

REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED
31 MARCH 2000

GOVERNMENT OF ARUNACHAL PRADESH

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

PHYSICS 433

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Preface

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies and departmentally run commercial undertakings.*
4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1999 – 2000 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 1999-2000 have also been included wherever necessary.*

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OVERVIEW

OVERVIEW

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of Government of Arunachal Pradesh for the year 1999-2000 and six other chapters, comprising 7 reviews and 36 paragraphs, based on the audit of certain selected programmes and activities of the financial transactions of the Government. A synopsis of the important findings contained in this Report is presented in this overview.

I. Accounts of the State Government

- The liability of the State increased from Rs.441.74 crore in 1995-96 to Rs.777.02 crore in 1999-2000. However, very little of the borrowings were available for investment after meeting the repayment obligations. Of Rs.193.88 crore received during 1999-2000, only Rs.30.65 crore was available for investment after repayment obligation. Outstanding debt increased year after year and with such increase the investment would be reduced further. During 1999-2000, while the liabilities of the State Government grew by 16.55 **per cent**, its assets grew by only 10.59 **per cent**.
- The revenue receipts during the year increased by 9 **per cent** compared to 1998-99. Of the total revenue receipts of Rs.1008.92 crore, Rs.928.03 crore constituting 92 **per cent** came from State's share of Union taxes and duties and Central grants.
- Revenue expenditure (Rs.837.34 crore) during the year accounted for 76 **per cent** of the expenditure of the State Government and increased by 12 **per cent** during 1999-2000. The share of Non-Plan expenditure to Revenue Expenditure during 1999-2000 was 64 **per cent** against 36 **per cent** under plan side.
- Though there was no revenue deficit (excess of revenue expenditure over revenue receipt) during 1999-2000, the account of the State had a fiscal deficit (excess of revenue and capital expenditure over revenue receipt) of Rs.88.79 crore which was covered by Public Debt and partly by the surplus from the Public Account.
- The share of capital expenditure to total expenditure has dropped from 36 **per cent** in 1995-96 to 24 **per cent** in 1999-2000.
- Amount of loans and advances given by the State Government to companies, corporations, etc. surpassed the improvement in repayment, as a result of which the closing balance at the end of 1999-2000 increased from Rs.13.91 crore in 1995-96 to Rs.15.17 crore at the end of 1999-2000.
- The payment of interest on borrowings of the Government increased by 88 **per cent** from Rs.42.41 crore in 1995-96 to Rs.79.80 crore in 1999-2000.

II. Indicators of financial position of the state

- Balance from Current Revenues (BCR) was negative in last 4 years which indicates limited sustainability of State finances.
- Interest ratio has moved in narrow range of 0.05 to 0.08. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.
- Borrowed funds were used increasingly for purposes other than capital outlay.
- Return on investment was negligible and less than 1 per cent.

(Paragraph 1.1 to 1.11.4)

III. Appropriation Audit and control over expenditure

- Against the total budget provision of Rs.1291.14 crore (including supplementary) actual expenditure was Rs.1160.12 crore resulting in a saving of Rs.145.29 crore in 96 grants and appropriations. This was offset by excess of Rs.14.27 crore in 6 cases of grants and 1 appropriation. The excess expenditure of Rs.14.27 crore requires regularisation by the Legislature under Article 205 of the Constitution of India.
- Supplementary provision made during the year constituted 15 per cent of the original provision as against 14 per cent in the previous year. Supplementary provision of Rs.11.29 crore obtained in respect of 14 cases of grants/appropriations during the year proved unnecessary as the expenditure was less than the original budget provision. Further, against the requirement of Rs.63.58 crore in 31 cases, supplementary grants and appropriations of Rs.137.15 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.73.57 crore. In 24 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 per cent of the total provision.
- Persistent savings ranging from 15 to 100 per cent occurred in 27 cases of grants during the three year period from 1997-98 to 1999-2000 and in 5 cases, expenditure of Rs.2.51 crore was incurred without any provision in the budget.
- Savings of Rs.63.37 crore in 31 grants and 2 appropriations were not surrendered by the concerned departments. On the other hand, as against the savings of Rs.1.42 crore available for surrender in 3 cases, Rs.1.56 crore were actually surrendered. In one grant, Rs.0.10 crore was surrendered although the expenditure exceeded the grant by Rs.0.11 crore and no savings were available. These instances were indicative of inadequate budgetary control.

(Paragraph 2.1 to 2.3.11)

IV. Audit Reviews on Development/Welfare Programmes, etc.**1. National Family Welfare Programme**

The Family Welfare Programme was introduced in the First Five Year Plan in 1952 and was made target oriented and time bound with effect from 1966-67. The programme is a cent per cent Centrally Sponsored Scheme. The main objective of the programme was to stabilize population level consistent with the needs of national development and at the same time improve maternal and child health care. The Review revealed implementing department could not achieve the demographic goal in respect of birth rate, crude death rate etc., though expenditure on this account continued to be on the increase year after year. The couple protection rate during 1995-2000 fell short of the target by a considerable extent.

- During 1995-2000, Rs.958.59 lakh was spent by the State Government resulting in excess expenditure of Rs.148.93 lakh over the grant released by the Government of India (Rs.809.66 lakh).
- Couple protection during 1995-2000 ranged between 3 and 14 per cent against target of 60 per cent set under National Health Policy.
- The shortfall in achieving target in respect of DPT ranged between 36 and 67 per cent, OPV between 28 and 49 per cent, BCG between 32 and 47 per cent, measles 49 to 64 per cent, TT(PW) between 52 and 76 per cent respectively.
- Irregular expenditure of Rs.41 lakh on certain items of works out of the funds provided to SCOVA for implementation of RCH programme was noticed.
- Out of Rs.47.08 lakh released by the GOI for imparting training to Family Welfare staff during the period from 1995-96 to 1999-2000, Rs.23.43 lakh was irregularly spent by the department for payment of salary of the ANMs of sub-centres and Urban Family Welfare Centres during 1995-2000.

2. Working of the Medical Department

The major thrust area of the Department inter alia was to provide health care services to all including extension of easy access to Family welfare, Maternity and Childcare facilities besides control of communicable diseases through immunisation, education and training. The review, highlights defective budgeting, irregular deployment of available manpower, unavoidable expenditure of Rs.77.89 lakh towards payment of pay and allowances due to entertainment of 10 specialists and 5 Dental Surgeons in excess of the sanctioned strength of 2 hospitals.

- There were shortfall of 27, 44 and 59 **per cent** in the targeted establishment of CHC, PHC and HSC respectively.
- Submission of DCC bills against drawal of Rs.48.91 lakh by 27 AC Bills drawn between 1997-98 and 1999-2000 was outstanding as of May 2000 which indicated deficiencies in control over expenditure.
- 3 X-ray machines procured between April 1997 and May 1998 at a cost of Rs.13.54 lakh for use in Sagalee CHC, Rupa PHC and Seppa district hospital had been remaining idle as of May 2000 due to non-posting of radiographer/non-completion of infrastructure. Another 2 X-ray machines procured in April 1997 at a cost of Rs.7.57 lakh for Khonsa district hospital remained idle till January 1999 due to non-availability of infrastructure.

3. *Members of Parliament Local Area Development Scheme*

The State of Arunachal Pradesh has three MPs representing the entire State, two for Lok Sabha (LS) and one for Rajya Sabha (RS). The Review revealed deficiency in implementation of MPLAD scheme in the State. During 1997-2000, there were large unspent balance of Rs.3.35 crore. Further, utilisation certificates for 220 works valued Rs.7.70 crore completed during 1997-2000 had not been submitted by any of the nodal DCs.

- Rs.4.41 lakh was incurred in construction of Government buildings contrary to the GOI guidelines.
- Out of 246 works, 34 works valued Rs.1.84 crore remained incomplete though according to scheme works were to be completed in one or two seasons.

4. *Urban Employment Generation Programme*

The Urban Employment Generation Programme (UEGP) is designed to alleviate urban poverty through self-employment and wage employment and also aimed at creation of infrastructure and Civic amenities for urban poor. The review highlights certain major short-comings in the implementation of the programme which inter-alia include non-conducting of survey to identify the target groups of beneficiaries, short utilisation of 62.54 per cent of the available fund, non-submission of physical performance report etc.

- As on 31 March 2000, there was short release of Central and State share of fund amounting to Rs.19.86 lakh and Rs.61.34 lakh respectively by the State Government.
- 15634 mandays had not been generated among the target groups due to execution of six works through contractors by the two DUDAs and 30 **per**

cent women beneficiaries had not been engaged as per provision of the schemes.

- Self Employment programme under NRY, PMIUPEP and SJSRY had not been implemented although Rs.84.63 lakh for subsidy and training under SUME were available with the DUDAs.
- 462 beneficiaries of four districts defaulted in repayment of loan of Rs.330.25 lakh (including interest) under PMRY.
- For lack of monitoring, most of the components of the programmes are yet to be implemented.

5. *Construction of Roads and Bridges*

Communication system is the basic infrastructure for economic and cultural development of a state. Unlike many other States, roads in Arunachal Pradesh are the only means of communication for socio-economic development of the State. As of April 2000, the State had (a) Surface Roads : 4947.13 Km (b) Unsurfaced Roads : 8940.63 Km; covering a total length of 13,887.76 Kms. The Review revealed mismanagement and deficiency in construction of new roads and bridges and improving the existing ones. Absence of work programme, defective estimation and lack of proper supervision in implementation of schemes by the department resulted in prolonged continuation of work for periods ranging from 2 to 23 years with consequential cost over-run frustrating the objective and economic and cultural development of the state besides wasteful, idle and unfruitful expenditure.

- The department failed to achieve the physical targets set for both in Road and Bridge Sectors where the shortfall varied from 30 to 60 **per cent** though the percentage of financial achievement was 99.96.
- Inordinate delay ranging from 2 to 23 years in completion of 35 works resulted in cost overrun of Rs.20.12 crore.
- There was unfruitful expenditure of Rs.11.15 crore on 40 schemes owing to discontinuance after partial execution.
- Shortfall in achievement of target under Basic Minimum Services (BMS) ranged from 61 to 84 **per cent** even after utilisation of 100 **per cent** central assistance (Rs.88.31 crore).
- There was avoidable extra expenditure of Rs.31.04 lakh due to non-acceptance of lowest tender.
- Excess engagement of work charged staff (20 to 37 **per cent**) over the permissible limit (2 **per cent**) by 12 divisions resulted in extra expenditure of Rs.66.99 crore beside overburdening the work estimates unnecessarily.

6. Receipts under Taxes on Motor Vehicle

The review highlights non-realisation of taxes, fees, penalties etc., valued Rs.264.68 lakh which was mainly due to the failure of the department to levy and collect taxes, short levy of fees and fines etc.

- Failure to review the Combined Register of vehicles led to unauthorised use of 1192 transport vehicles without payment of tax of Rs.189.40 lakh and penalty of Rs.47.35 lakh.
- Failure to renew fitness certificates in respect of 933 transport vehicles led to non-realisation of inspection fee of Rs.9.93 lakh.
- Non-imposition of minimum fine as prescribed in the Motor Vehicles Act led to short realisation of fine of Rs.8.08 lakh in respect of 493 vehicle owners.

7. Commercial and Trading Activities

Review on the working of Arunachal Pradesh Industrial Development and Financial Corporation Limited.

The company was established with a view to promote and develop industries in the State but restricted its activities in 7 out of 14 districts. The review highlights certain major shortcomings in the working of the company as below :

- The company had incurred losses every year ranging from Rs.0.89 crore to Rs.3.28 crore and the accumulated loss at the end of 1998-99 stood at Rs.8.55 crore, which has completely eroded the paid up capital of Rs.1.63 crore.
- Short recovery from lending operation led to locking up company's fund of Rs.1.90 crore and actual loan disbursement during five years was Rs.2.19 crore against the target of Rs.3.37 crore.
- Recovery of loan was very low varying from 5 to 30 **per cent** and overdue at the close of March 2000 stood at Rs.5.88 crore.
- Loss of interest of Rs.1.45 crore had been incurred in performing nodal agency services of Government.

V. Other topics :

(a) Civil Departments

Extra expenditure

- (i) Entertainment of teachers in Papumpare and East Siang districts in excess of the prescribed norms resulted in extra expenditure of Rs.119.74 lakh on their pay and dearness allowance alone.

(Paragraph 3.5)

- (ii) Procurement of the machines at higher rate resulted in extra expenditure of Rs.34.25 lakh.

(Paragraph 3.7(b))

Unfruitful/Unproductive/Infructuous/Unnecessary/Avoidable expenditure

- (i) Procurement of books and subsequent ban on its distribution without assigning any reason resulted in infructuous expenditure of Rs.30.25 lakh.

(Paragraph 3.6)

- (ii) Failure of the Department to execute the work as per terms and conditions of the contract agreement rendered the entire expenditure of Rs.39.50 lakh unproductive and the objective of the work for construction of office building of SRC remained unachieved for a period of over 11 years.

(Paragraph 4.2)

- (iii) Due to non-allotment of site of office building of the Superintending Engineer, Electrical at Itanagar even after a lapse of 10 years from the date of sanction of the work (February 1990), the entire expenditure of Rs.19.27 lakh on procurement of materials and expenditure on site development before final selection of site was unproductive.

(Paragraph 4.3)

- (iv) There was unproductive expenditure of Rs.24.25 lakh towards procurement of materials and payment of Railway freight, pay, wages of work charged staff etc., against a water supply scheme, sanctioned without considering feasibility of the scheme through proper survey, which was ultimately abandoned due to technical non-viability.

(Paragraph 4.5)

- (v) Unnecessary procurement of materials worth Rs.20.17 lakh and fictitious adjustment of expenditure of Rs.3.18 lakh led to increase in the project cost for construction of Durbar Hall at Raj Bhavan.

(Paragraph 4.6)

Idle investment/Idle stock of materials/Diversion of fund

- (i) Injudicious procurement of fogging machines without assessment of actual requirement resulted in idle investment of Rs.102 lakh for a period of about 2 years.

(Paragraph 3.7(a))

- (ii) Allotment of STI building to other Departments in contravention of the objective of the scheme led to idle outlay of Rs.7.24 lakh and diversion of central fund to the extent of Rs.41.40 lakh.

(Paragraph 3.8)

- (iii) Random procurement of stores without assessing the requirement and non-transfer of the same at the time of transfer of the works resulted in idle stock of materials valued Rs.39.60 lakh.

(Paragraph 5.1(a))

(b) Revenue receipts

Loss of revenue

- (i) Loss of revenue of Rs.6.11 lakh due to incorrect cancellation of licences without realising the prescribed annual fee.

(Paragraph 6.6)

- (ii) Loss of revenue of Rs.34.63 lakh due to non-transportation of logs to a safer place to prevent deterioration.

(Paragraph 6.8)

- (iii) Loss of revenue of Rs.28.03 lakh due to non-levy of monopoly fee.

(Paragraph 6.9)

- (iv) Loss of revenue of Rs.10.20 lakh due to incorrect determination of sale value of departmentally processed veneer.

(Paragraph 6.11)

(c) Commercial and Trading activities

There were five Government Companies (including two subsidiaries) and two Departmentally managed commercial and quasi-commercial undertakings in the State as on 31 March 2000. Out of 5 companies, 3 were working and 2 were non-working companies.

- According to latest finalised accounts of 3 Government companies, one company earned profit of Rs.7.49 crore while two companies incurred loss aggregating Rs.0.14 crore.

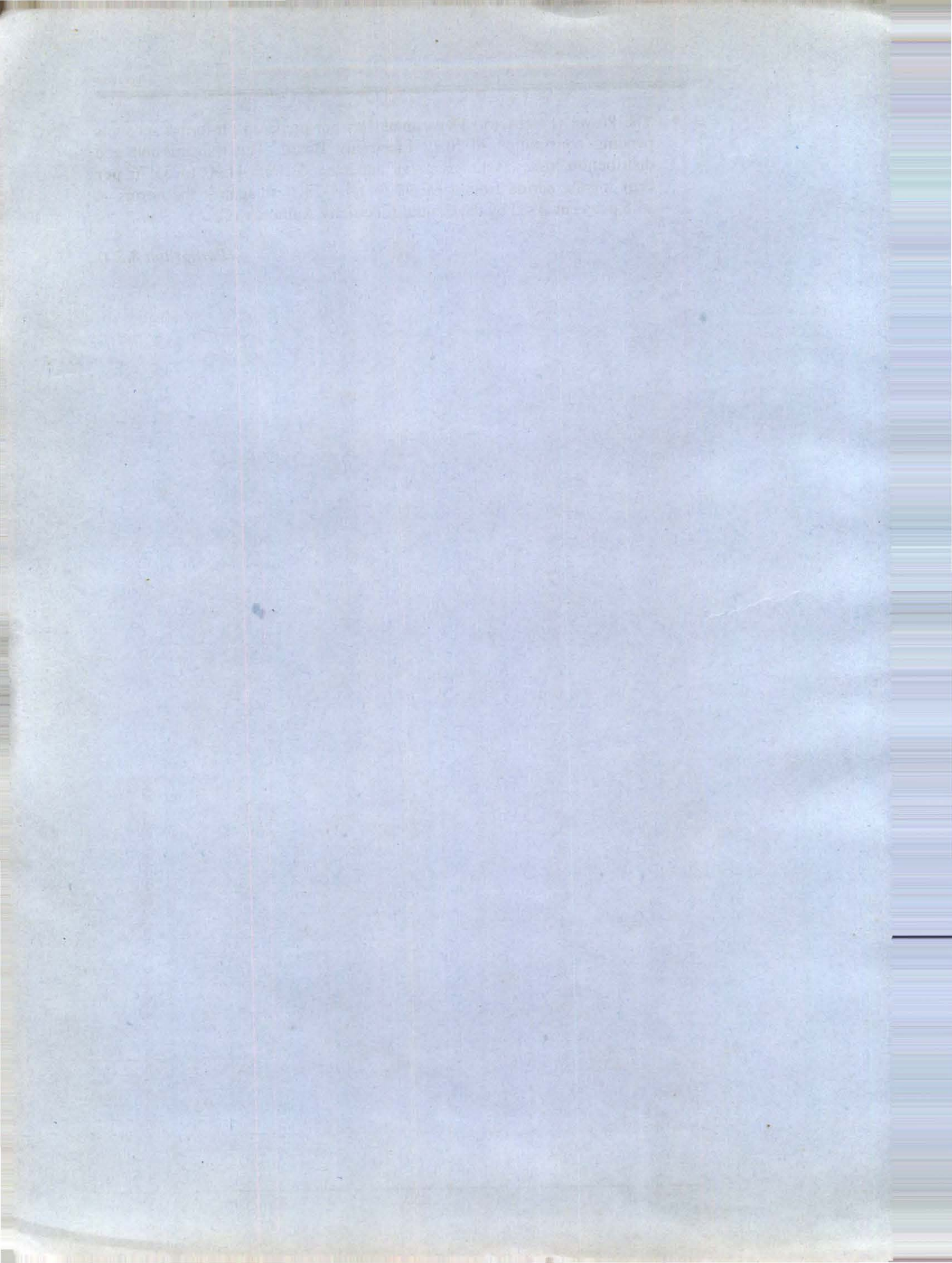
(Paragraph 8.2.4)

- The accumulated losses of transport services from 1975 to 1996-97 amounted to Rs.47.01 crore against capital of Rs.51.81 crore constituting an erosion of 90.74 **per cent** of investment and the State Trading Scheme had incurred accumulated loss from 1955-56 to 1996-97 amounting to Rs.16.33 crore against capital of Rs.3.88 crore.

(Paragraph 8.3.2 and 8.3.3)

- The Power (Electricity) Department has not prepared proforma accounts pending constitution of State Electricity Board. The transmission and distribution losses were excessive and ranged from 44.90 to 55.76 **per cent** for the period from 1997-98 to 1999-2000 as against the norms of 15.5 **per cent** fixed by the Central Electricity Authority (CEA).

(Paragraph 8.3.4)



CHAPTER - I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

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

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc. owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. An abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999 is given below:-

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ARUNACHAL PRADESH AS ON 31 MARCH 2000

(Rupees in crore)

As on 31.03.1999	Liabilities		As on 31.03.2000
		External Debt	
140.28		Internal Debt	162.49
	47.02	Market Loans bearing interest	57.92
	...	Market Loans not bearing interest	...
	...	Loans from LIC	...
	93.26	Loans from other Institutions	104.57
		Ways and Means Advances	
	...	Overdraft from Reserve Bank of India	
349.91		Loans and Advances from Central Government	404.64
	75.01	Non-Plan Loans	85.16
	230.37	Loans for State Plan Schemes	273.98
	0.45	Loans for Central Plan Schemes	0.45
	1.72	Loans for Centrally Sponsored Plan Schemes	1.76
	42.36	Loans for Special Schemes	43.29
0.05		Contingency Fund	0.05
162.61		Small Savings, Provident Funds etc.	196.14
14.14		Deposits	11.74
2.00		Reserve Funds	4.66
1996.98		Surplus on Government Account	2168.56
	1820.22	(i) Revenue Surplus as on 31 st March 1999	1996.98
	176.76	(ii) Revenue Surplus during the year	171.58
2665.97			2948.28

(Rupees in crore)

As on 31.03.1999	Assets		As on 31.03.2000
2549.01		Gross Capital Outlay on Fixed Assets	2807.88
	12.07	Investment in Shares on Companies, Corporation etc.	12.34
	2536.94	Other Capital Outlay	2795.54
13.67		Loans and Advances	15.17
	6.10	Loans for Other Industries and Minerals	6.10
	2.30	Other Development Loans	2.29
	2.99	Loans for Co-operatives	3.79
	2.28	Loans to Government Servants	2.99
		Reserve Fund Investment	
5.57		Advances	5.73
39.48		Suspense and Miscellaneous Balances	62.42
117.13		Remittance Balances	118.19
(-) 58.89		Cash in Treasuries and Local Remittances	(-) 61.11
	(-)115.53	Deposits with Reserve Bank	(-)80.59
	0.52	Departmental Cash Balance	0.65
	...	Permanent Advances	...
	56.12	Cash Balance Investment	16.17
	...	Investment of earmarked Funds	2.66
		Deficit on Government accounts	
		(i) Revenue Deficit of the Current Year	
		(ii) Appropriation of Contingency Fund	
		(iii) Miscellaneous Deficit	
		Accumulated deficit up to 31 March 1998	
2665.97			2948.28

While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from table that while the liabilities increased by 16.55 per cent, the assets grew only by 10.59 per cent during 1999-2000, mainly as a result of a very high growth in the market loans bearing interest (12 to 14 per cent) and loans from Government of India (13 per cent). This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and applications of fund

1.3.1 The position of sources and applications of funds during the current and the preceding years is given in the table below.

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99		SOURCES		1999-2000	
923.57		1. Revenue receipts			1008.92
1.38		2. Recoveries of Loans and Advances			1.35
60.71		3. Increase in Public debt other than overdraft			76.94
27.57		4. Net receipts from Public account			6.97
	26.94	-Increase in Small Savings		33.53	
	0.37	-Increase in Deposits and Advances		(-) 2.55	
	1.10	-Net effect of Suspense and Miscellaneous transactions		(-) 22.95	
	(-) 0.84	-Net effect of Remittance transactions		(-) 1.06	
...		5. Increase in Reserve Funds			2.66
...		6. Net effect of Contingency Fund transactions			...
...		7. Decrease in closing cash balance			2.22
1013.23		Total			1099.06

APPLICATION		
746.81	1. Revenue expenditure	837.34
1.54	2. Lending for development and other purposes	2.85
232.35	3. Capital expenditure	258.87
...	4. Net effect of Contingency Fund transactions	...
32.53	5. Increase in closing cash balance	...
1013.23	Total	1099.06

The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government. Their relative share went up marginally from 91.15 per cent in 1998-99 to 91.80 per cent during 1999-2000. This was mainly due to more receipts received under "Other Industries" (326 per cent). The relative share of net receipts from the Public Account, however, declined from 2.72 per cent in 1998-99 to 0.63 per cent in 1999-2000 and the receipts from the Public Debt went up marginally from 6 per cent to 7 per cent. The decline in net Public Account receipts was mainly due to decrease in suspense and miscellaneous transactions.

1.3.2 The funds were mainly applied for revenue expenditure, whose share went up from 73.71 per cent to 76.19 per cent and remained significantly lower than the share of the revenue receipts (91.80 per cent) in the total receipts of the State Government. This led to the Revenue surplus. A notable change during the year was that while the percentage of capital expenditure went up from 22.93 per cent to 23.55 per cent, lending for development went up from 0.15 per cent to 0.26 per cent.

1.4 Financial operations of the State Government

1.4.1 Exhibit-1 (at the end of the Chapter) gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.837.34 crore) during the year was lower than the revenue receipts (Rs.1008.92 crore) resulting in revenue surplus of Rs.171.58 crore. The Revenue receipts comprised tax revenue (Rs.13.88 crore), non tax revenue (Rs.67.01 crore), State's share of union taxes and duties (Rs.340.77 crore) and grants-in-aid from the Central Government (Rs.587.26 crore). The main sources of tax revenue were land revenue (10 per cent), State excise (73 per cent) and taxes on vehicles (8 per cent). Non-tax revenue came mainly from Forest and Wild life (24 per cent), Power (11 per cent), other Transport Services (6 per cent) and Road Transport (9 per cent) respectively.

1.4.2 The capital receipts comprised Rs.1.35 crore from recoveries of loans and advances and Rs.94.81 crore from public debt. Against this, the expenditure was Rs.258.87 crore on capital outlay, Rs.2.85 crore on disbursement of loans and advances and Rs.17.87 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.611.49 crore, against which the disbursement of Rs.604.52 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public

Account was a decrease in the cash balance (Rs.2.22 crore) from Rs.(-) 58.89 crore at the beginning of the year to Rs.(-) 61.11 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit-I and the time series data for the five years period from 1995-96 to 1999-2000 presented below:-

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Part A. Receipts					
1. Revenue Receipts	770.99	809.04	835.46	923.57	1008.92
(a) Tax Revenue	7.68	8.53	9.83	11.29	13.88
Agricultural Income Tax	.....	.....	.....	.....	.....
Sales Tax	0.34	0.40	0.32	0.28	0.35
State Excise	4.50	4.90	5.56	7.58	10.08
Taxes on vehicle	0.99	1.09	0.97	1.01	1.12
Stamps and Registration fees	0.32	0.37	0.42	0.50	0.45
Land Revenue	0.98	1.27	1.98	1.33	1.36
Other Taxes	0.55	0.50	0.58	0.59	0.52
(b) Non Tax Revenue	91.10	66.08	57.27	64.54	67.01
(c) State's share of Union Taxes	124.52	179.03	243.83	268.84	340.77
(d) Grants-in-aid from GOI	547.69	555.40	524.53	578.90	587.26
2. Misc. Capital Receipts	...	...	...	...	...
3. Total Revenue and Non Debt Capital receipts (1+2)	770.99	809.04	835.46	923.57	1008.92
4. Recoveries of Loans and Advances	1.07	1.27	1.33	1.38	1.35
5. Public Debt Receipts	51.30	59.06	65.36	76.78	94.81
Internal Debt (excluding Ways & Means Advance and Overdrafts)	12.36	13.84	15.59	18.61	24.50
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India*	38.94	45.22	49.77	58.17	70.31
6. Total receipts in the Consolidated Fund (3+4+5)	823.36	869.37	902.15	1001.73	1105.08
7. Contingency Fund Receipts	...	...	...	...	...
8. Public Accounts Receipts	1301.20**	1378.53**	4003.49**	2939.28**	2674.81**
9. Total Receipts of the State (6+7+8)	2124.56	2247.90	4905.64	3941.01	3779.89
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	507.28	604.09	664.62	746.81	837.34
Plan	178.36	210.69	260.18	282.51	297.67
Non-Plan	328.92	393.40	404.44	464.30	539.67
General Services	140.66	166.46	195.99	231.54	270.79
Economic Services	210.02	235.91	242.87	280.47	286.07
Social Services	156.60	201.72	225.76	234.80	280.48
Grants-in-aid and Contributions	...	...	...	...	...

* Excludes Ways and Means Advances from GOI.

** Includes Other Accounts figures.

Rupees in crore

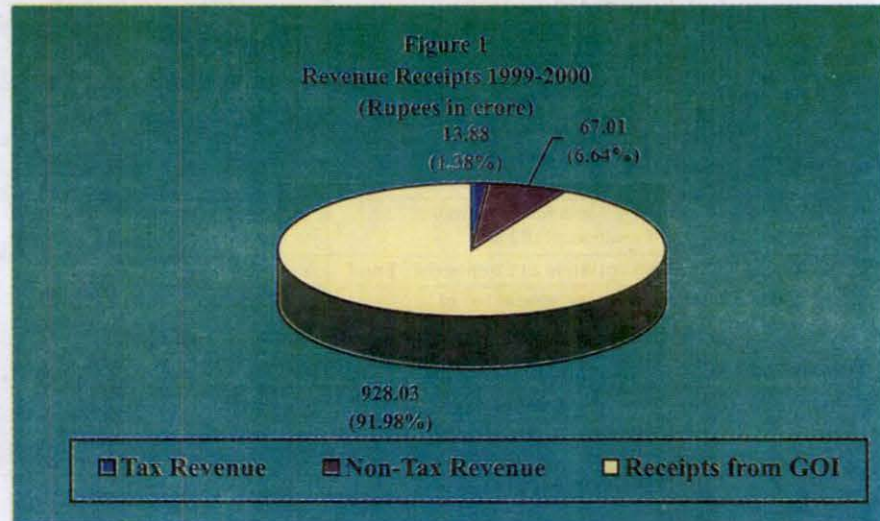
	1995-96	1996-97	1997-98	1998-99	1999-2000
11. Capital Expenditure	286.20	276.97	293.57	232.35	258.87
Plan	286.12	277.75	294.24	232.50	257.81
Non-Plan	0.08	(-0.78)	(-0.67)	(-0.15)	1.06
General Services	9.77	8.93	15.71	15.23	15.29
Social Services	50.39	62.50	44.91	28.83	31.07
Economic Services	226.04	205.54	232.95	188.29	212.51
12. Loans and advances given	1.51	1.13	1.06	1.54	2.85
13. Total (10+11+12)	794.99	882.15	959.25	980.70	1099.06
14. Repayments of Public Debt	8.25	10.16	12.29	16.07	17.87
Internal Debt (excluding Ways & Means Advances and Overdrafts)	1.15	1.78	1.84	2.27	2.29
Net Transactions under Ways & Means Advances & Overdraft	....	...	...	...	...
Loans and advances from Government of India*	7.10	8.38	10.45	13.80	15.58
15. Appropriation to Contingency Fund	....	...	...	...	...
16. Total Disbursement out of Consolidated Fund (13+14+15)	803.24	892.31	971.54	996.77	1116.93
17. Contingency Fund Disbursement	...	...	...	...	...
18. Public Account Disbursement	1306.91***	1395.33***	3913.07***	2967.88***	2628.03***
19. Total Disbursement by the State (16+17+18)	2110.15	2287.64	4884.61	3964.65	3744.96
Part C. Deficits/Surplus					
20. Revenue Surplus (1-10)	263.71	204.95	170.84	176.76	171.58
21. Fiscal Deficit (3+4-13)	22.93	71.84	122.46	55.75	88.79
22. Primary Deficit (21-23)	(-19.48)	18.58	62.20	(-15.51)	8.99
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	42.41	53.26	60.26	71.26	79.80
24. Arrears of Revenue (Percentage of Tax & non tax Revenue Receipts)	NA	NA	NA	NA	NA
25. Financial Assistance to local bodies etc.	1.35	4.52	10.85	9.06	13.84
26. Ways and Means Advances / Overdraft availed (days)	6	...	1	21	6
27. Interest on WMA/Overdraft	0.002	....	....	0.010	0.02
28. Gross State Domestic Product (GSDP)	345.85	329.02	996.19	1071.81	NA
29. Outstanding Debt (year end)	417.16	487.42	565.15	652.80	763.28
30. Outstanding guarantees (year end)	0.50	0.50	0.50	0.50	0.50
31. Maximum amount granted (year end)	...	...	...	....	....
32. Number of incomplete projects	...	...	...	41	106
33. Capital blocked in incomplete projects				31.25	26.02

* Excludes Ways and Means and Advances from GOI.

*** Includes Other Accounts figures.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure I. Revenue receipts increased from Rs. 770.99 crore in 1995-96 to Rs.1008.92 crore in 1999-2000 which constituted an increase of 30.86 per cent.



1.5.2 Tax revenue

These constitute negligible share (1 per cent) of the revenue receipts and the share remained constant during 1995-96 to 1999-2000 inspite of an increase in growth in tax revenue from Rs. 7.68 crore (1995-96) to Rs. 13.88 crore (1999-2000).

1.5.3 Non-tax revenue

The non-tax revenue constituted 6.64 per cent of the revenue receipts of the Government in 1999-2000 and their share in the revenue receipts declined considerably from 12 per cent in 1995-96. Despite having registered a significant growth of 326 per cent and 291 per cent under other Industries and other Administrative Services, the non-tax revenue increased marginally by 3.83 per cent over the previous year i.e. 1998-99 mainly due to decrease in receipts under Stationery and Printing (97 per cent), Miscellaneous General Services (39 per cent) and Other Transport Services (38 per cent) during 1999-2000.

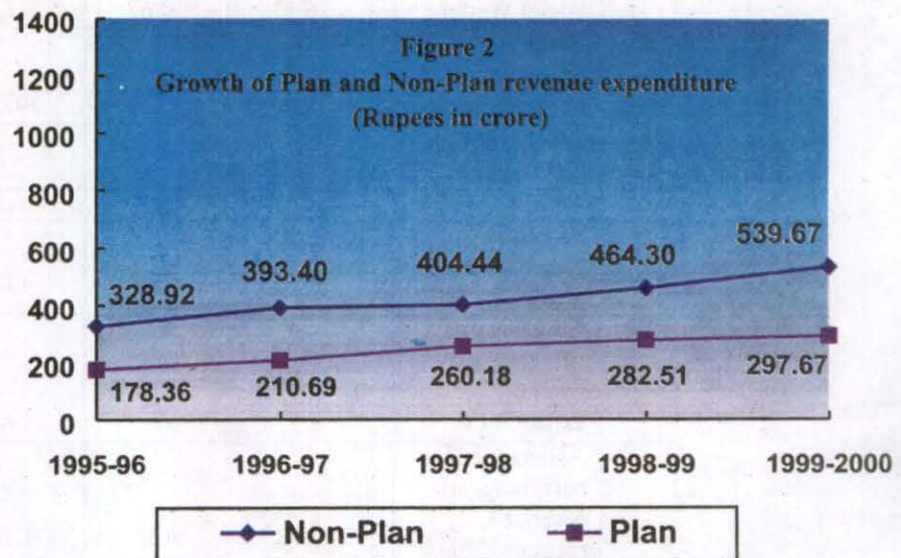
1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (excise duties, income and corporation taxes) increased by 27 per cent during the year, while the grants-in-aid from the Central Government also increased by 1 per cent. These receipts (Rs.928.03 crore) financed 100 per cent of the revenue expenditure (Rs.837.34 crore) of

the State. The relative share of State share of Union Taxes to Revenue Receipts increased from 16 per cent in 1995-96 to 34 per cent in 1999-2000 while the grants-in-aid from GOI decreased from 71 per cent in 1995-96 to 58 per cent in 1999-2000.

1.6 Revenue expenditure

1.6.1 The revenue expenditure (both Plan and Non-Plan) accounted for most (76 per cent) of the expenditure of the State Government and increased by 12 per cent during 1999-2000. While the increase was 5.37 per cent under Plan side, the increase in Non-Plan side was 16.23 per cent. The share in Non-Plan expenditure during 1999-2000 was 64.45 per cent of revenue expenditure as against 35.55 per cent under Plan. The trend analysis shows that the growth under Non-Plan was more than the growth under Plan side as shown in Figure 2.



1.6.2 Sector-wise analysis shows that while the expenditure on General Services increased by 93 per cent from Rs.140.63 crore in 1995-96 to Rs.270.79 crore in 1999-2000, the corresponding increases in expenditure on Social Services and Economic Services were only 79 and 36 per cent respectively. As a proportion of total expenditure, the share of General Services increased from 28 per cent in 1995-96 to 32 per cent in 1999-2000, whereas the share of Economic Services decreased from 41 per cent to 34 per cent and that of Social Services increased from 31 per cent to 33 per cent.

1.6.3 Interest payments

Interest payments increased steadily by 88 per cent from Rs.42.41 crore in 1995-96 to Rs.79.80 crore in 1999-2000. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance in the form of grants-in-aid provided to different local bodies etc., during the period of five years ending 1999-2000 was as follows:

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	Universities and Educational Institutions	29.78	355.91	651.00	673.00	965.00
(2)	Art and Culture	65.42	58.28	...	...	...
(3)	Medical and Public Health and other charitable Institutions	1.90	1.90	355.00	...	...
(4)	Urban Development	11.67	5.01	...	...	...
(5)	Social Welfare	26.15	30.67	...	...	...
(6)	Rural Development	...	...	...	170.00	243.00
(7)	Other institutions	0.50	...	79.00	63.00	58.00
(8)	Panchayat Raj Institutions	...	...	...	...	118.00
	Total	...	...	...	...	1384.00
	Percentage of growth over previous year	(-) 81	234	140	(-) 16.50	52.75
	Assistance as a percentage of revenue expenditure	0.27	0.75	1.63	1.21	1.65
	Assistance as a percentage of revenue receipts	0.18	0.56	1.30	0.98	1.37

The assistance to the local bodies and others increased considerably (53 per cent) during 1999-2000. The financial assistance to universities and educational institutions also witnessed an increase (43.38 per cent) over 1998-99.

The assistance to local bodies and others ranged between 0.18 and 1.37 per cent of the revenue receipts and between 0.27 and 1.65 per cent of the revenue expenditure during 1995-2000.

1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1999-2000 there was negligible

improvement in repayment as a result of which the closing balance increased by about 10.97 per cent:

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	13.47	13.91	13.78	13.51	13.67
Amount advanced during the year	1.51	1.13	1.06	1.54	2.85
Amount repaid during the year	1.07	1.27	1.33	1.38	1.35
Closing balance	13.91	13.78	13.51	13.67	15.17
Net addition	(+) 0.44	(-) 0.14	(-) 0.27	(+) 0.16	(+) 1.50
Interest received	0.20	0.81	0.42	0.03	0.001
Net receipts from long term borrowing during the year	61.08	70.26	77.73	87.65	110.48

1.7 Capital expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. Public Sector Undertakings (PSUs), corporations, etc. and loans and advances. During 1998-99 the capital expenditure has declined by 21 per cent and the same has increased by 11 per cent during 1999-2000 over the previous years viz. 1997-98 and 1998-99. The table in paragraph 1.4.3 shows that most of the capital expenditure has been on Economic and Social Services on the plan side.

1.8 Quality of expenditure

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

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

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

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Plan expenditure as a Percentage of :					
Revenue expenditure	35	35	39	38	36
Capital expenditure	100	104	100	100	100
2. Capital expenditure (per cent)	36	31	31	24	24
3. Expenditure on General Services (per cent)					
Revenue	28	28	29	31	32
Capital	3	3	5	7	6
4. Amount of wastage and diversion of funds detected during test audit	-	-	-	-	-
5. Non-remunerative expenditure on incomplete projects (Rupees in crore)	-	-	-	31.25	26.02
6. Unspent balances under deposit heads, booked as expenditure at the time of their transfer to the deposit head	NA	NA	NA	NA	NA

It would be seen that the share of Plan expenditure under revenue remained constant upto 1996-97, increased in 1997-98 and declined successively in 1998-99 and 1999-2000 whereas in respect of capital side, cent per cent has been achieved. The share of capital expenditure to total expenditure showed a decreasing trend (from 36 per cent to 24 per cent) during 1995-96 to 1999-2000. The expenditure on General Services under both Revenue and Capital side remained constant upto 1996-97 and showed an increasing trend between 1997-98 and 1999-2000. As on 31.3.2000, Rs.26.02 crore was blocked in 106 incomplete projects.

1.9 Financial Management

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

1.9.1 Investments and returns

Investments are made out of the capital outlay by the government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under :

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		As on 31.03.2000	during 1999-2000
(1) Government Companies	5	8.34	0.27
(2) Cooperative Institutions	144	4.00	---
Total	149	12.34	0.27

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

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
(Rupees in Crore)				
1995-96	10.76	0.01	0.09	12.50
1996-97	11.29	0.01	0.07	14.00
1997-98	11.80	0.01	0.08	13
1998-99	12.07	0.03	0.25	13.05 and 12.30
1999-2000	12.34	0.001	0.001	14 and 11.30

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns.

1.9.2 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA)/ Overdraft (OD) from the Bank. In addition special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects on the financial management in Government.

The extent to which the Government maintained the minimum balance with the Bank and took WMA and OD during the year 1999-2000 is given below :-

1. Number of days on which the minimum balance was maintained without obtaining any advance 360 days
2. Number of days on which the minimum balance was maintained by taking ordinary ways and means advance 05 days
3. Number of days on which overdraft was taken 01 days

During 1999-2000 the State Government took ordinary (Rs.32.72 crore) and Special (Rs.4.47 crore) ways and means advance and overdraft (Rs.0.37 crore) and the entire amount (Rs.37.56 crore) was repaid along with interest of Rs.2.28 lakh.

(Rupees in crore)

1.9.3 Deficit

1.9.3.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

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

(Rupees in crore)

CONSOLIDATED FUND (CF)			
Receipt	Amount	Disbursement	Amount
Revenue	1008.92	Revenue surplus	171.58
Misc.			
Capital receipts	...	Capital	258.87
Recovery of loans & advances	1.35	Loans & advances disbursement	2.85
Sub Total	1010.27	Gross fiscal deficit	88.79
Public debt receipts	94.81	Public debt repayment	17.87
Total	1105.08	A: Deficit in CF:	11.85
			1116.93
PUBLIC ACCOUNT			
Small savings, PF etc.	61.51	Small savings, PF, etc.	27.98
Deposits & advances	52.56	Deposits & advances	55.11
Reserve Funds	2.66	Reserve Funds	2.66
Suspense & Misc.	(-) 18.02	Suspense & Misc.	4.93
Remittances	512.78	Remittances	513.84
Total Public Account	611.49*	B: Deficit in CF financed by Public Account:	604.52*
		Account:	6.97
		Investment in earmarked fund:	2.66
		Decrease in cash balances (A-B):	2.22

The table shows that though there was no revenue deficit in Government accounts, it had a fiscal deficit of Rs.88.79 crore as of 31 March 2000. The deficit was mainly financed by net proceeds of the Public Debt (Rs.76.94 crore) and partly by the surplus from Public Account (Rs.6.97 crore). The

* Excludes Other Accounts figures.

table in paragraph 1.4.3 shows that as compared to 1995-96 the fiscal deficit has shown an increasing trend during the period from 1996-97 to 1999-2000.

1.9.3.3 Application of the borrowed funds (Fiscal Deficit)

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

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
RS/FD	(-) 11.50	(-) 2.85	(-) 1.39	(-) 3.17	(-) 1.93
CE/FD	12.48	3.85	2.39	4.17	2.92
Net loans/FD	0.02	-	-	-	0.01
Total	1.00	1.00	1.00	1.00	1.00

As there was continued Revenue surplus, Revenue expenditure had not been met from borrowed funds and part of revenue surplus was utilised for Capital formation.

1.9.4 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Table in paragraph 1.4.3 lists the amounts of guarantees given by the Government and the amounts remained constant (Rs.50.00 lakh) over the years (1995-2000).

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 76 per cent. This was on account of 66 per cent growth in internal debt, 76 per cent growth in loans and advances from Government of India and 84 per cent growth in

other liabilities. During 1999-2000 no borrowing has been made by Government from the open market.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
(Rupees in crore)						
1995-96	98.13	229.38	327.51	114.23	441.74	1.27
1996-97	110.18	266.23	376.41	138.63	515.04	1.56
1997-98	123.93	305.55	429.48	153.10	582.58	0.58
1998-99	140.28	349.91	490.19	178.75	668.94	0.62
1999-2000	162.49	404.64	567.13	209.89	777.02	NA

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

	1995-96	1996-97	1997-98	1998-1999	1999-2000
(Rupees in crore)					
Internal Debt^(a)					
Receipt	30.60	13.84	15.64	52.29	62.06
Repayment (Principal + Interest)	29.55	15.56	17.00	55.84	59.19
Net funds available	1.05	1.72	(-) 1.36	(-) 3.55	2.87
(Per cent)	(3)	(12)	(-9)	(-7)	(5)
Loans and advances from GOI					
Receipt during the year	38.94	45.22	49.77	58.17	70.31
Repayment (Principal + Interest)	26.98	32.48	39.63	47.58	55.29
Net funds available	11.96	12.74	10.14	10.59	15.02
(Per cent)	(31)	(28)	(20)	(18)	(21)
Other liabilities^(b)					
Receipt during the year	29.46	34.72	39.96	50.06	61.51
Repayment	23.81	28.74	31.25	40.71	48.75
Net funds available	5.65	5.98	8.71	9.35	12.76
(Per cent)	(19)	(17)	(22)	(19)	(21)

It would be seen that the bulk of the receipts were consumed in repayment during the entire period and very little of the borrowings were available for investment and other expenditure. Considering that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

^(a) Included ways and means advances.

^(b) Other liabilities includes small savings, provident fund, reserve funds, deposits and other non-interest bearing obligations.

1.11 Indicators of the financial performance

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

(i) Sustainability

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

(ii) Flexibility

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

(iii) Vulnerability

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

(iv) Transparency

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

1.11.2 Information available in finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in Appendix-I Part-B to this chapter. Exhibit-II indicates the behaviour of these indices/ratios over the period from 1995-96 to

1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 The behaviours of the indices/ratios is discussed below

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government had surplus from its revenues for meeting plan expenditure. The table shows that the State Government had positive BCR only in one year i.e. during 1995-96 out of the five years, but in 1996-2000 the BCRs were negative suggesting that Government had to depend only on borrowings for meeting its plan expenditure.

(ii) Interest ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Arunachal Pradesh the ratio has moved in narrow range of 0.05 to 0.08. It has gone upto 0.08 only during 1999-2000. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Arunachal Pradesh, the ratio has come down from 4.10 in 1995-96 to 1.99 in 1999-2000 indicating that less and less of revenue receipts were being applied for capital formation.

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

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Arunachal Pradesh this ratio during four years viz., 1995-96 to 1998-99 varied between 0.38 to 0.26. The ratio of State tax receipts compared to GSDP has varied between 0.01 and 0.03 during the period from 1995-96 to 1998-99. Figures pertaining to 1999-2000 have not yet been finalised by the State for which the ratio of the year could not be worked out. Thus, the ratio for these four years suggests that

while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits.

(v) *Return on Investment (ROI)*

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Arunachal Pradesh has been negligible and has moved in the range of 0.0001 to 0.03 per cent and even showed a reducing trend. The low ROI suggests that the investments in the Public Sector Undertakings (PSUs) were based to finance their loss, rather than generate surplus.

(vi) *Capital repayments vs Capital borrowings*

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Arunachal Pradesh, this ratio has been in the narrow range from 0.16 to 0.19 during 1995-2000 indicating increase in the availability of Capital for investment.

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

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Arunachal Pradesh, this ratio which was at 1.56 during 1996-97 declined to 0.58 in 1997-98 but increased to 0.62 in 1998-99 thus showing mixed trends. The figures for 1999-2000 have not yet been furnished by the department (September 2000).

(viii) *Primary deficit vs Fiscal deficit*

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In case of Government of Arunachal Pradesh, this ratio improved from (-)0.86 to 0.10 (1995-96 to 1999-2000) indicating that the quantum of borrowing increased at a faster rate relative to interest payment resulting in more availability of borrowed funds.

(ix) *Assets vs Liabilities*

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. In the case of Arunachal Pradesh this ratio has all along been more than 1 and has moved in the range between 4.27 in 1995-96 and 3.79 in 1999-2000.

(x) Accounts

There were delays in the submission of accounts by the 15 treasuries of the State during 1999-2000 from 3 days to 72 days.

1.11.4 Conclusions

Though the State had revenue surplus for the five years ending 31 March 2000, the financial position of the State Government characterised by Negative BCR during the period from 1996-97 to 1999-2000 indicating that the State does not have any surplus for meeting plan expenditure from its revenue after excluding the Plan Central Assistance received and meeting the Non-Plan expenditure. This has adverse implications for sustainability.

The matter had been reported to Government in November 2000; reply had not been received (December 2000).

EXHIBIT - I

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000

(Rupees in crore)

Receipts			Disbursements		
1998-99		1999-2000	1998-99		1999-2000
	Section – A: Revenue				
923.57	I. Revenue receipts	1008.92	746.81	I. Revenue expenditure	837.34
11.29	Tax Revenue 13.88		231.54	General Services 270.79	
64.54	Non Tax Revenue 67.01			Social Services	
24.65	State's Share of net proceeds of Taxes on income other than corporations 30.25		117.87	-Education, Sports, Art and Culture 129.17	
244.19	States Share of Union Taxes 310.52		50.87	-Health and Family Welfare 53.96	
			39.96	-Water Supply, Sanitation, Housing and Urban Development 57.27	
38.29	Non-Plan grants 9.86		2.29	-Information and Broadcasting 2.58	
			...	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes ...	
476.15	Grants for State Plan Scheme 507.51		3.59	-Labour and Labour Welfare 2.79	
54.12	Grants for Central and Centrally Sponsored Plan Schemes 56.74		18.86	-Social Welfare and Nutrition 33.31	
			1.36	-Others 1.41	
10.34	Grants for Special Plan Schemes 13.15			Economic Services	
			131.82	-Agriculture and Allied Activities 143.89	
			24.81	-Rural Development 19.98	
			11.43	-Special Areas programmes 13.38	
			17.17	-Irrigation and flood control 21.40	
			8.34	-Energy 8.83	
			14.00	-Industry and Minerals 8.97	
			45.80	-Transport 38.73	
			0.25	-Science, Technology and Environment 0.30	
			16.94	-General Economic Services 21.60	
			...	-Grants-in-aid and contribution ...	
			9.91	-Communication 8.98	
...	II Revenue surplus carried over to Section B		176.76	II Revenue Surplus carried over to Section B	171.58
(-91.42)	III Opening Cash balance including Permanent Advances and Cash Balance investment	(-58.89)		III Opening Overdraft from RBI	—
	IV Miscellaneous Capital receipts		232.35	IV Capital Outlay	258.87
			15.23	General Services- 15.29	
			...	Social Services-	
			2.93	-Education Sports, Art and Culture 4.84	
			1.36	-Health and Family Welfare 2.46	
			24.47	-Water Supply, Sanitation, Housing and Urban Development 23.55	
			0.05	-Information and Broadcasting 0.11	
			.....	-Welfare of Scheduled Castes Scheduled Tribes and Other Backward classes ...	
				-Social Welfare and Nutrition ...	
			0.02	-Others 0.11	
				Economic Services-	
			2.03	-Agriculture and Allied Activities 3.57	
			1.18	-Rural Development 0.76	
			15.18	-Special Areas Programmes 12.27	
			6.33	-Irrigation & Flood Control 5.93	
			69.07	-Energy 95.85	
			0.34	-Industry and Minerals 0.57	
			93.45	-Transport 92.81	
			0.71	-General Economic Services 0.75	
1.38	V Recoveries of Loans and advances	1.35	1.54	V Loans and Advances disbursed	2.85
...	-From Power Projects ...		...	-For Power Projects ...	

* Details of Plan and Non-Plan expenditure are given in Appendix – I(C)

(Rupees in crore)

Receipts			Disbursements		
1998-99		1999-2000	1998-99		1999-2000
	Section - A: Revenue				
1.00	-From Government Servants 1.08		1.17	-To Government Servants 1.79	
0.38	-From Others 0.27		0.37	-To others 1.06	
176.76	VI Revenue Surplus brought down	171.58	...	VI Revenue deficit brought down	---
76.78	VII Public debt receipts	94.81	16.07	VII Repayment of Public Debt	17.87
...	-External debt ...		...	-External debt ...	
18.61	-Internal debt other than ways and means Advances and Overdraft 24.50		2.27	-Internal debt other than Ways & Means Advances & Overdraft 2.29	
...	-Net transactions under Ways and Means Advances including overdraft ...		...	- Net transactions under Ways and Means Advances including Overdraft ...	
58.17	-Loans and Advances from Central Government 70.31		13.80	-Repayment of Loans and Advances to Central Government 15.58	
...	VIII Appropriation to Contingency Fund	...	...	VIII Appropriation to Contingency Fund	...
...	IX Amount transferred to Contingency Fund	...	...	IX Expenditure from Contingency Fund	...
582.40	X Public Account receipts	611.49	554.83	X Public Accounts disbursements	604.52
50.06	-Small savings and Provident fund 61.51		23.12	- Small savings and provident fund 27.98	
3.91	-Reserve Funds 2.66		3.91	- Reserve Funds 2.66	
1.69	-Suspense and Miscellaneous (-)18.02**		0.59	-Suspense and Miscellaneous 4.93	
470.31	-Remittance 512.78		471.15	-Remittance 513.84	
56.43	-Deposits and Advances 52.56		56.06	-Deposits and Advances 55.11	
...	XI Closing Overdraft from Reserve Bank of India	...	(-) 58.89	XI Cash Balance at end ON 31ST March 2000	(-)61.11
	XII Earmarked funds	2.66		-Cash in Treasuries and Local Remittances	
			(-)115.53	-Deposits with Reserve Bank (-)80.59	
			0.52	-Departmental Cash Balance including permanent Advances 0.66	
			56.12	-Cash Balance Investment 16.17	
				-Investment of earmarked funds 2.66	
1669.47	Total	1831.92	1669.47	Total	1831.92

Explanatory notes

1. The abridged accounts in foregoing statement have to be read with comments and explanations in the Finance accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement I indicates the position on cash basis, as opposed to accrual basis in the commercial accounting, consequently, items payable or receivable or items like depreciation or variation in stock figure etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances includes cheques issued but not paid, payment made on behalf of the State and other pending settlement.
4. There was a difference of Rs. 1.76 crore (net credit) between the figure reflected in the accounts Rs. (-) 23.58 crore and that intimated by the RBI under "Deposit with Reserve Bank" Rs. (-)25.34 crore. The difference is under consideration.

** Minus figures are due to adjustment of earlier year outstanding balances.

EXHIBIT-II

FINANCIAL INDICATORS FOR GOVERNMENT OF ARUNACHAL PRADESH

	1995-96	1996-97	1997-98	1998-99	1999-2000
Sustainability					
BCR (Rs. in crore)	36.53	(-) 18.61	(-) 39.20	(-) 81.35	(-) 108.15
Primary Deficit (PD) (Rs. in crore)	(-) 19.48	18.62	62.21	(-) 15.51	8.99
Interest Ratio	0.05	0.06	0.07	0.07	0.08
Capital outlay/Capital receipts	4.10	3.45	3.42	2.24	1.99
Total tax receipts/GSDP	0.38	0.57	0.25	0.26	NA
State Tax Receipts/GSDP	0.02	0.03	0.01	0.01	NA
Return on Investment ratio	0.01	0.01	0.01	0.03	0.0001
Flexibility					
BCR (Rs. in crore)	36.53	(-) 18.61	(-) 39.20	(-) 81.35	(-) 108.15
Capital repayments/Capital borrowings	0.16	0.17	0.19	0.21	0.19
State Tax receipts/GSDP	0.02	0.03	0.01	0.01	NA
Debt/GSDP	1.27	1.56	0.58	0.62	NA
Vulnerability					
Revenue Surplus (RS) (Rs. in crore)	263.71	204.95	170.84	176.76	171.58
Fiscal Deficit (FD) (Rs. in crore)	22.93	71.84	122.46	55.75	88.79
Primary Deficit (PD) (Rs. in crore)	(-) 19.48	18.58	62.20	(-) 15.51	8.99
PD/FD	(-) 0.86	0.26	0.51	0.28	0.10
RS/FD	(-) 11.50	(-) 2.85	(-) 1.39	(-) 3.17	(-) 1.93
Outstanding Guarantees/revenue receipts	0.00	0.00	0.00	0.00	0.00
Assets/Liabilities	4.27	4.20	4.12	3.99	3.79

Note :

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

CHAPTER - II

APPROPRIATION ACCOUNTS – 1999-2000 AT A GLANCE

Total Number of grants/appropriations : 65

Total provisions and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1121.99		
Supplementary	169.15		
Total gross provision	1291.14	Total gross expenditure	1160.12
Recoveries in reduction of expenditure	4.24	Deduct - Actual Recoveries in reduction of expenditure	5.62
Total net provision	1286.90	Total net expenditure	1154.50

Voted and charged provision and expenditure

	Provision (Rs. in crore)		Expenditure (Rs. in crore)	
	Voted	Charged	Voted	Charged
Revenue	817.32	86.77	754.57	84.50
Capital	337.10	49.95	265.62	55.43
Total Gross :	1154.42	136.72	1020.19	139.93
Deduct - recoveries in reduction of expenditure	4.24	-	5.62	-
Total : Net	1150.18	136.72	1014.57	139.93

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure, excess and savings during 1999-2000 against 65 grants/appropriations was as follows:-

(Rupees in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted I.	Revenue	690.04	127.28	817.32	754.57	(-) 62.75
II.	Capital	304.62	29.36	333.98	262.77	(-)71.21
III.	Loans	1.99	1.13	3.12	2.85	(-) 0.27
Total Voted:		996.65	157.77	1154.42	1020.19	(-)134.23
Charged IV.	Revenue	82.33	4.44	86.77	84.50	(-) 2.27
V.	Capital	-	-	-	-	-
VI.	Public Debt	43.01	6.94	49.95	55.43	(+) 5.48
Total Charged:		125.34	11.38	136.72	139.93	(+) 3.21
Appropriation to Contingency Fund(if any)						
Grand Total:		1121.99	169.15	1291.14	1160.12	(-) 131.02

These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure Rs.1.73 crore and Capital expenditure Rs.3.89 crore.

2.3 Results of appropriation Audit

2.3.1 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.418.95 crore for the following years were yet to be regularised.

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of Excess (Rs in crore)
1986-87 (U.T. Period)	13	1,7,11,12,13,15,17,30,32,34,39,40,42	6.56
1986-87 (State Period)	28	1,2,3,6,7,8,10,11,13,14,16,18,19,20,22, 24,27,28,29,31,32,33,34,38,39,40,42,43	12.71
1987-88	16	14,18,19,22,23,24,26,30,31,32,33,34,35 40,42 ,and Public Debt	9.06
1988-89	12	1,13,15,17,21,24,30,31,32,34,40 and Public Debt	54.51
1989-90	15	8,10,15,30,31,32,33,34,38,40,43,45,48, 49 and Public Debt	17.49
1990-91	16	5,8,13,15,19,23,24,26,30,31,32,34,40, 44,48 and Public Debt	28.61
1991-92	17	4,8,10,14,15,18,19,23,25,28,30,31,34, 37,42,43 and Public Debt	63.12
1992-93	11	14,15,18,28,30,31,34,40,43,21,38	27.91
1993-94	12	8,15,19,25,28,30,31,32,34,38,40,45	30.66
1994-95	18	6,8,11,15,21,22,23,26,28,29,31,32,34, 38,40,42,43,45	64.45
1995-96	24	8,9,11,13,14,15,16,18,20,21,23,24,28, 29,31,32,34,40,41,51,53,59,60 and Public Debt	38.41
1996-97	12	1,9,11,13,14,21,28,30,31,34,40,51	14.86
1997-98	15	9,10,11,13,15,20,25,30,31,34,41,46,48, 59 & 60	25.34
1998-99	15	1,7,13,15,19,20,31,34,36,41,50,53,54, 64 and Public Debt	25.26
Total			418.95

2.3.2 Original budget and supplementary provisions

(a) The overall saving of Rs.131.02 crore was the result of saving of Rs.145.29 crore in 96 grants and appropriations offset by excess of Rs.14.27 crore in 7 cases of grants and appropriations.

(b) Supplementary provision made during the year constituted 15 per cent of the original provision as against 14 per cent in the previous year.

2.3.3 Unnecessary/excessive/inadequate supplementary provision

(a) Supplementary provision of Rs.11.29 crore made in 14 cases during the year proved unnecessary in view of aggregate saving of Rs.41.83 crore as detailed in Appendix - II.

(b) In 31 cases against additional requirement of Rs.63.58 crore, supplementary grants and appropriations of Rs.137.15 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.73.57 crore. Details of these cases are given in Appendix - III.

2.3.4 Substantial savings/excesses

(a) The excess of Rs.8.78 crore under 6 grants and Rs.5.49 crore under 1 appropriation require regularisation under Article 205 of the Constitution. Details of these are given in Appendix - IV.

(b) In 5 cases, supplementary provision of Rs.10.35 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.13.76 crore as per details given in Appendix - V.

(c) In 24 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 per cent of the total provision as indicated in Appendix - VI. In 7 of the above cases (Sl.No.10, 13 to 17 & 22) 81 to 100 per cent of the total provision totaling Rs.41.76 crore was not utilised.

(d) In 4 cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 per cent of the total provision. Details of these are given in Appendix - VII. In 1 out of above 4 cases the expenditure exceeded the approved provision by over 80 per cent.

2.3.5 Persistent savings/excess

(a) In 27 cases there were persistent savings in excess of Rs.10 lakh in each case and 10 per cent or more of the provision. Details are given in Appendix - VIII.

(b) Excess (2 to 45 per cent) was persistent in 2 cases as detailed in Appendix - VIII A.

Persistent excess requires investigation by the Government for remedial action.

2.3.6 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where injudicious re-appropriation of funds that resulted in excess/saving by over Rs.20 lakh are given in Appendix - IX.

2.3.7 New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a "New Services" not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. The Government have issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of 'New Service'/'New instrument of Service'.

In 18 cases, expenditure totaling Rs.6.28 crore which should have been treated as 'New Service'/'New Instrument of Service' was met by re-appropriation without obtaining the requisite approval of legislature. Details of these cases are given in Appendix - X.

2.3.8 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.251.22 lakh was incurred in 5 cases as detailed in Appendix - XI without provision having been made either in the original estimates or in the supplementary demands and no re-appropriation orders were issued.

2.3.9 Anticipated savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 1999-2000 there were 33 grants/appropriations in which large savings had not been surrendered even partially by the department. The amount involved was Rs.63.37 crore. In 14 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.54.66 crore. This indicates lack of financial control. Details are given in Appendix - XII.

2.3.10 Surrender in excess of actual savings

In 3 cases, the amount surrendered was in excess of actual savings and in one case though there was excess expenditure under Capital head of account in respect of one grant, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As against the total amount of actual savings of Rs.1.42 crore, the amount surrendered was Rs.1.56 crore resulting in excess surrender of Rs.0.14 crore and further, against the excess expenditure of Rs.0.11 crore under Revenue Section of one grant, the amount surrendered was Rs.0.10 crore which resulted in injudicious surrender. Details are given in Appendix - XIII.

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

2.3.11 Non-receipt of explanations for savings/excesses

For the year 1999-2000, explanations for savings/excesses were either not received or where received were incomplete in respect of 258 heads of Accounts which form 75 per cent of the number of heads.

2.4 Expenditure and budgetary control

2.4.1 Un-reconciled Expenditure

Financial rules requires that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 3 departments, expenditure of Rs. 101.70 crore (Director of Accounts Rs. 37.20 crore under grant no. 13- Major head 2071, Police – Rs.60.95 crore under grant no. 8 – Major head 2055 & 4055 and Sports and Youth Service – Rs.3.55 crore under grant no. 52 – Major head 2204 & 4202) pertaining to 1999-2000 remained unreconciled till April 2000.

2.4.2 Drawal of funds in advance of requirement

i) Deputy Comptroller, Legal Metrology and Consumer Affairs, Itanagar drew (March 1998) Rs.90.48 lakh for construction of 12 district court buildings at a cost of Rs.7.54 lakh each. The concerned Deputy Commissioners (DCs) of 12 districts were provided with Rs.7.54 lakh each in the form of Bank Drafts (May 1998 to June 1998). Scrutiny of records revealed that court building in respect of Anini was not started because of non-allotment of land from the DC of the respective districts and that of Ziro and Changlang also was not started for non-finalisation of building plan and thus the amount of Rs.22.62 lakh (3 X 7.54 lakh) remained unutilised and locked with DCs of 3 districts for more than one and a half years.

ii) Similarly the Deputy Director of School Education , Upper Subansiri District, Daporijo received Rs.4.47 lakh from Director of School Education in September 1998 for establishment of one non-formal Education Centre in the district, out of which only an amount of Rs.0.45 lakh was spent upto March 2000 and the balance of Rs.4.02 lakh was retained in hand for about 2 years (August 2000).

Rs.31.88 lakh was drawn in advance of requirement and its continued retention resulted in locking up of funds for a period ranging from 1½ years to 3 years 10 months

iii) Again, scrutiny of records of Deputy Director of School Education, Lohit District, Tezu revealed that an amount of Rs.5.24 lakh, being pay and allowances, TA and contingency etc. was lying undisbursed from April 1996 till January 2000 i.e. for a period of about 3 years and 10 months.

Thus, the drawal of Rs.31.88 lakh (Rs.22.62 lakh + Rs.4.02 lakh + Rs.5.24 lakh) in advance of actual requirement and its continued retention resulted in locking up of funds for a period ranging from 1½ years to 3 years and 10 months besides loss of Rs.2.79 lakh at the normal bank rate of interest 4.5 *per cent* per annum.

2.4.3 Misclassification of revenue

Under the list of Major and Minor Head of Accounts of Union and State, all receipts collected under the provisions of the Indian Motor Vehicle Act and State Motor Vehicle Taxation Act shall be classified under the Major Head of Account viz., 0041.

A cross check of records of the Superintendent of Police, Along and Pasighat revealed (November 1999) that fine of Rs.8.97 lakh was collected (between October 1993 and September 1999) from different owners of motor vehicles for violation of the Provisions of the Motor Vehicles Act, 1988. The said amount of the fine was, however, deposited (between October 1993 and September 1999) into the head of account "0055-Police Receipt" through 253 treasury challans. This resulted in misclassification of motor vehicles revenue of Rs.8.97 lakh and the discrepancy has not yet been reconciled (September 2000).

The matter was reported to Government (November 2000); their reply had not been received (December 2000).

CHAPTER – III : CIVIL DEPARTMENTS
SECTION – A – REVIEWS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 National Family Welfare Programme

Highlights

The National Family Welfare Programme is a demographic as well as a Welfare Programme meant for stabilising population level and at the same time improving maternal and child health care. The programme is a cent percent Centrally Sponsored Scheme. A review of the programme through test check of records revealed that programme implementing department could not achieve the demographic goal in respect of birth rate, crude death rate, etc., during March ending 1995, 1996 and 1997 though expenditure on this account continued to be increased year after year. The couple protection rate during 1995-96 to 1999-2000 fell short of the target to a considerable extent. There was huge shortage of manpower in operation of the programme. The State Government did neither evolve any monitoring system nor any evaluation was ever conducted, thereby, the effectiveness of the programme remained unassessed.

Against the grants of Rs.809.66 lakh released by the Government of India for implementation of the scheme during the period from 1995-96 to 1999-2000, Rs.958.59 lakh was spent by the State Government resulting in excess expenditure of Rs.148.93 lakh over the grant.

(Paragraph 3.1.4)

There was short establishment of 23 SCs and 0.69 lakh population was deprived of the desired benefit of health services.

(Paragraph 3.1.5.1.(i))

Couple protection during 1995-96 to 1999-2000 ranged between 3 and 14 per cent against target of 60 per cent set under National Health Policy.

(Paragraph 3.1.5.2(ii))

Under MCH Services shortfall in coverage under DPT ranged between 36 and 67 per cent, OPV between 28 and 49 per cent, BCG between 32

and 47 per cent, measles between 49 and 64 per cent, T.T. for pregnant women between 52 and 76 per cent during the years from 1995-96 to 1999-2000 (upto October 1999) as against 100 per cent immunization targetted.

(Paragraph 3.1.6(i))

Rupees 41 lakh incurred by the SCOVA for the execution of the items of work which were not covered by their approved guideline was irregular.

(Paragraph 3.1.6(iii))

No target for imparting training to Family Welfare Staff was fixed by the department. Out of 155 ANMs, only 78 ANMs were trained in IUD insertion during the period from 1995-96 to 1999-2000. Out of Rs.47.08 lakh released by the GOI for training, Rs.23.43 lakh was irregularly spent by the department for payment of salary of the ANMs of sub-centres and Urban Family Welfare Centres during 1995-2000.

(Paragraph 3.1.7)

As per GOI norm for carrying out IEC activities in a smaller State, maximum financial assistance was fixed as Rs.10.00 lakh per year. But due to inflated demand in the Annual Action Plan of the department, the GOI had released Rs.24.20 lakh in excess of the stipulated norm to the State Government during 1995-2000.

(Paragraph 3.1.8)

3.1.1 Introduction

The Family Welfare Programme was introduced in the First Five Year Plan in 1952. It was made target oriented and time bound with effect from 1966-67. Maternal and Child Health Services (MCH services) designed to improve the health of mothers and children were also integrated with it during the Fourth Plan period. The National Health Policy (NHP) approved by the Parliament in 1983 envisaged attainment of twin goals of 'Health for All' and a 'Net Reproductive Rate' (NRR) of unity by the year 2000A.D. Keeping in view the level of achievements made in the Seventh Plan period it was stated in the Eighth Five Year Plan document that NRR-I would be achievable during the period 2011-16 AD. However, the Report of the Technical group on Population Projection (constituted by the Planning Commission) indicated that the replacement level of NRR-I is achievable only by 2026 AD.

The main objectives of the National Family Welfare Programme (NFWP) was to stabilize population level consistent with the needs of national development by adopting following measures/methods :

- (i) to bring down the birth and death rates through various family planning measures and temporary methods of birth control.
- (ii) To persuade people to adopt small family norms by popularising the use of conventional contraceptive devices or oral pills etc.
- (iii) To provide medical services, medicines and incentives free of cost at the doorsteps of the acceptors of family planning measures.

These objectives of NFWP were to be achieved through implementation of following schemes.

- (a) Minimum Needs Programme (Redesigned as Basic Minimum Services (BMS))
- (b) Sterilisation Bed Scheme
- (c) Post Partum PAP Smear Test Facility Programme
- (d) All India Hospital Post Partum Programme
- (e) Population Research Centre Scheme
- (f) Child Survival and Safe Motherhood (CSSM) Programme redesigned as Reproductive and Child Health (RCH) programme.

3.1.2 Organisational Set up

At the State Level the Director of Health and Family Welfare Department is nodal authority to oversee the implementation of the programme. The programme is implemented by the Director of Health Services Arunachal Pradesh through 11 Rural and 17 Urban Family Welfare Centres, 58 Primary Health Centres, 19 Community Health Centres, 323 Sub centres and 1 Post Partum Centre. Besides, there is a Family Welfare Training Centre.

3.1.3 Audit Coverage

The review covered the period from 1995-96 to 1999-2000 by test check of records of the Director of Health Services, Additional Director of Health Services (Family Welfare), 1 (West Siang District) out of 4 District Family Welfare Bureau, 3 (Papumpare, Lower Subansiri and West Siang) out of 13 district Medical Officers, 5 (Raha, Doimukh, Ziro, Kimin and Balijan) out of 58 PHCs and 3 (Naharlagun, Ziro and Along) out of 13 District Hospitals during the period from February to March 2000.

The services of the ORG centre for social research, a division of ORG-Marg Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-Marg carried out survey over a sample of 1000 households between 21.10.2000 and 07.11.2000 and 21 health facilities in respect of 3 districts (West Kameng, Lower Subansiri and East Siang) and 30 villages, determined on the basis of socio cultural characteristics and

development status. Significant findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

The results of test check are given in the succeeding paragraphs.

3.1.4 Finance and Expenditure

The programme is cent percent centrally assisted scheme. For orientation training of medical and para medical personnel the grant is admissible on 50 : 50 sharing basis between Government of India and the State Government which is to be utilised for rent of hostel, contingency, consumable for Training materials, additional teaching staff, class rooms for Health and Family Welfare Training Centres etc. The establishment of PHC, CHC, sub-centres in rural areas and hospitals and dispensaries in urban areas are met under Minimum Needs Programme.

The budget provision, funds released by the Government of India expenditure incurred, less or excess utilisation of central assistance etc., for the period from 1995-96 to 1999-2000 are detailed below.

(Rupees in lakh)

Year	Budget Provision		Total	Central assistance received		Expenditure		Total	Less (-)/ excess (+) utilisation of Central assistance
	Salary Comp- onent	Non Salary Comp- onent		Cash	Kind	Salary Comp- onent	Non Salary Comp- onent		
1995-1996	46.51	92.25	138.76	139.85	110.69	24.56	93.92	118.48	(-) 21.37
1996-1997	50.00	96.76	146.76	146.82	33.86	26.59	105.02	131.61	(-) 15.21
1997-1998	50.00	105.13	155.13	147.73	89.65	35.80	207.92	243.72	(+) 95.99
1998-1999	77.60	62.84	140.44	144.06	NA	46.42	193.83	240.25	(+) 96.19
1999-2000	53.15	147.04	200.19	231.20	103.35	79.64	144.89	224.53	(-) 6.67
Total	277.26	504.02	781.28	809.66		213.01	745.58	958.59	(+) 148.93

The reason for savings as furnished by the Additional Director of Health Services – Family Welfare, Naharlagun during 1995-96 and 1996-97 was due to non-filling of certain posts (which was not specified) while the reason for excess expenditure during 1997-99 was stated to be due to revision of Pay scales of the employees of Family Welfare Department as per recommendation of 5th Pay Commission.

3.1.5 Implementation

In Arunachal Pradesh, the following three (out of six) schemes/programmes were implemented, viz.,

- (i) Minimum Needs Programme
- (ii) All India Hospital Post Partum Programme
- (iii) Child Survival and Safe Motherhood (CSSM) Programme redesigned as Reproductive and Child Health (RCH) Programme

3.1.5.1 Minimum Needs Programme

(i) Family Welfare Services are to be provided to the community through a net work of Sub Centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs) in the rural areas and hospitals and dispensaries in the urban areas in a phased manner by 2000 AD. The population norms for setting up the Centres and their staffing norms and activities/services to be delivered are as detailed in Appendix - XIV.

Test check of records and information collected from Rural Health Statistics and from DHS and Additional DHS (FW) revealed the following target and achievement in respect of establishment of these Centres.

Centres	No. of Centres required as per 1991 census	No. of centres required as per projected population at the end of ninth plan as per GOI's norm	Position as on 31 March 2000	No. of centres established in excess (+)/less (-) of norm	Funds released during 1995-2000		Actual Expenditure
					By GOI	By State	
					(Rupees. in lakh)		
SCs	288	346	323	(-) 23	245.45	2498.00	2593.45 (Upto Dec. '99)
PHCs	43	52	58	(+) 6			
CHCs	11	13	19	(+) 6			

It would be seen from the table that as per the projected population of 10.38 lakh at the end of 9th plan period, as against the requirement of 346 SCs, 52 PHCs and 13 CHCs the positions of centres established as on 31 March 2000 was 323, 58, 19 respectively. Thus, there was a short establishment of 23 SCs and excess establishment of 6 PHCs and 6 CHCs. Thus, due to short establishment of 23 SCs, 0.69 lakh rural population were deprived of the desired benefits of health services.

The additional Director of Health Services, Family Welfare in his reply, justified establishment of excess number of PHCs and CHCs because of the peculiar geographical position of Arunachal Pradesh like very small density of population (i.e 10 persons per Sq.Km), coverage of large area by each centre etc. The departmental stand was not tenable as they had not obtained prior approval of Government of India for relaxation of population norm in respect of establishment of PHCs and CHCs.

Excess number of centres established in violation of Government norm

It was further noticed that out of 323 established SCs, only 277 SCs were made functional as of May 2000. According to the department, the remaining 46 SCs (323-277) could not be made functional due to financial constraint and non-availability of required manpower, institutional and residential quarters. The contention of the Department is not tenable as the Government had released Rs. 2743.45 lakh during the period from 1995-96 to 1999-2000 for maintenance of SCs, PHCs and CHCs. Out of this Rs.245.45 lakh was specifically provided by the Government of India for implementation of family welfare programme during the aforesaid period. The department also stated that the entire amount of Rs. 245.45 lakh was spent towards payment of pay and allowances of staff engaged for carrying out family welfare activities. Thus, department's failure to make 46 SCs fully functional resulted in deprivation of health care to 1.38 lakh population of that area.

Again, in Regha PHC, no Medical Officer was posted during the period from December 1996 to September 1999 for reasons not on record. The people of the locality was therefore, deprived of the health care and treatment facilities during the said period.

(ii) Performance against demographic goal

Department failed to achieve the demographic goals, reasons for failure also unidentified

The National Health Policy 1983 envisaged achievement of the Net Reproductive rate of unity by the year 2000 AD and the achievement made by the Family Welfare Department at the end of March 1995, March 1996 and March 1997 were as under:

Name of goal	Achievement at the end of			
	Targets	March 1995	March 1996	March 1997
(i) Crude birth rate (per thousand)	21	27.6	27.4	34.6
(ii) Crude death rate (per thousand)	9	13.5	13.5	13.5
(iii) Annual growth rate (per cent)	1:2	1.4	1.4	2.1
(iv) Infant mortality rate (per thousand)	below 60	64	64	64

Despite incurring an expenditure of Rs.25.93 crore during 1995-96 to 1999-2000 (upto December 1999) under the Minimum Needs Programme, the infant mortality rate and the crude death rate remained static during 1994-95 to 1996-97 while the crude birth rate and annual growth rate recorded an increasing trend by 26 and 50 per cent respectively as on 31 March 1997 as compared to the corresponding figures as on 31 March 1996. The Crude Birth Rate (CBR) and Crude Death Rate (CDR) were also higher than the national average (27.2 and 8.9 per 1000 population). Only the Infant Mortality Rate (IMR) is lower (64 per 1000) than that of national scenario(71 per 1000 live births). Thus, the

department failed to achieve the demographic goal as laid down in the National Health Policy.

3.1.5.2 All India Hospitals for Post-Partum Programme

The district/sub-district level Post Partum Centres (PPC) were to motivate women within the reproductive age group (15-44) years and their husbands for adopting small family norms through education and motivation during prenatal, Post Natal period and after Medical Termination of Pregnancy. The basic objective of the programme was to provide integral package of maternal child health and Family Welfare Services in service training to medical/para medical staff, out reach services to allotted population and MMR rate. Under this programme cent percent Central assistance was provided for recurring and non recurring items. In the State, there is only one sub-District level PPC at Naharlagun.

Funds provided by Government of India, released by the State Government and expenditure incurred during 1995-96 to 1999-2000 are as under :

Year	Funds provided by GOI	Funds released by State Government	Expenditure incurred
	(Rupees in lakh)		
1995-96	3.50	NA	5.38
1996-97	5.00	NA	7.31
1997-98	7.00	6.67	9.43
1998-99	6.50	6.50	10.48
1999-00	10.00	10.00	11.14

The reason for incurring excess expenditure was neither on record nor stated.

The performance of PPC in respect of family welfare methods and immunisation during the period from 1995-96 to 1999-2000 are as under :

Activity	Overall achievement under NEWP in the State		Target of PPC	Achievement of PPCs	Percentage of achievement of PPC to total achievement
	Target	Achievement			
Family Welfare Method (i) Sterilization	6305	8511**	No target was fixed	1601	19
(ii) Oral Pills	7230	22,049**		2600	12
Immunisation					
T.T.(for pregnant women)	123689	44728		4874	11
BCG	124505	69441		8293	12
Polio***	25600	8395		2555	30
DPT	124425	65305		2420	4
Measles	122545	49470		2096	4
DT (for infants)	70780	53110		833	2

* Number of eligible couples during 1995-96 to 1999-2000 (upto October 1999) : 6.42 lakh.

** Target free approach during 1997-98 and 1998-99.

*** For 1999-2000 only.

It would be seen from the above table that the percentage of achievement of PPC to overall achievement under different indicators of NFWP ranged between 2 and 30. Although the coverage of immunisation programme for the State as a whole was to be made centpercent there were shortfall ranging between 25 and 67 per cent in achieving the target fixed for different indicators of the programme during 1995-96 to 1999-2000.

Failure on the part of PP centre to increase the number of tubectomy cases through education and motivation

(i) In the absence of any target specially for the PPC, the shortfall, if any, in respect of different indicators could not be verified in audit. It was, however, noticed that out of 5891 number of registered pregnant women during the period from 1995-96 to 1999-2000 (upto December 1999), only 1597 numbers, i.e. 27 per cent were acceptors of tubectomy of which 888 women were already having 3 or more children.

The ORG-Marg survey observed that post partum care was almost negligible in the state with only 5 per cent women having got examined within 42 days of their deliveries. The report also observed that about one-fourth of women received FP counselling during each of the antenatal / Post natal periods and about 25 per cent mentioned having accepted contraceptives before resuming menstruation which was moderately high.

Shortfall in couple protection rate ranges from 46 to 57 per cent due to poor infrastructure and manpower shortage

(ii) As per national norm fixed under National Health Policy 1983, the effective couple protection rate was 60 per cent of the eligible couples.

Eligible couples identified with reference to estimated population and couples protected by various methods of family planning during the period from 1995-96 to 1999-2000 were as under :-

Year	Total estimated population	Eligible couples	Percentage of couples to total population	Couples protected			Total couples protected	Percentage of couples protected to total eligible couples
				Tubec-tomy	IUD	Oral pills		
				(In number)				
(Number in lakh)								
1995-96	9.68	1.50	15	1654	2513	930	5097	3
1996-97	9.92	1.53	15	1890	2794	1949	6633	4
1997-98	8.22	1.01	12	2353	2585	2761	7699	8
1998-99	8.92	1.17	13	1983	2601	1804	6388	5
1999-2000 (October 1999)	10.12	1.21	12	631	1394	14605	16630	14
Total				8511	11887	22049	42447	

Against the population of 10.12 lakh at the end of October 1999, only 42,447 couples were protected by different methods of family welfare programme, of which, 8511 females were protected through permanent methods viz., tubectomy while 33936 couples were covered by temporary methods (11887 couples by IUD and 22049 couples by oral pills). Besides, 7.65 lakh condoms (Nirodh) were distributed to 36,782 male users during the aforesaid period,

i.e., 4 condoms per head per year on an average. Thus, with reference to National target of couple protection (i.e 60 per cent of eligible couples), there was heavy shortfall ranging from 46 to 57 per cent in achievement of target. This indicated that the department totally failed to motivate the women in their post delivery period to avail the benefit of family welfare programme. The Additional DHS, FW stated (May 2000) that poor physical infrastructure and shortage of man-power at field level were the main reasons for poor performance of couple protection rate. The department, however, had not evolved any effective measure to solve the problem.

The ORG-Marg survey report also indicated that the Couple Protection Rate in Arunachal Pradesh was only 13 per cent in 1998, compared to 45.4 per cent for India (Family Welfare Year Book, 1997-98).

3.1.6 Child Survival and Safe Mother Hood (CSSM) and renamed as Reproductive Child Health (RCH) Programme

In the Eighth Plan (1992-97), programmes, like Universal Immunisation, Oral Rehydration Therapy (ORT) and various other related programmes of Maternal and Child Health (MCH) were integrated under (CSSM) programme. In Ninth Plan (1997-2002) CSSM was renamed as RCH and included Sexually Transmitted Diseases and Reproductive Tract Infection (RTI).

With the introduction of RCH programme under Family Welfare activities in 1998-99, necessary fund for implementation of the programme in the State was routed through the State Level Registered Society named State Committee on Voluntary Action (SCOVA) in the State.

The objective of the programme was to ensure relevant services for assuring reproductive and Child Health to all citizens, for obtaining stable population in the medium and long term for the country.

Funds released by Government of India and expenditure incurred under CSSM and RCH are as under :

(Rupees in lakh)

Year	Funds released by GOI	Expenditure	Excess (+) / savings (-)
CSSM			
1995-96	36.30	17.71	(-) 18.59
1996-97	37.50	19.88	(-) 17.62
1997-98	22.50	21.58	(-) 0.92
Total	96.30	59.17	(-) 37.13
RCH			
1998-99	109.41	74.44	(-) 34.97
1999-2000	290.50	31.64	(-) 258.86
Total	399.91	106.08	(-) 293.83

The department stated (March 2000) that the major component of expenditure under CSSM/RCH was salary for posts created under CSSM programme.

Activities carried out under CSSM and RCH Programmes under different indicators by the FW Department and SCOVA as emerged on verification (March 2000) of records are mentioned below:

(i) Under MCH Services, health care services were provided through two main prophylaxis schemes as detailed below :-

Prophylaxis against nutritional anemia among women and children ; pregnant and nursing mothers, acceptors of family planning and children of 1 to 5 years are to be given daily doses of iron and folic acid for a period of 100 days as a prophylactic measure. Prophylaxis against blindness due to Vitamin-A deficiency among children : 2 lakh international unit of Vitamin-A is given to children of age group 1-5 years once in every 6 months.

MCH Services are provided through PHCs, District Hospitals, Urban Family Welfare Centres attached to the District PPCs and ICDs centres.

Target and achievement under MCH scheme in respect of services provided to children and women (other than family planning activities) during 1995-96 to 1999-2000 are as follows:

Name of Services	Years														
	1995-96			1996-97			1997-98			1998-99			1999-2000		
	Target	Achievement	Short-fall	Target	Achievement	Short-fall	Target	Achievement	Short-fall	Target	Achievement	Short-fall	Target	Achievement	Short-fall
DPT	25500	14437	11063 (43)	26000	13137	12863 (49)	23100	13803	9297 (40)	24225	15550	8675 (36)	25600	8378	17222 (67)
OPV	25500	14437	11063 (43)	26000	13355	12645 (49)	23100	15077	8023 (35)	24225	17487	6738 (28)	NA	NA	NA
BCG	25580	16677	8903 (35)	26000	13879	12121 (47)	23100	15757	7343 (32)	24225	15710	8515 (35)	25600	7418	-
Measles	25500	10654	14846 (58)	26000	9445	16555 (64)	23100	11774	11326 (49)	24225	11607	1218 (52)	23720	5990	-
TT (Pregnant Women)	28100	10194	17906 (64)	28500	8975	19525 (69)	19896	9640	10256 (52)	25313	5968	19345 (76)	21880	6011	-
TT (10 years)	22100	6834	15266 (69)	22600	11498	11102 (49)	NA	16170	-	NA	9574	-	17453	6157	-
TT (16 years)	21800	5237	16563 (76)	22000	10237	11763 (53)	TFA	-	-	TFA	6963	-	13610	2832	-
TT (5 years)	24700	6567	18133 (73)	25300	13265	12035 (48)	TFA	-	-	TFA	10402	-	20780	6590	-

TFA - Target Free Approach

Figures in brackets indicate percentage of shortfall

The table above will show that the department could not achieve the target in any of the Services during the year from 1995-96 to 1999-2000 (upto October 1999). The shortfall in achieving target in respect of DPT ranged between 36 to 67 per cent, OPV between 28 to 49 per cent, BCG between 32 to 47 per cent, measles between 49 to 64 per cent, TT (P.W.) between 52 to 76 per cent respectively during the year from 1995-96 to 1998-99. The reason for non-achievement of target has not been stated (March 2000).

The ORG-Marg survey observed that as against the centpercent coverage required for child immunisation, ANC care for pregnant women, coverage under TT doses and safe delivery, the observed coverage was relatively low, with coverage of around 50 per cent for most of the services.

**Progress of
utilisation of fund
was very poor**

(ii) Out of funds amounting to Rs. 399.91 lakh provided to SCOVA for implementation of RCH programme during 1998-99 to 1999-2000, Rs. 106.08 lakh (23 to 46 per cent) only was utilised through the concerned DMOs of the 13 districts on purchase of RCH material and drug (Rs. 18.29 lakh), organisation of awareness generation training (Rs. 13.93 lakh) in 5 districts out of 13 districts, engagement of contractual staff (Rs.15.02 lakh) in the category of Lab Technician and staff nurse to PHCs in 13 districts, Rs.175.28 lakh is lying unutilised in the bank account of SCOVA which led to locking up of funds for over 2 years. Besides, out of Rs.118.55 lakh released to 13 districts during 1998-99 and 1999-2000 for undertaking minor works, only 2 districts (Papumpare and Upper Subansiri) utilised the full amount while another 6 districts partially utilised the amount. Total amount utilised by 8 districts upto March 2000 was Rs.43.49 lakh. The position given above indicates that the pace of progress of utilisation of fund by the SCOVA was very poor which resulted in insignificant impact on execution of minor works under the programme.

The ORG-Marg survey report also revealed that the facilities were also lagging behind in equipping laboratories for diagnosing RTI/STDs and maintaining RTI/STD records (negligible).

(iii) As per guidelines issued by Government of India funds provided for works under RCH Programme was to be utilised on construction of operation theatre, labour room, or for providing and upgrading water and electricity supply in the CHC,PHC and district hospitals.

Government of India sanctioned and released (February 1999) Rs. 135.91 lakh to SCOVA for undertaking works in 13 districts of Arunachal Pradesh on the basis of estimates submitted by the State Government. The SCOVA also accordingly released (April 2000) the entire amount to the DMOs in charge District Society on Voluntary Action of 13 districts for taking up the work.

Irregular expenditure of Rs.41.00 lakh

Scrutiny of sanctioned estimate, however, revealed that certain items of work valuing Rs.41 lakh (as mentioned in Appendix - XV) were included therein though these were not covered by the guidelines. Thus, execution of these items and eventual expenditure thereon to the extent of Rs.41 lakh was not only irregular but also deprived the programme of the facilities worth Rs.41 lakh.

3.1.7 Training

There is only one training centre for training of Auxiliary Nurse Midwives (ANMs), medical and para medical staff in the State. Funds released by the Government of India and expenditure incurred during 1995-96 to 1999-2000 were as follows :

Category of Training	Funds released and expenditure incurred	Period					Total
		1995-96	1996-97	1997-98	1998-99	1999-2000	
(Rupees in lakh)							
ANM/LHV	Funds released	6.08	5.00	10.00	11.00	15.00	47.08
	Expenditure	4.30	3.58	1.47	1.00	13.08	23.43
	Excess (+) / Savings (-)	(-) 1.78	(-) 1.42	(-) 8.53	(-) 10.00	(-) 1.92	(-) 23.65

Though for orientation training of medical and para-medical personnel the grant is admissible on 50:50 sharing basis between the GOI and the State Government, no State share was released. Reason for non-release of State share was neither stated nor found on record.

The intake capacity of the centre viz Health Training and Research Centre at Pasighat in East Siang District is 40. There was no target fixed by the department for imparting training to different categories of officers and staff. Altogether training to 78 out of 155 ANMs in IUD insertion and 13 Medical Officers in MTP was imparted in the training centre during the period from 1995-96 to 1999-2000. This indicated that the department has failed to avail the full benefit of training centre by sponsoring another 109 trainees (40x5=200-78+13) during the period.

For the purpose of training, Government of India provided Rs. 47.08 lakh to the State Government during the period from 1995-96 to 1999-2000. It was however, noticed that, of this, an amount of Rs.23.43 lakh was spent for payment of pay and allowances of ANMs of Sub-centre and Urban Family Welfare Centre and staff of P.P Centre. The reason for diversion of training fund for payment of pay and allowances was not stated. On a query, the department stated that training for ANM and LHV are occasionally conducted in other General/District Hospital as required under the FW programme. But details of such training imparted since 1995-96 have not been furnished.

The ORG-Marg survey report also observed that the government centres in Arunachal Pradesh still have a long way to go with respect to training the

medical and para medical staff in RCH and on specific activities such as screening cases for spacing methods, IUD insertion and diagnosing RTI/STD.

3.1.8 Information Education and Communication (IEC)

IEC and motivation activities play an important role in the Family Welfare Programme.

Excess release of fund by the GOI

As per GOI guidelines smaller States are to be funded Rs.10 lakh per year for undertaking IEC activities in the State. Scrutiny (March 2000) of DHS records, however, revealed that Rs.24.20 lakh was released to the FW department of the State in excess over norm as shown below :

Failure to utilise the excess fund released by GOI resulted in savings of Rs.20.93 lakh

Year	Fund released by GOI	Fund admissible	Excess Fund released	Amount spent	Excess (+) Savings (-)
(Rupees in lakh)					
1995-96	15.64	10.00	5.64	13.61	(-) 2.03
1996-97	11.29	10.00	1.29	10.15	(-) 1.14
1997-98	19.76	10.00	9.76	8.37	(-) 11.39
1998-99	12.31	10.00	2.31	5.94	(-) 6.37
1999-2000	15.20	10.00	5.20	NA	NA
Total	74.20	50.00	24.20	38.07	(-) 20.93

A sum of Rs.24.20 lakh during the period from 1995-96 to 1999-2000 was released in excess by GOI due to preparation/submission of excess demand by the department in the Annual Action Plan. The reason for excess demand/release was not on record. Moreover, the department could not spend the total release and there was a saving of Rs.20.93 lakh out of total release of Rs.59.00 lakh from 1995-96 to 1998-99 indicating 35 per cent savings/non-utilisation of GOI fund.

The IEC activities are looked after by 4 projectionists at Along, Bomdila, Ziro and Khonsa.

Though the department had spent a sum of Rs.38.07 lakh during 1995-99 in IEC activities, the impact of the IEC activities on the beneficiaries/people of the State had never been analysed.

The ORG-Marg survey report also indicated that the IEC component of the programme was weak with only 10 per cent respondents reporting awareness about any IEC activity undertaken in their areas and the availability of IEC material at the government centres was dissatisfactory.

3.1.9 Man Power

Shortage of manpower at field level contributes to the poor performance of the programme

There is no full fledged Family Welfare Directorate in the State. One Additional DHS(FW) with skeleton staff, however, manage with relating to Family Welfare. In the district also the minimum staff required for effective implementation of FW Programme is lacking. Each District should have one District Family Welfare Bureau and one District Training Centre and one IEC unit attached to the District FW Bureaus.

There were only 193 posts (including clerical posts) operated in the department at district and field levels. Against 13 districts, there were only 4 District Family Welfare Officers, 2 Mass Education and Information Officers and 4 Deputy Mass Education and Information Officers. At the field level too there were shortages as compared to GOI norms. Against 58 Lady health visitors which was required as per norm, there were only 16 sanctioned posts. Similarly against 58 Health educators to be sanctioned as per norms, there were only 2 in position. Shortage of personnel particularly at operational levels affected Family Welfare services.

3.1.10 Role of Voluntary Organisation

There is only one Voluntary Organisation viz., Ramakrishna Mission (RKM) hospital at Itanagar which is associated with the family planning programme.

Test check of records (March 2000) revealed that grants aggregating Rs.418.00 lakh had been provided by the State Government from its plan budget through the Director of Health Services (DHS) during the period from 1995-96 to 1999-2000 and was fully utilised by the RKM Hospital. A total of 712 sterilisation and 388 IUD cases were performed by the hospital during the period from April 1995 to December 1999. No oral pills and conventional contraceptives were supplied to this Hospital by the department. This indicates the lack of co-ordination between the Voluntary Organisation and the family welfare department of the State.

3.1.11 Vehicles

Shortage of vehicles effected the implementation of the programme

As against the total requirement of 51 vehicles as assessed by the Department, the GOI provided 39 vehicles till March 2000 for implementation of Family Welfare Programme. Out of 39 vehicles, 30 vehicles are in running condition. 5 vehicles have already been condemned and 4 vehicles are off-road due to mechanical defects. The department had not initiated any action to get the off-road vehicles repaired. The shortage of 21 vehicles affected the implementation of the programme as all the officers and workers of the Family Welfare Department could not perform their duties by paying visit to PHCs/HSCs which are located in remote localities of the State.

3.1.12 Expired medicine

Scrutiny (March 2000) of stock registers of DMO-Ziro, Along and Ragha and Ziro PHC, it was found that a huge quantity of medicines lost their shelf-life as shown in the Appendix - XVI.

Supply of medicines in excess of requirement/non-functioning of refrigerator caused expiry

It was stated by the District Family Welfare Officer (DFWO), West Siang-Along that medicines were received in excess of requirement and short expiry medicines were supplied by the GOI. The DFWO-Ziro also stated that DPT injection expired due to excess supply which could not be used before expiry. The reason for expiry of medicines in PHC-Ragha under DMO-Lower Subansiri district-Ziro as stated by the Medical Officer in charge was due to non-functioning of the refrigerator during the period from April 1998 to August 1999.

The department had not taken any effective step to avoid loss due to expiry of medicines.

(ii) As per stock register of DMO-Along balance of ORS as on 21-09-1999 was 18,400 packets, quantity of ORS issued during the period from 21-09-1999 to 22-11-1999 was 600 packets. The balance in the stock ledger as on 22-11-1999 was shown as nil instead of 17,800 packets (18,400 Pkts - 600 Pkts). The discrepancy of 17,800 numbers was not clarified to audit.

3.1.13 Idle stock of drugs and other materials

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 was to be procured at the rate of 1.5 laparoscope per team. Laparoscope/tube rings were being supplied by the Ministry of Health and Family Welfare to the State for conducting laparoscopic sterilisation operations.

The details of number of laparoscopic teams trained and their location could not be made available to audit. However, from the records of the Addl. Director of Health Services, Family Welfare, Naharlagun it was seen that 15,000 pairs of tubal rings were received from the GOI Health and Family Welfare Department during the period from January 1996 to August 1998 while there was a stock balance of 600 pairs with the department. Out of total stock of 15,600 pairs of tubal rings, 5400 were distributed to the Chief Medical Officer, General Hospital, Naharlagun, 1400 to DMO, Lohit District, Tezu and 500 pairs to the Secretary RKM Hospital, Itanagar during the period from February 1996 to February 2000 and balance 8300 pairs of laparoscopic rings are lying undistributed to any hospital/districts. The reason for non-distribution of the same to different districts has not been stated. Cost of idle stock of laparoscopic rings at Rs.30.60 per pair (1995-96 rate) was computed to Rs.2.54 lakh (8300 x Rs.30.60).

Out of 9 sets of laparoscope received during February 1996, 3 sets were issued (CMO, GH Naharlagun - 2 sets and DMO Tezu - 1 set) during the period from March 1996 to March 1999 and balance 6 sets of laparoscope are lying undistributed with the Addl. Director of Health Services, FW, Naharlagun, thereby the needy patients were deprived of getting their desired benefits of 6 laparoscope sets. The reason for non-issue of laparoscope to Districts has not been stated. The details of laparoscopic sterilisation done with the help of laparoscope sets and tubal rings had not been reported to the Additional DHS, FW by the concerned Medical Officers. As a result, impact of utilisation of laparoscope sets could not be ascertained in audit.

3.1.14 Monitoring and evaluation

Monitoring cell required to be created at Directorate of Health Services to monitor the various activities under Family Welfare Programme, had not been created as of March 2000.

Evaluation of the impact of the programme on beneficiaries has also not been made by any agency at any stage during the period up to March 2000 for reasons not on record.

Further, as per departmental procedure, family welfare activities carried out by SCs at grass root level was to be monitored by the concerned controlling PHCs/CHCs by way of obtaining monthly report in the prescribed format (Form No.6) from them. But the performance of SCs have never been monitored by the PHCs/CHCs due to non-receipt of required monthly report from them. At the State level also there was no system to exercise any control over the function of SCs by the Additional DHS, Family Welfare Department. As a result, the community based family welfare services including treatment of minor ailment rendered by the SCs remained unassessed.

As per scheme, a co-ordination committee was to be formed and regular meetings were to be held at Post Partum Centres for effective implementation of the programme and minutes of the meetings be sent to state family welfare department. But since inception of the post partum programme in the State in 1991-92, neither any co-ordination committee was formed nor any meeting was held till March 2000 to ascertain the effectiveness of the programme and recommend measures to overcome the inherent deficiencies. The reason for non-formation of Co-ordination Committee and non-holding of any meeting has not been stated.

The Programme has not been evaluated by the State Government to assess its impact.

3.1.15 Recommendations

Though staff is the most significant input for the success of the programme provisioning of staff at field levels was inadequate. The State Government should take effective steps to raise the manpower at the desired level for successful operation of the programme. The target under MCH services, i.e.,

Performance of SCs remained unassessed due to absence of any monitoring system

DPT, OPV, BCG, TT should be adhered properly so that there is no shortfall under immunization. A system of monitoring should also be evolved and evaluation of the impact of the programme on the beneficiaries be conducted.

The above points were reported to Government/Department (July 2000); their reply has not been received (December 2000).

3.2 WORKING OF THE MEDICAL DEPARTMENT

Highlights

The review, interalia, highlights defective budgeting, irregular deployment as well as utilisation of available manpower, thereby depriving a section of population of the state to avail the benefit of health care services, irrational deployment of Specialist and Dental Surgeons, establishment and running of 2 PHCs and 68 HSCs either with one Group 'D' staff or having no staff at all, extra avoidable expenditure of Rs.47.21 lakh for procurement of medicine at higher rates, procurement of X-Ray Machines before completion of infrastructure and absence of any system to monitor and evaluate the working of the Department as a whole.

Against total provision of Rs.259.40 crore expenditure incurred was only Rs.222.56 crore resulting in saving of Rs.36.84 crore.

(Paragraph 3.2.4.1)

DCC bills for Rs. 48.91 lakh against 27 AC bills drawn between 1997-98 and 1999-2000 remained outstanding, which indicated serious deficiencies in control over expenditure.

(Paragraph 3.2.4.3)

During 1995-96 to 1999-2000, there were shortfall of 27, 44 and 59 per cent in the targetted establishment of CHC, PHC and HSC respectively.

(Paragraph 3.2.5.1)

Failure of the department to provide adequate infrastructure as well as irrational utilisation of manpower resulted in denial of health care services to the rural population significantly.

(Paragraph 3.2.5.2 and 3.2.5.3)

Entertainment of 10 specialists and 5 Dental Surgeons in excess of the sanctioned strength of the General Hospitals, Naharlagun and Pashighat during the period from April 1995 to May 2000 resulted in avoidable expenditure of Rs. 77.89 lakh towards payment of their pay.

(Paragraph 3.2.5.6.1(i))

3 X-ray machines procured between April 1997 and May 1998 at a cost of Rs. 13.54 lakh for use in Sagalee CHC, Rupa PHC and Seppa district hospital had been remaining idle as of May 2000 due to non-posting of radiographer/non-completion of infrastructure. Another 2 X-ray machines procured in April 1997 at a cost of Rs. 7.57 lakh for Khonsa district hospital remained idle till January 1999 due to non-availability of infrastructure for installation of the same.

(Paragraph 3.2.6.2)

Idle retention of staff engaged in Drug control and prevention of food adulteration wings without proper utilisation of their service resulted in unproductive expenditure of Rs. 33.05 lakh.

(Paragraph 3.2.7)

3.2.1 Introduction

The Health and Family Welfare Department (HFWD) of the State is responsible for providing health care services to all including extension of easy access to Family Welfare, Maternity and Child care facilities besides control of communicable diseases through immunisation, medical education and training. The Department is also implementing various Centrally Sponsored Schemes and State Plan Schemes for health care through a network of General Hospitals, District Hospitals, Dispensaries, Community Health Centres (CHCs), Primary Health Centres (PHCs) and Health Sub-Centres (HSCs).

3.2.2 Organisational Set up

The Director of Health Services (DHS) is in overall charge of the Health and Family Welfare Department in the State. He is assisted by 1(one) Additional DHS, 4(four) Joint Directors and 5(five) Deputy Directors at the Directorate level. At the district level, he is assisted by 13 District Medical Officers (DMOs) in all the activities relating to health care. Besides, there are two* General Hospital for providing necessary health care.

3.2.3. Audit coverage

The working of the Health and Family Welfare Department (excluding the activities under NMEP and NFWP) for the period from 1995-96 to 1999-2000 was reviewed in audit during April – June 2000 through test check of records of the Finance Department, Health and Family Welfare Department, Directorate of Health Services, 7 (out of 13) DMOs and 2 General Hospitals. The implementation of Rural Health Services under Minimum Needs Programme (MNP) and the functioning of Hospitals and Dispensaries under Urban Health Care Programme, were also reviewed.

* One each at Naharlagun and Pasighat

Important points noticed during review are summarised in the succeeding paragraphs.

3.2.4. Financial performance

3.2.4.1 Position and utilisation of Funds

The funds made available through budget and its utilisation during 1995-96 to 1999-2000 were as under:

Year	Budget Provision	Expenditure	Excess (+) Savings (-)
(Rupees in crore)			
1995-96	33.29	35.74	(+) 2.45
1996-97	51.18	40.35	(-)10.83
1997-98	57.86	45.82	(-)12.04
1998-99	63.44	48.93	(-)14.51
1999-2000	53.63	51.72	(-) 1.91
Total :	259.40	222.56	(-)36.84

Against a total provision of Rs.259.40 crore, expenditure incurred was only Rs.222.56 crore, resulting in a saving of Rs.36.84 crore.

3.2.4.2 Lack of control over progress of expenditure

Budget Manual provides for proper watching of progress of expenditure incurred by the DDOs against allotment of Funds so that expenditure incurred in excess of allotted funds can be detected by the Controlling Officer and adjusted in time and savings if any, could be diverted to other departments requiring funds. For this purpose, the DHS being the Controlling Officer (CO) is required to maintain a record showing progressive expenditure based on monthly statement of expenditure to be received from each DDO by the 10th of the following month.

The DDOs however, failed to maintain the time schedule even during the months of January, February and March and there were delays ranging from 1 to 197 days in receipt of monthly expenditure statements during 1997-98 to 1999-2000. The DDOs of Anini, Khonsa, Tezu, Changlang and Bomdila were the habitual defaulters in timely submission of monthly expenditure statements. The CO was thus never in a position to assess the actual requirement of funds at any stage of the financial year. No action was, however, taken to ensure timely receipt of monthly expenditure statements. This indicated lack of control of the department over the expenditure incurred by the DDOs from time to time.

3.2.4.3 Drawals in AC Bills remained unadjusted

Rules provide that on no account may an AC Bill be cashed without the certificate to the effect that the Detailed Contingent Bills have been submitted to the Controlling Officer in respect of AC Bills drawn more than a month before the date of that bill. Scrutiny revealed that submission of DCC Bills against drawal of Rs. 48.91 lakh drawn between 1997-98 and 1999-2000 in 27 AC bills was awaited as of May 2000. This indicated lack of control over financial management (Details in Appendix-XVII). The matter was taken up with the Department from time to time by the Accountant General (A&E) in cases of wanting DCC bills.

3.2.5 Management of Rural Health Care

Delivery of primary health care is the foundation of rural health care system. As per Government of India's norms, the Primary unit of rural health care is the Health Sub Centres (HSC) to be established for every 3000 population in the hilly and tribal areas. The Primary Health Centres (PHC) are to be established for every 20,000 population in the hilly and tribal areas. Each PHC is to provide supportive supervision to 6 HSCs and to serve as a referral institution for these sub centres. Besides, Community Health Centres (CHCs) are to be established for every 80,000 to 1,20,000 population covering 4 PHCs so as to serve as a referral institution of these PHCs with minimum 30 beds and 4 qualified Medical Officers in each.

3.2.5.1 Target and achievement in respect of establishment of Health Centres and sub centres

Despite utilisation of allotted fund, there were shortfall in the establishment of required number of CHC, PHC and HSC

As against the norms prescribed by the State Government population to be covered for establishment of HSC, PHC and CHC (2000 population for every HSC, 15000 population for every PHC and 40000 population for every CHC) the requirement of HSCs, PHCs and CHCs (on the basis of projected population of 10.38 lakhs) were 519, 69 and 26 respectively. However, as of 31 March 2000 there were 323 HSCs, 58 PHCs and 19 CHCs covering a population of 8.70 lakhs out of total population of 10.38 lakhs in the State of Arunachal Pradesh. Thereby a population of 1.68 lakhs involving 196 HSCs, 11 PHCs and 7 CHCs was not covered as of 31 March 2000.

Year wise physical targets and achievements in the establishment of CHC, PHC and HSC from 1995-96 to 1999-2000 are shown below :-

Year	Targets			Achievements			Excess(+) Short fall (-)		
	CHC	PHC	HSC	CHC	PHC	HSC	CHC	PHC	HSC
1995-96	1	7	30	1	5	30	--	(-) 2	--
1996-97	2	5	50	2	2	22	--	(-) 3	(-) 28
1997-98	4	8	55	3	4	22	(-) 1	(-) 4	(-) 33
1998-99	3	5	50	1	2	5	(-) 2	(-) 3	(-) 45
1999-00	1	7	20	1	5	5	--	(-) 2	(-) 15
Total :	11	32	205	8	18	84	(-) 3	(-) 14	(-)121

There was shortfall of 27, 44 and 59 per cent in the establishment of CHC, PHC and HSC respectively with reference to the targets fixed during the aforementioned period.

3.2.5.2 Primary Health Centres/Health Sub-centres remained non-functional

Scrutiny of records of the 7 (out of 13) test checked districts* revealed that 40 PHCs and 150 HSCs were in existence whereas as per records of DHS, 37 PHCs and 180 HSCs were shown to have been established in those districts. Thus there were discrepancies in the number of PHCs/HSCs functioning in the districts.

Nine PHCs (out of 40) were running without any Medical Officer including one at Lumdum with only one peon and another at Supple having no staff. Thus, these PHCs remained non-functional. Also, 39 HSCs out of 150 HSCs (26 per cent) remained non functional due to non-posting of any staff and another 29 HSCs (19 per cent) with only one Group – D in each remained non-functional. Thus, 31 PHCs and 82 HSCs only were actually functional in these 7 districts as of March 2000.

District wise position of PHCs with and without Medical Officer(s) and of functional and Non-functional HSCs are shown in Appendix-XVIII.

Failure on the part of the Department to provide adequate infrastructure to make 9 PHCs and 68 (39+29) HSCs functional resulted in denial of health care services to the rural population of these 7 districts significantly.

3.2.5.3 Irrational utilisation of Manpower

As per staffing pattern, as prescribed by the Government of India (December 1995), the staff required for each CHC is 25 (Medical Officer – 4, Paramedical Staff – 11 and Non-medical staff – 10) and for each PHC is 15 (Medical Officer – 1, Paramedical staff – 7 and Non medical staff – 7 including 4 Group D). The sub-centres were to be manned by 1 Female health worker /ANM** and 1 Male health worker in each.

CHC/PHC wise position of excess entertainment of staff in these 7 districts is given in Appendix-XIX.

Scrutiny of records relating to 11 CHCs, 40 PHCs and 111 HSCs covered by seven test-checked districts revealed as under :-

(a) While 10 (out of 11) CHCs were running with shortage of 84 staff (Medical Officer – 24, Para-medical staff-53 and non-medical – 7), the remaining one CHC* was entertaining 28 excess staff (Medical Officer – 3, Para-medical staff – 11 and non-medical – 14) over the prescribed norm of GOI.

* Papumpare, Lower Subansiri, East Siang, West Siang, East Kameng, West Kameng, Tawang.

** Auxiliary Nurse Midwife

Excess deployment of 7 medical officers in test-checked districts resulted in avoidable expenditure of Rs.37.04 lakh

Deployment of 155 Gr.-D staff and 5 medical officers beyond the prescribed norm (GOI) resulted in infructuous expenditure of Rs.54.28 lakh

(b) Out of 40 PHCs, test checked, 17 PHCs were maintaining 225 excess staff (Medical Officer – 16, Para-medical staff – 57 and non-medical staff-152) while the remaining 23 PHCs were running with shortage of 161 staff (Medical officer-9, Para-medical staff-95 and non-medical-57). Thus, it is evident that 7 medical officers and 95 non-medical staff in 7 test-checked districts were deployed in excess over the prescribed norm of GOI which not only involved avoidable expenditure of Rs.37.04* lakh towards pay and allowances but also deprived other deficient PHCs of their professional services.

(c) In 111 HSCs, against the requirement of 222 health workers, 113 para medical staff and 155 non-medical staff of Group-D were deployed inspite of the fact that there was no provision for deployment of Group D staff as per norms prescribed by the GOI. Thus, entertainment of 155 Group D staff resulted in infructuous expenditure of Rs.49.48** lakh.

Besides, deployment of 5 medical officers at 5 HSCs beyond the prescribed norm resulted in extra avoidable expenditure of Rs.4.80*** lakh. It would appear from above that none of the CHC or PHC under any of the 7 districts test checked were having staffs as per norms prescribed by the Government of India. No action was so far initiated by the department towards adjustment of the excess staff by transfer to the deficient units. No record showing that the position of deployment of staffs in CHCs/PHCs was analysed by the DHS for taking appropriate action in proper manning of the centres. Lack of planning rendered the rural health centre delivery system only partially functional.

3.2.5.4 Irregular engagement of cook

Scrutiny of records revealed that 16 cooks were engaged in 2 CHCs, 8 PHCs and 6 Sub Centres on different dates between March 94 and October 98 although there was no provision for supply of diet in those centres. Engagement of 16 cooks in those centres was, thus, irregular and led to unproductive and recurring expenditure of Rs.5.11^β lakh per annum towards their pay and allowances (taking minimum of the time scale).

3.2.5.5 Functioning of Health Centres

Scrutiny of 3 CHCs^ε and 6 PHCs^ε under 4 districts^ε, revealed the following deficiencies in functioning of the health centres.

(a) In none of the CHCs/PHCs, the date of expiry of the medicines received in stock were recorded in the stock register, in the absence of which the fact, whether medicines were issued within their shelf life, could not be confirmed.

* $(Rs.8000 \times 12 \times 7) + (Rs.2660 \times 12 \times 95) = Rs.37.04 \text{ lakh per annum}$

** $Rs.2660 \times 12 \times 155 = Rs.49.48 \text{ lakh per annum}$

*** $Rs.8000 \times 12 \times 5 = Rs.4.80 \text{ lakh per annum}$

^β $Rs.2660 \times 12 \times 16 = Rs.5.11 \text{ lakh per annum}$

^ε West Siang – Basar CHC, Rungong CHC, Tirbin PHC, Gensi PHC and Kaying PHC.

East Siang – Ruksin CHC, Bilat PHC

Papumpare – Doimukh PHC

Lower Subansari – Old Ziro PHC

(b) In Doimukh PHC under Papumpare district, medicines valued at Rs.0.28 lakh were shown in the stock register to have been issued to out patient and indoor patient departments on various dates between January 2000 and May 2000 without being supported by any indent either from outdoor or indoor departments. The issue of the medicines was, thus, doubtful.

Also, out of a stock balance of 340 vials of Ampicillin Injection (500 mg) which had lost their shelf life in February 2000, 265 vials were issued to outdoor and indoor patients in April 2000 and balance of 75 vials declared unusable.

The adverse effect of applications of expired injection on the patient, if any, was not investigated and assessed.

(c) Medicines prescribed by MO for both indoor and outdoor patients are recorded in an indent register and issued from stock on the basis of quantity recorded in the indent register. It was seen during scrutiny of stock register of medicines maintained by Tirbin and Gensi PHCs under West Siang district that no indent register was maintained and the whole quantity of medicine received in stock on a date was shown to have been issued on a single date after 5 to 30 days of the receipt of the medicines as detailed in Appendix-XX. There was no other record to support the fact of actual issue of medicine to the patients, in absence of which issue of medicines shown in the stock register remained doubtful.

(d) Scrutiny of records of issue of diet in Kimin PHC under Papumpare district and Basar CHC under West Siang district revealed that in Kimin PHC (14 bedded) for a maximum number of Patient days of 3402 (14 X 243 days) between 1 August 1998 to 31 March 1999 (actual number of indoor patient not made available) a total quantity of 1421 Kgs of Meat/Fish shown to have been procured against actual requirement of 510 Kgs at 150 gms of either Meat or Fish per patient per day. Procurement of 911 Kgs of meat and fish in excess over the prescribed scale was irregular.

The above facts indicated improper functioning of the Centres and inadequate exercise of departmental control over the Centres.

3.2.5.6 Urban Health Care

3.2.5.6.1 Hospital and Dispensaries

Health care services in urban areas of the State were being provided through two General Hospitals (one each at Naharlagun in Papumpare district and at Pashighat in East Siang district) and 11 other district hospitals and 12 dispensaries. Health care services provided for specialised treatment and Dental care in these hospitals and dispensaries are discussed below :-

i) Irrational deployment of specialists in hospitals

Position of sanctioned strength of specialists in the General and district hospitals vis-à-vis deployment there against as of April 2000 as was made available revealed that as many as 20 specialists of different streams were deployed in General Hospital, Naharlagun against a sanctioned strength of 14

specialists. In General Hospital Pashighat, 11 specialists were deployed against a sanctioned strength of only 7 specialists. In 11 district hospitals, on the other hand, only 7 specialists were deployed against a sanctioned strength of 38 specialists. Out of the 11 district hospitals, there were 4 district hospitals (Bomdila, Seppa, Changlang and Anini) where no specialist has been posted as of April 2000.

The justification of deployment of specialists in both the General Hospitals in excess over sanctioned strength was neither available on record nor stated. No assessment was also made at any point of time whether the professional services of all the specialists were fully utilised. Again, the adverse effect, if any, on the patients requiring specialised health care due to shortage of specialists in the District Hospitals also remained unassessed.

Similarly, against the sanctioned strength of 5 Dental Surgeons (3 in General Hospital, Naharlagun and 1 each at Itafort Dispensary, Itanagar and General Hospital, Pashighat), there were 10 on roll (6 in General Hospital, Naharlagun, 2 each at Itafort Dispensary and General Hospital, Pasighat). Whereas some of the district hospitals (Daporijo, Along, Anini) including some CHCs/PHCs were not having any Dental Surgeon although posts were sanctioned for those places.

No action was initiated by the Government to post the specialist who were in excess to the Hospitals where no specialists were posted till May 2000 denying specialists medical care to the population (2.45 lakh) of the 4 districts.

Entertainment of 10 specialists in both the General Hospitals and 5 Dental Surgeons, as mentioned above, in excess of the sanctioned strength thus resulted in avoidable expenditure of Rs. 77.89* lakh towards their pay during the period from April 1995 to May 2000.

3.2.6 Procurement and distribution of Materials, Machineries and equipment

3.2.6.1 Procurement of materials and supplies

During 1998-99, the DHS procured 2485 number of Red woollen blankets at a total cost of Rs. 9.82 lakh at Rs.395 each. Scrutiny of records of the DMOs and General Hospitals, however, revealed that in 2 districts and 1 hospital, 473 number of Red woollen blankets issued in all from DHS in July – August 1999 and February 2000 (DMO, Lower Subansiri –198; DMO, East Siang – 124 and DDHS.(T&R), Pashighat – 151) against indents placed by them, were lying in stock of the DMOs and Hospitals as of May 2000. It is, thus, obvious that the indents for woollen blankets were placed without assessing the actual requirement. Besides, in DHS office 243 blankets were lying idle as of May 2000.

* Calculated at minimum of the time scale of Rs.3000 for Specialist and Rs.2200 for Dental Surgeon (pre-revised) from April 1995 to December 1995 and Rs.10000 for Specialist and Rs.8000 for Dental Surgeon (Revised) from January 1996 to May 2000 = (Rs.3000 X 10 X 9) + (Rs.2200 X 5 X 9) + (Rs.10000 X 10 X 53) + (Rs.8000 X 5 X 53) = Rs.77.89 lakh.

No attempt was also made by the DHS to ascertain the requirement of blankets in the District Hospitals and General Hospitals before issue of the stock. This had resulted in idle investment of Rs. 2.83 lakh on 716 blankets lying unused.

3.2.6.2 Procurement of Machinery and equipment

Idle X-Ray machine

(a) Government sanctioned (March 1997) Rs. 10.72 lakh for the purchase of 2 X-ray machines with accessories one each for the district hospital, Khonsa and Sagalee CHC under Papumpare district. Two X-ray machines (100 MA) were procured in April 1997 at a total cost of Rs. 10.72 lakh (Rs.5.36 lakh each). Another X-ray machine (60 MA Mobile) was procured in April 1997 for the district hospital, Khonsa, at a cost of Rs. 2.21 lakh.

Scrutiny of records of the two district hospitals April-June (2000), revealed that the two X-ray machines at Khonsa were installed only in January 1999. The delay in installation of the machines was almost two years, the reasons for which was stated to be due to non-completion of required infrastructure like building and electrification thereof. The procurement of the X-ray machines before completion of the infrastructure indicated lack of proper planning and led to the machinery remaining idle for a long period and blockade of fund to the tune of Rs.7.57 lakh.

The X-ray machine at Sagalee CHC was installed in May 1998, but operation of the machine could not be started in the absence of any Radiographer or X-ray Technician in the CHC. An X-ray Technician was however, posted in January 2000 and cable fault was detected after posting of the Technician. For repairing of cable, the department took up (January 2000) the matter with the supplier but the cable fault remained unrectified till May 2000. Thus, the non-operation of the X-ray machine for more than 3 years from date of procurement led to idle investment of Rs.5.36 lakh. The service of the technician was not utilised since January 2000 till date (May 2000).

(b) Three X-ray machines (Watson 100-MA, Escort 50 MA and Egrophus 3 mm) in the General Hospital, Pasighat, had been lying idle since January 1985. The DDHS (T&R) Pasighat stated (June 2000) that the machines were lying idle due to damage caused to the hospital building by fire incident that took place in 1984. The department could put the machines in operation only in January 2000 after the lapse of 15 years. During this long period the services of the Radiographer could not be utilised and expenditure of Rs. 3.40* lakh was incurred on his pay proved to be unfruitful.

* Rs.330 X 12	=	Rs. 3,960
Rs.1200 X 120	=	Rs.1,44,000
Rs.4000 X 48	=	Rs.1,92,000
Total	=	Rs.3,39,960

Government sanctioned (March 1998) Rs.8.18 lakh for procurement of two numbers of X-ray machines for the District Hospital, East Kameng District, Seppa and Rupa Primary Health Centre under West Kameng District. The amount was drawn in March 1998 in AC Bill and supply orders were placed (March 1998), with a West Bengal based firm for supply of one X-ray machine (100 MA) to the district hospital, Seppa at a cost of Rs.5.31 lakh and another (60 MA-Mobile) to Rupa PHC at a cost of Rs.2.87 lakh. Scrutiny of records, of DMO, East Kameng District, Seppa revealed that although the machine was received in the district in May 1998 the same was installed only in May 1999 due to non-completion of building and electrification thereof. The machine, however, remained non functional from August 1999 due to mechanical defects. Although as per terms of the supply order the supplier was to take up the repair or replace the defective parts free of charge within one year from the date of installation, no action was taken by DHS to get the machine repaired within the warranty period of one year. The X-ray machine purchased for Rupa, PHC could not be made functional as of May 2000 due to non-completion of building and non-posting of radiographer.

Inaction of the Department to get the X-ray machine at Seppa repaired and unplanned procurement of X-ray machine for Rupa, PHC and non-posting of radiographer rendered the total investment of Rs.8.18 lakh idle for more than 2 years.

The X-ray machine at Mechuka CHC under West Siang District was lying out of order since 1996. The date of installation and the cost of the machine were however not on record nor stated. No action for repair of the machine was taken till May 2000. Failure of the department to get the X-ray machine repaired in 4 years resulted in unfruitful expenditure of Rs.1.92** lakh towards payment of the pay of the Radiographer during the period.

In all the above hospitals, the non-functioning of X-ray machines resulted in denial of X-ray facilities to the patients which was one of the main source for diagnosis of the diseases.

3.2.7 Establishment of Drug Control and Food Protection Unit

Under the Directorate of Health Services, Arunachal Pradesh a Drug Control wing and a Prevention of Food Adulteration unit for detection and prevention of sale/consumption of adulterated food as well as spurious/substandard drugs has been setup. The Director of Health Services is the ex-officio incharge of both the wings. The drug control wing is manned by 1 Asstt. Drug Controller and 3 Drug Inspectors (2 in Hq. Naharlagun and 1 in Tezu) and the prevention of Food Adulteration unit is manned by 1 Asstt. Food Controller, 2 Food Inspector, 1 Lower Division Assistant and 1 Field Peon. Scrutiny of records and information furnished by the Department however, revealed that none of

** Calculated at the minimum time scale of Rs.4000
 $Rs.4000 \times 1 \times 48 \text{ months} = Rs.1.92 \text{ lakh}$

the units were having any laboratory or spot testing facility of their own to test sample. During the period from 1995-96 to 1999-2000 the samples collected by Food Inspectors for testing were sent to Assam State Public Health Laboratory (for food) Guwahati and to Central Drug Testing Laboratory Calcutta (for drugs) against payment of testing charges.

In a reply to audit query the Department stated on an average 150-160 samples are sent for analysis and an amount of Rs.40,000 is paid to Government of Assam.

Reply to further query regarding total numbers of samples listed and payments made during review period is awaited.

Action taken, if any, after receipt of test reports was not on record. Creation of the wings without adequate infrastructure for conducting tests of the samples locally thus led to non-utilisation of the services of staff borne on the wings and minimum expenditure of Rs. 33.05* lakh incurred during the period on the pay of the staff under the wings thus remained mostly unproductive (calculated at the minimum of their time scale).

3.2.8 Monitoring and Evaluation

No comprehensive monitoring system was evolved either at the Directorate level or at the District level. As a result, performance of the Department in general and implementation of health care schemes in particular remained unevaluated at various levels.

3.2.9 Recommendation

There is an urgent need on the part of the State Government/Department to rationalise the deployment of manpower for strengthening the health care system throughout the State and utilisation of available manpower and X-Ray machines so that the benefits of the health care schemes can be availed of by the people of the areas where the Health Centres and sub-centres were already established in the State. For effective functioning of the Drug Control Wing and Prevention of Food Adulteration Unit existed in the State, the need for establishment of laboratory or system on the spot testing facility may be examined by the State Government. Moreover, the monitoring and evaluation

<i>* Asstt. Drug Controller & Asstt. Food Controller</i>	<i>= Rs.8000X2X12X5</i>	<i>= Rs.9,60,000</i>
<i>Drug Inspector</i>	<i>= Rs.6500X3X12X5</i>	<i>= Rs.11,70,000</i>
<i>Food Inspector</i>	<i>= Rs.6500X2X12X5</i>	<i>= Rs.7,80,000</i>
<i>LDA</i>	<i>= Rs.3900X1X12X5</i>	<i>= Rs.2,35,000</i>
<i>Peon</i>	<i>= Rs.2660X1X12X5</i>	<i>= Rs.1,59,600</i>
		<i>Rs.33,04,600</i>

aspects also need to be geared up to assess the performance of the field officers at higher level.

The above points were reported to Government/Department (July 2000); their reply has not been received (December 2000).

PLANNING DEPARTMENT

3.3 Members of Parliament Local Area Development Scheme

Highlights

Under the scheme, launched in December 1993, each MP has the choice to select works of development nature to the tune of Rs.1 crore (increased to Rs.2 crore from 1998-99) per year for execution through district collectors in his/her constituency/entire State. The fund for the purpose is released directly by Government of India to the district collectors. A review in audit of the implementation of the scheme during 1997-98 to 1999-2000 revealed the following significant points.

Against the total available funds of Rs.12.05 crore during 1997-98 to 1999-2000, the actual expenditure was Rs.8.70 crore leaving an unspent balance of Rs.3.35 crore.

(Paragraph 3.3.4)

Short release of Rs.6 crore by GOI was not pursued by the nodal authorities.

(Paragraph 3.3.4(i))

Rs.4.41 lakh was incurred in construction of Government buildings contrary to the GOI guidelines.

(Paragraph 3.3.5(ii)(a))

Out of 246 works, 34 works valued Rs.1.84 crore remained incomplete though according to scheme works were to be completed in one or two seasons.

(Paragraph 3.3.5(c))

Utilisation certificates for 220 works valued Rs.7.70 crore completed during 1997-98 to 1999-2000 had not been submitted by any of the nodal DCs.

(Paragraph 3.3.6)

No mechanism was developed at any level for proper monitoring of the progress of works executed under the scheme.

(Paragraph 3.3.7)

3.3.1 Introduction

The Members of Parliament Local Area Development Scheme (MPLADS) was launched by Government of India (GOI) on 23 December 1993. Under the scheme, each Lok Sabha MP has the choice to recommend to the Deputy Commissioner (DC), sanction/execution of works of Capital nature totaling Rs.1 crore per year in his/her constituency. Rajya Sabha MP representing the whole of the State selects works for implementation in one or more district(s) of his choice. The scheme provides for release of funds by GOI directly to the Deputy Commissioner of the district in instalments on the basis of physical and financial progress of the works under implementation. The funds released under the scheme do not lapse. The allocation of funds to each MP per year stands increased to Rs.2 crore from the year 1998-99.

The State of Arunachal Pradesh has three MPs representing the entire State, two for Lok Sabha (LS) and one for Rajya Sabha (RS).

3.3.2 Organisational set up

At the state level, the programme has been brought under the control of the Secretary/Director Planning and Development (P&D). The overall responsibility for co-ordinating the programme at the District level was vested in the District Planning Officer (DPO) under the direct administrative control of the DC who remained the Implementing Authority as per guidelines.

There are 13 districts in the state out of which DPOs were appointed/posted to 12 districts except Dibang Valley where scheme was looked after by an officer nominated by the DC Dibang Valley.

3.3.3 Audit Coverage

The implementation of the MPLADS during the period from 1997-98 to 1999-2000 was reviewed in August-September 2000 based on the test check of records of the Director (Planning) at the Secretariat and 3 Nodal DCs at Itanagar, Along and Tezu. Of the total expenditure of Rs.8.70 crore, the sample test-checked accounted for Rs.4.80 crore (55 per cent). The results of the review are brought out in the succeeding paragraphs.

3.3.4 Financial outlay and expenditure

The year-wise and MP-wise details of fund received from the GOI and expenditure incurred thereagainst by nodal DCs during the period from 1997-98 to 1999-2000 were indicated in Appendix-XXI.

Unspent balance of Rs.3.35 crore

During 1997-98 to 1999-2000, an amount of Rs.12.05 crore was available with the nodal authorities (i.e. DCs Itanagar, Along and Tezu) for implementation of MPLADS, out of which Rs.8.70 crore was shown as total expenditure leaving an unspent balance of Rs.3.35 crore which constituted 28 per cent of the total funds released during 1997-2000.

The nodal DCs failed to provide the details of unspent balance lying with executing agencies.

Following points were also noticed in financial management :

(i) *Short release of fund by the GOI*

Short release of fund for Rs. 6 crore by Government of India was not pursued by the nodal Deputy Commissioners

Scrutiny of Cash Books of 3 nodal DCs revealed that funds to the extent of Rs.6.00 crore relating to the years 1998-99 (Rs.1.00 crore) and 1999-2000 (Rs.5.00 crore) had not been released to the nodal DCs by the GOI as of March 2000, nor assigned any reason thereof. As a result full benefit of the scheme during the years 1998-99 and 1999-2000 could not be provided to the people of MPs local area. Details of short release of fund has been shown below :-

Year	Number of MPs	Amount was to be released by the GOI	Amount actually released	Amount short released
(Rupees in crore)				
1997-98	3	3.00	0.50	2.50
1998-99	3	6.00	4.00	2.00
1999-2000	3	6.00	4.50*	1.50
		15.00	9.00	6.00

3.3.5 *Implementation of Scheme*

(i) *Physical performance*

The nodal DC-wise and year-wise details of works recommended by the MPs, sanctioned by DCs completed by the executing agencies and number of works remained incomplete in the State during 1997-2000 were shown in Appendix-XXII.

Out of 253 works valued at Rs.9.79 crore recommended by MPs, the DCs concerned accorded sanction to 246 works valued at Rs.9.25 crore. Remaining 7 works (253-246) valued Rs.0.54 crore recommended by the MPs of Arunachal Pradesh East Constituency in 1999-2000 could not be taken up for execution as these works were sanctioned by DC, Tezu in July 2000 only.

* upto September 2000.

(ii) *Execution of works*

Scrutiny of 250* works executed during the period revealed the following :

(a) *Expenditure on unauthorised works*

According to scheme guidelines, construction of any building relating Central or State Government, departments, agencies etc. are not permissible. In course of scrutiny of records of nodal DCs it was, however, noticed that the following Government buildings were constructed on the recommendation of the MP concerned by the DCs after according formal sanctions from their side.

Expenditure of Rs.4.41 lakh was incurred on non-permissible works

Name of Constituency	Name of work	Date of approval by MP	Date of completion	Expenditure incurred (Rs.in lakh)
(i) R.S. Papumpare, Itanagar	Construction of Police Beat at Naharlagun	October 1998	December 1998	0.55
(ii) L.S. Arunachal West, Along	Construction of Stadium at Group SSB, Centre at Basar Commandant Group SSB-Basar	May 1998	December 1998	1.50
(iii) L.S. Arunachal East, Lohit District, Tezu	Construction of Computer room at District Planning Office, Tezu	April 1999	July 1999	1.00
(iv) L.S. Arunachal East Lohit, Tezu	Construction of Computer room in DPO's Office, Khonsa	April 1999	December 1999	1.36
Total				4.41

Thus the assets created by spending Rs.4.41 lakh was in contravention of the provisions of scheme guidelines and the reasons thereof had not been stated (October 2000).

* 38 works valued Rs.1.28 crore pertaining to the year 1996-97 were executed and expenditure incurred during 1997-98.

(b) Delay in accordance of sanction by the DCs

As per guidelines, DCs were required to sanction the works within 45 days from the date of receipt of proposal from MPs. From the records produced to audit by the DC - Papumpare-Itanagar, DC - Along and the DC - Changlang it was noticed that 15 works valued Rs.54.50 lakh were sanctioned by the concerned DCs after a considerable delay ranging from 27 days to 435 days (as shown in Appendix-XXIII) from the stipulated time.

In reply to an audit query, the District Planning Officer (Papumpare) stated that RS-Papumpare covers the whole State of Arunachal Pradesh. Funds are also released to other DCs of the state on receiving estimates etc. from other districts. Thus there was a time gap between MP's proposal and financial sanction. The DPO Along stated that DC Along covers 7 districts of the state after receiving estimates etc. from different executing agencies through respective DCs and sanction was accorded for release of fund by the nodal DC. Hence, delay occurred. The DPO - Lohit Tezu also offered the same reason for delay in according financial sanction. The procedure for sanction and completion of scheme requires tightening and strict adherence to the stipulated time.

(c) Delay in execution of works

According to guidelines works taken up under the scheme were to be completed in one or two working seasons.

In course of scrutiny of work register of the Deputy Commissioner, Papumpare - RS constituency it was, however, noticed that 6 works valued Rs.17.98 lakh was completed after the delay ranging between 4 to 9 months as shown in Appendix-XXIV. Out of 246 works sanctioned and taken up for execution during the period from 1997-98 to 1999-2000, 34 works valued Rs.1.84 crore sanctioned between July 1998 and March 2000 remained incomplete till the date of audit (September 2000).

To watch the periodical progress and timely completion of works no systematic record indicating the date of commencement of work, stipulated date of completion and their periodical physical progress was maintained by the two nodal DCs of West Siang District, Along for Arunachal West Lok Sabha constituency and Lohit District - Tezu for Arunachal East Lok Sabha constituency. As a result work wise delay in completion of works, if any could not be ascertained in audit.

(d) Non-maintenance of asset register / handing over of assets

The Scheme guidelines envisaged that various assets created out of MPLADS funds are to be recorded in a register by the DCs concerned. The scheme also provides that all the assets created under the Scheme are to be handed over to the users/line departments by the executing departments/officers on the basis of an undertaking to be obtained from them for future up-keep and maintenance of those assets.

Test check of records of 3 nodal DCs and 7 executing departments, however, showed that none of them had maintained any Asset Register in support of assets created under the scheme. They also could not produce any record to show that the assets created out of MPLADS fund so far were handed over to the users/line department for maintenance. The nodal DCs also had not taken any action in this regard to ensure timely handing over of assets to the users/line departments by the executing departments. In the absence of any records for handing over of the assets, it could not be verified in Audit whether the assets are maintained and are in good condition.

3.3.6 Non-submission of utilisation certificates

Non-submission of utilisation certificates valued Rs.7.70 crore

A scrutiny of records of three nodal DCs revealed that utilisation certificates in respect of 220 works (including 38 works of 1996-97) completed during 1997-98 to 1999-2000 at an expenditure of Rs.7.70 crore (as detailed below) had not been submitted to the Government of India even after a lapse of more than 1 to 4 years as of September 2000.

Sl. No.	Name of the Parliamentary Constituencies	Name of Nodal DCs	Period	Works completed		Submission of utilisation certificates		Number of works for which utilisation certificate not submitted	Amount involved
				Number	Value (Rs. in lakh)	Number	Value (Rs. in lakh)		
1.	Rajya Sabha, Arunachal Pradesh	D.C. Papumpare, Itanagar	1997-98 to 1999-2000	127	432.00	30*	100	97	332.00
2.	Lok Sabha, Arunachal West Along	D.C. West Siang District, Along	-do-	73	293.79	Nil	Nil	73	293.79
3.	Lok Sabha, Arunachal East Tezu	D.C. Lohit District, Tezu	-do-	50	144.69	Nil	Nil	50	144.69
Total				250**	870.48**			220	770.48

Reasons for inordinate delay in submission of utilisation certificates were neither kept on record nor clarified by the nodal DCs.

3.3.7 Monitoring, evaluation and reporting

As per Scheme guidelines, the DC being the head of the district was to monitor the progress of works by inspecting at least 10 **per cent** of the works in his district every year with the Senior Officers of the executing agencies. The MPs were also to participate to the extent possible in such inspections. Likewise, the officers of district at the sub-divisional and block level were responsible to monitor implementation of works through visits to work sites. The DCs concerned were also required to submit their monitoring report once

* Out of works sanctioned in 1997-98.

** Includes 38 works valued Rs.128.24 lakh pertaining to the year 1996-97, completed during 1997-98 to 1999-2000.

in two months to the MP and Department of Programme Implementation (DPI), Government of India.

But none of the nodal DCs could produce any record to show that such field inspection was carried out at any level. The reasons for such omissions had not been stated (October 2000).

As per guidelines, the Chief Secretary or in his absence a Senior Principal Secretary/Additional Chief Secretary was required to conduct a meeting involving heads of the districts and MPs to assess the progress of work at least once in a year. But no such meeting was held during the period under review and thus monitoring at State Level headquarter was never done and the reasons thereof had not been stated (October 2000).

Besides, the scheme guidelines provides for monthly submission of progress report on works to the GOI by the nodal DCs. It was, however, noticed that excepting the DC-Papumpare-Itanagar, other two nodal DCs viz, DC West Siang-Along and DC Lohit district, Tezu had not yet furnished any monthly progress report to the GOI.

Effective monitoring mechanism and reporting system was, therefore, not yet developed either at State Level or at District Level. The impact of the implementation of the scheme was also not evaluated at any level during the period covered under review.

The matter was reported to the Government (October 2000); reply had not been received (December 2000).

3.3.8. Recommendation

- Execution of unauthorised works should be avoided.
- Works recommended by MPs should be sanctioned within the time frame laid down.
- Effective monitoring mechanism and reporting system should be developed.

URBAN DEVELOPMENT DEPARTMENT

3.4 Urban Employment Generation Programme

Highlights

The review highlights certain major short-comings in the implementation of the programme which inter-alia, include non-conducting of survey to identify the target groups of beneficiaries, short utilisation of 62.54 per cent of the available fund, non-submission of physical performance report , etc.

62.54 per cent (Rs.494.89 lakh) of available fund (Rs.791.27 lakh) was lying unspent in Bank accounts of SUDA and DUDAs.

(Paragraph 3.4.4)

Drawal of Rs.769.18 lakh from State exchequer by the implementing department was booked as final expenditure while the actual expenditure including advances to DUDAs was Rs.621.26 lakh only.

(Paragraph 3.4.4(a))

There was abnormal delay ranging from 12 to 48 months in releasing funds to the implementing department by State Government (both Central and State shares) and also short release of fund to the implementing department (Central share Rs.19.86 lakh and State share Rs.61.34 lakh).

(Paragraphs 3.4.4.1 (a) & (b))

The scheme was implemented without conducting survey for identification of target groups of beneficiaries thereby depriving most of the people for whom the programmes were launched.

(Paragraph 3.4.5)

Five works were executed through contractors by the two DUDAs due to which 15634 mandays could not be generated among the target groups.

(Paragraph 3.4.7.1.1)

Fifteen works at a total cost of Rs. 33.12 lakh were executed out of NRY funds which were mostly by way of improvement to Government buildings.

(Paragraph 3.4.7.1.2)

30 per cent women beneficiaries had not been engaged as per provision of the schemes.

(Paragraph 3.4.7.1.4)

Work under wage employment programme were executed by the departmental labour of PWD, where as 5714 mandays could have been generated by engaging the unemployed urban poor.

(Paragraph 3.4.7.1.6)

Self Employment Programme under NRY, PMIUPEP and SJSRY had not been implemented although Rs. 84.63 lakh were available with the DUDAs.

(Paragraph 3.4.7.2.1)

462 beneficiaries of 4 districts were defaulters in repayment of loans (Rs.330.25 lakh) outstanding against them and also most of the self employment ventures under PMRY were closed/suspended.

(Paragraph 3.4.7.2.2)

3.4.1 Introduction

The Urban Employment Generation Programme (UEGP) is designed to alleviate urban poverty through self employment and wage employment and also aimed at creation of infrastructure and civic amenities for urban poor. UEGP consisted of four schemes as shown below:-

- (a) Nehru Rojgar Yojana (NRY) (merged with SJSRY from December 1997)
- (b) Prime Minister Rojgar Yojana (PMRY)
- (c) Urban Basic Services for the Poor (UBSP)
- (d) Swarna Jayanti Sahari Rojgar Yojana (SJSRY) and
- (e) Prime Minister Integrated Urban Poverty Eradication Programme (PMIUPEP) merged with SJSRY with effect from December 1997.

NRY, PMIUPEP and SJSRY were Centrally Sponsored Schemes while PMRY was a Central Sector Scheme.

In replacement of NRY, UBSP and PMIUPEP, Swarna Jayanti Sahari Rojgar Yojana (SJSRY) was launched in December 1997 to provide gainful

employment to the Urban unemployed/under-employed poor through encouraging for setting up of self employment venture or provision of wage employment through creation of socially and economically useful public assets in the jurisdiction of Urban Local bodies, while the main objective of PMRY was to provide employment to the educated unemployed youths by setting up of the self employment ventures through industry, service and business.

Target groups of the first three programmes were urban poor, women beneficiaries and beneficiaries belonging to SC/ST, while the unemployed educated youths between the age group 18-35 years in any part of the State either urban or rural would be eligible for assistance under PMRY. Under NRY, PMIUPEP and SJSRY, the assistance was to be given to poor having family income below Rs.11850/- p.a. based on the Price Index of 1991-92 while under PMRY launched in October 1993 the family income raised to Rs.24000/- p.a. of family or parents of the beneficiary. Identification of the beneficiaries was to be done based on household survey by Municipal bodies.

The expenditure under NRY, PMIUPEP and SJSRY was shared between Central and State on 60:40, 60:40 and 75:25 ratio respectively while PMRY was cent per cent funded by the Centre.

3.4.2 Organisational set up

The Ministry of Urban Development, Government of India is responsible for planning, implementation, monitoring and evaluation of the schemes NRY, PMIUPEP, UBSP and SJSRY. It releases Central share of funds to the State Government. The Commissioner of Urban Development, Arunachal Pradesh is the nodal officer for implementation of the schemes with the help of the Director of Urban Development and State Urban Development Agency (SUDA) at the State level, while for PMRY, the Director of Industry with the help of task force committee is responsible for implementation of the scheme at the State level.

At District level, District Urban Development Agency (DUDA) under the Chairmanship of Deputy Commissioner of the concerned district is responsible for implementation of NRY, PMIUPEP, UBSP and SJSRY, while the Deputy Directors of the District Industries Centre of 13 districts are responsible for receipt and finalisation of the applications of the beneficiaries of PMRY and for providing adequate training to the selected beneficiaries.

3.4.3 Audit Coverage

A review of the Urban Employment Generation Programme for the period from April 1995 to March 2000 was conducted by audit between the period April and May 2000 with reference to records available in the Directorates of Urban Development and Industry, State Urban Development Agency (SUDA), 4 (out of 13) District Urban Development Agencies (DUDAs), 4 (out of 13)

District Industries Centres and Lead Banks of 4 districts^s. Out of the total Urban population of 139198 a population of 63303 (45.48 per cent) was covered and findings are summarised in the succeeding paragraphs.

(Sample check percentage, percentage of population and percentage of total expenditure covered are shown in Appendix-XXV).

3.4.4 Financial outlay and expenditure

Against total available fund of Rs.791.27 lakh, Rs.494.89 lakh i.e. 62.54 per cent of the available fund remained unutilised

During the period from 1995-96 to 1999-2000, against the requirement of fund of Rs.872.47 lakh (Central share: Rs.537.93 lakh and State Share: Rs.334.54 lakh), the State Government released a total fund of Rs.791.27 lakh (Central share: Rs.518.07 lakh and State share: Rs.273.20 lakh) during the corresponding period although the GOI released its full share of Rs.537.93 lakh to the State Government. The fund (Rs.791.27 lakh) so released by the State Government was withdrawn by the State Urban Development Agency (SUDA) and deposited the same in its bank account. Out of the available fund of Rs.791.27 lakh, Rs.513.63 lakh was disbursed to 13 DUDAs for execution of the programme. A total expenditure of Rs.296.38 lakh only was incurred during the period from 1995-96 to 1999-2000 (by SUDA: Rs.107.63 lakh and by DUDAs: Rs.188.75 lakh) leaving a balance of Rs.494.89 lakh (with SUDA: Rs.170.01 lakh excluding interest earned for Rs.47.56 lakh and with DUDAs: Rs.324.88 lakh) remained unutilised as on 31 March 2000 which constitutes 62.54 per cent of the total available fund. Details of release of fund by the GOI, State share required, actual release of fund by the State Government, expenditure, balance etc. are shown in Appendix – XXVI and the district wise details are shown in Appendix-XXVII.

A scrutiny of financial statements, returns, reports etc. revealed (May 2000) the following irregularities:

(a) As per information furnished (April 2000) by the department Rs.621.26 lakh* (including advances to DUDAs) was shown as actual expenditure by SUDA during 1995-96 to 1999-2000, but SUDA in its accounts booked Rs.769.18 lakh as final expenditure. The discrepancy of Rs.147.92 lakh remained unreconciled till the date of audit (May 2000).

Against actual expenditure of Rs.621.26 lakh shown by the department, an amount of Rs.769.18 lakh had been booked as final expenditure

As per guideline, SUDA has to be constituted to give policy directions, monitor the programme and to receive and distribute fund for implementation of the programme. Out of the total fund (Rs.791.27 lakh) available including States share, 5 per cent of the total fund should be earmarked for meeting the administrative and other operational expenses of SUDA. It was, however, noticed in audit that out of the total expenditure of Rs.621.26 lakh, an amount of Rs.513.63 lakh was distributed to 13 DUDAs and Rs.107.63 lakh was

^s Papumpare, West Siang, Lower Subansiri and Upper Subansiri districts.

* Advance to DUDAs	Rs.513.63 lakh
Expenditure by SUDA	Rs.107.63 lakh
Total	Rs.621.26 lakh

incurred by SUDA as administrative expenditure against the admissible amount of Rs.39.56 lakh, being the 5 per cent of the total available fund of Rs.791.27 lakh, resulting in an excess expenditure of Rs.68.07 lakh over the prescribed norm.

3.4.4.1 Delay and short release of fund

(a) Central share

During the period from 1995-96 to 1999-2000, there was delay ranging from 12 to 48 months in release of Central share by the State Government.

There was short release of Central share of Rs.19.86 lakh by the State Government as on 31 March 2000

There was an unspent balance of Rs.116.73 lakh pertaining to 1989-90 to 1994-95 out of the funds released by centre towards urban employment schemes. Further, releases made by GOI during 1995-96 to 1999-2000 amounted to Rs.421.20 lakh. Against the total central funds available amounting to Rs.537.93 lakh, the state released only Rs.518.07 lakh during 1995-96 to 1999-2000 leading to short release of Central share by Rs.19.86 lakh as on 31 March 2000.

(b) State share

There was short release of State share of Rs.61.34 lakh by the State Government as on 31 March 2000

During the period from 1995-96 to 1999-2000 against the requirement of fund of Rs.334.54 lakh (including the short release of State share of Rs.51.26 lakh pertaining to the period 1989-90 to 1994-95) being the State share, an amount of Rs.273.20 lakh was released by the State Government till March 2000. This resulted in short release of State share of Rs.61.34 lakh.

3.4.4.2 Non-submission of account for Rs.2.32 lakh

During the year 1996-97, the DUDA, Papumpare district received Rs.18.84 lakh from Director of Urban Development for implementation of NRY scheme in the District. Test check of record revealed that 5 works had been completed at a total cost of Rs.16.52 lakh out of that fund. The balance amount of Rs.2.32 lakh was neither available in bank account nor any account could be furnished by the concerned DUDA. No responsibility was also fixed by the department in this regard.

3.4.4.3 Loss of interest of Rs.1.97 lakh

In September 1996, the SUDA paid Rs.8.48 lakh to the Deputy Commissioner (DC), District Urban Development Agency, Dibang Valley District for implementation of NRY Programme at Roing which was paid to the District Rural Development Agency (DRDA), Anini by the DC in 1996-97. The DRDA did not implement the programme during the period from September 1996 to March 2000 and in April 2000 the said amount (Rs.8.48 lakh) was handed over to the District Urban Development Agency, Roing. The reasons for not taking up the implementation of the programme was not available on record nor could be stated. As the DRDA Anini could not utilise the amount of

Rs.8.48 lakh, audit observed that had the money been deposited in the savings bank account, interest of Rs.1.97 lakh would have been earned, calculated at 6 per cent per annum pertaining to the period from September 1996 to March 2000.

3.4.5 Planning

The State level nodal department is responsible for planning, identification of beneficiaries by conducting house-to-house survey, selection of economically viable projects/works which are socially and economically useful assets in Urban jurisdiction, fixation of annual target and monitoring actual achievement. It is also the responsibility of the nodal department to supply guideline of the scheme to the executing agencies.

Test check of the records of Directorate and selected district-executing agencies revealed that except receipt and distribution of lump sum fund to the executing agencies, the State level nodal departments i.e. Director of Urban Development and Director of Industries were non-functional. No survey was conducted to identify the beneficiaries before launching the programme. Selection of economically and socially useful projects/works had not been done. Urban Self Employment Programme under NRY, PMIUPEP and SJSRY had not been implemented due to improper planning. No target of employment generation had been fixed and physical achievement was also not available to the State level nodal department. Even the guideline of the schemes had not been supplied to the executing agencies. Thus, due to improper planning and lack of support from nodal department, the objective of the schemes has been frustrated.

3.4.6 Physical Progress

Physical achievement was not reported to the GOI by the State Government

As per guidelines of the schemes, the State nodal department was required to submit the quarterly physical and financial progress report to the Government of India. The Prime Minister Rojgar Yojana was implemented by the Industries Department and the Director of Industry being the nodal department had submitted the physical and financial progress report to the GOI as detailed in Appendix - XXVIII. During the period from 1993-94 to 1998-99, Rs.795.84 lakh was disbursed by banks to 1178 beneficiaries as loan and 1178 Micro Enterprises had been established creating self employment to 1178 beneficiaries. As regards implementation of NRY, PMIUPEP and SJSRY physical and financial progress report upto 1996-97 had been submitted by the Director of Urban Development to the Government of India which was not based on fact because the District Urban Development Agencies had never submitted physical progress to the State Urban Development Agency. During the years 1997-98 and 1998-99, only financial progress had been reported to GOI by the Director of Urban Development, without indicating the physical achievement made during these years.

3.4.6.1 Irregular reporting on the disbursement of subsidy without providing loan to the beneficiaries

As per guideline of the schemes, after recommendation of the application for loan, training was to be provided and the applications were to be forwarded to the Lead Banks for sanction and disbursement of loans. The schemes provide for grant of capital subsidy at the rate of 15 per cent of the project cost subject to a limit of Rs.7500 per beneficiary and the subsidy will be admissible to those beneficiaries only to whom the loan was disbursed. Again, the fund for subsidy was to be deposited in the concerned bank from which loans were disbursed and that also for onward adjustment from the loan of those beneficiaries. It was, however, noticed in audit that though no loan was disbursed by the Bank but subsidy of Rs.28.71 lakh was shown to have been disbursed to 853 beneficiaries upto March 1997, as per progress report submitted (October 1997) by the Director of Urban Development to the GOI. As the subsidy was required to be deposited into bank for adjustment of loans, the report furnished by the Directorate to the GOI was not based on fact, as the subsidy was neither deposited into bank nor the same was reported to have been disbursed directly to the beneficiaries by the district implementing agencies.

3.4.6.2 Non-reporting of physical achievement under the scheme Swarna Jayanti Sahari Rojgar Yojana (SJSRY)

The scheme SJSRY was launched by the GOI from December 1997. Under the scheme, the State Government released Rs.294.44 lakh upto 31 March 1999 for implementation of the scheme. However, as per progress report submitted (February 2000) by the State Government to the GOI, a total expenditure of Rs.122.13 lakh was shown as incurred by the department, but no physical achievement/progress was reported thereagainst to the GOI till the date of audit (May 2000).

3.4.7 Implementation

3.4.7.1 Urban Wage Employment Programme

Prior to 1993-94, the scheme was not implemented in the State although the programme was launched from 1989-90. During the period from 1993-94 to 1999-2000, out of the total fund of Rs.513.63 lakh distributed to 13 districts (DUDAs), Rs.228.16 lakh was allotted particularly for wage employment programme in which employment was to be generated among the beneficiaries living below urban poverty line through creation of socially and economically useful public assets. Out of Rs.228.16 lakh allotted for wage employment, District Urban Development Agencies (DUDAs) could utilise Rs.171.90 lakh upto 31 March 2000, leaving a balance of Rs.56.26 lakh remained unutilised. Other irregularities noticed during the test-check of selected DUDAs are summarised below :

**Rs.56.26 lakh
remained unutilised
as on 31 March 2000
by the DUDAs**

3.4.7.1.1 Engagement of contractor

During the period from 1995-96 to 1999-2000, two District Urban Development Agencies (Ziro and Daporijo) executed 5 works through contractors with a total expenditure of Rs.13.68 lakh under NRY and SJSRY wage employment programme. As the objective of the schemes was to generate employment among the selected beneficiaries living below urban poverty line, engagement of contractors was not permissible. Engagement of contractor thus resulted in non-generation of 15634 mandays among the people living below poverty line.

3.4.7.1.2 Execution of inadmissible works

As per guideline of the scheme (NRY), economically viable project/works which are socially and economically useful public assets in the urban jurisdiction are to be selected.

During the period from 1995-96 to 1999-2000, 7 DUDAs (Changlang, Pasighat, Tezu, Khonsa, Papumpare, Bomdila and Tawang) executed 15 works at a total cost of Rs.33.12.lakh under NRY which were mostly by way of improvements to Government buildings/assets. These were normally required to be executed by Government from its regular budget and not out of NRY Funds (Details shown in Appendix-XXIX).

3.4.7.1.3 Advances of Rs.5.56 lakh paid to the contractors remained unadjusted

The District Urban Development Agency, Papumpare paid an advance of Rs.1.75 lakh to the Defence Research Laboratory Tezpur in February 1998 for soil conservation work at Karsingsa and another amount of Rs.3.81 lakh as advance to the Sulabh International, Guwahati for construction of Sulabh Sauchalaya at the bus station of Itanagar in March 1998 out of the NRY fund/SJSRY fund. But till date of audit (May 2000) neither the advances were refunded nor the work was started/executed. Thus, the advances paid which was meant for employment generation remained unadjusted (May 2000). Besides engagement of institutions resulted in non-generation of 6354 mandays.

3.4.7.1.4 Women beneficiaries were not engaged in wage employment programme as per provision of guideline

As per guideline of the scheme 30 per cent women beneficiaries are to be selected for programme, but out of the four DUDAs, three DUDAs (Papumpare, Daporijo and Along) had not selected any women beneficiaries as provided in the guidelines.

3.4.7.1.5 Diversion of fund from one element to another

According to guidelines, the fund allotted for a particular element of the scheme cannot be diverted to another element.

An expenditure of Rs.15.45 lakh was incurred by five DUDAs by diverting the amount out of the fund for other element in contravention of the provision of the guideline

Test-check of records revealed that five DUDAs (Changlang, Yiangkiong, Pasighat, Bomdila and Tezu) incurred an expenditure of Rs.15.45 lakh, during the period from May to October 1997 (on Urban Wage Employment Programme Rs.9.03 lakh, on A&OE Rs.1.29 lakh and on UBSP Rs.5.13 lakh) by diverting the amount out of the fund for other elements of the scheme i.e. USEM(S), USEP(T), ULB'S, NGO'S, by ignoring the provision of the guideline, details of which are as below :-

(Rupees in lakh)

Sl. No.	Districts	Total allotment for all elements	Name of the element	Fund allotted for the elements	Expenditure	Excess expenditure by diverting from other element
1.	Changlang	22.05	UWEP	18.22	19.34	(+) 1.12
2.	Yiangkiong	7.82	UWEP	4.50	6.54	(+) 2.04
3.	-do-	7.82	A&OE	Nil	1.29	(+) 1.29
4.	Pasighat	18.10	UWEP	10.75	16.28	(+) 5.53
5.	Bomdila	18.18	UWEP	9.62	9.96	(+) 0.34
6.	Tezu	38.87	UBSP	14.58	19.71	(+) 5.13
Total		112.84		57.67	73.12	15.45

It would be seen from the above table that an excess expenditure of Rs.15.45 lakh was incurred in six districts by diverting the fund from other elements of the scheme inspite of the fact that the original elements of the scheme from which funds were diverted were either partially executed or not executed at all. Thus, the act of diversion of fund which carried an adverse effect in execution of the original element of the scheme was irregular.

3.4.7.1.6 Execution of wage employment works by departmental labour of PWD by diverting the fund of Rs.5.00 lakh from other components of the scheme

The DUDA, Along paid Rs.5.00 lakh to the Executive Engineer, PWD, for construction of drainage system at old market, Along by diverting the amount from other elements of the scheme {SUME(T) Rs.0.65 lakh + SUME(S) Rs.1.00 lakh + ULB's Rs.1.50 lakh + NGO's Rs.0.35 lakh + UBSP Rs.1.50 lakh} for implementation of urban wage employment programme. The work

was executed through departmental labour of PWD which should have been executed by the selected beneficiaries from the unemployed people living below urban poverty line.

Thus, by executing the work through departmental labour of PWD, the urban unemployed poor had been deprived of the benefit by 5714 mandays which could have been generated had the work been executed through selected beneficiaries (40 per cent of Rs.5.00 lakh = Rs. 2.00 lakh ÷ Rs.35 = 5714 mandays).

Further, the diversion of fund from the original work was contrary to the guideline of the scheme.

3.4.7.1.7 Maintenance of inventory of assets

As per guideline, the assets so created through wage employment should be handed over to the concerned department or local bodies for subsequent maintenance. But, scrutiny of records revealed that the assets created through wage employment had not been handed over to any department or local bodies for future maintenance/repair. Funds were also not provided for by the State Government for subsequent maintenance etc. Asset Register was also not maintained by the DUDAs.

3.4.7.2 Self Employment Scheme

3.4.7.2.1 Non-implementation of self employment programme under NRY, PMIUPEP and SJSRY

The schemes NRY, PMIUPEP and SJSRY were to be implemented by the Urban Development Department while the PMRY was to be implemented by the Industries Department. It is intended to provide training to urban unemployed youths so that they can set up self employment ventures or secure salaried employment with better remuneration.

During the period from 1995-96 to 1999-2000, the SUDA had distributed Rs.84.63 lakh to 13 DUDAs of Arunachal Pradesh, as fund for subsidy and training under USEP, out of which an expenditure of Rs.3.26 lakh only had been incurred leaving a balance of Rs.81.37 lakh lying un-utilised with the DUDAs.

Scrutiny of records revealed that the scheme "Urban Self Employment Programme" under NRY, PMIUPEP and SJSRY was not implemented by the DUDAs as no loan was provided by the Banks and identification of beneficiaries was also not done by the implementing department. Out of the total expenditure of Rs.3.26 lakh, Rs.1.80 lakh was incurred as expenditure towards subsidy. But as per guideline, subsidy was admissible to the beneficiaries against whom loan had been sanctioned and disbursed by bank in which case the subsidy was to be credited to bank for onward adjustment from loan. Out of Rs.1.80 lakh, Rs.1.00 lakh was distributed among 20 women

beneficiaries in kind and Rs. 0.80 lakh was spent for training to these beneficiaries but no loan was granted to any of them.

Thus, the self employment programme under NRY, PMIUPEP and SJSRY which are to be implemented by the Urban Development Department totally failed as the implementing department had not taken any initiative in proper implementation of the programme.

3.4.7.2.2 *Self employment under Prime Minister's Rojgar Yojana (PMRY)*

Self Employment Programme under Prime Minister's Rojgar Yojana (PMRY) was implemented by the Industries Department. The identification of beneficiaries was done by the task force committee constituted for the purpose at the district level under Chairmanship of the Deputy Commissioner of the district as per guideline. During the period from 1993-94 to 1998-99 the target for establishment of Micro Enterprises among 2000 beneficiaries was fixed by the State nodal department. During the period 4490 applications were received from the unemployed educated youths out of which 2046 applications were recommended by the task force committees and forwarded to the concerned banks. Banks had disbursed loans of Rs.795.84 lakh to 1178 beneficiaries of 13 districts. Detailed position is shown in **Appendix - XXVIII**.

462 beneficiaries of four districts defaulted in repayment of loan of Rs.330.25 lakh (including interest) under PMRY

Test check of the records of four District Industries Centre (Papumpare, Ziro, Daporijo and Along) and 13 lead banks of 4 districts revealed that during the period from 1993-94 to 1997-98, the banks had disbursed loans of Rs.317.95 lakh to 462 beneficiaries for establishment of self-employment ventures. As per the statement furnished by the banks, all the 462 beneficiaries were defaulting in repayment of loans together with interest and till the date of audit (April/May 2000) and as a result, Rs.330.25 lakh remained outstanding (including interest) against 462 beneficiaries. Some of the banks could not furnish the position of self-employment ventures so created out of the loan. From the statement furnished by 3 lead banks, it was noticed, that under SBI Ziro, out of 99 enterprises, 72 beneficiaries closed their establishment, 16 beneficiaries did not even start their ventures and only 11 establishments were running till March 2000. From the statement of SBI, Along and Basar it was noticed that out of 63 beneficiaries, most of the beneficiaries closed/suspended their establishments. Details are shown in **Appendix-XXX**.

It was the responsibility of the district implementing agencies to monitor the self-employment programme under PMRY and to help the banks in recovery of loans but the district implementing agencies had not taken any initiative for watching the activities of the beneficiaries and as a result most of the self-employment ventures had been closed and were defaulting in repayment of loans.

3.4.7.3 *Urban Basic Service Programme (UBSP)*

The objective of the UBSP was to create neighbourhood development committees in slums, ensuring the effective participation of slum-dwellers in developmental activities and for co-ordinating the convergent provision of social services for the income generation activities and physical facilities in slum through programme of various specialist departments like health, family welfare, education etc.

Test check of records revealed that during the period from 1995-96 to 1996-97, the DUDA, Papumpare received Rs.10.62 lakh under the programme, of which, one Tripper Truck at a total cost of Rs.6.02 lakh had been purchased for sanitation duty of Itanagar and the balance amount of Rs.4.60 lakh was lying unspent in DUDA's account (March 2000). Thus, the fund for development and employment generation in slum areas was utilised for urban sanitation duty which was the duty and responsibility of State Government/Local Body. Apart from non-execution of the Urban Basic Service Programme by the DUDA, Papumpare, diversion of fund of Rs.6.02 lakh for a different purpose resulted in loss of 6880 mandays.

3.4.7.4 *Scheme of employment through Housing and Shelter Up-gradation (SHASU)*

The programme SHASU under NRY, PMIUPEP and SJSRY had not been implemented in the State although a fund of Rs.11.83 lakh (Central share: Rs.7.10 lakh and State share: Rs.4.73 lakh) was made available to SUDA by the State Government during 1995-96 to 1998-99. The entire fund was kept in the savings bank account of SUDA.

3.4.8 *Monitoring and evaluation*

Successful implementation of the programme depends upon proper monitoring and inspection of the implementation. The Nodal Agency was responsible for general supervision and monitoring of the schemes with reference to the principal goals of expenditure and the employment potential. No State level monitoring cell had been created and as such no State level monitoring and supervision of the programmes had been done. Director, Urban Development stated that due to shortage of man power, no State level monitoring and supervision could be taken up. Similarly, at the district level also no proper monitoring and supervision had been done for which most of the components of the programme are yet to be implemented in the districts as well as in the State as a whole.

Due to lack of monitoring most of the components of the programme are yet to be implemented. No evaluation of schemes was done at any level

Evaluation of the impact of various schemes is essential to judge their success or their failure and for taking remedial action to eliminate short comings/weaknesses in the implementation. But no such evaluation of the schemes had been done either at the State level or at the district level. It was stated by the nodal department that in the absence of furnishing returns/report

showing the physical/financial achievement of the programme by the District Urban Development Agencies, the evaluation of the implementation could not be undertaken at State level. No action was also taken by the nodal authority for obtaining returns/reports from the district authorities.

The foregoing points were reported to the Government, and the Department (June 2000); their replies have not been received (December 2000).

SECTION - B - PARAGRAPHS

EDUCATION DEPARTMENT

3.5 Extra expenditure

Entertainment of excess teachers over the prescribed norm resulted in extra expenditure of Rs.119.74 lakh

According to norms prescribed by the Government in January 1986 for appointment of teachers in Government Primary Schools (Class I to V), one teacher was to be appointed for every 40 children subject to a minimum of two teachers in a school having more than one class.

Test-check (November/December 1999) of records of the Deputy Director of School Education (DDSE), Papumpare District, Naharlagun and East Siang District, Pasighat revealed that in 12 Government Primary Schools of Papumpare district 135 and 156 teachers were actually on roll during 1997-98 and 1998-99 respectively against 73 and 75 teachers justified as per norm in these years. Similarly in 12 Government Primary Schools of East Siang District, 125 teachers were on roll as of November 1999 against 68 teachers justified as per approved norms thereby entertaining 57 excess teachers and in 6 Government Primary Schools 16 teachers were on roll as of November 1999 against 34 teachers justified resulting in less entertainment of teachers. Thus, the students of 6 Government primary schools of East Siang district were deprived of the desired teaching benefit for less entertainment of 18 teachers (i.e. shortage of 53 per cent of the required norms). Moreover, neither the directorate nor the Government had taken any initiative to overcome the deficiency by transferring teachers from schools having surplus teachers to schools having lesser teachers than norm. However, entertainment of teachers in Papumpare and East Siang districts in excess of the prescribed norms without adequate workload entailed a minimum extra recurring expenditure of Rs.119.74 lakh on their pay and dearness allowance, alone as detailed in Appendix - XXXI.

The matter was reported to Government/Department (February 2000); their reply has not been received (December 2000).

3.6 Infructuous expenditure

Procurement of books and subsequent ban on its distribution without assigning any reason therefor resulted in infructuous expenditure of Rs.30.25 lakh

Scrutiny of records (October, November 1999) of the Director of School Education (DSE), revealed that the purchase committee while approving purchase of NCERT books for the session 1998-99 also approved purchase of books, not published by the NCERT, from private publishers, on negotiation basis. Accordingly, the DSE procured (between March and April 1998) books worth Rs.134.54 lakh from 9 (nine) private publishers for the students of KG to Class-VIII against the Government sanction thereof (March 1998) and payment was also released to them (April 1998).

The DSE, Arunachal Pradesh in a crash message (June 1998) directed the Deputy Director of School Education (DDSE) of all the districts to stop distribution of the text books supplied by the private publishers and accordingly the distribution was withheld. Subsequently, on review, it was decided by the Government (August 1998) to distribute the books upto Class V and to ban distribution of books for class VI to VIII costing Rs.30.25 lakh which were lying in the stores of district officers till date of Audit (November 1999). Reasons for ban on distribution of books was, however, not stated (March 2000).

Thus, expenditure of Rs.30.25 lakh incurred on procuring books for students of class VI to VIII and subsequent ban on its distribution without assigning any reason therefore was infructuous, besides, affecting the day to day studies of the students due to delay of 4 months in distribution of the books.

The matter was reported to the Government/Department (February 2000); their replies have not been received (December 2000).

HEALTH AND FAMILY WELFARE DEPARTMENT**3.7(a) Idle investment**

Injudicious procurement of fogging machines without assessment of actual requirement resulted in idle investment of Rs.102 lakh for a period of about 2 years.

In order to combat mosquito borne diseases in Arunachal Pradesh, the Director of Health Services, procured (September 1997) 12 TIFA thermal fogging machines, model 100E (USA make) having a warranty period of one year

through a Delhi based Indian Agent* of TIFA (CI) Limited, USA, for use in 12** different places of the State at a cost of Rs.102 lakh (Rs.8.50 lakh each).

The fogging machines were procured without assessment of requirement and receipt of any indents for such machines from District Malaria Units. The justification for procurement of such machines was neither available on records nor stated (March 2000). It was also seen that the DHS, had not observed any codal formality or entered into formal agreement with the firm before placing the supply order (July 1997) to the Indian Agent of the firm. Actual price of the machine also had not been ascertained.

Scrutiny (October-November 1999) of records of the DHS revealed that although the machines were received in September 1997 against payment of Rs.102 lakh made to the firm in October 1998, 2 machines were used for one month only in the Capital Complex (Naharlagun and Itanagar) and at Namsai during June 1999 under the guidance of malaria mechanic who was trained in fogging operation (old model) and with the help of operational manual and the remaining 10 machines could not be put to use as of November 1999 for want of trained operational staff and non-availability of Malathion (an insecticide required for fogging operations). Similarly, after one round fogging operation, the fogging machines were stopped at capital complex and Namsai due to lack of Malathion. The department in February 1999 asked the firm to demonstrate the operational know-how of the fogging machine to get the departmental personnel trained. The firm, however, claimed (February 1999) an additional amount of Rs.3.05 lakh towards demonstration and training to departmental staff on the ground of expiry of warranty period. Any action taken, in this regard by the department is still awaited (March 2000) which resulted in idle outlay of all the 12 fogging machines.

Thus, purchase of fogging machines without having proper infrastructural facilities to utilise them was, injudicious and resulted in idle investment of Rs.102.00 lakh for about 2 years.

3.7(b) Extra expenditure

Procurement of the machines at higher rate resulted in extra expenditure of Rs. 34.25 lakh

It was also noticed that TIFA(CI) Limited agreed to the one time price of US \$9800 for each TIFA 100E machine as a special case for Arunachal Pradesh as intimated (August 1997) to their Indian Agent. Hence calculated at the conversion rate of US Dollar (1 USD = Rs.42.50) as on the date of payment and other charges incurred by the Delhi based firm in connection with import of the machines, total amount to be paid to the firm for 12 machines comes to

* M/S Health Crest Medical System Pvt. Ltd., New Delhi.

** Deomali, Jairampur, Bordumsa, Namsai, Tezu, Roing, Pasighat, Yingkiong, Boleng, Along, Itanagar and Kimin.

Rs.67.75 lakh^{***} only. The rates quoted by the dealer (@ Rs.8.50 lakh each) were accepted by the department (July 1997) without ascertaining the basic price from the manufacturer i.e. TIFA Ltd., USA and the reason thereof had not been furnished (November 1999).

Procurement of machines at a much higher rate offered by the firm than their actual rate thus resulted in extra expenditure of Rs.34.25 lakh (Rs.102.00 lakh – Rs.67.75 lakh) besides extending financial aid to the firm. Further, had the payment been made immediately after receipt of the machines, the department could have avoided another extra expenditure of Rs.7.82 lakh due to increase in the conversion rate of US Dollar from Rs.35.85 (at the time of import) to Rs.42.50 (at the time of payment).

The matter was reported to the Government/Department in March 2000; their replies have not been received (December 2000).

LAND REVENUE DEPARTMENT

3.8 Idle Outlay/Diversion of Central Fund

Allotment of STI building to other Departments, in contravention of the objective of the scheme led to idle outlay of Rs.7.24 lakh and diversion of Central fund to the extent of Rs.41.40 lakh

Pursuant to the State Government proposal (December 1994) in regard to Pilot Project for survey and settlement operations in the East-Siang District under Centrally sponsored scheme of strengthening of Revenue Administration and updating of land records, the Government of India (GOI) conveyed (January 1995) administrative approval at a total cost of Rs.166.67 lakh which included *inter-alia* setting up of Survey Training Institute (STI) (Rs.41.40 lakh) and cost of survey/camp/drawing equipments etc., (Rs.21.36 lakh). The Central share as onetime grants-in-aid amounting to Rs.150.00 lakh (90 per cent) was released in January 1995 with the stipulation to complete the project within three years. The State Government provided Rs.16.67 lakh (10 per cent) from its own budgetary resources for the purpose.

Test check (March 2000) of the records of the Director of Land Management (DLM), Itanagar revealed that construction of Survey Training Institute was undertaken by Public Works Department (PWD) and completed at a cost of

*** US \$ 9800 X 42.50 X 12	=	Rs. 49,98,000.00
Customs duty paid	=	Rs. 16,30,261.00
Insurance charges paid	=	Rs. 38,559.00
Clearing and forwarding charges paid	=	Rs. 87,580.00
Air way bill from New York to New Delhi paid	=	Rs. 21,016.72
	Total	=Rs. 67,75,416.72
		Say Rs. 67.75 lakh

Rs.41.40 lakh. Before the STI building was formally handed over to the DLM, the State Government allotted (July 1998) it to four offices of other Departments, functioning in hired premises, in order to effect economy in Government expenditure. Although the DLM procured (March 1998) survey and drawing equipment etc., worth Rs.7.24 lakh, these remained idle as of March 2000 thereby frustrating the very purpose for which the building was constructed.

Thus, the allotment of STI building, created out of Central fund, to other Departments, in contravention of the objective of the scheme, has not only led to idle outlay of Rs.7.24 lakh but also diversion of fund to the extent of Rs.41.40 lakh spent in its creation, besides, deprived the untrained and newly recruited survey staff of required training.

The matter was reported to the Government/Department (April 2000); their replies have not been received (December 2000).

HORTICULTURE, RURAL DEVELOPMENT AND PUBLIC WORKS DEPARTMENTS

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

1154 paragraphs pertaining to 256 Inspection Reports involving Rs.1,744.70 lakh concerning Horticulture, Rural Development and Public Works Departments were outstanding as on June, 2000. Of these first replies for 34 Inspection Reports containing 275 paragraphs had not been received

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

the Department (in respect of pending IRs) to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto March 2000 pertaining to 95 offices of 3 departments disclosed that 1154 paragraphs relating to 256 IRs involving an amount of Rs.1744.70 lakh remained outstanding at the end of June, 2000. Of these, 41 IRs containing 118 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue of IR were not received in respect of 275 paras for 34 IRs pertaining to 26 offices issued between 1979 and March 2000. Department-wise position of the outstanding IRs and paragraphs are detailed in the Appendix - XXXII.

As a result, some of the important irregularities involving 429 paragraphs (53 paragraphs + 118 paragraphs + 258 paragraphs) amounting to Rs.1241.96 lakh (Rs.592.80 lakh + Rs.261.60 lakh + Rs.387.56 lakh) commented upon in the outstanding Inspection Reports of the three departments have not been settled as of June 2000 as indicated below :

Sl. No.	Nature of Irregularities	Horticulture Department		Rural Development Department		Public Works Department	
		No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. In lakh)
1.	Local purchase of stationery in excess of authorised limits and expenditure incurred without sanction	-	-	4	1.20	-	-
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll	14	12.47	30	121.90	26	3.30
3.	Delay in recovery or non-recovery of department receipts, advances and other recoverable charges	9	8.75	26	23.20	-	-
4.	Drawal of funds in advance of requirements resulting in retention of money in hand for long periods	7	73.07	6	10.81	-	-
5.	For want of D C C bills	12	486.14	11	6.22	-	-
6.	For want of APRs	2	0.36	11	30.89	-	-
7.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	1	4.72	3	1.90	-	-
8.	Over payment or inadmissible payments noticed in audit not recovered	1	0.02	2	.003	-	-
9.	Defective maintenance and/ or non-maintenance of log book of departmental vehicles etc.	-	-	5	2.56	-	-
10.	For want of sanctions	7	7.27	19	61.20	-	-
11.	Utilisation certificate and accounts certificate by audit in respect of grants-in-aid not furnished	-	-	1	1.72	-	-
12.	Unauthorised expenditure/ excess over the sanctioned estimate	-	-	-	-	36	102.33
13.	Idle stock owing to purchase of materials in excess of Department/ Local purchase of materials without requirement beyond the delegation of financial power	-	-	-	-	109	129.33
14.	Extra expenditure due to execution of extra/ substituted items beyond the provision of sanctioned estimate	-	-	-	-	42	68.71
15.	Non-deduction of Forest Royalty	-	-	-	-	15	7.64
16.	Issue of work orders beyond the delegation of financial power	-	-	-	-	30	76.25
Total		53	592.80	118	261.60	258	387.56

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

The above also indicated that no action was taken against the defaulting officers.

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

The matter was reported to the Government in August 2000; reply has not been received (December 2000).

FINANCE DEPARTMENT

3.10 Misappropriation, losses etc.

Delay in settlement of 28 cases of misappropriation, losses etc. resulted in outstanding balance of Rs.25.96 lakh for periods ranging from 8 months to 40 years

Twenty eight cases of misappropriation, losses etc. of Government money aggregating Rs.25.96 lakh reported to Audit were pending settlement for periods ranging from 8 months to 40 years at the end of June 2000.

Department-wise and case-wise analysis of outstanding cases in which final action was pending as of 30 June 2000 is given in **Appendix - XXXIII**.

The year-wise and department-wise, position of misappropriation, losses etc. along with period as of 30 June 2000 is given in table (a) and (b) below:-

(a)

Year	No. of cases	Amount (Rupees in Lakh)
Upto 1990	17	10.46
1991-92	1	0.65
1992-93	2	0.18
1993-94	1	0.15
1994-95	1	-
1995-96	1	0.48
1996-97	1	-
1997-98	1	1.08
1998-99	2	8.52
1999-2000	1	4.44
Total:	28	25.96

(b)

Sl. No.	Department	Number of cases	Period of pending	Amount (Rs. in lakh)
1.	Education	4	2 years to 5 years	3.37
2.	Forest	8	8 months to 13 years	14.57
3.	General Administration	1	21 years	0.03
4.	Public Works	6	7 years to 13 years	2.93
5.	Supply and Transport	6	13 years to 40 years	1.33
6.	Information and Public Relation	1	11 years	2.65
7.	CWC	1	5 years	Amount not intimated
8.	Public Health Engineering	1	3 years	1.08
Total:		28		25.96

Out of 28 numbers of unsettled cases, departmental action was awaited in 9 cases, 8 cases were pending in the court of law/awaiting police action and 11 cases were awaiting recovery/write off order from Government.

The matter was referred to Government (August 2000); their reply has not yet been received (December 2000).

* No. of cases in which amount not intimated – 2.

CHAPTER – IV - WORKS EXPENDITURE
SECTION – A – REVIEW

PUBLIC WORKS DEPARTMENT

4.1 Construction of Roads and Bridges

Highlights

Absence of work programme, defective estimation, poor funding and lack of proper supervision in implementation of schemes by the department resulted in prolonged continuation of work for periods ranging from 2 to 23 years with consequential cost overrun in almost all the cases frustrating the very objective of economic and cultural development of the State through road network within a time bound programme besides wasteful, idle and unfruitful expenditure.

The department failed to achieve the physical targets set in the Road and Bridge sectors where the shortfall varied from 33 to 60 per cent in respect of Roads and 30 to 51 per cent in respect of Bridges.

(Paragraph 4.1.4(b))

New schemes (2532) were taken up instead of concentrating on ongoing schemes indicating improper planning.

(Paragraph 4.1.4(c))

Due to abnormal delay, the cost overrun on 35 ongoing works was Rs. 20.12 crore.

(Paragraph 4.1.4.2)

There was an unfruitful expenditure of Rs. 11.15 crore on 40 schemes owing to discontinuance after partial execution and abandonment of works on 25 roads rendered the expenditure of Rs 4.15 crore unfruitful.

(Paragraphs 4.1.4.3(a) and (b))

There was wasteful expenditure of Rs. 1.41 crore on road works due to change in alignment after partial execution.

(Paragraph 4.1.4.4)

Shortfall in achievement of target under Basic Minimum Service (BMS) ranged from 61 to 84 per cent even after utilisation of 100 per cent Central assistance (Rs. 88.31 crore) besides unfruitful expenditure of Rs.83.10 lakh due to defective selection of a scheme.

(Paragraphs 4.1.5 and 4.1.5.1)

Excess entertainment of work charged staff with consequential extra expenditure of Rs. 66.99 crore.

(Paragraph 4.1.6.2)

The department incurred an unauthorised expenditure of Rs. 4.99 crore on unsanctioned works.

(Paragraph 4.1.6.4)

4.1.1 Introduction

Communication system is the basic infrastructure for economic and cultural development of a State. Roads in Arunachal Pradesh are the only means of communication for socio-economic development of the State. Construction and maintenance of roads other than National Highways and Border Roads is the responsibility of State Government. As of April 2000 the State had (a) Surface Roads: 4947.13 Km; (b) Unsurfaced Roads: 8940.63 Km; covering a total length of 13887.76 Km. The said road length had a total road density of 16.58 Km per 100 sq. Km. in comparison to all India road density of 62 Km per 100 sq. Km. (as per 1991 census).

For constructing new roads and bridges and improving existing ones, Government undertook programmes under State plan fund and Additional Central Assistance (ACA) was received under Basic Minimum Service (BMS).

4.1.2 Organisational set up

The Chief Engineers (Eastern and Western Zones), Itanagar were in overall charge of the execution of the works. They were assisted by two Additional Chief Engineers (one under each CE), two Superintending Surveyor of works (one in each zone), eight Superintending Engineers (four in each zone) and thirty Executive Engineers (eighteen in Eastern Zone and twelve in Western Zone).

4.1.3 Audit coverage

Records pertaining to Roads and Bridges of the Public Works Department for the period from 1995-96 to 1999-2000 including the records relating to earlier years, wherever necessary, were test-checked between April and June 2000 in the offices of both the Chief Engineers and fourteen^o Executive Engineers in ten (out of 13) districts.

4.1.4 Construction of Roads and Bridges under State Plan

(a) Financial Appraisal

During the period from 1995-2000, total funds allocated by the legislature for construction/ maintenance of Roads and Bridges was Rs.452.92 crore against which total expenditure incurred was Rs.452.71 crore. The detailed break up of fund allotment and expenditure is given below :

Capital Section

5054 – Capital Outlay on Roads and Bridges (Grant No. 32)

(Rupees in lakh)

Year	Budget Provision		Expenditure		Excess (+)/Savings (-)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1995-96	7491.26	---	7472.62	---	(-) 18.64	---
1996-97	8453.15	---	8453.12	---	(-) 0.03	---
1997-98	9263.09	---	9260.57	---	(-) 2.52	---
1998-99	7029.59	---	7029.58	---	(-) 0.01	---
1999-2000	7138.23	---	7138.23	---	---	---
Total	*39375.32	---	*39354.12	---	(-) 21.20	---

* excluding Basic Minimum Service (BMS) Works

Revenue Section

3054 – Roads and Bridges (Grant No. 32)

(Rupees in lakh)

Year	Budget Provision		Expenditure		Excess (+)/Savings (-)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1995-96	285.74	549.06	285.74	549.06	---	---
1996-97	355.85	595.14	355.85	595.14	---	---
1997-98	244.91	---	244.91	---	---	---
1998-99	2167.41	---	2167.40	---	(-) 0.01	---
1999-2000	1693.77	25.00	1693.77	25.00	---	---
Total	4747.68	1169.20	4747.67	1169.20	(-) 0.01	---

There was no non-plan expenditure under Revenue Account since 1997-98 except Rs.25 lakh allotted during 1999-2000. This was because of the

^o Executive Engineers Roing, Namsai, Jairampur, Changlang, Seppa, Kalaktang, Bomdila, Tawang, Doimukh, Yingkiang, Pasighat, Along, Boleng & Basar.

Government decision to treat expenditure on maintenance/repair of assets and schemes, machinery and equipments, minor works under Revenue Account as plan expenditure, no provision for non-plan expenditure was made in the budget under Revenue Account from that year. Huge increase in Plan expenditure under Revenue section in 1998-99 and 1999-2000 was also attributed by the department to (i) arrear payment of work charged staff and casual labour on account of revision of pay and allowances/wages by the Government (January 1996); (ii) increase in expenditure on maintenance, repair and renewal works besides flood damage repair due to unprecedented flood during 1998-99.

(b) Physical Targets and Achievements

There were no targets in the project reports for the total number of bridges and new roads to be added along with their length and target dates for their completion. The targets indicated were for the schemes such as survey, earth work and black topping which are different stages in the construction of a new road. During the period 1995-96 to 1999-2000, 1038.82 Kms of unsurfaced roads and 289.91 Kms of surfaced roads were added.

The targets and achievements in respect of the various components/schemes in the construction of roads and bridges during 1995-96 to 1999-2000 are given in the table below :

Sub head	Target	Achievement	Shortfall	Percentage of Shortfall
Roads				
1. Survey & Investigation	3422.75 Km	1884.91 Km	1537.84 Km	45
2. Earthwork (Formation)	1542.38 Km	1038.82 Km	503.56 Km	33
3. Black Topping	719.60 Km	289.91 Km	429.69 Km	60
Bridges				
1. R.C.C. Bridges	761.45 mtr	536.10 mtr	225.35 mtr	30
2. Bailey Bridges	1821.05 mtr	904.04 mtr	917.01 mtr	50
3. Steel Bridges	1782.56 mtr	870.92 mtr	911.64 mtr	51
4. Foot suspension Bridge	9124.00 mtr	5479.00 mtr	3645.00 mtr	40

The shortfall varied between 33 to 60 per cent in respect of Roads and 30 to 51 per cent in respect of Bridges.

The shortfalls in physical performance occurred despite incurring expenditure of 99.96 per cent of the budget provision.

(c) Lack of planning

The works programme for completion of roads and bridges as formulated by the department and the funds provided by the Government were as under:

Inadequate allotment of fund and ineffective planning, led to increase of incomplete schemes during 1995-96 to 1997-98

Year	Opening balance of incomplete schemes	Number of new schemes sanctioned	Total number of schemes	Budget provision (original works)	Amount required for completion of on going schemes	Percentage of budget provision to the actual requirement	Number of schemes completed	Balance of incomplete schemes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1995-96	1917	596	2513	74.91	168.40	44	442	2071
*1996-97	2071	468	2539	66.34	193.56	34	76	2463
*1997-98	2463	912	3375	74.45	181.50	41	462	2913
*1998-99	2913	273	3186	39.83	210.81	19	313	2873
*1999-00	2873	283	3156	49.91	187.44	27	NA	NA

[* Excluding Basic Minimum Service (BMS) works]

It would be seen from the table that the percentage of fund released ranged between 19 to 44 against the actual annual requirement. Taking up new works every year without placing adequate funds delayed the ongoing projects. The number of incomplete works increased by 50 per cent during 1995-96 to 1999-2000.

4.1.4.1 Implementation

The important irregularities noticed during test check by audit in the execution of works relating to roads and bridges are discussed in the succeeding paragraphs.

4.1.4.2 Cost overrun

Test check of 35 works in eight* divisions revealed that an expenditure of Rs.37.20 crore was incurred during the years 1972-73 to 1999-2000 against the original estimated cost of Rs. 17.08 crore resulting in cost overrun of Rs.20.12 crore (117.80 per cent) which would increase further in respect of 15 of these works which were yet to be completed. The cost overrun was attributable mainly to abnormal delay in completion of works ranging from 2 years to 23 years with consequent increase in cost of materials and labour besides execution of extra/substituted items of works. However, due to non-availability of sufficient information/records relating to the old period with the implementing agencies, audit could not analyse the various reasons responsible for the total cost overrun of Rs. 20.12 crore (Rs.37.20 crore – Rs.17.08 crore) and quantum of cost overrun on account of each factor.

4.1.4.3 Unfruitful expenditure owing to discontinuance of work after partial execution/abandonment

(a) Test check of records of seven** divisions revealed that between 1984-85 and 1997-98 Government sanctioned Rs. 11.19 crore for formation cutting of 151.10 Km Road under 40 phase-wise schemes of 31 approved roads (563.60 Km), against which the divisions executed formation cutting of

Inordinate delay ranging from 2 to 23 years in completion of 35 works resulted in cost overrun of Rs.20.12 crore

Discontinuance of works relating to 31 approach roads covering 563.60 Km after partial execution led to unfruitful expenditure of Rs.11.15 crore

* Daporijo PWD; Along PWD; Yingkiong PWD; Basar PWD; Dumporijo PWD; Seppa PWD; Doimukh PWD; Tezu PWD.

** Along PWD; Yingkiong PWD; Basar PWD; Daporijo PWD; Dumporijo PWD, Longding PWD and Tezu PWD

101.946 Km. during 1984-85 to 1998-99 at a cost of Rs. 11.15 crore leaving balance formation cutting of 49.154 Km. unexecuted as of March 2000. The works of formation cutting of all the aforesaid road schemes were discontinued between 1996-97 and 1998-99 after partial execution mainly due to non-release of funds and non-sanction of revised estimates. Further, no estimates were also sanctioned for the work of soling, WBM** and BT*** on the completed portion of the formation work as of March 2000.

Thus, due to non-execution of soling, WBM and BT on the completed portion of formation work (101.946 Km) even after lapse of a period ranging from one to fifteen years, the entire expenditure of Rs.11.15 crore became unfruitful with the risk of damage/deterioration of the executed works owing to vagaries of nature with the passage of time. Besides, the intended purpose of strengthening the communication system for socio-economic development of the State remained unfulfilled.

(b) Test check of records of 11 divisions revealed that for construction of 25 roads involving a total length of 457 Km., 32 estimates totaling Rs 8.20 crore were sanctioned by the government between January 1985 and March 1998 with a time schedule for completion within 1-5 years. The construction of the aforesaid 25 roads were, however, abandoned between March 1994 and March 1999 after partial execution of works valued Rs 4.15 crore as of March 1999. The reasons for abandonment of these works by the Government were mainly due to (i) roads originating from opposite far end from where there was no possibility of linking up with another road, (ii) roads leading to destinations where either alternative roads were in existence or new roads were taken up and (iii) village/towns which were already connected with roads or new approaches were proposed for shorter distance.

Thus, due to defective survey and investigation and improper work programme, the department had to abandon the said works after partial execution (after a lapse of period ranging upto 15 years from the date of commencement) which led to unfruitful expenditure of Rs 4.15 crore with the risk of damage/deterioration of the executed works owing to vagaries of nature.

4.1.4.4 Wasteful expenditure owing to change in alignment of road

Improper planning for execution of a road work and decision for changing the alignment of the work after partial execution, led to wasteful expenditure of Rs.1.41 crore.

The Government accorded sanction to four phase-wise estimates for the work "construction of a road from Boleng to Sine (25 Km.)" at a total cost of Rs.165.40 lakh (FC[^] - 0-5 Km: Rs. 35.89 lakh; FC - 5-15 Km: Rs. 69.26 lakh; FC- 15-20 Km: Rs. 46.30 lakh; culvert, Retaining wall and drain- 0-5 Km: Rs.13.95 lakh) between September 1984 and March 1994. The work was initially taken up by the Yingkiong PWD during 1984-85 which incurred an expenditure of Rs. 117.31 lakh upto March 1994 towards formation cutting of

** Water Bound Macadam

*** Black Topping

[^] FC - Formation Cutting

8.5 Km. in chainage 0-15 Km. with construction of one culvert in chainage 0-5 Km. Thereafter, with the creation (October 1993) of Boleng PWD, the work was transferred to that division. However, during 1994 the department decided to change the existing alignment of the road on the ground that the formation cutting work of the remaining portion of the existing alignment would be more expensive due to presence of heavy hard rock involving high cutting and that an alternate alignment to connect the Sine village from Pirak bridge point of existing Dosing-Pareng-Yibuk road involving a distance of 4.3 Km. only would be more economical. Accordingly, the Chief Engineer, PWD, Zone I, on inspection (February 1994) of the road instructed the division to stop further work on the original alignment of the road. In January 1996 the Boleng PWD submitted an estimate of Rs 34 lakh for construction of a road from Supple village to Yongong village (5.50 Km.) covering Pirak bridge point to Sine village which was sanctioned by the government in October 1997. The division took up the work in November 1997 and incurred an expenditure of Rs 15.92 lakh towards formation cutting of 2 Km. as of January 2000.

However, between April 1994 and January 2000, Boleng P.W. division incurred an expenditure of Rs. 23.58 lakh including committed liabilities for Rs. 12.59 lakh towards formation cutting (0.50 Km.) and construction of culverts in chainages 0-15 Km. of Boleng-Sine road on the basis of Annual Operation Plan (AOP) provision and LOC released by the department despite issue of instructions by the Chief Engineer in February 1994 regarding stoppage of work in original alignment as well as receipt of Government sanction (October 1997) for execution of work in the alternate alignment. Thus, the release of fund and execution of works in the original alignment, even after approval of the estimate for the alternate alignment, was irregular. Neither was any enquiry conducted in this regard at higher level nor any responsibility fixed by the department for such lapses.

Thus, due to improper planning and inadequate survey, the department had to abandon the construction of the road from Boleng to Sine through original alignment resulting in wasteful expenditure of Rs. 140.89 lakh (including committed liabilities of Rs. 12.59 lakh).

4.1.4.5 Wasteful expenditure

Administrative approval and expenditure sanction of Rs. 6 lakh for soling and WBM from 0-6 Km of the road from Pakke-Bameng-Lyak-Lada (50 Km) was accorded in October 1994. The work was taken up in 1994-95 and the soling for 0-6 Km was completed (1995-96) at a cost of Rs. 9.28 lakh. The work of WBM was not taken up for reasons not on record nor stated (June 2000).

Test check of records (May 2000) however, revealed that the Government again accorded a fresh sanction for Rs. 31.77 lakh in March 2000 for soling of the same stretches of aforesaid road from 0-8 Km as phase- I against which

department incurred an expenditure of Rs. 2.76 lakh and completed soling for 1.5 Km till March 2000.

Thus, due to non-completion of the work of WBM and BT in time, the expenditure of Rs. 9.28 lakh incurred on soling for 6 Km during 1995-96 was rendered wasteful.

4.1.4.6 Unfruitful expenditure of Rs 20.31 lakh owing to improper planning and mis-utilisation of fund

In December 1991, the Government of Arunachal Pradesh accorded sanction to the construction of a "RCC Bridge (15 meter span) at Chainages 1.7 Km on the road from Jully village to Pappu Nallah" at an estimated cost of Rs.15.26 lakh with a time schedule for its completion within two years from the date of sanction. The CE released an amount of Rs.27 lakh during 1991-92 to 1994-95, Rs.11.74 lakh in excess of the sanctioned cost of Rs.15 lakh which was irregular. Scrutiny of records (April-May 1999) of Capital 'B' Division Itanagar revealed that although an expenditure of Rs.20.31 lakh was incurred against the work during the period from 1992-93 to 1998-99 the physical progress of the work was 'nil' except sub-soil investigation work conducted between May 1992 and March 1993 at a cost of Rs.1.08 lakh, procurement of materials valued Rs.11.70 lakh made between March 1993 and December 1996 besides fictitious booking of expenditure related to other works valued at Rs.7.53 lakh made between October 1993 and March 1995. The reasons for non-execution of the work despite availability of sufficient fund of Rs.27 lakh between 1991-92 and 1994-95 were not available on record nor could be furnished. It was also seen that the Department after a lapse of six years submitted (February 1997) a revised estimate for Rs.25.90 lakh on the basis of site inspection conducted (January 1995) by the Chief Engineer proposing change in scope of work from permanent RCC Bridge to Bailey Bridge. The proposal was, however, turned down (February 1998) by the Government on the ground that despite having allocation of sufficient fund the construction of the Bridge could not be completed by the Department even after a lapse of seven to eight years. Further development was not found on record (May 1999).

Thus, taking up of the work without proper planning and also the inability of the Department to utilise the fund meant for the work, rendered the expenditure of Rs.20.31 lakh totally unfruitful and the objective of providing easy access to people in interior areas of Jully village could not be achieved due to non-construction of the bridge. Besides, out of materials worth Rs.11.70 lakh, material valued Rs.0.82 lakh was shown to have been issued to other works without carrying out any financial adjustment. The balance materials worth Rs.10.88 lakh have been lying idle in the site account for a period over 4 years, of which perishable materials costing Rs.2.33 lakh (Quick setting cement : 2725 Kg : Rs.2.18 lakh; various paints worth Rs.0.15 lakh)

procured in March 1995 became unserviceable owing to expiry of their shelf life with the passage of time resulting in loss to the Government.

The Government has not initiated any action to fix responsibilities against the delinquent Government officials for booking of fictitious expenditure of Rs.7.53 lakh and excess release of fund beyond the sanctioned amount.

4.1.4.7 Wasteful expenditure on construction of a bridge owing to improper planning

For construction (including survey and investigation) of single lane Bailey bridge (span: 108.16 metre) over river Tara-Tamuk on Mebo-Dholla road, the Government accorded administrative approval and expenditure sanction for Rs. 1.76 crore between March 1993 and March 1994. The work was taken up by Roing PWD and after incurring an expenditure of Rs. 11.92 lakh (survey and investigation: Rs. 7.69 lakh; Bailey Bridge component: Rs. 4.23 lakh) between March 1993 and October 1995, the work was transferred (November 1996) to Pasighat PWD. But Pasighat PWD before formal taking over of the work engaged (October 1995) afresh a Calcutta based consultant for recommendation of the type of bridge along with preparation of detailed drawing, design and estimate and finalised (January 1997) at circle level construction of a permanent RCC bridge on well foundation on their advice for which the consultant was paid Rs. 4.80 lakh (between December 1995 and January 1997). The decision for construction of RCC bridge on well foundation was, however, changed (January 1997) to pile foundation as per instruction of the Chief Engineer, PWD (Eastern Zone). The work of construction of the bridge on pile foundation was awarded (February 1998) to a Calcutta based firm at a tendered cost of Rs. 2 crore with the time schedule for completion by February 1999. The firm after construction of only one pile at a cost of Rs. 4.20 lakh (paid in March 1999) left the job (May 1999) for reasons not on record nor stated. As the constructed pile was also defective one, the department was contemplating to revert to the earlier decision of RCC bridge on well foundation. Final decision on the matter was, however, awaited (June 2000).

Thus, improper planning and frequent change in decision led to wasteful expenditure of Rs. 16.69 lakh* besides locking up of Government fund to the tune of Rs. 4.23 lakh for unnecessary procurement of Bailey bridge component.

4.1.5 Shortfall in achievement under Basic Minimum Service (BMS)

As the extent of achievement under Minimum Needs Programme (MNP) launched in Fifth Five Year Plan was far below the acceptable levels, the Government of India introduced (July 1996) the Basic Minimum Services

In spite of 100 per cent utilisation of Central fund under BMS, shortfall in achievement ranged between 61 to 84 per cent

* Survey and investigation for Bailey Bridge: Rs. 7.69 lakh + consultancy charges for RCC Bridge on well foundation: Rs. 4.80 lakh + cost of one no. defective pile: Rs. 4.20 lakh.

(BMS) charter focussing on seven components with the broad objective to ensure minimum infrastructural facilities for improving the quality of life of all sections of society. The seven components of the programme interalia provided for connectivity by construction of average three kilometres of all weather rural roads for each habitation/village which was unconnected.

For the purpose of implementation of schemes under BMS, the Government of India provided Additional Central Assistance (ACA) to the State Government from 1996-97 onwards in the form of 90 per cent grants and 10 per cent loan being a special category State. The loan along with prescribed interest (12.5 per cent) was to be repaid in 20 annual equal instalments from the following year.

For providing village connectivity the State Government allotted Rs. 88.31 crore to the Public Works Department with the target to connect 610 villages under BMS during 1996-97 to 1999-2000. The yearwise allotment of funds and expenditure incurred there against were as under:

Year	Fund allotted	Expenditure	Excess (+)
	(Rupees in crore)		Savings (-)
1996-97	18.19	18.19	Nil
1997-98	18.18	18.18	Nil
1998-99	30.47	30.47	Nil
1999-00	21.47	21.47	Nil
Total	88.31	88.31	Nil

In course of scrutiny of quarterly progress reports of the department as submitted from time to time to the Planning Department of the Government for onward transmission to the Planning Commission, the physical targets and achievements during the period from 1996-97 to 1999-2000 were found as under:

Year	Target (No. of villages)	Achievement (No. of villages)	Shortfall	Percentage of shortfall
1996-97	120	29	91	76
1997-98	80	31	49	61
1998-99	206	32	174	84
1999-00	204	71	133	65
Total	610	163	447	73

It would be seen from above that against the target of connecting 610 villages during 1996-97 to 1999-2000 the department could provide road connectivity to 163 villages leaving a shortfall of 447 villages (73 per cent) although the entire fund allotted (Rs.88.31 crore) during the period was fully utilised. The yearwise shortfall ranged from 61 per cent to 84 per cent.

Thus, despite receipt and utilisation of Central Assistance (Rs.88.31 crore), the Government failed to ensure minimum infrastructural facilities by way of construction of average three kilometers of all weather roads to 447 villages.

4.1.5.1 Unfruitful expenditure under BMS programme owing to defective selection of scheme

Between March 1998 and March 2000, the Government accorded sanction for Rs. 80.09 lakh under Basic Minimum Services (BMS) for formation cutting of 7 Km. of the road from Dahung to Bichom (56.80 Km.) to connect seven villages between these two places. The work was taken up by Bomdila PW Division during 1997-98 and formation cutting of the road for 6.59 Km. at a cost of Rs. 83.10 lakh was completed as of March 2000.

Irregular selection of scheme under BMS by ignoring the benefit of road connectivity to the village people led to unfruitful expenditure of Rs.83.10 lakh

The division however, procured between March 1998 and March 1999, various survey materials and tools and plants worth Rs. 25.05 lakh (out of which materials worth Rs. 8.25 lakh were not accounted for) by charging to the work beyond the scope of sanctioned estimated provision leading to extra financial burden on the work to that extent. Besides, during execution of the work at chainages upto 4 Km, an army water installation at Dahung located below the alignment of the road was damaged due to rolling down of huge boulders from the site of ongoing work. The army authority preferred a claim for compensation of Rs. 10 lakh to the division for restoration of damage. Accordingly, the division submitted (August 1999) an estimate for Rs.10 lakh for restoration of the damage caused to the army water installation, to the Chief Engineer which was sanctioned by the Government in December 1999. Against that an expenditure of Rs. 0.80 lakh was incurred by the division upto March 2000 in connection with repairing of the water installation.

The objective of the Basic Minimum Service Programme in respect of communication sector was to link up villages/habitation by constructing new roads. It was, however, seen from the representation submitted (November 1999) by the Aka Tribe Society to the Government that not even a single village by the side of the road alignment between Dahung and Bichom had the benefit of road connectivity as per norms of BMS programme. Thus, owing to defective selection of the scheme even after conducting survey without having any village/habitation connectivity frustrated the very purpose of the construction of the road under BMS programme rendering the expenditure of Rs. 83.10 lakh incurred so far (March 2000) unfruitful. Besides, the division incurred an extra liability of Rs. 10 lakh for restoration of damages of Army

water installation for executing the work without any precautionary measure and lack of proper supervision.

4.1.6 Other points of Interest

In course of audit following other points of interest were seen.

4.1.6.1 Avoidable extra expenditure due to non-acceptance of lowest tender

For construction of a suspension bridge over river Siang at Nubo (span – 207 metres) administratively approved (March 1991) by the Government at an estimated cost of Rs.433.63 lakh, the Executive Engineer (EE) Yingkiang P.W. division floated (June 1992) tender notice for fabrication including providing all materials of stiffening-truss, deck, tower structure, shere span structure and transportation there to the site of work and erection of bridge including erection of cables and other related parts complete in all respects. In response to the tender notice, 5 offers were received (July 1992). All the five tenderers were pre-qualified. Of the five bidders, the tender cost of Rs. 237.78 lakh i.e. 7 per cent above the estimated cost of Rs. 222.50 lakh of contractor 'A' was the lowest and the tender cost of Rs. 280.92 lakh i.e. 26 per cent above the estimated cost of contractor 'B' was the second lowest. The work was, however, awarded (November 1992) to contractor 'B' at a cost of Rs.268.82 lakh after deducting discount of Rs. 12.10 lakh as offered (July 1992) by the firm on negotiation with the time schedule for completion by September 1993. The work was actually completed in January 1995 and the payment of Rs. 268.82 lakh was made to the contractor in May 1997. The reasons for non-acceptance of the first lowest offer of contractor 'A' were neither on record nor could be furnished (June 2000).

Thus, acceptance of second lowest tender without any recorded reason resulted in avoidable extra expenditure of Rs. 31.04 lakh (Rs. 268.82 lakh – Rs. 237.78 lakh).

4.1.6.2 Expenditure on work charged Establishment in excess of permissible limit

As per provisions contained in CPWD Manual Volume II, in every individual estimate of an original work under plan head of accounts, 2 per cent of the estimated cost is earmarked for meeting the expenditure on payment to work charged staff by charging direct to concerned work.

Test check of records in the office of the Chief Engineer (WZ), PWD, Arunachal Pradesh revealed that 12 divisions under its jurisdiction had incurred expenditure of Rs. 71.99 crore on payment to work charged staff during 1995-96 to 1999-2000 ranging from 20 per cent to 37 per cent as against the permissible limit of 2 per cent as indicated below:

Year	Works expenditure	Expenditure on work charged establishment	Percentage
	(Rupees in crore)		
1995-96	55.53	11.19	20.15
1996-97	60.63	12.75	21.03
1997-98	45.26	16.73	36.97
1998-99	43.35	15.90	36.68
1999-00	45.43	15.42	33.94
Total		71.99	

Thus, excess engagement of work charged staff and extra expenditure of Rs.66.99 crore had unnecessarily overburdened the work estimates. No justification could be adduced by the Department for such excess expenditure on engagement of work charged staff nor was any action taken to retrench the surplus staff or utilize their services gainfully by diverting them elsewhere.

4.1.6.3 Random purchase of spare parts of Road Roller leading to locking up of fund/loss

Rules provide that materials be purchased in accordance with requirement of the work and utilised to the best advantage of the Government. Purchasing or indenting in excess of requirement is to be avoided.

Test check of records (April 2000) of Kalaktang P.W. division revealed that between March 1987 and March 1998, the Division resorted to random purchase of spare parts of Road Roller worth Rs. 25.42 lakh involving 71 items. Of these, the division could utilise spare parts worth Rs. 6.26 lakh (24.62 per cent only) and balance materials worth Rs. 19.16 lakh were lying idle in site as of March 2000. The purchases were made without having any indent/demand from the sub-divisions and also without assessing actual requirement. The reasons for resorting to such unnecessary purchases were neither on record nor stated (June 2000). The division also failed to produce any record to show that steps had been taken to transfer the materials to other field divisions/sub-divisions for utilisation. It was also noticed that due to prolonged storage, there was no possibility of these spare parts being utilised since the type of Road Rollers for which the spare parts were purchased were no longer in operation.

Thus, random purchase of spare parts in violation of codal provisions without assessing the immediate requirement and absence of action for disposal led to accumulation of spare parts worth Rs. 19.16 lakh for a period ranging from 2 to 13 years besides entailing risk of loss due to inability of the division to dispose of the same before the materials become unserviceable.

4.1.6.4 *Unauthorised expenditure against unsanctioned works*

Under the rules, no normal work should be commenced or liability thereon incurred until administrative approval has been obtained, a proper detailed estimate with design has been sanctioned, expenditure sanction has been accorded and allotment of funds made.

Unauthorised execution of 40 works without receipt of expenditure sanction and approval of the estimates led to irregular expenditure of Rs.4.99 crore

Test check of records of six divisions and the offices of the Chief Engineers, Eastern and Western Zone (PWD) revealed that an expenditure of Rs. 4.99 crore was incurred on forty works by the divisions during 1997-98 to 1999-2000 before receipt of administrative approval and expenditure sanction for the works from the Government by irregular diversion of fund from other sanctioned works. This had resulted in unauthorised expenditure of Rs. 4.99 crore. No steps were, however, taken by the department against the officer(s) responsible for incurring such unauthorised expenditure. Although preliminary estimates in respect of the aforesaid works were sent to Government (dates/months not on records) not a single estimate had been sanctioned by the Government as of March 2000 for reasons neither on record nor stated.

4.1.6.5 *Irregular and unnecessary purchase*

Test check of records of 6 divisions (Kalaktang, Seppa, Bomdila, Roing and Namsai) revealed that between May 1995 and March 2000, the divisions purchased materials like Fevicol, sofa cover, table cloth, stereo speaker, mattress, bed sheet, sofa set, dining table, Surf, soap, Odonil, toilet paper etc. valued at Rs. 23.97 lakh by debiting the expenditure to different road and bridge works.

The expenditure of Rs. 23.97 lakh incurred for procurement of materials which did not relate to the work and were beyond the scope of sanctioned provision was, therefore, unnecessary and irregular.

The reasons for booking of non-related expenditure against the works were, however, not on records nor stated (June 2000).

4.1.7 *Quality control*

Quality control is the basic prerequisite for ensuring quality to the durable assets created by the department. 45 mandatory tests e.g. Grading, Flakiness Index, Water absorption of Aggregate, Rate of spread of mixed material etc. were required to be carried out in road works by the department in order to achieve a progressively improved and uniform quality of the finished work.

But test check of records in the office of the Chief Engineer and 14 nos. of working divisions revealed that the department had not established any mechanism to carry out the mandatory tests to ensure quality of the works executed and no provision of quality control was also made in any of the

estimates approved for implementation. As a result, the works executed by the department so far could not be certified to conform to the quality estimated.

4.1.8. Monitoring and Evaluation

A comprehensive monitoring system is essential for effective control over expenditure and also to ensure smooth functioning of the various ongoing schemes undertaken by the department. No such monitoring system had been evolved in the department.

In October 1998, it was however, decided by the Cabinet that monitoring and review of schemes should first be done by the Minister in-charge of the department and then by a Committee comprising of the Chief Minister as the Chairman and Minister Finance and Minister Planning, as members. No record showing monitoring and evaluation done by the Committee upto the period ending March 2000 was, however, made available to audit. As a result, performance of the department remained unassessed (June 2000).

4.1.9 Recommendations

- ⊙ Proper planning for timely completion of the selected schemes according to the availability of the financial resources needs to be ensured to.
- ⊙ Due importance should be given to factors like viability and technical feasibility at the time of selection to avoid abandoning of works after partial execution.
- ⊙ Effective monitoring of the execution of schemes needs to be done to avoid unfruitful/wasteful expenditure and locking up of funds.

The foregoing points were reported to the Government and Department (July 2000); their replies have not been received (December 2000).

SECTION – B – PARAGRAPHS

PUBLIC WORKS DEPARTMENT

4.2 Unproductive expenditure

Unproductive expenditure of Rs.39.50 lakh owing to abnormal delay in completion of a work

The work "construction of a single storied office building for State Resource Centre (SRC) at Itanagar was sanctioned (January 1988) by the Education Department of the Government at an estimated cost of Rs.3.07 lakh with a plinth area of 121 sq.m. Test check of the records of capital "B" division, Itanagar (April-May 1999) revealed that the Division without obtaining sanction of the revised estimate of the work, awarded the work to a contractor (May 1991) at a cost of Rs.32.52 lakh against the estimated cost of the building (double storey) valued Rs.19.03 lakh with a time schedule to complete the work within 1 year from the date of commencement of the work. The reason for change of specification of the building and the award of work without obtaining approval from the competent authority for revised estimate of the work was neither available on records nor stated (May 1999). As per approved drawing submitted by the Education Department in January 1990, the plinth area of the building was changed to 1011.45 sq.m. The delay in taking up of the work was attributed to changes in scope of the work, non-availability of site upto 1990 and delay in finalisation of structural drawings. The work stipulated to be completed by May 1992 and the total expenditure incurred against the work as of June 1999 was Rs.39.50 lakh (value of work done by the contractor Rs.9.28 lakh, work charged payment/contingency Rs.10.22 lakh, cost of materials lying with the contractor Rs.3.16 lakh and materials lying at site Rs.16.84^φ lakh). The division also did not take any effective step to recover Rs.5.39 lakh from the contractor at double the issue rate of materials after adjustment of dues of Rs.0.93 lakh (Rs.3.16 X 2 – Rs.0.93 lakh). It was also noticed that during the period from May 1991 to March 1993, the contractor had completed the work of ground floor except door frame and RCC column upto plinth level of 1st floor of the building. After March 1993, the work remained suspended and the reason thereof had not been stated (June 1999). The Department did not initiate any action to rescind the contract as per terms and conditions of the contract agreement and to execute the remaining portion of the work either departmentally or at the risk and cost of the contractor. In March 1999, the Public Works Department

^φ (i) Materials procured during 1990-93 (August 1993) lying idle in MAS A/c	= Rs.12.37 lakh
(ii) Further materials procured in 3/99	= Rs.4.47 lakh
Total	= Rs.16.84 lakh

of the Government accorded sanction to a supplementary estimate of Rs.35 lakh for completion of the balance Civil portion of the building and the work has not yet been started (June 1999).

Thus due to failure of the Department to execute the work as per terms and conditions of the contract agreement rendered the entire expenditure of Rs.39.50 lakh unproductive and the objective of the work for construction of office building of SRC remained unachieved for a period of over 11 years. Further, injudicious purchase of materials resulted in idle investment of Rs.16.84 lakh besides entailing risk of further loss due to likely deterioration of the materials due to prolonged storage. This also rendered the department liable to incur a further expenditure of atleast Rs.35 lakh in order to complete the balance civil portion of the work.

The matter was reported to Government in June 1999, reply has not been received (December 2000).

4.3 Unproductive expenditure

Injudicious procurement of materials and expenditure on site development before final selection of site and formal allotment of land resulted in an unproductive expenditure of Rs.19.27 lakh

The proposal for construction of office building of the Superintending Engineer, Electrical at Itanagar was sanctioned (February 1990) by the Government at an estimated cost of Rs.26.24 lakh with a time schedule of 2 years for completion of the work from the date of its sanction. In January 1991, the Executive Engineer, Capital Division 'A', Itanagar submitted a site survey plan of the building to the higher authority for allotment of land near water treatment plant at Senkhi Park, Itanagar, but the land was not allotted for construction of building till May 2000.

Scrutiny of records (April-May 1999) of the Executive Engineer, Capital Division 'B' to whom the work was transferred in June 1997 revealed that an expenditure of Rs.19.27 lakh (including Rs.4.00 lakh by the Capital Division 'A') was incurred towards procurement of materials (Rs.18.35 lakh) and execution of fencing work (Rs.0.92 lakh) during the years 1990-91 to 1995-96 without having allotment of site. Out of the total procurement of materials of Rs.18.35 lakh, materials valued Rs.8.63 lakh were transferred to other works irregularly without any financial adjustment and materials of Rs.0.58 lakh were utilised in the fencing work of the proposed site. The balance materials of Rs.9.14 lakh including perishable materials (mainly paints) worth Rs.1.20 lakh, were lying idle for varying periods ranging upto 9 years.

In view of non-allotment of site of the proposed building even after a lapse of 10 years from the date of sanction of the work (February 1990), the entire expenditure of Rs.19.27 lakh was unproductive and the execution of fencing

works of the proposed site at a cost of Rs.1.50 lakh (Rs.0.92 lakh + Rs.0.58 lakh) before formal allotment of the site was irregular.

On this being pointed out in audit (June 1999), the Executive Engineer Capital 'B' Division, Itanagar, stated (May 2000) that the allotment of land had not so far been received and the matter would be pursued with the higher authorities for finalisation of the case. Further development, if any, has not been intimated (August 2000).

The matter was reported to the Government (June 1999); reply has not been received (December 2000).

4.4 Loss due to prolonged storage of materials

Prolonged storage of materials, procured without assessment of actual requirement, resulted in loss to the Government to the tune of Rs.14.20 lakh

General Financial Rules require that all purchases be made in a most economical manner and in accordance with definite requirement of public service. At the same time, care is to be taken not to purchase stores far in advance of actual requirement, if such purchases are likely to prove unprofitable to Government.

Mention was made in Para 4.1 of the Audit Report for the year ending March 1993 about idle investment of Rs.9.73 lakh by Doimukh Public Works Division towards procurement of spare parts of Bulldozers and Road Rollers. But no action was taken by the Division to transfer the idle materials to other needy Divisions. Instead, between April 1993 and March 1998 the Division made further procurement of spare parts worth Rs.34.84 lakh against the aforesaid machinery without any assessment of actual requirement and the total procurement consisting of 227 items rose to Rs.44.57 lakh upto March 1998. Of these, spare parts worth Rs.20.58 lakh only were utilised leaving a balance of Rs.23.99 lakh lying unutilised as of April 1999 which included 68 items worth Rs.6.47 lakh without any issue since their procurement during March 1988 and March 1999. In pursuance of Chief Engineer's instruction (June 1998), physical verification of the materials conducted between December 1998 and January 1999 disclosed that spare parts valued Rs.14.20 lakh became unserviceable owing to prolonged storage. No action was, however, initiated by the Department to dispose of the unserviceable materials through public auction or otherwise.

Thus, continued procurement of spare parts without assessment of actual requirement and the inability of the Department to utilise the same before they became unserviceable resulted in loss to the Government to the tune of Rs.14.20 lakh.

The department in their reply (June 2000) stated that considering the regular running maintenance of heavy T&P and ready non-availability of spares in the local market, procurement of spare parts was made against stock after speculating the requirement in advance. The reply is not tenable as the procurement of spare parts was far in excess of actual requirement and accumulated for years together leading to loss of Rs. 14.20 lakh to the Government. However, the division further stated that steps were being taken to transfer the idle usable stock of material to other needy Divisions.

The matter was reported to the Government (August 1999); reply has not been received (December 2000).

4.5 Unproductive expenditure

Unproductive expenditure of Rs.24.25 lakh towards procurement of materials and payment of Railway freight, pay, wages of worked charged staff etc., against a water supply scheme, sanctioned without considering feasibility through proper survey, which was ultimately abandoned due to technical non-viability

In March 1991, Arunachal University (AU) accorded sanction to an estimate of Rs.69.84 lakh, prepared by Public Works Department, for execution of the deposit work "Providing and laying of 150 mm dia G.I. pipes for water supply line from Niroch-Nallah to Arunachal University Complex at Doimukh for a length of 15 Km, together with water treatment plant" for supplying water by gravity system, to Arunachal University. It was, however, decided by the Department in June 1992 to switch over from original plan of gravity water supply scheme to lift water supply system from Dikrong river to University Complex as it was found after detail survey that Niroch-Nallah area was badly infested with wild elephants and the maintenance of gravity system would be a problem, besides the head required between source and proposed reservoir was also inadequate because of difficult terrain. Accordingly a modified estimate amounting to Rs.136.38 lakh was submitted (October 1994) to AU, which was not sanctioned. In April 1996, it was decided in a joint meeting between PWD and AU for not taking up the scheme since the same was not found technically viable.

Scrutiny (May 1999) of records of Doimukh PW Division revealed that the University authority without ascertaining the technical feasibility of the work, released Rs.40.05 lakh between March 1991 and March 1993 to the Division and the Division resorted to random purchase of materials valued at Rs.16.20 lakh between May 1991 and March 1994, besides incurring expenditure of

Rs.8.05 lakh* towards payment of Railway freight, carriage bills, pay and wages of work charged staff and casual labourers etc.

Thus, the defective preparation of the estimate without conducting proper survey and investigation and without ascertaining the feasibility and technical viability, led to non-execution of the work resulting in an unproductive expenditure of Rs.24.25 lakh.

On this being pointed out in audit (August 1999) the department stated (June 2000) that the expenditure was incurred against the sanctioned scheme, but due to change in scope of work by the AU authority, the scheme could not be materialised.

The matter was brought to the notice to Government in August 1999; reply has not been received (December 2000).

4.6 Construction of Durbar Hall at Raj Bhavan, Itanagar

Unnecessary procurement of materials worth Rs.20.17 lakh and fictitious adjustment of expenditure of Rs.3.18 lakh led to increase in the project cost for construction of Durbar Hall at Raj Bhavan

The Government of Arunachal Pradesh accorded (February 1997) sanction of Rs 76.57 lakh for construction of Durbar Hall at Raj Bhavan Complex at Itanagar and subsequently revised (December 1998) it to Rs. 122.43 lakh due to change in specification of work including diversion of sewerage line, construction of new septic tank, marble flooring in place of wooden flooring, additional electrification including air conditioning etc. The work was completed in April 1999 at a cost of Rs 130.76 lakh. However, the excess expenditure of Rs.8.33 lakh over the revised sanctioned cost (Rs.122.43 lakh) was not regularised by fresh sanction as of August 2000.

Scrutiny of records revealed that out of construction materials valued at Rs.78.67 lakh procured between March 1997 and March 1999, materials valued Rs. 58.50 lakh were shown to have been utilised for the work without any record of measurement of works done in the measurement books nor any theoretical consumption statement indicating the actual utilisation of materials as per norms. In the absence of these documents, it could not be ascertained in audit whether the materials worth Rs. 58.50 lakh utilised in the works were commensurate with the works done. On this being pointed out, the department stated (May 2000) that due to heavy rush of work during the period from January 1999 to March 1999, the measurement for work done could not be recorded in the measurement book and theoretical consumption of materials

* Railway freight : Rs.2 lakh; Pay & wages of W.C. and C.L. : Rs.2.31 lakh; Department charges levied : Rs.2.60 lakh; carriage charges Rs.0.75 lakh; Advertisement bill etc. : Rs.0.39 lakh.

also could not be prepared. As regards balance materials valued Rs. 20.17 lakh, materials valued Rs. 12.75 lakh were transferred to other works without any accounting adjustment and materials valued Rs. 4.79 lakh were utilised for repair and maintenance of other works leaving materials valued Rs. 2.63 lakh lying unutilised in the site account of the work. However, the Government in its reply stated that materials were utilised for other works owing to urgency and necessary accounting adjustment would be made and the balance materials would be utilised in other works. Further an expenditure of Rs. 3.97 lakh incurred on other maintenance work was charged to this work without any justification for adjustment of such non-plan expenditure against the work.

Thus, unnecessary procurement of materials worth Rs. 20.17 lakh and fictitious adjustment of expenditure of Rs. 3.97 lakh led to increase in the project cost for construction of Durbar Hall at Raj Bhavan.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.7 Unfruitful expenditure

Taking up work of the Minor Irrigation Channel without technical sanctions of the competent authority and also without proper survey and investigation led to unfruitful expenditure of Rs.42.25 lakh

The construction of Angong-Korong Minor Irrigation Channel (MIC) at Janbo village in East Siang district of Arunachal Pradesh was sanctioned (February 1987) by the Government at an estimated cost of Rs.17.98 lakh with the stipulation for completion within 4 years. Technical sanction to the work was, however, not accorded by the competent authority. The scheme provided for 5220 metres long earthen irrigation channel of formation width of 3 metres for irrigating 80 hectares of land. The work was taken up by the erstwhile Rural Works Division, Yingkiong in July 1988 and while the work was in progress, earthen channel at some portion of the locations from 0-1902 metres got damaged due to landslips from Border Road Task Force (BRTF) road under construction on the uphill parallel to irrigation channel, resulting in discontinuance of the work in that alignment from December 1988. The damage was worked out to Rs.5 lakh by the department and a compensation for the same amount was sought for (September 1989) from the BRTF authority. In response, the BRTF authority (November 1989) while denying occurrence of any such damage maintained that the irrigation scheme adjacent to the road under construction, was in fact, causing damage to the road. The Department, instead of settling the dispute and obtaining clearance from

BRTF, submitted a revised estimate for Rs.43.26 lakh proposing change of alignment of channel from 1902 metre onwards and construction of conduit channel from 1602-1902 metre with G. I. Pipe (600 mm dia) along BRTF road for rectification of damaged portion, which was sanctioned by the Government in March 1993. It was only in December 1994, that the department sought clearance from BRTF for laying of pipeline along the said road. No such clearance was, however, granted by BRTF authority for reasons not on record nor furnished (February 2000). The Division, however, continued the work along the revised alignment and completed formation cutting of earthen channel for 3922 metres (including that of 1902 metres in original alignment executed during 1988) at a cost of Rs.38.75 lakh as of July 1997. Thereafter, the work was transferred (August 1997) to the newly created Irrigation and Flood Control Division, Yingkiang. The reasons for non-execution of any further work were not available on record nor stated (June 2000).

Thus, injudicious decision of the Department to take up the work through an alignment parallel to BRTF Road concurrently under construction without obtaining any technical sanction resulted in non-completion of work even after a lapse of 12 years and possible rendering of unfruitful expenditure of Rs.42.25 lakh as with the passage of time the existence of earthwork already executed remained doubtful. The non-completion of the work also deprived the people of the irrigation facilities.

The matter was referred to Government in May 2000; their reply has not been received (December 2000).

4.8 Unnecessary procurement of materials

Procurement of materials without any requirements led to locking up of fund of Rs.10.37 lakh

In November 1996, the Chief Engineer, Irrigation and Flood Control Department (IFCD) placed one supply order with a Bhalukpong based firm for supply of 600 Running Meters (RM) of MS Pipes valued at Rs.10.37 lakh. On receipt (September 1997) of the entire quantity, the Irrigation and Flood Control Division, Itanagar paid (September 1997) the amount to the firm charging the expenditure over 100 Minor Irrigation Projects (MIPs). Between December 1997 and July 1999 the Division distributed 516 RM of pipe to four sub-divisions leaving 84 RM pipe with them, but the entire quantity remained unutilised as of December 1999.

It was, however, seen in audit (December 1999) that the Sub-Division had not placed any demand for procurement of MS pipe to the Chief Engineer. The basis on which the requirement was assessed and supply order placed by Chief Engineer was not available on record. As further revealed, most of the sanctioned estimates of MIPs provided for construction of earthen

channel/RCC channel and hence there was no scope of utilisation of the above quantity of MS pipes on MIP works.

Thus, procurement of MS pipe without any requirement led to locking up of Government fund to the tune of Rs.10.37 lakh since September 1997.

The matter was reported to the Government/Department in February 2000; their reply had not been received (December 2000).

RURAL WORKS DEPARTMENT

4.9 Idle investment owing to abnormal delay in taking up of construction of a bridge

Injudicious sanction of estimate prompted the department to resort to random purchase of materials far in advance of their requirement leading to an idle investment of Rs.33.47 lakh. The department also failed to provide the intended benefit to the local people

For the benefit of village people under Pangin Circle, construction of a wire rope suspension bridge over river Siang in between Yembung and Pangin villages at an estimated cost of Rs.4.16 lakh was administratively approved by the Government in March 1985 and subsequently revised (January 1990) to Rs.20.33 lakh on the ground of increase in cost of materials and labour with the time schedule for completion within 3 years. The work, however, could not be taken up by the Yingkiong Rural Works Division owing to land dispute between the villagers and the land owners of the site of the proposed bridge and ultimately a new site located at 400 meter down stream, selected (December 1992) by the local Anchal Samity with the consent of the land owners, was approved (March 1993) by the Department. Accordingly, a re-revised sanction of Rs.59.79 lakh was obtained (March 1994) from the Government for construction of the bridge at the new site with the stipulation for completion within four years. The Division, however, did not take up the work and in November 1995 the Executive Engineer, after inspection of the site, proposed to the Chief Engineer for engagement of a consultant for construction of the bridge due to inexperience of his field staff to take up such a big project. The proposal was, however, turned down (July 1996) by the Government with the instruction to complete the work departmentally. Despite this, the Division instead of taking up the work, transferred (April 1997) it to the newly created R.W. Division at Pasighat. The latter also did not take up the work till February 2000 for reasons neither on record nor furnished.

Scrutiny of records (February 2000) of RWD Pasighat revealed that both the Yingkiong and Pasighat Divisions procured materials worth Rs.32.27 lakh* between November 1987 and April 1999 before arriving at a final decision about location and construction of the bridge and kept the materials at site. None of the Divisions had ever conducted any physical verification to ascertain the condition of the materials lying idle at site for such a prolonged period.

Thus, the injudicious sanction of the estimate for the proposed bridge prompted the department to resort to random purchase of materials knowing well that there was no immediate scope for utilisation of the same. Procurement of material far in advance of actual requirement led to an idle investment of Rs.33.47 lakh (Materials: Rs.32.27 lakh; W.C. payment: Rs.1.20 lakh) for a period ranging from one to thirteen years apart from cost escalation of Rs.55.63 lakh (Rs.59.79 lakh – Rs.4.16 lakh). Besides, the Department also failed to provide the intended benefit of the project to the people of the locality even after 15 years of sanction.

In reply, the Government stated (September 2000) that the materials were procured at various stages with the understanding that the execution of works would be started and materials so purchased would be utilised soon. However, the work has since been started and is in progress. The reply, however, was silent about the position of the utilisation of materials.

* Wire rope: 18770 metre: Rs. 24.89 lakh; wire rope pully: 12 nos. Rs. 1.15 lakh; Wheel Barrow: 2 nos.: Rs. 0.10 lakh; 'U' Bolt: 3900 nos.: Rs. 2.87 lakh; Pulling and lifting machine: 2 nos. Rs. 0.90 lakh; Hand operated winch machine: 2 nos.: Rs. 0.88 lakh; Turn Buckle: 6 nos.: Rs. 0.28 lakh; Anchor Block: 12 nos.: Rs. 1.20 lakh.

CHAPTER - V : STORES AND STOCK
SECTION-B - PARAGRAPHS

**IRRIGATION AND FLOOD CONTROL AND
RURAL WORKS DEPARTMENTS**

5.1 Idle stock of materials

(a)

Random procurement of stores without assessing requirement and non-transfer of the same to newly created divisions resulted in idle stock of Rs.39.60 lakh

Consequent upon trifurcation of Rural Works Department (RWD) into independent departments of Rural Works (RW), Public Health Engineering (PHE) and Irrigation and Flood Control (IFC) as per Government order of April 1995, the Tezu R.W. Division started functioning as IFCD, Tezu from November 1995.

Test check of records (December 1999) of Tezu, Irrigation and Flood Control Division revealed that the Division, while functioning as Rural Works Division, procured materials worth Rs.39.60 lakh between December 1986 and March 1994 relating to water supply (Rs.32.41 lakh*) and rural works (Rs.7.19 lakh**) against a reserve stock limit of Rs.5 lakh (sanctioned in September 1991) without assessment of actual requirement and these materials were lying idle in IFCD store at Tezu as of December 1999 although all the works relating to Rural works were transferred to Roing RWD and that of water supply were transferred to Khonsa PHED after trifurcation of composite RWD in April 1995. In August 1996, after a delay of 3 years and 4 months, the Chief Engineer, IFCD took up the matter with his counterpart in PHED and RWD for lifting of such materials by the concerned Divisions. However, neither PHED nor RWD has lifted any materials till December 1999 for reasons neither on record nor stated (December 1999).

* PHE materials: G.I. specials: 8759 nos.: Rs. 11.58 lakh; Filtration Plant: 13 nos.: Rs. 5.30 lakh; Bleaching Power chlorinator: 14 nos.: Rs. 1.84 lakh; Alum Dozer: 14 nos.: Rs. 1.86 lakh; Raincoat: 178 nos.: Rs. 1.26 lakh; Dieset: 44 sets: Rs. 3.62 lakh; Plumbers field kit box: 8 sets: Rs. 1.99 lakh; Fire hydrant: 173 nos.: Rs. 1.56 lakh; water strainer: 19 nos.: Rs. 0.96 lakh; Field kit: 14 sets: Rs. 1.22 lakh; Other misc. articles: Rs. 1.22 lakh.

** Rural works: Rock driver set: 3 sets: Rs. 4.14 lakh; Raincoat: 179 nos.: Rs. 1.26 lakh; field kit: 10 sets: Rs. 0.95 lakh; wire mesh; 633 m²: Rs. 0.33 lakh; U bolt for wire rope: 452 nos.: Rs. 0.17 lakh; other misc. articles: Rs. 0.34 lakh.

Thus, owing to random procurement of stores by the erstwhile RWD without assessment of requirement and non-transfer of the materials at the time of transfer of the works had resulted in holding of idle stock of Rs.39.60 lakh, besides inviting the risk of loss owing to prolonged storage, for a period ranging between five to thirteen years as of December 1999.

The matter was reported to the Government and the Department in February 2000; reply had not been received (December 2000).

(b)

Injudicious procurement of materials without assessing requirement and failure to transfer such materials to the concerned departments resulted in locking up of Government fund of Rs.25.81 lakh and also led to avoidable expenditure to that extent by the concerned departments

It was seen in audit (December 1999) that Popumpoma Rural Works Division, Itanagar procured materials worth Rs.25.81 lakh relating to water supply (Rs.19.04 lakh*) and Irrigation works (Rs.6.77 lakh**), against stock, between February 1990 and August 1995 without assessment of the actual requirement and these materials were lying idle in store as of December 1999. In the meantime, Rural Works Department (RWD) was trifurcated into independent departments of Rural Works, Public Health Engineering and Irrigation and Flood Control as per Government order of April 1995 and all the works relating to PHE and IFC were transferred to the newly created Divisions of PHED and IFCD between October 1995 and October 1996. However, the materials so procured were not transferred at the time of transfer of the works for reasons neither on record nor stated (March 2000). Scrutiny of records of aforesaid PHE and IFC Divisions revealed that the Divisions, for implementation and maintenance of water supply and irrigation schemes, had been procuring materials afresh from the market despite availability of such materials with RWD. Although in August 1998, after a delay of 3 years and 4 months, the Chief Engineer, RWD took up the matter with his counterpart in PHED and IFCD for lifting of such materials by the concerned Divisions, neither PHED nor IFCD has lifted the materials till March 2000.

Thus, injudicious procurement of materials by the composite RW Division without assessing the requirement and failure on the part of the Government/Department to transfer such materials to PHED and IFCD at the time of transfer of the works, even after a lapse of more than four years, had resulted in not only locking up of Government fund to the extent of Rs.25.81 lakh, but also led to avoidable expenditure to that extent by PHED and IFCD.

* Water supply materials: G.I. pipe: Rs.9.94 lakh; FRP pan: Rs.3.17 lakh; pipe dia set: Rs.1.58 lakh; Bleaching Powder Chlorinator: Rs.1.04 lakh; Automatic backward type filtration plant: Rs.1.33 lakh; Hydro bending machine: Rs.1.44 lakh; White Zinc: Rs.0.54 lakh.

** Irrigation materials: R.C.C. spun pipe: Rs.5.25 lakh; R.C.C. Collar: Rs.1.52 lakh.

The matter was reported to the Government and the Department in February 2000; their replies have not been received (December 2000).

CHAPTER - VI : REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

The total receipts of Government of Arunachal Pradesh for the year 1999-2000 were Rs.1008.92 crore against the budget estimates of Rs.963.25 crore. Out of the total receipts of Rs.1008.92 crore, revenue raised by the State Government amounted to Rs.80.89 crore, of which Rs.13.88 crore represented tax revenue and Rs.67.01 crore non-tax revenue.

6.2 Analysis of revenue receipts

(a) An analysis of the receipts during the year 1999-2000, alongwith corresponding figures for the preceding two years are given below :-

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000
(Rupees in crore)				
I.	Revenue raised by State Government			
	(a)Tax Revenue	9.83	11.29	13.88
	(b)Non-tax revenue	57.26	64.54	67.01
	Total:	67.09	75.83	80.89
II.	Receipts from Government of India			
	(a)State's share of divisible union taxes	243.83	268.84	340.77
	(b)Grants-in-aid	524.53	578.90	587.26
	Total :	768.36	847.74	928.03
III.	Total receipts of State (I + II)	835.45	923.57	1008.92
IV.	Percentage of (I to III)	8	8	8

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 17 per cent of State's own revenue receipts during the year 1999-2000. Details of tax revenue for the year 1999-2000 and those of the preceding two years are given below :-

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of Increase (+) / Decrease (-) with reference to 1998-99
(Rupees in lakh)					
1.	State Excise	555.69	757.59	1007.90	(+) 33
2.	Taxes on Vehicles	97.23	101.49	111.72	(+) 10
3.	Land Revenue	197.89	132.73	135.66	(+) 2
4.	Other Taxes and Duties on Commodities and Services	58.11	58.93	52.52	(-) 11
5.	Sales Tax	31.55	28.07	35.03	(+) 25
6.	Stamps and Registration fees	41.96	49.88	44.79	(-) 10
7.	Taxes and Duties on Electricity	0.25	0.02	0.004	(-) 80
Total :		982.68	1128.71	1387.624	(+) 23

The reasons for variations, though called for (September 2000) from the Government, have not been received (December 2000).

(c) Non-tax revenue of the State

Details of the non-tax revenue receipts under the principal heads of revenue for the year 1999-2000 and the preceding two years are given below :-

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of Increase (+) / Decrease (-) with reference to 1998-99
(Rupees in lakh)					
1.	Forestry and Wild Life	759.34	1288.89	1623.28	(+) 26
2.	Power	648.88	1240.20	707.83	(-) 43
3.	Miscellaneous General Services	25.42	659.91	402.05	(-) 39
4.	Interest Receipts	523.98	609.64	422.75	(-) 31
5.	Road Transport	530.54	545.34	607.00	(+) 11
6.	Public Works	209.56	124.89	176.41	(+) 41
7.	Others	1633.91	1128.28	1320.82	(+) 17

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of Increase(+)/ Decrease (-) with reference to 1998-99
(Rupees in lakh)					
8.	Other Administrative Services	807.45	169.27	661.59	(+) 291
9.	Non-Ferrous Mining and Metallurgical Industries	189.45	320.07	432.17	(+) 35
10.	Animal Husbandry	124.76	94.33	92.94	(-) 1
11.	Crop Husbandry	158.90	140.98	162.12	(+) 15
12.	Village and Small Industries	51.35	55.53	36.60	(-) 34
13.	Education, Sports, Art and Culture	63.11	76.61	55.80	(-) 27
Total :		5726.65	6453.94	6701.26	(+) 4

The reasons for variation though called for (September 2000) from the Government, have not been received (December 2000).

6.3 Follow up on Audit Report – Summarised position

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Shakder Committee, appointed to review the response of the State Government to Audit Reports, had recommended (March 1993), inter alia that the concerned departments of the State Government should (i) without waiting for the receipt of any notice or call from the Public Accounts Committee (PAC), submit suo-motu explanatory notes on all paragraphs and reviews featuring in the Audit Reports within 3 months and (ii) submit Action Taken Notes (ATN) in respect of recommendations of the PAC within the dates as stipulated by the PAC or within a period of **six months** whichever is earlier.

While accepting the recommendations (1996), the Government specified the time frame of 3 months for submission of suo-motu replies by the concerned departments. But the time limit for submission of ATN is yet to be fixed.

Review of outstanding ATNs as of 31 August 2000 on paragraphs included in the Reports of the Comptroller and Auditor General of India revealed that :-

- i) The departments of the State Government had not submitted suo-motu explanatory notes on 37 paragraphs of Audit Reports for the years 1987-88 to 1998-99 in respect of revenue receipts, the details are given below :-

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of Paragraphs/reviews included in the Audit Report (excluding standard paragraph)		Number of Paragraphs/reviews on which suo-motu replies are awaited		Total (5+6)
		Para-graphs	Reviews	Para-graphs	Reviews	
1	2	3	4	5	6	7
1987-88	18.03.1992	6	-	3	-	3
1988-89	02.12.1992	4	-	4	-	4
1989-90	18.03.1993	3	-	1	-	1
1992-93	27.03.1995	3	-	3	-	3
1993-94	27.06.1995	1	-	1	-	1
1994-95	27.03.1996	2	-	2	-	2
1995-96	05.02.1998	7	-	1	-	1
1996-97	09.11.1998	6	1	5	1	6
1997-98	23.07.1999	5	-	5	-	5
1998-99	24.07.2000	8	1	8	1	9
Total		45	2	33	2	35

ii) The departments failed to submit any ATN out of a total number of 20 paragraphs pertaining to Revenue Receipts for the years from 1983-84 to 1985-86 on which the recommendations were made by PAC in its Reports (23rd, 25th, 32nd and 33rd) presented before the State Legislature between September 1993 and June 1995. The details are given below :-

Year of Audit Report	Number of paragraphs on which recommendations were made by PAC but ATNs are awaited	Particulars of Paragraphs	Number of PAC Report in which recommendations were made
1983-84	8	6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11	1
1984-85	7	6.4, 6.5, 6.6, 6.7, 6.8, 6.10, 6.11	1
1985-86	5	6.4, 6.5, 6.6, 6.7, 6.8	1
Total	20		3

6.4 Response of the departments to Draft Paragraphs

The draft paragraphs are forwarded by the Accountant General (Audit) to the Secretaries of the concerned departments through Demi official letters

drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments are invariably indicated at the end of each such paragraph included in the Audit Report.

10 Draft paragraphs and 1 Review pertaining to Revenue Receipts, proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000, Government of Arunachal Pradesh, were forwarded to the Secretaries of the respective departments during April-June 2000 through Demi official letters.

The Secretaries of the departments did not send replies to 6 paras and 1 Review in compliance to the request of Audit. These paragraphs/Review are being included in this Report without the response of the Secretaries of the departments.

SECTION – A - REVIEW

TRANSPORT DEPARTMENT

6.5 Receipts under Taxes on Motor Vehicle

Highlights

Failure to review the Combined Register of vehicles led to unauthorised use of 1192 transport vehicles without payment of tax of Rs.189.40 lakh and penalty of Rs.47.35 lakh.

(Paragraph 6.5.5(i))

Failure to renew certificate of fitness in respect of 933 transport vehicles led to non-realisation of inspection fee of Rs.9.93 lakh.

(Paragraph 6.5.5 (ii))

Application of incorrect rate resulted in short levy of fine of Rs.10.98 lakh.

(Paragraph 6.5.5 (iii))

Failure to levy and collect annual authorisation fee from 155 National Permit holders and application fee in 185 cases led to short/non-levy of fee Rs.2.55 lakh and Rs.0.93 lakh respectively.

(Paragraph 6.5.5 (iv))

No system existed in the Department for monitoring receipt, issue and disposal of Bank Drafts and consequently revenue of Rs.3.54 lakh remained undeposited into Government account till November 1999.

(Paragraph 6.5.5 (v))

6.5.1 Introduction

The condition for plying of Motor Vehicles and levy and collection of taxes thereon are governed by the provisions of the Motor Vehicles (MV) Act, 1988, Arunachal Pradesh Motor Vehicles Taxation (APMVT) Act, 1984, and the

Rules made thereunder (Arunachal Pradesh Motor Vehicles Rules 1991) as amended from time to time. The Acts empower the Transport Department to levy and collect road tax, registration fee, inspection fee, conversion fee, composite fee, permit fee etc.

6.5.2 Organisational set-up

Prior to February 1997, the function of the Director of Transport were carried out by General Manager, State Transport Department. However, in February 1997, a new Directorate of Transport was created and the Director of Transport (DT) was posted since then with his headquarter at Naharlagun. The Director of Transport is the head of Department who is assisted by one Assistant Director at headquarters. At the field level, he is assisted by three District Transport Officers (DTOs) stationed at Itanagar, Khonsa and Pasighat. In other districts, function of the District Transport Officer is carried out by Circle Officer/Extra Assistant Commissioner, in ex-officio capacity under the concerned Deputy Commissioner.

Function of the Chairman and the Secretary of the State Transport Authority (STA) is carried out by the Secretary and the Under Secretary to the Government of Arunachal Pradesh (Transport Department) respectively. In his capacity as Chairman of the STA, the Secretary (Transport Department) is responsible for the grant and realisation of fee of national permit, tourist permit, stage carriage permit and contract carriage permit as specified in the Motor Vehicle Act and Rules framed thereunder.

6.5.3 Scope of audit

A review on receipts under Motor Vehicles Taxes was conducted covering the period from 1994-95 to 1998-99 with a view to examine the effectiveness and adequacy of rules and procedures, assessment and collection of taxes, fees and fines due thereof. For this purpose, records of eight* (out of fifteen) unit offices, were test checked between October and December 1999.

6.5.4 Trend of revenue

Taxes on Motor Vehicles are one of the major sources of tax revenue of the Government of Arunachal Pradesh. Targets and achievements for the years 1994-95 to 1998-99 were as under :-

* (1) Director of Transport, Naharlagun (2) Secretary, State Transport Authority, Itanagar (3) District Transport Officer (DTO), Itanagar (4) Deputy Commissioner (DC) incharge Motor Vehicles Taxes (MVT), Ziro (5) Deputy Commissioner (DC) incharge Motor Vehicles Taxes (MVT), Along (6) District Transport Officer, Pasighat (7) Deputy Commissioner (DC) incharge Motor Vehicles Taxes (MVT), Tezu (8) Deputy Commissioner (DC) incharge Motor Vehicles Taxes (MVT), Roing

(Rupees in lakh)

Year	Targets	Actuals	Variation between target and actuals Excess (+) Shortfall (-)
1994-95	Not fixed	81.14	-
1995-96	100	99.10	(-) 0.90
1996-97	120	108.90	(-) 11.90
1997-98	120	97.23	(-) 22.97
1998-99	130	101.49	(-) 28.51

The reason for non-fixation of target in the year 1994-95 was, however, not on record. The basis for fixation of targets could not be furnished by the department though called for (August, October 1999 and August 2000). The department stated (November 1999) that shortfall in actuals during the years 1996-97 to 1998-99 was due to withdrawal of most of the trucks from the State owing to ban on timber operation imposed by the Honourable Supreme Court.

6.5.5 Growth of registration of vehicles

The position of the number and types of vehicles registered in the State during 1994-95 to 1998-99 was as under :-

Year	Types of vehicles and number registered during the year								Total No. of vehicles at the end of the year	Percentage of increase of registered vehicles over preceding year
	No. of vehicles at the beginning of the year	Trucks	Buses	Cars (Jeep, Gypsy & Van)	Three Wheelers	Two Wheelers	Tractor	Trailer/Other		
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1994-95	5415	775	140	660	84	1825	40	74	9013	N.A
1995-96	9013	768	222	880	188	2423	36	86	13616	51
1996-97	13616	368	86	1466	1175	2134	58	30	18933	39
1997-98	19833	27	10	204	33	359	9	9	19584	3
1998-99	19584	68	6	308	86	596	14	8	20670	6

There has been a progressive increase in the number of vehicles registered from 1994-95 to 1998-99. Despite increase in the number of registered vehicles, there was constant shortfall in actual collection of revenue particularly during 1995-96, 1996-97, 1997-98 and 1998-99 due to the failure in monitoring the collection of revenue. A few illustrative cases are highlighted in the succeeding paragraphs.

(i) Unauthorised use of Motor Vehicles without payment of tax

The Arunachal Pradesh Motor Vehicles Taxation Act, 1984, provides that a tax at prescribed rate shall be levied and collected annually /quarterly/monthly, as the case may be, on all motor vehicles used or kept for use in the State unless the owner of such vehicle is exempt from tax by granting certificate to the effect that the vehicle shall not be used in any public place and the registration certificate is surrendered. The Act further provides that in the event of failure to pay the tax due by any owner of vehicle, the Taxation officer shall, in addition to the tax payable, levy and recover a penalty not exceeding one fourth of the annual tax.

1192 vehicle owners defaulted in payment of tax of Rs.189.40 lakh for which a maximum penalty of Rs.47.35 lakh was leviable, but was not levied

Test check of records of the six* out of thirteen unit offices revealed (October to December 1999) that 1192 owners of heavy transport vehicles neither paid the prescribed annual tax of Rs.189.40 lakh for different periods falling between January 1979 and October 1999 nor obtained any certificate by surrendering their registration certificates to the effect that these vehicles would not be used in any public place of the State during the corresponding period. Maximum penalty of Rs.47.35 lakh for failure to pay tax, was not levied.

Despite failure to pay tax by the owners of the vehicles, no action was initiated at any level of the department till date (December 1999) to review the combined registers of vehicles and to assess the tax and to issue demand notices for recovery of tax except in 48 cases (out of 1192 cases) where demand notices were issued (April 1998 and August 1999) by the DTOs of Pasighat and Itanagar but it evoked no response. Thus failure on the part of the department to initiate any action resulted in unauthorised use of 1192 transport vehicles without payment of tax. None of these cases were referred to the concerned Deputy Commissioners for effecting recovery of dues till the date of audit (December 1999).

(ii) Non-realisation of inspection fee

Under the provision of the Motor Vehicles Act, 1988 and the Rules framed thereunder, a certificate of fitness granted on realisation of the prescribed inspection fee shall remain valid for a period of two years from the date of registration in case of a new transport vehicle and thereafter certificate of fitness shall be renewed annually on realisation of the prescribed fee.

Failure to renew fitness certificates in respect of 933 transport vehicles led to non-realisation of inspection fee of Rs.9.93 lakh

Test check of records of six** unit offices revealed (November-December 1999) that certificates of fitness in respect of 933 heavy transport vehicles were neither renewed after expiry of the validity periods nor the prescribed annual inspection fee of Rs.9.93 lakh realised for the different periods falling between October 1988 and October 1999. The department also did not initiate any action for renewal of certificate of fitness in respect of these vehicles for

* Along, Itanagar, Pasighat, Roing, Tezu and Ziro.

** Along, Itanagar, Pasighat, Roing, Tezu and Ziro.

the corresponding period despite deployment of Enforcement Inspectors. Thus, failure on the part of the department as well as Enforcement wing to initiate any action in this regard resulted in non-realisation of inspection fee of Rs.9.93 lakh.

(iii) Short levy of fine

Under the provision of the Motor Vehicle Act, 1988, a fine of Rs.1000 shall be levied for first offence on any person who drives or causes or allows to be driven in any public place a motor vehicle in violation of the standard prescribed for road safety, control of noise and air pollution. However, the amount of fine shall be Rs.2000 for commitment of any subsequent such offence. The Act further provides for levy of a minimum fine of Rs.2000 for the first offence on any person who drives or causes or allows to be driven a motor vehicle without valid registration certificate or without valid permit, or drives a motor vehicle carrying load in excess of the permissible registered weight. However, the minimum fine for any subsequent offence shall be Rs.5000.

A. A test check of records of the Motor Vehicle Taxation Officers of Itanagar, Ziro and Pasighat revealed (November-December 1999) that 224 persons allowed or caused their vehicles to be driven in public places either in violation of the standards prescribed for pollution control and noise control or without valid registration certificates and permits, on different dates falling between September 1993 and October 1999, for which a fine of Rs.0.91 lakh, against the minimum fine of Rs.3.81 lakh was levied and collected during the corresponding periods. This resulted in short levy of fine of Rs.2.90 lakh.

B. Similarly, a cross check of records of the Superintendent of Police, Along and Pasighat revealed (November 1999) that 493 owners of vehicles allowed or caused their vehicles to be driven in public places either in violation of the standard prescribed for pollution control or without valid permits and registration certificates or carried load in excess of the permissible registered weight, on different dates falling between August 1993 and August 1999, for which the traffic Police of Pasighat, Boleng, Ruskin and Along collected fine of Rs.0.79 lakh against the minimum fine of Rs.8.87 lakh during the corresponding periods. This resulted in short levy of fine of Rs.8.08 lakh.

Non-imposition of minimum fine, as prescribed in the Motor Vehicles Act, led to short realisation of fine of Rs.8.08 lakh in respect of 493 vehicle owners

(iv) Short/Non-levy of authorisation fee/application fee

The Government of Arunachal Pradesh in their notification of July 1991 fixed the authorisation fee of Rs.500 per annum for grant of a National Permit to the owner of Home State Vehicle. Further, the Arunachal Pradesh Motor Vehicles Rules 1991, provides that application fee of Rs.500 per application for grant of National Permit to the owner of Home State goods carriage vehicle shall be realised.

Test check of records of the State Transport Authority, Arunachal Pradesh, Itanagar revealed (November 1999) that 155 National Permits were granted (between September 1992 and October 1997) with validity periods falling between August 1997 and October 1999. However, for grant of authorisation for the corresponding periods authorisation fee of Rs.1.14 lakh was realised against Rs.3.69 lakh. This resulted in short realisation of authorisation fee of Rs.2.55 lakh.

It was also noticed (November 1999) in audit from the records of the same unit office that 185 National Permits were granted (between April 1992 and March 1999) to the owners of Home State goods carriage vehicles. However the application fee was not realised till the date of audit (November 1999). This resulted in non-realisation of application fee of Rs.0.93 lakh.

(v) Non-accounting of receipt, issue and disposal of Bank Drafts

Under the Central Treasury Rules, all demand drafts, as and when received, should be entered in a Register of Valuables which is required to be maintained in the prescribed form and their disposal is to be watched regularly.

Test check of records of the State Transport Authority, Arunachal Pradesh, Itanagar, revealed (October-November 1999) that the register of valuables for recording the particulars of Bank Drafts received towards composite fee, authorisation fee etc., was not maintained to watch receipt and disposal of the same.

As a result, the information regarding actual number of Bank Drafts received, number of Bank draft returned to issuing Banks/State Transport Authority for revalidation/correction, number of Bank Drafts deposited into the Bank for credit into the Government account and the number of Bank Drafts in hand as on 31 October 1999 were not available.

It was however, noticed (October-November 1999) in audit that 189 Bank Drafts of different dates between April 1987 and April 1998 for Rs.3.54 lakh were returned (between April 1994 and March 1999) to different issuing Banks/State Transport Authorities for revalidation/correction. But there was no record to show that these Bank Drafts were received back and subsequently deposited into the Government account. Thus, the entire amount of Rs.3.54 lakh remained out of Government account till the date of audit (November 1999).

(vi) Non-maintenance of proper records to watch recovery of composite fee due from other States

In order to keep a watch over the demand, recovery, computation of arrears, the composite fee actually received and the follow up action for realisation of

composite fee due from other States in respect of motor vehicles covered by National Permits, it is incumbent upon the department to have complete details of all the permits issued from time to time by other States for operating the vehicles in the State of Arunachal Pradesh. The information regarding the national permits issued by other States for plying of vehicles in Arunachal Pradesh were not available with the State Transport Authority. In the absence of these basic information, the composite fee due from other States, but not received, could neither be determined nor any action could be taken for its recovery by the State Transport Authority.

(vii) Non-reconciliation of revenue figures

Under the Central Treasury Rules (as applicable to Arunachal Pradesh) where the head of the office is making any remittance of revenue, he should, as soon as possible, after the end of the month, obtain from the Treasury a consolidated receipt of all remittance made during the month, and verify the same with the entries made in the Remittance Register /Cash Book for ascertaining the correctness of deposit into the Government account.

Test check of records of the State Transport Authority, Arunachal Pradesh, Itanagar, revealed (November 1999) that 3399 Bank Drafts for Rs.39.51 lakh were deposited into the Treasury for credit into the Government account during April 1994 to March 1999 as per the entries in Bank Draft Deposit Registers. But the entries made in these Registers were neither reconciled with that of the Treasury figures nor the copies of Treasury Receipt Schedule of remittance obtained during the entire period covered by this review.

Similarly, it was noticed (October to December 1999) from the records of six* Taxation offices that none of them reconciled the figures of revenue deposited through Treasury challans for credit into the Government account with those of the treasury during the entire period covered by this review.

Such lapse on the part of the department in reconciliation of departmental receipts with the treasury receipts may lead to misclassification/ misappropriation of Government revenue. On this being pointed out (November 1999) by audit the department stated (December 1999) that due to non-receipt of treasury receipt schedule, reconciliation with treasury figure could not be done.

6.5.6 Internal Audit

It was noticed that the Department had no Internal Audit Wing. As such, no checks were being exercised on effective application and administration of the

* Along, Itanagar, Pasighat, Roing, Tezu and Ziro.

Acts and Rules and related administrative instructions in order to enhance the collection of revenue under Motor Vehicles Tax, etc.

6.5.7 Monitoring and evaluation

The Government of Arunachal Pradesh, Transport Department, did not formulate any system for monitoring and evaluation of the performance of the Department particularly in respect of assessment, raising of demand and collection of tax, fees and fines. Further, no check-gate of Transport Department has so far been created at any entry and exit point of inter-state boundary of the State for monitoring the movement of incoming and outgoing vehicles. As such, there was no internal control system existing in the Transport Department to exercise check on the movement of incoming and outgoing vehicles.

The foregoing points were reported (January 2000) to the Department and the Government, their replies have not been received (December 2000) despite reminder.

SECTION – B – PARAGRAPHS

EXCISE DEPARTMENT

6.6 Loss of revenue

Under the provision of the Arunachal Pradesh Excise Act, 1993 a retail licence shall be cancelled if the prescribed annual licence fee payable by the licensee has not been paid within the prescribed date. Further, the Arunachal Pradesh, Excise Rule 1994 provides that a licensee shall return his licence to the authority who granted the licence after expiry of the validity period of licence.

A test check of records of the Superintendent of Excise, Pasighat, revealed (March 2000) that seven retail licences were cancelled on 3 February and 24 December 1999 without realising the prescribed annual renewal fee of Rs.6.11 lakh payable by these licensees from the date of expiry (on different dates falling between October 1995 and June 1998) of their respective licences upto the date of cancellation (February and December 1999). However, prior to this cancellation, the department did not ascertain whether these licenced premises were closed during the corresponding period. These licensees also, neither returned their licences nor they intimated about the closure of their licenced premises even after lapse ranging from 261 days to 1212 days from the date of expiry of their respective licences. Thus, incorrect cancellation of licences resulted in loss of revenue of Rs.6.11 lakh.

On this being pointed out (April and May 2000) by audit, the department stated (June 2000) that these licences were cancelled without realising licence fee as these retail premises were closed from the date of expiry of validity period of their licences. The reply is not tenable since there was no record to show that these licenced premises were closed after expiry of validity period of these licences. Besides, the departmental cancellation orders of February and December 1999 indicated that these licenced premises were not closed during the corresponding period.

The case was reported (April, May and June 2000) to the Government; their reply has not been received (December 2000).

6.7 Non-payment of excise duty

The Arunachal Pradesh Excise Rules, 1994 provides that the excisable articles viz., IMFL etc., shall not be allowed to be removed from the distillery or excise warehouse before making payment of excise duty on such goods unless the movement of such goods was occasioned by way of bond transfer.

Test check of records of the Commissioner of Excise, Arunachal Pradesh, revealed (November 1999) that an Excise Officer of a bonded warehouse permitted a wholesale vendor to lift 6948 cases of IMFL from that bonded warehouse during the period from 18 November 1998 to 16 February 1999 without payment of excise duty/without executing any bond for lifting of such goods. This resulted in unauthorised lifting of IMFL without payment of excise duty of Rs.3.80 lakh.

On this being pointed out in audit (February 2000), the Department stated (May 2000) that the matter was taken up with the Excise Officer concerned and the action taken in this regard would be intimated soon. However, further reply has not been received (July 2000).

The case was reported to the Department and the Government (February and May 2000); their replies have not been received (December 2000).

FOREST DEPARTMENT**6.8 Loss of revenue due to deterioration of seized logs**

According to the instructions issued by the Government of Arunachal Pradesh in April 1985, seized timber should be removed to the nearest Administrative or Range Offices with the help of local administration for their safe custody. Timber of soft wood species, such as Hallong etc., lose their commercial value after three months from the date of felling due to infections and adverse effect of weather. As such protection of such timber from vagaries of weather and damage, is also the primary responsibility of the Department. Therefore, such timber need expeditious disposal.

Test check of records of Khonsa Forest Division revealed (May 1999) that out of 1404.9818 cum of timber of soft wood species seized on different dates falling between April 1997 and January 1998, timber measuring 438.5477 cum having royalty value of Rs.34.63 lakh was neither brought to the safe custody nor was any action initiated for expeditious disposal through tenders. However, as the aforesaid timber was of soft wood species, it lost its value due to exposure to the vagaries of weather for which the Division proposed (March

1999) for writing off the value thereof. Thus, inaction as aforesaid on the part of the Division led to loss of revenue of Rs.34.63 lakh.

On this being pointed out in audit (June 1999), the department stated (September 1999 and January 2000) that due to non-receipt of financial assistance, as sought for (August 1997 and April 1998), the logs could not be transported/dragged to a safer place to prevent deterioration. The Government however, stated (July 2000) that these seized logs were brought to a safer place. But the contention of the Government was not correct as these seized logs were not brought to a safer place for want of necessary fund from the Government. Therefore failure on the part of the Government to release necessary fund to facilitate early transportation of these logs to safer place led to loss of revenue of Rs.34.63 lakh.

6.9 Loss of revenue

The Government of Arunachal Pradesh in their notification of January 1997 has fixed the royalty on 'Oleo resin' (a minor forest produce) at Rs.15 per blaze and monopoly fee leviable at the rate of 35 per cent on royalty value of such minor forest produce in all ranges under Bomdila Forest Division with effect from 2 November 1996.

Test check of records of the Bomdila Forest Division revealed (September 1999) that royalty of Rs.80.09 lakh was realised during April 1997 to March 1999 for collection of 'Oleo resin' of 5.34 lakh blazes. But monopoly fee of Rs.28.03 lakh at the rate of 35 per cent on the aforesaid royalty was not recovered. This resulted in loss of revenue of Rs.28.03 lakh.

On this being pointed out (November 1999 and May 2000) by audit, the Government stated (July 2000) that monopoly fee was not charged on 'blazes' as these were methods of producing resin. But the reply was not tenable since the audit observation was raised for non-recovery of monopoly fee on 'Oleo resin' a minor forest produce extracted from pine trees but not on the method of collection of 'Oleo resin' as stated by the Government.

6.10 Non-realisation/Blockage of Government revenue

Under the provision of Assam Forest Regulation, 1891 (as adopted by the Government of Arunachal Pradesh) and the rules made thereunder, transit passes for removal of forest produce shall be issued to the forest contractors only on realisation of prescribed royalty in advance.

Test check of records of the Principal Chief Conservator of Forests, Arunachal Pradesh, revealed (April 1998) that transit passes were issued on different dates falling between August 1985 and April 1998 by ten forest officials to private individuals for removal of different forest produces without realising

the advance royalty of Rs.37.30 lakh. Subsequently, the department without initiating any action to realise the aforesaid royalty, accounted the said amount as outstanding revenue against these ten officials, of whom seven officials had already retired (between August 1985 and July 1997). Thus, failure of the department to take timely action against the defaulters led to loss of Rs.25.76 lakh for which seven retired officials were responsible and non-realisation of balance amount of Rs.11.54 lakh from the remaining three officials.

On this being pointed out in audit the department stated (November 1998 and May 1999) that action had been initiated for realisation of the amount outstanding against the officials but report on realisation has not been received (December 2000).

The matter was reported (June, November 1998, May 1999 and May 2000) to the Government; their reply has not been received (December 2000).

6.11 Loss of revenue

The Government of Arunachal Pradesh instructed (June 1989) that the upset price of seized log is to be fixed by taking into account the schedule rate of royalty, additional royalty, prevalent rate of monopoly fee (on royalty plus additional royalty), departmental charges and actual or notional extraction cost upto the point of disposal irrespective of whether timber in question is from Reserve Forest or Unclassified State Forest. The departmental charges should be levied at the rate of Rs.15 per cft for all species except (i) Hallong (ii) Makai (iii) Tita Sopa and (iv) Gonsori where it would be Rs.30 per cft. Further, Government valuation/upset price assigned to a forest produce serves as reserve price.

Test check of records of the Khonsa and the Nampong Forest Divisions revealed (May and June 1999) that 117 and 93 seized logs of mixed species measuring 150.9127 cum and 68.0230 cum involving upset price of Rs.9.06 lakh and Rs.4.28 lakh were departmentally processed into veneer after incurring an expenditure of Rs.5.66 lakh and Rs.2.21 lakh towards transportation and peeling charges respectively during April 1998 to March 1999. Thus, the cost of production of veneer including the upset price of seized logs was Rs.21.21 lakh. However, the Division, during the corresponding period, sold the veneer at Rs.11.01 lakh against Rs.21.21 lakh. Thus, incorrect determination of sale value of veneer led to loss of revenue of Rs.10.20 lakh.

On this being pointed out (June, July 1999 and February 2000) in audit, the Government stated (July and November 2000) that the logs were departmentally processed into veneer and sold thereafter as per the order dated

15 January 1998 of the Hon'ble Supreme Court. But the reply was silent about the basis of fixing the sale value of veneer without taking into account the elements of upset price of seized logs.

Reply of the Government and the Department in respect of the Nampong Division has not been received (December 2000) despite reminders.

POWER DEPARTMENT

6.12 Misappropriation of revenue

Central Treasury Rules Vol - I lays down that all money received or tendered to any Government Officer on account of revenue shall without undue delay be deposited in full into the treasury and shall be included in the accounts of the Government.

A test check of records of the Sub-Divisional Officer, Ziro Electrical Sub-Division under Ziro Electrical Division, Ziro, revealed (November 1998) that collection of electricity charges of Rs.3.56 lakh made during the period from 25 March 1998 to 26 May 1998 was neither accounted for in the cash book nor deposited into the Treasury/Bank till the date of audit (November 1998). Thus, the action on the part of the division to keep the entire amount of Rs.3.56 lakh out of Government account for a period ranging from six to eight months amounted to misappropriation of revenue of Rs.3.56 lakh.

On this being pointed out (February 1999) in audit, the department and the Government stated (December 1999 and May 2000) that an amount of Rs.0.88 lakh was recovered (April 1999) and the erring officer was placed (November 1999) under suspension pending departmental enquiry. The report on further progress of the case and recovery of the balance amount of Rs.2.68 lakh has not been received (December 2000).

PUBLIC WORKS DEPARTMENT

6.13 Short realisation/loss of forest revenue

The Government of Arunachal Pradesh in their notification of January 1997 enhanced the rate of royalty of sand and stone from Rs.10.90 and Rs.21.20 per

cum to Rs.16.35 and Rs.31.95 per cum respectively with effect from 2 November 1996. In addition to royalty on sand and stone, monopoly fee ranging from 35 *per cent* to 65 *per cent* on royalty shall be charged.

Test check of records (October 1997 – December 1998) of Doimukh, Ziro and Daporijo Public Works Division revealed that the Divisions recovered/deducted Rs.6.05 lakh from the contractor's bills paid between January 1997 and March 1998 towards forest royalty and monopoly fee on 20419.181 cum of stone and 2270.688 cum of sand at the pre-revised rates instead of at the revised rates. This resulted in short realisation/loss of forest revenue of Rs.3.78 lakh.

On this being pointed out (January 1998 and March 1999) in audit, the department stated (July and August 1999) that short realisation of forest royalty was due to un-awareness of revised rates and the recovery as pointed out in the para was not feasible as they were petty local contractors and no longer working under these divisions. The contention of the department was not acceptable since notification enhancing the rate of royalty from 2 November 1996 was issued in January 1997 to all units of Public works Department for recovery of royalty as per revised rates.

The matter was reported to the Government (between January 1998 and March 1999); their reply has not been received (December 2000).

CHAPTER - VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 General

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement certain programmes of the State Government. The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, rural development, improvement of roads and other communication facilities under municipalities and local bodies.

During 1999-2000, financial assistance of Rs.13.84 crore was paid to various autonomous bodies and others broadly grouped as under :

Name of Institutions	Amount of assistance paid (Rupees in crore)
1. Universities and Educational Institution	9.65
2. Rural Activities	2.43
3. Panchayat Raj Institutions	1.18
4. Other institutions	0.58
Total: 13.84	

Financial assistance paid to these bodies during the year 1999-2000 constituted 1.65 per cent of the total revenue expenditure (Rs. 837.34 crore) of the Government for the year.

7.2 Utilisation Certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the

departmental officers from grantees and after verification, these should be forwarded to Accountant General within one year from the date of sanction unless specified otherwise.

Although the Finance Department, Government of Arunachal Pradesh was requested (September 2000) to furnish department wise position of utilisation certificates due and submitted during last 3 years, the required information is still awaited (October 2000).

7.3 Audit of financial assistance to local Bodies and others

Audit under Sections 14 and 15

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (as amended from time to time), receipts and expenditure of bodies and authorities substantially financed by grants/or loans from the consolidated fund of the state are audited by the Comptroller and Auditor General of India (CAG). A body or authority is deemed to have been substantially financed in a year if the aggregate of grants and loans received by it during the year (including unutilised balance of grants and loans of previous years) is not less than (a) Rs. 25 lakh representing 75 per cent of the total expenditure of that body or authority and (b) Rs. 1.00 crore.

Section 15 of the Act *ibid* requires that where any grants/loans are given to any body or authority for specific purposes from the consolidated fund, the CAG shall scrutinise the procedure by which the sanctioning authority has satisfied itself as to the fulfillment of the conditions subject to which such grants and loans are given.

In order to identify the institutions which attract audit under section 14/15 of the Act *ibid*, Governments/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

Despite requests (September 2000), the Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 1997-2000 by different administrative departments. As a result, neither a complete list of bodies/authorities to be audited under section 14 of the Act *ibid*, could be drawn up nor could the amount of assistance given to various bodies during these years be ascertained (October 2000).

However, as per information collected by audit in earlier years, out of 13 bodies/authorities, whose accounts for 1998-99 were received, these bodies/authorities attracted audit under section 14 of the Act, *ibid*. The status of submission of accounts by these bodies and completion of their audit as of September 2000 are as follows :

According to provision in the manual for Integrated Rural Development Programme (IRDP), the District Rural Development Agencies (DRDA) are required to submit their certified accounts to audit by 30 September each year. One DRDA did not submit the accounts for 6 years (1993-94 to 1999-2000) while another DRDA did not submit accounts for 5 years (1994-95 to 1999-2000). Similarly, 2 other DRDAs did not submit accounts for 4 years (1995-96 to 1999-2000), 1 DRDA did not submit accounts for 3 years (1997-98 to 1999-2000), 2 DRDAs did not submit accounts for 2 years (1998-99 to 1999-2000) and 4 DRDAs did not submit accounts for 1 year (1999-2000). As such, the amount of financial assistance received by 11 DRDAs from the State/Central Government during the period from 1993-94 to 1999-2000 and utilisation thereof could not be ascertained (December 2000).

7.4 Audit under Section 20(i)

The status of submission of accounts by autonomous bodies covered under Section 20 (i) of the CAG's (DPC) Act, 1971 (as amended from time to time) and submission of Audit Reports to the Parliament as of September 1999 is given below :-

Name of Body	Year upto which accounts due	Year upto which accounts submitted	Year upto which Audit report issued	Year upto which Audit report placed before parliament
(1)	(2)	(3)	(4)	(5)
*North Eastern Regional Institute of Science and Technology (NERIST), Nirjuli	1999-2000	1999-2000	1998-99 and SAR for 1999-2000 is under finalisation	upto 1995-96 (Information regarding placement of Report for the years 1996-97 to 1998-99 is awaited from the Ministry)

7.5 Audit arrangement by Government

In order to ensure correct accounting and proper utilisation of financial assistance, the State Government was to arrange Primary audit of the accounts of local bodies and authorities.

Although the Finance Department was requested (September 2000), the required information about audit arrangement made for primary audit of these local bodies and authorities is awaited (October 2000).

The above matters were reported to Government (October 2000), their reply had not been received (December 2000).

* *Audit of Institution has been entrusted to Comptroller & Auditor General of India from 1997-98 to 2001-2002.*

CHAPTER - VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8.1 Introduction

As on 31 March 2000, there were five Government companies (including two subsidiaries) and two Departmentally managed Government Commercial Undertakings as against the same number of companies including two subsidiaries and Departmentally managed Government Commercial undertakings as on 31 March 1999 under the control of the State Government. The accounts of the Government companies (as defined in section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by Government of India on the advice of the Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of the Companies Act 1956. The accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956.

The accounts of Departmentally managed Government Commercial undertakings are audited solely by CAG under section 13 of CAG's (Duties, Powers and Conditions of Service) Act 1971.

8.2 Investment in Government Companies

8.2.1 As on 31 March 2000, the total investment in five Government companies (including two subsidiaries) was Rs.13.64 crore (equity : Rs.8.68 crore; long term loans : Rs.4.96 crore) against a total investment of Rs.19.23 crore (equity : Rs.8.28 crore; long term loan : Rs.10.73 crore and share application money: Rs. 0.22 crore) as on 31 March 1999.

The classification of the Government companies was as under :

Status of companies	Number of Companies	Investment (Rupees in crore)		Reference to Sl.No. of Appendix - XXXIV	Number of companies referred to BIFR
		Paid-up capital	Long-term loans		
(a) Working companies	3 (3)	8.25 (8.08)	3.37 (9.14)	1,2 & 5	-
(b) Non working companies under closure	2 (2)	0.43 (0.42)	1.59 (1.59)	3 & 4	Nil
Total :	5 (5)	8.68 (8.50)	4.96 (10.73)		

(Figures in bracket are for the previous year)

As two companies were non-working and under process of closure under Section 560 of the Companies Act, 1956, for 5 to 6 years and substantial investment of Rs.2.02 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival.

The summarised financial results of Government companies are detailed in Appendix - XXXV. The debt equity ratio decreased from 1.26:1 in 1998-99 to 0.57:1 in 1999-2000 (Appendix XXXIV). Due to significant decrease of long term loan of Arunachal Pradesh Industrial Development Corporation Ltd. from Rs.9.10 crore in 1998-99 to Rs. 2.24 crore in 1999-2000.

As on 31 March 2000, of total investment in Government companies, 63.64 per cent comprised equity capital and 36.36 per cent comprised loans compared to 44.20 per cent and 55.80 per cent respectively as on 31 March 1999.

8.2.2 Budgetary outgo, subsidies, guarantees and waiver of dues

The budgetary outgo from State Government to the Government companies for the three years upto 1999-2000 in the form of equity capital is given below :

Particulars	1997-98		1998-99		1999-2000	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
1. Share Capital	1	0.20	1	0.22	1	0.18
2. Subsidy	-	-	-	-	-	-
3. Scheme/Projects/ Programmes	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total outgo	1	0.20	1	0.22	1	0.18

During the year 1999-2000, the Government had guaranteed the loans aggregating Rs.3.99 crore obtained by two Government companies*. At the end of the year guarantees amounting to Rs.1.52 crore against two Government companies were outstanding.

8.2.3 Finalisation of accounts by PSUs

The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under

* There is no condition for payment of guarantee fee to Government on loan raised by the companies against Government guarantees.

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

However, as would be seen from Appendix-XXXV, none of the five Government companies had finalised their accounts for the year 1999-2000 within the stipulated period. The accounts of all these five Government companies (including two subsidiaries) were in arrears for periods ranging from 4 to 18 years as on 30 September 2000 as detailed below :

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of Government companies	Reference to serial No. of Appendix - XXXV
1.	1996-97 to 1999-2000	04	01	1
2.	1995-96 to 1999-2000	05	01	5
3.	1993-94 to 1999-2000	07	01	2
4.	1990-91 to 1999-2000	10	01	3
5.	1982-83 to 1999-2000	18	01	4

Of the above five Government companies, whose accounts were in arrears, two Government companies were non-working (Sl. Nos. 3 and 4 of Appendix-XXXV).

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the investments made in these PSUs could not be assessed in audit.

8.2.4 Working results of Government companies

According to latest finalised accounts of three Government companies, two companies (Sl.No.1 and 2 of Appendix-XXXV) had incurred loss aggregating Rs.0.14 crore and the remaining one company (Sl.No. 5 of Appendix-XXXV) earned a profit of Rs. 7.49 crore. One company (Sl.No.1 of Appendix-XXXV) had incurred accumulated loss of Rs.3.01 crore which exceeded paid up capital of Rs.1.33 crore.

The summarised financial results of Government companies as per latest financial accounts are given in Appendix-XXXV.

8.2.5 Return on Capital Employed

As per latest finalised accounts (upto September 2000), the capital employed* worked out to Rs.22.12 crore in 3 companies and total return⁺ thereon amounted to Rs.8.64 crore which is 39.04 per cent as compared to total return of Rs.8.47 crore (40.62 per cent) on capital employed of Rs.20.85 crore in the previous year accounts finalised upto September 1999. The details of capital employed and total return on capital employed in case of Government companies are given in **Appendix-XXXV**.

8.2.6 Result of audit by Comptroller and Auditor General of India

During the period from October 1999 to September 2000, the audit of accounts of one company viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited for 1994-99 was selected for review. The net impact of the important audit observation as a result of review was that the net profit (Rs.0.55 crore) was overstated by Rs.0.20 crore.

Another major error/omission noticed in the course of review of annual accounts of the above company for 1994-95 was that against a provision of Rs.44.98 lakh for doubtful and loss assets required to be made as per guidelines of Industrial Development Bank of India, only Rs.24.55 lakh has been provided in the accounts. This has resulted in overstatement of 'net profit' as well as 'loans and advances' each by Rs. 20.43 lakh (Rs. 44.98 lakh – Rs. 24.55 lakh).

8.2.7 Position of discussion of Commercial Chapter of Audit Report by the Committee on Public Undertakings

The reviews/paragraphs of Commercial Chapter of Audit Reports pending discussion as on 31 March 2000 by the Committee on Public Undertakings (COPU) are shown below:

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

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

Period of Audit Reports	Total number reviews/paragraphs appeared in the Audit Report		Total number of reviews/para- graphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1987-88	2	2	2	2
1988-89	-	3	-	1
1989-90	-	1	-	1
1990-91	1	1	1	1
1991-92	-	4	-	1
1992-93	1	1	1	-
1993-94	1	3	-	-
1994-95	-	5	-	5
1995-96	-	2	-	2
1996-97	-	5	-	5
1997-98	-	4	-	2
1998-99	1	4	1	4

No recommendation has yet been made by COPU.

8.3 Departmentally managed Government Commercial and Quasi-Commercial undertakings

8.3.1 Though the State Transport Services and the State Trading scheme of Transport and Supply Directorate are commercial in nature and are functioning as such, these have not so far been declared as commercial organisations by the Government (September 2000).

8.3.2 The proforma accounts of the State Transport Services have been prepared upto the year 1996-97 and as per latest accounts, the accumulated losses since inception of transport services from 1975 to 1996-97 amounted to Rs. 47.01 crore against Capital of Rs.51.81 crore constituting an erosion of 90.74 per cent of investment.

The financial position, working results and operational performance of the State Transport Services as per latest finalised accounts are given in Paragraphs 8.3.2 and 8.4.4 of the Report of the Comptroller and Auditor General of India for the year 1997-98.

8.3.3 The proforma accounts of State Trading scheme have been prepared upto the year 1996-97 and as per the latest accounts, the accumulated losses since inception of the scheme from 1955-56 to 1996-97 amounted to Rs.16.33 crore against Capital of Rs. 3.88 crore.

The working results of State Trading scheme for the three years upto 31.03.1997 are summarised below:

		1994-95	1995-96	1996-97
(Rupees in lakh)				
A.	Income			
(a)	Sales	392.77	401.87	402.87
(b)	Increase(+)/decrease(-) of stock	(-) 53.64	(-) 11.52	(+) 38.96
	Total 'A'	339.13	390.35	441.83
B.	Trading Expenses:			
(a)	Purchases	286.56	375.58	304.96
(b)	Packing materials	14.14	37.98	49.89
(c)	Establishment and contingent charges	144.91	154.18	154.47
(d)	Air dropping and godown losses	18.84	15.38	13.75
	Total - B	464.45	583.12	523.07
C.	Trading Profit (+)/ Loss (-) (A - B)	(-) 125.32	(-)192.77	(-) 81.24
	Non-trading expenses - interest on Capital and audit fee (Provisions)	28.53	34.73	27.87
	Net Profit (+)/Loss (-)	(-) 153.85	(-)227.50	(-) 109.11

With effect from September 1975, the selling price of each commodity was fixed by adding 30 per cent to the cost of procurement to cover the overhead charges. During the three years upto 1996-97, the actual overhead charges, however, worked out to a higher percentage as shown below:

		1994-95	1995-96	1996-97
(Rupees in lakh)				
1.	Overhead charges (items (b) and (c) of trading expenses)	159.05	192.16	204.36
2.	Cost of Procurement (opening stock plus purchases less closing stock)	340.20	387.10	266.00
3.	Percentage of overhead cost to cost of procurement	46.75	49.64	76.83

The reasons for higher percentage of overhead cost to cost of procurement was attributed to high incidence of establishment and contingent charges which alone constituted 42.59 per cent, 39.83 per cent and 58.07 per cent to cost of procurement during the three years respectively.

8.3.4 Power (Electricity) Department

The Department has not prepared proforma accounts pending constitution of State Electricity Board. The matter was taken with the Chief Secretary in May 2000. Reply of the Government was awaited (November 2000).

The operational performance of the Department for the last three years upto 1999-2000 are given in Appendix-XXXVI.

(i) The transmission and distribution losses were excessive ranging from 44.90 to 55.76 per cent as against the norms of 15.5 per cent fixed by the Central Electricity Authority (CEA).

(ii) The information with regard to load factor, number of sub-stations and number of pump sets/wells energised could not be made available by the Department.

SECTION – A - REVIEW

INDUSTRIES DEPARTMENT

8.4 Review on the working of Arunachal Pradesh Industrial Development and Financial Corporation Limited

Highlights

The Company was established in August 1978 with a view to promote and develop industries but confined its activities to only 7 out of 14 districts. Due to continuous losses, the capital had been totally eroded. Due to poor recovery of overdues on account of deficiencies in appraisal, ineffective recovery drives, etc., the overdues had mounted to Rs.5.88 crore. Besides this, the investments made in a joint venture Company and in subsidiaries yielded negative results and had also incurred losses on its own managed Units.

The accumulated loss at the end of 1998-99 stood at Rs.8.55 crore which had completely eroded the paid-up capital of Rs.1.63 crore.

(Paragraphs 8.4.6)

Short recovery from lending operation led to blockage of Company's fund of Rs.1.90 crore and actual loan disbursement during five years was Rs.2.19 crore against the target of Rs.3.37 crore.

(Paragraphs 8.4.7.1 and 8.4.7.2)

Due to poor recovery performance, the overdues amounted to Rs.5.88 crore at the end of 1999-2000 and Non Performing Assets increased to Rs.2.77 crore at the end of 1998-99. Due to this Company had to create a provision of Rs.1.52 crore for bad debts.

(Paragraphs 8.4.7.4 & 8.4.7.5)

Due to deficiencies in pre-sanction approval and post-sanction monitoring of loan, overdues amounting to Rs.5.06 crore had piled up against 15 units.

(Paragraphs 8.4.7.6 & 8.4.7.7)

Loss of interest of Rs.1.45 crore had been incurred in performing nodal agency services on behalf of Government.

(Paragraph 8.4.8.1)

Company's investments of Rs.0.88 crore in one subsidiary had been eroded while another subsidiary with an investment of Rs.1.61 crore was awaiting winding up.

(Paragraphs 8.4.9.1. and 8.4.9.2)

8.4.1 Introduction

The Arunachal Pradesh Industrial Development and Financial Corporation Limited was incorporated as a wholly owned Government Company in August 1978 for promoting and developing industries in the State of Arunachal Pradesh.

8.4.2 Objectives

The main objectives of the Company are :-

- (i) to promote, encourage, aid, assist, undertake, finance & establish small and medium industries;
- (ii) to develop industrial areas and to establish and manage industrial estates;
- (iii) to establish, run, expand, modernise and manage industrial undertakings, projects or enterprises.

The present activities of the Company are confined to extending financial assistance to industrial Units by way of term loans and management of two production/trading Units and two subsidiaries.

The company was established to play the twin roles of Industrial Development Corporation and State Financial Corporation. Since inception, the company had set up two subsidiary companies, one Joint Venture Company and six departmental units. These units had become economically unviable since inception. Except the Joint Venture Company and one departmental unit, the other units had either been closed down or become inoperative. The company had not taken up any other industrial development activities so far. Thus the primary objective of industrial development of the State remained unfulfilled even after 22 years of its existence.

8.4.3 Organisational set-up

The management of the Company is vested in a Board of Directors which as on 31 March 2000 consisted of eight Directors (including Managing Director) of which seven Directors (including the Managing Director) were nominated

by the State Government and one Director nominated by the Industrial Development Bank of India.

The Managing Director is the Chief Executive of the Company, who is assisted by one General Manager, three Senior Managers, four Managers and five Deputy Managers.

During the five years ending March 2000, 6 (six) officers held the post of Managing Directors as part time Managing Directors. The Company was thus deprived of getting full attention and continuity in policy matters at highest executive level.

8.4.4 Scope of Audit

The working of the Company was last reviewed in Paragraph 7.4 of the Report of the Comptroller and Auditor General of India for the year 1990-91. Recommendations of COPU thereon were awaited (May 2000). The present review on the working of the Company covering the period of five years ending 31 March 2000 was conducted and the findings are discussed in succeeding paragraphs.

8.4.5 Capital and borrowings

The authorised capital of the Company was Rs. 6.00 crore against which the paid up capital as on 31 March 2000 was Rs.1.63 crore wholly contributed by the State Government.

As on 31 March 2000, the borrowings of the Company stood at Rs.9.35 crore comprising Rs.7.14 crore from State Government and Rs.2.21 crore from Financial Institutions (IDBI : Rs.0.24 crore; SIDBI : Rs.1.32 crore and NSFDC : Rs.0.65 crore).

8.4.6 Financial position and working results

The accounts of the Company have been finalised upto 1994-95. Based on provisional compiled accounts (not approved by the Board) the Financial Position and working results of the Company for four years upto 1998-99 are tabulated in **Appendix-XXXVII**.

The accumulated loss at the end of 1998-99 stood at Rs.8.55 crore and had completely eroded the Paid up Capital of Rs.1.63 crore

It would be revealed from the **Appendix-XXXVII** that the Company incurred losses in three years varying from Rs.0.89 crore to Rs.3.28 crore and the accumulated loss amounting to Rs.8.55 crore as on 31 March 1999 had completely eroded its paid-up capital of Rs.1.63 crore.

As analysed in audit, the main reasons for the loss were:

- (i) Adverse working results of departmental units;
- (ii) Interest burden on Government loans;

- (iii) Provisions for Non-performing assets; and
- (iv) High salaries and wages.

8.4.7 Term Loan operations

8.4.7.1 Financing of term loans

The Company's main activity is to extend financial assistance to industrial units by way of term loan. The sources of funds were share capital and loans from State Government, refinance loan available from Industrial Development Bank of India (IDBI), Small Industries Development Bank of India (SIDBI) and National Scheduled Caste & Scheduled Tribe Financial Development Corporation Ltd (NSFDC).

The total refinance loans obtained from IDBI, SIDBI and NSFDC and term loans disbursed by the Company upto 31 March 2000 were as under :-

	Upto 1994-95	1995-96 to 1999-2000	Total
	(Rupees in lakh)		
Refinance loan received	562.94	219.89	782.83
Term loans disbursed	619.23	219.22	838.45
Term loans disbursed out of own fund	56.29	Nil	55.62

As on 31 March 2000, the total disbursement by the company of term loans (net of recoveries made) amounted to Rs.4.14 crore comprising company's own investment of Rs.1.90 crore and refinance loan of Rs.2.24 crore. The increase in investment of own fund was due to repayment of refinance loans to Financial institutions without corresponding recovery from lending operations due to poor recovery and consequent failure to recycle the loan funds obtained from IDBI, SIDBI and NSFDC.

8.4.7.2 Trends in receipt and disposal of loan applications

The position of loan applications received and their disposal during the five years upto 1999-2000 are tabulated below :-

(Amount : Rupees in lakh)

	1995-96		1996-97		1997-98		1998-99		1999-2000	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1 Applications										
(a) Pending at the beginning of the year.	4	29	5	44	33	223.97	45	418.32	65	667.89
(b) Received during the year	7	61	57	325	61	430.91	44	332.15	75	337.25
(i) Total	11	90	62	369	94	654.88	89	750.47	140	905.14
(ii) Sanctioned	6	41	21	63	24	72.25	7	22.58	17	39.70
(iii) Rejected/Withdrawn	NA	5	8	82	25	164.31	17	160.00	40	533.08
(iv) Pending at the close of the year (i - ii - iii)	5	44	33	224	45	418.32	65	567.89	83	332.36
2 Loans disbursed										
(i) Target	NA	97.41	NA	70.00	NA	65.00	NA	29.34	NA	75.00
(ii) Actual	6	34.51	14	56.40	24	66.39	12	30.30	14	31.62

4 loans amounting to Rs.13.35 lakh were outstanding disbursement as on 31 March 2000.

The actual loan disbursement was Rs.2.19 crore against the target of Rs.3.37 crore

The Company failed to recycle funds due to poor recovery of its dues from loanees

The Company disbursed a total loan of Rs.2.19 crore during 1995-96 to 1999-2000 against targeted loan disbursements of Rs.3.37 crore. Reasons for the shortfall in disbursements were not analysed by the Management.

The review disclosed that due to poor recovery of overdues from its loanees as discussed in succeeding paragraphs, the Company failed to recycle the funds and was thus unable to extend loan to other beneficiaries.

8.4.7.3 District-wise and Sector-wise analysis of outstanding loans

Out of 14 districts of the State, the loan operations were confined to 7 districts only as no application for loans were received from other districts. The district-wise and sector-wise loan (principal) assistance outstanding as on 31 March 2000 are given below :

	Name of District	Wood based industry	Food Products	Hotels	Small Road Transport	Other Misc. industries	Total
		(Rupees in lakh)					
1.	Papumpare	5.60	27.95	94.29	33.35	113.18	274.37 (66.34)
2.	West Siang	16.00	-	-	42.62	0.07	58.69 (14.19)
3.	Lower Subansiri	-	-	-	21.99	-	21.99 (5.32)
4.	Upper Subansiri	5.00	2.84	-	8.62	3.62	20.08 (4.85)
5.	East Siang	-	-	-	6.07	11.52	17.59 (4.25)
6.	West Kameng	-	-	-	3.14	10.60	13.74 (3.32)
7.	Tirap	-	-	7.11	-	-	7.11 (1.73)
Total :		26.60	30.79	101.40	115.79	138.99	413.57

(Bracket indicates percentage to total loan assistance)

In the capital district, Papumpare 46 Units with outstanding assistance of Rs.2.74 crore accounted for 66.34 per cent of total outstanding followed by West Siang with 14.19 per cent. Each of the remaining 5 districts had less than 6 per cent outstanding. Thus, Company's loan operations were concentrated mainly in the capital district.

Other Miscellaneous industries accounted for maximum loan assistance of Rs.1.39 crore (33.62 per cent) followed by Small Road Transport (28 per cent) and Hotels (24.51 per cent).

8.4.7.4 Recovery performance

As per terms of agreements and repayment schedule, the loanees are required to make payment of instalments of principal and interest on due dates. The company also issues demand notices for such repayment. The loanees are requested to make payment to company's Head Office at Itanagar as the company does not have any branch offices. In cases of continuous default, the company is required to take effective steps for recovery of overdues.

The position of overdue and recovery of loan for the five years upto 1999-2000 is tabulated below :

		1995-96	1996-97	1997-98	1998-99	1999-2000
		(Rupees in lakh)				
i)	<u>Overdue at the beginning of the year</u>					
	Principal	159.72	158.80	186.61	237.76	285.16
	Interest	130.09	147.87	200.85	268.25	289.54
	Total	289.81	306.67	387.46	506.01	574.70
ii)	<u>Amount falling due during the year :</u>					
	Principal	96.12	72.05	65.51	64.19	47.93
	Interest	77.23	73.77	80.92	73.75	75.54
	Total	173.35	145.82	146.43	137.94	123.47
iii)	<u>Total overdue (i) + (ii):</u>					
	Principal	255.84	230.85	252.12	301.95	333.09
	Interest	207.32	221.64	281.77	342.00	365.08
	Total	463.16	452.49	533.89	643.95	698.17
iv)	<u>Amount recovered during the year</u>					
	Principal	96.00	44.24	14.36	16.79	37.93
	Interest	44.39	20.79	13.52	51.30	40.18
	Total	140.39	65.03	27.88	68.09	78.11
iv)	<u>Waiver/Write off</u>					
	Principal	1.04	-	-	-	-
	Interest	15.06	-	-	1.16	32.45
	Total	16.10	-	-	1.16	32.45
v)	<u>Overdue at the end of the year</u>					
	Principal	158.80	186.61	237.76	285.16	295.16
	Interest	147.87	200.85	268.25	289.54	292.45
	Total	306.67	387.46	506.01	574.70	587.61
	Percentage of recovery to total overdue :	30	14	5	11	11

Recovery of overdues was very low varying from 5 to 30 per cent and overdues at the close of March 2000 stood at Rs.5.88 crore

It would be seen from the above that the overdues increased from Rs.2.90 crore in March 1995 to Rs.5.88 crore in March 2000 (increase by 103 per cent) due to poor recovery of overdue which ranged from 5 to 30 per cent during the five years.

The Company neither obtained financial statements from the assisted Units nor carried out inspections/investigations to identify the defaulters. Analysis of poor recovery performance had not been made by the management.

The overdues included 60 loan accounts amounting to Rs.49.45 lakh pertaining to Small Road Transport Operators. Scrutiny revealed that the company did not initiate any action to take over the possession of the assets under Section 29 of State Financial Corporation (SFC) Act, 1951 to recover the dues. Between November 1993 and April 1995 money suits had been filed against only 4 (four) loanees for recovery of Rs. 7.81 lakh which were subjudice (June 2000). No action has been taken against the remaining 56 defaulters for recovery of Rs. 41.46 lakh, reasons for which were neither on record nor stated.

Results of audit analysis of other major defaulters are discussed in paragraph 8.4.7.7.

8.4.7.5 Growth of non-performing assets

An asset becomes non-performing when it ceases to generate income for an institution. An amount which remains outstanding for 30 days beyond the due date is treated as 'past due'. A term loan is required to be treated as non-performing asset (NPA) if the interest has remained 'past due' for more than two quarters and instalment of principal are overdue for more than one year.

The details of total loans outstanding and NPA included therein are shown below:

		1995-96	1996-97	1997-98	1998-99
		(Rupees in lakh)			
(i)	Total Loan outstanding	338.32	345.45	397.60	419.88
(ii)	NPA	155.40	179.72	233.42	277.39
(iii)	Percentage of NPA	45.93	52.02	58.70	66.06

NPA increased from Rs. 1.55 crore in 1995-96 to Rs. 2.77 crore in 1998-99 and provision for bad debts created to the extent of Rs. 1.52 crore

It would thus be seen that percentage of NPA to total outstanding loan increased from 45.93 in 1995-96 to 66.06 in 1998-99 mainly due to poor recovery performance *arising* out of defective appraisal and monitoring as discussed in the succeeding paragraphs. The company had to make provision for bad and doubtful debts to the tune of Rs.1.52 crore against above NPA during 1996-97 to 1998-99.

8.4.7.6 Appraisal and monitoring

An analysis during test check in audit of 15 industrial loan accounts with total overdue of Rs.5.06 crore (out of 36 industrial Units with total overdues of Rs.5.38 crore) disclosed that the following main factors were responsible for poor recovery of loans:-

No. of cases	Main reason for non-recovery	Overdues as on 31 March,2000		
		Principal	Interest	Total
		(Rupees in lakh)		
5	Inadequate project appraisal resulting in limited scope for marketing of products/services	132.20	136.56	268.76
4	Inadequate post-sanction monitoring resulting in Units remaining un-implemented	30.08	21.74	51.82
6	Economically unviable Units closed/ abandoned after implementation	80.82	105.04	185.86
15	Total	243.10	263.34	506.44

Unit-wise details are given in Appendix-XXXVIII.

It would, thus, be seen that overdues amounting to Rs.268.76 lakh against the Units with limited marketing scope of their products/services, Rs.51.82 lakh against un-implemented Units and Rs.1.86 crore against closed/abandoned Units awaited recovery.

It was further observed in audit that the Company has not adopted any procedure of scrutiny/survey of loan proposals for ascertaining the economic viability of the projects. The project reports submitted by the loanees were accepted with minor modifications without examining the reasonableness of production/sales targets and other parameters. Due to poor pre-sanction appraisal, loans sanctioned to the Units had turned out to be economically unviable.

Further, the Company has not framed any guideline indicating the nature of action to be taken at various stages of default. In the absence of guidelines, adhoc decisions are taken on case to case basis resulting in avoidable delay in taking timely action.

8.4.7.7 Analysis of major overdue cases

Audit analysis of six cases of major defaulters for a total overdue amount of Rs.3.76 crore (representing 64 per cent of total overdue) disclosed the following irregularities :-

8.4.7.7.1 Inadequate post sanction monitoring

(i) M/s Arunachal Drugs & Pharmaceuticals (P) Ltd.

The unit was sanctioned (July 1992) a loan assistance of Rs.43.00 lakh to set up a pharmaceutical manufacturing unit at Naharlagun with installed capacity to produce 20 million capsules, 9 million tablets and 0.15 million litres of oral liquid. The loan was sanctioned without carrying out any independent survey/inquiry to assess the reasonableness of these projections particularly in view that the Company had already sanctioned (March 1991) another project (M/s Aries Laboratories) with almost similar capacity at Itanagar. The loan was disbursed during December 1992 to January 1994 and was repayable in 10 half yearly instalments between June 1994 to December 1998.

As per pre-sanction appraisal note, the schedule date of commercial production was October 1992. However, the loan was disbursed from December 1992 only. The project was commissioned in November 1994.

Due to low production (4 per cent of capacity) and poor demand of the products in the market, the unit incurred losses (Rs.13.53 lakh in first year) and the management of the unit had declared it sick. In October 1997 and August 1999, the Company proposed to take over the Unit under Section 29 of SFC Act, 1951, which were suspended twice at the instance of the Chief Minister.

Thus due to inadequate post sanction monitoring Rs.1.26 crore including interest of Rs.83.36 lakh remained overdue for recovery from the loanee as at 31 March 2000.

(ii) M/s Hotel Patkai

M/s Hotel Patkai, a proprietary firm was sanctioned and disbursed a term loan of Rs.6.50 lakh during January 1990 to February 1991. The loan was repayable in 13 instalments during February 1992 to February 1998.

As per inspection report dated 9 March 1992, the unit was not completed and commissioned but the company did not take any action to recover the loan. After a delay of more than six years, the company filed a money suit in March 1998 when the entire loan had become overdue for recovery.

As the matter is still subjudice, the overdues amounting to Rs.16.47 lakh including interest remained unrecovered (May 2000).

(iii) M/s Topee Hollow Block Industry

M/s Topee Hollow Block Industry, a partnership firm (promoted by a Minister and an individual) was disbursed (April 1992 to May 1993) loan assistance of Rs.6.91 lakh to set-up a hollow block manufacturing unit at Itanagar. The loan

carried 19 per cent interest per annum and was repayable within September 1998. Out of Rs. 6.91 lakh sanctioned loan, the Company disbursed loan amounting to Rs. 5.82 lakh in September 1992 (Rs. 2.00 lakh) and in May 1993 (Rs. 3.82 lakh) without verifying the utilisation of loan for setting up the plant.

Inspection carried out after disbursement of loan revealed that the industry was not setup at all indicating lack of post sanction monitoring of the assisted unit.

In August 1994, the company filed a money suit for recovery of dues amounting to Rs.8.55 lakh including interest which was pending in the court of law (May 2000).

8.4.7.2 Inadequate project appraisal

(i) M/s Aries Laboratories (P) Ltd.

The company sanctioned and disbursed (April 1992 to July 1993) a total loan assistance of Rs.42.74 lakh to M/s Aries Laboratories (P) Ltd. to establish a pharmaceutical unit at Itanagar. The loan carried 19 per cent interest per annum and was repayable along with interest in 10 half-yearly instalments within October 1998.

It was seen from pre-sanction appraisal note that the company accepted the data furnished by the loanee in his project report prepared through private consultants. Independent project appraisal was not carried out with regard to installed capacity, marketing prospect and suitability of the promoters and joint appraisal with banks to justify extension of working capital to the Unit. The Unit established to produce 20 million tablets and 0.18 million litres of oral liquid annually started production in January 1995 and sustained net loss of Rs.18.97 lakh upto March 1996 due to lack of demand of its products in the market and for lack of working capital finances by the banks. From April 1996 the production activities of the Unit was stopped.

Due to continuous default in repayment of dues, the assets of the Unit was taken over by the Company in November 1997. As per Board meeting dated 4 April 2000, the asset had been valued by Registered Value at Rs.52.54 lakh. The Company, however, failed to dispose off the assets (May 2000), to recover the dues amounting to Rs.93.77 lakh including interest of Rs.51.03 lakh.

(ii) M/s Yamcha Food Products

The Unit was established in 1995 to produce 300 M.T. biscuits annually. Though the State Bank of India observed that market potential and profitability of the Unit was not viable, yet the Company, without carrying out any survey, sanctioned loan of Rs.27.95 lakh between September 1994 and May 1995.

The repayment of loan and interest (17 per cent per annum) was to be started from March 1996. The Unit, defaulted in payment of instalments of principal and interest from the beginning on the ground that the unit could not achieve targetted production due to lack of market demand and consequent operational loss. The company, however, failed to take any steps for recovery of overdues till 14 August 1999 when a fire accident took place in the factory causing extensive damage of the plant and machinery. The Unit had remained closed since then and the total overdues which amounted to Rs.58.13 lakh (Principal: Rs.25.16 lakh; Interest: Rs.32.97 lakh) upto March 2000 remained unrecovered (May 2000).

(iii) M/s Hotel Arun (Subansiri)

In 1981, the Company floated a joint-venture Company (Donyi-Polo Ashok Limited) to set-up a 3-star hotel at Itanagar jointly with ITDC. However, in August 1987, the Company sanctioned a term loan of Rs.36.10 lakh to a partnership firm (promoted by the wife of a Minister and an individual) to set-up another 3-Star hotel in the same station having limited tourist potential, which lacked justification.

While sanctioning the project, the Company reduced the project cost by excluding certain items. Although the promoter did not adhere to the sanctioned project, the entire loan was disbursed. The promoters, however, failed to complete the project and sought additional loan of Rs.62.52 lakh against which the Company sanctioned and disbursed Rs.45.65 lakh during March-October 1991 inspite of the fact that Company's own joint-venture hotel had suffered operational losses due to low occupancy.

The first loan account was closed after adjustment of Rs.13.65 lakh from the second sanctioned loan. The second loan was to be repaid by October 1998 starting from April 1992. The party, however, did not pay any instalment as the hotel incurred losses due to low occupancy.

The Company served notices (July 1998) to take over the unit under Section 29 of SFC Act, 1951, but at the instance (July 1998) of the Chief Minister the same were not put into effect and overdues amounting to Rs.72.23 lakh (Principal: Rs.45.65 lakh; Interest: Rs.26.58 lakh) as on March 2000 remained unrecovered.

Overdues amounting to Rs.3.76 crore has been locked up with six parties

Thus 64 per cent of total overdues amounting Rs.3.76 crore was locked up with only six parties, where the Company was influenced to refrain from initiating adequate recovery drives, which had impoverished the financial health of the Company.

8.4.7.8 Recovery drives

As on 31 March 2000, the Company had 97 loanees of which 96 loanees defaulted in repayment of dues. Out of these, 21 loan accounts with total

overdue amount of Rs.4.10 crore (69.81 per cent) were more than 5 years old. The age-wise analysis of the overdues as on 31 March 2000 were as follows:

Period of default	Number of Loanees	Overdues (Rs. in lakh)	Percentage to total overdues
Less than one year	38	16.80	2.86
One year to two years	20	18.73	3.19
Two years to three years	8	13.22	2.25
Three years to five years	9	128.62	21.89
Above 5 (five) years	21	410.24	69.81
	96	587.61	100.00

As per provisions of SFC Act, 1951, the Company is empowered to take over the management or possession or both or to sell the industrial Unit (Section 29), apply to the District judge for certain reliefs such as sale of the mortgaged property and enforcing the liability of surety (Section 31) and to make an application to the State Government for recovery of dues in the same manner as an arrear of land revenue under Revenue Recovery Act (Section 32).

The Company had served notices under Section 29 of SFC Act, 1951, to 6 Units with total overdues of Rs.3.62 crore in September 1996. Out of this, one Unit with total dues of Rs.48.97 lakh was settled (July 1999) under one time settlement Scheme (OTS) and one Unit with total dues of Rs.90.47 lakh was taken over in 1997. The assets of the unit could not be disposed of and actions against remaining 4 unit had not been taken.

Between September 1989 and February 1999, the Company had initiated legal action against 19 defaulters with total overdues of Rs.1.06 crore (Principal: Rs.50.43 lakh; interest: Rs.55.94 lakh). Out of these, one case with total dues of Rs.2.50 lakh was settled (July 1999) out of court. Dues amounting Rs.21.33 lakh was written off in 1991-92 in respect of two loanees. The remaining 16 cases involving Rs.88.54 lakh were sub-judice (May 2000). Details of such cases are given in Appendix – XXXIX.

The Company could not realise any overdues through legal actions. Reasons for not taking actions under Section 29 of SFC Act, 1951, for early recovery of overdues were not on record nor stated.

8.4.7.9 Waiver of dues under one time settlement

The Company did not have any laid down guidelines for one time settlement (OTS) of outstanding dues. Such proposals were being considered on a case to case basis.

During 1995-96 to 1999-2000, the Board approved OTS of nine loan accounts with total outstanding dues of Rs.1.66 crore against payment of Rs.1.16 crore and waived dues amounting Rs.50.39 lakh being normal interest (Rs.24.91 lakh), additional interest (Rs.21.05 lakh) and penal interest (Rs.4.43 lakh). Details of these cases are given in Appendix -XL.

In this connection, the following interesting cases were observed in audit:

(a) Rs.10.14 lakh was waived under OTS in respect of M/s Wood Products (India) International, at the request of the borrower without determining the possibility of recovery from the borrower/guarantors who were of high status and were financially solvent.

(b) In respect of M/s Mitin Plastic Industries, Rs.29.30 lakh was waived under OTS although as per pre-sanction appraisal, the loanee (proprietor), had 12/13 shops besides having landed property and was financially well off. Further, by waiver of dues the Company had incurred cash loss of Rs.4.89 lakh being the difference of interest paid to financial institution and interest waived besides forgoing interest recoverable on its own investment which worked out to Rs.4.06 lakh.

8.4.7.10 Undue favour

M/s Hotel Arun made a payment of Rs.30.00 lakh on 15 October 1998 against total overdues of Rs.49.87 lakh (Normal interest : Rs.29.45 lakh; additional/penal interest and interest tax : Rs.20.42 lakh). As per normal procedure of appropriation followed by the Company, Rs.9.58 lakh was required to be adjusted against normal interest after adjustment of Rs. 20.42 lakh against outstanding dues of interest tax (Rs. 0.11 lakh), penal interest (Rs.3.45 lakh) and additional interest (Rs. 16.86 lakh). The Company, instead adjusted Rs.29.45 lakh against normal interest first and the balance amount of Rs.0.55 lakh against penal interest and interest tax.

Thus, there was excess adjustment of Rs.19.87 lakh against normal interest, which would otherwise have attracted additional interest at 16.50 per cent per annum. Thus the loanee had been given undue benefit of Rs.4.79 lakh being additional interest on Rs.19.87 lakh for the period from 15 October 1998 to March 2000.

8.4.8 Other activities

8.4.8.1 Nodal agency services

Loss of interest of Rs.1.45 crore had been incurred in performing services of nodal agency of Government.

In December 1993, the State Government while declaring the Company as nodal agency for drawing and disbursing transport subsidy to eligible industrial Units directed the company to disburse Rs.3.20 crore to six industrial Units without providing funds for the purpose. The Company disbursed (December 1993) the amount by obtaining loan of Rs.2.90 crore

from banks and Rs.30.00 lakh out of its own fund and treated the amount as loan to the State Government carrying interest of 16 per cent per annum. The State Government repaid the principal in three instalments in December 1994 (Rs.47.67 lakh), December 1996 (Rs.244.02 lakh) and April 1999 (Rs.28.31 lakh). The Company had claimed interest from time to time amounting Rs.1.45 crore upto October 1998 (Interest for subsequent period not claimed). The State Government, however, did not accord sanction for payment of interest, which the Company would have otherwise earned by investing in term loan activities. Thus, in discharging the services as nodal agency declared by the State Government, the Company had incurred interest loss amounting Rs.1.45 crore upto October 1998.

8.4.8.2 Investment in Joint Sector Company

The Company setup (August 1987) a 3-Star hotel (Donyi Polo Hotel Corporation Limited) at Itanagar jointly with Indian Tourism Development Corporation Limited and invested Rs.48.80 lakh in 49 per cent of its equity shares.

The project report of the hotel envisaged an annual return of 11.90 per cent on equity against which it incurred losses every year due to low occupancy ratio and the accumulated loss as on 31 March 1999 stood at Rs.48.55 lakh.

8.4.9 Projects through subsidiaries

8.4.9.1 Arunachal Pradesh Horticultural Processing Company (APHPC)

In May 1982, the Company floated the subsidiary (APHPC), with authorised Capital of Rs.30 lakh for the purpose of setting up of a fruit processing plant with 3 MT per day capacity at Basar on the basis of a project report prepared (September 1979) by the Central Food Technological Research Institute (CFTRI) Bangalore. Initially the project was schedule to be completed in September 1984 at a cost of Rs.43.24 lakh. Due to changes in proposed location of the plant and increase in capacity to 5 MT per day with consequent delay in execution, the project cost had been revised (January 1984) to Rs.67.64 lakh with location at Nigmoi. However, the economic viability of the project was not worked out in light of increase in project cost.

The project was ultimately completed and commissioned in August 1987.

Scrutiny of the records revealed that against installed capacity of 5 MT per day (pineapple slices, Jam, concentrate, squash, orange and guava products) the plant never achieved more than 8 per cent capacity utilisation. The unit suffered operating losses every year since its inception mainly due to abnormally low level of production and high operation costs. The production was finally stopped from March 1995 and all the employees were retrenched in July 1997 under a Golden Handshake Scheme.

The company had invested a total amount of Rs.1.49 crore (share capital: Rs.0.19 crore; term loan: Rs.0.14 crore and advances: Rs.1.16 crore) against

which the subsidiary incurred cumulative loss of Rs.0.88 crore upto March 1998 as per provisional accounts which is likely to increase further.

The plant and machinery of the unit were lying unutilised since March 1995. The company did not take effective steps either for the revival or winding up of the subsidiary till date of audit (May 2000).

8.4.9.2 Parasuram Cements Limited (PCL)

Mention was made in Paragraph 8.4.7.(i) of the Report of the Comptroller and Auditor General of India for the year 1984-85 that Parasuram Cement Limited (PCL) was floated by the company in June 1984 as its subsidiary with authorised share capital of Rs.45.00 lakh to takeover and run a mini-cement plant at Tezu with installed capacity of 30 MT per day. The cement plant originally sponsored by North Eastern Council (NEC) Shillong was taken over by PCL in March 1985 without finalising terms and conditions of such takeover. It was also mentioned in paragraph 8.4.7.2.1 *ibid* that the taken over plant was uneconomical in view of (i) under-utilisation of installed capacity, (ii) power shortages and mechanical break-down of the plant, and (iii) non-availability of working capital.

Although the subsidiary company was incorporated in June 1984 and it was running the cement plant from March 1985, it has not yet (May 2000) finalised its accounts for any of the years. Hence, the extent of losses incurred by the unit was not ascertainable. However, as per records of the holding company the unit was incurring heavy operational losses every year since its takeover and production had to be suspended from May 1995.

In July 1997, the Board of the Subsidiary Company had decided to sell the assets, initiate voluntary winding up proceedings, and to retrench the employees. While all the employees were retrenched from January 1998, the assets have not been sold, and initiation of actions for winding up of the PCL were awaited (May 2000). Reason for the delay was not on record.

The total investment of the company in the subsidiary as at 31 March 2000 amounted to Rs.1.61 crore comprising share capital contribution (Rs.0.24 crore), loans (Rs.0.83 crore) and other advances against unclassified expenditure (Rs.0.54 crore).

Thus takeover of the uneconomical cement plant had resulted in blockage of Rs. 1.61 crore of company's funds in an unremunerative investment.

8.4.10 Own Trading and Production Units

8.4.10.1 TV assembly Unit

The Unit was established (November 1982) to assemble and sell 2400 Black and White TV sets per annum. However, the Unit failed to achieve more than 20 per cent of projected production due to power shortage, reduction of sale to saturated market conditions and had incurred a total loss of Rs.35.15 lakh

upto 1995-96. In view of continuous losses being sustained, the Company closed down the Unit from 1995-96. Further, after a delay of over 3 years, the Company sold the finished goods and spare parts valued at Rs. 11.99 lakh at a tender value of Rs.1.47 lakh in December 1998 incurring further loss of Rs.10.52 lakh. Thus the total loss of the closed down Unit worked out to Rs.45.67 lakh.

8.4.10.2 General

The company has no effective system that keeps track of records/information. Management information system is necessary so that the company can keep track of its loanees and obtain feedback on them.

The above matter was reported to the Company/Government (June 2000); their replies had not been received (December 2000).

8.4.11 Conclusion

The company had incurred heavy losses which as of March 1999 have aggregated to Rs. 8.55 Crore. The poor performance of the Company was mainly attributable to :

- Inadequacy of its pre and post disbursement appraisal system in identification of viable and non-viable projects and proper implementation thereof resulting in sanction of loan to *ab initio* to non-viable and unimplemented units;
- Failure of its recovery system and willful defaulters and lack of initiation of strict, effective and timely recovery actions arising out of interference by political executives; and
- Losses incurred by its own and subsidiary units.

For its survival, the Company should strengthen its appraisal system; make concerted, continuous and effective monitoring of the assisted units; initiate timely and strict recovery action against defaulters; and, desist from interference in its functioning.

SECTION-B - PARAGRAPHS

TRANSPORT DEPARTMENT

Arunachal Pradesh State Transport

8.5 Miscellaneous Topics of Interest

8.5.1 Loss of interest

Delay in delivery of chassis by the manufacturer had resulted in loss of revenue of Rs. 0.05 crore and interest of Rs. 0.03 crore on the blocked fund

Mention was made in paragraph 8.4.4(a) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 wherein it was, inter alia, pointed out that the chassis manufacturers delivered 51 chassis after 6 to 12 months of advance payments but no claim for loss of interest on blocked funds was lodged in the absence of explicit clause, and that the management stated (August 1998) that the matter was being taken up with the chassis manufacturer. This action was, however, awaited (March 2000).

It was further observed in audit (December 1999) that the Department placed order (March 1998) on M/s Tata Engineering and Locomotive Company Limited (Telco) along with advance of Rs.1.32 crore for supply of 15 chassis on receipt of assurance from Telco that all the chassis would be delivered by the end of March 1998. In the instant case as well, no explicit clause was incorporated for realisation of compensation for delay in delivery of chassis. All the 15 chassis were, however, delivered by Telco (19.5.1998) after a delay of 49 days which resulted in loss of revenue of Rs. 4.78 lakh worked out at average revenue of Rs. 650 per bus per day for 15 buses (49 days @ Rs.650 x 15 buses) besides loss of interest of Rs.3.19 lakh worked out at 18 per cent per annum on blocked fund of Rs.1.32 crore for 49 days. No claim for compensation of losses, inspite of having been pointed out in audit, had been preferred with Telco, reasons for which have not been stated.

The matter was reported to the Department/Government (January 2000); their replies had not been received (December 2000).

8.5.2 Loss of revenue

Improper planning, lack of monitoring the progress of works resulted in loss of revenue of Rs.0.10 crore

The Department entered into agreements (March 1998) with two Calcutta firms for fabrication of 15 bus bodies and as per terms of agreements (clause 7 iv) the completed buses were to be delivered within 60 days from the date of delivery of chassis, on failure of which penalty @ Rs. 1000 per bus per day was to be levied. Clause 8 of the agreement stipulated three stages of inspection by the Department after 15 days, 40 days and 58 days respectively from the date of delivery of chassis to the firms. The completed buses were, however, delivered after a delay of 104 days beyond scheduled date of delivery (03.11.1998) due to delay in inspection by the Department and transportation deadlock created by flood after final (3rd) stage of inspection carried out on 29.08.1998. No penalty could be imposed on the firms as the reasons for delay in delivery of buses were not attributable to them.

It was observed (December 1999) in audit that the Department neither monitored the progress of works nor were programmes for stages of inspection finalised before hand. The chassis were delivered to the fabricators on 19.05.1998 but inspection of first, second and third stages were carried out on 06.07.1998, 17.08.1998 and 20.08.1998 as against scheduled dates of 02.06.1998, 28.06.1998 and 15.07.1998 respectively leading to overall delay of 64 days. The delay in carrying out the inspections was attributed by the Department to postal delay in receipt of letter from fabricators for inspection (32 days) and delay in receipt of approval for inspection (32 days). This contention of the Department is not tenable in view of the fact that the fabricator was not liable to inform about the date of inspection and as per clause 8 of the agreement the Department was required to depute the inspection team in three stages. This would indicate that due to lack of monitoring of progress of works and absence of planning for carrying out inspections in time by the management, the bus body fabrication works were delayed.

Due to lapses on the part of management there was delay of 104 days in fabrication of 15 bus bodies resulting in loss of potential revenue of Rs. 10.14 lakh worked out on an average earning of Rs. 650 per bus per day.

The matter was reported to the Department and to the Government in January 2000; their replies had not been received (December 2000).

8.5.3 Injudicious expenditure

Two overaged break down vehicles repaired at a cost of Rs. 4.51 lakh earned revenue of Rs. 1.10 lakh leading to loss of Rs. 3.41 lakh

The Department fixed (June 1991) the norm of 7 years of life or a run of 1.35 lakh kilometres for condemnation of vehicles. Two buses (No. ARX 112 and ARX 133), purchased in February 1988 and June 1989 respectively, remained off road from 1995 and 1997 respectively due to major break down. The buses had attained 11 years and 10 years of life and had performed 3.37 lakh kms and 3.57 lakh kms respectively before their shut down but no survey was conducted to declare them condemned, reasons for which were not on record.

It was observed in audit (May 1999) that the Department, without ascertaining the economic viability, repaired both the vehicles at a total cost of Rs.4.51 lakh in October 1997 and July 1998 respectively and earned revenue (after deducting cost of fuel) aggregating Rs.1.10 lakh only when they were finally withdrawn from operation in December 1997 and October 1998 respectively for condemnation due to subsequent breakdown. The station Superintendent, Along stated (May 1999) that due to non-replacement of overaged vehicles by the concerned authority, the station was compelled to repair the vehicles though it was felt uneconomical. The fact thus remains that the repair of the overaged breakdown vehicles was injudicious.

Thus due to injudicious expenditure of Rs.4.51 lakh incurred on repair of the overaged breakdown buses without assessing their economic viability, the Department had incurred loss of Rs.3.41 lakh (cost of repair Rs.4.51 lakh less revenue earned Rs.1.10 lakh).

The matter was reported to the Department/Government (June 1999); their replies had not been received (December 2000).

POWER (ELECTRICITY) DEPARTMENT

8.5.4 Locking up of fund

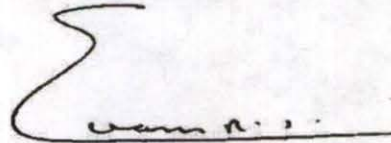
Injudicious purchase of stores and lack of any action for their disposal resulted in locking up of fund of Rs. 16.37 lakh

According to Rules, materials should be purchased only for works in progress and no reserve stock should be kept without the specific sanction and beyond the monetary limit to be prescribed by the competent authority. Test check (February 1999) of records of Along Electrical Division, Along revealed that the Division without having any sanctioned reserve stock limit and without assessment of actual requirement, purchased 11 items of electrical goods

worth Rs. 16.57 lakh between September 1989 and December 1995 against stock. Out of these materials, the division could utilise 5 items of materials valued at Rs. 0.20 lakh (i.e., 1.20 **per cent**) between July 1993 and January 1998, leaving materials worth Rs. 16.37 lakh lying unutilised in store as of February 1999. Reasons for such unnecessary purchase and non-transfer of the materials to the needy Divisions, if any, were not intimated (May 2000).

Thus, injudicious purchase of stores and lack of any action for their disposal led to accumulation of idle stores worth Rs. 16.37 lakh resulting in locking up of fund to that extent for a period ranging from 4 to 10 years besides entailing risk of loss and damage due to prolonged storage.

The matter was reported to the Department/Government (May 1999); their replies had not been received (December 2000).

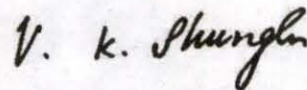


(E.R. Solomon)

Accountant General(Audit)
Meghalaya, Arunachal Pradesh and Mizoram

Shillong
The 27 JUN 2001

Countersigned



(V.K. SHUNGLU)

Comptroller and Auditor General of India

New Delhi
The 9 JUL 2001

Dear Mr. [Name],

I have received your letter of the 15th and am sorry that I cannot reply to you more quickly.

I am sure that you will understand my position.

I am very sorry that I cannot do more for you at present.

I am sure that you will be satisfied with the result.

I am very sorry that I cannot do more for you at present.

I am sure that you will be satisfied with the result.

I am very sorry that I cannot do more for you at present.

I am sure that you will be satisfied with the result.

I am very sorry that I cannot do more for you at present.

I am sure that you will be satisfied with the result.

I am very sorry that I cannot do more for you at present.

APPENDICES

MEMORANDUM

APPENDIX – I(A)**Part A. Government Accounts****(Reference: Paragraph 1.1; page 1)****1. Structure**

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Accounts.

Part – I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(I) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue receipts and Revenue expenditure) and Capital Account (Capital receipts, Capital expenditure, Public Debt and Loans, etc.).

Part – II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.150 crore.

Part – III Public Account

Receipts and disbursement in respect of small savings, provident funds, deposits, reserve funds, suspense, remittance etc., which do not form part of the Consolidated Fund, are accounted for the Public Account and are not subject to vote by the State Legislature.

II. Form of annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Appendix-1(B)

Part B. List of Indices/ratio and basis for their calculation

(Referred to in paragraph 1.11; Page 15)

Indices/ratio		Basis for calculation
Sustainability		
Balance from the current revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02.03.04) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit – Interest Payment
Interest Ratio		<u>Interest Payment – Interest Receipts</u> Revenue Receipts – Interest Receipts
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No 12 of the Finance accounts
	Capital receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings PF etc. + Repayment received of loans advanced by the State Government – Loans advanced by the State Government
Total tax receipts Vs GSDP		State Tax Receipts + State Share of Union Taxes/DSDP
State tax receipts Vs GSDP		Statement No. 10 Finance Accounts
Flexibility		
-Balance from current revenues		As above
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the Major heads
	Capital borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways & Means advances/overdraft under both the Major heads
	State Tax Receipts	Statement 10 of Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
-Total Tax Receipts Vs GSDP		
-Debt Vs GSDP		
Vulnerability		
-Revenue Deficit		Paragraph No. 1.9.3.3 of the Audit Report
-Fiscal Deficit		----- do -----
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Table in para 1.4.3
	Revenue Receipts	Table in para 1.3.1
Assets Vs Liabilities		
	Assets and Liabilities	Table in para 1.2
	Debt	Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts)

APPENDIX - I(C)

Statement showing the Plan and Non-Plan expenditure under Revenue and Capital during 1999-2000
(Reference : Exhibit-I; Page 19)

(Rupees in crore)

I Revenue expenditure	837.34			
	Non-Plan	Plan	C.S.S.	Total
General services	269.70	1.09	...	270.79
Social services				
- Education, Sports, Arts and Culture	56.20	71.86	1.11	129.17
- Health and family Welfare	35.92	14.05	3.99	53.96
- Water supply, Sanitation, Housing and Urban Development	2.59	19.51	35.17	57.27
- Information and Broadcasting	1.64	0.94	...	2.58
- Welfare of scheduled castes, scheduled tribes and other backward classes	...	...	...	...
- Labour and Labour Welfare	0.58	1.03	1.18	2.79
- Social Welfare and Nutrition	22.98	3.30	7.03	33.31
- Others	1.41	...	...	1.41
Total	121.32	110.69	48.48	280.49
Economic Services				
- Agriculture and Allied Activities	97.13	38.05	8.71	143.89
- Rural Development	6.68	3.66	9.64	19.98
- Special Areas Programme	0.03	13.35	...	13.38
- Irrigation and Flood Control	5.38	15.90	0.12	21.40
- Energy	7.12	1.71	...	8.83
- Industry and Minerals	3.34	5.13	0.50	8.97
- Transport	14.61	24.12	...	38.73
- Communication	8.98	...	...	8.98
- Science, Technology and Environment	...	0.30	...	0.30
- General Economic Services	5.40	15.49	0.71	21.60
Total	148.67	117.71	19.68	286.06
II Revenue Surplus carried over to Section B				171.58
III Opening overdraft from RBI				
IV Capital Outlay				258.87
- General Services	...	15.29	...	15.29
Social Services				
- Education, Sports, Art and Culture	...	4.84	...	4.84
- Health and Family Welfare	...	2.46	...	2.46
- Water supply and sanitation	...	21.95	1.60	23.55
- Information and Broadcasting	...	0.11	...	0.11
- Others	...	0.11	...	0.11
Total	...	44.76	1.60	46.36
Economic Services				
- Agriculture and Allied Activities	1.06	2.51	...	3.57
- Rural Development	...	0.76	...	0.76
- Special Areas Programme	...	12.27	...	12.27
- Irrigation and Flood Control	...	5.93	...	5.93
- Energy	...	95.85	...	95.85
- Industry and Minerals	...	0.57	...	0.57
- Transport	...	92.81	...	92.81
- Other General Economic Services	...	0.45	0.30	0.75
Total	1.06	211.15	0.30	212.51

APPENDIX - II

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.3.3(a); Page 25)

Sl.No.	Number and name of grant/appropriation	Original provision	Supplementary provision	Total provision	Total expenditure	Final saving
1	2	3	4	5	6	7

(Rupees in lakh)

Revenue Section (Voted)

1.	9-Motor Garages	364.17	141.16	505.33	238.83	266.50
2.	15-Health & Family Welfare	5419.84	283.42	5703.26	5396.36	306.90
3.	18-Research	176.29	4.92	181.21	175.78	5.43
4.	19-Industries	501.06	7.36	508.42	381.52	126.90
5.	20-Labour	88.35	31.63	119.98	80.68	39.30
6.	22-Civil Supplies	1235.21	101.00	1336.21	1005.56	330.65
7.	23-Forest	3413.85	351.60	3765.45	3021.44	744.01
8.	26-Rural Works	2033.08	51.40	2084.48	1621.00	463.48
9.	32-Roads & Bridges	2168.00	25.00	2193.00	1718.77	474.23
10.	37-Legal Metrology	110.17	51.62	161.79	102.42	59.37
11.	45-Civil Aviation	1014.00	4.87	1018.87	940.17	78.70
12.	47-Administration of Justice	46.52	6.05	52.57	42.70	9.87

Capital Section (Voted)

13.	15-Health & Family Welfare	1446.00	5.11	1451.11	245.88	1205.23
14.	29-Co-operative	121.00	63.55	184.55	112.34	72.21
			1128.69			4182.78

APPENDIX - III
Statement showing excessive supplementary grants in cases where
ultimate savings in each case exceeded Rs.10 lakh
(Reference : Paragraph 2.3.3(b); Page 25)

(Rupees in lakh)

Sl. No.	Number & name of Grant/appropriation	Original	Actual expenditure	Additional grant required	Supplementary grant obtained	Net Savings
Revenue (Charged)						
1.	2-Governor	96.18	115.10	18.92	38.74	19.82
Revenue (Voted)						
2.	6 - District Admn.	3086.49	3359.06	272.57	313.61	41.04
3.	8 - Police	5796.75	5986.95	190.20	317.16	126.96
4.	9 - Motor Garages	364.17	238.83	(-)125.34	141.16	266.50
5.	11-Social Welfare	645.10	1154.90	509.80	817.03	307.23
6.	14-Education	11375.94	12446.13	1070.19	1337.94	267.75
7.	15-Health & Family Welfare	5419.84	5396.36	(-) 23.48	283.42	306.90
8.	19-Industries	501.06	381.52	(-) 119.54	7.36	126.90
9.	20-Labour	88.35	80.68	(-) 7.67	31.63	39.30
10.	21-Food Storage and Warehousing	4501.25	4949.59	448.34	518.92	70.58
11.	22-Civil Supplies	1235.21	1005.56	(-)229.65	101.00	330.65
12.	23-Forest	3413.85	3021.44	(-)392.41	351.60	744.01
13.	24-Agriculture	1839.35	2185.70	346.35	453.12	106.77
14.	25-Relief, Rehabilitation & Resettlement	842.60	2166.47	1323.87	1350.67	26.80
15.	26-Rural Works	2033.08	1621.00	(-) 412.08	51.40	463.48
16.	28-Animal Husbandry and Veterinary	1347.70	1541.02	193.32	220.56	27.24
17.	32-Roads and Bridges	2168.00	1718.77	(-)449.23	25.00	474.23
18.	36-Statistics	249.51	316.33	66.82	84.98	18.16
19.	37-Legal Metrology	110.17	102.42	(-) 7.75	51.62	59.37
20.	38-Irrigation and Flood Control Project	1807.11	2139.65	332.54	708.05	375.51
21.	45-Civil Aviation	1014.00	940.17	(-) 73.83	4.87	78.70
22.	48-Horticulture	918.05	1055.92	137.87	270.12	132.25
23.	50-Secretariat Economic Services	161.95	165.70	3.75	41.67	37.92
24.	59-Public Health Engineering	2526.71	5544.19	3017.48	3480.91	463.43
Capital (Voted)						
25.	15-Health and Family Welfare	1446.00	245.88	(-) 1200.12	5.11	1205.23
26.	29-Co-operation	121.00	112.34	(-) 8.66	63.55	72.21
27.	31-Public Works	1095.70	1108.10	12.40	38.30	25.90
28.	34-Power	8552.70	9615.04	1062.34	1991.03	928.69
29.	39-Loans to Govt. Servants	139.00	178.94	39.94	50.00	10.06
30.	40-Housing	965.00	1320.50	355.50	405.50	50.00
31.	56-Tourism	49.00	54.98	5.98	159.30	153.32
		63910.82	70269.24	6358.42	13715.33	7356.91

APPENDIX - IV

Statement showing the excess expenditure under the grants

(Reference : Paragraph 2.3.4(a); Page 25)

(In rupees)

Sl. No.	Number and name of grant/appropriation		Total grant/appropriation Revenue	Capital	Actual Expenditure Revenue	Capital	Excess Revenue	Capital
1.	13-Directorate of Accounts	Voted	33,64,86,000	-	40,50,49,302	-	6,85,63,302	-
2.	31-Public Works	Voted	21,48,27,000	-	21,85,61,434	-	37,34,434	-
3.	44-Attached Officer of the Secretariat Administration	Voted	1,40,18,000	-	1,42,63,993	-	2,45,993	-
4.	52-Sports and Youth Services	Voted	1,00,00,000	2,17,87,000	1,10,87,841	2,44,60,923	10,87,841	26,73,923
5.	53-Fire Protection and Control	Voted	1,18,66,000	-	2,14,18,115	-	95,52,115	-
6.	60-Handloom and Handicraft	Voted	5,58,49,000	-	5,77,64,430	-	19,15,430	-
Total (voted) :							8,50,99,115	26,73,923
7.	Public Debt	Charged	-	49,94,42,000	-	55,43,37,295	-	5,48,95,295
Total (charged) :-								5,48,95,295
Grand Total:-							8,50,99,115	5,75,69,218

= 14,26,68,333

APPENDIX - V

Statement showing supplementary provision which proved insufficient by more than Rs.10 lakh leaving an uncovered excess

(Reference : Paragraph 2.3.4(b); Page 25)

(Rupees in crore)

Sl. No.	Number and name of Grant	Provision	Total grant	Actual expenditure	Excess
1.	13-Directorate of Accounts (Revenue)	O. 31.54 S 2.10	33.64	40.50	6.86
2.	52-Sports and Youth Services (Capital)	O. 1.39 S. 0.79	2.18	2.45	0.27
3.	53-Fire Protection and Control (Revenue)	O. 1.14 S. 0.05	1.19	2.14	0.95
4.	60-Handloom and Handicraft (Revenue)	O. 5.12 S. 0.47	5.59	5.78	0.19
5.	Public Debt (Capital)	O 43.00 S 6.94	49.94	55.43	5.49
				Total :	13.76

APPENDIX – VI

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

(Reference : Paragraph 2.3.4(c) ; Page 25)

Sl. No.	Number and name of grant/appropriation	Total provision	Actual expenditure	Saving and percentage with total provision
(Rupees in crore)				
Revenue Section (Voted)				
1.	9-Motor Garages	5.05	2.39	<u>2.66</u> (53)
2.	11-Social Welfare	14.62	11.55	<u>3.07</u> (21)
3.	19-Industries	5.08	3.81	<u>1.27</u> (25)
4.	22-Civil Supplies	13.36	10.05	<u>3.31</u> (25)
5.	23-Forest	37.65	30.21	<u>7.44</u> (20)
6.	26-Rural Works	20.84	16.21	<u>4.63</u> (22)
7.	27-Panchayat	5.32	1.18	<u>4.14</u> (79)
8.	32-Roads and Bridges	21.93	17.19	<u>4.74</u> (22)
9.	38-Irrigation and Flood Control Projects	25.15	21.40	<u>3.75</u> (15)
10.	40-Housing	5.00	-	<u>5.00</u> (100)
11.	42-Rural Development	27.91	17.11	<u>10.80</u> (39)
12.	48-Horticulture	11.88	10.56	<u>1.32</u> (11)
Capital Section (Voted)				
13.	14-Education	17.55	2.26	<u>15.29</u> (87)
14.	15-Health and Family Welfare	14.51	2.46	<u>12.05</u> (83)
15.	22-Civil Supplies	1.16	-	<u>1.16</u> (100)
16.	23-Forest	2.60	0.45	<u>2.15</u> (83)
17.	24-Agriculture	5.75	0.88	<u>4.87</u> (85)
18.	30-State Transport	3.28	2.15	<u>1.13</u> (34)
19.	33-North Eastern Areas	14.41	12.27	<u>2.14</u> (15)
20.	38-Irrigation and Flood Control Projects	16.04	5.93	<u>10.11</u> (63)
21.	42-Rural Development	1.76	0.76	<u>1.00</u> (57)
22.	48-Horticulture	1.53	0.29	<u>1.24</u> (81)
23.	56-Tourism	2.08	0.55	<u>1.53</u> (74)
24.	57-Urban Development	3.12	1.60	<u>1.52</u> (49)

APPENDIX - VII

Statement showing the number of cases in which expenditure exceeded the approved provisions by Rs. 25 lakh or more and also by more than 10 per cent of the total provision

(Reference : Paragraph 2.3.4(d); Page 25)

(Rupees in crore)

Sl. No.	Grant No.	Total Grant/ Appropriation		Actual Expenditure		Excess		Percentage of excess	
		Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
1.	13-Director of Accounts	33.65	-	40.50	-	6.85	-	20	-
2.	52-Sports and Youth Services	-	2.18	-	2.45	-	0.27	-	12
3.	53-Fire Protection and control	1.19	-	2.14	-	0.95	-	80	-
4.	Public Debt (Charged)	49.94	-	55.43	-	5.49	-	11	-

APPENDIX – VIII

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

(Reference : Paragraph 2.3.5(a); Page 25)

		(Percentage of Savings to total provision)		
		1997-98	1998-99	1999-2000
1.	2-Governor	24	22	15
Revenue Section (Voted)				
2.	16-Art and Cultural Affairs	15	17	27
3.	23-Forest	10	32	20
4.	27-Panchayat	74	70	78
5.	32-Roads and Bridges	39	38	22
6.	33-North Eastern Areas	60	27	65
7.	37-Legal Metrology	21	37	37
8.	38-Irrigation and Flood Control Project	34	39	15
9.	55-State Lotteries	62	18	56
Capital Section (Voted)				
10.	14-Education	46	76	87
11.	15-Health and Family Welfare	70	93	83
12.	19-Industries	56	44	59
13.	22-Civil Supplies	18	20	100
14.	23-Forest	51	55	83
15.	24-Agriculture	70	85	85
16.	28-Animal Husbandry and Veterinary	66	60	77
17.	29-Co-operation	32	17	39
18.	30-State Transport	21	33	34
19.	33-North Eastern Areas	38	23	15
20.	37-Legal Metrology	55	79	100
21.	38-Irrigation and Flood Control Project	16	10	63
22.	42-Rural Development	28	40	57
23.	43-Fishery	69	72	81
24.	48-Horticulture	54	56	81
25.	53-Fire Protection and Control	100	49	100
26.	56-Tourism	42	74	74
27.	58-Stationery and Printing	27	66	64

APPENDIX – VIII

Statement showing persistent excess
(Reference : Paragraph 2.3.5(b); Page 26)

Amount of excess (Rs. in crore) and (percentage in bracket)

Sl. No.	Number and name of grant/appropriation	Percentage of excess to total provision		
		1997-98	1998-99	1999-2000
Revenue Section (voted)				
1.	13-Directorate of Accounts	3.12 (20)	8.75 (36)	6.85 (20)
2.	31-Public Works	8.92 (45)	0.40 (2)	0.37 (2)

APPENDIX – IX

Statement Showing excessive/unnecessary re-appropriation of funds

(Reference : Paragraph 2.3.6; Page 26)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess
1	2	3	4	5	6
1.	13-Directorate of Accounts	2071-Pension and other Retirement benefits A(c) 01-Civil 101(04)-Super-annuation and Retirement allowance O. 1405.87 R. (-) 127.72	1278.15	3173.12	1894.97
2.	52-Sports and Youth Services	4202-Capital Outlay on Sports and Youth Services B(a) 03 Sports and Youth Services Sports Stadia 53(a) (ii) Construction of Building in the District for Sports Office (New) O. 11.00 R. (-) 5.80	5.20	130.72	125.52
3.	52-Sports and Youth Services	4202-Capital Outlay in Sports and Youth Services B(A) 03-Sports and Youth Services Sports Stadia (53)(a) Building O. 85.88 R. (-) 15.92	69.96	108.40	38.44

(Rupees in lakh)					
Sl. No.	Number and name of grant	Head of Account	Total grant	Total Exp- enditure	Savings
1	2	3	4	5	6
1.	11-Social Welfare	2235-Social Security and Welfare Centrally Sponsored Schemes B(8)120(1)ICDS Central Share O. 120.00 S. 817.03 R. 52.00	989.03	702.61	286.41
2.	13-Directorate of Accounts	2071-Pension and other Retirement Benefits A(e) 01 Civil 104(04) Gratuities O. 587.71 S. 100.00 R. 7729	765.00	236.14	528.86
3.	13-Directorate of Accounts	2071-Pension and other Retirement Benefits A(e) 01 Civil 105(04) Family Pension O. 390.71 S. 100.00 R. 78.14	568.85	351.24	217.61
4.	15-Health and Family Welfare	2210-Medical and Public Health B(b)04-Rural Health Services Other System of Medicines 102-Homeopathy O. 137.51 R. 14.81	152.32	114.78	37.54
5.	20-Labour	2230-Labour and Employment A(f) 01-Labour 001-Direction and Administration O. 65.35 S. 31.63 R. 4.00	100.98	61.58	39.40

(Rupees in lakh)					
Sl. No.	Number and name of grant	Head of Account	Total grant	Total Exp- enditure	Savings
1	2	3	4	5	6
6.	33-North Eastern Areas	2552-North Eastern Areas C(c) 800-Other Expenditure (2) Forest (6) Support to State Forest Research Institute to make it Regional Institute O. 41.54 R.9.55	51.09	29.53	21.56
7.	34-Power	4801-Capital Outlay on Power Project C(e) Transmission and Distribution 800(16)(1) Schemes under MNES for Turnkey Project O. 20.70 S. 191.03 R. 106.17	317.90	167.50	150.40
8.	38-Irrigation and Flood Control	2702-Minor Irrigation C(d) 80-General 800(8) Accelerated Irrigation benefits (1) Central Loan Assistance O. ... S. 629.56 R. 120.44	750.00	375.00	375.00
9.	42-Rural Development	2505-Rural Development C(b) 701(3) Indira Awas Yojana O. 63.00 R. 191.00	254.00	204.00	50.00
10.	-do-	2505-Rural Employment C(b) 701-Jawahar Rozgar Yojana O. 143.00 R. 50.00	193.00	161.42	31.58
11.	48-Horticulture	2401-Crop Husbandry C(a) 119-Horticulture and Vegetable Crops O. 354.20 S. 55.78 R. 41.00	450.98	419.97	31.01

(Rupees in lakh)					
Sl. No.	Number and name of grant	Head of Account	Total grant	Total Exp- enditure	Savings
1	2	3	4	5	6
12.	52-Sports and Youth Services	4202-Capital Outlay on Sports and Youth Services B(a) 03 Sports and Youth Services Sports Stadia 53(a)(v) Construction of Multipurpose Outdoor Stadium at Capital Complex Itanagar O. ... S. 78.87 R. 21.13	100.00	...	100.00
13.	57-Urban Development	4217-Capital Outlay on Urban Development B(c) 60 Other Schemes 800-Other Expenditure O. 164.00 R. 18.36	182.36	114.60	67.76
14.	59-Public Health Engineering	2215-Water Supply and Sanitation Central/Centrally Sponsored Schemes B(c) 01-102(2) Accelerated Rural Water Supply O. ... S. 3100.00 R. 29.46	3129.46	2979.46	150.00

APPENDIX - X

Statement showing New Service/New Instrument of Service

(Reference : Paragraph 2.3.7; Page 26)

(a) Expenditure met by re-appropriation

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropriation	Actual expenditure	Excess(+) Savings(-)
1	19-Industries	2230-Labour and Employment B(f) 03-102 Apprenticeship Training O. S. R. 1.00	1.00	1.00	...
2.	- Do -	4875-Capital Outlay on Other Industries C(f) 60-190 Share Capital O. S. R. 17.00	17.00	17.00	...
3.	23-Forest	2406-Forestry and Wildlife Central/Centrally Sponsored Schemes C(a)02-110(46) Dehang Dibang Biosphere Reserve O. S. R. 6.00	6.00	5.68	(-0.32)
4.	33-North Eastern Areas	2552-North Eastern Areas C(c) 800 Other Expenditure (4) Fishery (2) Regional Hatchery Complex for Cold fish Culture O. S. R. 10.23	10.23	4.22	(-6.01)
5.	33-North Eastern Areas	4552-Capital Outlay on North Eastern Areas C(c) 800 Other Expenditure 2(1)(viii) Daporijo N.T. Road O. S. R. 18.05	18.05	18.05	...
6.	- Do -	C(c) 800 Other Expenditure 2(1)(vi) Gohpur Itanagar Road O. S. R. 9.52	9.52	9.52	...

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropriation	Actual expenditure	Excess(+) Savings(-)
7.	33-North Eastern Areas	C(c) 800 Other Expenditure 2(1)(xiii) Miao Vijoyanagar Road O. ... S. ... R. 2.49	2.49	2.49	...
8.	35-Information and Public Relation	4220-Capital Outlay and Information and Publicity B(d) 60-Others 101(51) Motor Vehicles O. ... S. ... R. 6.00	6.00	6.00	...
9.	- Do -	101(53) Major works (Buildings) O. ... S. ... R. 2.00	2.00	2.46	(+) 0.46
10.	38-Irrigation and Flood Control	2702-Minor Irrigation C(d) 80-General 800(8) Accelerated Irrigation Benefits (2) State Share O. ... S. ... R. 250.00	250.00	250.00	...
11.	38-Irrigation and Flood Control	2705-Command Area Development C(d) 800(2) Centrally Sponsored Schemes under CAD Programme O. ... S. ... R. 10.00	10.00	10.00	...
12.	42-Rural Development	2501-Special Programme Development C(b) 101(2) Swarna Joyanti Gram Swarajgar Yojana (SGSY) O. ... S. ... R. 119.00	119.00	263.68	(+)144.68
13.	42-Rural Development	2501-Special Programme Development C(b) 01-800(3) DRDA Administration O. ... S. ... R. 155.00	155.00	...	(-) 155.00

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropiation	Actual expenditure	Excess(+) Savings(-)
14.	59-Public Health Engineering	Central/Centrally Sponsored Schemes 2215-Water Supply and Sanitation B(c) 102-800(7) C.R.S.P O. ... R. 16.86	16.86	9.36	(-)7.50
15.	- Do -	Central/Centrally Sponsored Schemes B(c) 102-800(5) Information Education and Communication O. ... R. 8.59	8.59	8.37	(-)0.22
16.	- Do -	Central/Centrally Sponsored Schemes B(c) 102-800 (9) Water Testing Laboratory O. R. 19.13	19.13	8.09	(-) 11.04
17.	- Do -	Central/Centrally Sponsored Schemes B(c) 102-800 (8) H.R.D. O. ... R. 5.95	5.95	5.84	(-) 0.11
18.	- Do -59	Central/Centrally Sponsored Schemes B(c) 102-800 (10) Computerising R.G.L.D.W.N. O. ... R. 34.65	34.65	5.84	(-) 28.81
			Total :	627.60	

APPENDIX – XI

Statement showing Expenditure met without provision of fund

(Reference : Paragraph 2.3.8; Page 26)

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropiation	Actual expenditure	Excess(+) Savings(-)
1.	19-Industries	2885-Other Outlay on Industries and Minerals C(f) (02) 101(1)-Subsidies to Industrial Unit (CS) O. ...	-	8.16	(+)8.16
2.	31-Public Works	2059-Public Works A(d) 80 - General 799 – Suspense O. ...	-	77.57	(+)77.57
3.	34-Power	799 – Suspense O. ...	-	21.69	(+)21.69
4.	42-Rural Development	2515-Other Rural Development Programme 800-Other Expenditure Publicity Expenses O. ...	-	3.04	(+)3.04
5.	Public Debt	6004-Loans and Advances from Central Government E-01-Non Plan Loans 800-Other Loan (Modernisation of Police force) O. ...	-	140.76	(+)140.76
			Total :	251.22	

APPENDIX - XII

Non-surrender of savings
(Reference : Paragraph 2.3.9; Page 26)

Sl. No.	Number and name of the grant / appropriation	Total grant / appropriation	Savings	Unsurrendered savings
(Rupees in crore)				
Revenue (Charged)				
1.	2-Governor	1.35	0.20	0.20
2.	Public Debt	84.38	1.99	1.99
Revenue (Voted)				
3.	6 - District Administration	34.00	0.41	0.41
4.	8 - Police	61.14	1.27	1.27
5.	9 - Motor Garages	5.05	2.66	2.66
6.	14 - Education	127.14	2.68	2.68
7.	19 - Industries	5.08	0.78	0.78
8.	20 - Labour	1.20	0.39	0.39
9.	21 - Food, Storage & Warehousing	50.20	0.71	0.71
10.	23 - Forest	37.65	7.44	7.44
11.	24 - Agriculture	22.92	1.07	1.07
12.	25 - Relief, Rehabilitation & Resettlement	21.93	0.27	0.27
13.	28 - Animal Husbandry & Veterinary	15.68	0.27	0.27
14.	33 - North Eastern Areas	1.00	0.50	0.50
15.	37 - Legal Metrology	1.62	0.60	0.60
16.	38 - Irrigation & Flood Control Project	25.15	3.76	3.76
17.	42 - Rural Development	27.91	2.22	2.22
18.	45 - Civil Aviation	10.19	0.59	0.59
19.	48 - Horticulture	11.88	1.32	1.32
20.	50 - Secretariate Economic Services	2.04	0.38	0.38
21.	59 - Public Health Engineering	60.07	4.63	4.63
Capital (Voted)				
22.	8 - Police	4.56	0.36	0.36
23.	15 - Health & Family Welfare	14.51	12.05	12.05
24.	24 - Agriculture	5.75	2.75	2.75
25.	30 - State Transport	3.28	0.32	0.32
26.	31 - Public Works	11.34	0.26	0.26
27.	33 - North Eastern Areas	14.41	0.78	0.78
28.	34 - Power	105.44	9.29	9.29
29.	40 - Housing	13.71	0.50	0.50
30.	45 - Civil Aviation	3.27	0.24	0.24
31.	53 - Fire Protection & Control	0.50	0.50	0.50
32.	56 - Tourism	2.08	1.53	1.53
33.	57 - Urban Development	3.12	0.65	0.65
			63.37	63.37

APPENDIX - XIII

Statement showing the number of cases in which the amount surrendered
in excess of actual savings/excess

(Reference :Paragraph 2.3.10; Page 27)

Sl. No.	Grant Number	Saving(-) Excess(+)	Amount Surrendered	Excess amount surrendered
(Rupees in crore)				
1.	19 – Industries (Capital)	(-) 0.52	0.53	0.01
2.	28 – Animal Husbandry and Veterinary (Capital)	(-) 0.84	0.94	0.10
3.	51 – Directorate of Library (Capital)	(-) 0.06	0.09	0.03
Total		(-) 1.42	1.56	0.14
4.	52 – Sports and Youth Services (Revenue)	(+) 0.11	0.10	0.10
Total		(+) 0.11	0.10	0.10

APPENDIX -XIV

Statement showing the population norms for setting up the centres and their staffing norms

(Reference: Paragraph 3.1.5.1(i) ; Page: 33)

Centres	Population norms for establishment of centres in		Agencies responsible for establishment and maintenance of centres	Staffing norm	Services to be provided
	Plain Area	Hill/ Tribal Area			
SCs.	5000	3000	All SCs established after 1 April 1981 were funded by GOI. Sub-centres functioning prior to 1 April 1981 were funded by State Minimum Needs Programme	One Multipurpose worker (Male), MPW(Female) or ANM	Contact Point between Primary health Care and community
PHCs	30,000	20,000	State Government under MNP	One medical officer assisted by 14 para medical and non- medical staff	First contact point between village community and MO. It has 4-6 beds for treatment of patients and act as referred unit for 6 Sub Centres
CHCs	1,20,000	80,000	-do-	4 Medical specialist supported by 21 Medical and para medical staff	It serves as referral centres for 4 PHCs and has 30 indoor beds with Operation Theatre, X Ray and Lab facilities

APPENDIX – XV

Statement showing the items of work included in the sanctioned estimate but not covered by the guideline

(Reference paragraph 3.1.6(iii); Page 40)

Sl. No.	Name of District for which fund released in the name	Items for which fund released but not covered by guidelines	Amount released by GOI
			(Rupees in lakh)
i)	Tawang District (Tawang)	Renovation of District Hospital building	5.80
ii)	West Kameg (Bomdila)	Renovation of maternity ward of District Hospital (DH)	1.51
		Renovation of casualty ward of DH	1.20
		1 room RCC building with attached toilet in the DH	1.99
iii)	Lower Subansiri Dist. (Ziro)	Special repair and maintenance of DH building	2.67
iv)	West Siang (Along)	Construction of generator house and repair and maintenance of DH building	3.00
		Repair and maintenance of CHC building at Basar	1.50
		-do- at Mechuka	0.70
		-do- at Likabali	1.92
		-do- at Rungong	0.81
		-do- at Yomcha	2.00
v)	Changlang (Changlang)	Renovation of DH building	1.88
		Construction of SPT building and and cold chain room at DH	0.50
		Special repair and renovation of CHC building at Miao	1.43
vi)	East Kameng (Seppa)	Renovation and Special repair of Changlang Tajo CHC building	9.09
vii)	Dibang Valley (Roing)	Renovation of CHC building at Roing	5.00
Total :			41.00

APPENDIX - XVI

Statement showing details of medicines which lost their shelf life

(Reference paragraph 3.1.12(i); Page 43)

Name of Medicines	By whom supplied	By whom received and with date	Quantity received	Date of expiry	Quantity expired
DPT Injection	Adtl. DHS FW Naharlagun	DMO Ziro 11/96 to 1/97	5000 + 2000 = 7000 doses	5/97	6000 doses
-do-	-do-	DMO Along 14-7-99	2500 doses	1/2000	640 doses
-do-	-do-	-do- 18-2-92 & 30-6-92	3000 + 1000 = 4000 doses	9/92	1100 doses
Measles	-do-	-do- 2-7-93 & 9-9-93	2000 + 1000 = 3000 doses	3/94	2900 doses
BCG	-do-	-do- 22-4-92	600 doses	5/92	200 doses
Nirodh	-do-	-do- 6/96	9000 pieces	12/97	4200 pieces
Polio	-do-	-do- 22-5-96	600 doses	6/96	250 doses
IFA (small)	-do-	-do- 11-10-96	7,80,000 tablets	6/98	41,000 tablets
Polio	-do-	-do- 11-3-96	1000 doses	1/97	180 doses
TT	-do-	-do- 30-9-97	5000 doses	7/97	5000 doses
IFA Large	-do-	-do- -	-	6/98	4,71,500 tablets
Polio	-do-	-do- -	-	11/98	13,400 doses
Measles	-do-	-do- -	-	10/97 & 2/98	865 doses 595 doses
DT	DMO Ziro	MO i/c Ragma PHC	-	-	140 doses
IFA	-do-	-do- 3/98	-	6/98	10,000 tablets
TT	-do-	-do- -	-	-	110 doses
DPT	-do-	-do- -	-	-	110 doses
OPB	-do-	-do- -	-	-	40 doses
Measles	-do-	-do- -	-	-	35 doses
BCG	-do-	-do- -	-	-	80 doses

APPENDIX - XVII

Statement showing outstanding AC Bills
(Reference: Paragraph 3.2.4.3 ; Page 49)

Year	Bill No. & Date	Amount	Purpose for which drawn	Drawn by
1997-98	2770 dt. 30-03-98	24,47,356 Total =24,47,356	Procurement of 10 nos. ambulance	DHS
1998-99	638 dt. 12-8-98	15,000	Purchase of POL	DDHS(NMEP)
	1922 dt. 23-3-99	96,944	Addl. For purchase of 11 number of Gypsy ambulance	DHS
	2239 dt. 31-3-99	16,66,185 Total =17,78,129	Purchase of 5 number of Gypsy ambulance	DHS
1999-2000	861 dt. 21-9-99	10,000	Purchase of POL	Health Education Officer
	1164 dt. 26-10-99	5,000	---do--	Training Officer, IDD
	1173 dt. 29-10-99	10,000	---do--	Under Secy, Health
	1174 dt. ---do--	6,000	---do--	Food Inspector
	1543 dt. 4-1-2000	10,000	---do--	Asstt. Food Controller
	1700 dt. 2-2-2000	10,000	---do--	Jt. D.H.S Ento.
	1726 dt. 10-2-2000	10,000	---do--	Drug Inspector.
	1765 dt. 17-2-2000	15,000	---do--	Asstt. Unit Officer, Leprosy.
	1766 dt. 17-2-2000	15,000	---do--	Asstt. DHS(Ento)
	1838 dt. 6-3-2000	5,000	---do--	Private Secy. to Minister(Health)
	1896 dt. 14-3-2000	10,000	---do--	Health Education Officer
	1924 dt. 16-3-2000	5,000	---do--	Training Officer, IDD.
	1992 dt. 27-3-2000	10,000	---do--	Accounts Officer
	2002 dt. 28-3-2000	15,000	---do--	DDHS(NMEP)
	2104 dt. 29-3-2000	10,000	---do--	P.S to Minister (Health)
	2180 dt. 30-3-2000	10,000	---do--	DDHS (S & T)
	2179 dt. 30-3-2000	5,000	---do--	Dy. Secy; Health
	2203 dt. 31-3-2000	10,000	---do--	DDHS, TB
	2207 dt. ---do--	15,000	---do--	Jt. DHS (Ento)
	2214 dt. ---do--	10,000	---do--	M.O General Hospital, NLG
	2303 dt. ---do--	15,000	---do--	Dr. Mrs. C.Pegu etc.
	2311 dt. ---do--	4,50,000	Training of Doctors, nurses under District, Mental Health Programme.	---do--
	2312 dt. ---do--	5,000	---do--	---do--
		Total = Rs. 6,66,000		
Grand Total=		Rs. 48,91,485	Say Rs.48.91 lakh	

APPENDIX - XVIII

Statement showing district wise number of PHCs with and without M.O and functional/non-functional HSCs

(Reference: Paragraph 3.2.5.2 ; Page 50)

Name of District	Total nos. of PHC	No. of PHC with one or more M.O	No. of PHC without M.O	Total No. of HSC	Numbers of HSC		
					Functional	Without any staff	With one Gr.D in each
1. Tawang	2	1	1	13	4	4	5
2. East Kameng	6	2	4	19	8	5	6
3. West Kameng	6	6	---	19	15	1	3
4. Lower Subansiri	6	6	---	50	13	23	14
5. East Siang	9	7	2	22	17	5	---
6. West Siang	7	5	2	14	14	---	---
7. Papum-pare	4	4	---	13	11	1	1
	40	31	9	150	82	39	29

APPENDIX - XIX

Statement showing position of excess entertainment of staff in CHC/PHC

(Reference: Paragraph 3.2.5.3 ; Page 50)

Name of districts	Name of CHC/PHC	Deployment of staff under each category of posts				Excess deployment of staff under each category			
		M.O	Para-medical	Non-medical*	Total	M.O	Para-medical	Non-medical	Total
West Siang	Basar CHC	7	22	24	53	3	11	14	28
---do---	Kamba PHC	1	5	10(9)	16	---	(-) 2	(+) 3	1
East Siang	Bilat PHC	1	10	9	20	---	3	2	5
	Sille PHC	1	11	10	22	---	4	3	7
	Panging PHC	1	7	8	16	--	---	1	1
	Mebo PHC	1	10	12(9)	23	---	3	5	8
East Kameng	Sejusa PHC	2	9	20(17)	31	1	2	13	16
West Kameng	Dirang PHC	3	13	14	30	2	6	7	15
	Kalaktang PHC	1	14	9	24	---	7	2	9
	Bhalukpong PHC	3	13	6	22	2	6	(-) 1	7
	Rupa PHC	2	11	12	25	1	4	5	10
Papumpare	Doimukh PHC	5	24	32(28)	61	4	17	25	46
	Balijan PHC	2	11	23(20)	36	1	4	16	21
	Kimin PHC	3	9	27(25)	39	2	2	20	24
Lower Subansiri	Raga PHC	2	4	22(10)	28	1	(-) 3	15	13
	Old Ziro PHC	1	6	34(18)	41	---	(-) 1	27	26
	Palin PHC	2	11	16	29	1	4	9	14
	Yazali PHC	2	8	7	17	1	1	---	2
		40	198	295	533	19	68	166	253

* Numbers in brackets shows number of Group – D.

APPENDIX- XX

Statement showing receipt and issue of medicine in PHCs under West Siang District

(Reference: Paragraph 3.2.5.5(c); Page 52)

Name of PHC	Name of medicine	Date of receipt	Quantity received	Date of issue	Quantity issued	
Tirbin	1.Ciprofloxacin 500 mg tabs	26-11-99	200 tabs	30-11-99	200 tabs	
	2.Metronidazole tab	30-6-99	400 tabs	30-7-99	400 tabs	
		8-10-99	400 tabs	30-10-99	400 tabs	
		1-11-99	200 tabs	30-1-2000	200 tabs	
		1-2-2000	300 tabs	27-2-2000	300 tabs	
	3.Tetrocycline 250 mg cap	30-6-99	200 tabs	30-7-99	200 tabs	
		8-10-99	200 tabs	30-10-99	200 tabs	
		26-11-99	600 tabs	30-11-99	600 tabs	
		29-12-99	200 tabs	30-1-2000	200 tabs	
		Gensi	1.Gentamycin Inj.	25-6-99	50 vials	26-6-99	50 vials
2. Ampicillin Inj.			30-3-2000	100 vials	4-3-2000	100 vials
3.Furoxone tab balance as on	15-9-98		810 tabs	15-9-98	810 tabs	
	2-12-98		500 tabs	8-12-98	500 tabs	
	12-1-99		500 tabs	15-1-99	500 tabs	
	19-4-99	1000 tabs	21-4-99	1000 tabs		
		11-6-99	500 tabs	15-6-99	500 tabs	

APPENDIX - XXI

Statement showing receipt of fund, expenditure incurred etc. by the Nodal DCs during the year from 1997-98 to 1999-2000

(Reference : Para 3.3.4; Page 59)

(Rupees in Lakh)

Year	Opening balance with D.C.			Fund Received from Govt. of India by DC			Total Fund with DC			Interest earned during the year by DC			Total fund with DC			Expenditure incurred by DC			Closing balance with D.C.			Total Closing Balance
	Papum- pare(RS)	Along (LS)	Tezu (LS)	Papum- pare (RS)	Along (LS)	Tezu (LS)	Papum- pare	Along	Tezu	Papum- pare	Along	Tezu	Papum- pare	Along	Tezu	Papum- para	Along	Tezu	Papum- para	Along	Tezu	
1997-98	74.13	127.95	85.85	50.00	Nil	Nil	124.13	127.95	85.85	0.58	2.32	2.92	124.71	130.27	88.77	86.17	44.43	Nil	38.54	85.84	88.77	
1998-99	38.54	85.84	88.77	150.00	150.00	100.00	188.54	235.84	188.77	0.90	2.02	Nil	89.44	137.86	160.67	175.13	122.99	3.00	14.31	114.87	185.77	
99-2000	14.31	114.87	185.77	200.00	150.00	100.00	214.31	264.87	285.77	6.96	1.02	0.86	121.27	165.89	186.63	170.70	126.37	141.69	50.57	139.52	144.94	335.03
				<u>400.00</u>	<u>300.00</u>	<u>200.00</u>				<u>8.44</u>	<u>5.36</u>	<u>3.78</u>	<u>35.42</u>	<u>434.02</u>	<u>436.07</u>	<u>432.00</u>	<u>293.79</u>		<u>144.69</u>			
				900.00						17.58			1205.51			870.48						

Say, Rs. 8.70crore.

APPENDIX - XXII

Statement showing works recommended by MP, sanctioned by the DC, works completed, etc. during the period from 1997-98 to 1999-2000 in respect of 3 constituencies of Arunachal Pradesh

(Reference : Paragraph – 3.3.5 (i); Page 60)

(Rupees in Lakh)

Name of Nodal DCs	Works recommended by MP						Works sanctioned by DC						Works Completed						Incomplete Works		Remarks
	1997-98		1998-99		99-2000		1997-98		1998-99		99-2000		1997-98		1998-99		99-2000		No	Value	
	No	Value	No	Value	No	Value	No	Value	No	Value	No	Value	No	Value	No	Value	No	Value			
Papumpare	36	108.20	46	145.40	39	147.21	32	103.40	44	132.80	45	164.61	9	33.98	54	154.13	46	170.70	12	42.00	
Along	6	25.73	39	169.12	26	159.92	6	25.73	25	123.52	40	205.52	4	14.23	17	101.64	32	122.87	18	116.03	
Tezu			39	120.65	22	103.07			32	98.06	22	72.13			1	3.00	49	141.69	4	26.50	
TOTAL	42	133.93	124	435.17	87	410.20	38	129.13	101	354.38	107	442.26	13	48.21	72	258.77	127	435.26	34	184.53	

- Abstract
- (i) Total number of works recommended by MP during 1997-2000 - 253
 - (ii) Total number of works sanctioned by DC during 1997-2000 - 246
 - (iii) Total number of works completed by DC during 1997-2000 - 212
 - (iv) Total number of incompleted works during 1997-2000 (246 - 212) - 34

APPENDIX - XXIII

Statement showing delay in according sanction of works by DCs

(Reference Paragraph 3.3.5(ii) (b) ; Page 62)

Name of Constituency	Name of DCs who sanctioned the work	Details of works sanctioned	Date of approval by MPs	Date of sanction by DC	Estimated cost (Rs. in lakh)	Period of delay (Days)
RS Papumpare Itanagar	DC, Papumpare Itanagar	Spun pipe with RRM Wall Culvert at Datt Village	10-06-97	01-12-97	4.00	130
-do-	-do-	C/o MIBT type 3 class room at Kimin Secondary School	09-06-97	01-12-97	4.00	129
-do-	-do-	C/o MIBT bldg. Of MC Mohan line at Club office at Naharlagun	18-09-97	28-11-97	0.50	27
-do-	-do-	C/o RLR from Yupia road to Upper Yupia	10-07-97	27-03-98	1.00	215
-do-	-do-	C/o Mule track from Lower Leyak to Gekung	11-06-97	09-03-98	5.00	226
-do-	-do-	Soil conservation work along left bank of Pare river at Likha Village	21-07-97	14-05-98	1.50	242
-do-	-do-	C/o Land protection work at Borum Paddy field at Barapanie	11-06-97	14-05-98	2.50	292
-do-	-do-	C/o CC drain from approach road to Secondary School Kimin	09-06-97	14-05-98	1.00	289
-do-	-do-	C/o CC drain at forest colony at Naharlagun	05-01-99	02-06-99	3.00	103
L.S. Arunachal West-Along	DC, West Siang, Along	C/o Community Hall at Sagali	28-04-97	26-08-97	5.00	53
-do-	-do-	C/o CC drain at Bogdo	07-12-98	30-06-99	2.00	160
-do-	-do-	C/o Mahila Mandal School Building at Kimin	13-07-98	22-04-99	5.00	238
-do-	-do-	Hanging Bridge inbetween Taliha to Riyon	02-05-98	28-07-99	5.00	406
-do-	-do-	C/o Indoor Multi Complex at Bomdila	21-11-98	15-03-2000	5.00	435
L.S. Arunachal East, Tezu	D.C., Changlang	C/o Community Hall at Jairampur	11-02-99	14-06-99	10.00	78
					54.50	

APPENDIX - XXIV

Statement showing delay in execution of works
(Reference paragraph 3.3.5(ii)(c) ; Page 62)

Name of Constituency	Particulars of works executed	Date of issue of financial & Administrative Sanction	Estimated cost sanctioned (Rs. in lakh)	Stipulated date of completion	Actual date of completion	Period of delay in completion (Month)
R.S: Papumpare Itanagar(53)	C/o R/wall at D-Sector Naharlagun	14-05-98	0.50	31-03-99	31-12-99	9
(54)	Flood protection work at Sangri nallah at Model Village Naharlagun	14-05-98	1.00	31-03-99	31-12-99	9
(87)	C/o RCC water tank for providing irrigation under Pakke Kesang Block East Kameng District	05-01-99	6.98	30-08-99	20-01-2000	5
(89)	C/o 15 Seated Girls Hostels at Kengkhum village at Changlang District	20-09-98	2.50	31-03-99	30-07-99	4
(92)	Flood protection works at Mabo agricultural field Sagalee	22-12-98	3.00	31-03-99	31-08-99	5
(38)	Spun pipe with RRM wall culvert at Datt village	01-12-97	4.00	20-04-98	30-09-98	5
			17.98			

APPENDIX - XXV

Statement showing sample check percentage, percentage of population and percentage of total expenditure covered during 1995-2000

(Reference: Paragraph 3.4.3 ; Page 68)

Sl. No.	Name of Districts and Head quarter	Total Population as per 1991 Census	Total Urban population as per 1991	Total Fund allotted under CSS 1995-96 to 1999-00 (Rupees in lakh)	Fund allotted to selected Districts	Urban Population of selected districts	Remarks
1.	Papumpare, Itanagar	72811	30914	132.73	132.73	30914	1. Total fund allotted = Rs. 513.63 lakh Funds allotted to selected Districts = Rs. 206.55 lakh i.e. 40.21 %
2.	East Siang, Pasighat	71864	14639	21.82	-	-	
3.	West Siang, Along	89936	13239	28.77	28.77	13239	2. Total Urban Population = 139198 Urban Population of selected Districts = 63303 i.e. 45.48 %
4.	Upper Siang, Yiangkiang	27779	3027	19.07	-	-	
5.	L/Subansiri, Ziro	83167	8862	19.42	19.42	8862	3. Total Districts = 13 Selected Districts = 4 i.e. 30.77 %
6.	U/Subansiri, Daporijo	50086	10288	25.63	25.63	10288	
7.	East Kameng, Seppa	50395	7547	26.82	-	-	
8.	West Kameng, Bomdila	56421	5655	23.56	-	-	
9.	Tawang, Tawang	28287	3387	32.74	-	-	
10.	Changlang, Changlang	95530	4321	40.19	-	-	
11.	Tirap, Khonsa	85508	7097	38.08	-	-	
12.	Lohit, Tezu	109706	23246	62.73	-	-	
13.	Dibang Valley, Roing	43068	6976	42.07	-	-	
Total		864558	139198	513.63	206.55	63303	

APPENDIX - XXVI

Statement showing the release of fund by Central and State, Expenditure and Balance in SUDA's account

(Reference: Paragraph 3.4.4 ; Page 68)

(Rupees in Lakh)

Year	Schemes	Fund due			Released by State Govt. through Budget			Expenditure Booked	Actual expenditure	Balance in SUDA's a/c
		Central share released	State share required	Total due	Central share	State matching share	Total fund available			
Unreleased balance of fund as on 1.4.1995										
		116.73	51.26	167.99						
1995-96	NRV	51.70	34.46	86.16	50.89	81.50	132.39	109.65	40.46	91.93
	UBSP	5.50	3.66	9.16	17.50	2.50	20.00	20.00	5.42	14.58
	PMIPEP	68.11	63.94	132.05	-	-	-	-	-	-
1996-97	NRV	28.20	18.80	47.00	45.71	6.00	51.71	52.10	119.93	(-) 68.22
	UBSP	-	-	-	20.50	10.00	30.00	30.85	16.20	14.30
	PMIPEP	95.80	89.96	185.76	68.11	12.20	80.31	80.31	-	80.31
1997-98	NRV	45.53	30.35	75.88	35.12	10.48	45.60	45.60	47.50	(-) 1.99
	UBSP	-	-	-	-	-	-	-	7.00	(-) 7.00
	PMIPEP	-	-	-	95.80	40.52	136.32	136.32	-	136.32
	SJSRY	50.99	16.99	67.98	-	-	-	-	-	-
1998-99	NRV	-	-	-	73.73	-	73.73	73.73	34.30	39.43
	UBSP	-	-	-	-	-	-	-	-	-
	PMIPEP	-	-	-	-	34.15	34.15	34.15	12.14	22.01
	SJSRY	65.01	21.67	86.68	51.14	17.85	68.99	68.90	49.70	19.29
1999-2000	NRV	-	-	-	-	30.87	30.87	30.87	-	-
	UBSP	-	-	-	-	-	-	-	-	-
	PMIPEP	-	-	-	-	5.46	5.46	5.46	288.52	(-) 170.95
	SJSRY	10.36	3.45	13.81	59.57	21.67	81.24	81.24	-	-
TOTAL		537.93	334.54	872.47	518.07	273.20	791.27	769.18	621.26	170.01

APPENDIX - XXVII

Statement showing year wise and district wise receipt, expenditure and balance
in respect of DUDA Account

(Reference: Paragraph 3.4.4 ; Page 68)

(Rupees in lakh)

Sl. No.	Districts	1995-96			1996-97			1997-98			1998-99			1999-2000		
		Rece-ipt	Expdr.	Bal-ance	Rece-ipt	Expdr.	Bal-ance	Rece-ipt	Expdr.	Bal-ance	Rece-ipt	Expdr.	Bal-ance	Rece-ipt	Expdr.	Bal-ance
1.	Papumpare	6.47	6.02	0.45	18.84	16.52	2.32	25.98	17.77	8.21	-	-	-	81.44	-	81.44
2.	Changlang	9.72	7.95	1.77	10.33	8.84	1.49	-	-	-	-	-	20.14	-	20.14	
3.	Yiangkiang	-	-	-	7.82	7.83	(-)0.01	-	-	-	-	-	11.25	-	11.25	
4.	Pasighat	-	-	-	11.53	11.47	0.08	1.32	1.32	-	-	-	8.95	-	8.95	
5.	Along	-	-	-	10.03	7.47	2.56	1.50	-	1.50	-	-	17.24	-	17.24	
6.	Daporijo	0.46	0.46	-	9.27	8.13	1.14	4.00	4.00	-	-	-	11.90	-	11.90	
7.	Tezu	13.26	13.26	-	20.03	19.71	0.32	5.50	5.10	0.40	-	-	23.94	-	23.94	
8.	Khonsa	2.67	2.67	-	7.58	3.00	4.58	-	-	-	-	-	27.83	-	27.83	
9.	Bomdila	-	-	-	9.07	10.85	(-)1.78	4.65	4.29	0.36	-	-	9.84	-	9.84	
10.	Tawang	6.60	6.60	-	9.05	5.88	3.17	7.49	6.98	0.51	-	-	9.60	-	9.60	
11.	Roing	-	-	-	8.48	-	8.48	-	-	-	-	-	33.59	-	33.59	
12.	Seppa	-	-	-	3.27	-	3.27	3.00	3.00	-	-	-	20.55	-	20.55	
13.	Ziro	-	-	-	8.52	8.52	-	-	-	-	-	-	10.90	1.11	9.79	
TOTAL		39.18	36.96	2.22	133.84	108.22	25.62	53.44	42.46	10.98			287.17	1.11	286.06	

ABSTRACT	Total	Receipt	Expenditure	Balance
1995-96 to 1999-2000		513.63	188.75	324.88

APPENDIX – XXVIII

Statement Showing Prime Minister Rojgar Yojna (PMRY)

Physical figures

(Reference: Paragraphs 3.4.6 & 3.4.7.2.2 ; Page 70 & 75)

Sl. No.	Year	Target	No. of application		Sanctioned by Banks	Amount of loan sanctioned	No. of beneficiaries to whom loan disbursed		Amount of loan disbursed (in lakh)
			Received	Recommended			(Rupees	in lakh)	
1.	1993-94	200	249	160	124	103.29	115	89.31	
2.	1994-95	250	749	311	183	130.80	132	78.67	
3.	1995-96	300	756	331	287	217.04	255	163.37	
4.	1996-97	450	771	447	409	283.77	335	231.14	
5.	1997-98	300	750	311	298	213.53	275	193.23	
6.	1998-99	500	1215	486	473	171.35	66	40.12	
7.	1999-2000	500	NA	359	NA	NA	NA	NA	
TOTAL		2500	4490	2405	1774	1119.78	1178	795.84	

APPENDIX – XXIX
Statement showing construction of inadmissible works
(Reference: Paragraph 3.4.7.1.2 ; Page 72)

Sl. No.	Districts	Scheme	Sl. No.	Works Executed	Expenditure (Rs. in lakh)	Remarks
1.	Changlang	NRY	1.	Repair of C.C. steps from bazar to staff colony	0.35	
			2.	“ “ from bazar to PWD garrage	0.50	
			3.	“ “ from bazar to Officer Qtrs.	0.10	
			4.	Protection works at Power House	0.86	
			5.	Land Protection in front of DC's Office	0.11	
2.	Pasighat	NRY	6.	Garbage clearance at Pasighat	1.50	
3.	Tezu	NRY	7.	Construction of drain at Tezu Police Station	4.97	
			8.	Construction of drain at Court Building	4.94	
4.	Khonsa	NRY	9.	Construction of C.C. steps at S.P. Office	1.35	
			10.	Construction of C.C. steps from DRDA's office to S.P. Office	3.00	
5.	Papumpare	NRY	11.	Extn. Of 2 Nos. classroom for Green Mount School (Commercial School)	3.98	
			12.	R/wall and drain construction at CRPF camp	2.99	
6.	Bomdila	NRY	13.	Improvement of approach road to DC's Bungalow	3.48	
			14.	Beautification of land scaping at lower gompa	1.50	
7.	Tawang	NRY	15.	Approach Road at Parking Place at Market	3.49	
TOTAL :					33.12	

APPENDIX – XXX

Statement showing the number of beneficiaries, amount of loan disbursed and loans/interest outstanding under PMRY (Test checked Districts)

(Reference: Paragraph 3.4.7.2.2 ; Page 75)

(Rs. in lakh)

Sl. No.	Districts	Lead Banks	No. of beneficiaries	Amount of loan disbursed	Loan/interest outstanding	Remarks
1.	Papumpare, Itanagar	SBI Itanagar	29	19.24	16.95	Present status could not be stated by Bank/ DDDIC*
		UCO Bank Itanagar	33	24.33	27.91	
		Vijaya Bank Itanagar	30	17.95	17.52	
		SBI Doimukh	48	30.10	29.98	
		UCO Bank Banderdewa	13	8.02	6.65	
		Vijaya Bank University	31	17.35	18.11	
2.	Lower Subansiri, Ziro	SBI, Ziro	99	70.72	76.62	72 closed, 16 not opened, 11 Running Most of the business units not functioning Most of the business suspended
		SBI New Palin	9	7.70	7.77	
		SBI Raga	7	5.03	5.96	
3.	West Siang, Along	SBI Along	52	34.44	33.96	
		SBI Basar	11	6.46	5.51	
		SBI Lekabali	18	13.07	12.56	
4.	Upper Subansiri, Daporijo	SBI Daporijo	82	63.54	70.75	Present status could not be stated by Bank/ DDDIC*
		TOTAL	462**	317.95	330.25	

* Deputy Directors of the District Industries Centre

** All 462 beneficiaries were defaulting in repayment of loans together with interest as of April/May 2000.

APPENDIX - XXXI

(A) Statement showing number of teachers required as per norms and number of teachers on roll during 1997-98 and 1998-99 in respect of Papumpare District

(Reference : Paragraph 3.5 ; Page 78)

Sl. No.	Name of School	Total Number of Students in Class I to V		Maximum nos. of teachers required as per norms		Number of teachers actually on Roll		Number of teachers entertained in excess of norms	
		1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
1.	Govt. Primary School 'P' Sector, Itanagar	479	479	12	12	22	27	10	15
2.	Govt. Primary School 'C' Sector, Itanagar	450	450	12	12	17	17	5	5
3.	Govt. Primary School 'D' Sector, Itanagar	59	85	2	3	6	8	4	5
4.	Govt. Primary School Nitivihar, Itanagar	262	270	7	7	12	15	5	8
5.	Govt. Primary School Moub-II, Itanagar	252	160	7	4	15	17	8	13
6.	Govt. Primary School Police Colony, Itanagar	303	264	8	7	12	14	4	7
7.	Govt. Primary School Chimpu, Itanagar	185	202	5	5	7	7	2	2
8.	Govt. Primary School Karingasa, Naharlagun	172	175	5	5	8	9	3	4
9.	Govt. Primary School PTC, Banderdewa	135	215	4	6	10	10	6	4
10.	Govt. Primary School, Papunala	213	292	6	8	13	15	7	7
11.	Govt. Primary School, Lehki	68	82	2	2	7	7	5	5
12.	Govt. Primary School, Gumte	112	161	3	4	8	9	5	5
		Total		73	75	137	155	64	80

Audit Report for the year ended 31 March 2000

Year	Minimum of the time scale	Dearness allowance (DA)	Total Pay + DA	Period	Total extra expenditure (pay+DA) x Excess teacher x period
1997-98	Rs.4500.00	@ 8% Rs.360.00 from 4/97	Rs.4860	4/97 to 6/97 = 3 months	Rs.4860 x 64 x 3 = Rs.9,33,120
		@ 13% Rs.585.00 from 7/97	Rs.5085	7/97 to 12/97 = 6 months	Rs.5085x64x6 = Rs.19,52,640
		@ 16% Rs.720.00 from 1/98	Rs.5220	1/98 to 3/98 = 3 months	Rs.5220x64x3= Rs.10,02,240
1998-99	Rs.4500.00	@16% Rs.720.00 from 4/98	Rs.5220	7/98 to 12/98 = 3 months	Rs.5220 x 80 x 3 = Rs.12,52,800
		@ 22% Rs.990.00 from 7/98	Rs.5490	7/98 to 12/98 = 6 months	Rs.5490 x 80 x 6 = Rs.26,35,200
		@ 32% Rs.1440.00 from 1/99	Rs.5940	1/99 to 3/99 = 3 months	Rs.5940 x 80 x 3 = Rs.14,25,600
Total (A) :-					Rs.92,01,600

(B) Statement showing number of teachers required as per norms and number of teachers on roll during 1999-2000 (as of November 1999) in respect of East Siang District, Pasighat.

Sl. No	Name of the School	Total number of students in class I to V	Maximum number of teachers required as per norms	Number of teachers actually on roll	Number of teachers entertained	
					Excess	Shortage
1.	Govt. Primary School, D. Ering	495	13	19	6	
2.	Govt. Primary School, Balwadi	428	11	12	1	
3.	Govt. Primary School, Indira Gandhi	473	12	20	8	
4.	Govt. Primary School, JNC Campus	123	4	12	8	
5.	Govt. Primary School, Mirsam	95	3	8	5	
6.	Govt. Primary School, Boying	50	2	6	4	
7.	Govt. Primary School, Runne	69	2	7	5	
8.	Govt. Primary School, Rayang	147	4	9	5	
9.	Govt. Primary School, Miglung	52	2	8	6	
10.	Govt. Primary School, Old Telam	111	3	8	5	
11.	Govt. Primary School, Membo Village	242	7	9	2	
12.	Govt. Primary School, Take Ralung	198	5	7	2	
	Total		68	125	57	

13.	Govt. Primary School, Riew	226	6	4		2
14.	Govt. Primary School, Yeksi	73	2	1		1
15.	Govt. Primary School, Pareng	133	4	2		2
16.	Govt. Primary School, Yingku	133	4	1		3
17.	Govt. Primary School, Pangkang	307	8	2		6
18.	Govt. Primary School, Boleng town	378	10	6		4
	Total		34	16		18

Year	Minimum of the Time Scale	Dearness Allowance (DA)	Total Pay + DA	Period	Total expenditure (Pay + DA) x excess teachers x Period
1999-2000 (upto Nov '99)	Rs. 4500.00	@ 32% Rs.1440 from 4/99	Rs.5940	4/99 to 6/99 (3 months)	Rs. 5940 x 57 x 3 = Rs. 10,15,740
		@ 37% Rs. 1665 from 7/99	Rs. 6165	7/99 to 11/99 (5 months)	Rs. 6165 x 57 x 5 = Rs. 17,57,025
				Total (B)	Rs. 27,72,765

Grand Total (A) + (B) = Rs.(92,01,600 + 27,72,765) = Rs. 1,19,74,365

APPENDIX - XXXII

**Statement showing department-wise position of the outstanding Inspection Reports and Paragraphs
(Reference : Paragraph : 3.9 ; Page 83)**

Sl. No.	Name of Department	Outstanding paragraphs at the end of August 1999			Paragraphs remaining unsettled for more than 10 years		Paragraphs remaining unsettled for non-receipt of initial replies			
		No. of I.R.	No. of paragraphs	Amount in lakh	No. of I.R.	No. of paragraphs	Number of offices	Number of I.R.	Period of issue of I.R.	Number of paras
1.	Horticulture Department	38	138	798.11	2	2	4	5	1986 to 1998-99	27
2.	Rural Development Department	104	344	467.91	33	107	14	21	1979 to 1998-99	124
3.	Public Works Department	114	672	478.68	6	9	8	8	1996 to 1999-2000	124
Total		256	1154	1744.70	41	118	26	34		275

APPENDIX -XXXIII

Statement showing department-wise breakup of cases of misappropriation, losses etc., as of 30 June 2000

(Reference : Paragraph : 3.10 ; Page 84)

Sl. No.	Department	Cases in which Department & Criminal action have not been started		Cases in which Department/ Police action had been started but not finalised		Cases where criminal proceeding had been finalised but execution certificates/cases for recovery pending		Cases in the court of law		Cases awaiting orders for recovery or write off		Total	
		No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	No. of cases	Amount in lakh of Rs.	Total No. of cases	Amount in lakh of Rs.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Education Department	-	-	2	1.80	-	-	1	1.28	1	0.29	4	3.37
2.	Forest Deptt.	-	-	3 1	6.94 Not intimated	-	-	2	1.23	2	6.40	8	14.57
3.	General Administration	-	-	-	-	-	-	1	0.03	-	-	1	0.03
4.	Public Works Department	-	-	1	0.44	-	-	1	1.64	4	0.85	6	2.93
5.	Supply and Transport Deptt.	-	-	1	0.53	-	-	1	0.34	4	0.46	6	1.33
6.	Information and Public Relation	-	-	-	-	-	-	1	2.65	-	-	1	2.65
7.	CWC Department	-	-	-	-	-	-	1	Not intimated	-	-	1	Not intimated
8.	PHE Department	-	-	1	1.08	-	-	-	-	-	-	1	1.08
Total -		-	-	9	10.79	-	-	8	7.17	11	8.00	28	25.96

N.B.:

	Number of Cases	Amount (Rupees in lakh)
As per last Report	27	21.52
New Cases	1*	4.44
Total :	28	25.96

* relates to Forest Department

APPENDIX – XXXIV

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government Companies

(Reference : Paragraph 8.2.1; Page 136)

(Figure in bracket indicates budgetary outgo during the year)

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

Sl. No.	Sector and Name of the Company	Paid-up Capital at the end of 1999-2000					Equity/loan received out of Budget during 1999-2000		Other loans received during the year	Loans outstanding at the close of 1999-2000\$			Debt equity ratio for 1999-2000 (bracket indicates for previous year 4(f)/3(c))
		State	Central	Holding	Others	Total	Equity	Loans		Govt.	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5

GOVERNMENT COMPANIES

Sector :
Industrial Development
And Financing

1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	162.50	-	-	-	162.50	-	-	-	-	224.15	224.15	1.38:1 (5.60:1)
	Total of the sector	162.50	-	-	-	162.50	-	-	-	-	224.15	224.15	1.38:1 (5.60:1)

Sector
Mining

2.	Arunachal Pradesh Mineral Development Corporation Limited	213.22	-	-	-	213.22	18.00	-	-	-	-	-	-
	Total of the Sector	213.22	-	-	-	213.22	18.00	-	-	-	-	-	-

Sector :
Cement

3.	Parsuram Cements Limited	10.00	-	13.50	-	23.50	-	-	-	-	145.10	145.10	6.17:1 (6.17:1)
	Total of the Sector	10.00	-	13.50	-	23.50	-	-	-	-	145.10	145.10	6.17:1 (6.17:1)

Sector :
Fruit Processing

4.	Arunachal Horticultural Processing Industries Limited	-	-	18.81	-	18.81	-	-	-	-	14.00	14.00	0.74:1 (0.74:1)
	Total of the Sector	-	-	18.81	-	18.81	-	-	-	-	14.00	14.00	0.74:1 (0.74:1)

Sector :
Forest

5.	Arunachal Pradesh Forest Corporation Limited	449.72	-	-	-	449.72	-	-	-	-	112.99	112.99	0.25:1 (0.01:1)
	Total of the Sector	449.72	-	-	-	449.72	-	-	-	-	112.99	112.99	0.25:1 (0.01:1)
	Total	835.44	-	32.31	-	867.75	18.00	-	-	-	496.24	496.24	0.57:1 (1.26:1)

Note : All figures are provisional as given by the company.

* Includes bonds, debentures, inter corporate deposits etc.

\$ Loans outstanding at the close of 1999-2000 represents long term only

APPENDIX - XXXV

Summarised financial results of Government Companies for the latest year for which accounts were finalised.

(Reference : Paragraphs 8.2.1, 8.2.3; 8.2.4, 8.2.5; Pages 136, 137 and 138)

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

Sl. No.	Sector and Name of the Company/ Corporation	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net Profit(+)/ Loss(-)	Net Impact of Audit Comments	Paid-up capital	Accumulated Profit(+)/ Loss(-)	Capital* employed	Total return on Capital employed	Percentage of return on Capital employed	Arrears of accounts in terms of years	Status of the company/ corporation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Government Companies														
SECTOR :														
INDUSTRIAL DEVELOPMENT AND FINANCING														
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industries	August 1978	1995-96	1999-2000	(-) 5.45	-	132.50	(-)300.55	1081.57	(+) 123.04	11.38	4	Working
Total of the Sector						(-) 5.45	-	132.50	(-)300.55	1081.57	123.04	11.38		
SECTOR : MINING														
2.	Arunachal Pradesh Mineral Development Corporation Limited	Mines & Minerals	March 1991	1992-93	1997-98	(-)8.67	Nil	50.22	(-)12.14	37.96	(-)8.67	-	7	Working
Total of the Sector						(-)8.67	-	50.22	(-)12.14	37.96	(-)8.67			
SECTOR : CEMENT														
3.	Parasuram Cements Limited	Industries	January 1991	No accounts finalised since inception									10	Under closure
Total of the Sector														

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
SECTOR : Fruit Processing														
4.	Arunachal Horticulture Processing Industries Limited	Industries	May 1982			No accounts finalised since inception							18	under closure
Total of the Sector														
SECTOR : FOREST														
5.	Arunachal Pradesh Forest Corporation Limited	Forest	March 1977	1994-95	1998-99	(+)749.18	Net profit overstated by Rs.76.22 lakh	399.72	(+)1500.89	1092.49	(+) 749.18	68.58	5	working
Total of the Sector														
						749.18		399.72	(+)1500.89	1092.49	(+)749.18	68.58		
TOTAL:						(+) 735.06		582.44	1188.20	2212.02	863.55	39.04		

* Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of Arunachal Pradesh Industrial Development and Financial Corporation Limited where the capital employed is worked out as a mean of aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance)

APPENDIX - XXXVI
Statement showing operational performance of Electricity
(Power) Department

(Reference : Paragraph 8.3.4; Page 141)

Sl. No.	ITEM	1997-98	1998-99	1999-2000
(1)	(2)	(3)	(4)	(5)
1.	Installed capacity (MW)			
a)	Thermal	-	-	-
b)	Hydro	23.83	31.83	31.83
c)	Gas	-	-	-
d)	Others (Diesel)	38.05	34.50	35.50
	Total :	61.88	66.33	67.33
2.	Normal maximum demand of the state (MKwh)			
3.	Power Generation (MKwh)			
a)	Thermal	-	-	-
b)	Hydro	69.25	53.18	52.40
c)	Gas	-	-	-
d)	Others (Diesel)	20.04	13.10	11.73
	Total :	89.29	66.28	64.13
	Less: Auxillary consumption			
a)	Thermal	-	-	-
b)	Hydro	4.55	3.91	-
		(66.81)	(78.51)	
c)	Gas	-	-	7.21 (100)
d)	Others (Diesel)	2.26	1.07	-
		(33.19)	(21.49)	
	Total:	6.81	4.98	7.21
4.	Net Power Generated (MKwh)	82.48	61.30	56.92
5.	Power Purchased (MKwh)	78.84	84.84	80.01
6.	Free Power received (MKwh)	-	-	-
7.	Total Power available (MKwh) for sale (4+5+6)	161.32	146.14	136.93
8.	Power sold (MU)			
a)	Within the State	111.32	99.63	80.95
b)	Outside the State	-	-	-
	Total:	111.32	99.63	80.95

Audit Report for the year ended 31 March 2000

(1)	(2)	(3)	(4)	(5)
9.	Transmission and Distribution losses in (MU)	50.00	44.90	55.76
10.	Load factor (percentage)	NA	NA	NA
11.	Percentage of Transmission & Distribution losses to total power available for sale	30.99	30.72	40.72
12.	Number of villages/towns electrified			
	a) Villages	100.00	47.00	25.00
	b) Towns	-	-	-
13.	Number of pumpsets/wells energised	-	-	-
14.	Number of Sub-Stations	-	-	-
15.	Transmission/Distribution lines (in KM)			
	a) High Voltage 33 KV	-	-	3033
	b) High Voltage 11 KV	-	-	3852
	c) Low Voltage (LT)	-	-	6781
16.	Connected load (in MW)	77.00	79.00	80.00
17.	Number of Consumers	70000.00	73000.00	77000.00
18.	Number of Employees	9075.00	9148.00	9258.00
19.	Consumer Employee Ratio	8:1	8:1	8:1
20.	Total expenditure on staff during the year (Rupees in crore)	21.92	24.17	27.94
21.	Percentage of expenditure on staff to total revenue expenditure	67	67	64
22.	Units sold (percentage of share to total unit indicated in bracket)			
	a) Agriculture	-	-	-
	b) Industrial	10 (8.98)	10.41 (10.45)	7.34 (9.07)
	c) Commercial	7.97 (7.16)	7.72 (7.15)	6.54 (8.08)
	d) Domestic	81.36 (73.09)	69.22 (69.48)	36.82 (45.48)
	e) Irrigation	-	-	-
	f) Bulk Supply	-	-	-
	g) Other Category (P/lighting, P/Water works Non-Resdl.)	11.99 (10.77)	12.28 (12.33)	30.25 (37.30)
	Total	111.32	99.63	80.95
23.	Revenue (In crore of Rs.)	12.40	11.65	6.49
24.	Expenditure (element of cost involved indicated (In crore of Rs.)			
	a) Wages	21.92	24.17	27.94
	b) Fuel	4.00	4.69	6.15
	c) Spares etc.	0.80	1.00	3.56
	d) Power Purchased	5.92	6.16	6.03
	Total : Expenditure (In crore of Rs.) (element of cost indicated)	32.64	36.02	43.68

APPENDIX - XXXVII

Financial position and working results of Arunachal Pradesh Industrial Development & Financial Corporation Ltd. for the year ending 1998-99

(Reference : Paragraph : 8.4.6; Page 144)

A Financial Position

	1995-96	1996-97	1997-98	1998-99
	(PROVISIONAL) (Rupees in lakh)			
Liabilities				
(i) Paid up Capital	122.50	142.50	142.50	162.50
(ii) Reserves & surplus	61.31	51.57	58.63	36.03
(iii) Borrowings:				
Refinance loan	211.09	212.56	219.58	199.30
State Governments	697.50	710.55	713.55	713.55
	908.59	923.11	933.13	912.85
(iv) Current liabilities and provisions:				
Interest payable to F.I.s	---	8.62	8.17	18.43
Interest payable to Govt.	434.84	506.38	577.92	649.46
Others including provisions	615.34	563.53	385.14	566.11
	1050.18	1078.53	971.23	1234.00
Total	2142.58	2195.71	2105.49	2345.38
Assets				
(i) Gross block	113.88	122.68	127.68	119.55
(ii) Depreciation	53.00	59.90	69.14	69.52
(iii) Net Fixed Assets	60.88	62.78	58.54	50.03
(iv) Investments	73.06	73.00	101.81	101.81
(v) Current Assets, Loans and Advances	338.32	345.45	397.60	419.88
Industrial				
Interest receivable on term loan	9.91	200.58	271.60	292.90
Other current Assets	1140.98	1117.55	552.03	625.35
	1489.21	1663.58	1221.23	1338.13
(vi) Cumulative loss	519.43	396.35	723.91	855.41
Total:	2142.58	2195.71	2105.49	2345.38
Capital employed	499.91	647.83	308.54	154.16
Net worth	(-) 132.04	(-) 202.28	(-) 522.78	(-) 658.88

Notes: Net worth represents paid up capital plus reserves and surplus less cumulative loss.

Capital employed represents net fixed assets plus working capital.

B Working results

	1995-96	1996-97	1997-98	1998-99
	(Rupees in lakh)			
Income				
Gross profit from trading	24.19	23.38	36.33	27.27
Interest Income				
Term loan	44.39	73.68	80.87	73.74
Others	52.53	108.85	30.38	19.53
Misc. Income	---	0.56	1.56	0.20
Prior period Income	7.15	223.65	9.46	---
Total	128.26	430.12	158.60	120.74
Expenditure				
Salaries and wages	67.79	62.52	66.56	81.85
Interest on borrowings				
Financial Institutions	31.58	36.94	26.94	24.38
State Government	70.34	71.54	71.54	71.54
Others	26.83	19.61	0.85	0.99
Total	128.75	128.09	99.33	96.91
Depreciation	7.43	7.32	9.25	8.03
Other adm. Expenses	13.74	18.59	21.43	18.10
Provisions for N.P.A.	---	90.52	289.59	47.35
Total:	217.71	307.04	486.16	252.24
Profit (+)/Loss (-)	(-) 89.45	(+) 123.08	(-) 327.56	(-) 131.50

APPENDIX - XXXVIII

Details of 15 industrial loan cases with overdues as on 31 March 2000

(Reference : Paragraph :8.4.7.6; Page 149)

Sl. No.	Name of Units	Overdues (Rs. in lakh)			Reasons for non-recovery
		Principal	Interest	Total	
1.	<u>A. Units which turned out to be economically not viable</u> M/s Arunachal Drugs & Pharmaceuticals (P) Ltd.	43.00	83.36	126.36	1.A i) Time and cost over run in completion of Project consequent on delay in completion of Project (ii) Absence of sufficient demand for products, and (iii) Proposal of the company to take over the assets suspended twice at the instance of Chief Minister
2.	M/s Hotel Arun	45.65	26.58	72.23	2. (i) Non-adherence to sanctioned project; (ii) non-establishment of economic viability and sanction of additional loan (iii) Operating loss due to low occupancy (iv) delay in taking final action (v) representation made by a Minister and recommended by ex-Chief Minister (vi) The loan guaranteed by the present chairman of the company
3.	M/s Hotel Chandni	23.95	3.78	27.73	3. Adverse working result due to low occupancy ratio. The unit paid Rs. 30 lakh in May 1999 against total dues of Rs. 54.69 lakh and requested waiver of balance Rs. 24.69 lakh. Final decision was awaited (May 2000).
4.	M/s Yangam Hotel cum Shopping Complex	11.20	12.79	23.99	4. Party completed the project but financial statement not available for working results. As per letter from guarantor of the loan the party is a wilful defaulter and delay in initiating actions to recover the dues by the company.
5.	M/s Electro Techno Industry	8.40	10.05	18.45	5. Non-availability of adequate supply orders for its products (transformers). The unit had been incurring losses.
	Total	132.20	136.56	268.76	
1.	<u>B. Un-implemented Units</u> M/s Himalaya Ginger & Chemical Products	7.42	7.41	14.83	B. 1. The unit had not been commissioned although as per project appraisal the unit was to be commissioned in April 1996
2.	M/s Arunachal Nursing & Research Institute	9.25	2.97	12.22	2. Release of loan instalments without ascertaining Progress of work and of the ownership of land on which construction works were carried out. The unit remained unimplemented and subjudice.
3.	M/s Topee Hollow Block Industry	6.91	1.64	8.55	3. Machinery have not been installed and the project was not completed. Money suits filed.
4.	M/s Hotel Patkai	6.50	9.72	16.22	4. The unit has not been completed. However, after expiry of last date of repayment (February 1998) the company had filed suits in March 1998. There was inordinate delay in taking action
	Total	30.08	21.74	51.82	
1.	<u>C. Units closed/abandoned</u> M/s Yamcha Food Products	25.15	32.98	58.13	C. 1. A biscuit manufacturing unit with annual installed capacity of 300 M.T. incurred operating losses due to lack of market demand of the products. The plant and machinery damaged in fire accident in August 1999 remained closed since then.
2.	M/s Aries Laboratories	42.74	51.04	93.78	2 (i) Inexperienced first generation promoter, (ii) unattainable sale target of production (iii) joint appraisal with bank not conducted to ensure working capital (iv) commissioned in January 1995 and suspended operation in 1996 (v) Assets taken over on 24.11.97 have not been disposed of and valued at Rs. 52.54 lakh only as against overdue amount of Rs. 93.78 lakh.
3.	M/s Bulo Pepsi Plant	2.84	3.15	5.99	3. Closed due to lack of demand.
4.	M/s Don Stone Crushing Unit	3.62	6.21	9.83	4. Unit has been abandoned. Assets not taken over.
5.	M/s Assung Tyres	1.47	4.30	5.77	5. Unit has been abandoned. Assets not taken over.
6.	M/s Laigi Saw Mills	5.00	7.36	12.36	6. The company filed money suit in August 1998 after last instalment due for repayment in May 1998.
	Total:	80.82	105.04	185.86	
	Grand Total:	243.10	263.34	506.44	

APPENDIX - XXXIX

Statement showing the list of suit cases pending in the court upto 31.3.2000
(Reference : Paragraph : 8.4.7.8; Page 153)

Sl. No.	No. & Date of the suit	Name of the Unit & name of the loanee	Amount disbursed with date		Amount outstanding as on 31.3.2000		
			Amount (Rs. in lakh)	Date	Principal (Rs. in lakh)	Interest (Rs. in lakh)	Total (Rs. in lakh)
1.	MS-20/89 dt. 30.9.89	Shri R. D. Khirme, SRTO (Truck)	1.42	<u>22.11.84</u> 21.1.85	0.90	0.20	1.10
2.	MS-29/89 dt. 30.9.89	S. C. Thongchi, SRTO (Bus)	1.79	<u>26.11.84</u> 2.4.85	1.51	0.98	2.49
3.	MS-2/91 dt. 1.3.91	Smti Ratan Yak, SRTO (Truck)	1.61	<u>22.11.83</u> 26.12.83	1.51	2.21	3.72
4.	MS-3/91 dt. 1.3.91	Racho Tama, SRTO (Taxi)	0.55	<u>5.2.85</u> 28.2.85	0.41	0.09	0.50
5.	MS-2/94 dt. 2.9.94	L. Dumri, M/s Novin Tyres	3.56	19.4.93	3.56	1.02	4.58
6.	MS-3/94 dt. 2.9.94	Kents Etc. & K. Das, M/s Topee Hollow Block Industries	6.91	<u>4.9.92</u> 18.5.93	6.91	1.64	8.55
7.	MS-6/96 dt. 6.9.96	Bamang Tato, M/s Tato Cane & Bamboo Industry	0.48	<u>28.1.94</u> 25.2.94	0.48	0.16	0.64
8.	TS-5/96 dt. 1.11.96	J. Baruah, A. Khan & R. Koyu, M/s Arunachal Nursing Home & Medical Research Institute	9.25	30.3.95	9.25	2.97	12.22
9.	TS-5/97 dt. 2.4.97	Tangir Bulo, M/s Bulo Pepsi Unit	3.15	<u>11.7.89</u> 30.5.90	2.84	3.15	5.99
10.	MS-17/97 dt. 4.7.97	Koj Anand, M/s Assung Tyres	1.47	19.11.85	1.47	4.30	5.77
11.	TS-98 dt. 5.3.98	K. Kuimyang, M/s Hotel Supersun	0.60	<u>23.3.83</u> 27.9.84	0.60	2.16	2.76
12.	MS-98 dt. 5.3.98	Tasok Poyom, M/s Capital Handloom & Knitting	0.68	<u>11.5.92</u> 3.3.93	0.65	0.56	1.21
13.	TS-98 dt. 5.3.98	W. Mophuk, M/s Hotel Patkari	6.50	<u>19.1.90</u> 13.1.92	6.50	9.72	16.22
14.	MS-98 dt. 7.8.98	T. Laigi, B. Laigi, K. Don & L. Nasi, M/s Laigi Saw Mill	5.00	<u>13.1.92</u> 3.4.92	5.00	7.36	12.36
15.	TS-98 dt. 7.8.98	Tajum Don, M/s Don Stone Crushing Unit	3.62	<u>3.3.92</u> 5.4.93	3.62	6.21	9.83
16.	MS-98 dt. 9.2.99	Biri Tabak, M/s Biri Wooden Furniture	0.36	1.11.91	0.36	0.24	0.60
		Total	46.95		45.57	42.97	88.54

APPENDIX - XL

Details of one time settlement (OTS) allowed by the Company during
1995-96 to 1999-2000

(Reference : Paragraph :8.4.7.9; page 154)

(Rupees in lakh)

Sl. No.	Name of Unit	Total dues on cut-off date	Amount settled	Amount waived
1.	M/s Donyi Sango Stone Crusher Unit	1.01	0.87	0.14
2.	M/s Capital Wire Products	2.26	1.10	1.16
3.	M/s Arunachal Wood based Chemical Industries Ltd.	22.48	16.66	5.82
4.	Wood Products (India) International	66.35	56.20	10.15
5.	M/s Hotel Mara	6.60	3.45	3.15
6.	M/s Esse Restaurant cum shopping complex	14.29	13.74	0.55
7.	M/s Mitin Plastic Industry	51.30	22.00	29.30
8.	Sun View Tourist Resort	1.68	1.60	0.08
9.	M/s Yano Knitting	0.19	0.15	0.04
Total:		166.16	115.77	50.39

SECRET

SECRET

SECRET

DATE	TIME	LOCATION	ACTIVITY	REMARKS
10/10/57	0800	...	...	...
10/10/57	0900	...	...	...
10/10/57	1000	...	...	...
10/10/57	1100	...	...	...
10/10/57	1200	...	...	...
10/10/57	1300	...	...	...
10/10/57	1400	...	...	...
10/10/57	1500	...	...	...
10/10/57	1600	...	...	...
10/10/57	1700	...	...	...
10/10/57	1800	...	...	...
10/10/57	1900	...	...	...
10/10/57	2000	...	...	...
10/10/57	2100	...	...	...
10/10/57	2200	...	...	...
10/10/57	2300	...	...	...
10/10/57	0000	...	...	...

