



REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR
ENDED 31 MARCH 1993

GOVERNMENT OF ARUNACHAL PRADESH

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TABLE OF CONTENTS

	Paragraph	Page(s)
Prefatory Remarks		iv
Overview		v-xiii

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

Summarised Financial Position	1.1	1-8
Assets and Liabilities of the State	1.2	8-9
Revenue Surplus	1.3	9-10
Revenue Receipts	1.4	10-12
State's share of Union Taxes/Duties and Grants-in-aid from the Central Government	1.5	12-13
Revenue expenditure	1.6	13
Growth of Revenue Expenditure	1.7	13-14
Non-plan Revenue Expenditure	1.8	14-15
Capital Expenditure	1.9	15
Investment and Returns	1.10	15
Public Debt and Other Liabilities	1.11	16-17
Debt Services	1.12	17-18
Loans and Advances by the State Government	1.13	19
Guarantees given by Government	1.14	19

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

General	2.1	20
Results of Appropriation Audit	2.2	21-31
Drawal of funds in advance of requirement	2.3	31-32

CHAPTER III

CIVIL DEPARTMENTS

HEALTH AND FAMILY WELFARE DEPARTMENT

Family Welfare Programme	3.1	33-50
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INDUSTRIES DEPARTMENT

Idle machinery	3.2	50-51
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	Paragraph	Page(s)
RURAL DEVELOPMENT DEPARTMENT		
Integrated Rural Development Programme	3.3	52-70
Loss of interest	3.4	70-71

CHAPTER IV

WORKS EXPENDITURE

PUBLIC WORKS DEPARTMENT

Idle investment	4.1	72
Injudicious expenditure	4.2	72-74
Wrong computation of rates	4.3	74-75
Extra avoidable expenditure	4.4	75
Excess payment	4.5	75-76
Avoidable loss	4.6	76-77

CHAPTER V

STORES AND STOCK

PUBLIC WORKS DEPARTMENT

Idle investment owing to irregular purchase	5.1	78
Idle stock of paints	5.2	78-79

CHAPTER VI

REVENUE RECEIPTS

A-GENERAL

Trend of revenue receipts	6.1	80
Analysis of revenue receipts	6.2	80-82
Results of Audit	6.3	82
Outstanding inspection reports	6.4	83-84

B-FOREST DEPARTMENT

Misuse of free grant timber valued at Rs.9.95 lakhs	6.5	84-85
Delay in disposal of seized timber logs	6.6	85-86

C-TRANSPORT DEPARTMENT

Loss of revenue due to non-payment of tax by the vehicle owners	6.7	86-87
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CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

	Paragraph	Page(s)
Grants	7.1	88

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Introduction	8.1	89
Government companies-general view	8.2	89-92
Departmentally-managed Government commercial and quasi commercial undertakings	8.3	92-94
Working of Arunachal Pradesh Forest Corporation Limited	8.4	94-115
INDUSTRIES DEPARTMENT		
Unfruitful expenditure	8.5	115-117

APPENDICES

	Appendix	Page(s)
Drawal of funds in advance of requirement	I	120-121
Statement showing achievement in different methods of family welfare programme in the districts	II	122-123
Statement showing districtwise, fund released and expenditure incurred against TRYSEM infrastructure institution	III	124-125
Statement showing expenditure on administrative infrastructure	IV	126-127
Statement showing particulars of paid-up capital, outstanding loans, working results etc., of the Government companies	V	128-129
Summarised financial results of Government companies for the latest year for which accounts were finalised up to 31 March 1993	VI	130-131
Glossary of abbreviations	VII	132-133

PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1992-93 together with other points arising from audit of financial transactions of the Government of Arunachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1992-93.

The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 1992-93 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 1992-93 have also been included, wherever considered necessary.

OVERVIEW

This Report contains eight chapters, two about the Financial position of the State for 1992-93 as well as the Government's control over expenditure during the year and the remaining 6 chapters containing 3 reviews on developmental/welfare programmes and other activities and 22 paragraphs containing comments on various irregularities noticed by Audit during the test-check of records. Some of the important and interesting points highlighted in the Report are summarised in the succeeding paragraphs.

1. Accounts of the State Government

The Budget Estimates for the year 1992-93 envisaged a revenue surplus of Rs.46.95 crores which was increased to Rs.162.33 crores in the Revised Estimates. Against this the actual revenue surplus was Rs.155.55 crores.

Assets and Liabilities

The liabilities of the State Government declined from Rs.288.44 crores at the end of 31 March 1992 to Rs.265.47 crores at the end of 31 March 1993, while the assets increased from Rs.858.43 crores to Rs.989.25 crores during the same period. The growing gap between the assets and liabilities was mainly due to non-utilisation of a substantial portion of grants received as central assistance.

Revenue Receipts

The revenue receipts of the Government increased by Rs.235.91 crores during the five-year period from 1988-89 to 1992-93, from Rs.261.22 crores to Rs.497.13 crores, an increase of 90 per cent.

The State's own tax revenue increased from Rs.2.34 crores in 1988-89 to Rs.4.54 crores in 1992-93 while non-tax revenue raised by the State during the corresponding period increased from Rs.28.75 crores to Rs.54.42 crores.

The abbreviations used in this Report are listed in Glossary in Appendix VII (Page 132-133).

The State's share of net proceed of income tax, Union Exice Duties/Taxes and grants-in-aid increased from Ru.230.13 crores to Ru.438.17 crores between 1988-89 and 1992-93, an increase of 90 per cent.

The revenue raised by the State to the total revenue receipts was 12 per cent in 1992-93 as in the previous year.

Revenue Expenditure

While the total revenue expenditure increased from Rs.209.18 crores to Rs.341.58 crores over the period 1988-89 to 1992-93, the plan expenditure increased from Rs.57.27 crores to Rs.108.84 crores and the non-plan from Rs.151.91 crores to Rs.232.74 crores during the same period.

During 1992-93, as against the budget provision of Rs.121.05 crores (including supplementary) the plan revenue expenditure was Rs.108.84 crores resulting in a shortfall of Rs.12.21 crores. The non-plan revenue expenditure was Rs.232.74 crores against the budget provision of Rs.230.74 crores resulting in an excess of Rs.2 crores.

Public Debt and Investments

Public Debt which increased from Rs.342.24 crores at the end of 1988-89 to Rs.349.50 crores at the end of 1989-90 declined sharply to Rs.141.39 crores at the end of 1990-91, because of Central Government loans aggregating Rs.224.09 crores having been written off during the year and again increased to Rs.195.70 crores during 1992-93. As against this other liabilities consisting of small savings, provident funds etc. registered an increase of 455 per cent from Rs.7.79 crores to Rs.43.24 crores between 1988-89 and 1992-93.

The repayment of Central Government loans and interest thereon aggregating Rs.19.40 crores during 1992-93 constituted 81 per cent of the Central Government loan (Rs.23.92 crores) received during the year.

Government paid interest totalling Rs.21.8 crores on debt and other obligations during 1992-93

However, the interest received by it on all accounts was Rs.2.92 crores only, leaving a net interest burden of Rs.18.91 crores.

On an investment of Rs.8.04 crores as on 31 March 1993 in various undertakings and co-operative societies dividend earned during 1992-93 was less than Rs.0.01 crore.

Loans and Advances

Outstandings on account of Government loans and advances paid for developmental and non-developmental activities stood at Rs.12.73 crores at the end of 1992-93. The interest received during the year was only Rs.0.20 crore.

(Paragraphs 1.1 to 1.14)

2. Appropriation Audit and control over expenditure

Against the total budget provision of Rs.539.86 crores (including supplementary) the actual expenditure was Rs.525.84 crores. The overall saving of Rs.14.02 crores was the net effect of savings of Rs.41.93 crores in 60 grants/appropriations and excess of Rs.27.91 crores in 12 grants. The excess of Rs.27.91 crores (12 grants) requires regularisation by the Legislature under Article 205 of the Constitution of India. Besides the excess expenditure of Rs.246.79 crores pertaining to the years 1980-81 to 1991-92 is yet to be regularised.

The supplementary provision of Rs.57.66 crores obtained during 1992-93 constituted 12 per cent of the original budget provision. In 7 cases supplementary provision aggregating Rs.1.26 crores obtained during the year was unnecessary.

Augmentation/reduction of provision by way of re-appropriation in 20 cases proved either excessive or unnecessary.

In 14 cases of grants and one case of appropriation the expenditure during the year in each case fell short of the provision by more than Rs.10 lakhs and more than 10 per cent of the total provision.

(Paragraph 2.1 and 2.2)

3. Audit reviews on developmental/Welfare Programmes, etc.

3.1 Family Welfare Programme

The family Planning Programme was launched in the country in 1952 and was renamed Family Welfare Programme by integrating Maternal and child care services in 1977-78. The National Health Policy approved by Parliament in 1983, envisaged the goals of "Health for All" and "Net Reproduction Rate of Unity" through universal provision of health care services to all and an easy access to Family Planning and MCH activities. The programme is a centrally sponsored scheme with the Central Government providing assistance in cash and in kind in the form of contraceptives, equipment, vaccines, drugs, etc. and is implemented through a network of Rural and Urban Family Welfare Centres.

- Against the total central fund of Rs.412.59 lakhs received by the State during the period from 1985-86 to 1992-93, the actual expenditure was Rs.263.76 lakhs leaving an unspent balance of Rs.148.83 lakhs.

- Couple protection rate increased from 10.5 **per cent** in March 1991 to 12.1 **per cent** at the end of March 1993 while the crude birth rate increased from 29.7 per thousand in March 1991 to 30.9 per thousand by 1992-93 against the expected achievement of 42 **per cent** and 29.1 per thousand respectively by 1990 as per the National Health Policy. The infant mortality rate, however, remained static.

A scrutiny of the performance of sterilisation programme revealed a shortfall of over 60 **per cent** in 2 to 5 of the 11 districts test-checked during the period from 1985-86 to 1992-93.

The shortfall in achievement of target in respect of Intra Uterine Device (IUD) programme ranged between 2 and 48 **per cent** during 1985-86 to 1992-93 excepting 1989-90 and 1990-91.

Due to non-availability of qualified doctors, the single sub-district post partum centre sanctioned in 1984-85 could not be opened even after a lapse of 8 years.

The shortfall in achievement in prophylaxis

against nutritional anaemia among women and children varied from 9 to 37 per cent and 0.21 to 85 per cent respectively while the shortfall in prophylaxis against blindness among children ranged between 3 and 93 per cent during the period from 1985-86 to 1992-93.

Against the ceiling of 7.5 per cent of the total allocation on Direction and Administration the expenditure incurred during 1989-90 to 1992-93 varied from 15 per cent to 26 per cent resulting in excess expenditure aggregating Rs.43.46 lakhs.

Monitoring cell to assess the activities of the programme was not set up nor was any evaluation conducted.

(Paragraph 3.1)

3.2 Integrated Rural Development Programme (IRDP)

The centrally Sponsored Integrated Rural Development Programme was launched in 10 blocks in the State from 1978-79 and extended to 48 blocks during 1982-83. The main objective of the programme was to raise the families in the identified target groups in the rural areas above the poverty line and to create substantial additional income-generating assets including working capital with emphasis on helping the poorest among the poor first.

Out of an allocation of Rs.2376.58 lakhs, Rs.114.28 lakhs and Rs.75.55 lakhs under IRDP, TRYSEM and DWCRA Rs.361.59 lakhs, Rs.45.44 lakhs and Rs.17.99 lakhs respectively remained unspent as of March 1993.

Target under TRYSEM were not fixed up to 1988-89. Against the target of 3090 youths to be trained only 1595 youths (52 per cent) were trained during the period from 1989-90 to 1992-93.

- Against 497 women groups targeted to be formed during 1985-86 to 1992-93 under DWCRA, only 391 groups were formed till March 1993. Of these 144 groups were not functioning as of 1992-93.

The percentage of unemployed trained youths under TRYSEM varied between 10 and 77 during 1985-86 to 1992-93.

Excess expenditure of Rs.153.21 lakhs over the prescribed norms on administrative infrastructure was incurred by 5 DRDAs during the period from 1985-86 to 1992-93.

Proper monitoring and evaluation of the programme was not conducted.

(Paragraph 3.3)

3.3 Working of Arunachal Pradesh Forest Corporation Limited

Overall shortage in the extraction of timber with reference to working plan prescription during the 5 years up to March 1993 was 31.80 lakh cft.

Shortfall in harvesting of green tea leaves with reference to expected yield varied from 56.69 per cent to 85.75 per cent in Medo Tea Estate and 15.15 per cent to 32.77 per cent in Mopa Tea Estate during the last five years ending 31 March 1993. The value of the shortfall was Rs.131.26 lakhs.

Shortfall in case of coffee production varied from 33.84 per cent to 72.33 per cent with reference to the yield-envisaged in the revised Project Report during the four years ending 31 March 1993. The value of the shortfall was Rs.51.77 lakhs.

The company suffered a loss of revenue of Rs.1.56 crores by allowing undue financial benefit (Rs.0.99 crore) and by irregular grant of concession in royalty rates (Rs.0.57 crore) to a wood-based industry.

(Paragraph 8.4)

4. Other points

(a) Civil Departments

Spare parts valued at Rs.15.91 lakhs and Rs.9.73 lakhs purchased between July 1978 and September 1989 by Ziro and Doimukh Public Works Divisions respectively remained unutilised as of July 1993 and April 1993 respectively resulting in blocking up of funds.

(Paragraph 4.1)

During February 1993, the Capital Electrical Division incurred an expenditure of Rs.21.21 lakhs for repairing 2 hydel sets purchased in October 1981 remaining idle thereafter. The hydel sets were not put to use after repairs. Injudicious expenditure on repairs of the two hydel sets without any clear programme of their utilisation resulted in the expenditure on repairs becoming unproductive.

(Paragraph 4.2)

Due to non-placing of the orders for supply and installation of Turbo Impulse Hydel Sets with the Vadodara based manufacturing firm (April 1989) and procuring the same in March 1991 from a Guwahati based dealer of the firm after re-invitation of tenders and carrying out negotiation resulted in extra avoidable expenditure of Rs.7.35 lakhs. Besides the project, which was scheduled for completion by 1989-90 has not been completed as of February 1994 resulting in loss of revenue and delay in supply of electricity to rural population

(Paragraph 4.4)

Procurement of materials such as bleaching powder and cement valued at Rs.3.37 lakhs in excess of the requirement in contravention of the provision contained in CPWD manual, by the Naharlagun Division resulted in loss of Rs.1.30 lakhs.

(Paragraph 4.6)

Capital Division 'A' Itanagar and Yingkiong Public Works Division purchased various types of building and Water Supply materials valued at Rs.25.58 lakhs between March 1991 and December 1992 from local suppliers instead of procuring the same from the CSD, Banderdewa and consequently incurred extra expenditure of Rs.5.75 lakhs computed with reference to the rates of CSD. These materials remained unutilised as of February 1993.

(Paragraph 5.1)

Capital Division 'A' Itanagar procured 6695 litres of paints valued at Rs.5.72 lakhs between June 1986 and August 1989 which remained unused as of January 1993.

(Paragraph 5.2)

(b) Revenue Receipts

The total receipts of the State during the year 1992-93 amounted to Rs.497.13 crores. This comprised tax revenue of Rs.4.54 crores, non-tax revenue of Rs.54.42 crores, State Government's share of divisible Union taxes Rs.115.96 crores and Grants-in-aid of Rs.322.21 crores from the Union Government.

(Paragraph 6.1 and 6.2)

82 Inspection Reports containing 217 observations with money value of Rs.9.10 crores which were issued up to 31 December 1992 were pending settlement at the end of June 1993.

(Paragraph 6.4)

There was no verification of use of free grant timber valued at Rs.9.95 lakhs allotted by the Pasighat Forest Division to 204 grantees during 1990-92 for construction of their dwelling houses.

(Paragraph 6.5)

Motor Vehicle tax amounting to Rs.2.67 lakhs in 46 cases for different periods between July 1983 and March 1991 was outstanding against the defaulters (August 1993).

(Paragraph 6.7)

(c) Commercial and Trading Activities

There were 5 Government Companies (including two subsidiaries) and two departmentally-managed commercial and quasi commercial undertakings in the State of Arunachal Pradesh as on 31 March 1993.

(Paragraphs 8.2.1 & 8.3.1)

The aggregate paid-up capital of these companies as on 31 March 1993 was Rs.5.56 crores of which 5.42 crores were invested by the State Government and Rs.0.14 crore by the holding company. The State Government loans to the extent of Rs.6.98 crores were outstanding as on 31 March 1993 against three companies.

(Paragraph 8.2.2)

None of the companies had finalised the accounts for the year 1992-93. The accounts were in arrears for periods ranging from two to eleven years.

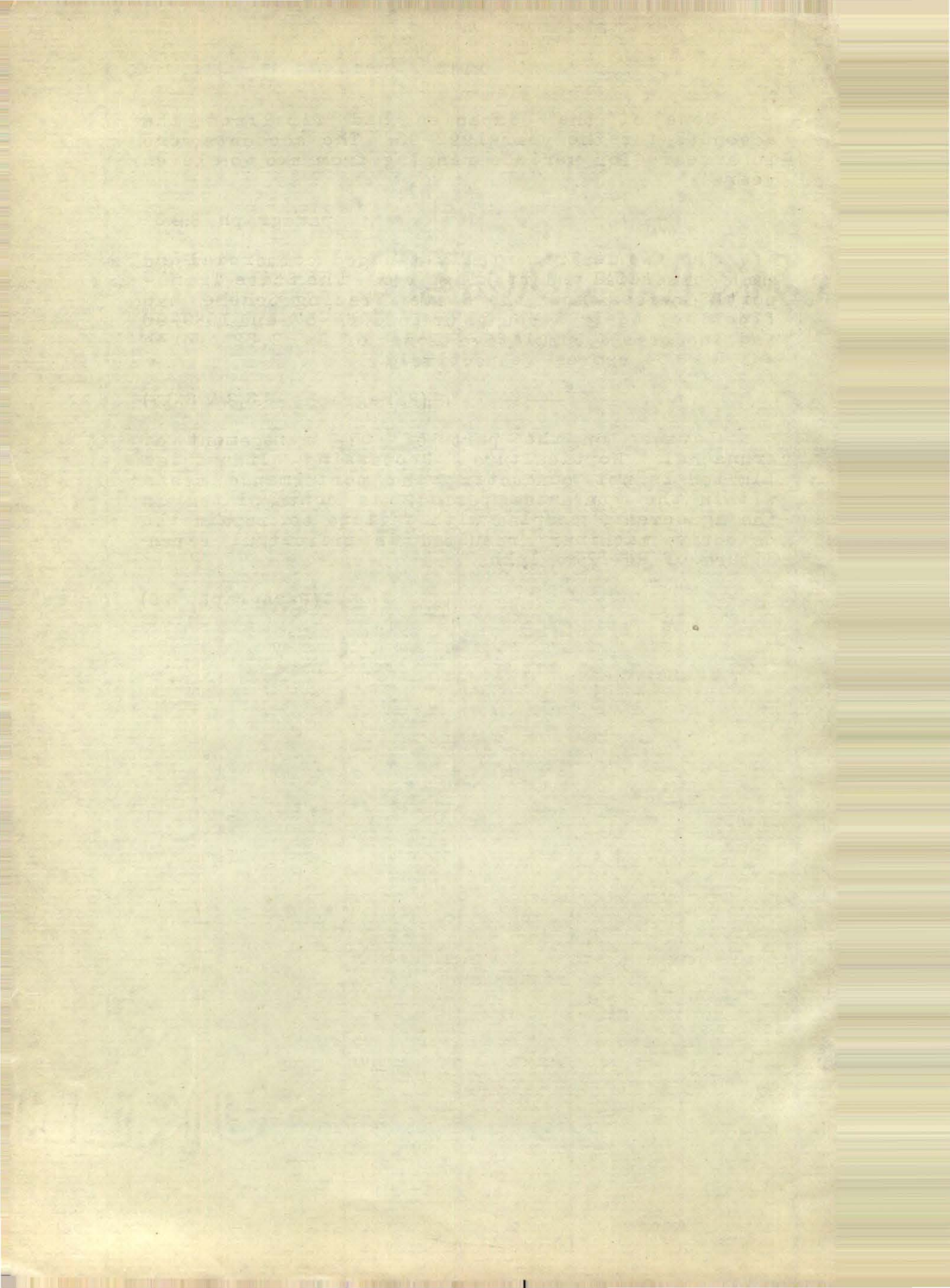
(paragraph 8.2.3)

The two departmentally managed commercial and quasi commercial undertakings viz. The State Transport Services and the State Trading Scheme had finalised their accounts upto 1986-87 and 1989-90 and incurred a cumulative loss of Rs. 2.32 crores and Rs. 8.54 crores respectively.

(Paragraphs 8.3.2 & 8.3.3)

Lapses on the part of the management of Arunachal Horticulture Processing Industries Limited is not conducting the performance tests within the guarantee period, as contemplated in the agreement, coupled with failure to repair the defective machinery resulted in unfruitful expenditure of Rs. 12.36 lakhs.

(Paragraph 8.5)



CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Arunachal Pradesh as on 31 March as emerging from the Appropriation Accounts and the Finance Accounts for the year 1992-93, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds are given in the following statements :-

I - Summarised Financial position of

Amount as on 31 March 1992 (Rupees in crores)	Liabilities	Amount as on 31 March 1993 (Rupees in crores)
1	2	3
35.15	Internal Debt	44.32
	(i) Market loans	27.55
	(ii) Loans from other Institutions	<u>16.77</u>
135.33	Loans and Advances from the Central Government	151.38
	(i) Non-Plan Loans	51.86
	(ii) Loans for State Plan Schemes	58.57
	(iii) Loans for Central Plan Schemes	0.09
	(iv) Loans for Centra- lly Sponsored Plan Schemes	0.95
	(v) Loans for Special Schemes	<u>39.91</u>
0.05	Contingency Fund	0.05
33.15	Small Savings Provide- nt Funds etc.	43.24
7.50	Deposits	8.08
569.99	Surplus on Government Accounts	723.78
	(i) Revenue Surplus as on 31 March 1992	569.99
	(ii) Revenue Surplus during the year	155.55
	(iii) Less: Miscellaneous adjustment	<u>1.76</u>
77.26	Suspense and Miscel- laneous	18.40
858.43		989.25

Government of Arunachal Pradesh as on 31 March 1993

Amount as on 31 March 1992 (Rupees in crores)	Assets	Amount as on 31 March 1993 (Rupees in crores)
4	5	6
904.74	Gross Capital Outlay on Fixed Assets	1056.96
	(i) Investment in Shares of Com- panies, Corpo- rations, etc,	8.04
	(ii) Other Capital Outlay	<u>1048.92</u>
11.23	Loans and Advances	12.73
	(i) Loans for other Industries and Minerals	6.10
	(ii) Loans for Co-operatives	2.71
	(iii) Loans to Gove- rnment Servants, etc.,	1.92
	(iv) Other Loans	<u>2.00</u>
0.74	Other Advances	0.65
37.22	Remittances	43.94
(-) 95.50	Closing Cash Balance	(-) 125.03
	(i) Departmental Cash Balance	0.62
	(ii) Cash Balance Investment	7.13
	(iii) Deposits with Reserve Bank of India	(-) 132.78
858.43		989.25

II - Abstract of Receipts and Disbursements for the year 1992-93

Section - A - Revenue

Receipts		Disbursement			
(Rupees in crores)		(Rupees in crores)			
I. Revenue Receipts	497.13	I. Revenue Expenditure			341.58
(i) Tax Revenue	4.54	Sector	Non-Plan	Plan	Total
(ii) Non-Tax Revenue	54.42	(i) General Services	94.86	0.33	95.19
(iii) State's Share of net proceeds of Taxes on Income other than Corporation Tax	4.01	(ii) Social Services	61.00	45.81	106.81
(iv) State's Share of Union Excise Duties	111.95	(iii) Agriculture and Allied Activities	42.87	29.56	72.43
(v) Non-Plan Grants	47.20	(iv) Rural Development	3.58	9.53	13.11
(vi) Grants for State Plan Schemes	226.48	(v) Special Area Programme	-	0.58	0.58
(vii) Grants for Central Plan Schemes	4.81	(vi) Irrigation and Flood Control	3.85	11.24	15.09
(viii) Grants for Centrally Sponsored Schemes	30.18	(vii) Energy	10.76	0.54	11.30
(ix) Grants for Special Plan Schemes	13.54	(viii) Industries and Minerals	1.49	3.00	4.49
		(ix) Transport	11.79	4.60	16.39
		(x) Science, Technology and Environment	-	0.14	0.14
		(xi) General Economic Services	2.54	3.51	6.05
			232.74	108.84	341.58
		II. Revenue Surplus Carried over to Section - B			155.55
	497.13				497.13

Section - B - Others

Receipt		Disbursement			
(Rupees in crores)		(Rupees in crores)			
I. Opening Cash Balance	(-)95.50	I. Capital Outlay			152.22
		Sector	<u>Non-Plan</u>	<u>Plan</u>	<u>Total</u>
		(i)General Services -		4.93	4.93
		(ii)Social Services -		27.63	27.63
		(iii)Agricultural and Allied Activities	1.00	3.80	4.80
		(iv)Rural Development-		1.15	1.15
		(v)Special Area Programme	-	9.68	9.68
		(vi)Irrigation and Flood Control	-	1.95	1.95
		(vii)Energy	-	35.64	35.64
		(viii)Industry and Minerals	-	1.51	1.51
		(ix)Transport	-	63.98	63.98
		(x) Science, Technology and Environment	-	0.04	0.04
		(xi)General Economic Services	-	0.91	0.91
			<u>1.00</u>	<u>151.22</u>	<u>152.22</u>
II.Recoveries of Loans and Advances	0.87	II.Loans and Advances disbursed			2.37
(i)From Government Servants	0.59	(i)To Government Servants	0.83		
(ii)Others	<u>0.28</u>	(ii)Others	<u>1.54</u>		
III.Revenue surplus brought down	155.55	III.Public Debt Disbursement			8.33
Less: Miscellaneous adjustment	(-) 1.76	(i)Repayment of internal Debt other than Ways and Means Advances		0.46	
IV.Public Debt Receipts	33.55	(ii)Repayment of Loans and Advances from Central Government		<u>7.87</u>	
(i)Internal Debt other than ways and Means Advances	9.63				
(ii)Loans and Advances from Central Government	<u>23.92</u>				

Section - B - Others

Receipt	Disbursement	
	(Rupees in crores)	(Rupees in crores)
V. Public Account Receipts	361.57	
(i) Small savings, Provident Funds, etc.	17.83	
(ii) Deposits and Advances	33.00	
(iii) Suspense and Miscellaneous excluding Departmental Balance	(-)29.61	
(iv) Remittances	<u>340.35</u>	
		IV. Public Account Disbursements
		416.39
		(i) Small savings, Provident Funds etc.
		7.74
		(ii) Deposits and Advances
		32.33
		(iii) Suspense and Miscellaneous excluding Departmental Balances
		29.25
		(iv) Remittances
		<u>347.07</u>
		V. Closing Cash balance
		(-)125.03
		(i) Departmental Cash Balance
		0.62
		(ii) Cash Balance Investment
		7.13
		(iii) Deposit with reserve Bank of India
		(-)132.78
	<u>454.28</u>	<u>454.28</u>

STATEMENT -- III

Sources and Application of Funds for the year 1992-93

Sl. No.	Sources	(Rupees in crores)	Sl. No.	Application	(Rupees in crores)
1.	Revenue Receipts	497.13	1.	Revenue Expenditure	341.58
2.	Recoveries of Loans and Advances	0.87	2.	Lending for development and other purposes	2.37
3.	Decrease in Public Debt	25.22	3.	Capital Expenditure	152.22
4.	Decrease in closing cash balance	29.53			
5.	Net Receipts from Public Account:				
	(a) Increase in Small Savings, Provident Funds, etc.	10.09			
	(b) Decrease in Deposits and Advances	0.67			
	(c) Effect of Remittance Balances	(-)6.72			
	(d) Decrease in Suspense and Miscellaneous Balances	(-)58.86			
	(e) Miscellaneous adjustment	(-)1.76			
		<u>496.17</u>			<u>496.17</u>

Explanatory Notes

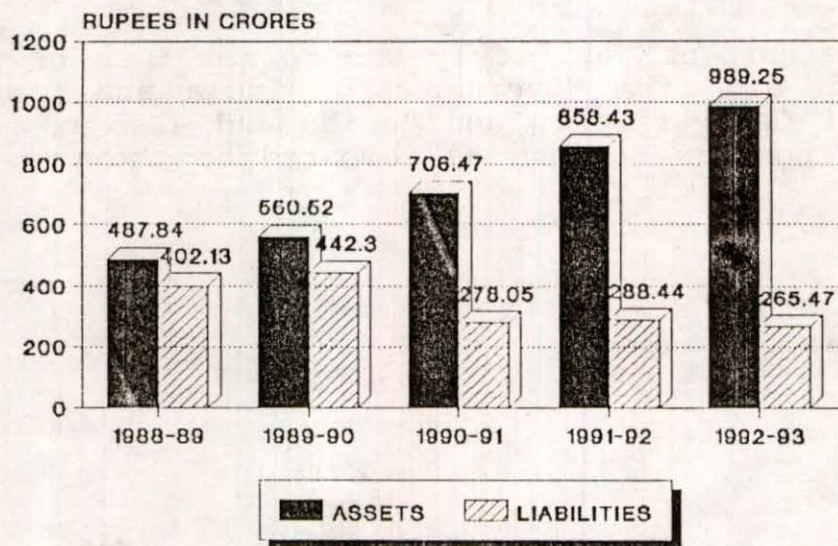
1. The summarised financial statements are based on the statements of the Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus of the year has been worked out on cash basis. Consequently, amounts payable or receivable or items like depreciation, variation in stock figures, etc. do not figure in the accounts.
3. Although a part of the revenue expenditure (grants) and the loans are used for Capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.
4. The excess drawal of Rs.132.78 crores includes Rs.57.02 crores drawn in excess by the U.T.Government upto 19 February 1987. The final decision regarding treatment of the Cash balances of the U.T.Government period is awaited from the Government of India.
5. There was a difference of Rs.55.81 crores between the figures reflected in the accounts viz. (-)Rs.75.76 crores and that intimated by the R.B.I. Rs.(-)19.95 crores. The difference is under reconciliation.

Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the finance of the Government during 1992-93.

1.2 Assets and Liabilities of the State

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

Year	Assets (Rupees)	Liabilities in Crores)
1988-89	487.84	402.13
1989-90	560.52	442.30
1990-91	706.47	278.05
1991-92	858.43	288.44
1992-93	989.25	265.47



During the five year ending 1992-93, the assets have grown by 103 per cent while the liabilities have decreased by 34 per cent. The pattern of central assistance in the State is in the form of 90 per cent grants and 10 per cent loans. The grants form a part of revenue receipt of the State, a substantial portion of which remains unutilised resulting in growing gap between assets and liabilities.

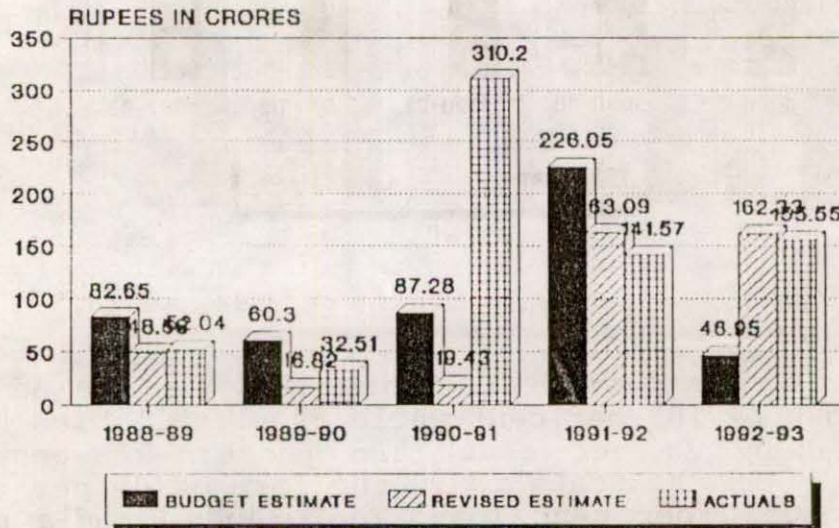
1.3 Revenue Surplus

The revenue surplus envisaged in the Budget estimate for the year 1992-93 was Rs.46.95 crores. This was increased to Rs.162.33 crores in the Revised estimate. Against this the actual surplus was Rs.155.55 crores. The position of revenue surplus envisaged in the Budget/Revised estimates and the

actuals during the period from 1988-89 to 1992-93 are given below :-

Year	Revenue Surplus		
	Budget Estimate (Rupees)	Revised Estimate in	Actuals Crores)
1988-89	82.65	48.58	52.04
1989-90	60.30	16.82	32.51
1990-91	87.28	19.43	310.20
1991-92	226.05	163.09	141.57
1992-93	46.95	162.33	155.55

The surplus was mainly due to receipts of more grants-in-aid from Government of India and State's share of Central taxes and duties and also receipts of more non-tax revenue as compared to the previous year.

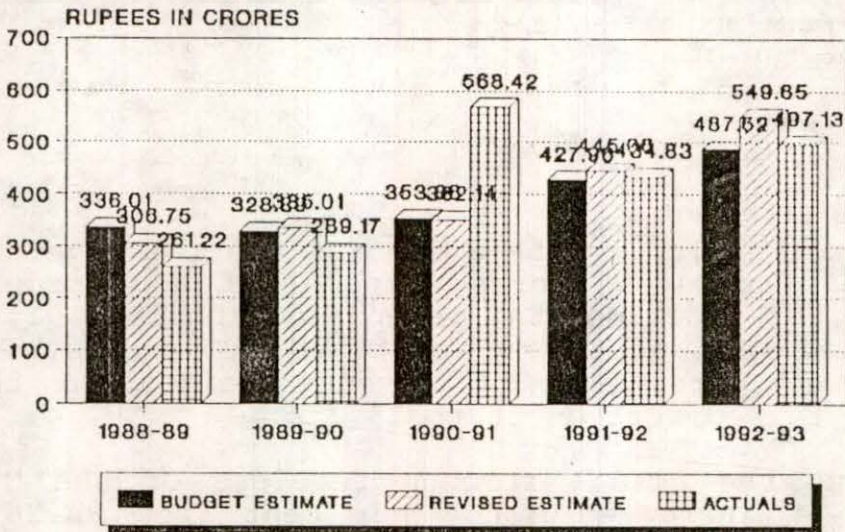


1.4 Revenue Receipt

The actual revenue receipts during the five years ending the period 1992-93 are given below :-

Year	Budget Estimate	Revised Estimate	Actuals	
			Amount	Percentage of growth over the previous year

(Rupees in Crores)				
1988-89	336.01	306.75	261.22	(-) 12
1989-90	328.89	335.01	289.17	11
1990-91	353.86	352.14	568.42	97
1991-92	427.96	445.06	434.83	(-) 24
1992-93	487.52	549.65	497.13	14



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

*The substantial difference between actuals and the revised estimates for 1990-91 was due to write off of Government of India loans as per recommendation of the 9th Finance Commission.

	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in Crores)				
I. Revenue raised by the State Government :					
(a) Tax Revenue	2.34	2.32	2.64	4.09	4.54
(b) Non-Tax Revenue	28.75	35.73	264.89	49.21	54.42
Total of I:	31.09	38.05	267.53	53.30	58.96
II. State shares of net proceeds of Taxes on income other than Corporation Tax:	2.47	1.95	3.01	3.68	4.01
III. Receipts from Government of India:					
(i) State's share of Union Excise Duties	50.29	50.35	65.60	93.73	111.95
(ii) Grants-in-aid	177.37	198.82	232.28	284.12	322.21
Total of II+III :	230.13	251.12	300.89	381.53	438.17
IV. Total receipts of Government (I+II+III) (Revenue Account)	261.22	289.17	568.42	434.83	497.13
V. Percentage of revenue raised to total revenue receipts	12	13	47	12	12

(a) After excluding the amount of Central Government loans of Rs.224.09 crores written off and accounted as receipts under non-tax revenue during 1990-91, the total receipts of the year worked out to Rs.344.33 crores, the percentage of revenue raised to total revenue raised worked out to 13.

Thus the actual revenue receipts of the State Government increased by 90 per cent from Rs.261.22 crores in 1988-89 to Rs.497.13 crores in the year 1992-93. The revenue from the State's own resources increased by 90 per cent during these years. Tax revenue raised by the State Government increased by 94 per cent from Rs.2.34 crores in the year 1988-89 to Rs.4.54 crores in the year 1992-93, while collections from non-tax revenue increased by 89 per cent, from Rs.28.75 crores in the year 1988-89 to Rs.54.42 crores in the year 1992-93. Further analysis of the State's revenue receipts is given in Chapter VI of this Report.

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

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

Government during the year 1992-93 was Rs.438.17 crores representing 88 per cent and 128 per cent of the total revenue receipts and revenue expenditure of the State Government respectively. The year-wise details for the period 1988-89 to 1992-93 are given below :-

Year	State's share of Union Taxes and Duties	Grants-in-aid	Total	Percentage of total to	
				Revenue receipt	Revenue expenditure
	(Rupees	in	Crores)		
1988-89	52.76	177.37	230.13	88	110
1989-90	52.30	198.82	251.12	87	98
1990-91	68.61	232.28	300.89	53	117
1991-92	97.41	284.12	381.53	88	130
1992-93	115.96	322.21	438.17	88	128

Except in 1989-90, the State Government did not spend the full amount received from Government of India.

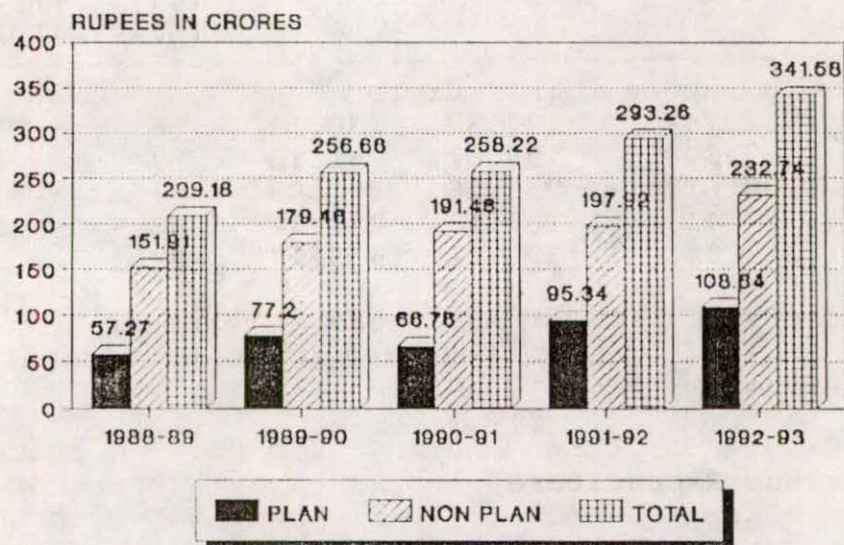
1.6 Revenue Expenditure

The revenue expenditure (Plan) during the year 1992-93 was Rs.108.84 crores against the budget provision of Rs.121.05 crores (including supplementary) disclosing a shortfall of Rs.12.21 crores. The Non-Plan revenue expenditure during the year was Rs.232.74 crores against the budget provision of Rs.230.74 crores (including supplementary) disclosing an excess of Rs.2.00 crores. The main reasons for excess/savings in expenditure are given in chapter II of the Report. Further, details wherever furnished by the State Government are available in the Appropriation Accounts of the State Government for the year 1992-93.

1.7 Growth of Revenue expenditure

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

Year	Revenue expenditure		
	Plan	Non-Plan	Total
	(Rupees in Crores)		
1988-89	57.27	151.91	209.18
1989-90	77.20	179.46	256.66
1990-91	66.76	191.46	258.22
1991-92	95.34	197.92	293.26
1992-93	108.84	232.74	341.58



The total revenue expenditure increased from Rs.209.18 crores in 1988-89 to Rs.341.58 crores in 1992-93 showing an increase of 63 per cent. The expenditure under plan increased by Rs.13.50 crores (13 per cent) during the year while that under non-plan increased by Rs.34.82 crores (15 per cent) as compared to previous year.

1.8 Non-Plan Revenue Expenditure

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

	1988-89	1992-93	Percentage increase
	(Rupees in Crores)		
1.Election	0.55	1.36	147
2.Pension and Miscellaneous General Services	2.45	6.30	157
3.Police	10.55	19.92	89

1.9 Capital Expenditure

The Capital expenditure during 1992-93 was Rs.152.22 crores against the budget estimate of Rs.168.30 crores indicating a shortfall of Rs.16.08 crores.

The main reasons for shortfall in expenditure wherever furnished by the Government are given in Chapter II of this Report. Further details are available in the Appropriation Accounts of the State Government for the year 1992-93.

1.10 Investment and Returns

In 1992-93 Government invested Rs.8.04 crores in various Government Companies (Rs.5.86 crores) and Co-operative Societies (Rs.2.18 crores). The investments of the Government in the share capital of different Government companies/Co-operative Societies and the dividend/interest received during the five years period from 1988-89 to 1992-93 were as follows :-

Year	Total investment at the end of the year	Dividend/ interest received during the year	Percentage of dividend/ interest to total investment
	(Rupees in Crores)		
1988-89	6.13	0.01	0.11
1989-90	6.52	0.04	0.61
1990-91	6.62	0.02	0.30
1991-92	7.26	0.02	0.28
1992-93	8.04	0.01	0.09

Thus the return on investment in the respective year was insignificant and was very much less than the rate of interest of 11.5 per cent for long term Government borrowings during this period.

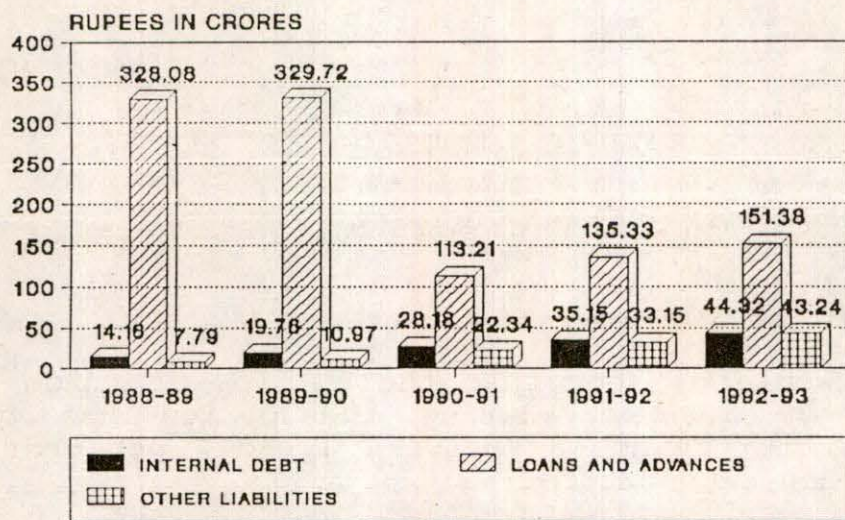
1.11 Public Debt and Other Liabilities

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

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal Debt comprises long-term loans raised in the open market and loans received from financial institutions etc. This also includes Ways and Means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and advances from the Central Government represent loans received from Government of India for execution of various plan/non-plan schemes. Besides, the Government had other liabilities on account of funds raised through Small Savings, Provident Funds, etc.

The details of such liabilities of the State Government during the five years ending March 1993 are given below:-

Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other Liabilities	Total Liabilities
	(Rupees in Crores)				
1988-89	14.16	328.08	342.24	7.79	350.03
1989-90	19.78	329.72	349.50	10.97	360.47
1990-91	28.18	113.21	141.39	22.34	163.73
1991-92	35.15	135.33	170.48	33.15	203.63
1992-93	44.32	151.38	195.70	43.24	238.94



Public Debt which had increased from Rs.342.24 crores at the end of the year 1988-89 to Rs.349.50 crores by the end of the year 1989-90 declined sharply to Rs.141.39 crores at the end of the year 1990-91 on account of Central Government loans aggregating Rs.224.09 crores having been written off during the year and again increased to Rs.195.70 crores during the year 1992-93. The other liabilities increased from Rs.7.79 crores to Rs.43.24 crores between the period 1988-89 and 1992-93.

1.12 Debt Services

The State Government had not made any amortisation arrangements for debts.

The following table shows the outgo of funds on account of interest payments (gross) during the five years ending 1992-93 :-

Year	Opening balance		Small Loans and savings, provid- ent Fund etc. nment	Total Obligati ons	Interest paid	Percentage of interest to	
	Internal debt	Loans and Advances from Cent- ral Gover- nment				Total Obliga- tion	Total Revenue Expenditure
1	2	3	4	5	6	7	8
(Rupees in crores)							
1988-89	Nil	328.53	4.50	333.03	7.79	2	4
1989-90	14.16	328.08	7.79	350.03	16.70	5	7
1990-91	19.78	329.72	10.97	360.47	16.21	5	6
1991-92	28.18	113.21	22.34	163.73	21.37	13	7
1992-93	35.15	135.33	33.15	203.63	21.83	11	6

It would be seen that the outflow of funds for payment of interest during the period has been Rs.83.90 crores and was between 4 and 7 per cent of the revenue expenditure.

Interest received during the year was Rs.2.92 crores while the interest paid on debt and other obligation was Rs.21.83 crores leaving net interest burden of Rs.18.91 crores (4 per cent of the total revenue receipts and 417 per cent of the tax revenue of the State).

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

Year	Repayment			Loan received during the year	Percentage of repay- ment to loan received
	Principal	Interest	Total		
(Rupees in Crores)					
1988-89	17.91	07.63	25.54	17.45	146
1989-90	26.57	15.79	42.36	28.21	150
1990-91	13.01	08.76	21.77	20.59	106
1991-92	16.96	12.71	29.67	39.08	76
1992-93	7.87	11.53	19.40	23.92	81

During the period from 1988-89 to 1990-91 the repayment of outstanding loan and payment of interest thereon had exceeded the loans received during these years. During the year 1992-93, the repayment of loan and interest constituted 81 per cent of the amount of loan received from the Central Government.

1.13 Loans and Advances by the State Government

The State Government has been advancing loans to Government Companies, Co-operatives, etc. for developmental and other activities. The position of such loans during the five years period from 1988-89 to 1992-93 is indicated below :-

	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in Crores)				
Opening balance	4.72	6.95	8.54	9.89	11.23
Amount advanced during the year	2.63	2.13	1.96	2.09	2.37
Amount repaid during the year	0.40	0.54	0.61	0.75	0.87
Closing balance	6.95	8.54	9.89	11.23	12.73
Net addition	2.23	1.59	1.35	1.34	1.50
Interest received	0.09	0.69	0.0016	0.80	0.20

Information about arrears in recovery of loans and advances (including interest) as on 31 March 1993 has not been received from departmental authorities who maintain the detailed accounts (February 1994).

1.14 Guarantees given by the Government

The contingent liabilities of Rs.4.75 lakhs (Principal : Rs.4.50 lakhs and Interest : Rs.0.25 lakh) outstanding as on 31 March 1987 for guarantees given by the Government of India on behalf of the Union Territory Government of Arunachal Pradesh prior to the attainment of Statehood have become the liability of the State Government and was outstanding as on 31 March 1993.

The position as on 31 March 1993 regarding the guarantees given by the State Government on behalf of Statutory Corporations, Local Bodies and Other Institutions had not been furnished (February 1994).

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure of the State during the year 1992-93 against grants/*appropriations is as follows :-

	Original grant/ appropriation	Supplemen- tary grant/ appropriation	Total	Actual expenditure	Variation Excess (+) Saving (-)

(In lakhs of rupees)					
I. Revenue					
Voted	2,76,92.10	48,08.17	3,25,00.27	3,36,76.04	(+)11,75.77
Charged	<u>26,30.89</u>	<u>47.70</u>	<u>26,78.59</u>	<u>22,89.27</u>	<u>(-)3,89.32</u>
II. Capital					
Voted	1,59,53.96	8,76.09	1,68,30.05	1,55,48.86	(-)12,81.19
III. Public Debt					
Charged	<u>16,97.91</u>	-	<u>16,97.91</u>	<u>8,33.02</u>	<u>(-)8,64.89</u>
IV Loans and Advances					
Voted	2,45.00	34.27	2,79.27	2,37.23	(-)42.04
Total					
Voted	4,38,91.06	57,18.53	4,96,09.59	4,94,62.13	(-)1,47.46
Charged	<u>43,28.80</u>	<u>47.70</u>	<u>43,76.50</u>	<u>31,22.29</u>	<u>(-)12,54.21</u>
Grand Total :	4,82,19.86	57,66.23	5,39,86.09	5,25,84.42	(-)14,01.67

2.2 Results of Appropriation Audit

The overall saving was the net result of saving

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

in 60 grants/appropriations and excess in 12 grants/appropriations as shown below :-

	Savings		Excess		Net Saving (-) Excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(In lakhs of rupees)					
Voted	14,92.88 (in 39 grants)	14,45.32 (in 15 grants)	26,68.65 (in 9 grants)	1,22.10 (in 3 grants)	(+)11,75.77	(-)13,23.22
Charged appropriation	3,89.32 (in 5 appropriations)	8,64.89 (in 1 appropriations)	--	---	(-)3,89.32	(-) 8,64.89

The supplementary grants and appropriations of Rs.57,66.23 lakhs obtained during 1992-93 constituted 12 per cent of the original grants and appropriation as against 4 per cent in the previous year.

2.2.1(a) Excess over grants/appropriations

In the Revenue Section, there was total excess of Rs.26,68,64,931 in 9 grants while the excess in the capital section amounted to Rs.1,22,09,617 in 3 grants as detailed below :-

Sl. No.	Number and name of grant/appropriation	Total grant /appropriation	Expenditure	Excess
(In rupees)				
Revenue Section (Voted)				
1.	14 -Education Department	49,17,04,000	49,20,90,281	3,86,281
2.	15 -Medical Department	18,49,04,000	20,19,61,363	1,70,57,363
3.	18 -Reserch Department	70,59,000	75,69,095	5,10,095
4.	28 -Animal Husbandry and Veterinary Department	6,85,78,000	7,16,65,981	30,87,981
5.	30 -State Transport Department	5,07,01,000	5,28,41,726	21,40,726
6.	31 -Public Works Department	18,66,43,000	41,07,80,521	22,41,37,521
7.	34 -Power Project	9,00,00,000	10,76,05,649	1,76,05,649
8.	40 -Housing	4,55,85,000	4,73,89,242	18,04,242
9.	43 -Fisheries Department	1,59,37,000	1,60,72,073	1,35,073
		Total:		26,68,64,931

Sl. No.	Number and name of grant/appropriation	Total grant Appropriation	Expenditure	Excess
(In rupees)				
Capital Section (Voted)				
10. 21	-Food and Nutrition	3,50,66,000	4,23,38,283	72,72,283
11. 34	- Power Project	35,17,90,000	35,63,55,007	45,65,007
12. 38	-Irrigation and Flood Control Project	1,00,00,000	1,03,72,327	3,72,327
			Total:	<u>1,22,09,617</u>
			Grand Total:	27,90,74,548

These excesses require regularisation under Article 205 of the Constitution.

2.2.1(b) Excess expenditure of previous years not got regularised by the Legislature

Excess expenditure aggregating Rs.2,46,79,39,760 covering 222 cases of grants and 16 cases of appropriations, pointed out in the Reports of the Comptroller and Auditor General of India for the years 1980-81 to 1991-92 is yet to be regularised (January 1994). The yearwise break up is given below:-

Year	Number of cases		Amount of excess	
	Voted grants	Charged appropriations	Voted grants Rs.	Charged appropriations Rs.
1980-81	12	1	4,91,50,562	543
1981-82	16	1	8,52,29,169	453
1982-83	19	2	18,54,72,757	3,772
1983-84	20	3	9,37,03,752	64,913
1984-85	14	2	8,62,35,599	861
1985-86	17	1	8,81,62,686	9,560
1986-87	13	...	6,56,00,239	...
(U.T Period)				
1986-87	33	...	12,71,95,746	...
(State Period)				
1987-88	17	2	7,20,60,492	1,85,84,112
1988-89	13	1	8,18,60,983	46,32,52,167
1989-90	15	1	7,82,16,510	9,66,58,001
1990-91	15	1	79,70,465	23,72,71,069
1991-92	18	1	35,62,87,373	27,49,48,076
Total	222	16	1,37,71,46,335	1,09,07,93,427

2.2.2 Unnecessary supplementary provision

In 6 cases of grants, the entire supplementary provision of Rs.120.67 lakhs obtained, proved wholly unnecessary as the expenditure was less than even the original provision as detailed below:-

Sl. No.	Number and name of grant/appropriation	Original provision	Supplementary provision	Total provision	Total expenditure	Final Saving

(In lakhs of rupees)						
Revenue Section(Voted)						
1.	9 - Motor Garages	1,80.00	35.00	2,15.00	1,70.65	44.35
2.	23 -Forest Department	17,51.00	72.44	18,23.44	17,15.00	1,08.44
3.	35 -Publicity Department	1,79.48	8.56	1,88.04	175.53	12.51
4.	48 -Horticulture Department	3,81.67	3.58	3,85.25	3,65.48	19.77
5.	50 -Secretariat Economic Services	61.30	0.76	62.06	44.03	18.03
6.	52-Sports and Youth Services	87.96	0.33	88.29	78.93	9.36

The entire supplementary grant of Rs.5 lakhs obtained in Grant No.24 - Agriculture Department - Capital Section - Voted (Original provision - NIL) remained unutilised.

2.2.3 Unutilised provision

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

Sl No.	Number and name of grant/appropriation	Amount of savings (In lakhs of rupees) Percentage of savings to total provisions	Remarks

Revenue Section (Voted)			
1.	9 - Motor Garages	44.35 (21)	No part of the saving was surrendered. Reasons for savings have not been intimated (January 1994).
2.	12 -Social Security and Welfare	100.00 (100)	The entire saving of Rs.100.00 lakhs was surrendered (March 1993). Reasons for savings have not been intimated (January 1994).
3.	16 -Art and Cultural Affairs Department	2,16.37 (59)	Out of final savings of Rs.2,16.37 lakhs only Rs. 2,15.03 lakhs were surrendered in March 1993.
4.	19 -Industries Department	55.32 (12)	The amount surrendered (Rs. 58.91 lakhs) in March 1993 was in excess of the final savings. Reasons for savings were reportedly mainly due to revision of Annual Plan allocation.
5.	22 -Civil Supplies Department	20.59 (10)	No part of the saving was surrendered.Reasons for final savings have not been intimated (January 1994)
6.	32 -Roads and Bridges	2,81.00 (25)	The amount surrendered (Rs. 3,20.50 lakhs) in March 1993 was in excess of the final saving of Rs.2,81.00 lakhs. Reasons for savings have not been intimated (January 1994).

Sl No.	Number and name of grant/appropriation	Amount of savings (In lakhs of rupees) Percentage of savings to total provisions	Remarks
7.	33 -North Eastern Areas	57.70 (50)	No part of the saving was surrendered. Saving of Rs.12.50 lakhs was reportedly due to revised Plan allocation by the North Eastern Council. Reasons for final savings have not been intimated (January 1994).
8.	42 - Rural Development Department	1,71.56 (20)	Out of final saving of Rs.171.56 lakhs, Rs.158.53 lakhs were surrendered (March 1993). Saving of Rs.165.15 lakhs was reportedly due to less requirement of fund than anticipated. Reasons for balance saving have not been intimated (January 1994).
9.	50 - Secretariat Economic Services	18.03 (29)	Against the final savings of Rs.18.03 lakhs, Rs.17.00 lakhs was surrendered (March 1993). Reasons for savings have not been intimated (January 1994).
Revenue Section (Charged)			
1.	2 - Governor	18.07 (21)	No part of the savings was surrendered. Savings of Rs.2.95 lakhs was reportedly due to undertaking of less tours by the Hon'ble Governor as per G.A. P. Rules. Reasons for balance savings have not been intimated (January 1994).
Capital Section(Voted)			
1.	14 - Education Department	31.05 (62)	No part of the saving was surrendered. Reasons for savings have not been intimated (January 1994)

Sl No.	Number and name of grant/appropriation	Amount of savings (In lakhs of rupees) Percentage of savings to total provisions	Remarks
2.	31 - Public Works Department	11,31.07 (28)	Against the final savings of Rs.1131.07 lakhs, Rs.1065.03 lakhs were surrendered (March 1993). Saving of Rs. 847.69 lakhs was reportedly due to revision of plan outlay. Reasons for balance savings have not been intimated (January 1994).
3.	35 - Publicity Department	25.48 (92)	The amount surrendered (Rs.27.60 lakhs) in March 1993 was in excess of the final savings of Rs.25.48 lakhs. Reasons for savings have not been intimated (January 1994)
4.	42 - Rural Development Department	11.02 (13)	Against the final savings of Rs.11.02 lakhs, Rs.10.40 lakhs was surrendered (March 1993). Reasons for savings have not been intimated (January 1994).
5.	45 - Central/Centrally Sponsored Schemes	21.20 (91)	No part of the savings was surrendered. Reasons for savings have not been intimated (January 1994).

2.2.4 Persistent Savings

During the period of three years ending 1992-93, persistent saving of 10 per cent and above were noticed in the following grants/ appropriations :-

Sl. No.	Number and name of grant/appropriation	Percentage of saving to total provision		
		1990-91	1991-92	1992-93
Revenue Section (Charged)				
1.	2 - Governor	47	26	21
2.	47- Administration of Justice	98	96	100
Revenue Section (Voted)				
3.	12 -Social Security and Welfare	100	100	100
4.	33 -North Eastern Areas	97	79	50
Capital Section(Voted)				
5.	31 -Public Works Department	27	22	28
6.	45 -Central/Centrally Sponsored Schemes	15	15	91

2.2.5 Injudicious/Excessive/Unnecessary re-appropriation

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

(a) Injudicious re-appropriation

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

Sl. No.	Number and name of Grant	Head of Account	Total Grant	Total Expenditure	Excess
1	2	3	4	5	6
(In lakhs of rupees)					
1.	15 -Medical Department	2210-Medical and Public Health 6(B)03-Rural Health Services B(b)03-110 Hospital and Dispensaries			
		O.	12,89.99		
		S.	1,56.62		
		R(-)	3.66	14,42.95	16,03.19
					1,60.24

1	2	3	4	5	6
			(In lakhs of rupees)		
2.	19 -Industries Department	2851-Village and Small Industries C(b)001-Direction and Administration O. 1,60.94 R(-) 1.71	1,59.23	1,64.64	5.41
3.	26 -Rural Works Department	2215-Water Supply and Sanitation B(c)01-102 Rural Water Supply B(c)01-102(i) Rural Piped Water Supply O. 495.00 R.(-) 71.00	4,24.00	4,27.50	3.50
4.	28 -Animal Hus- bandry and Veterinary Department	2403-Animal Husbandry C(a)109 Extension and Training O. 17.57 S. 2.17 R.(-) 2.11	17.63	20.96	3.33
5.	30 -State Trans- port Department	3055-Road Transport C(G)800(3)operation O. 4,04.95 S. 16.31 R.(-) 21.26	4,00.00	4,49.41	49.41
6.	31 -Public Works Department	2059-Public Works A(d)80-001 General O. 1,84.17 R(-) 7.32	1,76.85	1,80.87	4.02
7.	31 -Public Works Department	4059-Capital Outlay on Public Works A-80-800-Other expenditure A-80-800(1)Other Major Works including Jail Buildings O. 4,17.00 R(-) 1.00	4,16.00	4,41.55	25.55

1	2	3	4	5	6
			(- In lakhs of rupees)		
8.	35 -Publicity Department	5452-Capital Outlay on Tourism C(j)01-102(4)(5) construction of Tourist Lodge O. 27.60 R. (-)27.60	...	2.12	2.12
9.	38 -Irrigation and Flood Control Project	4711-Capital Outlay on Flood Control Project C(d)01 Flood Control C(d)01 800-Other Expenditure O. 1,00.00 R.(-) 5.00	95.00	103.72	8.72
10.	45 -Central/Cen- trally Spon- sored Schemes	2211-Family Welfare B(b)001-Direction and Administration O. 26.08 R. (-)5.93	20.15	43.45	23.30
11.	--Do--	2501-Special Programme for Rural Development C(b)003(1)Trysem Training O. 24.00 R.(-) 2.00	22.00	32.00	10.00

(b) Excessive/Unnecessary re-appropriation

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

Sl. No.	Number and name of grant	Heads of Account	Total grant	Total expenditure	Saving
1	2	3	4	5	6
(In lakhs of Rupees)					
1.	14 - Education Department	2201-General Education B(a)04-Adult Education B(a)800-Other Expenditure B(a)800(2)Minor Works O. 1,10.00 R. 90.00	2,00.00	1,52.46	47.54

1	2	3	4	5	6
			(In lakhs of Rupees)		
2.	31 - Public Work Department	4215-Capital Outlay on Water Supply and Sanitation B(C)-01 Water Supply B(c)-01-800(i)Other Major Works O. 2,70.00 R. 50.00	3,20.00	3,14.32	5.68
3.	33-North East- ern Areas	2552-North Eastern Areas C(c)800(10)-Rural Works Department S. 41.78 R. 3.65	45.43	28.49	16.94
4.	34-Power Project	4801-Capital outlay on Power Project C(e)01-800 Nuranong Hydel Project R. 2,60.00	2,60.00	1,76.44	83.56
5.	-Do-	4801-Capital Outlay on Power Project C(e)05-Transmission and Distribution C(e)05-800 Other Expenditure R. 2,88.00	2,88.00	37.90	250.10
6.	40-Housing	4216-Capital Outlay on Housing B(c)01 Government Residential Building B(c)-106-General pool Accommodation B(c)01-106(i) Housing General O. 7,30.00 R. 90.00	8,20.00	6,93.80	1,26.20
7.	42-Rural Dev- elopment Department	2236-Nutrition B(G)101-Special Nutrition Programme O. 1,20.00 R. 9.05	1,29.05	1,16.52	12.53
8.	45-Central/ Centrally Sponsor- ed Schemes	2702-Minor Irrigation C(d)80-800(4) Strengthe- ning of ground water and surface Water O. 77.81 R. 10.20	88.01	70.90	17.11
9.	-Do-	2501-Special Programme for Rural Development C(b)01-Integated Rural Deve- lopment Programme O. 1,50.00 R. 87.46	237.46	220.00	17.46

Reasons for augmentation of provisions by re-appropriation in excess of requirement have not been intimated (February 1994).

2.2.6 Shortfall/excess in recoveries

Under the system of gross budgeting the demands for grants presented to the legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated receipts and recoveries are shown separately in the budget estimates. During the year 1992-93 the anticipated receipts and recoveries and actuals were as under :-

Sl. Number and name No. of grant	Budget estimates	Actuals	Variations More (+) Less (-)

(In lakhs of rupees)			
Revenue Section (Voted)			
1. 21 - Food and Nutrition	50.00	18.80	(-)31.20
2. 31 - Public Works			
Department	...	17,88.47	(+)17,88.47
Total Revenue (Voted)	50.00	18,07.27	(+)17,57.27
Capital Section(Voted)			
3. 21 - Food and Nutrition	2,71.66	3,27.22	(+)55.56
Total Capital(Voted)	2,71.66	3,27.22	(+)55.56

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

2.3 Drawal of funds in advance of requirement

The financial rules of Government prohibit drawal of money from treasury unless it is required for immediate disbursement. It was, however, noticed that Director of Animal Husbandry and Veterinary/District Animal Husbandry and Veterinary officers drew funds aggregating Rs.37.41 lakhs from treasuries between March 1990 and March 1992 and retained the same in Cash Chest or in the form of Banker's cheque. Out of this Rs.0.35 lakh were disbursed after 13 months and Rs.0.85 lakh after 29 months from the date of drawals. The balance amount of Rs.36.21 lakhs was not refunded as of January

1993.

The details of drawals by each drawing and disbursing officers are given in the Appendix-I.

The matter was referred to Government/ Department (March 1993); reply has not been received (February 1994).

CHAPTER III

CIVIL DEPARTMENTS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Family Welfare Programme

3.1.1 Introduction

The Family Planning Programme was launched in the Country in 1952. Maternal and child Health care (MCH) Services designed to improve the health of mothers and children was integrated with it during the Fourth Plan period and the Programme was renamed as Family Welfare Programme in 1977-78. Under the National Health Policy approved by Parliament in 1983, India is committed to attain the goals of "Health for All" and "Net reproduction Rate of unity" by the year 2000 AD through universal provision of comprehensive primary health care services and easy access to family planning and MCH activities.

The Programme is a centrally sponsored scheme under which the central Government provided assistance in cash and in kind in the form of contraceptives, equipment, vaccines, drugs etc. and is implemented through a network of Rural and Urban Family Welfare Centres.

3.1.2 Organisational set up

The programme of the National Family Welfare scheme is implemented through a State Family Welfare Bureau attached to the Director (Family Welfare). At the District level there are two District Family Welfare Bureaus (at Bomdila and Khonsa) and two mini Bureaus (at Ziro, Lower Subansiri District and Along, West Siang District). Beside, there are five Urban Family Welfare Centres (UFWC) eleven Rural Family Welfare Centres (RFW) and twentyeight Primary Health Centres (PHC).

The post of District Welfare Officer Bomdila is vacant. Though mini Bureaus were sanctioned in

The abbreviations used in the review are listed in Glossary in Appendix VII (Page 132-133).

1988-89 only four employees were appointed against mini Bureaus at Ziro and Along during 1991-92.

3.1.3 Audit Coverage

The implementation of the Programme during the period from 1985-86 to 1992-93 was reviewed in audit during April-August 1992 and June 1993, based on a test-check of the records of the Directorate of Health Services (DHS), Health and F.W. Department and at the secretariat along with the records of the District Family Welfare Bureaus/District Medical Officers in 7 out of 11 districts in the State, 4 PHC's out of 28 PHCs and 3 sub-centres out of 173 sub-centres.

The points noticed are detailed in the succeeding paragraphs.

3.1.4 Highlights

- Funds totalling Rs.412.59 lakhs were released by Government of India for implementation of the scheme during 1985-86 to 1992-93. Against this the expenditure incurred was Rs.263.76 lakhs. Records to show the utilisation or otherwise of the accumulated unspent balance of Rs.148.83 lakhs at the end of 1992-93 were not produced to audit.

(Paragraph 3.1.5)

- Even though couple protection rate increased from 10.5 per cent to 12.1 per cent in two years ended March 1993 the crude birth rate increased from 29.7 to 30.9 per thousand and infant mortality rate of 96.7 per thousand remained static during the same period.

(Paragraph 3.1.6)

- A scrutiny of the performance of sterilisation programme in the test-checked districts indicated shortfall of over 60 per cent in 2 to 5 of 11 districts test-checked during the period from 1985-86 to 1992-93.

(Paragraph 3.1.7(a))

- The shortfall in achievement of targets in respect of the Intra Uterine Device (IUD) programme ranged between 2 and 48 per cent during 1985-86 to

1992-93 excepting 1989-90 and 1990-91 in which the achievement was higher.

(Paragraph 3.1.7(b)(i))

- A single sub-district post partum centre sanctioned by the GOI in 1984-85 could not be opened even after a lapse of 8 years due to non-availability of qualified doctors.

(Paragraph 3.1.10)

- Though no specific targets were fixed, 7622 MTP cases were conducted during 1985-86 to 1992-93.

(Paragraph 3.1.11)

- The shortfall in achievement in prophylaxis against nutritional anaemia among women varied between 9 and 37 per cent while it was between 21 and 85 per cent in respect of children. The shortfall under prophylaxis against blindness due to vitamin A deficiency among children ranged between 3 and 93 per cent during the period 1985-86 to 1992-93.

(Paragraph 3.1.12)

- Out of the 236 sub-centres sanctioned under UFWC only 173 are functioning which have been provided with 93 ANMS as of March 1993.

(Paragraph 3.1.14)

- Against the ceiling of 7.5 per cent of the total allocation on Direction and Administration the expenditure incurred during 1989-90 to 1992-93 ranged from 15 per cent to 26 per cent resulting in excess expenditure aggregating Rs.43.46 lakhs.

(Paragraph 3.1.18)

- No separate monitoring cell was created to monitor the various activities under Family Welfare Programme. Evaluation of the programme was not done.

(Paragraph 3.1.20)

3.1.5 Financial Performance

The first two instalments of funds for the financial year were released to the State Government

on the basis of their annual allocations for approved activities, the third and fourth instalments were released on the basis of utilisation certificates in respect of funds released during and upto June and September of the Financial year.

Funds released by the Government of India and expenditure incurred thereagainst were as under:-

Year	Amount released by Government of India (In lakhs of rupees)	Amount spent	Excess(+) Saving(-)
1985-86	9.32	10.09	(+) 0.77
1986-87	13.23	12.70	(-) 0.53
1987-88	22.42	22.40	(-) 0.02
1988-89	49.42	33.95	(-)15.47
1989-90	51.70	35.20	(-)16.50
1990-91	78.65	55.31	(-)23.34
1991-92	97.96	42.46	(-)56.50
1992-93	89.89	52.65	(-)37.24
Total:	412.59	263.76	(-)148.83

Records could not be produced to audit to show the utilisation or otherwise of the unspent closing balance (Rs.148.83 lakhs) accumulated during the period from 1985-86 to 1992-93.

During the period from 1985-86 to 1992-93 financial assistance of Rs.131.26 lakhs in kind as aid materials was also received from the Government of India.

Records could not be made available to audit to verify the accountability of the material components in terms of value.

3.1.6 Performance

The National Health Policy 1983 envisaged achievement of the Net Reproduction Rate of unity by the year 2000 AD. The demographic goals as laid down in the National Health Policy include : Crude birth rate of 21 per thousand, crude death rate of 9 per thousand, infant mortality rate at below 60 per thousand live births, effective couple protection rate of 60 **per cent** and life expectancy at birth as 64 years. The corresponding goals to be reached by 1990 where crude birth rate of 29.1, crude death rate of 10.4 per thousand, infant mortality rate of 90 per thousand live births and couple protection rate of 42

per cent. Against these set goals, the position as of March 1991, March 1992 and March 1993 were as under:-

	As on		
	March 1991	March 1992	March 1993
i) Crude birth rate (per thousand)	29.70	29.70	30.90
ii) Infant mortality rate (Per thousand)	96.70	96.70	96.70
iii) Couple protec- tion rate (Per cent)	10.5	11.3	12.1

While the crude birth rate is increasing there is no reduction in infant mortality rate; the increase in couple protection rate is negligible and the goal set for 1991 has not been achieved.

3.1.7 Target and Achievement

Targets and achievements under different methods of family welfare programme for the State as a whole during the period from 1985-86 to 1992-93 are as follows. Position of achievement in the districts is given in Appendix II.

(a) Sterilisation

Against the target of 11550 operations under the sterilisation programme 10,729 operations (vasectomy 189, Tubectomy 10540) were performed during the period from 1985-86 to 1992-93. Yearwise details are as under:-

Year	Target	Achievement			Total	Percentage
		V	TT	LTT		
1985-86	400	45	633	154	832	208
1986-87	650	45	887	107	1039	160
1987-88	500	27	680	237	944	189
1988-89	1800	16	1010	534	1560	87
1989-90	1400	17	1054	415	1486	106
1990-91	2300	5	1037	302	1344	58
1991-92	2100	15	1054	737	1806	86
1992-93	2400	19	1278	421	1718	72
Total:	11550	189	7633	2907	10,729	

(VT: Vasectomy, TT: Tubectomy, LTT: Leparoscopic Tubectomy)

The percentage of shortfall during the period from 1990-91 to 1992-93 ranged from 14 to 42.

The district-wise position indicated shortfall in achievement to the extent of over 60 per cent in 2 to 5 districts (5 districts in 1990-91) out of 11 districts during the period from 1985-86 to 1992-93.

(b) Contraceptive schemes

(i) Intra Uterine Device (IUD)

The table below gives the target and achievement during the period from 1985-86 to 1992-93.

Year	Target	Achievement	Percentage
	(In numbers)		
1985-86	1400	1371	98
1986-87	2000	1954	98
1987-88	2000	1902	95
1988-89	4200	2169	52
1989-90	2000	2116	106
1990-91	2400	2452	102
1991-92	2800	2216	79
1992-93	3000	2462	82
Total:	19800	16642	

The shortfall ranged from 2 to 48 per cent (48 per cent in the year 1988-89) during the above period.

The districtwise position, however, indicated shortfall of over 60 per cent in 1 to 3 districts (3 districts in 1988-89) during the years 1988-89 and 1991-92 to 1992-93.

(ii) Conventional Contraceptive

The coverage against the target during the period from 1985-86 to 1992-93 is as follows:-

Year	Target	Achievement	Percentage
	(Number of users)		
1985-86	500	545	109
1986-87	1100	650	59
1987-88	700	516	74
1988-89	1700	626	37
1989-90	600	883	147

Year	Target	Achievement	Percentage
	(Number of users)		
1990-91	300	1211	404
1991-92	800	1168	146
1992-93	900	989	110

Whereas achievement showed an increasing trend, there were wide variations in the target which was reduced by 50 **per cent** or more during the year 1989-90 and 1990-91.

The target has been shown as achieved in the State during the period from 1989-90 to 1992-93 whereas the position in the districts indicated shortfall of over 20 **per cent** in 4 districts (1989-90); over 40 **per cent** in 4 districts in 1991-92 and 5 districts in 1992-93.

(iii) Oral pills

The following was the position of coverage against the target during the period from 1985-86 to 1992-93.

Year	Target	Achievement	Percentage
	(Number of users)		
1985-86	600	732	122
1986-87	1400	763	55
1987-88	700	812	116
1988-89	1600	965	60
1989-90	1000	1048	105
1990-91	700	1016	145
1991-92	1400	1184	85
1992-93	2000	1045	52

During the period from 1985-86 to 1992-93 the number of users increased from 732 (1985-86) to 1184 (1991-92). Against the achievement of 122 **per cent** of the target in the year 1985-86 there was a shortfall of 48 **per cent** (in the year 1992-93), 45 **per cent** in 1986-87, 40 **per cent** in 1988-89 and 15 **per cent** in the year 1991-92. This was due to huge variation in the yearly targets. The achievement against the target in the districts indicated shortfall in all the 10 districts in the year 1986-87 and 11 districts in the year 1992-93.

The shortfall in achievements was attributed to the fact that certain areas in most of the districts were inaccessible owing to inadequate road communication and as a result family welfare services and supplies could not be provided to increase couple protection rate. It was, however, noticed that remote areas were covered by P.H.Cs and sub-centres and hence it is not understood as to why family welfare services could not be provided to the people living in these areas.

3.1.8 Laparoscopic sterilisation

According to the programme, Laparoscopic sterilisation was to be performed by trained teams consisting of a gynaecologist/surgeon, Nurse and Operation Theatre Technician and Laparoscope to be procured at the rate 1.5 laparoscope per team.

(i) Laparoscope/tube rings are being supplied by the Ministry of Health and Family Welfare to the State for conducting laparoscopic sterilisation operations.

There was only one trained Laparoscopic team in the State. Requirement of trained teams was not assessed by the Department. Except for two laparoscopic camps held during 1991 and 1992 there was no performance in the post partum centre as the centre was not fully functioning at that time. During 1992-93, 421 cases of laparoscopic sterilization were done in the General Hospital, Naharlagun.

During the period from 1985-86 to 1990-91 altogether 18 sets of laparoscopes were supplied to the State. Of this 6 have so far been issued to different districts and the remaining 12 are lying unutilised in the State Headquarters as of December 1993.

3.1.9 Compensation to acceptors

Under the scheme, cash incentives are given to the acceptors of sterilisation and IUD by way of compensation for loss of wages the pattern of central assistance for payment of compensation which included incentive money to acceptors, cost of drugs/dressings, diet, transport and miscellaneous charges for motivation fees includes an element for miscellaneous purpose fund.

According to Government of India guidelines **pro forma** accounts for Miscellaneous purpose fund were to be maintained by the State and the fund was to be utilised for promoting family planning in the State. The accrual to the fund was to be utilised during the same financial year except that 50 **per cent** accrual of the last quarter of the financial year was to be spent within 6 months of the following financial year.

Scrutiny of records revealed that no such **pro forma** account of Miscellaneous purpose fund was maintained and operated.

However completed accounts of payments of compensation money to acceptors have not been made available to Audit. As such the details of payment made to the acceptors could not be ascertained in audit.

3.1.10 All India Hospital Post Partum Programme

(a) With a view to strengthening the family welfare activities at maternity centre/hospital, the Government of India introduced the Post Partum (PP) Programme in June 1969. The programme aimed at motivating women or their spouses in the reproductive age group (15-44 years) to adopt the small family norm, through education during the pre-natal, natal and post-natal periods. Three types of PP centres (Type A: teaching and non-teaching; Types B and C: non-teaching) categorised on the basis of the number of obstetrics (OB) and abortion (AB) cases in a year were to be selected by the State Government and got approved by the Government of India. Separate staff, vehicle and equipment was to be provided at the selected centres, which were entitled to maintenance grant of Rs.2400 per bed **per annum** from the Government of India, if at least 45 Tubectomy per bed were performed by them in a year. It was diversified to provide family planning and MCH services to the community in an integrated manner.

No district level Post Partum Centre was approved by Government of India for the State. Records of the State Health Directorate, revealed that construction of a building for a sub-district Post Partum Centre sanctioned by the Government of India in 1984-85 was completed in 1989-90 and the building was handed over to the Department in March 1990. Due to non-availability of qualified doctors

the Post Partum Centre is partially functioning under the guidance of a gynaecologist of the General Hospital, Naharlagun.

Pending functioning of the Post Partum Centre, activities were stated to have been undertaken in the existing general hospital, Naharlagun.

Thus, despite a lapse of 8 years from the date of approval by Government of India, not a single post partum centre had been opened as of June 1993.

(b) Against the requirement of total staff of 10 (under various categories) appointments were made only in three categories (ANM, Family Welfare Worker and driver) during 1991 and 1992. The appointment of the staff, viz. ANM and Family Welfare workers in advance of the functioning of the Post Partum Centre and appointment of gynaecologist was injudicious. The Department stated that this staff was being utilised for the Family Welfare activities along with the staff of urban family welfare centres under the supervision of the gynaecologist of the General hospital. However, according to the guidelines of the scheme the staffing pattern of sub-district Post Partum Centre is inclusive of the Staff of UFWC and in case the same is attached to sub-division hospital, it should be abolished and incumbents suitably adjusted against the Posts listed under the staffing pattern. There was no record to show that any such adjustment of staff was made in the event of functioning of urban family welfare centre under the sub-divisional hospital.

(c) Equipments and other inputs

Apart from the construction of the Post Partum Centre, the scheme envisaged that equipment and other inputs required for the Post partum Centre, were also to be provided by Government of India.

The Department purchased surgical equipment, furniture and miscellaneous items valued at Rs.0.53 lakh contrary to the prescribed financial limit of Rs.0.26 lakh for all these items, resulting in excess expenditure of Rs.0.27 lakh.

Reasons for not adhering to the prescribed norms and incurring of excess expenditure were neither on record nor stated (February 1994).

3.1.11 Medical Termination of Pregnancy (MTP)

(a) MTP is a deliberate removal of the foetus from the womb of the female at the request of the mother. The MTP Act, which was passed by Parliament is being implemented in the country from April 1972. The Act provides MTP up to 20 weeks only i.e. upto 8 weeks at PHC level and between 12 to 20 weeks by two registered medical practitioners at a Government Hospital or at a place for a time being approved by Government. The emphasis was on providing a safe and hygienic place in which MTP would be done on the recommendation of the Chief Medical Officer of the District and approved by Government.

In the State 10 centres (5 urban centres and 5 rural centres) were approved by GOI for MTP cases.

Out of 11 districts in the State, one district, viz. Tawang was left out of selection for MTP purposes.

Though no specific targets were fixed, 7622 MTP cases were done during the period from 1985-86 to 1992-93. The requirement of medical officers trained in MTP techniques has not been assessed by the Department. However, 27 medical officers have been trained in MTP techniques during the year 1985-86 to 1992-93.

As against the requirement of 10 suction aspirators for the 10 approved Districts and General Hospital, 21 were provided. The reasons for excess purchase of 11 suction aspirators were neither on record nor stated by the Department (February 1994).

3.1.12 Maternal and Child Health (MCH) Services

(a) MCH Services were considered an integral part of the Family Welfare Programme during the Fourth Five Year Plan. The maternal mortality was 4-5 per thousand live births in 1976 and infant mortality rate stood at 96.70 per thousand in 1990. The Government of India is committed to bring down the infant mortality and pre-school child mortality rate to below 6 per thousand live births and 10 per thousand respectively by the year 2000 AD and maternal mortality rates from 4-5 to below 2 per thousand by the same period.

Under the MCH Services, health care services are

to be provided through two main prophylaxis schemes as detailed below:

Prophylaxis against nutritional anaemia among mothers and children: Pregnant and nursing mothers, acceptors of family planning and children from 1-5 years of age are to be given daily dose of Iron and Folic Acid for a period of 100 days as a prophylaxis measure.

Prophylaxis against blindness due to Vitamin 'A' deficiency among children: As a preventive measure, 2 lakhs international units of Vitamin 'A' are to be given to children in the age group of 1-5 years once in every six months.

Information Education and Communication (IEC) camps are being organised by Health Education personnel to educate Women about the advantages of the MCH services including breast feeding. Hoardings are also provided to certain centres. But no evaluation survey was made except at Lower Subansiri, Changlang and Tirap Districts.

According to the annual reports the targets and achievements for the years 1985-86 to 1992-93 were as under :-

Year	Prophylaxis against nutritional anaemia among women			Prophylaxis against nutritional anaemia among children			Prophylaxis against blindness due to vitamin 'A' deficiency		
	T	A	S	T	A	S	T	A	S
1985-86	20,000	12,621	7379 (37)	20,000	10,787	9213 (46)	5,000	17,838	...
1986-87	20,000	16,882	3118 (16)	15,000	15,435	...	5,000	2,496	2504 (50)
1987-88	21,000	19,206	1794 (9)	16,000	15,967	33 (0.21)	5,000	2,957	2043 (41)
1988-89	21,000	15,278	5722 (27)	5,000	9,307	...	5,000	362	4638 (93)
1989-90	21,000	15,053	5947 (28)	10,000	6,809	3191 (32)	10,000	6,959	3041 (30)
1990-91	20,500	15,020	5480 (27)	12,000	8,378	3622 (30)	12,000	10,302	1694 (14)
1991-92	20,500	14,155	6345 (31)	12,000	4,605	7395 (62)	12,000	11,651	349 (3)
1992-93	25,000	22,183	2817 (11)	25,000	8,752	16,248 (65)	25,000	15,805	9195 (37)

T: Target A: Achievement S: Shortfall

(The figures in the brackets indicate percentage of shortfall)

Shortfall in achievement ranged from 9 to 37 **per cent** under prophylaxis against nutritional anaemia among women, 0.21 to 65 **per cent** under prophylaxis against nutritional anaemia among children and 3 to 93 **per cent** under prophylaxis against blindness due to Vitamin 'A' deficiency during the period from 1985-86 to 1992-93. Reasons for shortfall were not stated (February 1994).

The figures reported by the State Government to Government of India as achievements for the year 1985-86 in respect of prophylaxis against nutritional anaemia among women and children were 12,621 and 10,787 respectively. Scrutiny revealed that the figures reported were of continued cases and not of completed cases. Reasons for reporting these figures as achievements were neither on record nor stated.

3.1.13 Rural Family Welfare Centre (RFWC)

The National Health Policy seeks to bring about a shift in emphasis from hospital based urban medical care to field oriented health care infrastructure in the rural areas for attaining the goal of health for all by the year 2000 A.D. Rural Family Welfare and maternity and child health services are provided through a network of RFWC.

The staffing pattern of RFWCs is as under:

Name of post -----	No. of posts -----
1. Assistant Surgeon	1
2. Block Extension Educator	1
3. LHV	1
4. Family Planning (Health Assistant (Male)	4
5. Computer	1
6. Storekeeper-cum-clerk-cum-Accountant	1
7. ANM	1
8. Driver	1

One ANM each to 11 RFWC was posted. Posts other than ANM were not sanctioned (June 1993).

Similarly, out of 173 sub-centres so far established (March 1993), only 93 were provided with one ANM each and the remaining 80 posts were vacant.

Thus, due to non-filling up of various posts in the RFWC, the Family Welfare activities in the centres could not be undertaken.

3.1.14 Urban Family Welfare Centre(UFWC) / Health Posts

With a view to improving the outreach of primary health care and Family Welfare services in urban slums and places inhabited by poor people it was recommended in 1982 by a working group of Central Government that a health post should be set up for every urban slum area. It was proposed that Urban Family Welfare Centres should be re-vamped with integrated area sub-centre approach with suitable outreach services to provide for promotive and preventive health care, ancillary advices for treatment as well as supplies to family planning acceptors. There are five family welfare centres run by the State Government namely Bomidila, Naharlagun, Pasighat, Along and Tezu. One voluntary organisation is run by R.K. Mission Hospital, Itanagar.

All the UFWCs have been provided with health posts of Auxiliary Nurses and Mid-wives (ANMs) and Multipurpose worker (Male).

Of 236 sub-centres sanctioned as of March 1993, only 173 sub-centres are functioning. Only 93 posts of ANMs are posted against sub-centres and 11 and 5 of ANMs are posted in RFWC and UFWC respectively. Thus, all the sub-centres were not provided with Health posts; the reasons for which have not been stated (June 1993).

3.1.15 Vehicles

The fleet of vehicles provided for transportation in connection with the programme comprised vehicles supplied by UNICEF and the Government of India to the State Social Welfare

Bureau, Rural Family Welfare Centres, Post Partum Centres and Health and Family Welfare Centres etc. According to the norms prescribed by Government of India, the State was entitled to 8 vehicles (3 for State FW Bureau, 4 for District FW Bureau, and 1 for Post Partum Centres) under the programme. Of the 8 vehicles provided to the State by the Government of India as of March 1993, 7 vehicles were reported to be in use and one was off road. In addition to this two UNICEF vehicles were provided to DF WC, Khonsa and DMO, Ziro.

3.1.16 Training of staff

Under the Family Welfare Programme, training is to be imparted to the medical and para medical staff as detailed below through Health and Family Welfare Training Centres in the State.

Post	Duration of course	No. of courses in year
(i) Medical Officer	2 weeks	3
(ii) Health Assistant	2 weeks	5
(iii) ANM	2 weeks	3
(iv) Stock Extension Educator	2 weeks	2

311 health workers and 440 dais had been trained in Training and Research Centre, Pasighat during November 1986 to March 1993.

According to stipulated pattern Multi-purpose Workers Scheme provides for pre-service basic training of a duration of one year to health workers with a minimum qualification of a pass in X standard with a condition to fill in a bond to serve in rural areas for a minimum period of two years.

As against this, Training and Research Centres, imparted training to inservice personnel for only eight weeks duration.

3.1.17 Information, Education and Communication (IEC)

Information, Education and motivation activities play a significant role in the Family Welfare Programme. Responsibilities for Mass Education and media activities (MEM) are shared by the Central

Government and State Government. The strategy and objectives are intimated by the GOI from time to time along with the sanction of Central assistance for MEM activities. The State Government is required to prepare Action Plan for each year.

The IEC activities are looked after by the two District extension educators at Khonsa and another two at Bomdila and by two projectionists, one at Naharlagun and another at Khonsa. Two Health Education Bureaus are also functioning, one at Ziro and another at Tezu with one health educator in each Bureau. Against the Central grant of Rs.13.74 lakhs received during the period from 1989-90 to 1992-93 for IEC/MEM activities, the fund utilised was Rs.12.98 lakhs.

None of the 24 PHCs required to be equipped with the manual/automatic slide projectors, other equipments for IEC/MEM activities were provided such equipment. The reasons for non-supply of the equipment at PHC level was not on record. A.V. equipments were also not supplied to PHCs for want of sanction of GOI for staff. Against the target of 45 Mahila Swasth Sangh for the year 1991-92 to cover villages with total population of more than 500, 10 were set up. The reasons for shortfall were not stated (June 1993).

3.1.18 Expenditure on Direction and Administration

During the year 1989-90 to 1992-93 the expenditure incurred under Direction and Administration varied from 15 per cent to 26 per cent of the total allocation against the maximum prescribed ceiling of 7.5 per cent. The total excess expenditure over the limit during the years 1989-90 to 1992-93 aggregated to Rs.43.46 lakhs.

3.1.19 Other points of interest

(a) Role of voluntary organisation

There is only one voluntary organisation R.K. Mission Hospital, Itanagar which is associated with the Family Welfare Programme.

Test-check of records revealed that funds under Family Welfare Programme were not released to this

Hospital. However, grants have been provided by the State Government from its plan budget.

The grants aggregating Rs.347.00 lakhs were released by the Government during the period from 1985-86 to 1992-93 were fully utilised by the institute. However, targets in respect of various activities under family welfare programme were not fixed by the State Government for this voluntary organisation. The year-wise achievements made by the organisation in the F.W.P. were as under :-

Year	<u>Achievements</u>		IUD	MTP
	<u>Sterilisation cares</u>			
	Vasectomy	Tubectomy		
1985-86	1	45	-	10
1986-87	-	57	5	44
1987-88	-	58	28	67
1988-89	-	50	54	115
1989-90	-	68	45	178
1990-91	-	78	60	233
1991-92	-	37	46	33
1992-93	-	53	25	6

Oral pills and conventional contraceptives were not supplied by the Department to this organisation.

(b) District Family Welfare Bureau, Khonsa

The District Family Welfare Bureau at Khonsa is headed by the District Family Welfare Officer (DFWO) and placed under the overall control of the District Medical Officer, Khonsa. The jurisdiction of this Bureau extends upto the District of East Siang, Dibang Valley, Lohit, Tirap and Changlang. The function of the Bureau is mainly managerial. Other functions attached to this Bureau are planning and implementation of the Programme, logistics, IEC, training, monitoring etc.

It was observed in audit that during the period from 1987-88 to 1991-92, DFWO, Khonsa did not carry out supervisory work on FW/EPI/MCH in other districts under the jurisdiction of the Bureau at Khonsa. The reasons for the same were stated to be due to certain technical difficulties like non-availability of sufficient funds for POL/TE etc.

3.1.20 Monitoring and Evaluation

Monitoring cell required to be created at the Directorate of Health Services to monitor the various activities under Family Welfare Programme had not been created.

Evaluation of the programme was not done from 1985-86 onwards. It was reported (June 1993) by the Directorate of Family Welfare that this was not done due to non-availability of proper infrastructure under Family Welfare Programme.

The above mentioned points were brought to the notice of the Government in March 1993; reply has not been received (February 1994).

INDUSTRIES DEPARTMENT

3.2 Idle machinery

The Research and Design Centre (RDC), Doimukh was established during 6th Plan period to facilitate improvement of traditional designs of various handloom and handicrafts items and inculcate a common cultural base throughout the State. The dyeing unit of RDC had the capacity of dyeing 30 kg cotton yarn per day against the State's requirement of 300 kg per day and there was no arrangement to dye synthetic grey wool acrylic yarn which were required in large quantity to produce hand knitting yarn, woollen garments, shawls, etc.

For mechanisation of dyeing unit for bulk production and to cope up with the supply of both cotton and woollen yarn in the State, the Department purchased in June 1990 one Removax boiler and one water softener at a cost of Rs.1.76 lakhs, while the dyeing machine, bulking chamber and hydroextractor

required for the purpose were purchased in April 1992 at a cost of Rs.1.57 lakhs.

Test-check of records (April-July 1993) revealed that the boiler was installed nearly after one and a half year (December 1991) of its procurement. The reasons for delay in installation was, however, not available on records. Further, the boiler, though installed in December 1991, was not functioning for want of adequate water supply facilities. Consequently, the dyeing machine was also lying idle because, the functioning of this was dependant on the functioning of the Removax boiler. No action was taken to arrange water supply facilities required for operation of the machine as of July 1993. No attempt was also made to dye synthetic grey wool acrylic yarn and the dyeing machine with hydroextractor and bulking chamber procured at a cost of Rs.1.57 lakhs not only remained idle but also defeated the purpose for which these were purchased.

The matter was referred to Government/ Department in September 1993; reply has not been received (February 1994).

RURAL DEVELOPMENT DEPARTMENT

3.3 Integrated Rural Development Programme

3.3.1 Introduction

The centrally sponsored Integrated Rural Development Programme (IRDP) was launched in 10 blocks in the State from 1978-79 and extended to 48 blocks during 1982-83. The main objective of the programme was to raise the families in the identified target groups above the 'poverty line' and to create substantial additional opportunities of employment in the rural sector by providing income-generating assets including working capital through a package of assistance comprising subsidy and institutional credit. The target group consisted of the poorest among the poor in the rural areas - small and marginal farmers, agricultural and non-agricultural labourers, rural craftsmen and artisans, scheduled caste/scheduled tribes and Physically handicapped persons, etc. A family (consisting of 5 members on an average) whose annual income from all sources was below Rs.3500 (raised to Rs.6400 in 1984-85, and to Rs.11000 in 1992-93) was to be treated as below 'poverty line'.

In identifying the families to be assisted, the 'Anthyodaya approach' which laid emphasis on the need to extend the benefits first to the poorest among the poor, was to be adopted.

The centrally sponsored scheme "Training on Rural Youth for Self Employment" (TRYSEM) was launched by the Government of India in 1979 with the objective of providing technical and entrepreneurial skills to rural youth in the age group of 18 to 35 years from families below the poverty line to enable them to take up self-employment ventures in the field of agricultural and allied activities.

Under the scheme costs of recurring nature such as stipend, honorarium were made out of IRDP fund. From April 1991 these were delinked from IRDP and allocation was made from a separate budget head on the same criteria as IRDP. While the expenditure on

The abbreviations used in the review are listed in Glossary in Appendix VII (Page 132-133).

training and other facilities of the Central institutions are entirely borne by Central Government, the State institutes are to be provided assistance on matching basis.

"Development of Women and Children in Rural Areas" (DWCRA), a sub-scheme of IRDP was started in 1982-83 by the Government of India with the primary objective of focussing attention on women members of rural families below poverty line by providing them opportunities of self-employment on a sustained basis.

Under the scheme 10-15 women could form a group for taking up economic activity. Each group was to be provided a grant of Rs.15,000 (contribution in equal shares by Government of India, State Government and UNICEF) as revolving fund. This was in addition to the benefit of subsidy and loan assistance to the individuals of the group. This amount was to be utilised for purchase of raw materials, honorarium to group organiser at Rs.50 per month for one year, infrastructural support for income generation, one time expenditure on child care activities and one time expenditure not exceeding Rs.500 to meet TA of group members. In addition Rs.200 as TA for one year for group organiser to be shared equally by Government of India and State Government.

The State attained statehood in February 1987 and continued to get cent per cent central assistance till 1987-88. From 1988-89, the funding of the programme was shared on equal basis between the centre and the State.

3.3.2 Organisational set up

At the State level, the Commissioner-cum-Secretary, Rural Development Department (RDD) assisted by Director (RDD) was responsible for planning, implementation, monitoring and evaluation of the programme. At the District level, District Rural Development Agency (DRDA) under the Chairmanship of Deputy Commissioner was entrusted with the responsibility of planning, implementation, monitoring and evaluation of the programme. This agency was to be assisted by Assistant Project Officer, Statistical Investigators, Accounts Officers etc. None of the 48 blocks has a full time BDO. There was a State Level Co-ordination Committee (SLCC) under the Chairmanship of the Chief Minister since 1983 to

consider the needs and changes in the administrative set up for implementation of the programme, to monitor and evaluate the programme etc.

3.3.3 Audit coverage

The implementation of the programme for the period 1985-86 to 1992-93 was reviewed in audit during April-July 1993 based on a test check of the records of the Development Commissioner, R.D. Directorate and 5 DRDAs at (Ziro, Daporijo, Along, Pasighat and Khonsa).

3.3.4 Highlights

- Out of the amount of Rs.2376.58 lakhs, Rs.114.28 lakhs and Rs.75.55 lakhs released during 1985-86 to 1992-93 under IRDP, TRYSEM and DWCRA, Rs.361.59 lakhs (15 per cent), Rs.45.44 lakhs (40 per cent) and Rs.17.99 lakhs (24 per cent) respectively remained unspent as of March 1993; reason for which have not been stated.

(Paragraph 3.3.5)

- No household survey was conducted for identification and selection of beneficiaries till April - May 1992.

(Paragraph 3.3.6)

- Coverage of ST women beneficiaries was between 18 and 38 per cent during the period from 1985-86 to 1992-93 against the prescribed norm of 40 per cent.

(Paragraph 3.3.7(a))

- No target of youth to be trained under TRYSEM was fixed during the period from 1985-86 to 1988-89. Against the target of 3090 youths for the period from 1989-90 to 1992-93 only 1595 youth (52 per cent) were trained.

(Paragraph 3.3.7(b))

- Out of 497 women groups targeted to be formed during the year 1985-86 to 1992-93 under DWCRA for taking up economic activities only 391 groups were formed till 1992-93.

Of these 144 groups remained non-functional as of

1992-93. Reasons for their non-functioning and action any taken for their revival/reconstitution of the defunct groups were neither available on records nor intimated.

(Paragraph 3.3.7(c)&3.3.11)

- Physical verification of the assets created, though contemplated under the scheme was not carried out in the block test-checked. However, a partial house hold survey in economic status conducted by BDOs in April - May 1992 revealed that in 4 Blocks, out of 621 beneficiaries assisted, assets created were not in existence in the case of 153 beneficiaries.

(Paragraph 3.3.8 (ii) (b))

- During the period from 1985-86 to 1992-93 excess expenditure of Rs.153.21 lakhs was incurred on administrative infrastructure by 5 DRDAs against the prescribed norms.

(Paragraph 3.3.9)

- The percentage of unemployed trained youths under TRYSEM varied between 10 and 77 during 1985-86 to 1992-93.

(Paragraph 3.3.10)

- Proper evaluation/monitoring of the programme was not undertaken.

(Paragraph 3.3.12)

3.3.5 Financial pattern, budget provision and expenditure

Funding Pattern

The expenditure under the programme was shared by the Centre and the State since 1979-80. During the Sixth Plan, funds were allocated to the States on a uniform basis according to number of blocks. Allocation were thereafter made on the basis of the incidence of poverty in the States/Union Territories. The economic activities under the programme are financed through a package of subsidy and credit. Funds for the expenditure on subsidy and

other items related to the administrative and infrastructural expenditure are provided in the State budget. Recurring expenditure under TRYSEM was delinked from IRDP allocations from 1991-92. The funds under the programme are released in two instalments by the Central Government.

Expenses on administrative infrastructure are to be contained within the applicable ceiling of 10 per cent (DRDA having 8 or more blocks), 12.5 per cent (DRDA having 5 to 7 blocks), 15 per cent (DRDA having 4 or fewer blocks) as the case may be of the final allocation under IRDP. In case, the expenditure on administrative infrastructure exceeds the permissible limits in the previous years, the central share of the amount by which it exceeds the limit is to be deducted at the time of release of second instalment.

The yearwise allocation made by the Government of India, State Government and expenditure incurred thereagainst in respect of IRDP and its allied programmes (TRYSEM & DWCRA) during the period from 1985-86 to 1992-93 are detailed below :

(a) IRDP

Year	Opening balance	Fund released			Miscellaneous receipt	Total fund available	Total expenditure	Total unspent balance at the end of the year	Subsidy disbursed
		Central	State	Total					
1	2	3	4	5	6	7	8	9	10
(Rupees in lakhs)									
1985-86	235.41	187.82	NIL	187.82	5.46	428.69	195.41	233.28	148.30
1986-87	233.28	243.52	NIL	243.52	14.82	491.62	295.95	195.67	225.40
1987-88	195.67	243.55	NIL	243.55	5.39	444.61	142.86	142.86	208.80
1988-89	142.86	140.49	200.25	340.74	23.11	506.71	329.85	176.86	217.95
1989-90	176.86	137.39	219.27	356.66	26.00	559.52	279.21	280.31	165.49
1990-91	280.31	141.10	161.44	302.54	23.70	606.55	278.58	327.97	159.02
1991-92	327.97	133.75	140.00	273.75	33.74	635.46	305.50	329.96	164.09
1992-93	329.96	208.00	220.00	428.00	30.15	788.11	426.52	361.59	268.05
Total		1435.62	940.96	2376.58			2412.77		

It would be seen that as against Rs.2376.58 lakhs released during 1985-86 to 1992-93, Rs.2412.77 lakhs were spent. With an opening balance of unspent

money of Rs.235.41 lakhs at the beginning of 1985-86 and a total miscellaneous receipt of Rs.162.37 lakhs during 1985-86 to 1992-93 the total unspent balance as at the end of 1992-93 was Rs.361.59 lakhs (15 per cent).

(b) Training of Rural Youth for Self Employment (TRYSEM)*

Year	Opening Balance	Fund released			Total funds available	Total	
		Central	State	Total		expen- diture	unspent balance
1986-87	Nil	5.28	-	5.28	5.28	-	5.28
1987-88	5.28	5.24	-	5.24	10.72	3.00	7.52
1988-89	7.52	4.12	4.12	8.24	15.76	3.60	12.16
1989-90	12.16	4.94	4.94	9.88	22.04	9.19	12.85
1990-91	112.85	Nil	5.00	5.00	17.85	8.62	9.23
1991-92	9.23	16.90	16.90	33.80	48.03	14.73	28.30
1992-93	28.30	21.06	25.78	46.84	75.14	29.70	45.44
Total		57.54	56.74	115.28		68.84	

Out of Rs.114.28 lakhs released during the years 1986-87 to 1992-93, Rs.68.84 lakhs were spent leaving an unutilised balance of Rs.45.44 lakhs (40 per cent) as of March 1993. District wise details are given in Appendix-III.

(c) Development of Women and Children in Rural Areas (DWCRA)

Year	Opening Balance	Fund released				Total fund available	Total expenditure	Total unspent balance
		Central	State	UNICEF	Total			
(Rupees in lakhs)								
1985-86	NIL	0.82	NIL	0.40	1.22	1.22	NIL	1.22
1986-87	1.22	NIL	NIL	NIL	NIL	1.22	NIL	1.22
1987-88	1.22	10.20	NIL	5.00	15.20	16.42	0.78	15.64
1988-89	15.64	1.48	1.48	1.45	4.41	20.05	3.25	16.80
1989-90	16.80	2.04	2.04	2.00	6.08	22.88	9.62	13.26
1990-91	13.26	4.08	4.08	4.00	12.16	25.42	4.13	21.29
1991-92	21.29	7.14	7.14	7.00	21.28	42.57	6.41	36.16
1992-93	36.16	5.10	5.10	5.00	15.20	51.36	33.37	17.99
Total :		30.86	19.84	24.85	75.55		57.56	

*Figures upto 1990-91 are reflected under the IRDP as allocation of funds and release etc. were not available separately.

Out of Rs.75.55 lakhs released from 1985-86 to 1992-93, Rs.57.56 lakhs were spent leaving an unutilised balance of Rs.17.99 lakhs (24 per cent) as of March 1993.

The reasons for unutilised balances under the above sectors of the scheme were neither on record nor stated.

It was also observed that the funds (2nd instalment) were on many occasions released by the Central and State Government towards the end of the financial year which were subsequently received by the DRDAs at the beginning of the next financial year. The late release of 2nd instalment, in particular, could not be accounted for by the DRDAs in their books of accounts in the same year in which it was released. The books of the DRDAs, therefore, did not reflect the correct picture of funds released by the Central and State Governments during a particular year.

3.3.6 Survey, Planning and Implementation Identification of beneficiaries

A priority list of the poorest of poor family was to be prepared by the BDO and a meeting of the village assembly concerned called after giving sufficient publicity through local mean. Bank officials, Voluntary groups etc. were to participate in the meeting. After identification of beneficiaries in the village assembly the list was to be displayed on the Notice Board of the village and the Block Office. Sufficient time was to be given for filing objections. Dispute were to be settled by the Project Director in consultation with the BDO. A master list of the beneficiaries finally selected was to be printed blockwise by the DRDA and copies made available to field staff. The preliminary household survey envisaged under the scheme was not conducted. a household survey was conducted only in April-May 1992 with reference to the revised poverty line of Rs.11,000.

The number of beneficiaries selected for assistance during the years 1985-86 to 1991-92 are as under:

Year	<u>Number of beneficiaries selected</u>		
	IRDP	TRYSEM	DWCRA
	-----	-----	-----
1985-86	11,358	97	NIL
1986-87	14,522	254	NIL
1987-88	11,910	167	7
1988-89	10,284	253	12
1989-90	8,532	532	64
1990-91	8,423	355	30
1991-92	10,888	221	78

The basis of selection of beneficiaries was not on record.

On the basis of the survey conducted during April-May 1992, 86,646 families were identified; of which only 16,887 families were assisted during the year 1992-93.

The five year development profile/perspective plan as well as annual plans required to be drawn up under the scheme for each block were not prepared.

Survey of families assisted in the earlier plan was never conducted as required to be done but families were given supplementary assistance, as indicated below:-

Year	Supplementary assistance provided
	(No. of families)
1985-86	5057
1986-87	7818
1987-88	4308
1988-89	4016
1989-90	3979
1990-91	3939
1991-92	6146
1992-93	4662

The basis of selection of beneficiaries under the supplementary assistance was not available on record.

3.3.7 Physical progress and achievement

According to the guidelines prescribed by the Government of India, the beneficiaries to be covered under the Programme in respect of SC/ST and women were 30 per cent each upto 1989-90, revised to 50 per cent and 40 per cent respectively from 1 April 1990 onwards

The yearwise physical targets and achievements shown separately under IRDP, TRYSEM and DWCRA during the years from 1985-86 to 1992-93 as per data furnished by the Department as well as progress reports sent to the Government of India are given below:-

(IRDP)

Year	Target	Achievement		Total	Excess (+) Shortfall(-)
		Men	Women		
*(Figures in bracket indicate the percentage of coverage to the total number of beneficiaries)					
1985-86	9567	9335 (82)	2023 (18)	11358	(+) 1791
1986-87	14522	11759 (81)	2763 (19)	14522	-
1987-88	18860	8898 (75)	3012 (25)	11910	(-) 6950
1988-89	18554	**NA	NA	10284	(-) 8270
1989-90	18275	5920 (69)	2612 (31)	8532	(-) 9743
1990-91	14922	5361 (64)	3062 (36)	8423	(-) 6499
1991-92	15022	6795 (62)	4093 (38)	10888	(-) 4134
1992-93	12519	9215 (68)	4427 (32)	13642	(+) 1123
Total	122241	57253	219921	89559	(-) 32682

The percentage of coverage of ST woman beneficiaries was between 18 and 38 against the prescribed norm of 40 per cent. The reasons for non-coverage of physically handicapped beneficiaries were neither on record nor stated.

The reason for shortfall in achievement during the period from 1987-88 to 1991-92 was attributed by the Department mainly to non-availability of bank loans to finance the scheme.

*In Arunachal Pradesh all the beneficiaries assisted were Scheduled Tribe (ST) families. All other target groups were never identified and assisted. Physically handicapped beneficiaries were also not identified and assisted.

**Figures not available separately for either men and women.

(b) TRYSEM

Year	Number of persons to be trained	Number of ST persons actually trained
1985-86	NIL	97
1986-87	NIL	254
1987-88	NIL	167
1988-89	NIL	253
1989-90	200	532
1990-91	200	355
1991-92	800	221
1992-93	1890	487
Total:	3090	2366

No target was fixed yearwise from 1985-86 to 1988-89. Against the target of 3090 for the period from 1989-90 to 1992-93, 1595 beneficiaries were covered under the scheme. Reasons for the shortfall (52 per cent) has not been intimated (February 1994).

(c) DWCRA

Year	Target fixed (No. of groups)	Target achieved		Percentage of short-fall in formation of groups	No. of groups functioning	Membership
		No. of groups formed	Membership			
1985-86	8	NIL	NIL	100	NIL	NIL
1986-87	NIL	NIL	NIL	NIL	NIL	NIL
1987-88	100	7	120	93	NIL	NIL
1988-89	29	12	198	59	NIL	NIL
1989-90	40	64	1175	-	64	1175
1990-91	80	30	449	69	29	359
1991-92	140	78	1188	44	23	30
1992-93	100	200	2756	-	131	1873
Total :	497	391				

The Department had not fixed any target for the

year 1986-87. The percentage of shortfall ranged between 44 and 100 **per cent** during 1985-86 to 1992-93 excepting the years 1986-87; 1989-90 and 1992-93. Reasons for the shortfall has not been intimated (February 1994).

Implementation of IRDP

3.3.8 Subsidy and credit support

(i) Methodologies adopted in creating the assets

Under the programme, assistance was available in the form of subsidy for viable schemes intended to bring the target group above poverty line. The schemes included supply of milch animals, poultry, piggery, sheep, goats, agricultural products etc. and establishment of carpentry, tailoring and small scale industrial units etc. The pattern of assistance towards supply of capital assets was as under.

Category of beneficiaries	Assistance under		Ceiling limit of subsidy
	Individual beneficiary scheme	Community scheme	
1. Small farmers	25 per cent*	50 per cent of the capital cost of an approved work apportionable among the beneficiaries	Rs.3,000 per family (Rs.4000 per family of the block under Drought Prone Area Programme, Desert Development Programme Areas).
2. Marginal Farmers	33 ¹ / ₃ per cent	-do-	-do-
3. Agricultural labourers	-do-	-do-	-do-
4. Non-Agricultural labourers	-do-	-do-	-do-
5. Scheduled Tribe(ST) beneficiaries	50 per cent	50 per cent	Rs.5,000
6. Training scheme under IRDP	Full cost to be met from the funds of IRDP		
7. Rural industries/ Rural artisan Programme	33 ¹ / ₃ per cent of the work		Rs.3,000

*Increased to 50 **per cent** subject to a maximum of Rs.5,000 from 1990-91 and 1991-92 respectively in respect of ST and physically handicapped beneficiaries bringing them at par with ST families.

The programme was to be financed by combination of subsidy (at the above rates) provided by the Government and loan advanced by the banking institutions. The loan amount was equal to the total cost of the project reduced by the amount of subsidy admissible to the beneficiaries.

Till 1990-91, subsidy was paid to the beneficiaries in kind.

In view of very limited banking facilities available in the State, the Government of India relaxed the provision of institutional credit support in case of schemes involving capital investment upto Rs.2,000.

Test-check of records revealed that the following credit support and subsidy payments were made during the period from 1985-86 to 1992-93.

Year	Credit mobilised/ disbursed (in lakhs of rupees)	Subsidy disbursed
1985-86	2.70	148.30
1986-87	16.38	225.40
1987-88	71.67	208.80
1988-89	141.78	217.95
1989-90	124.37	165.49
1990-91	113.05	159.02
1991-92	100.15	164.09
1992-93	114.59	268.05

It would be seen from the above that credit support was not only below the expected amount but was also not adequate to generate additional income to the beneficiaries.

(ii) Advances given to the blocks

The DRDA, Pasighat paid Rs.2.45 lakhs in advance to 3 Blocks (viz. Pangin, Mariyang and Nari) during 1986-87 to 1991-92 for procurement of assets, livestock piggery and duckery centres for the programmes, against which utilisation certificates for Rs.2.12 lakhs were submitted by the Blocks by June 1993. The utilisation certificates for the balance amount of Rs.0.33 lakh had not been received by the DRDA, Pasighat.

(a) Performance infrastructure Advances paid to private bodies

In May 1991 the DRDA, Pasighat paid Rs.2.12 lakhs as advance (being 50 per cent cost of the machine) to a Guwahati based firm for supply of 44 sets of paddy dehusking machines with accessories @ Rs.9,650 per set. The balance cost of the machine, being loan component, was to be paid by the Banks on completion of supply of all the sets. No formal supply order was placed nor any agreement stipulating the date for completion of supply executed with the firm. The firm supplied 15 sets upto August 1992 (2 sets to Nari Block and 13 sets to Yingkiang Block costing Rs.1.45 lakhs (Rs.9,650 X 15 sets). Thus the remaining 29 sets had not been supplied as of July 1993.

No action was taken against the firm either to expedite the supply or to recover the amount advanced to the firm.

Thus the payment of advance for the assets without proper agreement resulted in blocking of funds to the extent of Rs.1.40 lakhs.

(b) Non-existence of assets supplied/created by the beneficiaries

It is mandatory for the Blocks to physically verify the assets given to and created by the beneficiaries. Such a physical verification was not carried out in the blocks test-checked. Records if any maintained about assets created as well as report submitted to Government could not be produced to Audit.

However, partial household survey on economic status conducted by BDOs during April - May 1992 in 4 Blocks out of 16 revealed the following:-

Name of blocks	Period of verification	Verification of assets (No. of beneficiaries)	Non-existing assets (No. of beneficiaries)	Amount (Rupees in lakhs)	Name of assets
i) Along C.D. Block	December 1988	192	62	0.63	Agriculture, Horticulture and Livestock scheme
ii) Gensi C.D. Block	February to April 1993	154	37	1.04	Agriculture, Horticulture and Livestock scheme.
iii) Nansang C.D. Block	July to September 1992	121	26	1.21	Fisheries, Goatary, Piggery and Duckery etc.
iv) Pongchau Wakka Block	March 1992	154	28	1.88	Fisheries, Goatary, Piggery and Loinloom, etc.
Total		621	153	4.76	

Out of 621 beneficiaries assisted, assets in respect of 153 beneficiaries (Rs.4.76 lakhs) were not found in existence as indicated in the table.

3.3.9 Creation of Infrastructure

To facilitate a more effective implementation of the individual beneficiary programme supporting investment on infrastructure was envisaged. The expenditure towards administrative infrastructure and programme infrastructure were to be limited to 15 (DRDA with 4 or less block 15 per cent DRDA with 5 to 7 blocks 12.5 per cent and 8 or more blocks 10 per cent) and 10 per cent respectively of the fund allocated under IRDP. In case the expenditure on administrative subsidy exceeded the prescribed percentage in any year, the excess amount was to be deducted from the subsequent instalment released by the Central Government. The proposals for infrastructural development should form part of the annual plan of the Block and District.

Scrutiny of annual plans of the five districts test checked out of 11 Districts (Lower Subansiri, Upper Subansiri, East Siang, West Siang and Tirap) revealed that proposals for infrastructural developments were not incorporated in the Districts annual plans.

Administrative Infrastructure

A part of the IRDP allocation amount can be utilised for meeting expenditure on administrative infrastructure of DRDA Level, as per norms (10 per cent, 12.5 per cent and 15 per cent for DRDAs having 8 or more blocks, 5 to 7 blocks and 4 or 5 blocks respectively).

It was, however, noticed that even the norms for administrative expenditure as laid down by the Government of India were not followed. An analysis of the five districts test-checked revealed that excess expenditure of Rs.153.21 lakhs during the period from 1985-86 to 1992-93 was incurred on administrative infrastructure as detailed in Appendix-IV.

In respect of DRDA, Along, the expenditure incurred during the period from 1985-86 to 1992-93 ranged from 19 per cent to 67 per cent of the amount released resulting in aggregate excess of Rs.33.61 lakhs. DRDA, Along however, stated that even then the funds released were less than the prescribed norm.

In DRDA, Pasighat, the expenditure during the period from 1985-86 to 1992-93 ranged between 11 per cent and 53 per cent resulting in aggregate excess of Rs.35.78 lakhs. DRDA, Pasighat has stated that Rs.4 lakhs have been released by the Government to meet the excess expenditure incurred during the period from 1985-86 to 1990-91 and the balance was to be met either from the interest accrued under IRDP or from the savings of infrastructure fund.

The fact reveals that the excess expenditure incurred up to 1990-91 was Rs.20.72 lakhs. Instead of minimising the excess expenditure it was further increased by Rs.15.06 lakhs during the years 1991-92 and 1992-93.

In respect of DRDA, Khonsa excess expenditure incurred during the period from 1985-86 to 1992-93 ranged between 14 per cent and 125 per cent aggregating a total excess of Rs.24.09 lakhs. DRDA, Khonsa, however, stated that efforts are being taken to reduce the excess expenditure from 1993-94.

3.3.10 Implementation of TRYSEM

(i) Selection of beneficiaries

Scrutiny of records of 16 blocks out of 48 revealed that identification was not done through household survey but on the basis of applications received from the intending trainees.

An exhaustive list of potential beneficiaries was not prepared nor was the committee required to be formed for the purpose for selection of trainees set up.

The entire exercise of selection of beneficiaries was, therefore, undertaken by the B.D.Os without observing the methodology for selection of trainees.

(ii) Identification of vocation

According to IRDP Manual, the DRDAs were to identify the necessary vocations, in consultation with District level officers of different department, keeping in mind their sectoral plans.

5 DRDAs out of 11 had not conducted skill survey for selection of trades. No evaluation or study was undertaken to determine the suitability of any particular trade in particular area from the angle of self employment.

(iii) Self employment of TRYSEM Trainees

The yearwise position of trainees trained and self employed under the programme were as under:-

Year	Trained trainees	Trained trainees employed			Percentage of unemployment
		Self employed	Wage employment	Total	
(In numbers)					
1985-86	97	75	2	77	21
1986-87	254	200	1	201	21
1987-88	167	142	-	142	15
1988-89	253	59	-	59	77
1989-90	532	480	-	480	10

Year	Trained trainees	Trained trainees employed			Percentage of unemployment
		Self em- ployed	Wage em- ployment	Total	
(In numbers)					
1990-91	355	310	-	310	13
1991-92	221	184	-	184	17
1992-93	487	319	-	319	35
Total	2366	1769	3	1772	

The training was imparted with the main objective of getting self employment. The objective was not fully achieved in any of the years. The percentage of unemployed trained youths varied from 10 per cent to 77 per cent during the period from 1985-86 to 1992-93.

No reasons were attributed for such high percentages of unemployment in some of the years.

(iv) According to norm 50 per cent of the sale proceeds of articles produced by the trainees during the training period is to be given to the trainees and the remaining 50 per cent may be given to the trainer/training institution. During test-check of records of 16 blocks out of 48, it was noticed that none of the Blocks maintained records showing the allocation of share between the trainees and the institution.

The DRDA, Pasighat stated that sale proceeds of finished products during the training period were given to the trainees only at the end of training period as for their self employment venture. This was in contravention of the provisions envisaged in the IRDP Manual.

3.3.11 Implementation of DWCRA

(i) Identification and Planning motivation for DWCRA

Development of women and children in Rural Areas (DWCRA), a sub-scheme was first started in 3 blocks (8 groups in East Kameng District in 1985-86 and was then extended to 41 blocks (497 groups) in 9 districts by 1992-93.

According to the Programme, in addition to the

benefit of loan/subsidy under IRDP admissible to the individual beneficiary, each group consisting of 10-15 women was to be given a grant of Rs.15000 as a revolving fund for taking up economic activities. The following points were noticed.

(ii) Selection of activity

The viability of activities selected was not examined and technical feasibility studies were not undertaken. No assessment was made to see that necessary training, raw materials and markets were available in the area.

(a) Staff

According to the programme one Director/Dy. Secretary was to be incharge of DWCRA at State Level. At the District level, there was to be a woman Assistant Project Officer and every Block, covered under DWCRA, was to have a Gram Sevika to look after the activities of the groups, in addition to the existing community Development Block staff (one Mukhaya Sevika and two Gram Sevikas). The post of Mukhaya Sevika was abolished in the State.

It was observed that the scheme was being executed without posting of any Gram Sevikas in the Blocks excepting in 13 blocks in District of West siang and East Kameng and Tirap where Gram Sevikas (one each in each block) were posted in 1990-91.

At the district level, out of 9 DWCRA districts, 2 APOs were posted one at Tirap District and the other at West Siang District. The posts of APO (DWCRA) in the remaining 7 DRDAs were not created. There was no officer incharge of DWCRA in the State level.

It was stated that there is no proposal to create posts because of financial constraints.

(b) Defunct groups

Out of 391 groups formed for taking up economic activity suited to their skill, aptitude, local conditions etc. 144 groups were found to be defunct as detailed below :-

Year	Groups formed	Groups not functioning (Defunct)
	(In numbers)	
1987-88	7	7
1988-89	12	12
1989-90	64	-
1990-91	30	1
1991-92	78	55
1992-93	200	69
Total:	391	144

The reasons for non-functioning of the groups so formed and action taken for their revival and reconstitution were neither on record nor stated.

3.3.12 Monitoring and evaluation

The performance of the implementation of IRDP was to be monitored continuously at all level. At the block and district level this was to be done through reports and physical verification of assets. The state Government was required to send consolidated information received from the DRDAs to the Central Government on prescribed profoma. However it was noticed that these were not sent in time. Proper monitoring of the project as well as evaluation studies had not been conducted (August 1993) to assess the impact of the scheme.

The above points were brought to the notice of the Government/Department in September 1993; reply has not been received (February 1994).

3.4 Loss of interest

Test-check of records (April- May 1993) relating to implementation of the Nehru Rozgar Yojana (NRY) revealed that Central assistance amounting to Rs.74.68 lakhs received in the form of Bank Draft from the Government of India, Ministry of Urban Affairs by the State Government in 1989-90 (Rs.28.12 lakhs), 1990-91 (Rs.19.26 lakhs) and 1991-92 (Rs.27.30 lakhs) for implementation of the scheme during the period from 1989-90 to 1992-93 were not deposited into the treasury in time. Delay in depositing the amounts, ranged from 1 month to 22 months. This resulted in loss of interest of Rs.1.95 lakhs (calculated at 5 per cent per annum). Reasons

for delay in depositing the bank drafts in time were not on record.

The matter was referred to Government in September 1993; reply has not been received (February 1994).

CHAPTER IV
WORKS EXPENDITURE
PUBLIC WORKS DEPARTMENT

4.1 Idle investment

Between July 1978 and September 1989, the Ziro and Daimukh Divisions purchased spare parts for Bulldozer and Road Roller valued at Rs.15.91 lakhs and Rs. 9.73 lakhs respectively without any estimation of requirement. The materials procured had been lying unutilised in Ziro and Daimukh Divisions till July 1993 and April 1993 respectively. The reasons for such unnecessary purchases and their non-utilisation were neither on record nor explained to Audit. No information about their utilisation beyond this date was made available to Audit. These Divisions also have not initiated any action to transfer those materials to other needy Divisions, if any or to dispose of the same.

Thus, unnecessary purchases of spare parts had resulted in an idle expenditure of Rs.25.64 lakhs and also entailed risk of loss owing to possible deterioration on account of prolonged storage.

The above cases were referred to Government in March 1990 and July 1993; reply has not been received (February 1994).

4.2 Injudicious expenditure

Mention was made in paragraph 5.3(a) of the Report of the Comptroller and Auditor General of India for the year 1981-82 of purchase of 2x250 KW Hydel sets for Ganga Hydel scheme without drawing up any estimate for the scheme. The scheme was subsequently abandoned in December 1985. Further scrutiny (April 1992) of the records of the Capital Electrical Division, Itanagar revealed that the 2 sets costing Rs.9.08 lakhs remained unutilised since the date of purchase (October 1981) and became unusable due to prolonged storage.

In April 1990, the Division sent them to a Guwahati-based firm for repair/overhauling without

entering into any agreement with the firm and without assessing/ascertaining the extent of damage caused to the sets or the possibility of their utilisation in any other scheme. Only in December 1991, a work order was issued by the Divisional Officer with the approval of the Chief Engineer (Zone - II), at an agreed amount of Rs.19.20 lakhs plus excise duty plus 4 per cent central sales tax plus one way return freight charges with the stipulation for completion of the work within 30 days for one set, and 100 days for second set to be reckoned after 10 days of the issue of work order and of 100 per cent payment only on receipt of those sets duly repaired, against Bank Guarantee (BG) of Rs. 1 lakh to be released only after the expiry of the warranty period of 18 months from the date of delivery or 12 months from the date of commissioning whichever is earlier. It was *inter alia* stated (September 1993) by the Division that the repaired sets comprising of 1 turbine, 1 governor and 1 alternator in each case shall be used in the scheme "Construction of Pasighat Hydel (Phase II) Scheme" for which there was neither any estimate in the Division nor any justification to meet such an expenditure, charging the work relating to other Division beyond the jurisdiction of the Capital Electrical Division, Itanagar.

Further, before the repaired sets were received and contrary to the terms of the agreement the Division paid Rs.13.10 lakhs to the firm in March-April 1992, after deducting security deposit (Rs.1 lakh) income tax (Rs.2.09 lakhs) and withholding an amount for non-production of excise documents (Rs.1.06 lakhs) against the firm's claim of Rs.15.45 lakhs towards repair charge of 2 turbines and 1 governor. In February 1993, the Division made final payment of Rs.21.21 lakhs being the total repairing cost of 2 sets by adjustment of previous payment (Rs.15.45 lakhs) and income tax (Rs.0.42 lakh) on the strength of the following certificates recorded therein:

(i) That the turbo generating sets received was subject to installation, testing and commissioning as per terms and conditions;

(ii) That the sets were sent to Pasighat for installation, testing and commissioning and

(iii) That the excise duty may be deducted from the bill as the firm did not submit the required

documents on excise duty.

There was, however, no proof of receipt of the remaining components (i.e., 2 alternators and 1 governor) at Itanagar; nor were the repaired sets commissioned at Pasihat (December 1993). The division did not make any deduction from the firm's final bill (February 1993) for non-installation, testing and commissioning of those sets, nor was the excise duty/special excise duty (Rs.0.18 lakh) withheld for non-production of excise document against actual payment of Rs.1.24 lakhs upto the final bill. The Divisional Officer in his reply (September 1993) also did not mention about the arrival of other components like 2 alternators and 1 governor; nor was the reason for which the repaired sets had further been lying idle intimated.

Thus, the injudicious expenditure of Rs.21.21 lakhs on the repair of the idle/unutilised sets without a clear programme of their utilisation duly approved involved financial impropriety with the actual utilisation of those 2 sets still remaining uncertain.

The matter was referred to the Government in June 1992; reply has not been received (February 1994).

4.3 Wrong computation of rates

Between March 1991 and September 1992 the Roing Public Works Division executed 10,374.47 cum of "Boulder Sausage Work" through contractors and paid a total amount of Rs.20.23 lakhs during the period from March 1991 to December 1992 at the Divisional analysed rate of Rs.195 per cum.

It was seen (January 1993) that the Division analysed the rate by allowing an element of forest royalty @11.70 per cent on all items, viz. materials, carriage, labour, water charges and even on contractors profit, although it was allowable only on the items of boulder at the rate of Rs.11.70 per cu.m. Further in the said analysis the Division also allowed 5 per cent extra due to increase in the rate of hire charges of truck on all the items including forest royalty.

Such erroneous and unjustifiable provision in the analysis had enhanced the rate by Rs.10.75 per

cum resulting in an excess payment of Rs.1.12 lakhs towards execution of 10,374.47 cum of work.

The matter was referred to Government in April 1993; reply has not been received (February 1994).

4.4 Extra avoidable expenditure

In April 1988, the Executive Engineer (EE), Deomali Electrical Division invited tender for supply and installation of 200 KW Turbo Impulse Hydel set for the Work "Improvement of Charju Micro Hydel Scheme- Phase II". In responses a Vadodara-based manufacturing firm offered (July 1988) the ex-factory price of Rs.13.99 lakhs (exclusive of taxes and duties, etc.) for supply of the hydel set. At the request of the SE, the validity of the offer was extended up to April 1989 with an escalation of Rs.1.79 lakhs on account of price increase. No orders were, however placed on the firm.

In September 1989, the SE directed the EE to invite fresh tenders. The EE invited fresh tenders, in March 1990. Three firms responded. Amongst them, the prices (For Vadodara, ex-factory price excluding taxes and duties, etc.) of 2 firms, i.e. the aforesaid Vadodara based manufacturing firm and their Guwahati-based authorised dealer were the lowest (Rs.23.60 lakhs). However, only the Guwahati-based dealer was called for negotiation and after negotiation the work was awarded to him (March 1991) at the negotiated price of Rs.23.13 lakhs, after 2 per cent discount (FOR Baroda, ex-factory price exclusive of taxes and duties, etc.). The firm completed the supply of hydel set in August 1992.

Non-acceptance of tender of the Vadodara-based manufacturing firm, offered in July 1988 and April 1989, resulted in an extra avoidable expenditure of Rs.7.35 lakhs. Besides the project which was scheduled to be completed by 1989-90 has not been completed till 1993 resulting in loss of revenues and delay in supply of electricity to rural population.

The matter was referred to Government in March 1993, reply has not been received (February 1994).

4.5 Excess payment

Between January 1990 and March 1990 the Tezu

P.W. Division executed 9 items of the work 'Construction of RCC slab Culverts on Tezu-Saidya Road' through different contractors by issuing work orders based on rates analysed by E.E and S.E and paid Rs.6.08 lakhs in March 1990. Rates paid were found incorrect (labour rates, water charges etc taken for various items of work at the same location were not uniform in the analysis of rates) by the CE while considering the revised estimate (November 1991). The EE modified and reduced the rates of those 9 executed items of work and informed (January 1992) the SE who, in turn, also informed (January 1992) the Chief Engineer that the excess payments made to the contractors, due to such modification and reduction of rates, would be adjusted from the pending bills of the contractors. The Division has not taken any action (January 1993) either to recover/adjust the excess payments or even to assess the extent of excess payments made to the contractors.

Scrutiny of records revealed (January 1993) that the payment of Rs.3.22 lakhs was made subsequently to the contractors in March 1992 for the works executed between December 1990 and March 1991 without adjusting the excess payment of Rs.1.19 lakhs (computed with reference to the reduced rates) made to the contractors towards execution of those nine items of the work executed between January 1990 and March 1990 (Paid in 1990).

The matter was referred to the Government in March 1993; reply has not been received (February 1994).

4.6 Avoidable loss

According to the CPWD manual materials like bleaching powder, cement etc. should not be stored for long periods, as these are susceptible to deterioration within a short time.

It was, however, noticed that during March 1986 and March 1987, Naharlagun Division procured 13750 kgs of bleaching powder valued at Rs.2.17 lakhs, of which a total quantity of 5600 kgs only had been utilised between March 1988 and December 1991 leaving a balance of 8150 kgs valued at Rs.1.20 lakhs unutilised as of January 1993. The Division also procured 80 bags white cement valued at Rs.0.36 lakh in December 1987 and of this a total quantity of 58 bags only had been utilised between June 1988 and

March 1990 leaving an unutilised balance of 22 bags valued at Rs.0.10 lakh (January 1993).

Test-check (January 1993) of the records revealed that the unutilised material valued at Rs.1.30 lakhs had been declared "beyond use" by Assistant Engineer in his physical verification of stores conducted in July 1992. No survey report has been prepared. Reasons for non-transfer of those materials within their shelf life period to other divisions were not made available to Audit.

Thus, the procurement of material in excess of the actual requirement resulted in loss of Rs.1.30 lakhs.

The matter was referred to Department/ Government in March 1993; reply has not been received (February 1994).

CHAPTER V

STORES AND STOCK

PUBLIC WORKS DEPARTMENT

5.1 Idle investment owing to irregular purchase

The Central Stores Division (CSD), Banderdewa was created (August 1982) to deal with the procurement and supply of stores required by all Public Works and Electrical Division in the State.

Subsequently Government issued instructions (February 1983) to all the Divisions that stores required for construction, maintenance of roads, buildings, etc would be made available by the CSD and that purchase of materials from other agencies should be made only after obtaining non-availability certificates from CSD.

During test-check (January and February 1993), it was observed that Capital 'A' Division, Itanagar and Yingkiong Public Works Division purchased various types of building and water supply materials valued at Rs.13.08 lakhs and Rs.12.50 lakhs respectively between March 1991 and December 1992 from local suppliers. The Division had not obtained non-availability certificate from the CSD. The CSD had sufficient stock of building and water supply materials at the time.

Computed with reference to the issue rates of the CSD, the Public Works Division 'A', Itanagar and Yingkiong incurred extra expenditure of Rs.2.39 lakhs and Rs.3.36 lakhs respectively. Moreover, these materials were lying unused in the respective Division (February 1994). The reasons for local purchase of the materials were neither on record nor stated.

The matter was referred to Government in May 1993; reply has not been received (February 1994).

5.2 Idle stock of paints

According to the rules, paints should be procured keeping in view the requirement for next six

months, and should not normally be stored for more than this period, after the date of manufacture and a register should be maintained to watch the utilisation of the paints within the expiry date.

It was seen in audit (January 1993) that between June 1986 and August 1989, the Capital Division "A", Itanagar procured 6695 litres of paints of different varieties valued at Rs.5.72 lakhs for stock. The entire quantity of paints remained in stock unutilised for several years and were transferred to site Accounts of different works between February 1988 and August 1992. The same had been lying unutilised as of January 1993. The Division has not initiated any action to transfer the materials to other needy Divisions. As no register was maintained it could not be ascertained in Audit if the paints outlived their shelflife. Thus, unnecessary procurement and prolonged storage without its use resulted in a potential loss of Rs.5.72 lakhs.

The matter was referred to Government in May 1993; reply has not been received (February 1994).

CHAPTER VI

REVENUE RECEIPTS

A - GENERAL

6.1 Trend of revenue receipts

The total receipts of Government of Arunachal Pradesh for the year 1992-93 were Rs.497.13 crores against the anticipated receipts of Rs.487.52 crores. Out of the total receipts of Rs.497.13 crores revenue raised by the State Government amounted to Rs.58.96 crores, of which Rs.4.54 crores represented tax revenue and Rs.54.42 crores non-tax revenue.

6.2 Analysis of revenue receipts

(a) An analysis of the receipts during the year 1992-93, alongwith corresponding figures for the preceding two years, is given below :-

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
I. Revenue raised by the State Government			
(a) Tax revenue	2.64	4.09	4.54
(b) Non-tax revenue	<u>264.89</u>	<u>49.21</u>	<u>54.42</u>
Total:	<u>267.53</u>	<u>53.30</u>	<u>58.96</u>
II. Receipts from Government of India			
(a) State's share of divisible Union Taxes	68.61	97.41	115.96
(b) Grants-in-aid	<u>232.28</u>	<u>284.12</u>	<u>322.21</u>
Total:	<u>300.89</u>	<u>381.53</u>	<u>438.17</u>
III. Total receipts of State (I + II)	568.42	434.83	497.13
IV. Percentage of I to III	47	12	12

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 8 per cent of State's own revenue receipts during the year 1992-93. An analysis of tax revenue for the year 1992-93 and the preceding two years is given below:-

	1990-91	1991-92	1992-93	Percentage of Increase(+) Decrease(-) with reference to 1991-92
(In lakhs of rupees)				
1. State Excise	131.19	199.45	192.71	(-) 3
2. Land Revenue	26.33	83.30	103.63	(+)24
3. Taxes on Vehicles	41.51	44.20	52.01	(+)18
4. Sales Tax	31.72	42.80	49.82	(+)16
5. Other Taxes and Duties on Commodities and Services	25.00	32.32	35.93	(+)11
6. Stamps and Registration fees	7.30	6.77	10.81	(+)60
7. Taxes and Duties on Electricity	0.56	0.27	0.14	(-)48
Total:	263.67	499.11	445.05	(+) 9

The reasons for variations though called for (March 1994) from the concerned department have not been received (March 1994).

(C) Non-Tax revenue of the State

The principal sources of non-tax revenue were Forestry and WildLife, Non-Ferrous Mining and Metallurgical Industries, Road Transport, Interest Receipts and Power and it constituted 71 per cent of the revenue raised by the State during 1992-93.

An analysis of the non-tax revenue receipts under the principal heads of revenue for the year 1991-92 and the preceding two years is given below:-

	1990-91	1991-92	1992-93	Percentage of Increase(+) Decrease(-) with reference to 1991-92
	In lakhs of rupees)			
1. Forestry and Wild Life	2157.95	2594.48	2847.79	(+)10
2. Non-Ferrous Mining and Metallurgical Industries	80.58	312.59	386.65	(+)24
3. Road Transport	209.96	298.39	369.30	(+)24
4. Interest Receipts	164.16	239.87	291.82	(+)22
5. Power	238.85	312.53	290.57	(-) 7
6. Miscellaneous General Services	22967.36	419.60	275.06	(-)34
7. Public Works	237.26	247.03	273.26	(+)11
8. Others	94.90	120.42	193.10	(+)60
9. Crop Husbandry	72.19	65.80	147.08	(+)123
10. Other Administrative Services	94.51	96.76	133.61	(+)38
11. Animal Husbandry	62.62	76.38	85.29	(+)12
12. Education, Sports, Art and Culture	45.65	64.62	54.28	(-)16
13. Village and Small Industries	35.23	42.32	50.22	(+)19
14. Minor Irrigation	26.06	28.53	42.17	(+)48
15. Other Rural Development Programme	1.62	1.48	2.27	(+)53
Total :	26488.90	4920.80	5442.47	(+)11

Reasons for substantial variation though called for from the department, have not been furnished to Audit (February 1994).

6.3 Results of Audit

Test-check of records of Forests, Transport and State Excise Department conducted during the year 1992-93 revealed under assessment/short levy/loss of revenue amounting to Rs.135.97 lakhs in 35 cases. During the course of the year 1992-93, the concerned Department accepted under assessment of Rs.3.22 lakhs in one case and that amount had already been recovered.

This chapter contains 4 paragraphs involving Rs.14.12 lakhs. The details are given in the following paragraphs.

6.4 Outstanding inspection report

(i) Audit observations on incorrect assessment, under assessment, non-levy and short levy of taxes, duties, fees and other revenue receipts etc. and defects in initial record noticed during local audit were not settled.

(ii) The number of inspection reports and audit observations relating to revenue receipts issued upto 31st December 1992 and which were pending settlement by the departments as on 30th June 1993 along with corresponding figure for the preceeding two years is given below :-

	<u>At the end of June</u>		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Number of inspection reports pending settlement	75	91	82
Number of outstanding audit objections	199	252	217
Amount of revenue involved (In crores of rupees)	8.38	9.68	9.10

(iii) At the end of June 1993 inspection reports relating to various State receipts issued upto 31st December 1992 containing 217 Audit objections involving receipts amounting to Rs.910.36 lakhs were pending settlement as detailed below:-

Year	Number of inspection reports	Number of audit objections	Amount of receipts involved (rupees in lakhs)
1	2	3	4
Upto			
1987-88	25	61	284.73
1988-89	7	15	90.20
1989-90	14	37	146.56
1990-91	8	25	138.29
1991-92	13	44	114.61
1992-93	15	35	135.97
Total:	82	217	910.36

(iv) Department-wise break up of the inspection

reports and audit objections in respect of major receipts outstanding at the end of June 1993 is given below:-

Department	Number of Outstanding		Amount of receipts involved (rupees in lakhs)	Year to which objection relate	Number of inspection reports to which even first reply had not been received
	Inspection reports	Audit objections			
Forest	63	186	840.18	1985-86 to 1992-93	18
Transport	13	20	11.39	1986-87 to 1992-93	2
State Excise	6	11	58.79	1987-88 to 1992-93	-

B-FOREST DEPARTMENT

6.5 Misuse of free grant timber valued at Rs.9.95 lakhs

As per the Government of Arunachal Pradesh clarification letter of 13th July 1981 a genuine resident of a village of Arunachal Pradesh could be granted timber measuring 8.49 cum per family free of cost as one time grant for construction of this dwelling house. The guidelines issued by the Government in this regard, *inter alia*, provided that the applications for such free grant of timber should bear a certificate from the Deputy Commissioner, Additional Deputy Commissioner or Extra Assistant Commissioner concerned to the effect that the applicant was a genuine resident of a particular village and is actually in need of timber for construction of his dwelling house. The guidelines further provide that at the end of six months the concerned Range Officer of the locality would inspect the site and issued a certificate to the effect that the timber issued as free grant to the person has fully been utilised for construction of their dwelling house.

In Pasighat Forest Division, it was observed

during Audit (July-August 1992) that 1737.64905 cum of timber valued at Rs. 9.95 lakhs was allotted to 204 grantees during the years 1990-91 and 1991-92 for construction of their dwelling houses, but certificate regarding utilisation were not available either with the concerned Range Officer the District Administration. Further, there were not utilization or verification reports from the concerned Range Office who is required to furnish such reports.

The matter was reported to the Department/Government (September 1992) and was followed by the reminders (November 1992 and April 1993): Government in their reply (October 1993), stated that the utilisation of the timber for the intended purpose was being verified and necessary certificate would be sent to Audit. Further development is awaited (February 1994).

6.6 Delay in disposal of seized timber logs

Under the Forest Regulation Act and Rules frames thereunder, felling/removal of forest produce from forest area without valid authorisation, constitute a forest offence punishable with fine. Forest produce removed illegally is also liable to be seized by the forest authorities. To prevent such illegal felling/removal of forest produce, the department had forest protection squad deployed in forest areas.

During audit of the Divisional Forest Officer, Pasihat Forest Division, it was noticed (July-August 1992) that due to inaction of the department, 147 trees measuring 123.362 cubic metres of various classes of timber were illegally felled along the adjoining areas of river stream under Mebo Range during 1990 the timber which was subsequently seized by the department and kept exposed to weather got damaged. The Divisional Forest Officer, reported (February 1991) the matter to Conservator of Forests Central Arunachal Circle, who constituted (August 1991) a Board with the Divisional Forest Officer as its Chairman to inspect the logs. The report submitted (September 1991) by the Board however, revealed that 60 per cent of the seized logs were completely damaged, 30 per cent partially damaged and the balance 10 per cent were in disposable condition. The value of the seized timber, according to the departmental valuation was Rs.1.67 lakhs. Thus failure of the department to protect and disposal of the seized timber timely resulted in loss of Rs.1.50

lakhs (being 90 per cent value of timber) to Government.

The matter was reported to the Department/Government (September 1992) and was followed by reminders (November 1992 and April 1993): their replies have not been received (February 1994).

C-TRANSPORT DEPARTMENT

6.7 Loss of revenue due to non-payment of tax by the Vehicle owners

Under the provision of the Arunachal Pradesh Motor Vehicles Taxation Act, 1984, no motor vehicle shall be used or kept for use in the State unless the owner has obtained in respect of that vehicle, a valid token which could only be issued on payment of tax. The owner of a vehicle is required to pay tax in advance on or before 15th April each year or at his option in four quarterly instalments payable on or before 15th of April, July, October and January each year. In the event of failure of the owner to pay tax on due dates without any reasonable cause, the Taxation officer may forward to the Deputy commissioner, Additional Deputy Commissioner a certificate specifying the amount of tax due from such owner and on receipt of such certificates, the Deputy Commissioner/ Additional Deputy Commissioner concerned shall proceed to recover such taxes in such manner as may be prescribed.

Scrutiny of combined register of Additional Deputy Commissioner, Naharlagun revealed (February 1992) that in 16 cases, tax amounting to Rs.66,921 for period falling between January 1985 and December 1988 could not be realised as the vehicle owners were not traceable at their given addresses. No action either to cancel their registration or to issue recovery certificate as required under the Act was taken.

It was further noticed that tax amounting to Rs.2.00 lakhs for different periods between July 1983 and March 1991 could not be realised in 30 cases as the vehicle owners were not traceable after payment of first instalment of tax at the time of registration. No action either to issue demand notices or to issue recovery certificate was taken. There was also nothing on record to indicate that the owners had taken the vehicles off the road.

The matter was reported to the Department and Government (May 1992) and followed by reminder (June 1993); Department in their reply (August 1993) stated that measures were being taken against the defaulters under the Act and Rules. Reply from the Government has not been received (February 1994).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Grants

During the period from April 1992 to March 1993, Rs.58.69 crores (about 17 per cent of the revenue expenditure during the period) were paid as grants as shown below:-

	Amount (In crores of Rupees)
Educational Institutions	57.16
Other Institutions	1.53

Total:	58.69

The broad purposes for which the grants were given were as under :-

	Amount (In crores of Rupees)
(a) Art and Culture	0.16
(b) Education	57.16
(c) Medical and Public Health	0.02
(d) Village and Small Industries	0.01
(e) Others	1.34

Total:	58.69

CHAPTER-VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8.1 Introduction

Government commercial concerns, the accounts of which are subject to audit by the Comptroller and Auditor General of India fall under following categories:

- Government companies and
- Departmentally managed Government commercial and **quasi**-commercial undertakings

Paragraph 8.2 gives a general view of Government companies, paragraph 8.3 deals with departmentally managed Government commercial and **quasi**-commercial undertakings, paragraph 8.4 contains a review on the working of Arunachal Pradesh Forest Corporation Limited and paragraph 8.5 deals with miscellaneous topics of interest.

8.2 Government companies-General View

8.2.1 As on 31 March 1993 there were five Government companies (including two subsidiaries) in the State viz., Arunachal Pradesh Forest Corporation Limited, Arunachal Pradesh Industrial Development and Financial Corporation Limited, Arunachal Pradesh Mineral Development and Trading Corporation Limited, Parasuram Cement Limited, (a subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited) and Arunachal Horticultural Processing Industries Limited (subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited) as against three Government companies (including one subsidiary) as on 31 March 1992.

According to information received by Audit three new Government Companies (including two subsidiaries) were incorporated during the year 1992-93 while Nocte Timber company Limited (a subsidiary of Arunachal Pradesh Forest corporation Limited) had ceased to be Government company with effect from 31 March 1992 following disinvestment of equity shares held by the Holding company. The particulars of new companies are given below:

Name of the company	Date of incorporation	Reference to serial number in Appendix V and VI
i) Arunachal Pradesh Mineral Development and Trading Corporation Limited.	March 1991	3
ii) Parasuram Cement Limited (subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited)	January 1984	4
iii) Arunachal Horticultural Processing Industries Limited (subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited).	May 1982	5

8.2.2 Appendix V gives the particulars of paid-up capital, outstanding loans, amount of guarantee given by the State Government and amount outstanding thereagainst, up-to-date working results etc., of these Government companies as at the end of 1992-93.

The position is summarised below:

(a) The aggregate paid-up capital of these five companies as on 31 March 1993 stood at Rs.555.94 lakhs of which Rs.542.44 lakhs was invested by the State Government and Rs.13.50 lakhs by the holding company.

(b) The balance of long-term loans outstanding in respect of three companies as on 31 March 1993 was Rs.966.57 lakhs (State Government : Rs.697.50 lakhs and others Rs.269.07 lakhs) as against Rs.738.87 lakhs (State Government : Rs.602.50 lakhs and others : Rs.136.37 lakhs) as on 31st March 1992.

8.2.3 A synoptic statement showing the financial results of all these companies based on the latest available accounts is given in Appendix VI.

None of the companies has finalised its accounts for the year 1992-93.

The position of arrears in the finalisation of accounts is summarised below (August 1993).

Sl. No	Name of the company	Extent of arrears	Number of years involved	Government		Holding Company		Others	
				Capital	Loan	Capital	Loan	Capital	Loan
(Rupees in lakhs)									
1.	Anunachal Pradesh Industrial Development and Financial Corporation Limited.	1984-85 to 1992-93	9	92.50	697.50	-	-	-	194.48
2.	Arunachal Pradesh Forest Corporation Limited	1989-90 to 1992-93	4	399.72	-	-	-	-	-
3.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1990-91 to 1992-93	3	50.22	-	-	-	-	-
4.	Parasuram Cement Limited (sibsiidiary of the Company at serial No.1 above)	1985-86 to 1992-93	8	-	-	13.50	63.59	-	-
5.	Arunachal Horticultural Processing Industries Limited (sibsiidiary of the company at serial No.1 above)	1982-83 to 1992-93	11	-	-	-	-	11.00	-
*6.	Nocte Timber Company Limited (subsidiary of the company at serial No.2 above)	1990-91 to 1991-92	2	-	-	-	-	-	-
Total				542.44	697.50				

Due to arrears in finalisation of accounts the productivity of investment of Rs.1239.94 lakhs (Capital : Rs.542.44 lakhs and loans : Rs.697.50 lakhs) by the State Government in these companies

*Ceases to be a Government company with effect from 31 March 1992.

could not be conclusively vouchsafed.

The delay in finalisation of accounts was last brought to the notice of the Chief Secretary in July 1993.

8.3 Departmentally managed Government Commercial and quasi-commercial undertakings

8.3.1 Though the State Transport Services and the State Trading Scheme of the Supply and Transport Directorate are commercial in nature and are functioning as such, these have not so far been declared as commercial organisation by Government (July 1993).

8.3.2 The proforma accounts of the State Transport Services have been prepared up to the year 1986-87 and as per latest accounts, the accumulated losses since inception of the transport services from 1975 to 1986-87 amounted to Rs.2.32 crores against the capital of Rs.4.58 crores constituting an erosion of 51 per cent of the investment.

The delay in finalisation of the proforma accounts was last brought to the notice of the Government in July 1993.

8.3.3 The proforma accounts of the State Trading scheme have been prepared only up to the year 1989-90 and as per the latest accounts, the accumulated losses since inception of the scheme in 1955-56 up to the year 1989-90 amounted to Rs.8.54 crores.

The working results of the State Trading Scheme for the three years up to 1989-90 are summarised below:

	<u>1987-88</u> (Rupees)	<u>1988-89</u> in	<u>1989-90</u> lakhs)
Receipt :			
(a) Sales	177.65	203.71	266.99
(b) Closing stock	79.87	105.34	120.50
(c) Prior period adjustment	-	-	2.17
Total - I	257.52	309.05	389.66
2. Expenditure :			
(a) Opening Stock	73.26	79.87	118.39
(b) Purchases	128.60	164.22	178.88
(c) Other expenses	142.83	171.25	175.68
Total - 2:	344.69	415.34	472.95
3. Net Loss	87.17*	106.29	83.29

The net loss of Rs.83.29 lakhs during the year 1989-90 was understated by Rs.12.61 lakhs and overstated by Rs.4.79 lakhs respectively due to wrong adjustment of the mistake pointed out earlier by Audit and net effect of understatement/overstatement of sales and purchases as well as overstatement of interest on capital.

With effect from 1 September 1975, the selling price of each commodity was being fixed by adding 30 percent to the cost of procurement to cover the overhead charges. During the three years up to 1989-90, the actual overhead charges, however, worked out to a higher percentage as shown below:

	<u>1987-88</u> (Rupees)	<u>1988-89</u> in	<u>1989-90</u> lakhs)
1. Fixed overhead charges (actuals)	84.08	90.37	93.10
2. Variable overhead charges (actuals)	31.79	52.27	49.14
Total :	115.87	142.64	142.24
3. Cost of procure- ment	122.00	138.75	176.77
4. Percentage of overhead to cost of procurement	94.98	102.80	80.87

It was noticed in audit that the actual overhead expenses exceeded the actual overhead recovered

*This includes Rs.7.60 lakhs being adjustment of 'net loss' understated during 1985-86.

during all the three years ending 31 March 1990. The details are as under:

	<u>1987-88</u> (Rupees)	<u>1988-89</u> in	<u>1989-90</u> lakhs)
Opening Stock	73.26	79.87	118.39
Add. purchase	128.61	164.22	178.88
Total :	201.87	244.09	297.27
<u>Less</u> closing stock	79.87	105.34	120.50
cost of sales	122.00	138.75	176.77
Sales	177.65	203.71	266.99
Actual overhead recovered	55.65	64.96	90.22
Overhead expenses	115.87	142.64	142.24
Short recovery of overheads	60.22	77.68	52.02

Thus, there was a short recovery of overheads to the tune of Rs.189.92 lakhs during the three years ending 31 March 1990. Efforts were not made by the department to reduce the overheads so as to have a lesser burden on the consumers.

8.4 Review on the working of Arunachal Pradesh Forest corporation Limited

8.4.1 Introduction

Arunachal Pradesh Forest corporation Limited was incorporated on 31 March 1977 as a 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, to promote and run forest resource-based industries, to arrange marketing of timber and other forest resources within the country and abroad:

(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 crop mainly coffee, tea, cardamon and rubber.
- (iv) Running of two wood based industries one at Banderdewa and the other at Namphai.

8.4.2 Organisational set up

The management of the company vests in a Board of Directors consisting of not less than two and not more than fifteen Directors (including the chairman and the Managing Director). The Managing Director appointed by the Government of Arunachal Pradesh is the Chief executive of the company. He is assisted in day-to-day work by General Manager (Territory), General Manager (Industry), Divisional Manager (Hqrs), Manager (Finance) and Company Secretary. As on 31st March 1993, the Board consisted of nine directors.

8.4.3 Audit coverage

A review on the working of the company was included in the Report of the Comptroller and Auditor General of India for the year 1985-86 Government of the Union Territory of Arunachal Pradesh. The present review covers the performance of the Company for five years ended 31 March 1993.

8.4.4 Highlights

The company was incorporated on 31 March 1977 and started functioning from December 1977 with the main object of harvesting and developing forest product, running of forest resource 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 8.4.1)

There was overall shortage of 31,86,378 cft. in the extraction of timber with reference to the projection in the working Plan during the five years up to March 1993.

(Paragraph 8.4.8.A(ii))

Due to non-settlement of mahal/quarry for the period ranging from one year to four years, the company sustained loss of revenue of Rs.6.53 lakhs.

(Paragraph 8.4.9)

Shortfall in harvesting of green tea leaves with reference to expected yield varied from 56.69 per cent to 85.75 per cent in Medo Tea Estate and 15.15 per cent to 32.77 per cent in Mopa Tea Estate during the five years ending 31 March 1991. The value of shortfall was Rs.131.26 lakhs.

(Paragraph 8.4.10.A(i))

Shortfall in case of coffee production during the four years ending 31 March 1993 varied between 33.84 per cent and 72.33 per cent with reference to the yield envisaged in revised project report. The value of shortfall was Rs.51.77 lakhs.

(Paragraph 8.4.10.A(ii))

The match unit of the company incurred accumulated loss of Rs.2.68 lakhs in two years and had to be closed down from September 1986. The machinery and inventories valued at Rs.3.45 lakhs could not be disposed of till June 1993.

(Paragraph 8.4.11)

The company suffered a loss of reveue of Rs.155.97 lakhs for supply of timber to a firm due to (i) charging of lower rates of royalty then the notified rates (Rs.56.98 lakhs) and (ii) change in the basis of charging royalty and downward revision of royalty bills (Rs.98.99 lakhs).

(Paragraph 8.4.13(v) and (vii))

8.4.5 Finance and resources

8.4.5.1 The authorised capital of the company was Rs.620 lakhs and its paid-up capital as on 31 March 1993 was Rs.399.72 lakhs.

8.4.5.2 During the period between 1978-79 and 1992-93 the company received grant of Rs.5.25 lakhs from North Eastern Council (NEC) and subsidies of Rs.57.93 lakhs from Coffee Board/Tea Board for raising nurseries.

8.4.6 Financial position

The Company had finalised its accounts up to 31 March 1990 only. The financial position of the company for the three years up to 1990-91 is given below:

Particulars	1988-89	1989-90	1990-91 (provisional)
-----	-----	-----	-----
	(Rupees	in	lakhs)
Liabilities			
a) Paid-up capital	399.72	399.72	399.72
b) Reserves and surplus (including capital subsidy)	88.79	74.06	188.47
c) Borrowings	35.15	26.37	-
d) Trade dues and other current liabilities (including provisions)			
Total	<u>1216.12</u>	<u>1363.44</u>	<u>1871.55</u>
	1739.78	1863.59	2459.74
Assets			
a) Gross fixed assets (including capital work-in-progress)	727.56	815.85	809.96
b) Less: Depreciation	<u>194.40</u>	<u>223.25</u>	<u>218.25</u>
c) Net fixed Assets	533.16	592.60	591.71
d) Investments	10.74	17.97	6.58
e) Current Assets, loans and Advances			
Total	<u>1195.88</u>	<u>1253.02</u>	<u>1861.45</u>
	1739.78	1863.59	2459.74
Capital employed*	512.92	482.07	580.90
Net worth**	488.51	473.67	588.19

*Capital employed represents net fixed assets plus working capital.

**Net worth represents paid-up capital plus reserves and surplus.

8.4.7 Working results

The following table indicates the working results of the company for the three years up to March 1991.

<u>Particulars</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u> (provisional)
	(Rupees	in	lakhs)
I. Income			
Sales	1504.98	1223.51	1654.03
Other Income	78.99	59.88	71.37
Changes in stock level	(+) 25.76	(-) 45.73	(-) 5.00
Total	1609.73	1237.66	1720.40
II. Expenditure			
Operating cost	265.12	178.51	237.79
Administrative and other expenses	490.70	308.41	327.82
Salaries	192.24	150.34	143.81
Lease Rent	531.55	557.43	850.00
Depreciation	53.73	38.86	31.54
Provision for tax	59.00	17.00	74.75
Profit after tax	17.39	(-) 12.89	54.69
Total:	1609.73	1237.66	1720.40

8.4.8 Performance

The performance of the company in respect of different activities and projects/schemes undertaken by it are discussed below:

A Timber Operation

A(i) Forest areas and lease agreements

The Government of Arunachal Pradesh transferred 67.14 Sq.Km of forest area (719.72 sq.Km of reserved forests and 147.42 Sq.Km. of village reserved forests) to the company on lease basis as per agreements entered into in March 1979, retrospectively effective from 15 December 1977. The lease period was initially for ten years and was extended upto 30 September 1990. Though lease agreement was not extended up to any specified date thereafter approval of the Government was obtained to continue the lease agreement until further orders. The main activities of the Company in respect of the leasehold reserved

forest area were extraction and sale of timber to various local wood based industries (quota holders).

A(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. The expected yield as per the 2nd and 3rd Working Plan in respect of Khonsa Project Division, Miao Project Division and Jairampur Project Division and actual quantity extracted during the five years up to March 1993 were as under:

	1987-89 (10/87 to 3/89) 18 months	1989-90	1990-91	1991-92	1992-93
				(yield in cft)	
1. Khonsa Project Division					
Expected Yield (A)	12,16,800	8,11,200	9,21,448	9,21,448	9,21,448
Actual Yield	10,02,477	8,09,944	10,34,028	8,06,930	9,20,810
Shortfall(-)/Excess(+)	(-)2,14,323	(-)1,256	(+)1,12,580	(-)1,14,518	(-)638
2. Miao Project Division					
Expected Yield (B)	9,35,403	6,23,602	6,23,602	5,96,650	5,96,650
Actual Yield	7,46,552	3,78,525	7,71,967	4,43,225	6,25,561
Shortfall(-)/Excess(+)	(-)1,88,851	(-)2,45,077	(+)1,48,365	(-)1,53,425	(+)28,911
3. Jairampur Project Division					
Expected Yield (B)	18,63,210	12,45,473	12,45,473	7,42,082	7,42,082
Actual Yield	7,98,816	6,82,058	4,61,273	4,48,723	8,94,304
Shortfall(-)/Excess(+)	(-)10,64,394	(-)5,63,415	(-)7,84,200	(-)2,93,359	(+)1,52,222

(A) The expected yield for 1987-89 and 1989-90 in respect of Khonsa Project Division were on the basis of exploitable girth of 210 cm G.B.H and thereafter on the basis of 150 cm.GBH

(B) The expected yield for 1987-89 to 1990-91 in respect of Miao Project Division and Jairampur Project Division were on the basis of 180 cm G.B.H. and thereafter on the basis of 150cm GBH.

It was observed that there was shortfall in extraction of timber in all these years except in 1990-91 (in Khonsa and Miao Divisions) and 1992-93 (in Miao and Jairampur Divisions). The total shortfall in extraction of timbers in the three Project Divisions of the company during the period from 1987-89 to 1992-93 was as follows:

Khonsa Division :	2,18,155 cft.
Miao Division :	4,10.077 cft.
Jairampur Division :	25,53.146 cft.
Total :	<u>31,81,378 cft.</u>

The reasons for shortfall were not on record.

A(iii) Regeneration of plantation

The Company is required to raise new plantations in terms of the Working Plan Projections both in the exploited area and other vacant areas of the reserve forests under its management. The main object of raising such plantation was 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. Shortfall in raising of plantation was thus not desirable.

The targets fixed for raising Artificial Plantation and Aided Natural Regeneration (ANR) and achievement thereagainst during the five years upto March 1993 were as under:

Year	Target as per working plan			Actual (Total) (area)	Excess(+) Shortfall(-)
	Artificial Plantation	ANR	Total		
1	2	3	4	5	6
(Area in Hectares)					
Khonsa Division					
1987-89	NA	NA	NA	597	-
1989-90	NA	NA	NA	231	-
1990-91	59	119	178	378	(+)200
1991-92	59	119	178	303	(+)125
1992-93	59	119	178	292	(+)114
Miao Division					
1987-89	495	262	757	421	(-)336
1989-90	330	175	505	200	(-)305
1990-91	330	175	505	242	(-)263
1991-92	580	170	750	158	(-)592
1992-93	580	170	750	233	(-)517

1	2	3	4	5	6
<u>Jairampur Project</u>					
<u>Division</u>					
1987-89	555	308	863	389	(-)474
1989-90	370	205	575	302	(-)273
1990-91	370	205	575	420	(-)155
1991-92	411	169	580	250	(-)330
1992-93	411	169	580	253	(-)327

It was seen that there was shortfall in regeneration of plantation in Miao Division and Jairampur Division. The reasons for shortfall were not on the records of the company. As per audit, the main reasons for shortfall were:

(a) Negligible extraction of timbers in lower girth class i.e. girth class of 150 cm to 180 cm.

(b) Non-availability of physical stock in reserve forests in certain cases.

(c) Non-extraction of marked trees in time by the allottees etc.,

8.4.9 Settlement of Mahal/Quarry

Settlement of different Mahal/Quarry under the forest area is one of the source of revenue of the company. Test check of records revealed that the following Mahal/quarry in Khonsa Division were not settled during settlement years noted against each during the period from 1987-89 to 1992-93:

1.NCI Nallah: Boulder quarry	2 years	1990-91 and 1991-92
2.Namsang Stone : quarry (N.Mukh)	1 year	1988-89
3.Namsang Stone: quarry (Deomali)	2 years	1990-91 and 1991-92
4.Kennon Boulder: quarry	1 year	1988-89
5.New Dirok Stone : quarry	4 years	1988-89 to 1990-91 and 1992-93
6.Lower Dirok : stone quarry	2 years	1988-89 and 1989-90
7.Jamnapathar Boulder quarry	4 years	1989-90 to 1992-93

On the basis of lowest settlement value received during earlier periods, the loss of revenue of the

Company on the account worked out to Rs.6.53 lakhs as detailed below:

Name of the Mahal/ quarry	No.of year remained unsettled	Lowest amount of settlement during earlier periods	Total amount of loss of revenue (2x3)
1	2	3	4
i) NCI Nallah	2	Rs.55,501	Rs.1,10,002
ii) Namsang stone quarry (N.Mukh)	1	Rs.38,500	Rs. 33,500
iii) Namsang stone quarry (Deomali)	2	Rs.32,000	Rs. 64,000
iv) Kennon Boulder quarry	1	Rs.27,722	Rs. 27,722
v) New Dirok stone quarry	4	Rs.20,000	Rs. 80,000
vi) Lower Dirok Stone quarry	2	Rs.25,000	Rs. 50,000
vii) Jamnapathar Boulder quarry	4	Rs.72,001	<u>Rs.2.88,004</u>
		Total :	Rs.6,53,228

8.4.10 Tea plantation

(A) Area under Tea Plantation

The actual plantation taken up was 240.55 hectares only. Yearwise area brought under tea plantation are given below :

Year	Mopa	Medo	Tupi	Total
-----	-----	-----	-----	-----
	(Area in hectares)			
1978-79	10.15	-	-	10.15
1979-80	6.50	23.28	-	29.78
1980-81	14.10	-	-	14.10
1981-82	13.10	-	-	13.10
1982-93	10.00	15.00	-	25.00
1983-84	7.14	5.00	-	12.14
1984-85	10.00	3.25	-	13.25
1985-86	5.00	7.00	-	12.00
1986-87	5.00	5.00	-	10.00
1987-89	8.00	10.50	-	18.50
1989-90	5.50	7.00	-	12.50
1990-91	1.20	8.64	-	9.84
1991-92	-	-	25.00	25.00
1992-93	-	-	35.19	35.19
	95.69	84.67	60.19	240.55

Location-wise area taken from Government and private parties are tabulated below:

	<u>Mopa T.E</u>	<u>Medo T.E</u>	<u>Tupi T.E</u>
	(Area in hectares)		
(a) Transferred by Government (Gross)	80	40.60	-
(b) Net area after survey against above (a)	30.75	39.17	-
(c) Private parties			
i) Rujan Welfare society	59.54	-	-
ii) Photong Wangjon	6.88	-	-
iii) Other (Parties not known)	-	45.50	210.00
iv) Planted area	95.69	84.67	60.19
Total area	97.17	84.67	210.00

It would be observed from the above table that out of 210 hectares acquired in Tupi only 60.19 hectares could be utilised for plantation.

A(i) Yield of green tea leaves

The company has not prepared any specific project report in respect of Mopa and Medo Tea Estate. One project report was prepared in September 1989 for setting up of a 400 hectare Tea Estate in Kanubari area (Tirap District). However, in the absence of anticipated yields in respect of these two tea estates, comparison has been made with reference to the yield projected in respect of nearby Kanubari Tea Estate.

The expected yield and actual yield (green tea leaves) during the last five years upto 1992-93 are tabulated below:

	1987-89	1989-90	1990-91	1991-92	1992-93
	(In lakhs of Kgs)				
<u>Mopa Tea Estate</u>					
a) Expected yield	10.07	8.05	8.73	9.18	9.68
b) Actual yield	6.77	6.83	7.16	7.42	7.14
c) Short fall	3.30	1.22	1.57	1.76	2.54
d) Percentage of shortfall	32.77	15.15	17.98	19.17	26.23

1987-89 1989-90 1990-91 1991-92 1992-93
(In lakhs of Kgs)

Medo Tea Estate

84.67 hectares

a) Expected yield	7.44	5.62	6.17	6.73	7.39
b) Actual yield	1.06	2.03	2.46	1.56	3.20
c) Shortfall	6.38	3.59	3.71	5.17	4.19
d) Percentage of shortfall	85.75	63.87	60.12	76.82	56.69

It would be evident from the above statement that the shortfall in harvesting of green tea leaves as against the expected yield varied from 56.69 per cent to 85.75 per cent in case of Medo Tea Estate and 15.15 per cent to 32.77 per cent in case of Mopa Tea Estate. The value of the shortfall on the basis of actual average sale price worked out to Rs.131.26 lakhs. The reasons for shortfall were not analysed by the Management.

A(ii) Coffee Plantation

A project report for raising Coffee Plantation in 1000 hectares was prepared by the company in 1980 which was subsequently revised in 1982. In the revised project report (1982) it was proposed to raise 630 hectares of coffee plantation in Tirap District. The main objectives of growing coffee was :

(i) to achieve maximum economic utilisation of deforested jhummed waste land.

(ii) to generate gainful employment and income to the local people.

(iii) to arrest soil erosion and conserve soil for better utilisation etc.

The company has so far (March 1993) taken up 557.3 hectares coffee plantation (169.2 hectares in Namsangmukh, 257.1 hectares in Langrun, 85 hectares in Jairampur and 46 hectares in Changlang) including 18.8 hectares taken over from the Forest Department, Government of Arunachal Pradesh.

As per the project report (1982) coffee plants would start production from 3rd year (50 Kg per

hectare) and reach optimum level of production in the 10th year (1200 Kg/hectare) in case of Arabica Coffee and 13th year (1200 Kg/hectare) in case of Robusta coffee.

Management, however, stated in August 1987 that the yield parameter (which has been revised in the project report submitted in July 1986) would be as follows:

	<u>Variety</u> (Qty. in kgs)	
	<u>Arabica</u>	<u>Robusta</u>
4th year	50	-
5th year	75	50
6th year	125	200
7th year	200	300
8th year	300	400
9th year	500	600
10th year	600	700
11th year	800	800
12th year and onwards	1000	900

The company started harvesting coffee seeds from 1982-83. The details of production and shortfall for the five years upto 1992-93 are given below:

Clean Coffee- Arabica and Robusta

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
(i) Expected yield as per project report 1982 (kgs)	1,81,333	2,57,330	3,28,920	3,86,895	4,54,780
(ii) Expected yield as per revised project report 1986(kgs)	53,113	88,777	1,42,550	2,41,315	2,74,005
(iii) Actual yield (kgs)	1,14,127	58,735	70,771	97,190	75,821
(iv) Shortfall(-)/Excess(+) as per project report 1986 (kgs)	(+)61,009	(-)30,042	(-)71,779	(-)1,14,225	(-)1,98,184
(v) Percentage of shortfall	-	33.84	50.35	54.05	72.33
(vi) Rate per Kg (Rs)	12.50	12.50	12.50	12.50	12.50
(vii) Value of shortfall in production (Rupees in lakhs)	-	3.75	8.97	14.28	24.77

The actual percentage of shortfall increased from 33.84 (in 1989-90) to 72.33 (in 1992-93). The total value of the shortfall during the last four years ending 31 March 1993 on this account worked out to Rs.51.77 lakhs.

(B) Performance of Wood-based industries

The company had set up two wood-based industries. The performance of these industries are discussed below:

B(i) Performance of Banderdewa Saw Mill and Plywood Industry

Production in Banderdewa Saw Mill (BSM) and Plywood Industries (PI) was started from November 1982.

(a) Performance of Saw Mill during the four years upto March 1993 was as follows :

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
(i) Installed capacity (m ³)	3000	3000	3000	3000
(ii) Quantity of logs consumed (m ³)	2079.70	1837.72	1949.73	1746.87
(iii) Production of Sawn Timber (m ³)	1254.05	1173.78	1375.14	1160.10
(iv) Capacity utilisation(percentage)	41.80	39.13	45.84	38.67
(v) Quantity/process loss/scraps(m ³)	825.65	663.94	574.98	586.77
(vi) Percentage of production of Sawn Timber to logs consumed	60.29	63.87	70.52	66.41

It was observed that the capacity utilisation of the saw mill varied from 38.67 to 45.84 per cent of installed capacity. Standard out-turn ratio of sawn timber to logs consumed had not been fixed by the company.

(b) Veneer is the main raw material for production of plywood. Performance of Veneer Unit during the four years ending 31 March 1993 was as follows:

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
(i) Installed capacity (m ³)	9000	9000	9000	9000
(ii) Actual production (m ³)	1350.70	1285.417	95.55	772.09
(iii) Capacity utilisation(m ³)	15	14.28	8.83	8.57
(iv) Quantity of logs consumed (m ³)	2825.39	2552.95	1530.64	1372.38
(v) Scraps/process loss (m ³)	1474.69	1267.54	735.09	600.29
(vi) Output ratio	47.80	50.34	51.97	56.25

From the above table it would be evident that capacity utilisation was very low in all the years and output ratio during the years in 1989-90 and 1990-91 was lower in comparison to that in 1992-93.

(c) Performance of Plywood Unit during the four

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
i) Installed capacity (m ³)	3000	3000	3000	3000
ii) Logs consumed (m ³)	2753.06	2243.29	1739.47	2152.90
iii) Production of sawn timber (m ³)	1498.70	1499.90	1124.24	1331.20
iv) Out turn (%)	54.43	66.85	64.63	61.83
v) Capacity utilisation (%)	49.95	49.99	37.47	44.37

Standard norm for outturn was not fixed, the percentage of outturn was, however, low in 1989-90 compared to other years. Capacity utilisation was below 50 per cent in all the four years.

The performance of Veneer Unit during the four years ending March 1993 was as follows:

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
(i) Installed capacity (m ³)	6796	6796	6796	6796
(ii) Log consumed (m ³)	6873.62	6239.30	5754.55	5308.54
(iii) Production of Veneer (m ³)	3409.87	3550.76	3219.94	2580.91
(iv) Process loss (m ³)	3463.75	2688.54	2534.61	2727.63
(v) Percentage of process loss	50.39	43.09	44.04	51.38
(vi) Capacity utilisation (%)	50.17	52.24	37.30	40.14

The above table indicates that percentage of process loss was higher in 1992-93 and capacity utilisation was also very low in 1991-92. The reasons for excess process loss were not on record and reasons for low production was attributed to lack of demand.

8.4.11 Abandoned Project/Scheme

Match Unit

Without ascertaining the technical feasibility and economic viability, the Company set up in 1983-84 a match factory with an installed capacity of 10,000 match boxes per day at the Industrial Estate at Deomali. The Unit which started production in September 1983 incurred a cumulative loss of Rs.2.68 lakhs in 2 years upto August 1986 and the Unit was closed down from September 1986. The Board of Directors in its 56th meeting (September 1987) approved the winding up of the Unit and also resolved

to dispose of the machinery purchased for the Unit along with unsold inventory of finished semi finished products valued at Rs.3.45 lakhs. Scrutiny of records revealed that in spite of efforts made by the Company, these machineries could not be disposed of during the last 5 years and 9 months and the possibility of effecting sales appeared very bleak (June 1993).

Thus, the company incurred a loss of Rs.6.13 lakhs for setting up of the match manufacturing unit without ascertaining its economic viability.

8.4.12 Accounting system and manual

The company has not compiled any accounting manual detailing the procedure to be followed in maintaining the various books of accounts and specifying the financial powers, duties and responsibilities of different officials. However, in July 1992, the Manager (Finance) of the company issued one circular/instruction in connection with maintenance of accounts.

8.4.13 Internal Audit

The company does not have any system of internal audit of its own. During the year 1992-93 two firms of Chartered Accountants were appointed for conducting internal audit of the company for the year 1990-91 at a total fee of Rs.0.30 lakh (excluding T.A. and incidental expenses).

Auditors submitted the internal audit reports of all Units and Divisions except Namphai Saw Mill and Office of the General Manager (Industry) in January/March 1993. The reports submitted by the Chartered Accountants were not placed before the Board of Directors till June 1993. In the absence of proper follow-up of these reports the internal audit system was virtually non-existent.

8.4.14 Points of interest

(i) Avoidable payment of interest

Under the provisions of the Income Tax Act 1961, advance tax is payable by an assessee if the tax payable in a year exceeds a specified limit. Failure to pay advance tax of not less than 90 per cent of the assessed tax entails payment of interest @ 2 per

cent per month from 1st April following the close of the financial year up to the date of assessment or deposit of tax, if tax is not paid before completion of regular assessment.

Interest is also payable for delay in furnishing of returns, non-furnishing of estimate or statement of income and advance tax, non-payment or delay payment of amount specified in any notice of demand under Section 156 etc.

Examination of records revealed that the Income Tax authority had charged interest in the assessment order/revised assessment order in respect of the assessment years 1978-79 to 1989-90 on various grounds. The total amount of interest charged in respect of the assessment years 1978-79 to 1989-90 worked out to Rs.108.54 lakhs which was due to lack of adequate step by the company to watch its financial interest.

The company stated (July 1993) that they have filed appeals against the demand for all these years before appropriate authority against Income Tax assessment. Further development is awaited (February 1994).

(ii) Unnecessary drawal of loan and loss of Interest

The Company sought (October 1985) financial assistance from NABARD (National Bank for Agriculture and Rural Development) for implementing its lodging project which was approved by the Board of Directors in their 29th Meeting held on 31 January 1983. A sum of Rs.61.49 lakhs, carrying interest @ 12.5 per cent was ultimately sanctioned by NABARD on 14 May 1986.

Meanwhile, the Company as well as the Government of Arunachal Pradesh decided not to undertake mechanised timber operation which was the main object of the project.

The Company, however, drew the amount of loan on 17 December 1986 and invested the same in short term fixed deposit earning interest varying from 9 per cent to 10 per cent per annum without considering the interest liability of 12.5 per cent payable to NABARD. The entire loan was repaid by the Company in instalments during the period from May 1987 to September 1990 without utilising the same for the

purpose for which it was drawn.

Further scrutiny of records revealed that while the company earned interest of Rs.15.23 lakhs from short terms investment of the borrowed funds, it had to pay Rs.19.89 lakhs as interest to NABARD and consequently incurred an avoidable loss of Rs.4.66 lakhs.

Reasons why the loan amount was drawn when the project for which it was meant was shelved and why the amount could not be refunded immediately on receipt was not on record.

(iii) Wasteful expenditure for opening office at Delhi

The Company opened a 'Sale-cum-liason office' at Delhi by hiring a flat at a monthly rent of Rs.1800 from 1st September 1989 to promote the sale of plywood products of the company. Post of 'Marketing-cum-liaison Officer' and post of Asstt. Marketing-cum-liaison Officer' were created to man the office.

Examination of records revealed that not a single supply order was procured by the company through the 'Sale-cum-liaison Officer' at Delhi. Ultimately the office had to be closed down on 18 April 1991.

The total expenditure incurred in connection with opening of 'Sale-cum-liason Office' at Delhi amounted to Rs.1.29 lakhs which proved to be wasteful as the very purpose of opening office at Delhi was defeated.

(iv) Loss of revenue

Mahal/quarries are required to be settled on the basis of proper assessment of availability of forest produce in the respective Mahal/quarries in order to avoid settlement at far too low a price compared to the royalty value.

Test check of records revealed that a stone quarry (Lower Direk) was settled at Rs.0.50 lakh for two years from 1990-91 to 1991-92 without any stipulation regarding quantity of quarry materials to be extracted. The contractor removed quarry materials (18,604.62 cum) valued at Rs.4.50 lakhs. Thus,

settlement of the stone quarry and fixation of amount payable by the Mahaldar without any relationship with the quantity of stone to be removed, resulted in loss of revenue of Rs.4 lakhs (Rs.4.50 lakhs-Rs.0.50 lakhs) to the company.

Incidentally it was noticed that the same mahal was settled for the year 1992-93 at Rs.1.69 lakhs for extraction of 5500 cubic metre of materials.

(v) Undue financial benefit to a firm

The Company has to supply timber extracted from its lease-hold 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 (May 1987) the company to charge royalty at reduced rate in respect of some quota timber allotted to firm A in 1978 and 1979. In this connection the company was also directed (April 1990) to charge royalty from the firm based on the date of marking of trees as a special case instead of date of passing.

Accordingly, General Manager(Territory) of the company revised the bills of the firm pertaining to the period from December 1978 to April 1990 in respect of supplies made from Khonsa Project Division and submitted (February 1991) a statement to the firm indicating Rs.64.08 lakhs (being the difference between the original bill value Rs.368.78 lakhs and the revised bill value Rs.304.70 lakhs) payable to the firm.

The action of the officer (G.M. Territory) and the revision undertaken by him was not approved by the then Managing Director of the company who constituted a committee for finalisation of account of the firm. The Committee submitted its report in September 1992 which was forwarded to the Government of Arunachal Pradesh, Forest Department in October 1992.

The total bill value as computed by the Committee amounted to Rs.403.69 lakhs as against the original bill value of Rs.368.78 lakhs raised by the company. Thus, as per findings of the committee fresh bills amounting to Rs.34.91 lakhs was required to be

raised against the firm. However, the Government of Arunachal Pradesh directed the company to reduce the original bills amount to Rs.368.78 lakhs by Rs.64.08 lakhs as proposed by the General Manager (Territory) of the company in February 1991. Accordingly, the company credited Rs.64.08 lakhs to the firm on 29th April 1993. The reasons for the difference of Rs.98.99 lakhs between the bill value as computed by the Committee and the revised bills were not analysed/investigated.

Thus, by allowing credit of Rs.64.08 lakhs as against the debit of Rs.34.91 lakhs the company has given an undue benefit of Rs.98.99 lakhs.

(vi) Waivel of overhead charges and consequential loss

The company supplied 13,26,623.03 cft timbers to a firm up to 1985-86 from three Project Divisions against the total quota allotment of 14,75,000 cft leaving a balance of 1,48,376.10 cft. Against this shortfall, standing volume of marked trees which the firm failed to extract was 3,10,999.991 cft.

Forest Department, Government of Arunachal Pradesh, however, granted (January 1990 to April 1994) 5,58,790.689 cft. as backlog quota to the firm for the period upto 1985-86 (September 1986) against the shortfall of 1.48 lakhs cft.

Since the above backlog quota was required to be supplied after 1985-86, overhead charge which was enforced with effect from 1986-87 (October 1986) was required to be charged on supplies made to firm A. The rates of overhead charge was Rs.6, Rs.8 and Rs.10 per cft. from 1.1.90, 1.10.90 and 1.10.91 respectively.

Forest Department, the Government of Arunachal Pradesh, however, directed (June 1993) the company not to impose overhead charges on the entire backlog quota allotted to the firm. As per the above direction, the royalty bills already raised, were revised in December 1993 resulting in loss of revenue of Rs.44.70 lakhs to the company on 5,58,790.689 cft timber at an average rate of overhead charge of Rs.8 per cft.

(vii) **Irregular grant of concessions in royalty rates**

The Government of Arunachal Pradesh allotted (August 1979) to the firm 1,20,000 cft of timber annually for a period of three years from April 1979 to March 1982 at a royalty rate of Rs.8.25 per cft as against the prevailing rate of royalty of Rs.10.76 per cft. applicable for other industries.

Since the actual removal of rehabilitation quota timber was started from 5th November 1980, the above rate of royalty was allowed to continue up to 4 November 1983 as per Government order in June 1981 although the rate of royalty was increased to Rs.24.21 per cft with effect from April 1982.

Against the total allotment of 3,60,000 cft, actual extraction from Jairampur and Miao Division was 3,60,047.89 cft (90,588.341 cft. up to March 1982 and 2,69,459.553 cft. from April 1982 to March 1984).

The royalty rate of Rs.8.25 per cft. was again reduced to Rs.5 per cft. under Government's order in May 1987 even though the royalty rates were increased from April 1982 from Rs.10.76 to Rs.24.21. No reasons for this reduction were on record.

Thus, due to unjustified concessions allowed to a particular firm, the company sustained loss of revenue of Rs.56.98 lakhs for supply of 3,60,047.89 cft. timber in comparison with the prevailing rate of royalty applicable for other industries.

(viii) **Purchase of ASCU Chemicals in excess of requirement**

The Company placed a purchase order in June 1989 on ASCU India Ltd. for 6 tonne of ASCU compound and 4 tonne of ASCU Chemicals to be supplied to the Banderdewa Saw Mill and Plywood Industry of the company. Payment for the above materials was released on 7th February 1990. Out of 10 tonne chemicals, the company could utilise 1.8 tonne and the balance 8.2 tonne chemicals valued at Rs.3.37 lakhs remained unutilised till June 1993. It was observed in audit that the above material was purchased without any material indent for the same from the producing unit and there was no such purchase prior to the above mentioned order.

Thus, due to improper assessment of requirement, excessive material was purchased resulting in blocking of Rs.3.37 lakhs for more than three years.

In reply, the Management stated in April 1993, that the company had to purchase these chemicals in order to execute supply orders of a particular party for chemically treated plywood.

Reply of the Management is not tenable as the company could have purchased lesser quantity for first time use in the plant.

The matter was referred to the Government/Management in August 1993; their replies had not been received (February 1994).

MISCELLANEOUS TOPICS OF INTEREST

INDUSTRIES DEPARTMENT

ARUNACHAL HORTICULTURAL PROCESSING INDUSTRIES LIMITED

8.5 Unfruitful expenditure

The company placed orders in April 1983 on a Calcutta based firm for supply of one Juice concentration and pasturisation plant at a basic price of Rs.7.90 lakhs F.O.R. Calcutta. The freight, Insurance, Sales Tax and Excise Duty were to be paid at actuals. The terms and condition of supply stipulated 25 per cent advance payment, and balance 75 per cent against proof of inspection and furnishing of performance guarantee which would have to remain valid for 18 months from the date of despatch or 12 months from the date of commissioning of the plant, whichever was earlier.

It was noticed in audit (March 1993) that a sum of Rs.9.48 lakhs was paid to the firm during the period between November 1983 and June 1986 in final settlement of their claim without conducting the performance test of the machinery with the validity period.

The machinery delivered by the firm in 1984-85 was installed during 1986-87. But at the time of commissioning (December 1987) the machinery developed some troubles and Roto pump also failed and since then the machinery was lying idle. Further action, if any, taken by the company for repairs of the machine was not on record (April 1993).

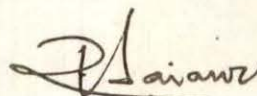
In another case the company placed orders in June 1987 on a Calcutta based firm for supply of a chilling and cold room plant at a cost of Rs.2.67 lakhs F.O.R. Nigmoi. The rate was inclusive of transportation, insurance, erection and commissioning charges of the plants but exclusive of C.S.T.

Agreement made with the firm in June 1987 stipulated 30 per cent advance payment on signing of the contract, 50 per cent after installation and commissioning of the plant and final 20 per cent after successful commissioning and testing of the plant. The installation and commissioning of the plants were to be completed within five weeks from the date of agreement and the erection work by July 1987. It was further enjoined that in case of any defect arising in the machinery during the performance guarantee period of one year, the supplier would rectify the defects at his own cost.

It was noticed in audit (March 1993) that the machinery delivered in November 1987 and installed in June 1988 could not be commissioned due to some inherent defects in the machinery and since then it was lying idle at the factory. The firm was paid Rs.2.88 lakhs being the cost of the machineries including Rs.0.21 lakh for certain additional work and other allied charges, between June 1987 and August 1988, without conducting the performance test of the machine within the validity period. Action, if any, taken by the company for repairing the machine was not on record (April 1993).

Thus, lapses on the part of the Management for not conducting the performance test run of the machine within the guarantee period as stipulated in the agreement and subsequently in not getting the repair work done by the firm at their cost, had resulted in an unfruitful expenditure of Rs. 12.36 lakhs.

The matter was referred to the Government/Management in May 1993; their replies had not been received (February 1994).



Shillong

The

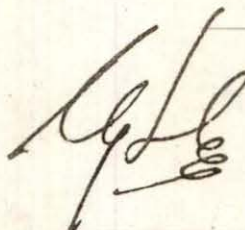
~~31 MAR 1995~~

08 AUG 1994

(ROCHILA SAIAWI)

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

Countersigned



New Delhi

The

~~5 APR 1995~~


17 AUG 1994

(C.G. SOMIAH)


Comptroller and Auditor General of India

31 MAR 1952
U.S. AIR FORCE

2 APR 1952
U.S. AIR FORCE



A P P E N D I C E S



APPENDIX - I
 Drawal of funds in advance of requirement.
 (Reference :Paragraph - 2.3; Page - 32)

By whom drawn	Particulars of drawal		Purpose	Particulars of disbursement		Remarks
	Amount (in lakhs of rupees)	Date of drawal		Amount in lakhs of rupees)	Date of disbursement	
Director, A.H. & Vety.	2.21	30 March 1990	Purchase and Distribution of dairy Units.	0.85	October 1992	The balance amount of Rs.1.36 lakhs remained unspent till the date of audit (January 1993) for non-selection of beneficiaries to whom the dairy units to be distributed.
District Animal Husbandry and Vety. Officers of 11 Districts.	3.50 7.35	March 1991 March 1992	Purchase and free distribution of breeding bulls to the villagers of different districts.	0.35	May 1992	The balance amount of Rs.10.50 lakhs remained unspent till the date of audit (January 1993) for non-selection of beneficiaries.
Director, A.H & Vety.	24.35	31 March 1992	Purchase of a milk chilling and pasteurising plant.	-	-	The department stated that the cost of plant had been included in the Integrated Dairy Development Scheme which was submitted to Government for sanction and the drawal will be adjusted against the proposed scheme. The Amount of Rs.24.35 lakhs was kept in the form of Bankers cheque in

By whom drawn	Particulars of drawal		Purpose	Particulars of disbursement		Remarks
-----	Amount (in lakhs of rupees)	Date of drawal	-----	Amount (in lakhs of rupees)	Date of disbursement	-----
						April 1992 in the name of Dy. Director, Composite Livestock Farm Nirjuli.
	Total	<u>37.41</u>		Total	<u>1.20</u>	

Appendix - II

Statement showing achievements in different methods
of family welfare programme in the districts

(Reference: Paragraph 3.1.7 at Page 37)

No. of Districts Attaining Target

		Upto 40%	41% to 60%	61% to 80%	81 to 100%	Above 100%
1985-86	1. Sterlisation	2	1	-	1	6
	2. IUD*	-	-	3	3	4
	3. CCU*	-	1	1	4	4
	4. OPU*	-	1	-	2	7
1986-87	1. Sterlisation	3	-	2	-	5
	2. IUD	-	2	1	2	5
	3. CCU	2	3	3	-	2
	5. OPU	3	5	2	-	-
1987-88	1. Sterlisation	4	-	-	-	6
	2. IUD	-	3	3	1	3
	3. CCU	3	2	2	-	3
	4. OPU	-	2	1	1	6
1988-89	1. Sterlisation	2	4	-	2	3
	2. IUD	3	4	3	-	1
	3. CCU	6	3	-	2	-
	4. OPU	2	3	3	1	2
1989-90	1. Sterlisation	4	2	-	2	3
	2. IUD	-	2	2	-	7
	3. CCU	1	1	2	-	7
	4. OPU	-	2	-	2	7
1990-91	1. Sterlisation	5	1	4	1	-
	2. IUD	-	4	-	2	5
	3. CCU	-	-	-	-	11
	4. OPU	-	-	-	3	8
1991-92	1. Sterlisation	3	1	3	1	3
	2. IUD	1	4	1	2	3
	3. CCU	2	2	-	3	4
	4. OPU	-	2	4	2	3

*Intra Uterine Device

*Conventional Contraceptive Users

*Oral Pills users

		Upto 40%	41% to 60%	61% to 80%	81 to 100%	Above 100%
1992-93	1. Sterlisation	3	2	2	2	2
	2. IUD	2	3	-	2	5
	3. CCU	1	4	2	2	3
	4. OPU	3	6	2	-	1

APPENDIX-III

Statement showing district-wise, fund released and expenditure incurred against TRYSEM infrastructure institution

(Reference : Paragraph 3.3.5 b) at page 57)

Particular of infrastructural institution	Fund released		Expenditure incurred	
	Year	Amount	Year	Amounts
(In lakhs. of rupees)				
A. DRDA, Tawang				
(i) Strengthening of Government craft centre at Lumen	89-90	2.99	89-90	2.99
(ii) Setting up of workshop cum production centre at Sanga Tawang	90-91	<u>1.68</u> 4.67	90-91	<u>1.68</u> 4.67
B. DRDA, Bomdila				
i) Estt. of TRYSEM Training centre at Rupa	88-89 90-91	1.06 0.14	90-91 92-93	0.29 0.92
ii) TRYSEM Training Centre at Nefra	92-93	<u>1.56</u> 2.76	92-93	<u>-</u> 1.21
C. DRDA, Pasighat				
i) Strengthening of Government Craft Centre at Pasighat	88-89 89-90	1.62 3.34	87-88 88-89	0.70 0.16
ii) Strengthening of Government Craft Centre at Yinkiang	86-87	1.05	90-91	5.21
iii) Estt. of TRYSEM Training Centre at Narri	90-91 91-92	2.00 <u>2.53</u> 10.54	91-92 92-93	2.45 <u>2.02</u> 10.54
D. DRDA, Daporijo				
i) Production cum-Training Centre for tailoring and and knitting at Daporijo	88-89 90-91	2.20 1.29	88-89 89-90 91-92 92-93	0.70 1.09 0.42 <u>1.65</u> 3.86
E. DRDA, Tezu				
i) Setting up of Government Craft Centre at Tezu	86-87 88-89 89-90	1.05 1.50 1.44	87-88 89-90 90-91 91-92 92-93	0.96 1.50 0.50 0.89 <u>-</u> 3.85
		3.99		

Particular of infrastructural Institution	Fund released		Expenditure incurred	
	Year	Amount	Year	Amounts
F. DRDA, Ziro				
i) TRYSEM Training Centre's Hostel at Ziro	92-93	5.00	87-88	0.79
ii) Estt. of a new Fish Farmer's Training Centre at EMCHI	86-87 88-89 89-90	1.08 2.09 0.23	89-90 90-91 91-92	2.70 0.59 -
iii) Hostel and classroom under one Welfare Association	91-92 92-93	3.11 <u>3.89</u> 15.40	92-93	4.88 - 8.96
G. DRDA, Khonsa				
i) Strengthening of Craft Centre by constructing of workshop and Hostel	86-87 88-89 90-91	1.05 1.95 0.81	87-88 88-89 89-90	0.55 1.79 0.44
ii) Estt. of a new Training Centre under TRYSEM at Pongchau	90-91 91-92 92-93	3.00 3.72 <u>3.10</u> 13.63	90-91 91-92 92-93	0.15 5.09 <u>2.60</u> 10.62
H. DRDA, Changlang				
i) Strengthening of of workshop Craft Centre at Changlang	86-87 90-91	1.05 1.02	88-89 89-90	0.95 0.47
ii) Construction of works- shop for Knitting and training at Changlang	91-92 92-93	0.44 1.25	90-91 91-92	0.20 0.50
iii) Training Equipments		- <u>3.76</u>	92-93	<u>1.34</u> 3.46

APPENDIX-IV

Statement showing expenditure on administrative infrastructure
(Reference : Paragraph 3.3.9 at page 66)

DRDA/ZIRO (10 BLOCKS)

Year	Total fund released	Expenditure administrative infrastructure (Rupees in lakhs)	10% total fund released	(+) Excess (-) Savings
1985-86	22.30	4.95(22)	2.23	(+)2.72
1986-87	38.24	6.64(17)	3.82	(+)2.82
1987-88	41.08	7.51(18)	4.11	(+)3.40
1988-89	80.37	8.04(10)	8.10	(-)0.06
1989-90	46.28	12.29(26)	4.63	(+)7.66
1990-91	57.16	11.27(20)	5.72	(+)5.55
1991-92	3.11	10.76(346)	0.31	(+)10.45
1992-93	102.77	14.21(14)	10.28	(+)3.93
Total	391.91	75.67	39.20	(+)36.47

DRDA/ALONG (5 BLOCKS) with 12.5% limit of funds)

1985-86	13.38	4.59(34)	1.67	(+)2.92
1986-87	22.94	4.95(22)	2.87	(+)2.08
1987-88	24.00	5.63(23)	3.00	(+)2.63
1988-89	25.80	8.16(32)	3.23	(+)4.93
1989-90	40.41	7.54(19)	5.05	(+)2.49
1990-91	38.78	8.67(22)	4.85	(+)3.82
1991-92	12.23	8.20(67)	1.53	(+)6.67
1992-93	24.41	11.12(46)	3.05	(+)8.07
Total	201.95	58.86	25.25	(+)33.61

DRDA/PASIGHAT (5 BLOCKS)

1985-86	60.00	6.77(11)	7.50	(-)0.73
1986-87	19.12	6.26(33)	2.39	(+)3.87
1987-88	21.05	11.17(53)	2.63	(+)8.54
1988-89	31.50	6.86(22)	3.94	(+)2.92
1989-90	39.47	7.82(20)	4.93	(+)2.89
1990-91	46.59	9.05(19)	5.82	(+)3.23
1991-92	39.12	10.89(28)	4.89	(+)6.00
1992-93	60.98	16.68(27)	7.62	(+)9.06
Total	317.83	75.50	39.72	(+)35.78

DRDA/DAPORIJO (4 BLOCKS) with 15% limit

Year	Total fund released	Expenditure administrative infrastructure (Rupees in lakhs)	10% of total fund released	(+) Excess (-) Savings
1985-86	8.92	3.81(43)	1.34	(+)2.47
1986-87	30.59	3.92(13)	4.59	(-)0.67
1987-88	25.97	5.44(21)	3.90	(+)1.54
1988-89	34.82	7.55(22)	5.22	(+)2.33
1989-90	20.71	6.26(30)	3.11	(+)3.15
1990-90	50.19	6.08(12)	7.53	(-)1.45
1991-92	21.56	12.93(60)	3.23	(+)9.70
1992-93	38.74	12.51(32)	5.81	(+)6.70
Total	231.50	58.50	34.73	(+)23.77

DRDA/KHONSA (3 BLOCKS)

1985-86	24.00	3.25(14)	3.60	(-)0.35
1986-87	11.47	3.43(30)	1.72	(+)1.71
1987-88	14.63	6.27(43)	2.19	(-)4.08
1988-89	27.31	5.99(22)	4.10	(+)1.89
1989-90	19.36	5.70(29)	2.90	(+)2.80
1990-91	27.81	7.13(26)	4.17	(+)2.96
1991-92	6.54	8.17(125)	0.98	(+)7.19
1992-93	36.83	9.33(25)	5.52	(+)3.81
Total	167.95	49.27	25.18	(+)24.09

*Figures in the brackets represents percentage of expenditure to the total fund released

Statement showing particulars of paid-up capital, outstanding
(Referred to in Paragraph

Sl. No.	Name of the Company	Paid up capital at the end of the current year				Total	Loans outstanding at the close of the current year 1992-93
		1992-93					
		State Govt.	Central Govt.	Holding Company	Others		
1	2	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4
(Rupees in							
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	92.50	--	--	--	92.50	891.98
2.	Arunachal Pradesh Forest Corporation Limited	399.72	--	--	--	399.72	--
3.	Arunachal Pradesh Mineral Development and Trading corporation Limited	50.22	--	--	--	50.22	--
4.	Parasuram Cement Limited (subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited)	--	--	13.50	--	13.50	63.59
5.	Arunachal Horticultural Processing Industries Limited (subsidiary of Arunachal Pradesh Industrial Development and Financial Corporation Limited)	--	--	--	--	--	11.00
Total		542.44		13.50	--	555.94	966.57

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loans, working results etc., of the Government Companies
8.2.2 at Page 90)

Amount of guarantee given upto 1992-93	Amount of outstanding at the end of 1992-93	Position at the end of the year for which accounts were finalised				Remarks
		Year for which accounts were finalised	Paid-up capital at the end of the year	Accumulated Profit (+) Loss (-)	Any excess of accumulated loss over paid-up capital	
5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)	7
l a k h s)						
		1982-83	57.50	(-) 2.41	--	
		1983-84	66.50	(-) 2.67	--	
--	--	1987-89	399.72	(+) 41.46	--	
--	--	--	--	--	--	Accounts not finalised since inception.
--	--	--	--	--	--	-do-
--	--	--	--	--	--	-do-

APPENDIX

Summarised financial results of the Government Companies for the
(Referred to in Para

Sl. No.	Name of the Company	Name of the Department	Date of incorporation	Period of acco-unts	Year in which fina-lised	Total capital invested at the end of the year of account	Profit (+) /Loss (-)
1	2	3	4	5	6	7	8
							(Rupees in
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industry	August 1978	1982-83 1983-84	1992-93 1993-94	61.69 70.69	(-)0.68 (-)0.24
2.	Arunachal Pradesh Forest Corporation Limited	Forest	March 1977	1987-89	1992-93	488.51	(+)76.39
3.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	Indus-tries	March 1991	--	--	--	--
4.	Parasuram Cement Limited.(Subsidiary of APID and FC Ltd. Mentioned at Sl.No.1 above)	Indus-tries	January 1984	--	--	--	--
5.	Arunachal Horticultural Processing Industries Limited (subsidiary of APID & FC Ltd.mentioned in Sl.No.1 above)	Indus-tries	May 1982	--	--	--	--
6.	Nocte Timber Company Limited (Subsidiary of Arunachal Pradesh Forest Corporation Limited)	Forest	February 1981	1989-90	1993-94	192.51	(-)31.24

Note: 1. Capital invested represents paid-up capital plus long term loans plus
2. Capital represents net fixed assets (excluding capital works in

- VI

latest year for which accounts were finalised upto 31 March 1993
graph 8.2.3 at page 91)

Total interest charged to profit and loss account	Interest on long term loan	Total return on capital invested	Capital employed	Total return on capital inves- ted	Percentage of total return on capital inves- ted	Percentage of total return on capital employed	Remarks
(lakhs)							
0.34	1.30	0.62	102.71	(-) 0.34	--	--	--
0.16	2.63	1.39	137.10	(-) 0.06	--	--	--
8.38	8.38	84.77	486.71	(+)84.77	17.35	17.41	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	Accounts of the company not fina- lised since inception
--	--	--	--	--	--	--	-do-
--	--	--	--	--	--	--	-do-
--	--	--	(-) 31.24	184.58 (-)31.24	--	--	ceased to be a Government company with effect from 31 March 1992

free reserves.
progress) plus working capital

APPENDIX VII

Glossary of Abbreviations

ANM	Auxiliary Nurse Midwife
BDO	Block Development Officer
DHS	Directorate of Health Services
DRDA	District Rural Development Agency
DWCRA	Development of Women and Children in Rural Areas
DFWC	District Family Welfare Centre
FWP	Family Welfare Programme
GOI	Government of India
IEC	Information, Education and Communication
IRDP	Integrated Rural Development Programme
IUD	Intra Uterine Device
LTT	Laparoscopic Tubectomy
MCH	Maternal and Child Health
MEM	Mass Education and Media activities
MSS	Mahila Swasth Sangh
MTP	Medical termination of pregnancy
PHC	Public Health Centre
POL	Petrol, Oil, Lubricant
RFW	Rural Family Welfare
RFWC	Rural Family Welfare Centre
SC	Scheduled Caste
SLCC	State Level Co-ordination Committee
ST	Scheduled Tribe

TE	Travelling Expenses
TRYSEM	Training on Rural Youth for Self Employment
TT	Tubectomy
UFWC	Urban Family Welfare Centre
UNICEF	United Nation International Children Emergency Fund
VT	Vasectomy

Traveling Expenses

Expenses on business for 1911

1911

1911

1911

1911

1911

1911