

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

**FOR THE YEAR ENDED
31 MARCH 2003**

GOVERNMENT OF ARUNACHAL PRADESH

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Preface

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.*
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, 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 2002 – 03 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 2002 – 03 have also been included wherever necessary.*

OVERVIEW

OVERVIEW

This Report includes two chapters on Finance and Appropriation Accounts of the Government of Arunachal Pradesh for the year 2002-03 and seven other chapters, comprising four reviews and 34 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.

1. Accounts of the State Government

- The assets of the State Government during 2002-03 increased from Rs.3459.91 crore in 2001-02 to Rs.3841.72 crore (11.04 *per cent*), while the liabilities grew from Rs.1253.81 crore to Rs.1558.70 crore (24.32 *per cent*). This was mainly due to very high growth in market loans bearing interest (34 *per cent*), loans from central plan schemes (562 *per cent*) and suspense and miscellaneous balances (86 *per cent*).
- Rate of growth of revenue receipts during 2002-03 was only 2.12 *per cent* and in comparison with 2001-02, it came down by 10.77 *per cent*. GSDP growth also came down from 14.08 *per cent* in 2000-01 to 6.79 *per cent* in 2002-03.
- The overall expenditure comprising revenue expenditure, capital expenditure and loans and advances of the State during 1998-99 to 2002-03 increased at an average annual trend rate of 7.92 *per cent* and for every one *per cent* increase in the State's GSDP, the total expenditure of the State increased by 1.620 *per cent*. Non-development expenditure increased from 25 *per cent* in 1998-99 to 29 *per cent* of total expenditure in 2002-03.
- The gap between revenue receipts and revenue expenditure went down from 19.14 *per cent* in 1998-99 to 6.94 *per cent* in 2002-03 which indicates that revenue expenditure has been growing at a much faster rate and for every one *per cent* increase in GSDP, revenue expenditure increased by 2.035 *per cent*.
- Capital and development expenditure declined from 23.73 and 74.80 *per cent* in 1998-99 to 21.95 and 71.04 *per cent* respectively during 2002-03.
- As a proportion to State's gross domestic product, fiscal deficit had increased to 17.18 *per cent* in 2002-03 from 5.46 *per cent* in 1998-99 and primary deficit to 7.11 *per cent* in 2002-03 from 0.88 *per cent* in 1999-2000.
- On an average for one *per cent* increase in GSDP, the direct fiscal liabilities of the State increased by 3.525 *per cent* and currently the fiscal liabilities including the contingent liabilities of the State were nearly 1.11 times of the revenue receipts of the State.

- Of Rs.391.20 crore (borrowed fund) received during 2002-03, only Rs.46.66 crore (12 *per cent*) were available for investment after meeting repayment obligations.
- Return on investment of Rs.16.08 crore in companies, corporations and co-operative institutions at the end of March 2003 gave insignificant returns of less than one *per cent* during 1998-03.
- The balance from current revenue (BCR) has been negative for 5 years indicating that the State had to depend only on borrowings for meeting its Plan expenditure.

(Paragraphs 1.2 to 1.10)

2. Appropriation audit and control over expenditure

- During 2002-03, expenditure of Rs.1396.10 crore was incurred against the total grant and appropriation of Rs.1709.82 crore resulting in a saving of Rs. 313.72 crore (18.35 *per cent*). The overall saving of Rs.313.72 crore was the result of saving of Rs.323.42 crore in 57 cases of grants and appropriations, offset by excess of Rs.9.70 crore under 16 cases of grants and appropriations. The excess of Rs.9.70 crore required regularisation by the Legislature under Article 205 of the Constitution.
- Supplementary provision of Rs.304.49 crore obtained during 2002-03, which constituted 22 *per cent* of the original budget provision of Rs.1405.33 crore proved unnecessary as the expenditure of Rs.1396.10 crore fell short of even the original budget. Supplementary provision of Rs.130.70 crore obtained in 32 cases of grants and appropriations proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision. Further, against the requirement of Rs.35.64 crore, supplementary grants and appropriations of Rs.286.81 crore were obtained in respect of 43 cases resulting in savings amounting to Rs.251.17 crore. Substantial non-utilisation/under utilisation of supplementary provision indicated absence of closer scrutiny of the supplementary estimates proposed by the departments.
- Persistent savings ranging from 13 to 83 *per cent* occurred in 11 cases of grants and appropriations during the three year period from 2000-01 to 2002-03.
- In 35 cases, the entire provision of Rs.106.44 crore was not utilised and savings of Rs.255.51 crore in 46 grants/appropriations were not surrendered by the concerned departments.
- In six cases, the amount surrendered was in excess of actual savings. As against the total amount of actual savings of Rs.12.92 crore, the amount surrendered was Rs.24.17 crore resulting in excess surrender of Rs.11.25 crore. Further, against the excess expenditure of Rs.104.48 crore in respect of three grants under revenue section, the

amount surrendered was Rs.11.40 lakh, which resulted in injudicious surrender of Rs.11.40 lakh.

- Twenty eight drawing and disbursing officers (DDOs) had not submitted Detailed Countersigned Contingent bills (DCC bills) for Rs.2.38 crore drawn during 1998-01 against 46 AC bills indicating a serious deficiency in control over expenditure.

(Paragraphs 2.1 to 2.5)

3. Audit reviews on developmental/welfare programmes, etc.

(i) National AIDS Control Programme

To contain the spread of the HIV infection in India and to strengthen India's capacity to respond to the HIV/AIDS on a long term basis, Government of India (GOI) launched a hundred *per cent* centrally sponsored National AIDS Control Programme in 1992. The review of the programme in Arunachal Pradesh revealed several deficiencies in its management and implementation. Some important findings are given below :

- Central assistance of Rs.48.88 lakh pertaining to the period 1992-99 was unauthorisedly retained by the State Government for periods ranging between four to 10 years and has not yet been transferred to Arunachal Pradesh State AIDS Control Society (APSACS).
- Despite incurring an expenditure of Rs.1.13 crore, the targets under priority targeted intervention for groups at high risk were not fully achieved.
- Condom delivery system, activities under the IEC and awareness campaigns and the blood safety programme failed to take off.
- Despite having six *per cent* prevalence rate of STD, the achievement of APSACS in strengthening the STD clinics ranged from 0 to 14 *per cent* only.

(Paragraph 3.1)

(ii) Members of Legislative Assembly Local Area Development Scheme (MLALADS)

The Government of Arunachal Pradesh introduced the MLALADS in October 2000 in order to provide for small developmental works of capital nature based on the local needs of the people. A review of the scheme revealed the following:

- Utilisation of CGI sheets valued Rs.1.91 crore was doubtful due to non-maintenance of proper records for distribution of CGI sheets to the beneficiaries.
- Expenditure of Rs.58.32 lakh, incurred by four districts for the year 2000-03 on non-durable works, violated the provisions of the scheme and was thus irregular.
- Eight Deputy Commissioners incurred revenue expenditure of Rs.47.26 lakh for repair/renovation of assets in contravention of the provisions of the scheme.

(Paragraph 3.2)

(iii) Welfare of the Handicapped

For improvement of the condition of disabled people, Persons with Disabilities (Equal Opportunity, Protection of Rights and Full Participation) (PWD) Act, 1995 came into force in 1996 which was also implemented in the State along with other dedicated schemes such as National Programme for Rehabilitation of Persons with Disabilities (NPRPD). A review of the scheme revealed the following :

- There were 10,742 people with disabilities in the State according to the National Sample Survey conducted during 1991. The State Government has taken up neither investigation to find out the cause of occurrence of disease, nor screening of school children for identifying 'at risk' cases.
- Though the State Government had adopted a policy of three *per cent* reservation of posts for PWD in principle, identification of posts or employment for any of the 67 PWD registered in the State has not yet been provided by the Government.
- During the years 1998-99 to 2000-01, the Rural Development Department had covered 18,635 beneficiaries under poverty alleviation scheme, but no handicapped person was allotted any slot as against the three *per cent* envisaged in the Act.
- Out of the Central assistance of Rs.3.67 crore, an amount of Rs.1.66 crore only was spent during 2000-03 resulting in savings of 55 *per cent* under NPRPD. Further, out of this Central assistance, an amount of Rs.12.50 lakh was diverted at the instance of the State Government and Rs.3.54 crore was deposited in current account instead of savings bank account resulting in the nodal department sustaining a loss of interest of Rs.13.47 lakh.

(Paragraph 3.3)

(iv) Review of Rural Works Department, including manpower management

The responsibility of the Rural Works Department (RWD) is to construct rural link roads (RLRs), bridges for connecting the rural villages/habitats to national highways/district roads as well as to execute the works of land protection and soil conservation work. A review of the working of the department revealed the following:

- Budgeting in the department was unrealistic.
- The department failed to achieve the physical targets set for the rural link roads and bridges as well as for land reclamation and land protection works. The shortfall varied from 32 to 43 *per cent* in respect of roads, 73 *per cent* in respect of bridges and from 74 to 87 *per cent* in respect of land protection and land reclamation.
- Lack of proper planning and abnormal delay in completion of works resulted in unproductive expenditure of Rs.7.24 crore on 45 rural link roads works.
- There was fictitious expenditure of Rs.1.44 crore on slips clearance and Rs.35.37 lakh on overlapping works.
- Due to entertainment of 119 staff in excess of sanctioned strength, extra financial liability of Rs.77.92 lakh was borne by the department annually.

(Paragraph 4.1)

(v) Internal control/Internal audit system

The review of the system revealed several deficiencies in its management and control. Scrutiny revealed that the Directorate had neither framed nor adopted any auditing standards and no internal audit manual had so far been brought out by the Directorate/Government. The concept of audit planning was neither prevalent at the Directorate nor at district level. No targets in terms of number of units to be audited, financial value of audit observations *etc.*, had been fixed. The Directorate had not fixed any time limit for issue of inspection reports with the result that remedial action if any to be taken might get delayed. Staff training is one of the important aspects of manpower development. It was noticed that internal auditors were given only one training on accounts for six months. No other training for improvement of the quality of the audit adopting new auditing techniques, refresher course *etc.*, was imparted. Thus, the internal control/internal audit system in the State is still at a rudimentary stage and is not able to fulfil its stated objective.

(Paragraph 9.1)

4. Other points of interest

(A) Civil

(i) Undue financial benefit to carriage contractors

Due to execution of defective agreements, the Civil Supplies department failed to realise outstanding hire charges of vehicles amounting to Rs.1.06 crore and extended undue financial benefit to the lessees for periods ranging from one month to seven years 10 months.

(Paragraph 3.4)

(ii) Extra expenditure due to procurement of K-Othrine at higher rate

The Department of Health and Family Welfare made an extra payment of Rs.24.57 lakh in the purchase of K-Othrine, an anti-malarial chemical.

(Paragraph 3.5)

(iii) Misappropriation of Government money

Government money was misappropriated in the office of the Chief Medical Officer (CMO), Naharlagun to the extent of Rs.10.48 lakh by way of shortage of cash balance (Rs.5.32 lakh) and payment without documentary evidences (Rs.5.16 lakh).

(Paragraph 3.6)

(iv) Unproductive expenditure

Home Department incurred unproductive expenditure of Rs.1.57 crore due to non-completion of construction of 54 quarters even after placement of 100 *per cent* of the fund with the executing agencies. Besides, there was misuse of Government funds of Rs.10.47 lakh.

(Paragraph 3.7)

(v) Unnecessary drawal resulted in diversion and locking up of funds by the Inspector General of Police (IGP) at Itanagar

Irregular expenditure of Rs.79.69 lakh was incurred on construction of rest room cum toilet for gents in 48 police stations apart from diversion and locking up of funds for more than one year and two months.

(Paragraph 3.8)

(vi) Incomplete road work

Rs.1.12 crore incurred by the Bomdila Public Works Division was unfruitful owing to poor planning and non-utilisation of funds.

(Paragraph 4.3)

(vii) Wasteful expenditure incurred by Along Public Works Division due to frequent change of site of the bridge work

Construction of a bridge at site 'B' without considering its usefulness to the local inhabitants led to abandonment of the work midway resulting in wasteful expenditure of Rs.24.26 lakh. Expenditure of Rs.38.49 lakh is likely to become wasteful on construction of abutments at site 'C' due to taking up of the work without considering the technical viability of the site.

(Paragraph 4.4)

(viii) Banderdewa Store Division incurred extra expenditure and avoidable payment of interest

The procurement of cement at increased rate in contravention of the terms and conditions of the agreement resulted in extra expenditure of Rs.35 lakh beside incurring avoidable payment of interest of Rs.62 lakh.

(Paragraph 5.1)

(B) Revenue**(i) Loss of revenue**

Failure of the department to transport 7970.2959 cum of timber of mixed species to a safer place resulted in loss of revenue of Rs.96.85 lakh.

Execution of faulty agreement and realisation of royalty at a fixed rate of Rs.528 per MT on 54341.4210 MT of crude oil instead of Rs.850 per MT led to loss of revenue of Rs.1.75 crore.

(Paragraphs 6.8 and 6.15)

(ii) Misclassification of IMFL resulted in short realisation of excise duty

Realisation of excise duty of Rs.47.55 lakh against Rs.1.38 crore by classifying 85238 cases of IMFL as general and ordinary brands instead of premium brand resulted in short realisation of excise duty of Rs.90.54 lakh.

(Paragraph 6.12)

(iii) Non-realisation of additional royalty

Failure of the department to initiate action against two lessees for belated payment of royalty led to non-realisation of additional royalty of Rs.83.14 lakh.

(Paragraph 6.16)

(iv) Unauthorised removal of forest produce/use of motor vehicles without payment of tax

Felling and removal of 12415 trees measuring 5931.1462 cum of timber and removal of 1250 cum of sand and 20474.43 cum of stone/boulder from forest areas without obtaining any permit and without payment of royalty resulted in non-realisation of revenue of Rs.19.81 lakh.

Non-realisation of motor vehicles tax of Rs.25.13 lakh from the owners of 179 commercial vehicles led to unauthorised use of vehicles without payment of tax.

(Paragraphs 6.9 and 6.20)

(v) Short realisation of revenue due to application of incorrect rate/royalty/composite tax

Realisation of royalty inclusive of monopoly fee at pre-revised rate instead of revised rate resulted in short-realisation of revenue of Rs.16 lakh.

Realisation of royalty of Rs.1.03 crore on 13388 MT of crude oil against royalty of Rs.1.14 crore at the rate of Rs.850 per MT resulted in short realisation of royalty of Rs.11.09 lakh and non-realisation of additional royalty of Rs.10.03 lakh.

Realisation of composite tax of Rs.4.60 lakh at the rate of Rs.500 to Rs.1500 per annum instead of Rs.27.20 lakh at the rate of Rs.5000 per annum led to short realisation of composite tax of Rs.22.60 lakh.

(Paragraphs 6.10, 6.17 and 6.19)

(C) Commercial

(i) Nugatory investment and wasteful expenditure

Lack of planning in setting up a tea estate and belated decision to close down the created division had led to futile investment (Rs.51.33 lakh) and wasteful expenditure (Rs.86.67 lakh).

(Paragraph 8.2)

(ii) Futile investment and locking up of fund

Un-planned execution and consequent suspension of two works led to blockage of Rs.83.89 lakh on incomplete works from May 1998 (Rs.41.02 lakh) and April 2001 (Rs.42.87 lakh) besides frustrating the objectives for which the schemes were undertaken.

(Paragraph 8.3)

(iii) Locking up of fund on injudicious and unnecessary procurement of materials

Purchase of materials without assessment of requirement and inaction in disposal of surplus/unusable stock resulted in blocking of funds amounting to Rs.4.48 crore on unmoved (Rs.2.72 crore) and slow moving (Rs.1.76 crore) materials for over 8 to 10 years.

(Paragraph 8.4)

(iv) Idle investment on inoperative micro hydel projects

Lack of survey to ascertain physical viability prior to execution of works and inaction to renovate the failed projects have rendered the investment of Rs.96.77 lakh unproductive.

(Paragraph 8.5)

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 an analysis of information contained 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 Appendix – I.

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of fixed assets like land and buildings *etc.*, owned by the Government is not done. However, Government accounts do capture the financial liabilities of Government and the assets created out of the expenditure incurred by Government. Exhibit – I presents an abstract of such liabilities and assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While liabilities in this statement consist mainly of monies owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from Public Account and Reserve Funds, assets comprise mainly capital expenditure and loans and advances given by the State Government. Exhibit – I shows that while liabilities grew by 24.32 *per cent*, assets increased marginally by 11.04 *per cent* during 2002-03, mainly as a result of a very high growth in market loans bearing interest (34 *per cent*), loans for central plan schemes (562 *per cent*), and Suspense and Miscellaneous balances (86 *per cent*). This shows deterioration in the financial condition of Government.

1.3 Sources and application of fund

Exhibit – II gives the position of sources and application of funds during the current and preceding year. The main sources are the revenue receipts of Government, recoveries of loans and advances, public debt and receipts in the public account. These are applied mainly on revenue and capital expenditure and on lending for developmental and other purposes. It would be seen that revenue receipts constituted the most significant source of fund for the State Government. Their relative share decreased from 81.07 *per cent* in 2001-02 to 78.20 *per cent* in 2002-03. This was mainly due to decrease in receipts

received from taxes and income other than Corporation Tax (49 *per cent*) and Forestry and Wildlife (38 *per cent*) and Stationery and Printing (94 *per cent*). The relative share of net receipts from Public Account increased from 10.52 *per cent* in 2001-02 to 14.10 *per cent* in 2002-03. The increase in net Public Account receipts was mainly due to increase in 'Deposits and Advances'.

The ratio of revenue expenditure to total application of funds went down from 76.90 *per cent* in 2001-02 to 72.78 *per cent* in 2002-03. The revenue expenditure was lower than the total revenue receipts of State Government which led to revenue surplus (Rs.76.92 crore). Despite having revenue surplus, the relative share of lending for development and other purposes and capital expenditure decreased from 0.37 *per cent* in 2001-02 to 0.21 *per cent* in 2002-03 and 22.52 *per cent* in 2001-02 to 20.47 *per cent* in 2002-03 respectively.

1.4 Revenue receipts

The revenue receipts of the State consist mainly of its own taxes and non-tax revenue, central tax transfers and grants-in-aid from the Government of India. Over all revenue receipts of the State increased from Rs.923.57 crore in 1998-99 to Rs.1108.29 crore in 2002-03 at an average trend rate of 5.42 *per cent* per annum. Rate of growth of revenue receipts significantly moderated to 2.12 *per cent* in 2002-03 due to decline in the receipts from taxes on income other than Corporation Tax, Forestry and Wild Life and grants-in-aid. In comparison with 2001-02, it came down by 10.77 *per cent*. Over all revenue receipts, its annual (and trend of) rate of growth, ratio of its receipts to the State Gross Domestic Product (GSDP) and its buoyancy are indicated in table 1.1.

Table 1.1: Revenue receipts – basic parameters (values in Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue receipts	923.57	1008.92	961.41	1085.30	1108.29	1017
Rate of growth	10.55	9.24	(-) 4.71	12.89	2.12	5.42
Revenue receipts/GSDP	90.39	98.49	82.27	93.08	89.01	90.43
Revenue buoyancy	3.395	35.902	(-) 0.334	(-) 57.042	0.312	1.110
GSDP growth	3.11	0.26	14.08	(-) 0.23	6.79	4.89

The rate of growth of revenue receipts and GSDP fluctuated over the years. The rate of growth of revenue receipts in 2000-01 and GSDP in 2001-02 had recorded no growth during the respective years. However, during 1998-03, the GSDP growth of the State remained quite low and except for 2000-01 it remained less than 7 *per cent* in nominal terms. Despite maximum growth of GSDP in 2000-01 (14.08 *per cent*) its revenue buoyancy shows no growth due to no growth of revenue receipts during the year. Similarly during 2001-02, revenue receipts also kept less buoyant due to no growth of GSDP during the year. However, in 2002-03 a moderate growth in GSDP and a very low growth

in revenue receipts (less than 3 *per cent*) resulted in negligible growth in revenue buoyancy to 0.312 *i.e.* less than one.

Composition of the revenue receipts of the State and the relative share of the components over last five years is indicated in table 1.2. On an average, around 9 *per cent* of the revenue came from State's own resources. Central tax transfers and grants in aid together contributed major share of the revenue of 91 *per cent* of total revenue. The tax revenue of the State continued to grow in importance and from 1.22 *per cent* of total revenue in 1998-99 it increased to 3.36 *per cent* in 2002-03 but non-tax revenue of the State remained static around 7 *per cent* during 1998-2003. Central tax transfers as percentage to total revenue of the State witnessed a relative decline from 29.11 *per cent* in 1998-99 to 10.98 *per cent* in 2002-03. This decline has been a continuous one.

Table 1.2 : Components of revenue receipt – relative share in *per cent*

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Own taxes	1.22	1.38	2.15	2.85	3.36	2.19
Non-tax revenue	6.99	6.64	6.62	6.53	6.88	6.73
Central tax transfers	29.11	33.78	12.03	8.38	10.98	18.85
Grants-in-aid	62.68	58.21	79.20	82.24	78.77	72.22

Over all growth of the four components of revenue during 1998-03 also differed significantly. While the revenue from own taxes of the State recorded a trend growth of 33.37 *per cent* during 1998-03, the central tax transfers recorded no growth, non tax revenue and grants-in-aid were relatively buoyant with a growth of 4.87 and 12.45 *per cent* respectively during this period. The trend of annual growth of the various components of State's revenue, their buoyancy, average ratio as percentage to GSDP and average annual rate of shift in the relative contribution is indicated in table 1.3.

Table 1.3: Components of revenue–basic parameters 1998-03 (*per cent*)

	ROG	Buoyancy	GSDP share	Relative share	Shift rate
Own taxes	33.37	6.830	2.03	2.19	26.51
Non-tax revenue	4.87	0.998	6.09	6.73	(-) 0.52
Central tax transfers	(-) 20.00	(-) 4.093	16.67	18.85	(-) 24.11
Grants-in-aid	12.45	2.548	65.65	72.22	6.66

The State's own tax revenue and grants-in-aid had a high buoyancy of 6.830 and 2.548 respectively. The buoyancy of non-tax revenue was less than one. However, Central tax transfers had a buoyancy of (-) 4.093. As a result of no growth of buoyancy in the Central transfers and relatively lower buoyancy of non-tax revenue compared to the other two components of revenue, the relative share of these in State's total revenue declined. Average annual shift rate was (-) 0.52 *per cent* for non-tax revenue and (-) 24.11 *per cent* for Central tax transactions. However, since 91 *per cent* of the State's total revenue was generated through central tax transfers and grants-in-aid from Central Government, the State's own tax GSDP ratio averaged 2.03 and non-

tax averaged 6.09 only compared to a ratio of 16.67 for Central tax transfers and 65.65 for grants-in-aid during 1998-03. Low growth of its non-tax revenue and no growth of Central tax transfers to total revenue are a matter of concern.

1.5 Expenditure

Overall expenditure of the State comprising revenue expenditure, capital expenditure and the loans and advances increased from Rs.981 crore in 1998-99 to Rs.1324 crore in 2002-03, at an average annual trend rate of 7.92 *per cent*. The rate of growth of total expenditure was significantly higher than the rate of growth of State's GSDP except for the year 1999-2000 and its revenue receipts with reference to its buoyancy. In 2002-03 total expenditure witnessed a decline mainly due to a compression of expenditure on social and economic services but despite this decline, the overall buoyancy of the total expenditure at 1.620 during 1998-03 was high. It indicated that for every one *per cent* increase in the State's GSDP, expenditure increased by 1.620 *per cent*. Similarly, total expenditure increased relatively faster compared to the revenue receipts. During 1998-03, for each one *per cent* increase in revenue receipts, expenditure increased by 1.459 *per cent*. Overall expenditure, its annual and trend of growth ratio of total expenditure to State's GSDP and the buoyancy of expenditure is indicated in table 1.4.

Table 1.4 : Total expenditure – basic parameters (value in Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total expenditure	981	1099	1247	1336	1324	1197
Rate of growth	2.24	12.07	13.43	7.17	(-) 0.86	7.92
TE/GSDP Ratio	95.98	107.29	106.67	114.58	106.37	106.42
Revenue Receipts/ TE Ratio	94.17	91.80	77.12	81.24	83.68	85.60
Buoyancy of total expenditure with :						
GSDP	0.720	46.887	0.953	(-) 31.727	(-) 0.127	1.620
Revenue receipts	0.212	1.306	(-) 2.851	0.556	(-) 0.408	1.459

In terms of the activities total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in the total expenditure is indicated in table 1.5.

Table 1.5 : Components of expenditure – relative share (in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General services	17.90	18.77	18.23	18.74	19.43	18.61
Interest payments	7.27	7.26	9.68	8.16	9.47	8.37
Social services	26.88	28.35	27.39	29.50	27.67	27.96
Economic services	47.80	45.36	44.48	43.23	43.21	44.82
Loans & advances	0.16	0.26	0.22	0.37	0.23	0.25

The movement of relative share of these components indicates that while the share of economic services in total expenditure declined from 47.80 *per cent* in 1998-99 to 43.21 *per cent* in 2002-03, the relative share of interest payment, general and social services increased. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 29 *per cent* of total expenditure in 2002-03 as compared to 25 *per cent* in 1998-99.

In total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition in the State's service network.

Overall revenue expenditure of the State increased from Rs.746.81 crore in 1998-99 to Rs.1031.37 crore in 2002-03 at an average trend rate of 9.94 *per cent* per annum. Rate of growth of revenue expenditure, though, reached its maximum in 2000-01 at 16.99 *per cent*, but its growth went down to 0.18 *per cent* in 2002-03. Revenue expenditure – GSDP ratio also witnessed an increase from 73.09 *per cent* in 1998-99 to 82.83 *per cent* in 2002-03. Further, the ratio of revenue expenditure to total expenditure increased from 76.15 *per cent* in 1998-99 to 77.87 *per cent* in 2002-03. On an average, 77.25 *per cent* of total expenditure of the State was on current consumption. The ratio of revenue expenditure to revenue receipts was also rising *i.e.* from 80.86 *per cent* in 1998-99 to 93.06 *per cent* in 2002-03. The gap between revenue receipts and revenue expenditure went down from 19.14 *per cent* in 1998-99 to 6.94 *per cent* in 2002-03 which indicates revenue expenditure has been growing at a much faster rate. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in table 1.6.

Table 1.6 : Revenue expenditure – basic parameters (values in Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue expenditure	746.81	837.34	979.62	1029.55	1031.37	924.938
Rate of growth	12.37	12.12	16.99	5.10	0.18	9.94
RE/GSDP	73.09	81.74	83.83	88.30	82.83	82.21
RE as % of TE	76.15	76.19	78.58	77.06	77.87	77.25
RE as % to Revenue receipts	80.86	82.99	101.89	94.86	93.06	90.90
Buoyancy of revenue expenditure with :						
GSDP	3.981	47.094	1.207	(-) 22.562	0.026	2.035
Revenue receipts	1.173	1.312	(-) 3.608	0.396	0.083	1.833

The growth in revenue expenditure exceeded the rate of growth of State's GSDP except for the year 1999-2000 and revenue receipts with reference to its buoyancy. Average buoyancy of revenue expenditure to GSDP during 1998-03 was 2.035 indicating that for each one *per cent* increase in GSDP, revenue expenditure increased by 2.035 *per cent*. Similarly, for each one

percentage point increase in the State's revenue receipts, revenue expenditure increased by 1.833 *per cent*.

The expenditure of the State in the nature of plan, capital and developmental expenditure reflect its quality. Higher the ratio of these components to total expenditure better is the quality of expenditure. Table 1.7 below gives the ratio of these components to total expenditure.

Table 1.7 : Quality of expenditure (per cent to total expenditure)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan expenditure	52.60	50.67	51.09	56.88	53.84	53.16
Capital expenditure	23.73	23.62	21.24	22.65	21.95	22.56
Development expenditure	74.80	73.90	72.03	73.00	71.04	72.82

In comparison with 1998-99, plan expenditure showed an increasing trend during 2001-03 but declined during 1999-01. The other two components of the expenditure showed a relative decline during 1998-03. Capital expenditure declined from 23.73 *per cent* in 1998-99 to 21.95 *per cent* in 2002-03. Similarly, there was also a decline in the share of development expenditure from 74.80 *per cent* in 1998-99 to 71.04 *per cent* in 2002-03.

Activity wise expenditure also revealed that the average trend of growth of various components had significant variations. Interest payments and expenditure on general and social services were the fastest growing components with an average growth of 16.52 *per cent*, 11.51 and 8.37 *per cent* per annum respectively. Loans and advances also recorded a growth of 27.86 *per cent* per annum. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 28.85 *per cent*, social services 29.81 *per cent* and the economic services 47.49 *per cent*. Activity wise trend of growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP and revenue receipts are indicated in table 1.8.

Table 1.8 : Activity wise expenditure – basic parameters (in per cent)

	ROG	GSDP share	Relative share	Share shift	Buoyancy with	
					GSDP	Revenue receipt
General services	11.51	19.85	18.613	3.33	2.357	2.123
Interest payments	16.52	9.00	8.367	7.98	3.382	3.046
Social services	8.37	29.81	27.958	0.42	1.713	1.542
Economic services	4.84	47.49	44.817	(-) 2.85	0.991	0.893
Loans & advances	27.86	0.27	0.246	18.48	5.702	5.136

The relative shares of the expenditure on general services, interest payments, social services and loans and advances grew by an average of 3.33, 7.98, 0.42 and 18.48 *per cent* per annum respectively and witnessed a positive shift in their shares. On the other hand, the share of expenditure on economic services actually declined and recorded no growth.

All the components of expenditure had buoyancy greater than one with regard to GSDP and the revenue receipts except for economic services. However, relatively lower buoyancy of economic services resulted in decline in relative share and the annual rate of shift has come down to (-) 2.85 *per cent*.

1.6 Fiscal imbalances

The deficits in the Government accounts represent the gap between the receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed are important pointers to the fiscal health. The revenue deficit is the excess of its revenue expenditure over revenue receipts. Except for the year 2000-01, the State had revenue surplus for all the 4 years and the revenue expenditure had not been met from borrowed funds. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased from Rs.56 crore in 1998-99 to Rs.214 crore in 2002-03. State also had a primary deficit increasing from Rs.9 crore in 1999-2000 to Rs.88 crore in 2002-03. As a proportion to State's gross domestic product, fiscal deficit had increased to 17.18 *per cent* in 2002-03 from 5.46 *per cent* in comparison with 1998-99 and primary deficit to 7.11 *per cent* from 0.88 *per cent* in comparison with 1999-2000.

Table 1.9 : Fiscal imbalances – basic parameters (values in Rupees in crore and ratios in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Surplus (+)/ Deficit (-)	(+) 176.76	(+) 171.58	(-) 18.21	(+) 55.75	(+) 76.92	(+) 92.56
Fiscal deficit	(-) 55.75	(-) 88.79	(-) 283.60	(-) 248.80	(-) 213.88	(-) 178.16
Primary deficit	(-) 15.51	(+) 8.99	(+) 162.92	(+) 139.81	(+) 88.48	(+) 76.94
RS,RD/GSDP	(+) 17.30	(+) 16.75	(-) 1.56	(+) 4.78	(+) 6.18	(+) 8.23
FD/GSDP	(-) 5.46	(-) 8.67	(-) 24.27	(-) 21.34	(-) 17.18	(-) 15.83
PD/GSDP	(-) 1.52	(+) 0.88	(+) 13.94	(+) 11.99	(+) 7.11	(+) 6.84
RS,RD/FD	(-) 317.06	(-) 193.24	(+) 6.42	(-) 22.41	(-) 35.96	(-) 51.95

1.7 Fiscal liabilities – public debt guarantees

The Constitution of India provides that a State may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Table 1.10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters. It would be observed that the overall fiscal liabilities of the State increased from Rs.653 crore in 1998-99 to Rs.1226 crore in 2002-03 at an average annual rate of 17.22 *per cent*. These liabilities as ratio to GSDP increased from 63.9 *per cent* in 1998-99 to 98.5 *per cent* in 2002-03 and stood at 1.11 times of its revenue receipts and 10.80 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities Government had guaranteed loans of its various corporations and others. At the end of the year 2002-03, against the guaranteed amount of Rs.2 crore, Rs.79 lakh (principal : Rs.76 lakh and interest : Rs.3 lakh) in respect of one Government company was outstanding. The guarantees are in the nature of contingent liabilities. Currently, fiscal liabilities including contingent liabilities were nearly 1.11 times of the revenue receipts of the State. The direct fiscal liabilities of the State grew much faster compared to its rate of growth of GSDP, revenue receipts and own resources. On an average for one *per cent* increase in GSDP, revenue receipts, own resources, the direct fiscal liabilities of the State, increased by 3.525, 3.175 and 1.611 *per cent* respectively.

Table 1.10 : Fiscal liabilities – basic parameters (Rupees in crores)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal liabilities	653	763	926	1074	1226	928
Rate of growth	15.51	16.92	21.26	16.06	14.17	17.22
GSDP	63.9	74.5	79.2	92.1	98.5	82.5
Revenue receipt	70.7	75.7	96.3	99.0	110.7	87.9
Own resources	860.9	943.6	1098.2	1055.3	1080.0	998.9
Debt buoyancy :						
GSDP	4.993	65.748	1.510	(-) 71.106	2.087	3.525
Revenue receipt	1.471	1.831	(-) 4.516	1.247	6.687	3.175
Own resources	1.192	2.536	5.074	0.773	1.226	1.611

Increasing liabilities had raised the issue of sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in the case of Arunachal Pradesh average interest rate on fiscal liabilities at 11.81 *per cent* exceeded the rate of growth of GSDP by 4.89 *per cent* as indicated in table 1.11.

Table 1.11 : Debt sustainability – interest rate and GSDP growth (in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted interest rate	11.70	11.27	14.29	10.90	10.90	11.81
GSDP growth	3.11	0.26	14.08	(-) 0.23	6.79	4.89
Interest spread	(-) 8.59	(-) 11.01	(-) 0.21	(-) 11.13	(-) 4.11	(-) 6.92

Another important indication of debt sustainability is net availability of funds after payments of the principal on account of the earlier contracted liabilities and interest. The table 1.12 below gives the position of the receipt and repayment of fiscal liabilities over last 5 years. The net funds available on account of the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments varied from 10.21 *per cent* to 17.43 *per cent*. In comparison to 2000-01, the net funds available declined from 17.43 *per cent* to 13.67 and 11.93 *per cent* during 2001-03.

Table 1.12 : Net availability of borrowed funds (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Internal Debt[#]						
Receipt	52.29	62.06	73.00	85.85	103.45	75.33
Repayment (Principal + Interest)	55.84	59.19	38.39	53.65	75.99	56.61
Loans and advances from Government of India						
Receipt	58.17	70.31	56.50	68.87	67.02	64.17
Repayment (Principal + Interest)	47.58	55.29	64.77	74.89	88.47	66.20
Other liabilities^ψ						
Receipt	50.06	61.51	145.63	136.71	220.73	122.93
Repayment (Principal + Interest)	40.71	48.75	124.02	123.05	180.08	103.32
Total liabilities						
Receipt	160.52	193.88	275.13	291.43	391.20	262.43
Repayment (Principal + Interest)	144.13	163.23	227.18	251.59	344.54	226.13
Net fund available	16.39	30.65	47.95	39.84	46.66	36.30
Net fund available (per cent)	10.21	15.81	17.43	13.67	11.93	13.83

1.8 Investments and returns

As on 31 March 2003, Government had invested Rs.16.08 crore in statutory corporations, rural banks, joint stock companies and co-operatives. Government's returns on this investment were not only meagre (less than one *per cent*), but also on the decline as indicated in table 1.13.

Table 1.13 : Return on investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Weighted interest rates (per cent)
1998-99	12.07	0.03	0.25	11.70
1999-2000	12.34	0.001	0.008	11.27
2000-01	12.71	0.0001	0.0008	14.29
2001-02	15.24	0.0034	0.022	10.90
2002-03	16.08	0.0028	0.017	10.90

In addition to its investment, Government has also been providing loans and advances to many of the parastatals. Total outstanding loans were Rs.20.09 crore as on 31 March 2003. Overall interest received as *per cent* to loan advanced during 2002-03 had declined by 2.20 *per cent* in comparison with 2001-02.

[#] Includes Ways and Means advances.

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

Table 1.14 : Average interest received on loans advanced by the State Government

	(Rupees in crore)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening balance	13.51	13.67	15.17	16.31	19.35
Amount advanced during the year	1.54	2.85	2.74	4.90	2.98
Amount repaid during the year	1.38	1.35	1.60	1.86	2.24
Closing balance	13.67	15.17	16.31	19.35	20.09
Net addition	0.16	1.50	1.14	3.04	0.74
Interest received	0.03	0.001	0.0001	0.69	0.33
Interest received as <i>per cent</i> to loans advanced	0.22	0.007	0.006	3.87	1.67
Average interest paid by the State	11.70	11.27	14.29	10.90	10.90
Difference between interest paid and received	11.48	11.26	14.28	7.03	9.23

1.9 Incomplete projects

There were 17 incomplete projects in which Rs.1.26 crore were blocked.

1.10 Financial indicators of the Government of Arunachal Pradesh

The finances of a State should be sustainable, flexible and non-vulnerable. Table 1.15 below presents a summarised position of Government finances over 1998-03, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their application highlighting areas of concern and capturing its important facets.

The ratios of revenue receipt and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of tax regime and the State's increasing access to resources. Revenue receipts comprise not only the tax and non-tax resources of the State but the central transfers and grants-in-aid. These ratios, which showed a continuous improvement during 1998-02, depict a significant deceleration in 2002-03. Overall average revenue buoyancy of the State has been greater than one, but it is less than one during 2002-03, due to a very low growth of revenue receipts during 2002-03 *i.e.* less than 3 *per cent*.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to resource mobilisation. The ratio of revenue expenditure to total expenditure has shown continuous increase while the capital expenditure and development expenditure as percentage to total expenditure had declined. Both the revenue and total expenditure had been buoyant compared to the revenue receipts and revenue expenditure. All these indicate State's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 1.15 : Indicators of fiscal health (in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Resource mobilisation						
Revenue receipt/GSDP	90.39	98.49	82.27	93.08	89.01	90.43
Revenue buoyancy	3.395	35.902	(-) 0.334	(-) 57.042	0.312	1.110
Own tax/GSDP	1.10	1.35	1.77	2.65	2.99	2.03
Expenditure management						
Total expenditure/ GSDP	95.98	107.29	106.67	114.58	106.37	106.42
Revenue receipts/ Total expenditure	94.17	91.80	77.12	81.24	83.68	85.60
Revenue expenditure/ Total expenditure	76.15	76.19	78.58	77.06	77.87	77.25
Capital expenditure/ Total expenditure	23.73	23.62	21.24	22.65	21.95	22.56
Development expenditure/Total expenditure	74.80	73.90	72.03	73.00	71.04	72.82
Buoyancy of TE with RR	0.212	1.306	(-) 2.851	0.556	(-) 0.408	1.459
Buoyancy of RE with RR	1.173	1.312	(-) 3.608	0.396	0.083	1.833
Management of fiscal imbalances						
Revenue surplus (+)/ Deficit (-) (Rupees in crore)	177	172	(-) 18	56	77	93
Fiscal deficit (Rupees in crore)	(-) 56	(-) 89	(-) 284	(-) 249	(-) 214	(-) 178
Primary deficit (Rupees in crore)	(-) 16	9	163	140	88	77
Revenue surplus, deficit/Fiscal deficit	(-) 317.06	(-) 193.24	6.42	(-) 22.41	(-) 35.96	(-) 51.95
Management of fiscal liabilities (FL)						
Fiscal liabilities/ GSDP	63.9	74.5	79.2	92.1	98.5	82.5
Fiscal liabilities/RR	70.7	75.7	96.3	99.0	110.7	87.9
Buoyancy of FL with RR	1.471	1.831	(-) 4.516	1.247	6.687	3.175
Buoyancy of FL with OR	1.192	2.536	5.074	0.773	1.226	1.630
Interest spread	(-) 8.60	(-) 11.01	(-) 0.21	(-) 11.13	(-) 4.12	(-) 6.93
Net fund available	10.21	15.81	17.43	13.67	11.93	13.83
Other fiscal health indicators						
Return on investment	0.25	0.008	0.0008	0.022	0.017	0.060
Balance from current revenues (BCR) (Rupees in crore)	(-) 81.35	(-) 108.15	(-) 238.74	(-) 135.58	(-) 131.33	(-) 139.03
Ratio of financial assets/liabilities	3.99	3.79	3.16	2.76	2.46	3.23

Increasing fiscal and primary deficit indicates growing fiscal imbalance of the State. All the four indicators of fiscal imbalance except for revenue surplus show continuous deterioration over time indicating increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing fiscal deficit, indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicate its increasing unsustainability. The average weighted interest rate paid by the State on its borrowings during 1998-03 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. As compared with 2000-01, there has also been a decline in net availability of funds from its borrowings during 2001-03 due to a larger portion of these funds being used for debt servicing. The State's low return on investment indicates that capital investment had not earned any appreciable benefit due to negligible return on investments. The ratio of State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset backup. This indicates that either the State has to generate more revenue from out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The balance from current revenue of the State has also continued to be increasingly negative. The BCR plays a critical role in determining the plan size and a negative BCR adversely affects the same and reduces availability of funds for additional infrastructure support and other revenue generating investment. This has adverse implication for sustainability. The Government needs to accelerate its revenue receipts, control fiscal deficit along with BCR and borrowings to improve its financial condition.

The matter was reported to the Government (August 2003); reply has not been received (September 2003).

EXHIBIT - I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ARUNACHAL PRADESH AS ON 31 MARCH 2003

(Rupees in crore)

As on 31.03.2002	Liabilities			As on 31.03.2003
		External Debt		344.82
280.17		Internal Debt		
	101.34	Market loans bearing interest	135.56	
	-	Market loans not bearing interest		
	1.24	Loans from LIC	1.16	
	177.59	Loans from other Institutions	208.10	
		Ways and Means Advances		
		Overdraft from Reserve Bank of India		
490.86		Loans and Advances from Central Government		530.44
	84.07	Non-Plan loans	81.51	
	358.22	Loans for State Plan Schemes	396.30	
	0.45	Loans for Central Plan Schemes	2.98	
	3.19	Loans for Centrally Sponsored Plan Schemes	3.48	
	44.93	Loans for Special Schemes	46.17	
0.05		Contingency Fund		0.05
303.23		Small Savings, Provident Funds, etc.		351.18
18.22		Deposits		38.10
151.54		Suspense and Miscellaneous balances		281.79
9.74		Reserve Funds		12.32
2206.10		Surplus on Government Account		2283.02
	2150.35	(i) Revenue surplus as on 31 March 2001	2206.10	
	55.75	(ii) Revenue surplus during the year	76.92	
3459.91				3841.72

(Rupees in crore)

As on 31.03.2002	Assets		As on 31.03.2003
3373.64		Gross Capital Outlay on Fixed Assets	3663.69
	13.14	Investment in Shares on Companies, Corporation etc.	16.08
	3360.50	Other Capital Outlay	3647.61
19.35		Loans and Advances	20.09
	6.10	Loans for Other Industries and Minerals	6.10
	2.28	Other Development Loans	2.27
	5.39	Loans for Co-operatives	5.14
	5.58	Loans to Government Servants	6.58
		Reserve Fund Investment	
11.54		Advances	6.51
....		Suspense and Miscellaneous Balances	....
118.92		Remittance Balances	122.19
- 63.54		Cash in Treasuries and Local Remittances	29.24
	- 71.94	Deposits with Reserve Bank	- 79.24
	0.65	Departmental Cash Balance	0.70
	0.01	Permanent Advances	0.01
	...	Cash in treasuries and Local Remittance	0.01
	...	Cash Balance Investment	97.44
	7.74	Investment of earmarked Funds	10.32
		Deficit on Government accounts	
		(i) Revenue Deficit of the Current Year	
		(ii) Appropriation of Contingency Fund	
		(iii) Miscellaneous Deficit	
3459.91			3841.72

EXHIBIT - II
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-02		Sources	2002-03	
1085.30		1. Revenue receipts		1108.29
1.86		2. Recoveries of Loans and Advances		2.24
108.66		3. Increase in Public debt other than overdraft		104.25
140.85		4. Net receipts from Public account		199.83
	40.03	Increase in Small Savings	47.94	
	5.02	Increase in Deposits and Advances	24.91	
	108.28	Net effect of Suspense and Miscellaneous transactions	130.25	
	2.44	Net effect of Remittance transactions	3.27	
- 0.31		5. Increase in Reserve Funds		...
2.37		6. Increase in earmarked Funds		2.58
...		7. Net effect of Contingency Fund transactions		...
...		8. Increase in closing cash balance		...
1338.73		Total		1417.19

(Rupees in crore)

2001-02	Application	2002-03
1029.55	1. Revenue expenditure	1031.37
4.90	2. Lending for development and other purposes	2.98
301.51	3. Capital expenditure	290.06
...	4. Net effect of Contingency Fund transactions	...
2.77	5. Increase in closing cash balance	92.78
1338.73	Total	1417.19

EXHIBIT – III **ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03**

(Rupees in crore)

Receipts				Disbursements				
2001-02			2002-03	2001-02		Non-Plan	Plan	Total
								2002-03
Section – A : Revenue								
1085.30	I. Revenue receipts		1108.29	1029.55	I. Revenue expenditure			1031.37
30.89	Tax revenue	37.26		337.33	General Services	355.94	8.62	364.56
70.91	Non-tax revenue	76.30		342.50	Social Services	112.91	214.85	327.76
				164.87	Education, Sports, Arts and Culture	62.88	91.27	154.15
				61.77	Health and Family Welfare	40.59	18.13	58.72
90.93	State's share of Union taxes	121.68		62.20	Water Supply, Sanitation, Housing and Urban Development	2.77	57.90	60.67
				2.86	Information and Broadcasting	1.88	1.37	3.25
246.70	Non-Plan grants	242.83		...	Welfare of the Scheduled Castes, Scheduled Tribes and Other Backward Classes	...	...	...
				6.78	Labour and Labour Welfare	0.64	1.73	2.37
554.44	Grants for State Plan Scheme	518.85		42.08	Social Welfare and Nutrition	2.46	44.45	46.91
78.61	Grants for Central and Centrally sponsored Plan Scheme	78.39		1.94	Others	1.69	...	1.69
				349.72	Economic Services	140.55	198.50	339.05
				144.50	Agriculture and Allied Activities	79.36	56.47	135.83
				26.57	Rural Development	7.72	17.66	25.38
				13.17	Special Areas Programmes	0.02	7.30	7.32
				43.18	Irrigation and Flood control	5.08	40.41	45.49
				16.37	Energy	12.20	2.13	14.33
				12.47	Industry and Minerals	4.30	10.65	14.95
				45.43	Transport	16.75	26.26	43.01
				7.75	Communications	8.00	...	8.00
				0.29	Science, Technology and Environment	...	0.34	0.34
				39.99	General Economic Services	7.12	37.28	44.40
				...	Grants-in-aid and Contributions	...	...	...
...	II. Revenue deficit carried over to Section B		...	55.75	II. Revenue Surplus carried over to Section B			76.92
1085.30			1108.29	1085.30				1108.29

(Rupees in crore)

Receipts				Disbursements				
2001-02			2002-03	2001-02	Non-Plan	Plan	Total	2002-03
Section – B				III. Opening Overdraft from RBI				
(-) 66.31	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		(-) 63.54					...
	IV. Miscellaneous Capital receipts		...	301.51	IV. Capital Outlay			290.06
				22.04	<u>General Services</u>	...	18.20	18.20
				51.61	<u>Social Services</u>	...	38.64	38.64
				18.34	Education, Sports, Art and Culture	...	11.44	11.44
				5.90	Health and Family Welfare	...	4.09	4.09
				21.20	Water Supply, Sanitation, Housing and Urban Development	...	21.79	21.79
				0.12	Information and Broadcasting	...	...	...
				...	Welfare of the Scheduled Castes, Scheduled Tribes and Other Backward Classes	...	...	...
				5.36	Social Welfare and Nutrition	...	0.06	0.06
				0.69	Others	...	1.26	1.26
				227.86	<u>Economic Services</u>	0.63	232.59	233.22
				5.69	Agriculture and Allied Activities	0.63	4.55	5.18
				0.78	Rural Development	...	0.60	0.60
				23.27	Special Areas Programmes	...	33.27	33.27
				5.47	Irrigation and Flood Control	...	4.92	4.92
				91.67	Energy	...	112.63	112.63
				0.25	Industry and Minerals	...	0.47	0.47
				98.89	Transport	...	74.54	74.54
				...	Science and Technology	...	...	...
				...	Communication	...	...	...
				1.84	<u>General Economic Services</u>	...	1.61	1.61
1.86	V. Recoveries of Loan and Advances -		2.24	4.90	V. Loans and Advances disbursements			2.98
...	From Power Projects	...		...	For Power Projects		...	
1.58	From Government servants and Miscellaneous Loans	1.87		...	To Government servants and Miscellaneous Loans		2.87	
0.28	From others	0.37			To others		0.11	
55.75	VI. Revenue surplus brought down		76.92		VI. Revenue deficit brought down		...	
139.99	VII. Public Debt receipts -		143.08	31.33	VII. Repayment of Public Debt -			38.83
71.12	Internal debt other than Ways and Means Advances and Overdraft	76.06		10.36	Internal debt other than Ways and Means Advances and Overdraft		11.40	
	Net transaction under Ways and Means Advances including Overdraft			...	Net transaction under Ways and Means Advances including Overdraft		...	

(Rupees in crore)

Receipts				Disbursements				
2001-02			2002-03	2001-02	Non-Plan	Plan	Total	2002-03
Section – B								
68.87	Loans and Advances from Central Government	67.02		20.97			27.43	
...	VIII. Inter State Settlement	...						...
...	IX. Appropriation to Contingency Fund	...						...
...	X. Amount transferred to Contingency Fund	...						...
947.58	XI. Public Account receipts	1513.88		807.04				1314.05
85.59	Small Savings and Provident funds	96.26		45.56			48.32	
2.06	Reserve funds	2.58		2.37			2.58	
148.21	Suspense and Miscellaneous	530.42		39.93			400.17	
633.05	Remittance	727.72		635.49			730.99	
78.67	Deposits and Advances	156.90		83.69			131.99	
...	Closing overdraft from Reserve Banks of India	...						
2.37	XII. Earmarked funds	2.58		- 63.54				29.24
							0.01	
				- 71.94			-79.24	
				0.66			0.71	
							97.44	
				7.74			10.32	
2166.54			1675.16	2166.54				1675.16

EXHIBIT-IV TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Part A. Receipts					
1. Revenue Receipts	923.57[#]	1008.92	961.41	1085.30	1108.29
(a) Tax Revenue	11.29 (1)	13.88 (1)	20.63 (2)	30.89 (3)	37.26 (3)
Agricultural Income Tax	...	...	...	...	...
Sales Tax	0.28 (2)	0.35 (3)	8.19 (40)	16.78 (54)	17.62 (47)
State Excise	7.58 (67)	10.08 (73)	9.01 (44)	10.55 (34)	14.26 (38)
Taxes on vehicle	1.01 (9)	1.12 (8)	1.12 (5)	1.61 (5)	1.75 (5)
Stamps and Registration fees	0.50 (4)	0.45 (3)	0.25 (1)	0.27 (1)	2.10 (6)
Land Revenue	1.33 (12)	1.36 (10)	1.45 (7)	1.00 (3)	0.81 (2)
Other Taxes	0.59 (5)	0.52 (4)	0.61 (3)	0.68 (2)	0.72 (2)
(b) Non Tax Revenue	64.54 (7)	67.01 (7)	63.65 (7)	70.91 (7)	76.30 (7)
(c) Share of net proceeds of divisible Union Taxes	268.84 (29)	340.77 (34)	115.67 (12)	90.93 (8)	121.68 (11)
(d) Grants-in-aid from Government of India	578.90 (63)	587.26 (58)	761.46 (79)	892.57 (82)	873.05 (79)
2. Miscellaneous Capital Receipts	...	...	...	...	...
3. Total Revenue and non Debt Capital receipts (1+2)	923.57	1008.92	961.41	1085.30	1108.29
4. Recoveries of Loans and Advances	1.38	1.35	1.60	1.86	2.24
5. Public Debt Receipts	76.78	94.81	116.14	139.99	143.08
Internal Debt (excluding Ways & Means Advance and Overdrafts)	18.61	24.50	59.64	71.12	76.06
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India ^ψ	58.17	70.31	56.50	68.87	67.02
6. Total receipts in the Consolidated Fund (3+4+5)	1001.73	1105.08	1079.15	1227.15	1253.61
7. Contingency Fund Receipts	...	...	...	...	...
8. Public Accounts Receipts	2939.28	2674.81	875.54^β	947.58^β	1513.88
9. Total Receipts of the State (6+7+8)	3941.01	3779.89	1954.69	2174.73	2767.49
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	746.81 (76)	837.34 (76)	979.62 (79)	1029.55 (77)	1031.37 (78)
Plan	282.51 (38)	297.67 (36)	371.44 (38)	454.48 (44)	422.47 (41)
Non-Plan	464.30 (62)	539.67 (64)	608.18 (62)	575.07 (56)	608.90 (59)
General Services	231.54 (31)	270.79 (32)	332.04 (34)	337.33 (33)	364.56 (35)
Social Services	234.80 (31)	280.48 (33)	298.60 (30)	342.50 (33)	327.76 (32)
Economic Services	280.47 (38)	286.07 (34)	348.98 (36)	349.72 (34)	339.05 (33)
Grants-in-aid and Contributions	...	...	...	...	...
11. Capital Expenditure	232.35 (24)	258.87 (24)	264.25 (21)	301.51 (23)	290.06 (22)
Plan	232.50 (100)	257.81 (100)	264.06 (100)	302.64 (100)	289.43 (100)
Non-Plan	- 0.15 (0)	1.06 (0)	0.19 (0)	- 1.13 (0)	0.63 (0)
General Services	15.23 (7)	15.29 (6)	15.88 (6)	22.04 (7)	18.20 (6)
Social Services	28.83 (12)	31.07 (12)	42.89 (16)	51.61 (17)	38.65 (13)
Economic Services	188.29 (81)	212.51 (82)	205.48 (78)	227.86 (76)	233.22 (80)

[#] Figures in bracket () indicate percentage.^ψ Excludes Ways and Means Advances from Government of India.^β Excludes other accounts figures.

(Rupees in crore)					
	1998-99	1999-2000	2000-01	2001-02	2002-03
12. Loans and advances given	1.54	2.85	2.74	4.90	2.98
13. Total (10+11+12)	980.70	1099.06	1246.61	1335.96	1324.41
14. Repayments of Public Debt	16.07	17.87	20.90	31.33	38.83
Internal Debt (excluding Ways & Means Advances and Overdrafts)	2.27	2.29	2.72	10.36	11.40
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India [#]	13.80	15.58	18.18	20.97	27.43
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total Disbursement out of Consolidated Fund (13+14+15)	996.77	1116.93	1267.51	1367.29	1363.24
17. Contingency Fund Disbursement	...	...	...	...	...
18. Public Account Disbursement	2967.88	2628.03	695.10	807.04 ^ψ	1314.05
19. Total Disbursement by the State (16+17+18)	3964.65	3744.96	1962.61	2174.33	2677.29
Part C. Deficits/Surplus					
20. Revenue Surplus (1-10) (+)	(+) 176.76	(+) 171.58	-	(+) 55.75	(+) 76.92
Revenue Deficit (-)	...	...	(-) 18.21	...	...
21. Fiscal Deficit (3+4-13)	(-) 55.75	(-) 88.79	(-) 283.60	(-) 248.80	(-) 213.88
22. Primary Deficit (21-24)	(-) 15.51 ^δ	(+) 8.99	(+) 162.92	(+) 139.81	(+) 88.48
Part D. Other data					
23. Balance from current revenues	(-) 81.35	(-) 108.15	(-) 238.74	(-) 135.58	(-) 130.83
24. Interest Payments (included in revenue expenditure)	71.26	79.80	120.68	108.99	125.40
25. Arrears of Revenue (Percentage of Tax & non tax Revenue Receipts)	NA	NA	NA	NA	NA
26. Financial Assistance to local bodies etc.	9.06	13.84	8.17	10.46	22.40
27. Ways and Means Advances / Overdraft availed (days)	21	6	1	5	28
28. Interest on WMA/Overdraft	0.010	0.02	0.00026	0.03	0.04
29. Gross State Domestic Product (GSDP)	1021.73	1024.36	1168.61	1165.97	1245.09 ^β
30. Fiscal liabilities	652.80	763.28	925.58	1074.26	1226.43
31. Outstanding guarantees (year end)	0.50	0.50	0.55	0.55	0.79
32. Maximum amount guaranteed (year end)	....	....	...	...	...
33. Number of incomplete projects	41	106	241	445	17
34. Capital blocked in incomplete projects	31.25	26.02	47.41	61.66	1.26
35. Assets/Liabilities	3.99	3.79	3.16	2.76	2.46

Note: Ratio of Figure in bracket represent percentages (rounded)

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

^ψ Excludes other accounts figures.

^δ The interest payment in 1998-99 was more than the fiscal deficit, hence the negative figure for primary deficit

^β Projected estimated figure of GSDP for the year 2002-03

CHAPTER – II

APPROPRIATION ACCOUNTS – 2002-03 AT A GLANCE

Total number of Grants/Appropriations : 65 (61 Grants, four Appropriations)

Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1405.33	Revenue	1032.10
Supplementary	304.49	Capital	364.00
Total gross provision	1709.82	Total gross expenditure	1396.10
Recoveries in reduction of expenditure	5.45	Deduct -Actual Recoveries in reduction of expenditure	5.45
Total net provision	1704.37	Total net expenditure	1390.65

Voted and charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1030.22	136.51	901.60	130.50
Capital	464.82	78.27	297.77	66.23
Total Gross :	1495.04	214.78	1199.37	196.73
Deduct - recoveries in reduction of expenditure	5.45	-	5.45	-
Total Net:	1489.59	214.78	1193.92	196.73

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

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 2002-03 against 65 grants/appropriations is as follows:

Table 2.1

(Rupees in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted I.	Revenue	890.98	139.24	1030.22	901.60	(-) 128.62
II.	Capital	299.80	161.53	461.33	294.79	(-) 166.54
III.	Loans	3.49	-	3.49	2.98	(-) 0.51
Total Voted:		1194.27	300.77	1495.04	1199.37	(-) 295.67
Charged IV.	Revenue	132.79	3.72	136.51	130.50	(-) 6.01
V.	Capital	-	-	-	-	-
VI.	Public Debt	78.27	-	78.27	66.23	(-) 12.04
Total Charged:		211.06	3.72	214.78	196.73	(-) 18.05
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total:		1405.33	304.49	1709.82	1396.10	(-) 313.72

These are gross figures inclusive of recoveries adjusted in accounts as reduction of expenditure *viz.*, revenue expenditure Rs.0.73 crore and capital expenditure Rs.4.72 crore.

2.3. Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs.473.57 crore for the following years is yet to be regularised.

Table 2.2

(Rupees in crore)

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of excess
1986-87 (U.T. Period)	13	1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 42	6.56
1986-87 (State Period)	28	1, 2, 3, 6, 7, 8, 10, 11, 13, 14, 16, 18, 19, 20, 22, 24, 27, 28, 29, 31, 32, 33, 34, 38, 39, 40, 42 and 43	12.71
1987-88	16	14, 18, 19, 22, 23, 24, 26, 30, 31, 32, 33, 34, 35, 40, 42 and Public Debt	9.06
1988-89	12	1, 13, 15, 17, 21, 24, 30, 31, 32, 34, 40 and Public Debt	54.51
1989-90	15	8, 10, 15, 30, 31, 32, 33, 34, 38, 40, 43, 45, 48, 49 and Public Debt	17.49
1990-91	16	5, 8, 13, 15, 19, 23, 24, 26, 30, 31, 32, 34, 40, 44, 48 and Public Debt	28.61
1991-92	17	4, 8, 10, 14, 15, 18, 19, 23, 25, 28, 30, 31, 34, 37, 42, 43 and Public Debt	63.12
1992-93	11	14, 15, 18, 28, 30, 31, 34, 40, 43, 21 and 38	27.91
1993-94	12	8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45	30.66
1994-95	18	6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 45	64.45
1995-96	24	8, 9, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 28, 29, 31, 32, 34, 40, 41, 51, 53, 59, 60 and Public Debt	38.41
1996-97	12	1, 9, 11, 13, 14, 21, 28, 30, 31, 34, 40 and 51	14.86
1997-98	15	9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 60	25.34
1998-99	15	1, 7, 13, 15, 19, 20, 31, 34, 36, 41, 50, 53, 54, 64 and Public Debt	25.26
1999-2000	7	13, 31, 44, 52, 53, 60 and Public Debt	14.27
2000-01	12	1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62	13.27
2001-02	13	1, 7, 8, 11, 13, 14, 16, 22, 28, 33, 35, 48 and 59	27.08
Total			473.57

2.4 Results of appropriation audit

2.4.1 Original budget and supplementary provisions

The overall saving of Rs.313.72 crore was the result of saving of Rs.323.42 crore in 57 grants and appropriations offset by excess of Rs.9.70 crore in 16 cases of grants and appropriations.

Supplementary provisions (Rs.304.49 crore) obtained during this year proved unnecessary as the expenditure (Rs.1396.10 crore) fell short of even the original budget of Rs.1405.33 crore, notwithstanding the fact that the supplementary provisions constituted 22 *per cent* of the original budget provision. This indicated defective budgeting. It calls for better monitoring and control by the Finance Department.

2.4.2 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision of Rs.130.70 crore made in 32 cases during the year proved unnecessary in view of aggregate saving of Rs.192.80 crore as detailed in Appendix - II.

In 43 cases, against additional requirement of Rs.35.64 crore, supplementary grants and appropriations of Rs.286.81 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.251.17 crore. Details of these cases are given in Appendix - III.

2.4.3 Substantial savings/excesses

The excess of Rs.9.70 crore under 15 grants and one appropriation requires regularisation under Article 205 of the Constitution. Details of these are given in Appendix - IV.

In five cases, supplementary provision of Rs.9.05 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.9.44 crore as per details given in Appendix - V.

In 28 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 two 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.

2.4.4 Persistent savings/excess

In 11 cases, there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case. Details are given in Appendix - VIII.

Excess was persistent under Grant No. 13 – Directorate of Accounts during the period 1999-03.

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

2.4.5 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. There were 34 cases where injudicious re-appropriation of funds resulted in excess/saving by over Rs.20 lakh. The details are given in Appendix - IX.

2.4.6 Expenditure without provision of fund and re-appropriation

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of Rs.21.25 lakh was incurred in two cases as detailed in Appendix - X without provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

2.4.7 Unutilised provision of fund

In 35 cases, there was no expenditure resulting in non-utilisation of entire budget provision of Rs.106.44 crore (Original – Rs.58.80 crore and Supplementary – Rs.47.64 crore). The details are given in Appendix – XII. In nine cases, the savings exceeded by more than Rs.1 crore and in one case (capital), the saving was Rs.54.61 crore. Entire savings of Rs.54.61 crore was not surrendered. These instances were indicative of ineffective monitoring and control over expenditure.

2.4.8 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 2002-03 there were 46 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs. 255.51 crore. In 29 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated Rs.245.98 crore. This indicated lack of financial control and monitoring. Details are given in Appendix - XII.

2.4.9 Surrender in excess of actual savings

In six cases, the amount surrendered was in excess of actual savings and in three cases though there was excess expenditure under revenue head of account in respect of three grants, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As

against the total amount of actual savings of Rs.12.92 crore, the amount surrendered was Rs.24.17 crore resulting in excess surrender of Rs.11.25 crore. Further, against the excess expenditure of Rs.104.48 crore under revenue section of three grants, the amount surrendered was Rs.11.40 lakh, which resulted in injudicious surrender of Rs.11.40 lakh as the expenditure already exceeded the grant and no savings were available for surrender. Details are given in **Appendix - XIII**.

Budgetary irregularities as mentioned above are reported from year to year in chapter II of the Audit Report. If precautions had been taken by all the departments in the light of the observations made earlier in chapter II of the Reports, the irregularities would not have occurred.

2.4.10 Non-receipt of explanations for savings/excesses

For the year 2002-03, explanations for savings/excesses were not received.

2.4.11 Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the Accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimate.

In three grants the actual recoveries adjusted in reduction of expenditure (Rs.5.45 crore) exceeded the estimated recoveries (Rs.3.30 crore) by Rs.2.15 crore. Further, in two grants though no recoveries were provided in budget estimates for the year 2002-03, recoveries of Rs.1.11 crore were made. More details are given in Appendix of Appropriation Accounts.

2.4.12 Un-reconciled expenditure

Financial rules require that the Departmental Controlling Officers (DCOs) should periodically reconcile their figures of expenditure with those booked by the Accountant General. 74 out of 77 DCOs reconciled their figures of expenditure for the year 2002-03 in March 2003. In respect of four heads of accounts involving expenditure of Rs.123.60 crore pertaining to 2002-03, no reconciliation was made by the three DCOs.

2.5 * Control over expenditure

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

Test check (June 2003) of the records of 28 drawing and disbursing officers (DDOs) revealed that Rs.2.38 crore were drawn during 1998-99 (Rs.10.19 lakh), 1999-2000 (Rs.15.07 lakh) and 2000-01(Rs.2.13 crore) through 46 AC bills (1998-99: six numbers; 1999-2000: 11 numbers; 2000-01: 29 numbers) but DCC bills had not been furnished to the Accountant General as of June 2003 (Appendix - XIV). These drawals remained unadjusted for periods ranging from two years to five years as of 31 March 2003.

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

The matter was reported to Government in September 2003; reply has not been received (September 2003).

CHAPTER – III

CIVIL DEPARTMENTS

SECTION-A – REVIEWS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Implementation of the National AIDS Control Programme

3.1.1 *Highlights*

Central assistance of Rs.48.88 lakh pertaining to the period 1992-99 was unauthorisedly retained by the State Government for periods ranging between four to 10 years and has not yet been transferred to Arunachal Pradesh State AIDS Control Society (APSACS)

(Paragraph 3.1.6)

Budgeting of Arunachal Pradesh State AIDS Control Society (APSACS) was unrealistic as the Society reported inflated expenditure of Rs.10 lakh for the years 1999-2000 and 2000-01 to NACO despite funds of Rs.78.08 lakh remaining unutilised. Further, expenditure of Rs.23 lakh spent on FHAC in 2001-02 was doubtful.

(Paragraphs 3.1.5 and 3.1.8)

Despite incurring an expenditure of Rs.1.13 crore, the targets under priority targeted intervention for groups at high risk were not fully achieved.

(Paragraph 3.1.10)

Condom delivery system, activities under the IEC and awareness campaigns and the blood safety programme failed to take off.

(Paragraphs 3.1.11, 3.1.15 and 3.1.16)

Despite having 6 *per cent* prevalence rate of STD, the achievement of APSACS in strengthening the STD clinics ranged from 0 to 14 *per cent* only.

(Paragraph 3.1.12)

3.1.2 *Introduction*

HIV/AIDS has emerged as a serious public health problem. To contain the spread of HIV/AIDS, Government of India established a National AIDS

Control Organisation (NACO) (1992) and launched a Centrally sponsored programme with World Bank assistance. The programme was implemented in two phases. The objectives of the first phase of National AIDS Control Programme (NACP) termed as NACP-I were (i) to slow down the spread of HIV, (ii) to decrease morbidity and mortality associated with HIV infection, and, (iii) to minimise the socio-economic impact resulting from HIV infection. The objectives of the second phase (NACP-II) that started from April 1999 were (i) to reduce spread of HIV infection, and, (ii) to strengthen capacity to respond to the HIV/AIDS on a long-term basis.

3.1.3 Organisational set up

At the State level the first phase of the programme (NACP-I) was implemented by the State AIDS Control Cell (SACC) created in 1992 under the Directorate of Health Services and Family Welfare which functioned from 1992 to March 1999. From April 1999 the implementation of the programme (NACP-II) was entrusted to the Arunachal Pradesh State AIDS Control Society (APSACS). APSACS formed in November 1998 has the Secretary (Health & Family Welfare Department) as the *ex-officio* Chairman, and the Director of Health Services (DHS) as its Vice-Chairman. APSACS is headed by a Project Director assisted by a State Aids Programme Officer (SAPO) who is also Member Secretary of the Society and functions as Chief Executive. In addition, APSACS has 16 other members from different departments of the Arunachal Pradesh Government including two members from non-governmental organisations. At district level the programme is implemented by District Medical Officers supported by para-medical staff.

3.1.4 Audit coverage

The implementation of the programme during the period from 1998-99 to 2002-03 was reviewed in audit (January 2003 – April 2003) based on test check of records of office of the Project Director of APSACS, three[#] out of 15 district medical officers (DMOs), two STD clinics, two blood banks (one in Naharlagun and the other in Pasighat) and two out of 4 NGOs covering 87 *per cent* (Rs.4.76 crore) of total expenditure (Rs.5.47 crore).

3.1.5 Financial management

NACP was a hundred *per cent* Centrally sponsored scheme for which funds were provided by the Government of India to the State Government upto April 1998. After the formation of APSACS (November 1998) funds were

[#] East Siang, West Siang and Papumpare

released directly to it by the Government of India. Year-wise release of funds by Government of India through National AIDS Control Organisation (NACO) to APSACS and expenditure incurred thereagainst during 1998-99 to 2002-03 were as under:

Table 3.1

(Rupees in lakh)

Year	Fund proposed by the Society	Opening balance	Fund released by NACO	Expenditure incurred by the Society	Closing balance
1998-99	NA	45.91	13.14	10.17	48.88 [#]
1999-2000	1057.44	-	189.00	101.40	87.60
2000-01	1263.08	87.60	111.00	132.65	65.95
2001-02	407.17	65.95	214.88	162.12	118.71
2002-03	552.42	118.71	100.00	140.63	78.08
Total	3280.11		628.02	546.97	

Source: Society

The reason for unutilised funds of Rs.78.08 lakh has not been furnished.

3.1.6 Unauthorised retention of Central assistance by the State Government

During the first phase, grants were released by Government of India through NACO to the State and the State Finance Department accordingly allotted the grants to the State AIDS Control Cell (SACC) on the basis of State budget provisions. It was pointed out in paragraph 3.1.8 of the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that at the end of the operational period of the programme under NACP-I (upto 31.3.1999), the State Government retained the unutilised balance of Rs.48.88 lakh of Central assistance pertaining to the period 1992-93 to 1998-99. This unutilised fund which remained with the State Government was to be transferred to APSACS for utilisation under NACP-II. Scrutiny of records showed that unutilised amount of Rs.48.88 lakh pertaining to NACP-I and records relating to its implementation were not transferred to APSACS even until 31 March 2003. This had resulted in unauthorised retention of Central assistance of Rs.48.88 lakh for periods ranging between 4 years to 10 years. Nothing was on record to indicate that any effort was made by APSACS to get the unutilised amount and records of NACP-I transferred to it from the State Government/SACC.

[#] The amount of Rs.48.88 lakh is still with the State Government and has not yet been transferred to the Society.

3.1.7 Unrealistic budgeting

Despite being unable to spend even the yearly funds at its disposal the Society was persistently asking for funds which were three to 12 times the expenditure incurred during the previous years. Such inflated budgeting reduced the entire exercise of drawing up the action plan to merely a way for getting more funds rather than realistic planning of activities to be taken up during the year.

3.1.8 Inflated reporting of expenditure

Against an actual expenditure of Rs.2.34 crore (Rs.1.01 crore + Rs.1.33 crore) during 1999-2000 and 2000-01, the expenditure reported by APSACS to NACO was Rs.2.44 crore (Rs.1.03 crore + Rs.1.41 crore) resulting in inflated reporting of expenditure of Rs.10 lakh (Rs.2.44 crore - Rs.2.34 crore). Similarly, scrutiny of audited accounts and statement of expenditure (SOE) furnished to NACO disclosed that Rs.51 lakh was shown as spent on Family Health Awareness Campaigns (FHAC) in 2001-02 instead of Rs.28 lakh. Details of expenditure for Rs.23 lakh (Rs.51 lakh – Rs.28 lakh) indicating the period/dates and places where the FHAC was organised were not on record nor produced to audit. This has also resulted in inflated reporting of expenditure of Rs.23 lakh on FHAC during 2001-02. The inflated reporting as well as suspect expenditure was either a means to tap more funds from NACO or was a result of defective monitoring and control over expenditure by the Society.

3.1.9 Programme implementation

Implementation of the NACP in the State was reviewed in audit previously and audit observations featured in paragraphs 3.1.49 to 3.1.74 of the Report of the Comptroller and Auditor General of India for the year 2000-01. The major deficiencies noticed included incomplete awareness campaign, blood safety and rational use of blood was not to the projected extent, and non-strengthening of clinics to control STD despite availability of sufficient funds.

A further review on the implementation of the programme during 1998-99 to 2002-03, revealed that activities directly linked to the prevention of the disease were yet to gather momentum as discussed in the succeeding paragraphs.

3.1.10 Priority target intervention (PTI) for groups at high risk

The project aims to reduce the spread of HIV in groups at high risk by identifying target population and provide peer counselling, condom promotion and treatment for sexually transmitted infection (STI). Marginalised groups are commercial sex workers (CSW), truck drivers (TD), injecting drug users (IDU) and men having sex with men (MSM).

During 1999-03 funds of Rs.1.75 crore (1999-2000: Rs.99 lakh, 2000-01: Rs.19 lakh, 2001-02: Rs.34 lakh, 2002-03: Rs.23 lakh) were provided by NACO for priority intervention of targeted groups at high risk against which

an expenditure of Rs.1.13 crore (1999-2000: Rs.12 lakh, 2000-01: Rs.22 lakh, 2001-02: Rs.70 lakh and 2002-03: Rs.9 lakh) only was incurred and the balance of Rs.62 lakh remained unutilised (35 *per cent*).

Further, during the period 1999-2000 to 2001-03 APSACS had spent Rs.29.91 lakh under the sub-head 'NGO support for target intervention'. Scrutiny, however, revealed that Rs.16.07 lakh was released to four NGOs during the years 2000-01 to 2002-03 for carrying out the PTI project and the balance amount of Rs.13.84 lakh was spent by APSACS. The details of expenditure incurred were not furnished.

Further, out of Rs.16.07 lakh released to the 4 NGOs an amount of Rs.7.40 lakh was spent during the years 2000-01 to 2002-03 for mapping of areas for sexual networking for truckers and associates only and the balance amount of Rs.8.67 lakh was spent on PTI project covering low risk groups such as barbers and migrant labours. Despite an expenditure of Rs.16.07 lakh made by the NGOs no arrangements were made for providing integrated peer counselling, treatment of STIs and training of representatives of groups at high risk. Besides, no action was taken to identify CSWs, IDUs and MSM as per programme. Thus, target regarding involvement of NGOs in the task was not fully achieved and the beneficiaries were deprived of the intended benefits of the programme. It was also seen that neither was any target fixed nor any para-medical staff trained for providing required services to the HIV risk groups. The reasons for non-fixation of the target and non-involvement of NGO were not stated by the Society.

3.1.11 Condom delivery system

It was mentioned in paragraph 3.1.52 of the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that 40,000 condoms valued Rs.0.10 lakh received from NACO for free distribution during 1996-97 to 1999-2000 were lying idle till April 2001. Scrutiny of records revealed that there was no further procurement of condoms either by the NACO or the Society after 1999-2000 and out of 40,000 condoms lying in stock, 17,200 were distributed free during 2001-03. Balance 22,800 valued Rs.0.06 lakh were lying idle till March 2003. Thus, it is evident that proper counselling for use of condoms was not done and the objective of the programme remained unachieved.

3.1.12 Control of STD

The programme envisages strengthening of STD clinics in every district/general hospital by providing equipment and medicines from NACO fund to ensure protection from AIDS. The target and achievement made in strengthening the STD clinics in district/general hospitals is shown in **Appendix – XV**. During 2000-01, four STD clinics were opened against the target of two STD clinics. The reason for excess achievement of target by 200 *per cent* was not stated. Scrutiny revealed that during 2001-02, out of 3936 patients attending the hospitals, 234 patients attended the STD clinic

exhibiting a prevalence rate of 6 *per cent*. The records of STD patients for other years could not be produced to audit. Despite such high prevalence rate of STD, the achievement of APSACS in strengthening the STD clinics ranged from 0 to 14 *per cent* only. Further, the records of two test-checked STD clinics did not reflect a comprehensive picture about the nature and extent of treatment (*e.g.* number of cases treated, number of cases referred and result of the treatment) provided to the STD patients on the basis of blood samples collected and tested. Existence of clinics has no meaning unless the clinics serve the purpose for which they were established.

3.1.13 Selection of NGOs

As envisaged in the guidelines, the selection of NGO was to be made in a transparent and viable process. Accordingly, APSACS was to invite applications through advertisement in newspapers for implementing AIDS awareness and control programme. Scrutiny of records revealed that the four NGOs were selected on the basis of application received and not through any advertisement or publicity. Thus selection of these four NGOs was not found to be transparent and was in violation of the prescribed norms.

Further out of Rs.16.07 lakh shown to have been released to four NGOs, an amount of Rs.5.16 lakh was shown as disbursed to one NGO. But test check of audited accounts and utilisation certificate of the NGO *viz.*, Arunachal Pradesh Handicapped Welfare Society, Naharlagun disclosed that they had received Rs.3.87 lakh only. Thus, the release of the balance amount of Rs.1.29 lakh (Rs.5.16 lakh – Rs.3.87 lakh) shown in the records of APSACS was fictitious. The matter was neither investigated nor any disciplinary action taken against the defaulting person for such fictitious payment.

3.1.14 Preventive intervention for general community

The sub-component under this includes (i) information, education and communication (IEC) awareness campaign, (ii) provide voluntary testing and counselling, and, (iii) reduce transmission by blood transfusion.

3.1.15 IEC awareness campaign

Activities under the IEC and awareness campaigns include conducting mass media campaign at State and municipal levels, conducting local IEC campaign, using traditional media such as folk arts and street theatre, promoting advocacy campaigns, conducting awareness programme geared towards youth and college students and organising family health awareness campaigns (FHAC) for control of STI and RTI infections, *etc.*

Test check of records (April 2003) revealed that no targets were fixed for the IEC awareness campaign. However, to raise awareness amongst public, the campaign was mainly taken up through hoardings and display boards, *etc.* Effective mass media campaign such as Doordarshan, cable television, conferences to mobilise social and community leaders were not taken up

though an expenditure of Rs.17.25 lakh was incurred by all the 13 districts of the State during 1999-03 for advertisement through hoardings and display boards.

Further as the main IEC activity was done by holding Family Health Awareness Campaigns (FHAC), funds of family health awareness campaign were released separately and as per the condition imposed by NACO, funds approved for other components were not to be diverted for FHAC. But scrutiny of records revealed that against a grant of Rs.51.50 lakh released by NACO, expenditure of Rs.86.52 lakh was incurred by APSACS for organising FHAC in 13 districts during the period from 1999-2000 to 2000-03 as detailed below:

Table 3.2

(Rupees in lakh)

Year	Fund released by NACO for FHAC	Expenditure incurred	Excess amount of expenditure and percentage
1999-2000	--	24.02	24.02 (100%)
2000-01	23.00	34.00	11.00 (48 %)
2001-02	28.50	28.50	--
2002-03	--	--	--
Total	51.50	86.52	35.02 (68 %)

Source : APSACS

Thus, APSACS contravened the stipulated condition of the funding authority by diverting Rs.35.02 lakh (68 *per cent*) from other components of the programme. APSACS failed to furnish the reasons for such irregularity or provide details of the component/sub-component from which such diversion was made. APSACS had not reported the matter to NACO either and the reason thereof has not been stated.

Records of APSACS further revealed that out of Rs.24.02 lakh shown as disbursed to 13 DMOs during 1999-2000 for organising FHAC, Rs.8.55 lakh was given to two DMOs (Along: Rs.4.86 lakh and Pasighat: Rs.3.69 lakh). However, neither the receipt of the amount nor any expenditure was reflected in the cash books of the concerned DMOs. The DMOs also failed to produce any records evidencing expenditure of Rs.8.55 lakh by feedback data *i.e.* population covered, tests conducted, patients covered and drugs distributed during the campaign. Thus the expenditure of Rs.8.55 lakh incurred by these DMOs could not be vouchsafed in audit. The matter regarding mis-utilisation and non-receipt of fund by the two DMOs has not yet been investigated by the Society.

During the years 2001-02 and 2002-03 APSACS had incurred an expenditure of Rs.17.25 lakh for procuring and installing 61 hoarding and 921 display boards in 13 districts as shown below. However, records of district wise installation of hoardings and display boards were not produced to audit.

Table 3.3

Year	No. of hoarding	Rate (Rupees)	Amount (Rupees)	No. of display board	Rate (Rupees)	Amount (Rupees)	Total (4 + 7) (Rupees in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001-02	30	14,700	4,41,000	545	900	4,90,000	9.31
2002-03	31	-do-	4,55,700	376	-do-	3,38,400	7.94
Total	61		8,96,700	921		8,28,400	17.25

Source : Society

Vouchers produced to audit in support of the expenditure carried a recorded certificate to the effect that completion reports for installation of hoarding and display board have been issued by the concerned DMOs. In support of installation of the same, the completion reports issued by the DMOs were, however, not produced to audit. Cross verification of records of three DMOs (Along, Pasighat and Papumpare) where hoarding and display of boards were required to be installed/displayed, revealed that no completion certificates about their installation/display were issued by them (May 2003). Further, the DMO, Pasighat stated (April 2003) that he had no knowledge about installation of hoarding and display board. Thus, in the absence of completion reports, the expenditure of Rs.3.98 lakh[#] spent on display boards/hoarding in these three districts was doubtful. The matter was neither investigated nor any remedial measures taken.

3.1.16 Reduce transmission by blood transfusion and occupational exposure

The strategies designed by NACO for achieving the objectives *inter-alia* includes (a) setting up of modern blood banks, (b) upgradation/ modernisation of existing blood banks, (c) mobilising voluntary blood donation, (d) establishing blood component separation units, etc.

Mention was made in paragraph 3.1.60 of the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that under Government sector there are two blood banks attached to the two general hospitals (GH) at Naharlagun and Pasighat and that APSACS had not taken any action for their upgradation and modernisation. Scrutiny of records (April 2003) revealed that although APSACS had spent Rs.70.47 lakh under the sub-head blood safety it was still unable to modernise and upgrade the blood banks or establish any new blood banks in the State, thus leaving 13 out of the 15 districts of the State uncovered. Thus, the entire process of blood safety in the State rested with two banks viz., one at Naharlagun and the other at Pasighat. It was stated by APSACS that due to non-availability of infrastructure to be created by the State, no modern blood bank could be established. The reply points to the failure of APSACS to actively pursue the matter with the State Government despite setting targets for the same. Further APSACS had also failed to organise any campaign for voluntary blood donations.

[#] Calculated proportionately : {Rs. (896700/13 × 3) + (828400/13 × 3)}

3.1.17 Irregular procurement

Dealers and distributors of drugs must have valid drug licence from appropriate authority. Test check of records revealed that APSACS had procured drugs worth Rs.14.44 lakh for STI and OI patients during June 2000 and March 2001 from an unauthorised dealer as the drug licence of the dealer had expired in December 1999. The reason for the same was neither stated nor furnished.

3.1.18 STI/HIV/AIDS sentinel surveillance

During the period from 1999-2000 to 2001-02, sentinel surveillance was conducted in two general hospitals[#] and one district hospital^ψ by examining 886 STD patients and screening of 802 anti natal cases^β. Out of it, two HIV positive cases were detected. There was nothing on record to ascertain the fate of the two HIV positive cases and the reason thereof had not been furnished. In absence of any targets, shortfall if any, in sentinel surveillance could not be ascertained in audit. The APSACS, however, had not initiated any action for collection of syndromic based information from the peripheral health institutions for reasons not on record. There was, therefore, no co-ordination between APSACS and the district medical authority regarding collection of samples in respect of suspected AIDS cases from the CHC/PHC in the districts.

3.1.19 Training

Training is an important function of programme management. During 1999-2000 all the programmes on training of the trainers and induction level training were to be completed.

Scrutiny of records (April 2003) revealed APSACS had incurred an expenditure of Rs.4.37 lakh during the period from March 2000 to February 2002 on seven induction/refresher training courses. The training for 28 core trainees was, however, imparted only during February 2002 at a cost of Rs.0.97 lakh and no other training course has been organised thereafter utilising the services of these core trainers. Thus expenditure of Rs.0.97 lakh spent on their training has proved to be unproductive. Details of six other training courses conducted during 1999-03 at a cost of Rs.3.40 lakh could not be verified due to non-production of records, viz., number of trainees who have attended the courses, number of instructors deployed, duration of training course and expenditure details. The reason thereof was not stated.

[#] Naharlagun and Pasighat				
^ψ Tezu				
^β Year	STD	Anti natal	Total	
1999-2000	286	402	688	
2000-01	238	-	238	
2001-02	362	400	762	
Total	886	802	1688	

Further, as of 31 March 2003, out of 1698 health workers (doctors – 545, nurses – 553, laboratory technician – 60, other paramedics – 540), only 181 (doctors – 109, nurses – 15, laboratory technician – 32, other paramedics – 25) were trained. The percentage of trained health workers for protection of AIDS was only 11 *per cent* after implementation of the programme since 1992 which obviously was not conducive for proper implementation of the programme though an expenditure of Rs.31.75 lakh was incurred during 1999-03. Also, the utilisation of the 181 trained man power in strengthening the management capacity under various components of the programme was not furnished by APSACS.

Further, APSACS was to prepare a district action plan and time activity schedule by the end of 2000. But till the year ended 31 March 2003 neither those tasks could be completed nor any arrangement made to train any staff for completion of the tasks. The reason thereof has not been stated.

3.1.20 Other points of interest

During the period from January 2001 to November 2002 APSACS spent Rs.28.63 lakh for procurement of drugs, equipment, *etc.*, meant for various components under the NACP from local firms. Test check of stock registers revealed that these items were lying idle in stock till April 2003. Thus, procurement of drugs equipment, *etc.*, without assessing actual requirements resulted in idle expenditure of Rs.28.63 lakh for 6 months to 2 years 6 months.

3.1.21 Monitoring and evaluation

Due importance is to be given under the programme by each AIDS Control Society to have a monitoring and evaluating officer (M&E) and to conduct baseline, interim and final year evaluation of the programme by an independent outside agency. Scrutiny of records revealed that APSACS did not fill up the post of M&E officer even though the final year of the project was approaching (2004). Further, other than routine compiling of progress reports for transmission to NACO, no monitoring of the activities was ever conducted to evaluate the performance of the programme and its impact on the people. Thus, the overall impact of the programme for reducing and controlling incidence of AIDS remained unassessed.

3.1.22 Conclusion

The programme was not effectively managed and implemented. The achievements under the sub-components were not substantial and in most of the cases, targets were not fixed. Sexually transmitted disease clinics and blood banks were not strengthened as required under the guidelines. Condom delivery system failed to take off due to non-purchase of condoms after April 2000 and non-utilisation of condom held in stock. APSACS failed to implement the programme as per guideline after incurring an expenditure of Rs.5.47 crore, despite availability of sufficient fund (Rs.6.28 crore).

The matter was reported to the Government/APSACS (July 2003); reply has not been received (September 2003).

PLANNING DEPARTMENT

3.2 Members of Legislative Assembly Local Area Development Scheme

3.2.1 Highlights

The review highlights certain major shortcomings in the implementation of the programme which inter alia include doubtful expenditure on utilisation of CGI sheets, short receipt of CGI sheets, non-creation of durable assets and incurring of revenue and unauthorised expenditure beyond the purview of the scheme.

Utilisation of CGI sheets valued Rs.1.91crore was doubtful due to non-maintenance of proper records for distribution of CGI sheet to the beneficiaries.

(Paragraph 3.2.6)

Expenditure of Rs.58.32 lakh, incurred by four districts for the years 2000-03 on non-durable works, violated the provisions of the scheme and was thus irregular.

(Paragraph 3.2.7)

Eight Deputy Commissioners incurred revenue expenditure of Rs.47.26 lakh for repair/renovation of assets in contravention of the provisions of the scheme.

(Paragraph 3.2.8)

In the absence of records showing mode of transportation of CGI sheets from the factory/godown to the beneficiaries the genuineness of receipt of 45.76 MT of CGI sheets valued Rs.15.37 lakh was doubtful.

(Paragraph 3.2.9)

3.2.2 Introduction

The Government of Arunachal Pradesh introduced the Members of Legislative Assembly Local Area Development Scheme (MLALADS) in October 2000 to provide for small developmental works of capital nature based on the local needs of the people. Works like housing assistance for roofing materials, etc., village roads, bridges, schools, common shelters for the old, irrigation canal/bund, public health care buildings and veterinary aids centres etc., that did not form part of any other scheme implemented in the district were to be taken up on the basis of recommendation of MLAs under the scheme. Under the scheme, each MLA was to give a choice of works to the concerned Deputy Commissioners (DC) who would get them implemented through Government agencies in the district by following the established procedure. The funds would be lapsable and the schemes taken up for a particular year were to be

completed in the same financial year and lead to the creation of durable assets. The sites selected for execution of works could not be changed except with the concurrence of the MLA himself. The state of Arunachal Pradesh has 60 MLAs representing the entire State.

3.2.3 Organisational set up

The Planning Department of the State Government is the nodal department for implementation and monitoring of the scheme. The Deputy Commissioners (DCs) of the districts scrutinise and implement the scheme through Government agencies like Public Works Department, Irrigation and Flood Control Department, Rural Works Department, District Urban Development Agency, District Rural Development Agency (DRDA), etc.

3.2.4 Audit coverage

The implementation of the programme during the period from 2000-01 to 2002-03 was reviewed in audit (May 2003 – July 2003) based on test check of records of the Planning Department and district administrations in five districts out of 15 districts covering 18[#] Assembly constituencies (out of 60 Assembly constituencies) and covered 33 per cent of total expenditure.

3.2.5 Financial arrangement

Amount sanctioned, fund released by the State Government and expenditure incurred thereagainst by the district administration during the period from 2000-01 to 2002-03 were as under:

Table 3.4

(Rupees in lakh)		
Years	Fund sanctioned / allotted	Expenditure incurred
2000-01	1210.00	1190.40
2001-02	1211.40	1208.56
2002-03	1200.00	1200.93

Source: Appropriation Accounts

The reason for incurring excess expenditure of Rs.0.93 lakh during 2002-03 has not been furnished.

Physical progress

3.2.6 Doubtful utilisation of corrugated galvanised iron (CGI) sheets

According to the scheme, house assistance in the form of distribution of CGI sheets for roofing etc., to the beneficiaries was made as per choice of the

[#] Papumpare : three numbers, Lower Subansiri : three numbers, Kurung Kumey : four numbers, East Siang : five numbers and West Kameng – three numbers of Assembly constituencies.

respective MLA of the district. The DCs are authorised to procure roofing materials like CGI sheet, cement, *etc.*, on the basis of recommendation of MLA for distribution to beneficiaries through Government agencies. Scrutiny of records (June 2003) of four test checked districts[#] revealed that 604.74[¥] MT of CGI sheets of 0.50 mm to 0.65 mm specifications, valued at Rs.1.91 crore were procured by the respective Project Directors, DRDA of the districts from different suppliers during the period from 2000-01 to 2002-03 for distribution to the beneficiaries as assistance for construction of houses with CGI roofing. The entire quantity of CGI sheets were recorded as distributed to the beneficiaries of four districts during 2002-03 through respective Block Development Officers. However, records showing the list of recommended beneficiaries and basis of their selections, quantity distributed to each beneficiary, date of distribution and utilisation of the same for construction of houses by the beneficiaries *etc.*, could not be produced to audit although the same have been specifically asked for. In the absence of records, the utilisation of funds of Rs.1.91 crore could not be vouchsafed in audit. There was no monitoring trail to find out whether the beneficiaries had really built a durable dwelling unit using the CGI sheets so supplied. Further, there was no system under which the local beneficiaries were made aware that house assistance for roofing was available in the form of supply of CGI sheets under the scheme and the reason thereof was not on record.

Further, the department had not prescribed any norm for distribution of CGI sheets to the beneficiaries for construction of dwelling unit *i.e.* whether the CGI sheets would be issued after completion of parameters like CC pillars, timber post secured by iron clamps and wooden frame for roofing with CGI sheets or after completion of house work upto roof level by the beneficiaries. Instead the DRDA supplied CGI sheets as house assistance without ascertaining whether or not the beneficiaries could afford to make suitable frames to fix the CGI sheet so supplied. Thus, absence of norm for distribution of CGI sheets as well as non-maintenance of records is fraught with the risk of doubtful utilisation of CGI sheets.

3.2.7 Irregular expenditure on non-durable works

According to the scheme, only works of capital and durable nature are to be taken up for execution by the district administration. Scrutiny (June 2003) of records of four test-checked districts and statement of works undertaken by another four districts^ß for the years 2000-03 revealed that 121 works valued Rs.58.32 lakh (**Appendix – XVI**), were executed which were of non-durable nature such as porter track, log bridges, ordinary basha type (OBT) buildings with bamboo and tree leaves, *etc.* Thus, expenditure of Rs.58.32 lakh, incurred

[#] Papumpare, Lower Subansiri, Kurung Kumey and East Siang districts.

[¥] 2000-01 to 2002-03:

Lower Subansiri	77.56 MT	Rs.0.29 crore
Papumpare	317.78 MT	Rs.0.96 crore
Kurung Kumey	142.65 MT	Rs.0.44 crore
East Siang	66.75 MT	Rs.0.22 crore
<u>Total</u>	<u>604.74 MT</u>	<u>Rs.1.91 crore</u>

^ß Changlang, Upper Subansiri, West Siang and Lohit.

on above items was irregular as durable assets were not created and violated the provisions of the scheme. No reason for the irregularity was furnished.

3.2.8 Execution of works in contravention of the provision of the scheme

The scheme prohibits incurring expenditure against revenue items and stipulates that funds for maintenance and upkeep of the works undertaken under the scheme should be forthcoming from the concerned local body or the relevant agency. Scrutiny of records (June 2003) revealed that during the period from 2000-01 to 2002-03, eight DCs[#] incurred revenue expenditure of Rs.47.26 lakh on repair/renovation of 64 assets created out of MLA fund. Thus expenditure of Rs.47.26 lakh incurred against repair/renovation by the concerned DCs was irregular as these works were not covered under the provisions of the scheme.

The scheme guidelines did not permit the execution of works which would lead to creation of assets belonging to the State Government. Scrutiny of records (June 2003) revealed that the administrations in three districts^Ψ spent a sum of Rs.6.18 lakh for execution of 10 works (Appendix – XVII) which led to creation of State Government assets beyond the purview of the scheme. The reason for such irregular expenditure had not been furnished.

3.2.9 Short receipt of CGI sheets

Scrutiny of records (June 2003) of the DC Ziro revealed that the Project Director, DRDA, Ziro between March 2001 and October 2002 procured 96.36 MT of CGI sheets of 0.50 mm to 0.65 mm specification for distribution to the beneficiaries of 13 villages as house assistance for CGI roofing at a cost of Rs.33.42 lakh (Appendix – XVIII) from 4 firms (one Guwahati based firm and 3 local firms). The distribution work was shown to have been completed during the respective years i.e. 2001-02 and 2002-03 respectively according to guidelines of the scheme. The department had not maintained a list of beneficiaries assisted in construction of dwelling unit by CGI roofing and as a result, the number of houses constructed by CGI roofing could not be verified in audit. But cross verification of supply of CGI sheets with the freight bills of the carriage contractors revealed that only 50.60 MT of CGI sheets were carried by the carriage contractors during the period mentioned above and they were paid Rs.1.94 lakh as carriage charges. The balance 45.76 MT of CGI sheets valued Rs.15.37 lakh were neither supplied by the supplier nor did the executing agencies make any attempt to recover the materials from the

#	Papumpare	2000-03	2 nos	expenditure incurred	Rs.1.00 lakh
	Lower Subansiri		15 nos		Rs.4.70 lakh
	Kurung Kumey		10 nos		Rs.7.70 lakh
	East Siang		19 nos		Rs.21.68 lakh
	Changlang	2002-03	6 nos		Rs.2.20 lakh
	West Siang		1 no		Rs.1.00 lakh
	Lohit		9 nos		Rs.6.80 lakh
	West Kameng		2 nos		Rs.2.18 lakh
			64 nos		Rs.47.26 lakh

Ψ Lower Subansiri, Kurung Kumey and West Kameng.

suppliers. In support of the receipt of the balance quantity of materials, no record regarding the transportation of goods departmentally or stock register showing mode of receipt of CGI sheets and the relevant MBs regarding the receipt of materials could be made available to audit. It was also not clear as to how the distribution works were shown to have been completed without receipt of 45.76 MT of CGI sheets of different specifications. The matter was neither investigated nor were any efforts made to recover the balance amount of Rs.15.37 lakh from the suppliers for short supply of materials. Existence of distribution works on paper had no meaning unless the utilisation of CGI sheets serve the purpose for which these were procured for *i.e.* construction of houses by CGI roofing.

3.2.10 Excess expenditure due to procurement of CGI sheets at higher rate

Regarding procurement of CGI sheets it was noticed from price list of Tata CGI sheets of one local firm at Ziro (Hapoli) that the price of 0.63mm CGI sheet per MT was only Rs.27,056 (cost of CGI sheet per MT Rs.26,015 + Rs.1,041 as 4 per cent CST) and that the rate was valid for the period from 06.10.2001 to 06.10.2002. However, on the basis of supply order placed by the Project Director, DRDA, Lower Subansiri District, Ziro in October 2002, a Guwahati based firm (October 2002) supplied 54 MT (Appendix – XVIII) of CGI sheets (0.63 mm) valued Rs.18 lakh (cost of CGI sheets = $54 \times 31,000$ per MT = Rs.16.74 lakh + carriage charge from Guwahati to DRDA godown Hapoli – Rs.1.26 lakh). On scrutiny of bills of carriage contractors, it was seen that the carriage contractors carried only 22.40 MT of CGI sheets (0.63mm) at the rate of Rs.5620 per MT. The balance of 31.60 MT of CGI sheets (Appendix – XVIII) had not been carried by the carriage contractors, though the payment for the CGI sheets had already been made to the supplier, and thus 31.60 MT had not been supplied.

Similarly, in September 2001, one local firm at Banderdewa had supplied 38.07 MT of CGI sheet (0.63 mm) valued Rs.14.99 lakh (@ Rs.39,380 per MT) at DRDA godown at Ziro (Hapoli).

Thus, computed with the prevailing rate of CGI sheets as per price list of the local firm, the Project Director, DRDA Ziro had incurred an extra expenditure of Rs.8.08 lakh[#] on procurement of CGI sheets at higher rate. The reasons for procurement of CGI sheets at higher rate were neither on records nor stated.

3.2.11 Monitoring and evaluation

The scheme provides that the Planning Department will have the nodal responsibility for the scheme and the DC of the respective district would be responsible for co-ordination and overall supervision of the works under the scheme. Scrutiny of records revealed that no periodical progress

[#] (a) $31.60 \text{ MT @ Rs.3944 per MT (Rs.31,000.00 - Rs.27,056.00)}$ = Rs.1.25 lakh
(b) $22.40 \text{ MT @ Rs.9564 per MT (Rs.36,620.00 - Rs.27,056.00)}$ = Rs.2.14 lakh
(c) $38.07 \text{ MT @ Rs.12,324 per MT (Rs.39,380.00 - Rs.27,056.00)}$ = Rs.4.69 lakh
Rs.8.08 lakh

reports/returns regarding financial and physical achievement had been prescribed either by the Planning Department or the DCs to evaluate the performance of the scheme and its impact on the people. No inspection reports in respect of inspection of field units conducted by DCs could also be made available to audit. Thus, effective monitoring and reporting mechanism has not yet been developed either at the State or district level and hence, the impact of the scheme in developing the areas under the constituencies of the MLA remained unassessed.

The foregoing observations were reported to Government in July 2003; reply has not been received (September 2003).

3.2.12 Recommendations

The maintenance of durable assets created under the scheme has to be ensured. It should be ensured that roofing materials like CGI sheets *etc.*, are properly distributed by the executing agencies and records in support of actual distribution are submitted to concerned DCs. The receipt of exact quantity of materials for which suppliers/contractors were paid should be ensured. Monitoring and evaluation system should be evolved and implemented diligently.

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

3.3 Welfare of the handicapped

3.3.1 Highlights

The review highlights failure of the State Government to implement the various provisions of Persons With Disabilities (PWD) Act, 1995, poor performance of the National Programme for Rehabilitation of Persons with Disabilities and absence of effective monitoring and evaluation system in the State.

Though provided in the PWD Act, 1995, a State Executive Committee as an executive arm of the State Co-ordination Committee has not been formed. By holding only one meeting instead of the required nine of the State Co-ordination Committee, the State Government failed to review and co-ordinate the activities of various departments and NGOs dealing with matters of disability.

(Paragraph 3.3.5)

There were 10,742 people with disabilities in the State according to the National Sample Survey conducted during 1991. The State Government has taken up neither investigation to find out the cause of occurrence of disease, nor screening of school children for identifying 'at-risk' cases.

(Paragraph 3.3.6)

The State Government has neither developed any educational infrastructure for people with disabilities nor arranged any non-formal education system, etc.

(Paragraph 3.3.7)

Though the State Government had adopted a policy of three *per cent* reservation of posts for PWD in principle, identification of posts or employment for any of the 67 PWD registered in the State has not yet been provided by the Government.

(Paragraph 3.3.8)

During the years 1998-99 to 2000-01, the Rural Development Department had covered 18,635 beneficiaries under poverty alleviation scheme, but no handicapped person was allotted any slot as against the three *per cent* envisaged in the Act.

(Paragraph 3.3.9)

Out of Central assistance of Rs.3.67 crore, an amount of Rs.1.66 crore only was spent during 2000-03 resulting in savings of 55 *per cent* under NPRPD. Further out of this Central assistance an amount of

Rs.12.50 lakh was diverted at the instance of the State Government and Rs.3.54 crore was deposited in current account instead of savings bank account resulting in the nodal department sustaining a loss of interest of Rs.13.47 lakh.

(Paragraphs 3.3.16, 3.3.17 and 3.3.18)

Out of 536 candidates only 185 were trained as CBRWs. No multipurpose workers for investigation of 'at risk' cases were/was trained nor any block level services for rehabilitation of PWD taken up.

(Paragraphs 3.3.19 and 3.3.20)

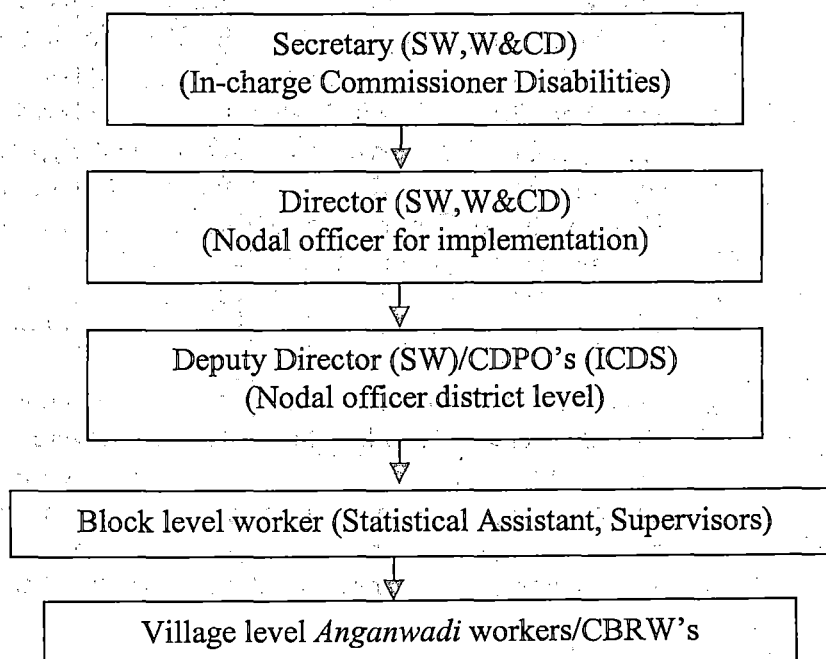
3.3.2 Introduction

People with disabilities are subjected to neglect, isolation, poverty deprivation and pity as well. They are in need of usual services and facilities available to the general public. This disadvantaged group also requires facilities for education, aids/appliances, health and safety measures and creation of an appropriate environment in places where they are employed. As in the rest of the country, in Arunachal Pradesh also, Persons With Disabilities (Equal Opportunity, Protection of Rights and Full Participation) (PWD) Act, 1995 which came into force in 1996 is being implemented along with other dedicated schemes/programmes such as National Programme for Rehabilitation of Persons with Disabilities (NPRPD).

3.3.3 Organisational set up

The organisational structure for implementation of the programme is detailed below :

Chart 3.1



3.3.4 Audit coverage

The implementation of the PWD Act, 1995 and the National Programme for Rehabilitation of Persons with Disabilities (NPRPD) were test checked during February 2003 to April 2003 based on records of the (i) Director of Social Welfare, Women and Child Development (SW,W&CD), Naharlagun, (ii) Commissioner of Labour, Naharlagun, (iii) Deputy Commissioners, Papumpare, Lower Subansiri and Kurung Kumey districts, (iv) District Rural Development Agencies – Lower Subansiri (LS), Kurung Kumey and Papumpare districts, (v) Deputy Director of School Education (DDSE), LS and Ziro and (vi) District Medical Officers, LS and Ziro for the period from 1998-99 to 2002-03. The results of test check are brought out in succeeding paragraphs.

Implementation of the Persons With Disabilities (PWD) Act, 1995

3.3.5 State Co-ordination Committee

The State Co-ordination Committee (SCC) was formed during January 1998, with the Minister-in-charge of the Department of Social Welfare in the State Government as Chairperson and other members as provided in PWD Act, 1995. The State Executive Committee (SEC) as executive of the State Co-ordination Committee has not yet been formed by the SCC. It was stated by the Director, Social Welfare, Women and Child Development (SW,W&CD) (April 2003) that the SEC was not formed as the Government/department did not feel the need for formation of SEC. The reply is not tenable as formation of SEC as an executing arm of the SCC is mandatory under the Act.

According to PWD Act, 1995, the SCC was to meet every six months to review and co-ordinate the activities of various Government departments and non-governmental organisations (NGOs) dealing with matters of disability. During the period covered by audit (1998-03) the SCC had met just once in November 2001. This indicated that the SCC was not active in reviewing and co-ordinating the activities of Government departments and NGOs dealing with matters of disability and thus the evaluation of the programme in the State by the SCC remained unassessed. The reason for non-holding of SCC meetings as laid down in the PWD Act, 1995 has not been stated (July 2003).

3.3.6 Prevention and early detection of disabilities (Section 25)

According to the National Sample Survey conducted during 1991 there were 10,742 persons with moderate to severe disability in the State (**Appendix – XIX**). The department has neither taken up any action for investigation, research work, screening of school children for identifying 'at risk' cases nor has it provided any facility for training to staff at the primary health centres (PHC) for prevention and early detection of disabilities.

3.3.7 Education (Sections 26 to 31)

According to PWD Act, 1995, the State Government was to develop educational infrastructure for PWD, arrange non-formal education, take research work for designing and development of new assertive devices, teaching aids/teachers training institution and make provision of amanuensis to blind students and students with low vision. The State Government had not taken any action to carry out the activities as envisaged in the Act. In reply to para 3.3.6 and 3.3.7 the department stated (July 2003) that because of financial constraints the actions envisaged under Sections 25 to 31 of the Act could not be undertaken. The reply is not tenable as during the years 1998-99 to 2002-03 funds under the head 'Social Welfare' and 'Education' were being regularly surrendered.

Employment

3.3.8 Identification of posts and appointment of PWD

Though the State Government had adopted a policy of 3 *per cent* reservation of posts for PWD the identification of posts has not yet been made by any of the Government departments. Out of 67 PWD (Appendix – XX) registered from 1998-99 to 2002-03 in the 11 employment exchanges of the State, no employment of PWD has yet been made by the Government. The department stated (July 2003) that identification of post(s) for providing employment to PWD has started in various departments. Further progress is awaited.

3.3.9 Reservation of vacancies in poverty alleviation schemes

Section 40 of the Act provided that the State Government/local authority is to reserve 3 *per cent* slots for PWD in all poverty alleviation schemes. Scrutiny of records (March 2003) of the nodal department revealed that no such facility was provided to the PWD in any of the poverty alleviation scheme. Records made available to audit by the Rural Development Department for the years 1998-99 to 2000-01 revealed that out of 18,635 persons covered (Appendix – XXI) during three years, no slot was allotted to the PWD. The reason for not providing the work to the PWD was not stated by the nodal department. In reply, the department stated (July 2003) that the reason for not providing any slot to the PWD under the scheme has been called for from Rural Development Department and would be intimated in due course. Further development is awaited.

3.3.10 Affirmative action schemes for preferential allotment of land for certain purposes

Section 43 of the Act lays down that the appropriate Government and the local authorities should frame schemes in favour of PWD for preferential allotment of land at concessional rates for purposes, such as housing, business, setting up of special recreation centres, special schools/research centres and establishment of factories by entrepreneurs with disabilities. Scrutiny of

records (March 2003) revealed that no such preferential allotment of land to the PWD was made either by the State Government or by the local authorities. The department stated (July 2003) that the action is not possible in Arunachal Pradesh as the lands belong to communities and individuals. The reply is not tenable as under the Arunachal Pradesh (Land Settlement and Records) Act 2000 all lands which are not the property of any person or community belong to Government. Further, as per records available with audit, in four districts (Along, Tezu, Pasighat and Itanagar) alone, between October 1999 and January 2001, the Government had allotted 1.58 lakh sq.m of land to 97 occupants for residential purposes.

3.3.11 Non-discrimination

According to PWD Act, 1995 the State Government/local authority should within the limits of their economic capacity provide for the benefits of the PWD non-discriminatory environments in transports, roads and in the built environment. Scrutiny of records (March 2003) revealed that no fund for fulfilling any of the above facilities was provided by the State Government. The department stated (July 2003) that these facilities are being provided. The reply is not tenable as the department failed to furnish the details of the non-discriminatory environments created or details of the funds provided by the State Government for the purpose.

3.3.12 Commissioner for PWD (Sections 57 to 65)

In accordance with the PWD Act, 1995, the State Government appointed (January 1998) the Secretary to the Government of Arunachal Pradesh, Social Welfare, Women and Child Development (SW,W&CD) as the State Commissioner (SC) for the PWD. As envisaged in the Act, monitoring of utilisation of funds disbursed to the non-governmental organisations (NGOs) and inspection to review their work were few of the many duties of the SC. It was, however, seen that utilisation certificate for an amount of Rs.6.25 lakh disbursed in October 2000 to one NGO[#], out of Rs.12.50 lakh received under *Grameen Punarvasa Yojana*, is still awaited. Moreover, inspection of records of the said NGO has still not been done (March 2003). While admitting the fact, the department stated (July 2003) that utilisation certificate for the amount of Rs.6.25 lakh is being called for from the concerned NGO and that action for inspection of NGOs is being taken up.

3.3.13 Social security

According to Sections 66 to 68 of the PWD Act, 1995, the State Government was to take steps to undertake rehabilitation/insurance schemes/unemployment allowance for PWD. Scrutiny of records revealed that no such scheme/activity has been undertaken by the department. The department stated (July 2003) that because of financial constraints these activities could not be

[#] *Donyi Polo Mission – Dibang Valley.*

undertaken. The reply is not tenable in view of the surrender of funds under the head 'Social Welfare' pointed out above.

3.3.14 Issuance of disability certificates

In respect of issuance of disability certificates (Appendix – XXII) to the PWD by the concerned Deputy Commissioners it was seen that out of total cases of 10,742 PWD, only 661 disability certificates were issued by the concerned Deputy Commissioners during the period from 1998-99 to 2002-03. The reason for non-issuance of 10,081 (10742-661) certificates to the remaining PWDs was not found on record. The department stated (July 2003) that the concerned Deputy Commissioners have now been requested to issue the disability certificates to the PWD. Further developments are awaited.

3.3.15 Implementation of National Programme for Rehabilitation of Persons with Disabilities (NPRPD)

NPRPD, a new flexible State sector scheme financed by the Government of India was introduced by providing resources to the State since 2000-01 to (i) create service delivery system at State/district/block/gram panchayat levels, (ii) provide services to PWD, and, (iii) create awareness for prevention of disabilities with clear linkage of each level with the other.

3.3.16 Financial arrangement

Fund released by Government of India and expenditure incurred there-against for implementation of the scheme during 2000-01 to 2002-03 is shown in the table below:

Table 3.5

Year	Opening balance	Fund received	Utilised	Unutilised	(Rupees in lakh)
					Percentage of amount utilised
2000-01	-	210.85	12.50	198.35	6
2001-02	198.35	156.05	13.86	340.54	4
2002-03	340.54	-	139.49	201.05	41
Total		366.90	165.85		45

Source : Department

Out of the total Central assistance of Rs.3.67 crore, Rs.1.66 crore were spent during the years from 2000-01 to 2002-03. During the years 2000-01 and 2001-02 the percentage of funds utilised was a meagre 6 and 4 per cent respectively indicating poor implementation of the scheme. The Director, SW,W&CD stated (March 2003) that the savings of Rs.2.01 crore (55 per cent) were due to part implementation of the scheme.

3.3.17 Diversion of Central assistance

The Central Government released (May 2000) Rs.12.50 lakh to the Director, SW,W&CD, Naharlagun for construction of State Resource Center under the extended programme of NPRPD, known as *Grameen Punarvasa Yojana* scheme. The fund was distributed (October 2000) to two NGOs @ Rs.6.25 lakh each viz., Donyi Polo Mission-Dibang Valley and Donyi Polo Youth Federation - Papumpare districts resulting in diversion of fund. The reason for diverting the amount to the NGOs was neither on record nor stated.

3.3.18 Loss of interest

The Ministry of Social Justice and Empowerment, Government of India released a sum of Rs.1.98 crore and Rs.1.56 crore during 2000-01 and 2001-02 respectively under National Programme for Rehabilitation of Persons with Disabilities (NPRPD) scheme. Both the amounts were kept in SBI, Naharlagun current account instead of some interest bearing account. Consequently the department sustained a loss of interest amounting to Rs.13.47 lakh as shown below:

Table 3.6

Amount received	Expenditure till January 2003	Balance up to January 2003	Interest (4 per cent Savings Bank rate)
Rs.1.98 crore	Rs.85.59 lakh	Rs.1.13 crore	22 months from April 01 to January 2003 Rs.8.27 lakh
Rs.1.56 crore	Nil	Rs.1.56 crore	For 10 months from April 2002 to January 2003 Rs.5.20 lakh

Source : Department

Had the money been deposited to savings bank account, the nodal department could have earned interest of Rs.13.47 lakh. The department stated that as there was no specific instruction in the guidelines, the amount was kept in current account. At the instance of audit the balance amount was transferred to savings bank account during February 2003.

According to NPRPD guidelines, each community based rehabilitation worker (CBRW) was to be paid Rs.500 per month for his/their services in *gram panchayat* level. Scrutiny of records of the Director, SW,W&CD,

Itanagar, revealed that the CBRWs were paid monthly honorarium of Rs.1000 as shown below:-

Table 3.7

Batch No.	Total Nos. of CBRWs	Period of training	Amount paid	Amount admissible	Extra expenditure
1 st	31	Sept'2002	31,000	15,500	15,500
2 nd	32	Nov'2002	32,000	16,000	16,000
3 rd	38	Jan'2003	38,000	19,000	19,000
4 th	37	Feb'2003	37,000	18,500	18,500
5 th	47	Mar'2003	47,000	23,500	23,500
Total			1,85,000	92,500	92,500

Source : Department

On the discrepancies being pointed out in audit, the department stated (July 2003) that in view of the high cost of living in Arunachal Pradesh the rate of honorarium was fixed at Rs.1000 per month to each CBRW by the State Government. The reply is untenable as the State Government's decision was violative of provisions of the scheme guidelines leading to the Government of India incurring an extra expenditure of Rs.0.93 lakh.

3.3.19 Training of Community Based Rehabilitation Workers (CBRWs)

The nodal department had identified nine out of 14 districts in the State from where a total 536 CBRWs were to be trained for the purpose of undertaking screening of 'at risk' cases, etc. Only 185 (35 per cent) CBRWs (male 89 and female 96) were imparted training from September 2002 to March 2003. The department accepted the fact and stated (July 2003) that training of CBRWs from the remaining districts is under the active consideration of the department.

3.3.20 Block level services

There was a provision for two multipurpose rehabilitation workers (MRW) in every block to provide (i) simple rehabilitation services in the covered districts like heat therapy, physiotherapy, etc., and, (ii) simple repair of assertive devices. MRWs were to act as powerful catalysts for referral of persons with disabilities to appropriate educational institutions or to health services or to vocational training institutions. They were to be given three months training in this regard. Though the nodal department had received sufficient Central assistance since 2000-01, no MRW has yet been selected for training nor any block level services for rehabilitation of PWD taken up. Further no work for welfare of the PWD has yet been initiated though the department has spent Rs.1.66 crore during the last 3 years ending March 2003. On the tardy implementation of the scheme being pointed out (May 2003) the department accepted the fact and stated (July 2003) that the block level services are being accelerated to achieve the expected goal by the year 2003-04.

3.3.21 Performance of Community Based Rural Workers (CBRWs) posted to different districts

From the monthly/quarterly reports of the CBRWs sent to the nodal office, it was seen that a good number of CBRWs were not reporting door-to-door survey conducted by them correctly. Most of the columns of the monitoring report were kept blank. This indicates that CBRWs have not been performing the duties of screening of infants and expectant mothers nor conducting community meetings and not referring the 'at risk' cases to the higher authority. Out of 95 cases of PWDs in 3 districts, not a single case was referred to the higher authority for further investigation and follow up action. It was further seen that 50 periodical survey reports from three districts/19 CBRWs (Changlang - eight CBRWs, West Kameng - two CBRWs and East Siang - nine CBRWs) during the period from November 2002 to January 2003 were not sent to the nodal department. Test check of periodical survey reports of 82 CBRWs in six districts (Dibang Valley, Papumpare, Lohit, West Siang, East Kameng and Upper Subansiri) for the period from November 2002 to January 2003 revealed that these reports though received by the nodal department during February/March 2003, were not being compiled. In the absence of a compiled report showing the status of PWD in the districts it was not possible for the nodal department to execute rehabilitation work. Periodical reports in respect of financial and physical achievement as required under the programme have not yet been sent to the Government of India since April 2001. On this being pointed out (May 2003) the department stated (July 2003) that necessary action is being taken for submission of periodical reports by the CBRWs, compilation of these reports and report the financial and physical achievements to the Government of India as required under the programme. Further development is awaited.

3.3.22 Monitoring and evaluation

Despite the nodal department having its monitoring and evaluation cell there was no effective system of monitoring to ensure amongst other things proper accounting of funds, speedy implementation of programme, training to CBRWs and MRWs, timely submission of reports/returns, etc. The State has also not evolved its own norms and yardstick for assessing the implementation of the programme. Thus the achievement/performance in respect of rehabilitation of PWD remains unassessed since the introduction of the scheme in the State. On the shortcomings being pointed out (May 2003) the department accepted the fact (July 2003) and stated that a monitoring and evaluation system is being introduced to assess the achievement in respect of the scheme.

The matter was reported to the Government (May 2003); reply had not been received (September 2003).

3.3.23 Recommendations

For effective implementation of the scheme for welfare of the handicapped in the State, the Government has to take the following steps:

- Implement the various provisions of the PWD Act, 1995.
- Enforce submission of utilisation certificates by the NGOs in respect of funds utilised by them and periodically review their work.
- Evolve a monitoring and evaluation system at the State level as well as the district and block level which is essential requirement for ensuring successful implementation of the scheme in the State.
- Fully utilise the funds provided under various welfare schemes for the benefit of PWD.

SECTION-B – PARAGRAPHS

CIVIL SUPPLIES DEPARTMENT

3.4 Undue financial benefit to carriage contractors

Due to execution of defective agreements, the department failed to realise outstanding hire charges of vehicles amounting to Rs.1.06 crore and extended undue financial benefit to the lessees for periods ranging from one month to seven years and 10 months

Scrutiny of records (March 2003) of the Department of Civil Supplies revealed that the department during the period from June 1995 to July 2001 leased out 20 short chassis and 17 long chassis trucks in its possession to different carriage contractors (lessees) under two years lease agreements for transportation of PDS commodities from the designated Food Corporation of India's depots to the principal distribution centre and fair price shops within the State. Under the agreement lessees were to pay annual hire charge of the vehicles as fixed by the Government. The hire charge for vehicle was fixed at Rs.0.50 lakh *per annum* for short chassis truck and Rs.1.00 lakh for long chassis truck *w.e.f.* June 1995. The rate was later enhanced to Rs.0.54 lakh *per annum* for short chassis truck and Rs.1.40 lakh for long chassis truck *w.e.f.* 16 July 1997. The lease agreement stipulated that the annual hire charges of the vehicles were to be deposited by the lessee in a single or four instalments. However, the agreement neither stipulated the date(s) for payment of the charges nor contained any penal provision for defaulting in payment.

Consequently out of the total amount of Rs.1.56 crore due as hire charges of 37 vehicles (20 short chassis + 17 long chassis) for the leased period from June 1995 to March 2003, the department realised only Rs.50.20 lakh from the lessees leaving an outstanding balance of Rs.1.06 crore (upto March 2003) for periods ranging from one month to seven years and 10 months (**Appendix – XXIII**). This included Rs.39.83 lakh due from 22 vehicles remaining off road and returned to the department. As the vehicles have already been returned to the department the possibility of recovering this amount has further receded. No action was taken by the department other than issue of reminders to recover the outstanding amount.

Thus, execution of defective agreement without safeguarding the financial interest of the Government and inaction in instituting *bakijai* proceeding against the defaulters resulted in non-realisation of revenue of Rs.1.06 crore besides extending undue financial benefit to the lessees.

On the irregularities being pointed out (May 2003) the department while accepting the absence of penal clause or time limit for payment of hire charges of the vehicles in the agreement stated (July 2003) that it is moving the

Government to modify the deed of agreement to include penal action to be taken against the defaulters. Further development is awaited.

The matter was brought to the knowledge of the Government (July 2003); reply is awaited (September 2003).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.5 Extra expenditure due to procurement of K-Othrine at higher rate

The Department of Health and Family Welfare made an extra payment of Rs.24.57 lakh in the purchase of K-Othrine, an anti-malarial chemical

The Health and Family Welfare Department, Government of Arunachal Pradesh sanctioned (March 2002) Rs.14.95 lakh for procurement of K-Othrine an anti-malarial chemical for the year 2001-02 under the centrally sponsored scheme – national malaria programme without specifying quantity. As per the price list of the manufacturer, the maximum retail price of K-Othrine (inclusive of all taxes) was Rs.6500 per 15 litre pack, but the department placed a supply order (March 2002) with a local supplier for supply of 230 litres of K-Othrine at the rate of Rs.6500 per litre instead of Rs.433.33 per 15 litre pack. The local firm was chosen even though the firm had no valid insecticide licence or dealership certificate from the manufacturer and the reason thereof has not been furnished. The supplier supplied the entire quantity of K-Othrine (May 2002) at a cost of Rs.14.95 lakh (230 litres x Rs.6500) instead of Rs.1.00 lakh (230 litres x Rs.433.33) thus resulting in extra avoidable payment of Rs.13.95 lakh.

Further scrutiny (February 2003) revealed that the department during the years 1999-2000 and 2000-01 has also procured 175 litres of K-Othrine @ Rs.6500 per litre from four local suppliers. This has resulted in extra avoidable expenditure of Rs.10.62 lakh (Rs.6500 x 175 – Rs.433.33 x 175). The excess payment was facilitated by an infirmity in the sanction that did not specify the quantity and wilful disregard of the tender process. Since the K-Othrine is not a new product and the department had been purchasing the same material for a last couple of years it was not improbable for the department to notice the correct price unless by deliberate default.

While accepting the audit observations, the department stated (September 2003) that the purchase was being made at higher rate for the last three years *i.e.* 1999-2000, 2000-01 and 2001-02 and that such mistake would not occur in future. The reply indicates lack of administrative mechanism within the department to identify such discrepancies within proper time.

3.6 Misappropriation of Government money

Government money was misappropriated to the extent of Rs.10.48 lakh due to shortage of cash balance (Rs.5.32 lakh) and payment without documentary evidences (Rs.5.16 lakh)

Audit scrutiny (May 2003) of the records of the Chief Medical Officer (CMO), Naharlagun, pertaining to the period from May 2002 to April 2003 revealed that as per cash book, the closing cash balance as on 03.02.2003 was Rs.5,94,329 (there being no transaction on 04.02.2003 and 05.02.2003), against which a sum of Rs.62,000 only was found in cash chest (07.02.2003) resulting in shortage of cash of Rs.5,32,329 (Rs.5,94,329 – Rs.62,000). The matter was, however, neither reported to the Police nor to the Government (April 2003). On being pointed out in audit, the CMO stated (May 2003) that the matter would be reported to the Directorate, Health and Family Welfare Department.

Further, as per treasury records, a total amount of Rs.14,82,539 (50 drawals) was drawn between June 2002 and January 2003 but the same was not reflected either in receipt or payment side of cash book as required under the rules. Out of above drawals, payments of Rs.1,51,712 were not supported by any documentary evidence either by acquaintance or vouchers. Again, it was seen in audit that between October 2002 and January 2003, out of a total sum of Rs.3,64,458 drawn from treasury and entered in cash book, documentary evidence in support of the payment of Rs.3,64,458 was neither on record nor could be shown to audit (May 2003). This resulted in inflated payment of Rs.5.16 lakh being shown in the cash book and thereby reducing the closing balance to that extent.

Thus, there was a misappropriation of Government money aggregating Rs.10,48,499 (Rs.5,32,329 + Rs.1,51,712 + Rs.3,64,458).

The misappropriation was facilitated due to negligence and non-adherence to the fundamental principles of Financial Rules in maintenance of cash book namely:

- Cash book was lying in the personal custody of the cashier and was not produced to the CMO regularly.
- Disbursement was shown in the cash book without any documentary evidence in support of payment.
- Non-recording of detailed analyses of cash balances in cash book at the end of the month.
- Non-verification of the closing balance of the cash book with actual cash in the cash chest.

A detailed check of cash book with the drawal register and vouchers may be conducted by the department to find out the actual shortage of cash.

On being pointed out (June 2003), the Government stated (July 2003) that the irregularities reported are being looked into and appropriate action would be initiated against the responsible official. Further development is awaited.

HOME DEPARTMENT

3.7 Unproductive expenditure

Expenditure of Rs.1.57 crore was unproductive due to non completion of construction of 54 quarters even after placement of 100 per cent of the fund with the executing agencies. Besides, there was misuse of Government funds of Rs.10.47 lakh

The Government of Arunachal Pradesh, Home Department accorded (March 1999) administrative approval and expenditure sanction of Rs.2.04 crore for the construction of 70 residential quarters of 435 sq. ft each at Itanagar. Accordingly, the department during the period from March 1999 to March 2002 placed funds of Rs.1.96 crore (Rs.60.58 lakh during 1998-99, Rs.51.40 lakh during 1999-2000, Rs.34.00 lakh during 2000-01 and Rs.50.08 lakh during 2001-02) with the Public Works Department (PWD). Similarly an amount of Rs.7.79 lakh (Rs.3.29 lakh during 1999-2000, Rs.2.00 lakh during 2000-01 and Rs.2.50 lakh during 2001-02) was placed with the Power Department, Arunachal Pradesh for supply of electricity. As per estimate, stipulated time for completion of the work was three years.

Scrutiny of records (May 2003) of the Inspector General of Police (IGP), Itanagar revealed that out of 70 quarters, PWD could complete and hand over only 16[#] quarters (23 per cent) to the department upto July 2003 although the works started in March 1999. Work on 38 quarters (54 per cent) was in progress and the work on the remaining 16 quarters (23 per cent) was yet to start (July 2003). It was also noticed that the Superintendent of Police (SP), Housing during physical verification of the works (June 2002) observed in his inspection report that the physical progress observed/actually on ground was not commensurate with the expenditure already incurred by the executing agency. SP also stated that against the fund of Rs.1.96 crore released by the Police Department the executing agency has shown an expenditure of Rs.1.86 crore only and Rs.10.47 lakh released by Police Department remained unaccounted for. The SP also observed that the amount of Rs.10.47 lakh might have been misutilised by the Executing Engineer, Capital Division 'B' by transferring the funds to other works without the approval of the Police Department. Inspection report of SP (Housing) was forwarded (June 2002) to the Commissioner (Home), Government of Arunachal Pradesh. But no action had yet been initiated (July 2003). It was, however, seen that for completion

[#] Eight quarters handed over in March 2001 and another eight quarters handed over in August 2001 after electric supply and allotted to the police personnel.

of these works the division in January 2002 had submitted revised estimate of the works for Rs.2.94 crore to the Superintending Engineer, Capital Construction Circle for approval and the revised estimate of the work has not yet been sanctioned. Upto March 2003, the PWD had incurred an expenditure of Rs.1.86 crore against the work.

Thus, unplanned execution of works by the PWD after receipt of the entire amount coupled with failure of the Home Department to take timely action on the report submitted by the inspecting SP for tardy implementation of the works resulted in un-productive expenditure of Rs.1.57 crore[#] on the construction of 54 quarters due to delay in completion of the works for a period of over 17 months. Practically after June 2002, no work was carried out by the PWD and the work was held up for non-sanctioning of the revised estimate of the work as it was evident that between June 2002 and March 2003, the PWD had not incurred any expenditure against the work except for Rs.0.02 lakh only. This indicated lack of co-ordination between the two departments regarding completion of the works. The delay in completion of the works would further escalate the cost of completion of the work originally estimated to cost Rs.2.04 crore in March 1999. Besides, Rs.10.47 lakh was reported to be misutilised by the executing agency and the police personnel were deprived of the benefit of residential quarters due to delay in completion of the works. Unproductive expenditure was facilitated due to non-completion of the works as per work programme and failure of the department to take proper action on the report of the SP (Housing).

The matter was reported to the Government/department (June 2003); reply is awaited (September 2003).

3.8 Unnecessary drawal resulted in diversion and locking up of funds by the Inspector General of Police (IGP) at Itanagar

Irregular expenditure of Rs.79.69 lakh was incurred on construction of rest room cum toilet for gents in 48 police stations apart from diversion and locking up of funds for more than one year and two months

Pursuant to the need of upgradation of standard of Police Administration, the Eleventh Finance Commission (EFC) recommended Rs.7 crore as grants for Government of Arunachal Pradesh. The grant was to be paid during the period of five years (2000-05). Out of the fund of Rs.7 crore earmarked for various sectors, amounts of Rs.1.79 crore, Rs.1.25 crore and Rs.31 lakh were for purchase of weapons, security equipment and for construction of rest room cum toilet for women respectively. The action plan for implementation of the

[#] Funds released during 1998-99 to 2001-02

for construction of 70 quarters (Rs.196.07 lakh + Rs.7.79 lakh) = Rs.203.86 lakh

Proportionate funds for construction

of 54 incomplete quarters (Rs.203.86 lakh × 54)/70 = Rs.157.26 lakh

work was approved by the State Level Empowered Committee (SLEC) in June 2001. EFC grants released by the Ministry of Finance, Government of India to State Government during 2000-02 was Rs.2.82 crore (2000-01 – Rs.70 lakh and 2001-02 – Rs.2.12 crore). The grants released during 2002-03 were not available on records.

The administrative approval and expenditure sanction was accorded (March 2002) by the Government of Arunachal Pradesh, Home Department for construction of rest room cum toilet in 48 police stations for gents and as against above sanction, a sum of Rs.79.69 lakh was drawn (March 2002) in bank draft and subsequently kept in deposit-at-call receipt (DCR) in August 2002 by the Inspector General of Police (IGP), Arunachal Pradesh without the approval of Finance Department. The amount was still retained in DCR (May 2003).

Scrutiny of records (May 2003) of the IGP, Itanagar revealed that the EFC has recommended grants for construction of rest room cum toilet for women police and the action plan approved by the SLEC in June 2001 also accorded approval for construction of rest room cum toilet for women police instead of gents police personnel.

As the EFC and SLEC had not recommended construction of rest room cum toilet for gents, the department modified the Action Plan and submitted (December 2001) to SLEC for approval. Both Government of India, Ministry of Finance in their letter dated 15.02.2002 and SLEC in their meeting held on 27.03.2002 rejected the modification on the ground that EFC had not recommended grants for construction of rest room for gents police personnel. Despite the above, the police department drew the amount of Rs.79.69 lakh (March 2002) from the funds meant for purchase of weapons (Rs.1.79 crore) and security equipment (Rs.1.25 crore).

Thus, Rs.79.69 lakh was not only unauthorisedly diverted inspite of objections raised by SLEC and Government of India, Finance Department but the amount was retained in DCR for a period of over one year two months in contravention of the financial rules. The action is fraught with the risk of misappropriation as the amount was kept outside the Government accounts without the approval from competent authority beside locking up of fund. Due to undue delay in implementation of the work, the department failed to accelerate the upgradation standard of police administration.

In reply, while admitting the audit observation, the department (May 2003) stated that the diversion of Rs.79.69 lakh was made from the allocation of arms and ammunition and security equipments since police station building lacked the facility of rest room cum toilet for police personnel which was felt necessary for rest of the police personnel. Reply, however, remained silent regarding the non-utilisation of fund of Rs.79.69 lakh.

The matter was reported to the Government (June 2003); reply has not been received (September 2003).

HORTICULTURE DEPARTMENT

3.9 Avoidable extra expenditure

The District Horticulture Office, Bomdila incurred avoidable extra expenditure of Rs.10.41 lakh due to procurement of 29,742.85 Kg of barbed wire despite having 47,889.89 Kg of barbed wire in stock. The amount of Rs.32.32 lakh on account of misappropriation and loss, etc., has not yet been recovered

During March 2002, DHO, Bomdila purchased 29,742.85 Kg of barbed wire valued Rs.10.41 lakh (@ Rs.35 per Kg) against the scheme 'Control of shifting cultivation'. The entire quantity was utilised against the said scheme. Scrutiny of records (June 2003) of DHO, Bomdila, however, revealed that between 1991-92 and 1995-96, DHO, Bomdila had procured 47,889.89 Kg of barbed wire and the material was lying idle in stock (June 2003). Thus the procurement of 29,742.85 Kg of barbed wire was done without checking the stock in hand leading to avoidable extra expenditure of Rs.10.41 lakh (Rs.35 x 29,742.85 Kg).

It was also noticed that the Government had formed five boards[#] from time to time to verify the cash, stores and other records of the District Horticulture Office (DHO), Bomdila. The boards had detected misappropriation of fund of Rs.13.51 lakh and loss of stores valued Rs.19.19 lakh. The department has till date (June 2003) recovered an amount of Rs.0.38 lakh only leaving a recoverable balance amount of Rs.32.32 (Rs.13.51 lakh + Rs.19.19 lakh – Rs.0.38 lakh) besides interest due.

The matter was reported to Government (July 2003); but no reply or comments have been received (September 2003).

[#] 1) 1st board - formed on 22 December 1994, 2) 2nd board - formed on 13 November 1995, 3) 3rd board - formed on 25 September 1996, 4) 4th board - formed on 30 July 1999 and 5) 5th board - formed on 21 May 2002

STATE LOTTERIES DEPARTMENT

3.10 Non deduction of tax at source (TDS) on commission

Non deduction of tax at source (TDS) on commission paid in cash to the agent resulted in violation of provisions of Income Tax Act, 1961 and avoidable liability of interest and penalty amounting to Rs.4.89 lakh and Rs.24.94 lakh respectively

Section 194G(1) of the Income Tax Act, 1961 states that 'any person who is responsible for paying to any person, who is or has been stocking, distributing, purchasing or selling lottery ticket, any income by way of commission, remuneration or price (by whatever name called) on such ticket in an amount exceeding Rs.1000 shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by issue of a cheque or draft or by any other mode, deduct Income Tax thereon @ 10 per cent'. If any person fails to deduct or pay the whole or any part of the tax, the responsible person shall be liable to pay, by way of penalty, a sum equal to the amount of tax and interest @ 15 per cent in terms of Section 271C and Section 201(1A) respectively of the Act.

The State Lottery Department during the period from May 2001 to November 2002, paid Rs.2.49 crore as 'agent's commission' to a sole distributor of tickets of Arunachal Pradesh State Lottery Department. This amount was realised by deducting 20 per cent from the prize money. It was seen in audit that the department did not deduct the tax amounting to Rs.24.94 lakh on the prize money paid as commission to the sole distributor.

When the matter was taken up in audit (December 2002 and February 2003), the department (April 2003) and Government (July 2003) replied that 20 per cent deducted and paid to ticket selling agent (TSA) was not income as this was being paid toward expenses on administration/publicity on sales promotion and thus did not come under the purview of income tax. The Government further stated (July 2003) that as the distributor had paid income tax during 2001-02 it would not be fair to state that the sole distributor was not paying income tax under the rules. The reply of the department/Government is not tenable as in terms of the scheme guidelines of the Government of September 1994, the 20 per cent of prize money paid to the sole distributor was commission and was hence taxable under Section 194G(1) of the Act. Further, payment of tax by the distributor does not absolve the department from the obligations cast upon it to deduct tax at source under the Act *ibid*.

Thus, the department not only failed to fulfil the statutory obligations cast upon it to deduct tax at source under Section 194G(1) of the Act but also made itself liable to pay interest of Rs.4.89 lakh (upto May 2003) under Section 201(1A) of the Act besides inviting the penalty of Rs.24.94 lakh under Section 271C of the Act *ibid*.

HOME, ANIMAL HUSBANDRY & VETERINARY AND RURAL WORKS DEPARTMENTS

3.11 Failure to respond to audit objections and compliance thereof

405 paragraphs pertaining to 125 Inspection Reports involving Rs.53.31 crore concerning Home, Animal Husbandry & Veterinary and Rural Works Departments were outstanding as on June 2003. Of these first replies to 12 Inspection Reports containing 68 paragraphs had not been received

Principal Accountant General (Audit) conducts periodical inspection of Government departments to test check transactions and verify maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities detected during inspection are not settled on the spot, these are included in the IRs and the 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 Principal Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during 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 Principal Accountant General. Serious irregularities are also brought to the notice of the Head of the department by the office of the Principal Accountant General (Audit). A half-yearly report of pending inspection reports is sent to the Secretary of the department (in respect of pending IRs) to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued from 1983 upto March 2003 pertaining to 72 offices of three departments disclosed that 405 paragraphs relating to 125 IRs involving an amount of Rs.53.31 crore remained outstanding at the end of June 2003. Of these, 30 IRs containing 57 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 68 paras for 12 IRs pertaining to 9 offices issued between 1994-95 to 2001-02.

As a result, some of the important irregularities pertaining to 230 paragraphs (26 paragraphs + 76 paragraphs + 128 paragraphs) involving an amount of Rs.48.11 crore (Rs.2.89 crore + Rs.8.99 crore + Rs.36.23 crore) commented upon in the outstanding Inspection Reports of the three departments have not been settled as of June 2003 as indicated below :

Table 3.8

Sl. No.	Nature of Irregularities	Home Department		Animal Husbandry and Veterinary Department		Rural Works Department	
		No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)	No of paras	Amount (Rs. in lakh)
1.	Local purchase of stationery in excess of authorised limits and expenditure incurred without sanction	4	1.45	3	159.07	1	6.07
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll	-	-	-	-	2	36.41
3.	Delay in recovery or non-recovery of department receipts, advances and other recoverable charges	-	-	15	28.50	11	127.73
4.	Drawal of funds in advance of requirements resulting in retention of money in hand for long periods	3	84.14	36	543.04	2	228.94
5.	For want of D C C bills	4	195.80	13	149.02	-	-
6.	For want of APRs	3	4.21	-	-	2	843.72
7.	Non-maintenance of proper stores accounts and non-conducting of physical verification of stores	-	-	-	-	7	391.60
8.	For want of sanctions	9	2.97	1	1.04	-	-
9.	Over payment or inadmissible payments noticed in audit not recovered	3	0.05	4	4.95	-	-
10.	Payment of grants in excess of requirement	-	-	1	11.71	-	-
11.	Sanction to write off loans, losses, etc., not received	-	-	3	2.12	-	-
12.	Payees receipts not received	-	-	-	-	1	414.67
13.	Extra avoidable expenditure	-	-	-	-	17	150.94
14.	Irregular and unauthorised expenditure	-	-	-	-	26	916.30
15.	Excess/Extra expenditure	-	-	-	-	9	48.12
16.	Locking up of Government funds/Idle Outlay	-	-	-	-	21	264.96
17.	Wasteful expenditure	-	-	-	-	19	48.49
18.	Expenditure in excess over sanction amount	-	-	-	-	2	81.60
19.	Injudicious expenditure	-	-	-	-	8	63.78
	Total	26	288.62	76	899.45	128	3623.33

Source: Department

A review of the IRs which were pending due to non receipt of replies, in respect of the departments revealed that the Heads of the offices, whose records were inspected by Principal Accountant General, and the Heads of the departments, failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs and thereby indicated their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the Principal Accountant General. 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 facts also indicated that no action was taken against the defaulting officers.

It is recommended that the Government look into this matter and ensure that (a) action is taken against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action is initiated to recover 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 (August 2003); reply has not been received (September 2003).

FINANCE DEPARTMENT

3.12 Misappropriation, losses, etc.

Delay in settlement of 32 cases of losses, misappropriation (loss – Rs.845.69 lakh and misappropriation – Rs.0.34 lakh) etc., by eight departments resulted in outstanding balance of Rs.8.46 crore for periods ranging from two months to 43 years

Thirty two cases of misappropriation, losses, etc., of Government money aggregating Rs.8.46 crore reported to audit were pending settlement for periods ranging from two months to 43 years at the end of June 2003.

Department-wise and case-wise analysis of outstanding cases in which final action was pending as of 30 June 2003 is given in Appendix – XXIV.

The year-wise and department-wise, position of misappropriation, losses, etc., along with period of pending as of 30 June 2003 is given in table 3.10 and 3.11 below:

Table 3.9

Year	Cases of Loss		Cases of Misappropriation		Total No. of cases	
	Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
upto 1990-91	15	10.00	1	0.34	16	10.34
1991-92	1	0.65	-	-	1	0.65
1992-93	2	0.18	-	-	2	0.18
1993-94	1	0.15	-	-	1	0.15
1994-95	1	Amount not intimated	-	-	1	-
1995-96	1	0.48	-	-	1	0.48
1996-97	1	Amount not intimated	-	-	1	-
1997-98	1	1.08	-	-	1	1.08
1998-99	2	8.52	-	-	2	8.52

(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999-2000	1	4.44	-	-	1	4.44
2000-01	3	815.55	-	-	3	815.55
2001-02	-	-	-	-	-	-
2002-03	2	4.64	-	-	2	4.64
Total	31	845.69	1	0.34	32	846.03[#]

Source : Departments

Table 3.10

Sl. No.	Department	Number of cases	Period of pendency	Amount (Rupees in lakh)
1.	Education	4	5 years to 8 years	3.37
2.	Forest [#]	13 ^ψ (2 new cases)	16 years (4 months & 2 months)	834.76
3.	General Administration	1	24 years	0.03
4.	Public Works	6	10 years to 16 years	2.93
5.	Supply and Transport	5	16 years to 43 years	1.21
6.	Information and Public Relation	1	14 years	2.65
7.	CWC [#]	1	8 years	Amount not intimated
8.	Public Health Engineering	1	6 years	1.08
	Total	32		846.03

Source : Departments

Out of 32 numbers of unsettled cases, departmental/police action was awaited in 11 cases, seven cases were pending in the court of law and 14 cases were awaiting recovery/write off order from Government.

The matter was reported to Government (August 2003); reply is awaited (September 2003).

[#] Number of cases in which amount not intimated – two (Forest – one, CWC – one).

	(Rupees in lakh)	
	No. of cases	Amount
As per last Report	11	830.12
Add 2 new cases	2	4.64
Total	13	834.76

CHAPTER – IV

WORKS EXPENDITURE

SECTION-A - REVIEW

RURAL WORKS DEPARTMENT

4.1 Working of Rural Works Department including manpower management

4.1.1 Highlights

The review highlights poor budgetary performance as well as unproductive, wasteful and nugatory expenditure, shortfall in achievement and sub-standard execution of works. There were also fictitious execution of works, holding of idle store materials and entertainment of excess staff.

Budgeting in the department was unrealistic.

(Paragraph 4.1.5)

The department failed to achieve the physical targets set for the rural link roads and bridges as well as for land reclamation and land protection works. The shortfall varied from 32 to 43 per cent in respect of roads, 73 per cent in respect of bridges and from 74 to 87 per cent in respect of land protection and land reclamation.

(Paragraph 4.1.7)

Lack of proper planning and abnormal delay in completion of works resulted in unproductive expenditure of Rs.7.24 crore on 45 rural link road works.

(Paragraph 4.1.8)

There was fictitious expenditure of Rs.1.44 crore on slips clearance and Rs.35.37 lakh on overlapping works.

(Paragraphs 4.1.9 and 4.1.10)

There was sub-standard execution of works valued at Rs.42.42 lakh due to utilisation of far less material in completion of works than the quantity required.

(Paragraph 4.1.12)

Due to entertainment of 119 staff in excess of sanctioned strength extra financial liability of Rs.77.92 lakh was borne by the department annually.

(Paragraph 4.1.21)

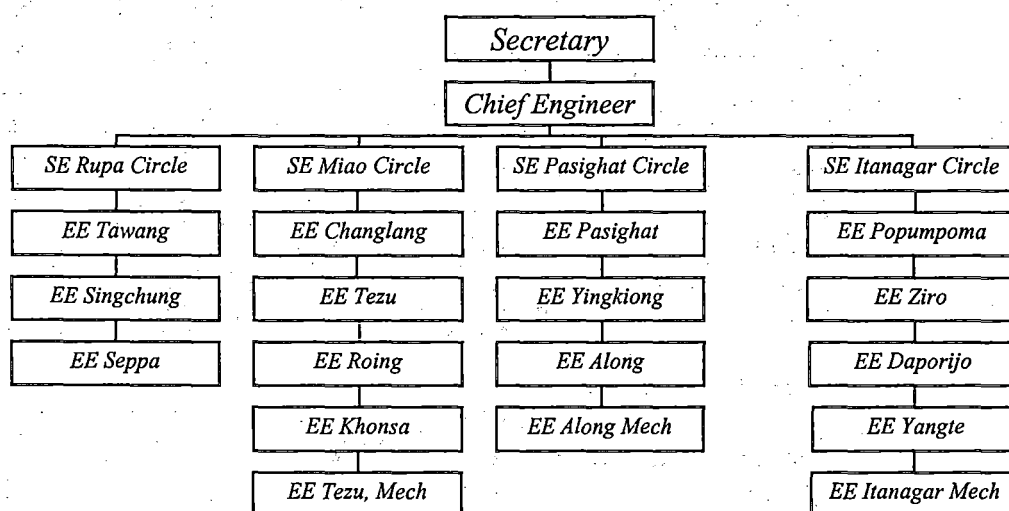
4.1.2 Introduction

The basic objective and responsibility of the Rural Works Department (RWD) is to construct rural link roads (RLRs), bridges for connecting the rural villages/habitats to national highways/district roads and to construct residential and non-residential Government buildings as well as to execute the works of land protection and soil conservation work and repair and maintenance of the existing roads, bridges and buildings of the rural areas of the State.

4.1.3 Organisational setup

The organisational structure of the department is detailed below :

Chart – 4.1



4.1.4 Audit coverage

The records of the Chief Engineer (CE), RWD and six divisions[#] (out of 17 divisions) for the period from 1998-99 to 2002-03 were test checked (35 *per cent*) and expenditure of Rs.58.20 crore (40 *per cent*) of the total expenditure of Rs.147.15 crore was covered in audit during the period from April – June 2003. Important points noticed in test check are brought out in the succeeding paragraphs.

4.1.5 Financial management

The budget provision and expenditure during the five years period ending March 2003 were as under (Grant No.26) :

[#] RWD - Popumpoma, Along, Seppa, Singchung, Tawang and Mechanical – Popumpoma.

Table – 4.1

(Rupees in crore)

Year	Budget provisions (Amount surrendered)		Actual expenditure		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	23.12	24.08 (5.73)	22.59	18.35	0.53	5.73
1999-2000	20.84 (4.56)	17.48	16.21	17.48	4.63	-
2000-01	17.28	17.48 (4.51)	17.21	12.96	0.07	4.52
2001-02	18.97 (1.43)	21.78	16.44	8.53	2.53	13.25
2002-03	17.73	0.62	16.76	0.62	0.97	-
	97.94 (5.99)	81.44 (10.24)	89.21	57.94	8.73	23.50

Source: Appropriation Accounts

There were persistent savings in all the years during 1998-03 despite surrender of savings during the course of the budgetary year. Out of total savings of Rs.32.23 crore, Rs.16.23 crore only were surrendered during the period.

Accounts and records

4.1.6 Non maintenance of records

In five (out of six test checked) divisions the subsidiary cash books (by sub-divisions), Miscellaneous PW advance register, tools and plants (T&P) ledger/accounts, register of works in proper form and contractor's ledger were not maintained as required under codal provisions.

Due to non maintenance of the records by the defaulting divisions, financial control over outstanding balances under suspense heads, accounts of non-consumable T&P materials, details of works executed and expenditure incurred thereon and balances outstanding to/from contractors could not be vouchsafed by Audit, and the reasons thereof had not been furnished.

Implementation

4.1.7 Physical target and achievement

During the period from 1997-98 to 2002-03, the department prepared annual operating plan (AOP) and targets for construction of roads, bridges and land protection works were fixed every year. Test check of the records revealed that during 1997-98 to 2002-03 there was shortfall ranging from 32 to 87 per cent in achieving targets in construction of roads, bridges and land protection works.

Table – 4.2

Item of work	Target	Achievement	Shortfall	Percentage of shortfall
Rural link road				
1. Fair weather road	750 Km	427.05 Km	322.95 Km	43
2. Hard surface (BT)	200 Km	136.06 Km	63.94 Km	32
3. Suspension bridge	250 Nos.	68 Nos.	182 Nos.	73
Land development				
1. Land reclamation development	1000.5 Ha	126.3 Ha	874.2 Ha	87
2. Land protection	10292 Ha	2656.01 Ha	7635.99 Ha	74

Source: Department

4.1.8 Lack of planning resulted in unproductive expenditure

During 1986-87 to 1997-98, Government of Arunachal Pradesh sanctioned Rs.10.84 crore for construction of 45 rural link roads involving formation cutting including side drain and retaining wall in 153.465 Km of roads (Appendix - XXV) under four RW Divisions[#] with the target date of completion between 1990-91 and 2001-02.

Test check of records of these divisions, however, revealed that none of the works had been completed as of March 2003. Out of the total length of 153.465 Km formation cutting in respect of 45 RLR works, 74.535 Km (49 per cent) was completed till March 2001 without any side drain and retaining wall at a total cost of Rs.7.24 crore (Appendix - XXV). No work was executed during 2001-02 and 2002-03 and the reason thereof was not on record. Expenditure incurred on incomplete works thus remained unproductive for a period ranging from one year to 13 years. Moreover, the conditions of the road would deteriorate due to vagaries of nature especially in the absence of side drain and retaining wall. This is also confirmed by the fact that no maintenance work had been taken up in respect of the roads even after five to 16 years of their sanction. The department stated (May 2003) that the work could not be completed due to shortage of funds. The reply was not tenable as between 1998-99 and 2000-01, the department surrendered Rs.10.25 crore from the capital portion of the grant. Out of it, a very small amount was required to complete the works. Moreover the department could produce no record to indicate that it had sought additional funds for completion of the works. Further, if the department was not really in a position to complete the works within the available resources, it should not have taken up such a large numbers of rural link roads, because a partially completed work was not likely to be of any use. The incomplete works are therefore, indicative not of shortage of funds as such, but lack of planning.

[#] Popumpoma, Along, Singchung and Tawang

Thus, lack of planning in completion of the works rendered the expenditure of Rs.7.24 crore unproductive for over one to 13 years, besides the objective of ensuring connectivity of 45 villages with the national highway/district roads remaining unachieved and thereby depriving the villagers of the intended benefits of the main roads.

4.1.9 Fictitious execution of slips clearance works

Slips clearance works are works undertaken to clear the loose soil, spoils, trees, etc., fallen on the road due to landslide/flood, etc. These works are premeasurable as the quantity of slips requiring clearance has to be measured before commencement of the work. Post measurement of slips clearances after completion of the work would not give any proof regarding the quantities of slips cleared because all the quantities are cleared on completion of the work.

It was, however, noticed that five rural works divisions[#] during the period from February 1999 to March 2003 had executed 425874.648 cum of slips clearance works through contractors by issue of work orders against 242 works at a total cost of Rs.1.44 crore (Appendix – XXVI). But as per record entries in the measurement books (MBs), it was seen that the measurements were taken after the date of completion of all these works. No other records regarding pre-measurement of slip clearances before commencement of work could be made available to audit. Further, the executing divisions did not also prepare any estimate for the work of slip clearances and the reason thereof was not on record.

Thus, the measurements recorded in the measurement books were of fictitious nature and the expenditure of Rs.1.44 crore incurred against these works proved doubtful due to defective execution of works. The matter was neither investigated nor any disciplinary action taken for such irregular execution of works.

4.1.10 Fictitious execution of work (formation cutting) due to overlapping of the work

Construction of rural link road from BRTF Road near Sarong Gompa to Jangda village for 6.40 Km was sanctioned under State Plan in February 1993 for Rs.53.30 lakh (5.40 Km) and in February 2000 for Rs.9.69 lakh (1.00 Km). As of March 2003, Tawang Rural Works Division completed 5.035 Km (4.95 Km + 0.085 Km) of the road at a total cost of Rs.41.25 lakh (Rs.40.07 lakh + Rs.1.18 lakh).

The same road for a total length of 15 Km was taken up under *Pradhan Mantri Gramin Sadak Yojana* (PMGSY) during 2002-03. Government of India sanctioned (March 2003) Rs.4.50 crore for widening (0-3.5 Km), formation cutting (3.5 to 15 Km) and water bound macadam (0-15 Km) including cross drainage, etc.

[#] *Popumpoma, Singchung, Seppa, Along and Tawang*

Scrutiny, however, revealed that the division during the period from April 2002 to March 2003 executed the work of formation cutting in 2.282 Km of the road starting from 3.5 Km under PMGSY although formation cutting from 0-5.035 Km had already been executed under State Plan. Execution of formation cutting in 1.535 Km (5.035 – 3.5) involving an expenditure of Rs.35.37 lakh (calculated at Rs.23.04 lakh per Km as per cost estimate for formation cutting) was thus fictitious as formation cutting in 1.535 Km of the road was already completed.

4.1.11 Nugatory expenditure

Construction of rural link road from Kachubari to Taraso village bordering Assam was sanctioned by Government in February 1991 for Rs.40.71 lakh with the stipulation to complete the work in March 1993. Under the scheme, formation cutting in 11.10 Km of the road and construction of 36 slab culverts were to be executed. The work was taken up for construction by Popumpoma Rural Works Division, Itanagar in March 1991 and during the period from March 1991 to March 1992, the division completed 9.99 Km of formation cutting of the road alongwith two slab culverts at a cost of Rs.36.12 lakh. In April 1992, the Junior Engineer in charge of the work reported to the Executive Engineer, Popumpoma Division that about 2.5 Km of road length was damaged by the Assam Forest Department with the help of Assam Police due to dispute over the land. The work was, however, stopped by the Government in April 1992 and the land dispute has not yet been settled with the Assam Government (May 2003). The work was not resumed for want of decisions/directions from the authorities (May 2003) though 11 years had passed from the date of stoppage of the work. With the passage of time, the condition of the road would deteriorate due to the vagaries of nature.

Thus, execution of the work without proper survey and investigation of the work and the failure of the Government to settle the land dispute with Assam Government resulted in nugatory expenditure of Rs.36.12 lakh.

4.1.12 Sub-standard execution of work

Construction of a RCC/steel bridge under Seppa Rural Works Division and metalling and black topping (MBT) of one rural link road under Popumpoma Rural Works Division were completed between October 2001 and March 2002 at a total cost of Rs.42.42 lakh.

Scrutiny of records revealed that quantities of materials utilised in completion of these works were much less than the quantities required as per sanctioned estimated provision of the works. The details are given below :

Table 4.3

(Rupees in lakh)

Name of the works	Sanctioned amount and date of sanction	Date of commencement of the work and date of completion	Expenditure incurred	Materials and quantity required as per sanctioned estimate	Quantity utilised	Variations in percentage for less utilisation of the materials
Construction of RCC/Steel bridge over Kamu Nallah on Seppa Pobua road, Seppa	27.69 (March 98)	March 1999 (Jan 2001)	27.18	Cement 88 MT MS Rod 24.20 MT Sand 126.80 m ³	45 MT 8.426 MT 40 m ³	(-) 49 (-) 65 (-) 68
Mettalling and black topping of RLR Block I, II, III at Ganga village for DG store to Primary school, Popumpoma	17.27 (March 98)	November 1998 (October 2001)	15.24	Metals 63-45 mm-850 m ³ 53-22 mm - 425 m ³ 9 mm aggregate for screening - 255 m ³	653 m ³ 145.71 m ³ 80.92 m ³	(-) 23 (-) 66 (-) 68
Total :	44.96		42.42			

Source: Department

Utilisation of materials, far below the approved quantity as per sanctioned estimate of the works, varied from 23 to 68 *per cent* in respect of these two works though expenditure of Rs.42.42 lakh[#] (94 *per cent*) was incurred against the sanctioned estimate (Rs.44.96 lakh) of the works. This resulted in sub-standard execution of works. The matter was neither investigated nor any disciplinary action taken against the defaulting officials for execution of such defective works.

4.1.13 Loss on missing bridge materials

Government sanctioned (February 1990) Rs.11.09 lakh for construction of wire rope suspension bridge over river Kameng between 18 Km and Tallo village under Seppa Rural Works Division with the stipulation to complete the work in March 1992. Scrutiny of records showed that during the period from March 1990 and March 1993, the division procured bridge materials worth Rs.13.19 lakh and incurred an expenditure of Rs.0.32 lakh towards payment of labour charges for loading and unloading of the bridge parts. The work was not taken up as of date due to dispute over the selection of site for the bridge. However, on verification of the division by the Hon'ble Minister (Fisheries) (January 1997) no materials were found with the division. On further enquiry, the division could not confirm (May 2003) availability of any of the bridge materials procured. Thus, procurement of materials far in advance of requirement, without finalisation of site beforehand led to missing of bridge materials valued Rs.13.19 lakh. The matter was neither investigated nor was any responsibility fixed for the missing bridge materials.

[#] Materials - Rs.29.59 lakh, labour - Rs.8.67 lakh, contractor - Rs.2.16 lakh and TEO adjustment - Rs.2.00 lakh.

4.1.14 Excess/irregular expenditure

According to rate analysed by Seppa Rural Works Division for construction of 1.8 m width mule tracks, the rate per Km was fixed at Rs.22000, which included construction of log bridges wherever required during execution.

During the year 1997-98, four estimates amounting to Rs.39.06 lakh for construction of 108 Km length of 1.8 m width mule tracks had been sanctioned for execution by Seppa Rural Works Division. The division started the works in March 1998 and 114 Km length was completed in December 2001 at a total expenditure of Rs.45.07 lakh. Test check of records revealed that during the period from March 1998 to December 2001 the division out of the total expenditure of Rs.45.07 lakh, paid Rs.10.82 lakh for construction of 558 m log bridges, Rs.25.13 lakh for construction of 114 Km mule tracks @ Rs.22046 per Km to the contractor and Rs.9.12 lakh for payment of work charged establishment.

While the analysed rate included construction of log bridges also, payment for construction of log bridges over the analysed rate resulted in extra expenditure of Rs.10.82 lakh. The matter has neither been investigated nor any responsibility fixed.

4.1.15 Unauthorised diversion of PMGSY fund

In April 2002, Government of India sanctioned Rs.6.76 crore for construction of 13 RLRs for execution under four rural works divisions[#]. Although the sanctioned estimates did not provide for contingency and work charged establishment the divisions incurred an expenditure of Rs.29.83 lakh during the period from April 2002 to March 2003 towards contingency and work charged establishment by unauthorised diversion of the Central fund (Appendix - XXVII). The unauthorised diversion of fund has not yet been regularised and the reason thereof was not on record.

4.1.16 Idle outlay of bridge materials

For construction of 8 wire rope suspension bridges over 8 rivers under Popumpoma, Singchung and Tawang Divisions, Government sanctioned Rs.71.00 lakh between March 1997 and December 1997. The target date for completion of work was between March 1999 and March 2000. Accordingly, the divisions procured bridge parts like main anchor bolt and anchor bolt duck, eye bolt, turn buckle, main pulley, main shaft, U bolts – 8 mm, 16 mm, 20 mm decking steel plate, stringer and main grinder, etc., (Appendix – XXVIII) valued at Rs.36.23 lakh during the period from March 1997 to May 1998. It was, however, seen that the bridge parts were lying idle (May 2003) as the work of construction of suspension bridges over different rivers had not yet been taken up by the three executing divisions. Reasons for not taking up the works were neither available on record nor stated.

[#] Along, Seppa, Singchung and Tawang

Thus, the materials were procured without putting them to use resulting in idle outlay on materials and locking up of funds for periods ranging from five to six years. No action was taken by these divisions to transfer the idle bridge parts to other divisions.

4.1.17 Work done through casual labourers without recording outturn of works

According to Para 9.3 of CPWD Manual (Volume-II) the output of daily labour should commensurate with the expenditure incurred on their wages.

Test check of records revealed that during the period from February 1999 to February 2000, the Along RW Division and Seppa RW Division executed the work of annual repair and maintenance of roads and buildings by engaging casual workers for 25,389 mandays and 41,174 mandays respectively and spent Rs.25.18 lakh towards payment of their wages without any recorded output of the labourers. Further, the details of work done and the certificate to the extent that payments were made to the actual payees were not found recorded on muster rolls maintained by the divisions. In the absence of such records the genuineness of the payments could not be vouchsafed by audit and scope of misuse of Government money cannot be ruled out.

4.1.18 Unnecessary procurement of materials and blocking of Government fund

During the period from February 1994 to October 1994, the Popumpoma and Seppa divisions procured materials amounting to Rs.39.03 lakh (Popumpoma Rs.34.68 lakh and Seppa Rs.4.35 lakh) relating to the works of water supply, irrigation & flood control and roads & buildings.

Test check of records of the divisions revealed that the materials were still lying idle without any issue for a period over nine years. The divisions had not taken any initiative to transfer the materials to PHE and IFCD Divisions.

Thus, random procurement of stores by the divisions without assessment of requirement and non-transfer of the materials resulted in idle stock of Rs.39.03 lakh besides inviting the risk of loss due to prolonged storage.

4.1.19 Purchase of materials at higher rate

During the period from November 1999 to March 2003, three test checked divisions (Popumpoma, Along and Tawang) purchased 86100 sq.ft. of Montex brand tarpaulin @ Rs.26 per sq.ft. at a total cost of Rs.22.39 lakh without inviting any tender/quotation.

Test check of records of other divisions (Rural Works Division Singchung and PHED Along) revealed that during the same period (March 1999 and December 2000), these divisions purchased the same material @ Rs.12.40 per sq.ft. Thus the lowest available market rate of Montex tarpaulin was @ Rs.12.40 per sq.ft.

Purchase of tarpaulin at higher rate of Rs.26 per sq.ft. against available market rate of Rs.12.40 per sq.ft. had resulted in extra expenditure of Rs.11.71 lakh {Rs.(26.00 – 12.40) x 86100}.

Accounting management

4.1.20 Outstanding amount under Cash Settlement Suspense Account (CSSA)

The Government of Arunachal Pradesh, Finance (Budget) Department had decided to stop the system of Cash Settlement Suspense Accounts (CSSA) with effect from 1 April 1998 in respect of transfer of materials between divisions and accordingly introduced prepayment system (cash and carry system) for transfer of materials from that date.

Test check of records, however, disclosed that claims of Rs.16.62 lakh in February 1996 under CSSA have been lying unadjusted as of June 2003 against Public Health Engineering Division, Tawang (Rs.15.41 lakh) and Irrigation and Flood Control Division, Bomdila (Rs.1.21 lakh). The divisions did not initiate any action to clear the outstanding claims as yet.

Manpower management

4.1.21 Entertainment of excess staff in regular establishment

Test check of the records of six divisions[#] alongwith records of the Chief Engineer revealed that the test checked divisions during 2002-03 entertained excess staff as indicated below:

Table – 4.4

Post	Sanctioned strength	Men on roll	Excess post	Minimum basic pay (Rupees)	Excess expenditure per year (Rupees)
Asstt. Soil Conservation Officer	Nil	4	4	6500	3,12,000
Asstt. Engineer	Nil	15	15	8000	14,40,000
Junior Engineer	13	62	49	6500	38,22,000
Drafts man	12	14	2	4500	1,08,000
Surveyor	Nil	15	15	4000	7,20,000
UDC	16	19	3	4500	1,62,000
Field Asstt.	Nil	11	11	4000	5,28,000
Driver	4	8	4	4000	1,92,000
Peon	7	9	2	2550	61,200
Chain man	Nil	14	14	2660	4,46,880
Total	52	171	119		77,92,080

Source: Department

[#] RWD - Popumpoma, Along, Seppa, Singchung, Tawang and Mechanical – Popumpoma.

Due to entertainment of 119 staff in excess of sanctioned strength under different categories, the department had to bear an extra financial liability to the extent of Rs.77.92 lakh during 2002-03. The reasons for entertainment of excess staff beyond sanctioned strength were neither available on records nor stated.

4.1.22 Monitoring and evaluation

The work of monitoring cell is looked after by the Executive Engineer (MI) of the office of the Chief Engineer.

The activities of the monitoring cell at the State level were confined to conventional method of compilation of progress reports received from executing divisions. No evaluation was conducted on the impact of implementation of the work programmes for taking up any corrective measures either by the department or by Government (June 2003).

The matter was reported to the Government/department (July 2003); their replies had not been received (September 2003).

4.1.23 Recommendations

The audit recommendations are as follows :

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
- All the works need to be monitored by conducting physical verification of the works in order to avoid wasteful, fictitious expenditure.
- Materials should be procured as per requirement of the works.

SECTION-B - PARAGRAPHS

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.2 Unauthorised and irregular expenditure by Bomdila PHE Division

The Bomdila PHE Division incurred unauthorised and irregular expenditure of Rs.7.14 lakh on implementation of water supply schemes for two schools which were not in existence

Government of Arunachal Pradesh accorded (March 1997) administrative approval and expenditure sanction for implementation of two water supply schemes at a total cost of Rs.30.31 lakh for two educational institutions, viz., Donyi Mission School at Tippi (March 1997 : Rs.15.49 lakh) and Donyi Vidya Bhavan at Tenga Hill top (March 1997 : Rs.14.82 lakh), on the basis of estimates for the schemes prepared by the Executive Engineer (EE), Public Health Engineering Division (PHED), Bomdila.

Scrutiny (August 2002) of records of Bomdila PHE Division, revealed that as of March 2002 the division incurred a total expenditure of Rs.7.14 lakh (procurement of water supply materials – Rs.2.49 lakh and payment to contractors, wages and contingencies – Rs.4.65 lakh) against the work. It was, however, noticed that the sites for construction of the institution buildings were not selected even as of March 2002. Further enquiries (May 2003) from the Deputy Commissioner (DC), West Kameng District, Bomdila confirmed (May 2003) that the above mentioned educational institutions were not in existence at all as per his records and records of Deputy Director of School Education, Bomdila. Evidently, estimates for water supply schemes were prepared and sanctioned and expenditure of Rs.7.14 lakh incurred for non existent institutions. It was thus clear that the schemes were sanctioned by the Government in March 1997 without proper survey and investigation and the matter, therefore, calls for a thorough probe. This also reflects deficiency in monitoring of the schemes, control over financial activity and co-ordination within the department. The reasons for such fictitious expenditure have not been furnished (May 2003).

The matter was reported to the department/Government in October 2002; reply has not been received (September 2003).

PUBLIC WORKS DEPARTMENT

4.3 Incomplete road work

Rupees 1.12 crore incurred by the Bomdila Public Works Division was unfruitful owing to poor planning and non-utilisation of funds

From the 16th Point of the Bomdila Dirang Road, a 26 Km connecting road would lead to SNTP Road. This road is vital as it serves Salari, Nafra, Thrizino and Palizi. In January 1990, the Government of Arunachal Pradesh sanctioned Rs.1.06 crore for the construction of this road, scheduled for completion in three years from the commencement of work. The work involved soling, metalling and black topping of 24 Km, excluding two Km which already existed. Evidently, this road was intended to be an extension of the existing road to add to the network of road communication. The work was taken up immediately in January 1990 itself, and progressed at an abnormally slow pace until March 2002 by which time the implementing division (Bomdila) could complete soling and metalling for the stipulated length and black topping of only three Km out of 24 Km required, at a cost of Rs.1.12 crore. Then the work stopped and the entire expenditure of Rs.1.12 crore remained unfruitful owing to non-completion of the work (March 2003). A revised estimate for Rs.1.91 crore was framed and sanctioned in September 2000. The department contended that the work remained incomplete due to paucity of funds. Contrary, to this, it was found in audit that during intervening years (1992 to 1994) the division had surrendered more than Rs.7 crore while this important road work was held up for a much smaller amount. Non-completion of this vital link road continues to deprive the locality of the desired service even after 13 years of sanction of the work.

The matter was reported to the Government in November 2002; reply has not been received (September 2003).

4.4 Wasteful expenditure due to frequent change of site of the bridge work

Construction of a bridge at site 'B' without considering its usefulness to the local inhabitants led to abandonment of the work midway resulting in wasteful expenditure of Rs.24.26 lakh. Expenditure of Rs.38.49 lakh is likely to become wasteful on construction of abutments at site 'C' due to taking up of the work without considering the technical viability of the site

According to the prescribed procedure before taking up and preparation of an estimate of the work, technical data regarding suitability of the site through survey and investigations, detailed sub-soil investigation, flood estimation data, economic feasibility and design and scope of the project and its technical viability needs to be collected and ascertained.

To facilitate transportation of agricultural products grown on both sides of Sipu river in Pakam area, the work 'Construction of steel bridge over river Sipu' to connect Pakam area to Border Road Task Force (BRTF) road was administratively approved (March 1998) by the Public Works Department for Rs.86 lakh. As per estimate of the work, the work was to be completed within 3 years *i.e.* after getting approval of the work. Initially, without selection of proper site by survey and investigation, site 'A' was selected for construction of the bridge (span – 60 m) where foundation stone was laid by the Honourable Chief Minister in September 1998. The reason for selection of site 'A' without proper survey and investigation was not furnished. The Additional Chief Engineer (East Zone) during his visit to the site on 23.08.1999 expressed dissatisfaction over the selection of bridge site and advised location of some other alternative bridge site preferably towards upstream side of the site 'A'. After detailed investigation, site 'B' was located in February 1999 at 400 m upstream side from the site 'A' with firm rocky banks on both sides of the river. As per site 'B', the span of the bridge came down from 60 m to 55 m.

Scrutiny of records (February 2003) of Along Public Works Division revealed that the work was taken up (March 1999) and after completion of earth work in excavation for foundation on both the sides of the river and construction of abutments at a total expenditure of Rs.24.26 lakh, the work was abandoned (January 2000) due to objection raised by the villagers as the site of the bridge was far off from their agricultural field. Considering the interest of the villagers a new site at 'C' was selected (February 2000) with the stipulation to complete work in 2001-02 and till January 2003, construction of two abutments at site 'C' was completed at an expenditure of Rs.38.49 lakh with the change of span of the bridge from 55 m to 70 m and height of abutment from 7.50 m to 10.40 m. The site 'C' was not technically sound for construction of the bridge as no rock was found at the proposed site except earth mixed boulder which was not fit for bridge construction and further that one small stream joins just near of site at left bank and may become hazardous

to the bridge abutment and therefore, huge protection work was required to be carried out for protection of abutments. This aspect was not taken into consideration while selecting the site as reported (January 2000) by the Assistant Engineer, Sub-division III, Along for reasons neither stated nor available on record.

Further, it was noticed that before taking up of the work at site 'B' of the work, the Additional Chief Engineer (EZ), PWD Arunachal Pradesh in September 1999 intimated the Superintending Engineer, Along Circle, PWD Along that during his visit on 23.08.1999 to the site 'B' of the work, he had specifically instructed the Executive Engineer (Along) to contact the concerned owners of land to obtain their acceptance of the alignment of the road before investment of the bridge and road since the road would be passing through permanent agricultural fields. He further advised the Executive Engineer to take the help of the local administration in this regard.

Thus, it was observed that the construction of the bridge at site 'B' was taken up disregarding the instruction of the Additional Chief Engineer (EZ) and subsequently abandoned. The preparation of estimate of the work with inadequate survey and frequent change in decision in respect of site of the bridge resulted in wasteful expenditure of Rs.24.26 lakh. Besides, the expenditure of Rs.38.49 lakh incurred on construction of abutments at site 'C' without considering the technical viability of the site is likely to become wasteful in due course. Further, the cost of the bridge work at site 'C' would escalate further due to change in specification of the bridge span from 55 m to 70 m and abutments from 7.50 m to 10.40 m. The matter was neither investigated nor any responsibility fixed against the defaulting officials for execution of such defective work.

The matter was reported to the Government in April 2003; reply has not been received (September 2003).

4.5 Unfruitful expenditure incurred by the Public Works Capital 'B' Division, Itanagar

The division incurred unfruitful expenditure of Rs.19.07 lakh on payment of pay and allowances to 13 (thirteen) idle work-charged staff for two years from 2001-2003

Scrutiny of records (April 2003) of the Public Works Capital 'B' Division, Itanagar revealed that the division has been entertaining 39 work charged staffs (Appendix - XXIX) for various works like plying of vehicles and road rollers (drivers), welding, carpentry and repair of vehicles, *etc.* The exact date from which the division had been entertaining these work-charged staffs was neither available on records nor stated. Out of 39 work charged staffs, 26 were deployed against their respective works and 13 work-charged staffs (drivers – seven, divisional mechanic – one, mechanic – one, assistant mechanic – two,

welder – one and carpenter – one) were idle during the years 2001-02 and 2002-03 without any work being assigned to them. On enquiry, the Executive Engineer confirmed (April 2003 & August 2003) that these 13 work-charge staffs were idle as the workload of the division did not permit utilisation of the services of the excess staff.

Thus, entertainment of 13 (thirteen) idle work-charged staff for a period of two years from 2001-02 to 2002-03 without any work assignment resulted in unfruitful expenditure of Rs.19.07 lakh in the form of payment of pay and allowances of idle work charged staff.

Irregularities were facilitated due to inaction on the part of the department to retrench the surplus staff or utilise their services gainfully by diverting them to the needy divisions.

The matter was reported to the Government/department in June 2003; reply had not been received (September 2003).

RURAL WORKS DEPARTMENT

4.6 Idle Investment

Failure to airlift the bridge components immediately after receipt led to idle investment of Rs.16.12 lakh for about four and a half years and also added an extra liability of Rs.27.55 lakh to the department due to increase of air freight charges

Government accorded (March 1997) administrative approval and expenditure sanction for construction of Wire Rope Suspension Bridge over Dehing river between Buddha Mandir and Vijaynagar at an estimated cost of Rs.23.00 lakh which included an amount of Rs.4.66 lakh only for air lifting of materials from Mohanbari airport to Vijaynagar landing ground instead of the chargeable amount of Rs.23.59 lakh[#]. The reason for under estimating the airfreight charges by Rs.18.93 lakh (Rs. 23.59 lakh - Rs. 4.66 lakh) was not on record.

Test check (June 2001) of records of Changlang, Rural Works Division revealed that the division procured (10 October 1998) bridge components valued at Rs.16.12 lakh and weighing 23.30 MT from a local firm at rates approved by the Superintending Engineer (SE), Rural Works Circle (RW Circle), Miao after seven months from the date of sanction. The bridge components requiring airlifting to the work site at Vijaynagar from Mohanbari were not transported by air immediately for reasons neither on record nor

[#] $\frac{\text{Rs.135000} \times 135 \text{ mins} \times 23300 \text{ Kgs}}{3000 \text{ Kgs (payload)} \times 60 \text{ mins}}$

stated. Subsequently on the matter of transportation of material being taken up with the Director, Supply & Transport, Mohanbari (29 October 1998), the department was informed about the existing airfreight charges (11 November 1998) and accordingly the estimate was revised to Rs.69.27 lakh including airlifting charges of Rs.43.56 lakh. Till date (December 2002) neither have the materials been airlifted nor has the revised estimate been sanctioned by the Government. Meanwhile the airlifting charges of the materials have further increased to Rs.46.48 lakh[#] with effect from (03 August 2000).

The Superintending Engineer, RW Circle, Miao in his reply stated (December 2002) that the bridge components were still lying in Mohanbari Central Store and sanction to the revised estimate was awaited. No reason was furnished for the delay in airlifting of materials.

Thus, defective preparation of estimate of the work without ascertaining actual airfreight charges and lapse of the department to transport the bridge components immediately after receipt has not only resulted in an idle investment of Rs.16.12 lakh for about four and a half years with a possibility of loss to that extent due to rusting, erosion, *etc.*, but has also created a liability of Rs.27.55 lakh (Rs.46.48 lakh - Rs.18.93 lakh) for delay in airlifting the materials due to increase in airfreight charges. Besides, the inefficiency in the application of proper utilisation of funds had encumbered the State Finance to the tune of Rs.6.72 lakh for idle outlay of Rs.16.12 lakh from 10 October 1998 to 2002-03, worked out applying the cost of borrowing from 1998-99 to 2002-03^ψ. Further, the construction of the bridge has also been delayed thereby depriving the intended benefit to the villagers residing around Buddha Mandir.

The matter has been reported to the Government in December 2001; reply has not been received (September 2003).

[#] $Rs.266000 \times 135 \text{ mins} \times 23300 \text{ Kgs}$
 $3000 \text{ Kgs (payload)} \times 60 \text{ mins}$

^ψ 1998-99 – 12.15 per cent, 1999-2000 – 11.78 per cent, 2000-01 – 11.11 per cent,
2001-02 – 8.94 per cent and 2002-03 – 7.08 per cent.

CHAPTER – V

STORES AND STOCK

SECTION-B – PARAGRAPH

PUBLIC WORKS DEPARTMENT

5.1 Extra expenditure and avoidable payment of interest

The procurement of cement at increased rate in contravention of the terms and conditions of the agreement resulted in extra expenditure of Rs.35 lakh beside incurring avoidable payment of interest of Rs.62 lakh

On the basis of approval accorded by the Chief Engineer, Public Works Department, Western Zone, Itanagar, the Executive Engineer, Banderdewa Store Division placed (July 1995) supply order on a local firm for supply of 12,500 MT ordinary portland cement at a cost of Rs.4.07 crore at negotiated rate for FOR at Jogighopa rail head (Rs.2677 per MT and also for four designated points (i) Banderdewa store – 4000 MT @ Rs.3227 per MT, (ii) Margherita store – 3000 MT @ Rs.3387 per MT, (iii) Likabali store 3500 MT @ Rs.3287 per MT, and, (iv) Charduar store 2000 MT @ Rs.3067 per MT) with the stipulation for completion of supply within five months *i.e.* during the period from July 1995 to November 1995. The time limit for completion of supply was further extended upto June 1996 by the Chief Engineer Western Zone in April 1996.

In terms of the agreement, the firm was entitled to claim enhancement of rate due to any statutory increase or increase in the basic cost of cement billed by the factory and railway freight within the validity period of contract. Acceptance letter (June 1995) of the firm which formed a part of the agreement included the condition that 100 *per cent* payment for delivery of the supply of cement in good condition would have to be made within a period of 30 days with a provision for levy of interest @ 18 *per cent* per annum on the cost of cement supplied for delay in payment beyond 30 days.

Test check (July 2002) of records of Banderdewa Store Division revealed that the firm supplied 9235 MT of cement (OPC-8796.70 MT at enhanced rate – Rs.3.22 crore and portland slag cement (PSC) 438.30 MT – Rs.15.44 lakh) valued Rs.3.37 crore between November 1995 and July 1996 (Appendix – XXX). The balance 3265 MT of cement was not supplied by the firm as the department was not interested in procurement of cement at enhanced rate. Out of the total claim of Rs.3.37 crore, the division paid Rs.2.67 crore between November 1995 and March 1998 to the firm and the balance of Rs.70 lakh could not be paid due to non-availability of funds.

Procurement of materials at enhanced rate disclosed the following irregularities.

5.1.1 Extra expenditure

After supply of 261.90 MT of cement only, the firm requested (January 1996) the Chief Engineer, Western Zone to increase the rate for supply of cement as the basic cost of cement was increased to Rs.2982 per MT in January 1996 from Rs.2514 per MT at the time of tender. In support of the increase of basic cost of cement, the firm furnished the Jogighopa dump rate of cement of the Cement Corporation of India (CCI) Ltd., from October 1995 to January 1996. Accordingly, the Chief Engineer, Western Zone, Arunachal Pradesh in March 1996 enhanced the rates for supply of cement for different periods at four designated points (Appendix – XXX) for the period from October 1995 to January 1996 though there was no increase in ex-factory price of cement by the manufacturer. Further, as per terms of the agreement, the firm failed to submit documents like purchase voucher/invoice *etc.*, towards procurement of cement for determining the enhanced rate as the enhanced rate was applicable from the date of purchase. This was evident from the fact that in his letter dated December 1996 to the Chief Engineer, Western Zone, the Superintending Engineer (SE), Capital Circle, PWD specifically mentioned that the enhanced rate was not justified for consideration as there was no increase in the basic cost of cement.

Thus, imprudent and unjustified action of the Chief Engineer resulted in extra expenditure of Rs.35 lakh (Rs.3.22 crore – Rs.2.87 crore) beside rendering undue financial benefit to the firm.

In reply, the Chief Engineer, Western Zone, Itanagar stated (July 2003) that the enhancement in the basic cost of cement per tonne was made on the basis of approved Jogighopa dump rate of cement of the CCI Ltd. The reply is not tenable as there was no increase in the ex-factory price of cement by the manufacturer. Jogighopa dump rate of cement not covered by the agreement was inclusive of some additional charges like godown charges, transportation charges from rail head to dump and handling charges apart from regular charges (FOR Ex-Jogighopa rate) like basic cost of cement, taxes, railway freight and loading and unloading charges. Further, between November 1997 and March 1998 the CE procured 6424.30 tonnes of cement (OPC) through fresh tender agreements (September 1997) at a much lower rate (Banderdewa – Rs.3214.48 per MT, Margherita – Rs.3472.08 per MT, Likabali – Rs.3327.18 per MT and Charduar – Rs.2979.06 per MT) than that of the increased rate of the firm (Banderdewa – Rs.3651 per MT, Margherita – Rs.3811 per MT, Likabali – Rs.3711 per MT and Charduar – Rs.3491 per MT). Again in December 2002, the Executive Engineer, Banderdewa Store Division stated that the agreement was closed as the department was not interested in procurement of balance quantity (3265 MT) of cement at increased rate. The basis on which the 9235 MT of cement was procured at increased rate was thus not clear. The irregular and unjustified action also resulted in undue financial benefit to the firm. This has happened due to

procurement of cement from a local firm instead of reputed cement manufacturer.

5.1.2 Avoidable payment of interest

It was further noticed that due to non-receipt of balance claim of Rs.70 lakh for supply of cement, the firm in December 1998 issued a notice to the Chief Secretary to the Government of Arunachal Pradesh and the Chief Engineer, Western Zone, PWD as required under civil procedure code before filing a money suit for recovery of outstanding bills. No action was however, taken by the Government/Department to clear the outstanding bills.

Failing to obtain the payment from the department, the firm filed (July 1999) a money suit in the Guwahati High Court for the outstanding bills alongwith 18 *per cent* interest for the period of delay in payment beyond 30 days on the cost of materials supplied as per terms of the agreement. The Hon'ble High Court decreed (July 2001 and December 2001) the case in favour of the firm according to which the department was to pay the balance amount with interest @ 18 *per cent* per annum from 31.7.1996 from which date the aforesaid amount became due and payable. The department, however, released the pending claims of the firm for Rs.70 lakh in September 2001 and security deposit of Rs.5.00 lakh in October 2001. Interest of Rs.62 lakh was released in January 2002 (Rs.59 lakh) and October 2002 (Rs.3 lakh).

Thus, purchase of materials without making necessary provision of funds resulted in delayed payment of supply bills to the firm and consequential avoidable expenditure of Rs.62 lakh on payment of interest.

In reply, Chief Engineer, Western Zone stated (July 2003) that the department had no other alternative but to accept the Hon'ble High Court order for making payment with interest. Reply remained silent regarding non-arrangement of fund as per terms and conditions of the agreement.

CHAPTER – VI

REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

Tax and non-tax revenue raised by the Government of Arunachal Pradesh during the year 2002-03, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below :

Table 6.1

(Rupees in crore)

Sl. No.	Head of revenue	1998-99	1999-2000	2000-01	2001-02	2002-03
I.	Revenue raised by State Government					
(a)	Tax revenue	11.29	13.88	20.63	30.89	37.26
(b)	Non-tax revenue	64.54	67.01	63.65	70.91	76.30
	Total	75.83	80.89	84.28	101.80	113.56
II.	Receipts from Government of India					
(a)	State's share of divisible Union taxes	268.84	340.77	115.67	90.93	121.68
(b)	Grants-in-aid	578.90	587.26	761.46	892.57	873.05
	Total	847.74	928.03	877.13	983.50	994.73
III.	Total receipts of State (I + II)	923.57	1008.92	961.41	1085.30	1108.29
IV.	Percentage of (I to III)	8	8	9	9	10

Non-Plan grants received by the State from Government of India during the period from 1998-99 to 2002-03 are given below :

Table 6.2

(Rupees in crore)

Year	Non-Plan grants
1998-99	38.29
1999-2000	9.86
2000-01	169.48
2001-02	246.76
2002-03	242.83

It would be seen that in comparison with 1998-99, non-Plan grants received by the State during 2002-03 increased by 534.19 *per cent*.

The details of tax revenue raised during the year 2002-03 along with the figures for the preceding four years are given below :

Table 6.3

(Rupees in crore)

Sl. No.	Head of revenue	1998-99	1999-2000	2000-01	2001-02	2002-03	Percentage of increase (+) or decrease (-) in 2002-03 over 2001-02
1.	(a) Sales Tax	0.28	0.35	8.19	16.78	17.62	(+) 5.00
	(b) Central Sales Tax	...	...	...	...	...	...
2.	State Excise	7.58	10.08	9.02	10.55	14.26	(+) 35.17
3.	Stamps and Registration fees	0.50	0.45	0.25	0.27	2.10	(+) 677.78
4.	Taxes and Duties on Electricity	...	...	...	...	...	...
5.	Taxes on Vehicles	1.01	1.12	1.12	1.61	1.75	(+) 8.70
6.	Taxes on Goods and Passengers	...	...	...	...	...	...
7.	Land Revenue	1.33	1.36	1.45	1.00	0.81	(-) 19.00
8.	Taxes on Agricultural Income	...	...	...	...	...	...
9.	Others	0.59	0.52	0.60	0.68	0.72	(+) 5.88
	Total	11.29	13.88	20.63	30.89	37.26	20.62

The reasons for abnormal increase under the head 'Stamps and Registration fees' though called for have not been received (December 2003).

The details of the major non-tax revenue raised during the year 2002-03 along with the figures for the preceding four years are given below :

Table 6.4

(Rupees in crore)							
Sl. No.	Head of revenue	1998-99	1999-2000	2000-01	2001-02	2002-03	Percentage of increase (+) or decrease (-) in 2002-03 over 2001-02
1.	Interest Receipts	6.10	4.23	8.99	6.36	5.97	(-) 6.13
2.	Dairy Development	0.05	0.03	0.02	0.02	0.01	(-) 50.00
3.	Other Non-tax receipts	19.31	21.74	17.78	15.75	24.25	(+) 53.97
4.	Forestry and Wild Life	12.89	16.23	13.00	25.24	15.61	(-) 38.15
5.	Non-Ferrous Mining and Metallurgical Industries	3.20	4.32	5.18	4.48	7.44	(+) 66.07
6.	Miscellaneous General Services (including lottery receipts)	6.60	4.02	3.27	3.66	6.73	(+) 83.88
7.	Power	12.40	7.08	12.08	11.86	12.17	(+) 2.61
8.	Major and Medium Irrigation	...	...	...	...	...	...
9.	Medical and Public Health	0.26	0.08	0.04	0.10	0.13	(+) 30.00
10.	Co-operation	0.04	0.02	0.02	0.02	0.03	(+) 50.00
11.	Public Works	1.25	1.76	1.58	1.77	2.18	(+) 23.16
12.	Police	0.75	0.88	0.91	0.87	0.71	(-) 18.39
13.	Other Administrative Services	1.69	6.62	0.78	0.78	1.07	(+) 37.18
	Total	64.54	67.01	63.65	70.91	76.30	(+) 7.60

The reasons for variation though called in October 2003 from the Government, have not been received (October 2003).

6.2 Variation between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2002-03 in respect of the principal heads of tax and non-tax revenue are given below:

Table 6.5

(Rupees in crore)

Sl. No.	Head of Revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-) with reference to actuals	Percentage of variation
1.	Sales Tax	18.36	17.62	(-) 0.74	(-) 4.03
2.	State Excise	10.50	14.26	(+) 3.76	(+) 35.81
3.	Stamps and Registration Fees	0.50	2.10	(+) 1.60	(+) 320.00

Reasons for variations between budget estimates and actuals though called for have not been furnished (December 2003).

6.3 Results of audit

Test check of records of Land Revenue, State Excise, Motor Vehicle Tax, Other receipts, Forest receipts *etc.*, conducted during 2002-03 revealed under assessment/non levy/short levy/loss of revenue of Rs.27.76 crore in 109 cases. During the course of the year, the department accepted under-assessment of Rs.11.93 crore in 92 cases pointed out in 2002-03 and earlier years and recovered Rs.4 lakh. No reply has been received in respect of the remaining cases.

This Report contains 13 paragraphs relating to non-levy/short levy of taxes, duties, interest and penalties *etc.*, involving Rs.5.77 crore. The department/ Government have accepted audit observations involving Rs.78.73 lakh of which Rs.2 lakh had been recovered upto September 2003. No reply has been received in other cases.

6.4 Failure of senior officials to enforce accountability and protect interest of Government

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

Inspection reports issued upto December 2002 pertaining to offices under State Excise, Land Revenue, Motor Vehicles Tax and Forest Departments disclosed that 283 objections relating to 162 IRs involving money value of Rs.77.92 crore remained outstanding at the end of June 2003. Of these 44 IRs containing 68 observations involving money value of Rs.12.78 crore had not been settled for more than five years. The year-wise position of outstanding IRs and paragraphs is detailed below:

Table 6.6

(Rupees in crore)

Year	Motor Vehicles Taxation Department			Forest Department			State Excise/Land Revenue Department			Total		
	No. of IRs	No. of paras	Amount	No. of IRs	No. of paras	Amount	No. of IRs	No. of paras	Amount	No. of IRs	No. of paras	Amount
1993-96	-	-	-	10	19	1.23	8	9	5.05	18	28	6.28
1996-97	-	-	-	2	4	1.90	1	1	0.12	3	5	2.02
1997-98	2	5	0.02	6	11	4.23	10	13	0.10	18	29	4.35
1998-99	3	4	0.04	1	1	0.08	1	1	0.01	5	6	0.13
1999-2000	2	5	0.12	10	27	22.02	5	5	0.33	17	37	22.47
2000-01	1	1	0.58	10	13	1.16	3	5	0.10	14	19	1.84
2001-02	3	7	0.29	12	15	5.49	43	60	18.39	58	82	24.17
2002-03	6	19	0.83	13	33	10.68	10	25	5.15	29	77	16.66
Total	17	41	1.88	64	123	46.79	81	119	29.25	162	283	77.92

In respect of seven paragraphs relating to three IRs involving money value of Rs.9.23 crore issued upto March 2003, even first reply required to be received from the department/Government had not been received.

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

The position of old outstanding IRs/paragraphs was reported to the Government in August 2003; their reply has not been received (September 2003).

6.5 Departmental audit committee meetings

Audit committee meeting for settlement of old outstanding audit observations in respect of Environment and Forest Department, Government of Arunachal Pradesh was held at Itanagar during 16-20 September, 2002 on which 118 paragraphs were discussed and 74 paragraphs were settled.

6.6 Response of the departments to draft paragraphs

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

Sixteen draft paragraphs pertaining to revenue receipts, proposed for inclusion in this Report were forwarded demi-officially to the Secretaries of the respective departments during May 2003 and June 2003.

The Secretaries of the departments did not send replies to nine draft paragraphs and these paragraphs have been included in this Report without the response of the departments.

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

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

Review of follow-up on submission of *suo-motu* replies and submission of ATNs as of 30 September 2003 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:

The departments of the State Government had not submitted *suo motu* replies on 21 paragraphs of Audit Reports for the years 1998-99 to 2000-01 in respect of revenue receipts. The details are given below :

Table 6.7

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 <i>suo-motu</i> replies are awaited
1998-99	24.07.2000	9	4
1999-2000	21.09.2001	9	9
2000-01	22.08.2002	8	8
Total		26	21

The department failed to submit ATN of one paragraph pertaining to revenue receipts for the year 1983-84 (Paragraph 6.8) on which the recommendations were made by PAC in its 32 Report presented before the State Legislature in June 1995.

Thus, due to failure of the respective departments to comply with the instructions of the PAC, the objectives of ensuring accountability remained unfulfilled.

SECTION - B – PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

6.8 Loss of revenue

Failure of the department to transport 7970.2959 cum of timber of mixed species to a safer place resulted in loss of revenue of Rs.96.85 lakh

In terms of the directives of the High Power Committee (HPC) constituted (March 1997) by the Hon'ble Apex Court, the Chief Secretary, Government of Arunachal Pradesh instructed (April 1997) that Divisional Level Committee (DLC) should be the overall in-charge of inventorisation of timber lying in the forest, transporting the same to a safe place and safeguarding the same until its eventual disposal.

Test check (January 2001 and December 2002) of records of the Divisional Forest Officers (DFO), Tezu, Yingkiong and Along disclosed that 9252.899 cum of timber of soft wood species was inventorised (between May 1997 and March 2000) by the DLC for disposal. But these divisions transported/disposed of 1282.6031 cum of timber between May 1997 and April 2001 and the balance 7970.2959 cum of timber was neither disposed of nor transported to a safer place. Consequently, 145.1187 cum of timber was washed away by flood in June 2000 and the remaining 7825.1772 cum of timber had deteriorated during November and December 2001 due to prolonged exposure to the vagaries of weather leading to loss of revenue of Rs.96.85 lakh as tabulated below:

Table 6.8

(Rupees in lakh)

Name of division	Total quantity of inventorised timber	Quantity of timber transported to a safer place and disposed of	Quantity of timber washed away by flood (in cum)	Quantity of timber deteriorated	Value of washed out and deteriorated timber
Tezu	6943.659	445.121	Nil	6498.538	36.37
Yingkiong	1023.150	172.706	145.1187	705.3253	38.31
Along	1286.09	664.7761	Nil	621.3139	22.17
Total	9252.899	1282.6031	145.1187	7825.1772	96.85

The Principal Chief Conservator of Forests, Arunachal Pradesh, forwarded a proposal in July 2002 to the Government for obtaining sanction for write-off without fixing up responsibility for this loss of Rs.96.85 lakh.

On these being pointed out in audit, the DFOs expressed in August 2002, July and August 2003 difficulties like non-availability of fund, truck, elephant, etc., to transport the timber to a safer place. Thus, failure of the Department/Government to transport this inventorised timber to safe custody as directed by the HPC led to loss of revenue of Rs.96.85 lakh.

These cases were reported to the Government in April 2001 and February 2003; their reply has not been received (September 2003) despite reminders.

6.9 Unauthorised removal of forest produce

Felling and removal of 12415 trees measuring 5931.1462 cum of timber and removal of 1250 cum of sand and 20474.43 cum of stone/boulder from forest areas without obtaining any permit and without payment of royalty resulted in non-realisation of revenue of Rs.19.81 lakh

Under the provision of the Arunachal Pradesh Forest Manual 1980, no forest produce shall be removed from the forest area unless a permit is granted by the Forest Department and royalty is realised in full.

Test check (December 2001) of records of the Divisional Forest Officer (DFO) Daporijo, disclosed that 12415 trees measuring 5931.1462 cum of mixed species valued at Rs. 8.74 lakh were felled from the forest areas by the Border Road Task Force (BRTF) without obtaining any permission and without payment of royalty, for construction of Taliha – Nacho Road during January 1990. These felled trees were not preserved by the BRTF, no action was initiated by the DFO to preserve the trees and to realise the royalty. This resulted in un-authorized felling of trees with consequential non-realisation of revenue of Rs. 8.74 lakh.

Similarly, it was noticed in audit from records of the DFO, Banderdewa that seven contractors extracted 1250 cum of sand and 20474.43 cum of stone/boulder from forest areas of the division and supplied it to the Gorkha Regimental Engineering Force on different dates between October 1999 and April 2000 without obtaining any permit and without payment of royalty charges. This unauthorised extraction/removal of sand and stone/boulder led to non-realisation of revenue of Rs. 11.07 lakh.

On these being pointed out in audit, the Government stated in June and July 2003 that the cases were being pursued vigorously for recovery of the dues. The report on recovery has not been received (September 2003)

6.10 Short-realisation of revenue due to application of incorrect rate

Realisation of royalty inclusive of monopoly fee at pre-revised rate instead of revised rate resulted in short-realisation of revenue of Rs.16 lakh

The Government of Arunachal Pradesh, Environment and Forest Department (State Government) notified (13 January 1997) that monopoly fee shall be charged at 35 *per cent* over and above the rates of royalty on sand, stone, boulder, shingle, *etc.*, with effect from 2 November 1996 in respect of Yingkiong Forest Division. Further, the State Government revised in March 2001 the rates of royalty on sand and stone/boulder/shingle from Rs.16.35 and Rs.31.95 to Rs.40 and Rs.79 per cum respectively with effect from 15 March 2001.

Test check of records of the Divisional Forest Officer, Yingkiong revealed that 12993.76 cum of sand and 18848.16 cum of stone/boulder were extracted from the forest areas of the division by seven user agencies during 15 March 2001 to 31 March 2002 for which royalty inclusive of monopoly fee of Rs.11.12 lakh was realised between March 2001 and October 2002 at pre-revised rate instead of Rs.27.12 lakh as per revised rate as tabulated below :

Table 6.9

(Rupees in lakh)						
Sl. No.	Name of user agency	Quantity extracted		Royalty and Monopoly fee payable as per revised rate	Royalty and monopoly fee paid as per pre-revised rate	Short-realisation of revenue
		Sand	Stone/boulder/shingle			
		(In cum)				
1.	Executive Engineer (EE) Civil Division, Power, Geku	297.98	2176.89	2.49	1.00	1.49
2.	Project Director, DRDA Yingkiong	108.75	420.82	0.51	0.20	0.31
3.	National Electric Corporation, Yingkiong	98.53	Nil	0.05	0.02	0.03
4.	National Hydroelectric Power Corporation,	101.41	318.75	0.39	0.29	0.10
5.	E.E. Public Health Engineering Department, Yingkiong	1559.62	1281.70	2.21	0.90	1.31
6.	Gorka Regimental Engineering Force, Along .	900.00	3500.00	4.22	1.71	2.51
7.	E.E. Irrigation and Flood Control Division, Yingkiong.	9927.47	11150.00	17.25	7.00	10.25
	Total	12993.76	18848.16	27.12	11.12	16.00

The differential royalty and monopoly fee was not paid by these agencies, no action was initiated by the department to realise the same till the date of audit (December 2002). Thus, application of incorrect rates led to short realisation of revenue of Rs.16 lakh.

On this being pointed out (February and May 2003) in audit, the Government agreed (September 2003) to recover the dues from the concerned user agencies. Report on recovery has not been received (September 2003).

6.11 Loss of revenue due to under-valuation of timber

Erroneous fixation of upset price of 200 seized logs departmentally converted into sawn timber and delay in its disposal led to loss of revenue of Rs.4.36 lakh

The Government of Arunachal Pradesh, Environment and Forest Department instructed in June 1989 that the upset price of seized timber should be fixed by taking into account the schedule rate of royalty, additional royalty (at the rate of 30% of royalty), prevalent rate of monopoly fee (at the rate of 32% on royalty plus additional royalty), departmental charges (at the rate of Rs.15 per cft) and actual or notional extraction cost upto the point of disposal.

Test check in March 2000 of records of the Divisional Forest Officer (DFO), Tezu, disclosed that 200 logs of soft wood species measuring 231.430 cum involving upset price of Rs.5.47 lakh were seized from reserved forest areas under the division and transported to the Government depot between January 1997 and January 1998. These logs were departmentally converted into 94.127 cum of sawn timber after incurring a total expenditure of Rs.2.49 lakh during December 1998. Hence, the actual cost of this converted timber including the upset price of seized logs was Rs.7.96 lakh. The DFO sold 85.114 cum out of 94.127 cum of sawn timber at Rs.3.60 lakh against its actual cost price of Rs.7.20 lakh during December 1998 to March 1999. The balance 9.013 cum of sawn timber however, remained unsold and had lost its commercial value. This resulted in loss of revenue of Rs.4.36 lakh.

On this being pointed out in audit, the DFO stated in March 2003 that 9.013 cum of sawn timber was still lying in the custody in deteriorated condition and the same could neither be allotted to any Government Department nor was it possible to sell through auction as it evoked no response. The reply was, however, silent as to why the seized logs were converted into sawn timber without ensuring that there was demand for the same.

The matter was reported to the Government in May 2000 and November 2002; their reply has not been received (September 2003) despite reminders.

EXCISE DEPARTMENT

6.12 Misclassification of IMFL due to delay in circulating orders

Realisation of excise duty of Rs.47.55 lakh against Rs.138.09 lakh by classifying 85238 cases of IMFL as general and ordinary brands instead of premium brand resulted in short realisation of excise duty of Rs.90.54 lakh

The Government of Arunachal Pradesh, Taxation and Excise Department, notified on 19 September 1994 that 'brandy', an India Made Foreign Liquor (IMFL) shall be classified as premium brand and general brand based on the ex-bond price of Rs.500 and above and below Rs.500 per case respectively. Whisky and rum (also IMFLs) were classified as premium and general category depending upon the ex-bond price of Rs.900 and above and below Rs.900 per case and Rs.300 and above and below Rs.300 per case respectively. Further, according to the revised notification on 13 December 2001, 'brandy' shall be classified as premium brand and general brand based on the ex-bond price of Rs.376 and above and below Rs.376 per case respectively and 'whisky', 'rum', 'gin' (all IMFL) shall be classified as premium brand and general brand based on the ex-bond price of Rs.750 and above and below Rs.750 per case respectively with immediate effect. The excise duty on premium, general, and ordinary brands of IMFL is Rs.162, Rs.60 and Rs.36 per case respectively.

Test check (February 2003) of records of the Commissioner of Excise, Itanagar revealed that 3 bonded warehouses sold 55456 cases of 'brandy' at ex-bond price ranging from Rs.552 to Rs.626 per case during September 2001 to February 2002, and 29782 cases of 'whisky', 'rum' and 'gin' at ex-bond price ranging from Rs.760 to Rs.854 per case between 14 December 2001 and 28 February 2002. As such, these cases of IMFL were to be classified as 'premium brand' and excise duty of Rs.138.09 lakh was to be realised at the rate of Rs.162 per case. However 70257 and 14981 cases were classified as 'general and ordinary' brands and excise duty of Rs.42.16 lakh and Rs.5.39 lakh was realised (between September 2001 and February 2002) at the rate of Rs.60 and Rs.36 per case respectively. This misclassification of IMFL resulted in short realisation of excise duty of Rs.90.54 lakh.

On this being pointed out (March 2003) in audit, the Commissioner of Excise stated (August 2003) *inter alia* that though the revised excise duty slab was approved by the Hon'ble Chief Minister on 13 December 2001, the notification was published in Official Gazette on 14 February 2002 after obtaining clearance of the Finance and the Land Departments. The reply is not tenable as the notification to this effect was signed and issued by the Secretary, Excise and Taxation Department on 13 December 2001 but communicated to the field officers on 14 February 2002 by the Commissioner

of Tax and Excise. Due to delay of two months in circulating the orders, the Government suffered a loss of Rs.90.54 lakh.

The case was reported to the Government in March 2003; their reply has not been received (September 2003) despite reminders.

6.13 Loss of revenue due to sedimentation of IMFL in two closed bonded warehouses

Delay in disposal of stock in two closed bonded warehouses led to sedimentation of 7459.7 cases of IMFL with consequential loss of revenue of Rs.4.63 lakh

The Arunachal Pradesh Excise Act, 1993 and Rules framed there-under provide that if any licensee of a bonded warehouse fails to renew the licence on expiry of the validity period, the Commissioner of Excise (CE) shall cancel such licence and the stock of India Made Foreign Liquor (IMFL) lying in bond on the date of cancellation of licence shall be taken over by the department or permitted to be lifted by the licensee on payment of full duty.

Test check (February 2003) of records of the CE, Itanagar disclosed that bonded warehouses located at Banderdewa depot and Likabali depot's sub-depot at Banderdewa were closed down in November 1996 and March 2000 respectively. It was noticed that the licences were belatedly cancelled in November 2000. The stock of 7459.7 cases of IMFL lying in the bonded warehouses was seized and taken over by department between September – November 2001, after expiry of 12 months from the date of cancellation. As a result the entire quantity of IMFL was found sedimented and was destroyed in June 2002. Thus, sedimentation of IMFL consequent to delay in cancellation of licence as well as seizure of the stock of IMFL, resulted in loss of revenue of Rs.4.63 lakh.

On this being pointed out in audit, the Commissioner of Excise, Arunachal Pradesh, stated in June 2003 *inter alia* that the delay in cancellation of licences and subsequent seizure of the stock of IMFL was due to the time taken in official correspondences between the department and the licensees. The reply given in November 2000 confirms that there was inordinate delay in cancellation of the licences and further delay in seizure of the stock. This led to sedimentation of IMFL and consequential loss of revenue.

The case was reported to the Government in March 2003; their reply has not been received (September 2003).

6.14 Short-levy of licence fee and non-levy of penalty

Realisation of licence fee of Rs.2.16 lakh against Rs.4.33 lakh for operation of two wholesale vends led to short levy of fee of Rs.2.17 lakh, besides, non-levy of penalty of Rs.1.92 lakh for default in payment

The Government of Arunachal Pradesh, Taxation and Excise Department notified on 31 May 1994 that licence fee of Rs. 1.50 lakh per annum shall be payable for operating a wholesale vend at any one place. Further, the Commissioner of Excise, Arunachal Pradesh instructed on 15 March 1996 that if any wholesale vendor fails to pay the prescribed annual licence fee within the stipulated date, he shall be liable to pay penalty at the rate of Rs.70 per day for the period of default in making payment of such fee.

Test check of records of the Commissioner of Excise, Itanagar disclosed that a vendor was granted a licence on 10 July 1995 for operating a wholesale vend at Kimin with effect from 10 July 1995. This vendor was erroneously allowed on 9 June 1997 to operate two wholesale vends at Kimin and Hapoli during the period from 9 June 1997 to 18 November 1998 on this licence. Further for operating two vends a licence fee of Rs. 4.33 lakh was leviable against which licence fee of Rs.2.16 lakh was levied. This led to short levy of licence fee of Rs.2.17 lakh. Penalty of Rs.1.92 lakh for default in payment of fee till August 2001 was not also levied.

On this being pointed out in audit, the department conveyed in May 2003 that the balance licence fee of Rs. 2.17 lakh had been recovered. However, the report on recovery of penalty of Rs. 1.92 lakh has not been received despite reminder (September 2003).

The case was reported to the Government in September 2001; their reply has not been received (September 2003).

GEOLOGY AND MINING DEPARTMENT

6.15 Loss of revenue

Execution of faulty agreement and realisation of royalty at a fixed rate of Rs.528 per MT on 54341.4210 MT of crude oil instead of Rs.850 per MT led to loss of revenue of Rs.1.75 crore

The Government of India (GOI) determines periodically the rate of royalty payable on crude oil and this royalty is collected by the State Government as their revenue. Further, under the Petroleum and Natural Gas Rules 1959, agreement is to be executed between the lessee and the State Government stipulating *inter alia* that the lessee shall pay to the State Government royalty at the rates prescribed by the GOI from time to time.

Test check (March 2003) of records of the Director of Geology and Mining, Itanagar disclosed that a mining lease agreement was executed in 21 October 1997 between a Delhi based firm and the Deputy Commissioner of Changlang on behalf of the Governor of Arunachal Pradesh fixing royalty at Rs.528 per MT of crude oil without any reference to the rates prescribed by the Government of India from time to time.

Based on this erroneous agreement, the lessee extracted 54341.4210 MT of crude oil from the leased area during July 2001 to September 2002 and paid between October 2001 and October 2002 royalty of Rs.2.87 crore at the fixed rate of Rs.528 per MT against Rs.4.62 crore at the rate of Rs.850 per MT as prescribed by the Government of India (GOI) during the aforesaid period. Thus, execution of faulty agreement without carrying out any subsequent amendments thereto in conformity with the changes of rates prescribed by the GOI during the aforesaid period resulted in loss of revenue of Rs.1.75 crore.

The case was reported to the Government/department in March and April 2003; their reply has not been received (September 2003) despite reminders.

6.16 Non-realisation of additional royalty

Failure of the department to initiate action against two lessees for belated payment of royalty led to non-realisation of additional royalty of Rs.83.14 lakh

Rule 23 of the Petroleum and Natural Gas Rules, 1959 envisages that royalties *etc.*, if not paid to the Government within the time stipulated for such payment, shall be increased by 10 *per cent* for each month or portion of a month during which such royalties *etc.*, remain unpaid, provided that if such dues are in arrear for more than three months, the Government may cancel the lease agreement effective from the date of publication as such.

Test check of records of the Director of Geology and Mining, Itanagar disclosed that the Government of Arunachal Pradesh executed two lease agreements on 12 September and 21 October 1997 with lessees 'A' and 'B' for extraction of crude oil from Ningru and Kharsang respectively, stipulating *inter alia* that the lessees should pay royalty on crude oil extracted from the leased areas within thirty days of the month to which the operation relates as envisaged in the Rules. Based on these agreements, the lessees extracted 86208.885 MT of crude oil between July 2001 and September 2002 involving royalty of Rs. 558.59 lakh. This royalty was paid belatedly between October 2001 and November 2002 for which increased (additional) royalty of Rs. 83.14 lakh was to be levied and collected as tabulated below:

Table 6.10

(Rupees in lakh)

Name of lessee	Quantity extracted (In MT)	Date of extraction	Amount of royalty payable	Due date of payment	Actual Date of payment	Additional royalty payable
A	32115	July 2001 to September 2002	272.98	August 2001 to October 2002	November 2001 to November 2002	54.68
B	54093.885	-Do-	285.61	-Do-	October 2001 to October 2002	28.46
Total	86208.885		558.59			83.14

No action was initiated either to levy and collect the additional royalty or to cancel these lease agreements till the date of audit (March 2003). This resulted in non-realisation of additional royalty of Rs.83.14 lakh.

The case was reported to the Government/department in March and April 2003; their reply has not been received despite reminders (September 2003).

6.17 Short-realisation of royalty

Realisation of royalty of Rs.102.71 lakh on 13388 MT of crude oil against royalty Rs.113.80 lakh at the rate of Rs.850 per MT resulted in short realisation of royalty of Rs.11.09 lakh and non-realisation of additional royalty of Rs.10.03 lakh

Under Rule 14(2) of the Petroleum and Natural Gas (PNG) Rules, 1959, a lessee shall, within seven days of every month, furnish a full and proper return to the State Government showing the quantity of crude oil obtained/extracted during the preceding month from the leased area. Further, under Rule 23 (1) of the PNG rules, 1959, royalty *etc.*, if not paid to the State Government within the time specified for such payment is to be increased by 10 *per cent* for each month or portion of a month during which such royalty *etc.*, remains unpaid.

Test check of records of the Director, Geology and Mining, Itanagar revealed that the State Government executed a lease agreement in September 1997 with a lessee (Oil India Limited) stipulating *inter alia* that the prescribed royalty on the quantity of crude oil extracted/obtained from the leased area of Ningru should be paid to the State Government within 30 days of the month of extraction. Based on this agreement the lessee extracted/obtained 7093 MT and 6295 MT of crude oil as per monthly returns for the months of January to March 2002 and July to September 2002 involving royalty of Rs.60.29 lakh and Rs.53.51 lakh respectively. But the lessee paid royalty of only Rs.55.65 lakh and Rs.47.06 lakh on 6547 MT and 5536 MT of crude oil in April and November 2002 as per the quarterly returns for the quarters ending March and September 2002 respectively. The differential royalty on the balance quantity of 1305 MT of crude oil was neither paid by the lessee nor was any action initiated by the department to realise the same till the date of audit (March 2003). This resulted in short realisation of royalty of Rs.11.09 lakh besides additional royalty of Rs.10.03 lakh for non-payment of royalty till March 2003.

The case was reported to the department/Government in March and April 2003; their reply has not been received (September 2003) despite reminders.

6.18 Loss of revenue/short-realisation of royalty

There was a loss of revenue of Rs.2.95 lakh and short-realisation of royalty of Rs.4.95 lakh on 2460 MT of missing coal and 23385.870 MT of extracted coal respectively

Under Section 4 of the Mines and Minerals (Regulation and Development) Act, 1957, no person shall undertake any mining operation in any area without obtaining a prospecting licence or a mining lease agreement. Further, under the provision of Section 9(2) of the Act, prescribed royalty on the quantity of any mineral removed or consumed shall be paid to the State Government.

Test check (August 2001 and March 2003) of records of the Director of Geology and Mining, Itanagar disclosed as under:

The lessee M/s Coal India Limited (CIL) extracted 1460 MT of coal during 1993-94 from leased area of Namchick-Namphuk and stacked it there. Thereafter, the CIL surrendered the leased area and handed over the aforesaid quantity of coal in August 1994 to the Industries Department, Government of Arunachal Pradesh. It was also noticed that another private firm, under the aegis of the Arunachal Pradesh Mineral Development and Trading Corporation Limited (APMDTCL) mined 1000 MT of coal in 1996 from the aforesaid area without obtaining any prospecting licence or executing any formal agreement with the Government. This 1000 MT of mined coal was stacked near the aforesaid quantity of 1460 MT of coal mined by CIL. Subsequently, the entire quantity of 2460 MT of mined coal involving royalty value of Rs.2.95 lakh was reported missing in March 1999 from the place of storage. Thus, failure of the department to dispose of the coal on realisation of royalty resulted in loss of revenue of Rs.2.95 lakh.

In another case, it was noticed that a lessee (APMDTCL) extracted and removed 23385.870 MT of coal involving royalty value of Rs.28.06 lakh from Namchick –Namphuk coal field during 9 January 2001 to 14 June 2002 on payment of royalty of Rs.23.11 lakh between June 2001 and November 2002. The balance royalty was not paid by the lessee and no action was initiated by the department to realise the same till date (March 2003). This resulted in short-realisation of royalty of Rs.4.95 lakh.

These cases were reported to the department/Government in September 2001 and April 2003; their reply has not been received despite reminders (September 2003).

TRANSPORT DEPARTMENT

6.19 Short realisation of composite tax due to application of incorrect rate

Realisation of composite tax of Rs.4.60 lakh at the rate of Rs.500 to Rs.1500 per annum instead of Rs.27.20 lakh at the rate of Rs.5000 per annum led to short realisation of composite tax of Rs.22.60 lakh

The Government of Arunachal Pradesh, Department of Transport, notified (July 2000) that composite tax of Rs.5000 per annum per truck shall be realised from the owners of trucks authorised to ply in the State under the National Permit Scheme with immediate effect. The tax is collected by the Secretary, State Transport Authority (STA) of the State where the truck is registered and sent through bank draft to the Secretary, STA.

Test check (March 2003) of records of the Secretary, STA, Arunachal Pradesh disclosed that 220 trucks registered in other States[#] were authorised to ply in Arunachal Pradesh with national permit. In these cases, composite tax of Rs.27.20 lakh was realisable at the rate of Rs.5000 per annum per truck for different periods between July 2000 to March 2003 against which Rs.4.60 lakh only was realised at the rate of Rs.500 to Rs.1500 per annum per truck between August 2000 and October 2001. The differential composite tax of Rs.22.60 lakh was not paid by the owners of these trucks and no action was initiated by the Secretary, STA, Arunachal Pradesh to take up the matter till March 2003 with his counter parts in other States for recovery of the balance amount. This resulted in short-realisation of composite tax of Rs.22.60 lakh.

On this being pointed out (April 2003) in audit, the Secretary, STA, Arunachal Pradesh stated (May 2003) that Secretaries, STA of the concerned States would be moved in to recoup and send the differential dues. The report on recovery has not been received (September 2003).

The matter was reported to the department/Government in April 2003; their reply has not been received (September 2003).

[#] Assam, Meghalaya, Nagaland, Tripura, West Bengal, Haryana and Karnataka.

6.20 Unauthorised use of motor vehicles without payment of tax

Non-realisation of motor vehicles tax of Rs.25.13 lakh from the owners of 179 commercial vehicles led to unauthorised use of vehicles without payment of tax

The Arunachal Pradesh Motor Vehicles Taxation Act, 1984 provides that a tax at the 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 an owner of such vehicle is exempted from tax based on his application to the effect that the vehicle would 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, the Taxation Officer shall, in addition to the tax due, levy and collect penalty not exceeding one fourth of the annual tax.

Test check of records of the Deputy Commissioners (D.C) (Motor Vehicle Tax), of 4 unit offices[#] revealed that 179 owners of commercial vehicles neither paid the road tax of Rs.25.13 lakh for different periods falling between June 1988 and March 2002 nor obtained any exemption by surrendering their registration certificates. For default in payment of the aforesaid tax, maximum penalty of Rs.6.28 lakh leviable in these cases was neither levied nor collected. No action was initiated at the level of these DCs to issue demand notices for collection of the tax and penalty from the defaulting vehicle owners. Thus, failure on the part of these authorities to initiate appropriate and timely action had resulted in unauthorised use of these vehicles without payment of tax of Rs.25.13 lakh.

On this being pointed out between July 2002 and February 2003 in audit, the DCs of Tawang and Khonsa stated that demand notices were issued to the owners of these vehicles for payment of tax. Report on recovery has, however, not been received (September 2003).

The cases were reported to the Government in July 2002 and February 2003; their reply has not been received (September 2003) despite reminder.

[#] Pasighat, Bomdila, Tawang and Khonsa.

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 are 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 2002-03, financial assistance of Rs.22.40 crore was paid to various autonomous bodies and others broadly grouped as under :

Table 7.1

(Rupees in crore)

Sl. No.	Name of Institutions	Amount of assistance paid
1.	Universities and Educational Institutions	10.12
2.	Art and Culture	0.12
3.	Rural Activities	8.46
4.	Social Welfare	0.50
5.	Civil Supplies	0.77
6.	Other Institutions	2.43
	Total	22.40

Financial assistance paid to these bodies during the year 2002-03 constituted 2.17 *per cent* of the total revenue expenditure (Rs.1031.37 crore) of the Government for the year.

7.2 Utilisation certificates

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 (July 2003) to furnish department-wise position of utilisation certificates due and submitted during the last three years, the required information was not furnished (September 2003).

7.3 Audit of financial assistance to local bodies and others

7.3.1 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/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 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 should 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.

The Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 2000-03 by different administrative departments, despite repeated requests (July 2003). As a result, neither a complete list of bodies/authorities to be audited under Section 14 of the Act *ibid*, could be drawn up nor could the amount of assistance given to various bodies during these years be ascertained (September 2003).

However, according to information collected by audit in earlier years, all the 13 bodies/authorities whose accounts were due 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 2003 are given in Appendix – XXXI.

According to provisions in the manual, District Rural Development Agencies (DRDAs) are required to submit their certified accounts to audit by 30 September each year. Two DRDAs did not submit accounts for nine and eight years respectively (from 1994-95 to 2002-03 and 1995-96 to 2002-03). Similarly, three other DRDAs did not submit their accounts for four years and three years respectively (from 1999-2000 to 2002-03 (one DRDA) and from 2000-01 to 2002-03) (two DRDAs). Further, five other DRDAs did not submit accounts for two years and one year respectively (three DRDAs from 2001-02 to 2002-03 and two DRDAs from 2002-03). Only two DRDAs had submitted accounts for 2002-03. DRDA Yingkiang has not submitted its accounts to date. As such, the amount of financial assistance received by 10 DRDAs out of 13 DRDAs from the State/Central Government during the period from 1994-95 to 2002-03 and utilisation thereof could not be ascertained (December 2002).

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 2003 is given below :

Table 7.2

Name of Body	Year upto which accounts due	Year upto which accounts submitted	Year upto which audit report issued	Year upto which audit report placed before Parliament
North Eastern Regional Institute of Science and Technology [#] (NERIST), Nirjuli	2002-03	2002-03	2001-02	Upto 1999-2000 (Information regarding placement of Report for the year 2000-02 is awaited from the Ministry)

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

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 (July 2003), the required information about arrangements made for primary audit of these local bodies and authorities was not furnished (September 2003).

The above matters were reported to Government (September 2003), their reply had not been received (September 2003).

CHAPTER - VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8 General

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

Paragraph 8.1 gives an overview of Government companies and departmentally managed commercial undertakings, and paragraphs 8.2 to 8.6 deal with miscellaneous topics of interest.

8.1 Overview of Government companies and departmentally managed commercial undertakings

8.1.1 Introduction

As on 31 March 2003 there were five Government companies (three working companies and two non-working companies) and two departmentally managed commercial undertakings viz., State Transport Services and State Trading Scheme as against same number of Government companies and departmentally managed commercial undertakings as on 31 March 2002 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of Companies Act, 1956. The accounts of departmentally managed commercial undertakings are audited solely by the CAG under Section 13 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Working Government companies

8.1.2 Investment in working Government companies

As on 31 March 2003, the total investment in three working companies was Rs.10.73 crore (equity : Rs.8.84 crore and long term loan : Rs.1.89 crore) as against total investment of Rs.10.63 crore (equity : Rs.8.62 crore and long term loan : Rs.2.01 crore) as on 31 March 2002 in three working companies.

The summarised statement of Government investment in the working Government companies in the form of equity and loan is given in Appendix - XXXII.

Due to repayment of loan amounting to Rs.11.74 lakh by one company and further investment of Rs.22 lakh in equity, the debt equity ratio has decreased from 0.23:1 in 2001-02 to 0.21:1 in 2002-03.

As on 31 March 2003, the total investment in working Government companies, comprised 82.38 *per cent* of equity and 17.62 *per cent* of loan compared to 81.09 *per cent* and 18.91 *per cent*, respectively as on 31 March 2002.

8.1.3 Budgetary outgo, grants/subsidies, and guarantees, waiver of dues and conversion of loan into equity

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

The budgetary outgo in the form of equity capital from State Government to three working Government companies during the three years upto 2002-03 was Rs.37 lakh, nil and Rs.22 lakh respectively.

During the year 2002-03, the Government had not given any fresh guarantee for raising loans by working Government companies. At the end of the year guarantees amounting to Rs.79.50 lakh (principal: Rs.76.20 lakh and interest: Rs.3.30 lakh) against one Government company were outstanding. There was one case of default in repayment of guaranteed loans during the year. No guarantee commission was payable to the Government by the Government companies.

8.1.4 Finalisation of accounts by working Government companies

The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under 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.

It can be noticed from Appendix - XXXIII that none of the three working Government companies had finalised their accounts for the year 2002-03 within the stipulated period. During the period from October 2002 to September 2003, one working Government company finalised its accounts for 1997-98.

The accounts of all the three working companies were in arrears for periods ranging from four to nine years as on 30 September 2003, as detailed below :

Table – 8.1

Sl. No.	Number of working Government companies	Year from which accounts are in arrear	Number of years for which accounts are in arrear	Reference to serial number of Appendix-XXXIII
1.	1	1994-95	9	2
2.	1	1998-99	5	3
3.	1	1999-2000	4	1

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the companies within prescribed period. Though the concerned administrative departments and officials of Government were apprised quarterly by the audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and as a result, the net worth of these PSUs could not be assessed in audit.

8.1.5 Financial position and working results of working companies

The summarised financial results of working Government companies as per latest finalised accounts are given in Appendix - XXXIII.

According to latest finalised accounts of three working Government companies, two companies had incurred an aggregate loss of Rs.96.52 lakh and one company earned profit of Rs.64.44 lakh.

8.1.6 Profit earning working Government company and dividend

The lone profit earning working Government company which finalised its accounts for 1997-98 (serial number 3 of Appendix - XXXIII) had earned profit for two or more successive years. No dividend has been declared during the year. The State Government has not formulated any dividend policy for payment of minimum dividend.

8.1.7 Loss incurring working Government companies

Of the two loss incurring working Government companies, one company (serial number 1 of Appendix - XXXIII) had accumulated losses amounting to Rs.6.18 crore which has far exceeded its paid up capital of Rs.1.63 crore.

Despite poor performance and complete erosion of paid up capital, the State Government continued to provide financial support to this company. According to available information, the financial support so provided by the State Government to this company by way of share capital contribution amounted to Rs.17 lakh during 2002-03.

8.1.8 Return on capital employed

As per the latest finalised accounts (upto September 2003) the capital employed[#] worked out to Rs.40.57 crore and total return^Ψ thereon amounted to Rs.64.81 lakh which is 1.60 *per cent* as compared to total return of Rs.3.71 crore (8.43 *per cent*) in the previous year (accounts finalised upto September 2002). The details of capital employed and total return on capital employed in case of working Government companies are given in Appendix - XXXIII.

Non-working Government companies

8.1.9 Investment in non-working Government companies

As on 31 March 2003, the total investment in two^β non-working Government companies was Rs.3.15 crore (equity: Rs.42.31 lakh and long term loan: Rs.2.73 crore) as against total investment of Rs.3.24 crore (equity: Rs.42.31 lakh and long term loan: Rs.2.82 crore) as on 31 March 2002 in two non-working Government companies. During the year 2002-03 there was a decrease of Rs.8.60 lakh in the long-term loan of Parasuram Cements Limited which it received from its holding company (Arunachal Pradesh Industrial Development and Financial Corporation Limited).

The plants of both the non-working Government companies remained inoperative from December 1986 and July 1987 respectively and all the employees had been retrenched. Although no budgetary support was extended during 2002-03 to the non-working companies for disbursement of salaries and wages, the proposals for disposal of the companies' assets (including plant and machinery) were long pending with the Government.

As both the non-working companies were under liquidation/closure under Section 560 of the Companies Act, 1956 for seven to eight years and substantial investment of Rs.3.15 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation.

8.1.10 Finalisation of accounts of non-working Government companies

The accounts of two non-working companies were in arrears for periods ranging from 16 to 20 years as on 30 September 2003 as could be noticed from Appendix - XXXIII.

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

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

^β 1. Parasuram Cements Ltd. and 2. Arunachal Horticulture Processing Industries Ltd.

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

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

The details of paid-up capital, net worth, cash loss and accumulated loss of one non-working PSU (serial number 4 of **Appendix - XXXIII**) as per its latest finalised accounts are given below while the other non-working PSU (serial number 5 of **Appendix - XXXIII**) was in its construction stage.

Table – 8.2

(Rupees in lakh)

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

8.1.12 Recommendations for improving performance or closure of Government companies

Even after completion of five years of its existence, the turnover of one working Government company, viz., Arunachal Pradesh Industrial Development and Financial Corporation Limited, had been less than Rs.5 crore in each of the preceding five years of latest finalised accounts. The Company also had been incurring losses for five consecutive years (as per latest finalised accounts) leading to negative net worth of Rs.1.70 crore. In view of poor turnover and continuous losses, the Government may either improve performance of the company or consider its closure.

8.1.13 Internal audit

The statutory auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal control/internal audit systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement.

The statutory auditors in their reports qualified that two companies (serial number 1 and 3 of **Appendix - XXXIII**) did not have any internal audit system.

8.1.14 Response to inspection reports, draft paras and reviews

Observations made during audit and not settled on the spot are communicated to the heads of the companies and concerned departments of State Government through inspection reports. The heads of the offices/companies are required to furnish replies to the inspection reports through respective

[#] *Parasuram Cements Ltd.*

heads of departments within a period of six weeks. Inspection reports issued upto March 2003 pertaining to eight Government companies/departamental commercial undertakings disclosed that 659 paragraphs relating to 122 inspection reports remained outstanding at the end of September 2003. Of these, 22 inspection reports containing 103 paragraphs had not been replied to for more than five years. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2003 is given in **Appendix - XXXVI**.

Similarly, draft paragraphs and reviews on the working of the Government companies and departmentally managed commercial undertakings are forwarded to the Principal Secretary/Secretary to the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It is observed that five draft paragraphs which were forwarded to the various departments during April - May 2003 as detailed in **Appendix - XXXVII**, have not been replied to so far (September 2003).

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

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

The reviews/paragraphs of commercial chapter of Audit Reports pending discussion as on 31 March 2003 by the COPU are shown below :

Table – 8.3

Period of Audit Reports	Total number of reviews/ paragraphs appeared in Audit Report		Number of reviews/paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1987-88	2	2	-	1
1988-89	-	3	-	1
1989-90	-	1	-	1
1990-91	1	1	-	-
1991-92	-	4	-	1
1992-93	1	1	-	-
1993-94	1	3	-	-
1994-95	-	5	-	2
1995-96	-	2	-	1
1996-97	-	5	-	2
1997-98	-	4	-	1
1998-99	1	4	1	4
1999-2000	1	4	1	4
2000-01	-	6	-	6

8.1.16 Departmentally managed Government commercial and quasi commercial undertakings

Though the State Transport Services and the State Trading Scheme (Central Purchase Organisation) of Transport and Supply Directorates are commercial in nature and are functioning as such, they have not been declared as commercial organisations by the Government (September 2003).

Preparation of proforma accounts of the State Transport Services and State Trading Scheme for 2001-02 and 2002-03 was in arrears. The arrear in finalisation of accounts was last brought to the notice of the Government in September 2003.

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

During last three years upto 2000-01, the State Transport Services had incurred operating losses varying from Rs.1.53 crore to Rs.2.56 crore and net losses varying from Rs. 10.58 crore to Rs.12.60 crore. As on 31 March 2001, the accumulated loss stood at Rs.84.44 crore which was 88.91 *per cent* of Government capital of Rs.94.97 crore. As analysed in audit, the losses were attributable to high incidence of salaries and wages, poor operation of buses per day (average 92.00 to 99.07 Kms) and low occupancy ratio (45.68 to 87.48 *per cent*).

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

With effect from September 1975, the selling price of each commodity had been fixed by adding 30 *per cent* to cost price to cover the overhead charges. However, during the three years upto 2000-01, the actual overhead charges worked out to a higher percentage as shown below:

Table – 8.4

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

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

8.1.17 Power (Electricity) Department

The operational performance of the department for the last three years upto 2002-03 is given in Appendix - XXXIX.

The transmission and distribution (T&D) losses ranged from 49.22 to 56.12 *per cent* of total power available for sale as against the norms of 15.5 *per cent* fixed by the Central Electricity Authority (CEA). During the three years upto 2002-03, the excess T&D loss beyond norm was 158.49 million units or Rs.25.98 crore in financial terms.

During the three years upto 2002-03, the losses per unit sold were Rs.6.27, Rs.6.12 and Rs.4.45 respectively. The total expenditure during the period was Rs.57.82 crore, Rs.57.85 crore and Rs.53.55 crore respectively as against revenue of Rs.13.60 crore, Rs.11.79 crore and Rs.12.00 crore in respective years. The department incurred losses amounting to Rs.44.22 crore, Rs.46.06 crore and Rs. 41.55 crore during the three years upto March 2003, respectively.

SECTION-B – PARAGRAPHS

FOREST DEPARTMENT

**ARUNACHAL PRADESH FOREST CORPORATION
LIMITED**

8.2 Nugatory investment and wasteful expenditure

Lack of planning in setting up a tea estate and belated decision to close down the created division had led to futile investment (Rs.51.33 lakh) and wasteful expenditure (Rs.86.67 lakh)

The Company prepared (1994-95) a project report for Tupi and Longram tea estates and on similar line (without preparing any separate project report) had a tentative programme to set up a tea estate in 200 hectares of land of Ete Welfare Society at Bene (near Along) at a cost of Rs.3.91 crore. The company also created (1994-95) a separate division at Along for operation of the Bene tea estate. During 1994-95 to 1996-97, the company brought 23 hectares under tea plantation at a cost of Rs.51.33 lakh incurred from own source. But no tea factory was set up to process the harvested tea.

The tea is to be first harvested and then processed in some tea factory before it is marketed. It was observed in audit (June 2002) that green tea leaves (annual yield 60,000 Kg) of planted area became harvestable from 1998 plucking season. But the tea was never harvested, as there was no tea factory in nearby area to process it. In September 2001, after incurring expenditure of Rs.86.67 lakh (from 1997-98 to the date of close down) on establishment cost, the company decided to close the Along divisional office retaining only 11 hectares of the plantation area as 'demonstration park' and transferred the balance area to Ete Welfare Society. Thus, expenditure of Rs.51.33 lakh on plantation and Rs.86.67 lakh on establishment was futile.

Though the company was aware that a tea factory was needed to process the harvested tea and that no tea factory was located in the vicinity, it still went ahead with raising the plantation. The decision of the company in setting up the tea estate and belated decision to close down the Along divisional office, led to futile investment (Rs.51.33 lakh) and wasteful expenditure (Rs.86.67 lakh).

The matter was reported to the management and to the Government in July 2002 and in May 2003; replies have not been received (September 2003).

POWER DEPARTMENT

8.3 Futile investment and locking up of fund

Un-planned execution and consequent suspension of two works had led to blockage of Rs.83.89 lakh on incomplete works from May 1998 (Rs.41.02 lakh) and April 2001 (Rs.42.87 lakh) besides frustrating the objectives for which the schemes were undertaken

The department obtained administrative approval in March 1997 for construction of a 33 KV transmission line (Project-I) from Yatong to Hawaii upto Latul - Phase I (length 16 Kms) costing Rs.49.91 lakh for upgradation of 11 KV line upto Yatong. Another administrative approval was accorded in March 1998 (Project-II) for construction of a 33 KV transmission line from Latul to Yasung (Walong) via Hawaii (length 43 Kms) costing Rs.1.59 crore to provide power supply to 35 villages. The works executed departmentally by Hayuliang Electrical Division were scheduled to be completed and energised by 1998-99 and 1999-2000 respectively. The scope of work included erection of poles, fitting/fixing of eight items of equipments, and laying of overhead conductor.

It was observed (May 2002) in audit that without any recorded reasons, both the works remained suspended from May 1998 (Project-I) and April 2001 (Project-II) after incurring total expenditure of Rs.83.89 lakh (Project-I : Rs.41.02 lakh and Project-II : Rs.42.87 lakh). No time schedule/bar chart for monitoring the timely completion of the projects were prepared. The physical progress attained in respect of each of the items included in scope of work was never reconciled with the expenditure already incurred on them. It was also seen in audit that laying of conductor and fitting/fixing in respect of these two projects had not at all been taken up. Materials issued for erection of poles and fitting/fixing of equipments (one item and two items of project (a) and (b) respectively) represented 80.18 and 6.20 *per cent* of the total inventory for these works.

The Executive Engineer, Hayuliang Electrical Division admitted (February 2003) the facts and attributed the suspension of works to lack of funds from Government. He also stated that project-I would be taken up as and when Mati Nallah Hydel Project starts functioning and project-II would be resumed in 2003-04 on receipt of further budgetary allocations. No budgetary allocation has, however, been provided by the department during 2003-04.

The facts, thus, remain that due to unplanned execution of projects and their consequent suspension, investment of Rs.83.89 lakh could not meet its objective and has remained blocked from May 1998 (Rs.41.02 lakh) and April 2001 (Rs.42.87 lakh).

The matter was reported to the Government in June 2002; but no reply has been received (September 2003).

8.4 Locking up of fund on injudicious and unnecessary procurement of materials

Purchase of materials without assessment of requirement and inaction in disposal of surplus/unusable stock resulted in blocking of funds amounting to Rs.4.48 crore on unmoved (Rs.2.72 crore) and slow moving (Rs.1.76 crore) materials for over eight to 10 years.

As per General Financial Rules and para 37.4 of CPWD Manual Volume-II, materials should be purchased only for works in progress, and reserve stock should be kept with specific sanction and within monetary limit to be prescribed by competent authority. In August 1998, the Government issued directives to all engineering departments to transfer the excess stores to user departments and to submit list of unusable items to the Secretary of concerned department by September 1998 for disposal.

Keeping the above directives in view, the audit test checked records of various divisions. Test check of records of Hayuliang Electrical Division (May 2002) and Bomdila Electrical Division (January 2003) revealed that the divisions without any sanction held 124 items of electrical materials worth Rs.4.48 crore. These materials were procured between March 1993 and August 1995 under orders of the Chief Engineer, PWD without any indent and without assessment of requirements. Scrutiny of stock account in audit further revealed that 53 items worth Rs.2.72 crore were lying idle for over eight to 10 years since the date of their procurement, while issue of balance 71 items worth Rs.1.76 crore (Rs.4.48 crore – Rs.2.72 crore) during the period varied from 1.62 to 13.85 per cent out of total stock. These would indicate that the purchases were injudicious and also unnecessary. The department has not taken any action to assess and transfer the usable surplus stock to other user divisions and for disposal of unusable stock in spite of Government's directives of August 1998.

Table – 8.5

(Rupees in crore)					
Sl. No.	Name of Division/Sub-division	Closing stock		Unmoved items with their value	
		Items	Value	Items	Value
1.	Namsai Sub-division (under Hayuliang Electrical Division)	22	0.47	7	0.42
2.	Bomdila Electrical-Division				
	a. Bomdila sub-division	31	0.84	7	0.36
	b. Bhalukpong sub-division	71	3.17	39	1.94
	Total	102	4.01	46	2.30
	Total (1+2)	124	4.48	53	2.72

Thus, injudicious and unnecessary procurement of materials and inaction on surplus stores had locked up Government fund of Rs.4.48 crore for over eight to 10 years (unmoved: Rs.2.72 crore and slow moving: Rs.1.76 crore) besides entailing the risk of their loss due to obsolescence and deterioration as a result of prolonged storage.

The above matters were reported to the department and to the Government in June 2002 and March 2003; replies had not been received (September 2003).

8.5 Idle investment on inoperative micro hydel projects

Lack of survey to ascertain physical viability prior to execution of works and inaction to renovate the failed projects have rendered the investment of Rs.96.77 lakh unproductive

Three micro hydel projects with total installed capacity of 50 KW (sanctioned in March 1992) executed departmentally by Bomdila Electrical Division at a cost of Rs.69.22 lakh[#] were commissioned in March 1995 and September 1995. Another project costing Rs.27.55 lakh also executed departmentally could not be commissioned as the source of water had dried up/course of stream has changed. These projects were transferred to Seppa Electrical Division on its creation in March 1997. No survey as required under the para 4.2 of CPWD Manual *vis-à-vis* course behaviour of streams, flood estimation, and stability of soil was conducted by the department for ascertaining the physical viability of the projects.

Test check (January 2003) of records of Seppa Electrical Division revealed that all the three commissioned projects failed to generate any power and remained inoperative since the date of their commissioning due to diriage of source of water/change of stream/insufficient flow of water, defects in turbine and flood damage of penstock pipe, intake pipe and intake channel. The Executive Engineer, Seppa Electrical Division, while submitting (December 1998 and December 1999) to the Chief Engineer (Power) the physical condition and status of the projects, stated that since the sets remained idle for long, the turbine/alternator along with their accessories may also require to be renovated. Decision to revive the projects after renovation considering the crucial aspect of source of water in the respective sites was awaited.

#

Sl. No.	Name of project and capacity	Project cost (Rupees in lakh)	Date of commissioning
1.	Watte : 30 KW	41.77	March, 1995
2.	Marjungla : 10 KW	16.00	March, 1995
3.	18 mile Camp : 10 KW	11.45	September, 1995
4.	Relo (Veo) : 30 KW	27.55	Not Commissioned

Thus, failure of the department to conduct survey, as provided in para 4.2 of CPWD Manual, before obtaining approval of the Government to take up these projects led to the execution of unviable projects causing unproductive investment of Rs.96.77 lakh.

The matter was reported to the Government in March 2003 but no reply has been received yet (September 2003).

CHAPTER - IX

INTERNAL CONTROL/INTERNAL AUDIT

SECTION-A - REVIEW

FINANCE DEPARTMENT/DIRECTORATE OF AUDIT & PENSION/DIRECTORATE OF ACCOUNTS & TREASURIES

9.1 Internal control/internal audit system in Arunachal Pradesh

9.1.1 Introduction

Internal audit is an independent appraisal of the activities within the organisation for review of accounting, financial and other business practices and it works as a protective and constructive arm of the management. It evaluates the sufficiency and effectiveness of other types of internal controls. Internal audit works as the 'eyes and ears' of the management.

For effective management and internal control, the Finance Department in October 1985 created the Directorate of Accounts and assigned Director and his staff, the job of internal audit. His jurisdiction extends over all Government departments and their branches in the State. Subsequently in June 1999, the Directorate was bifurcated into Directorate of Accounts & Treasuries and Directorate of Audit & Pension. The latter was given the responsibility of conducting internal audit besides the payment of pension, group insurance scheme, *etc.* The charter of duties and responsibilities assigned to internal audit requires it :

- to inspect the accounts of all the DDOs, grants-in-aid institutions, *panchayat raj* and CPOs located in districts and suggest ways and means to improve the working procedure, and effectively pursue the Inspection Reports issued to heads of offices;
- to assist DDOs in preparation of draft replies to external auditor (Accountant General) and help in settlement of outstanding audit objections;
- to ensure that rules and orders issued by the Government are being followed by the DDOs and bring to the notice of the higher authorities any serious irregularities, losses of cash/stores *etc.*, detected during their inspection; and
- to bring to the notice of the authorities any working system prevalent in any office which may invite audit objection in future.

9.1.2 Audit coverage

Test check of records maintained by the Director of Accounts and Treasuries, Director of Audit & Pension and Finance Department of State during September 2003 revealed the following:

9.1.3 Structure of the Government

The Government of Arunachal Pradesh comprises 57 heads of departments (HOD) under the control of 42 administrative departments.

9.1.4 Manpower

The men-in-position for internal audit system and internal control management as of August 2003 against sanctioned strengths and their deployment are as follows:

9.1.5 Internal audit arrangement

Table 9.1

Posts	Sanctioned strength	Men-in-position	Deployment
Assistant Audit Officer (AAO)	22	22	12 AAOs in 10 districts of Tawang, Bomdila, Seppa, Ziro, Daporijo, Along, Pasighat, Anini, Tezu, Changlang and Khonsa. 9 in the Directorate (Audit & Pension) remaining 1 in STS, Naharlagun.
Assistant Auditor (AA)	15	8	6 in 6 district (Bomdila, Seppa, Along, Pasighat, Tezu and Changlang) and remaining 2 in the Directorate.

Source : Department

Out of 22 AAOs, services of 12 AAOs are placed in 10 out of 15 districts for conducting audit of the departmental offices in the concerned districts. Thus, there are no IA staff in the remaining five districts. Out of 15 posts of AAs, seven (47 per cent) are vacant. Out of these eight AAs, six have been placed in six districts and thus nine districts (60 per cent) are without any AAs. Eight AAOs and two AAs are in the Directorate for regular checking of initial pay statement, etc., and also to cover offices under Papumpare district as and when a request is made by any office/department.

9.1.6 Internal control system

Table 9.2

Sl. No.	Posts	Sanctioned Strength	Men-in-position	Deployment
1.	Financial Advisor	1	1	Finance department contract basis (fixed pay)
2.	Financial Consultant	1	1	-do-
3.	Directors	2	2	In the individual Directorate of (i) Audit & Pension (ii) Accounts and Treasuries
4.	Joint Directors	2	1	In the Directorate of Audit & Pension
5.	Sr. Finance and Accounts Officer	5	4	Deployed under CE, PWD (E/2), CE, PWD (W/8) CE, RWD and CE (Power)
6.	Finance Accounts Officer	59	40	12 in Treasuries as TO, 14 in DC's office, 14 in the Directorate and others.

Source : Department

9.1.7 Independence of internal audit

For an effective IA system it is mandatory that the functional independence of the group has to be ensured so that it is able to function in an objective manner. It should report to and work under the direct control of the head of the organisation. Functional independence also ensures that IA acts as the eyes and ears of the head of the organisation.

According to the prevalent administrative arrangement audits are taken up with the prior approval of the respective DCs and not the head of the IA organisation. The performance of the AAs is also monitored by the DCs at district level offices. The DCs also act as the Reporting Officers for writing of Annual Confidential Reports (ACRs) of IA staff, thus compromising the independence of IA staff.

9.1.8 Auditing standards

To ensure quality audit, auditing organisations frame either their own auditing standards or adopt some accepted auditing standards. The work done by the auditors should continuously be compared to the adopted standards. It was noticed in audit that the Directorate had neither framed nor adopted any auditing standards and no internal audit manual had so far been brought out by the Directorate/Government and the internal auditors are still following the instructions issued in 1971 for conducting audit.

9.1.9 Audit planning

It is accepted that for efficient and optimum utilisation of the limited manpower and financial resources, audit planning is required to be done every year. This ensures coverage of all required units over a period of time, prioritisation of auditee organisations in audit according to need, finalisation of time schedule for audit, distribution of audit resources among various audit aspects, *etc.* Audit planning includes creating financial and functional profile of the auditee organisations, capturing their main activities in terms of finance and objective of the department, identifying important sources of revenue, assessment and distribution of audit manpower, *etc.* The audit plan leads to formation of an annual calendar of audit that contains targets in terms of number of offices to be audited, time schedule, *etc.*

It was noticed that the concept of audit planning is prevalent neither at the Directorate nor at district level. No targets in terms of number of units to be audited, financial value of audit observations, *etc.*, were found fixed. Audit is conducted only when a request is received or is desired by the DCs concerned.

9.1.10 Reporting, issuance and monitoring of inspection reports

It was noticed in audit that the Directorate had not fixed any time limit for issue of inspection reports, with the result remedial action if any to be taken might get delayed.

It was also seen that the audit was conducted both from Directorate as well as district level. The IAs at district level after conducting audit send a copy of the

inspection report to the Directorate for record and pursuance. But at the Directorate no records of such inspections reports and their details as well as progress register, objection book, monthly/quarterly report on settlement of old paragraphs were maintained. In the absence of these records follow-up action taken for pursuance of the inspection reports was neither on record nor could be made available to audit. The Directorate had no record to even ascertain the number of units audited during the last five years or objections raised and replies received, paragraphs settled, *etc.*

9.1.11 Training

Staff training is one of the important aspects of manpower development. It was noticed that internal auditors were given training only once on accounts for six months by the Administrative Training Institute at Naharlagun. No other training for improvement of the quality of the audit, adopting new auditing techniques, refresher course, *etc.*, was imparted. Even the training of six months on accounts was also not given to two out of 22 AAOs.

9.1.12 Failure of the internal control/internal audit system

The internal control/ internal audit system is an independent appraisal of the activities within the organisation for review of accounting, financial and other business practices. Though the system has been functioning from 1985 onwards the same has not gathered momentum in terms of financial management of the State. A few instances are given below:-

Supplementary provisions of Rs.304.49 crore obtained during 2002-03 proved unnecessary as the expenditure of Rs.1396.10 crore fell short of even the original budget of Rs.1405.33 crore. This indicated that estimates of expenditure prepared by the various department of the State for supplementary budget were defective and the internal control/internal audit arrangement run by the State failed to point out the defective preparation of the estimates of expenditure for supplementary budget.

Further, 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. It is seen that out of the total savings of Rs.313.72 crore under 65 grants/appropriations during 2002-03, Rs.255.51 crore (81 *per cent*) in respect of 46 cases were not surrendered by the different Controlling Officers (COs) of the State. As a result, Finance Department was not able to re-allocate such savings to other departments.

This was indicative of ineffective monitoring and control over expenditure. Consequently, a large number of schemes remained incomplete for want of funds.

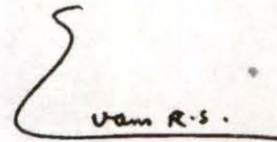
During the period from 1998-99 to 2000-01, 28 drawing and disbursing officers (DDOs) drew Rs.2.38 crore through 46 abstract contingent bills (AC bills) but detailed countersigned contingent bills (DCC bills) for the same had not been submitted to Accountant General (A&E), Shillong as of June 2003. These drawals remained unadjusted for periods ranging from two years to five

years though the rule provides that drawal in AC bills requires presentation of detailed countersigned contingent bills (DCC bills) to the Controlling Officers (COs) and transmission to the Accountant General along with a certificate to the effect that for every AC bill, DCC bills have been submitted to the CO in respect of all AC bills drawn more than a month after the date of that bill. Due to non-submission of DCC bills for the period ranging from two years to five years, the actual expenditure against these drawals remained unassessed by the Government which indicated a serious deficiency in control over expenditure.

9.1.13 Evaluation/conclusion

The internal control/internal audit system in the State needs to be substantially improved to fulfil its stated objective. Its control and independence is to be ensured, work has to be planned, additional and skilled staff needs to be provided, reporting and monitoring system need strengthening so that it can work as a better control tool that evaluates and reports on the efficiency and effectiveness of the functioning of various Government departments.

The matter was reported to Government/departments (September 2003); reply is awaited (September 2003).

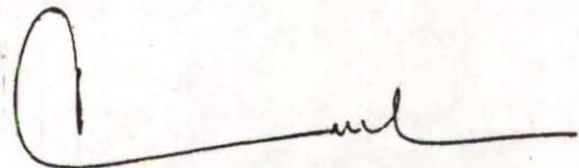


(E. R. Solomon)

Accountant General (Audit)
Meghalaya, Arunachal Pradesh and
Mizoram

Shillong
The 12 FEB 2004

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi
The 27 FEB 2004

APPENDICES

APPENDIX – I

(Reference: Paragraph 1.1 at page 1)

Part A. Government Accounts

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. No fund for the corpus was authorised by the Legislature during the year.

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.

2. 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-à-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of terms used in the chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1] * 100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1996-97: Amount of 2001-02)-1) * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt

APPENDIX – II

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.4.2 at page 24)

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Amount of Supplementary provision	Amount of saving
Revenue (Voted)			
1	11-Social Welfare	0.42	3.51
2	14-Education	0.78	7.05
3	16-Art and Cultural Affairs	0.03	0.04
4	20-Labour	0.08	0.09
5	24-Agriculture	6.15	8.30
6	26-Rural Works	0.68	0.97
7	27-Panchayat	1.80	7.85
8	29-Co-operation	0.61	1.10
9	33-North Eastern Areas	1.56	1.78
10	36-Statistics	4.61	4.63
11	37-Legal Metrology	0.05	0.14
12	41-Land Management	0.60	1.31
13	42-Rural Development	0.79	7.40
14	45-Civil Aviation	2.89	4.61
15	54-State Tax and Excise	0.04	0.14
16	63-Protocol Department	0.02	0.09
Capital (Voted)			
17	11-Social Welfare	1.94	3.90
18	14-Education	11.90	15.36
19	15-Health and Family Welfare	5.98	6.94
20	16-Art and Cultural Affairs	0.04	0.07
21	22-Civil supplies	0.02	0.02
22	31-Public Works	2.98	5.98
23	34-Power	75.61	79.27
24	37-Legal Metrology	0.01	0.02
25	38-Irrigation and Flood Control	3.00	3.01
26	40-Housing	0.20	0.50
27	42-Rural Development	0.07	0.77
28	56-Tourism	4.50	4.68
29	57-Urban Development	0.18	17.56
Revenue (Charged)			
30	1-Legislative Assembly	0.06	0.07
31	12-Social Securities and Welfare	0.10	0.17
32	Public Debt	3.00	5.47
Total		130.70	192.80

APPENDIX - III

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

(Reference : Paragraph 2.4.2 at page 24)

(Rupees in lakh)

Sl. No	Number & name of Grant/appropriation	Original	Actual expenditure	Additional grant required	Supplementary grant obtained	Net Savings
1	2	3	4	5	6	7
	Revenue (Charged)					
1.	2-Governor	97.35	123.78	26.43	56.02	29.59
2.	12-Social Security and Welfare	35.00	28.15	- 6.85	10.00	16.85
3.	Public Debt	13045.71	12798.27	- 247.44	299.70	547.14
	Revenue (Voted)					
4.	6- District Administration	5927.81	6164.75	236.94	382.51	145.57
5.	11-Social Welfare	3352.72	3043.36	- 309.36	41.86	351.22
6.	14-Education	14982.70	14356.20	- 626.50	78.09	704.59
7.	15-Health & Family Welfare	5631.70	5872.42	240.72	818.87	578.15
8.	22-Civil Supplies	439.81	456.30	16.49	60.15	43.66
9.	23-Forest	3363.36	3851.96	488.60	578.72	90.12
10.	24-Agriculture	2869.94	2654.94	- 215.00	615.24	830.24
11.	25-Relief, Rehabilitation and Re-settlement	1359.67	1603.37	243.70	1282.15	1038.45
12.	26-Rural Works	1705.19	1676.51	- 28.68	67.92	96.60
13.	27-Panchayat	994.32	389.85	- 604.47	180.20	784.67
14.	29-Co-operation	306.89	257.61	- 49.28	60.99	110.27
15.	33-North Eastern Areas	25.00	3.27	- 21.73	156.09	177.82
16.	36-Statistics	344.16	341.22	- 2.94	460.50	463.44
17.	37-Legal Metrology	139.83	131.55	- 8.28	5.27	13.55
18.	38-Irrigation and Flood Control Projects	2707.86	4548.91	1841.05	2541.06	700.01
19.	41-Land Management	286.91	216.44	- 70.47	60.23	130.70
20.	42-Rural Development	2819.40	2158.03	- 661.37	78.69	740.06
21.	43-Fisheries	393.95	439.45	45.50	100.31	54.81
22.	45-Civil Aviation	1067.53	894.92	- 172.61	288.70	461.31
23.	47-Administration of Justice	78.39	95.14	16.75	43.54	26.79
24.	52-Sports and Youth Services	179.57	254.70	75.13	102.00	26.87
25.	54-State Tax and Excise	146.15	136.38	- 9.77	3.85	13.62
26.	56-Tourism	327.32	334.60	7.28	25.20	17.92
27.	59-Public Health Engineering	2798.97	5959.30	3160.33	3888.14	727.81
28.	60-Textile & Handicraft	621.12	1018.01	396.89	411.28	14.39
	Capital (Voted)					
29.	11-Social Welfare	201.01	6.00	- 195.01	194.49	389.50

(Rupees in lakh)

1	2	3	4	5	6	7
30.	14-Education	1448.72	1102.79	- 345.93	1190.16	1536.09
31.	15-Health and Family Welfare	504.22	408.72	- 95.50	598.39	693.89
32.	19-Industries	18.01	139.49	121.48	310.51	189.03
33.	21-Food, Storage and Warehousing	413.37	461.79	48.42	63.17	14.75
34.	31-Public Works	1750.90	1450.56	- 300.34	297.54	597.88
35.	32-Roads and Bridges	6142.00	7011.38	869.38	1635.78	766.40
36.	33-North Eastern Areas	1423.00	3327.56	1904.56	3234.04	1329.48
37.	34-Power	11702.00	11336.37	- 365.63	7560.95	7926.58
38.	38-Irrigation and Flood Control	492.50	491.61	- 0.89	300.00	300.89
39.	40-Housing	1440.00	1410.00	- 30.00	20.00	50.00
40.	42-Rural Development	130.00	60.21	- 69.79	7.00	76.79
41.	53-Fire Protection and Control	100.56	119.30	18.74	103.63	84.89
42.	56-Tourism	157.39	138.74	- 18.65	449.69	468.34
43.	57-Urban Development	2107.04	369.16	- 1737.88	18.35	1756.23
	Total	94079.05	97643.07	3564.02	28680.98	25116.96

APPENDIX – IV

Statement showing excess expenditure under the grants
(Reference : Paragraph 2.4.3 at page 24)

(Amount in Rupees)

Sl. No.	Number and name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess
Revenue Section (Charged)				
1.	46-State Public Service Commission	8155000	8176716	21716
Total Revenue Section (Charged)		8155000	8176716	21716
Revenue Section (Voted)				
2.	1-Legislative Assembly	38534000	39016657	482657
3.	4-Election	32826000	32844028	18028
4.	5-Secretariat Administration	170418000	176014982	5596982
5.	7-Treasury & Accounts Administration	15756000	15794274	38274
6.	13-Directorate of Accounts	566655000	625108431	58453431
7.	19-Industries	42856000	53058075	10202075
8.	28-Animal Husbandry and Veterinary	178904000	184517158	5613158
9.	31-Public Works	239605000	254071684	14466684
10.	58-Stationery and Printing	12662000	12885747	223747
11.	62-Directorate of Transport	3724000	3842171	118171
Total : Revenue Section (Voted)		1301940000	1397153207	95213207
Capital Section (Voted)				
12.	23-Forest	3200000	3217824	17824
13.	28-Animal Husbandry and Veterinary	12268000	13202312	934312
14.	43-Fisheries	1100000	1138019	38019
15.	58-Stationery and Printing	950000	979026	29026
16.	61-Geology and Mining	1440000	2199640	759640
Total : Capital Section (Voted)		18958000	20736821	1778821
Grand Total		1329053000	1426066744	97013744

APPENDIX – V

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

(Reference : Paragraph 2.4.3 at page 24)

(Rupees in crore)

Sl. No.	Number and name of Grant	Provision		Total grant	Actual expenditure	Excess
		O	S			
1.	5-Secretariat Administrative (Revenue)	16.16	0.88	17.04	17.60	0.56
2.	13-Directorate of Accounts (Revenue)	51.77	4.89	56.66	62.51	5.85
3.	19-Industries (Revenue)	4.24	0.05	4.29	5.31	1.02
4.	28-Animal Husbandry and Veterinary (Revenue)	15.41	2.48	17.89	18.45	0.56
5.	31-Public Works (Revenue)	23.21	0.75	23.96	25.41	1.45
	Total	110.79	9.05	119.84	129.28	9.44

(O=Original Grant, S=Supplementary Grant)

APPENDIX – VI

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

(Reference : Paragraph 2.4.3 at page 24)

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total provision	Actual expenditure	Savings	Percentage with reference to total provision
Revenue Section (Voted)					
1	9-Motor Garages	4.99	3.90	1.09	22
2	24-Agriculture	34.85	26.55	8.30	24
3	25-Relief Rehabilitation and Re-settlement	26.42	16.03	10.39	39
4	27-Panchayat	11.75	3.90	7.85	67
5	29-Co-operation	3.68	2.58	1.10	30
6	32-Roads and Bridges	23.83	18.23	5.60	23
7	33-North Eastern Areas	1.81	0.03	1.78	98
8	36-Statistics	8.05	3.41	4.64	58
9	38-Irrigation and Flood Control Projects	52.49	45.49	7.00	13
10	41-Land Management	3.47	2.16	1.31	38
11	42-Rural Development	28.98	21.58	7.40	26
12	45-Civil Aviation	13.56	8.95	4.61	34
13	48-Horticulture	9.36	7.82	1.54	16
14	49-Science & Technology	1.25	0.24	1.01	80
15	50-Secretariat Economic Services	47.53	9.26	38.27	81
16	59-Public Health Engineering	66.87	59.59	7.28	11
Capital Section (Voted)					
17	11-Social Welfare	3.96	0.06	3.90	98
18	14-Education	26.39	11.03	15.36	58
19	15-Health and Family Welfare	11.03	4.09	6.94	63
20	19-Industries	3.29	1.40	1.89	57
21	24-Agriculture	2.63	1.53	1.10	42
22	31-Public Works	20.49	14.51	5.98	29
23	33-North Eastern Areas	46.57	32.28	13.29	29
24	34-Power	192.63	113.36	79.27	41
25	38-Irrigation and Flood Control	7.93	4.92	3.01	38
26	56-Tourism	6.07	1.39	4.68	77
27	57-Urban Development	21.25	3.69	17.56	83
Capital Section (Charged)					
28	Public Debt	78.27	66.23	12.04	15

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 2.4.3 at page 24)

(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-Directorate of Accounts	56.67	-	62.51	-	5.85	-	10.32	-
2.	19-Industries	4.29	-	5.31	-	1.02	-	23.78	-

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 2.4.4 at page 24)

(Percentage of savings to total provision)

Sl. No.	Number and name of grant/appropriation	2000-01	2001-02	2002-03
Revenue (Charged)				
1.	2-Governor	16	19	20
Revenue (Voted)				
2	27-Panchayat	83	82	67
3	33-North Eastern Areas	68	72	98
4	38-Irrigation and Flood Control Projects	31	35	13
Capital (Voted)				
5	14-Education	72	65	58
6	15-Health and Family Welfare	57	52	63
7	24-Agriculture	69	72	42
8	42-Rural Development	20	26	56
9	53-Fire Protection and Control	46	54	42
10	56-Tourism	16	15	77
11	57-Urban Development	50	86	83

APPENDIX – IX

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

(Reference : Paragraph 2.4.5 at page 25)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Excess(+) Saving(-)
1	2	3	4	5	6
1.	8-Police	2055-Police 109-District Police 0001-01 Establishment Expenses O. 36,28.88 S. ... R. (-) 172.93	3455.95	3543.77	(+) 87.82
2.	11-Social Welfare	2235-Social Security and Welfare 02-Social Welfare 800-Other Expenditure 1088-Integrated Child Development Scheme O. 50.00 S. ... R. 1674.64	1724.64	1527.31	(-) 197.33
3.	11-Social Welfare	2235-Social Security and Welfare 02-Social Welfare 800-Other Expenditure 1092-Age, Old Pension/ Welfare, Physically Handicapped O. S. 36.63 R. 157.37	194.00	107.04	(-) 86.96
4.	11-Social Welfare	2235-Social Security and Welfare 02-Social Welfare 800-Other Expenditure 1086-Integrated Child Development Scheme (Training) O. 0.01 S. 1.00 R. 49.99	51.00	18.43	(-) 32.57
5.	13-Directorate of Accounts	2071-Pension and Other Retirement Benefits 01-Civil 102-Commuted Value of Pensions 0001-01 Ordinary Pension O. 1177.00 S. ... R. (-)117.00	1060.00	366.24	(-) 693.76
6.	13-Directorate of Accounts	2071-Pension and Other Retirement Benefits 01-Civil 105-Family Pension 0001-01 Ordinary Pension O. 974.60 S. ... R.(-)38.16	936.44	219.47	(-) 716.97

(Rupees in lakh)

1	2	3	4	5	6
7.	13-Directorate of Accounts	2071-Pension and Other Retirement Benefits 01-Civil 104-Gratuities 0001-01 Payment of Gratuities O. 866.80 S. 311.16 R. 151.40	1329.36	576.84	(-) 752.52
8.	14-Education	4202-Capital Outlay on Education Sports, Art and Culture 01-General Education 201-Elementary Education 0001-01 Building for Education O. 265.12 S. 413.73 R. 9.31	688.16	7.03	(+) 681.13
9.	15-Health and Family Welfare	2210-Medical and Public Health 03-Rural Health Services – Allopathy 110-Hospitals and Dispensaries 0001-01 Establishment Expenses O. 4106.89 S. R. (-) 127.69	3979.20	3626.38	(-) 352.82
10.	15-Health and Family Welfare	2210-Medical and Public Health 06-Public Health 101-Prevention and Control of Diseases 0001-01 Malaria Eradication Programme O. 383.02 S. R. 98.98	482.00	594.55	(+) 112.55
11.	24-Agriculture	2435-Other Agricultural Programmes 01-Marketing and Quality Control 101-Marketing Facilities 1726-Establishment Expenses O. 845.00 S. R. (-) 8.00	837.00	39.15	(-) 797.85
12.	26-Rural Works	2216-Housing 03-Rural Housing 800-Other Expenditure 1831-Distribution of (CGI) Sheets in lieu of cash O. 112.00 S. ... R. 24.37	136.37	67.28	(-) 69.09
13.	28-Animal Husbandry and Veterinary	2403-Animal Husbandry 101-Veterinary Services and Animal Health 0001-01 Establishment Expenses O. 536.46 S. 6.47 R. 9.01	551.94	582.72	(+) 30.78

(Rupees in lakh)

1	2	3	4	5	6
14.	28-Animal Husbandry and Veterinary	2403-Animal Husbandry 001-Direction and Administration 0001-01 Establishment Expenses O. 237.22 S. 18.03 R. (-) 4.47	250.78	271.66	(+) 20.88
15.	29-Co-operation	4425-Capital Outlay on Co-operation 001-Direction and Administration 2081-Establishment O. 29.00 S. ... R. 7.00	36.00	2.51	(-) 33.49
16.	34-Power	4801-Capital Outlay on Power Projects 80-General 800-Other Expenditure 0006-06 Maintenance of Line including Substations O. 1915.00 S. ... R. 288.92	1626.08	1664.68	(+) 38.60
17.	34-Power	4801-Capital Outlay on Power Projects 80-General 800-Other Expenditure 0003-03 Maintenance of Diesel Generation including fuel O. 14,00.00 S. ... R. (-) 172.34	1227.66	1248.33	(+) 20.67
18.	34-Power	4801-Capital Outlay on Power Projects 05-Transmission and Distribution 800-Other Expenditure 0001-01-Prime Minister <i>Gramin Yojana</i> O. 684.00 S. ... R. 380.53	1064.53	574.98	(-) 489.55
19.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2319-Creation of Infrastructure for Hydel Generation O. 100.00 S. ... R. 10.00	110.00	2.60	(-) 107.40
20.	34-Power	4801-Capital Outlay on Power Projects 05-Transmission and Distribution 800-Other Expenditure 2322-Ranganadi Transmission O. ... S. 12,68.00 R. 10,75.00	2343.00	2250.53	(-) 92.47

(Rupees in lakh)

1	2	3	4	5	6
21.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2329-Schemes under MNES O. 1.00 S. 373.18 R. 788.69	1162.87	1060.89	(-) 101.98
22.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2319-REC Grants MNP O. 1.00 S. ... R. 14,40.00	1441.00	86.13	(-) 1354.87
23.	39-Loans to Government Servants	7610-Loans to Government Servants, etc. 201-House Building Advances 0001-01-House Building O. 170.00 S. ... R. (-) 12.26	157.54	133.86	(-) 23.88
24.	42-Rural Development	2505-Rural Employment 60-Others 702-Jawahar Gram Samridhi Yojana 2545-PMGRY O. 604.00 S. 78.69 R. 1.81	684.50	382.00	(-) 302.50
25.	42-Rural Development	2515-Other Rural Development Programmes 001-Direction and Administration 0001-01 Establishment Expenses O. 942.40 S. ... R. (-) 12.24	930.16	817.46	(-) 112.70
26.	42-Rural Development	2505-Rural Employment 60-Others 702-Jawahar Gram Samridhi Yojana (JGSY) 2540-Sampoorna Gramin Rozgar Yojana (SGRY) O. 440.00 S. R. 20.19	460.19	340.45	(-) 119.74
27.	42-Rural Development	2501-Special Programmes for Rural Development 01-Integrated Rural Development Programme 800-Other Expenditure 2536-District rural Development Agency Administration O. 130.00 S. ... R. 30.00	160.00	105.00	(-) 55.00

(Rupees in lakh)

1	2	3	4	5	6
28.	50-Secretariat Economic Services	3451-Secretariat Economic Services 090-Secretariat 0001-01 Establishment Expenses O. 29,78.69 S. ... R. (-) 21,51.39	827.30	110.45	(-) 716.85
29.	50-Secretariat Economic Services	2575-Other Special Areas Programmes 60-Others 800-Other Expenditure 2751-Border Area Development O. 16,73.00 S. ... R. (-) 271.00	1402.00	727.00	(-) 675.00
30.	56-Tourism	5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2955-Development of places of tourist centre/interest O. 10.01 S. 365.80 R. 64.28	440.09	13.83	(-) 426.26
31.	57-Urban Development	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes - 800-Other Expenditure 3061-Schemes against HUDCO Loan O. 17,53.00 S. ... R. (-) 60.00	1693.00	8.00	(-) 1685.00
32.	57-Urban Development	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes - 800-Other Expenditure 0003-03-Procurement of Assets O. 162.16 S. ... R. 136.93	299.09	242.75	(-) 56.34
33.	Public Debt	6003-Internal Debt of the State Government 800-Other Loans 0001-01-Loans from Rural Electrification Corporation Limited O. 12,00.00 S. ... R. 48.00	1248.00	974.90	(-) 273.10
34.	Public Debt	6004-Loans and Advances from the Central Government 02-Loans for State/Union Territory Plan Schemes 001-Block Loans 0001-01-Repayment of Block Loans O. 18,83.79 S. ... R. (-) 176.87	1706.92	1967.64	(+) 260.72

APPENDIX – X

Statement showing expenditure without provision of fund and re-appropriation

(Reference : Paragraph 2.4.6 at page 25)

(Rupees in lakh)

Sl. No.	Number and name of Grant	Head	Total app-ropriation	Actual expenditure	Excess(+) Savings(-)
1.	34-Power	4801-Capital Outlay on Power Projects 80-General 799-Suspense 0602-Stock O. ... S. ... R. ...	...	13.67	(+) 13.67
2.	48-Horticulture	4401-Capital Outlay on Crop Husbandry 800-Other Expenditure 0002-02-Procurement/ Creation of Assets O. ... S. ... R. ...	...	7.58	(+) 7.58
			Total	21.25	

APPENDIX – XI

Statement showing unutilised provision of funds in excess of Rs.10 lakh

(Reference : Paragraph 2.4.7 at page 25)

(Rupees in lakh)

Sl. No.	Number and name of grant	Head of Account	Total grant	Total expenditure	Saving (-)	Percentage
1.	11-Social Welfare	4235-Capital Outlay on Social Security and Welfare 02-Social Welfare 800-Other Education 1101-Construction of Ashram School/Hostel O. 0.01 S. 187.50 R. (-) 0.01	187.50	...	(-)187.50	100
2.	13-Directorate of Accounts	2071-Pensions and other Retirement benefits 01-Civil 111-Pensions to Legislators 0001-01-Members of Legislative Assembly O. 2.20 S. 25.80	28.00	...	(-)28.00	100
3.	14-Education	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 800-Other Expenditure 1247-Residential School building at Bala S.136.82	136.82	...	(-)136.82	100
4.	15-Health and Family Welfare	2210-Medical and Public Health 01-Urban Health Services-Allopathy 103-Central Government Health Scheme 1315-Cancer Control Programme S. 45.00	45.00	...	(-)45.00	100
5.	15-Health and Family Welfare	4210-Capital Outlay on Medical and Public Health 80-General 800-Other Expenditure 0001-01-Creation of Assets S. 249.99 R. 1.01	251.00	...	(-)251.00	100
6.	15-Health and Family Welfare	4210-Capital Outlay on Medical and Public Health 80-General 800-Other Expenditure 1386-Construction of Drug and addiction centre at Khonsa/Changlang/Tezu, etc. S.16.00	16.00	...	(-)16.00	100
7.	18-Research	4202-Capital Outlay on Education Sports, Art and Culture O. 17.00	17.00	...	(-)17.00	100

(Rupees in lakh)

1	2	3	4	5	6	7
8.	19-Industries	4851-Capital Outlay on Village and Small Industries 80-General 800-Other Expenditure 1521-Establishment of Industrial Growth Centre S. 100.00	100.00	...	(-)100.00	100
9.	22-Civil Supplies	4408-Capital Outlay on Food, Storage and Ware housing 5475-Capital Outlay on other General Economic Services S.241.00	241.00	...	(-)241.00	100
10.	25-Relief, Rehabilitation and Re-settlement	2245-Relief on Account of Natural Calamities 80-General 800-Other Expenditure 1823-Management of Natural Disaster S.12,82.07 R.2.76	12,84.83	...	(-)12,84.83	100
11.	29-Co-operation	2425-Co-operation 108-Assistance to other Co-operatives 2046-Grants to Co-operative Union S. 15.00 R. 20.00	35.00	...	(-)35.00	100
12.	29-Co-operation	2049-Grants to Processing Co-operatives. S. 7.00 R. 8.00	15.00	...	(-)15.00	100
13.	29-Co-operation	2052-Managerial Subsidy S. 6.81 R. 5.19	12.00	...	(-)12.00	100
14.	29-Co-operation	107-Assistance to credit Co-operatives 2034-Grants to Co-operatives Apex Bank S. 6.18 R. 7.82	14.00	...	(-)14.00	100
15.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0025-25 Regional Forest Rangers College, Arunachal Pradesh S. 55.70	55.70	...	(-)55.70	100
16.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0057-57-Entrepreneurship Development Programme and Skill Upgradation S. 32.32	32.32	...	(-)32.32	100
17.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0029-29-Integrated Piggery Development Programme O. 25.00	25.00	...	(-)25.00	100

(Rupees in lakh)

1	2	3	4	5	6	7
18.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0033-33-Integrated Fishery Development Programme S. 22.50	22.50	...	(-)22.50	100
19.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0002-02 Marketing Support Agri-Horticulture Products S.15.00	15.00	...	(-)15.00	100
20.	33-North Eastern Areas	2552-North Eastern Areas 800-Other Expenditure 0020-20 Cultivation and Production of Ramie fibre S.15.00	15.00	...	(-) 15.00	100
21.	34-Power	4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other Expenditure 2337-Scheme under APDRP S. 18,00.00	18,00.00	...	(-)18,00.00	100
22.	38-Irrigation and Flood Control	2702-Minor Irrigation 01-Surface Water 103-Diversion of Schemes 0001-01 Modification of Channel S.199.99 R. 0.01	200.00	...	(-)200.00	100
23.	38-Irrigation and Flood Control	2711-Flood Control and Drainage 01-Flood Control 800-Other Expenditure 2434-Treatment of Aba River Basin to old Abali village in Dibang Valley District S.100.00	100.00	...	(-)100.00	100
24.	38-Irrigation and Flood Control	2711-Flood Control and Drainage 01-Flood Control 800-Other Expenditure 2435-Anti Erosion Works at Kley River in Lower Subansiri District S. 100.00	100.00	...	(-)100.00	100
25.	43-Fisheries	2405-Fisheries 800-Other Expenditure 2598-Development of forest water aqua culture under fish farmers Development Agency O. 11.00	11.00	...	(-)11.00	100
26.	48-Horticulture	2401-Crop Husbandry 119-Horticulture and vegetable crops 0002-02-Control of shifting cultivation O.160.00	160.00	...	(-)160.00	100

(Rupees in lakh)

1	2	3	4	5	6	7
27.	49-Science and Technology	3425-Other Scientific Research 60-Others 800-Other Expenditure 2741-Construction of Telecommunication O. 100.56	100.56	...	(-) 100.56	100
28.	51-Directorate of Library	4202-Capital Outlay on Education, Sports, Art and Culture – Construction of Central Libraries O. 54,61:00	54,61.00	...	(-) 54,61.00	100
29.	56-Tourism	3452-Tourism 80-General 800-Other Expenditure 2917-Capital and Computerisation S. 8.20 R. 16.19	24.39	...	(-) 24.39	100
30.	56-Tourism	5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2952-Construction of Tourist Lodge and Cultural Complex at Pasighat O.14.95 S. 14.94 R. (-) 14.95	14.94	...	(-) 14.94	100
31.	56-Tourism	5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2981-Construction of Tourist Lodge at Roing O. 5.75 S. 16.05	21.80	...	(-) 21.80	100
32.	56-Tourism	5452-Capital Outlay on Tourism 01-Tourist Infrastructure 102-Tourist Accommodation 2967-Construction of Boundary Fencing Around Ganga Lake O. 17.04 S. 4.60 R. (-) 0.01	21.63	...	(-) 21.63	100
33.	57-Urban Development	2217-Urban Development 80-General 191-Assistance To Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc. 3014-Grants-in-aid to Local Bodies O. 14.00 R. (-) 0.33	13.67	...	(-) 13.67	100
34.	59-Public Health Engineering	2215-Water Supply and Sanitation 01-Water Supply 102-Rural Water Supply Programmes 3112-Improvement of Rural Water Supply Programmes O. 50.00	50.00	...	(-) 50.00	100

(Rupees in lakh)

1	2	3	4	5	6	7
35.	61-Geology and Mining	2853-Non-ferrous Mining and Metallurgical Industries 02-Regulation and Development of Mines 190-Assistance to Public Sector and Other Undertakings for Mineral Exploration 0001-01-Grants-in-aid to Undertaking O. 1.50 S. 15.00	16.50	...	(-) 16.50	100
		Total	106,44.16			

APPENDIX - XII

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

(Reference : Paragraph 2.4.8 at page 25)

(Rupees in crore)

Sl. No.	Number and name of the grant / appropriation	Total grant / appropriation	Savings	Unsurrendered savings	Percentage of unsurrendered savings
1	2	3	4	5	6
	Revenue (Charged)				
1.	2-Governor	1.53	0.29	0.29	100
2.	Public Debt	133.45	5.47	5.47	100
	Revenue (Voted)				
3.	6-District Administration	63.10	1.46	0.85	58
4.	8-Police	77.69	5.13	1.78	35
5.	9-Motor Garages	4.99	1.09	0.59	54
6.	11-Social Welfare	33.95	3.51	3.45	98
7.	14-Education	150.61	7.05	6.89	98
8.	15-Health and Family Welfare	64.51	5.78	5.41	94
9.	22-Civil Supplies	5.00	0.44	0.44	100
10.	23-Forest	39.42	0.90	0.81	90
11.	24-Agriculture	34.85	8.30	8.23	99
12.	25-Relief, Rehabilitation and Re-settlement	26.42	10.38	10.38	100
13.	26-Rural Works	17.73	0.97	0.97	100
14.	27-Panchayat	11.75	7.85	7.85	100
15.	29-Co-operation	3.68	1.10	1.08	98
16.	33-North Eastern Areas	1.81	1.78	1.78	100
17.	36-Statistics	8.05	4.63	4.60	99
18.	38-Irrigation and Flood Control	52.49	7.00	6.78	97
19.	41-Land Management	3.47	1.31	1.29	98
20.	42-Rural Development	28.98	7.40	7.13	96
21.	43-Fisheries	4.94	0.55	0.52	95
22.	45-Civil Aviation	13.56	4.61	4.61	100
23.	47-Administration of Justice	1.22	0.27	0.27	100
24.	48-Horticulture	9.36	1.54	1.42	92
25.	49-Science and Technology	1.26	1.01	1.01	100
26.	57-Urban Development	1.02	0.46	0.31	67
27.	59-Public Health Engineering	66.87	7.28	7.28	100
	Capital (Voted)				
28.	8-Police	3.28	0.93	0.52	56
29.	11-Social Welfare	3.96	3.90	3.90	100
30.	14-Education	26.39	15.36	15.36	100
31.	15-Health and Family Welfare	11.03	6.94	6.94	100
32.	19-Industries	3.29	1.89	1.89	100
33.	30-State Transport	3.05	0.65	0.65	100
34.	31-Public Works	20.48	5.98	5.98	100

(Rupees in crore)

1	2	3	4	5	6
35.	32-Roads and Bridges	77.78	7.66	7.66	100
36.	33-North Eastern Areas	46.57	13.29	13.29	100
37.	34-Power	192.63	79.27	79.27	100
38.	38-Irrigation and Flood Control	7.93	3.01	3.01	100
39.	39-Loans to Government Servants	3.10	0.23	0.23	100
40.	40-Housing	14.60	0.50	0.50	100
41.	42-Rural Development	1.37	0.77	0.77	100
42.	45-Civil Aviation	2.10	0.41	0.41	100
43.	51-Directorate of Library	0.55	0.55	0.55	100
44.	53-Fire Protection and Control	2.04	0.85	0.85	100
45.	56-Tourism	6.07	4.68	4.68	100
46.	57-Urban Development	21.25	17.56	17.56	100
	Total	1309.18	261.99	255.51	

APPENDIX - XIII

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

(Reference : Paragraph 2.4.9 at page 26)

Table-A

(Rupees in lakh)

Sl. No.	Grant number	Saving (-)	Amount surrendered	Excess amount surrendered
Revenue (Voted)				
1.	17-Gazetteer	- 0.44	0.93	0.49
2.	21-Food, Storage and Ware-housing	-73.81	933.38	859.57
3.	35-Information and Public Relation	- 3.62	16.07	12.45
4.	44-Attached offices of the Secretarial Administration	- 8.74	16.51	7.77
5.	53-Fire Protection and Control	- 1.53	4.12	2.59
Capital (Charged)				
6.	Public Debt	-1203.63	1446.13	242.50
	Total	-1291.77	2417.14	1125.37

Table-B

Sl. No.	Grant number	Excess (+)	Amount surrendered	Excess amount surrendered
Revenue (Voted)				
7.	19-Industries	102.02	5.78	5.78
8.	58-Stationery and Printing	2.24	2.50	2.50
Revenue (Charged)				
9.	46-State Public Service Commission	0.22	3.12	3.12
	Total	104.48	11.40	11.40

APPENDIX – XIV

Statement showing the drawal of amount by AC bills

(Reference : Paragraph 2.5 at page 27)

Abstract of total number of AC bills awaiting adjustment

Total number of AC bills awaiting adjustment	Amount involved (Rupees)	Age-wise break up of outstanding advances		
		Year	Number of items	Amount (Rupees)
46	2,37,96,140	1998-99	6	10,19,478
		1999-2000	11	15,06,505
		2000-01	29	2,12,70,157
			46	2,37,96,140

Details of AC bills awaiting adjustment

(Amount in Rupees)

	Name of the D.D.O/Controlling Officers for whom D.C. bills are awaited	Year	Total number of items	Amount involved
	1	2	3	4
1.	Dte. of Horti Naharlagun	Mar-99	1	338041
2.	Dr. N. Yadav, DDM Naharlagun	Mar-99	1	81437
3.	Dist. Horti. Officer, Pasighat	Mar-99	1	300000
4.	M.Edi, EO (Agri) Njapin, Ziro	Mar-99	1	200000
5.	EO (Agri) Mugli, Daparijo	Mar-99	1	20000
6.	EO(Agri) Daparijo	Mar-99	1	80000
7.	T. Charu, Publication Manager, IPR, Nlg	Jan-00	1	2000
8.	C.M Longphang, DD Ipr&R, Nlg	Jan-00	1	2000
9.	T. Charu, Publication Manager, IPR, Nlg	Jan-00	1	6000
10.	A. Tayeng, A.O. Dts. Of Research, Itanagar	Jan-00	1	4000
11.	B.N. Phukan, Principal, Govt. College, Itanagar	Jan-00	1	7000
12.	Finance & A/Cs Officer, Changlang	Mar-00	1	4000
13.	Finance & A/Cs Officer, Changlang	Mar-00	1	1000
14.	A.O. Dte. of Research, Itanagar	Mar-00		6505
15.	A.O. Dte. of Research, Itanagar	Mar-00	1	8000
16.	AO Dte. of Research Itanagar	Mar-00	1	2000
17.	Dir. Sports & Youth Affairs, Itanagar	Mar-00	1	1464000
18.	Dir. of Geology & Mining	Jun-00	1	10000
19.	C.M. Longphang, Dy. Dir.of Information & I.R. Naharlagun	Jul-00	1	15000
20.	Sri. Leki Phunso, Dy. Dir of I&PR, Naharlagun	Jul-00	1	4000
21.	C.M. Longphang, Dy.Dir of Information & I.R., Naharlagun	Jul-00	1	7000
22.	Director, Sports & Youth Affairs, Itanagar	Jul-00	1	5000
23.	Principal Govt. of Higher Secondary School, Itanagar	Aug-00	1	17800
24.	A. Tayang, Dir. of Reaearch, Itanagar	Mar-01	1	4000
25.	Director of School Education, West Kameng Dist., Bomdila	Mar-01	1	288000
26.	Asstt. Dir.Sports & Youth Affairs, Govt. of A.P., Itanagar	Mar-01	1	2000000
	Total			4876783

(Amount in Rupees)

1	2	3	4
27. S.K. Chakraborty, Dir. Of Trade & Commerce, Govt. of A.P., Itanagar.	Mar-01	1	150000
28. Dir. of Industries , Govt of A. P., Itanagar	Mar-01	1	5000000
29. Shri. S. K. Singh, PS to HCM ,Govt. of A. P. , Itanagar	Mar-01	1	5000
30. I.G.P., Itanagar	More than 1 year	1	8268401
31. I.G.P., Itanagar	-do-	1	4876956
32. Medl. & P.H.D.M.O. Bomdila	-do-		50000
33. Medl. & P.H.D.M.O. Bomdila	-do-	1	7500
34. Medl. & P.H.D.M.O. Bomdila	-do-	1	7000
35. Medl. & P.H.D.M.O. Bomdila	-do-	1	6000
36. Medl. & P.H.D.M.O. Bomdila	-do-	1	7500
37. D.H.S. Naharlagun	-do-	1	10000
38. D.H.S. Naharlagun	-do-	1	3500
39. D.H.S. Naharlagun	-do-	1	5000
40. D.H.S. Naharlagun	-do-	1	15000
41. D.H.S. Naharlagun	-do-	1	15000
42. D.H.S. Naharlagun	-do-	1	10000
43. D.H.S. Naharlagun	-do-	1	7500
44. D.H.S. Naharlagun	-do-	1	10000
45. D.H.S. Naharlagun	-do-	1	15000
46. D.H.S. Naharlagun	-do-	1	450000
Total			18919357

Total of 1st page	4876783
Total of 2nd page	18919357
Grand Total	23796140

APPENDIX – XV

Statement showing target and achievement of number of STD clinics strengthened in the State

(Reference: Paragraph 3.1.12 at page 32)

Year	Target	Achievement	Percentage of achievement
1998-99	2	-	0
1999-2000	2	-	0
2000-01	2	4	200
2001-02	6	-	0
2002-03	7	1	14

Source : Department

APPENDIX – XVI

Statement showing expenditure incurred on non-durable works

(Reference: Paragraph 3.2.7 at page 40)

(Rupees in lakh)

Name of districts	Year	OBT		MIBT		Porter track		Temporary bridge	
		No.	Exp	No.	Exp	No.	Exp	No.	Exp
Papumpare	2000-01	-	-	-	-	-	-	-	-
	2001-02	-	-	3	2.53	1	0.50	-	-
	2002-03	-	-	1	1.00	7	3.20	-	-
Lower Subansiri	2000-01	4	0.68	2	2.00	14	4.03	-	-
	2001-02	2	0.38	-	-	1	0.50	-	-
	2002-03	-	-	-	-	2	1.10	-	-
Kurung Kumey	2000-01	-	-	-	-	-	-	-	-
	2001-02	12	2.40	4	1.50	6	3.22	4	1.70
	2002-03	5	0.93	3	5.10	15	6.20	4	0.25
East Siang Pasighat	2000-01	-	-	2	3.18	1	0.50	-	-
	2001-02	1	0.18	-	-	1	0.99	2	1.56
	2002-03	-	-	1	0.75	1	0.30	-	-
Changlang	2002-03	1	0.15	8	6.40	2	2.50	1	1.00
Upper Subansiri	2002-03	2	1.99	-	-	-	-	-	-
West Siang, Along	2002-03	4	0.95	-	-	1	0.25	-	-
Lohit, Tezu	2002-03	-	-	-	-	-	-	3	0.40
Total		31	7.66	24	22.46	52	23.29	14	4.91

Source: Department

(OBT: Ordinary basha type)

(MIBT: Modern improved basha type)

APPENDIX – XVII

Statement showing the execution of works belonging to the Government which led to irregular expenditure

(Reference : Paragraph 3.2.8 at page 41)

Sl. No.	Name of district	Name of work	Period of work	Amount spent (Rupees in lakh)
1.	Lower Subansiri	(i) Block staff quarter at Yachuli	2001-02	0.60
		(ii) PA system for officers' Club at Ziro	2000-01	0.50
2.	Kurung Kumey	(iii) Generator for circle officers office (Yangte)	2001-02	0.60
		(iv) APO's quarter at Palin	2001-02	0.15
		(v) OBT quarter at DC's office (Yangte)	2001-02	0.30
		(vi) C/o of CO's office at Palin	2001-02	1.15
		(vii) C/o of BDO's quarter at Palin	2002-03	0.15
3.	West Kameng	(viii) Furnishing of Guest House at Sagalee	2001-02	1.43
		(ix) C/o of OBT at Dirang	2000-01	0.30
		(x) Procurement of inventory for horticulture	2001-02	1.00
Total				6.18

Source: Department

APPENDIX – XVIII

Statement showing CGI sheets indented and quantity short ferried thereagainst

(Reference: Paragraphs 3.2.9 and 3.2.10 at pages 41 and 42)

(Rupees in lakh)											
Sl. No.	Supply order No. and date	Supplier's name	Qty. indented (MT)	Rate per MT	Amount paid	Carriage contractor	Qty. carried	Rate per Qty	Amount	Qty. short carried (4-9)	Value of CGI sheet short ferried (6-11)
1	2	3	4	5	6	8	9	10	11	13	14
1	DPO/LS/MLALADS/ ZIRO/2002-03 dt. 18.10.02	M/s Bajrang Steel Corporation, Guwahati	54.00	31000	1674000	M/s Purbanchal Freight Carriers, North Lakhimpur, Assam	22.40	5620	125888	31.60	979600
2	DRDA/Sup/xx/2000-01 dt. 3.3.01	M/s Y.A. Enterprise, Ziro	23.90	39380	941182	M/s T.B. Enterprises, Itanagar	12.00	2400	28800	12.66	498551
3	DRDA/Sup/xx/2000-01 dt. 3.3.01	M/s Annie Associates, Nirjuli	0.76	39380	29929						
4	DRDA/Sup/64/2000-01 dt. 3.3.01	M/s Reekam Trading Agency, Ziro	17.70	39380	697026	M/s Reekam Trading Agency, Ziro	16.20	2400	38880	1.5	59070
			96.36		3342137		50.60		193568	45.76	1537221

Source: Department

APPENDIX – XIX

Statement showing the number of persons with disability in rural and urban areas

(Reference: Paragraph 3.3.6 at page 46)

Type of disability	Rural			Urban			Combined		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Visual	1364	1734	3098	18	12	30	1382	1746	3128
Hearing	2188	1377	3565	12	6	18	2200	1383	3583
Speech	1208	846	2054	18	6	24	1226	852	2078
Locomotor	1049	776	1825	121	7	128	1170	783	1953
Total	5809	4733	10542	169	31	200	5978	4764	10742

Source: Survey conducted by National Sample Survey (1991)

APPENDIX – XX

Statement showing the number of PWD registered with the 11 employment exchanges during 1998-99 to 2002-03

(Reference: Paragraph 3.3.8 at page 47)

Sl. No	District	Opening balance	No. of PWD registered during					Total
			1998-99	1999-2000	2000-01	2001-02	2002-03	
1	Papumpare	7	4	2	Nil	2	2	17
2	Lohit	2	Nil	Nil	Nil	1	Nil	3
3	Lower Dibang	3	Nil	1	Nil	1	Nil	5
4	East Kameng	1	13	2	2	Nil	Nil	18
5	Changlang	1	Nil	Nil		Nil	Nil	1
6	West Siang	11	3	2	3	1	3	23
7	Tirap	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	West Kameng	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9	Upper Subansiri	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10	Lower Subansiri	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11	East Siang	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	25	20	7	5	5	5	67

Source: Department

APPENDIX – XXI

Statement showing reservation of vacancies in poverty alleviation Schemes

(Reference: Paragraph 3.3.9 at page 47)

Name of poverty alleviation scheme	Number of persons covered with year			Persons covered with disabilities		
	1998-99	1999-2000	2000-01	1998-99	1999-2000	2000-01
SITRA	1430	} Merged with SGSY		Nil		
DWCRA	546			Nil		
TRYSEM	370			Nil		
IRDP	12432			Nil		
SGSY	-	3055	802	Nil	Nil	Nil
Total	14778	3055	802			

Source: Department

APPENDIX – XXII

Statement showing issue of disability certificates to the handicapped by the concerned Deputy Commissioners

(Reference: Paragraph 3.3.14 at page 49)

Sl. No.	Name of districts	Total certificates issued upto March 2002	During 2002-03
1	Upper Subansiri (Daporijo)	23	23
2	West Siang (Along)	Nil	14
3	East Siang (Pasighat)	12	14
4	East Kameng (Seppa)	56	23
5	West Kameng (Bomdila)	26	23
6	Tawang (Tawang)	Nil	Nil
7	Dibang Valley (Anini)	1	Nil
8	Papumpare (Yupia)	318	59
9	Lower Subansiri (Ziro)	28	13
10	Kurung Kumey (Ziro)	22	6
	Total	486	175

Source: Department

APPENDIX – XXIII

Statement showing the details and present status of the vehicles leased, amount of revenue collected and amount outstanding

(Reference: Paragraph 3.4 at page 54)

Sl. No.	Vehicle Registration Number	Long chassis /short chassis	Lease out to	Total revenue deposited by the lessee	Period of lease		Total hire charges to be deposited	Revenue outstanding	Present condition Off road/ Running
					From	To			
1	2	3	4	5	6	7	8	9	10
1	AR-01-4234	Short chassis	M/S T. Gangkok, Along	190278	Sep-95	Sep-99	251833	61555	Off road since Oct-99
2	AR-01-4235	Short chassis	M/s Dirang Lamp, Dirang	28625	May-98	Jul-97	130835	102210	Running
	AR-01-4235	Short chassis	M/s G. Gadi, Along	37000	Jun-98	Mar-03	348000	311000	Running
3	AR-01-4236	Short chassis	M/s Tomo Basar, Along	0	May-99	Mar-03	282000	282000	Running
4	AR-01-4237	Short chassis	DSO, Yingkiong	74847	Jun-95	Feb-97	87503	12656	Returned on 04/01/1997
	AR-01-4237	Short chassis	DCS(HQ), Naharlagun	Vehicle used at DCS (Hq) on official purpose					Off road since Oct-02
5	AR-01-4344	Short chassis	SS Longding	On bonafide Government duty					
	AR-01-4344	Short chassis	M/s Nocte Lamp Khonsa	18000	Jul-99	Mar-03	270000	252000	Running
6	AR-01-5785	Short chassis	M/s APCM & SF Ltd., Naharlagun	62629	Aug-96	Dec-98	153000	89371	Off road since Jan-99
7	AR-01-7689	Long chassis	DSO. Yingkiong	267978	Jun-97	Mar-03	268334	356	Returned on 05/01/1999
	AR-01-7689	Short chassis	M/s MBR Lamp, Yingkiong	35000	May-99	Mar-03	548333	513333	Running
8	AR-03-0958	Short chassis	M/s Nocte Lamp, Khonsa	18000	Jul-99	Mar-03	270000	252000	Running
	AR-05-0288	Short chassis	M/s Seppa Lamp, Seppa	183333	Oct-96	Jul-00	257670	74337	Returned on 08/01/2000
9	AR-05-0289	Short chassis	M/s Seppa Lamp, Seppa	183334	Oct-96	Jul-00	257670	74336	Off road since Aug-00
10	AR-05-0399	Long chassis	M/s S.K. Rai, Seppa	124997	May-01	Mar-03	268333	143336	Running
11	AR-06-0437	Long chassis	M/s K.K. Taperia, Ziro	303334	Dec-97	May-01	490002	186668	Off road since Jun-01
12	AR-07-0506	Short chassis	M/s G.C. Sharma, Likabali	137500	Sep-96	Mar-00	453837	316337	Off road since Apr-00
13	AR-07-0507	Long chassis	M.s G.C. Sharma, Likabali	275000	Sep-96	Mar-03	885010	610010	Running
14	AR-07-0508	Short chassis	M.s G.C. Sharma, Likabali	137500	Sep-96	Oct-99	207837	70337	Off road since Nov-99
15	AR-07-0662	Long chassis	M/s G.C. Sharma, Daporijo	171592	Dec-97	Mar-03	746668	575076	Running

1	2	3	4	5	6	7	8	9	10
16	AR-07-0990	Long chassis	M/s Arunachal Trading Co. Daporijo	35000	May-01	Mar-03	268333	233333	Running
17	AR-08-1201	Short chassis	M/S T. Gangkok, Along	137500	Jul-96	Sep-99	210167	72667	Off road since Oct-99
18	AR-08-1202	Short chassis	M/S T. Gangkok, Along	162500	Jul-96	Nov-00	294167	131667	Off road since Dec-00
19	AR-08-1203	Long chassis	M/s T. Gangtok, Along	325000	Jul-96	Nov-00	575002	250002	Off road since Dec-00
20	AR-08-1206	Short chassis	M/s G.R. Sharma, Likabali	125000	Jul-96	Jun-99	192167	67167	Off road since Jul-99
21	AR-08-1207	Long chassis	M/s G.R. Sharma, Likabali	275000	Jul-96	Mar-03	901667	626667	Off road since Apr-00
22	AR-08-1624	Short chassis	M/s Along Co-op. Along	145840	Aug-96	Mar-00	242000	96160	Off road since Apr-00
23	AR-08-2292	Long chassis	M/s T. Gangtok, Along	225000	Mar-97	Aug-01	613334	388334	Off road since Sep-01
24	AR-08-2583	Long chassis	M/s T. Josam, Along	245000	Nov-97	Mar-03	758335	513335	Running
25	AR-08-2594	Long chassis	M/s M. Sora, Along	245000	Nov-97	Mar-03	758335	513335	Running
26	AR-08-284	Long chassis	M/s J. Gamlin, Along	210000	Nov-97	Mar-03	758335	548335	Running
27	AR-09-3081	Long chassis	M/s T. Mibang, Pasighat	315000	Dec-97	Mar-03	746668	431668	Running
28	AR-11-5238	Short chassis	M/s Assm Arunachal Road Carrier, Tezu	75000	Sep-96	Mar-00	453837	378837	Off road since Apr-00
29	AR-11-5239	Short chassis	M/s Assm Arunachal Road Carrier, Tezu	75000	Sep-96	Mar-00	453837	378837	Off road since Apr-00
30	AR-11-5240	Long chassis	M/s T. Gangtok, Along	125000	Oct-96	Apr-01	608343	483343	Off road since Apr-01
31	AR-12-0083	Long Chassis	M/s Assam Arunachal Road Carrier, Changlang	25000	Oct-96	Dec-97	141675	116675	Returned during Jan-98 to Apr-99
	AR-12-0083	Long chassis	M/s T. Gangtok, Along		May-99	Mar-03	548333	548333	Running
32	AR-12-0085	Short chassis	M/s Assam Arunachal Road Carrier, Changlang	12500	Oct-96	Nov-97	65070	53170	Off road since Dec-97
33	AR-12-0086	Short chassis	M/s Assam Arunachal Road Carrier, Changlang	12500	Oct-96	Nov-97	65070	53170	Off road since Dec-97
34	AR-12-1095	Short chassis	M/s Tomo Basar, Along	0	May-99	Mar-03	282000	282000	Running
35	AR-13-0958	Short chassis	DSO, Khonsa						Running
36		Long chassis	M/s Chada FPS Hapoli (Ziro)	0	May-01	Mar-03	268333	268333	Running
37		Long chassis	M/s T. Tagar, KK Lamp, K/Kumey	0	Jul-01	Mar-03	245000	245000	Running
	Total			5019786	-	-	15626873	10607286	

Source: Department

APPENDIX – XXIV

Statement showing department-wise break up of misappropriation, losses, *etc.*, cases as of 30 June 2003

(Reference : Paragraph 3.12 at page 64)

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 (Rupees in lakh)	No. of cases	Amount (Rupees in lakh)	No. of cases	Amount (Rupees in lakh)	No. of cases	Amount (Rupees in lakh)	No. of cases	Amount (Rupees in lakh)	No. of cases	Amount (Rupees in lakh)
1.	Education	-	-	2	1.80	-	-	1	1.28	1	0.29	4	3.37
2.	Forest	-	-	5 1	11.58 Not intimated	-	-	1	0.58	6	822.60	13	834.76
3.	General Administration	-	-	-	-	-	-	1	0.03	-	-	1	0.03
4.	Public Works	-	-	1	0.44	-	-	1	1.64	4	0.85	6	2.93
5.	Supply and Transport	-	-	1	0.53	-	-	1	0.34	3	0.34	5	1.21
6.	Information and Public Relation	-	-	-	-	-	-	1	2.65	-	-	1	2.65
7.	CWC	-	-	-	-	-	-	1	Not intimated	-	-	1	Not intimated
8.	Public Health Engineering	-	-	1	1.08	-	-	-	-	-	-	1	1.08
	Total	-	-	11	15.43	-	-	7	6.52	14	824.08	32	846.03

Source : Department

APPENDIX – XXV

Statement showing unproductive expenditure due to abnormal delay in completion of works

(Reference: Paragraph 4.1.8 at page 69)

Sl No.	Name of division	Total number of RLR works (Formation cutting)	Sanctioned amount & total length to be constructed	Sanctioned		Total expenditure upto March 03 (Rupees in lakh)	Physical progress as on March 03	Remarks
				From	To			
1.	RWD, Popumpoma	12 Nos.	37.15 Km Rs.144.35 lakh	91-92	97-98	75.12	16.03 Km	Period 5 to 11 years Fin : 52%; Phy : 43%
2.	RWD, Along	16 Nos.	74.92 Km Rs.561.69 lakh	86-87	94-95	353.65	34.63 Km	Period 8 to 16 years Fin : 63%; Phy : 46%
3.	RWD, Singchung	5 Nos.	8.62 Km Rs.68.94 lakh	93-94	97-98	56.04	4.98 Km	Period 5 to 9 years Fin : 81%; Phy : 58%
4	RWD, Tawang	12 Nos.	32.775 Km Rs.308.88 lakh	92-93	97-98	238.70	18.895 Km	Period 5 to 10 years Fin : 77%; Phy : 58%
	Total	45 Nos.	153.465 Km Rs.1083.86 lakh	86-87	97-98	723.51	74.535 Km	Fin : 67% Phy : 49%

Source: Department

APPENDIX – XXVI

Statement showing fictitious execution of slip clearance works taking post measurement instead of taking pre-measurement

(Reference: Paragraph 4.1.9 at page 70)

Sl. No.	Name of Division	No of works executed	Period		Total volume of slip clearance as per post measurement	Rate	Total expenditure (Rupees)	Remarks
			From	To				
1	Rural Works Division, Popumpoma	27 Nos	7/2000	8/2001	22709.80 M ³	@ Rs.26.10 + 30% cost index i.e. @ Rs.33.93 per m ³	7,70,544	As per MB all the measurements were taken after completion of works
2	Rural Works Division, Singchung	62 Nos	9/2000	3/2003	132418.78 M ³	- do -	44,92,969	- do -
3	Rural Works Division, Seppa	40 Nos	2/1999	12/2002	61375.625 M ³	- do -	20,82,475	- do -
4	Rural Works Division, Along	23 Nos	12/1999	3/2003	43476.563 M ³	- do -	14,75,160	- do -
5	Rural Works Division, Tawang	90 Nos	5/1999	3/2003	165893.88 M ³	- do -	56,28,779	
	Total	242 Nos	2/1999	3/2003	425874.648 M³	- do -	1,44,49,927	

Source: Department

APPENDIX – XXVII

Statement showing unauthorised expenditure on work charged (W.C.) and contingency beyond estimated provision by diverting PMGSY fund

(Reference: Paragraph 4.1.15 at page 73)

Sl No.	Name of Division	Nimber of works	Amount sanctioned (Rupees in lakh)	Date of sanction	Expenditure towards W.C. & contingency (Rupees in lakh)	Period of expenditure
1	RWD, Along	6	367.63	April 02	10.06	April 02 to March 03
2	RWD, Seppa	3	125.01	April 02	12.98	- do -
3	RWD, Singchung	2	49.49	April 02	4.32	- do -
4	RWD, Tawang	2	133.89	April 02	2.47	- do -
	4 Divisions	13	676.02		29.83	

Source: Department

APPENDIX – XXVIII

Statement showing procurement of materials for construction of WRSB and kept idle (upto June 2003)

(Reference: Paragraph 4.1.16 at page 73)

Sl No.	Name of Divisions	Name of works	Amount sanctioned (Rupees)	AA & ES Number	Date of AA & ES	Date of exp. towards materials	Amount (Rupees)	Remarks
1	RWD, Popumpoma	1. C/O WRSB over kheet river	10,92,519	RWD/Sectt-46/97	17.12.97	12.3.97 to 5.5.98	17,66,780	All the material procured such as main anchor bolt and anchor bolt duck, eye bolt, turn buckle, main pulley, main shaft, U bolts 8mm – 8 mm, 16 mm, 20 mm, decking steel plate, stringer and main grinder etc were procured collectively
		2. C/O WRSB over Pari river for Hoj village	11,00,000	RWD/Sectt-46/97	4.12.97			
		3. C/O WRSB over Papi river between Ompoli to Papsu vill	8,51,620	RWD/Sectt-1/99-00	19.4.2000			
2	RWD, Singchung	1. C/O WRSB over Khadiya river between Thrizino and Karangana	11,87,000	RWD/Sectt-37/96 RWD/Sectt-01/2000	25.3.97 15.2.01	3/98	3,63,000	All the material procured such as main anchor bolt and anchor bolt duck, eye bolt, turn buckle, main pulley, main shaft, U bolts 8mm – 8 mm, 16 mm, 20 mm, decking steel plate, stringer and main grinder etc were procured collectively
		2. C/O WRSB between Khupi to Gohainthan	7,63,000	RWD/Sectt-16/97	1.12.97	3/98	1,92,946	
		3. C/O WRSB between Khupi to Hassaingaon	7,48,000	RWD/Sectt-46/97	1.12.97	3/98	1,65,477	
		4. C/O WRSB from Bichom to connect Lichi, Shilto	7,18,000	RWD/Sectt-46/97	13.11.97	3/98	4,07,955	
3	RWD, Tawang	1. C/O WRSB in between Kharung and Hoongla	6,40,000	RWD/Sectt-37/96	6.3.97	3/97 to 3/98	7,26,984	
		8 Numbers of work	71,00,139		3/1997 to 4/2000	3/1997 to 5/1998	36,23,142	

Source: Department

APPENDIX – XXIX

Statement showing work charged staff

(Reference Paragraph 4.5 at page 80)

Sl. No.	Category of staffs	Total number entertained	Staff deployed on work	Staff lying idle
1.	Drivers	14	7	7
2.	Road roller operator	2	2	-
3.	Handymen	2	2	-
4.	Divisional mechanic	1	-	1
5.	Mechanic	1	-	1
6.	Asstt. mechanic	4	2	2
7.	Mechanic helper	3	3	-
8.	Welder	1	-	1
9.	Welder helper	1	1	-
10.	Auto electric helper	1	1	-
11.	Mate	1	1	-
12.	Work-charge mazdoor	6	6	-
13.	Work-charge chowkidar	1	1	-
14.	Work-charge carpenter	1	-	1
	Total	39	26	13

Source: Department

APPENDIX – XXX

Statement showing position of cement supplied, payment made and excess payment due to enhancement of rates – (A) and statement showing quantity to be supplied at rates as per agreement, quantity actually supplied, value of supplies made as per rates of agreement, amount paid to the firm at enhanced rates and extra payment thereof – (B)

(Reference: Paragraphs 5.1 and 5.1.1 at pages 83 and 84)

(Amount in Rupees)

(A)

Destination	OPC												PSC		
	01.10.95 to 30.11.95			01.12.95 to 31.12.95			01.1.96 to 07.01.96			08.01.96 to date			Quantity supplied	Rate per MT	Total cost
	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount			
Banderdewa	629.90	3301.84	2079829	228	3462	789336	150	3566	534900	3537.55	3651	12915595			
Charduar	-	3141.84	-	33.90	3302	111937	-	3406	-	627.55	3491	2190777	249.95	3398.80	849530
Likabali	-	3361.84	-	-	3522	-	-	3626	-	1444.05	3711	5358869	17.00	3667.55	62348
Margherita	-	3461.84	-	-	3622	-	-	3726	-	2145.75	3811	8177453	93.35	3766.25	351579
	629.90		2079829	261.90		901273	150		534900	7754.9		28642694	438.30		1544834

Description	Total Quantity supplied	Total amount paid
OPC	629.90	2079829
OPC	261.90	901273
OPC	150.00	534900
OPC	7754.90	28642694
Total	8796.70	32158696
PSC	438.30	1544834
Grand total	9235.00	33703530

(B)

OPC	As per agreement			Quantity supplied	Value of supplies made as per rates of agreement	Amount paid at enhanced rate	Difference
	Quantity to be supplied	Rate per MT	Total cost				
Banderdewa	4000	3227	12908000	4545.45	14668167	16319660	1651493
Margherita	3000	3387	10161000	2145.75	7267655	8177453	909798
Likabali	3500	3287	11504500	1444.05	4746592	5358869	612277
Charduar	2000	3067	6134000	661.45	2028667	2302714	274047
	12500		40707500	8796.70	28711081	32158696	3447615

Source : Department

APPENDIX – XXXI

Statement showing status of submission of accounts by autonomous bodies and completion of audit as of September 2003

(Reference : Paragraph 7.3.1 at page 108)

Sl. No.	Name of Body	Assistance received from State/Central Government [#]	Year upto which accounts due	Year upto which accounts submitted	Arrears in submission of accounts	Audit conducted upto
1.	DRDA, Pasighat	-	2002-03	1999-2000	3	1999-2000
2.	DRDA, Along	-	2002-03	2000-01	2	2000-01
3.	DRDA, Seppa	-	2002-03	1994-95	8	1994-95
4.	DRDA, Bomdila	-	2002-03	1993-94	9	1993-94
5.	DRDA, Ziro	-	2002-03	2000-01	2	2000-01
6.	DRDA, Daporijo	-	2002-03	2002-03	Nil	2002-03
7.	DRDA, Tezu	-	2002-03	1999-2000	3	1999-2000
8.	DRDA, Khonsa	-	2002-03	2001-02	1	1995-96
9.	DRDA, Changlang	-	2002-03	2000-01	2	2000-01
10.	DRDA, Papumpare (Itanagar)	-	2002-03	2002-03	Nil	2002-03
11.	DRDA, Yingkiang	-	2002-03	^ψ	5 ^ψ	-
12.	DRDA, Tawang	-	2002-03	2001-02	1	^β
13.	DRDA, Anini	-	2002-03	1998-99	4	1998-99

[#] Due to non-receipt of information/accounts from the concerned departments/bodies, amount of assistance received during 1993-03 by the above bodies could not be given.

^ψ Position prior to 1998-99 is not known.

^β Audit of DRDA, Tawang starting from the year 2000-01 has not yet been taken up.

APPENDIX - XXXII

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2003 in respect of Government companies

(Reference: Paragraphs 8.1.2 and 8.1.3 at pages 110 and 111)

(Figures in bracket indicate budgetary outgo during the year)

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

Sl. No.	Sector and Name of the Company	Paid up capital as at the end of 2002-03 [#]					Equity/Loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 2002-03 [¶]			Debt equity ratio for 2002-03 (figure in bracket indicates for previous year) 4(f)/3(e)
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans		Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A. WORKING GOVERNMENT COMPANIES													
Sector: Industrial Development and Financing													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	196.50	-	-	-	196.50	17.00	-	-	-	76.20	76.20	0.39:1 (0.49:1)
	Total of the Sector	196.50	-	-	-	196.50	17.00	-	-	-	76.20	76.20	0.39:1 (0.49:1)
Sector: Mining													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	238.22	-	-	-	238.22	5.00	-	-	-	-	-	0:1 (0:1)
	Total of the Sector	238.22	-	-	-	238.22	5.00	-	-	-	-	-	0:1 (0:1)
Sector: Forest													
3.	Arunachal Pradesh Forest Corporation Limited	449.72	-	-	-	449.72	-	-	-	-	113.01	113.01	0.29:1 (0.25:1)
	Total of the Sector	449.72	-	-	-	449.72	-	-	-	-	113.01	113.01	0.29:1 (0.25:1)
	Total of A	884.44	-	-	-	884.44	22.00	-	-	-	189.21	189.21	0.21:1 (0.23:1)
B. NON-WORKING GOVERNMENT COMPANIES													
Sector: Cement													
4.	Parasuram Cements Limited	-	-	23.50	-	23.50	-	-	-	-	136.50	136.50	5.81:1 (6.17:1)
	Total of the Sector	-	-	23.50	-	23.50	-	-	-	-	136.50	136.50	5.81:1 (6.17:1)
Sector: Fruit Processing													
5.	Arunachal Horticulture Processing Industries Limited	-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (0.74:1)
	Total of the Sector	-	-	18.81	-	18.81	-	-	-	-	136.45	136.45	7.25:1 (0.74:1)
	Total of B	-	-	42.31	-	42.31	-	-	-	-	272.95	272.95	6.45:1 (6.65:1)
	Grand Total (A+B)	884.44	-	42.31	-	926.75	-	-	-	-	462.16	462.16	0.50:1 (0.54:1)

Note: Figures are provisional as given by the Companies

[#] Paid-up-capital includes Share application money also.

[¶] Loans outstanding at the close of 2002-03 represents long-term loan only.

APPENDIX- XXXIII

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

(Reference: Paragraphs 8.1.4, 8.1.5, 8.1.6, 8.1.7, 8.1.8, 8.1.10, 8.1.11 and 8.1.13 at pages 111 to 114)

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

Sl. No	Sector and name of the company	Name of department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net profit (+) /loss (-)	Net impact of audit comments	Paid-up capital	Accumulated profit (+)/loss (-)	Capital employed [#]	Total return on capital employed	Percentage of return on capital employed	Arrears of accounts in terms of years	Turn-over	Man-power (number of employee)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. WORKING GOVERNMENT COMPANIES															
Sector: Industrial Development and Financing															
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	Industries	Aug/78	1998-99	2001-02	(-) 83.86	-	162.50	(-) 617.91	1121.52	(+) 13.03	1.16	4	128.80	86
Total of the Sector						(-) 83.86		162.50	(-) 617.91	1121.52	(+)13.03	1.16			
Sector: Mining															
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	Geology and Mining	Mar/91	1993-94	2000-01	(-) 12.66	-	99.22	(-) 24.80	73.80	(-) 12.66	-	9	6.14	32
Total of the Sector						(-) 12.66		99.22	(-) 24.80	73.80	(-) 12.66	-			
Sector: Forest															
3.	Arunachal Pradesh Forest Corporation Limited	Forest	Mar/77	1997-98	2002-03	(+)64.44	-	449.72	(+)2234.53	2861.37	(+)64.44	2.25	5	2070.02	445
Total of the Sector						(+) 64.44		449.72	(+)2234.53	2861.37	(+)64.44	2.25			
Total of A						(-) 32.08		711.44	(+)1591.82	4056.69	(+)64.81	1.60		2204.96	563
B. NON-WORKING GOVERNMENT COMPANIES															
Sector: Cement															
4.	Parasuram Cements Limited ^ψ	Industries	Jan/85	1986-87	2001-02	(-) 6.97	-	13.50	(-) 15.40	(+)120.65	(-) 6.15	-	16	51.05	-
Total of the Sector						(-) 6.97		13.50	(-) 15.40	(+)120.65	(-) 6.15	-			
Sector: Fruit Processing															
5.	Arunachal Horticulture Processing Industries Limited ^ψ	Industries	May/82	1982-83	2003-04	The Company is under construction stage							20		-
Total of the Sector															
Total of B						(-) 6.97		13.50	(-) 15.40	(+)120.65	(-) 6.15	-		51.05	-
Grand Total (A+B)						(-) 39.05		724.94	(+)1576.42	4177.34	(+)58.66	1.40		2256.01	563

[#] 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 refinancing).

^ψ All the employees have been retrenched under golden handshake scheme.

APPENDIX- XXXIV

Statement showing grants/subsidy received, guarantees received and guarantees outstanding at the end of March 2003

(Reference: Paragraph 8.1.3 at page 111)

(Figures in Columns 3(a) to 7 are Rupees in lakh)

Sl. No.	Name of the Government Company	Subsidy and grants received during 2001-02				Guarantees received during the year and outstanding at the end of the year [#]					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loan repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A WORKING GOVERNMENT COMPANIES																
1.	Arunachal Pradesh Industrial Development & Financial Corporation Limited	-	-	-	-	-	(76.20)	-	-	(76.20)	-	-	-	-	-	-
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Arunachal Pradesh Forest Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total of A :	-	-	-	-	-	(76.20)	-	-	(76.20)	-	-	-	-	-	-
B NON-WORKING GOVERNMENT COMPANIES																
4.	Parasuram Cements Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Arunachal Horticulture Processing Industries Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total of B :	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B):	-	-	-	-	-	(76.20)	-	-	(76.20)	-	-	-	-	-	-

[#] Figures in bracket indicates guarantees outstanding at the end of the year.

APPENDIX – XXXV

Statement showing financial position, working results and operational performance of the State Transport Services for the year upto 2000-01

(Reference: Paragraph 8.1.16 at page 116)

(Rupees in crore)				
Sl. No.	Particulars	1998-99	1999-2000	2000-01
A	Financial Position			
1.	Liabilities			
	(a) Government Capital	72.20	83.36	94.97
	(b) Interest on Government Capital	13.91	13.91	-
	Total	86.11	97.27	94.97
2.	Assets			
	(a) Gross Block	34.48	36.14	34.39
	(b) Less Depreciation	19.79	22.61	25.89
	(c) Net fixed Assets	14.69	13.53	8.50
	(d) Current Assets Loans & Advances	1.63	2.36	2.03
	(e) Accumulated Losses	69.79	81.38	84.44
	Total	86.11	97.27	94.97
B.	Working Results			
1 (a)	Operating			
	(i) Revenue	5.39	6.18	6.29
	(ii) Expenditure	6.92	8.22	8.95
	(iii) Surplus (+)/Deficit (-)	(-) 1.53	(-) 2.04	(-) 2.66
(b)	Non-operating			
	(i) Revenue	0.34	0.62	0.33
	(ii) Expenditure	6.74	7.36	6.99
	(iii) Surplus(+)/Deficit(-)	(-) 6.40	(-) 6.74	(-) 6.66
(c)	Total			
	(i) Revenue	5.73	6.80	6.62
	(ii) Expenditure	13.66	15.58	15.94
2.	Gross Deficit	7.93	8.78	9.32
	Add: depreciation	2.65	2.82	3.28
3.	Working Loss	10.58	11.60	12.60
	Add: interest on capital	-	-	-
4.	Net loss	10.58	11.60	12.60

Sl. No.	Particulars	1998-99	1999-2000	2000-01
C. Operational Performance				
1.	Average no. of vehicles held	231	232	232
2.	Average no. of vehicles on road	180	186	148
3.	Percentage of utilisation of vehicles (Percentage of 2 to 1)	77.92	80.17	63.79
4.	Numbers of routes operated at the end of the year	8	8	8
5.	Kilometres operated effective (in lakh)	65.09	67.13	68.91
6.	Average kilometres covered per bus per day	99.07	98.88	92.00
7.	Average operating revenue per kilometre (Rupees)	8.28	9.21	9.12
8.	Average operating expenditure per Kilometre (Rupees)	10.63	12.24	27.92
9.	Operating loss per Kilometre (Rupees)	2.35	3.03	18.80
10.	Number of operating depots	10	10	10
11.	Passenger Kilometre operated (in crore)	0.65	0.67	0.69
12.	Occupancy ratio (Load factor) (per cent)	45.68	53.27	87.48
13.	Cost of fuel per effective km (Rupees)	4.80	6.06	9.36
14.	Expenditure on tyres and tubes per effective km (Rupees)	5.82	6.19	9.49

APPENDIX – XXXVI

Statement showing the department-wise outstanding inspection reports (IRs)
(Reference: Paragraph 8.1.14 at page 115)

Sl. No.	Name of Department	Number of Government companies/departmental undertakings	Number of outstanding IR	Number of outstanding paragraphs	Years from which paragraphs outstanding
1.	Industries	3	9	55	1990-91
2.	Geology & Mining	1	3	7	1995-96
3.	Forest	1	11	76	1991-92
4.	Transport	1	36	147	1990-91
5.	Supply	1	5	21	1991-92
6.	Power	1	58	353	1991-92
Total			122	659	

APPENDIX – XXXVII

**Statement showing the department-wise draft paragraphs/reviews
replies to which are awaited**

(Reference: Paragraph 8.1.14 at page 115)

Sl. No.	Name of department	Number of draft paragraphs	Period of issue
1.	Forest	1	April 2003
2.	Power	4	May 2003

APPENDIX - XXXVIII

Statement showing working results of State Trading Schemes

(Reference: Paragraph 8.1.16 at page 116)

(Rupees in lakh)

		1998-99	1999-2000	2000-01
A.	Income			
(a)	Sales	294.52	348.34	370.37
(b)	Increase (+)/decrease (-) of stock	(+) 0.22	(+) 39.17	(-) 47.75
	Total - A	294.74	387.51	322.62
B.	Trading expenses:			
(a)	Purchases	314.32	438.34	348.82
(b)	Packing materials	54.62	67.74	14.17
(c)	Establishment and contingent charges	195.84	195.90	202.23
(d)	Air dropping and godown losses	20.76	30.95	17.33
	Total - B	585.54	732.93	582.55
C.	Trading profit (+)/ loss (-) (A-B)	(-) 290.80	(-) 345.42	(-) 259.93
D.	Non-trading expenses - interest on capital and audit fee (provisions)	24.70	23.51	30.68
E.	Net profit (+)/ loss (-)	(-) 315.50	(-) 368.93	(-) 290.61

APPENDIX - XXXIX

Statement showing operational performance of Power Department
(Reference: Paragraph 8.1.17 at page 117)

Sl. No.	Items	2000-01	2001-02	2002-03
1.	Installed Capacity : (M W)			
	(a) Thermal	-	-	-
	(b) Hydro	31.92	32.28	32.28
	(c) Gas	-	-	-
	(d) Others (Diesel)	35.00	27.12	27.12
	Total	66.92	59.40	59.40
2.	Normal maximum demand of the State (M Kwh)	80.00	94.00	115.00
3.	Power Generated : (M K W H)			
	(a) Thermal	-	-	-
	(b) Hydro	47.07	47.07	52.04
	(c) Gas	-	-	-
	(d) Others (Diesel)	11.06	11.09	10.48
	Total	58.13	58.16	62.52
	Less : Auxiliary Consumption (M K W H) (brackets indicated the percentage to Power Generated)			
	(a) Thermal	-	-	-
	(b) Hydro	-	-	-
	(c) Gas	4.92	4.50	4.63
	(d) Others (Diesel)	(8.46)	(7.74)	(7.41)
	Total	4.92 (8.46)	4.50 (7.74)	4.63 (7.41)
4.	Net Power Generated (M K W H)	53.21	53.66	57.89
5.	Power purchased (M K W H)			
	KHEP	-	-	-
	AGBPP	-	-	-
	AGTPP	107.46	94.37	104.02
	LOKTAK	-	-	-
	Total	107.46	94.37	104.02
6.	Free Power received (M K W H)	-	-	-
7.	Total Power available for Sale (M K W H) (4+5+6)	160.67	148.03	161.91
8.	Power Sold (MU)			
	(a) Within the State	70.50	75.17	93.51
	(b) Outside the State	-	-	-
	Total	70.50	75.17	93.51
9.	Transmission and distribution loss (MU) (7-8)	90.17	72.86	68.40
10.	Load factor (percentage)	33	30	32
11.	Percentage of transmission and distribution losses to total power available for sale (Percentage of 9 to 7)	56.12	49.22	42.25

Sl. No.	Items	2000-01	2001-02	2002-03
12.	Number of Villages/towns electrified			
	(a) Villages	35.00	113	16
	(b) Towns	-	-	-
13.	Number of Pump sets/wells energised	-	-	-
14.	Number of Sub-stations (in MVA)	220	216	444
15.	Transmission/distribution lines (in KMs)			
	(a) High voltage	6930	NA	3222
	(b) Medium voltage	-	-	4006
	(c) Low voltage	6880	-	6988
16.	Connected load (in MW)	80.00	94.00	105
17.	Number of consumers	105615	109500	112018
18.	Number of employees	8870	NA	10300
19.	Consumer/employees ratio	11.91:1	NA	10.88:1
20.	Total expenditure on staff during the year (Rupees in crore)	28.76	18.50	21.20
21.	Percentage of expenditure on staff to total revenue expenditure	49	32	39
22.	Unit sold to different category of consumers : (MU) (Percentage of share to total units sold indicated in bracket):			
	(a) Agriculture	-	-	-
	(b) Industrial	7.98 (11.32)	3.76 (5.00)	4.68 (5.01)
	(c) Commercial	10.27 (14.57)	8.28 (11.01)	11.22 (12.00)
	(d) Domestic	40.09 (56.86)	48.85 (64.98)	61.71 (65.99)
	(e) Irrigation	-	-	-
	(f) Bulk supply	-	-	-
	(g) Other categories (P/Lighting, P/Water Works, Non-Residential)	12.16 (17.25)	14.29 (19.01)	15.90 (17.00)
	(h) Inter-State	-	-	-
	Total	70.50	75.18	93.51
23.	Revenue (Rupees in crore)	13.60	11.79	12.00
24.	Expenditure (Rupees in crore)			
	(a) Salary & Wages	28.76	7.79	7.57
	(b) Fuel	8.60	6.00	
	(c) Spares etc.	9.46	25.56	41.98
	(d) Power Purchased	11.00	18.50	4.00
	Total	57.82	57.85	53.55
25.	Loss (24-23) (Rupees in crore)	44.22	46.06	41.55
26.	Revenue per unit (23 ÷ 22) (Rupees)	1.93	1.57	1.28
27.	Expenditure per unit (24 ÷ 22) (Rupees)	8.20	7.69	5.73
28.	Loss per unit sold (26 - 27) (Rupees)	(-) 6.27	(-) 6.12	(-) 4.45