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REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1999

GOVERNMENT OF ARUNACHAL PRADESH

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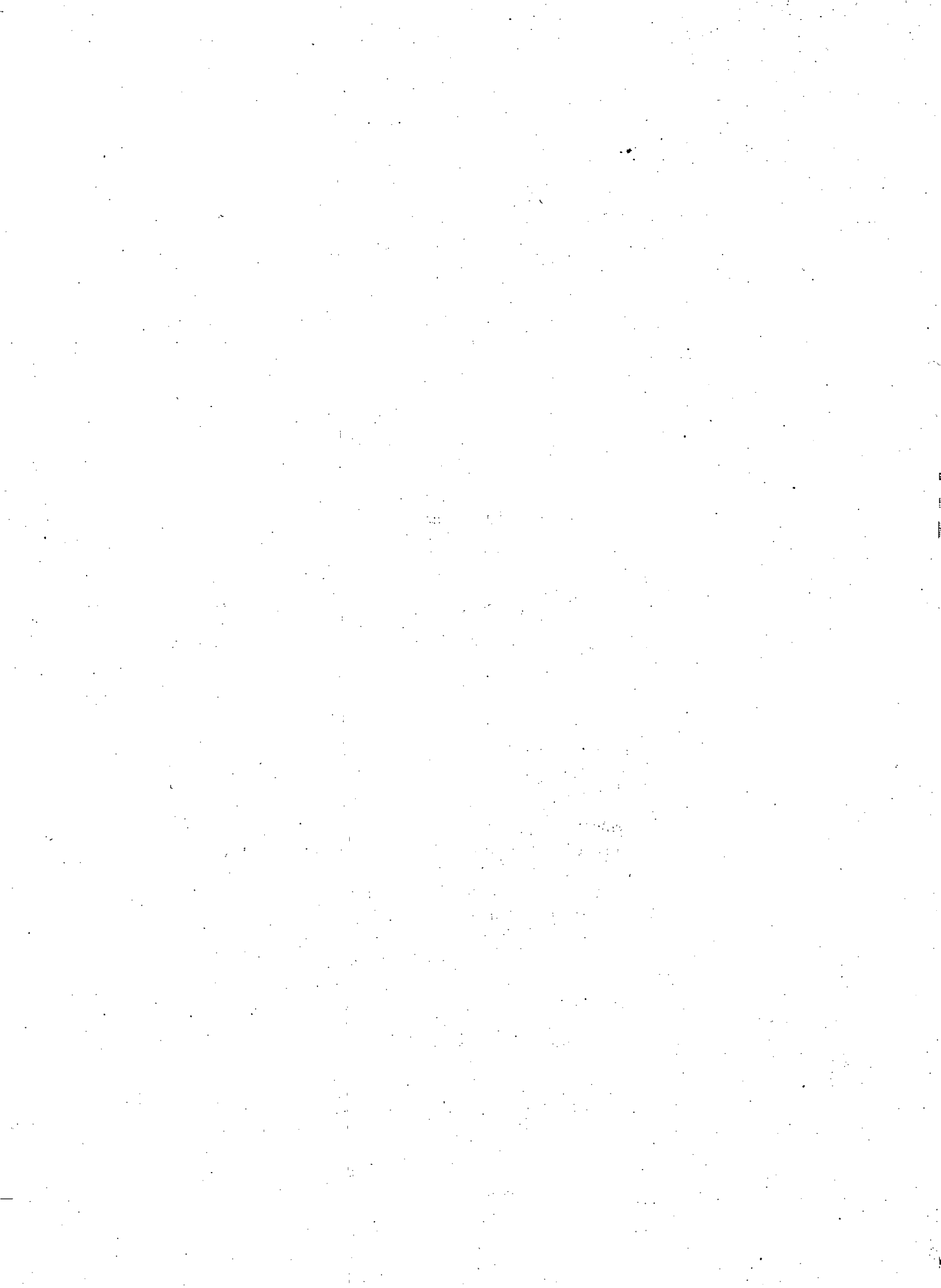
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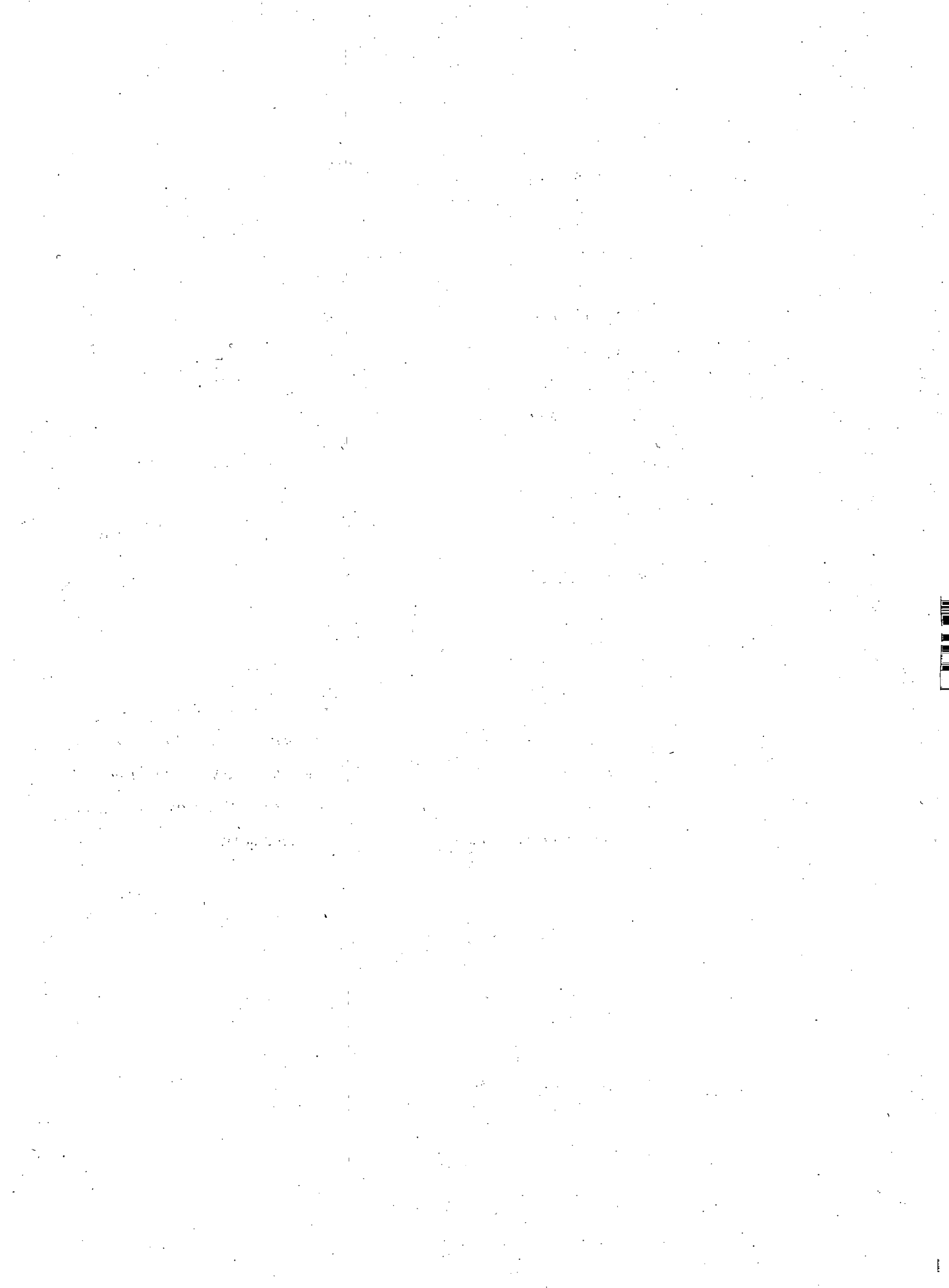
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Preface

- 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 1999.*
- 3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies, Statutory Corporation, Government Companies 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 1998 – 99, 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 1998-99 have also been included wherever necessary.*



OVERVIEW

OVERVIEW

This Report includes two chapters containing the observations of Audit on the State's Finance and Appropriation Accounts for the year 1998-99 and 6 Chapters, comprising 9 audit reviews and 41 paragraphs based on the audit of certain selected programmes, projects and financial transactions of the Government. A synopsis of the major findings is set out in this overview.

Financial position of the state

The liabilities of the state Government increased from Rs.582.63 crore at the end of March 1998 to Rs.668.99 crore (14.82 **per cent**) at the end of March 1999 while the assets grew up from Rs.2402.85 crore to Rs.2665.97 crore (10.95 **per cent**) mainly as a result of Capital deficit on the Government accounts (54 **per cent**).

Sources and applications of fund

Revenue receipts (Rs.923.57 crore) constitute the most significant source of fund for the State Government. Its share went up from 87.09 **per cent** in 1997-98 to 91.15 **per cent** during 1998-99 and other shares went up marginally from 6.99 **per cent** to 8.86 **per cent** (the share of recoveries of loans and advances – 0.14 **per cent**, Public account – 2.72 **per cent** and Public Debt – 6 **per cent**).

The revenue expenditure (Rs.746.81 crore) whose share went up from 60.29 **per cent** to 73.71 **per cent** and remained significantly lower than the share of revenue receipts (91.15 **per cent**) which resulted in revenue surplus. Percentage of capital expenditure came down from 30.60 **per cent** to 22.93 **per cent** during 1998-99..

I. Financial operations of the State Government

The revenue expenditure (Rs.746.81 crore) during the year was lower than the revenue receipts (Rs.923.57 crore) resulting in revenue surplus of Rs.176.76 crore. The main sources of tax revenue were State excise (67 **per cent**) and land revenue (12 **per cent**) and for non-tax revenue were Forest and Wild life (20 **per cent**) and Power (19 **per cent**).

The capital receipts comprised Rs.1.38 crore from recoveries of loans and advances, 110.46 crore from Public Debt against which the expenditure was Rs.232.35 crore on Capital outlay, Rs.1.54 crore on disbursement of loans and advances and Rs.49.75 crore on repayment of public Debt. The receipts in Public Account amounted to Rs.582.40 crore against which the expenditure was 554.83 crore.

The net effect of the transactions in the Consolidated Fund, contingency Fund and Public Account was an increase in the cash balance of Rs.32.53 crore from (-)Rs.91.42 crore at the beginning of the year to Rs.(-) 58.89 crore at the end of the year i.e. 31 March 1999.

Revenue receipts

The revenue receipts grew at an average annual rate of **7 per cent** during the period from 1994-95 to 1998-99.

Tax revenue

Tax revenue (Rs.11.29 crore) constitutes **1.22 per cent** of the revenue receipts (Rs.923.57 crore).

Non-tax revenue

The non-tax revenue (Rs.64.54 crore) constituted **7 per cent** of the revenue receipts of the Government and their share in the revenue receipts declined from **13 per cent** in 1994-95 to **7 per cent** during 1998-99.

State's share of union taxes and duties and grants in aid from the Central Government

The State's share of net proceeds of Income tax, Union Excise Duties/Taxes and Grants-in-aid from Government of India increased from Rs.768.36 crore to Rs.847.74 crore between 1997-99, an increase of **10 per cent**. However, as a percentage of receipts increased varied from **86 per cent** in 1994-95 to **92 per cent** during 1998-99.

Revenue expenditure

The revenue expenditure (Rs.746.81 crore) constituted for most (**76 per cent**) of the expenditure of the State Government (Rs.979.16 crore) and increased by **12 per cent** during 1998-99. A major constituent (**54 per cent**) of the Non-Plan revenue expenditure (Rs.464.31 crore) were the salaries which amounted to Rs.249.64 crore during 1998-99. Sector-wise analysis revealed that the percentage of increase under General, Social Services and Economic Services varied between **54 to 87 per cent**

Interest payments

Interest payments increased by **106 per cent** from Rs.34.53 crore in 1994-95 to Rs.71.26 crore in 1998-99. Taking interest receipts into account and compared with interest payments, there was a net burden of revenue of Rs.65.19 crore during 1998-99.

Financial assistance to local bodies and other institutions

As a percentage of revenue expenditure (Rs.746.81 crore), the financial assistance to local bodies and other institutions constituted only **1.21 per cent** (Rs.9.06 crore) of the same. The financial assistance to universities and educational institutions showed a marginal increase (**3 per cent**) over 1997-98.

Loans and Advances by the State Government

Interest received on loans was only Rs.0.03 crore as against outstanding loans (Rs.13.67 crore) during 1998-99.

Capital expenditure

Capital expenditure during 1998-99 was Rs.232.35 crore as against Rs.293.57 crore representing a decrease in Capital expenditure by 21 **per cent** over the preceding year in comparison with 1997-98 (31 **per cent**). Capital expenditure showed a negative growth (24 **per cent**) with reference to total expenditure (Capital and Revenue) during 1998-99.

Quality of expenditure

As a percentage of Plan expenditure, revenue expenditure varied between 35 to 39 **per cent** during 1994-99 and similarly as a percentage of Capital expenditure, revenue expenditure varied between 3 to 7 **per cent** during 1994-99. As on 31 March 1999 Rs.31.25 crore was blocked in 41 incomplete projects.

Investment and Returns

Against an investment of Rs.12.07 crore as on March 1999 in various Statutory Corporations, Government Companies and Co-operative Societies, dividend earned was a meager of Rs.0.03 crore. As on 31 March 1999, 2 Government Companies in which Government had invested Rs.12.07 crore were running under loss and the accumulated loss was Rs.2.21 crore.

Ways and means advances and overdraft

During 1998-99, the Government took ways and means advances (10 days) of Rs.33.68 crore from RBI and the entire amount was repaid alongwith interest of Rs.9.73 lakh.

Consolidated Fund and Public Account

Net surplus in consolidated fund and Public Account of the Government resulted increase in cash balance of Rs.32.53 crore. The Fiscal deficit of Rs.55.75 crore was consumed by net proceeds of the Public Debt (Rs.60.71 crore).

Public Debt

The repayment of principal and interest on internal debt and on other liabilities on account of funds raised through small savings, provident funds etc. during the year 1998-99 constituted 61 **per cent** and 105 **per cent** respectively of loans received/other liabilities incurred during the year.

II. Indicators of financial position of the state

- Balance from Current Revenues (BCR) was negative in last 3 years or very low throughout which indicate limited sustainability of state finances.
- Interest ratio has moved in narrow range of 0.04 to 0.07.
- Borrowed funds were used increasingly for purposes other than capital outlay.
- Ratio of total receipt to GSDP during 1994-97 varied between 0.25 and 0.22 indicating scope for increased revenue collection.
- Return on investment was negligible at less than 1 **per cent**.
- Availability of capital borrowings were utilised to meet capital deficit, interest payment and less for capital projects.
- The ratio of assets to liabilities too had decreased sharply from 4.20 in 1996-97 to 3.99 in 1998-99 indicating unsound trend in financial position of the Government.

(Paragraph 1.1 to 1.11.4)

III. Appropriation Audit and control over expenditure

Against the total budget provision of Rs.1158.81 crore (including supplementary) actual expenditure was Rs.1037.69 crore was the net effect of saving of Rs.146.38 crore in 86 grants and appropriations and excess of Rs.25.26 crore in 13 cases of grants and 2 appropriations. The excess expenditure of Rs.25.26 crore requires regularisation by the Legislature under Article 205 of constitution of India.

Supplementary provision made during the year constituted 14 **per cent** of the original provision as against 7 **per cent** in the previous year. Supplementary provision of Rs.13.58 crore obtained in respect of 11 cases of grants/appropriations during the year proved unnecessary as the expenditure was less than the original budget provision. Further, against the requirement of Rs.36.89 crore in 22 cases, supplementary grants and appropriations of Rs.75.59 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.38.70 crore.

Persistent savings (96 to 57 **per cent** of total provision) were noticed in Grant No. 12 – Social Security and Welfare during the period 1996-97 to 1998-99.

Persistent excess was noticed in 2 grants/appropriations i.e. Public Works and Power during the period 1996-97 to 1998-99.

In respect of three Departments, Home Department, Industries and Agriculture, DCC bills for Rs.6.92 crore against 38 AC bills during 1983-99 remained outstanding which indicate a serious deficiency in Control over expenditure.

Rs.45 lakh was drawn far in advance of requirement.

(Paragraph 2.1 to 2.4.17)

IV. Performance review of schemes/departments

1. Vertically Integrated review of Agriculture Department

Review of Agriculture Department in the State revealed the following :-

- Budgeting in the department was defective since even after large scale surrender of sums under Capital head of account, the modified grant remained unutilised to the extent of 59 to 80 **per cent** and resultant saving was Rs.10.05 crore.
- Delay in release of central fund to the extent of Rs.5.74 crore by the State had adversely affected the implementation of the schemes. Bulk of the fund (Rs.3 crore) relating to state plan schemes were released at the fag end of the year during 1996-97 and 1997-99.
- The Bio-Control Laboratory under Central Sector Scheme was yet to be operative due to non-completion of the construction of Laboratory building. The expenditure of Rs.44.10 lakh remained unproductive as yet.
- Although expenditure of Rs.5.65 crore was incurred under National Watershed Development Project the objective of Soil and Water Conservation in shifting cultivation was not achieved to the extent desired.
- Due to non-coverage of targeted area in 3 districts, the short fall in production of commercial crops stands at Rs.5.69 crore during 1996-99.

(Paragraph 3.1)

2. Public Distribution System including Revamped Public Distribution System and Targeted Public Distribution System

The state being a tribal majority area was covered under the Integrated Tribal Development programme since 1986 through which food grains were provided at subsidised rate. The scheme was merged with the Revamped Public Distribution System (RPDS) launched in April 1992. Government introduced (June 1997) the scheme of Targeted Public Distribution System (TDPS). Under this scheme the States were to identify families living below poverty line (BPL) who would be issued special ration cards and supplied 10 Kg food grains per family per month at a price less than CIP. The main objective of the scheme was to control and stabilise prices of essential consumer goods and to ensure regular supply of these goods at reasonable prices particularly to the weaker section of the community.

A review of the scheme revealed the following.

- Defective budgeting led to non-utilisation of fund to the extent of Rs.11.67 crore (Revenue – Rs.8.07 crore, Capital – Rs.3.60 crore).

- Identification of BPL beneficiaries was not done as per Government of India guidelines.
- Loss of Rs.3.48 crore on account of food grains issued to the consumers through 4079 bogus ration cards.
- Short off-take of 1.09 lakh tonnes of PDS commodities valued Rs.60.47 crore during the period from 1992-93 to 1998-99 resulted in depriving 1.62 lakh beneficiaries of the intended benefit of the scheme.
- Misappropriation of PDS commodities amounting to Rs.38.78 lakh were kept pending for settlement for a period ranging from 1 to 9 years.
- Claims for reimbursement charges valued Rs.12.74 crore for the food grains transported by the wholesalers remained outstanding for a period ranging from 5 months to 62 months which had affected the financial position of the wholesalers in lifting PDS commodities and proper implementation of the scheme.
- Irregular use of mobile Fair Price Shop frustrated the very purpose to cater transportation of PDS commodities to remote areas. Besides, the Department had not repaid any instalment of loan of Rs.79.32 lakh to the Government of India which resulted in extra liability of interest payment at higher rate amounting to Rs.44.48 lakh.

(Paragraph 3.2)

3. Nutritional Support for Primary Education (NSPE)

The scheme, popularly known as mid-day meals schemes having a caloric value of 100 grams of wheat/rice per day to all schools student run by State Government/local bodies or aided by Government and issue of food grains is subject to 80 **per cent** attendance of every student per month. In the State, all the Government primary schools (class I to V) for 10 academic months in a year were brought under the purview of the scheme since inception.

- Out of 13 districts, the scheme was not implemented in 6 districts in 1995-96, 10 districts during 1997-99 and was partially implemented during 1995-99 and the quantity of rice distributed to the students was far less than the prescribed norm.
- 1,04,966.57 quintals of rice valued Rs.10.05 crore lapsed due to departmental failure to lift the allotted quota of rice.
- 4857.18 quintals of rice valued Rs.41.50 lakh out of 18164.46 quintals lifted from FCI godowns had not been delivered by the transport agencies due to non-payment of transportation cost.

(Paragraph 3.3)

4. Rural Employment Generation Programme (REGP)

The Rural Employment Generation Programme (REGP) comprised three sub-schemes viz. Jawahar Rojgar Yojna (JRY), Million Well Scheme (MWS) and

Employment Assurance Scheme (EAS). The main objectives of the scheme were to generate additional gainful employment for the unemployed men and women in rural areas and overall improvement in the quality of life in rural areas.

- Funds ranging between Rs.86.73 lakh (38 **per cent**) and Rs.923.16 lakh (44 **per cent**) provided under JRY/EAS remained unutilised at the end of each year during 1992-93 which resulted in less generation of employment to the extent of 65.89 lakh mandays.
- Excess expenditure of Rs.2.62 crore on administration resulted in less generation of employment to the extent of 9.60 lakh mandays.
- Irregular diversion of Rs.1.89 crore of EAS/JRY fund resulted in loss of 6.79 lakh mandays in generation of employment under the scheme.
- Against the stipulated 100 days employment to be provided to each registered person under EAS during lean agricultural season, employment actually provided to such person ranged between 8 to 40 days during 1993-99.
- 2659 works involving expenditure of Rs.22.91 crore were executed by the department without technical sanction from the competent authority.

(Paragraph 3.4)

5. Integrated Child Development Services

The Integrated Child Development Services (ICDS) scheme was taken up by the state in 1979-80 with cent **per cent** central assistance with the objective of improving the nutritional and health status of children below 6 years of age and to promote child development and to enhance the capability of mother to look after the normal health and nutritional needs of the child through proper nutritional and health education and to reduce the incidence of mortality, morbidity, malnutrition and school drop outs among children.

- Lack of financial management in respect of utilisation of fund by the Finance Department resulted in unutilised balance of Rs.1.95 crore under the scheme.
- 2 projects and 73 New Anganwadi Centers remained non-functional for want of qualified women workers and dearth of technical staff and the coverage of beneficiaries were not uniform.
- Due to implementation of Special Nutrition Programme without any realistic assessment of fund based on cost of food stuff to meet caloric and proteins requirement, the entire expenditure of Rs.13.41 crore proved unfruitful.
- The performance in activities like immunization of children and mothers was below the planned targets and the shortfall varied from 12 to 72 **per cent**.

(Paragraph 3.5)

6. Implementation of North Eastern Council Schemes

The North Eastern Council (NEC) Shillong came into existence on and from 1st August 1972 consequent upon enactment of the NEC Act 1971 and is functioning under the administrative control of the Ministry of Home Affairs. The constituents of the Council are the seven states of the North Eastern Region viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The objective and functions of the NEC are to solve problems of the region in the fields of economic and social planning, inter-state transport and communications, power and flood control through development of infrastructure especially construction of roads, bridges and power generation, man power planning and development of Agriculture and promotion of health care and development of sports and youth activities.

- Due to non-release of NEC fund in time to the implementing agencies, an amount of Rs.3.24 crore was still lying with the State Government.
- Unproductive expenditure of Rs.0.21 crore due to non-release of NEC fund by the state (Rs.41.09 lakh).
- Unproductive expenditure of Rs.1.50 crore due to non-functioning of the scheme i.e. Regional Hatchery Complex for cold Water fishes at Samta, West Kameng District.
- Due to non-fixation of target date for completion of the works by the NEC in respect of 7 road sector schemes, the Department incurred extra expenditure of Rs.32.95 crore owing to time and cost over run of the works.
- Even after execution of PAKA-GANGO NT Road for a period of 19 years, the entire expenditure of Rs.18.91 crore remained unfruitful due to non completion of the work as yet.
- Unproductive expenditure of Rs.12.68 crore was incurred by the Department due to non-completion of Pakke-Seijuse-Itakhola Road.

(Paragraph 3.6)

7. Sirnyuk Micro Hydrel Scheme

In order to develop the backward areas of the state and owing to non-availability of power, the Government of Arunachal Pradesh, Public Works Department (PWD) approved to set up "Sirnyuk Micro Hydrel Scheme" at Jengging with an installed capacity of 2 Megawatt (2 X 1000 Kw) at an estimated cost of Rs.5.98 crore in March 1991 which was revised to Rs.24.64 crore in September 1997. The project was taken up for execution in March 1991 and commissioned during February 1997 (1st unit) and August 1997 (2nd Unit) at an expenditure of Rs.23.66 crore (February 1999).

- Due to delay in completion of the work resulted in cost over run of Rs.17.10 crore.
- The project sustained a loss of Rs.3.96 crore annually during the period from February 1997 to January 1999 due to low generation of energy.

- The Department incurred extra expenditure of Rs.1.16 crore due to non-availment of concession on Civil Works.
- Interest free mobilisation advance of Rs.3.96 crore was paid to the turnkey contractor against the maximum permissible amount of Rs.1 crore leading to undue financial benefit of Rs.2.96 crore to the contractor for 4 years.

(Paragraph 4.1)

8. Revenue receipts

A review on receipts under State Excise covering the period from 1994-95 to 1997-98 revealed the following :-

- Failure on the part of the department to fix the quantum of establishment charges in advance, led to non-realisation of establishment charges of Rs.5.64 lakh in respect of four private bonded warehouses.

(Paragraph 6.3.6(a))

- In the absence of periodical stock-taking of spirit, shortage of 2009 cases of premium brand (IMFL) and 2579 cases of general brand (IMFL) could not be detected which led to non-realisation of revenue of Rs.5.26 lakh.

(Paragraph 6.3.8)

9. Commercial and Trading activities

Review on the working of Arunachal Pradesh Forest Corporation Limited

The company was incorporated on 31 March 1977 with a paid up capital of 449.72 lakh and started functioning from December 1977 with the main objective of harvesting and developing forest product, running of forest resources based industries, marketing of timber, raising plantations of various forest species. In addition, the company has taken up extraction and supply of timbers, regeneration of plantation of cash crops and running of two wood-based industries.

Review on the working of the company revealed the following :-

- There was overall shortfall in extraction of 59,627 cum timber valued Rs.18.68 crore.
- Shortfall in harvesting of green tea leaves and green coffee seeds with reference to expected yield were 13.82 lakh Kgs and 9.28 lakh Kgs respectively valued Rs.0.87 crore and Rs.0.72 crore respectively.
- Undue benefit of Rs.2.14 crore has been extended to a particular wood based industry and royalty of Rs.0.23 crore has not been realised from the firm.

(Paragraph 8.5)

10. Other topics

(a) Civil Departments

- The Department incurred extra expenditure of Rs.9.16 lakh due to injudicious decision to procure cement from a local dealer at higher rate without exploring the possibilities to procure the same at cheaper rate.

(Paragraph 3.7)

- Unauthorised execution of work without proper survey and investigation resulted in unfruitful expenditure of Rs.25.99 lakh due to abandonment of work.

(Paragraph 4.2)

- The acceptance and payment of mobilisation advance in excess of admissible limit of Rs.1 crore by the Department led to undue financial benefit of Rs.1.20 crore to the turnkey contractor for a period of 3 years and 8 months.

(Paragraph 4.4)

- Four Divisions sustained loss of revenue to the extent of Rs.1.52 crore owing to excessive transmission and distribution loss.

(Paragraph 4.5)

- The Division incurred extra expenditure of Rs.1.21 crore due to execution of excess earth work over the prescribed norms besides incurring unauthorised expenditure of Rs.1.90 crore.

(Paragraph 4.6)

- Non-completion of the work even after a lapse of 5 years from the stipulated date of completion of the work (February 1993) resulted in total expenditure of Rs.41.06 lakh (December 1998) becoming unproductive due to stoppage of the work as the river course had changed completely. Besides the Department incurred wasteful expenditure of Rs.18.08 lakh.

(Paragraph 4.7)

- Injudicious and unnecessary purchase of materials resulted in idle investment of Rs.50.27 lakh and locking up of Government money for the period ranging from 3 to 5 years.

(Paragraph 5.1)

(b) Revenue receipts

- The total receipts of the State during 1998-99 amounted to Rs.923.57 crore. This comprised tax revenue (Rs.11.29 crore), non-tax revenue

(Rs.64.54 crore), State's share of Union taxes and duties (Rs.268.84 crore) and Grants-in-aid from the Central Government (Rs.578.90 crore).

(Paragraph 6.1 and 6.2)

- The release of loans of Rs.535 lakh without affecting recovery of outstanding principal of Rs.155 lakh and interest of Rs.218.04 lakh to a corporation in violation of the terms and conditions as stipulated in the sanction orders of loans was irregular. Further, for default in payment of dues, penal interest of Rs.78.17 lakh was leviable on the corporation, but was not levied.

(Paragraph 6.7)

- Failure to dispose seized logs of soft wood species within the prescribed limit led to revenue loss of Rs.10.18 lakh

(Paragraph 6.8)

(c) Commercial and Trading activities

There were five Government companies (including two subsidiaries) and two Departmentally managed Commercial and Quasi-Commercial undertakings in the state as on 31 March 1999. Out of 5 companies, 3 were working and 2 were non-working companies.

- The aggregate paid up capital of these companies as on 31 March 1999 was Rs.8.50 crore of which Rs.8.17 crore were invested by the State Government and Rs.0.33 crore by the Holding Company. According to latest finalised accounts of 3 Government Companies, one company viz. Arunachal Pradesh Forest Corporation Limited earned profit of Rs.7.49 crore while two companies viz. Arunachal Pradesh Industrial Development and Trading corporation Limited incurred losses of Rs.0.10 crore. The accounts of all the five Government Companies (including two subsidiaries) were in arrears for period ranging from 4 to 17 years.

(Paragraph 8.3)

- An expenditure of Rs.12.18 lakh incurred towards travelling expenses on domestic and foreign tour of the Managing Director not related to business or interest of the company.

(Paragraph 8.6.)

CHAPTER - I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

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

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc. owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. An abstract of such liabilities and the assets as on 31 March 1999, compared with the corresponding position on 31 March 1998 is given in the following statement :-

STATEMENT - I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ARUNACHAL PRADESH AS ON 31 MARCH 1999

(Rs. in crore)

As on 31.03.1998	Liabilities	As on 31.03.1999
	External Debt	
123.93	Internal Debt	140.28
40.80	Market Loans bearing interest	47.02
...	Market Loans not bearing interest	...
...	Loans from LIC	...
83.13	Loans from other Institutions	93.26
...	Ways and Means Advances	...
...	Overdraft from Reserve Bank of India	...
305.55	Loans and Advances from Central Government	349.91
62.69	Non-Plan Loans	75.01
198.82	Loans for State Plan Schemes	230.37
0.46	Loans for Central Plan Schemes	0.45
1.86	Loans for Centrally Sponsored Plan Schemes	1.72
41.72	Loans for Special Schemes	42.36
0.05	Contingency Fund	0.05
135.66	Small Savings Provident Funds etc.	162.61
15.44	Deposit	14.14

As on 31.03.1998	Liabilities		As on 31.03.1999
2.00	Reserve Funds		2.00
1820.22	Surplus on Government Account		1996.98
1649.39	(i) Revenue Surplus as on 31 st March 1998	1820.22	
170.83	(ii) Revenue Surplus during the year	176.76	
2402.85			2665.97
As on 31.03.1998	Assets		As on 31.03.1999
2316.65	Gross Capital Outlay on Fixed Assets		2549.01
11.80	Investment in Shares on Companies, Corporation etc.	12.07	
2304.85	Other Capital Outlay	2536.94	
13.51	Loans and Advances		13.67
6.10	Loans for Other Industries and Minerals	6.10	
2.33	Other Development Loans	2.30	
2.97	Loans for Co-operatives	2.99	
2.11	Loans to Government Servants	2.28	
	Reserve Fund Investment		
7.25	Advances		5.57
40.58	Suspense and Miscellaneous Balances		39.48
116.28	Remittance Balances		117.13
(-) 91.42	Cash		(-) 58.89
...	Cash in Treasuries and Local Remittances	...	
(-) 91.89	Deposits with Reserve Bank	(-) 115.53	
0.46	Departmental Cash Balance	0.52	
...	Permanent Advances	...	
0.01	Cash Balance Investment	56.12	
	Deficit on Government accounts		
	(i) Revenue Deficit of the Current Year		
	(ii) Appropriation of Contingency Fund		
	(iii) Miscellaneous Deficit		
	Accumulated deficit up to 31 March 1997		
2402.85			2665.97

While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Statement I that while the liabilities increased by 14.82 **per cent**, the assets grew only by 10.95 **per cent** during 1998-99, mainly as a result of Capital deficit on the Government accounts (54 **per cent**).

1.3 Sources and applications of fund

1.3.1 The following statement gives the position of sources and applications of funds during the current and the preceding years.

STATEMENT - II SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1997-98	SOURCES		1998-99
835.45	1. Revenue receipts		923.57
1.33	2. Recoveries of Loans and Advances		1.38
53.07	3. Increase in Public debt other than overdraft		60.71
12.65	4. Net receipts from Public account		27.57
24.66	-Increase in Small Savings	26.94	
(-)10.72	-Increase in Deposits and Advances	0.37	
...	-Increase in Reserve Funds	...	
(-)0.12	-Net effect of suspense and Miscellaneous transactions	1.10	
(-)1.17	-Net effect of Remittance transactions	(-)0.84	

SOURCES		
1997-98		1998-99
	5. Net effect of contingency fund transactions	...
56.75	6. Decrease in closing cash balance	...
959.25	Total	1013.23
Application		
664.62	1. Revenue expenditure	746.81
1.06	2. Lending for development and other purposes	1.54
293.57	3. Capital expenditure	232.35
...	4. Net effect of contingency fund transactions	...
...	5. Increase in closing cash balance	32.53
959.25	Total	1013.23

The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government. While their relative share went up marginally from 87.09 **per cent** in 1997-98 to 91.15 **per cent** during 1998-99, the share of recoveries of loans and advances remain the same as 0.14 **per cent**. The net receipts from the Public Account, however went up marginally from 1.32 **per cent** in 1997-98 to 2.72 **per cent** in 1998-99. The receipts from the public debt also went up marginally from 5.53 **per cent** to 6 **per cent**.

1.3.2 The funds were mainly applied for revenue expenditure, whose share went up from 69.29 **per cent** to 73.71 **per cent** and remained significantly lower than the share of the revenue receipts (91.15 **per cent**) in the total receipts of the State Government. This led to the Revenue surplus. A notable change during the year was that while the percentage of capital expenditure came down from 30.60 **per cent** to 22.93 **per cent**, lending for development went up from 0.11 **per cent** to 0.15 **per cent**.

1.4 Financial operations of the State Government

1.4.1 Statement III gives (at the end of the Chapter) the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.746.81 crore) during the year was lower than the revenue receipts (Rs.923.57 crore) resulting in revenue surplus of Rs.176.76 crore. The Revenue receipts comprised tax revenue (Rs.11.29 crore), non tax revenue (Rs.64.54 crore), State's share of union taxes and duties (Rs.268.84 crore) and grants-in-aid from the Central Government (Rs.578.90 crore). The main sources of tax revenue were land revenue (12 **per cent**), State excise (67 **per cent**) and taxes on vehicles (9 **per cent**). Non-tax revenue came mainly from Forest and Wild life (20 **per cent**), Power (19 **per cent**), other Transport Services (11 **per cent**) and Road Transport (8 **per cent**) respectively.

1.4.2 The capital receipts comprised Rs.1.38 crore from recoveries of loans and advances and Rs.110.46 crore from public debt. Against this, the expenditure was Rs.232.35 crore on capital outlay, Rs.1.54 crore on disbursement of loans and advances and Rs.49.75 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.582.40 crore,

against which the disbursement of Rs.554.83 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance of (Rs.32.53 crore) from Rs.(-) 91.42 crore at the beginning of the year to Rs.(-) 58.89 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Statement III and the time series data for the five years period from 1994-95 to 1998-99 presented in the following Statement-IV:-

STATEMENT IV. TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1994-95	1995-96	1996-97	1997-98	1998-99
Part A. Receipts					
I. Revenue Receipts	631.06	770.99	819.04	835.45	923.57
(a) Tax Revenue	5.60(1)	7.68 (1)	8.53 (1)	9.83(1)	11.29(1)
Agricultural Income Tax					
Sales Tax	0.49(9)	0.34(4)	0.40(5)	0.32(3)	0.28(2)
State Excise	3.20(57)	4.50(58)	4.90(57)	5.56(57)	7.58(67)
Taxes on vehicle	0.81(14)	0.99(13)	1.09(13)	0.97(10)	1.01(9)
Stamps and Registration fees	0.07(1)	0.32(4)	0.37(4)	0.42(4)	0.50(4)
Land Revenue	0.56(10)	0.98(13)	1.27(15)	1.98(20)	1.33(12)
Taxes on goods and passengers					
Other Taxes	0.47(8)	0.55(9)	0.50(6)	0.58(6)	0.59(5)
(b) Non Tax Revenue	80.55(13)	91.10(12)	66.08(8)	57.26(7)	64.54(7)
(c) State's share in Union Taxes	131.84(21)	124.52(16)	179.03(22)	243.83(29)	268.84(29)
(d) Grants in aid from GOI	413.07(65)	547.69(71)	555.40(69)	524.53(63)	578.90(63)
II. Capital Receipts	69.84	62.48	59.06	65.41	110.46
Market Borrowings	35.64	23.54	13.84	15.64	52.29
Loans and advances from GOI	34.20	38.94	45.22	49.77	58.17
Other Receipts (Public Account)	-	-	-	-	-
Part B. Expenditure					
I. Revenue Expenditure	438.33(65)	507.28(64)	604.09(69)	664.62(69)	746.81(76)
Plan	151.92(35)	178.35(35)	210.68(35)	260.18(39)	282.50(38)
Non-Plan	286.41(65)	328.93(65)	393.41(65)	404.44(61)	464.31(62)
General Services	123.60(29)	140.63(28)	166.46(28)	195.99(29)	231.54(31)
Economic Services	182.01(42)	210.02(41)	235.91(39)	242.87(37)	280.47(38)
Social Services	132.72(30)	156.60(91)	201.72(33)	225.76(34)	234.80(31)
Interest Payments	34.53	42.41	53.26	60.26	71.26
Arrears of Revenue (% of rev. receipts)	NA	NA	NA	NA	NA
Fin. Assistance to local bodies etc.	7.11	1.35	4.52	10.85	9.06
Loans and advances given	1.16	1.51	1.13	1.06	1.54
II. Capital Expenditure	240.06(35)	286.20(36)	276.97(31)	293.57(31)	232.35(24)
Plan	241.05 (100)	286.11 (100)	277.75 (104)	294.24 (100)	232.50 (100)
Non-Plan	(-)0.99	0.09	(-)0.78	(-)0.67	(-)0.15
General Services	7.20(3)	9.56(3)	8.94 (3)	15.71(5)	15.23(7)
Economic Services	192.66(80)	226.17(79)	206.28(71)	233.62	188.29(81)
Social Services	41.19(17)	50.39(18)	62.50(23)	44.91(15)	28.83(12)
Part C. Deficits					
Revenue Deficit(-)/Surplus(+)	(+)192.73	(+)263.71	(+)204.95	(+)170.83	(+)176.76
Fiscal Deficit	47.30	22.93	71.88	122.47	55.75
Budgetary Deficit(-)/Surplus(+)	(-)41.01	(+)38.17	(+)0.10	(+)6.00	(+)0.35
Part D. Other data					
Ways and Means Advances (days)	2	6	-	-	40

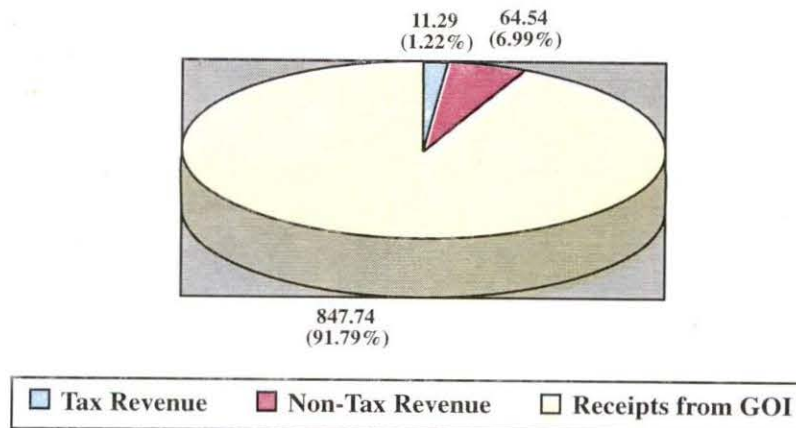
	1994-95	1995-96	1996-97	1997-98	1998-99
Interest on WMA	0.0058	0.002	-	-	0.010
GSDP	332.81	345.85	329.02	NA	NA
Outstanding Debt (year end)	356.07	417.16	487.42	565.15	652.80
Outstanding guarantees (year end)	0.05	0.50	0.50	0.50	0.50
Guarantees given during the year	NA	NA	NA	NA	NA
Number of incomplete projects	-	-	-	-	41
Capital blocked in incomplete projects					31.25

Note : Figure in bracket represent percentages (rounded)

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure I. Receipt from tax revenue constituted **15 per cent** of State's own revenue receipts (Rs.75.83 crore) during the year 1998-99.

Figure 1
Revenue Receipts 1998-99
(Rupees in crore)



1.5.2 Tax revenue

These constitute the minor share (**1.22 per cent**) of the revenue receipts during 1998-99 though their share of growth shows no improvement and remained constant (**15 per cent**) in comparison to 1997-98 but declined in 1996-97 (**11 per cent**) after a healthy growth rate ranging from 54 to 37 **per cent** during 1994-95 to 1995-96 in respect of percentage growth over the previous year. This was mainly due to steady growth rate of State Excise from 57 **per cent** in 1994-95 to 67 **per cent** in 1998-99. Statement IV however shows that the relative contribution of Sales tax has come down considerably in 1998-99 compared to 1994-95. The other major constituents of the tax revenue viz. the taxes on vehicles have declined significantly mainly due to decrease in its relative share over tax revenue.

1.5.3 Non-tax revenue

The non-tax revenue constituted 6.99 **per cent** of the revenue receipts of the Government and their share in the revenue receipts declined considerably from 13 **per cent** in 1994-95 to 6.99 **per cent** in 1998-99.

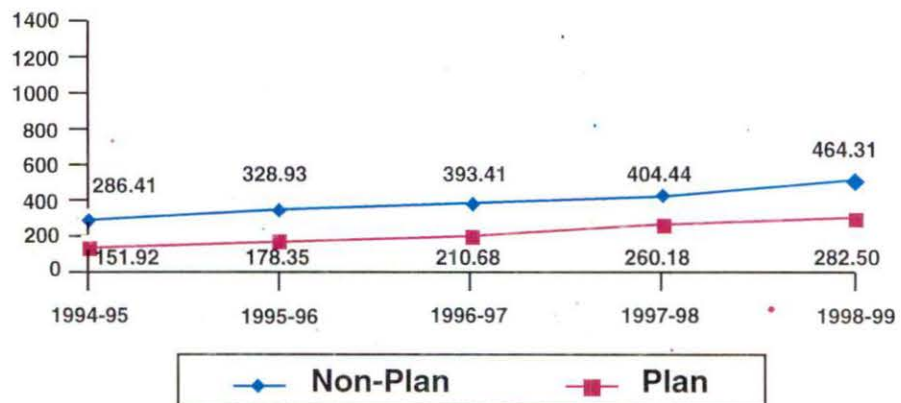
1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (excise duties, income and corporation taxes) increased by 10 **per cent** during the year, while the grant-in-aid from the Central Government also increased by 10 **per cent**. However, as a percentage of revenue receipts they (both taken together) increased from 86 **per cent** in 1994-95 to 92 **per cent** during 1998-99; this was mainly due to steep increase (63 **per cent**) in the share of grants-in-aid.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (76 **per cent**) of the expenditure of the State Government and increased by 12 **per cent** during 1998-99. The increase was however higher on the Non-plan side. A comparison shows that the rate of growth in Non-plan component (62 **per cent**) of revenue expenditure far surpassed that in Plan expenditure (38 **per cent**), as can be seen in Figure 2. A Major constituent (54 **per cent**) of the Non-Plan revenue expenditure (Rs.464.31 crore) were the salaries which amounted to approximately Rs.249.64 crore during 1998-99. Trend analysis shows that the Government has not made any effort to arrest the growing share of the revenue expenditure, which has grown up from 65 **per cent** (1994-95) to 76 **per cent** (1998-99).

Figure 2
Growth of Plan and Non-Plan revenue expenditure (Rupees in crore)



1.6.2 Sector-wise analysis shows that while the expenditure on general services increased by 87 **per cent** from Rs.123.60 crore in 1994-95 to Rs.231.54 crore in 1998-99, the corresponding increases in expenditure on Social Services and Economic Services were only 77 and 54 **per cent**

respectively. As a proportion of total expenditure, the share of General Services increased from 29 per cent in 1994-95 to 31 per cent in 1998-99, whereas the share of Economic Services decreased from 42 per cent to 38 per cent and that of Social Services increased from 30 per cent to 31 per cent.

1.6.3 Interest payments

Interest payments increased steadily by 106 per cent from Rs.34.53 crore in 1994-95 to Rs.71.26 crore in 1998-99. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance in the form of grants-in-aid provided to different local bodies etc., during the period of five years ending 1998-99 was as follows :

(Rupees in lakh)

	1994-95	1995-96	1996-97	1997-98	1998-99
(1) Universities and Educational Institutions	637.63	29.78	355.91	651.00	673.00
(2) Art and Culture	41.29	65.42	58.28	...	...
(3) Medical and Public Health and other charitable Institutions	2.25	1.90	1.90	355.00	...
(4) Urban Development	...	11.67	5.01	...	...
(5) Social Welfare	20.25	26.15	30.67	...	...
(6) Rural Development	...	...	...	...	170.00
(7) Other institutions	9.50	0.50	---	79.00	63.00
Total	710.92	135.42	451.77	1085.00	906.00
Percentage of growth over previous year	(-) 21	(-) 81	234	140	(-) 16.50
Assistance as a percentage of revenue expenditure	1.62	0.27	0.75	1.63	1.21
Assistance as a percentage of revenue receipts	1.12	0.18	0.56	1.30	0.98

The assistance to the local bodies and others declined considerably (17 per cent) during 1998-99. The financial assistance to universities and educational institutions witnessed a marginal increases (3 per cent) over 1997-98.

The assistance to local bodies and others ranged between 1.12 and 0.98 per cent of the revenue receipts and between 1.62 and 1.21 per cent of the revenue expenditure during 1994-99.

1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1998-99 there was negligible improvement in repayment as a result of which the closing balance increased by about 1.25 per cent.

(Rupees in crore)

	1994-95	1995-96	1996-97	1997-98	1998-99
Opening balance	13.50	13.47	13.91	13.78	13.51
Amount advanced during the year	1.16	1.51	1.13	1.06	1.54
Amount repaid during the year	1.19	1.07	1.27	1.33	1.38
Closing balance	13.47	13.91	13.78	13.51	13.67
Net addition	(-) 0.03	(+) 0.44	(-) 0.14	(-) 0.26	(+) 0.16
Interest received	0.21	0.20	0.81	0.42	0.03
Net receipts from long term borrowing during the year	74.95	61.08	70.26	77.73	87.65

1.7 Capital expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations, etc. and loans and advances. During 1997-98 the capital expenditure has grown by 10 **per cent** and the same has declined by 21 **per cent** during 1998-99 as a result of which its share in total expenditure has showed a negative growth from 31 **per cent** in 1997-98 to 24 **per cent** in 1998-99. Statement IV shows that most of the capital expenditure has been on General services, Social services and Economic Services on the plan side and the non-plan expenditure under these services shows a negative trend.

1.8 Quality of Expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan which are revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation. The non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

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

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

	1994-95	1995-96	1996-97	1997-98	1998-99
1. Plan expenditure as a percentage of :					
- Revenue expenditure	35	35	35	39	38
- Capital expenditure	100	100	104	100	100
2. Capital expenditure (per cent)	35	36	31	31	24
3. Expenditure on General Services (per cent)					
- Revenue	24	28	28	29	31
- Capital	3	3	3	5	7
	1994-95	1995-96	1996-97	1997-98	1998-99
4. Amount of wastages and diversion of funds detected during test audit	-	-	-	-	-
5. Non-remunerative expenditure on incomplete projects	-	-	-	-	31.25 crore
6. Unspent balances under deposit heads, booked as expenditure at the time of their transfer to the deposit head	NA	NA	NA	NA	NA

It would be seen that the share of Plan expenditure under revenue remained constant upto 1996-97, increased in 1997-98 and declined in 1998-99 whereas in respect of capital side, cent per cent growth has been achieved. The share of capital expenditure showed an increasing trend on 1996-97 over 1995-96 but declined to 4 per cent during the period from 1997-98 to 1998-99. The expenditure on general services under both Revenue and Capital side remained constant upto 1996-97 and on increasing trend from 1997-98 to 1998-99. As on 31.3.1999 Rs.31.25 crore was blocked in 41 incomplete projects.

1.9 Financial Management

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

1.9.1 Investments and returns

Investments are made out of the capital outlay by the government to promote developmental, manufacturing, marketing and social activities. The sector-

wise details of investments made and the number of concerns involved were as under :

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		as on 31.03.1999	During 1998-99
(1) Government Companies	5	8.07	---
(2) Cooperative Institutions	144	4.00	0.27
Total	149	12.07	0.27

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

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (%)
(Rupees in crore)				
1994-95	9.19	0.02	0.22	13.50
1995-96	10.76	0.01	0.09	12.50
1996-97	11.29	0.01	0.07	14.00
1997-98	11.80	0.01	0.08	13
1998-99	12.07	0.03	0.25	13.05 and 12.30

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns. As on 31 March 1999, 2 Government companies in which Government had invested Rs.12.07 crore, were running under loss and the accumulated loss was Rs. 2.21 crore upto March 1999.

1.9.2 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/ overdraft (OD) from the Bank. In addition special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management in Government. During the year 1998-99, the Government took ways and means advances of Rs.33.68 crore from the Reserve Bank of India and the entire amount was repaid alongwith interest of Rs.9.73 lakh.

1.9.3 Deficit

1.9.3.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important of the prudence of

financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

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

(Rupees in crore)

CONSOLIDATED FUND					
Receipt	Amount			Disbursement	Amount
Revenue	923.57	Revenue surplus	176.76	Revenue	746.81
Misc.					
Capital receipts	...			Capital	232.35
Recovery of loans & advances	1.38			Loans & advances disbursement	1.54
Sub Total	924.95	Gross fiscal deficit	55.75	Sub Total	980.70
Public debt	110.46			Public debt repayment	49.75
Total	1035.41	A: Surplus CF:	4.96		1030.45
PUBLIC ACCOUNT					
Small savings PF etc.	50.06			Small savings PF etc.	23.12
Deposits & advances	56.43			Deposits & advances	56.06
Reserve Funds	3.91			Reserve Funds	3.91
Suspense & Misc.	1.69			Suspense & Misc.	0.59
Remittances	470.31			Remittances	471.15
Total Public Account	582.40	B: Surplus in CF financed by Public Account:	27.57		554.83
Increased in cash balances (B+A): 32.53					

The table shows that the Revenue Surplus of Rs.176.76 crore was utilised mainly in capital outlay, recovery of loans and advances (Rs.0.16 crore) and partly by borrowings. The Fiscal Deficit of Rs.55.75 crore was financed by net proceeds of the public debt (Rs.60.71 crore). Statement IV shows that the fiscal deficits has shown a declining trend in comparison to 1997-98.

1.9.3.3 Application of the borrowed funds (Fiscal Deficit)

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

Ratio	1994-95	1995-96	1996-97	1997-98	1998-99
RS/FD	(-) 4.07	(-) 11.50	(-) 2.85	(-) 1.39	(-) 3.17
CE/FD	5.07	12.48	3.85	2.39	4.17
Net loans/FD	-	0.02	-	-	-
Total	1.00	1.00	1.00	1.00	1.00

It would be seen that while more and more of the borrowed funds have been applied for meeting the revenue expenditure between 1994-95 and 1998-99 which resulted capital deficit in government account during all these years and if the revenue expenditure is not controlled, the Capital formation is bound to suffer.

1.9.4 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Statement IV lists the amounts of guarantees given by the Government and the amounts remained constant (Rs.50.00 lakh) over the year (1996-99).

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 80 per cent. This was on account of 61 per cent growth in internal debt, 77 per cent growth in loans and advances from Government of India and 105 per cent growth in

other liabilities. During 1998-99 no borrowing has been made by Government from the open market.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
1994-95	86.92	197.54	284.46	87.12	371.58	1.11
1995-96	98.13	229.38	327.51	114.23	441.74	1.27
1996-97	110.18	266.23	376.41	138.63	515.04	1.56
1997-98	123.93	305.55	429.48	153.10	582.58	NA
1998-99	140.28	349.91	490.19	178.75	668.94	NA

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

(Rupees in crore)

	1994-95	1995-96	1996-97	1997-98	1998-99
Internal Debt					
- Receipt	45.19	30.60	13.84	15.64	52.29
- Repayment (Principal + Interest)	19.15	29.55	15.56	17.00	55.84
- Net funds available (Per cent)	26.04 (58)	1.05 (3)	1.72 (12)	(-) 1.36 (-9)	(-) 3.55 (-7)
Loans and advances from GOI					
- Receipt during the year	34.20	38.94	45.22	49.77	58.17
- Repayment (Principal + Interest)	25.73	26.98	32.48	39.63	47.58
- Net funds available (Per cent)	8.47 (25)	11.96 (31)	12.74 (28)	10.14 (20)	10.59 (18)
Other liabilities					
- Receipt during the year	24.90	29.46	34.72	39.96	50.06
- Repayment	18.98	23.81	28.74	31.25	40.71
- Net funds available (Per cent)	5.92 (24)	5.65 (19)	5.98 (17)	8.71 (22)	9.35 (19)

* Other liabilities include small savings and provident fund, reserve fund and deposit etc.

It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligations. Considering that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

1.11 Indicators of the financial performance

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

(i) Sustainability

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

(ii) Flexibility

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

(iii) Vulnerability

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

(iv) Transparency

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

1.11.2 Information available in finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in Annexure to this chapter. Statement V indicates the behaviour of these indices/ratios over the period from 1994-95 to 1998-99. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 The behaviours of the indices/ratios is discussed below

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government has had positive BCR only in one year i.e. during 1995-96 out of the five years, but in 1994-95 and 1996-99 the BCRs were negative suggesting that Government had to depend only on borrowings for meeting its plan expenditure.

(ii) Interest ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Arunachal Pradesh the ratio has moved in narrow range of 0.04 to 0.07. It has gone upto 0.07 only during 1997-98 and 1998-99. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Arunachal Pradesh the ratio has all along been more than one and mostly well above 2.0 indicating that a substantial part of the investments are made from revenue surplus. Though the ratio was steadily rising during 1994-95 to 1995-96, it declined from 3.45 in 1996-97 to 2.24 in 1998-99. This positive trend however should be seen in the context of negligible rates of return (ROI) on investments and large number of incomplete works as discussed in Paragraph 1.8 showing that capital was not effectively deployed to generate increased revenue and also indicate worsening sustainability.

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

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Arunachal Pradesh this ratio during three years viz., 1994-95 to 1996-97 varied between 0.25 to 0.22. Similarly, the ratio of State tax receipts compared to GSDP has also been constant 0.02 during 1994-96 (except for 1996-97 when it was 0.03). Figures

pertaining to 1997-99 have not yet been finalised by the State for which the ratio for these two years could not be worked out. Thus, the ratio for these three years so far made available suggests that while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits.

(v) *Return on Investment (ROI)*

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Arunachal Pradesh has been negligible and has moved in the narrow range of 0.02 to 0.03 per cent was negligible and even showed a reducing trend. The low ROI suggests that the investments in the Public Sector Undertakings (PSUs) were based to finance their loss, rather than generate surplus.

(vi) *Capital repayments vs Capital borrowings*

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Arunachal Pradesh, this ratio has been moved in the narrow range from 0.09 to 0.15 during 1994-99.

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

The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Arunachal Pradesh, this ratio has moved in the narrow range of 1.11 to 1.56 during 1994-95 to 1996-97 and the figures for 1997-99 has not yet been furnished by the department (November 1999).

(viii) *Primary deficit vs Fiscal deficit*

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In case of Government of Arunachal Pradesh, this ratio improved from (-)0.86 to 0.28 (1995-96 to 1998-99) indicating that the quantum of borrowing increased at a faster rate relative to interest payment resulting in more availability of borrowed funds. However, the borrowed funds have increasingly been utilised to meet capital deficit, interest payment and less for capital projects etc. indicating vulnerability of the Government.

(ix) *Guarantees vs Revenue receipts*

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of the State Government and should

therefore be compared with the ability of the Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Arunachal Pradesh this ratio has moved in the narrow range from 0.06 in 1997-98 to 0.05 in 1998-99.

(x) Assets vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. In the case of Arunachal Pradesh this ratio though shows a positive trend but declined sharply from 4.20 in 1996-97 to 3.99 in 1998-99 indicating that the liabilities have grown up at a faster rate than the assets and a contra-indicator to solvency.

(xi) Budget

There was no delay in submission of the budget and their approval. The details are given in the following table :

Preparation	Month of submission	Month of approval
Vote of account	March 1998	March 1998
Budget	- do -	- do -
Supplementary	- do -	- do -

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

(xii) Accounts

There was some delay in the submission of accounts by the 15 treasuries of the State during 1998-99. However, delay in submission of accounts by the 15 treasuries ranges from 1 day to 71 days.

1.11.4 Conclusions

While the State Government made significant improvements during 1998-99, its financial position for the five year period ending 31 March 1999 was characterised by negative or low BCR, rising interest burden, falling capital outlays and diminishing rate of return on investment. The Government of Arunachal Pradesh exhibited fiscal imprudence by undertaking plan investment well beyond its capacity to finance the project and thus compromised sustainability.

The matter had been reported to Government in November 1999; reply had not been received (December 1999).

STATEMENT – III

ABSTRACT OF RECEIPT AND DISBURSEMENT FOR THE YEAR 1998-99

Receipts		Disbursements		
1997-98		1998-99	1997-98	1998-99
Section – A: Revenue				
835.45	I. Revenue receipts	923.57	664.62	746.81
9.83	Tax Revenue	11.29	195.99	231.54
57.26	Non Tax Revenue	64.54		
35.88	State's Share of net proceeds of Taxes on income other than corporations	24.65	105.73	117.87
207.95	States Share of Union Taxes	244.19	41.81	50.87
			50.37	39.96
54.32	Non-Plan grants	38.29	2.17	2.29
			3.36	3.59
407.16	Grants for State Plan Scheme	476.15	21.37	18.86
48.58	Grants for Central and Centrally Sponsored Plan Schemes	54.12	0.93	1.36
12.14	Grants for Special Plan Schemes	10.34		
			124.99	131.82
			23.51	24.81
			5.45	11.43
			20.31	17.17
			8.86	8.34
			10.52	14.00
			19.52	45.80
			0.27	0.25
			18.89	16.94
		
			10.55	9.91
...	II Revenue surplus carried over to Section B		170.83	176.76
(-)34.67	III Opening Cash balance including Permanent Advances and Cash Balance investment	(-)91.42		---
			293.57	232.35
	IV Miscellaneous Capital receipts	...	15.71	15.23
			12.31	2.93
			6.45	1.36
			25.97	24.47
			0.05	0.05
		
			0.13	0.02
			3.18	2.03
			1.99	1.18
			9.07	15.18
			5.69	6.33
			87.40	69.07
			0.59	0.34
			123.17	93.45
			1.80	0.71
1.33	V Recoveries of Loans and advances	1.38	1.06	1.54
...	-From Power Projects	...	...	...

Receipts		Disbursements	
1997-98	1998-99	1997-98	1998-99
Section - A: Revenue			
0.95	-From Government Servants 1.00	0.73	-To Government Servants 1.17
0.38	-From Others 0.38	0.33	-To others 0.37
170.83	VI Revenue Surplus brought down 176.76		VI Revenue deficit brought down ---
65.41	VII Public debt receipts 110.46	12.34	VII Repayment of Public Debt 49.75
...	External debt ...	...	-External debt ...
15.64	-Internal debt other than ways and means Advances and Overdraft 18.61	1.89	-Internal debt other than Ways & Means Advances & Overdraft 2.27
...	-Ways and Means Advances 33.68		-Ways and Means Advances 33.68
49.77	-Loans and Advances from Central Government 58.17		
		10.45	-Repayment of Loans and Advances to Central Government 13.80
...	III Appropriation to Contingency Fund ...	...	VIII Appropriation to Contingency Fund ...
...	XI Amount transferred to Contingency Fund ...	...	IX Expenditure from Contingency Fund ...
678.48	Public Account receipts 582.40	665.83	X Public Accounts disbursements 554.83
39.95	Small savings and Provident fund 50.06	15.29	- Small savings and provident fund 23.12
---	Reserve Funds 3.91	---	- Reserve Funds 3.91
4.47	-Suspense and Miscellaneous 1.69	4.59	-Suspense and Miscellaneous 0.59
568.68	-Remittance 470.31	569.85	-Remittance 471.15
65.38	-Deposits and Advances 56.43	76.10	-Deposits and Advances 56.06
...	I Closing Overdraft from Reserve Bank of India ...	(-) 91.42	XI Cash Balance at end (-)58.89
			-Cash in Treasuries and Local Remittances
		(-)91.89	-Deposits with Reserve Bank (-)115.53
		0.46	-Departmental Cash Balance including permanent Advances 0.52
		0.01	-Cash Balance Investment 56.12
1716.83	Total 1703.15	1716.83	Total 1703.15

Explanatory Notes for Statement I, II and III:

1. The abridged accounts in foregoing statement have to be read with comments and explanations in the Finance accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as show in Statement I indicates the position on cash basis, as opposed to accrual basis in the commercial accounting, Consequently, items payable or receivable or items like depreciation or variation in stock figure etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances includes cheques issued but not paid, payment made on behalf of the State and other pending settlement.
4. There was a difference of Rs. 1.53 crore (net credit) between the figure reflected in the accounts Rs. (-) 58.52 crore and that intimated by the RBI under "Deposit with Reserve Bank" (-) Rs. 60.05 crore. The difference is under consideration.

* Details of Plan and Non-plan expenditure are given in Appendix - I(A)

Statement – V Financial Indicators for Government of Arunachal Pradesh

	1994-95	1995-96	1996-97	1997-98	1998-99
	(2)	(3)	(4)	(5)	(6)
Sustainability					
BCR (Rs. In crore)	(-) 3.33	36.53	(-) 18.61	(-) 39.20	(-) 81.35
Primary Deficit (PD) (Rs.in crore)	12.77	(-) 19.48	18.62	62.21	(-) 15.51
Interest Ratio	0.04	0.05	0.06	0.07	0.07
Capital outlay/Capital receipts	2.81	4.10	3.45	3.42	2.24
Total tax receipts/GSDP	0.25	0.28	0.22	NA	NA
State Tax Receipts/GSDP	0.02	0.02	0.03	NA	NA
Return on Investment ratio	0.02	0.01	0.01	0.01	0.03
Flexibility					
BCR (Rs. In crore)	(-) 3.33	36.53	(-) 18.61	(-) 39.20	(-) 81.35
Capital repayments/Capital borrowings	0.09	0.05	0.15	0.16	0.15
State Tax receipts/GSDP	0.02	0.02	0.03	NA	NA
Debt/GSDP	1.11	1.27	1.56	NA	NA
Vulnerability					
Revenue Surplus (RD) (Rs.in crore)	192.73	263.71	204.98	170.83	176.75
Fiscal Deficit (FD) (Rs. In crore)	47.30	22.93	71.88	122.47	55.75
Primary Deficit (PD) (Rs. In crore)	12.77	(-) 19.48	18.62	62.21	(-) 15.51
PD/FD	0.27	(-) 0.86	0.26	0.51	0.28
RS/FD	* (-) 4.07	(-) 11.50	(-) 2.85	(-) 1.39	(-) 3.37
Outstanding Guarantees/revenue receipts	00	00	00	0.06	0.05
Assets/Liabilities	4.18	4.27	4.20	4.12	3.99

Note :

1. The interest payment in 1995-96 and 1998-99 was more than the fiscal deficit, hence the negative figure for primary deficit.
2. Fiscal deficit has been calculated as : Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.
3. In the ratio Capital outlay vs. capital receipts, the denominator has been taken as internal loans + Loans and Advances from Government of India + Net receipts from small savings, PF, etc. + Repayments received from loans advanced by the State Government – Loans advanced by State Government.

* All the years surplus only

**Part B. List of Indices/ratio and basis for their calculation
(Referred to in paragraph 1.11)**

Indicies/ration		Basis for calculation
Sustainability		
Balance from the current revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02.03.04) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit minus Interest payments
Interest Ratio		$\frac{\text{Interest payments}}{\text{Interest receipts}}$ Total revenue receipts-Interest receipts
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No 12 of the Finance accounts
	Capital receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings PF etc. + Repayment received of loans advanced by the State Government - Loans advanced by the State Government
Total tax receipts Vs GSDP		Statement 10 of Finance Accounts
State tax receipts Vs GSDP		State Tax receipts plus State's share of Union taxes
Flexibility		
-Balance from current revenues		As above
Capital Repayments Vs Capital Borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
	Capital borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways & Means advances/Overdraft under both the major heads
- Total Tax receipts Vs GSDP	State Tax Receipts	Statement 10 of Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts)
Vulnerability		
-Revenue Deficit		Revenue Expenditure minus Revenue Receipts (Para 1.9.3.2)
-Fiscal Deficit		Total expenditure minus Revenue receipts and non-debt public receipts (Para 1.9.3.3)
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Statement IV
	Revenue Receipts	Statement II
Assets Vs Liabilities	Assets and Liabilities	Statement I

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.1 *The summarised position of original, supplementary grant and expenditure in respect of 65 grants was as follows :*

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	1012.26		1037.69
Supplementary	146.55		
Total gross provision	1158.81	Total gross expenditure	1037.69
Recoveries in reduction of expenditure	4.50	Deduct Actual Recoveries in reduction of expenditure	7.24
Total net provision	1154.31	Total net expenditure	1030.45

Voted and charged provision and expenditure

	Provision (Rs. in crore)		Expenditure (Rs. in crore)	
	Voted	Charged	Voted	Charged
Revenue	730.83	72.52	677.12	73.09
Capital	312.46	-	236.19	-
Total Gross :	1043.29	72.52	913.31	73.09
Deduct recoveries in reduction of expenditure	4.50	-	7.24	-
Total : Net	1038.79	72.52	906.07	73.09

2.2 The summarised position of actual expenditure, excess and savings during 1998-99 against 65 grants/appropriations was as follows :-

(Rs. in crore)

	Nature of- expenditure	Original grant/ appropriation	Supplemen- tary grant/ appropriation	Total	Actual expen- diture	Saving(-) Excess(+)
Voted I.	Revenue	617.66	113.17	730.83	677.12	(-)53.71
II	Capital	297.01	15.45	312.46	236.19	(-)76.27
III	Loans	1.60	-	1.60	1.54	(-)0.06
Total Voted		916.27	128.62	1044.89	914.85	(-)130.04
Charged IV	Revenue	54.59	17.93	72.52	73.09	(+)0.57
V	Capital	-	-	-	-	-
VI	Public Debt	41.40	-	41.40	49.75	(+)8.35
Total Charged		95.99	17.93	113.92	122.84	(+)8.92
Appropriation to Contingency Fund(if any)		-	-	-	-	-
Grand Total		1012.26	146.55	1158.81	1037.69	(-)121.12

These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure Rs.3.40 crore and Capital expenditure Rs.3.84 crore.

2.3 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.393.69 crore for the years were yet to be regularised.

Year	No. of grants/ appropriations	Grant/Appropriation(s)	Amount of Excess. (Rs in crore)
1986-87 (U.T. Period)	13	1,7,11,12,13,15,17,30 32,34,39,40,42	6.56
1986-87 (State Period)	33	1,2,3,6,7,8,10,11,13,14 16,18,19,20,22,24,27,28 29,31,32,33,34,38,39,40, 42,43	12.71
1987-88	19	14,18,19,22,23,24,26,30 31,32,33,34,35,40,42	9.06
1988-89	14	1,13,15,17,21,24,30,31,32, 34,40,Public Debt	54.51
1989-90	16	8,10,15,30,31,32,33, 34,38,40,43,45,48,49 and Public Debt	17.49
1990-91	16	5,8,13,15,19,23,24,28,30 31,32,34,40,44,48 and Public Debt	28.61
1991-92	19	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, 21,38	27.91
1993-94	13	8,15,19,25,28,30,31,32,34 38,40,45	30.66
1994-95	19	6,8,11,15,21,22,23,26,28 29,31,32,34,38,40,42,43 45	64.45
1995-96	25	8,9,11,13,14,15,16,18,20, 21,23,24,28,29,31,32,34,40 41,42,53,59 & 60	38.41
1996-97	13	1,9,11,13,14,21,28,30,31, 34,40,51	14.86
1997-98	15	9,10,11,13,15,20,25,30 31,34,41,46,48,59 & 60	25.34
Total			393.69

2.4 Results of Appropriation Audit

2.4.1 The overall saving of Rs.121.12 crore was the result of saving of Rs.146.38 crore in 86 grants and appropriations offset by excess of Rs.25.26 crore in 15 cases of grants and appropriations.

2.4.2 Supplementary provision made during the year constituted 14 per cent of the original provision as against 7 per cent in the previous year.

2.4.3 Supplementary provision of Rs.13.58 crore made in 11 cases during the year proved unnecessary in view of aggregate saving of Rs.20.46 crore as detailed in **Appendix II**.

2.4.4 In 22 cases against additional requirement of Rs.36.89 crore, supplementary grants and appropriations of Rs.75.59 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.38.70 crore. Details of these cases are given in **Appendix III**.

2.4.5 The excess of Rs.15.96 crore under 13 grants and Rs.9.30 crore under 2 appropriations require regularisation under Article 205 of the Constitution. Details of these are given in **Appendix IV**.

2.4.6 In 8 cases, supplementary provision of Rs.45.42 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.25.02 crore as per details given in **Appendix V**. In one case (Sl.No.8) (Capital) no supplementary provision was obtained.

2.4.7 In 16 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 per cent of the total provision as indicated in **Appendix VI**. In 2 of the above cases (Sl.No.10 and 11) 93 and 85 per cent of the total provision totalling Rs.21.11 crore was not utilised.

2.4.8(a) In 8 cases there were persistent savings in excess of Rs.10 lakh in each case and 10 per cent or more of the provision. Details are given in **Appendix-VII**.

2.4.8(b) Significant excess (4 to 45 per cent) was persistent in 2 cases as detailed in **Appendix-VII A**.

Persistent excess requires investigation by the Government for remedial action.

2.4.9 In 4 cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 per cent of the total provision. Details of these are given in **Appendix VIII**. In 1 out of above 4 cases the expenditure exceeded the approved provision by over 65 per cent.

2.4.10 *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. Cases where injudicious re-appropriation of funds proved excessive by over Rs.10 lakh are given in **Appendix IX**.

2.4.11(a) *New Service/New Instrument of Service*

Article 205 of the Constitution provides that expenditure on a "New Services" not contemplated in the Annual Financial Statement (Budget) can be incurred

only after its specific authorisation by the Legislature. The Government have issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of 'New Service'/'New instrument of Service'.

In 3 cases, expenditure totalling Rs.0.35 crore which should have been treated as 'New Service'/'New Instrument of Service' was met by reappropriation without obtaining the requisite approval of legislature. Details of these cases are given in **Appendix X**.

2.4.11(b) Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.90.48 lakh was incurred in 5 cases as detailed in **Appendix XI** without provision having been made in the original estimates/supplementary demands and no reappropriation orders were issued.

2.4.12 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 the savings are anticipated. However, at the close of the year 1998-99 there were 31 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs.47.55 crore. In 4 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.18.58 crore. Details are given in **Appendix XII and XIII** respectively.

2.4.13 Surrender in excess of actual savings

In 2 cases, the amount surrender was in excess of actual savings and in one case though there is excess expenditure under Capital head of account (charged) in respect of one grant, the amount surrendered resulted more excess expenditure under the grant indicating inadequate budgetary control. As against the total amount of actual savings of Rs.1.87 crore, the amount surrendered was Rs.2.22 crore resulting in excess surrender of Rs.0.35 crore and further, against the excess expenditure of Rs.8.35 crore under Capital Section of one grant, the amount surrendered was Rs.2.66 crore which resulted in injudicious surrender. Details are given in **Appendix XIV**.

The above instances of budgetary irregularities are reported from year to year in Chapter II of the Audit Report. If the precautions are taken by all the departments in the light of the observations made in Chapter II of the Report these could be minimised to a great extent.

2.4.14 Non-receipt of explanations for savings/excesses

For the year 1998-99, explanations for savings/excesses were either not received or where received were incomplete in respect of 276 heads of Accounts which form **80 per cent** of the number of heads.

2.4.15 *Un-reconciled Expenditure*

Financial rules requires that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 2 departments, (Sports and Youth Services and Urban Development) expenditure of Rs.2.03 crore (Rs. 1.76 crore + Rs.0.27 crore) under grant No.52 (Major Head 4202) and grant No.57 (Major Head – 2230) pertaining to 1998-99 remained unreconciled till April 1999.

2.4.16 *Control over expenditure*

The Central Treasury Rules adopted by the State Government require that moneys drawn on Abstract Contingent (AC) bills must be regularised by submission of Detailed Countersigned Contingent (DCC) bills not later than one month from the date of such drawal.

Scrutiny of records of three Departments viz. Agriculture, Home (Police) and Industries revealed that DCC bills for Rs. 6.92 crore against 38 AC bills drawn during the period from April 1983 to March 1999 for purchase of vehicles, cost of POL, procurement of tyre and tubes and cost of library books etc., remained unregularised as at the end of financial year. The details are indicated below :-

Name of Department	Period of drawals	No of AC bills	Amount
			(Rupees in crore)
Home Department(Police)	1983-84 to1998-99	8	2.78
Industries	1989-90 to1998-99	6	2.02
Agriculture	1984-85 to1998-99	24	<u>2.12</u>
			6.92

Withdrawal of money in AC bills is exhibited in the accounts as expenditure for the purpose for which the funds were provided by the Legislature. However, due to non-submission of DCC bills, the actual expenditure against the withdrawal in AC bills and the extent to which the purpose for which the amounts were appropriated was fulfilled, remained unassessed by the Government. The large scale non-regularisation of withdrawal in AC bills indicated a serious deficiency in control over expenditure.

2.4.17 *Drawal of funds in advance of requirement*

The director of Social Welfare Department, Naharlagun drew Rs.45 lakh (March 1998) for construction of SPT godown in 15 Integrated Child Development Scheme (ICDS) project at an estimated cost of Rs.3 lakh each and the same was released to respective DRDAs in May 1998. It was, however, seen that the amount remained unutilised (April 1999) due to non-allotment of land from the Deputy Commissioners of the respective districts. Records, however, revealed that the matter regarding allotment of land by the

Rs.45.00 lakh drawn in advance of requirement was retained for a period of 1 year

competent authority was neither on record nor was the utilisation of the fund for the above mentioned work certified by any of the CDPOs as of March 1999. Thus, premature drawal of Rs.45 lakh without getting allotment of land from the competent authority and its continued retention resulted in locking up of funds for more than 1 year besides loss of interest of Rs.2.03 lakh at the normal bank rate of 4.5 per cent per annum.

While accepting the audit observation, the Government stated (June 1999) that the formalities for obtaining allotment of land from the Deputy Commissioners is also a factor in delaying the construction work. However, DRDAs are instructed to complete the work as early as possible. Reply, however, remained silent regarding premature drawal of Rs.45 lakh without getting allotment of land from the competent authority.

The matter was reported to Government in November 1999; their reply had not been received (December 1999).

CHAPTER III CIVIL DEPARTMENTS
SECTION - A - REVIEWS
AGRICULTURE DEPARTMENT

3.1 VERTICALLY INTEGRATED REVIEW OF
AGRICULTURE DEPARTMENT

Highlights

The objective of the Department to enhance agricultural development for sustainable growth and development of State economy and to bring an accelerated growth in the lower growth areas was not achieved due to tardy implementation of 4 schemes. The shortfall in achievement varied from 7 to 84 per cent as per target fixed though Rs.12.34 crore was incurred on these schemes. The target for a particular year was also not fixed as per norm fixed by the Government which resulted in huge shortfall in production of commercial crops and High Yield Variety Programme (35 to 96 per cent).

Defective budgeting resulted in saving of Rs.10.05 crore during 1996-99.

(Paragraph 3.1.4.1)

Delay in release of central fund amounting to Rs.5.74 crore by the state to the nodal department ranged between 2 to 24 months. Bulk of the fund (Rs.3.00 crore) relating to state plan schemes were released at the fag end of the year during 1996-97, 1997-98 and 1998-99.

(Paragraph 3.1.4.1(ii)(a)&(b))

Unauthorised retention of central fund valued Rs.31.31 lakh resulted in delay in implementation of the scheme.

(Paragraph 3.1.4.2)

The Bio-Control Laboratory under Central Sector Scheme Integrated Pest Management Centre" was yet to be operative due to non-completion of the Laboratory building resulting in unproductive expenditure of Rs.44.10 lakh.

(Paragraph 3.1.5.1)

Although expenditure of Rs.5.65 crore was incurred under National Watershed Development project the objective of soil and water conservation in shifting cultivation was not achieved to the extent desired.

(Paragraph 3.1.5.2)

Under High Yield variety programme shortfall in yield in terms of prescribed norms ranged between 35 and 79 per cent during 1996-97 to 1998-99.

(Paragraph 3.1.5.3)

Extra avoidable expenditure of Rs.27.03 lakh due to engagement of excess staff against sanctioned strength.

(Paragraph 3.1.6)

3.1.1 Introduction

Agriculture continues to play a pivotal role in the economic development of the State. Rapid agricultural development is therefore, imperative for sustainable growth and development of the State economy alongwith socio-economic upliftment of rural masses.

The main objective of the department is to reduce imbalance and disparities in food production by raising the production level and to bring an accelerated growth in the lower growth areas. Out of 1,15,817 gross cropped up area under rice only 31,800 hectare (27 per cent) is covered under high yielding varieties of seeds though agriculture is the main livelihood of the people and the productivity of rice is only 11 quintals per hectare. The Department is responsible for providing technology for cropping, land use etc. and to make available inputs like seeds, fertilizers, plant protection, chemicals and equipments to the farmers to boost productivity of food grains/cash crops.

3.1.2 Organisational set-up

The Director of Agriculture is in overall charge of Agriculture Department of the State and is directly responsible for implementation of all agricultural programme and he is assisted by 4 Deputy Directors and 2 District Agriculture Officers at Directorate level. At District level, he is assisted by 13 District Agriculture Officers, 6 seed production and testing officers and 6 Training Officers in the activities of the department.

3.1.3 Scope of audit

A vertically integrated review in respect of Agriculture Department, Government of Arunachal Pradesh for the period from 1996-97 to 1998-99

was conducted through test-check of records of the Directorate, 4 District Agriculture Officers (Tawang, Bomdila, Papumpare and Ziro) 1 Regional Potato Seed Farm (Tawang) and 1 vegetable seed production Officer (Bomdila) during May-June 1999. Important points noticed during review are summarised in the succeeding paragraphs.

3.1.4. Financial management

3.1.4.1 Over provisioning of funds

Budgeting in the Department was unrealistic resulting in saving of Rs.10.05 crore.

The budget provisions and expenditure incurred during the period from 1996-97 to 1998-99 are given in Appendix - XV.

It would be seen that there was surrender of sums exceeding Rs.100 lakh during 1996-97 and 1998-99 and of Rs.45 lakh in 1997-98 under Capital which indicated improper budgeting and over estimation of expenditure. There were persistent saving under both Capital and Revenue which showed that estimates of expenditure prepared even in March (at the time of proposing surrender of provision) were unrealistic and control over expenditure was inadequate. Modified grant to the extent of 59 to 80 per cent under Capital remained unutilised even after large scale surrender of sums (9 to 30 per cent) over the total provision.

Government stated (September 1999) that the main reasons for savings under the grant were late release of fund under Centrally Sponsored Schemes (CSS) by the State Government and non-release of loan by the NABARD and that their budgeting was not defective. The contention is not acceptable as the modified grant to the extent of 59 to 80 per cent under Capital head remained unutilised even after surrender of sums (9 to 30 per cent) and budgeting was defective due to failure on the part of the controlling officers to surrender the entire savings resulting in the amount remaining unutilised which could have been utilised by other Departments where funds would have been required. Further, as per the Departments figure, the savings under the grant (Rs.10.70 crore) was more than the figures reflected in Appropriation Accounts (Rs.10.05 crore) and no reconciliation was done.

(ii) Delay in release of fund

Delay in release of fund adversely affected the implementation of the schemes.

(a) The delays ranging from 2 to 24 months in releasing CSS funds by the State Government amounting to Rs.3.12 crore during 1996-97, Rs.1.61 crore in 1997-98 and Rs.1.01 crore in 1998-99 to the nodal department as detailed in Appendix - XVI adversely affected the implementation of the schemes as the programme schedule of the schemes drawn up at the beginning of the year was not adhered to and there was least scope to utilise the funds towards implementation of the schemes provided at the fag end of the year.

(b) It was also seen that funds relating to state plan schemes amounting to Rs.3.00 crore were released to the District authorities by March end every year in majority of the cases during 1996-97, 1997-98 and 1998-99 as detailed in Appendix - XVII. The inordinate delay in releasing fund resulted in non-

implementation of the schemes during the year(s) in which the funds were released. The justification for such inordinate delay in release of fund was neither on record nor stated (June 1999).

The Government stated (September 1999) that delay in release of fund under CSS and State Plan Scheme do not have any impact on execution of the schemes. Reply is however, contradictory with the reply furnished earlier for reasons for savings under the grant wherein it was stated that expenditure under CSS could not be incurred due to late release of fund. Further, if the fund was released by the State Government after 24 months from the date of release of fund by the Central Government for 1996-97 for implementation of Water Shed Projects (CSS), it is not clear how the programme could be implemented during 1996-97 when two years had already elapsed. Similarly, in respect of State Plan Scheme, implementation of High Yield variety programme required the release of fund before June/July of the respective years as the sowing season of Paddy, Maize etc. starts from June to October each year. Late release of fund at the fag end of the year (March every year) thus resulted in non-implementation of the scheme during the respective years.

3.1.4.2 Short release of fund in respect of centrally sponsored schemes (CSS)

Unauthorised retention of central fund amounting to Rs.31.31 lakh resulted in delay in implementation of centrally sponsored scheme.

During the period from 1997-98 to 1998-99, the GOI released Rs.128.35 lakh (1997-98 – Rs.83.35 lakh, 1998-99 – Rs.45 lakh) for implementation of 4 C.S.S to the State, out of which the latter released Rs. 97.04 lakh only (1997-98 – Rs. 55.07 lakh, 1998-99 – Rs.41.97 lakh) to the implementing authorities leading to short release of central fund amounting to Rs.31.31 lakh. Moreover, in 1997-98, fund released as states share was proportionately reduced and there was short release of State's share of fund to the tune of Rs.6.43 lakh in respect of three CS Schemes (details in **Appendix - XVIII**). This adversely affected the implementation of the scheme in the respective year and indicated that central fund was unauthorisedly retained by the State Government and might have been utilised for implementation of other schemes. Reasons for such unauthorised retention of central fund were neither available on record nor stated (June 1999).

Government stated (September 1999) that the difference in release of fund by the Finance Department was due to non-inclusion of some components in State level scheme which were not found suitable in the State as per farmers need. Hence, it is not proper to say that State had not released all the Central share. The contention is not acceptable as it would be financially not prudent and a healthy trend to justify non-release of Central fund as well as State share of fund for implementation of the programme in the light of non-inclusion of some components in the State level scheme. The Government reply also does not specifically answer the Audit point regarding retention of Central fund without the approval from GOI and diversion of the same for implementation of the State Plan Scheme as the Government account has been running short with a minus balance from 1996-97 onwards.

3.1.5 Programme Management

During 1996-97, the Department implemented 12* (Central Sector – 2, Centrally sponsored 4 and State Sector – 6) schemes in the state which came down to 7** in 1997-99. The implementation of the following four schemes/activities was reviewed specifically during test-check.

- (i) Integrated Pest Management Programme
- (ii) National Watershed Development Project
- (iii) High yield variety programme
- (iv) Commercial Crop Development Programme

Fund provision and expenditure incurred against the schemes during 1996-99 are indicated below :-

Name of the Scheme	1996-97			1997-98			1998-99			Total		
	BE	Expr.	Saving/Excess	BE	Expr.	Saving/Excess	BE	Expr.	Saving/Excess	BE	Expr.	Saving/Excess
(Rupees in lakh)												
1. Integrated Pest Management Centre	50.00	30.00	(-) 20.00	-	17.62	(-) 02.38	-	-	-	50.00	47.62	(-) 2.38
2. National watershed Development Project	229.96	237.76	(+) 7.80	181.40	161.11	(-) 20.29	250.01	165.68	(-) 84.33	661.37	564.55	(-) 96.82
3. High Yielding Variety Programme	146.25	145.50	(-) 0.75	185.82	183.25	(-) 2.57	139.71	139.71	-	471.78	468.46	(-) 3.32
4. Commercial Crop Development Programme	55.53	55.53	-	53.75	53.75	-	44.26	44.26	-	153.54	153.54	-

In this connection important points noticed are summarised in the succeeding paragraphs:-

- | | | | |
|----|--------------------------------|-------|--|
| A. | Central Sector Scheme | (i) | National Watershed development Project **
(Rainfed areas and shifting cultivation). |
| | | (ii) | Integrated Seed development for not easily accessible and remote area. |
| B. | Centrally sponsored scheme | (i) | Oilseed Production Programme.** |
| | | (ii) | National Pulses Development Programme** |
| | | (iii) | Accelerated Maize development programme** |
| | | (iv) | Integrated cereal development programme. |
| C. | State Plan and Non-Plan Scheme | (i) | High yield variety programme**. |
| | | (ii) | Multiplication and distribution of seed. |
| | | (iii) | Manures and fertilizers |
| | | (iv) | Plant protection programme** |
| | | (v) | Agriculture Engineering |
| | | (vi) | Commercial crops.** |

3.1.5.1 *Integrated Pest Management Centre (Central Sector Scheme)*

With a view to promote Integrated Pest Management approach for managing pest problems, Ministry of Agriculture GOI, released grants-in-aid for Rs.50.00 lakh (Rs.10.00 lakh in 1995-96 and Rs.40.00 lakh in 1996-97) for setting up of a Bio-Control Laboratory under Central Sector Plan Scheme at Naharlagun. The grants-in-aid released was to be utilised for the construction of laboratory building (Rs.30.00 lakh) and purchase of Laboratory Equipments and Vehicle (Rs.20.00 lakh).

Unproductive expenditure of Rs.44.10 lakh due to non-completion of the construction of the laboratory building (Rs 30 lakh) and idle outlay of laboratory equipments (Rs.14.10 lakh).

Test-check of records, however, revealed that though the fund of Rs.30 lakh for construction of laboratory building at Naharlagun, was placed at the disposal of the PWD in December 1995 (Rs. 10 lakh) and in October 1996 (Rs.20 lakh), the construction of the building remained suspended (June 1999) for non-receipt of additional fund as with the available fund of Rs.30 lakh, only **80 per cent** of the work was completed by March 1997. Further, out of Rs.20 lakh provided for laboratory equipment and vehicle, the department purchased (March 1997 to September 1998) laboratory equipments worth Rs.14.10 lakh and vehicle at a cost of Rs.3.52 lakh. The unutilised balance of Rs.2.38 lakh was credited to treasury under the state receipt head (0401 crop husbandry) instead of refunding the same to the GOI. The laboratory equipment valued Rs.14.10 lakh was lying idle for non-completion of the building.

The objective of the scheme therefore, remained unachieved and the entire expenditure of Rs.44.10 lakh (Building – Rs.30 lakh, laboratory equipment – Rs.14.10 lakh), remained unproductive as yet.

Director of Agriculture stated (October 1999) that due to ignorance, the unutilised amount of Rs.2.38 lakh was credited into State receipt and the remaining work of the laboratory building would be completed on receipt of additional grant from the Government.

3.1.5.2 *National Watershed Development Project in Shifting Cultivation Area (NWDPSCA)*

National Watershed Development Project in shifting Cultivation Area was launched by the GOI with the objective of soil and water conservation in shifting cultivation areas and included adoption of proper drainage line treatment and afforestation for effective stabilisation of hill slopes.

(A) The department during 1996-99 incurred expenditure of Rs.5.65 crore for implementation of all water shed projects in the State. The targets and achievements under various items of works are indicated in **Appendix-XIX**.

Shortfall in achievement of the programme varied between 7 to 100 per cent

Out of a total of 34 items implemented in 1997-98 and 1998-99 under the programme, the shortfall in achievement during 1997-98 ranged from **19 per cent** to **96 per cent** in respect of 25 items and in 1998-99 ranged from **7 per cent** to **100 per cent** against 17 items.

The shortfall were mainly under the following components:

(a) Conservation measures

(i) In shifting cultivation under conservation vegetative hedges, the shortfall varied between 210 and 580 hectares of land (Arable) and 493 to 615 hectares (non-Arable).

(ii) The works of vegetative filter strips and repairing of existing structure which were targeted under Arable land for 56000 RMT and 970 hectares of land respectively were not executed at all resulting in cent percent shortfall.

(b) Production system

(i) Shortfall in coverage of Agro forestry activities and dry land horticulture varied between 19 and 56 per cent of the targets.

(ii) The shortfall in coverage of overseed of grasses, planting of shrubs and planting of trees varied between 44 and 78 per cent.

(c) Live stock management

The shortfall in coverage of castration of scrub bulls, natural breeding and other means of population, fodder cultivation and exotic breeds ranged from 49 to 100 per cent.

Government stated (September 1999) that conservation measures like vegetative filter strips were taken up under Non-Arable land. Reply however remains silent regarding non-execution of the same under Arable land and non-implementation of the programme of repair of existing structure. Government further stated that shortfall in achievement of the programme during 1997-99 was due to late receipt of fund from the GOI and non-release of the same by the State Government in time.

Thus the objective of soil and water conservation in shifting cultivation areas could not be achieved to the desired extent.

(B) Test-check revealed that during the period from 1996-99 the department incurred expenditure to the tune of Rs.33.92 lakh on construction of 2,169 nos of Loose Boulder check dam and structure (Loose Boulder check dam – 1,385 nos. – Rs.10.39 lakh and Loose Boulder structure – 784 nos. – Rs.23.53 lakh) and these were completed during the period from 1996-97 to 1998-99 (1996-97 – 752 nos. – Rs.10.87, 1997-98 – 578 nos. – Rs.10.59, 1998-99 – 839 nos. – Rs.12.46). But these check dam and structure failed miserably on many locations due to defective design (lower in size (2 feet in height) than actual requirement (5 feet in height)) and lack of vegetative support. The matter was neither investigated nor any responsibility for defective construction of loose boulder check dam and structure were fixed.

Government stated (September 1999) that defect in design in construction of loose boulder check dam and Loose boulder structure was due to non-

Objective of soil and water conservation in shifting cultivation was not achieved to the desired extent.

Infructuous expenditure of Rs.33.92 lakh due to defective construction of loose boulder check dam and structure

availability of Engineering wing with the Department and in future, these defects would be rectified by engaging trained field functionaries.

3.1.5.3 High yield variety programme

The scheme envisaged augmentation of food crops through extensive production. The targets and achievements in respect of production of various food crops under the scheme during 1996-97 to 1998-99 are indicated in Appendix – XX(A). It was seen that the targets fixed were not on realistic basis and not based on norms. It would be seen from the Appendix that even as per target fixed, the shortfall in the production ranged between 18 per cent to 29 per cent in respect of paddy, 28 per cent to 57 per cent in respect of wheat, 15 per cent to 44 per cent in respect of pulses and 13 per cent to 31 per cent in respect of coarse grain during 1996-97 to 1998-99. Though the Department incurred expenditure to the tune of Rs.4.68 crore in production of various food crops, the production was never achieved even as per their low targets. The reasons for the shortfall were not identified and analysed nor any remedial measures taken.

It was also seen that, as per prescribed norm, the shortfall in production per hectare was higher and ranged between 73 per cent to 79 per cent in respect of paddy, 68 per cent to 70 per cent in respect of Maize and 35 per cent to 51 per cent in respect of wheat (Appendix – XX(B)). Again, paddy being a major crop under the scheme showed a very low yield during 1996-99 (8.23 quintal to 10.63 quintal per hectare) against the norm fixed by the Government (40 to 50 quintals per hectare).

Government stated (September 1999) that the norm of production was much higher except for pulses and on what basis, these figures were considered were not available on records and the shortfall shown was there but it was shown on higher side. This is not acceptable as the norm were prescribed for production of high yield variety crops per hectare by the department itself and were incorporated in their manual.

3.1.5.4 Commercial Crop Development Programme

The scheme envisaged extensive production of commercial crops like potato, ginger, oil seeds, sugar cane, turmeric, chilli etc. in view of the limited scope that existed in the state for increasing food production through cereals and pulses development.

Test-check of records of 3 Districts (Tawang, West Kameng and Papumpare) revealed that during the period from 1996-97 to 1998-99, the production of commercial crops like oilseeds, potato and vegetables fell short of target as indicated below:-

As per norm,
shortfall in
production of paddy,
maize and wheat
varied between 35 to
79 per cent

Year	Name of Commercial crops	Target		Achievement		Shortfall	
		Area Hectre	Production MT	Area Hectre	Production MT	Area Hector	Production MT
1996-97	Oilseeds	1525	1092	1463	1032.5	62	59.5
1997-98	do	1561	1155	1449	1022.5	112	132.5
1998-99	do	1583	1331	1474	1168.0	109	163.0
1998-99	Potato	1915	17170	1753	10436.0	162	6734.0
1997-98	Vegetable	1635	5490	1635	5270.0	Nil	220.0
1998-99	do	1758	6256	1729	5815.4	29	440.6

(The District-wise break-up of target and achievement are given in **Appendix - XXI**).

It was also seen that the Department fixed the target for a particular year on the basis of 5 to 15 **per cent** increase over the last year area covered and production made without taking into consideration the shortfall occurred during the last year. The Department also did not fix the target by taking into consideration the norm prescribed by the Government for production of commercial crop i.e. yield per hectare which resulted in a wide gap between the achievement made and production to be made as per norm fixed by the Government.

Due to non-coverage of targetted area in 3 districts, shortfall in production of commercial crops stands at 7749.6 MT valued Rs.5.69 crore during 1996-99

It would be seen from the table that 474 hectares under commercial crops (oil seeds – 283 hectare, potato – 162 hectares, and vegetables – 29 hectares) had not been covered during 1996-99. Further the shortfall in production of 7749.6 MT in respect of Oil seeds – 355 MT Rs.1.04 crore, Potato – 6734 MT Rs.4.35 crore and Vegetables – 660.6 MT Rs.0.30 crore led to a potential loss of Rs.5.69 crore. Similarly it was seen that the shortfall in production ranged between 56 and 70 **per cent** in respect of Potato, 81 and 84 **per cent** in respect of vegetable and 1.12 and 12 **per cent** in respect of Oil seeds during the Period from 1996-97 to 1998-99 though the Department incurred expenditure to the tune of Rs.153.54 lakh in implementation of the scheme (Details in **Appendix - XXII**) as per norm prescribed by the Government. It was observed that Potato being a major Crop in the state showed a continuous declining trend from 8.77 MT per hectare in 1996-97 to 5.95 MT per hectare in 1998-99 with resultant decline in total production i.e. from 19264 MT in 1996-97 to 10436 MT in 1998-99. Further, during 1996-99, the production was never achieved as per norm fixed by the Government (20 MT to 30 MT per hectare).

Government stated (September 1999) that shortfall in production was due to less allocation of fund to cover the targetted area by commercial crop seed further crop losses due to less rain/no rain during winter season, heavy crop losses due to flood in Kharif season and diversification of area to other crops etc. The Government further stated that the basis of norms of production

shown by the audit was not understood. The norm as shown in case of oilseeds was alright but in the case of Potato and vegetable, it was shown on higher side. The reply is not tenable as the norm of production per hectare has been as prescribed by the Department of Agriculture itself. As analysed by Audit the shortfall was due to lack of proper training to the farmers through demonstration, selection of proper site (single cropped) and less coverage of area.

(ii) Irregular procurement of soyabean seeds

Irregular procurement of soyabean seeds resulted in unauthorised expenditure of Rs.8.28 lakh.

The GOI (Ministry of Agriculture) intimated (October 1996) the State Government that soyabean has been deleted from Oilseed Production Programme (OPP) during 1996-97. In March 1997 however, the Department procured 247.45 quintals of soyabean seeds valued Rs.8.28 lakh under OPP and distributed the same to the farmers. The seeds were procured from the Central/State fund released during 1996-97 (Central : Rs.34.32 lakh; State : 12.00 lakh) under OPP.

Thus, the injudicious procurement of soyabean seed resulted in unauthorised expenditure of Rs.8.28 lakh as well as irregular utilisation of fund under "OPP". The justification for such irregular procurement of soyabean valued Rs.8.28 lakh was neither available on records nor stated (June 1999).

The Government stated (September 1999) that the Ministry had informed that the crop in question can be taken up against one scheme only either under OPP. or NOVOD and accordingly the programme relating to Soyabean was executed under OPP. Reply is not tenable on the ground that the Ministry of Agriculture in October 1996 specifically intimated the Government that as the State had taken up the programme with the assistance of NOVOD Board, this year (1996-97) shifting of part of the programme from NOVOD Board to OPP was not possible.

3.1.5.4.1 Non-utilisation of potato seed within the prescribed period of preservation rendered the seeds unfit for use

Potato seed can be preserved for 3 months under normal condition and can be preserved for more than 3 months if kept in cold storage.

It was noticed that between January 1995 and December 1998 the District Agriculture Officer, Bomdila, procured 191 MT of Potato seeds at a total cost of Rs.21.08 lakh from the local suppliers for distribution to the farmers. As of June 1999 the DAO could however distribute 136.21 MT of seeds leaving 54.79 MT (February 1995 - 35.52 MT; December 1998 - 19.27 MT) unutilised.

Thus, failure to utilise 54.79 MT of potato seeds valued Rs.5.22 lakh within the prescribed period of preservation rendered the seeds unfit for use due to prolonged storage. The matter was neither investigated nor any remedial action was taken.

The Government stated (September 1999) that the entire quantity of 191 MT of Potato seeds was distributed to the farmers in Peak sowing season and as such the question of non-distribution of Potato seeds does not arise. Reply is not tenable as records have shown that 54.79 MT of seeds have remained unutilised with two DAOs (Bomdila and Rupa).

3.1.6 Deployment of staff in excess over sanctioned strength

Entertainment of excess staff resulted in avoidable expenditure of Rs.27.03 lakh

It was seen in audit that the Directorate and 4 (four) selected districts* had entertained 5 Deputy Directors, 26 Upper Division Clerks (UDC), 35 Lower Division Clerk (LDC), 48 Peons and 1 painter during the period 1996-99 against the sanctioned strength of 4 Deputy Directors, 18 UDC, 18 LDC, 18 Peons and painter nil which resulted in excess entertainment of 1 Deputy Director, 8 UDC, 17 LDC, 30 Peons and 1 painter (details in Appendix - XXIII). This resulted in avoidable extra expenditure of Rs.27.03 lakh towards their pay and allowances. No action was taken by the departments to transfer these excess staff to deficit areas as yet. The reason for excess entertainment of staff had also not been furnished.

3.1.7 Monitoring and Evaluation

Though a State level monitoring cell had been created (in 1995) in the Directorate it did not start functioning till the date of audit (June 1999). Thus, the implementation of different schemes in the state had not yet been monitored which is essential for functioning of the schemes for the period from 1996-97 to 1998-99.

State level evaluation had not been conducted on the functioning of the schemes by the department since its inception.

The matter was referred to the Government (July 1999); reply was awaited (December 1999).

3.1.8 Recommendation

- Efforts should be made to utilise the funds to achieve the targets fixed by the department.
- The targets should be based on norms and unauthorised retention of funds to be avoided.
- A close monitoring of production targets should be ensured.

* Tawang, Bomdila, Ziro and Papumpare.

CIVIL SUPPLIES DEPARTMENT

3.2 PUBLIC DISTRIBUTION SYSTEM INCLUDING REVAMPED PUBLIC DISTRIBUTION SYSTEM AND TARGETED PUBLIC DISTRIBUTION SYSTEM IN ARUNACHAL PRADESH

Highlights

The main objective of the Public Distribution System (PDS) was to ensure regular supply of essential commodities like wheat, rice, sugar, edible oils and kerosene etc. at reasonable prices particularly to the weaker sections of the society.

It was seen that the scheme was not fully implemented in the State due to defective budgeting as Rs.11.67 crore (Revenue – Rs.8.07 crore, Capital – Rs.3.60 crore) remained unutilised during 1992-99 and short lifting of 1.09 lakh tonnes of PDS commodities valued Rs.60.47 crore allotted by the GOI which led to distribution of the same below the prescribed scale depriving the beneficiaries of the intended benefit of the scheme. The scheme further suffered due to issue of 4079 bogus ration cards and the Government sustained a loss of Rs.3.48 crore. Due to non-settlement of dispute between the State Government and the FCI, claims for freight charges valued Rs.12.74 crore by the whole sale remained outstanding against FCI which had affected the financial position of the whole sellers in lifting PDS commodities and proper implementation of the scheme due to non-lifting of the same.

Defective budgeting led to non-utilisation of fund to the extent of Rs.11.67 crore (Revenue – Rs.8.07 crore and Capital – Rs.3.60 crore).

(Paragraph 3.2.3)

Loss of Rs.3.48 crore on account of food grains issued to the consumers through 4079 bogus ration cards.

(Paragraph 3.2.4.2)

Out of 8.18 lakh tonnes of food grains allotted by the GOI during 1992-93 to 1998-99, the State lifted only 7.09 lakh tonnes. Short lifting of 1.09 lakh tonnes valued Rs.60.47 crore led to distribution below the prescribed scale depriving the beneficiaries of the intended benefit of the Scheme.

(Para 3.2.4.3(iii))

Misappropriation of PDS commodities amounting to Rs.38.78 lakh were kept pending for settlement for a period ranging from 1 to 9 years.

(Para 3.2.4.3(iv))

Sale of 2932.29 tonnes of rice (additional quota) at higher rate by adding transportation cost of Rs.19.53 lakh was actually passed to consumers.

(Para 3.2.4.3(v))

Claims for reimbursement of freight charges valued Rs.12.74 crore for the food grains transported by the wholesalers remained outstanding for a period ranging from 5 months to 62 months which had affected the financial position of the wholesalers in lifting the PDS commodities and proper implementation of the scheme.

(Para 3.2.4.4)

Utilisation of mobile FPS vehicles for transportation of PDS items from FCI godowns to wholesale nominee's godown and to FPS on hire/lease basis frustrated the very purpose of the scheme. Besides, the Department had not repaid any instalment of loan of Rs.79.32 lakh which invite extra liability of Rs.44.48 lakh to the State Government on account of penal interest.

(Para 3.2.4.5(i))

3.2.1 Introduction

Area of the State	:	83,743 sq. Km.
Population	:	11,25,083 (Rural – 9,81,906 Urban – 1,43,177)
Districts, Blocks, Gram-Panchayats	:	13, 56, 2012.
Schedule caste/schedule tribe-population, tribal blocks, if any	:	Schedule Caste – 5,244 Schedule Tribe – 7,12,374
Agri-production of main cereals-		1992-99
wheat, rice, coarse-cereals	:	Rice – 5,18,524 MT
		Wheat – 46,023 MT
		Coarse Cereals – 4,63,425 MT
Food – deficit/surplus state	:	Food deficit

P.D.S. :-

Number of fair price shops (F.P.S.)	:		1,023
Ration cards-number of house holds and ration cards issued	:	<u>1997-98</u> TPDS -	<u>1998-99</u> 88,720 nos.
		RPDS-	2,07,460, 2,73,527 nos.

(ii) Objective of P.D.S.

In order to eliminate leakages and malpractices that had crept into the system, Government decided in 1992 to revamp the PDS so that its benefits may reach to those sections of the people who need them most. The Revamped Public Distribution System (RPDS) was started in June 1992 for tribal, arid, hilly, drought prone and remotely located areas. The issue price of food grains under the RPDS was kept lower by Rs.50 per quintal than the price fixed for normal PDS. The retail price of food grains under RPDS was not to exceed the central issue price (CIP) by more than 25 paise per kg. Under the RPDS food grains at the rate of 5 kg per head subject to a maximum of 20 kg per family per month was to be distributed.

As the Evaluation Study made by the Planning commission in 1995 found the RPDS deficient in terms of proliferation of bogus ration cards, inadequate storage arrangements, ineffective functioning of Vigilance Committees and failure to issue ration cards to all eligible households and to serve the people below poverty line (BPL), Government introduced (June 1997) the scheme of Targeted Public Distribution System (TPDS). Under this scheme the States were to identify families living below poverty line (BPL) who would be issued special ration cards and supplied 10 kg food grains per family per month at a price less than CIP. Population above poverty line would continue to get the food grains at normal CIP. Besides subsidised food grains were also to be issued to all beneficiaries under various central/state sponsored schemes like Employment Assurance Scheme, Jawahar Rozgar Yojana and Mid-Day-Meal.

3.2.2 Audit Coverage

The working of the PDS for the period from 1992-93 to 1998-99 was reviewed in audit (February-April 1999) covering 4 districts out of 13 districts involving a population of 4.15 lakh, (37 per cent of the total population of the state 11.25 lakh) by test check of records in the offices of Director of Civil Supplies, Naharlagun and four District Supply Officers Papumpare, Dibang Valley, Lohit and Tirap Districts. Results of test check are indicated in the succeeding paragraphs.

The services of the ORG Centre for Social Research, a division of ORG-MARG Research Limited were commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample, determined on the basis of socio-cultural characteristics and development status. Significant findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

3.2.3 The Finance and Expenditure

Expenditure on procurement of PDS items at CIP was to be initially borne by the authorised wholesalers who recover the cost from consumers through FPS. Subsequently the element of central subsidy representing the difference between the CIP and the actual price charged to the consumers and the Transport Subsidy is claimed from GOI through FCI. The Scheme also provides for financial assistance for construction of godowns for storage of food grains and purchase of mobile vans for door step delivery at 50 per cent subsidy and 50 per cent loan basis. The Budget provision and expenditure incurred during the period for 1992-93 to 1998-99 were as follows :-

Year	Revenue Section			Capital Section		
	Budget Provision	Actual expenditure	Excess(+) Savings(-)	Budget Provision	Actual expenditure	Excess(+) Savings(-)
	(Rupees in lakh)			(Rupees in lakh)		
1992-93	200.30	179.71	(-) 20.59	-	-	-
1993-94	216.66	208.56	(-) 8.10	-	-	-
1994-95	228.72	230.99	(+) 2.27	0.35	NIL	(-) 0.35
1995-96	467.11	351.97	(-)115.14	247.37	148.18	(-) 99.19
1996-97	1299.65	1171.92	(-)127.73	593.58	485.70	(-)107.88
1997-98	1366.05	1271.22	(-) 94.83	471.00	387.97	(-) 83.03
1998-99	1335.78	893.32	(-)442.47	347.00	277.63	(-) 69.37
Total	5114.27	4307.68	(-) 806.59 (22%)	1659.30	1299.48	(-) 359.82 (16%)

Persistent significant savings between the Budget provision and actual expenditure showed that estimates of expenditure prepared even in March (at the time of proposing surrender of provision) were defective and the control over expenditure was inadequate.

Defective budgeting resulted in non-utilisation of fund to the extent of Rs.11.67 crore

Failure on the part of the controlling officers to surrender the entire savings resulted in the amount remaining unutilised and the Finance Department was consequently unable to re-allocate such savings to other Department, where funds would have been required.

3.2.4 Implementation

3.2.4.1 Identification of beneficiaries/target Group

In case of TPDS identification of beneficiaries was to be made by conducting surveys adopting methodology of expert group and involving the Gram Panchayats/Sabhas to ensure that only the persons belonging to really

poor and vulnerable sections of the society are selected (The income of the BPL family was to be less than Rs.15,000 per annum).

Identification of BPL beneficiaries were not done as per GOI Guidelines.

The benefit of the schemes was extended to 3.62 lakh families in thirteen Districts of the State as of March 1999. Out of 3.62 lakh families, BPL beneficiaries were 0.88 lakh families. It was however, revealed that identification of BPL families was done on the basis of survey conducted by the DRDA's of the State. It was also seen that DRDA's of the State selected the BPL beneficiaries by taking into account one consideration that income of the beneficiaries should not exceed Rs.11,000 per annum as against Rs.15,000 per annum there by depriving the target group of beneficiaries falling in the income group of Rs.11,000 to Rs.15,000. For this, neither any expert group was formed nor the Gram Panchayats/Sabhas were involved in selecting the beneficiaries in order to ensure that only the persons belonging to really poor and vulnerable sections of the society are selected. Basis on which the survey was conducted was also not available on records or stated. Thus, the methodology adopted in selecting the BPL beneficiaries by the DRDAs without involving expert group or Gram Panchayats and its reliability were not in conformity with the guidelines issued by the GOI.

3.2.4.2 Ration Cards - Elimination of bogus ration cards and population coverage

(i) The Government introduced (June 1997) the scheme of Targeted Public Distribution System (TPDS). Under this scheme, the states were to identify families living below poverty line (BPL) who would be issued special ration cards and supplied 10 kg food grains per family per month at a price less than CIP. It was however, noticed that the benefit of the scheme was extended to all the 3.62 lakh families in 13 Districts of the State as of March 1999 on the basis of survey conducted by the DRDAs of the State. The Department in September 1999 stated that no survey was conducted by the Department for identification of BPL beneficiaries. In the absence of proper survey and investigation, the selection of BPL beneficiaries was irregular and unauthorised and may give scope to issue special ration cards to unauthorised person.

Loss of Rs.347.83 lakh due to issue of 4079 bogus ration cards

During 1992-93 to 1998-99, the Department detected and eliminated a total of 4079 bogus ration cards (detailed in **Appendix-XXIV**) and stated (March 1999) that PDS items were issued only on production of valid ration cards. Department's contention is not acceptable because until detection, bogus cards were in existence and 5,093.36 tonnes of rice, 310.67 tonnes of wheat and 195.65 tonnes of leavy suger valued Rs.320.81 lakh (Rice - Rs.293.01 lakh, Wheat - Rs.10.20 lakh and levy suger - Rs.17.60 lakh) were issued against those bogus ration cards during 1991-99. Further, the GOI unnecessarily reimbursed the subsidy claim of Rs.27.02 lakh (Rice - Rs.25.47 lakh and Wheat- Rs.1.55 lakh) raised by the FCI for issue of food grains at subsidised rate. Thus, the Government sustained a loss of Rs.347.83 lakh (Rs.320.81 lakh + Rs.27.02 lakh) due to inaction on the part of the Department to detect these bogus ration card in time. The responsibility for such lapses had not yet been fixed by the Department (September 1999) and the reason thereof was not on record.

Besides, detection of bogus ration cards by the Department, the ORG MARG survey revealed that 9,594 households (covering a population of 55,200 individuals) were not issued ration cards but procured PDS commodities from FPS. Further 15 **percent** (35978 families covering a population of 2.07 lakh) out of total 2.39 lakh household (covering a population of 13.79 lakh) remained uncovered under the PDS as they were neither issued ration cards nor procured the PDS commodities and 6 **percent** of the household (covering a population of 82748) had not procured PDS commodities though they had ration cards.

3.2.4.3 Requirement, allotments, lifting and distribution of essential commodities

The implementation of the Scheme was the joint responsibility of both the GOI and State Government. While the responsibility of the Central Government was to procure, store and transport PDS items upto Central godown, the State Government was responsible for lifting from Central godowns and distribution to consumers through a network of FPS. Monitoring, inspection and enforcement of legal provisions was vested with the State Government.

Scrutiny of records relating to implementation of the Scheme disclosed the following :

(i) Production, Requirement and Allotment of food grains

Allocation of food grains (Rice and wheat) for PDS from the Central Pool is made by GOI on a month to month basis taking into account the over-all availability of stock in the Central Pool and demand raised by State Government.

Scrutiny of records revealed that yearly demand was not raised regularly and properly. Whenever, demand was raised, projection was based on feeding strength and scales of ration, without taking into consideration seasonal fluctuations in production of food grains and customary habit of tribal people during post harvesting period. Allotment of food grains was, however, maintained from central pool and over-all deficiency in production of food grains in state was neutralised (Rice : 196 to 500 **per cent**, Wheat : 57 to 106 **per cent**). Details are shown in the **Appendix – XXV**.

(ii) Unrealistic assessment of requirement

The total requirement of rice for distribution under the scheme for the period 1992-93 to 1998-99 worked out to 7,05,790 MT. However, the State had raised demand of only 5,27,820 MT which was far below their requirement as per (details in **Appendix – XXVI**). The assessment was unrealistic and not based on actual requirement. The Department had not intimated the reasons for unrealistic projection of demand.

(iii) Short off-take of PDS commodities

The total population of the State, according to the census of 1991, was 8.65 lakhs. However, as of March 1999, PDS was covering a population of 11.25 lakhs indicating an increase of 2.60 lakhs over a period of seven years, i.e. annual average increase of about 0.37 lakh.

Demand for food grains was not raised regularly by State for reasons not on record. Food grains allotted from Central Pool were not lifted by State to the fullest extent.

Allotment from Central pool, off-take and distribution of PDS Commodities to consumers etc. and central issue price and issue price of PDS commodities are given in **Appendix – XXVII and XXVIII**.

Short off-take of 1.09 lakh tonnes of PDS commodities valued Rs.60.47 crore resulted in depriving the beneficiaries of the intended benefit of the scheme.

During 1992-99, there was a short off-take of 93,181.49 tonnes (Rice) (APL – 92,832.54 MT, value Rs. 53.24 crore, BPL – 348.95 MT – value Rs.0.13 crore), 12,755.79 tonnes of Wheat(APL – 11,215.79 MT – value Rs.3.70 crore, BPL – 1,540 MT value Rs.0.36 crore) and 2968.53 MT of Levy Sugar (value Rs.3.04 crore) by appointing wholesale nominees which directly contributed to less issue of PDS commodities to consumers. Off-take of food grains (Rice, Wheat) declined though feeding strength of State showed increasing trend. Lifting of less food grains from Central Pool resulted in less distribution of food grains below the prescribed scale (Details in **Appendix - XXIX**). Test-check of distribution of foodgrains revealed that during the period 1992-99 shortfall in distribution as against the prescribed scale ranged from 0.2 to 1.4 Kg, 3.49 Kg to 3.59 Kg and 0.075 Kg to 0.175 Kg p.m. per person in case of rice, wheat and sugar respectively. Due to non-lifting of allotted quota in full, short lifted quantities of PDS commodities valued Rs.60.47 crore eventually lapsed after 60 days of allotment. The Department did not make any attempt to revalidate the short lifted quantities for the subsequent years as a result of which the consumers were not benefited till 1996 though RPDS was in operation and thus, thereby depriving 1,62,283* consumers during the period from 1992-93 to 1996-97 of the intended benefit of the scheme. Short drawal of PDS commodities by the whole sellers ranged between 0.49 **per cent** and 33.08 **per cent** over allocation from central pool during 1992-99.

Short offtake of PDS commodities was attributed (September 1999) to disruption of surface communication during rainy season, FCI labour strike and non-extending of cash credit facilities by the State Government. Non-availability of stock with the designated FCI depots within the month of allocation and shortage of fund with the wholesale nominees. Reply is not tenable on the ground that the problem of transport communication in rainy season was a common problem of the State but the Department failed to

* Rice	-	7,27,03,251 Kg	Requirement of consumers	=	8.61 Kg
per month					
Wheat	-	98,94,095 Kg	Annual requirement	=	103.32 Kg
Levy sugar	-	<u>12,38,133 Kg</u>	Requirement for 5 years	=	103X 5 Kg
		8,38,35,479 Kg		=	516.60 Kg
			Number of consumers	=	1,62,283

arrange buffer stock of food grains in disrupted areas by lifting of allocated quota before rainy season especially when FPS also continues to function during rainy season in disrupted areas.

(iv) Misappropriation of PDS Commodities

Misappropriation of PDS commodities valued Rs.38.78 lakh were kept pending for settlement for a period ranging from 1 to 9 years.

Test-check (February 1999) of the records of the Directorate and the Assistant Register of Co-operative Societies, Khonsa revealed that misappropriation of PDS commodities (Rice - 5094.63 quintals, Wheat - 107 quintals and Sugar - 42 quintals) valued Rs.38.78 lakh (Directorate - Rs.34.08 lakh, ARS, Khonsa - Rs.4.70 lakh) were detected by the concerned authorities during the period from October 1995 to March 1999. The misappropriation took place during the period from April 1990 to September 1998 and FIR was also lodged against two employees of the Co-operative Societies*. It was however seen that although 3½ years had elapsed, the investigation against the two employees of Co-operative Societies had not been completed by the concerned police authorities and no disciplinary proceedings had also been initiated against the delinquent officials who misappropriated the PDS commodities valued Rs.38.78 lakh. Further development was awaited (April 1999).

Audit analysis revealed that misappropriation was facilitated due to improper maintenance of Stock Ledger by the Federation viz. (i) In certain cases, stock drawn from FCI and issue made therewith are not entered by the store keeper (ii) the entries in the Stock Ledger were never authenticated either by the store keeper or by the writer of the book (iii) the entries were also never checked by the officers of the Federation. Lack of monitoring and proper supervision by the officers of the Federation over the work of his sub-ordinates as also non-maintenance of Register showing the month-wise allocation of PDS commodities by different DCs and issue to be made to different FPS by the Federation also led to misappropriation. It was also noticed that goods despatched to different godowns of the Federation were also not acknowledged by the concerned godown keeper and the Store Keeper of the Federation also did not pursue the same. Thus, non observance of rules facilitated the misappropriation of Rs.38.78 lakh.

Government stated (September 1999) that the matter is under investigation. Further development is awaited (December 1999).

(v) Sale of additional quota of rice at higher rate

Transportation charges amounting to Rs.19.53 lakh was passed on to consumers.

Test-check of records of three districts (Dibang Valley, Lohit and Tirap) revealed that during the period from December 1997 to February 1999 an amount of Rs.19.53 lakh being transportation charges was passed on to the consumers on selling of 29,322.88 quintals of rice from additional quota released to the state.

In support of transportation charges levied to the consumers, the Department stated (March 1999) that since Hill Transport Subsidy (HTS) was not allowed

* (1) M/S Arunachal Pradesh Co-operative Marketing and Supply Federation Limited
(2) Nocte Lamp Limited, Khonsa.

by the FCI on additional quantity of rice, cost of transportation was thus passed on to the consumers. The reply is not tenable on the ground that Ministry of Food and Consumer Affairs, GOI in May 1998 clarified that HTS/RTC in respect of additional allocation of rice at APL rate be claimed only where the transportation charge is not passed on to the consumers. Thus, the Department without exploring the possibility of getting reimbursement of transportation charges under HTS, unnecessarily overburdened the consumers to procure PDS commodities at higher price. The crucial objective of the programme to provide PDS items at fair price was, therefore, not achieved.

In reply, the Government stated (September 1999) that the matter was under correspondence with DC Tezu/Khonsa and ADC, Roing. Further development is awaited (December 1999).

(vi) Excess/less drawal of PDS items by FPS

Test-check of records of the Directorate revealed excess/less drawal of PDS items to the extent of 580.36 qtl. rice (excess), 2.075 Qtl. sugar (excess), 30.645 qtl. wheat (less) and 3.80 qtl. iodised salt (less) by FPS dealers during 1992, 1993 and 1995 (as detailed in the **Appendix-XXX**). Drawal of rice and sugar by FPS in excess of feeding strength and allotment would lead to probable diversion of FPS commodities in the open market, while less drawal deprived a section of consumers from essential commodities.

Government stated (September 1999) that information under excess drawal of food grains was under collection from DSO, Changlang and Roing and final position will be intimated on receipt of the same (December 1999).

(vii) Allocation of food grains to non-existent FPS - Diversion thereof

From the Departmental inspection reports (March 1998) maintained at the Directorate, it was seen that one FPS dealer of Pistana having no FPS building or godown for storage of PDS items had drawn rice : 605.00 quintals, Atta : 12.00 quintals, Sugar : 27.00 quintals and iodised salt : 18.00 quintals for distribution to 1865 nos. population of 12 nos. of villages but did not issue the same to consumers. It was also noticed that no ration cards were also issued against this population. The irregularities occurred as the Deputy Commissioner of Lower Subansiri District neither took proper care to check the location of the FPS, its building and storage godown before issue of dealership licence to the FPS dealer nor checked the number of ration cards allotted to the dealer and number of population involved before allocation of dealership/food grains to the dealer. The Director (April 1998) also expressed his doubt that the entire stock was sold enroute to the market.

However, the DC, Lower Subansiri issued show cause notice to M/s T. Hima FPS, Pistana (March 1998) and cancelled the dealership licence (April 1998). There was nothing available on record as regard lodging of FIR to police, investigation report, final settlement of the case, if any. Further development was awaited (December 1999).

viii) Unauthorised issue of PDS items on personal slips

Test-check of records of the Directorate revealed that 127.06 qtl. rice, 4.28 qtl. sugar and 0.07 qtl. atta were issued to individuals including MLA and Vice President of Anchal Samity against slips as detailed in **Appendix-XXXI**.

The issues were made to individuals like Headmaster of ME school, teachers, junior engineers, Anchal Samity members, MLA etc. on the basis of their personal slips and not on DC's special permit and thereby depriving 1526* consumers for the month.

Government stated (September 1999) that District authority has been directed to issue necessary instructions not to entertain such unauthorised slips.

3.2.4.4 Transportation of food grains

Transportation of PDS items from FCI Department to declared PDC and its FPS locations are made by appointed carriage contractors (wholesale nominees) who are appointed by the Deputy Commissioner of the concerned districts. FCI bear the cost of transportation in the form of Hill Transport Subsidy/Road Transport Charges upto PDC of the Districts. Payments are released by the FCI to concerned DCs/ADCs for disbursement to the carriage contractor/District nominees.

Rate for transportation of food grains under PDS were fixed by the concerned DC/ADC of the district after inviting open tender with the approval of the State Government. Food grains are handled at three stages viz. (i) at FCI level (ii) at wholesale godown level and (iii) FPS level. The State Government is not paying to the carriage contractor (wholesale nominees) the transport charges in advance before seeking reimbursement of the claims by the carriage contractors from FCI.

It was seen during test check that freight bills submitted for the period from May 1992 to March 1999 to the 4** FCI branches valued Rs.12.74 crore and anticipated liabilities of Rs.12.26 crore as worked out by the Government for the period upto August 1999 for reimbursement of Hill Transport Subsidy from the concerned FCI were yet to be finalised/reimbursed by the FCI (December 1999).

The reason for non-reimbursement of freight bills of wholesale nominees by the FCI was attributed to for want of requisite certificate from the State Government regarding Voucher Number/Cheque Number through which payments were made and the vehicle numbers through which deliveries were made and actual transportation of food grains. However, the dispute between the State Government and FCI about furnishing of Voucher Number and

* Rice - 12.706 Kg Sugar - 428 Kg. Atta - 7 Kg.
Total $\frac{13141}{8.61}$ Kg = 1526 consumer

** DM, FCI, Tezpur - Rs.2.75 crore, DM, FCI, Papumpare - Rs.0.69 crore, DM, FCI, North Lakhimpur - Rs.7.01 crore and DM, FCI, Dibrugarh - Rs.2.29 crore.

Cheque Number through which payments were made were settled in the standing committee meeting held at Gangtok in May 1999 wherein it was decided that no certificate is required as the payments to the nominee/carriage contractor was made by the State Government only after receipt of reimbursement from FCI and a decision has also been taken to furnish certificates by the State Government in respect of Vehicle Number through which items were carried from FCI and delivery made at PDC and its enroute locations.

The freight reimbursement claim of Rs.12.74 crore remained outstanding against FCI for a period ranging from 5 to 62 months.

Till the date of audit (September 1999) the Department did not take any proper action to submit the claims in proper manner i.e. by mentioning vehicle No. etc. through which actual transportation of food grains made by the carriage contractors and the reason thereof had not been furnished (September 1999). Thus, the freight reimbursement claim of Rs.12.74 crore remained outstanding against FCI for a period ranging from 5 to 62 months due to delay in settlement of dispute about the mode of payment of freight reimbursement claim with the FCI.

This had affected the financial position of the wholesale nominees for meeting the cost of lifting of food grains for the subsequent period and this is the main reason for short-lifting of food grains by carriage contractors (whole sale nominees) as per allotment quota made by GOI which ultimately led to adverse effect in implementation of the scheme.

3.2.4.5 Infrastructure facilities

Financial Assistance released by the GOI in the form of grants and loan (50 per cent grants and 50 per cent loan) during the period from January 1993 to February 1997 for procurement of mobile vans and construction of godowns and their utilisation is indicated below :-

Sl. No.	Period	Purpose for which given	Release		Actual utilisation	
			Grant	Loan	Grant	Loan
(in lakh of rupees)						
(i)	November 1993 to February 1997	For procurement of 20 mobile vans and 14 trucks with a view to strengthening PDS through operation of mobile FPS and stepping up door step delivery system in remote and far flung areas.	79.32	79.32	79.32	79.32
(ii)	January 1993 to March 1994	For construction of 47 godowns (capacity - 4700 tons)	13.85	13.85	11.85	11.85
		Total	93.17	93.17	91.17	91.17

Details regarding mode of repayment of loan and rate of interest per annum (including penal interest) are also indicated in **Appendix -XXXII and XXXIII**. Review of the items mentioned above disclosed the following :-

(i) Mobile vans

Non-repayment loan of Rs.79.32 lakh to the Government of India resulted in extra liability of interest payment at higher rate (Penal rate) amounting to Rs.44.48 lakh.

All the 34 vehicles, were purchased at a cost of Rs.158.64 lakh during the period from November 1993 to March 1997 and attached to the District officers except one attached to the ADST, Mohanbari and another one retained by the Directorate for misc. field duties in connection with PDC. These vehicles were to be utilised for transportation of PDS items from designated FCI depots to PDS and as mobile FPS. Review of the performance of the vehicles of three districts (Pamumpare, Lohit and Tirap) however, revealed that three vehicles attached to Lohit district and one attached to Papumpare were leased out to carriage contractor and wholesale nominee respectively on rent basis while two vehicles attached to Tirap district were utilised for transportation of PDS item from wholesaler's location to FPS locations on hire basis. It was thus evident that the vehicles were not utilised as mobile Fair Price Shop for which these were purchased and thus frustrated the purpose of mobile fair price shop to cater to transportation of PDS commodities to remote and farflung areas where no FPS existed.

Further, against the loan of Rs.79.32 lakh, not a single instalment of loan/interest had been repaid by the State Government, though revenue of Rs.20.57 lakh was earned by the Department (upto March 1998) through hire charges of these vehicles and credited the same into Government account. Since default in repayment entailed penal interest, the Department accrued an extra liability of interest payment of Rs.44.48 lakh (including penal interest). The details are given in Appendix - XXXII.

Government stated that most of these vehicles were leased out to wholesale nominees/carriage contractors for transportation of PDS items from FCI depot to PDC/FP shops at hire basis. Door step delivery was not possible as the PDS commodities were transported upto the FP shop from where the consumers collect their requirements and thereby catering the needs of the people of remote and uncovered areas. Reply remained silent regarding transportation of PDS commodities where no FPS existed.

As regards repayment of loan, the Government stated (September 1999) that the matter was referred to Finance Department for clarification. Further development is awaited (December 1999).

(ii) Construction of godowns

Total capacity of godowns required for management of PDS in the state was estimated at 20,000 tonnes. Against this requirement, the State Government completed construction of 47 godowns (capacity :4700 tonnes) by 1997-98 out of its own resources and 3 godowns (capacity :600 tonnes) by 1994-95 out of central assistance of Rs.27.70 lakh. Average monthly requirement of PDS commodities (Rice, wheat and Levy sugar) for the State during 1997-98 was about 10,000 MT. Available space for management of PDS commodities was worked out as 5,300 MT. Though there was a shortage of space for management of PDS committees about 4700 MT (10,000 MT - 5300 MT) it

was however seen that the Department did not utilise grants and loans released by the GOI for construction of godowns in proper manner.

Besides, the department had not repaid any instalment of loan of Rs.13.85 lakh which resulted in extra liability of Rs.10.34 lakh to the State Government on account of penal interest.

3.2.4.6 Man power training

The scheme envisages providing training to officials of the State Government to improve management of PDS by holding workshops and seminars for senior level officers. The department arranged 9 (Nine) training programmes during 1992-93 to 1998-99 for 166 Officers at the Directorate Head Quarter and 9 (Nine) programmes during 1992-93 to 1996-97 for 30 Officers outside the state at a cost of Rs.0.35 lakh. But it was seen that the programme of training had never been evaluated in order to ascertain the efficiency/short comings of the trainees. Thus, the objective of the programme remained unassessed (February 1999).

In reply, the Government stated (September 1999) that audit observations are noted for future guidance and evaluation of the candidates would be carried out in future (November 1999).

3.2.4.7 Quality Control, Inspection and Vigilance

(i) Quality Control

It is the primary objective of PDS that the food grains distributed to consumers are of good quality and fit for human consumption. It was however, seen that no sample of PDS commodities was drawn and tested during 1992-99 either from FCI godowns or from whole sellers godown/FPS in order to ascertain that the PDS commodities supplied to the consumers are of good quality and no such laboratory was set up for this purpose. The department also did not fix any norms/targets for drawing of sample and testing in respect of PDS commodities. The reason thereof had not been furnished (September 1999).

Thus, the quality aspect of food grains under PDS remained unassessed (September 1999).

ORG Marg Survey also indicated that 14 **per cent** population in Urban areas and 25 **per cent** in rural areas felt quality of rice not acceptable and 61 **per cent** felt quality of rice is average/mostly poor. Most of the people, however, were unaware or could not say about the quality of wheat and edible oil available through ration shops, due to low purchase incidence.

(ii) Inspection

Regular inspection of FPS was prescribed (October 1985) as a measure to ensure non-pilferage of PDS items and that FPS dealers follow the instruction/guidelines of the Government in the best interest of consumers. Monthly targets of inspection by the DC upto the level of sub-Inspector of

supply was required to be fixed and inspection reports showing corrective measures taken on irregularities noticed, were also required to be submitted to the Directorate.

Against the target for inspection, during 1992-93 to 1998-99 (Details in **Appendix - XXXIV**) achievement was very low and ranged from 6.03 per cent to 25.09 per cent. The reason for such low achievement had not been furnished (April 1999).

Test-check of records of District Supply Officers (Papumpare, Dibang Valley, Lohit and Tirap) as well as the records of the Directorate revealed that apart from keeping some copies of inspection report, no systematic records were maintained to ensure if targets were achieved and corrective measures taken on irregularities noticed and inspection reports were regularly submitted to the Directorate. At the Directorate level also, regular inspection of FPS by District Level Officers was not monitored.

The Directorate of Civil Supplies, instructed (October 1993) all concerned to complete inspection as per the target fixed. Records of the Directorate, however, did not show (i) if any follow-up action had been taken to ascertain the reason for shortfall and (ii) latest position of inspection of FPS. The shortcomings of the FPS thus, largely remained undetected.

(iii) Vigilance

According to guidelines issued by the Ministry, vigilance committees are to be constituted at the level of FPS, Block, District and State in order to ensure non-pilferage of PDS commodities.

Test-check of records of the Directorate and 3 field officers (DSO, Tirap, Lohit and Papumpare) revealed that though Vigilance committees were formed, no information regarding date of holding of meetings and minutes thereof were available in these offices due to non-maintenance of records. The reason thereof had not been furnished. Thus, in the absence of records, it could not be verified whether the Vigilance committee meetings were held regularly to watch over functioning of FPS and follow up action on the minutes of the meetings were taken.

In reply, the Government stated (September 1999) that the District Authorities were instructed to assist the FPS level vigilance Committees to hold meetings and to record its minutes.

3.2.4.8 Monitoring and evaluation

No monitoring system was evolved to ensure proper implementation of the scheme and to assess the achievement of the objectives of scheme.

Monitoring of the scheme at the state level was inadequate in as much as (i) no committee of Ministers was formed, (ii) minutes of the village, Block, District, State Level Committees and Vigilance committee meetings held at different level were neither sent nor called for and examined by the Directorate to ascertain functioning of these committees and (iii) regular inspection of FPS as per target were not conducted.

It was also noticed that delay in submission of monthly returns to the Directorate from the field varied between 2 days to 63 days and to the GOI varied between 10 days to 359 days. The reason for such omission had not been stated (December 1999).

Evaluation of the scheme as a whole was not done and thus impact of the scheme remained unassessed.

3.2.5 Recommendations

1. Identification of beneficiaries to be conducted by adopting proper methodology and ration cards to be issued after identification of BPL beneficiaries.
2. Inspection, Vigilance and evaluation mechanism to be strengthened.
3. Immediate steps be taken to settle the dispute between the Department and FCI about the mode of reimbursement of transportation charges of PDS commodities claimed by the whole sale nominees as also explore the possibilities of repayment of the outstanding loans.

EDUCATION DEPARTMENT

3.3 NUTRITIONAL SUPPORT FOR PRIMARY EDUCATION (NSPE)

Highlight

The nutritional support to all the enrolled children in primary classes as envisaged under the scheme could not be provided at the prescribed scale for 10 academic months in each year during 1995-96 to 1998-99 due to departmental failure to lift the full allotted quota of rice in any year as a result of which the scheme was not implemented in six districts in 1995-96 and 10 districts in 1997-99 and partially implemented in the State during 1995-99. Thus, objectives of the scheme remained unachieved in the State due to implementation of the scheme in a very tardy manner owing to non-settlement of the dispute between the State Government and the DRDAs about the mode of payment of reimbursement claim of transportation charges for lifting the food grains by the wholesale nominees. The scheme failed miserably due to non-lifting of 84 per cent of allotted quota of rice though the demand is placed as per requirement of enrolled children.

Out of 13 districts, the scheme was not implemented in 6 districts in 1995-96, 10 districts during 1997-99 and was partially implemented during the period and the quantity of rice distributed to the students was far less than the prescribed norm.

(Paragraph 3.3.5.1(i) and (ii))

Against allotment of 1,24,736.57 quintals of rice during 1995-96 to 1998-99, 1,04,966.57 quintals of rice valued Rs.10.05 crore lapsed due to departmental failure to arrange lifting of the quantity as the fund for transportation of food grains from FCI godown to school were not provided by DRDA's and further impact of assessment of caloric value of food grains (rice) remained unassessed.

(Paragraph 3.3.5.2)

4857.18 quintals of rice valued Rs.41.50 lakh out of 18,164.46 quintals lifted from FCI godowns had not been delivered by the transport agencies due to non-payment of transport cost in advance.

(Paragraph 3.3.5.3 (a))

Monthly attendance reports of students, monthly reconciled statements of food grains lifted and distributed along-with end user certificate to be submitted once in a quarter to GOI but these were not submitted.

(Paragraph 3.3.6)

No evaluation of the scheme was even conducted by the Government either by themselves or through any independent agency.

(Paragraph 3.3.8)

3.3.1 Introduction

With the objective of giving a boost to “Universalisation of Primary Education” by increasing enrolment, retention and attendance in schools and simultaneously, by impacting on nutrition of students in primary classes, GOI Ministry of Human Resources Development (MHRD), Department of Education launched (August 1995) the scheme (NSPE). The scheme, popularly known as Mid-day meals scheme having a caloric value of 100 grams of wheat/rice per day to all schools, envisaged coverage of all primary schools run by State government/local bodies or aided by government and the issue of food grains is subject to 80 **per cent** attendance of every student per month. In Arunachal Pradesh all the Government primary schools (class I to V in Arunachal Pradesh) for 10 academic months in a year were brought under the purview of the scheme since inception as there were no local body and Government aided primary schools in the State.

As per the scheme, local bodies were expected to develop institutional arrangements for providing cooked/pre-cooked food within a period of 2 years from the date of commencement of the programme in local areas. But in the State of Arunachal Pradesh, no such institutional arrangements had yet been developed for providing cooked/pre-cooked food (August 1999). The concerned schools only distribute rice to the children as per provision of the scheme.

3.3.2 Organisational set-up

Under the scheme, a committee under the chairmanship of the Chief Secretary, and the Secretary, Education Department as member Secretary is to monitor the progress of the programme. But no such committee had been formed, reasons thereof not being on record. At the State level, the Education Department is designated as the Department responsible for implementation of the programme. However, at the State level the Directorate of school Education, Naharlagun was entrusted with allotment, release and lifting of food grains. At the District level, the Deputy Commissioner is responsible for collection of food grains from the FCI godowns and arranging transportation and distribution thereof to blocks/schools based on entitlement of individual

schools. At the field level, the responsibility for distribution of food grain to schools was vested with the respective Block Development Officers but none of the blocks/DRDAs played any role in the implementation of the scheme though envisaged.

3.3.3 Audit coverage

The records of the Director of school Education, Food Corporation of India (Regional Office), Guwahati and District Manager, Food Corporation of India, North Lakhimpur, 4 Deputy Director School Education (DDSE) and 2 Deputy Commissioners (Pasighat and Along) and 12 primary schools under 2 Districts (West Kameng and East Kameng) pertaining to the periods from 1995-96 to 1998-99 were test-checked during the period May-August 1999. Important points noticed are discussed in the following paragraphs.

3.3.4 Funding pattern

The scheme provides 100 **per cent** Central assistance to meet (i) economic cost of food grains (rice/wheat) supplied free of cost by the Food Corporation of India (FCI) to the implementing agencies and (ii) cost of transportation of food grains to schools from the nearest FCI godowns/depot at prescribed rates. Initially, expenditure on transportation is to be borne by the District Rural Development Agencies (DRDAs) and the same will be reimbursed by the GOI at Rs.25.00 (upto May 1997) and thereafter at Rs.50.00 per quintal.

The DC East Siang district, Pasighat also being the chairman of DRDA, expressed his inability (December 1996) to meet the expenditure on transportation due to acute shortage of fund.

3.3.5 Implementation

3.3.5.1 Physical target and achievement

No target with regard to increase in the enrolment and reduction in the rate of dropout during any specified time frame as indicated in the scheme was fixed by the implementing Department.

Physical targets in relation to coverage of districts, blocks and schools (District-wise detail position is given in **Appendix - XXXV**) was as under :-

* East Siang, West Siang, East Kameng and West Kameng Districts.

Year	District		Block		Schools		Children	
	Total No. of districts	Total No. of districts covered	Total No. of blocks	Total No. of blocks covered	Total No. of Schools functioning	Total No. of School covered	Total No. of children enrolled	Total No. of children covered
1995-96	13	7	57	25	376	NA	1,09,704	54,049
1996-97	The scheme was not implemented							
1997-98	13	3	57	13	376	NA	1,50,615	32,071
1998-99	13	3	57	15	363	NA	1,46,514	25,682
(NA = Not Available)							406833	111802

The scheme was not implemented by the Department during 1996-97 due to paucity of fund.

Regarding reduction in number of school functioning during 1998-99, the Department stated (August 1999) that the same is under collection from the Districts. Further development is awaited (December 1999).

It would be seen that as compared to 1997-98, there was a shortfall in coverage of children during 1998-99. Further, out of 13 districts, the scheme was not implemented in 6 districts in 1995-96 and 10 districts each during 1997-98 and 1998-99 and was implemented partially during all the three years in the State due to non-lifting of allotted quota of rice in each year. The scheme was implemented for 1 year by 3 districts (Lohit, East Siang and Tirap), 2 years by 4 districts (Changlang, East Kameng, Tawang and Dibang Valley) and 3 years by 1 district (West Kameng) which resulted in non-coverage of 2.95 lakh children out of 4.06 lakh children enrolled. The **percentage** of non-coverage of children enrolled was **72.48 per cent** during 1995-96 and 1997-99. As a result, the objective of the scheme to boost up "universalisation of primary education" by increasing enrolment, retention and attendance in schools and simultaneously by imparting on nutrition of students in primary classes remained largely unachieved. The reason for shortfall in coverage of children had not been stated (June 1999).

(ii) It was also noticed that quantity of rice distributed (13,307.28 quintals) during 1995-96 to 1998-99 to the covered children (1,11,802) was far less than the quantity required (33,540.60 quintals) as per prescribed norm (3 Kg. per student in a month). The details are indicated in **Appendix – XXXVI**.

This indicated that only 0.683 Kg of rice was distributed to each student per month. Thus, the objective of the scheme to provide mid-day meals @ 3 Kg rice per child per month for 10 academic months in a year had not been achieved which resulted in less nutritional support to each student as envisaged in the scheme. The reason for less distribution of rice to each student attributed by the Department (August 1999) transportation bottleneck in the State. The reply is not tenable as the records of two sample district (East Kameng and West Kameng) revealed that during the period from 1995-96 to 1998-99, the GOI had earmarked 11,477 quintals of food grains (rice) on the basis of students enrolled but the Deputy Commissioner of the Districts allocated only 4,563 quintals of food grains for lifting by the wholesale nominees from FCI, Bhalukpong which resulted in short lifting of 6,914

Out of 13 districts, the scheme was not implemented in 6 districts in 1995-96 and 10 districts during 1997-99 and partially implemented in the State during 1998-99

Quantity of rice distributed to 1,11,802 students was far less than the prescribed norm

Scheme was implemented partially in two sample Districts (East Kameng and West Kameng)

quintals of rice (60 per cent) (Details in **Appendix XXXVII**). The reason for non-placement of total demand for food grains (rice) as per requirement to the FCI, Bhalukpang by the DC concerned was neither available on records nor stated. It was further seen that in 1995-96, the scheme was implemented in two districts for a period of only 5 months (November 1995 to March 1996) and in 1997-98, the scheme was implemented in West Kameng district for a period of 9 months and in East Kameng District, it was not implemented at all and further in 1998-99, the scheme was implemented in East Kameng District for only two months (June and July) and the same was not implemented in West Kameng District though during 1998-99, 267 quintals of rice valued Rs.2.80 lakh was lifted by the wholesale nominees but the same was not distributed to the student as yet (August 1999) and was lying idle in "Stock" of the Bomdila Co-operative General Stores Ltd. (wholesale nominees) for non-reimbursement of transportation charges by the concerned DRDA. Moreover, there was a delay in distribution of rice in respect of these two sample districts which varied between 1 and 29 months (details in **Appendix - XXXVIII**).

Thus, tardy implementation of the scheme deprived the students of nutritional support for primary education as envisaged in the scheme.

3.3.5.2 Allocation, release and lifting of food grains

As per the guidelines, the allocation of food grains is to be made based on the enrolment data but lifting of food grains from FCI godown should be based on the strength of students who attended not less than 80 per cent classes in each month (3 Kg. per student). For the states of North Eastern Region, the validity of lifting of food grains extends to one month more (30 days) beyond the month of allocation. The position of allocation, release and lifting of food grains (rice) from 1995-96 to 1998-99 was as under :-

Year	Quantity of food grains allowed by GOI	Quantity of food grains (rice) released by FCI and lifted by State Education Department	Quantity of food grains (rice) distributed to Blocks/Children	Release/lifting of food grains in excess (+) less (-) with reference to quantity allocated by GOI
	(In Quintals)			
	(1)	(2)	(3)	(4) (1-2)
1995-96	21,266.87	11,550.00	10,817.02	(-) 9,716.87
1996-97	29,080.20	Nil	Nil	(-) 29,080.20
1997-98	29,080.20	5,940.00	5,989.37	(-) 23,140.20
1998-99	45,309.30	2,280.00	1,358.07	(-) 43,029.30
Total	1,24,736.57	19,770.00	18,164.46	1,04,966.57

It would be seen that against 19,770 quintals of rice released by FCI and lifted by the SED only 18,164.46* quintals of rice valued Rs.163.68* lakh was disbursed to the different blocks through the respective Deputy Commissioners of the Districts during the period from 1995-96 to 1998-99. This resulted in non-distribution of 1605.54** (19770.00 – 18,164.46) quintal of rice valued Rs.16.06 lakh to the different Blocks. Thus, the intended benefit of the scheme had not reached the children. The justification for excess distribution of 49.37 quintals (5989.37 – 5940.00) of rice than the quantity lifted by SED during 1997-98 was not furnished (May 1999).

The matter was neither investigated nor responsibility fixed against the officials for short distribution of 1605.54 quintals of rice to the children.

1,04,966.57 quintals of rice valued Rs.10.05 crore lapsed due to non lifting of the allotted quota of rice

Further, out of total allocation of 1,24,736.57 quintals of rice by the GOI, 1,04,966.57 quintals of rice (84 per cent of total allocation) valued Rs.10.05*** crore lapsed due to departmental inability to arrange lifting of the quantity owing to paucity of fund. The lapsed quantity of 1,04,966.57 quintals of rice was sufficient to meet the requirements of the remaining children as the demands for rice was placed to the GOI on the basis of total enrolment/covered children of the State. The DRDAs of the State expressed (March 1996) their inability to provide fund for transportation of food grains and the State Government also had not taken any initiative to approach the GOI for non-acceptance of transportation charges by the DRDAs as envisaged in the scheme. There was no record to show that State Education Department had even insisted FCI to release the deficit quantity of 1,04,966.57 quintals.

Scrutiny of records of the Directorate further revealed that excepting part payment of transport cost of Rs.0.95 lakh by the DRDA, Along on 10 June 1998 no other DRDA released any fund out of their resources for the purpose of meeting the transportation cost of food grains. In pursuance of an instruction issued (March 1996) by the Director, Rural Development, Itanagar, 13 DRDAs declined to accept this liability as envisaged in the scheme. The State Government, however, had not approached the GOI for resolving the problem.

Year	Release in quintals	Value
1995-96	10,817.02 X Rs. 800 per quintal	Rs. 86,53,616.00
1997-98	5,989.37 X Rs. 1050 per quintal	Rs. 62,88,838.50
1998-99	1,358.07 X Rs. 1050 per quintal	Rs. 14,25,973.50
	18,164.46	Rs. 1,63,68,428.00
Year	Release in quintals	Value
1995-96	732.98 X Rs.800 per quintal	Rs. 5,86,384.00
1997-98	49.37 X Rs. 1050 per quintal	Rs. 51,838.50
1998-99	921.93 X Rs. 1050 per quintal	Rs. 9,68,026.50
	1605.54	Rs. 16,06,249.00
*** Short release of rice.		
1995-96	9,716.87 X Rs. 800 per quintal	Rs. 77,73,496.00
1996-97	29,080.20 X Rs. 800 per quintal	Rs. 2,32,64,160.50
1997-98	23,140.20 X Rs. 1050 per quintal	Rs. 2,42,97,210.50
1998-99	43,029.30 X Rs. 1050 per quintal	Rs. 4,51,80,765.00
		Rs.10,05,15,632.00

Thus, non-lifting of 1,04,966.57 quintals of rice (84 per cent of total allocation) valued Rs.10.05 crore resulted in depriving 87,472* student per annum of the benefit of the scheme to a larger section of primary school going children of the State.

In reply, the Director of School Education (August 1999) stated that due to communication problem and high cost of transportation many of the district authorities had not drawn full quota of rice from the FCI. Reply however remained silent regarding non-settlement of dispute between DRDAs and the Departments of the State Government about mode of payment of reimbursement claim of transportation charge for lifting of food grains by the wholesale nominees.

3.3.5.3 Distribution of rice

4857.18 quintals of rice valued Rs.41.50 lakh lifted from FCI godowns by the transport contractors were not distributed to school/students.

(a) Scrutiny of records in the directorate and selected districts further disclosed that out of 18,164.46 quintals of rice lifted from the godowns of FCI by the Deputy Commissioner (DC) of 10 districts during the period from 1995-96 to 1998-99 (excepting Lower Subansiri, Upper Siang and Papumpare districts) through their respective authorised district nominees (transport contractors), only 13,307.28 quintals were distributed to the schools through the concerned blocks. The balance of 4857.18 quintals of rice (18,164.46 qtls – 13,307.28 qtls) valued Rs.41.50 lakh* lifted from FCI godowns could not be distributed to school students as the same had not been delivered to the concerned blocks by the district nominees concerned for non-payment of its transportation cost to them in advance. It would be seen from the **Appendix - XXXVI** that out of 4857.18 quintals not delivered by District nominee, 3798.67 quintal pertain to the period 1995-96 and 1058.51 quintal pertain to 1997-98. In three districts* the nominees had not distributed any quantities of food grains lifted by them. The district-wise, year-wise break up of quantities of rice lifted, distributed and undelivered by district nominees along with strength of students covered are furnished in **Appendix - XXXVI**.

The DCs concerned had not taken any action against the district nominees for non-delivery of 4857.18 quintals of rice nor ascertained the present position thereof. The climatic condition of Arunachal Pradesh being dampwarm, the rice after lifting cannot be preserved in good condition for longer period and damage/misappropriation of the rice lifted can not be ruled out thereby resulting in loss of Rs.41.50 lakh. The matter was neither investigated nor any responsibility fixed.

* 1,04,966.57 qtls = 1,04,96,657 Kg
 Annual Requirement of food grains = 30 Kg (3 Kg per student per month for 10 months.
 $1,04,96,657 \div 30 = 3,49,899$ students in 4 years
 i.e. per annum 3,49,889 = 87,472 students

1995-96 =	3798.67 qtls X Rs. 800.00 per qtl =	Rs.30.39 lakh
1997-98 =	1058.51 qtls X Rs.1050.00 per qtl =	<u>Rs.11.11 lakh</u>
	Total :	Rs.41.50 lakh

* East Siang, Upper Subansiri, West Siang.

Department stated (August 1999) that the present position in respect of undelivered rice is being ascertained from the districts. Further development was awaited (December 1999).

(b) As per the guidelines, issue of food grains is subject to 80 **per cent** attendance of every student per month. It was however noticed that allotment of foodgrains was being made on the basis of enrolment of children without ascertaining the minimum eligibility of 80 **per cent** attendance.

Test-check of attendance register of 7 schools of sample district i.e. East Kameng (3 schools) and West Kameng (4 schools) for the period from 1995-96 to 1998-99 revealed that none of the schools worked out the attendance **percentage** of students to verify their eligibility for mid-day meals as per attendance criteria. It was seen that out of the total enrolment of 9331 students in classes I to V, 1945 students did not fulfil the requirement of 80 **per cent** attendance (Details in **Appendix - XXXIX**). But 64.50 quintals of rice valued Rs.0.55 lakh were issued to these students which was not according to the scheme and therefore irregular.

3.3.6 Functional deficiencies

Records/returns due to be submitted to GOI periodically were not submitted.

As per scheme guidelines, the State Government was required to furnish to GOI monthly attendance reports of students, reconciliation statement of lifting and distribution of food grains every month together with end user certificates once in a quarter, and number of school days month-wise during the academic year. Scrutiny, however, revealed that no such report except enrolments of students, had ever been furnished by the State Government to GOI. In the absence of attendance reports of students, the actual requirement of food grain vis-à-vis genuineness of quantity actually lifted could not be verified. Besides, the impact of the scheme by way of improvement in attendance, reduction in dropout for achieving universalisation of primary education and improvement in health status of children was also not evaluated. Further due to non-receipt of reconciliation statement of food grains lifted from FCI to the godown of Food and Civil Supplies Department, GOI could not cross-check the position with the off-take figures received from FCI.

These deficiencies in system were facilitated due to administrative lapses and lack of co-ordination/inter-action among various agencies involved in the scheme from state level to field level.

3.3.7 Supervision and Monitoring

The scheme provides for formation of committee such as Village Education Committee etc. with broad popular participation to create an awareness of the programme to generate community support to universalise participation of all children in primary education. In the State no such committee had yet been formed.

The guidelines of the scheme envisaged that a computerised management information system for proper monitoring of the programme would be developed by the Department of Education. At the State level no such system had yet been developed.

3.3.8 Evaluation

The scheme was not evaluated by the State Government to assess the qualitative and quantitative achievements of the programme.

The matter was reported to the Government/Department (June 1999); their reply have not been received (December 1999).

3.3.9 Recommendations

1. The Department should ensure proper monitoring of attendance of students and supply of cooked meals and evolve a follow up mechanism to evaluate attendance, drop out and improvement in health status.
2. The State Government and the DRDAs of the State should settle the dispute between them regarding the mode of payment of reimbursement claim of transportation charges urgently.

RURAL DEVELOPMENT DEPARTMENT

3.4 RURAL EMPLOYMENT GENERATION PROGRAMME (REGP)

Highlights

The main objective of the schemes (JRY, MWS, EAS) is to generate additional gainful employment by creation of community and social assets for rural people and overall improvement in the quality of life in rural areas and assured wage employment for 100 days during lean agricultural season. The department failed to achieve these objectives due to implementation of these schemes in a very tardy manner owing to less generation of employment to the extent of 82.28 lakh mandays (65.89 + 6.79 + 9.60 lakh) due to non-utilisation of JRY/EAS fund released by the GOI (38 to 44 per cent) diversion of fund of Rs.1.89 crore and excess expenditure on administration (Rs.2.62 crore) and less generation of employment among women workers.

Fund ranging between Rs.86.73 lakh (38 per cent) and Rs.923.16 lakh (44 per cent) provided under JRY/EAS remained unutilised at the end of each year during 1992-93 to 1998-99 which resulted in less generation of employment to the extent of 65.89 lakh mandays.

(Paragraph 3.4.5)

The Department incurred expenditure of Rs.4.16 crore on administration during the period from 1992-99 against the admissible amount of Rs.1.54 crore resulting in excess expenditure of Rs.2.62 crore with corresponding loss of 9,59,706 mandays.

(Paragraph 3.4.5(c))

Loss of 6,78,796 mandays in generation of employment under the scheme due to irregular diversion of Rs.189.38 lakh.

(Paragraph 3.4.5(d))

As per records of 6 test-checked DRDAs expenditure on non-wage component under JRY/EAS during 1993-94 to 1998-99 was far in excess of prescribed limit of 40 per cent which resulted in short generation of 3,81,833 mandays.

(Paragraph 3.4.6.3)

1248 major assets created at a cost of Rs.8.49 crore during 1992-99 had not been handed over to the line department for future maintenance and the assets created at a cost of Rs.1.81 crore were not durable.

(Paragraph 3.4.6.5)

2659 works involving expenditure of Rs.22.91 crore were executed by the department without technical sanction from the competent authority.

(Paragraph 3.4.6.7)

Despite creation of a monitoring cell in the Directorate of Rural Development, no effective monitoring system had been developed.

(Paragraph 3.4.9)

3.4.1 Introduction

The Rural Employment Generation Programme (REGP) comprised three sub-schemes viz. Jawahar Rojgar Yojna (JRY), Million Well Scheme (MWS) and Employment Assurance Scheme (EAS). The MWS is a beneficiary oriented scheme and a part of JRY.

Jawahar Rojgar Yojana (JRY), Million Wells Scheme (MWS) and Employment Assurance Scheme (EAS) were launched by the Government of India (GOI) in April 1989 and August 1993 respectively and were implemented in the State with effect from April 1989 (JRY) and October 1993 (EAS).

The main objectives of the scheme (JRY, MWS, EAS) were as under-

Generation of additional gainful employment for the unemployed men and women in rural areas, creation of sustained employment by creation of community and social assets in favour of rural poor for their direct and continuing benefits.

People below the poverty line were the target group under the programme and preference was given to SCs/STs and freed bonded labourers. 30 per cent of the employment opportunities were reserved for women.

To provide open irrigation wells free of cost to poor, small and marginal farmers and freed bonded labourers, where wells are not feasible due to geological factors, the amount allotted under MWS may be utilised for other schemes of minor irrigation etc.

To provide assured wage employment for 100 days during the lean agricultural season to all able-bodied adults in rural areas, who were in need and desirous of work and creation of economic infrastructure and durable and productive community assets for sustained employment.

3.4.2 Organisation set-up

The Director of Rural Development was in overall charge of the programme. The District Rural Development Agencies (DRDAs) is the implementing authority at the district level. At block level and village level, the programme was executed by the Block Development Officers (BDOs) and Anchal Samities respectively.

3.4.3 Audit coverage

The implementation of the scheme during the period from 1992-93 to 1998-99 was reviewed in audit (February-March 1999) based on test-check of records of the Directorate of Rural Development, six DRDAs (out of 13), 10 Block (out of 56) and 12 Anchal Samities (out of 48). Important points noticed as a result of test-check of the scheme are brought out in the succeeding paragraphs.

The services of the ORG-MARG, were commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out a survey in 3 districts, 3 blocks and 33 villages.

3.4.4 Planning

(a) Schemes envisaged that the DRDAs are required to prepare Annual Action Plan (AAP) for JRY before the beginning of the financial year and shelf of project (SOP) during December each year. The AAP/SOP was initially to be prepared at the block level taking into consideration local needs and demand of the target groups. At the DRDA level, the same was to be placed before the District level EAS committee for scrutiny and approval.

Records of 6 out of 13 test-checked districts, however, revealed that there was persistent delay ranging from 1 to 19 months in preparation and finalisation of AAP/SOP. This persistent delay at the DRDA level resulted in delay in getting funds thereby leading to delay in implementation of schemes. The DRDA-Tezu stated (February 1999) that this was due to non-receipt of allocation of funds and target from the Government/department in time. The reason for delay in other DRDAs was not available on record nor stated.

(b) Identification/Registration and issue of family cards to target groups

The guidelines contemplate that every person above 18 years and below 60 years of age seeking employment under EAS was to be registered and provided with a Family Card (FC) containing details of family members and number of days employment provided to such person. As per records of the Directorate the total rural population in Arunachal Pradesh is 7.54 lakhs out of the total population of 8.65 lakhs. Against 7.54 lakhs rural population, 1.54 lakh people were registered upto 1998-99 as Below Poverty Line (BPL)

category. But there was no authentic record to show that all the BPL category of people were registered after proper identification.

It was noticed that 938 identified BPL families in two blocks were not registered while 9147 BPL families in seven blocks were not provided with FCs (Details are indicated in **Appendix-XL**). Thus, in the event of non-registration of all the identified people and non issue of FCs, to all the registered people, one of the vital requirements of the scheme remained unimplemented and these families were deprived of the benefits of the programme.

ORG Marg survey also observed (November 1999) that despite the fact, all registered workers should be issued a family card under EAS Programme, more than two third of the EAS workers did not hold family card.

BPL family among SC was not provided any employment

(c) Target groups under the scheme are mainly Scheduled Castes (SCs) and Scheduled Tribes (STs). Scrutiny revealed that employment was provided only to the STs of the state. As per 1991 census SC population of Arunachal Pradesh, was shown as 4063. But the DRDAs/Blocks had not taken any action either to identify the BPL families among SC people or to provide them any employment under the scheme.

ORG Marg also observed that all the beneficiaries were scheduled tribe and no beneficiary of scheduled caste category was found.

3.4.5 Financial outlay, release and expenditure

Year-wise release of fund by Central/State Government, expenditure thereagainst on the scheme were given **Appendix XLI**.

In this connection the following points were noticed

Non-utilisation of JRY/EAS fund resulted in loss of generation of employment to the extent of 65.89 lakh mandays

(a) There were heavy unspent balances on the schemes year after year during 1992-99. The unspent balances under EAS increased from Rs.103.63 lakh in 1993-94 to Rs.923.16 lakh in 1998-99 (upto December 1998). Further, the unspent funds mostly were Central Government funds which helped to boost the cash balance of the State Government. The reasons for non-utilisation of funds had not been furnished (April 1999). Again, out of 276.23 lakh mandays to be generated under JRY/EAS scheme during 1992-99, the Department could generate 210.34 lakh mandays which resulted in shortfall in generation of 65.89 lakh mandays (24 per cent) (Details in **Appendix – XLII**). Thus, the Department's inability to utilise the unspent balance of fund under the schemes resulted in delay in execution of schemes and overall short fall in 65.89 lakh mandays under EAS/JRY schemes during the period from 1992-99.

(b) Delay in release of Central and State share to different DRDAs

As per provisions in the schemes (JRY/EAS) central assistance was to be released to DRDAs in two instalments in April and October of the financial

year. The schemes also provided for release of State's matching share to DRDAs within a fortnight of release of central assistance.

Records, however, revealed that there was delay in release in Central and State share ranging from 1 to 9 months (**Appendix – XLIII**) and the reasons thereof had not been furnished (May 1999). The matter was neither investigated nor any responsibility fixed (May 1999).

Similarly, DRDAs, Lohit-Tezu, Lower-Subansiri-Ziro, Tawang and Bomdila took 11 to 40 days, 43 to 217 days, 28 to 72 days and 12 to 107 days respectively in releasing funds to Anchal Samities. Reasons for delay were not stated (March 1999). The delay in release of fund at the fag end of the year had hampered the implementation of the various programme of the scheme in respective financial year. Thus, the pattern of release of fund by both State/Central Government envisaged in the scheme was not adhered to by the State Government which adversely affected the implementation of sectorial programme under social forestry and individual beneficiary schemes under JRY (2 per cent of the total expenditure incurred) during the period 1992-99.

(c) Excess expenditure on contingency

Guidelines JRY/EAS provide that DRDAs could spend upto 2 per cent of the annual allocations on the administration/contingencies.

Test-check (February 1999) of records of Directorate revealed that the DRDAs had incurred a total expenditure of Rs.4.16 crore on administration/contingencies during the years from 1992-93 to 1998-99 as against the permissible limit of Rs.1.54 crore. The details are indicated in **Appendix - XLIV**.

Excess expenditure of Rs.2.62 crore resulted in loss of 9,59,706 mandays in generation of employment

Excess expenditure of Rs.2.62 crore (170 per cent) over the permissible limit resulted in loss of 9,59,706 mandays* in generation of employment under the scheme. The reason for excess expenditure had not been stated (March 1999). The fund was diverted from main project. This irregular diversion of fund adversely affected sectorial programme under "Afforestation/Land Development/social forestry and Minor irrigation under EAS (17 per cent) and Social forestry (23 per cent) under JRY during 1992-99 due to paucity of fund.

(d) Diversion of EAS/JRY fund

Irregular diversion of Rs.189.38 lakh resulted in loss of 6,78,796 mandays in generation of employment

Test-check revealed that during the period from 1993-94 to 1998-99, DRDAs had irregularly incurred expenditure to the tune of Rs.189.38** lakh for creation of non-durable assets like 270 mule/porter track (Rs.111.01 lakh) as also for assets of the State government (Rs.76.61 lakh) in the form of construction of Anchal Samity Building at Along, SPT quarter at Tezu and BDO's office at Ziro, construction of market shed, community hall, security fencing at Papumpare and multipurpose community centre at Doimukh and for

* Rs.2.62 crore ÷ Rs.27.30 = 9,59,706 mandays

** Papumpara, Tawang, Lower Subansiri and West Kameng.

procurement of crockeries, linen etc. for Anchal Samity Bhawan at Along (Rs.1.76 lakh) out of EAS/JRY Fund, in complete violation of guidelines of the scheme. The reason for such unauthorised diversion of EAS/JRY Fund had not been intimated (April 1999).

Thus, the unauthorised diversion of EAS/JRY Fund had caused the disruptions of the normal works which resulted in loss of 6,78,796 mandays*** in generation of employment under the scheme.

(e) Opening of term deposit account

According to JRY manual, the JRY funds are required to be kept in the bank or a post office in an exclusive and separate savings bank account by DRDAs/Anchal Samity. But contrary to this provision, the DRDA-Ziro opened a term deposit account for Rs.26.13 lakh for 46 days with the State Bank of India, Ziro on 18-9-1992 as per orders of the Deputy Commissioner cum Chairman, DRDA-Ziro and earned interest of Rs.0.17 lakh on its maturity on November 1992. The reason for such unauthorised opening of term deposit account had not been furnished (March 1999).

The DRDA, Ziro had kept Rs.26.13 lakh in term deposit during September 1992 contrary to the provision of the scheme.

3.4.6 Implementation of the schemes

3.4.6.1 Target and achievement

It was seen that the department could achieve the target in none of the years during 1992-99 and there was an overall shortfall of 65.89 lakhs mandays indicating shortfall ranging between 3 and 88 **per cent**. The reason for shortfall had not been stated (February 1999). The details are indicated in **Appendix - XLII**.

3.4.6.2 Employment Generation

As per information furnished (February 1999) by the Director of Rural Development Department, the mandays generated to registered persons under EAS in each year during 1993-94 to 1998-99 were varied between 8 to 40 days.

Thus the employment generated in each year during 1993-94 to 1998-99 (December 1998) ranged between 8 to 40 days against 100 days assured wage employment to each registered person contemplated under the scheme. The shortfall in creation of 100 days wage employment during lean agricultural season to all registered persons was attributable to lack of proper planning, diversion of EAS fund, incurring of expenditure on administration in excess of prescribed limit, failure to restrict expenditure in non wage component as per norms and ineffective monitoring system.

*** Porter track	-	Rs. 111.01 lakh ÷ Rs.28.79 = 3,85,585 mandays
State Government Assets	-	Rs. 76.61 lakh ÷ Rs.26.69 = 2,87,036 mandays
Crockeries	-	Rs. 1.76 lakh ÷ Rs.28.50 = <u>6,175 mandays</u>
Total	=	6,78,796 mandays

Similarly, ORG Marg Survey also observed that average days of employment under EAS was 57 as against 100 days of assured employment as per the guidelines.

3.4.6.3 Loss of mandays due to excess expenditure on non-wage component

Excess expenditure on non-wage component resulted in loss of 3,81,833 mandays.

All works under JRY/EAS should be labour intensive with wage and non-wage component being in the ratio of 60:40. Test-check of records of 6 DRDAs revealed that 218 works like construction of schools, anganwadi buildings, community hall, land development, link roads and minor irrigation etc. were approved and taken up for execution at a cost of Rs.414.09 lakh during 1993-99. The actual expenditure on wages (Rs.138.53 lakh) and material (Rs.275.56 lakh) was in the ratio of 33:67. This resulted in excess expenditure of Rs.109.93 lakh on material component over the prescribed norms and loss of 3.82 lakh Mandays in generation of employment (**Appendix – XLV**). Thus, the target groups were deprived of their employment to the extent of 3.82 lakh mandays involving wages to the extent of Rs.109.93 lakh during 1993-99. The reason for incurring excess expenditure on non-wage component (material) had not been stated (March 1999).

ORG Marg Research Survey also observed that the wage to material ratio for EAS and JRY was found to be 34:66 and 28:72 respectively as against the stipulated norm of 60:40. This was primarily because of capital intensive assets created over the last three financial years.

3.4.6.4 Distortions in prioritisation of activities

In JRY social forestry and individual beneficiary schemes were almost neglected and high priority was given to buildings and roads during 1992-99 under EAS.

As prescribed under the scheme highest priority was to be given to water and soil conservation works under EAS and Economic productive assets under JRY. The actual **percentage** of priority accorded to works is shown in **Appendix XLVI**.

It would be seen that under EAS low priority (12 **per cent**) was given to minor irrigation against the prescribed 20 **per cent** and highest priority was given to Anganwadi building/Primary Schools etc. (33 **per cent**) against the prescribed 20 **per cent**. Similarly under JRY low priority was given to Social Forestry (2 **per cent**) and individual beneficiary Schemes (5 **per cent**) against the prescribed 25 **per cent** and 22.5 **per cent** respectively. Highest priority was given to construction of community buildings, roads (63 **per cent**) against the prescribed 17.5 **per cent**. The distortions in the priority in violation of the scheme were not explained or justified convincingly by the Department.

3.4.6.5 Non handing over of assets after creation to the line department for future maintenance

Maintenance of assets created under the schemes is extremely important. The assets to be maintained by the State and district level departments were to be handed over to the departments/local bodies concerned for their maintenance and incorporated in the register of such assets maintained by the departments.

1248 assets created at a cost of Rs.8.49 crore was not handed over to the line department for future maintenance

Audit scrutiny of 6 DRDAs revealed that although assets worth Rs.8.49 crore had been created during 1992-99 in six districts test checked against 1248 different types of works but the assets so created had not been handed over to the concerned departments/local bodies for their maintenance and upkeep as of March 1999 except rural link roads under DRDA, West Kameng District, Bomdila. The reason thereof had not been furnished (December 1999).

Assets created at a cost of Rs.1.81 crore were not durable

It was also noticed that during the period from 1992-93 to 1998-99, the assets were created by construction of 270 Porter/mule tracks and 112 Rural link roads at a cost of Rs.181.13 lakh (Porter/mule tracks – Rs.114.01 lakh, Rural link roads – Rs.70.12 lakh). But the records did not indicate that these were taken up on the basis of survey, plan and estimates and porter/mule tracks and rural link roads constructed under different blocks were Kutchha. No metalling and black topping other than formation cutting was done on any road which comprised wage component only for formation cutting and jungle clearance of the porter mule track and the rural link roads. Thus, road work involving 100 **per cent** labour component against labour and material component in the ratio of 60 : 40 was irregular and durability of assets so created was therefore not ensured.

ORG Marg survey also observed that in majority of the cases, all social groups in the village shared benefit and majority of the Earth Work/Digging under EAS scheme reportedly carried out by BDO and the proportion of link roads was found to be highest among all the assets created in the State.

3.4.6.6 *Shortfall in percentage of women workers*

The department did not build awareness of the programme among woman workers

According to the scheme (JRY/EAS) 30 **per cent** of the employment was to be reserved for women. A test-check of Muster Rolls in respect of seven works executed by 3 blocks under two districts revealed that works were executed during November 1994 to October 1998 through 1516 workers, out of which the number of women workers engaged was only 26 which constituted less than 2 **per cent** of total number of workers. The details are indicated in **Appendix-XLVII**.

This indicated that the Department did not take any efforts to build awareness of the programme among public/women workers. Further, out of 3 blocks test-checked, 26 women workers were engaged only in one block but neither the names of the women workers were registered nor family cards were issued to them. The reason for non-employment of women workers in other two blocks had not been furnished.

Thus, the genuineness of the eligibility of the women workers employed could not be verified.

ORG Marg Survey also observed that under EAS, the coverage of women workers was low at 21% than the stipulated 30%.

3.4.6.7 Execution of works without technical sanction from the competent authority

2659 major works with an expenditure of Rs.22.91 crore were executed without any technical sanction from the competent authority.

A test-check of records of 6 DRDAs revealed that 2659 Major works (EAS-2001 works, JRY-472 works, MWS-186 works) were executed during the period from 1992 to 1999 (March 1999) at a cost of Rs.2290.79 lakh.

It was noticed that in all these cases the executing agencies right from DRDAs to village council had never conducted preliminary field survey, prepared detailed estimates, design, drawings, plans and specification of work nor obtained technical sanction from the competent authority. Thus, the technical standard of the assets so created was not monitored or ensured.

Thus, execution of 2659 major works involving expenditure of Rs.22.91 crore without any technical sanction was not only irregular but also created a doubt about the genuineness of execution as well as the correctness of expenditure.

3.4.7 Payment of wages

The scheme provided that the wages paid to the workers were to be based on the quality and quantity of work turned out. To ensure this, standards of specification were to be prescribed in terms of the quantity of works to be turned out by an unskilled worker for working eight hours a day. Output thus, determined was to be ensured before payment of wages. The scheme, *inter alia*, provided that wages to be paid at the work site in the presence of local persons like Sarpanches and Panchayets and block Committee members every week. The following omissions were noticed during test-check.

Rs.10.53 lakh was paid as wages by the BDO's without recording the quantum of work done by the workers.

(i) No standards of specification were determined by the department and payment of wages were made to the workers without ensuring output. The details of work done and the certificate to the extent that payments were made to the actual payees in the presence of Sarpanches, block committee members etc., were not found recorded on 19 muster rolls maintained by the Block Development Officers of three blocks (Dirang, Thirzino and Kalaktang). In the absence of such records and also that the payments were shown to be made to unregistered workers in violation of the scheme's guidelines, the genuineness of these payments worth Rs.10.53 lakh during 1996-98 was doubtful.

ORG Marg Limited observed that though every payment should be recorded on the muster roll nearly one tenth of the EAS and JRY beneficiaries did not put their thumb impression on the muster roll while receiving the payment. Even those who signed were not sure whether they signed on muster roll or the contractor or panchayat official made them sign on a plain register.

Doubtful payment of Rs.99.76 lakh to workers due to non-maintenance of records

(ii) Similarly, on scrutiny of records of the C.D. Block, Dirang under DRDA – West Kamang District, it was noticed that BDO disbursed wages amounting to Rs.99.76 lakh to workers engaged in different works under EAS during January 1996 to December 1998, without recording the transactions in EAS Cash Book. The cheques received from the DRDA, Bomdila for payment of wages were also not accounted for in the Cash Book. Further, relevant muster

rolls in support of payment of wages to workers were also not produced to Audit. Thus, in the absence of relevant records i.e. Cash Book, Muster roll etc., the genuineness of these payments of Rs.99.76 lakh was doubtful. The reason for such non-maintenance of records had not been furnished (July 1999).

(iii) Muster rolls were prepared for a period more than 15 days and even for a month. Thus, there was abnormal delay in making payment of wages varying from 4 to 179 days (Details in **Appendix – XLVIII**) to the poor labourers. In many cases, the date of commencement of the work was not recorded in the Muster rolls, in the absence of which it was not judicious on the part of DRDAs/BDOs to pass the amount of the Muster Rolls and raised a doubt whether the Muster Rolls were genuine or not.

(iv) Payment of wages to the persons other than the employment seekers of the target groups

Rs.6.67 lakh was paid as wages to the persons not belonging to the target groups which resulted in loss of 30,318 mandays in generation of employment under the scheme.

Scrutiny of records of the DRDA-Bomdila revealed that a sum of Rs.6.40 lakh and Rs.3.00 lakh was paid in advance to local Rural Works Division (RWD) and Public Works Division (PWD) in May 1994 and between November 1994 and January 1995 respectively for execution of EAS works under the Kalaktang block of the Districts. As per details of utilisation of advances furnished by the RWD and PWD it was noticed that Rs.4.50 lakh and Rs.2.17 lakh were spent for payment of wages in respect of staff of the divisions for the months of May 1994 to January 1995. Thus due to payment of the wages to casual staff of the divisions, beneficiaries as registered under EAS were deprived of their due share of wages (Rs.6.67 lakh) involving loss of 30,318 mandays in generation of employment under the scheme and thereby frustrated one of the main objectives of the scheme. (**Appendix - XLIX**).

Similarly, ORG Marg observed that considerable presence of middlemen/contractors is evident from the fact that more than one tenth of the JRY and EAS beneficiaries reported having worked under labour contractor/middlemen and nearly one tenth of these JRY and EAS beneficiaries were reportedly paid by the contractor/middlemen and majority of the beneficiaries worked as unskilled labour under both EAS and JRY.

3.4.8 Monitoring

For effective implementation and monitoring of the Scheme, the State Government was required to constitute a State Level Co-ordination Committee (SLCC) for overall supervision, guidance and monitoring of the scheme.

It was noticed during test-check that though SLCC had been constituted in October 1983, no inspection had been carried out by any members of the Committee as of March 1999. No periodicity for holding the meetings, inspections and field visits had been approved by the SLCC and district employment assurance scheme committee. Thus, no monitoring of the scheme was being done at appropriate level and impact of the scheme remained

unassessed due to non-inspection of the scheme from any level of State authorities.

(ii) The Project Director, DRDA, Bomdila stated (March, 1999) that the services of two Assistant Project Directors, monitoring could not be utilised for the purpose for which they were appointed and proposed (1998) to the Director, Rural Development Department, Arunachal Pradesh to withdraw the APO (monitoring) from DRDA, Bomdila. But the Directorate had not taken any action in this regard. As a result, expenditure of Rs.3.79 lakh incurred by the Department towards payment of pay and allowances of these two persons for the period from March 1992 to February 1999 remained largely unproductive.

Fictitious reports sent to GOI regarding women participation in the scheme

(iii) From the monthly/Annual progress reports sent to GOI under EAS scheme, it was noticed that women participation in the scheme during 1996-97 and 1997-98 was wrongly reported as 31.26 and 34.48 **per cent** to the GOI. However, audit check of three blocks revealed that during the period from November 1994 to August 1998, women employment generated was only 2 **per cent** of total number of workers employed against the works.

Less generation of women employment was neither investigated by the Department nor any remedial action taken (April 1999). Thus, no monitoring of works had been done by Deputy Commissioners.

3.4.9 Evaluation

According to the guidelines, evaluation studies were to be conducted by GOI/State Governments. Copies of such evaluation studies conducted by the State Governments were to be furnished to GOI.

No evaluation studies to judge the impact of the scheme had been conducted by the GOI/State Government as required

Test-check revealed that no evaluation studies to judge the impact of the Scheme in the State since inception had been conducted by GOI/State Governments as of April 1999 and the reason thereof had not been furnished.

The findings of the review were referred to the Government in May 1999; reply had not been received (December 1999).

3.4.10 Recommendation

- The Department should avoid delay in release of funds so that funds are utilised fully for the generation of employment.
- Diversion of scheme funds for other purposes should be avoided.
- The expenditure on administration to be restricted to the amount admissible.
- The ratio of material and wage component should be followed as per norm.

- Assets to be handed over to the concerned departments for maintenance.
- Effective monitoring system to be developed.

SOCIAL WELFARE DEPARTMENT

3.5 INTEGRATED CHILD DEVELOPMENT SERVICES

Highlights

The objective of the scheme to improve the nutritional and health status of children below 6 years of age, to promote child development and to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutritional and health education remained unachieved due to implementation of the scheme in a very tardy manner owing to (i) non-utilisation of central assistance amounting to Rs.195.14 lakh (ICDS – Rs.154.01 lakh and training – Rs.41.13 lakh) despite PAC's recommendations to utilise the fund prudently (ii) non-coverage of 2 projects and 73 AWCs during 1997-99 (iii) unfruitful expenditure of Rs.13.41 crore under SNP due to implementation of the programme without any realistic assessment of fund to meet caloric and protein requirement (iv) shortfall in immunization of children (12 per cent to 72 per cent) and training (32 per cent to 100 per cent).

Under ICDS main scheme and training programme Central assistance of Rs.154.01 lakh and Rs.41.13 lakh respectively remained unutilised at the end of 1998-99 despite PAC recommendations to utilise the fund prudently.

(Paragraph 3.5.4)

Of the sanctioned 48 projects and 2145 Aganwadi centres, 2 projects and 73 AWCs could not be made operational as of March 1999 for want of qualified women workers and dearth of technical staff and the shortfall in coverage of beneficiaries in AW Centres varied between 17.92 and 101.1 per cent during 1992-99.

(Paragraph 3.5.5.1)

Due to implementation of SNP programme without any realistic assessment of fund based on cost of food stuff to meet caloric and proteins requirement, the entire expenditure of Rs.13.41 crore proved unfruitful.

(Paragraph 3.5.5.2)

The performance in activities like immunization of children and mothers was below the planned targets and the shortfall varied from 12 to 72 per cent.

(Paragraph 3.5.5.4)

Shortfall in training with reference to target fixed ranged between 32 and 100 per cent.

(Paragraph 3.5.5.10)

No system for monitoring of the scheme has been developed either at project or State level.

(Paragraph 3.5.6)

3.5.1 Introduction

The Integrated Child Development Services (ICDS) Scheme was taken up in the State during 1979-80 with cent **percent** Central assistance. The objective of the schemes were (i) to improve the nutritional and health status of children below 6 years of age, (ii) to lay the foundation for proper psychological, physical and social development of the child, (iii) to reduce the incidence of mortality, morbidity, malnutrition and school drop outs among children and (iv) to promote child development and to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutritional and health education. These objective were to be achieved through a package of services consisting of supplementary nutrition, immunisation, health check-up and referral services, nutrition and health education for women in the age group of 15-45 years and non-formal pre-school education to children below 6 years of age. The focal point of delivery of all the services except health care is setting up an Anganwadi (Aw) Centre in each village.

The implementation of the scheme upto 1987-88 was reviewed and findings incorporated in paragraph 3.9 of the Report of the Comptroller and Auditor General of India for the year 1987-88.

3.5.2 Organisational set-up

The Director of Social Welfare assisted by a Programme Officer is the nodal officer responsible for co-ordination and implementation of the scheme in the State. The Child Development Project Officer (CDPO) is in direct charge of the scheme at project level. At village level, the programme is implemented through Anganwadis. It is run by Anganwadi Workers (AWs) under the supervision of supervisor. Services like health check up, immunization are rendered by Health and Family Welfare Department of the state.

3.5.3 Audit coverage

Records of the Director of Social Welfare, Director of Health Services Arunachal Pradesh - Naharlagun, District Medical and Health Officer (DMHO), 4 CDPOs (Papumpare, Lower Subansiri, Changlang and Jairampur) out of 46 and 11 out of 2072 Anganwadi centres for the period from 1992-93 to 1998-99 were test checked during April-June 1999. The important points noticed are summarised in the succeeding paragraphs.

3.5.4 Financial outlay

Central assistance for carrying out ICDS activities and training programme of ICDS functionaries was provided separately. However, expenditure on Supplementary Nutrition Programme (SNP) was entirely borne by the State Government.

Against the total availability of fund worth Rs.3192.94 lakh during the period from 1992-93 to 1998-99 under ICDS programme, the Department incurred expenditure worth Rs.3038.93 leaving unutilised balance of Rs.154.01 lakh. Further, against the total availability of fund worth Rs.67.08 lakh under training during the above mentioned period, the Department incurred expenditure worth Rs.25.95 lakh leaving unutilised balance of Rs.41.13 lakh (Details in **Appendix – L**).

Lack of financial management resulted in savings of Rs.195.14 lakh under the scheme.

The Public Accounts committee in their 36th report regarding implementation of the scheme during the period from 1984-85 to 1987-88 (para 3.9.5 of C&AG's report 1987-88) recommended that the Department had not initiated prompt action as it required in this respect which abundantly proves serious lapse on the part of the persons entrusted to deal with the matter. The Committee stressed the need of cent **per cent** utilisation of central assistance so that maximum benefit goes to the people of the State.

Despite PAC's recommendation for utilisation of the fund in prudent manner, it was however, seen that the Department did not take any action to utilise the fund properly and the same irregularities in respect of delay in release of fund (22 days to 282 days) (Details, **Appendix – LI**) by the Finance Department for ICDS and Training Programme and diversion of fund amounting to Rs.133 lakh for implementation of other State Plan Schemes occurred as the Government accounts for 1998-99 was closed with a minus balance and thereby denied the benefits of the scheme to the intended beneficiaries.

While accepting the audit observations, the Government stated (September 1999) that the main reasons for huge savings were due to (I) Ministry (GOI) releases grants at their own accord without consulting estimate of State (ii) Utilisation of grants was not possible against new projects in particular year due to various bottleneck (iii) for want of creation of posts and filling up of all posts which take considerable time at State and Project level (iv) the expenditure has to be restricted to pre-revised rates only due to non-revision of the ceiling limit prescribed for itemwise expenditure under the Scheme. As regards, savings under ICDS training programme, the Government stated that

the fund of Rs.41.13 lakh would be utilised during 1999-2000 as the same was received late. Reply remained silent regarding delay in release of central fund to the implementing agencies and diversion of fund by the Finance Department.

3.5.5 Implementation

3.5.5.1 Operational project/Anganwadi Centres

During the period from 1992-93 to 1998-99, the numbers of sanctioned ICDS projects with population and their coverage along with AW Centres in operation are indicated below :-

Year	No. of sanctioned ICDS Project with population	No. of project in operation with population	No. of AWC sanctioned	No. of AWC in operation	Short fall in AWC	Population covered (population covered by each AWC in average)	Short coverage of population
1992-93	39 (90699)	36 - (71695)	1994	1921	73	71,695 (37)	(-) 19004
1993-94	39 (90791)	36 - (95360)	1994	1994	-	95,360 (48)	(+) 4569
1994-95	39 (109791)	36 - (95360)	1994	1994	-	92950 (48)	(-) 14431
1995-96	48 (125909)	41 - (123400)	1994	1994	-	123400 (62)	(-) 2509
1996-97	48 (125909)	41 - (125650)	1994	1994	-	125650 (63)	(-) 259
1997-98	48 (132280)	46 - (131460)	2145	2072	73	131469 (63)	(-) 820
1998-99	48 (132280)	46 - (131410)	2145	2072	73	131410 (63)	(-) 870
Total	8,07,659	7,74,335					33324

2 projects and 73 new AW Centres remained non-functional for want of qualified women workers and dearth of technical staff and the coverage of beneficiaries were not uniform

As of 1998-99 against 48 projects and 2145 AW centres sanctioned by the GOI, 46 projects (excluding projects at Jengging-Riga in Upper Siang district and Waleng in Lohit district) and 2072 AW centres (excluding 12 centres under Jengging-Riga project in Upper Siang district, 20 centres under Waleng project in Lohit district and 41 centres under Khagam project in Changlang district) were in operation as of March 1999. It was seen that during the period from 1992-93 to 1998-99, against the sanctioned coverage of 8,07,659 population, the Department covered 7,74,335 population which resulted in short coverage of 33,324 (4 per cent) population and thereby depriving the beneficiaries of the benefit under the scheme. Non-opening of 2 (48-46) projects and 73 (2145-2072) AW Centres involving a population of 4599 was stated (May 1999) to be due to non-availability of willing and qualified women workers and dearth of technical staff.

As per guidelines issued by the Ministry of Social Welfare, Anganwadis were to be established in a phased manner on the need and desire basis. It was observed that out of 4 projects test checked, no survey was conducted for selection of AWCs.

The scheme aimed at the coverage of population of 35,000 per project spread over in 50 Anganwadis (AWCs). In other words, each Anganwadi was to cover

700 beneficiaries. The coverage of beneficiaries by each project was not uniform. During 1992-93, each project covered 1992 beneficiaries while in 1998-99 the coverage of beneficiaries per project was 2857 and between 1992-93 to 1998-99 each AW Centre covered 37 and 63 beneficiaries respectively. Shortfall in coverage of beneficiaries varied between 1792 and 1011 per cent against 700 fixed. Reasons for low coverage of beneficiaries were not on record nor stated.

3.5.5.2 Supplementary nutrition programme (SNP)

The main aim of SNP was to supplement nutritional intake by 300 calories and 10 grams of proteins per child, 500 calories and 15-20 grams of proteins per pregnant women/nursing mother and 600 calories and 20 grams of proteins per severely mal-nourished child* for a period of 300 days in a year.

The year-wise financial and physical achievements of SNP during 1992-93 to 1998-99 are given in Appendix – LII, which inter-alia indicated that per capita cost per day on an average was less than Re.1 during 1992-93 to 1998-99. The targets and achievements in respect of coverage of beneficiaries under SNP during 1992-93 to 1998-99 are indicated below:-

Year	Target		Achievement		Shortfall (figures in bracket indicate percentage)	
	Children	Mother	Children	Mother	Children	Mother
	(In number)					
1992-93	79,760	19,940	43,366	7,227	(-) 36,394 (46)	(-)12,713 (64)
1993-94	79,760	19,940	61,807	12,715	(-) 17,953 (23)	(-)7,225 (36)
1994-95	79,760	19,940	71,347	12,761	(-) 8,413 (11)	(-)7,179 (36)
1995-96	79,760	19,940	82,303	14,505	(+) 2,543 (18)	(-)5,435 (27)
1996-97	85,920	21,480	82,598	14,520	(-) 3,322 (4)	(-) 6,960 (32)
1997-98	85,920	21,480	88,148	15,514	(+) 2,228 (18)	(-) 5,966 (28)
1998-99	1,07,560	26,900	91,408	18,625	(-) 16,152 (15)	(-) 8,275 (31)
	5,98,440	1,49,620	5,20,977	95,867	(-) 77,463 (13)	(-) 53,753 (36)

* Severely mal-nourished children are to be given the therapeutic nutrition.

During 1992-99, 77,463 children and 53,753 pregnant women/nursing mother were deprived of the benefits due to partial implementation of the scheme

Thus, 77,463 Children below 6 years of age and 53,753 pregnant women/nursing mothers were not covered during 1992-99 and the percentage of short fall in coverage of beneficiaries (children, pregnant/ nursing mothers) during the period from 1992-93 to 1998-99 ranged from 4 to 46 per cent while that of nursing mothers varied between 27 and 64 per cent. On an average, 36 per cent of pregnant/nursing mothers were deprived of benefits of the scheme. The scheme was thus implemented partially though the targets for coverage of beneficiaries (both children and mothers) during the period from 1992-93 to 1995-96 and that of 1996-97 to 1997-98 remained the same and expenditure incurred during these period was to the extent of Rs.13.41 crore.

Due to non-maintenance of record the caloric value of food/proteins supplied to the beneficiaries could not be verified.

The details of nutritive values of food stuff provided to the beneficiaries under SNP during 1992-93 to 1998-99 were not available in the Directorate of Social welfare, Naharlagun as the Department did not maintain any record to indicate that required value of calories and proteins were supplied to each of the three categories of beneficiaries. In the absence of records, Audit could not verify nutritive value of supplementary food provided to the beneficiaries although the Department stated (May 1999) that under the programme items like ground nut, grams, rajmah, green moog, soyabeen, biscuit, kitchuri etc. were provided to the beneficiaries. It was also noticed that the supplementary nutrition were provided for 164 to 283 days against 300 feeding days in a year during 1993-94 to 1998-99 (details in Appendix - LIII). As a result, the value of nutritive food/proteins supplied to the beneficiaries remained unassessed and the purpose of providing supplementary nutrition to the target group on the sustained basis remained unfruitful.

Further, during the period from 1993-94 to 1998-99, administrative expenditure (met from central fund) incurred for implementation of the scheme was 69 to 361 per cent more than the expenditure incurred on Supplementary Nutrition. The details are indicated below :-

Year	Expenditure Incurred on SNP	Administrative expenditure	Difference	Percentage of Admn. expenditure over SNP
(in lakhs of Rupees)				
1993-94	108.00	310.57	202.57	188
1994-95	118.00	544.50	426.50	361
1995-96	261.29	457.36	196.07	75
1996-97	240.90	407.71	166.81	69
1997-98	262.05	528.14	266.09	102
1998-99	241.00	630.56	389.56	162

Hence, administrative expenditure incurred was not commensurate with the achievements made under SNP.

Unfruitful expenditure of Rs.13.41 crore due to implementation of the scheme without any realistic assessment of fund based on type and cost of food stuff to meet caloric and protein requirements.

Thus, expenditure of Rs.13.41 crore incurred during 1992-93 to 1998-99 on the programme without realistic assessment of fund based on type and cost of food stuff to meet the caloric and protein requirement of targeted beneficiaries largely remained unfruitful and not objective oriented.

The Government stated (September 1999) that each beneficiary was provided with 100 grams each with 317 to 567 calories of food stuffs and the shortfall of feeding days was mainly for inadequate fund under SNP. Reply remained silent regarding non-production of relevant records by the Directorate in this regard. The basis on which the caloric value of food was ascertained was also not furnished.

(b) Loss due to prolonged storage of food stuff under Special Nutrition Programme

The Director of Social Welfare (DSW), procured different type of food stuff from selected suppliers for meeting the requirements of Anganwadi Centres under Special Nutrition Programme (SNP). The food stuffs are supplied to different Centres from the stock of the DSW from time to time.

The Government sustained a loss of Rs. 9.15 lakh due to prolonged storage of food stuff and inadequate transportation facilities in the Department.

Scrutiny (September 1998) of records of the Director of Social Welfare, Naharlagun, revealed that between 30 October 1995 and 28 March 1996, the Directorate procured food stuff valued at Rs. 152.67 lakh without assessment of actual requirement, of which food stuff valued at Rs. 9.15 lakh were found unfit for human consumption because of fungus/insect infection. The food stuff were contaminated mainly due to prolonged storage of huge quantities in the godown beyond its capacity and inadequate transportation facilities in the Department. Thus, the Department sustained a loss of Rs. 9.15 lakh due to lack of proper storage facilities of the food stuff and inadequate transportation facilities in the Department. In January 1997, the Department constituted a Board, which after physical verification of stock materials recommended (January 1997 and July 1997) immediate destruction either by burial or by fire. The entire condemned food stuff has been buried and partly destroyed by fire (October 1997).

The Government stated (May 1999) that the proposal to write-off the losses was already under submission to the Government. Further development was awaited (December 1999).

3.5.5.3 Administration of Vitamin A Solution

Vitamin A solution was to be given twice in a year to all children in the age group of 6 months to 6 years for prevention of blindness. But no vitamin A solution was administered to the target groups in ICDS Projects as the same was not supplied to the project by the Central or State Government. The reason for non-supply of the same by both the Government had not been stated (May 1999). Thus, all the 2072 Anganwadi centres were deprived of Vitamin A solution for prevention of blindness due to non-supply of the same.

Hence, one of the major objectives of the scheme remained unfulfilled. The department had not taken any action so far to arrange supply/issue of Vitamin A solution to the target groups.

In reply, the Government stated (September 1999) that GOI has not fixed target for administration of Vitamin 'A' solution under ICDS. Reply, however, remained silent regarding non-supply of the solution by the Central or State Government.

3.5.5.4 Immunisation

According to the prescribed schedule, all children below 6 years of age were to be immunised against diseases like diphtheria, whooping cough, tetanus, polio and tuberculosis and all expectant and nursing mothers were also to be immunised against tetanus according to prescribed dosage. The position of children and women to be immunised and those actually immunised in the State during the period of review is given in **Appendix – LIV**. It would be seen that the shortfall in achievement as against targets ranged between **12 per cent** and **47 per cent** in respect of BCG, **23 per cent** and **49 per cent** in respect of DPT, **16 per cent** and **49 per cent** in respect of Polio, **34 per cent** and **58 per cent** in respect of measles and **51 per cent** and **72 per cent** in respect of TT(PW). The reasons for shortfall in coverage of immunisation was attributed by the Department (September 1999) due to difficulties in maintenance of cold chain (cold storage facilities) in the interior areas, thereby indicating that immunisation coverage was not uniform throughout the state. Further, the details of immunisation for the delivery of these services were to be recorded in the Child Health Cards and immunisation registers maintained by the Anganwadi Workers. But none of the AWCs test-checked could produce such list of beneficiaries as these were not maintained. The reason for such non-maintenance of records had not been furnished (May 1999). But, as per records of the Director of Health Services (DHS) during the period from 1992-93 to 1998-99, it was noticed that out of total children of 6,69,672 below 6 years of age, only 4,07,076 children (BCG – 1,16,851; DPT – 1,04,983; Polio – 1,05,814 and measles – 79,428) and out of 1,77,955 expectant mothers only 67,636 (year-wise break up of information is shown in **Appendix-LIV**) were immunized in the State as a whole. The DHS had not maintained any separate records in respect of beneficiaries of AWCs covered under immunisation programme. In the absence of list of beneficiaries in AWCs or separate exhibition thereof in records of DHS, the correctness or achievement of this item of work made by the AWCs could not be vouchsafed in audit.

While accepting the audit observations, the Government stated (September 1999) that all the activities of immunization were taken up regularly by the Health Department of Arunachal Pradesh irrespective of ICDS/non-ICDS area. There may be some CDPOs who were not maintaining records properly. They are being persuaded and reports with facts and figures would be made available to Audit. Further development is awaited (December 1999).

3.5.5.5 Health check up and referral services

The scheme envisaged health check-up to be given to all expectant mothers and nursing mothers and general cases of infants. It also envisaged supply of iron and folic acid tablets to expectant mothers and vitamin 'A' solution to children against nutritional anaemia and blindness respectively.

Test-check of records of 10 AWCs revealed that neither any record of beneficiaries covered by health check up nor cases referred for specialised treatment during the period of 7 years from 1992-93 to 1998-99 was maintained by these AWCs. In the absence of record, achievements by the AWCs could not be verified in audit. In reply, the Department (September 1999) stated that no CDPO has reported any referred cases so far. Health Department also could not provide any information. Further development is awaited (December 1999).

3.5.5.6 Nutrition and health education

Nutrition and health education is given to all women in the age group 15-45 years with priority to nursing and expectant mothers. This is done through publicity, special campaigns, home visits by AWWs, short courses, demonstration of cooking/feeding and utilisation of programmes of Ministries of Health and Family Welfare/Agriculture.

Scrutiny of records of 3 ICDS projects of the state revealed that activities connecting with nutrition and health education carried out by AWCs under these 3 projects were very poor during 1992-93 to 1998-99 (as shown in Appendix - LV). No norm regarding frequency of film/slide shows were fixed. During the period from 1992-93 to 1993-94, film/slide shows were held only in 7 and 2 AW centres against 107 and 109 centres respectively. After 1993-94, no film/slide shows were held in any of the centres. Thus, the publicity aspect of the programme did not receive adequate attention.

Norms with regard to home visits and demonstration of cooking/feeding were also not laid down. Nutrition and health education through home visits was not imparted to all women in the age group of 15-45 years in Changlang ICDS project.

The Government stated (September 1999) that most of the Film Projectors and Generators procured between 1985 and 1987 for 13 old projects had been declared condemned and replacement of these had not yet been sought as these invite frequent repairs/replacements. Instead the Government had started sending other publicity media to projects such as hoarders/posters/leaflets/pamphlets etc. Reply remained silent regarding home visits by AWWs, short courses and demonstration of cooking/feeding as envisaged in the scheme.

Publicity aspect of the programme remained unfruitful as no film/slide shows were held in any of the centres

3.5.5.7 Non-formal pre-school education

As envisaged in the scheme about 40 children in the age group of 3-6 years were to be imparted non formal pre-school education in each AWC for developing desirable aptitudes, values and behaviour pattern of children. As per information furnished by the Directorate of Social Welfare, the achievement of enrolment of children during 1994-95 to 1998-99 in the State are given below :-

Year	Target	Achievement	Shortfall
		(Children in number)	
1994-95	39,105	38,916	(-) 189
1995-96	45,360	45,250	(-) 110
1996-97	45,770	45,261	(-) 509
1997-98	46,920	46,712	(-) 208
1998-99	49,255	49,920	(+) 765

Impact of non-formal pre-school education imparted to children below 3-6 years age and women was not assessed as yet.

The Directorate, however, could not furnish the position of target and achievement for the years 1992-93 to 1993-94 as well as information, as to number of children who actually attended the classes after enrolment. Further, in support of enrolment figures of children, relevant reports from the CDPOs/AWCs also could not be made available to audit to verify the authenticity of figures computed at Directorate due to non-maintenance of attendance register by any of the AWCs test-checked. Reasons for non-enrolment/drop outs of all eligible children as per target fixed were not on records produced to Audit. No assessment about impact of non-formal pre-school education imparted by AWCs was made either at project level or State level. Further, no coverage was made for imparting non-formal education to women for promoting literacy during 1992-99 and the Department also did not prescribe any syllabus for promoting literacy, skills on health, hygiene etc.. for women. The reason for such dismal performance was neither available on records nor stated. Therefore, the correctness of achievement of target as shown in the table could not be vouchsafed in audit.

While accepting the audit observation, the Government stated (September 1999) that target for non-formal pre-school education at each Anganwadi was fixed @ 40 children (3-6 years) and reports from CDPOs were not proper having no actual figure of enrolment/drop-outs. Shortfall in 1996-97 and 1998-99 was due to non-establishment of AWCs.

3.5.5.8 Position of ICDS staff

It was noticed that 609 posts of different categories remained vacant as of March 1999 (Details in **Appendix - LVI**) under different programmes of the scheme.

Key posts were lying vacant and impact thereof were not assessed.

Thus, the implementation of the scheme suffered due to shortage of ICDS staff which varied between 7 and 40 **per cent** against sanctioned posts. The department could not furnish any convincing reply for keeping 609 sanctioned posts vacant for years together. The extent to which the vacant posts had affected the implementation of the scheme was also not assessed.

The Government stated (September 1999) that vacant posts would be filled up shortly. Further development is awaited (December 1999).

3.5.5.9 Provision of hand pump and sanitary blocks

Supply of protected and safe drinking water in the project areas was an essential basic requirement. Out of 2072 Anganwadi centres under 46 projects in the state, none of the centre had been provided with any hand pump and sanitary facilities. However, the Directorate procured 436 water filters at a cost of Rs.1.53 lakh (162 during 1995-96 and 274 during 1997-98), out of which 424 water filters were issued to 424 AWCs in 12 projects during the period from 1995-96 to 1998-99. The balance 12 filters were retained at Directorate without any recorded reason and the reason for non-supply of filters in the remaining 1648 AWC's (2072-424) had not been stated (May 1999). The Department also could not show any list/request made to the Rural Development Department (RDD) to Audit for supply of hand pumps and in the absence of records, the provision for hand pumps to be supplied by the State RDD could not be verified in Audit. Thus, in 1648 AW centres, supply of safe drinking water was not ensured.

The Government stated (September 1999) that PHE Department had not installed any hand pump in absence of any grants from the Ministry. As most of the Anganwadi Workers were not provided with potable water, the Government started to provide water filters to Anganwadis from its own sources so as to provide safe drinking water in all AWC's.

3.5.5.10 Training of ICDS functionaries

The scheme envisaged training of the ICDS functionaries at all level for proper implementation, of the programme. The entire expenditure on training was borne by the GOI.

Shortfall in training varied between 32 and 100 per cent, while Rs.41.13 lakh under training remained unutilised.

It was seen that out of 2142 ICDS functionaries only 537 (25 **per cent**) were imparted training and the shortfall in training varied between 32 and 100 **per cent** although there was no fund constraint. At the end of March 1999, Rs.41.13 lakh out of funds provided by GOI for training during 1992-93 to 1998-99 remained unutilized and the department failed to organise the training programme of ICDS functionaries properly.

The PAC in its 36th Report (Para 3.9.10 and 3.9.11 regarding Non-Formal and Training programme under ICDS – (C&AG's Report – 1987-88) recommended (September 1996) that partial implementation of scheme not only entail incurring unavoidable expenditure but also plunder the purpose for which these projects were earmarked. The committee desire that Department should take initiative right now to fulfil the aims and objectives of the scheme.

The position has not improved despite PAC's recommendation on the issue regarding implementation of the scheme. In reply, the Department stated (September 1999) that only one Training Centre exists in the State for imparting job course to Anganwadi Centre and hence only 30 trainees can be accommodated in a batch and this is the main reason for shortfall in training.

Government stated (September 1999) that the shortfall was due to the provision of poor and limited honorarium as well as the distance from each projects AW area to the Training Centre at Itanagar. The Government of India, now, sanctioned 5 (five) new Training Centres in 5 different areas and the rates during training was also enhanced for each item under the Project of Udisha. This would help to clear the backlog of training of AWs. Further development was awaited (December 1999).

3.5.6 Monitoring and evaluation

In order to ensure proper implementation of the programme, periodical monitoring of the progress of work was to be done at district level and state level through collection and analysing of periodical reports/returns from the Anganwadis and projects.

It was seen that monitoring of the programme was not done at state level by the Directorate. According to reply furnished (May 1999) by the Director, the monitoring cells established under CDPOs were responsible for monitoring of the programme. As per information available on record, 6 such cells have been established so far at Tezu, Bomdila, Along, Pasighat, Khonsa and Ziro. But the Directorate had not issued any guideline to the concerned CDPOs nor ascertained the nature of monitoring to be carried out by those cells. Existence of numerous deficiencies in implementation of the scheme (as pointed out in earlier paras) indicated that there was no effective monitoring of the programme. The impact of the scheme therefore remained unassessed though the PAC in its 36th report (September 1996) made some adverse comments in implementation of the scheme during the period from 1984-85 to 1987-88. Till date, no monitoring system had been evolved. As a result performance of the department was not monitored and evaluated from time to time.

The Government stated (September 1999) that evaluation survey to all the 36 projects operational till 1996 is under process and this would bring the result on target, objectives and achievement of the scheme. Further development is awaited (December 1999).

3.5.7 Recommendation

- Funds to be utilized prudently.
- Anganwadi centres to be made operational and the coverage of beneficiaries need to be increased.
- The implementation of the scheme need to be monitored effectively.

**AGRICULTURE/EDUCATION/FOREST/FISHERIES/
PUBLIC WORKS DEPARTMENT**

**3.6 IMPLEMENTATION OF NORTH EASTERN COUNCIL
SCHEMES**

Highlights

Lack of proper supervision in implementation of NEC Schemes by the State Government as well as NEC resulted in prolonged continuation of work for periods ranging from 5 to 19 years with consequential cost over-run of Rs.32.95 crore in implementation of seven road schemes, depriving the beneficiaries from the expected benefits to be derived from the road-network of the region. Similarly, in respect of 5 NEC scheme in respect of Civil Sector Schemes, the State Government incurred unproductive expenditure to the tune of Rs.2.41 crore due to lack of monitoring and proper supervision of the works.

Thus, the purpose for which the NEC fund of Rs.51.82 crore was released during 1992-99 for development of inter state road communication and for development of infrastructural facilities in respect of Civil Sector Schemes were totally frustrated due to implementation of the schemes by the State Government in a very tardy manner and the entire release of fund amounting to Rs.51.82 crore remained unfruitful as yet (September 1999).

Out of the total fund of Rs.51.82 crore released by the NEC during 1992-99 for implementation of 11 civil and 7 Road sector Schemes, the State Government retained Rs.3.24 crore due to non-release of fund to the implementing agencies in time.

(Paragraph 3.6.5.(i))

Unproductive expenditure of Rs.21.07 lakh due to non-release of NEC fund by the State (Rs.41.09 lakh).

(Paragraph 3.6.7.1 (A))

Discontinuance of the schemes by the NEC resulted in infructuous expenditure of Rs.9.69 lakh.

(Paragraph 3.6.7.1 (B))

Non-functioning of the scheme resulted in unproductive expenditure of Rs.150.10 lakh.

(Paragraph 3.6.7.1 (C))

Substandard execution of work resulted in unfruitful expenditure of Rs.60.26 lakh and extra expenditure of Rs.15.56 lakh.

(Paragraph 3.6.7.1 (D))

Release of fund of Rs.28.00 lakh much in advance of requirement without ascertaining the feasibility of the scheme resulted in undue financial aid to the State Government.

(Paragraph 3.6.7.1 (E))

Due to non-fixation of target date for completion of the works in respect of 7 road sector schemes, the Department incurred extra expenditure of Rs.32.95 crore owing to time and cost overrun of the works.

(Paragraph 3.6.7.2)

Unproductive expenditure of Rs. 12.68 crore was incurred by the Department due to non-completion of Pakke-Sejjuse-Itakhola Road.

(Paragraph 3.6.7.2 (a))

Due to non-completion of the construction of PAKA-GANGO NT Road for a period of over 19 years the entire expenditure of Rs.18.91 crore remained unfruitful as yet.

(Paragraph 3.6.7.2 (b))

3.6.1 Introduction

The North Eastern Council (NEC), Shillong which came into existence on and from 1st August 1972 consequent upon enactment of the NEC Act 1971 has been functioning under the administrative control of the Ministry of Home Affairs of the Union Government. The constituents of the council are the seven states of the North Eastern Region, viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. It is an advisory body for discussion of the common problems of the region in the fields of economic and social planning, Inter-state transport and communications, Power and Flood Control. The Council has also been envisaged as a regional planning Body which forwards proposals to the Central Government after formulating unified and co-ordinated regional plan for the constituent states in regard to matters of common importance for securing a balanced development of the regions which are in addition to the states' plans.

The objective and functions of the North eastern Council are (i) to assess the resource potential industrial surveys and preparation of data base for development planning (ii) development of infrastructure especially construction of roads, bridges and power generation (iii) manpower planning and development (iv) improvement and development of Agriculture and its

allied activities (v) promotion of industries (vi) promotion of health care and (vii) Development of sports and youth activities.

3.6.2 Organisational setup

The NEC Secretariat, Shillong is responsible for (i) Scrutiny of schemes/projects proposed by the State Governments for sanction (ii) Budget and plan formulation (iii) Release of funds (iv) Sanction of revised estimates (v) Sanction for NGOs (vi) Physical performance and (vii) Monitoring and evaluation.

At the State level, the various schemes/projects are being implemented by the State Governments through concerned departments (Civil and PW Departments).

3.6.3 Scope of audit

Out of 5 implementing/executing agencies, implementing 11 NEC (Civil) schemes (total expenditure - Rs. 3.34 crore) during 1992-93 to 1998-99, records of* (80 per cent) agencies implementing 7 Road sector schemes (Expenditure: Rs.46.19 crore i.e. 81 per cent of total expenditure) were test checked during May to July 1999.

In respect of roads and bridges, out of 7 road sector NEC schemes being implemented by the State, records relating to 3 works* (43 per cent) Divisions were test checked during April-June 1999. The test check corresponds to 39 per cent (Rs. 33.59 crore of Rs. 85.59 crore) of the expenditure incurred by 3 Divisions. Besides, records of Finance Department, Govt. of Arunachal Pradesh, Chief Engineers, East and West, Itanagar were also test checked.

3.6.4 Selection of schemes

The schemes/projects having economic importance and of inter-state nature are framed by the State Government and submitted to NEC Secretariat, Shillong. Such schemes/projects are then placed before the council for approval and inclusion in the Regional Plan. The Plan so approved by the council is forwarded to the Planning Commission for final approval.

* Directorate of State Forest Research Institute, Itanagar, Directorate of Fisheries, Itanagar, Directorate of Agriculture, Naharlagun, Arunachal Pradesh State Council for Science and Technology, Itanagar, Executive Engineers PWD Seppa, Jairampur and Kalaktang.

3.6.5 Financial outlay and expenditure

The details of funds released by the NEC, State Government and expenditure incurred there against during the period from 1992-93 to 1998-99 are given in Appendix - LVII.

The summarised position of department-wise release of funds by the NEC, State Government and expenditure incurred by the implementing agencies between 1992-93 and 1998-99 are as follows:-

Sl. No.	Name of the Department	1992-93 to 1998-99 with progressive figure of ongoing schemes				
		Fund released by NEC	Fund released by Govt of AP	Expenditure incurred by implementing agencies	Balance with Govt of AP not released	Excess expenditure

(In lakh of Rupees)

1.	Civil Department (11 schemes)	417.73	334.28	334.28	83.45	-
2.	PW Department (roads and Bridges - 7 schemes)	4764.50	4523.97	4618.94	240.53	94.97
Total		5182.23	4858.25	4953.22	323.98 (6 %)	(+94.97)

Due to non-release of NEC fund in time to the implementing agencies, an amount of Rs.3.24 crore was still lying with the State Government

(i) It would be seen that the State Government did not release fund in time to the implementing agencies against the year-wise release of fund by the NEC and thereby a total sum of Rs. 3.24 crore (6 per cent of total NEC release) was lying with the State Government (June 1999). The State Government diverted the entire amount for implementation of other Plan Schemes as it is evident that the Government is running short with a minus balance from 1995-96 onwards. This indicates that the NEC had no control over the utilisation of fund which was diverted for implementation of State Plan Scheme, as there was a minus balance in the Government account of the State during 1998-99.

Against the approved outlay of Rs.47.32 crore, NEC released fund of Rs.47.65 crore during 1992-99 which resulted excess release of fund of Rs.0.33 crore.

(ii) In respect of PW Department it was seen that against a total approved outlay of Rs.47.32 crore, the NEC had released Rs. 47.65 crore to the State which exceeded the outlay by Rs. 0.33 crore. The basis on which excess fund was released was neither available on records nor stated (June '99). Further, against the release of fund of Rs. 45.24 crore by the State Government, the implementing agencies (PW Department) had incurred expenditure of Rs. 46.19 crore which resulted in excess expenditure of Rs. 0.95 crore. The source from which the additional fund of Rs. 0.95 crore was mobilised was not indicated.

(iii) It would be seen from the position given in Appendix LVIII that the budget provisions made by the State Government was not commensurate with the funds actually released by NEC. The excess provided for in the budget was

not regularised by way of revised estimates while framing subsequent year's budget. This indicated defective and unrealistic budgeting.

As per administrative approval accorded by NEC for phase-wise estimates, the first instalment of fund should be released on receipt of a copy of technically sanctioned estimate from the State Government. However, records revealed that funds were released by NEC irregularly on the basis of preliminary working estimates without insisting on furnishing technically sanctioned estimates.

(iv) As per rule second and subsequent installments of grant shall be released only on receipt of utilisation certificates for the previous installments from the executing authority. However, the executing authority did not furnish any utilisation certificates against the grants received and the NEC continued to release funds without insisting on furnishing utilisation certificates by the executing authority.

3.6.6. Physical target and achievement

Out of 11 Civil Sector Schemes, 4 schemes were completed between 1992-96 and 7 (seven) are on-going schemes. Further, in respect of 7 road sector schemes sanctioned by the NEC between 1977 and 1991, no project report/bar chart for the schemes as a whole with target dates for their completion was prepared by the State Government nor called for by NEC. Instead the individual schemes were sanctioned and funded in phased manner upto March 1999 without any time schedule for completion of the scheme as a whole resulting in continuation of the scheme for inordinately long period ranging from 5 to 19 years. The details of the schemes are given in **Appendix LIX and LX**.

3.6.7 Implementation

3.6.7.1 Civil Sector

Test-check of records of various schemes implemented by different departments revealed the following irregularities.

(A) Support to State Forest Research Institute (SFRI), Itanagar - Unproductive expenditure due to non-release of fund by the State Government.

NEC approved Rs. 65.30 lakh in Ninth plan as financial support to State Forest Research Institute (SFRI), Itanagar to strengthen its infrastructure like library facilities, laboratory equipments/vehicles and programme area including development of nursery and establishment of demonstration farm at Mahgium. As against the approved outlay of Rs. 65.30 lakh, NEC released Rs. 62.16 lakh to the State Government during 1997-98 (Rs. 61.76 lakh) and 1998-99 (Rs.0.40 lakh) for implementation of the programme with the

stipulation to complete the programme within 1 year from the date of commencement of the programme. The details are indicated in **Appendix - LXVII**.

Expenditure of Rs.21.07 lakh incurred on furniture, equipment, vehicle and salary of driver proved unproductive.

The work was taken up by the Director of SFRI in April '97 and till date (July 1999), the expenditure incurred against the programme was Rs. 21.07 lakh (Procurement of laboratory furniture - Rs. 6.48 lakh, laboratory equipment Rs. 0.22 lakh, procurement of 4 vehicles - Rs. 13.52 lakh, pay and allowances of driver Rs. 0.45 lakh and development of nursery Rs. 0.40 lakh). The work was held in abeyance from December 1998 onwards as per directive of the Chief Secretary, Government of Arunachal Pradesh (14-12-98) that no sanction pertaining to the work of SFRI should be issued till its Governing council is reconstituted. Till date (June 1999), SFRI had not constituted its governing council for no reason on record and the balance fund of Rs. 41.09 lakh (Rs. 62.16 lakh - Rs. 21.07 lakh) had not been released by the State Government for implementation of the programme.

As it is evident that during 1997-98 the State was running deficit in Consolidated fund the amount of Rs. 41.09 lakh was diverted for other purposes and the objective of the programme to promote research facilities in the form of technology development and transfer, bio-diversity conservation and researches on forest pests and diseases control thus remained unachieved as yet. As such the expenditure incurred so far amounting to Rs. 21.07 lakh also proved unproductive due to non procurement of the bulk of the laboratory equipments (Rs. 35.78 lakh) for research purposes.

(B) (i) Development of technology for propagation and cultivation of Himalayan yew (*Taxus baccata*)

(ii) Breeding and micro-propagation of some selected canes/rattans

Both the projects aimed at (i) selection and production of superior clones raising of large nurseries using vegetative propagation methods and creation of a demonstration cum production farm and (ii) to increase production of canes/rattans through breeding of selected species to get superior hybrids. The estimated cost for development of technology for propagation and cultivation of Himalayan yew (*Taxus baccata*) was Rs. 9.66 lakh and that for Breeding and micro-propagation of some selected canes/rattans was Rs. 17.35 lakh respectively. Both the projects were to be completed within a period of 3 years i.e. from 1997-2000 and schemes were to be implemented by the State Forest Research Institute, Itanagar.

It was noticed that the NEC released Rs. 10 lakh (Rs. 5 lakh + Rs. 5 lakh) during 1997-98 as a 1st instalment for implementation of both the projects and the expenditure incurred during 1997-98 and 1998-99 was Rs. 8.45 lakh (Rs. 3.38 lakh + Rs. 5.07 lakh) and Rs. 1.24 lakh (Rs. 0.78 lakh + 0.46 lakh) respectively. No further fund was released by NEC after 1997-98 and the continuation of the project was also not approved under NEC's Annual Plan 1998-99. The reason for discontinuation of the project was also not available on records. Details of work done by the SFRI, Itanagar and the balance work to be executed are indicated in **Appendix -LXI**.

Infructuous expenditure of Rs.9.69 lakh due to discontinuance of the project by the NEC

The SFRI, Itanagar stated (July '99) that non-release of fund by the NEC in subsequent year, caused irrevocable damage to the created assets as there was no maintenance of the plots in respect of both the schemes. However, in spite of their repeated requests, funds were not released and the schemes suffered a great setback and the work of the project remained suspended.

Thus, the work of both the projects were held up due to failure of the NEC to provide fund continuously and the expenditure incurred to the tune of Rs. 9.69 lakh proved infructuous.

(C) Regional Hatchery Complex for cold water fishes at Samta, West Kameng District - Unproductive outlay of Rs.150.10 lakh

In March 1992, NEC Secretariat, Shillong accorded adhoc administrative approval of Rs. 91.88 lakh for "Establishment of a Regional Hatchery Complex for cold water fishes" at Samta (Total area - 385 hectare) West Kameng District on the basis of part estimates submitted by the Fisheries Departments of the State and revised to Rs. 162.03 lakh in September 1993 with a time schedule for completion of the scheme by 31 March 1996.

The main objective of the scheme was to produce and raise 10 lakh trout (rainbow and brown) seed per year and to rear indigeneous cold water fishes and to raise about 3000 Kg of table fish per annum and earn a revenue of Rs.9.64 lakh per year on completion by selling Trout seed and fish against a recurring cost of Rs.8.01 lakh per annum. During the period from 1991-92 to 1997-98, NEC released the entire fund of Rs.162.03 lakh and upto March 1999, the Department incurred Rs.150.10 lakh for implementation of the scheme and retained Rs.11.93 lakh in hand for no reason on record. The details of expenditure incurred against the main components of the scheme are indicated in **Appendix - LXII**.

The work of clearance of site, approach road and barbed wire fencing was completed during 1992-95 at a cost of Rs.12.99 lakh. Similarly, 192 cement concrete ponds and 90 earthen pond were constructed between 1993-94 and 1997-98 at a cost Rs.51.83 lakh (Rs.47.11 lakh + Rs.4.72 lakh) but the investment remained idle for a period ranging from 1½ year to 6 years and 6 months (September 1999) on account of non-harvesting of any fish seed in the ponds and due to passage of time, these ponds might not give expected result due to their non-maintenance. Further, farm equipments procured during 1997-98 at a cost of Rs.10.20 lakh were also lying idle for more than 2 years due to non-functioning of hatchery. These equipments also might loose their efficacy due to prolonged storage.

Due to non-functioning of the scheme, the entire expenditure of Rs.150.10 lakh proved unproductive

It was also seen that as per progress report of the work (March 1998) 95 **per cent** of the work was shown as completed but till date (June 1999) no production of trout seed and fish had been reported. As per the scheme, the work should be completed during 1995-96 but during 1996-99, the State Government could not derive any benefit of the scheme due to non-production of trout seed and fish and the entire expenditure of Rs.150.10 lakh including pay and allowances of 14 staffs proved unproductive for a period ranging from 1 to 3 years due to lack of proper monitoring in implementation of the scheme

by the State Government and non-release of fund by the NEC within the stipulated period i.e. by 1995-96. Further, due to delay in completion of the project, the State Government suffered a net loss of revenue of Rs.4.89 lakh (Rs.28.92 lakh – Rs.24.03 lakh) during the period from 1996-97 to 1998-99 after deducting recurring expenditure in the form of pay and allowances of staff.

(D) Pilot Project on running water fish culture – Unfruitful expenditure.

In March 1992, the NEC Secretariat, Shillong accorded administrative approval of the "Pilot Project on running water fish culture" at Rang Katu - I, Changlang District, Arunachal Pradesh at an estimated cost of Rs. 57.30 lakh with the stipulated time for completion by March 1995. The project envisages to utilise stream/spring water for fish culture by diverting them through series of ponds maintaining running water conditions. With a target production of 5-6 tonnes per year against present production of less than 1(one) tonne in stagnant ponds, the project would earn a revenue of Rs. 4.14 lakh per year by selling of 13.8 tonnes of fish (5000 kg/hectare - 277 hectare). The command area was estimated to be 5.67 hectare out of which 2.86 hectare was proposed to be developed as ponds. The project was also to serve as a demonstration unit and encourage private entrepreneurship development in areas of the region.

During the period from 1991-92 to 1995-96, NEC released the entire amount of fund of Rs. 57.30 lakh as grants and loans (Grants - Rs. 51.57 lakh and loan - Rs. 5.73 lakh) for implementation of the scheme and the expenditure incurred against the scheme upto 1998-99 was Rs. 60.26 lakh. The balance amount of Rs. 2.96 lakh (Rs. 60.26 lakh - Rs. 57.30 lakh) had been met from state fund.

It was noticed that all the works were completed at a cost of Rs.60.26 lakh during 1992-99 except for construction of 1 (one) non-residential building (office building cum laboratory). The expenditure incurred against the main components of the project are indicated in **Appendix - LXIII**.

Unfruitful expenditure of Rs.60.26 lakh due to substandard execution of work and extra expenditure of Rs.15.56 lakh.

Though the scheme envisaged for construction of 16 nos. of ponds by covering an area of 2.86 hectares of land with an approved outlay of Rs.13.33 lakh, it was seen that 22 nos. of ponds were constructed by covering only an area of 1.40 hectares at a cost of Rs.22.09 lakh which resulted in less coverage of 1.46 hectares of land and extra expenditure of Rs.15.56 lakh (Rs.22.09 lakh – Rs.6.53 lakh (Rs.13.33 lakh ÷ 2.86 hectare X 1.40 hectare) on excess execution of 6 nos. of ponds. The reason for sub-standard execution of work with a less coverage of area, excess execution of ponds without the approval of NEC were neither available on records nor stated. The construction of office building cum laboratory had not been started yet. Thus, the project failed to serve, as a demonstration unit for want of research facilities and the objective of the scheme in increasing the production of 5-6 tonnes of fish per year remained unachieved. During 1995-97, no fish could be harvested and only 178.90 kg of fish was harvested during 1997-99 resulting in shortfall of

harvesting of 55.02* tonnes of fish. This resulted in net loss of revenue of Rs. 12.85 lakh after deducting recurring expenditure of office staff towards their pay and allowances (Rs. 27.51 lakh - Rs. 3.64 lakh x 4 - Rs. 0.10 lakh) during the period from 1995-97. The viability of the project was, therefore, not ensured and the entire expenditure of Rs.60.26 lakh, thus, proved unfruitful for a period of 4 years.

Government stated (October 1999) that a beginning has been made by way of earning of a little revenue but it would take a few years more to attain the level of productivity since the stability of the soil had been affected by flood in recent years. Government reply (October 1999) did not specifically answer the audit point regarding justification for execution of sub-standard work with a less coverage of area and extra expenditure of Rs.15.56 lakh on excess execution of 6 nos. of ponds without the approval of the NEC.

(E) Construction of cold storage at Naharlagun – Release of fund in advance of requirement.

In December 1997, NEC Secretariat, Shillong accorded administrative approval for extending financial support to the Director of Agriculture, Government of Arunachal Pradesh, Itanagar for construction of a cold storage for preservation of Agro-Horticultural produce at Naharlagun at an estimated cost of Rs. 56.45 lakh (installed capacity - 500 MT) towards marketing support schemes under NE Region with the stipulation to release the fund in two installments @Rs.28 lakh each and project was to be implemented in 10 months period from the date of release of fund. The salient feature of the scheme are indicated in **Appendix – LXIV**.

Accordingly, NEC released 1st instalment of Rs.28 lakh in January 1998 to the Director of Agriculture. without ascertaining the feasibility of the scheme at Naharlagun.

It was seen that the Director of Agriculture after retaining the amount of Rs.28 lakh for 1 year converted the same into deposit at call in March 1999 and released it to Agriculture Marketing Board in the form of Banker cheque in March 1999. It was also noticed that the site of the work was changed from Naharlagun to Bhalukpong without the approval of NEC and the reason thereof was not on record. As per estimate of the scheme, the work was to be completed within 10 months from the date of release of fund by the NEC, but the work of the project had not yet been started. Thus, the State Government was granted undue financial benefit of Rs. 28 lakh for a period of about 1½ years and the amount was kept outside the Government account from January 1998 onwards. Thus, the objective of the scheme remained unachieved so far (June 1999).

3.6.7.2 Road and Bridge Sector

During VIII Five Year Plan (1992-93 to 1996-97) no new scheme under Road sector was sanctioned by NEC for the state of Arunachal Pradesh. All the 07

Release of fund amounting to Rs.28 lakh much in advance of requirement resulted in undue financial aid to State Government

* (13.8 tonne X 4 - 178.9 kg value Rs.27.51 lakh (@ Rs. 50/- per kg).

schemes under execution during VIII plan and first two years of ninth plan were schemes spilled over from V to VII plan.

It will be seen from **Appendix-LIX** that out of seven schemes comprising a total length of 453.10 km, 5 schemes (Sl. 1 and 4 to 7 of **Appendix-LIX**) with a total road length of 244.10 km having original estimated cost of Rs. 29.09 crore were reported as completed during 1994-95 (Sl. 1,4,5,6 of **Appendix-LIX**) and 1998-99 (Sl. 7 of **Appendix-LIX**) with a total cost of Rs. 55.91 crore. No completion certificate in respect of these schemes was, however, prepared by the Government nor insisted upon by the NEC. As such, the actual dates of completion of these schemes could not be ascertained. Due to non-fixation of target dates for completion, the schemes were not completed within reasonable time at the original sanctioned cost and entailed an extra expenditure of Rs. 26.82 crore on account of prolonged period of execution.

As regards remaining two schemes (Sl. 2 and 3 of **Appendix-LIX**) comprising a total road length of 209 km (AP portion) with original cost element of Rs. 23.55 crore, were reported to be in progress as of March 1999 even after incurring expenditure of Rs. 29.68 crore. These schemes remained incomplete with left out works of formation cutting, pavement, culvert/Log-Bridge and Retaining/Breast walls which were either in progress or yet to be taken up. Delay in completion of these 2 roads have so far led to cost overrun of Rs. 6.13 crore which will increase further on completion of left out items of work. Thus, failure of State Government to review the progress of the schemes from time to time by co-ordinating with the implementing department coupled with non-fixation of target date for completion resulted in cost over-run of Rs.32.95 crore for all the 7 schemes.

The important audit findings in respect of these 2 schemes test-checked are summarised as under:-

a) Construction of PAKKE-SEIJUSA-ITAKHOLA ROAD – Unfruitful expenditure

The construction of the above inter-state road (length 104 km) between Arunachal Pradesh (84 km) and Assam (20 km) was approved (July 1980) by the Inter Ministerial working group for implementation during VI five year plan (1980-1985). The NEC, instead of sanctioning the scheme as a whole with target date for completion, accorded sanction to 13 different estimates comprising a length of 56 km (out of 84 km in Arunachal Pradesh) from Seijusa end at a total cost of Rs. 5.79 crore between September 1981 and March 1991. The estimated cost ultimately got revised to Rs.9.09* crore between February 1987 and March 1998. The preliminary survey investigation was taken up during 1981-82 and the construction work was started during 1982-83. Against the release of fund of Rs.10.21 crore (upto 1991 Rs.8.21 crore, 1997-99 – Rs.2 crore) by the NEC for phase I, II and III of the road the Department incurred expenditure to the tune of Rs.12.68 crore (phase I – 11.92 Km – Rs.1.00 crore, Phase II – 43 Km – Rs.9.75 crore and phase III –

* (Survey and Investigation: Rs. 1.84 lakh; Phase-I: Rs. 112.11 lakh; Phase II: Rs.651.59 lakh; Phase III: Rs. 143.31 lakh)

Rs.0.01 crore and from Pakke end— Rs.1.92 crore). The details are given in **Appendix – LXV**.

It was, however, seen that the construction of phase I was shown as completed without completing the construction of 5 nos. of culverts, 2000 metre side drain and 60 metre cause way. The actual date of completion of the work and the reason for non-completion of balance work of phase I was neither available on records nor stated.

In respect of Phase II, Rs.9.75 crore had been spent upto March 1991 against the estimated cost of Rs.2.23 crore and thereafter, the work remained suspended. Item of works viz. 8 Km of black topping, 101 culverts were not executed though the NEC in January 1997 intimated the State Government to complete the left out work of Phae II and III from its own resources. The State Government reaction against NEC's proposal was not available on records.

However, to complete the remaining work from 57 to 84 Km, it was decided to restart the work from other end (Pakke-Kessang side) during IX Plan and accordingly NEC had sanctioned two estimates (Phase 1: 0-10 Km-Rs.252.38 lakh and Phase-II: 10-25 Km-Rs.251.45 lakh) between March 1998 and January 1999. The State Government spent Rs.191.65 lakh as on March 1999 against the fund of Rs.2 crore released by NEC during 1997-99.

Unproductive expenditure of Rs.12.68 crore due to defective planning, improper survey and investigation and execution of work without proper supervision.

Thus, the work which was started during 1982-83 had not yet been completed even after incurring expenditure of Rs.12.68 crore and in the mean time 16 years had already been elapsed. Although the Assam portion of the road (20 Km) was completed during VII plan, the fate of completion of Arunachal Pradesh portion of the road remained uncertain. Further, even if the road is completed this would not even connect district Headquarters of two states due to defective planning as Pakke (Arunachal Pradesh) and Itakhola (Assam) were not the district Headquarters of both the State. The entire expenditure of Rs.12.68 crore thus, proved unfruitful.

Extra expenditure due to fictitious measurement of earth work

It was also seen in audit that for the road length of 30.04 Km under Phase II execution of 15,11,643 m³ of earth work was provided in the sanctioned estimate against which 30,11,316 m³ of earth work was executed. An enquiry committee constituted (November 1990) by the NEC to investigate the reasons for escalation in the earth work quantity, had computed the actual execution after detailed measurement (1996) in the field as 20,05,668 m³. This resulted in extra expenditure of Rs.4.38 crore. Although, the revised estimate for Rs.4.41 crore taking the inflated quantity of earth work had been sanctioned (March 1998), no responsibility had been fixed for extra expenditure incurred due to inflated measurement of earth work.

(b) Construction of PAKA-GANGO NT ROAD

To accelerate the process of expansion of road network between Arunachal Pradesh (AP) and Assam, construction of an inter-state road linking, Paka in AP with NT road in Assam (length 150 km of which 125 in AP and 25 km in Assam) was proposed by Government of Arunachal Pradesh and approved by NEC for inclusion in VI five year plan (1980-1985).

Expenditure of Rs.18.91 crore remained unproductive due to non-completion of the work

The NEC between November 1978 and November 1998 sanctioned the work in 18 phases at an estimated cost of Rs.12.71 crore for a road length of 55.515 Km instead of sanctioning the scheme as a whole for its entire length. These estimated cost were further revised by the NEC between February 1993 and October 1998 to Rs.22.78 crore. The preliminary survey investigation work was taken-up during 1978-79 and the construction work was started from 1980-81 and as of March 1999, the Division incurred total expenditure of Rs.18.91 crore against the release of Rs.17.91 crore by the NEC. The work was not yet completed even after 04 to 19 years of taking up of the work. Formation cutting and soiling, metalling and carpeting in different phases of the work were not yet completed. The details of incomplete work are given in **Appendix – LXVI**. The reason for non-completion of balance work were not stated (September 1999), except for phase V (45.515 – 55.155 Km) which was attributed to absence of requisite machinery for rock cutting. In view of tardy pace of progress of the work, the NEC (September 1999) proposed to the Government of Arunachal Pradesh for transfer of the balance portion of the road to BRO. The modalities of transfer of the road between Government of Arunachal Pradesh and NEC were not yet settled and in the mean time, Government of Assam expressed (May 1995) their unwillingness to continue the work beyond 14 Km out of 25 Km due to objections raised by local people. Thus, the possibility of completion of the balance road length (69.49 Km in Arunachal Pradesh and 11 Km in Assam) is remote particularly after the works had continued for 2 decades. Thus, the entire expenditure of Rs.18.91 crore remained unproductive.

Cost over-run of Rs.6.20 crore due to delay in completion of the work

The above facts will also indicate that the State Government had taken up these 2 schemes for implementation based on defective survey and Investigation as the bottleneck in construction like occurrence of hard rock, non-availability of land free from encumbrances etc. were foreseeable. Further, continued execution of the road (AP portion) for 19 years only for a length of 55.515 km (out of 125 km) has led to cost overrun of Rs.6.20 crore till March 1999 which will increase further with the completion of the remaining works.

3.6.8 Monitoring and Evaluation

Although monthly/quarterly progress reports on the implementation of the schemes were submitted by the implementing agencies from time to time to the concerned authorities (PWD and Civil), achievement of progress made were not evaluated by the State Government at any stage. Although NEC Authorities undertook routine inspection of a few schemes, such inspections could not compel the implementing agencies to speed up completion of the works. However, inspection reports remained silent regarding actual execution of work based on measurements.

The findings of the review were reported to the State Government/ NEC in August 1999; their replies have not been received (December 1999).

3.6.9 Recommendations

A comprehensive monitoring system by NEC and State Government is essential for effective control over expenditure in implementation of NEC schemes and also for ensuring the smooth functioning of on-going schemes in order to avoid time and cost overrun.

SECTION - B - PARAGRAPHS
RURAL DEVELOPMENT DEPARTMENT

3.7 Extra avoidable expenditure

Injudicious decision to procure cement from a local dealer at higher rate resulted in extra expenditure of Rs.9.16 lakh.

For implementation of various schemes under District Rural Development Agency (DRDA), the Project Director (PD), DRDA Pasighat procured 13,668 bags of cement (CCI brand) between January 1997 and December 1997 at a cost of Rs.33.49 lakh (@ Rs.245 per bag) from a local dealer without inviting tender/quotations. The reason for such omission had not been furnished (January 1999).

Scrutiny (January 1999) of records of the PD, DRDA, Pasighat however revealed that Cement Corporation of India (CCI) in November 1997 had supplied 200 MT of cement to Public Works Division, Pasighat, from their factory at Bokajan (distance 610 Kms from Pasighat) @ Rs.3,558.25 per MT (including transportation cost). On the basis of this rate, the cost of cement comes to Rs.178* per bag. The Department could have avoided extra expenditure of Rs.9.16 lakh (13,668 X Rs.67 (Rs.245 - Rs.178)) if the procurement was made from the CCI Limited, Bokajan. There was no record to show that the Department had ever explored the possibility of procuring cement from CCI Limited, Bokajan.

Thus, injudicious decision to procure cement from a local dealer at higher rate resulted in extra expenditure of Rs.9.16 lakh.

The project Director, DRDA, Pasighat stated (June 1999) that this agency did not procure cement directly from Cement Corporation of India Ltd., Bokajan as it required advance payment and further the condition of the road from Ghai Nadi to Pasighat was so deplorable that in almost all the year round transshipment is required and there is a possibility of damage of cement. Reply is not tenable on the ground that during the same period i.e. in November 1997 Public Works Division, Pasighat procured 200 MT of cement at much cheaper

* Basic ex factory of CCI brand cement per MT	Rs.2,394.95
4 per cent CST against submission of 'D' form	Rs 95.80
Transportation cost @ Rs. 1.75 per MT per Km through authorised transport for the total distance of 610 Km	<u>Rs.1,067.50</u>
Total:	Rs.3,558.25
∴ Rate per bag of 50 Kg	Rs.3,558.25 ÷ 20 = Rs. 177.91 (Say Rs. 178/-)

rate from the CCI, Bokajan and cement received by the Division was found to be in good condition.

The matter was reported to the Government/Department in March 1999; their reply had not been received (December 1999).

AGRICULTURE, HOME (POLICE) AND INDUSTRIES DEPARTMENTS

3.8 Failure of senior officials to enforce accountability and protect the interests of Government

821 paragraphs pertaining to 213 Inspection Reports amounting to Rs.2,923.94 lakh concerning Agriculture, Home (Police) and Industries departments were outstanding as on August, 1999. Of these first replies of 43 Inspection Reports containing 277 paragraphs had not been received

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

Inspection Reports issued upto March 1999 pertaining to 58 offices of 3 departments disclosed that 821 paragraphs relating to 213 IRs involving an amount of Rs.2923.94 lakh remained outstanding at the end of August, 1999. Of these, 53 IRs containing 128 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 in respect of 28 offices for 277 paras of 43 IRs issued between November 1985 and March 1999. Department-wise position of the outstanding IRs and paragraphs are detailed in the Appendix.- LXVIII.

As a result, some of the important irregularities involving 143 paragraphs (70 paragraphs + 27 paragraphs + 46 paragraphs) amounting to Rs.1199.05 lakh (Rs.296.30 lakh + Rs.306.13 lakh + Rs.596.62 lakh) commented upon in the outstanding Inspection Reports of the three departments had not been settled as of August 1999 are indicated below :

Sl. No	Nature of Irregularities	Agriculture Department		Home (Police) Department		Industries 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	-	-	6	2.97	-	-
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll	-	-	2	15.60	-	-
3.	Delay in recovery or non-recovery of department receipts, advances and other recoverable charges	23	36.55	1	0.70	32	347.22
4.	Sanctions to write off loans, losses, etc., not received	2	0.12	2	1.21	-	-
5.	Drawal of funds in advance of requirements resulting in retention of money in hand for long periods	12	36.47	-	-	-	-
6.	For want of D C C bills	24	211.89	8	277.89	6	201.90
7.	For want of APRs	5	4.12	6	7.48	-	-
8.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	2	5.94	-	-	4	13.83
9.	Over payment or in-admissible payments noticed in audit not recovered	2	1.21	2	0.28	2	31.31
10.	Defective maintenance and/or non-maintenance of log book of departmental vehicles etc.	-	-	-	-	2	2.36
	Total	70	296.30	27	306.13	46	596.62

A review of the IRs which were pending due to non receipt of replies, in respect of the departments mentioned in Appendix-I revealed that the Heads of the offices, whose records were inspected by AG, and the Heads of the Departments, viz., Director of Agriculture, Inspector General of Police and Director of Industries failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretaries of the concerned Departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the Departments take prompt and timely action.

The above also indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

It is recommended that Government should relook into this matter and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the audit observations in the Department.

The matter was reported to the Government in August 1999; reply had not been received (December 1999).

FINANCE DEPARTMENT

3.9 Mis-appropriation, losses etc.

Delay in settlement of 27 cases of misappropriation, losses etc. resulted in outstanding balance of Rs.21.52 lakh for periods ranging from 5 months to 39 years

Twenty seven cases of misappropriation, losses etc. of Government money aggregating Rs.21.52 lakh reported to Audit upto March 1999 were pending for periods ranging from 5 months to 39 years at the end of June 1999.

The break up of the present position is given below :-

Sl. No.	Particulars	Number of cases	Amount involved (Rs. in lakh)	Period
1.	Cases awaiting departmental action	8	6.35	5 months to 12 years
2.	Cases in court of law/awaiting police investigation	8	7.17	4 years to 28 years
3.	Cases awaiting orders of Government/ Department for recovery or write-off	11	8.00	6 months to 39 years
Total		27*	21.52	

Department-wise and year-wise analysis of outstanding cases in which final action was pending as at the end of June 1999 is given in **Appendix – LXIX**.

Neither the Department fixed any responsibility against these defaulting officials, nor had any investigation been made by the Department. The reason for this had not been stated (December 1999).

The matter was reported to Government (August 1999); reply had not yet been received (December 1999).

* This includes two cases where the amount has not been intimated by the department.

**CHAPTER IV WORKS EXPENDITURE
POWER DEPARTMENT
SECTION - A - REVIEW**

4.1 SIRNYUK MICRO HYDEL SCHEME

Highlights

The project (installed capacity – 2 MW) which was to be completed in March 1994 had been commissioned during February 1997 (1st unit) and August 1997 (2nd unit) at a cost of Rs.23.66 crore which resulted in cost over-run of Rs.17.77 crore (Rs.23.66 crore – Rs.5.89 crore) due to delay in completion of the work for a period ranging from 29 to 53 months. The delay was attributable to defective contractual agreements, award of work on turnkey basis at abnormally high rates and price escalation due to execution of extra/additional substituted items of work. This indicated that original estimate of the work (Rs.5.89 crore) was not based on proper survey and investigation as well as proper estimation of quantities of work involved which ultimately led to revision of the estimate of work to Rs.24.64 crore. Due to low generation of energy, the project sustained a loss of Rs.3.96 crore annually during the period from February 1997 to January 1999. The Department also incurred extra expenditure of Rs.1.16 crore due to non-availment of concession on civil works offered by the contractor.

Further though the Department commissioned the project between February 1997 and August 1997, the 2nd unit (1 mega watt) was lying idle from September 1998 due to mechanical defect.

Against the approved original (1991) estimate of Rs.5.89 crore, the project cost was revised (September 1997) by the Department to Rs.24.64 crore on account of cost escalation due to delay in commencement and completion of the project. The actual expenditure on completion of the project (August 1997) as of February 1999 was Rs.23.66 crore (excluding liabilities).

(Paragraph 4.1.1 & 4.1.5)

Doubtful expenditure of Rs.43.78 lakh was booked against the work without any supporting details.

(Paragraph 4.1.4(a))

The project sustained loss of Rs.3.96 crore annually during the period from February 1997 to January 1999 due to low generation of energy.

(Paragraph 4.1.6)

The Department incurred extra expenditure of Rs.41.54 lakh on construction of Forebay Tank

(Paragraph 4.1.7.1(i))

Acceptance of higher rate resulted in extra expenditure of Rs.83.92 lakh on construction of Power House.

(Paragraph 4.1.7.1(ii))

Extra expenditure of Rs.1.16 crore due to non-availment of concession on Civil Works by the Department.

(Paragraph 4.1.7.1(iii))

Due to non-recovery of the cost of penstock pipe, the Government sustained a loss of Rs.10.76 lakh.

(Paragraph 4.1.7.1(iv)(a))

Interest free mobilisation advance of Rs.3.96 crore was paid to the turnkey contractor against the maximum permissible amount of Rs.1 crore leading to undue financial benefit of Rs.2.96 crore to the contractor for 4 years.

(Paragraph 4.1.7.1(iv)(b))

4.1.1 Introduction

With a view to meeting the growing demand for Power, the Government of Arunachal Pradesh, Public Works Department (PWD) proposed (1990) to set up "Sirnyuk Micro Hydel Scheme" at Jengging with an installed capacity of 2 Megawatt (2 X 1000 KW) at an estimated cost of Rs.5.89 crore. The project was administratively approved by the Government in March 1991 with the time schedule for completion within three years from the date of commencement of work, which was revised to Rs.24.64 crore in September 1997. The original project report, comprising construction of weir and intake structure, Power channel, Disilting chamber, Forebay tank, Penstock pipe, Power house and tailrace, envisaged annual generation of 6.57 GWH with an estimated receipts of revenue of Rs.37.25 crore for 35 years i.e. Rs.1.06 crore per year.

The project was taken up for implementation in March 1991 and commissioned during February 1997 (1st unit) and August 1997 (2nd unit) at an expenditure of Rs.23.66 crore (February 1999).

4.1.2 Organisational set up

Initially the Chief Engineer (CE), Public Works Department, Zone - I was overall in charge of the scheme till August 1992. With the separation of Power Department from Public Works Department in August, 1992 and handing over of the projects to the Power Department, the CE Power became the overall incharge of the scheme. At Circle level, the SE, Civil Circle Itanagar and the SE Pasighat Electrical Circle, Pasighat and at division level the EE Micro Hydel Division, Pasighat, EE Civil Division, Geku, EE Pasighat Electrical Division and EE Yingkiang Electrical division were entrusted for implementation of the scheme.

Alternate Hydro Energy Centre, University of Roorkee rendered consultancy services at the request of the Power Department, Arunachal Pradesh.

4.1.3 Audit Coverage

The records of the Chief Engineer, Power, Naharlagun alongwith the records of the Chief Engineer, Public Works Department Zone -II handed over to the Chief Engineer, Power and also the records of Geku Civil Division, Along Civil Division, Yingkiang Public Works Department, Yingkiang Electrical Division and Pasighat Electrical Division for the period from 1986-87 to 1998-99 were test-checked during January to March, 1999. Important points noticed as a result of test-check are brought out in the succeeding paragraphs.

4.1.4 Financial appraisal

Against the budget provision of Rs.23.42 crore, expenditure to the tune of Rs.23.66 crore (excluding liabilities*) was incurred during the year 1986-87 to 1998-99 (February 1999) which resulted in excess expenditure of Rs. 0.24 crore. The total expenditure of Rs.23.66 crore (excluding liabilities) was in excess by Rs. 17.77 crore (302 per cent) over the original estimated cost of Rs. 5.89 crore. The details are indicated in **Appendix -LXX**.

The details of irregularities in financial management are discussed in succeeding paragraphs :-

Expenditure for completion of the Project exceeded the original estimated cost by Rs.17.77 crore.

* Price variation claim
Cost of Civil works

Rs. 153.65 lakh
Rs. 3.01 lakh

(a) Doubtful adjustment of expenditure

Due to wrong booking of expenditure by the Division, the work was unnecessarily over stated by Rs.43.78 lakh.

During, the year 1993-94 the Geku Civil Division incurred expenditure of Rs. 43.78 lakh against the scheme and the same was duly reflected in the monthly accounts of the Division during 1993-94. On scrutiny of records, it was noticed that the same amount of Rs. 43.78 lakh was again booked against the accounts of the Division in 1994-95. But no supporting details i.e. MBs, Vouchers, Muster Roll payments etc., could be produced to audit in support of the amount so debited. The amount was shown as excess expenditure in supplementary accounts for March 1995. In the absence of records, the audit could not vouch the expenditure of Rs. 43.78 lakh incurred during 1994-95.

This resulted in fictitious adjustment of Rs.43.78 lakh against the work.

The Department stated (August 1999) that due to non-correction of monthly accounts of March 1994, the expenditure of Rs.43.78 lakh has been booked thrice against the scheme. Efforts were being taken to correct the accounts. Further development is awaited (March 1999).

(b) Non-reconciliation of expenditure

In the handing over memo of Pasighat Micro Hydel Division (February 1994), the expenditure incurred by Yingkiong Public Works Division upto March 1993 was shown as Rs.1.15 crore against actual expenditure of Rs.1.20 crore. Similarly, the expenditure made by Geku Civil Division for Civil works during 1994-95 was shown as Rs.2.30 crore whereas as per the Register of works, it was Rs.3.20 crore. Thus, there was overall discrepancy in the accounts of Rs.0.95 crore. The discrepancy had not yet been reconciled (March 1999).

The Department stated (August 1999) that the Divisional Accountant has been instructed to go to various division for reconciliation of the discrepancy. Further development is awaited (November 1999).

4.1.5 Project Cost

The Project work was executed by the PWD (mostly Civil Works) during the period from March 1991 to January 1994 and was handed over to the Power Department in February 1994. The Department of Power appointed (April 1994) Alternate Hydro Energy Centre (AHEC), Roorkee for preparation of revised drawing and design of the Project who in July 1994 submitted the same to the Department. The revised drawing and design of the Project was approved by the Government in May-June 1995. The Project cost was revised (September 1997) to Rs.24.64 crore (Civil - Rs.13.97 Crore, Electrical - Rs.10.67 Crore) due to inclusion of some extra items (Feeder channel, cross drainage works and RCC slab cover on Power channel) but the revised Project report had not yet been sanctioned (March 1999). No clearance from the Central Electricity Authority (CEA) and Ministry of Environment and Forest, GOI, was however, obtained for implementation of scheme. No reasons, had been furnished (March 1999).

The project was commissioned during the period February 1997 (1st unit) and August 1997 (2nd unit). Though the 1st unit of 1.00 MW is now in operation, the 2nd unit of 1.00 MW was lying idle from September 1998 due to mechanical defect. The defect though occurred within warranty period of the machine (12 months from the date of commissioning), the same had not yet been repaired (February 1999) and the Department had also not taken over the Project from the turnkey contractor (April 1999) due to non-rectification of defects of the machine (2nd unit) free of cost by the contractor as per terms and conditions of the agreement.

The irregularities noticed in implementation of the project are discussed in succeeding paragraphs.

Delay in completion of the works in the absence of fixed time schedule resulted in cost overrun of Rs.17.10 crore.

According to the approved project report (March 1991), the scheme was to be completed within 3 years from the date of commencement of the work. No time schedule was fixed by the department for commencement and completion of different components of the project. However, taking into consideration the actual date of commencement of main components in respect of civil work, there were delays ranging from 29 to 53 months with consequential cost overrun of Rs.9.88 crore as shown in **Appendix - LXXI**. Beside, in respect of main components of electrical works, there was a cost over-run of Rs.7.22 crore (Rs.8.76 crore – Rs.1.54 crore) on account of procurement of Turbo generating sets, Switch Board and Transformation equipments at higher rates.

The delay in completion, which was a factor for cost overrun, was attributable to defective contractual agreements, award of work on turnkey basis at abnormally high rates, price escalation due to execution of extra/additional/substituted items of work. These are highlighted in the subsequent paragraphs. Apart from time overrun, the cost overrun was also attributable to the following.

(i) The original project capital outlay of Rs.5.89 crore as approved by the Government (March 1991) was not based on proper survey and proper estimation of quantities of work involved as is evident from the subsequent revision of the capital cost to Rs.24.64 crore (September 1997) on account of increase in scope of work as well as increase in rates. Provision for Feeder Channel and Cross drainage works were not included in the original estimate whereas the same had been constructed as per drawings approved by the Power Department on the recommendation of AHEC, Roorkee. Similarly, provision for RCC slab cover on Power Channel was not taken in original estimate, but was included in revised estimate as per actual execution of work.

(ii) The Department failed to take up the work as a whole and went for piecemeal execution without any proper planning. Justification for not taking up the project in time despite availability of funds could not be furnished. Consequently, the Department had to revise the project cost to Rs.24.64 crore in September 1997 based on SOR 1992 which alone contributed to a cost overrun of Rs.18.75 crore.

4.1.6 Economic Viability of the project

The project failed to attain economic viability and sustained loss of Rs.3.96 crore annually during the period from February 1997 to January 1999

According to original project report (March 1991) the cost of generation per KWH was Rs.1.62 only and the project was expected to earn revenue of Rs.106.43 lakh per year on targeted generation of 6.57 GWH (6570000 KWH). In the revised estimate (not yet sanctioned) economic viability of the project was not assessed.

The economical viability as projected by the Department was based on the following estimated criteria :

- (a) Annual generation 6.57 GWH
- (b) Interest on capital outlay 15 **per cent** per annum of capital outlay
- (c) Depreciation on capital 1.68 **per cent** per annum of capital outlay
- (d) Operation and maintenance 0.67 **per cent** per annum of capital outlay

Scrutiny in audit, however revealed that the project was commissioned in February (1st Unit), August 1997 (2nd Unit) and the achievement in terms of cost data was found as under :-

	<i>(Rupees in lakh)</i>
(a) Total Capital outlay	2366.40
(b) Annual expenditure	
(i) Interest (15% of capital outlay)	354.96
(ii) Depreciation (1.68% of capital outlay)	39.76
(iii) Operation and maintenance (0.67% of capital outlay)	<u>15.85</u>
Total of (b)	410.57
Estimated generation (Per annum)	6.57 GWH
Actual generation (Per annum)	1.89 GWH
Cost of generation per KWH (Rupees)	21.75
Sale price per KWH (Rupees)	0.80
Loss per KWH (Rupees)	20.95

Thus, due to low generation (71 **per cent**) against estimated generation, the project had been incurring loss of Rs.20.95 per KWH of energy generated during February 1997 to January 1999 with an annual loss of Rs.395.51 lakh on the basis of capital outlay of Rs.2,366.40 lakh and annual average generation of 1.89 GWH (1887891 KWH) as stated above. The actual loss would increase further, if transmission and distribution loss is taken into consideration which, however, could not be ascertained in audit due to non-maintenance of records. The reasons for low generation were frequent shutdown of generating sets owing to mechanical defects and lesser discharge of water { 1st unit – idle hours – 1,711 hours (10% of the total operation hours 17,520 hours) and 2nd unit – idle hours – 6,344 hours (48 **per cent** of the total operation hours 13,176 hours)}. The increase in cost of generation was due to shortfall in targeted generation, higher capital cost owing to delay in

completion of project and acceptance of higher rates in respect of civil works. Timely completion of the project by the department and utilisation of generating sets upto their optimum capacity would have increased the units of generation with consequential reduction in generation cost. However, at the existing rate the project would not become economically viable and sale price of energy at Rs.0.80 per KWH to the consumers requires revision.

The Department stated (August 1999) that the Executive Engineer (Electrical), Yingkong Division has been instructed to submit the assessment on priority basis regarding the financial forecast of net revenue on the basis of revised outlay. Further development is awaited (November 1999). Reply however, remained silent regarding loss of energy valued Rs.3.96 crore annually during the period from February 1997 to January 1999 due to low generation of energy.

4.1.7 Implementation

4.1.7.1 The cost overrun of the project was mainly on account of the following: -

(i) Extra expenditure on construction of Forebay Tank (Rs.41.54 lakh)

In the original project report, Rs.20.28 lakh was provided for construction of RCC forebay tank of size 26m X 16m X 3.50m (1456 cum) including spill way scour pipe. The size of the tank was changed to 13m X 7m X 3m (273 cum, Rs.22.61 lakh) on the recommendation of the AHEC, Roorkee (July 1994) for generation of 2 MW (2 X 1000 KWH) which was subsequently approved by the Power Department in June 1995. The size of tank was further modified to 19m X 8m X 4.70m (714.40 cum) during execution of work (8/94 to 10/96) by the turnkey contractor and the work was completed at a cost of Rs.64.15 lakh (Forebay Rs.54.90 lakh and spillway scour pipe Rs. 9.25 lakh).

Though expert consultant (AHEC, Roorkee) after visiting the site had prepared the design and drawing of the Forebay tank which was also approved by the Department in June, 1995, the turnkey contractor in execution of the work executed the different size of the Forebay tank in contravention of the approved drawing and design of the tank. Thus unauthorised execution of work by the turnkey contractor resulted in extra expenditure of Rs.41.54 lakh (Rs.64.15 lakh - Rs.22.61 lakh) which also led to cost overrun. This indicated lack of proper supervision/monitoring in implementation of the work.

The Department stated (August 1999) that extra cost involved was due to the cost escalation of the material and labour as per agreement rate. Reply however remained silent regarding change of specification of the forebay tanks at the time of execution of the work.

(ii) Power House - Acceptance of higher rate resulted in extra expenditure (Rs.83.92 lakh)

Original estimate provided construction of 600 square meter (12 meter X 50 meter) power house, gantry arrangement, machine foundation and 100 meter

The Department incurred extra expenditure of Rs.41.54 lakh on construction of Forebay tank

long tailrace channel at a cost of Rs.48.74 lakh for installation of 2 MW generating sets. In the revised drawing and design for Power House the plinth area was shown as 487.2 square meter (14.5 meter X 33.6 Meter) which was also approved by the Department in June 1995. Construction work was awarded to the turnkey contractor (October 1993) at the agreed rate of Rs.22,800.00 per square meter. The contractor took up the work in October, 1994 and completed construction (December 1996) of 510.00 square meter Power House with stair case 7.98 square meter at a total cost of Rs. 118.10 lakh (Rs.116.28 lakh + Rs.1.82 lakh).

It was, however, seen that the prevailing rate of building works as prescribed by the Chief Engineer (EZ), Public Works Department in July 1994 was 50 **per cent** above the APSR 1983 for earth work and 315 **per cent** above for other items of work. According to the prevailing rates, cost of construction was as follows :-

(a)	Earth work as per original estimate	
	Rs.58989.27 X 510 ÷ 600	Rs. 50,141.00
	Add : Cost index 50 % on above	Rs. 25,070.00
(b)	Construction work as per original estimate	
	Rs.947663.90 X 510 ÷ 600	Rs. 8,05,514.00
	Add : Cost index 315 % on above	<u>Rs. 25,37,369.00</u>
	Total	Rs. 34,18,094.00

Acceptance of higher rate without any valid reason resulted in extra expenditure of Rs.83.92 lakh.

Thus, acceptance of higher rate without any valid reason had resulted in extra expenditure of Rs.83.92 lakh (Rs.118.10 lakh – Rs.34.18 lakh) leading to a cost overrun. The justification for acceptance of such higher rate was neither available on record nor stated.

In reply, the Department stated (August 1999) that due to the remoteness and difficulties in construction under high rainfall area, high altitude, the material cost and labour cost had increased considerably.

(iii) Non-availing of concession on Civil works resulted in extra expenditure to the tune of Rs.1.16 crore.

The project was first awarded to turnkey contractor by the Power Department at a cost of Rs.11.12 crore for installation of 1 MW (1 X 1000 KW) Micro Hydel projects at Jengging in October 1993 at the negotiated terms and conditions. Subsequently, second unit of 1.00 MW was also awarded to the same contractor in March 1996 for Rs.4.64 crore at the same terms and conditions of the agreement of 1st unit. In the post offer negotiation, the contractor in October 1993 offered concession on all Civil Works suitable to accommodate 2 machines of 1 MW without any extra cost at the accepted rate of original offer for installation of 1 MW (1 X 1000 KW) if the 2nd unit of 1 MW (1 X 1000 KW) was offered to the contractor. The Chief Engineer, Power in July 1996 accepted the offer of concession by the contractor towards structures like Feeder Channel, Power Channel, Pen stock pipe line and Power House building etc. and instructed the Department to adjust excess payment made to this effect from the future bills of the contractor.

On scrutiny of records, it was noticed that the Department did not avail concession as offered by the contractor though Rs.8.38 crore for Civil Works was paid to the contractor without any deduction for excess payment (Voucher No. 41 of October 1997). The concession to be availed of in respect of Civil Works was worked out to the tune of Rs.1.19 crore by the Department in February 1998. The details are indicated in **Appendix - LXXII**.

In this connection, it may be mentioned here that the Department had made most of the payments towards the civil works to the contractor and only Rs.3.01 lakh was left to be paid to the contractor.

Thus, non-availment of concession for Civil Works by the Department led to extra expenditure of Rs.1.16 crore (Rs.1.19 crore - Rs. 0.03 crore). The reason for non-availing of the concession had not been furnished (March 1999).

The matter was neither investigated nor any responsibility fixed against the defaulting officials for such lapses.

The Department stated (August 1999) that non-availment of concession on civil works was due to non-finalisation of the matter by the competent authority. In March 1999 the Superintending Engineer (C) DOP Naharlagun had taken up the matter with the Chief Engineer, Power for immediate decision. Further, development is awaited (November 1999).

(iv) Other factors contributing to cost overrun

(a) Penstock pipe - Undue financial benefit to the contractor and loss to the Government (Rs.10.76 lakh)

On scrutiny of records, it was noticed that as per terms and conditions of the approved contract agreement (October 1993), the turnkey contractor quoted the rate for supply and laying and welding of 7.9 mm and 8.79 mm thick of penstock pipe line @ Rs.1005/- and Rs.990/- per Rmt. Further, the contract agreement does not provide for supply of penstock pipe from the Department at free of cost to the contractor. But in the instant case, the Department in contravention of the contract agreement supplied (September 1994 to September 1995) 366.62 Rmt of 7.9 mm thick valued Rs.6.93 lakh and 184.12 Rmt of 8.79 mm thick valued Rs.3.83 lakh free of cost to the contractor and the pipes were laid by the turnkey contractor during the period from November 1994 to October 1995 and received payment of Rs.5.15 lakh in October 1995 for supplying and laying of penstock pipe line. The cost of the pipes were also not recovered from the contractor as yet (March 1999). Thus, the materials worth Rs.10.76 lakh (7.9mm thick - Rs.6.93 lakh and 8.79 mm thick - Rs.3.83 lakh) were issued to the contractor beyond the scope of the agreement which resulted in undue financial benefit to the contractor and the Government sustained a loss of Rs.10.76 lakh due to non-recovery of the materials from the contractor.

Again, the contractor only laid the penstock pipe of different diameter but claimed the rate for supplying and laying of penstock pipe as per agreement

Non availing of concession on Civil Works resulted in extra expenditure of Rs.1.16 crore.

Supply of penstock pipe free of cost beyond the scope of the agreement resulted in undue financial benefit to the contractor and loss to Government worth Rs.10.76 lakh.

and an amount of Rs.5.15 lakh was paid to the contractor in October 1995 without restricting the expenditure only for laying.

The Department stated (August 1999) that the turnkey contractor was paid against the laying of penstock pipe only as per approved deviation statement. Reply however remained silent regarding non-recovery of Rs.10.76 lakh for supply of penstock pipe from the contractor as per terms of the contract.

(b) Undue financial benefit to contractor (Rs.2.96 crore)

According to Rules, grant of mobilisation advance is permissible subject to a maximum of ten **per cent** of the estimated cost put to tender or Rs. 1 crore whichever is less and in case the quantum of mobilisation advance is between Rs.50 lakh and 1 crore, the advance is to be released in two instalments, the first instalment being Rs.50 lakh. Rules also stipulate that interest shall be charged on the mobilisation advance so paid in the form of simple interest. The mobilisation advance so granted is to be recovered before completion of **80 per cent** of the work.

Undue financial benefit of Rs.2.96 crore was extended to a turnkey contractor through grant of mobilisation advance.

It was, however, seen in audit (February, 1999) that for execution of the project, Chief Engineer, Power Department entered into agreement with the turnkey contractor (October 1993) stipulating therein payments of mobilisation advance to the extent of **25 per cent** of the contract value (Rs.11.19 crore) which was in contravention of the codal provision. The Government's approval for granting of mobilisation advance in excess of Rs. 1 crore had also not been obtained and the reasons thereof had also not been furnished (May 1999). Mobilisation advance of Rs.3.96 crore (Rs. 2.40 crore in January 1994; Rs.0.40 crore in August 1994 and Rs.1.16 crore in November 1996) was allowed to the contractor which exceeded permissible limit of Rs.1.00 crore. This resulted in undue financial benefit of Rs.2.96 crore to the contractor. Further, according to rules, the recovery of mobilisation advance was to be effected before completion of **80 per cent** of the work. It was observed that an amount of Rs.0.36 crore was still awaiting recovery (February, 1999) against this advance.

Besides, by allowing interest free mobilisation advance in excess of admissible limit, the firm derived additional financial benefit of Rs.77.44 lakh by way of non-recovery of interest on Rs.2.96 crore calculated at the bank rate of **16 per cent** per annum for the period from February 1994 to February 1999.

The Department stated (August 1999) that out of Rs.0.36 lakh due for recovery, Rs.0.29 lakh was recovered in March 1999 and the balance would be recovered in due course. Reply however remained silent regarding defective agreement made with the turnkey contractor and thereby granted undue financial benefit of Rs.2.96 crore to the contractor which also invite additional financial benefit of Rs.0.77 crore by allowing interest free mobilisation advance to the contractor.

(c)(i) Injudicious procurement of materials resulted in idle outlay of materials (Rs.11.47 lakh)

General Financial Rules require that all purchases be made in a most economical manner and in accordance with definite requirement of Public service. At the same time, care is to be taken not to purchase stores far in excess of actual requirement, if such purchases are likely to prove unprofitable to government.

It was however, seen in audit (February, 1999) that between April 1995 and March 1998, the Division procured 41 items of materials valued Rs.7.64 lakh against the work without any assessment of actual requirement. Of this, the materials valued Rs.2.52 lakh were issued leaving materials valued Rs.5.12 lakh unutilised at the site of the work (February 1999) as shown in **Appendix - LXXIII**. The project was commissioned during the period from February 1997 (1st unit) to August 1997 (2nd unit). But these materials remained unutilised after completion of the project work.

Thus, injudicious and unnecessary purchase of material resulted in idle investment of Rs.5.12 lakh and locking up of Government fund for the period ranging from 1 to 4 years besides entailing risk of loss due to deterioration of material as a result of prolonged storage.

Department stated (August 1999) that out of the balance material lying in MAS account valued Rs.5.12 lakh, Rs.1.20 lakh being the value of furniture and furnishing item which would be utilised in the residential building constructed for the operating staff of the Power House and the remaining materials valued Rs.10.27 lakh (Rs.11.47 lakh – Rs.1.20 lakh) would be utilised in other on-going works through TEO's by crediting the amount to the Sirnyuk MHS. This indicated that bulk of the materials valued Rs.10.27 lakh were purchased unnecessarily against the work.

(ii) Test-check of Records further revealed that the Division procured (March 1998) one 3 wheeled Jessop make 810 road roller at a cost of Rs.6.35 lakh for completion of the work "Approach Road" which was completed long back (20.09.1994) and the road roller was lying idle till the date of audit (March 1999). The justification for such injudicious procurement of road roller against a work which was completed 4 years back was neither available on records nor stated (March 1999).

Unnecessary procurement resulted in idle outlay valued Rs.11.47 lakh (Rs.5.12 lakh + Rs.6.35 lakh).

Thus, due to injudicious procurement of the road roller, the cost of the project was unnecessarily overburdened by extra cost of Rs.6.35 lakh beside locking up of Government fund.

Department stated (August 1999) that the road roller so procured would be utilised in other project wherever require on hire charges by crediting to Sirnyuk MHS till the recovery of the cost of road roller was made. Further, development is awaited (December 1999).

4.1.7.3 *Monitoring*

No monitoring cell was established in the office of the Chief Engineer, Power although a separate department for Micro Hydel Schemes was created in the State.

Evaluation had not been conducted on the functioning of the scheme by the department since its inception.

The matter was reported to Government in June 1999; their reply had not been received (December 1999).

SECTION - B - PARAGRAPHS
POWER DEPARTMENT

4.2 Unfruitful expenditure due to abandonment of work

Unfruitful expenditure of Rs.25.99 lakh due to abandonment of work

For providing power supply to Army unit and four villages*, Bomdila Electrical Division, without obtaining Administrative approval and financial concurrence of the Government, took up (January 1993) the work of construction of 33 KV High Tension (H.T.) line from Bhalukpong to Doimara for a length of 24 Kilometers without conducting survey and investigation of the work at an estimated cost of Rs. 59.39 lakh on the basis of the provision in Annual Operating Plan (AOP) for 1992-93. It was, however, seen in audit (October 1998) that the division, after constructing the line for 11 Km upto March 1996 at an expenditure of Rs. 25.99 lakh, abandoned the work due to frequent loss/theft of materials like cross-arm, conductors etc., from the work site as the alignment of the line fall near Assam border and passes through deep jungle. The quantity of the lost materials and value involved thereof had not been investigated nor the matter reported to the police and higher authority. The survey and Investigation of the alignment carried out, if any, by the division prior to the execution of the work was not found on record. The division ultimately considered (October 1998) realignment of the line from Sessa hydel via Chaku which had not materialised till March 1999.

Thus, failure of the Division to conduct proper survey for alignment of 33 KV High Tension (HT) line and unauthorised execution of work resulted in unfruitful expenditure of Rs.25.99 lakh due to abandonment of work.

The matter had been reported to the Government in February and March 1999; reply had not been received (December 1999).

* Doimara, Khelleng, Kamenbari and Chopai

4.3 Extra expenditure owing to purchase of materials at abnormally higher rates

Extra expenditure of Rs.14.50 lakh (Rs.8.46 lakh + Rs.6.04 lakh) on procurement of 11 KV lighting arrestor at higher rate

(A) Between January 1994 and March 1996, Daporijo Electrical Division without inviting tender/quotations purchased 85 sets of 11 KV lighting arrestor worth Rs. 12.62 lakh locally against different works at the rate of Rs. 14,850 per set as approved (September 1994) by the Superintending Engineer (SE). The basis on which the rate was approved by the SE was not found on records produced nor stated.

It was further seen in audit (February 1999) that the division between December 1996 and July 1997 also purchased 31 sets of the same material of same specification locally valued at Rs. 1.52 lakh at the divisional approved rate of Rs. 4890 per set fixed on the basis of spot quotations without calling for tenders. Thus, the rate (Rs. 14,850 per set) at which purchases had been made earlier was abnormally high and unrealistic, particularly in view of rising cost index and entailed an extra expenditure of Rs. 8.46 lakh* computed with reference to the lowest rate of Rs. 4890 per set subsequently fixed by the division.

(B) Similarly, the division between March 1994 and December 1996 purchased 1533 stay sets locally valued at Rs. 20.86 lakh at the rate of Rs. 1361 per set against different works as per the approved (July 1994) rate of SE. Further scrutiny (February 1999), however, revealed that during the same period, the division also purchased 259 no. of stay sets of same specification from the same local market at a cost of Rs. 2.48 lakh at the divisional approved rate of Rs. 967 per set. Thus, computed with reference to the lowest rate of stay sets, the Division incurred extra expenditure of Rs.6.04** lakh on procurement of 1533 stay sets. Reasons for such purchases without inviting tenders/quotations had not been furnished (February 1999).

The matter was reported to the Government in May 1999; the reply has not been received (December 1999).

* (A) 11 KV Lighting Arrestor

85 sets @ Rs. 14,850/-:	Rs. 12.62 lakh.
85 sets at lowest rate of Rs. 4890/-:	Rs. 4.16 lakh
Extra expenditure:	Rs. 8.46 lakh

** (B) Stay Sets

1533 sets @ Rs. 1361/-:	Rs. 20.86 lakh
1533 sets at lowest rate of Rs. 967/-:	Rs. 14.82 lakh
Extra expenditure:	Rs. 6.04 lakh

4.4 Undue financial benefit to a contractor

Undue financial benefit of Rs.1.20 crore was extended to a turnkey contractor through grant of mobilisation advance

According to rules, grant of mobilisation advance is permissible subject to a maximum of 10 **per cent** of the estimated cost put to tender or Rs.1 crore whichever is less and in case, the quantum of mobilisation advance is between Rs.50.00 lakh and Rs.1 crore, the advance should be released in two instalments, the first instalment being Rs.50 lakh. Rules also stipulate that interest shall be charged on the mobilisation advance so paid in the form of simple interest. The mobilisation advance so granted is to be recovered before completion of 80 **per cent** of the work.

It was, however, seen (December 1998) during audit of Tawang Electrical Division that for execution of the work 132 KV (S/C) transmission line from Tengu to Jung including substation at Jang, the Chief Engineer, Power Department entered into an agreement (March 1995) with a Calcutta based turnkey contractor stipulating payment of interest free mobilisation advance to the extent of 10 **per cent** of contract value (Rs.34.54 crore) of the work in contravention of the rule. However, the division paid (March 1995) mobilisation advance of Rs.2.20 crore to the turnkey contractor in one instalment. The reason for payment of mobilisation advance of Rs.2.20 crore in one instalment had not been furnished (May 1999).

The Department however, did not take any effective step to move to the Government for relaxation of the rule in granting of mobilisation advance in excess of Rs.1 crore.

The acceptance and payment of mobilisation advance in excess of admissible limit of Rs.1 crore was unauthorised and led to undue financial benefit of Rs.1.20 crore to the turnkey contractor for a period of 3 years and 8 months (December 1998). Further, according to rules, the recovery of mobilisation advance was to be affected before completion of 80 **per cent** of the work. It was observed that an amount of Rs.0.60 crore was still (December 1998) awaiting recovery against the advance. Thus, unauthorised financial benefit had been allowed to the contractor, resulting in locking up of funds.

Besides, by allowing interest free mobilisation advance in excess of admissible limit, the turnkey contractor derived additional financial benefit of Rs.16.20 lakh by way of non-recovery of interest on Rs.1.20 crore calculated at minimum interest of 4.5 **per cent** (saving bank interest rate) for the period from March 1995 to March 1998. Reasons for entering into such defective agreement was not stated (April 1999).

The Divisional Officer, Tawang Electrical Division stated (June 1999) that mobilisation advance of Rs.2.20 crore has been granted as per terms and conditions of the agreement. Facts however, remains that mobilisation advance was granted in excess of Rs.1 crore in contravention of the rule.

The matter was referred to Government in March 1999; reply had not been received (December 1999).

4.5 Loss of revenue owing to transmission and distribution loss of energy beyond permissible limit

Loss of revenue to the extent of Rs.1.52 crore owing to excessive transmission and distribution loss

As per the norm laid down (April 1987) by the Central Electricity Authority, the permissible limit for transmission and distribution (T and D) loss is 15 per cent.

Test-check of the accounts of Pasighat Electrical Division (November 1997), Bomdila Electrical Division (October 1998), Tawang Electrical Division (December 1998), and Daporijo Electrical Division (February 1999) however, revealed that out of 689.60 lakh units of energy available for sale between September 1993 and January 1999, only 408.09 lakh units were sold to consumers with a T and D losses of 281.51 lakh units (41 per cent) against the permissible limit of 15 per cent (103.45 lakh units). As a result these divisions sustained a loss of revenue to the extent of Rs.1.52 crore as detailed in Appendix -LXXIV.

Despite this being pointed out, the Department did not take any action to analyse the reasons for such excessive losses nor initiated necessary remedial measures to reduce/prevent such losses.

In reply, the Divisional Officers, Tawang and Pasighat Electrical Division stated (June 1999) that T and D losses were higher than the prescribed norm due to heavy snow deposition on the insulators/conductors during winter season and consumption of power by wild vegetation such as creeper, bamboo bush as the lines pass through deep forest and hilly terrain. In additions, there were some illegal connections. However, efforts are being made to improve the position. Fact, however, remains the same that Government sustained a revenue loss to the tune of Rs.1.52 crore due to lack of initiative on the part of the four Divisions to restrict T & D losses to the minimum extent as per prescribed norm on account of illegal connections. No remedial measures were also taken to avoid such illegal connection (December 1999).

PUBLIC WORKS DEPARTMENT

4.6 Extra expenditure owing to irregular and unauthorised execution of work

Extra expenditure of Rs.121.28 lakh due to execution of excess earth work over the prescribed norm besides incurring of irregular and unauthorised expenditure of Rs.190.01 lakh

Government accorded (January-1989) administrative approval and expenditure sanction for the work "Improvement of Geometrics in reaches" 0-18 Km and 20-34 Km at a cost of Rs.32.95 lakh (0-18 Km - Rs.25.71 lakh and 20-34 Km - Rs.7.24 lakh) at Bomdila with the time schedule for completion within 2 to 3 years. During the period from 1988-89 to 1995-96, Bomdila Public Works Division without obtaining technical sanction from the competent authority executed 7,83,888.32 cum of earth work (0-18 Km - 5,43,472.46 cum, 20-34 Km - 2,40,415.86 cum) for widening in zigs and curves of the road (one of the items of work) involving a length of 14.30 Km in different reaches of the road at a cost of Rs.222.96 lakh* (0-18 Km - Rs.155 lakh, 20-34 Km - Rs.67.96 lakh) against a total length of 2.87 Km as per sanctioned estimate of the work (0-18 Km - 120517.04 cum, 20-34 Km - 41994.49 cum). The reason attributed by the Division (January 1996) for excess execution of earth work (382 per cent) over the sanctioned estimate was that widening was done for a length of 14.30 Km in different reaches of the road owing to severe damage of road formation caused by rain during July 1989. The justification given by the Division for such excess execution of earth work was, however, not tenable particularly in view of 25,000 cum per Km for original road formation cutting work as prescribed by NEC and followed by Border Road Organisation (BRO) in the State, and accordingly the total volume of earth work worked out to 357,500 cum for a length of 14.30 Km (25000 x 14.30). Thus, computed even with this norm for original work, the division executed 426388 cum (783888 cum - 357500 cum) of earth work in excess for widening of road involving an extra expenditure of Rs. 121.28 lakh**. The Chief Engineer also turned down (April 1996) the revised estimates for Rs.222.96 lakh submitted by the Division (January 1996) stating that such excess execution of earth work in widening was unrealistic and there was a gross technical irregularities

* Including pending liability of Rs.78.69 lakh (0-18 Km : Rs.63.09 lakh; 20-34 Km : Rs.15.60 lakh).

** For 783888 cum - Rs. 222.96 lakh
 so, for 426388 cum - $\frac{222.96 \times 426388}{783888}$
 = Rs. 121.28 lakh.

committed by the executing officers. However, the matter have neither been investigated nor any responsibility fixed against the officials responsible for such gross irregularities (June 1998). Further, there was lack of financial control on the part of the Department as it continued to release fund to the tune of Rs. 143.97 lakh (0-18 Km: Rs. 83.50 lakh; 20-34 Km: Rs. 60.47 lakh) against the work, though the sanctioned estimate cost of the work was only Rs. 32.95 lakh (Rs. 25.71 lakh + Rs. 7.24 lakh). This had ultimately led to an extra expenditure of Rs. 111.02 lakh besides irregular and unauthorised expenditure of Rs. 190.01 lakh including pending liability of Rs. 78.69 lakh.

The matter was reported to the Government in April 1998; reply has not been received (December 1999).

4.7 Unproductive expenditure

Unproductive expenditure of Rs.41.06 lakh due to non-completion of work even after 5 years beside wasteful expenditure of Rs.18.08 lakh

The work "Construction of Bailey Bridge (40 metre span) over river Jamupani", estimated to cost Rs. 43.83 lakh was administratively approved by the Government in February 1990 with a time schedule for its completion within 3 years. Test-check (December 1998) of the Records of Roing Public Works Division revealed that the division took up the work in December 1990 on the basis of preliminary estimate without obtaining technical sanction from the competent authority. The reasons thereof had not been furnished (December 1998). Besides, no detail survey vis-à-vis flood estimation, river course behaviour, stability of soil were conducted for ascertaining the technical and physical viability of the bridge on the proposed site prior to taking up the work for reasons not on record. The up-to-date physical progress of the work was almost 'nil' except taking up of construction of 2 nos. of abutments. Yet the division, between December 1990 and March 1995 incurred a total expenditure of Rs. 36.91 lakh on procurement of bridge components (Rs. 22.93 lakh), works (Rs. 9.12 lakh) and miscellaneous non-plan expenditure (Rs. 4.86 lakh) beyond the scope of sanctioned estimate. As the physical progress of the work was not satisfactory, the Superintending Engineer instructed (April 1995) the Divisional Officer not to incur any expenditure on the work from 1995-96. Further, in December 1996 the Chief Engineer, PWD after inspection of the site directed the division to stop the work as the river course had changed completely. Notwithstanding the fact, the division continued to incur further expenditure of Rs. 4.15 lakh (WC payment: Rs. 0.30 lakh; non-plan expenditure: Rs. 3.85 lakh) between April 1995 and March 1997.

Thus, noncompletion of the work even after a lapse of 5 years from stipulated date of completion of the work (February 1993) resulted in total expenditure of Rs.41.06 lakh (December 1998) becoming unproductive, besides defeating the very objective of the construction of the bridge. Further, the expenditure of

Rs.22.98 lakh on procurement of bridge components remained idle so far due to lack of initiative on the part of the division to transfer these materials to other needy works. Moreover, if the bridge work is ultimately abandoned due to change of the course of the river, the expenditure of Rs.18.08 lakh (Rs.41.06 lakh - Rs.22.98 lakh) will prove wasteful.

The matter was referred to Government in February 1999; reply has not been received (December 1999).

4.8 Random purchases of spare parts of light vehicles (Jeep) and stone crushers leading to locking up of fund/loss

Idle outlay of spare parts valued Rs.6.57 lakh resulted in locking up of Government fund for the period ranging from 2½ to 12 years

Financial Rules provide that purchase of stores shall be made in accordance with definite requirement and care shall be taken not to purchase stores much in advance of actual requirement.

Test-check (October 1998) revealed that the Executive Engineer, Ziro Public works Division resorted to random purchase of spare parts of Jeep (119 items – Rs.3.66 lakh) and stone crushers (44 items – Rs.2.91 lakh) between March 1987 and August 1996 and all these spare parts were lying idle in store as of March 1999. The basis of such purchase being made without any indent/demand from the executing field divisions/sub-divisions and also without assessing actual requirement, was not on records nor stated. The Division also failed to produce any record to show that steps had been taken to transfer the materials to the field divisions/sub-divisions. It was noticed that due to prolonged storage, there was no possibility of these spare parts being utilized since such type of Jeep and stone crusher for which the spare parts purchased were no longer in operation. The matter was reported to the Division in October 1998 by the Assistant Engineer, Subansiri Sub-Division but no action was taken by the Division to declare these materials as unserviceable or to seek sanction of the Chief Engineer to write off the value for such obsolete materials (Rs.6.57 lakh). Reasons for this had not been furnished (March 1999).

Thus, random purchase of spare parts in violation of codal provisions without assessing the requirement and absence of timely action for disposal led to accumulation of idle stores worth Rs.6.57 lakh for a period ranging from 2½ years to 12 years besides entailing risk of loss due to inability of the division to dispose of the same before the materials become unserviceable.

While accepting the audit observation, the Divisional Officer stated (September 1999) that efforts were being taken to declare these materials as unserviceable by forming a board and to dispose off the same by public

auction as these materials becomes obsolete due to prolonged storage. Further, development is awaited (November 1999).

The matter was reported to Government in March 1999, their reply had not been received (December 1999).

RURAL WORKS DEPARTMENT

4.9 Extra expenditure owing to purchase of materials at higher rate

Extra expenditure of Rs.7.39 lakh due to procurement of materials at higher rate

As per rule, where local purchase is resorted to, quotations or tenders, as the case may be should be invited from manufacturers or recognised dealers so as to get the materials at competitive rates.

Between September 1996 and May 1997, Ziro Rural Works Division purchased materials worth Rs.21.43 lakh (Quick setting compound : 5218 Kg : Rs.7.57 lakh at the rate of Rs.145 per Kg; steel wire rope : 5255 metres : Rs.9.46 lakh at the rate of Rs.180 per metre; Rain-coat : 300 nos. : Rs.4.40 lakh at the rate of Rs.1480 each) from local market and issued the same against different works. The entire purchases were made on the basis of spot quotations without floating any tender and thereby the lowest competitive rates, if any, available were not ascertained. Scrutiny (December 1998) further revealed that Ziro PWD and Ziro IFCD located at the same place also purchased locally the aforesaid materials of same specification during the same period at a much lower rate of Rs.105 per kg for quick setting compound; Rs.100 per metre for steel wire rope and Rs.1100 each for raincoat. Thus, due to acceptance of higher rates, the division had incurred an extra expenditure of Rs.7.39 lakh* on procurement of the materials. The reason for procurement of the materials in contravention of the rules had not been furnished (March 1999).

The matter was referred to the Government in March 1999; reply has not been received (December 1999).

* Actual expenditure:	Rs.21.43 lakh
Expenditure involved at the lower rates:	<u>Rs.14.04 lakh</u>
	<u>Rs. 7.39 lakh</u>
Quick setting compound 5218 kg @ Rs. 105 per kg:	Rs. 5.48 lakh
Steel wire rope 5255 meter @ Rs. 100 per meter:	Rs. 5.26 lakh
Raincoat 300 nos. @ Rs. 1100 each:	<u>Rs. 3.30 lakh</u>
	<u>Rs.14.04 lakh</u>

CHAPTER - V
STORES AND STOCK
SECTION - B - PARAGRAPHS

POWER DEPARTMENT

5.1 Irregular and unnecessary purchase of stores

Irregular and unnecessary purchase of store materials without assessment of actual requirement resulted in idle outlay of stores valued Rs.50.27 lakh and locking up of Government fund for the period ranging from 3 to 5 years

According to Rules, material should be purchased only for works in progress and no reserve stock should be kept without the specific sanction and beyond the monetary limit to be prescribed by the competent authority.

Test-check (February 1999) of records of Daporijo Electrical Division, Daporijo revealed that the division without having any sanctioned reserve stock limit and without assessment of actual requirement purchased 44 items of electrical goods valued Rs. 62.30 lakh (such as Ignitor, Main Switch, Copper wound Ballast, Brass lamp Bracket, Street light lamp, Tumbler socket, UG Cable etc.) between March 1994 and March 1996 against stock. Of these materials, 12 items of electrical goods worth Rs. 18.54 lakh were lying idle without any issue as of February 1999 and out of the balance 32 items of electrical goods valued Rs. 43.76 lakh (Rs. 62.30 lakh - Rs. 18.54 lakh), materials worth Rs. 12.03 lakh only could be issued (27.49 **per cent** of the procurement) between March 1994 and February 1999 leaving materials worth Rs. 31.73 lakh (Rs. 43.76 lakh - Rs. 12.03 lakh) which remained unutilised. Reasons for which the division resorted to such unnecessary purchase and that too without sanction to reserve stock limit were not on records nor stated (February 1999).

Thus, irregular and unnecessary purchase of store materials without assessment of actual requirement resulted in idle investment of Rs. 50.27 lakh (Rs.31.73 lakh + Rs. 18.54 lakh) and locking up of Government Fund for a period ranging from 3 to 5 years besides entailing risk of loss due to deterioration of material as a result of prolonged storage.

The matter was reported to Government in May 1999; reply had not been received (December 1999).

5.2 Injudicious and unnecessary purchase of store materials

Injudicious and unnecessary purchase of materials resulted in idle investment of Rs. 38.73 lakh and locking up of Government fund for the period ranging from 4 to 5 years

According to Rules, material should be purchased only for works in progress and no reserve stock should be kept without the specific sanction and beyond the monetary limit to be prescribed by the competent authority.

Test-check (December 1998) of records of Tawang Electrical Division, Tawang revealed that the division without having any sanctioned reserve stock limit and without assessment of actual requirement purchased 07* items of electrical goods worth Rs.40.32 lakh between April 1994 and September 1994 against stock. However, out of materials worth Rs.40.32 lakh the division could utilise materials valuing Rs.1.59 lakh only between May 1994 and July 1998 leaving materials worth Rs.38.73 lakh lying idle in store as of December 1998. Physical verification of the materials was not conducted as of December 1998. Reasons for such unnecessary purchase and non conducting of Physical verification or action taken to transfer the materials to the needy Divisions, if any, were not intimated (December 1998).

Thus, injudicious and unnecessary purchase of material resulted in idle investment of Rs. 38.73 lakh and locking up of Government Fund for the period ranging from 4 to 5 years besides entailing risk of loss due to deterioration of material as a result of prolonged storage.

The Divisional officer stated (June 1999) that the materials were procured in 1994 against the approved Annual operating projects of the division for electrification of villages but due to non-sanctioning of some of the schemes during the year, some of the materials were left unused. However, the materials were used by the division since last two years without going for a new purchase. Contention was not acceptable as the procurement of materials against non-sanctioned schemes resulted in blockade of fund for the period ranging from 4 to 5 years, and the reply also remained silent regarding non-conducting of physical verification of the materials for the last 4 years.

The matter was referred to Government in March 1999; reply had not been received (December 1999).

* (HPSV Ballast : Rs.1.90 lakh; SPSN MCB: Rs.0.69 lakh; TPSN (1+3) DB: Rs.2.09 lakh; SPSN DB : Rs.0.54 lakh; TPN: Rs.32.26 lakh; Fluorocent Lamp: Rs.1.32 lakh; Ignitor: Rs.1.52 lakh)

PUBLIC WORKS DEPARTMENT**5.3 Locking up of fund due to stock materials not being put to use****Stores worth Rs.20.05 lakh procured lying idle without disposal**

Financial Rules provide that purchase of stores shall be made in accordance with definite requirement and care shall be taken not to purchase stores much in advance of actual requirement.

Test-check of records (December 1998) of Daporijo Public Works Division revealed that between November 1986 to April 1997, the Division procured various kinds of materials valued Rs.20.05 lakh without assessment of actual requirement and these materials were lying idle as of December 1998 as detailed in **Appendix - LXXV**.

The materials worth Rs.20.05 lakh were lying idle for a period ranging from 2 years to 12 years without any issue. Further, the perishable materials like silica gels quick setting compound and black, white/yellow putty valued Rs.4.23 lakh had already outlived their shelf life resulting in loss of Rs.4.23 lakh. Similarly, water supply materials valued Rs.6.92 lakh procured between November 1986 and April 1987 had not yet been transferred to the concerned PHE Division though as per Government order of April 1995, these materials were required to be transferred to the Public Health Engineering Division. The Division also failed to produce any record to show that steps had been taken to transfer the materials to the needy Divisions.

Thus, the unnecessary and injudicious procurement of materials without assessment of actual requirement resulted in idle stock with consequent locking up of funds to the extent of Rs.20.05 lakh with chances of deterioration of the materials due to prolonged storage.

The matter was reported to Government in March 1999; reply had not been received (December 1999).

IRRIGATION AND FLOOD CONTROL DEPARTMENT

5.4 Injudicious and unnecessary purchase of stores

Injudicious and unnecessary purchase of materials resulted in idle investment of Rs.20.47 lakh and locking up of Government fund for a period of more than 5 years

As per general Financial rules, materials should be purchased only for works in progress, with due regard to the anticipated requirements of stores according to nature and quantum of works to be executed in a division during a year.

Test-check of records (February 1999) of Daporijo Irrigation and Flood Control Division (IFCD) revealed that the division started functioning from October 1996 as IFCD after bifurcation from Rural Works Department (RWD) as per Government order of April 1995. The division while functioning as RWD, had procured materials worth Rs.20.47 lakh (20 No. of sluiceway: Rs. 19.76 lakh and 3 No. of Irrigation gate Rs.0.71 lakh) in March 1994 against stock. The entire material transferred from RWD to the division in July 1995 were lying idle in site account without any issue as of February 1999. Reasons for such unnecessary purchase or action taken to transfer the materials to the needy divisions, if any, were not on record nor stated (February 1999).

Thus, procurement of materials by the R.W. Division without assessing the requirement and failure on the part of the Government/Department to transfer such materials procured by RWD even after a lapse of more than five years had resulted not only in locking up of Government fund to the extent of Rs.20.47 lakh but also led to idle stock of materials with chances of deterioration due to prolonged storage.

The matter was reported to the Government in May 1999; reply had not been received (December 1999).

CHAPTER - VI : REVENUE RECEIPTS

A-GENERAL

6.1 Trend of revenue receipts

The total receipts of Government of Arunachal Pradesh for the year 1998-99 were Rs. 923.57 crore against the anticipated receipts of Rs. 871.54 crore. Out of the total receipts of Rs. 923.57 crore, revenue raised by the State Government amounted to Rs. 75.83 crore, of which Rs. 11.29 crore represented tax revenue and Rs. 64.54 crore non-tax revenue.

6.2 Analysis of revenue receipts

(a) An analysis of the receipts during the year 1998-99, along with corresponding figures for the preceding two years is given below :-

Sl. No.	Head of revenue	1996-97	1997-98	1998-99
		(Rupees in crore)		
I.	Revenue raised by State Government			
	(a) Tax Revenue	8.53	9.83	11.29
	(b) Non-tax revenue	<u>66.08</u>	<u>57.26</u>	<u>64.54</u>
	Total:	74.61	67.09	75.83
II.	Receipts from Government of India			
	(a) State's share of divisible union taxes	179.03	243.83	268.84
	(b) Grants-in-aid	<u>555.40</u>	<u>524.53</u>	<u>578.90</u>
	Total :	734.43	768.36	847.74
III.	Total receipts of State (I + II)	809.04	835.45	923.57
IV.	Percentage of (I to III)	9	8	8

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 15 per cent of State's own revenue receipts during the year 1998-99. Details of tax revenue for the year 1998-99 and those of the preceding two years are given below :-

Sl. No.	Head of revenue	1996-97	1997-98	1998-99	Percentage of increase (+) / Decrease (-) with reference to 1997-98
(Rupees in lakh)					
1.	State Excise	489.83	555.69	757.59	(+) 36
2.	Taxes on Vehicles	108.90	97.23	101.49	(+) 4
3.	Land Revenue	127.29	197.89	132.73	(-) 32
4.	Other Taxes and Duties on commodities and Services	49.84	58.11	58.93	(+) 1
5.	Sales Tax	39.89	31.55	28.07	(-) 11
6.	Stamps and Registration fees	37.69	41.96	49.88	(+) 19
7.	Taxes and Duties on Electricity	0.01	0.25	0.02	(-) 92
Total :		853.45	982.68	1128.71	(+) 15

The reasons for variations though called for (October 1999) from the Government, have not been received (December 1999).

(c) Non-tax revenue of the State

The principal sources of non-tax revenue were Forestry and Wild Life, Power, Miscellaneous General Services, Interest receipts, Road Transport and Non-Ferrous Mining and Metallurgical Industries.

Details of the non-tax revenue receipts under the principal heads of revenue for the year 1998-99 and the preceding two years are given below :-

Sl. No.	Head of revenue	1996-97	1997-98	1998-99	Percentage of increase (+) / Decrease (-) with reference to 1997-98
(Rupees in lakh)					
1.	Forestry and Wild Life	2523.60	759.34	1288.89	(+) 70
2.	Power	651.92	648.88	1240.20	(+) 0.91
3.	Miscellaneous General Services	133.23	25.42	659.91	(+) 2496
4.	Interest Receipts	652.78	523.98	609.64	(+) 16
5.	Road Transport	470.20	530.54	545.34	(+) 3.00
6.	Public Works	285.32	209.56	124.89	(-) 40.00
7.	Others	932.39	1633.91	1128.28	(+) 31.00

Sl. No.	Head of revenue	1996-97	1997-98	1998-99	Percentage of increase(+)/ Decrease (-) reference to 1997-98
(Rupees in lakh)					
8.	Other Administrative Services	379.63	807.45	169.27	(-) 79.00
9.	Non-Ferrous Mining and Metallurgical Industries	208.48	189.45	320.07	(+) 69.00
10.	Animal Husbandry	136.39	124.76	94.33	(-) 24.00
11.	Crop Husbandry	123.89	158.90	140.98	(-) 11.00
12.	Village and Small Industries	56.40	51.35	55.53	(-) 8.00
13.	Education, Sports, Art and Culture	53.49	63.11	76.61	(+) 21.00
Total :		6607.72	5726.65	6453.94	(+) 13

The reasons for variation though called for (October 1999) from the Government, have not been received (December 1999).

SECTION – A - REVIEW

B - STATE EXCISE DEPARTMENT

6.3 Receipts under State Excise

Highlights

The review highlights losses of revenue and other irregularities involving Rs.23.13 lakh which was mainly due to non-adherence to the provisions of the State Excise Act and rules framed thereunder, fixation of the rates of excise duty at abnormally low rates and non-observance of the departmental instructions.

-Failure on the part of the department to fix the quantum of establishment charges in advance, led to non-realisation of establishment charges of Rs.5.64 lakh in respect of four private bonded warehouses.

(Paragraph 6.3.6(a))

-Non-adherence to the departmental instructions of March 1996 regarding levy of penalty led to short/non-levy of penalty of Rs.2.61 lakh.

(Paragraph 6.3.7)

-For shortage of 4588 cases of IMFL, an excise duty and import pass fee of Rs.5.26 lakh was leviable on a private bonded warehouse, but was not levied.

(Paragraph 6.3.8)

6.3.1 Introduction

State Excise is the major source of tax revenue in the State of Arunachal Pradesh. The excise revenue mainly consists of duty on liquor, license fee, gallonage fee, availability fee, fines and penalties.

The collection of excise duty, fees etc., are regulated under the provisions of the Arunachal Pradesh Excise Act 1993 (effective from 14 July 1993) and the Arunachal Pradesh Excise Rules 1994 (effective from 16 March 1994). However, the Government of Arunachal Pradesh neither framed any Bonded Warehouse Rules nor adopted the one as applicable to its neighbouring State (Assam) for effective regulation of the Bonded Warehouses of the State.

6.3.2 Organisational Set up

The Department is headed by the Commissioner (Tax and Excise) under the Administrative Secretary (Revenue, Tax and Excise), Government of

Arunachal Pradesh. At head-quarters, Commissioner (Tax and Excise) is assisted by one Deputy Commissioner (Tax and Excise), one Assistant Commissioner (Tax and Excise) and one Assistant Commissioner (Legal). At the District level, the Deputy Commissioners (Civil) are the Ex-officio Excise Officer who are assisted by the Inspectors of Excise.

6.3.3 Scope of Audit

With a view to ascertain the efficacy of the systems and procedures followed by the Department regarding the levy and collection of Excise duty, the records of the Commissioner (Tax and Excise), 6 (out of 13) Deputy Commissioner's (Excise Branch) Offices*, 8 (out of 9) Bonded Warehouses** and 15 (out of 23) wholesale vends***, were test checked for the period from 1 April 1994 to 31 March 1998 during the period from December 1998 to January 1999.

6.3.4 Trend of Revenue

(i) The excise revenue realised by the State for the years 1994-95 to 1997-98 vis-a-vis the budget estimates for these years, is shown below:

Year	Budget	Actuals	Difference		Percentage of variation	
	Estimates		Excess(+)/Shortfall(-)		Excess (+)/Shortfall(-)	
(Rupees in lakh)						
1994-95	500.00	319.76	(-)	180.24	(-)	36
1995-96	500.00	449.44****	(-)	50.56	(-)	10
1996-97	500.00	489.83	(-)	10.17	(-)	2
1997-98	600.00	547.04	(-)	52.96	(-)	9

The department could not explain the reason, although called for (December 1998), for recurring shortfall of achievement during the last four years.

(ii) The percentage of cost of collection to the total excise revenue alongwith all India percentage of cost of collection for the last four years ending 1997-98 is shown below :-

Year	Excise revenue	Cost of Collection	Percentage of cost of collection	All India Percentage
(Rupees in Lakh)				
1994-95	319.76	21.73	6.8	3.12
1995-96	449.44	53.43	11.9	3.20
1996-97	489.83	71.46	14.6	3.53
1997-98	547.04	95.23	17.4	3.20

* Bomdila, Changlang, Khonsa, Papumpare, Tawang and Ziro

** Distillers Company Ltd., Arunachal Beverages Enterprise, Arunachal Liquors (Pvt.) Ltd., South Bank IMFL Distributors, Arunachal Beverages Distributors, Atlantic Liquors, Three Star Bonded Warehouse, Balaji Liquors.

*** Sapo Beverages, B.B Beverages, S.M. Distributors, Kessel Beverages, Kameng Beverages, Blue Birds Beverages, Kameng Liquors, Everest Wine, Dony Polo Beverages, Wine World, Friends Distributors, Starline, Lohit Valley, Siang Beverages, Subansari Beverages.

**** The figure includes Rs.17.50 lakh received as security deposit from the bonded warehouses and wholesale vends which was erroneously credited to revenue.

It is evident from the above table that the percentage of expenditure on collection to total revenue collection was substantially higher than the All India percentage.

6.3.5 Incorrect allowance of transit loss

In terms of Rule 80 (i) of the Arunachal Pradesh Excise Rules 1994, an allowance shall be made for the actual loss in transit by leakage and evaporation of spirits transported or exported under bond or duty free by land, at the rates not exceeding the quantities (on percentage basis) as specified in the rules *ibid*. There is no provision in the rules *ibid* for allowing any transit loss in respect of IMFL transported / imported in bottles.

Test-check of records of 7 bonded houses* and its 2 sub-depots** revealed (December 1998 and January 1999) that 6604 cases of IMFL and 9182 cases of beer involving excise duty and import pass fee of Rs.6.44 lakh were allowed as transit loss during the years 1994-95 to 1997-98. In the absence of any specific provision in the rules regarding allowance of transit loss on account of IMFL transported in bottles, the grant of such allowance was irregular.

6.3.6 Non-realisation of Establishment cost

Under Rule 74 of the Arunachal Pradesh Excise Rules, 1994, the Collector shall employ such officers and establishment to the charge of a private warehouse as the Excise Commissioner may direct, subject to the conditions that the licensee of the warehouse shall pay to the Government, in advance, a fee in cash equivalent to the estimated cost of such Officers and establishment for three months and a monthly fee in cash equivalent to the monthly cost payable within seven days after expiry of the month to which the fee relates, as the Excise Commissioner may fix.

(a) Test-check of records of the Commissioner (Tax and Excise) revealed (December 1998 and January 1999) that in respect of four private bonded warehouses, neither was any fee fixed nor it was realised from any of these warehouses* although excise officers were posted to these warehouses between August 1994 and March 1998. However, total claims of Rs.5.64 lakh were preferred (April 1996 and June 1998) by the Excise Commissioner towards re-imburement of establishment charges relating to the period from 4 August, 1994 to 31 March, 1998, but the entire amount remained unrealised from these warehouses till the date of audit (January 1999).

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- * 1) M/s Atlantic Liquors Bonded Warehouse
 - 3) M/s South Bank IMFL Distributors
 - 5) M/s Arunachal Liquors (P) Ltd.
 - 7) M/s Distillers Company Ltd.

- 2) M/s Arunachal Beverages Distributors
- 4) M/s Arunachal Beverage Enterprise
- 6) M/s Shree Balaji Liquors

- ** 1) M/s Three Star Bonded Warehouse Naharlagun (Sub-depot)
- 2) M/s South Bank IMFL Distributors

- 1) M/s Arunachal Beverage Distributors
- 2) M/s Atlantic Liquors
- 3) M/s Shree Balaji Liquors
- 4) M/S Distillers Company Ltd.

On this being pointed out (April 1999), the department stated (June 1999) that in respect of two private warehouses, an amount of Rs. 4.58 lakh covering the establishment charges up to March 1999, was realised (June 1999) and action was being taken for realisation of establishment. Further, report on realisation in respect of remaining two bonded warehouses has not been received (October 1999).

(b) A test-check of records of the Deputy Commissioners of State Excise, Bomdila and Along, revealed (December 1997 and January 1998) that an amount of Rs.3.18 lakh was paid by the department towards establishment cost of two Excise Inspectors and one Chowkidar posted to two private bonded warehouses located at Bhalukpong and Likabali during the periods between September 1995 and December 1997. But the claim for payment of establishment cost including leave salary and pension contribution towards deployment of the aforesaid Excise staff during the corresponding periods was neither preferred nor paid by the licensee of these bonded warehouses. Failure to raise any demand for payment of monthly fee led to non-realisation of establishment cost of Rs.3.18 lakh. In addition, leave salary and pension contributions are also recoverable from the bonders.

The matter was reported (February and May 1998) to the Department and the Government; their replies have not been received (December 1999).

6.3.7 Short/non-levy of penalty

The Commissioner's Circular of September 1995, provides that the applications for renewal of licenses should be forwarded to him atleast two months ahead of the expiry of the validity period of licenses so that approval of the Government can be obtained in time. The Government in March 1996 decided to levy and realise penalty at the prescribed rates for non-renewal of different categories of licenses within stipulated validity period of licence.

Test-check of records of the three districts offices* revealed (December 1998 and January 1999) that 61 retail shops were functioning (between January 1996 and December 1998) without renewing their licenses for a period ranging from one day to 370 days, but no penalty was levied in 35 cases whereas a part amount of penalty (Rs. 0.53 lakh) was levied in remaining 26 cases. This, resulted in short/non- realisation of penalty of Rs.2.61 lakh.

6.3.8 Non-levy of Excise duty and import pass fee for shortage of stock

Under the provision of Arunachal Pradesh Excise Rules 1994, the Government shall not be held responsible for the destruction, loss or damage by fire, theft or any other cause whatsoever occurring to any spirit stored in a warehouse. The Rules *ibid* further provide that the licensee of the warehouse shall pay to the State Government, duty at the prescribed rate on shortage/loss of spirit stored in a warehouse in excess of the prescribed limit. For this purpose,

* Deputy Commissioners (Excise Branch) at Papumpara District, Lower Subansiri District and Changlang District.

periodical stock-taking of spirit in a warehouse shall be undertaken at such intervals, not being greater than three months.

Test-check of stock registers maintained by six bonded warehouses** and its two sub-depots*** revealed (December 1998 and January 1999) that no periodical stock-taking was undertaken in respect of stock of IMFL, beer, etc., held by these warehouses from time to time. As a result, discrepancy, if any, could not be ascertained in audit. However, scrutiny of statement showing the procurement and sales of IMFL in respect of a private bonded warehouse at Itanagar for the period from July 1994 to July 1995 revealed (December 1998 and January 1999) that there was shortage of 2009 cases of premium brand (IMFL) and 2579 cases of general brand (IMFL) involving excise duty and import pass fee of Rs. 5.26 lakh. However, action was not taken by the department to realise the amount from the bonder concerned till the date of audit (January 1999).

The forgoing points were reported to the Department and the Government (April 1999); their replies have not been received (December 1999) despite reminders.

6.3.9 Recommendations

In the interest of state revenue, it is suggested that the Government may consider to re-examine the aspect regarding fixation of the rates of excise duty so as to bring the same at par with that of neighbouring states and also to enforce strictness in application of the provisions of the act and rules as well as departmental instructions.

** 1) M/s Atlantic Liquors Bonded Warehouse 2) M/s South Bank IMFL Distributors
 3) M/s Arunachal Beverage Enterprise 4) M/s Arunachal Liquors (P) Ltd
 5) M/s Shree Balaji Liquors 6) M/s Distillers Company Ltd

*** 1) M/s Thee Star Bonded Warehouse 2) M/s South Bank IMFL Distributors

SECTION - B - PARAGRAPHS

6.4 Non-realisation of licence fee and Penalty

Failure to initiate action against 5 licencees resulted in non-realisation of licence fee and penalty of Rs. 11.66 lakh

Under the Provision of the Arunachal Pradesh Excise Act, 1993, the authority, who granted any licence shall cancel or suspend it if the prescribed fee payable by the licencee has not been paid within the prescribed date. Further, the Government of Arunachal Pradesh in their order of March 1996 instructed to realise penalty at the rate of Rs.100 and Rs.70 per day from the licencee of bonded warehouse and licencee of wholesale vend respectively for the period of delay in making payment of the prescribed fee.

A Test-check of records of the Commissioner of Excise, Itanagar revealed (November and December 1998) that two licencees of bonded warehouses at Likabali and Itanagar and three licencees of wholesale vends at Bhalukpong failed to pay the Prescribed licence fee of Rs.10.50 lakh payable on different dates falling between June 1997 and October 1998. However, the department did not initiate any action upto December 1998 either to cancel these licences or to realise the licence fee of Rs.10.50 lakh and penalty of Rs.1.16 lakh accrued for delay in making payment of the aforesaid fee by 85 days to 576 days from the date of expiry of validity periods of these licencees.

On this being pointed out (December 1998 and March 1999) the department stated (June and September 1999) that an amount of Rs.3.30 lakh was realised (January, April and May 1999) from two licencees and realisation of the balance amount from the remaining three licencees was under process. Further reply about the recovery of balance amount has not been received (December 1999).

The case was reported (March 1999) to the Government; their reply has not been received (December 1999).

6.5 Incorrect lifting of IMFL/Beer

7449 cases of IMFL/Beer were lifted without payment of excise duty of Rs.3.48 lakh

Under the provision of the Arunachal Pradesh Excise Act 1993 and Rules framed thereunder, no Indian made Foreign Liquor (IMFL) or Beer shall be allowed to be lifted from any bonded warehouse without payment of excise duty thereof or without executing any bond for payment of excise duty thereof.

A test-check of records of the Commissioner of Excise, Itanagar revealed (November and December 1998) that 7,449 cases of IMFL/Beer were lifted (between August and September 1998) by two licenced vendors of Roing and Naharlagun from a licenced bonded warehouse of Naharlagun without payment of excise duty thereof or without executing any bond for payment of duty thereof. This resulted in irregular lifting of IMFL/Beer without payment of excise duty of Rs.3.48 lakh.

On this being pointed out (December 1998 and March 1999), the department while accepting the audit observation stated (June 1999) that Rs.3.48 lakh was realised (December 1998, January and March 1999) and the system of lifting IMFL/Beer without advance payment of duty was stopped henceforth.

The case was reported (March 1999) to the Government; their reply has not been received (December 1999).

6.6 Short-realisation of licence fee

The Government of Arunachal Pradesh in their notifications of May 1994 and December 1997 instructed to realise licence fee of Rs.1.50 lakh per annum from the licence of bonded warehouse and the licence of sub-depot bonded warehouse with effect from 1 June 1994 and 8 July 1996 respectively.

A test-check of records of the Commissioner of Excise, Itanagar revealed that a licence of bonded warehouse at Bandardewa having its sub-depot bonded warehouse at Jairampur paid (February 1998) annual licence fee of Rs.1.50 lakh for the period from 25 January 1998 to 24 January 1999 as against the annual licence fee of Rs.3.00 lakh payable for both the bonded warehouses at Bandardewa and sub-depot bonded warehouse at Jairampur during the corresponding period. This resulted in short-realisation of licence fee of Rs.1.50 lakh.

On this being pointed out (March 1999) the department stated (June 1999) that the concerned licence was directed to deposit the balance licence fee of Rs.1.50 lakh. The report on recovery has not been received (December 1999). The case was reported (March 1999) to the Government; their reply has not been received (December 1999).

C – FINANCE DEPARTMENT

6.7 Non-recovery of interest, principal amount of loan and panel interest

The procedure regarding the repayment of principal and recovery of interest are laid down in the respective sanction order for the grant of loans.

The authorised officer who maintains the detailed account of loans, should in order to avoid any default in the payment of loan, issue notices to the loanees of Public Sector Undertakings, Statutory Bodies, Institutions, etc., one month in advance of the due date for the repayment of any instalment of the principal and /or interest due thereon. However, omission to issue notice does not give the loanees any claim to exemption from the consequences of the default in the repayment of the principal and/or interest due thereon. Further, as per terms and conditions laid down in the sanction order for loans, a charge of 2.75 per cent per annum by way of penal interest shall be levied on the defaulted amount of instalments of principal and/or interest, over and above the normal interest.

16 loans aggregating Rs.1300 lakh carrying interest at the rates varying from 6 to 11 per cent per annum were sanctioned by the Industry Department of the Government of Arunachal Pradesh to the Arunachal Pradesh Industrial Development and Financial Corporation (Corporation) for implementation of different schemes during the period from 1982-83 to 1992-93. The loans were repayable in equal annual instalments commencing from the date of completion of 1st year of its drawal.

During the course of review, it was noticed (November 1998) that out of Rs.690 lakh being Principal and Rs.578.52 lakh being Interest due thereon (upto March 1998), only Rs.6.00 lakh and Rs.2.28 lakh respectively were recovered leaving a balance of Rs.684 lakh being Principal and Rs.576.24 lakh being Interest remained unpaid till the date of audit for which no demand notice was also issued by the Department. As a result, Rs. 1260.24 lakh remained unrecovered from the Corporation (November 1999). Moreover loans of Rs.535.00 lakh which were sanctioned during the years 1988-89 to 1992-93 subject to payment of outstanding loans (principal of Rs.155.00 lakh and interest of Rs.218.04 lakh) were released (between 8.3.89 and 12.3.93) to the Corporation against the payment of Rs.6.00 lakh being principal and Rs.2.28 lakh being interest in contravention of the sanction orders.

It was further revealed that out of the loan of Rs.610 lakh sanctioned between 1987-88 and 1992-93, the Corporation defaulted in payment of overdue instalments of principal of Rs.260.83 lakh and interest of Rs.447.11 lakh, but no penal interest was levied on the corporation by the department. Penal interest leviable in these cases worked out to Rs.78.17 lakh (upto March 1998). Moreover, no provision was also made in the accounts of the Corporation for payment of penal interest.

The cases were reported to the Department/Government (November 1998 and May 1999); their replies have not been received (December 1999).

D - ENVIRONMENT AND FOREST DEPARTMENT

6.8 Loss of revenue

Failure to dispose seized logs of soft wood species within the prescribed time limit led to revenue loss of Rs.10.18 lakh

Under the Provision of Assam Forest Regulation 1891 (as adopted by the Government of Arunachal Pradesh), the seized log/timber shall be brought to the safe custody after proper marking and the fact of such seizure shall be immediately reported to the Court for trial as well as to the higher authority for disposal. If delay is apprehended for finalisation of offence case reported to the court for trial, the prescribed authority of the Forest Department shall obtain permission of the court for disposal of the seized log/timber which is subject to quick natural decay. The log/timber of soft wood species loses its commercial value due to deterioration if not sold within 10 to 12 months of felling.

(i) In Namsai Forest Division, it was noticed (May 1997) that 261 logs of soft wood species measuring 274.722 cubic metre of timber valued at Rs.7.43 lakh were seized (on different dates falling between May 1992 and July 1996) in 31 offence cases from forest areas of Namsai, Manabhun, Medo and Chowkam Ranges under the Division. However, the fact of seizure in respect of 21 out of 31 offence cases was reported (on different dates falling between May 1992 and February 1996) to the Court for trial as well as to the higher authority for disposal and the balance 10 offence cases were reported (June 1994, June, July and September 1996) to the higher authority for disposal without reporting to the Court for trial. Thereafter, these seized logs were neither brought to the safe custody nor disposed of within the prescribed time limit after obtaining permission from the Court. In the mean time these seized logs of soft wood species lost their commercial value due to exposure to the vagaries of weather leading to loss of revenue of Rs.7.43 lakh.

On this being pointed out (July 1997, June 1998 and March 1999), the department stated (March and August 1999) that out of Rs.7.43 lakh, an amount of Rs.3.34 lakh had been realised and write off sanction of Rs.2.79 lakh was obtained from the Government. However, report on realisation of the balance amount of Rs.1.30 lakh has not been received (October 1999).

(ii) In Hapoli Forest Division, it was noticed (February and March 1998) that 235.1534 cubic metre (cum) of timber of soft wood species valued at Rs.2.75 lakh was seized (on different dates falling between April 1990 and May 1996) from forest areas under the Division. However, the fact of seizure was reported (between April 1990 and May 1996) to the higher authority for disposal without reporting to the Court for trial. The aforesaid seized timber was neither brought to the safe custody nor any action was taken for disposal.

of the same within 10 to 12 months of seizure. In the mean time, the said quantity of timber deteriorated due to exposure to the vagaries of weather. This resulted in loss of revenue of Rs.2.75 lakh.

On this being pointed out (May 1998), the department stated (October 1998) that due to observance of codal formalities and ban on operation of timber imposed by the Honourable Supreme Court in December 1996, the said seized timber could not be disposed of in time for which it lost its commercial value due to deterioration. However, for such loss, write-off sanction from the competent authority was being obtained. Further reply has not been received (October 1999) despite reminders.

The above case was reported to the Government (July 1997, May 1998, March and May 1999); their reply has not been received (December 1999).

6.9 Short-levy of royalty

Application of incorrect rate of royalty for sale of 2109.4469 c.u.m. of timber of mixed species led to short-levy of royalty of Rs.7.55 lakh

The Government of Arunachal Pradesh in their Notifications of June 1993 and January 1997 directed all Forest Officers to charge royalty at rates ranging from Rs.30 to Rs.2017 per cubic metre (c.u.m.) with effect from 1 May 1993 and at rates ranging from Rs.48 to Rs.2911 per c.u.m. with effect from 2 November 1996 on different species and classes of timber respectively. In addition, monopoly fee on such royalty was to be charged at the prescribed rates.

(i) A test-check of records of the Divisional Forest Officer, Along revealed (March 1997) that 1001.3837 c.u.m. and 332.364 c.u.m. of timber of mixed species were extracted by 23 and 15 permit holders in May 1993 and November 1996 respectively. However, the claim of royalty and monopoly fee for extraction of the said quantity of timber was preferred (May 1993 and November 1996) at Rs.8.51 lakh in 38 bills at the prerevised rates instead of Rs.11.52 lakh as per the revised rates effective from 1 May 1993 and from 2 November 1996. This resulted in short levy of royalty and monopoly fee of Rs.3.01 lakh.

On this being pointed out (April 1997) the department stated (April 1998) that an amount of Rs. 0.56 lakh was realised (May, August, November and December 1993) from 7 permit holders and the concerned Range Officers were directed to recover the balance amount from the remaining permit holders. Further, report has not been received (October 1999).

(ii) In the same Forest Division it was noticed (January 1998) that 661.0297 c.u.m. of timber of mixed wood species was extracted (between 4 November and 27 November 1996) by 18 permit holders for which the claim

of royalty and monopoly fee on the said quantity of timber was preferred (November 1996) at Rs.3.54 lakh as per prerevised rates against Rs.7.64 lakh as per revised rates effective from 2 November 1996. This resulted in short-levy of royalty of Rs.4.10 lakh.

On this being pointed out (May 1998) the department stated (September 1998) that the concerned Range Officer had initiated action to realise the balance amount of royalty. However, report on recovery is awaited (December 1999).

6.10 Short-realisation of royalty charges

Under the Government of Arunachal Pradesh Circular of June 1989 the upset price for allotment of seized timber to permit holders outside their committed quota shall be fixed, charging the existing royalty plus additional royalty at 25 **per cent** on royalty plus existing monopoly fee plus departmental charges at Rs.15 per cft. for all classes of timber except Hollong class in which case it shall be Rs.30 per cft. plus actual or notional extraction cost at the rate of Rs.2 per cft. if the seized timber is supplied from stump site and at the rate of Rs.5 per cft., if the seized timber is supplied from forest depot.

(i) In Seppa Forest Division it was noticed (November 1997) that while disposing of (between July 1992 and December 1995) 319.7167 c.u.m. of seized timber of mixed species, the upset price of Rs.2.61 lakh was fixed and realised (between July 1992 and December 1995) from 9 local persons against the upset price of Rs.4.51 lakh chargeable as per the Government's instruction of June 1989. This resulted in short-realisation of royalty charges of Rs.1.90 lakh.

On this being pointed out (January and May 1998) the department stated (July 1998) that the upset price charging royalty plus monopoly fee plus notional extraction cost plus departmental charges were fixed and realised from 3 out of 9 persons at the time of allotment of seized timber against their tree permit quota of 1994-95 except charging 25 **per cent** additional royalty for which the concerned Range Officer was directed to recover the same from them. The reply was however, silent regarding recovery of the balance amount from the remaining 6 persons.

(ii) Similarly, in Namsai Forest Division it was noticed (May 1997) that 307 logs of Hollong species measuring 287.0689 c.u.m. (10137.958 cft.) were seized (August and September 1994 and November 1995) from forest areas of Tengapani, Namsai and Mebo Ranges under the Division. Subsequently, these seized logs were allotted (September, October 1994, November, December 1995 and February 1996) to five permit holders by levying (October 1994, November, December 1995 and February 1996) royalty of Rs. 8.84 lakh against realisable royalty of Rs.11.04 lakh at the rates prescribed by the Government in their circular of June 1989. Thus, application of incorrect rates resulted in short-levy of royalty of Rs.2.20 lakh.

On this being pursued (July, September 1997, June and November 1998) the department stated (March and May 1999) that the allottees failed to clear the dues as per revised bills raised by the concerned Range Officers and the progress of realisation would be intimated to audit in due course. However, the report on recovery has not been received (December 1999).

(iii) The Principal Chief Conservator of Forests, Arunachal Pradesh in his circular of 30 November 1996 communicated the orders of the Government to all Forest Officers for charging royalty at the rates ranging from Rs.48 to Rs.2911 per cubic metre (cum) on different species and classes of timber with effect from 2 November 1996. Further, royalty on timber extracted from Reserved Forest was to be charged at 30 **per cent** higher than the above rate of royalty. In addition monopoly fee on such royalty in respect of Hapoli Forest Division was to be charged at 44 **per cent** and 27 **per cent** on the timber of Bola species and other than Bola species respectively.

A test-check of records of the Hapoli Forest Division revealed (February 1998) that 16 permits were issued (December 1995, June, August, October and November 1996) for extraction of 286.7572 cum of timber of mixed species from reserved forest areas of Hapoli Range. The said quantity of timber was extracted between 23 November and 18 December 1996 as per transit passes issued (November and December 1996) by the Division. However, the claim of royalty and monopoly fee for extraction of the said quantity of timber was preferred (December 1996) at Rs.1.65 lakh in 16 bills at the pre-revised rates instead of Rs.4.18 lakh as per the revised rates effective from 2 November 1996. This resulted in short levy of royalty and monopoly fee of Rs.2.53 lakh.

On this being pointed out (February and May 1998), the department while accepting the audit objections stated (October 1998) that revised bills were raised and demand noticed issued (February 1998). The report on recovery has, however, not been received (December 1999).

These cases were reported to the Government (between July 1997 and May 1998); their reply has not been received (December 1999).

E - TRANSPORT DEPARTMENT

6.11 Unauthorised use of Motor Vehicles

Non-levy of Motor Vehicles tax of Rs.2.36 lakh on 36 owners of Commercial Vehicles resulted in unauthorised use of these vehicles without payment of tax

Under the provision of the Arunachal Pradesh Motor Vehicles Taxation Act, 1984 there shall be levied annually or quarterly as the case may be, a tax at the prescribed rate on all motor vehicles used or kept for use in the State. Further, no motor vehicle shall be allowed to use in the State unless the owner of such

vehicle has paid the tax payable by him. However, in the event of failure to pay the tax by any owner of motor vehicle without any reasonable cause, the Taxation Officer may refer such case to the Deputy Commissioner for recovery of the tax due.

In Motor Vehicle Taxation unit office at Along, it was noticed (March 1997) that annual/quarterly tax of Rs.2.36 lakh leviable on 36 owners of commercial vehicle for different periods falling between July 1989 and December 1996 was neither levied by the Taxation Officer nor the said tax was paid by these owners without any recorded reason thereof. Despite failure to pay tax by these owners for the corresponding periods, they were allowed to use their vehicles in the State without reporting these cases to the Deputy Commissioner concerned for recovery of tax. Thus, failure on the part of the Taxation Officer to levy and collect tax resulted in unauthorised use of these vehicles by 36 owners without payment of tax of Rs.2.36 lakh.

On this being pointed out (May 1997) the department stated (March 1998) that a tax of Rs.0.27 lakh was realised (March 1998) from 11 owners of vehicles and recovery of balance tax from the remaining 25 owners could not be made since these vehicles were not traceable in the District. However, action was being taken to refer these cases to the Bakijai Officer for recovery of tax. Further, report has not been received (December 1999).

The matter was reported to the Government (May 1997); their reply has not been received (December 1999) despite reminders.

CHAPTER - VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 General

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

During 1998-99, financial assistance of Rs.9.06 crore was paid to various autonomous bodies and others broadly grouped as under :

Name of Institutions	Amount of assistance paid (Rupees in crore)
1. Universities and Educational Institution	6.73
2. Rural Activities	1.70
3. Other Institutions	<u>0.63</u>
	Total :- 9.06

Financial assistance paid to these bodies during the year 1998-99 constituted 1.21 **per cent** of the total revenue expenditure (Rs. 745.92 crore) of the Government for the year.

7.2 Utilisation Certificates

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

Although the Finance Department, Government of Arunachal Pradesh was requested (May and July 1999) to furnish department wise position of utilisation certificates due and submitted during last 3 years, the required information was only furnished by the Education Department for 1995-96 to 1997-98 which shows that there was no outstanding utilisation certificates against the grants given to local bodies. The position of utilisation certificate in respect of other departments has not been furnished (September 1999).

7.3 Audit of financial assistance to local Bodies and others

Audit under Sections 14 and 15

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

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

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

(a) Despite requests (May and July 1999), the Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 1996-99 by different administrative departments. As a result, neither a complete list of bodies/authorities to be audited under section 14 of the Act *ibid*, could be drawn up nor could the amount of assistance given to various bodies during these years be ascertained (September 1999).

However, as per information collected by audit in earlier years, out of 13 bodies/authorities, whose accounts for 1998-99 were received, these bodies/authorities attracted audit under section 14 of the Act, *ibid*. The status of submission of accounts by these bodies and completion of their audit as of September 1999 are given in **Appendix -LXXVI**.

According to provision in the manual for Integrated Rural Development Programme (IRDP), the District Rural Development Agencies (DRDA) are required to submit their certified accounts to audit by 30 September each year. One DRDA did not submit the accounts for 5 years (1994-95 to 1998-99) while other DRDA also did not submit accounts for 4 years (1995-96 to 1998-99). Similarly, 3 other DRDAs did not submit accounts for 3 years (1996-97 to 1998-99), 1 DRDA also did not submit accounts for 2 years (1997-98 to 1998-99) and 5 DRDAs did not submit accounts for 1 year (1998-99) as shown in Appendix-LXXVI. As such, the amount of financial assistance received by 11 DRDAs from the State/Central Government during the period from 1994-95 to 1998-99 and utilisation thereof could not be ascertained (September 1999).

7.4 Audit under Section 20(i)

The status of submission of accounts by autonomous bodies covered under Section 20 (i) of the Act and submission of Audit Reports to the Parliament as of September 1999 is given below :-

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
(1)	(2)	(3)	(4)	(5)

North Eastern Regional Institute of Science and Technology (NERIST), Nirjuli

1998-99

1998-99

1998-99

upto 1995-96 (Information regarding placement of Report for the years 1996-97 and 1997-98 is awaited from the Ministry)

The audit of accounts of the following body has been entrusted to the Comptroller and Auditor General of India for a period of 5 years as detailed below :-

Sl. No.	Name of Body	Period of entrustment	Date of entrustment
1.	North Eastern Regional Institute of Science and Technology (NERIST), Nirjuli	1997-98 to 2001-2002	2.12.1997

7.5 Audit arrangement by Government

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

Although the Finance Department was requested (May and July 1999), the required information about audit arrangement made for primary audit of these local bodies and authorities is awaited (September 1999).

The above matters were reported to Government (October 1999), their reply had not been received (December 1999).

CHAPTER - VIII
GENERAL VIEW OF GOVERNMENT COMPANIES
AND DEPARTMENTALLY MANAGED
UNDERTAKINGS

Government Commercial And Trading Activities

8.1 Introduction

As on 31 March 1999 there were five Government Companies (including two subsidiaries) and two Departmentally managed Government Commercial undertakings as against the same number of companies including two subsidiaries and Departmentally managed Government commercial undertakings as on 31 March 1998 under the control of the State Government. The accounts of the Government Companies (as defined in section 617 of the Companies Act 1956) are audited by statutory Auditors appointed by Government of India on the advice of Comptroller and Auditor General of India (CAG) as per provision of section 619(2) of companies Act 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of section 619 of the Companies Act 1956.

The accounts of Departmentally managed Government Commercial undertakings are audited solely by CAG under section 13 of CAG's (Duties, Powers and Conditions of Service) Act 1971.

8.2 Investment in Government companies

As of 31 March 1999, the total investment in Government Company including two subsidiaries was Rs.19.23 crore (equity: Rs.8.28 crore; long term loans : Rs.10.73 crore and share application money: Rs.0.22 crore) as against a total investment of Rs.20.50 crore (equity: Rs.7.99 crore; long term loan: Rs.12.51 crore) as on 31 March 1998.

The classification of the Government Companies was as under :

Status of Companies	Number of companies	Investment (Rupees in crore)	
		Paid-up Capital	Long-term loans
(a) Working companies	3 (3)	8.08 (7.85)	9.14 (10.10)
(b) Non working companies under closure	2 ^A (2)	0.42 (0.14)	1.59 (2.41)
Total:	5 (5)	8.50 (7.99)	10.73 (12.51)

(Figures in bracket are previous year figure)

* Long term loans are excluding interest accrued and due on such loans.

^A Sl. No. 3 and 4 of Appendix-LXXVII and LXXVIII both these companies are under closure

As two companies were non-working and under process of closure under section 560 of the Companies Act, 1965 for 4 to 5 years and substantial investment of Rs.2.01 crore was involved in these companies, effective steps needs to be taken for their expeditious liquidation or revival.

The summarised financial results of Government Companies are detailed in Appendix-LXXVII and LXXVIII. The debt equity ratio decreased from 1.57:1 in 1997-98 to 1.26:1 in 1998-99.

As on 31 March 1999, of total investment in Government Companies, 44.20 per cent comprised equity capital and 55.80 per cent comprised loans compared to 39 per cent and 61 per cent respectively as on 31 March 1998.

8.2.1 *Budgetary outgo, subsidies, guarantees and waiver of dues*

The budgetary outgo from State Government to the Government Companies for the three years upto 1998-99 in the form of equity capital is given below:

Particulars	(Rupees in crore)					
	1996-97		1997-98		1998-99	
	No. of Companies	Amount	No. of Companies	Amount	No. of companies	Amount
1. Equity Capital	2	0.25	1	0.20	1	0.22
2. Loans	-	-	-	-	-	-
3. Grants	-	-	-	-	-	-
4. Subsidy towards						
i) Projects/ Programmes/ Schemes	-	-	-	-	-	-
ii) Other subsidy	-	-	-	-	-	-
iii) Total subsidy	-	-	-	-	-	-
Total outgo	2	0.25	1	0.20	1	0.22

No guarantees for loans were given by the State Government during the year 1998-99. However, at the end of the year 1998-99 guarantees amounting to Rs.0.54 crore against 2 Government Companies were outstanding.

8.2.2 *Finalisation of accounts by Government companies*

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

However, as would be seen from Appendix - LXXVII and LXXVIII, out of five Government companies, none of the companies had finalised their accounts for the year 1998-99 within the stipulated period. During the period from October 1998 to September 1999, one company viz. Arunachal Pradesh

forest Development Corporation Ltd. had finalised its accounts for the year 1994-95. The accounts of all the companies were in arrears for the period ranging from 4 to 17 years.

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of Companies	Reference to Appendix - LXXVIII
1.	1995-96 to 1998-99	4	1	5
2.	1994-95 to 1998-99	5	1	1
3.	1993-94 to 1998-99	6	1	2
4.	1991-92 to 1998-99	8	1	3
5.	1982-83 to 1998-99	17	1	4

Of the above 5 Government Companies, whose accounts were in arrears, 2 Companies were non-working companies (Sl. Nos. 3 and 4 of Appendix-LXXVIII)

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

8.2.3 Working results of Government Companies

According to latest finalised accounts of 3* Government Companies, 2 Companies had incurred an aggregate loss of Rs.0.10 crore and the remaining 1 company earned a profit of Rs.7.49 crore.

The summarised financial results of Government Companies as per latest financial accounts are given in Appendix-LXXVIII.

8.2.4 Profit earning company and dividend

During the year one company viz. Arunachal Pradesh Forest Corporation Limited which finalised its accounts for 1994-95 earned an aggregate profit of Rs.7.49 crore during the year but no dividend had been declared by the Company during the year.

8.2.5 Loss incurring companies

Of the 2 loss incurring Companies, one (Sl.No. 1 of Appendix-LXXVIII) Company had accumulated losses aggregating Rs.2.08 crore which had far exceeded its aggregate paid up capital of Rs.0.93 crore.

* Out of 5 Government Companies, 2 Companies (Sl.No. 3&4 of Appendix -LXXVII and LXXVIII) have not prepared their accounts since inception

8.2.6 Return on Capital Employed

As per latest finalised accounts (upto September 1999) the capital employed* worked out to Rs.20.85 crore in 3 companies and total return⁺ thereon amounted to Rs.8.47 crore which is 40.62 per cent as compared to total return of Rs.2.27 crore (15.12 per cent) of capital employed of Rs.15.01 crore in 1997-98. The details of capital employed and total return on capital employed in case of Government Companies are given in Appendix – LXXVIII.

8.2.7 Result of audit by Comptroller and Auditor General of India

The summarised financial results of 3 (out of 5) Government companies based on the latest available accounts are given in Appendix-LXXVIII. During the period from October 1998 to September 1999, the audit of accounts of one company viz.; Arunachal Pradesh Forest Corporation Limited for the year 1994-95 was selected for review. The net impact of the important audit observation as a result of review was that the net profit (Rs.7.49 crore) was overstated by Rs.0.76 crore due to over valuation of closing stock:

8.3 Position of discussion of Commercial Chapter of Audit Report by the Committee on Public Undertakings (COPU)

The reviews/paragraphs of commercial Chapter of Audit Reports pending discussion as on 31 March 1999 by the Committee on Public Undertakings are shown below:

Period of Audit Reports	Total number of Reviews and Paragraphs			
	Appeared in the Audit Report		Pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1987-88	2	2	2	2
1988-89	-	3	-	1
1989-90	-	1	-	1
1990-91	1	1	1	1
1991-92	-	4	-	1
1992-93	1	1	1	-
1993-94	1	3	1	1
1994-95	-	5	-	5
1995-96	-	2	-	2
1996-97	-	5	-	5

The COPU's recommendations in respect of reviews and paragraphs discussed were still awaited (December 1999).

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

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

8.4 Departmentally managed Government Commercial and Quasi-Commercial undertakings

8.4.1 Though the State Transport Services and the State Trading scheme of Transport and Supply Directorate respectively are commercial in nature and are functioning as such, these have not so far been declared as commercial organisations by Government (December 1999).

8.4.2 The proforma accounts of the State Transport Services have been prepared upto the year 1996-97 and as per latest accounts, the accumulated losses since inception from 1975 to 1996-97 amounted to Rs. 47.01 crore against Capital of Rs.51.81 crore constituting an erosion of 90.74 **per cent** of investment.

The financial position, working results and operational performance of the State Transport services as per latest finalised accounts were given in paragraphs 8.3.2 and 8.4.4 of the Report of the Comptroller and Auditor General of India for the year 1997-98.

8.4.3 The proforma accounts of State Trading scheme have been prepared upto the year 1994-95 and as per the latest accounts, the accumulated loss since inception of the scheme from 1985-86 to 1994-95 amounted to Rs.11.71 crore against Capital of Rs.3.15 crore.

8.4.4 The working results of State Trading scheme for the three years are summarised below:

	1992-93	1993-94	1994-95
	(Rupees in lakh)		
A. Income			
(a) Sales	376.59	290.76	392.77
(b) Increase (+)/decrease(-) of stock	(+) 46.79	(+) 63.26	(-) 53.64
Total 'A'	423.38	354.02	339.13
B. Trading Expenses:			
(a) Purchases	240.19	221.36	286.56
(b) Packing materials	27.00	2.68	14.14
(c) Establishment and contingent charges	107.32	109.66	144.91
(d) Air dropping and godown losses	<u>16.13</u>	<u>15.85</u>	<u>18.84</u>
Total - B	<u>390.64</u>	<u>349.55</u>	<u>464.45</u>
C. Trading Profit (+)/ Loss (-) (A - B)	(+) 32.74	(+) 4.47	(-) 125.32
Non-trading expenses - interest on Capital and audit fee (Provisions)	<u>21.00</u>	<u>27.57</u>	<u>28.53</u>
Net Profit (+)/Loss (-)	<u>11.74</u>	<u>(-) 23.10</u>	<u>(-)153.85</u>

8.4.5 With effect from September 1975, the selling price of each commodity was fixed by adding 30 **per cent** to the cost of procurement to cover the over head charges. During the three years upto 1994-95, the actual over head charges, however, worked out to a higher percentage as shown below :

	1992-93	1993-94	1994-95
	(Rupees in lakh)		
1. Overhead charges (items (b) and (c) of trading expenses)	134.32	112.34	159.05
2. Cost of Procurement (opening stock plus purchases less closing stock)	193.40	158.10	340.20
3. Percentage of overhead cost to cost of procurement	69.45	71.06	46.75

The reasons for higher percentage of overhead cost to cost of procurement was attributed to high incidence of establishment and contingent charges which alone constituted 55.49 per cent, 69.36 per cent and 91.11 per cent to cost of procurement during the three years respectively.

8.5 Review on the working of Arunachal Pradesh Forest Corporation Limited

Highlights

The company earned profit on timber operation but had incurred losses on all other activities due to shortfall in production. As a result of ban imposed by the Hon'ble Supreme Court with effect from December 1996 on timber operation, the company had turned into a loss making company from 1997-98.

The company started functioning from December 1977 with the main object of harvesting and developing forest Product, running of forest resources based industries, marketing of timber, raising plantations of various forest species. In pursuance of its activities, the company has taken up extraction and supply of timbers, regeneration of plantation of Cash Crops and running of two wood-based industries.

(Paragraph 8.5.1)

There was shortfall in extraction of 59,627 cum (m³) timber valued at Rs.18.68 crore during the period from 1993-94 to 1996-97 (upto November 1996).

(Paragraph 8.5.6.1)

Shortfall in harvesting of green tea leaves and green coffee seeds with reference to expected yield were 13.82 lakh Kg (value: Rs.0.87 crore) and 9.28 lakh Kgs (value: Rs.0.72 crore) respectively.

(Paragraphs 8.5.6.2 and 8.5.6.3)

Stocks of Namphai Saw mill handed over to a lessee had been under valued by Rs.30.15 lakh and realisation of Rs.150.00 lakh from the lessee being value of stock handed over and lease rent were awaited.

(Paragraph 8.5.6.4 (ii))

Company extended undue benefit of Rs.2.14 crore to a particular wood based firm and also did not realize the royalty amounting to Rs.0.23 crore.

(Paragraphs 8.5.6.4 (iii) and (b))

8.5.1 Introduction

Arunachal Pradesh Forest Corporation Limited was incorporated on 31 March 1977 as a wholly owned State Government company under the Companies Act, 1956 and started functioning from December 1977.

The main objects of the company are :

- (a) To provide necessary infrastructure to harvest and develop forest produce, promote and run forest resource based industries, arrange marketing of timber and other forest resources within and outside the country;
- (b) To plant, grow, cultivate, produce and raise plantations of various forest species of proven utility and other agricultural plantation and horticultural crops, medicinal and aromatic plants for sale, etc.

The company has so far taken up the following activities :

- (i) Extraction and sale of timbers;
- (ii) Regeneration of plantation against extracted timbers;
- (iii) Plantation of Cash Crops mainly tea, coffee and rubber; and
- (iv) Running of two wood based industries - one at Bunderdewa and the other at Namphai.

8.5.2 Organisational set up

As on 31 March 1998, the Board consisted of fourteen Directors, including the Managing Director. The Managing Director appointed by the State Government is the Chief Executive of the company. He is assisted in day to day work by General Manager (Territory), General Manager (Industry), General manager (Cash Crop), Divisional Managers, Manager (Finance) and company Secretary.

8.5.3 Scope of Audit

The working of the company was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1992-93. The report is yet to be discussed by COPU (December 1999).

The present review covers the performance of the company on all activities for the five years ending 31 March 1998*, and the results emanating therefrom are discussed in the succeeding paragraphs.

8.5.4 Finance and resources

The authorised capital of the company was Rs.620 lakh and its paid-up capital as on 31 March 1999 was Rs.449.72 lakh.

The company obtained loan amounting Rs.109.30 lakh in 1996-97 (Rs.79.95 lakh) and in 1997-98 (Rs.29.35 lakh) from Tea Board. Besides this during 1993-94 to 1997-98 the company received subsidy totaling Rs.82.15 lakh from Tea Board (Rs.81.35 lakh), Coffee Board (Rs.0.75 lakh) and Rubber Board (Rs.0.05 lakh).

* Accounts for the year 1998-99 have not been compiled by the Company so far.

8.5.5 Financial Position and Working Results

The company had finalised its accounts upto the year 1994-95. However, provisional accounts for 1995-96 to 1997-98 were available based on which the financial position of the company for four years upto 1997-98 are given in Appendix - LXXIXA and LXXIXB.

It would be revealed that the net profit of the company declined from Rs.7.49 crore in 1994-95 to Rs.3.70 crore in 1996-97 and finally turned to loss to the extent of Rs. 49.64 lakhs in 1997-98 mainly attributed to reduction in sales in 1995-96 onwards due to less extraction of timber and subsequent ban imposed by the Hon'ble Supreme Court with effect from December 1996 on timber operation. Besides losses were incurred in all the tea estates, coffee division and its two wood based industries except in Mopa tea estate where profit reduced considerably.

8.5.6 Performance

The performance of the company in respect of different activities and projects/schemes undertaken is discussed below :

8.5.6.1 Timber Operation

(i) Forest areas and lease agreements

The Government of Arunachal Pradesh transferred, under two agreements (March 1979), 867.14 Sq.Km of forest area (719.72 Sq.Km. reserve forests and 147.42 Sq.Km. village reserve forests) to the company on lease basis with retrospective effect from 15 December 1977. The lease was subsequently extended upto 30th September 1990. Though lease agreement was not extended upto any specified date thereafter, approval of the Government was obtained from time to time to continue the lease agreement until further orders.

(ii) Timber extraction/yield

The company has to extract timber as per the working plan projections prepared by the Forest Department, Government of Arunachal Pradesh. Due to ban imposed by Hon'ble Supreme Court, timber extraction was stopped from December, 1996. The expected yield as per the working plan prepared by the State Government in respect of three Project Divisions of the Company as well as the actual quantity extracted thereagainst for the four years upto 1996-97 (November 1996) were as follows:

	1993-94	1994-95	1995-96	1996-97 (for 8 months upto November 1996)
(Yield in Cubic metre)				
1. Khonsa Project Division:				
Expected Yield	15,808	15,808	15,808	10,539
Actual Yield*	14,747	20,344	10,012	Nil
Shortfall(-)/Excess(+)	(-1,041)	4,536	(-5,796)	(-10,539)
2. Miao Project Division				
Expected Yield	17,489	17,489	17,489	11,660
Actual Yield*	16,358	17,200	10,234	3,827
Shortfall (-)/Excess (+)	(-1,131)	(-) 289	(-7,255)	(-7,833)
3. Jairampur Project Division				
Expected Yield	21,480	21,480	21,480	14,320
Actual Yield*	5,390	15,849	18,873	8,369
Shortfall (-)/Excess (+)	(-16,090)	(-5,631)	(-2,607)	(-5,951)
Grand Total Shortfall =	18,262	1,384	15,658	24,323

The shortfall in extraction of timber was 59627 m³ valued at Rs.1868.11 lakh

It would be seen that the shortfall in extraction of timber in three Divisions for the period from 1993-94 to 1996-97 was 59627 cubic metre (m³) with potential loss of revenue amounting to Rs. 1868.11 lakh calculated at average selling price. The reasons for shortfall were not analysed by the company. An analysis in audit disclosed that the shortfall in extraction of timber were attributable to non extraction of marked trees inclusive of lower girth class timbers, reported illegal felling of trees, delay in felling operations, deviation from working plan etc.

Audit scrutiny revealed that the Company sustained loss of Rs. 9.38 crores due to less extraction of timber to the extent of 29932 m³ on account of deviation from working plan during the period from 1993-94 to 1996-97 as shown below :-

Divisions	Years	Volume (m ³)	Value in lakh of Rs.
KPD	1993-94 and 1995-96	7958	249.32
JPD	1994-95 to 1996-97	17417	545.67
MPD	1994-95 and 1995-96	4557	142.77
Total		29932	937.76

It was further observed that the allottee industries extracted the timber belatedly by 14 to 193 days in Khonsa Project Division during 1995-96

* Actual yield includes total volume of 18043 m³ of seized log worth Rs. 452.63 lakh. (Khonsa 9889.7 m³, Miao 3649 m³ and Jairampur 4505 m³)

leading to less extraction of timber to the tune of 2251 m³ valued at Rs. 70.54 lakh. However, Company earned interest to the extent of Rs. 6.51 lakh from the concerned industries for such delay in extraction.

(iii) Regeneration of plantation

The company is required to raise new plantation in order to compensate the removal of matured stock and to convert the area into a more regular forest so that valuable timber is available on a perpetual basis.

Test-check of the records relating to regeneration of plantation (Artificial & Aided Natural Regeneration) in Miao & Jairampur division revealed that as against the target of plantation in 2900 Hectares and 2910 Hectares in Miao Division & Jairampur Division, actual achievement was 1513.40 Hectares (52 per cent) and 1045 Hectares (36 per cent) respectively. The shortfall percentage varied from 22.93 to 73.53 in Miao Division and 48.45 to 75.94 in Jairampur Division during the years from 1993-94 to 1997-98.

The shortfall was mainly due to non-extraction of marked trees from the working plan area and subsequent ban on timber operation.

(iv) Industrial Timber operation

With a view to release pressure on the existing forest resources of the State, the Department of Environment and Forest, Government of Arunachal Pradesh introduced from 1995-96 a scheme (Industrial Timber Operation) through the company on sponsorship basis of local wood based industries. According to the scheme, the company was to identify land suitable for plantation (in consultation with the industries) and to enter into agreement to undertake plantation. The Company had (May 1999) received a total amount of Rs. 76.90 lakh from 10 industries.

It was observed in audit that the scheme could not be implemented in Miao Project Division. In Khonsa and Jairampur Project Divisions, out of total target of 300 hectares fixed for plantation during 1996-97 to 1998-99, the actual coverage was 145.9 hectares with a total expenditure of Rs. 15.51 lakh, the shortfall being 155.1 hectares (51.7 per cent). The reasons for shortfall in achieving the target were neither on record nor could be explained.

Shortfall of plantation coverage was 51.7 per cent.

The following points were observed in audit :

- (a) The survival of plantation of Longding Centre raised in 22 hectares during 1997-98 at a cost of Rs.3.09 lakh was only 15 per cent. The reasons for high mortality were (i) selection of site not congenial for plantation, and (ii) transportation of seedlings from long distance.
- (b) During 1996-97, the company raised plantation in 21 hectares at a cost of Rs.2.25 lakh at Pansungthung Centre but no agreement was executed with the landowner. After the plantations were raised, the landowner had encroached 5 hectares and prevented the company from plantation works.

(v) *Settlement of Mahals/Quarries**

Settlement of mahal/quarry under the forest area is one of the source of revenue of the company. The company had nine mahals/quarries which are to be settled for all the years on lease/auction basis. Test-check of records revealed that during the period from 1993-94 to 1998-99, the mahals/quarries in Khonsa (4), Miao (4) and Jairampur (1) were not settled for the period ranging from one to five years. Based on the lowest annual settlement value, the revenue loss of the company on this account was Rs.8.78 lakh.

Test-check of mahal/quarry settlement records revealed the following points:

(a) As per procedure, the quarries are required to be settled after assessment of quantity/volume of produces for determination of settlement price nearer to their royalty value. The following quarries were however, settled for periods mentioned against each at a lower price without assessing the quantity of forest produces and their royalty value resulting in loss of revenue of Rs.15.95 lakh.

Due to non-settlement of mahal/quarry ranging from 2 to 3 years, the company sustained loss of revenue of Rs.15.95 lakh.

Sl. No.	Name of quarry	Year for which settled	Name of forest produce	Quantity lifted by the party	Royalty rate per cum	Royalty value of the quantity lifted	Price at which settled	Loss
1	2	3	4	5	6	7	8	9
			(Rs. in lakh)	(In Cum)	(Rupees)	(Rs. in lakh)	(Rs. in lakh)	(Rs. in lakh)
1.	Tarokpani boulder quarry	1994-95 and 1995-96	boulder	12797.42	42.92	5.49	0.59	4.90
2.	NCI Nallah boulder quarry	1993-94 and 1995-96	-do-	12372.76	42.92	5.31	1.05	4.26
3.	Namsang stone quarry	1993-94 and 1994-95	-do- stone	9605.02 5964.54	42.92 64.48	7.97	1.18	6.79
Total :						18.77	2.82	15.95

(b) Namsang river quarry was settled with a party for the year 1994-95 for Rs.2.93 lakh. Allotment of the quarry for further period of two years from October 1995 to September 1997 was settled at negotiated price of 5 per cent above the price of 1994-95 i.e., at Rs. 3.08 lakh for two years instead of at Rs.6.16 lakh thus leading to loss of revenue of Rs.3.08 lakh.

* Mahal/Quary is the area where other forest resources are available, i.e., firewood, bamboo canes, stones, boulder, fish etc.

8.5.6.2 Tea plantation

Shortfall in harvesting of green tea leaves with reference to expected yield was 13.82 lakh Kg valued at Rs.86.51 lakh.

As at the end of 1997-98, the Company brought tea plantation in 458.25 hectares in its five tea estates (T.E.) of which 14.16 hectares in Mopa T.E. was under dispute. Harvesting of green tea leaves in Bene T.E. (plantation created in 19.84 hectares between 1994-95 and 1996-97) has not been started. The **Appendix-LXXX** indicates the plantation area, the expected yield and actual yield of green tea leaves of four T.Es for the period from 1993-94 to 1997-98. It would be revealed that during the five years from 1993-94 to 1997-98, there was a total shortfall of 13.82 lakhs Kg valued at Rs.86.51 lakh in harvesting of green tea leaves. The shortfall varied from 3.66 to 25.72 **per cent** in Mopa T.E, 11.2 to 54.9 **per cent** in Medo T.E, 24 to 61.33 **per cent** in Tupi T.E, and 15 to 100 **per cent** in Longran T.E. The Divisional officer in his report of July 1997 attributed the shortfall of Mopa T.E. to lack of programme orientation, mismanagement and lack of supervision by the field staff. In addition, the management attributed the shortfall in production mainly to (i) shortage of trained labourers for inner line problem in the State (ii) commitment towards welfare of the local people (iii) failure to maintain the plucking rounds as well as application of fertiliser in schedule time due to torrential heavy rain in this non traditional area for tea cultivation.

The working results of the tea estates for five years upto 1997-98 are given in **Appendix-LXXXI**. It would be seen that the losses in Medo, T.E., Tupi T.E., Longran T.E. (including coffee division) increased and profit decreased in Mopa T.E. mainly due to increase in employees cost and in operational cost disproportionate to increase in area of plantation.

Scrutiny of records disclosed the following :

(a) The company created 4.50 lakh tea seedlings under Medo T.E. during 1991-92 to 1995-96 at a cost of Rs.7.98 lakh and 9.00 lakh tea seedlings under Mopa T.E. during 1993-94 at a cost of Rs.10.36 lakh. Due to over maturity, 4.50 lakh seedlings of Medo T.E. valued at Rs.6.28 lakh and 0.85 lakh seedlings of Mopa T.E. valued at Rs.0.98 lakh had become unfit for plantation.

(b) The company sells green tea leaves on the basis of tenders/issue of letter of intents to tea processing units of Assam and on entering into agreement. During plucking season of 1995, the company, contrary to the procedure, sent (February 1995) a letter of intent to an individual of Itanagar (not the owner of any tea processing unit) and agreed to sell green tea leaves reducing the price from quoted rate of the individual of Rs.7.52 per kg to Rs. 6 per kg. No agreement was entered into with the individual. The company supplied 45,113 Kg of green tea leaves for Rs.2.71 lakh in April-May 1995 but the value remained unrealised (April 1999). The Company neither pursued the matter with the individual nor taken legal action for recovery of the dues in absence of any agreement. Thus the company was put to a loss of Rs.2.71 lakh due to violation of procedure.

8.5.6.3 Coffee Plantation

The expected production of coffee as per project report, actual production, shortfall in achievement and the resultant loss during the five years ending 31 March 1998 are shown in the following table :-

	1993-94	1994-95	1995-96	1996-97	1997-98
	(Kgs. in lakh)				
i) expected yield	3.80	4.24	4.55	4.41	4.38
ii) actual yield	1.90	2.30	1.78	3.54	2.58
iii) shortfall	1.90	1.94	2.77	0.87	1.80
iv) Percentage of shortfall	49.86	45.64	60.78	19.75	41.02
v) Rate per Kg	7.79	9.50	6.34	6.34	8.50
vi) Value of shortfall (Rupees in Lakhs)	14.80	18.43	17.56	5.52	15.30

Shortfall in harvesting of green coffee was 9.28 lakh Kg valuing Rs.71.60 lakh.

It would be seen that during the five year ended 1997-98, value of shortfall of 9.28 lakh Kg. of green coffee worked out to Rs.71.60 lakhs at the rates prevailing in each year. The percentage of shortfall varied from 19.75 to 60.78. The shortfall as attributed by the management was mainly due to experimental plantation in this non-traditional area for coffee where heavy rainfall throughout the year damaged the normal production.

(a) Scrutiny of the records revealed that the coffee production was severely damaged due to the hailstorm on 27.2.96. As assessed by the management the loss was about 30 **per cent** of annual yield, i.e., 21420 Kg of robusta coffee valued at Rs. 8.57 lakh. The company, however, never insured their coffee gardens as done in case of its tea estates for such losses.

Thus, owing to non insurance of the coffee gardens the corporation failed to make good the loss of Rs. 8.57 lakh.

8.5.6.4 Performance of wood-based industries

The company has two wood based industries one at Banderdewa and the other at Namphai.

(i) Banderdewa Saw Mill and Plywood Industry

The quantitative details input, production, capacity utilisation and process losses of the unit for the years 1993-94 to 1996-97 are given in the **Appendix-LXXXII**. It would be seen that the capacity utilisation of the plants was low varying from 21.18 to 81.89 **per cent** in respect of sawn timber, 6.13 to 13.21 **per cent** in respect of veneer, and 8.24 to 19.35 **per cent** in respect of plywood during the period from 1993-94 to 1997-98. Reasons for poor utilisation of plants were not available on record nor stated (March 1999).

The company has not fixed any norm of process loss for any of the items of production. The process loss varied from 24.27 to 40.17 **per cent** in respect of sawn timber, 39.49 to 63.37 **per cent** in respect of veneer, and 8.27 to 40.26

Utilisation of plant capacity was poor.

per cent in respect of plywood. In the absence of any norms, the reasonability of process losses and their wide variations could not be vouch safed in audit.

The following points were observed in audit.

(a) The company purchased one vacuum pressure timber impregnation machine for the mill in 1988-89 at a cost of Rs.6.51 lakh for the purpose of seasoning timber required for frames/doors. The machine, however, remained idle since 1992-93 as no order for doors/frames was received. In February, 1997, the mill authority proposed for disposal of machine but appropriate action in this regard was awaited (March 1999).

(b) Between 1993-94 and 1996-97, the company purchased 21769 round logs measuring 13,827.260 cum from forest Department. However, the volume of the same number of logs as per mill's measurement came out as 13,424.067 cum. The discrepancy of 403.193 cum in measurement (short in mill yard) of the logs valued at Rs.3.57 lakh remained un-reconciled with Forest Department (March 1999).

(ii) Leasing out of Nampai Saw Mill

In view of huge losses, the company decided (August 1993) to lease out the mill to a private party. The Government of Arunachal Pradesh approved (January 1994) the Company's decision and the mill was leased out to a party initially for three years with effect from 1.8.1995 (subject to extension depending on performance of lessee) to the highest bidder at an annual rent of Rs.45.00 lakh.

It was noticed in audit that the lease deal was finalised without approval of the Board of Directors, and the mill was handed over to the party on 1.8.1995 before the agreement was executed in September 1995. The value of finished/semi-finished stocks and raw materials were not assessed before handing over the mill to the lessee. The Board of Directors in the meeting held on 11.7.1996 criticised the deal but ratified the same as the lessee had already taken possession of the mill and the lease deed had been executed to that effect.

In June 1995, the company constituted a committee for valuation of stock and assets handed over to the lessee. The committee valued the stock of finished/semi-finished goods and raw materials at Rs.86.95 lakh which formed part of the agreement executed in September 1995. Scrutiny of records in audit disclosed that the stocks valued by the committee at Rs. 69.13 lakh (out of Rs.86.95 lakh) were under valued by Rs.30.15 lakh as detailed in **Appendix-LXXXIII**. This led to loss to the company with consequent undue financial benefit to the lessee.

Stock handed over to the lessee was undervalued by Rs.30.15 lakh leading to loss to the company.

The lessee left the mill in September 1997 due to ban on timber operation by the Hon'ble Supreme Court without handing over the mill to the company. In July 1998, the company constituted a committee for assessing the value of assets and stocks to be taken over (ex-parte since the lessee did not turn up) on

expiry (July 1998) of the lease period. The report of the Committee and also the taking over of the mill were awaited (April 1999).

Realisation of Rs.1.50 crore from the lessee was awaited. Besides this, an expenditure of Rs.0.24 crore has been incurred on idle staff of the mill.

The company issued (August 1998) demand notice for realisation of Rs.150.00 lakh from the party towards value of stores and stock, lease rent etc. which had not been received so far (April 1999). Besides this, the company had incurred an expenditure of Rs.23.75 lakh from September 1997 to March 1999 on idle staff deployed in the mill. No legal action has been initiated against the party for realisation of dues of the company (September 1999).

Undue financial benefit to a firm

(iii) The company supplies timber extracted from its leasehold reserved forests to various local wood-based industries as per the quota and rates fixed by the Government of Arunachal Pradesh. Normally, the royalty along with reserved forest fee and monopoly fee are charged as prevailing on the date of piece-marking/date of passing. However, the Government of Arunachal Pradesh directed (between May 1987 and December 1993) the company to charge at reduced rate in respect of different quota of timber to a particular firm between 1977-78 to 1992-93. The company was also directed (April 1990) to charge royalty from the firm, based on the year of allotment irrespective of date of marking or date of passing, as a special case. The Government further directed (May 1993) the company not to impose overhead charge on the entire backlog quota allotted to the firm.

Undue benefit of Rs.2.14 crore has been extended to a particular firm on release of timber at lower rates.

In pursuance of the above directives, the company constituted a committee in August 1994 to review the bills of the firm. The committee submitted its report on 23.8.1994 showing the difference of Rs.127.70 lakh between the original bills and revised bills of Khonsa Project Division refundable to the firm. The company constituted another committee in January 1995 to revise the bills of the firm upto 31.12.1994 covering all the divisions that released quota timbers to the firm. The total bill value as computed by the committee amounted to Rs.752.16 lakh as against the original bill value of Rs.953.44 lakh for release of 25.27 lakh cft during 1977-78 to 1992-93. Thus undue benefit was allowed to the firm amounting Rs.201.28 lakh. Further, Khonsa Project Division released 49454.51 cft of backlog quota to the firm after December 1994 and raised bills at lower rate as per Government's directives thereby extending further undue benefit of Rs.12.93 lakh to the firm. Thus, the firm has been favoured with a total undue benefit of Rs.214.21 lakh (Rs.201.28 lakh + Rs.12.93 lakh) to the party on the directives of the State Government.

Royalty of Rs.0.23 crore on timber issued in January to March 1995 was not realised.

(b) The company issued 753.4881 cum timber from Jairampur Division to the firm in January to March 1995 valued at Rs.22.98 lakh as royalty and monopoly fees, allotted as replacement of rehabilitation quota of 1986-87 but not lifted by the party due to deterioration of logs. The company did not charge royalty and monopoly fee amounting Rs.22.93 lakh thereon with the idea that the same have been charged at the time of revising the bills upto April 1994. This contention of the management was not correct in view of the fact that this quantity of 753.4881 cum was not actually lifted by the firm in 1986-87 and royalty value was not included in the revised bills. Thus due to

omission in realisation of royalty on 753.4881 cum the company has incurred loss of Rs.22.93 lakh with consequent extension of undue favour to the firm.

(iv) Loss on sale of sawn timber

The Miao Project Division produced 237.722 cum of sawn timber during 1998-99 and obtained highest offer of Rs.17.13 lakh by inviting tenders (July 1998). The General Manager (territory) however called for separate tenders (October 1998) and approved the rates received against the latter tender. According to this rate the division had to dispose of (January 1999) the wood products at a total value of Rs. 12.37 lakh.

Thus, due to non-approval of the highest rates obtained by the division the corporation incurred a loss of Rs. 4.76 lakh.

(v) Missing logs

The Range Manager, Borduria Project Range, seized (07.02.1995) 199 logs measuring 5862.18 cubic feet timber valued at Rs.6.02 lakh and kept the same under the custody of a private wood based industry located in that area. The Seizure Report along with indemnity bond (for keeping the logs in the custody of the industry) was stated to have been handed over by the Range Manager to the Divisional Manager. The mill owner confirmed (March 1996) that the Range Manager repossessed the logs within 3 - 4 days from the date of seizure. The Divisional Manager, however, informed the Head office that he was not aware of the matter and that no paper was handed over to him by the Range Manager. The Company placed (January 1997) Range Manager under suspension and constituted (September 1998) a fact finding committee in respect of the missing logs. Report of the committee and further development in the matter was awaited (March 1999).

8.5.7 Cash Management

The Unit Offices of the company are to transfer promptly the deposits into two collection accounts maintained at Itanagar and Deomali. As per arrangement made by the company, the Banks are to transfer the amount from collection account to automatic short term deposit account in each multiple of Rs. 5.00 lakh exceeding Rs. 15.00 lakh.

Test-check of records in audit disclosed the following points :-

(i) During the period from 1993-94 to 1997-98 the unit offices kept closing balances in current account varying from Rs.51.70 lakh to Rs.99.33 lakh of which amounts varying from Rs.35.00 lakh to Rs.80.00 lakh were eligible for transfer to short term deposit account. The units kept excessive balances in current accounts aggregating Rs.1188.80 lakh for 6 to 10 days, Rs.426.78 lakh for 11 to 30 days, and Rs.386.18 lakh for 30 days to 101 days. Due to holding of excess balance in current account, the company was deprived of interest income of Rs.28.00 lakh calculated at 10 **per cent** per annum.

Due to delay in transfer of revenues to collection account in bank/short term deposit account, the company lost interest of Rs.32.77 lakh.

(ii) The units' branch of the banks delayed in remittance to collection accounts amounts aggregating Rs.1499.22 lakh after 6 to 10 days, Rs.1233.26 lakh after 11 to 30 days and Rs.31.55 lakh after 30 days. In the process the company lost interest income of Rs.4.77 lakh.

8.5.8 Accounts Manual and Internal Audit

Even after 22 years of incorporation, the company has neither compiled any accounts manual nor has any internal audit wing of its own. During 1997-98, two firms of Chartered Accountants were appointed for conducting internal audit for the years 1993-94 and 1994-95 at a total fee of Rs.0.80 lakh. The audit conducted by the firms confined to accounting irregularities only. The reports of the internal auditors were not placed before the Board of Directors.

8.5.9 Other topics of interest

8.5.9.1 Irregular expenditure

(a) It was noticed in audit that during the period from 1993-94 to 1998-99 the company had reimbursed Rs.28.35 lakh being cost of Petrol Oil and Lubricant (POL) and repair charges of vehicles allotted to the incumbents mentioned below :

Incumbents	No. of incumbents	No. of vehicle	Cost reimbursed		
			Repair	POL	Total
(Rupees in lakh)					
Minister, Forest	1	1	1.78	1.62	3.40
Chairman	3	7	9.11	10.42	19.53
Dy. Chairman	2	4	3.52	1.90	5.42
Total:	6	12	14.41	13.94	28.35

Besides, the company purchased (November 1992 to May 1998) 12 new vehicles at a cost of Rs. 34.08 lakh and allotted to above incumbents.

Scrutiny of logbooks, tour records, etc revealed that in none of the cases details of journeys, POL drawn were mentioned. Summary at the end of each month showing the details of movements on official business as well as private journeys and petrol consumption were also not struck as required.

Reimbursement of Rs.28.35 lakh towards cost of POL and repairing charges without fulfilling the conditions laid down in the rules was irregular.

(b) During the period from 1994-95 to 1997-98, the company paid an amount Rs.6.78 lakh towards travelling expenses of the Directors of which Rs.4.46 lakh paid to Non Government Organisation Directors for attending Board's meeting only. Scrutiny of records revealed that the Directors claimed the amount on lump sum basis per meeting in addition to the sitting fees admissible without producing any records in support of their claims. The

appointment orders did not have any such clause for payment. Moreover, the same had never been brought to the notice of the Board of Directors for their approval. In the absence of approval from State Government/Board of Directors of the Company and claim without proper records, expenditure for Rs. 4.46 lakh was irregular.

8.5.9.2 Unfruitful expenditure on Foreign Tour

(i) Managing Director was selected as one of the delegates by the Government of Arunachal Pradesh to visit USA, France and UK from 18 August 1996 to 2 September 1996 for the purpose of participating in 'Hydrovision 1996' in Orlando and in the "India Policy Forum" discussion to explore the possibilities of private sector involvement in the development of hydropower in Arunachal Pradesh. Besides this, the delegation held discussion in the United States Export Council for Renewable Energy. The tour programme was not got approved by the Board of Directors. The company paid an amount of Rs. 1.64 lakh as advance to the Managing Director against which Rs. 0.86 lakh was adjusted as final bill and the balance of Rs. 0.78 lakh was yet to be refunded or adjusted (June 1999).

(ii) Similarly the Deputy Chairman was selected as one of the delegates by the Government of Arunachal Pradesh to attend the International Trade Fair for Travel and Tourism at Berlin in December 1997. Neither any order of the Government of India regarding approval of this tour and release of foreign exchange could be furnished to audit, nor the tour programme was approved by the Board of Directors. A sum of Rs. 2.00 lakh was paid as advance out of which amount of Rs. 0.15 lakh was yet to be refunded/adjusted (June 1999).

It would be seen from the above that the interest of the corporation was in no way related to the above tours. The management stated (May 1999) that the APFC was not expected to gain or benefit anything exclusively of the foreign delegation. Therefore, payment of travelling allowance in the above two cases amounting to Rs. 3.14 lakh was unfruitful.

The above matters were reported to the Management/ Government in May 1999; their replies had not been received (December 1999).

Recommendation

For the survival of the company, it is of urgent need to optimise its output on cash crops and to manage the tea and coffee estates in most efficient manner.

**OTHER TOPICS OF INTEREST
ARUNACHAL PRADESH MINERAL
DEVELOPMENT AND TRADING CORPORATION
LIMITED**

8.6 Irregular and unjustified travelling expenses

An expenditure of Rs.12.18 lakh had been incurred towards travelling expenses on domestic and foreign tour of the Managing Director not related to business or interest of the Company

A test-check (January 1999) of the accounts of the Company revealed that, during the four years period from 1994-95 to 1997-98, a total expenditure of Rs.12.18 lakh was incurred towards travelling allowance (including Rs.6.64 lakh on foreign tour) of the Managing Director of the Company. It was also observed in Audit that the Company has not started (March 1999) its commercial operation and that the works of survey, investigation and preparation of project reports were being got done through outside agencies. In view of these, the Managing Director had little areas to perform duties outside the Head office concerning the business of the Company.

Scrutiny of tour programmes and tour diaries of the Managing Director disclosed that the domestic as well as foreign tours were performed by him in his capacity as Special Secretary to the Government of Arunachal Pradesh to accompany the Chief Minister in connection with different programmes of State Government. In the Government order (June 1995) it was specified that the expenditure on foreign tour of the Managing Director (selected as Special Secretary) would be met from the concerned Departmental budget head of the State Government. The drawal of travelling allowance of Rs.12.18 lakh by the Managing Director from Company's fund on domestic tour (Rs.5.54 lakh) in connection with Government duties in capacity as Government Officer and on foreign tour (Rs.6.64 lakh) which did not concern the affairs of the Company, was not only irregular and unjustified but also ultra vires the provisions of Memorandum and Articles of Association of the Company.

The Management in reply (May 1999) stated that since the Managing Director held the Government post as additional charge, the travelling expenses were paid as per admissibility of a Chief Executive of the company. The replies are not tenable in view that all the domestic tours were performed by the Managing Director in his capacity as Special Secretary connected with State

Government's programmes and not directly related to affairs of the company and that as per Government's order of June 1995 the foreign travel expenses of the Managing Director were to be borne by the State Government.

The matter was reported to the Company/Government in July 1999; their replies had not been received (December 1999).

Shillong:
The

22 MAR 2000



(ROCHILA SAIAWI)
Accountant General (Audit)
Meghalaya, Arunachal Pradesh
and Mizoram

Countersigned

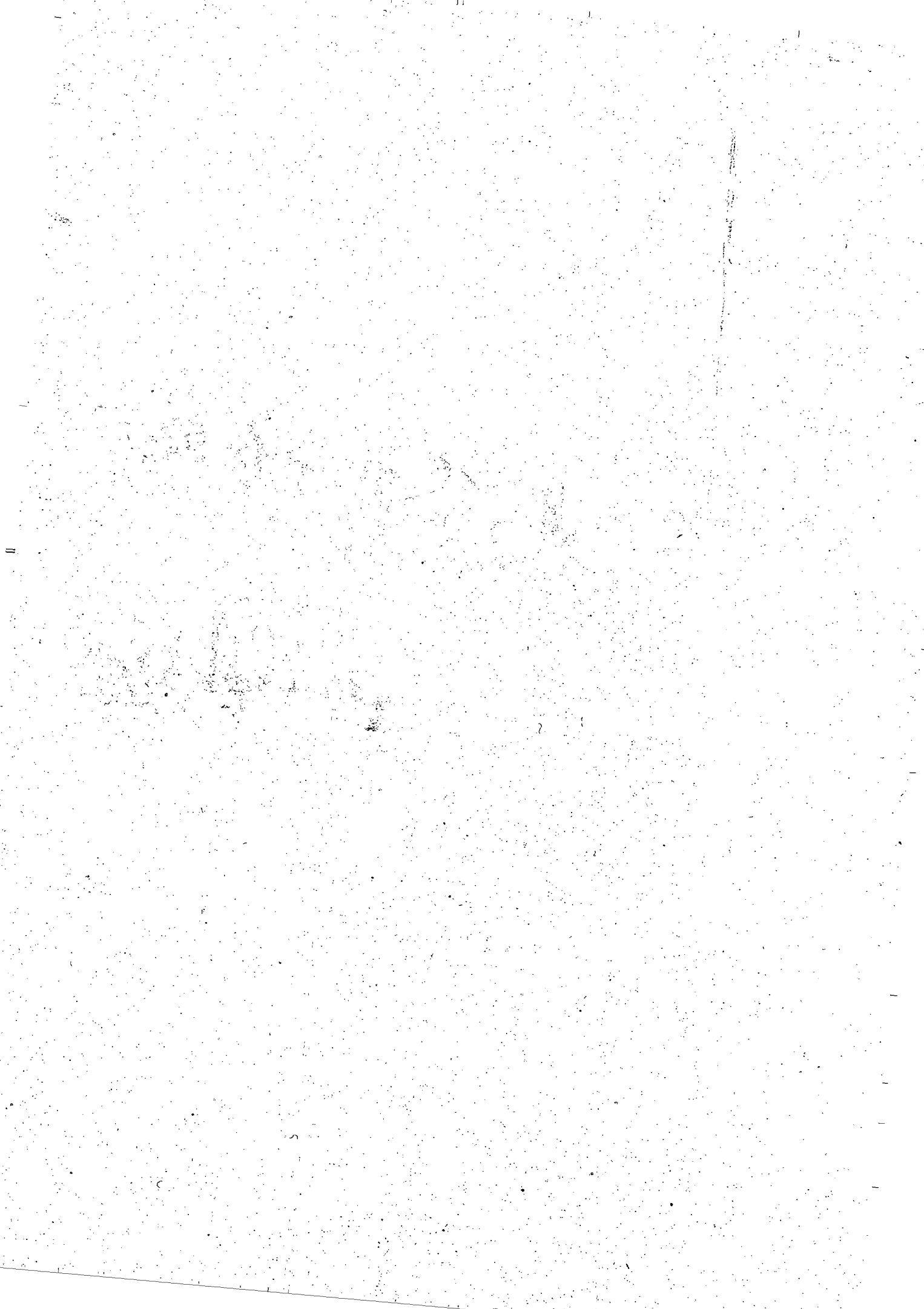
New Delhi:
The

31 MAR 2000



(V.K.SHUNGLU)
Comptroller and Auditor General of India

APPENDICES



APPENDIX - I

Part A. Government Accounts

(Reference: Paragraph 1.1; page 1)

1. Structure

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

Part - I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(I) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue receipts and Revenue expenditure) and Capital Account (Capital receipts, Capital expenditure, Public Debt and Loans, etc.).

Part - II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.150 crore.

Part - III Public Account

Receipts and disbursement in respect of small savings, provident funds, deposits, reserve funds, suspense, remittance etc., which do not form part of the Consolidated Fund, are accounted for the Public Account and are not subject to vote by the State Legislature.

II. Form of annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

APPENDIX - II

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.4.3; page 25)

Sl.No.	Number and name of grant/appropriation	Original provision	Supplementary provision	Total provision	Total expenditure	Final saving
1	2	3	4	5	6	7

(Rupees in lakh)

Revenue Section (Charged)

1.	12-Social Security and Welfare	10.00	5.58	15.58	6.70	8.88
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Revenue Section (Voted)

2.	9-Motor Garages	1150.68	66.30	1216.98	1104.55	112.43
3.	17-Gazetted	11.87	1.28	13.15	9.48	3.67
4.	18-Research	171.29	2.34	173.63	163.92	9.71
5.	23-Forest	3083.03	1239.85	4322.88	2931.81	1391.07
6.	25-Relief Rehabilitation and Resettlement	803.47	5.35	808.82	803.12	5.70
7.	29-Co-operation	282.67	14.25	296.92	230.80	66.12
8.	43-Fisheries	311.42	2.35	313.77	293.94	19.83
9.	50-Secretariat Economic Services	534.03	16.90	550.93	138.43	412.50
10.	51-Directorate Library	90.27	3.27	93.54	79.14	14.40
11.	62-Directorate Transport	33.96	<u>0.33</u>	34.29	32.20	<u>2.09</u>
			<u>1357.80</u>			<u>2046.50</u>

APPENDIX III
Statement regarding additional supplementary grant required
(Reference : Paragraph 2.4.4; page 25)

(Rupees in lakh)

Sl. No.	Number & name of Grant/appropriation	Original	Actual expenditure	Additional grant required	Supplementary grant obtained	Aggregate Saving
Revenue (Charged)						
1.	2-Governor	99.33	103.94	4.61	33.66	29.05
Revenue (Voted)						
2.	6 District Admn.	2801.23	2973.47	172.24	292.79	120.55
3.	8 Police	4712.38	5376.08	663.70	858.83	195.13
4.	9 Motor Garages	1150.68	1104.55	(-)46.13	66.30	112.43
5.	10 Other Social and Community Services	7.59	8.65	1.06	15.20	14.14
6.	14-Education	9997.95	11313.48	1315.53	1494.64	179.11
7.	23-Forest (Revenue)	3083.03	2931.81	(-)151.22	1239.85	1391.07
8.	24-Agriculture (Revenue)	1811.54	2096.59	285.05	461.21	176.16
9.	26-Rural Works (Revenue)	1978.52	2258.75	280.23	333.52	53.29
10.	28 Animal Husbandry and Veterinary	1304.17	1344.94	40.77	109.57	68.80
11.	29-co-operation	282.67	230.80	(-)51.87	14.25	66.12
12.	30-State Transport	1163.22	1366.94	203.72	222.08	18.36
13.	33-North Eastern Areas	15.05	41.46	26.41	41.95	15.54
14.	37-Legal Metrology	95.52	101.42	5.90	66.28	60.38
15.	42-Rural Development	2096.06	2228.52	132.46	274.66	142.20
16.	43-Fisheries	311.42	293.94	(-)17.48	2.35	19.83
17.	48-Horticulture	749.00	1067.95	318.95	382.48	63.53
18.	50-Secretariat Economic Services 412.50		534.03	138.43	(-)395.60	16.90
19.	51-Directorate of Library	90.27	79.14	(-)11.13	3.27	14.40
20.	59-Public Health Engineering	3440.17	3789.78	349.61	599.43	249.82
21.	60 Handloom and handicraft	562.19	606.02	43.83	60.23	16.40
Capital (Voted)						
22.	33-North Eastern Areas	<u>1000.00</u>	<u>1518.27</u>	<u>518.27</u>	<u>969.49</u>	<u>451.22</u>
		37,286.02	40,974.93	3688.91	7558.94	3870.03

APPENDIX - IV

Statement showing the excess expenditure under the grants

(Reference : Paragraph 2.4.5; page 25)

(In rupees)

Sl. No.	Number and name of grant/appropriation		Total grant/appropriation		Actual Expenditure		Excess	
			Revenue	Capital	Revenue	Capital	Revenue	Capital
(In Rupees)								
1.	1-Legislative Assembly	Voted	2,21,44,000	-	2,21,84,649	-	40,649	-
		Charged	13,27,000	-	14,24,907	-	97,907	-
2.	7-Treasury and Accounts Administration	Voted	1,24,36,000	-	1,28,78,847	-	4,42,847	-
3.	13-Director of Accounts	Voted	24,55,36,000	-	33,30,03,239	-	8,74,67,239	-
4.	15-Health and Family Welfare	Voted	48,18,19,000	-	50,86,92,893	-	2,68,73,893	-
5.	19-Industries	Voted	8,36,87,000	-	8,44,99,935	-	8,12,935	-
6.	20-Labour	Voted	1,13,63,000	-	1,13,86,744	-	23,744	-
7.	31-Public Works	Voted	21,74,46,000	-	22,66,24,575	-	91,78,575	-
8.	34-Power	Voted	6,86,44,000	-	7,26,79,310	-	40,35,310	-
9.	36-Statistics	Voted	2,81,11,000	-	2,90,34,162	-	9,23,162	-
10.	41-Land Record	Voted	1,54,05,000	-	1,54,46,084	-	41,084	-
11.	50-Secretariat				35,50,000	59,91,665	-	-
	Economic Services		24,41,665					
12.	53-Fire Protection and Control	Voted	1,13,20,000	-	1,86,40,056	-	73,20,056	-
13.	54-State Tax and Excise	Voted	1,10,12,000	-	1,10,50,495	-	38,495	-
14.	64-Trade and Commerce	Voted	9,00,00,000	-	11,00,00,000	-	2,00,00,000	-
15.	Public Debt	Charged	70,31,49,000	41,40,00,000	71,25,66,911	49,74,75,635	94,17,911	8,34,75,635

APPENDIX - V

Statement showing supplementary Provision which proved insufficient by more than Rs.10 lakh leaving an uncovered excess

(Reference : Paragraph 2.4.6; page 25)

(Rupees in crore)

Sl. No.	Number and name of Grant	Provision	Total grant	Actual expenditure	Excess
1.	13-Directorate of Accounts	O.15.46 S.9.09	24.55	33.30	8.75
2.	15-Health and Family Welfare (Revenue)	O.40.79 S. 7.39	48.18	50.87	2.69
3.	31-Public Works (Revenue)	O.19.73 S.2.01	21.74	22.66	0.92
4.	34-Power (Revenue)	O.6.62 S.0.25	6.87	7.27	0.40
5.	50-Secretariat Economic Services (Capital)	O.0.32 S.0.04	0.36	0.60	0.24
6.	53-Fire Protection and Control (Revenue)	O. 0.94 S. 0.19	1.13	1.86	0.73
7.	64-Trade and Commerce (Revenue)	O. S. 9.00	9.00	11.00	2.00
8.	Public Debt Revenue	O.52.87 S. 17.45	70.32	71.26	0.94
	Capital	O. 41.40 S. 45.42	41.40	49.75	<u>8.35</u>
				Total :	25.02

APPENDIX - VI

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 2.4.7 ; page 25)

Sl. No.	Number and name of grant/appropriation	Total provision	Actual expenditure	Saving and percentage with total provision
(Rupees in crore)				
Revenue Section (Voted)				
1.	4-Election	4.17	3.10	<u>1.07</u> (26)
2.	22-Civil Supplies	13.36	8.93	<u>4.43</u> (33)
3.	23-Forest	43.23	29.32	<u>13.91</u> (32)
4.	27-Panchayat	4.04	1.20	<u>2.84</u> (70)
5.	32-Roads and Bridges	34.92	21.67	<u>13.25</u> (38)
6.	38-Irrigation and Flood Control Projects	28.36	17.17	<u>11.19</u> (39)
7.	50-Secretariat Economic Services	5.51	1.38	<u>4.13</u> (75)
Capital Section (Voted)				
8.	8-Police	5.66	4.48	<u>1.18</u> (21)
9.	14-Education	9.34	2.21	<u>7.13</u> (76)
10.	15-Health and Family Welfare	18.82	1.37	<u>17.45</u> (93)
11.	24-Agriculture	4.29	0.63	<u>3.66</u> (85)
12.	26-Rural Works	24.08	18.35	<u>5.73</u> (24)
13.	30-State Transport	3.41	2.28	<u>1.13</u> (33)
14.	33-North Eastern Areas	19.69	15.18	<u>4.51</u> (23)
15.	34-Power	92.75	69.44	<u>23.31</u> (25)
16.	59-Public Health Engineering	11.20	7.96	<u>3.24</u> (29)

APPENDIX – VII
Statement showing persistent savings
(Reference : Paragraph 2.4.8(a); page 25)

(Percentage of Savings to total provision)

		1996-97	1997-98	1998-99
1.	2-Governor	21	24	22
2.	12-Social Security Welfare	96	66	57
Revenue Section (Voted)				
3.	33-North Eastern Area	44	60	27
4.	47-Administration of Justice	79	61	40
Capital Section (Voted)				
5.	19-Industries Department	19	56	44
6.	21-Food Storage and Warehousing	22	37	17
7.	22-Civil Supplies Department	18	18	20
8.	33-North Eastern Areas	83	38	23

APPENDIX – VIIA

Statement showing persistent excess
(Reference : Paragraph 2.4.8(b); page 25)

Sl. No.	Number and name of grant/appropriation	Percentage of excess to total provision		
		1996-97	1997-98	1998-99
Revenue Section (voted)				
1.	31-Public Works	33	45	4
2.	34-Power	21	6	6

APPENDIX - VIII

Statement showing the number of cases in which expenditure exceeded the approved provisions by Rs. 25 lakh or more and also by more than 10 per cent of the total provision

(Reference : Paragraph 2.4.9; page 25)

(Rupees in crore)

Sl. No.	Grant No.	Total Grant/ Appropriation		Actual Expenditure		Excess	
		Revenue	Capital	Revenue	Capital	Revenue	Capital
1.	13-Director of Accounts	24.55	-	33.30	-	8.75	-
2.	53-Fire Protection and control	1.13	-	1.86	-	0.73	-
3.	64-Trade and Commerce	9.00	-	11.00	-	2.00	-
4.	Public Debt (Charged)	-	41.40	-	49.75	-	8.35

APPENDIX - IX

Statement Showing excessive/unnecessary re-appropriation of funds
(Reference : Paragraph 2.4.10; page)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess
1	2	3	4	5	6
1.	15-Health and Family Welfare	2211-Family Welfare 8(b) 800(1) Sub-Centre O.30.00 R(-) 6.75	23.25	77.15	53.90
2.	19-Industries	2852-Industries Other Village and small Industries C(f) 60-800 -Other expenditure Establishment of Growth Centre O. 1,00.00 R(-) 1,00.00	...	48.00	48.00
3.	24-Agriculture	2415-Agriculture Research and Education Central/ Centrally Sponsored Scheme C(a) 800 (29) National Agriculture Extension Programme O. 10.00 R(-) 10.00	...	15.88	15.88
4.	34-Power	4801-Capital outlay on Power Projects C(e) 05-800(B) Power Purchase O. 800.00 R(-) 232.00	568.00	616.06	48.06

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total Exp- enditure	Savings
1	2	3	4	5	6
1.	14-Education	4202-Capital outlay on Education, Art and Culture B(a) 01-Office Building 800-Other Expenditure (7) Upgradation Grant to 10 th Finance Commission). O..... S. R. 242.00	242.00	22.21	219.79
2.	19-Industries	2885-Other Outlay on Industries and Minerals C(f)(02)-101 (33) Subsidies O. 75.00 S. 4.84 R. 163.16	243.00	NIL	243.00
3.	23-Forest	2407-Plantation C(f)(02)01-800(1) assistance to Marginal Farmer for Tea Plantation O. S. 973.96 R. 26.04	10,00.00	...	10,00.00
4.	23-Forest	Central/Centrally Sponsored scheme 2406-Forestry and Wildlife 110(16) Integrated Waste Land Development in Forest Area O. 0.01 R. 95.01	95.02	46.35	48.67
5.	-do-	Central/Centrally sponsored scheme 2406 -Forestry and Wildlife C(a)02-Environmental Forestry and Wildlife 110(I) Tiger Project O. 17.01 R. 48.93	65.94	46.68	19.26

Sl. No.	Number and name of grant	Head of Account	Total grant	Total Expenditure	Savings
1	2	3	4	5	6
6.	-do-	110(20) Project Elephant O. 0.01 R. 44.23	44.24	25.35	18.89
7.	-do-	110(3) Social Forestry (Fodder and Fuel Wood) O. 2.41 R. 27.72	30.13	10.49	19.64
8.	-do-	110(14) D/Ering Wildlife Sanctuary O. 0.01 R. 14.30	14.31	3.39	10.92
9.	27-Panchayat	2515-Other Rural Development Programme C(a) 101-Panchayat Raj 001-Director and Administration O. 224.12 R. 7.19	231.31	120.20	111.11
10.	33-North Eastern Areas	4552-Capital Outlay on North Eastern Areas C(c) 800-Other Expenditure (2)(1)(vii) Roads and Bridges (PWD) O. 765.00 R. 405.00	1170.00	882.29	287.71
11.	42-Rural Development	Central/Centrally Sponsored Scheme 2501-Special progr- amme Development C(b)101(1) Develo- pment of Women andChildren in Rural Areas O. 56.00 R. 4.00	60.00	...	60.00
12.	-do-	2505-Rural Development C(b)701(3) Indira Awas Yojna O. 56.00 R. 4.00	52.00	...	52.00

Sl. No.	Number and name of grant	Head of Account	Total grant	Total Expenditure	Savings
1	2	3	4	5	6
13.	-do-	2505-Rural Employment C(b)701(2) Employment Assurance Schemes O. 513.00 R. 41.00	554.00	478.37	75.63
14.	-do-	2505-Rural Employment C(b)701(4) Million Wells Schemes O. 8.00 R. 5.00	13.00	...	13.00
15.	59-Public Health Engineering	2215-Water Supply and Sanitation Central/Centrally sponsored schemes B(c) 102-800(c) Accelerated Urban Water Supply O. ... R. 24.34	24.34		24.34
16.	-do-	B(c) 102-800(9) Water Testing Laboratory O. ... R. 24.00	24.00	4.87	19.13

APPENDIX - X

Statement showing New Service/New Instrument of Service

(Reference : Paragraph 2.4.11(a); page26)

(a) Expenditure met by re-appropriation

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropriation	Actual expenditure	Excess(+) Savings(-)
1	24-Agriculture	Central/Centrally sponsored schemes 2401-Crop Husbandry C(a) 800(9) Promotion of Agriculture Mechanisation O. R. 4.50	4.50	11.20	+6.70
2.	14-Education	4202-Capital Outlay on Education, Art and Culture B(a) 01-Office Building 800-Other expenditure (7) up-gradation grant to 10 th Finance Commission O. S. R. 242.00	242.00	22.21	(-)219.70
3.	33-North Eastern Areas (Capital)	C(c) 800-Other Expenditure O. R. 13.53	13.53	2.01	(-)11.52
			Total :	35.42	

APPENDIX - XI

Statement showing Expenditure met without provision of fund

(Reference : Paragraph 2.4.11(b); page 26)

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropiation	Actual expenditure	Excess(+) Savings(-)
1.	19-Industries	(I) 2852-Industries other than village and small Industries c(f)60-800-Other Expenditure. Establishment of Growth Centre.	-	48.00	(+)48.00
2.	33-North Eastern Areas	2552-North Eastern Areas c (c) 800-other Expenditure 4(2) Regional Hatchery Complex for cold water fish culture	-	6.43	(+)6.43
		c(c) 800-Other Expenditure 2 (4) Development of Technology for proposition and cultivation Himalayan	-	0.78	(+)0.78
		c(c) 800-Other Expenditure (5) Breeding Micro Propagation of some selected canes/Raltan	-	0.40	(+)0.40
3.	34-Power	c(e) 80-General 799-Stock Suspense		<u>34.87</u>	<u>(+)34.87</u>
			Total :	90.48	

APPENDIX - XII

Statement showing anticipated savings not surrendered/partially surrendered where savings occurred more than Rs.10 lakhs in each surrendered case

(Reference : Paragraph 2.4 12; page 26)

Sl. No.	Grant No.	Total appropriation	Actual expenditure	Amount surrendered/not surrendered	Net savings(-)
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(Rupees in crore)

1.	<u>Revenue</u>				
	2-Governor (charged)	1.33	1.04	-	0.29
2.	4-Election (voted)	4.17	3.10	0.85	0.22
3.	6-District Administration	30.94	29.73	0.83	0.38
4.	8-Police	55.71	53.76	0.51	1.44
5.	10-Other General Social and Community Services	0.23	0.09	-	0.14
6.	11-Social Welfare	11.02	10.71	-	0.31
7.	22-Civil Supplies	13.36	8.93	3.05	1.38
8.	26-Rural Works	23.12	22.59	-	0.53
9.	27-Panchayat	4.04	1.20	1.73	1.11
10.	28-Animal Husbandry and Veterinary	14.14	13.45	-	0.69
11.	29-Co-operation	2.97	2.31	0.39	0.27
12.	30-State Transport	13.85	13.67	0.05	0.13
13.	33-North Eastern Areas	0.57	0.41	-	0.16
14.	37-Legal Metrology	1.62	1.02	-	0.60
15.	39-Loans to Government Servants	1.30	1.17	-	0.13
16.	40-Housing	15.08	13.79	0.79	0.50
17.	42-Rural Development	23.71	22.29	-	1.42
18.	48-Horticulture	11.31	10.68	-	0.63
19.	50-Secretariat Economic Services	5.51	1.38	3.99	0.14
20.	59-Public Health Engineering	40.40	37.90	-	2.50
21.	60-Handloom and Handicrafts	6.22	6.06	-	0.16
	<u>Capital</u>				
22.	14-Education	9.34	2.22	4.88	2.24
23.	15-Health and Family Welfare	18.81	1.36	2.45	15.00
24.	21-Food Storage and warehousing	4.00	3.31	0.03	0.66
25.	24-Agriculture	4.29	0.63	1.18	2.48
26.	30-State Transport	3.41	2.28	1.01	0.12
27.	33-North Eastern Areas	19.69	15.18	-	4.51
28.	34-Power	92.75	69.44	15.02	8.29
29.	52-Sports and Youth Services	1.07	0.64	0.11	0.32
30.	53-Fire Protection and Control	0.60	0.31	-	0.2
31.	56-Tourism	1.09	0.28	0.30	0.51
	Grand Total :-				47.55

APPENDIX XIII

Statement showing available savings of Rs.1 crore and above in each case not surrendered

(Reference : Paragraph 2.4.12; page 26)

Sl. No.	Grant No.	Total appropriation	Actual expenditure	Amount surrendered/not surrendered	Net savings(-)
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(Rupees in crore)

All Voted
(Revenue)

1.	9-Motor Garages	12.17	11.05	-	1.12
2.	14-Education	114.93	113.14	-	1.79
3.	23-Forest	43.23	29.32	-	13.91
4.	24-Agriculture	22.73	20.97	-	<u>1.76</u>
					18.58

APPENDIX XIV

Statement showing the number of cases in which the amount surrendered lies in excess of actual savings/excess

(Reference :Paragraph 2.4.13; page)

Sl. No.	Grant No.	Saving(-) Excess(+)	Amount Surrendered	Excess amount surrendered
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(Rupees in crore)

1.	8-Police (Capital)	(-) 1.18	1.38	0.20
2	22-Civil Supplies(do)	(-) 0.69	0.84	0.15
	Total	(-) 1.87	2.22	0.35
3.	Public Debt(charged) (do)	(+)8.35	2.66	2.66

APPENDIX - XV

Statement showing budget provision, expenditure incurred and resultant saving/excess during the period from 1996-97 to 1998-99

(Reference : Paragraph 3.1.4.1 ; page 31)

Year	Sums authorised Amount by Legislature	Amount surrendered	Final modified grant	Actual expenditure	Savings (-) Excess (+)
1.	2.	3.	4.	5.	6.

(Rupees in crore)

1996-97

Revenue

Original	22.68				
Supplementary	<u>0.27</u>				
Total	22.95	<u>3.56</u> (16)	19.39	19.49	(+) 0.10

Capital

Original	4.67				
Supplementary	<u>-</u>				
Total	4.67	<u>1.40</u> (30)	3.27	1.33	(-) <u>1.94</u> (59)

1997-98

Revenue

Original	19.57				
Supplementary	<u>2.20</u>				
Total	21.77	-	21.77	20.62	(-) <u>1.15</u> (5)

Capital

Original	4.69				
Supplementary	<u>-</u>				
Total	4.69	<u>0.45</u> (9)	4.24	1.42	(-) 2.82 (67)

1998-99

Revenue

Original	18.12				
Supplementary	<u>4.61</u>				
Total	22.73	-	22.73	20.97	(-) 1.76 (8)

Capital

Original	4.29				
Supplementary	<u>-</u>				
Total	4.29	1.18 (28)	3.11	0.63	(-) 2.48 (80)

Note : Figures in bracket indicate percentage

APPENDIX - XVI

Statement showing the delay in release of fund by the State Government in respect of C.S.S

(Reference : Paragraph 3.1.4.1(ii)(a); page 31)

(Rupees in lakh)

Year	Amount (Rs. in lakh)	Date of release by Central Govt.	Date of release by State Govt.	Delay in terms of months	Name of the scheme
1996-97	50.00	12.02.96	04.12.96	9 months	Watershed Dev. Project (CSS)
	146.00	06.03.96 & 27.03.96	04.12.96	8 "	- do -
	80.00	15.01.96 & 26.03.96	19.02.97 & 09.03.98	13 " 24 "	- do -
	11.32	15.07.96	04.03.97	7 "	OPP (CSS)
	20.00	14.11.96	04.03.97	3 "	- do -
	5.04	09.10.96	04.03.97	4 "	ICDP (CSS)
	<u>312.36</u>				
1997-98	15.00	28.07.97	09.03.98	7 months	Watershed Dev.(CSS)
	100.00	19.01.98	31.03.98	2 "	- do -
	8.00	30.06.97	24.12.97	6 "	OPP (CSS)
	<u>37.68</u>	08.07.97	08.01.98	5 "	ICDP (CSS)
<u>160.68</u>					
1998-99	40.00	07.07.98	13.11.98	4 months	Watershed Dev.(CSS)
	19.00	25.05.98	30.03.99	10 "	- do -
	12.00	18.06.98	30.03.99	9 "	- do -
	10.00	14.05.98	18.09.98	3 "	OPP (CSS)
	10.00	14.05.98	12.03.99	9 "	- do -
	2.00	30.06.98	27.03.99	8 "	ICDP (CSS)
	<u>8.00</u>	03.11.98	27.03.99	4 "	- do -
<u>101.00</u>					

APPENDIX - XVII

Statement showing the release of funds in respect of State Plan schemes in the fag end of the year

(Reference: Paragraph 3.1.4.1(ii)b; page 31)

Sl. No.	Name of the scheme	Year of which fund relates	Amount (Rs. in lakh)	Date of release	Dist. Agriculture Office
1.	Manure & Fertilizer	1996-97	10.86	13.03.97	Tawang
2.	Commercial Crop	-do-	15.74	12.02.97	-do-
3.	Plant Protection	-do-	2.25	10.03.97	-do-
4.	Manure & Fertilizer	-do-	8.35	13.03.97	Bomdila
5.	Plant Protection	-do-	2.25	25.03.97	-do-
6.	Commercial Crop	-do-	12.97	10.03.97	Seppa
7.	HYV	-do-	12.47	25.03.97	-do-
8.	-do-	-do-	13.22	10.03.97	Ziro
9.	Manure & Fertilizer	-do-	4.90	13.03.97	-do-
10.	HYV	-do-	11.89	06.03.97	Papumpare
11.	Commercial Crop	-do-	22.00	13.03.97	-do-
12.	HYV	-do-	11.48	06.03.97	Khonsa
			Total :Rs.128.38 lakh		
1.	Manure & Fertilizer	1997-98	11.00	22.01.98	Tawang
2.	-do-	-do-	8.35	22.01.98	Bomdila
3.	Multiplication & Dist	-do-	1.00	03.03.98	Seppa
4.	HYV	-do-	13.22	27.02.98	Ziro
5.	Commercial Crop	-do-	10.13	04.03.98	Khonsa
6.	Multiplication & Dist	-do-	15.62	12.01.98	Anini
			Total: Rs.59.32 lakh		
1.	Commercial Crop	1998-99	11.02	27.03.99	Anini
2.	HYV	-do-	14.85	27.03.99	Tezu
3.	Manure & Fertilizer	-do-	3.45	27.03.99	-do-
4.	HYV	-do-	5.86	27.03.99	Yingkiang
5.	Manure & Fertilizer	-do-	3.45	27.03.99	Along
6.	Commercial Crop	-do-	9.76	27.03.99	-do-
7.	Plant Protection	-do-	9.66	09.03.99	Pasighat
8.	HYV	-do-	8.09	27.03.99	Changlang
9.	Commercial Crop	-do-	6.15	19.03.99	-do-
10.	HYV	-do-	5.25	08.03.99	Khonsa
11.	Commercial Crop	-do-	7.10	27.03.99	-do-
12.	-do-	-do-	7.15	27.03.99	Papumpare
13.	HYV	-do-	11.64	27.03.99	Ziro
14.	-do-	-do-	8.41	27.03.99	Seppa
Total :			Rs.111.84 lakh		
			Grand Total : Rs.299.54 lakh		

APPENDIX - XVIII

Short release of fund in respect of centrally sponsored schemes (CSS)

(Reference : Paragraph 3.1.4.2 ; page 32)

Year	Name of the schemes	Fund re-leased by GOI	Fund re-leased by State Govt:out of fund received from GOI	Short re-release of fund (central share)	Fund to be released as state's share 75:25	Fund re-leased as state's share	Short re-lease of fund (state's share)	Expenditure incurred
(Rs. in lakh)								
1997-98	National Pulses Development programme	5.00	2.77	2.23	1.70	0.92	0.78	3.69
	Accelerated Maize Deyelopment Programme	42.35	30.20	12.15	14.11	9.36	4.75	39.56
	Integrated Cereal Deve-lopment Programme	36.00	22.10	13.30	12.00	11.10	0.90	13.09
Total of 1997-98		83.35	55.07	28.28	27.81	21.38	6.43	
1998-99	Oil-seed Pro-duction Programme	40.00	39.20	0.80	13.10	13.10	-	52.30
	National Pulses Development Programme	5.00	2.77	2.23	0.925	0.925	-	3.70
Total of 1998-99		45.00	41.97	3.03	14.025	14.025	-	-

APPENDIX - XIX

Statement showing item of work undertaken, Target, Achievement and shortfall (1996-97 to 1998-99)
(Reference: Paragraph 3.1.5.2; page 34)

Sl. No.	Items of work	Units	1996-97					1997-98					1998-99				
			Target		Achievement		% of short fall	Target		Achievement		% of short fall	Target		Achievement		% of short fall
			Physi- cal	Finan- cial (Rs. in lakh)	Physi- cal	Finan- cial (Rs. in lakh)		Physi- cal	Finan- cial (Rs. in lakh)	Physi- cal	Finan- cial (Rs. in lakh)		Physi- cal	Finan- cial (Rs. in lakh)	Physi- cal	Finan- cial (Rs. in lakh)	
Basic Activities																	
1.	Survey Projec- tisation	Hac	3742	15.31	3742	15.31	-	5130	12.65	23.20	4.35	54.77	47.00	10.00	25.00	4.55	46.80
2.	Training	No	30	23.175	30	23.17	-	30	11.05	30	5.11	-	30	9.55	30	1.62	-
3.	Estt. of Nurseries	No	15	15.07	15	14.82	-	15	4.20	15	4.85	-	15	3.07	00	4.59	10
4.	Estt. and Mana- gement cost	Rs.	-	6.52	-	6.52	-	-	8.40	-	4.54	-	-	8.20	00	3.37	-
5.	Research Support	No	65	3.25	65	3.25	-	114	5.72	5	0.25	95.61	-	4.42	-	-	-
6.	Innovative Reserve fund	Rs.	-	2.05	-	2.05	-	-	3.80	-	-	-	-	3.05	-	-	-
7.	Estt. of Cattle Care Centre & Farmers Hostel	No	2	1.92	2	1.92	-	-	-	-	-	-	-	-	-	-	-
Arable Land																	
Conservation Measures																	
1.	Contour Vegeta- tive Hedges	Ha	1915	7.66	1915	7.16	-	2130	8.52	1920	7.68	9.85	2080	8.32	1500	6.00	27.88
2.	Vege. Filter Strips	RMT	3100	4.50	3100	4.50	-	30500	4.575	-	-	100	25500	3.83	-	-	100
3.	Repair of exist- ing structure	Hac	485	2.425	485	2.424	-	485	2.425	-	-	100	485	2.425	-	-	100
4.	Gully Control Measure	No	2660	7.00	2660	7.00	-	2665	6.99	1590	3.97	40.33	3000	7.80	2098	4.91	30.06

Sl. No.	Items of work	Units	1996-97					1997-98					1998-99				
			Target		Achievement		% of short fall	Target		Achievement		% of short fall	Target		Achievement		% of short fall
			Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)		Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)		Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)	
5.	Other activities	RMT	-	0.70	-	0.70	-	-	4.605	-	-	-	-	-	-	-	-
Production System																	
1.	Crop demon- stration	No	1344	5.59	1344	5.58	-	1980	8.25	1380	5.74	30.30	1800	7.50	910	3.77	49.44
2.	Agro-forestry	No	98900	7.42	98900	7.42	-	169000	12.67	7500	5.62	55.62	150000	11.25	112000	8.40	25.33
3.	Dry land Horticulture	No	101500	15.225	101500	15.224	-	88500	13.275	45000	6.75	49.15	80000	12.25	65000	9.75	18.75
4.	Organic farming system	No	1334	2.32	1334	2.32	-	845	0.85	350	0.35	58.58	653	0.65	560	0.56	14.24
5.	Homestead Garden	No	759	0.76	759	0.76	-	-	-	-	-	-	684	0.68	480	0.48	29.82
6.	Household Product	No	644	6.44	644	6.44	-	320	0.32	800	0.80	-	684	6.84	695	6.95	-
Non-Arable Land																	
Conservation Measure																	
1.	Live Fencing	RMT	51000	5.10	51000	5.10	-	57000	5.70	51000	5.10	10.52	53000	5.30	58000	5.80	-
2.	Vegetative Filter	RMT	7000	1.05	7000	1.05	-	21500	3.23	31000	4.65	-	205000	3.07	55985	8.40	-
3.	Veg. Control Hedges	Hac	1400	4.58	1400	4.58	-	1675	8.38	1182	5.91	29.43	1675	8.38	1060	5.40	36.71
4.	Gully Control Measure	No	620	6.20	620	6.20	-	620	6.20	400	4.00	35.48	700	7.00	582	3.12	16.86
Production System																	
1.	Overseed of Grasses	Hac	290	0.58	290	0.58	-	1400	2.80	-	-	-	1320	2.62	510	1.02	61.36
2.	Planting of Shrubs	No	282750	6.68	282750	6.68	-	570000	14.20	320200	3.20	43.82	740000	14.80	229650	4.90	68.96
3.	Planting of trees	No	62000	4.65	62000	4.65	-	247000	18.53	55000	4.12	77.73	27000	20.25	119000	7.13	55.92
Drainage Link Treat Upper Reach																	

Sl. No.	Items of work	Units	1996-97					1997-98					1998-99				
			Target		Achievement		% of short fall	Target		Achievement		% of short fall	Target		Achievement		% of short fall
			Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)		Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)		Physi-cal	Finan-cial (Rs. in lakh)	Physi-cal	Finan-cial (Rs. in lakh)	
1.	Bank stabilisation	RMT	20000	2.00	20000	2.00	-	22500	2.27	10000	1.00	55.55	19500	1.95	16470	1.65	15.54
2.	Live check Dam	No	910	0.91	910	0.91	-	11.50	1.15	970	0.97	15.65	900	0.90	1035	1.04	-
3.	Brush Wood Check Dam	No	870	1.74	870	1.74	-	1035	2.07	610	1.22	41.06	710	1.42	660	1.32	7.04
4.	Loose boulder check Dam	No	520	3.90	520	3.90	-	530	3.98	300	2.25	43.39	480	3.53	565	4.24	-
Middle Reach																	
1.	Loose boulder structure	No	232	6.96	232	6.97	-	239	7.17	278	8.34	-	234	7.02	274	8.22	-
2.	Earthen structure	No	55	0.55	55	0.55	-	91	0.91	-	-	100	81	0.89	-	-	100
3.	Runoff Management	No	51	1.53	51	1.53	-	69	2.07	50	1.50	27.53	61	1.83	64	1.90	-
Lower Reaches																	
1.	Dugout shunken structure	No	22	5.50	22	5.49	-	34	8.50	25	6.25	26.47	39	9.75	24	6.00	38.46
2.	Drainage line congation and others	RMT	-	0.10	-	0.10	-	-	-	-	-	-	-	-	-	-	-
Live Stock Management																	
1.	Castration of scrub bulls	No	1540	0.39	1540	0.38	-	1645	0.411	700	0.175	57.44	1444	0.361	742	0.19	48.61
2.	Natural breeding and other means of population	No	1120	1.12	11.20	1.12	-	1495	1.495	-	-	-	1185	1.19	420	0.42	64.55
3.	Fooder cultivation	No	289	2.89	289	2.89	-	538	5.38	20	0.20	96.28	684	6.84	312	3.12	54.38
4.	Exotic Breeds	No	242	3.10	242	3.10	-	1364	15.51	300	6.50	78.00	952	6.10	-	-	100
5.	Other Activities	No	-	-	-	-	-	-	-	-	0.09	-	-	-	-	-	-

APPENDIX - XX

**Statement showing the target achievement and shortfall under "High yield variety programme" from 1996-97 to 1998-99
(Reference: Paragraph 3.1.5.3; page 36)**

- A -

Sl. No.	Name of the crop	1996-97		Short fall (In MT)	% of short fall	1997-98		Short fall (In MT)	% of short fall	1998-99		Short fall (In MT)	% of short fall						
		Target				Achievement				Target				Achievement					
		Physi-cal (In MT)	Finan-cial (In lakh)			Physi-cal (In MT)	Finan-cial (In lakh)			Physi-cal (In MT)	Finan-cial (In lakh)			Physi-cal (In MT)	Finan-cial (In lakh)				
1.	Paddy	182000	146.25	129387	145.50	52613	29	158000	188.82	129505	183.25	28495	18	150000	139.71	114116	NA	35884	24
2.	Wheat	14000		6052		7948	57	8000		5725		2275	28	8000		4395		3605	45
3.	Coarsegrain	92000		63618		28382	31	78000		68057		9943	13	80000		62623		17377	22
4.	Pulses	12000		6667		5333	44	8000		6598		1402	18	8000		6834		1164	15

- B -

Statement showing the shortfall in production of crops in comparison to the norm fixed by state Government under the scheme "High Yield Variety Programme" from 1996-97 to 1998-99 (Tawang, Bomdila and Papumpare Districts)

Sl. No.	Name of crop	Norms of production production per Hac as per Government of Arunachal Pradesh	1996-97				1997-98				1998-99			
			Area covered (Ha)	Produc-tion (MT)	Yield per Hac (Qtl.)	% of short fall .	Area covered (HA)	Produc-tion (MT)	Yield per Hac (Qtl.)	% of short fall	Area covered (Hac)	Produc-tion (MT)	Yield per Hac (Qtl.)	% of short fall
1.	Paddy	40 to 50 Qtl.	8809	7253	8.23	79.42	8719	9318	10.63	73.30	8913	9234	10.36	74.10
2.	Maize	50 to 60 Qtls	6568	9648	15.54	68.92	5912	9406	15.91	68.18	61.34	9213	15.01	69.98
3.	Wheat	25 to 30 Qtl	2281	3525	15.45	38.20	1970	3216	16.32	34.72	21.01	25.84	12.29	50.84
4.	Pulses	10 to 12 Qtl	708	581	8.20	18.00	681	581	8.53	14.70	732	713	9.74	2.60

APPENDIX - XXI

Statement showing shortfall of Commercial Crops as per target fixed

(Reference : Paragraph : 3.1.5.4 ; page 37)

Sl. No.	Name of crops	Districts	1996-97				
			Target		Area in Hectare Achievement		Production in MT	Shortfall
			Area	Production	Area	Production	
1.	Oilseed	Tawang	221.00	250.00	265.00	291.50	Area = 62 Hac Production = 59.5 MT
		W. Kameng	201.00	182.00	95.00	81.00	
		Papumpare	1103.00	660.00	1103.00	660.00	
		Total	1525.00	1092.00	1463.00	1032.50	

Sl. No.	Name of crops	Districts	1996-97				
			Target		Area in Hectare Achievement		Production in MT	Shortfall
			Area	Production	Area	Production	
1.	Oilseed	Tawang	275.00	305.00	275.00	302.50	Area = 112 Hac Production = 132.5 MT
		W. Kameng	183.00	190.00	71.00	60.00	
		Papumpare	1103.00	660.00	1103.00	660.00	
		Total	1561.00	1155.00	1449.00	1022.50	
2.	Potato	Tawang	1240.00	11060.00	1240.00	11060.00	Area = Nil Production=Nil
		W. Kameng	380.00	3481.00	380.00	3481.00	
		Papumpare	70.00	490.00	70.00	490.00	
		Total	1690.00	15031.00	1690.00	15031.00	
3.	Vegetable	Tawang	288.00	870.00	288.00	864.00	Area = Nil Production= 220 MT
		W. Kameng	417.00	3220.00	417.00	3006.00	
		Papumpare	930.00	1400.00	930.00	1400.00	
		Total	1635.00	5490.00	1635.00	5270.00	

Sl. No.	Name of crops	Districts	1996-97				
			Target		Area in Hectare Achievement		Production in MT	Shortfall
			Area	Production	Area	Production	
1.	Oilseed	Tawang	279.00	351.00	285.00	342.00	Area = 109 Hac Production = 163 MT
		W. Kameng	185.00	220.00	70.00	60.00	
		Papumpare	1119.00	760.00	1119.00	766.00	
		Total	1583.00	1331.00	1474.00	1168.00	
2.	Potato	Tawang	1404.00	12635.00	1303.00	6515.00	Area = 162 Hac Production = 6734 MT
		W. Kameng	431.00	3975.00	370.00	3389.00	
		Papumpare	80.00	560.00	80.00	532.00	
		Total	1915.00	17170.00	1753.00	10436.00	
3.	Vegetable	Tawang	310.00	991.00	307.00	982.40	Area = 29 Hac Production = 440.6 MT
		W. Kameng	448.00	3670.00	417.00	3206.00	
		Papumpare	1000.00	1595.00	1005.00	1627.00	
		Total	1758.00	6256.00	1729.00	5815.40	

APPENDIX - XXII

Commercial Crop Development Programme

Statement showing shortfall in production of crop in comparison to the norms fixed by State Government during the period from 1996-97 to 1998-99 Tawang, Bomdila and Papumpare Districts)

(Reference: Paragraph 3.1.5.4; page 37)

Sl. No.	Name of crop	Norms of production per Hac as per Government of Arunachal Pradesh	1996-97				1997-98				1998-99			
			Area covered (Ha)	Production (MT)	Yield per Hac (Qtl.)	% of short fall	Area covered (HA)	Production (MT)	Yield per Hac (Qtl.)	% of short fall	Area covered (Hac)	Production (MT)	Yield per Hac (Qtl.)	% of short fall
1.	Oilseed	8 to 10 Qtl.	1463	1032.5	7.05	11.87	1149	1022.5	7.05	11.87	1474	1168	7.92	1.12
2.	Potato	200 to 300 Qtl.	2205	19264	87.36	56.32	1690	15031	88.94	55.52	1753	10436	59.53	70.23
3.	Vegetables	200 to 300 Qtl.	1755	6789.5	38.68	80.66	1635	5270	32.33	83.88	1729	5815.4	33.63	83.18

APPENDIX- XXIII

Statement showing excess entertainment of manpower beyond the sanctioned strength of Directorate and 4 test checked DAO's (Ziro, Papumpare, Bomdila and Towang) and excess expenditure

(Reference : Paragraph : 3.1.6; page 39)

Sl. No.	Posts	Sanctioned strength against each offices		1996-97				1997-98				1998-99				Total extra expenditure
		Offices	No. of Sanctioned strength	Man in Roll	Excess	Pay per month (Rs)	Excess expenditure per year (Rs. in lakh)	Man in Roll	Excess	Pay per month (Rs)	Excess expenditure per year (Rs. In lakh)	Man in Roll	Excess	Pay per month (Rs)	Excess expenditure per year (Rs. In lakh)	Total excess expenditure 01.04.96 to 31.03.99
1.	Deputy Director	Directorate	4	4	-	-	-	4	-	-	-	-5	1	10,960	1,32	Rs. 1.32 lakh
2.	Painter	Directorate	-	1	1	2,953	0.35	1	1	3,170	0.38	1	1	3,479	0.42	Rs. 1.15 lakh
3.	UDC	DAO, Ziro	1	3	2	4,640	1.67	3	2	4,980	1.20	3	2	54,80	1,97	Rs. 4.84 lakh
		DAO, Papumpare	2	2	0			2	0			2	0			
		DAO, Bomdila	1	2	1			1	0			2	1			
		DAO, Towang	2	2	0			2	0			2	0			
			6 Nos	9 Nos	3 Nos			8 Nos	2 Nos			9 Nos	3 Nos			
4.	LDC	DAO, Ziro	2	4	2	3,633	2.18	5	3	3,892	2.80	5	3	4,274	3.08	Rs. 8.06 lakh
		DAO, Papumpare	3	3	0			3	0			3	0			
		DAO, Bomdila	0	3	3			3	3			3	3			
		DAO, Towang	1	1	0			1	0			1	0			
			6 Nos	11 Nos	5 Nos			12 Nos	6 Nos			12 Nos	6 Nos			
5.	Peon	DAO, Ziro	2	8	6	2,953	3.19	8	6	3,170	3.04	8	6	3,478	5.43	Rs. 11.66 lakh
		DAO, Papumpare	2	2	0			2	0			5	3			
		DAO, Bomdila	1	3	2			2	1			4	3			
		DAO, Towang	1	2	1			2	1			2	1			
			6 Nos	15 Nos	9 Nos			14 Nos	8 Nos			19 Nos	13 Nos			
						7.39				7.42					12.22	Rs. 27.03 lakh

APPENDIX - XXIV**Statement showing year-wise number of bogus ration cards detected****(Reference: Paragraph 3.2.4.2 ; page 44)**

Year	No. of bogus cards detected
1992-93	2103
1993-94	91
1994-95	1089
1995-96	Nil
1996-97	173
1997-98	348
1998-99	275
Total	4079

APPENDIX - XXV

Statement showing requirement, demand and allocation from
Central Pool of food grains

(Reference : Paragraph 3.2.4.3(i); page 45)

Year	As per Directorate of Agriculture			Demand raised by state Government		Allocation from Central Pool		Percentage of neutralisation	
	Total production	Total requirement	Deficit	Period of demand	Quantity				
RICE									
1992-93	70,161	1,03,922	33,761	April-December 1992 January-March 1993	48,000		1,03,240	306	
1993-94	86,400	1,09,300	22,900	April-December 1993 January-March 1994	80,800		1,14,600	500	
1994-95	63,480	1,10,100	46,620	April-December 1994 January-March 1995	- 26,650		93,600	201	
1995-96	74,678	1,11,116	36,438	April-December 1995 January-March 1996	83,150 30,736		1,06,140	291	
1996-97	77,632	1,14,092	36,460	April-December 1996	1,00,984		1,09,200	298	
1997-98	77,703	1,20,942	43,239	April 1997-March 1998	APL 70,350	BPL 8,400	APL 98,184	BPL 6,940	243
1998-99	68,470	1,21,500	53,030	April 1998-March 1999	70,350	8,400	95,800	8,400	196
Total	5,18,524	7,90,972	2,72,448		5,27,820		7,36,104	270	
WHEAT									
1992-93	6,430	14,738	8,308	April-June 1992 July 1992-March 1993	- -		8,160	98	
1993-94	8,500	15,267	6,767	April-June 1993 July 1993-March 1994	- 9,400		7,200	106	
1994-95	7,635	15,815	8,180	April-June 1994 July 1994-March 1995	3,300 -		7,200	88	
1995-96	7,286	15,926	8,640	April 1995-June 1995 July 1995-March 1996	- 6,080		7,244	84	
1996-97	6,052	16,099	10,047	April-June 1996 July 1996-March 1997	2,020 6,080		7,200	72	
1997-98	5,725	16,932	11,207	April 1997-March 1998	APL 6,360	BPL 870	APL 6,410	BPL 700	63
1998-99	4,395	17,010	12,615	April 1998-March 1999	6,360	870	6,320	840	57
Total	46,023	1,11,787	65,764		41,340		51,274	79	

APPENDIX – XXVI

Statement showing requirement of rice, demand raised during
1992-99 (in tonnes)

(Reference : Paragraph 3.2.4.3(ii) ; page 45)

Year	Feeding strength	Scale per head per month	Quantity required	Demand raised	Excess/Less demand
1992-93	9,89,596	8 Kg	95,001	48,000	47,001 Less
1993-94	10,07,934	8 Kg	96,762	80,800	15,962 Less
1994-95	10,24,357	8 Kg	98,338	26,650	71,688 Less
1995-96	10,28,858	8 Kg	98,770	1,13,886	15,116 Excess
1996-97	10,56,405	8 Kg	1,01,415	1,00,984	431 Less
1997-98	11,19,831	8 Kg	1,07,504	78,750	28,754 Less
1998-99	11,25,000	8 Kg	1,08,000	78,750	29,250 Less
Total	73,51,981		7,05,790	5,27,820	1,77,970 Less

Note : State's requirement fixed by the Planning Commission in August 1997.

APPENDIX - XXVII

Statement showing year-wise allocation, off-take and distribution of rice, wheat and levy sugar to consumers under PDS/RPDS/TPDS for the period from 1992-93 to 1998-99(In tonnes)

(Reference : Paragraph 3.2.4.3(iii) ; page 46)

Year	Rice											
	Allocation from central pool			Off take by state Government			Short off-take			Distribution through FPS		
	APL	BPL	Total	APL	BPL	Total	APL	BPL	Total	APL	BPL	Total
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
1992-93			1,03,240.000			93,146.177			10,093.823			93,152.340
1993-94			1,14,600.000			88,150.865			26,449.135			86,052.045
1994-95			93,600.000			81,459.166			12,140.834			85,932.292
1995-96			1,06,140.000			89,387.374			16,752.626			89,994.840
1996-97			1,09,200.000			1,01,933.167			7,266.833			1,01,399.766
1997-98	98,184	6,940.000	1,05,124.000	83,701.191	6,927.000	90,628.191	14,482.809	13.000	14,495.809	83,770.065	6,895.000	90,665.065
1998-99	95,800.000	8,400.000	1,04,200.000	90,153.517	8,064.053	98,217.570	5,646.483	335.947	5,982.430	91,909.238	8,024.100	99,933.338
TOTAL	1,93,984.000	15,340.000	7,36,104.000	1,73,854.708	14,991.053	6,42,922.510	20,129.292	348.947	93,181.490	1,75,679.303	14,919.100	6,47,129.686

Opening balance as on 01.04.1992

Rice - 6,306.347
 Wheat - 539.533
 Levy sugar - 400.284

WHEAT											
Allocation from central pool			Off take by state Government			Short off-take			Distribution through FPS		
APL	BPL	Total	APL	BPL	Total	APL	BPL	Total	APL	BPL	Total
14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.
		8,160.000			5,461.040			2,698.960			5,692.376
		7,200.000			6,171.390			1,028.610			5,858.992
		7,200.000			5,278.624			1,921.376			5,257.254
		7,244.000			5,024.944			2,219.056			5,076.052
		7,200.000			5,173.907			2,026.093			5,487.418
6,410.000	700.000	7,110.000	5,903.821	-	5,903.821	506.179	700.000	1,206.179	5,640.938	-	5,640.938
6,320.000	840.000	7,160.000	5,954.486	-	5,954.486	815.514	840.000	1,655.514	5,969.041	-	5,969.041
12730.000	1,540.000	51,274.000	11,858.307	-	11,858.307	1,321.693	1,540.000	12,755.788	11,609.979	-	11,609.979

LEVY SUGAR												Percentage of short off-take to allotment		
Allocation from central pool			Off take by state Government			Short off-take			Distribution through FPS			Distribution through FPS		
APL	BPL	Total	APL	BPL	Total	APL	BPL	Total	APL	BPL	Total	Rice	Wheat	Levy sugar
26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.
		4,221.600			4,200.944			20.656			4,019.453	8.78	33.08	0.49
		3,893.000			3,688.227			204.773			3,569.370	23.08	14.28	5.26
		3,944.700			3,664.195			280.505			3,765.112	12.97	26.69	7.11
		4,173.200			3,798.238			374.962			3,748.830	15.78	30.63	8.98
		4,741.600			4,383.813			357.787			4,482.160	6.65	28.14	7.55
		4,568.800			3,393.894			1,175.906			3,354.166	13.79	16.96	25.74
		4,588.000			4,034.056			553.944			4,059.897	5.74	23.12	12.07
		30,130.900			27,162.367			2,968.533			26,998.988	12.66	24.88	9.85

APPENDIX – XXVIII

**Statement showing Central Issue Price (CIP) and Issue Price/Retail Price of Rice and Wheat
for the period from 1992-93 to 1998-99**

(Reference : Paragraph 3.2.4.3(iii) ; page 46)

(rate per quintal)

Period	Central issue price				Issue/retail price			
	Rice			Wheat	Rice			Wheat
	Super fine	Fine	Common		Super fine	Fine	Common	
01.04.92 to 14.01.93	408.00	387.00	327.00	230.00	433.00	412.00	352.00	255.00
15.01.93 to 31.01.94	468.00	447.00	387.00	280.00	493.00	472.00	412.00	305.00
01.02.94 to 31.05.97	598.00	567.00	487.00	352.00	623.00	592.00	512.00	377.00
01.06.97 to 20.07.97	750.00	650.00	550.00	450.00	775.00	675.00	-	475.00(APL)
	-	400.00(BPL)	400.00(BPL)	250.00(BPL)	-	400.00(BPL)	400.00(BPL)	-(BPL)
21.07.97 to 30.11.97	750.00	650.00	550.00	450.00	800.00	700.00	-	500.00(APL)
	-	-	-	-	-	400.00(BPL)	400.00 (BPL)	-(BPL)
01.12.97 to 28.01.98	Grade – A	-	-	-	Grade – A	-	-	-
	700	-	550.00(APL)	450.00	750.00	-	600.00(APL)	500.00 (APL)
	-	-	350.00(BPL)	-	400.00(BPL)	-	400.00(BPL)	-(BPL)
29.01.98 to 31.03.99	905.00	-	-	650.00(APL)	955.00 (APL)	-	502.00 (BPL)	700.00 (APL)
	452.00 (BPL)	-	452.00(BPL)	352.00 (BPL)	502.00(BPL)	-	-	-(BPL)

APPENDIX- XXIX

Statement showing short-lifting of food grains which resulted in distribution of foodgrains below the prescribed scale

(Reference: Paragraph 3.2.4.3(iii); page 46)

Year	Offtake from Central Pool (in tonnes)			Prescribed Scale per head per month (in Kg)			Rate of issue per head per month (in Kg)			Feeding strength (in number)
	Rice	Wheat	Sugar	Rice	Wheat	Sugar	Rice	Wheat	Sugar	
1992-93	93,146.18	5461.04	4200.94	8.00	4.00	0.425	7.8	0.46	0.35	9,89,596
1993-94	88,150.87	6171.39	3688.23	8.00	4.00	0.425	7.3	0.51	0.30	10,07,934
1994-95	81,459.17	5278.62	3664.20	8.00	4.00	0.425	6.6	0.43	0.30	10,24,357
1995-96	89,387.37	5024.94	3798.24	8.00	4.00	0.425	7.2	0.41	0.31	10,28,858
1996-97	1,01,933.17	5173.91	4383.81	8.00	4.00	0.425	8.0	0.41	0.35	10,56,405
1997-98	90,628.19	5903.82	3392.89	8.00	4.00	0.425	6.7	0.44	0.25	11,19,831
1998-99 (1/98)	98,217.57	5,954.49	4,034.06	8.00	4.00	0.425	7.3	0.44	0.30	11,19,834
	6,42,922.51	38,968.21	27,162.37							

APPENDIX - XXX

Statement showing instances of excess/less drawal PDS items by FPS

(Reference: Paragraph; 3.2.4.3(vi); page 48)

Sl. No.	Name of FPS	Name of District	Date of Inspection by the Supply Official	Qty. of Sub-allotment by D.S.O.	Qty. drawn the during the period by FPS	Excess drawal by FPS	Less drawal by FPS
1.	FPS Damluk	Dibang Valley	-	Rice - 820 Qtls.	885.00.000	65.00.000	-
2.	FPS New Anaya	-do-	-	Rice - 210 Qtls	233.29.000	23.29.000	-
3.	FPS J. Mals	-do-	-	Rice - 360 Qtls	385.26.000	25.26.000	-
4.	FPS Koronu	-do-	13.6.92	Rice - 340.00.000 (+) B/Stock - 400.00.000 Total 740.00.000	263.71.500	123.71.500	-
				Wheat - 29.00.0	17.88.0	-	11.12.0
				L/Sugar - 11.00.0	11.78.0	0.78.000	-
				I/Salt - 50.00.0	46.20.0	-	3.80.0
5.	FPS New Colony	-do-	16.6.92	Rice - 870.00.000 B/Stock (+) - 100.00.000 Total 970.00.000	1034.23.500	64.23.500	-
				Wheat - 118.00.000	98.47.500	-	19.52.500
				I/Sugar - 28.00.000	29.29.500	1.29.500	-
6.	FPS Aman Tayeng II Midland	-do-	21.4.93	Rice - 166.00.000	186.82.000	20.82.000	-
	M/S M.T. Morang	Changlang	June 1995	Rice - 90 Qtls	153.74 Qtls	63.74 Qtls	-
	M/S P.Kimsing	-do-	-do-	Rice - 80 "	173.67 "	93.67 "	-
	M/S W.Sima	-do-	-do-	Rice - 90 "	120.00 "	30.00 "	-
	M/S Y.Messang	-do-	-do-	Rice - 100 "	126.33 "	26.33 "	-
	M/S C.Loweng	-do-	-do-	Rice - 100 "	144.30 "	44.30 "	-

APPENDIX - XXXI

Statement showing details of PDS commodities issued on personal slip(s)
issued to un-authorized persons
(Reference: Paragraph 3.2.4.3(viii); page 49)

Sl. No.	Name of FPS	District/ Sub-division	Date of Inspection	Name of persons	No. of Slips	Quantity issued			
						Rice	Sugar	Atta	
1.	Anpum FPS	Riong	5.8.93	i) Shri Sebastian V.V. JT i/c Headmaster M.E. School, Anpum	4 no.s	1,10,000	12,000	7,000	
				2) Shri A.B. Lage, JT, M.E. School, Anpum	1 No.	1,00,000	-	-	
				3) Shri L.S. Sungkureng, Teacher, Anpum M.E. School	1 No.	1,00,000	3,000	-	
				4) Smti. B.Tayeng, Teacher (Madam) Anpum	2 Nos.	1,00,000	-	-	
				5) Shri. R.N. Singh, JE Paglam	1 No.	1,00,000	-	-	
				6) Shri. R.S. Shukla, JE Paglam	1 No.	25,000	-	-	
				7) Shri. Bimlah Pesme, AMS	13 Nos.	10,60,000	-	-	
				8) Shri. Moniteng, Anpum	2 Nos.	40,000	-	-	
				9) Shri. R.Madi, Anpum	1 No.	1,00,000	-	-	
				10) Shri Pakeng Paying Anpum	1 No.	50,000	-	-	
				Total	27 Nos.	17,85,000	15,000	7,000	
2.	Jia FPS	Roing	21.01.93	1) Shri. B. Perma, MLA Jia	8 Nos.	-	57 Kgs	-	
				2) J. Moyung, VP, Anchal Samity, Jia	12 Nos.	797 Kgs	-	-	
				3) M.B. Logo, AMS, Jia	3 Nos.	-	13 Kgs	-	
				4) Shri. Allam Yinggal Ex. ASM	1 No.	25 Kgs	5 Kgs	-	
				5) Shri. U.Pertin, Headmaster	6 Nos.	-	38 Kgs	-	
						2607 Kgs	128 Kgs	7 Kgs	
						20.00 Qtls	3.00 Qtls	-	
3.	M/S B. Tabak Itanagar	Papumpare	17.11.94	M/S J.B. Stores Itanagar	-	-	-	-	
4.	M/S APCM & SF Ltd. R/Counter No.II	Dibang valley	30.5.98	VIP & other dignetories on Special permit	-	37.78 Qtls	-	-	
5.	-Do- R/Counter No.I	-do-	-do-	-do-	-	43.21 Qtls	-	-	
						Total	12706 Kg	428 Kg	7 Kg
						i.e.	127.06 Qtls	4.28 Qtls	0.07 Qtls

APPENDIX - XXXII

Statement showing interest payable to Government of India due to non-payment of installments of loan

(Reference : Paragraph : 3.2.4.5 & 3.2.4.5.(i); page 50 & 51)

Sl. No.	Amount released by GOI	Amount of loan	Date of release of fund	Mode of repayment of loan	Rate of interest per annum		Total interest
					S.I	P.I	
	(In lakh of rupees)				(Per cent)	(Per cent)	(In lakh of rupees)
1.	20.00	10.00	November 1993	5 years starting from the 1 st anniversary of grant of loan (Annually in equal instalment in cash).	12	2.75	8.88 (6 yrs.)
2.	100.00	50.00	July 1995	- Do -	12	2.75	29.52 (4 yrs.)
3.	38.64	19.32	February 1997	- Do -	13	2.75	6.08 (2 Yrs.)
		79.32					44.48

APPENDIX - XXXIII

Statement showing interest payable to Government of India due to non-payment of installments of loan

(Reference : Paragraph : 3.2.4.5; page 50)

Sl. No.	Amount released by GOI	Amount of loan	Date of release of fund	Mode of repayment of loan	Rate of interest per annum		Total interest
					S.I	P.I	
(In lakh of rupees)					(Per cent)	(Per cent)	(In lakh of rupees)
1.	23.70	11.85	March 1994	5 years starting from the 1 st anniversary of grant of loan (Annually in equal instalment in cash).	11.75	2.75	8.60 (5 years upto March 1999).
2.	4.00	2.00	January 1993	- Do -	11.75	2.75	1.74 (upto January 1999)
		13.85					10.34

APPENDIX - XXXIV

**Statement showing District wise, year-wise target for inspection of FPS and achievement thereof
(Reference: Paragraph 3.2.4.7(ii); page 53)**

Sl. No.	Name of the District	Target							Achievement						
		1992	1993	1994	1995	1996	1997	1998	1992	1993	1994	1995	1996	1997	1998
1.	TAWANG *	180	180	180	180	180	180	180	10	7	3	4	3	5	7
2.	WEST SIANG	180	180	180	180	180	180	180	21	10	-	-	6	-	-
3.	E/CAMENG	180	180	180	180	180	180	180	10	7	4	8	8	-	-
4.	L/SUBANSIRI	180	180	180	180	180	180	180	16	11	-	74	3	20	3
5.	U/SUBANSIRI	180	180	180	180	180	180	180	140	140	140	140	140	140	-
6.	W/SIANG	180	180	180	180	180	180	180	-	104	72	84	104	108	26
7.	E/SIANG	180	180	180	180	180	180	180	-	14	15	12	8	7	-
8.	LOHIT	180	180	180	180	180	180	180	1	25	102	87	37	31	-
9.	D/VALLEY	180	180	180	180	180	180	180	11	35	9	22	79	23	-
10.	CHANGLANG	180	180	180	180	180	180	180	20	18	94	89	15	43	10
11.	TIRAP	180	180	180	180	180	180	180	NA	NA	NA	NA	NA	NA	NA
12.	U/SIANG	180	180	180	180	180	180	180	NA	NA	NA	NA	NA	12	NA
13.	PAPUMPARE	-	-	180	180	180	180	180	-	-	21	29	16	6	31
	TOTAL	2160	2160	2340	2340	2340	2340	2340	229	371	478	587	428	424	141

* @ 15 PER MONTH

% OF ACHIEVEMENT TO
TARGET = 6.03% TO 25.09%

APPENDIX - XXXV

Statement showing the District wise and yearwise position of enrolment of students and number of students covered under the scheme.

(Reference : Paragraph : 3.3.5.1 ; page 57)

Sl.	Name of the District	1995-96		1996-97		1997-98		1998-99	
		Enrol-ment	Cove-red	Enrol-ment	Cove-red	Enrol-ment	Cove-red	Enrol-ment	Cove-red
		(In number)							
1.	Changlang District, Changlang	12,035	12,035	-	-	11,927	-	12,101	12,101
2.	Dibang Valley District, Anini	8,106	8,106	-	-	6,864	-	6,901	6,901
3.	East Kameng District, Seppa	6,186	6,186	-	-	6,680	-	6,680	6,680
4.	East Siang District, Pasighat	23,234	-	-	-	17,359	-	13,307	-
5.	Lohit District, Tezu	11,485	11,485	-	-	12,676	-	12,788	-
6.	Lower Subansiri	10,484	-	-	-	17,516	-	18,526	-
7.	Tawang District, Tawang	3,167	3,167	-	-	3,522	3,522	3,327	-
8.	Tirap District, Khonsa	5,546	5,546	-	-	9,542	-	9,030	-
9.	Upper Subansiri District, Daporijo	7,875	-	-	-	14,479	-	8,930	-
10.	West Kameng District, Bompila	7,524	7,524	-	-	8,900	8,900	8,965	Nil
11.	West Siang District, Along	14,062	-	-	-	19,649	19,649	21,188	-
12.	Upper Siang District, Yingkiang	-	-	-	-	4,601	-	4,601	-
13.	Papumpare District, Itanagar	-	-	-	-	16,900	-	20,170	-
		1,09,704	54,049	-	-	1,50,615	32,071	1,46,514	25,682

1. As the scheme was not implemented by the State Govt during 1996-97 the enrolment of the students, was not collected from the district level officers the by Director of Education.

2. Enrolment of students during 1995-96 and 1996-97 under Upper Siang and Papumpare districts was not shown as these two districts were District, Ziro created in 1997-98.

APPENDIX - XXXVI

Statement showing district wise and yearwise rice lifted, distributed, total number of students covered and actual requirement of rice during the year from 1995-96 to 1998-99
(Reference : Paragraph : 3.3.5.1(ii) and 3.3.5.3(a); page 58 & 61)

1	2	3	4	5	6	7	8
Name of District and its Headquarter	Year	Quantity of Rice lifted by District Nominee as per departmental records	Quantity of Rice delivered to Block by District Nominee and distributed to schools	Quantity of Rice not delivered by District nominee	Total No. of Students covered	Requirement of Rice as per prescribed norm i.e. 3 Kg per month for 10 months (In quintals)	
1.	Changlang District, Changlang	1995-96 1998-99	1514.70 428.70	1363.00 428.70	151.70 -	12035 12101	3610.50 3630.30
2.	Dibang Valley District, Anini	1995-96 1998-99	904.80 261.57	904.80 261.57	- -	8106 6901	2431.80 2070.30
3.	East Kameng District, Seppa	1995-96 1998-99	927.20 400.80	927.20 400.80	- -	6186 6680	1855.80 2004.00
4.	East Siang District, Pasighat	1995-96	1081.26	Nil	1081.26	-	-
5.	Lohit District, Tezu	1995-96	1733.75	1722.75	11.00	11485	3445.50
6.	Tawang District, Tawang	1995-96 1997-98	190.02 285.03	190.02 285.03	- -	3167 3522	950.10 1056.60
7.	Tirap District, Khonsa	1995-96	907.65	850.83	56.82	5546	1663.80
8.	Upper Subansiri District, Daporijo	1995-96	1072.00	-	1072.00	-	-
9.	West Kameng District, Bomdila	1995-96 1997-98 1998-99	1059.75 1907.55 267.00	1059.75 1907.55 267.00*	- - -	7524 8900 Nil	2257.20 2670.00 -
10.	West Siang District, Along	1995-96 1997-98	1425.89 3796.79	- 2738.28	1425.89 1058.51	- 19649	- 5894.70
Total :			18,164.46	13,307.28	4857.18	1,11,802	33,540.60

* 267 quintals of rice not yet delivered to schools by the Deputy Director of School Education, West Kameng District, Bomdila

APPENDIX - XXXVII

Statement showing short lifting of rice by the DC concerned

(Reference : Paragraph : 3.3.5.1(ii) ; page 59)

Year	Name of District	Total enrolment during the year	Quantity required for 10 academic months @ 3 Kg per student	Quantity allocated by D.C.	Quantity lifted by whole sale Nominees	Quantity distributed	Shortfall (4-5)
(In quintals)							
1	2	3	4	5	6	7	8
95-96	East Kameng Seppa	6186	1855.80	927.90	927.90	927.90	927.90
98-99	East Kameng Seppa	6680	2004.00	400.80	400.80	400.80	1603.20
95-96	West Kameng Bomidila	7524	2257.20	1059.75	1059.75	1059.75	1197.45
97-98	-do-	8900	2670.00	1907.55	1907.55	1907.55	762.45
98-99	-do-	8965	2689.50	267.00	267.00	Nil	2422.50
		Total	11,476.50	4,563.00	4,563.00	4,296.00	6,913.50

APPENDIX – XXXVIII

Statement showing delay in distribution of rice to the beneficiaries
(Reference : Paragraph : 3.3.5.1(ii) ; page 59)

Name of Districts	Period for which allotment relates (Quintals)	Quantity allotted & distributed	Actual period of lifting of rice	Actual period of distribution (months)	Period of Delay (months)
East Kameng (Seppa)	November 1995 to March 1996	927.90	November 1995 to March 1996	April 1996 to August 1998	5 to 29
-do-	June and July 1998	400.80	June and July 1998	July 1998 to December 1998	1 to 5
West Kameng (Bomdila)	November 1995 to March 1996	1059.75	November 1995 to March 1996	April 1998	25 to 29
-do-	1997-98	1907.55	April 1997 to March 1998	April 1998 to July 1998	5 to 12
-do-	June and July 1998	267.00	June and July 1998	Not yet distributed (August 1998)	15

APPENDIX - XXXIX

Statement showing distribution of rice to students having less than 80% attendance

(Reference : Paragraph : 3.3.5.3(b); page 62)

Sl. No.	Name of District	Year	Name of School	Total enrolment	No. of Students having less than 80% attendance	Total rice issued (Quintals)	Rate per Kg	Total cost (Rs.)
1	2	3	4	5	6	7	8	9
1.	West Kameng Bomdila.	95-96	Whole district	7524	1259	37.77	8.00	30,216.00
		97-98	Bank colony Pri. School (Cl.I to V)	132	32	.96	10.50	1,008.00
		97-98	Modern School Bomdila (Cl.I to V) (41 X 3Kg X 6 months)	198	41	7.38	10.50	7,749.00
		97-98	Wango Primary School (Cl.I to III)	81	10	.30	10.50	315.00
		97-98	Kakling Govt Primary School (Cl.I to V)	129	25	.75	10.50	788.00
2.	East Kameng Seppa	95-96	New Seppa Primary School (Cl.I to III)	148	61	1.83	8.00	1,464.00
		98-99	(Cl.I to V)	227	69	2.07	10.50	2,174.00
		95-96	Govt. Middle School, Mebua (Cl.I to V)	273	181	5.43	8.00	4,344.00
		98-99	Govt Middle School, Mebua (Cl.V only)	122	33	.99	10.50	1,040.00
		95-96	Pacha Primary School (Cl.I to V)	400	197	5.91	8.00	4,728.00
		98-99	Pacha Primary School (Cl.V only)	97	37	1.11	10.50	1,166.00
Total				9331	1945	64.50		54,992.00

APPENDIX - XL

Statement showing registration and issue of FCs to BPL families

(Reference: Paragraph : 3.4.4(b); page 67)

Sl. No.	Name of DRDA Block	Total numbers of BPL identified with year of identification	Number of people registered	Number of people left unregistered	Number of BPL family provided with family card	Number of BPL family not provided with family card
(i)	Basar Block in West Siang District	1051(97-98)	661(97-98)	390	Nil	661
(ii)	Kaying Block in West Siang District	702(97-98)	702(97-98)	-	Nil	702
(iii)	Doimukh Block in Papumpare District	10,226(95-96)	10,226(95-96)	-	10,226	Nil
(iv)	DRDA-Tawang comprising of 3 Block (Tawang Sumla & Jung)	16,446(92-98)	16,446(92-98)	-	12,000	4,446
(v)	Tezu Block-Lohit District	4233(1997)	4233(1997)	-	1,800	2,433
(vi)	Wakro Block in Lohit Dist.	2418(1997)	1870(1997)	548	965	905
		Total	34,138	938		9147

APPENDIX - XLI

Statement showing year-wise release of fund by Central/State Government

(Reference: Paragraph : 3.4.5; page 67)

Year	Name of Scheme	Opening balance	Allocation		Fund released		Misc. receipts (interest)	Total		Closing balance
			Central	State	Central	State		Fund	Exp	
(Rupees in lakh)										
1992-93	JRY	179.01	262.18	65.55	131.34	86.90	31.83	429.08	234.80	194.28
1993-94	JRY	194.28	270.40	67.60	127.74	65.00	N/A	387.02	191.60	195.42
	EAS	-	-	-	240.00	-	-	240.00	136.37	103.63
1994-95	EAS	103.63	960.00	240.00	960.00	185.00	19.13	1267.76	862.80	404.96
	JRY	195.42	286.40	71.60	158.92	99.98	N/A	454.32	226.69	227.63
1995-96	EAS	404.96	2240.00	560.00	1859.00	588.75	34.87	2887.58	2020.33	867.25
	JRY	227.63	286.00	71.60	196.72	99.93	14.73	539.01	362.79	176.22
1996-97	EAS	867.25	2240.00	560.00	1701.00	403.75	24.50	2996.50	2054.94	941.56
	JRY	141.84	142.64	35.66	84.28	72.84	N/A	298.96	198.33	100.63
	MWS	34.38	34.95	8.74	20.45	4.45	N/A	59.28	36.89	22.39
1997-98	EAS	941.56	2240.00	560.00	1890.00	500.00	78.64	3410.20	2586.93	823.27
	JRY	100.63	159.38	39.84	121.67	92.16	14.09	328.55	241.82	86.73
	MWS	22.39	35.69	8.92	22.89	6.39	01.46	53.13	36.99	16.14
1998-99 upto 12/98	EAS	823.27	2240.00	560.00	1070.00	262.50	N/A	2155.77	1232.61	923.16
	JRY	86.73	257.32	64.33	129.68	73.91		290.32	111.82	178.50
	MWS	16.14	55.66	13.92	23.38	5.85		45.37	12.66	32.71
Total		4339.12			8791.51	2547.41	219.25	15897.29	10548.37	

JRY	141.84
MWS	<u>34.38</u>
TOTAL	<u>176.22</u>

APPENDIX - XLII

Statement showing shortfall of mandays

(Reference: Paragraph : 3.4.5(a) and 3.4.6.1; page 67 & 69)

(JRY/EAS in mandays)

Year	Name of Scheme	Target (in lakh)	Achievement	Shortfall with percentage
1992-93	JRY	10.01	6.52	(-) 3.49 (35)
1993-94	EAS	-	3.61	(+) 3.61
	JRY	10.01	4.85	(-) 5.16(52)
1994-95	EAS	25.00	20.84	(-) 4.16 (17)
	JRY	9.38	5.62	(-) 3.76 (40)
1995-96	EAS	60.00	50.76	(-) 9.24 (15)
	JRY	9.51	8.24	(-) 1.27 (14)
1996-97	EAS	45.00	39.05	(-) 5.95 (13)
	JRY	4.42	2.73	(-) 1.69 (38)
1997-98	EAS	45.00	43.66	(-) 1.34 (3)
	JRY	4.93	2.97	(-) 1.96 (40)
1998-99	EAS	45.00	20.55	(-) 24.45 (54)
	JRY	7.97	0.94	(-) 7.03 (88)
		276.23	210.34	Total : 65.89 lakh

APPENDIX – XLIII

**Statement Showing delay in release of Central's and state's shares to DRDAs
(Reference : Paragraph : 3.4.5(b) ; page 68)**

Year	Central share				Period of delay	State share				Period of delay
	Due date		Actual date of release			Due date		Actual date of release		
	1 st instalment	2 nd instalment	1 st instalment	2 nd instalment		1 st instalment	2 nd instalment	1 st instalment	2 nd instalment	
1995-96	April 1995	-	May to September 1995	-	1 to 5 months	May 1995 to September 1995	-	August 1995 to January 1996	-	4 to 9 months
1996-97	-	October 1996	-	March 1997	5 months	-	April 1997	-	July 1997	3 months
1997-98	April 1997	-	May 1997 to January 1998	-	1 to 9 months	May 1997 to January 1998	-	July 1997 to February 1998	-	3 months

APPENDIX - XLIV

Statement showing excess expenditure on contingencies

(Reference: Paragraph : 3.4.5(c); page 68)

Year	Name of Scheme	Total allocation	Actual expenditure	Expenditure was to be incurred at 2 per cent on allocation	Excess expenditure incurred
<i>(Amount in lakh of rupees)</i>					
1992-93	JRY	327.73	23.00	6.55	16.45
1993-94	JRY	338.00	27.82	6.76	21.06
1994-95	JRY	358.00	34.60	7.16	27.44
1995-96	JRY	358.00	51.66	7.16	44.50
1996-97	JRY	178.30	57.67	3.57	54.10
	EAS	2800.00	61.00	56.00	5.00
1997-98	JRY	199.22	56.95	3.98	52.97
	EAS	2800.00	63.30	56.00	7.30
1998-99 (upto 12/99)	JRY	321.65	40.00	6.43	33.57
			416.00	153.61	262.39

APPENDIX - XLV

**Statement showing loss of mandays due to incurring of expenditure in non-wage components
in excess of prescribed limit of 40 per cent of the Total cost of work**

(Reference : Paragraph : 3.4.6.3; page 70)

Name of DRDA with head quarter	Number of blocks where excess expenditure was incurred during 1993-94 -1998-99(EAS)	Number of works involved	Total expen- diture incurred	Actual expen- diture incurred on wage	Actual expen- diture incurred on non-wage	Expenditure* was to be incurred as per norm	Excess expen- diture incurred on non-wage
1	2	3	4	5	6	7	(6-7)
(figure in lakh)							
1. West Siang -Along	7	47	64.64	23.79	40.85	25.86	14.99
2. West Kameng - Bomdila	3	11	25.63	13.14	12.49	10.25	2.24
3. Tawang - Tawang	3	16	14.70	7.58	7.12	5.88	1.24
4. Lower Subansiri - Ziro	6	50	112.34	34.73	77.61	44.94	32.67
5. Lohit - Tezu	4	25	86.27	16.79	69.48	34.50	34.98
6. Papumpare - Itanagar	2	69	110.51	42.50	68.01	44.20	23.81
	25 blocks	218	414.09	138.53	275.56	165.63	109.93

Rate of Wage per person per day as intimated by the Director Rural Development Govt. of Arunachal Pradesh

1.4.93 to 31.12.93 Rs.19 per day: so 9 months X 30 days : Rs.5130/-
 1.1.94 to 31.12.95 Rs.22 per day: so 24 months X 30 days : Rs.15,840/-
 1.1.96 to 31.12.97 Rs.35 per day: so 24 months X 30 days : Rs.25,200/-
 1.1.98 to 31.3.99 Rs.35.60 per day: so 15 months X 30 days : Rs.16,020/-

72 months Total : Rs.62,190 ÷ 72 months = Rs.28.79 per person per day : average rate of wage from 1993-99.

So loss of mandays: Rs.109.93 ÷ Rs.28.79: 3,81833 mandays

* 40 per cent of total expenditure incurred

APPENDIX - XLVI

Statement showing the actual percentage of priority accorded to prescribed work

(Reference: Paragraph : 3.4.6.4; page 70)

Sl. No.	Type of works	Norm of allocation (in percentages)	Actual allocation (in percentage)
EAS			
1.	Water and soil conservation works including afforestation, agro-horticulture and silvi pasture etc.	40	31
2.	Minor irrigation	20	12
3.	Link roads	20	24
4.	Anganwadi building/primary school etc.	20	33
JRY			
1.	Economic productive assets	35	30
2.	Social Forestry	25	2
3.	Individual beneficiary Schemes	22.5	5
4.	Community buildings, roads etc.	17.5	63

APPENDIX - XLVII

Statement showing shortfall in percentage of female workers

(Reference : Paragraph : 3.4.6.6; page 71)

Name of Block	Name of Work executed	Period of execution	Total workers	Men	Women
(a) Gensi-CD Block	C/o Footpath of CC at Mazi Vill.	17.11.94 to 26.12.94	108	108	Nil
Under West Siang District	Flood Control Work at Upper Borajan	3.11.94 to 20.12.94	126	126	Nil
(b) Along, C.D. Block	C/o Anchal Samity Ph.III & IV	8.12.95 to 11.2.96	1054	1028	26
c)Not mentioned in M/R	Kimin/Koimukh under Papumpere District	8.7.98 to 7.8.98	22	22	Nil
(d) Under West Siang District	Land protection at Dege Vill. area at Kugi Pomse	12.02.96 to 10.3.96	138	138	Nil
	Approach road from PWD to school at Kugi Pomse	15.1.96 to 21.1.96	13	13	Nil
	Land Protection work at Loglokat Dase Vill.	29.1.96 to 18.2.96	55	55	Nil

APPENDIX - XLVIII

Statement showing period of delay in making payment of wages

(Reference : Paragraph : 3.4.7(iii); page 73)

Name of DRDA/ block	Name of work executed	Period of execution	Amount paid	Date of payment	Period of delay
Basar Block- West Siang	C/o MIC & Land Dev. at Sile Vill (EAS)	17.1.96 to 23.1.96	8820/-	13.4.97	
	- do -	24.1.96 to 30.1.96	8820/-	13.4.97	
	- do -	1.2.96 to 7.2.96	8820/-	13.4.97	79 to
	C/o MIC at New Darring	1.2.97 to 30.3.97	39,920/-	25.6.97	116 days
	C/o MIP type bldg. at New Darrang	1.5.98 to 14.5.98	6160/-	8.9.98	
- do -	C/o Log bridge over Boiring (JRY)	1.4.93 to 30.4.93	5747/-	5.5.93	4 days
	C/o MIBT bldg. at Pading (JRY)	1.4.93 to 30.4.93	8455/-	27.10.93	179 days
Tawang Block DRDA Tawang	Land protection work along with C/o Side drain at Childern park at Tawang (EAS work)	1.8.97 to 31.8.97	48,000/-	12.1.98	133 days
- do -	C/o CC steps from Waikher to Bomdir Village (EAS)	21.12.95 to 28.2.96	1,00,026/-	28.3.96	27 days
Yachuli Block - Zero	Repair & maintenance of WRSB over Keliymer at Yachuli	1.8.98 to 13.8.98	5775/-	14.10.98	60 days
- do -	C/o Multipurpose Community Hall at Ziro-II block	15.9.95 to 30.9.95	7635/-	22.11.95	52 days
Tezu Block -- Lohit District	C/o RLR from Tezu to Lohitpur Road (JRY)	1.11.98 to 25.11.98	73,087/-	27.1.99	61 days

APPENDIX - XLIX

Statement showing payment of wages to the people not
belonged to target group
(Reference : Paragraph : 3.4.7(iv); page 73)

Name of Work	Sanction No. & date	Amount sanctioned (Rs.)	Details of expenditure incurred			
			Paid to Divisional casual labour for the month of	Amount (Rs.)	Cost of material cement etc. (Rs.)	Cost of stationery (Rs.)
RWD						
1. Improvement of RLR from main road to Lumbaktang (Kalaktang block)	KDA/EAS2/93-94/ dated 21.4.94	20,000	June 1994	19,401	567	-
2. Improvement of RLR from Denzi to upper Denzi (Kalaktang block)	- do -	60,000	June & July 1994	58,740	721	539
3. Land development work at Mencha Village	KDA/EAS2/93-94/ dated 16.3.94	1,00,000	April, June, May & July 1994	50,490	44,590	4885
4. MIC at Ukhaliphu (Ph.1)	-do-	60,000	May, June, July 1994	59,576	-	424
5. Soil Conservation work at Sumpung Gompa	-do-	20,000	July 1994	16,698	3297	-
6. Soil conservation work at Kalaktang- Gompa	-do-	20,000	July 1994	15,312	4688	-
7. Soil conservation work at Chingi Village	-do-	20,000	July 1994	15,466	4534	-
8. Flood control work at Balimo	-do-	20,000	October 1994 & November 1994	9585	7641	2700
9. Flood Control work at Warrangpam Village	-do-	20,000	May, June 1994	16,258	3710	-
10. RLR from Aukling to New Aukling Village	-do-	20,000	May 1994	19,981	-	-
11. Renovation/Maintenance of MIC at Boha Village	-do-	20,000	May 1994	19,778	-	222
12. Renovation of MIC at Betchilling Village	-do-	20,000	May 1994	19,668	15,400	332
13. Land protection work at Dirang Township (Ph.1)	-do-	1,70,000	March 1994 to June 1994	1,08,394	46,182	-
14. Flood Control work at Sunglam	-do-	70,000	August, Sept. 1994	20,328	49,402	270
				Total: 4,49,675	1,80,737	9372

Total amount paid in advance Rs.6.40 lakh on 2.5.94

PWD

15. Approach Road to Brokpablam from main road	KDA/EAS2/ dtd. 1.11.94	2,00,000	Wage of department casual labour for Nov., Dec.'94 & Jan 1995	99,998		
Soil Conservation and flood control work at Gungan vill.	-do-	1,00,000	Oct. 1994, Jan. 1995	1,16,998	82,979	
(4.50 + 2.17)		Total Rs.6.67 lakh		2,16,996		

APPENDIX – L
Statement regarding the receipt and expenditure under ICDS and
Training Programme
(Reference : Paragraph : 3.5.4 ; page 78)

Year	Opening balance	Central assistance received	Total availability of fund	Expenditure during the year	Savings
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in lakh)		
1992-93	32.09	227.85	259.94	175.86	84.08
1993-94	84.08	494.56	578.64	310.57	268.07
1994-95	268.07	363.37	631.44	544.50	86.94
1995-96	85.94	638.04	724.98	457.36	267.62
1996-97	267.62	388.68	656.30	407.71	248.59
1997-98	248.59	397.72	646.31	528.14	118.17
1998-99	118.17	<u>650.63</u>	768.80	<u>614.79</u>	154.01
		3160.85		3038.93	

(b) Training programme

1992-93	3.27	3.01	6.28	1.50	4.78
1993-94	4.78	-	4.78	3.29	1.49
1994-95	1.49	3.90	5.39	5.14	0.25
1995-96	0.25	3.95	4.20	3.94	0.26
1996-97	0.26	3.64	3.90	3.63	0.27
1997-98	0.27	4.54	4.81	3.78	1.03
1998-99	1.03	<u>44.77</u>	45.80	<u>4.67</u>	41.13
		63.81		25.95	

APPENDIX - LI

Statement regarding delay in release of fund by the Finance Department

(Reference : Paragraph : 3.5.4; page 78)

Year	Name of Scheme	Number of instalment	Date of receipt by Finance Department with amount	Date of release by Finance Department with amount	Period of delay
1998-99	ICDS	1 st	29.7.98 Rs. 164.17 lakh	10.9.98 Rs. 164.17 lakh	40 days
	ICDS	2 nd	19.11.98 Rs. 356.33 lakh	11.12.98 Rs. 356.33 lakh	22 days
	Training	-	15.12.98 Rs. 0.92 lakh	not yet released	282 days
	ICDS	3 rd	10.3.99 Rs. 130.13 lakh	- do -	197 days
	Training	-	31.3.99 Rs. 1.95 lakh	- do -	206 days

APPENDIX – LII

Statement showing physical and financial achievement under SNP

(Reference : Paragraph : 3.5.5.2; page 80)

Year	B.P.	Expenditure incurred	No. of beneficiaries covered	Fund received as per norm (Re. 1 per beneficiary per day for 300 days)
<i>(In lakh of rupees)</i>				
1992-93	2.85	Nil	Nil	Nil
1993-94	129.00	128.00	50,593	151.78
1994-95	138.00	138.00	84,107	252.32
1995-96	288.00	281.29	96,808	290.42
1996-97	261.00	260.86	97,118	291.35
1997-98	304.00	282.05	103,662	310.99
1998-99	251.00	251.00	110,033	330.09
		1,341.20		

APPENDIX - LIII

Statement showing feeding days under SNP

(Reference : Paragraph : 3.5.5.2; page 81)

1993-94		172	days
1994-95		164	"
1995-96	-	283	"
1996-97	-	268	"
1997-98	-	252	"
1998-99	-	219	"

APPENDIX – LIV

Statement showing number of children and women to be immunised and actually immunised in the State of Arunachal Pradesh

(Reference : Paragraph : 3.5.5.4; page 83)

Year	BCG		DPT		POLIO		MEASLES		TT(PW)	
	Target	Achv.	Target	Achv.	Target	Achv.	Target	Achv.	Target	Achv.
1992-93	24652	17355	24652	15757	24652	14755	24652	11177	21588	10501
1993-94	25434	16972	25434	16106	25434	15837	25434	12206	28458	10515
1994-95	23700	17260	23700	16708	23700	16831	23700	12704	26100	10677
1995-96	25500	16677	25500	14437	25500	14372	25500	10654	28100	10194
1996-97	26000	13879	26000	13137	26000	13355	20000	9445	28500	8975
1997-98	17907	15757	17907	13803	17907	15077	17907	11774	19896	9640
1998-99	24225	18951	24225	15035	24225	15587	24225	11468	25313	7134

APPENDIX - LV

Statement showing details of Nutrition and Health education

(Reference : Paragraph : 3.5.5.6; page 84)

Publicity	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
No of Anganwadi centres in existence in 3 projects test checked (Changlang, Daimuk and Ziro)	107	109	118	118	119	121	120
No. of Anganwadi centres covered by film/slide schemes	30	22	Nil	Nil	Nil	Nil	Nil
No. of flim shows held	7	2	Nil	Nil	Nil	Nil	Nil
No. of demonstration of cooking and feeding	7	6	6	5	11	16	15

APPENDIX - LVI

Statement showing position of ICDS staff

(Reference : Paragraph : 3.5.5.8; page 85)

Name of Post	Number of post sanctioned	Number of staff in position	Shortfall	Percentage of shortfall
CDPO	46	35	11	24
Supervisor (ICDS)	116	108	8	7
Statistical ISSI Plant	40	24	16	40
UDC	49	43	6	12
LDC	46	43	3	7
Driver	43	38	5	12
Project Operator	13	10	3	23
Peon	49	44	5	10
Anganwadi Worker	2072	2072	-	-
Anganwadi Helper	<u>2072</u>	<u>1520</u>	<u>552</u>	27
Total :	4546	3937	609	

APPENDIX - LVII

Statement showing the details of approved outlay, fund released by the
NEC and expenditure incurred

(Reference : Paragraph : 3.6.5; page 91)

(i) Civil Department

Year	Approved outlay	Fund released by NEC to State Government			Expenditure incurred by the	Excess (+) Savings (-) State Government
		Grant	Loan	Total		
(Rupees in lakh)						
1992-93	58.91	44.24	4.92	49.16	30.19	(-) 18.97
1993-94	59.73	39.05	4.01	43.06	47.32	(+) 4.26
1994-95	69.08	63.01	6.07	69.08	58.13	(-) 10.95
1995-96	62.05	51.34	5.71	57.05	53.13	(-) 3.92
1996-97	34.32	23.13	2.57	25.70	33.25	(+) 7.55
1997-98	220.50	160.73	4.55	165.28	100.80	(-) 64.48
1998-99	8.00	7.60	0.80	8.40	11.46	(+) 3.06
	512.59	389.10	28.63	417.73	334.28	(-) 83.45

(ii) PW Department

Year	Approved outlay	Fund released by NEC to State Government			Expenditure incurred by the	Excess (+) Savings (-) State Government
		Grant	Loan	Total		
(Rupees in lakh)						
1992-93	700	616.50	68.50	685	836.81	(+) 151.81
1993-94	750	618.75	68.75	687.50	646.74	(-) 40.76
1994-95	700	585	65	650	385.42	(-) 264.58
1995-96	600	337.50	37.50	375	450.08	(+) 75.08
1996-97	300	270	30	300	144.49	(-) 155.51
1997-98	600	889.20	98	988	889.10	(-) 98.90
1998-99	1082	971.10	107.90	1079	1266.30	(+) 187.30
	4732	4288.05	475.65	4764.50	4618.94	(-) 145.56

APPENDIX - LVIII

Statement showing the position of State Govt.'s budgeting of NEC fund vis-à-vis allocation of fund to implementing department (PWD) and expenditure there against

(Reference : Paragraph : 3.6.5(iii); page 91)

Year	Release of fund by NEC	Budget provision	Allocation to agency	Expenditure	Excess (+) Savings (-)
	(Rs. In lakh)				
1992-93	685	864.47	670	836.81	(+) 166.81
1993-94	687.50	801.05	657	646.74	(-) 10.26
1994-95	650	754.31	650	385.42	(-) 264.58
1995-96	375	820.77	405	450.08	(+) 45.08
1996-97	300	545.67	300	144.49	(-) 155.51
1997-98	988	1293.18	917.97	889.10	(-) 28.87
1998-99	1079	1969.49	924	1266.30	(+) 342.30
	4764.50	7048.94	4523.97	4618.94	(+) 94.97

APPENDIX - LIX

**Statement showing physical target and achievement
(Reference : Paragraph : 3.6.6 & 3.6.7.2; page 92 & 97)**

Sl. No.	Name of road	Road length	No. of sanction Period of sanction	Sanctioned cost (Rs. In lakh)	Revised cost (Rs. In lakh)	Expenditure upto March 1999 (Rs. In lakh)	Present status	Remarks
1.	Improvement of Orang-Mazbat-Rupa- Kalaktang- Shikaridanga Road	141.30 km	32 1977-78 to 1993-94	1933.78	2819.85	2896.18	Completed (1994-95)	
2.	Paka-Gango-NT Road	125 km	18 1980-81 to 1997-98	1271.47	2278.00	1891.26	In progress	FC: 655 metre, RW/BW: 2678 metre, P. wall: 2850 metre, HPC: 213 Nos., BT: 47 km, Log Bridge: 365 metre yet to be completed
3.	Construction of Pakke-Seijosa- Itakhola Road	84 km	15 1981-82 to 1997-98	1083.30	1412.68	1076.72	In progress	JC/FC: 29 km; BT: 8 km; RW/BW: 1765 metre, culverts: 106 nos., K. Drain: 18.50 km yet to be completed
4.	Gohpur-Itanagar Road	22 km	NA 1982-83 to 1993-94	305.00	1290.00	1300.00	Completed (1994-95)	
5.	Longding-Bimalpur Road	45 km	NA 1983-84 to 1992-93	183.42	764.00	800.00	Completed (1994-95)	
6.	Tezu-Sadiya Road	9 km	NA 1984-85 to 1995-96	50.00	82.00	113.00	Completed (1994-95)	
7.	Jagun-Miao Road	26.80 km	NA 1992-93 to 1996-97	437.00	---	481.50	Completed (1998-99)	
	TOTAL:	453.10 km		5263.97	8646.53	8558.66		

APPENDIX - LX

Statement showing scheme-wise and year-wise position of fund released by NEC to the Government of Arunachal Pradesh and expenditure incurred there against during 1992-93 to 1998-99

(Reference : Paragraph : 3.6.6; page 92)

Sl. No.	Name of Department Name of scheme/project	1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99	
		Fund released by NEC	Expenditure	Fund released by NEC	Expenditure	Fund released by NEC	Expenditure	Fund released by NEC	Expenditure	Fund released by NEC	Expenditure	Fund released by NEC	Expenditure	Fund released by NEC	Expenditure
1.	Agriculture and allied services 1. Cultivation & Production of ramie fibre. 2. Construction of cldd storage											30.00 28.00	30.00		
2.	Fisheries Deptt. 3. Pilot project on running water Fish culture 4. Regional Hatchery complex for cold water fishery 5. Integrated Fishery Development	10.00 15.00	13.44 12.54	10.00 30.00	11.42 14.65	20.00 40.00	9.00 34.48	9.30 40.00	9.14 35.80		2.04 26.91		10.45 23.21		
3.	Forest Deptt. 6. Development of Tchonology for Himalayan yew. 7. Breeding and Micro propagation of some selected cane. 8. Support to State Forest Reséarch Institute											5.00 5.00 61.76	3.38 5.07 20.22	0.40	0.78 0.46 0.85
4.	Science and Technology 9. Procurement of mobile planetarium sets											12.00			4.00
5.	Manpower 10. Fellowship and short term training programme	5.25	4.21	1.00	7.19	2.00	7.94	2.75	0.93	8.70	1.80	3.50	0.97	3.00	0.37
6.	Sports and Youth activities 11. Development of Sports and youth activities.	18.91			14.06	5.00	4.85	5.00	5.00		2.50	5.00	7.50	5.00	5.00
	Total	49.16	30.19	43.06	47.32	69.08	58.14	57.05	53.14	25.70	33.25	165.28	100.80	8.40	11.46

APPENDIX - LXI

Statement showing main component and expenditure of the scheme

(Reference : Paragraph : 3.6.7.1(B); page 93)

	Work completed	Expenditure incurred
1. Development of technology for propagation and cultivation of Himalayan Yew (Taxus baccata)	Survey, demarcation, collection, establishment of nursery mist chamber, maintenance of taxus cutting.	Rs. 4.16 lakh
	<u>Balance work to be done</u> Development of demonstration plot and yield experimental production of seedlings assessment of survival seedlings transplanted in nursery beds creation of demonstration farm, final preparation of project report.	
2. Breeding and micro-propagation of some selected canes/rattans	Creation of 1 hectare nursery, 6 hectre plantation for seed production, breeding and tissue culture trials, maintenance of Conetum, cost of fuel and salary and wages of staff	Rs. 5.53 lakh
	<u>Balance work to be done.</u> Equipping the laboratory, collection of various species of canes in the canetum, Harvesting of seeds of hybrids, Breeding works of other species, study of growth and differentiation of the invitro, evaluation of performance of various experiments, selection of best medium under tissue culture.	

APPENDIX - LXII

Statement showing expenditure incurred on the main components of the scheme 'Regional Hatchery Complex'

(Reference : Paragraph : 3.6.7.1(C); page 94)

		Date of completion	Expenditure incurred.
Clearance of site	2 hectare	1993-94	Rs. 0.80 lakh
Cost of approach road	1.54 km	1994-95	Rs. 11.47 lakh
Barbed wire fencing	800 metres	1992-93	Rs. 0.72 lakh

Cement Concrete Ponds

(i)	S. Tanks	2 SQM	60 nos.	1993-94	
(ii)	N.P. Tanks	7.5 SQM	60 nos.	-do-	
(iii)	R.P. Tanks	-do-	48 nos.	1995-96	47.11 lakh
(iv)	S.P. Tanks	100 SQM	12 nos.	1997-98	
(v)	C.P. Tanks	3 SQM	12 nos.	1994-95	

Earthen Ponds

(i)	N.P.	100 SQM	45 nos.	1993-94	
(ii)	S.P.	1000 SQM	20 nos.	1994-95	4.72 lakh
(iii)	R.P.	200 SQM	25 nos.	1995-96	
Electrification of farm				1997-98	11.43 lakh

Building (Non-residential)

(i)	Hatchery(80 m ²)	1996-97	
(ii)	Office cum lab (75 m ²)	1995-96	7.50 lakh
(iii)	Garage cum store	-do-	

Residential

Type IV,III,II and I (1 to each)	1997-98	23.23 lakh
Overhead tank/Head work	1994-95	6.88 lakh
Farm equipments	1997-98	10.20 lakh
Total: Rs. 124.06 lakh		

APPENDIX - LXIII

Statement showing expenditure incurred in the main components
of the project "Pilot project on running water fish culture"

(Reference : Paragraph : 3.6.7.1(D); page 95)

Sl. No.	Components of the work	Approved outlay	Year of completion	Expenditure incurred
				(Rs. in lakh)
1.	Land Development - 3 hectare	0.46	1992-93	0.46
2.	Construction of ponds - 16 nos. - 1.40 hectare)	13.33	1997-98 (22 nos.)	22.09
3.	Head work with diversion structure (2 nos.)	0.91	1992-93	0.91
4.	Construction of storate cum distribution chamber for sprinkle water supply	0.71	-do-	0.71
5.	Providing uninterrupted Water Supply system to the ponds-700 Rm	4.02	1994-95	4.40
6.	Approach toad construction - 0.48 hectare	2.27	1994-95 (0.53 Km)	2.27
7.	Providing and fencing otter proof fencing around the pond - 1.252 mtr.	3.75	1995-96 (1250 Rm)	3.48
8.	External electrification of the farm yard	2.67	1996-97	2.75
Non Residential Building				
9(i)	Office Building cum Lab - 64 sqm - 1 no.	2.19	Not yet constructed	---
9(ii)	Garage cum store - 48 sqm - 1 No	1.41	1998-99	3.57
Residential				
10.	Type II double unit 90 m ² - 2 nos. Type I double unit - 70 m ² - 1 no Barack for 5 persons 132 m ² - 1 no	12.99	1998-99 (Type II double unit - 2 nos., Type I-1 nos.)	7.55
11.	Recurring salaries and other allowances	4.34	Upto March 1999	3.46
	Total	49.05		51.65

APPENDIX - LXIV

Statement regarding main component of the scheme construction of cold storage at Naharlagun

(Reference : Paragraph : 3.6.7.1(E); page 96)

<u>Capital cost of the Project</u>		<u>(Rs. in lakh)</u>
a)	Land and site development- 7200 sq ft.	2.25
b)	Building and Civil works (Cold storage chamber, pre-cooling chamber and plant room) - 2850 sq. ft.	16.50
c)	Plant and machinery	16.70
d)	Erection and commissioning	2.10
e)	Misc. fixed assets	8.50
f)	Preliminary and pre-operative expenses	4.75
g)	Contingencies, @ 10% on items (b), (c) and (e)	4.40
h)	Margin money for working capital	1.25

Total: Rs. 56.45

APPENDIX - LXV

Statement showing physical and financial progress of the work

(Reference : Paragraph : 3.6.7.2(a); page 98)

Name of work	Sanctioned cost (Rs. In lakh)			Scope of work	Project progress	Financial progress (Rs. in lakh)	Remarks
	O.E.	R.E.	R.R.E.				
1. Survey and Investigation of P.S.I. Road (85 km)	1.84	--	--	Survey for 85 km	100%	7.10	Unauthorised and excess expenditure – Rs. 5.26 lakh
Phase I							
2. Improvement from upper Seijosa to Dibru (19.850 – 27.900 km)	17.83	30.57	--	Earth work – 8.05 km Culvert – 26 nos. RW/BW – 100 mtr. Parapet wall – 234 mtr. Side drain – 8150 mtr Cause way: 120 m.	Earth work – 8.05 km Culverts – 21 nos. RW/BW – 154.40 mtr. P/wall – 234 mtr. S/drain – 6150 mtr. C/way – 60 mtr.	26.56	Culverts = 5 Nos. S/drain – 2000 mtr. C/way: 60 mtr.
3. Soling, metalling and black topping (8.05 km)	31.57	--	--	SMBT: 8.05 km	100%	31.94	--
4. Soling, metalling and black topping of P.S.I. Road from check gate to upper Seijosa (3.870 km)	49.97	--	--	SMBT: 3.870 km	100%	34.34	--

Phase II							
5. Construction of P.S.I. Road (30.040 km)	(a) 222.55 (b) ---	441.14 --	415.48 120.30	Earth work – 30.040 km Side drain – 1501 cum Culverts – 44 nos. Log bridge – 346 mtr. (b) K. drain – 8130 cum. Culverts – 101 nos.	(a) 100% (b) --	(a) 853.79 (b) --	(a) Unauthorised excess expenditure - Rs. 438.31 lakh (b) K. Drain: 8130 cum Culvert: 101 Nos.
6. Construction of P.S.I. Road – SMBT (8 km)	26.02	--	--	SMBT: 8 km Side drain: 7.50 km	Sub-base course 6.70 km Base course 1 km Side drain 1 km	17.81	Sub base course: 1.30 km Base course: 7 km Black topping: 8 km Side drain: 6.50 km
7. Construction of P.S.I. Road – Retaining wall and Breast wall (0-30 km)	50.78	--	--	RW – 2015 mtr. BW – 572 mtr.	RW: 759 mtr. BW: 63.50 mtr.	40.26	RW: 1256 mtr. BW: 508.50 mtr.
Phase III							
8. Construction of P.S.I. Road – formation cutting (30.040 – 43.660 km)	143.31	--	--	Jungle clearance – 13.620 km Formation cutting – 13.620 km	NIL	1.50	Purchase of P/magazine – 1 No. JC/FC: 13.620 yet to be completed.
Misc./Phase II							
9. Sub-soil Investigation of Dibru Bridge	4.62	--	--	S.S.I. – 1 no.	100%	5.42	Unauthorised excess expenditure – Rs. 0.80 lakh
10. Consultancy services for survey investigation of 9 bridges	3.07	--	--	S.S.I.: 9 bridges	100%	2.25	Revised estimate submitted for Rs. 11.55 lakh not-yet-sanctioned
11. Consultancy services for survey investigation of 3 bridges	2.31	5.72	--	S.S.I.: 3 bridges	100%	1.04	To clear liabilities (not spelt out)

12. Procurement of T&P	--	--	--	Road Roller: 1 Truck: 1 Jeep: 1 Store garage: 1	Jypsy: 1 no.	1.54	Unauthorised expenditure – Rs. 1.54 lakh
13. Restoration of Road formation due to flood damage during 88-89 (0-30 km)	15.27	--	--	--	100%	15.39	--
14. Restoration of Road formation due to flood damage during 89-90 (0-30 km)	10.33	--	--	--	70%	13.48	Unauthorised expenditure – Rs. 3.15 lakh
15. Restoration of Road formation due to flood damage during 90-91 (0-30 km)	--	--	--	--	63%	12.15	Unauthorised expenditure – Rs. 12.15
16. Restoration of Road formation due to flood damage during 91-92 (0-30 km)	--	--	--	--	37%	12.15	Unauthorised expenditure – Rs. 12.15
	579.47	814.21	908.85	--	--	1076.72	--
1. Phase I (From Pakke end: 0-10 km)	252.38	--	-	J.C.: 10 km F.C.: 10 km Side drain: 10 km	J.C. : 10 km F.C. : 10 km	191.65	--
2. Phase II From Pakke end (10-25 km)	251.45	--	--	J.C.: 15 km F.C.: 15 km Side drain: 15 km	--	--	--
GRAND TOTAL	1083.30					1268.00	

APPENDIX - LXVI

Statement showing non-completion of various components of works
in different stretches

(Reference : Paragraph : 3.6.7.2(b); page 99)

FORMATION CUTTING				
	Scope of work	Year of commencement	Work done	Balance work
Phase I (7.60 km – 20.515 km)	JC&FC: 14.30 km i/c 1.39 km loop length; RW&BW:232.72 metre HRC: 72 nos.	1980-81	JC&FC: 100% RW: 169 m HPC: 16 nos.	RW: 63.72 metre HPC: 56 nos.
Phase II (20.515 – 35.515)	JC&FC: 15 km RW/BW: 1236 m HPC: 75 nos. Katcha drain: 15 km	1984-85	JC&FC: 15 km RW: 105 m HPC 16 nos.	RW/BW: 1131 metre HPC 59 nos. Katcha-drain: 15 km
Phase III (35.515 – 45.515)	JC&FC: 10 km Log Bridge: 115 m K. Drain: 9.885 km	1992-93	JC&FC: 9.72 km	JC&FC: 280 metre Log Bridge: 115 metre Katcha-drain: 9.885 km
Phase IV (45.515 – 55.515)	JC&FC: 10 km Log Bridge 250 m	1994-95	JC&FC: 9.625 km	JC&FC: 375 metre Log Bridge: 250 metre
SOLING, METALLING AND CARPETTING				
Phase I (0 – 7.60 km)	WBM: 7.60 km BT: 7.60 km	1987-88	100%	---
Phase II (7.60 – 20.515 km)	WBM & BT: 14.30 km P. Drain: 3 km Rd. sign Board: 286 no.	1987-88	SBC: 12.915 km BC: 11.255 km (1 st layer) 8.515 km (2 nd layer) BT: 2.40 km RDS: 286 no. P. Drain: 3 km	BT: 11.90 km SBC: 1.385 km BC: 3.045 km (1 st layer) 5.785 km (2 nd layer)
Phase III (20.515 – 35.515 km)	WBM & BT: 15 km	1994-95	Sub-grade: 13.30 km SBC: 13.30 km BC: 4.60 km	SG: 1.70 km SBC: 1.70 km BC: 10.40 km BT: 15 km
Phase IV (35.515 – 45.515)	WBM: 10 km BT: 10 km P. Drain: 10 km	1996-97	---	WBM: 10 km BT: 10 km P. Drain: 10 km
Phase V (45.515 – 55.515 km)	WBM & BT: 10 km P. Drain: 10 km	1996-97	---	WBM: 10 km BT: 10 km P. drain: 10 km
R WALL/B WALL/CULVERT				
Phase III (35.515 – 45.515)	HPC: 48 nos. RW: 283 m BE: 140 m	1994-95	RW: 90 m	HPC: 48 nos. RW: 193 m BW: 140 m
Phase IV (45.515 – 55.515)	HPC: 50 nos. RW: 750 m BW: 400 m	1996-97	---	HPC: 50 nos. RW: 750 m BW: 400 m
Parapet wall (0-33.24 km)	P. Wall: 2850 m	1997-98	---	P. Wall: 2850 m

APPENDIX – LXVII**Statement showing main components of the scheme****(Reference : Paragraph : 3.6.7.1(A); page 93)**

Laboratory equipments	Rs.	35.98 lakh
Library and furniture	Rs.	7.90 lakh
Vehicles	Rs.	15.00 lakh
Development of Nursery and establishment of demonstration farm	Rs.	0.40 lakh
Salary of drivers for 3 years	Rs.	2.88 lakh
Total	Rs.	62.16 lakh

APPENDIX - LXVIII

Statement showing department-wise Position of the outstanding Inspection Reports and Paragraphs

(Reference : Paragraph : 3.8 ; page 103)

Sl. No.	Name of Department	Outstanding paragraphs at the end of August 1999			Paragraphs remaining unsettled for more than 10 years		Paragraphs remaining unsettled for non-receipt of initial replies			
		No. of I.R.	No. of paragraphs	Amount in lakh	No. of I.R.	No. of paragraphs	Number of offices	Number of I.R.	Period of issue of I.R.	Number of paras
1.	Agriculture Department	85	296	472.19	21	37	5	5	6/95 to 5/98	27
2.	Industries Department	64	270	1899.47	19	56	9	11	5/92 to 12/98	100
3.	Home (Police) Department	64	255	552.28	13	35	14	27	11/85 to 3/99	150
	Total	213	821	2923.94	53	128	28	43		277

APPENDIX - LXX

Statement showing excess/saving in expenditure over budget allotment
(Reference: Paragraph : 4.1.4; page 108)

Year	Budget allotment			Expenditure			Savings (-)
	State	Centra I	Total	Civil works	E&M Works	Total	Excess (+)
(RUPEES IN LAKH)							
1986-87	-	-	-	0.32	-	0.32	(+) 0.32
1987-88	-	-	-	0.83	-	0.83	(+) 0.83
1988-89	0.50	-	0.50	0.38	-	0.38	(-) 0.12
1989-90	0.10	-	0.10	1.18	-	1.18	(+) 1.08
1990-91	40.00	-	40.00	25.60	-	25.60	(-) 14.40
1991-92	46.00	-	46.00	33.47	5.92	39.39	(-) 6.61
1992-93	48.00	-	48.00	57.73	15.42	73.15	(+) 25.15
1993-94	290.00	-	290.00	214.68	124.40	339.08	(+) 49.08
1994-95	50.00	-	50.00	229.48	89.15	318.63	(+) 268.63
1995-96	682.18	117.82	800.00	547.33	183.65	730.98	(-) 69.02
1996-97	400.46	82.18	482.64	239.80	249.57	489.37	(+) 6.73
1997-98	335.00	-	335.00	84.99	208.99	293.98	(-) 41.02
1998-99 (Upto Feb'99)	30.00	220.00	250.00	12.60	40.91	53.51	(-) 196.49
TOTAL	1922.2 4	420.00	2342.24	1448.39	918.01	2366.4 0	(+) 24.16

Liabilities :-

(claims not paid) (i)

Price variation claim:

Rs. 153.65 lakh

(iii) Cost of Civil works

Rs. 3.01 lakh

Total

Rs. 156.66 lakh

APPENDIX - LXXI

Statement showing cost overrun due to delay in completion of Civil works
(Reference: Paragraph : 4.1.5; page 110)

Particulars of work	Original cost	Revised cost	Date of commencement	Scheduled date of completion	Actual date of completion	Expenditure (Rupees in lakh)	Time overrun (In months)	Cost overrun (Rupees in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Weir & Intake	17.31	119.51	10/94	12/92	7/96	242.38	43	225.07
2. Power Channel	206.77	434.42	8/94	10/92	12/96	434.42	50	227.65
3. Feeder Channel	-	19.08	10/94	-	7/96	27.73	-	27.73
4. Desilting Tank	2.55	17.06	11/95	4/93	1/97	17.06	45	14.51
5. Forebay Tank	11.33	28.92	8/94	12/92	10/96	54.90	46	43.57
6. Penstock Pipes, Anchor Blocks & saddle	20.28	143.48	10/94	12/93	12/96	143.48	36	123.20
7. Power house gantry arrangement turbine foundation & Tailrace Channel	48.74	235.78	10/94	8/93	12/96	231.35	40	182.61
8. Buildings	28.02	48.21	3/91	10/92	3/97	59.87	53	31.85
9. Approach Road	29.25	83.83	3/91	4/92	9/94	105.93	29	76.68
10. Cross drainage	-	58.16	9/94	-	8/96	2.74	-	2.74
11. Spillway Channel	-	23.25	1/96	-	1/97	9.25	-	9.25
12. Tools & Plant	15.10	37.78	3/91	-	3/98	37.78	-	22.68
Total							-	987.54

APPENDIX - LXXII

Statement showing non-availment of concession on civil works by the
department

(Reference: Paragraph : 4.1.7.1(iii); page 114)

Sl. No.	Sub-Head	Gross amount (Rupees)	Already recovery made being stock issued (Rupees)	Net amount to be recovered (Rupees)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
1.	C/O Power Channel	52,70,372.00	8,66,160.00	44,04,212.00	Payment already made
2.	C/O Feader Channel	1,38,653.00	25,832.00	1,12,821.00	Do
3.	C/O Forebay Tank	3,21,978.00	50,998.00	2,70,980.00	Do
4.	C/O Anchor Block and Saddle Block	36,98,395.00	2,51,252.00	34,47,143.00	Do
5.	C/O Power House	26,68,750.00	4,20,000.00	22,48,750.00	Do
6.	C/O Anchor/Saddle Block	11,78,027.00	1,55,669.00	10,22,358.00	Part payment made
7.	Tail race Channel	5,09,966.00	1,06,225.00	4,03,741.00	Part payment made
		1,37,86,141.00	18,76,136.00	1,19,10,005.00	

APPENDIX - LXXIII

Statement showing the materials lying idle in Stock in respect of Sirnyuk Micro Hydrel Project

(Reference: Paragraph : 4.1.7.1(iv)(c)(i); page 116)

Sl No	MAS A/c Regd. No	Page No.	Date of receipt	Name of material	Quantity	Rate (Rupees)	Amount (Rupees)	Date of issue	Quantity	Rate (Rupees)	Amount (Rupees)	Balance quantity (6-10)	Balance amount (8-12)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1.	GCD/MAS/4	16	09.08.95	Tersteel 20 mm dia.	2.650 MT	14,850	39,352	10.12.95 to 12.12.95	2.100 MT	14,850	31,185	0.550 MT	8,168
2.	Do	85	05.08.96	G.I. Barbel Wire	1,600 Kg	39	62,400	28.06.97	250 Kg	39	9,750	1,350 Kg	52,650
3.	GCD/MAS/32	5	13.04.95	Main clutch service kit for D-50-A15	5 set	1,800	9,000	08.06.95 to 16.12.95	3 sets	1,800	5,400	2 sets	3,600
4.	Do	6	Do	Hose (lower) Do	8 Nos.	3,208	25,664	16.12.95 to 06.03.98	4 Nos.	3,208	12,832	4 Nos.	12,832
5.	Do	7	Do	Hose (upper) Do	8 Nos.	720	5,760	16.12.95 to 06.03.98	5 Nos.	720	3,600	3 Nos.	2,160
6.	Do	9	Do	Fuel Filter, element with gasket	9 Sets	740	6,660	16.12.95 to 15.06.96	5 Sets	740	3,700	4 Nos.	2,960
7.	Do	10	Do	Element lub. oil with seal oil	4 Sets	1,480	5,920	16.12.95 to 06.03.96	2 Sets	1,480	2,960	2 Sets	2,960
8.	Do	11	Do	Element air cleaner (inner)	4 Nos.	1,450	5,800	16.12.95 to 06.03.96	2 Nos.	1,450	2,900	2 Sets	2,900

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
9.	Do	12	Do	Element air cleaner (outer)	9 Nos.	2,250	20,250	16.12.95 to 06.03.96	2Nos.	2,250	4,500	7 Nos.	15,750
10.	Do	13	Do	Fan belt	15 Nos.	640	9,600	18.04.95 to 15.06.96	8 Nos.	640	5,120	7 Nos.	4,480
11.	Do	15	Do	Element Hydraulic filter	4 Nos.	1,090	4,360	06.03.96	2 Nos.	1,090	2,180	2 Nos.	2,180
12.	GCD/MAS/37	25	04.10.97	Commercial Plywood	104.19 sq. met.	196	20,421	12.11.97	24.19 sq.met.	196	4,741	80.00 sq.met.	15,680
13.	Do	27	Do	Golden Brown paint	20 lts.	165.40	3,308	-	-	165.40	-	20 lts.	3,308
14.	Do	35	10.03.98 to 20.03.98	G.I. Chainlink fencing	905 Kg	40	36,200	-	-	40	-	905 Kg	36,200
15.	Do	37	15.09.97	Welded Wire Mesh	5 Roll	2,376	11,880	-	-	2,376	-	5 Roll	11,880
16.	Do	39	16.09.97	Smoke grey paint	20 lts.	165.40	3,308	-	-	165.40	-	20 lt	3,308
17.	Do	41	31.01.98 to 20.03.98	G.I. Pipe 20 mm dia.	200.65 mer.	179	35,916	-	-	179	-	200.65 mtr.	35,916
18.	Do	43	31.01.98	Alum. Water filter (13.50 lts.)	15 Nos.	1,358	20,370	-	-	1,358	-	15 Nos.	20,370
19.	Do	45	31.01.98	B/Stop Cock 5mm dia.	38 Nos.	169	6,422	-	-	169	-	38 Nos.	6,422
20.	Do	47	31.01.98	G.I. Tee 15 mm dia.	140 Nos.	20	2,800	-	-	20	-	140 Nos.	2,800
21.	Do	49	31.01.98	Wash basin with fittings	1 No.	1,150	1,150	-	-	1,150	-	1 No.	1,150
22.	Do	53	31.01.98	G.I. union 15 mm dia.	65 Nos.	23	1,495	-	-	23	-	65 Nos.	1,495

1	2	3	4	5	6	7	8	9	10	11	12	13	14
23.	Do	55	31.01.98	G.I. Socket 15 mm dia.	45 Nos.	20	900	-	-	20	-	45 Nos.	900
24.	Do	57	10.03.98	Wooden arm Chair	12 Nos.	350	4,200	-	-	350	-	12 Nos.	4,200
25.	Do	59	Do	Wooden writing Table	6 Nos.	300	1,800	-	-	300	-	6 Nos.	1,800
26.	GCD/ MAS/40	19	04.10.97	Commercial ply wood	109.19 sq.mtr.	196	21,401	15.11.97 to 08.01.98	89.19 sq. met.	196	17,481	20 sq. mtr.	3,920
27.	Do	21	Do	Golden Brown paint	20 ltr.	165.40	3,308	-	-	165.40	-	20 ltr.	3,308
28.	Do	29	08.02.98	G.I. pipe 15 mm dia.	284.35 mtr.	95	27,013	-	-	95	-	284.35mtr.	27,013
29.	Do	31	Do	B/Bib Cock 15 mm dia.	67 Nos.	169	11,323	-	-	-	-	67 Nos.	11,323
30.	Do	33	Do	G.I.R. Socket (20 X 15)	20 Nos.	50	1,000	-	-	-	-	20 Nos.	1,000
31.	Do	35	Do	G.I. Socket 20 mm dia.	40.Nos.	45	1,800	-	-	-	-	40 Nos.	1,800
32.	Do	37	Do	Pink primer	40 ltrs.	99.60	3,984	-	-	-	-	40 ltrs.	3,984
33.	Do	39	Do	M.S. Angle post (50 X 50 X 6 mm)	1360.80 Kg	43	58,514	-	-	-	-	1360.80 Kg	58,514
34.	Do	41	10.03.98	Wooden Cot (6.5' X 3' X 2')	18 Nos.	4,000	72,000	-	-	-	-	18 Nos.	72,000

1	2	3	4	5	6	7	8	9	10	11	12	13	14
35.	Do	43	20.03.98	Pink primer	40 ltr.	99.60	3,984	-	-	-	-	40 lts.	3,984
36.	Do	49	Do	Fly proof wire mesh	15 sq. met.	200	3,000	-	-	-	-	15 sq. mtr.	3,000
37.	Do	51	Do	M.S. gate	100 Kg	43	4,300	-	-	-	-	100 Kg	4,300
38.	Do	58	Do	G.I. flush pipe 32 mm dia.	13 Nos.	150	1,950	-	-	-	-	13 Nos.	1,950
39.	GCSD/MAS/7	55	07.11.96 to 03.08.96	G.I. pipe 40 mm dia.	332.50 mtr.	188	62,510	15.11.96	319.00 mtr	188	59,972	13.50 mtr.	2,538
40.	Do	57	17.11.96	G.I. pipe 32 mm dia.	36.00 mtr.	188	6,768	17.11.96	30.50 mtr.	188	5,734	5.50 mtr.	1,034
41.	GCSD/MAS/1 4	98-99	01.04.95	R.C.C. Humé pipe 1200mm dia with collar	53 Nos.	2,571	1,36,263	08.02.97 to 18.11.97	31 Nos.	2,571	79,701	22 Nos.	56,562
TOTAL							7,64,054					2,51,756	5,12,298

APPENDIX - LXXIV

**Statement showing transmission and distribution loss
(Reference : Paragraph : 4.5 ; at page 121)**

	Bomdila Electrical Division 4/95 to 3/98	Tawang Electrical Division 4/97 to 3/98	Pasighat Electrical Division 4/96 to 8/97	Daporijo Electrical Division 9/93 to 1/99	Total
	(In lakh of unit)				
1. Total energy generated (Hydel + Diesel/Import from other sources)	423.76	71.60	117.11	117.24	729.71
2. Less : Auxiliary consumption	22.18	4.98	3.77	9.18	40.11
3. Energy available for sale (kwh or unit)	401.58	66.62	113.34	108.06	689.60
4. Energy sold	234.24	35.11	65.72	73.02	408.09
5. Loss	167.34 (42)	31.51 (47)	47.62 (42)	35.04 (32)	281.51 (41)
6. Less permissible loss (15 per cent of total energy available for sale as laid down by CEA	60.24	10.00	17.00	16.21	103.45
7. Loss in excess of prescribed limit	107.10	21.51	30.62	18.83	178.06
8. Resultant revenue loss at the ordinary rate of consumption available and applicable to the division.	107.10 X Re. 0.80 Rs. 85.68 lakh	21.51 X Re. 0.80 Rs. 17.21 lakh	30.62 X Re. 1 Rs. 30.62 lakh	18.83 X Rs. 1 Rs. 18.83 lakh	Rs. 152.34 lakh

APPENDIX - LXXV

Statement showing materials lying idle as of December 1998

(Reference : Paragraph : 5.3 ; page 128)

Name of materials	Year	Opening		Procurement balance		Issue		Closing Balance	
		No. of Item	Value (Rs. in lakh)	No. of Item	Value (Rs. in lakh)	No. of Item	Value (Rs. in lakh)	No. of Item	Value (Rs. in lakh)
	balance on 31.03.1990	7	1.48	-	-	-	-	7	1.48
Silica gel, Quick setting compound and black white/yellow putty	1990-91	-	-	2	0.34	-	-	9(7+2)	1.82
	1991-92	-	-	2	0.41	-	-	11(9+2)	2.23
	1993-94	-	-	1	0.07	-	-	12(11+1)	2.30
	1994-95	-	-	3	0.69	-	-	15(12+3)	2.99
	1995-96	-	-	4	1.24	-	-	19(15+4)	4.23
	1996-97 to 1998-99 (12/98)	19	4.23	-	-	-	-	19	4.23
	Balance on 31.03.92	55	3.05	-	-	-	-	55	3.05
Glazed tiles, fencing materials etc.	1992-93	-	-	4	1.06	-	-	59(55+4)	4.11
	1994-95	-	-	2	0.37	-	-	61(59+2)	4.48
	1995-96	-	-	8	2.00	-	-	69(61+8)	6.48
	1996-97	-	-	3	1.50	-	-	72(69+3)	7.98
	1997-98	-	-	1	0.92	-	-	73(72+1)	8.90
	1998-99 (12/98)	73	-	-	-	-	-	73	8.90
	Balance on 31.03.1986	Nil	-	-	-	-	-	-	-
Water supply Materials	1986-87 to 1998-99 (12/98)	-	-	41	6.92	-	-	41	6.92
	Grand total	133	20.05						

APPENDIX - LXXVI

Statement showing Status of submission of accounts by Autonomous bodies and completion of audit as of September, 1999

(Reference : Paragraph : 7.3(a) ; page 147 & 148)

Position of audit of DRDA's in Arunachal Pradesh

Sl. No.	Name of Body	Assistance received from State/Central Government	Year upto which Accounts due	Year upto which Accounts submitted	Arrear in submission of accounts	Audit conducted upto
1	2	3	4	5	6	7
1.	DRDA, Pasighat	-	1998-99	1997-98	1	1997-98
2.	DRDA, Along	-	1998-99	1995-96	3	1995-96
3.	DRDA, Seppa	-	1998-99	1994-95	4	1994-95
4.	DRDA, Bomdila	-	1998-99	1993-94	5	1993-94
5.	DRDA, Ziro	-	1998-99	1995-96	3	1995-96
6.	DRDA, Daporijo	-	1998-99	1997-98	1	1997-98
7.	DRDA, Teju	-	1998-99	1998-99	-	1994-95
8.	DRDA, Khonsa	-	1998-99	1995-96	3	1995-96
9.	DRDA, Changlang	-	1998-99	1996-97	2	1996-97
10.	DRDA, Itanagar	-	1998-99	1998-99	-	1998-99
11.	DRDA, Yangkiang	-	1998-99	(NEW)	-	-
12.	DRDA, Towang	-	1998-99	(NEW)	-	-
13.	DRDA, Anini	-	1998-99	(NEW)	-	-

** Due to non-receipt of information/accounts from the concerned departments/ bodies, amount of assistance received during 1996-99 by the above bodies could not be given.

APPENDIX – LXXVII

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 1999 in respect of Government Companies

(Reference : Paragraphs : 8.2, 8.2.2; page 150 & 151)

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

Sl. No.	Sector and Name of the Company	Paid-up Capital at the end of 1998-99					Equity/loan received out of Budget during 1998-99		Other loans received during the year*	Loans outstanding at the close of 1998-99**			Debt equity ratio for 1998-99 (bracket indicates for previous year 4(f)/3(e))
		State	Central	Holding	Others	Total	Equity	Loans		Govt.	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
GOVERNMENT COMPANIES													
Sector :													
Industrial Development And Financing													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	162.50	-	-	-	162.50	-	-	-	-	909.85	909.85	5.60:1
	Total of the sector	162.50	-	-	-	162.50	-	-	-	-	909.85	909.85	5.60:1
Mining													
2.	Arunachal Pradesh Mineral Development Corporation Limited	195.12	-	-	-	195.12	22.00	-	-	-	-	-	-
	Total of the Sector	195.12	-	-	-	195.12	22.00	-	-	-	-	-	-

* Includes bonds, debenture, inter corporate deposits etc.

** Loans outstanding at the close of 1998-99 represents long term only.

Sl. No.	Sector and Name of the Company	Paid-up Capital at the end of 1998-99					Equity/loan received out of Budget during 1998-99		Other loans received during the year	Loans outstanding at the close of 1998-99**			Debt equity ratio for 1998-99 (bracket indicates for previous year) 4(f)/3(e)
		State	Central	Holding	Others	Total	Equity	Loans		Govt.	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
	Sector :												
	Cement												
3.	Parsuram Cements Limited	10.00	-	13.50	-	23.50	-	-	-	-	145.00	145.00	6.17:1
	Total of the Sector	10.00	-	13.50	-	23.50	-	-	-	-	145.00	145.00	6.17:1
	Sector :												
	Fruit Processing												
4.	Arunachal Horticultural Processing Industries Limited	-	-	18.81	-	18.81	-	-	14.00	-	14.00	14.00	0.74:1
	Total of the Sector	-	-	18.81	-	18.81	-	-	14.00	-	14.00	14.00	0.74:1
	Sector :												
	Forest												
5.	Arunachal Pradesh Forest Corporation Limited	449.72	-	-	-	449.72	-	-	3.76	-	3.76	3.76	0.01:1
	Total of the Sector	449.72	-	-	-	449.72	-	-	3.76	-	3.76	3.76	0.01:1
	Total	817.34	-	32.31	-	849.65	22.00	-	17.76	-	1072.61	1072.61	1.26:1 (1.57:1)

Note: All figures are provisional as given by the Company.

* Includes bonds, debenture, inter corporate deposits etc.

** Loans outstanding at the close of 1998-99 represents long term only.

APPENDIX – LXXVIII

Summarised financial results of Government Companies for the latest year for which accounts were finalised.

(Reference : Paragraphs 8.2, 8.2.2, 8.2.3, 8.2.5, 8.2.6 and 8.2.7 ; page 150, 151, 152 & 153)

(Figures in columns 7 to 12 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	Status of the company
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Government Companies														
Sector : Industrial Development And Financing														
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industries	August 1978	1993-94	1997-98	(-)1.82	Nil	92.50	(-)208.38	954.90	(+)106.60	11.16	5	working
Total of the Sector						(-)1.82	Nil	92.50	(-)208.38	954.90	(+)106.60	11.16		
Sector : Mining														
2.	Arunachal Pradesh Mineral Development Corporation Limited	Mines & Minerals	March 1991	1992-93	1997-98	(-)8.67	Nil	50.22	(-)12.14	37.96	(-)8.67	-	6	working
Total of the Sector						(-)8.67	Nil	50.22	(-)12.14	37.96	(-)8.67			
Sector : Cement														
3.	Parsuram Cements Limited	Industries	January 1984				No accounts finalised since inception						8	under closure
Total of the Sector														
Sector : Fruit Processing														
4.	Arunachal Horticulture Processing Industries Limited	Industries	May 1982				finalised since inception						17	No accounts under closure
Total of the Sector														
Sector : Forest														
5.	Arunachal Pradesh Forest Corporation Limited	Forest	March 1977	1994-95	1998-99	(+)749.18	Net profit overstated by Rs.76.22 lakh	399.72	(+)1500.89	1092.49	749.18	68.58	4	Working
Total of Sector						(+)749.18	76.22	399.72	(+)1500.89	1092.49	(+)749.18	68.58		
Total						738.69		542.44	1280.37	2085.35	847.11	40.62		

* Capital employed 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 – LXXIX-A

Statement showing the Financial Position of the Company
for five years upto 1997-98

(Reference : Paragraph : 8.5.5; page 158)

	1993-94	1994-95	1995-96	1996-97	1997-98
	(Rupees in lakh)				
Liabilities					
(a) Paid-up Capital	399.72	399.72	449.72	449.72	449.72
(b) Reserves and Surplus	755.45	1500.88	1982.42	2392.59	2146.64
(c) Borrowings				79.95	109.30
(d) Trade dues and other current liabilities (including provisions)	2032.42	2713.36	2269.17	2368.40	2274.23
Total	3187.59	4613.96	4701.31	5290.66	4979.89
Assets					
(a) Gross fixed assets	836.70	917.08	975.08	1059.41	1208.02
Less : depreciation	42.19	39.87	42.29	48.90	45.09
Net fixed assets	794.51	877.21	932.79	1010.51	1162.93
(b) Capital work-in-progress	8.08	2.43	7.28	11.07	NIL
(c) Current assets, loans and advances	2385.00	3734.32	3761.24	4269.08	3816.96
Total	3187.59	4613.96	4701.31	5290.66	4979.89
(A) Capital employed	1155.17	1900.60	2432.14	2922.26	2705.66
(B) Net worth	1155.17	1900.60	2432.14	2842.31	2596.36

Notes :

- (A) Capital employed represents net fixed assets (including capital work in progress) Plus working Capital;
- (B) Net worth represents Paid-up capital Plus reserves and surplus.

APPENDIX -LXXIX-B

Statement showing working results of the company
for the five years upto 1997-98
(Reference : paragraph : 8.5.5; page 158)

		1993-94	1994-95	1995-96	1996-97	1997-98
		(Rupees in lakh)				
1.	Income					
(a)	Sales	1977.65	2007.51	1440.17	903.86	169.63
(b)	Other income	233.83	209.80	374.11	454.10	440.11
(c)	Increase(+)/ decrease(-) of closing stock	(-)107.63	(+)39.99	(-)114.90	(+)31.73	(+)51.46
	Total	2093.85	2257.30	1699.38	1389.69	661.20
2.	Expenditure					
(a)	Operating Cost	258.49	155.74	75.51	85.87	68.79
(b)	Administrative and other expenses	249.44	402.56	353.19	282.73	167.48
(c)	Salaries and Wages	223.40	269.70	299.89	357.41	429.48
(d)	Lease rent	897.40	640.25	438.02	244.38	-
(e)	Depreciation	42.19	39.87	42.28	48.90	45.09
(f)	Profit before Tax	422.83	749.18	490.49	370.40	(-)49.64
(g)	Provision for Tax	223.89	-	-	-	-
(h)	Profit after Tax	198.94	749.18	490.49	370.40	(-)49.64

Based on provisional figures

APPENDIX -LXXX

Statement showing details of plantation area, expected yield and actual yield of green tea leaves of 4 tea estates for the period from 1993-94 to 1997-98

(Reference : Paragraph ; 8.5.6.2: page 162)

	1993-94	1994-95	1995-96	1996-97	1997-98
	(Area in hectares)				
	(Yield in lakh of Kilogram)				
1. Mopa T.E					
(a) Area *	99.33	104.85	104.85	104.85	104.85
(b) Expected yield	9.00	11.00	9.00	9.00	9.00
(c) Actual yield	8.67	8.17	7.93	7.53	8.55
(d) Shortfall	(-)0.33	(-)2.83	(-)1.07	(-)1.45	(-)0.45
(e) Percentage of shortfall to expected yield	3.66	25.72	11.88	16.11	5.00
2. Medo T.E					
(a) Area	81.87	81.87	81.87	81.87	81.87
(b) Expected yield	5.00	5.50	3.50	5.00	5.00
(c) Actual yield	4.38	2.48	2.47	4.44	5.88
(d) Shortfall(-)/Excess(+)	(-)0.62	(-)3.02	(-)1.03	(-)0.56	(+)0.88
(e) Percentage of shortfall/excess to expected yield	12.40	54.90	29.43	11.20	(+)17.60
3. Tupi T.E					
(a) Area	75	100	125	125	125
(b) Expected Yield	-	0.50	1.50	1.50	2.00
(c) Actual yield	-	0.38	0.58	0.73	0.81
(d) Shortfall	-	(-)0.12	(-)0.92	(-)0.77	(-)1.19
(e) Percentage of shortfall	-	24.00	61.33	51.33	59.50
4. Longran T.E					
(a) Area	50.22	70.22	105.73	126.69	126.69
(b) Expected yield	-	0.20	0.30	0.50	2.00
(c) Actual yield	-	-	0.15	0.81	1.70
(d) Shortfall(-)/Excess(+)	-	(-)0.20	(-)0.15	(+)0.31	(-)0.30
(e) Percentage of shortfall/excess to expected yield	-	100	50	(+)62	15
Total Shortfall	0.95	6.17	3.17	2.47	1.06

* Includes 14.16 hectares of plantation under dispute.

APPENDIX - LXXXI

Statement showing the working results of the Tea Estates for
five years upto 1997-98

(Reference : paragraph : 8.5.6.2; page 162)

(A) : Mopa Tea Estates

Income	1993-94	1994-95	1995-96	1997-97	1997-98
(Rupees in Lakhs)					
Sales	48.65	53.19	47.70	49.14	60.60
Others Misc. Income	0.51	0.02	4.85	5.05	1.30
Total	49.16	53.21	52.55	54.19	61.90
Expenditure :-					
Operational Cost	7.75	9.21	10.61	8.58	16.33
Employees Cost	10.87	14.74	15.68	18.01	20.12
Admn & General Exp.	3.30	3.35	3.31	3.39	2.79
Maint. of plant	10.31	10.49	9.71	10.56	11.11
Depreciation	1.18	1.69	2.13	2.05	3.77
Profit	15.75	13.73	11.11	11.60	7.78
Total	49.16	53.21	52.55	54.19	61.90

(B) Medo Tea Estates

Income :-

Sales	NA	19.75	15.07	23.42	33.49
Other Misc. Income	NA	0.58	-	0.01	0.95
Total	NA	20.33	15.07	23.43	34.44

Expenditure :-

Operational Cost	NA	2.05	2.27	4.07	5.70
Employees cost	NA	13.40	20.60	23.16	20.17
Admn. & General Exp.	NA	4.10	4.27	5.31	4.01
Maint. of Plantation	NA	7.93	6.66	9.58	9.31
Deprn.	NA	2.25	3.33	2.73	2.28
Total	NA	29.73	37.13	44.85	45.47
Loss	NA	9.40	22.06	21.42	7.03

- Contd

Income	1993-94	1994-95	1995-96	1997-97	1997-98
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(C) Tupi Tea Estate

Income :-

Sales	-	2.39	3.92	4.96	5.82
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Expenditure :-

Operational Cost	-	0.63	1.28	1.52	1.91
Employees cost	6.84	10.03	11.27	15.65	18.96
Admn & General Exp.	1.63	2.45	3.01	5.87	6.46
Maint of Plantation	-	-	3.40	6.93	11.92
Depreciation	2.19	4.02	2.05	2.06	2.28
Total	10.66	17.13	21.01	32.03	41.53
Loss	10.66	14.74	17.09	27.07	35.71

(D) Longran Tea Estate (inclusive of Coffee Division)

Income :-

Sales	14.83	22.09	1.04	28.33	34.22
Other Misc. Income	0.62	-	0.01	0.02	0.46
Increase(+)/Decrease(-) in stock of coffee	(+0.52)	(-)0.69	(+)2.72	(+)1.41	(-)1.14
Total	15.97	21.40	3.77	29.76	33.54

Expenditure :-

Operational cost	2.92	3.55	3.30	6.98	7.92
Employees cost	14.38	16.78	20.38	24.64	33.50
Admn & General Exp	4.48	4.04	5.04	5.34	7.65
Maint of Plantation	-	-	-	-	-
Coffee	2.61	6.31	7.38	8.02	7.37
Tea	-	-	2.19	3.85	8.72
Depreciation	1.66	1.51	3.41	4.93	3.85
Total	26.05	32.20	41.70	53.76	69.01
Loss	10.08	10.80	37.93	24.00	35.47

APPENDIX- LXXXII

Statement showing quantitative details input, production and capacity utilisation etc.

(Reference : Paragraph : 8.5.6.4(i); page163)

	1993-94			1994-95			1995-96			1996-97		
	Sawn timber	Veneer	Plywood	Sawn timber	Veneer	Plywood	Sawn timber	Veneer	Plywood	Sawn timber	Veneer	Plywood
*1. Input	2224.441 cu.m	957.240 cu.m	378660.88 sq.m	2609.284 cum.	1964.823 cum.	474947.67 sqm.	3400.365 cum.	1247.382 cum.	398197.72 sqm.	1061.833 Cu.m	1115.471 cu.m	216629.30 sq.m
2. Production	1351.180 cu.m	220628 sq.m	63103.68 sq.m	1976.131 cum.	475581 sqm.	90770.90 sqm.	2456.750** cum.	226323 sqm.	59000.62 sqm.	635335 Cu.m	163450 sq.m	32718.13 sq.m
3. Process loss	873.261 cu.m	405.670 cu.m	15784.00 sq.m	633.153 cum.	775.871 cum.	8176.53 sqm.	943.615** cum.	680.325 cum.	23957.23 Sq.m	426.498 Cu.m	706.846 cu.m	12412.97 sq.m
4. Capacity utilised (per cent)	45.04	6.13	14.52	65.87	13.21	19.35	81.89	6.30	15.60	21.18	6.81	8.24
5. Percentage of process loss to input	39.26	49.38	40.26	24.27 *	39.49	8.27	27.74	54.54	28.88	40.17	63.37	39.95

* Input of sawn timber and veneer are round logs and that of plywood is veneer.

** Production and process loss of plywood are in terms of 12mm thickness.

APPENDIX - LXXXIII

Statement showing under valuation of the stock handed over to the lessee of
Namphai Saw Mill

(Reference : Paragraph : 8.5.6.4(ii); page 164)

Sl. No.	Item of stock handed over	Quantity	Valuation made by the committee	Actual value worked out in audit	Short valuation made	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakh)						
1.	Veneer	87,388.08	8.44	15.41	6.97	As against actual stock (as per book) of 87,388.08 sqm, the valuation was made for 80,019.55 sqm and the balance quantity of 7,368.53 sqm, was treated as handling loss. This is not tenable as handling or other losses have been covered under process loss and the net stock of veneer was taken in the stock book. Value of 7,368.53 sqm thus injudiciously deducted work out to Rs.6.70 lakh.
2.	Sawn timber cum.	285,375.4	5.12	8.66	3.54	The milling authority confirmed that 285,375.4 cum was handed over to the lessee but the committee assessed value on 224,810.6 cum. Value of balance quantity of 60,564.8 cum not taken into consideration was Rs.3.54 lakh.
3.	Peeling rollers	5049 pieces	0.10	3.02	2.92	Valuation was made @Rs.10 on 1049 pieces. Actually, 5049 pieces were handed over at selling price of Rs.60 per piece.
4.	Round Timber cum (2864 logs)	2419.715	55.47	72.19	16.72	a) 374 logs (value at cost Rs.7.75) was deteriorated and realisation value was 12.5 percent i.e., Rs.0.97 lakh. But the Committee valued the stock as 'nil'. b) 72 logs (valued at cost Rs.14.19) deteriorated partially and as per report of mill authority 50 percent of value i.e., Rs.7.95 lakh was realisable. But the committee assessed the value of the logs at Rs.3.53 lakh. c) 1788 logs (1570.106 cum) in good condition valuing Rs.64.14 lakh (royalty plus extraction cost) were handedover. Against this valuation of Rs.51.95 lakh was made at royalty rate on 1431.485 cum and extraction cost on 1099.630 cum. Thus royalty of Rs.2.94 lakh on 138.62 cum and extraction cost of Rs.9.25 lakh on 470.476 cum were short valued by the committee.
Total:			69.13	99.28	30.15	

FOR THE PURPOSES OF THIS ACT, THE WORDS "PERSON" AND "INDIVIDUAL" SHALL MEAN ANY NATURAL PERSON, PARTNERSHIP, FIRM, CORPORATION, ASSOCIATION, OR OTHER ENTITY.