35	44	35	44	40	44	36
Sagalee	57	21	57	21	57	21	57	21	57	39	57	25
Namsai-Chowkham	141	108	139	108	138	108	138	108	138	108	139	108
Hayuliang	26	9	26	9	26	9	26	9	26	13	26	10
Hunli-Kronli	15	15	15	15	15	15	15	15	15	15	15	15
Pasighat	75	75	65	65	50	50	52	52	53	53	59	59
Total	458	317	419	297	383	274	385	276	386	315	406	296

Numbers of AWW and helpers maintained in the 7 CDPOs on an average

= 702 (406 AWW + 296 helpers)

Honorarium paid per month

= Rs.50.00

Total honorarium paid in 5 years during 2000-2005

= Rs.50 × 702 × 12 × 5

= Rs.21,06,000.00

Say **Rs.21.06 lakh**

APPENDIX – XXIX (A)

Statement showing excess payment due to allowing rates of DI pipes higher than the rates of the supply order

(Reference : Paragraph 4.5; page 60)

Supply order No. & date	Size of DI pipes (mm)	Quantity supplied (RMT)	Rates at which paid against claim of supplier (Rupees per RMT)	Amount paid (Rupees)	Rates of supply order (Rupees per RMT)	Amount due as per supply order (Rupees)	Excess payment (Rupees)
1	2	3	4	5	6	7	(5-7)
No. PHED-VI/15/95 (Vol-I)/5107 dated 31-10-2003	300 mm	2506.50	1937.99	48,57,572	1643.56	41,19,583	
	-do-	5.50	1799.36	9,896	-do-	9,030	
	-do-	1483.50	1799.36	26,69,351	-do-	24,38,221	
	250 mm	1089.00	1530.31	16,66,508	1297.63	14,13,119	
	-do-	1941.00	1420.84	27,57,850	-do-	25,18,700	
	-do-	967.00	1420.84	13,73,952	-do-	12,54,808	
No. PHED-VI/15/95 (Vol-I)/2271 dated 28-06-2004	200 mm	1906.50	1168.27	22,27,307	1155.14	22,02,274	
	-do-	8293.50	-do-	96,89,047	-do-	95,80,154	
				2,52,51,483		235,35,899	1715,584
				Say Rs.252.51 lakh		Say Rs.235.36 lakh	Say Rs.17.15 lakh

APPENDIX – XXIX (B)

Statement showing further excess payment due to non adherence to the revised rate of DI pipes

(Reference : Para 4.5; Page 60)

Size of DI pipes (mm)	Quantity RMT	Rate as per original supply order Rs/RMT(Rupees)	Revised Rates	Difference	Excess payment
300 mm	3995.50	1643.56	1602.00	41.56	1,66,053
250 mm-	3997.00	1297.63	1265.00	32.63	1,30,422
200 mm	10,200	1155.14	1081.73	73.41	7,48,782
					10,45,257
					Say Rs.10.45 lakh

APPENDIX - XXX

Statement showing excess utilisation of stone aggregate beyond norms
and resultant excess expenditure

(Reference : Paragraph 4.8; page 63)

Works executed	Quantity of works executed (sqm)	Specification of stone metals utilised in the works executed	Issue rates (Rs/m ³)	Quantity required as per norms and as per requirement of detailed estimate (m ³)	Quantity actually utilised (m ³)	Quantity utilised in excess (m ³)	Value of excess metals utilised (Rupees)
WBM I	71,648.40	90 - 45 mm	655	9457.59	9828.799	371.209	2,43,142
		13 - 20 mm	1200	2041.98	2442.16	400.18	4,80,216
WBM II	70,893.50	63 - 45mm	626	7018.46	7634.742	616.282	3,85,792
WBM III	1,87,402.40	53 - 22.4 mm	699	18,572.64	19795.834	1223.194	8,55,013
Total :							19,64,163
							Say : Rs.19.64 lakh

APPENDIX - XXXI

Details of explanatory notes on paragraphs of Audit Reports pending
as of June 2005

(Reference : Paragraph 4.12; page 66)

Year of Audit Report	Audit Report placed before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
(1)	(2)	(3)	(4)
1987-88	18-03-1992	4.6	Public Works
1988-89	02-12-1992	4.7	Public Works
1991-92	08-09-1994	4.2	Public Works
1992-93	27-03-1995	4.2	Public Works
1994-95	27-03-1996	3.2	Animal Husbandry and Veterinary
		4.2	Public Works
		4.4, 4.5, 4.6, 4.7	Power
		4.8, 4.9	Rural Works
		5.1	Public Works
		5.3, 5.4, 5.5	Rural Works
1995-96	05-02-1998	3.8	Industries
		3.10	Secretariat Administration
1996-97	09-11-1998	3.9	Planning
		4.3	Public Health Engineering
1997-98	23-07-1999	3.1, 3.2	Health and Family Welfare
1998-99	24-07-2000	3.7	Rural Development

(1)	(2)	(3)	(4)
1999-2000	21-09-2001	3.1, 3.2	Health and Family Welfare
		3.4	Urban Employment
		3.7 (a), 3.7 (b)	Health and Family Welfare
		3.8	Land Revenue
		4.3, 4.5	Public Works
		4.9	Rural Works
		5.1	Irrigation and Flood Control and Rural Works
		7.2	Finance
		7.3	Finance
		7.4	Finance
7.5	Finance		
2000-01	28-02-2002	3.1	Health and Family Welfare
		3.3	Environment and Forest
		3.6	Horticulture
		3.8, 3.9	Rural Development
		3.11	Finance
		4.1	Public Health Engineering
		4.2	Public Works
		4.3	Public Health Engineering
2000-01	28-02-2002	4.4	Irrigation and Flood Control
		4.5, 4.6	Rural Works
		5.1	Public Works
		7.2	Finance
		7.3	Finance
		7.4	Finance

(1)	(2)	(3)	(4)
2001-02	16-02-2004	3.6	Tourism
		3.7	Health and Family Welfare
		3.8	Education/Health and Family Welfare/Public Health Engineering
		3.9	Finance
		4.1	Public Works
		4.2	Irrigation and Flood Control
		4.3	Public Works
		4.6	Irrigation and Flood Control
		6.2, 6.3, 6.4, 6.5	Finance
2002-03	24-06-2004	3.1, 3.5, 3.6	Health and Family Welfare
		3.2	Planning
		3.4	Civil Supplies
		3.7, 3.8	Home
		3.9	Horticulture
		3.12	Finance
		4.1	Rural
		4.3, 4.4, 4.5, 5.1	Public Works
		4.6	Rural Works
7.2, 7.3, 7.4, 7.5	Finance		
Total		84 paragraphs	

APPENDIX – XXXII

**Status of outstanding Action Taken Notes (ATNs) on the
recommendations of the Public Accounts Committee**

(Reference : Paragraph 4.12; page 66)

Year of Audit Report	Particulars of paragraphs on which recommendations were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph number	Total paragraph		
1986-87	3.1, 3.2, 3.3 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 4.3, 5.2, 7.2 and 7.3	13	27 th , 36 th , 37 th , 40 th , 42 nd , 44 th , 49 th Report	08 th September 1994, 27 th September 1996, 10 th November 1998, 24 th March 2000, 21 st September 2001 and 3 rd March 2003.
1987-88	3.1 to 3.7, 3.9, 3.11, 4.7, 4.8 and 5.1	12	27 th , 36 th , 37 th , 40 th and 42 nd Report	08 th September 1994, 27 th September 1996, 10 th November 1998 and 24 th March 2000
1988-89	3.1 to 3.8, 3.10, 3.11, 3.13, 3.14, 4.5, 4.6, 4.8, 5.5 and 5.6	17	37 th , 38 th , 40 th , 42 nd and 45 th Report	27 th September 1996, 10 th November 1998, 24 th March 2000, and 3 rd March 2003.
1989-90	5.2	1	44 th Report	21 st September 2001
1990-91	3.4, 3.7 to 3.9, 7.3 and 7.5	6	39 th , 44 th , 45 th and 48 th Report	06 th March 1997, 21 st September 2001, 19 th March 2002 and 3 rd March 2003
1991-92	3.1, 4.3, 4.4 and 5(b)	4	39 th and 44 th Report	06 th March 1997 and 21 st September 2001
1992-93	3.3, 3.4, 4.3, 4.4, 4.5 and 5.1	6	44 th Report	21 st September 2001
1993-94	4.6, 4.7 and 7.2	3	48 th Report	19 th March 2002
1994-95	3.3, 3.4, 3.5, 3.6, 4.3 and 4.10	6	45 th and 46 th Report	19 th March 2002 and 3 rd March 2003
1995-96	3.2 to 3.6, 3.9 and 3.11	7	46 th Report	19 th March 2002
1996-97	3.13, 4.10 to 4.14, 4.16 and 4.17	8	48 th Report	19 th March 2002
1997-98	4.6 and 5.4	2	48 th Report	19 th March 2002

APPENDIX - XXXIII

Number of outstanding Inspection Reports and paras with money value issued upto December 2004 and their position as of 30th June 2005

(Reference : Paragraph 5.6; page 75)

(Rupees in lakh)

Year	Sales Tax			MVT			Forest			Others		
	No. of IRs	No. of observations	Money value	No. of IRs	No. of observations	Money value	No. of IRs	No. of observations	Money value	No. of IRs	No. of observations	Money value
1990-96	00	00	0.00	00	00	0.00	4	9	63.22	3	6	480.44
1996-97	00	00	0.00	00	00	0.00	2	2	76.16	1	1	11.83
1997-98	00	00	0.00	2	5	2.41	4	8	4.23	3	11	9.47
1998-99	00	00	0.00	3	4	4.00	1	1	7.79	1	1	1.25
1999-2000	00	00	0.00	2	5	11.77	8	12	123.17	3	3	32.56
2000-2001	00	00	0.00	1	1	58.19	9	10	100.83	2	3	10.30
2001-2002	00	00	0.00	3	7	28.98	8	11	171.71	13	50	1612.92
2002-2003	00	00	0.00	3	12	16.64	13	18	959.73	10	24	515.31
2003-2004	3	25	166.89	1	2	22.43	10	54	2484.77	5	19	2973.00
2004-05	5	27	170.08	5	8	32.74	7	54	301.45	10	44	1193.37
Total	8	52	336.97	20	44	177.16	66	179	4293.06	51	162	6840.45

APPENDIX – XXXIV

Details of explanatory notes on paragraphs of Audit Reports pending as of September 2005

(Reference : Paragraph 5.8; page 76)

Year of Audit Report	Date of presentation of the Audit Reports before the State Legislature	Number of paragraphs/reviews included in the Audit Reports (excluding standard paragraphs)		Paragraphs/ reviews number for which <i>suo moto</i> explanatory notes are awaited	Department
		Reviews	Paragraphs		
1987-88	18-03-1992		6	6.7, 6.10	Forest
1988-89	02-12-1992		4	6.6, 6.7, 6.8	Forest
1992-93	27-03-1995		3	6.5, 6.6	Forest
				6.7	Transport
1993-94	27-06-1995		1	6.4	Forest
1994-95	27-03-1996		2	6.5	Forest
1997-98	23-07-1999		5	6.7	Forest and Environment
1998-99	24-07-2000	1	8	6.8, 6.9, 6.10	Environment and Forest
1999-2000	21-09-2001	1	8	6.5	Transport
				6.8, 6.9, 6.10, 6.11	Forest
				6.12	Power
2000-01	28-02-2002		8	6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13	Environment and Forest
				6.14	Transport
2001-02	16-02-2004	1	8	5.8	Land Management
				5.9, 5.10	Environment and Forest
				5.11	Excise
				5.14, 5.15	Geology and Mining
2002-03	24-06-2004	-	13	6.8, 6.9, 6.10, 6.11	Environment and Forest
				6.15, 6.16, 6.17, 6.18	Geology and Mining
				6.19, 6.20	Transport
2003-04	24-09-2005	1	12	5.8, 5.9, 5.10	Environment and Forest
				5.11, 5.12, 5.13, 5.14, 5.15, 5.16, 5.17	Excise
				5.18, 5.19	Taxation
				5.20	Transport
Total				57 paragraphs	

APPENDIX – XXXV

Statement showing particulars of up to date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2005 in respect of Government companies

(Reference: Paragraphs 6.1.2 and 6.1.3; page 88)

(Figures in bracket indicate budgetary outgo during the year)

(Figures in Columns 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and Name of the Company	Paid up capital as at the end of 2004-05 [#]					Equity/Loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 2004-05 ^ψ			Debt equity ratio for 2004-05 (figure in bracket indicates for previous year) 4(f)/3(e)
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans		Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A. WORKING GOVERNMENT COMPANIES													
Sector: Industrial Development and Financing													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	206.50	-	-	-	206.50	10.00	-	-	-	76.20	76.20	0.37:1 (0.39:1)
Total of the Sector		206.50	-	-	-	206.50	10.00	-	-	-	76.20	76.20	0.37:1 (0.39:1)
Sector: Mining													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	238.22	-	-	-	238.22	-	-	-	-	-	-	0:1 (0:1)
Total of the Sector		238.22	-	-	-	238.22	-	-	-	-	-	-	0:1 (0:1)
Sector: Forest													
3.	Arunachal Pradesh Forest Corporation Limited	449.72	-	-	-	449.72	-	-	-	-	720.00	720.00	1.60:1 (2.34:1)
Total of the Sector		449.72	-	-	-	449.72	-	-	-	-	720.00	720.00	1.60:1 (2.34:1)
Total of A		894.44	-	-	-	894.44	10.00	-	-	-	796.20	796.20	0.89:1 (1.28:1)
B. NON-WORKING GOVERNMENT COMPANIES													
Sector: Cement													
4.	Parasuram Cements Limited	-	-	23.50	-	23.50	-	-	-	-	136.50	136.50	5.81:1 (5.81:1)
Total of the Sector		-	-	23.50	-	23.50	-	-	-	-	136.50	136.50	5.81:1 (5.81:1)
Sector: Fruit Processing													
5.	Arunachal Horticulture Processing Industries Limited	-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (7.25:1)
Total of the Sector		-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (7.25:1)
Total of B		-	-	42.31	-	42.31	-	-	-	-	272.95	272.95	6.45:1 (6.45:1)
Grand Total (A+B)		894.44	-	42.31	-	936.75	10.00	-	-	-	1069.15	1069.15	1.14:1 (1.51:1)

Note: Figures are provisional as given by the Companies

[#] Paid-up-capital includes Share application money also.^ψ Loans outstanding at the close of 2004-05 represents long-term loan only.

APPENDIX – XXXVI

Statement showing summarised financial results of Government companies for the latest year for which accounts were finalised

(Reference: Paragraphs 6.1.4, 6.1.5, 6.1.6, 6.1.7, 6.1.9, 6.1.10 & 6.1.11; pages 89-91)

(Figures in columns 7 to 12 & 15 are Rupees in lakh)

Sl No	Sector and name of the company	Name of department	Date of incorporation	Period of accounts [#]	Year in which accounts finalised [#]	Net profit (+) /loss (-)	Net impact of audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed [†]	Total return on capital employed	Percentage of return on capital employed	Arrears of accounts in terms of years	Turn-over	Man-power (number of employee)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. WORKING GOVERNMENT COMPANIES															
Sector: Industrial Development and Financing															
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industries	Aug/78	2003-04	2005-06	(-) 312.35	-	196.50	(-) 1542.89	2270.69	(-) 218.33	-	1	218.60	86
Total of the Sector						(-) 312.35	-	196.50	(-) 1542.89	2270.69	(-) 218.33	-		218.60	
Sector: Mining															
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	Geology and Mining	Mar/91	1993-94	2000-01	(-) 12.66	-	99.22	(-) 24.80	73.80	(-) 12.66	-	11	6.14	32
Total of the Sector						(-) 12.66	-	99.22	(-) 24.80	73.80	(-) 12.66	-		6.14	
Sector: Forest															
3.	Arunachal Pradesh Forest Corporation Limited	Forest	Mar/77	1998-99	2004-05	(-) 308.95	-	449.72	(+) 1639.56	2430.69	(-) 308.95	-	6	332.08	445
Total of the Sector						(-) 308.95	-	449.72	(+) 1639.56	2430.69	(-) 308.95	-		332.08	
Total of A						(-) 633.96		745.44	(+) 71.87	4775.18	(-) 539.94	-		556.82	563
B. NON-WORKING GOVERNMENT COMPANIES															
Sector: Cement															
4.	Parasuram Cements Limited	Industries	Jan/85	1986-87	2001-02	(-) 6.97	-	13.50	(-) 15.40	(+)120.65	(-) 6.15	-	18	51.05	
Total of the Sector						(-) 6.97		13.50	(-) 15.40	(+)120.65	(-) 6.15	-		51.05	
Sector: Fruit Processing															
5.	Arunachal Horticulture Processing Industries Limited	Industries	May/82	1983-84	2004-05	The Company is under construction stage							21		
Total of the Sector															
Total of B						(-) 6.97		13.50	(-) 15.40	(+)120.65	(-) 6.15	-		51.05	-
Grand Total (A+B)						(-) 640.93		758.94	(+) 56.47	4895.83	(-) 546.09	-		607.87	563

[#] Audit under progress.[†] Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of Arunachal Pradesh Industrial Development and Financial Corporation Limited, where the capital employed is worked out as a mean of aggregate of opening and closing balances of paid-up-capital, free reserves and borrowings (including refinance).

APPENDIX - XXXVII

Statement showing grants/subsidy received, guarantees received and guarantees outstanding at the end of March 2005

(Reference: Paragraph 6.1.3; page 88)

(Figures in Columns 3(a) to 7 are Rupees in lakh)

Sl. No.	Name of the Government Company	Subsidy and grants received during 2004-05				Guarantees received during the year and outstanding at the end of the year #					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loan repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A WORKING GOVERNMENT COMPANIES																
1.	Arunachal Pradesh Industrial Development & Financial Corporation Limited	-	-	-	-	-	(76.20)			(76.20)						
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	-	-	-	-	-										
3.	Arunachal Pradesh Forest Corporation Limited	-	-	-	-	-	(720.00)			(720.00)						
Total of A :		-	-	-	-	-	(796.20)			(796.20)						
B NON-WORKING GOVERNMENT COMPANIES																
4.	Parasuram Cements Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Arunachal Horticulture Processing Industries Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total of B :		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B):		-	-	-	-	-	(796.20)			(796.20)						

Figures in bracket indicates guarantees outstanding at the end of the year.

APPENDIX – XXXVIII

Statement showing the department-wise outstanding inspection reports (IRs)

(Reference: Paragraph 6.1.13; page 91)

Sl. No.	Name of Department	Number of Government companies/ departmental undertakings	Number of outstanding IR	Number of outstanding paragraphs	Years from which paragraphs outstanding
1.	Industries	3	5	30	1994-95
2.	Geology & Mining	1	3	7	1994-95
3.	Forest	1	11	69	1991-92
4.	Transport	1	41	161	1990-91
5.	Supply	1	6	24	1991-92
6.	Power [#]	1	34	247	1996-97
Total		8	100	538	

[#] The results of audit of Power (Electricity) Department are also incorporated in Commercial Chapter.

APPENDIX – XXXIX

Statement showing the department-wise draft paragraphs/reviews replies to which are awaited

(Reference: Paragraph 6.1.13; page 92)

Sl. No.	Name of department	Number of reviews	Number of draft paragraphs	Period of issue
1.	Power	---	2	May to July 2005
Total		---	2	

APPENDIX – XL

Statement showing financial position, working results and operational performance of the State Transport Services for the year upto 2000-01

(Reference: Paragraph 6.1.15; page 93)

(Rupees in crore)

Sl. No.	Particulars	1998-99	1999-2000	2000-01
A	Financial Position			
1.	Liabilities			
	(a) Government Capital	72.20	83.36	94.97
	(b) Interest on Government Capital	13.91	13.91	-
	Total	86.11	97.27	94.97
2.	Assets			
	(a) Gross Block	34.48	36.14	34.39
	(b) Less Depreciation	19.79	22.61	25.89
	(c) Net fixed Assets	14.69	13.53	8.50
	(d) Current Assets Loans & Advances	1.63	2.36	2.03
	(e) Accumulated Losses	69.79	81.38	84.44
	Total	86.11	97.27	94.97
B.	Working Results			
1 (a)	Operating			
	(i) Revenue	5.39	6.18	6.29
	(ii) Expenditure	6.92	8.22	8.95
	(iii) Surplus (+)/Deficit (-)	(-) 1.53	(-) 2.04	(-) 2.66
(b)	Non-operating			
	(i) Revenue	0.34	0.62	0.33
	(ii) Expenditure	6.74	7.36	6.99
	(iii) Surplus(+)/Deficit(-)	(-) 6.40	(-) 6.74	(-) 6.66
(c)	Total			
	(i) Revenue	5.73	6.80	6.62
	(ii) Expenditure	13.66	15.58	15.94
2.	Gross Deficit (-)	(-) 7.93	(-) 8.78	(-) 9.32
	Add: depreciation	2.65	2.82	3.28
3.	Working Loss	10.58	11.60	12.60
	Add: interest on capital	-	-	-
4.	Net loss	10.58	11.60	12.60

(Rupees in crore)

Sl. No.	Particulars	1998-99	1999-2000	2000-01
C.	Operational Performance			
1.	Average no. of vehicles held	231	232	232
2.	Average no. of vehicles on road	180	186	148
3.	Percentage of utilisation of vehicles (Percentage of 2 to 1)	77.92	80.17	63.79
4.	Numbers of routes operated at the end of the year	8	8	8
5.	Kilometres operated effective (in lakh)	65.09	67.13	68.91
6.	Average kilometres covered per bus per day	99.07	98.88	92.00
7.	Average operating revenue per kilometre (Rupees)	8.28	9.21	9.12
8.	Average operating expenditure per Kilometre (Rupees)	10.63	12.24	27.92
9.	Operating loss per Kilometre (Rupees)	2.35	3.03	18.80
10.	Number of operating depots	10	10	10
11.	Passenger Kilometre operated (in crore)	0.65	0.67	0.69
12.	Occupancy ratio (Load factor) (per cent)	45.68	53.27	87.48
13.	Cost of fuel per effective km (Rupees)	4.80	6.06	9.36
14.	Expenditure on tyres and tubes per effective km (Rupees)	5.82	6.19	9.49

APPENDIX – XLI

Statement showing working results of State Trading scheme
from 1998-99 to 2000-01

(Reference: Paragraph 6.1.15; page 93)

(Rupees in lakh)

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

APPENDIX - XLII

Statement showing operational performance of Power Department
(Reference: Paragraph 6.1.16; page 93)

Sl. No.	Items	2000-01	2001-02	2002-03
1.	Installed Capacity : (M W)			
	(a) Thermal	-	-	-
	(b) Hydro	31.92	32.28	32.28
	(c) Gas	-	-	-
	(d) Others (Diesel)	35.00	27.12	27.12
	Total	66.92	59.40	59.40
2.	Normal maximum demand of the State (M Kwh)	80.00	94.00	115.00
3.	Power Generated : (M K W H)			
	(a) Thermal	-	-	-
	(b) Hydro	47.07	47.07	52.04
	(c) Gas	-	-	-
	(d) Others (Diesel)	11.06	11.09	10.48
	Total	58.13	58.16	62.52
	Less : Auxiliary Consumption (M K W H) (brackets indicated the percentage to Power Generated)			
	(a) Thermal	-	-	-
	(b) Hydro			
	(c) Gas	4.92	4.50	4.63
	(d) Others (Diesel)	(8.46)	(7.74)	(7.41)
	Total	4.92 (8.46)	4.50 (7.74)	4.63 (7.41)
4.	Net Power Generated (M K W H)	53.21	53.66	57.89
5.	Power purchased (M K W H)			-
	KHEP	-	-	-
	AGBPP	-	-	-
	AGTPP	107.46	94.37	104.02
	LOKTAK	-	-	-
	Total	107.46	94.37	104.02
6.	Free Power received (M K W H)	-	-	-
7.	Total Power available for Sale (M K W H) (4+5+6)	160.67	148.03	161.91
8.	Power Sold (MU)			
	(a) Within the State	70.50	75.17	93.51
	(b) Outside the State	-	-	-
	Total	70.50	75.17	93.51
9.	Transmission and distribution loss (MU) (7-8)	90.17	72.86	68.40
10.	Load factor (percentage)	33	30	32
11.	Percentage of transmission and distribution losses to total power available for sale (Percentage of 9 to 7)	56.12	49.22	42.25

Sl. No.	Items	2000-01	2001-02	2002-03
12.	Number of Villages/towns electrified			
	(a) Villages	35.00	113	16
	(b) Towns	---	---	---
13.	Number of Pump sets/wells energised	---	---	---
14.	Number of Sub-stations (in MVA)	220	216	444
15.	Transmission/distribution lines (in kms)			
	(a) High voltage	6930	NA	3222
	(b) Medium voltage	---	---	4006
	(c) Low voltage	6880	-	6988
16.	Connected load (in MW)	80.00	94.00	105
17.	Number of consumers	105615	109500	112018
18.	Number of employees	8870	NA	10300
19.	Consumer/employees ratio	11.91:1	NA	10.88:1
20.	Total expenditure on staff during the year (Rupees in crore)	28.76	18.50	21.20
21.	Percentage of expenditure on staff to total revenue expenditure	49	32	39
22.	Unit sold to different category of consumers : (MU) (Percentage of share to total units sold indicated in bracket):			
	(a) Agriculture	---	---	---
	(b) Industrial	7.98 (11.32)	3.76 (5.00)	4.68 (5.01)
	(c) Commercial	10.27 (14.57)	8.28 (11.01)	11.22 (12.00)
	(d) Domestic	40.09 (56.86)	48.85 (64.98)	61.71 (65.99)
	(e) Irrigation	---	---	---
	(f) Bulk supply	---	---	---
	(g) Other categories (P/Lighting, P/Water Works, Non-Residential)	12.16 (17.25)	14.29 (19.01)	15.90 (17.00)
	(h) Inter-State	---	---	---
	Total	70.50	75.18	93.51
23.	Revenue (Rupees in crore)	13.60	11.79	12.00
24.	Expenditure (Rupees in crore)			
	(a) Salary & Wages	28.76	7.79	7.57
	(b) Fuel	8.60	6.00	
	(c) Spares etc.	9.46	25.56	41.98
	(d) Power Purchased	11.00	18.50	4.00
	Total	57.82	57.85	53.55

APPENDIX-XLIII

Statement showing the short bill (compared to minimum charges) not raised and collected

(Reference: Paragraph 6.2; page 95)

Sl. No.	Month/Year	Units Consumed	Amount of bill raised. (Rupees) [Col. 3 X Rs.4 per unit]	Monthly Minimum charges (Rupees)	Amount of Bills Not raised by D.O.P. (Rupees) [5-4]
1	2	3	4	5	6
1.	4/2001	132938	531752	1008000	476248
2.	5/2001	132770	531080	-do-	476920
3.	6/2001	107531	430124	-do-	577876
4.	7/2001	136776	547104	-do-	460896
5.	8/2001	173735	694940	-do-	313060
6.	9/2001	160272	641088	-do-	366912
7.	10/2001	147875	591500	-do-	416500
8.	11/2001	148715	594860	-do-	413140
9.	12/2001	161250	645000	-do-	363000
10.	2/2002	200740	802960	-do-	205040
11.	3/2002	201542	806168	-do-	201832
12.	4/2002	200576	802304	-do-	205696
13.	5/2002	184988	739952	-do-	268048
14.	6/2002	154950	619800	-do-	388200
15.	8/2002	199084	796336	-do-	211664
16.	9/2002	159908	639632	-do-	368368
17.	10/2002	149904	599616	-do-	408384
18.	11/2002	189934	759736	-do-	248264
19.	12/2002	187830	751320	-do-	256680
20.	5/2003	223876	895504	-do-	112496
21.	6/2003	200198	800792	-do-	207208
Total		3555392	14221568	21168000	6946432

Monthly Minimum charges = Rs.210X Connected/Sanction KVAX Basic Cost of Energy per unit.

Monthly Minimum charge = Rs. 210 X 1200 KVA X Rs. 4 = Rs. 10,08,000/-

APPENDIX – XLIV

Statement showing expenditure incurred in excess of sanctioned estimated cost

(Reference : Paragraph 7.1.6; page 102)

Sl No.	Name of divisions	Name of the work and sanction order & date	Estimated cost	Expenditure incurred	Excess over sanctioned estimate	Percentage of excess over estimate
			(Rupees in lakh)			
1.	Itanagar	a) Improv. of storage tank & c/o compound wall at Vivek Vihar tank PHED/Sectt/37/99 dt.23/3/02	4.08	5.65	1.57	38
2.		b) Providing assured water supply at Dlang township SPWD/W/AA&ES/92-93/490 dt.3/11/92	300.00	586.79	286.79	96
3.		c) C/o Circle office building at Naharlagun, PHED/Sectt/97/97-98 dt.10/6/97	40.00	57.57	17.57	44
4.	Ziro	a) Improv. of water supply at Hapoli –III SPWD/D/AA&ES dt.21/3/85	20.00	83.42	63.42	317
5.	Seppa	a) Improvt. Of water supply at Seppa township (Ph-1) PHED/Sectt-10/95 dt.9/3/95	107.61	130.89	23.28	22
6.		b) Re-construction of existing sedimentation & filtration tank to existing water supply at Seppa PWD/AA&EE/93-94 dt.3.3.94	28.47	33.19	4.72	17
7.		c) C/o SPT bachelor barrack at Seppa (3 units) PHED/Sectt/w-97/98 dt.23/3/97	5.78	15.92	10.14	175
8.		d) C/o SPT-III qtr. (3 nos.) for ASW, AE & JE at Seppa PHE/Sectt-16/97 dt. 31/3/98	13.12	14.33	1.21	9
9.		e) C/o PHE Division office at Seppa PHE/Sectt-16/97 dt. 31/3/98	13.37	16.37	3.00	22
Total:			532.43	944.13	411.70	77

