



**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL OF INDIA  
on  
(SOCIAL, ECONOMIC, GENERAL,  
REVENUE AND ECONOMIC (PSUs) SECTORS)  
FOR THE YEAR ENDED MARCH 2017**



**GOVERNMENT OF ARUNACHAL PRADESH  
(REPORT NO. 2 OF 2018)**

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## PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Arunachal Pradesh under Article 151 of the Constitution of India for being laid on the floor of the House.
2. This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Arunachal Pradesh under Social, Economic, General, Revenue and Economic (PSUs) Sectors including Public Health Engineering and Water Supply Department, Women and Child Development Department, Public Works Department, Water Resources Department, Agriculture Department, Planning Department, District Administration, Tax and Excise Department, Transport Department, Arunachal Police Housing and Welfare Corporation Limited (APHWCL), Arunachal Pradesh Forest Corporation Limited and Department of Hydro Power Development.
3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2016-17, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2016-17 have also been included, wherever necessary.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

# **EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

This Audit Report has been prepared in six Chapters. Chapters I to V deal with Social, Economic (other than Public Sector Undertakings), General, Revenue, Economic (Public Sector Undertakings) Sectors and Chapter VI deals with Follow up of Audit observations.

This Report contains one Performance audit and twenty-one Compliance audit paragraphs. According to the existing arrangements, copies of the draft compliance audits and draft performance audit were sent to the concerned Secretaries/Principal Secretaries to the State Government with a request to furnish replies within six weeks. Replies of the Government/Department wherever received have been incorporated in the Report.

A synopsis of the important findings contained in this Report is presented in this Executive Summary.

### Chapter-I: Social Sector

#### Performance Audit

#### Public Health Engineering & Water Supply Department

#### National Rural Drinking Water Programme (NRDWP)

The NRDWP was launched by the GoI in April 2009 by modifying the earlier 'Accelerated Rural Water Supply Programme'. The main objectives of the NRDWP was to enable all rural households to have access to safe and adequate drinking water within a reasonable distance, providing drinking water facility through piped water supply (PWS) to *Gram Panchayats* (GPs), ensuring all government schools and *anganwadis* have access to safe drinking water and empowering local communities/PRIs to monitor and manage their own drinking water sources and systems in their villages. The NRDWP has six components, viz., 'coverage', 'water quality', 'operation & maintenance', 'sustainability', 'support' and 'water quality monitoring & surveillance' which are highlighted below:

#### Highlights

- *A five-year comprehensive water security action plan to provide sub goals and priorities for coverage of the NRDWP was not prepared.*
- *As of March 2017, out of total 7,582 habitations in the State, 2,910 habitations (38 per cent) were fully covered whereas 4,672 habitations (62 per cent) were still partially covered.*
- *Out of 3,480 schools and 5,515 anganwadis in the State, only 2,898 schools and 1,043 anganwadis had been provided with safe drinking water leaving a balance of 582 schools and 4,472 anganwadis without provision of drinking water as on 31 March 2017.*

- *The water quality testing laboratories were functioning with inadequate manpower and shortfall of capability to analyse parameters. The water quality testing laboratories did not conform to the mandatory requirement.*
- *The State laboratory had the capacity to examine only 38 out of 78 parameters whereas District laboratories of five sampled districts had the capacity to test only 10 out of 34 parameters as laid down in the 'Uniform Drinking Water Quality Monitoring Protocol' due to shortage of machines/equipment and trained manpower.*
- *The shortfall of staff in different level of posts in the State level laboratory was to the extent of eight against fourteen staff required whereas in District laboratories the shortage was upto 34 (85 per cent) against 40 required staff.*
- *Out of 442 schemes approved during 2012-17 in sampled districts test checked, 407 schemes were completed, but the balance 35 schemes estimated to cost ₹17.24 crore were lying incomplete as on 31 March 2017 for five to 60 months.*
- *There was doubtful expenditure of ₹ 24.42 crore incurred on procurement of various types of Galvanised Iron (GI) fittings.*

*(Paragraph 1.2)*

## **Compliance Audit Paragraphs**

### **Department of Women & Child Development**

#### **Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)**

In November 2010, the Government of India (GoI) launched the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) or SABLA, a centrally sponsored scheme, under the platform of Integrated Child Development Services (ICDS) with the objectives of (i) enabling self development and empowerment of adolescent girls (AGs); (ii) improving their nutrition and health status; (iii) spreading awareness on health, hygiene, nutrition, Adolescent Reproductive and Sexual Health (ARSH); (iv) family and child care, and mainstreaming out of school AGs into formal/non formal education, etc.

None of the 80 AWCs inspected under the selected 16 CDPOs out of 28 CDPOs maintained the prescribed registers for recording details of AGs and the services delivered. There was a huge shortfall in allotment of funds provided for the 'nutrition' component. As a result, against the entitlement of ₹ five per day for each AG, the actual allotment worked out between ₹ 0.28 to ₹ 1.96 per day during the period 2012-17. The actual procurement of IFA tablets was less than the requirement – the shortage ranged from 23 per cent to 62 per cent which would have adversely impacted the adolescent growth of AGs. There was shortfall (71 per cent) in conducting 'Kishori Diwas'. Eight out of 16 selected CDPOs<sup>1</sup> did not enrol any *out-of-school* AGs during 2012-17. The number of out-of-school AGs admitted to schools every year in the remaining eight

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<sup>1</sup> Itanagar; Naharlagun; Sagalee; Aalo East; Likabali; Gensi; Basar and Dirang.

CDPOs was just a fraction of the total number out-of-school AGs. The CDPOs prepared the monthly progress reports at their level and forwarded them to the WCD without obtaining reports from the Supervisors and AWWs and without routing the reports through the Deputy Directors (DDs). Thus, the reports of the CDPOs did not reflect the actual services provided under the RGSEAG at the ground level.

(Paragraph 1.3)

### Public Health Engineering & Water Supply Department

EE, PHE & WS, Seppa division issued supply/work orders to the tune of ₹ 786.34 lakh without calling for tenders and expenditure of ₹ 1,140.43 lakh incurred so far was unfruitful as the project scheduled to be completed in March 2014, was still incomplete

(Paragraph 1.4)

## Chapter-II: Economic Sector

### Compliance Audit Paragraphs

#### Water Resources Department

#### Accelerated Irrigation Benefits Programme in Arunachal Pradesh

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Ministry of Water Resources (MoWR), Government of India (GoI) during 1996-97 to provide financial assistance to the States for accelerating the implementation of on-going irrigation projects on which substantial investment had already been made but which were beyond the resource capability of the State Governments to complete. The AIBP initially covered only major and medium irrigation projects, but was later extended to minor irrigation projects from 1999-2000. In the case of Special Category States, central assistance under the AIBP was 90 *per cent* of the project cost and the States were to contribute the remaining 10 *per cent*. In Arunachal Pradesh, 315 minor irrigation projects (MIPs) under the AIBP were taken up during 2012-13 to 2016-17 at an estimated cost of ₹ 230.72 crore.

As on 31 March 2017, out of the total of 315 MIPs, 185 MIPs had been completed and 130 MIPs sanctioned by MoWR, GoI in December 2014 were still ongoing. There was insufficient or no water at source and headworks were found dry in 16 MIPs, comprising of 10 completed MIPs (13 sub MIPs) and six ongoing MIPs (11 sub-MIPs) which were constructed at a cost of ₹ 179.86 lakh. An amount of ₹ 224.08 lakh (17 *per cent* of the total expenditure) was diverted for maintenance of existing MIPs and for other works not related to AIBP which resulted in non-creation of Culturable Command Area (CCA) of 189.13 hectares as originally envisaged against 16 new MIPs.

The divisional officers of the department awarded works related to 342 sub-MIPs costing ₹ 35.63 crore to various local contractors without inviting tenders. An amount of ₹ 1,737.07 lakh was incurred on 21 MIPs which did not qualify for funding under the AIBP Guidelines. Due to non-construction of vital components against 12 out of the 56 sampled projects, the objective of providing year round irrigation for double

croppings in 356.25 hectares of CCA targeted was not achieved. Further, as 19 sub MIPs were lying non-functional, the envisaged irrigation of targeted CCA of 488 hectares was not achieved. There were shortfalls in monitoring and evaluation of the projects during the review period.

*(Paragraph 2.2)*

#### **Public Works Department**

Executive Engineer (EE), PWD, Bomdila paid ₹ 1.37 crore to a contractor for restoration of a work 'Gacham-Morshing Road (24.50 km)' which had already been executed departmentally.

*(Paragraph 2.3)*

#### **Water Resources Department**

Executive Engineer, WRD, Itanagar awarded works to five contractors without calling of tenders and also extended undue benefit of ₹ 182.22 lakh to them.

*(Paragraph 2.4)*

#### **Department of Hydro Power Development**

Failure of the Department to revalidate bank guarantee and to take timely action has resulted in recovery of ₹ 390.90 lakh from a firm doubtful.

*(Paragraph 2.5)*

#### **Agriculture Department**

An amount of ₹ 103.89 lakh was diverted and incurred on works not permissible under the Rashtriya Krishi Vikash Yojana guidelines.

*(Paragraph 2.6)*

### **Chapter-III: General Sector**

#### **Compliance Audit**

#### **Planning Department**

#### **Border Area Development Programme (BADP)**

The Border Area Development Programme (BADP) was started during the Seventh Plan (1985-1990) with two-pronged approach of balanced development of sensitive border areas in the western region on one hand through adequate provision of infrastructure facilities and on other hand promotion of a sense of security amongst the local population. During the Ninth Plan (1997-2002), the programme was extended to 17 States, including Arunachal Pradesh. Arunachal Pradesh has international borders with Myanmar, China and Bhutan which runs into 5,830 kilometers involving 13 border districts of the State.

Audit observed that the Annual Action Plans were prepared without long-term plan/perspective plan for saturation of border villages as required under scheme

guidelines. Priority was not given to villages situated within 0-10 km of the international border as 340 schemes (Tawang – 186; and Upper Subansiri – 154) were taken up in villages situated between 10 km to 23.75 km, and in West Siang, 114 schemes were implemented in 31 villages located beyond 50 km of the border. During 2012-17, there was shortfall in release of Central Share to the extent ₹ 34.40 crore and State Share of ₹ 11.43 crore. Further, an amount of ₹ 355.35 crore received from GoI for the scheme was parked by the State Government for a period of one month to 23 months. Audit noticed cases of idle assets created under BADP, wasteful expenditure, doubtful expenditure, etc. Monitoring mechanism was inadequate and no high ranking State Nodal Officers were appointed during the five-year period. No National Quality Monitors from GoI had inspected any BADP schemes during the audit period.

*(Paragraph 3.2)*

Deputy Commissioner sanctioned ₹ 1.93 crore under ‘Untied Fund’ and District Planning Officer, Changlang incurred expenditure of ₹ 1.62 crore on repairs & maintenance, renovation and extension of official residences/office buildings and celebration of festivals in violation of the Rules.

*(Paragraph 3.3)*

District Planning Officer, Seppa incurred irregular expenditure of ₹ 55.00 lakh on renovation, repairs & maintenance, execution of land development, irrigation channel, retaining wall etc., for private individuals and purchase of vehicles from the ‘MLALADs’ Funds in violation of the extant Rules.

*(Paragraph 3.4)*

### **District Administration**

An amount of ₹ 337.80 lakh sanctioned by GoI for 100 bedded Girl Hostels at Numada and Boulda was utilized subsequently for construction of additional Girl Hostels at Lumla and Bomba without subsequently obtaining approval from GoI and remained unoccupied for more than six to seven years rendering the whole expenditure idle.

*(Paragraph 3.5)*

## **Chapter-IV: Revenue Sector**

### **Trend of Revenue receipts**

During the year 2016-17, Revenue raised by State Government (₹ 1,253.57 crore) was 11 *per cent* of the total Revenue Receipts. The balance 89 *per cent* of Receipts during 2016-17 was from the Government of India.

The Tax Revenue raised by the State Government during 2016-17 (₹ 708.75 crore) increased by 32 *per cent* as compared to the previous year (₹ 535.07 crore). The Non-Tax Revenue during 2016-17 (₹ 544.82 crore) also increased by 39 *per cent* as compared to the previous year (₹ 392.12 crore).

*(Paragraph 4.1.1)*

## **Compliance Audit Paragraphs**

### **Tax and Excise Department**

Failure of the Assessing Officer to detect short-realisation of tax of ₹ 96.68 lakh from registered works contractors due to application of lower tax rate at four *per cent* instead of 13 *per cent*.

*(Paragraph 4.2)*

Failure of the Superintendent of Taxes (ST), Yingkiong to levy and realise penalty from 18 registered dealers for non-submission of returns resulted in loss of revenue of ₹ 19.50 lakh.

*(Paragraph 4.3)*

Two Assessing Officers failed to take action to register 24 unregistered dealers engaged by DDOs for supplies/works and to impose penalty of ₹ 24.00 lakh.

*(Paragraph 4.4)*

Failure of the Commissioner of Excise to initiate action led to non-realisation of licence fee of ₹ 34.50 lakh and penalty ₹ 5.10 lakh from eight wholesale vends<sup>2</sup> of IMFL/Beer.

*(Paragraph 4.5)*

Failure of the Commissioner of Excise to realise renewal fee of brand names/label and penalty resulted in revenue loss of ₹ 45.40 lakh.

*(Paragraph 4.6)*

### **Transport Department**

Road tax of ₹ 85.73 lakh due from 769 commercial vehicles and penalty of ₹ 21.43 lakh remained unrealized for default of payment of tax for more than one year to six years.

*(Paragraph 4.7)*

Failure of the District Transport Officer, Bomdila to collect entry tax of ₹ 19.33 lakh on 27 commercial vehicles imported from outside the State.

*(Paragraph 4.8)*

Failure of five DTOs to ensure renewal of fitness certificates of 526 vehicles resulted in revenue loss of ₹ 13.96 lakh.

*(Paragraph 4.9)*

## **Chapter-V: Economic Sector (SPSUs)**

In Arunachal Pradesh, there were seven SPSUs (all Government Companies including one non-working Companies). Audit of Government Companies is governed by respective provisions of Section 139 and 143 of the Companies Act 2013. The accounts of State Government Companies are audited by Statutory Auditors appointed by the

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<sup>2</sup> Wholesale vend means the vendor exceeding the limit of sale of retail.

Comptroller and Auditor General (CAG) of India. These accounts are also subject to Supplementary Audit by the CAG of India.

### Investment in SPSUs

As on 31 March 2017, the investment (capital and long-term loans) in seven SPSUs was ₹ 32.14 crore. The investment has decreased by four *per cent* from ₹ 33.45 crore in 2011-12 to ₹ 32.14 crore in 2016-17. Thrust of the SPSU investment was mainly in the Power and Finance sectors, which accounted for 39 *per cent* and 38 *per cent* of the total investment respectively.

### Performance of SPSUs

Working SPSUs showed negative working results during the year 2012-13 at (-) ₹ 5.59 crore and improved overall profits during 2013-14 to 2016-17. During the year 2016-17, out of five working SPSUs, three SPSUs earned aggregate net profit of ₹ 9.23 crore and two SPSUs incurred losses of ₹ 2.71 crore. The contributors of profit were Arunachal Pradesh Forest Corporation Limited (₹ 3.54 crore), Arunachal Police Housing and Welfare Corporation Limited (₹ 5.26 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹ 0.43 crore). The heavy losses were incurred by Arunachal Pradesh Industrial Development and Financial Corporation Limited (₹ 2.43 crore) and Arunachal Pradesh Mineral Development and Trading Corporation Limited (₹ 0.28 crore). The working SPSUs had earned aggregate profit of ₹ 6.52 crore during 2016-17 as compared to aggregate profit of ₹ 6.68 crore during 2015-16.

(Paragraph 5.1)

## Compliance Audit Paragraphs

### Arunachal Police Housing and Welfare Corporation Limited

#### Project execution in Arunachal Police Housing and Welfare Corporation Limited (APHWCL)

Arunachal Police Housing and Welfare Corporation Limited (APHWCL), the principal construction agency of the Police Department, Government of Arunachal Pradesh (GoAP) was incorporated (November 2005) under the Companies Act, 1956 with the objective of undertaking design, construction, repair and allied works for all kind of buildings for the Police Department.

Audit observed that in 12 out of 41 projects estimates were prepared without incorporating several components valuing ₹ 173.64 lakh such as approach road, site development, additional plinth height, etc. as no preliminary site surveys and other requirements of the projects were taken care of at the time of preparation of the estimates. There was huge unspent balance at year end during 2013-14 to 2016-17 ranging from 42 *per cent* to 84 *per cent* of the total funds available. There were substantial delays in release of funds by the Police Department to the Corporation after the projects had been sanctioned. The Department released funds against 20 sanctioned

projects costing ₹ 18.51 crore after a delay of 11 to 12 months. In 11 out of 41 projects, unspent balance of ₹ 90.71 lakh was retained by the Corporation for a period ranging from seven months to 29 months as on March 2017. Utilisation Certificates were submitted to the Police Department showing the unspent balance as liabilities, however, the Corporation did not refund the amount to the Department as required in the sanction orders. There were substantial delay in execution of projects as 59 per cent (24 projects) out of the 41 sampled projects were completed after delays ranging from 13 to 24 months and only 27 per cent (11 projects) were completed within the stipulated date of completion.

*(Paragraph 5.2)*

#### **Arunachal Pradesh Forest Corporation Limited**

Arunachal Pradesh Forest Corporation Limited constructed Eco-tourist Guest House at Lekhi Village, Itanagar at a cost of ₹ 294.02 lakh in 2013 which had remained idle for more than four years.

*(Paragraph 5.3)*

# **CHAPTER – I**

## **SOCIAL SECTOR**

# CHAPTER-I: SOCIAL SECTOR

## 1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with audit findings on State Government departments under the Social Sector.

During 2016-17, total budget allocation of the State Government in major departments under Social Sector was ₹ 4,737.83 crore against which the actual expenditure was ₹ 3,582.53 crore during the year. Department-wise details of budget allocation and expenditure are given below.

**Table: 1.1.1**

(₹ in crore)

Sl. No.	Department	Total Budget Allocation	Expenditure	(3) as percentage of (2)
	(1)	(2)	(3)	(4)
1	Education	1,994.02	1,384.11	69
2	Sports & Youth Affairs	91.02	69.11	76
3	Library	12.06	10.36	86
4	Social Welfare	268.05	121.21	45
5	Relief & Rehabilitation	143.37	138.54	97
6	Food & Civil Supplies	73.83	57.22	78
7	Labour	9.68	6.75	70
8	Social & Cultural Affairs	37.52	14.33	38
9	Health & Family Welfare	901.35	707.22	78
10	Public Health Engineering	519.44	645.54	124
11	Urban Development	463.79	321.24	69
12	Housing	71.80	29.18	41
13	Panchayat Raj	151.90	77.72	51
	<b>Total</b>	<b>4,737.83</b>	<b>3,582.53</b>	<b>76</b>

(Source: Appropriation Accounts 2016-17)

From the above it is revealed that:

- in the Social Sector, the expenditure incurred by the Government ranged between 38 per cent and 97 per cent; and
- it was seen that all the Departments had utilised lesser amount than the budgeted allocation except Public Health Engineering Department which had incurred 24 per cent expenditure in excess of the budgeted allocation.

### 1.1.1 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of the government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audit of 32 units under the Social Sector involving ₹ 1,469.24 crore (including expenditure of earlier years) was conducted during 2016-17.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of departments. The departments are requested to furnish replies to the audit findings within one month of receipt of Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations arising out of Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for laying before the state legislature.

Major observations, noticed in audit, pertaining to the Social Sector during 2016-17 are discussed in subsequent paragraphs of this Chapter. This Chapter of Audit Report contains *one* Performance Audit Report on ‘National Rural Drinking Water Programme’ (NRDWP) and *two* Compliance Audit Paragraphs.

## **Performance Audit**

### **Public Health Engineering & Water Supply Department**

#### **1.2 National Rural Drinking Water Programme (NRDWP)**

The National Rural Drinking Water Programme (NRDWP), launched nation-wide by the Government of India (GoI) in April 2009<sup>1</sup>, aimed to provide every rural person access to adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis through a decentralized approach involving *Panchayati Raj Institutions* (PRI) and community organizations. Special focus was to be given to coverage of households of rural habitations and conversion from hand pumps to piped water supply within household premises.

#### **Highlights**

- *A five-year comprehensive water security action plan to provide sub goals and priorities for coverage of the NRDWP was not prepared.*  
(Paragraph 1.2.8.4)
- *As of March 2017, out of total 7,582 habitations in the State, 2,910 habitations (38 per cent) were fully covered whereas 4,672 habitations (62 per cent) were still partially covered.*  
(Paragraph 1.2.8.5)
- *Out of 3,480 schools and 5,515 anganwadis in the State, only 2,898 schools and 1,043 anganwadis had been provided with safe drinking water leaving a balance of 582 schools (17 per cent) and 4,472 anganwadis (81 per cent) without provision of drinking water as on March 2017.*  
(Paragraph 1.2.10.2)
- *The water quality testing laboratories were functioning with inadequate manpower and shortfall of capability to analyse parameters. The water quality testing laboratories did not conform to the mandatory requirement*  
(Paragraph 1.2.13.1 & 1.2.13.2)

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<sup>1</sup> Prior to April 2009, the scheme was called Accelerated Rural Water Supply Programme (ARWSP).

- *The State laboratory had the capacity to examine only 38 out of 78 parameters whereas District laboratories of five sampled districts had the capacity to test only 10 out of 34 parameters as laid down in the 'Uniform Drinking Water Quality Monitoring Protocol' due to shortage of machines/equipment and trained manpower.*

*(Paragraph 1.2.13.1 (i))*

- *The shortfall of staff in different level of posts in the State level laboratory was to the extent of eight (57 percent) against fourteen staff required whereas in District laboratories the shortage was upto 34 (85 per cent) against 40 required staff.*

*(Paragraph 1.2.13.1 (ii))*

- *Out of 442 schemes approved during 2012-17 in sampled districts test checked, 407 schemes were completed, but the balance 35 schemes estimated to cost ₹ 17.24 crore were lying incomplete as on March 2017 for five to 60 months.*

*(Paragraph 1.2.14.1)*

- *There was doubtful expenditure of ₹ 24.42 crore incurred on procurement of various types of Galvanised Iron(GI) fittings.*

*(Paragraph 1.2.14.3)*

### **1.2.1 Introduction**

The NRDWP was launched by the GoI in April 2009 by modifying the earlier 'Accelerated Rural Water Supply Programme'. The main objectives of the NRDWP was to enable all rural households to have access to safe and adequate drinking water within a reasonable distance, providing drinking water facility through piped water supply (PWS) to *Gram Panchayats* (GPs), ensuring all government schools and *anganwadis* have access to safe drinking water and empowering local communities/PRIs to monitor and manage their own drinking water sources and systems in their villages. The focus of the NRDWP shifted (2013) from coverage of rural habitations to rural households, from hand pumps to PWS within household premises or within a distance of 100 metres from a household. The NRDWP has six components, *viz.*, 'coverage', 'water quality', 'operation & maintenance', 'sustainability', 'support' and 'water quality monitoring & surveillance'.

### **1.2.2 Organizational arrangements**

The Ministry of Drinking Water & Sanitation (MoDWS), GoI is the nodal Ministry responsible for the overall planning, funding and co-ordination of the NRDWP. In Arunachal Pradesh, the NRDWP is implemented by the State's Public Health Engineering & Water Supply Department (PHE&WSD). A Commissioner/Secretary level officer is the administrative head of the PHE&WSD and s/he is assisted by four Chief Engineers (CEs) at headquarters. The NRDWP is implemented by the PHE&WSD in the State through a network of seven Circle Offices headed by Superintending Engineers (SEs) and 24 Divisional Offices headed by Executive Engineers (EEs).

The institutional mechanisms prescribed by the GoI for the planning, implementation and monitoring of the NRDWP in the States include the State Water and Sanitation Mission (SWSM), State Level Scheme Sanctioning Committee (SLSSC), State Technical Agency (STA), Water and Sanitation Support Organisation (WSSO), District Water and Sanitation Mission (DWSM) and Village Water and Sanitation Committee (VWSC).

### **1.2.3 Audit Objectives**

The main objectives of this Performance Audit (PA) was to assess whether:

- planning was carried out as envisaged in the programme;
- financial management was efficient and effective;
- necessary institutional mechanism existed and programme was implemented in efficient and effective manner; and
- monitoring mechanism was in place and effective.

### **1.2.4 Scope of Audit and Methodology**

This PA on the implementation of the NRDWP in Arunachal Pradesh covering the period 2012-13 to 2016-17 was carried out during April to September 2017. The PA covered:

- five districts (Papumpare, West Siang, Lower Subansiri, West Kameng and Changlang) out of sixteen districts<sup>2</sup> in the State selected through Probability Proportional to Size Without Replacement (PPSWOR) method with expenditure incurred as size measure under the NRDWP during the year 2012-17;
- test-check of records of the offices of the four Chief Engineers (Eastern and Western Zone, Design & Planning and Sanitation) of the PHE&WSD;
- test-check of records of the divisional offices of seven Executive Engineers in the five selected districts;
- ten blocks (two blocks per each selected district) out of total of 32 blocks in the five selected districts - the blocks were chosen through PPSWOR method with size measure as number of NRDWP works executed in the blocks;
- out of the total of 685 *Gram Panchayats* (GP) under the 10 selected blocks, two GPs were selected from each of the ten blocks (total 20 GPs) through PPSWOR method with as number of NRDWP works executed in the GP as size measure;
- joint inspection by departmental, *Gram Panchayat* representatives and audit officials of all 75 completed schemes (position as on 31 March 2017) taken up

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<sup>2</sup> Tawang, West Kameng, East Kameng, Papum Pare, Lower Subansiri, Kurung Kumey, Upper Subansiri, West Siang, East Siang, Upper Siang, Dibang Valley, Lower Dibang Valley, Lohit, Anjaw, Changlang and Tirap (subsequent to this PA, six new districts were created taking the total number of districts in the State to 22).

under the NRDWP during 2012-17 at a cost of ₹ 66.42 crore in the selected 20 GPs under the ten blocks of the five sampled districts<sup>3</sup>; and

- feedback obtained from 700 beneficiaries<sup>4</sup> drawn from 80 habitations (four habitations from each of the 20 selected GPs chosen through PPSWOR method with size measure as number of NRDWP works executed in the habitations).

The details of sample selection is given in Table 1.2.1 below and **Appendix 1.2.1**.

**Table: 1.2.1 - Details of samples covered in audit**

	Districts	PHE&WS divisional offices	Blocks	Gram Panchayats	Habitations	Beneficiaries	NRDWP schemes
Selected	5	7	10	20	80	700	75
Total number	16 (in the State)	24 (in the State)	32 (in the five selected districts)	685 (in the ten selected blocks)	149 (in the selected 20 Gram panchayats)	in the 80 selected habitations	442 (in the selected five districts)

The Performance Audit commenced with an Entry Conference on 7 April 2017 with the Commissioner, PHE&WSD and other programme implementing officers, where the audit methodology, objectives, criteria, scope, etc., of the PA were explained. An Exit Conference was held with the Department on 5 December 2017 to discuss the audit findings contained in the draft PA Report. This PA Report was finalised after taking into account the views expressed by the Department during the Exit Conference and also incorporating the formal replies of the Department wherever received.

### 1.2.5 Audit Criteria

The audit findings were benchmarked against the following audit criteria:

- NRDWP Guidelines of 2009 and 2013 issued by MoDWS, GoI;
- Notifications, orders and circulars on NRDWP issued by the MoDWS, GoI;
- Uniform Drinking Water Quality Monitoring Protocol issued by the MoDWS, GoI;
- GoI/State Government orders relating to implementation of the NRDWP; and
- Physical and financial progress reported by the PHE&WSD to the MoDWS, GoI through the Integrated Management Information System (IMIS)<sup>5</sup>.

### 1.2.6 Acknowledgement

The Indian Audit & Accounts Department acknowledges the co-operation and assistance provided by the Public Health Engineering & Water Supply Department, GoAP during conduct of this PA.

<sup>3</sup> During 2012-17, a total of 442 schemes were taken up (estimated cost ₹ 218.98 crore) under the NRDWP in the 32 blocks of the five selected districts. As on 31 March 2017, 407 of these schemes had been completed at a cost of ₹ 201.74 crore and 35 schemes were still ongoing.

<sup>4</sup> Minimum eight beneficiaries per habitation.

<sup>5</sup> <https://www.indiawater.gov.in>

## **Audit findings**

The findings of the PA are discussed in the succeeding paragraphs.

### **1.2.7 Institutional mechanism for implementation of the programme**

NRDWP guidelines issued by the MoDWS, GoI prescribed the following institutions at the State, District, Block and Habitation/Village level to be constituted to strengthen the existing institutional and delivery mechanism of the NRDWP and to make it responsive to the needs of the community.

#### **1.2.7.1 State Water and Sanitation Mission (SWSM)**

As per paragraph 12.4 of NRDWP Guidelines (2009), each State is required to constitute an SWSM<sup>6</sup>. The responsibilities of the SWSM include providing policy guidance, co-ordination with other government departments and other partners, monitoring and evaluation of physical and financial performance of schemes and maintaining the accounts for programmes and support funds, *etc.* The SWSM was also required to conduct review of the programme in the districts once in six months.

It was observed that the GoAP had constituted the SWSM headed by the Chief Secretary in July 2009. However, SWSM did not include members from Women & Child Development Department and Agriculture Department as required under the guidelines. Further, the SWSM conducted the requisite two meetings only in 2012-13. During 2013-17, against the eight meetings required to be held during this period, the SWSM met only once in each of the four years. To this extent, the regular monitoring, coordination and evaluation of the implementation of the NRDWP in the districts by the highest levels of the State machinery fell short of the extent as envisaged in the NRDWP guidelines.

#### **1.2.7.2 State Level Scheme Sanctioning Committee (SLSSC)**

Paragraph 12.4 of the NRDWP Guidelines (2009) requires every State to constitute a SLSSC. The SLSSC was responsible for approval of Annual Action Plan (AAP), sanction of new schemes and reviewing progress of on-going schemes. The Committee was to meet at least twice in a year.

In Arunachal Pradesh, the SLSSC chaired by the Secretary, PHE&WSD with nine other members<sup>7</sup> was constituted in June 2000. It was noticed that while the SLSSC conducted the requisite two meetings in 2012-13, the Committee met only once during each of the years 2013-14, 2014-15 and 2015-16. During 2016-17, the SLSSC did not conduct any meetings.

The Department accepted (December 2017) that no meetings of SLSSC were held during 2016-17.

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<sup>6</sup> To be headed by the Chief Secretary with Secretaries in-charge of PHED, Rural Development, Panchayati Raj, Finance, Health, Education, Women and Child Development, Water Resources, Agriculture, Information and Public Relations as members.

<sup>7</sup> 1. Commissioner/Secretary(PHE&WSD)-Chairman, 2. Chief Engineer(Design & Planning) (PHE&WSD)-Member Secretary, 3. Joint Secretary(PHE&WSD)- Member 4. Chief Engineer(CWC)NE-III- member, 5. Chief Engineer(Sanitation) (PHE&WSD)-Member, 6. Chief Engineer(Eastern Zone) (PHE&WSD)-Member, 7. Chief Engineer(Western Zone) (PHE&WSD)-Member, 8. Commissioner, Finance-member & 9. Representative from CGWB, GoI-member.

### 1.2.7.3 State Technical Agency (STA)

Paragraph 12.4 of NRDWP Guidelines (2009) envisages that the SWSM in consultation with MoDWS, GoI was to identify a reputed technical institution to be designated as the STA to provide technical support to the department in the State implementing the NRDWP for preparation of AAPs and designing scientific and cost effective rural water supply schemes.

The PHE&WSD in June 2014 notified the North Eastern Regional Institute of Science & Technology, Nirjuli, Arunachal Pradesh as the STA. Audit, however, observed that the Department did not involve the STA either in providing any technical inputs at the planning or designing stage of rural water supply schemes or for post evaluations of completed schemes during the period June 2014 to March 2017.

### 1.2.7.4 Water and Sanitation Support Organisation (WSSO)

Paragraph 12.4 of the NRDWP Guidelines (2009) required every State to set up a WSSO which was to be a registered under the Societies Registration Act to assist PRIs and VWSCs to take up Information, Education and Communication (IEC) and Human Resource Development (HRD) activities and take up evaluation and impact assessment studies and Water Quality Monitoring & Surveillance (WQM&S) activities through consultants.

Audit observed that though the WSSO was constituted in August 2009, it was yet to be registered under the Societies Registration Act as of March 2017. The set up of the WSSO prescribed under the NRDWP Guidelines and its actual composition was as under:

**Table: 1.2.2 - Set up of the WSSO**

Sl. No.	Post prescribed under the NRDWP Guidelines	Number of posts prescribed under the NRDWP Guidelines	Persons-in position as on 31 March 2017
1	Director	01	01
2	Consultant HRD	01	01
3	Consultant IEC	01	01
4	Consultant M&E	01	-
5	Consultant Hydrogeologist	01	-
6	Consultant WQM&S	01	01
7	Consultant Sanitation & Hygiene	01	01
8	Accountant	01	01
9	Data Entry Operator	02	02

It will be seen that out of the six consultants prescribed for the WSSO under the NRDWP Guidelines, only four (for HRD; Sanitation & Hygiene; WQM&S; IEC) were in position. Audit observed that consultants for monitoring and evaluation (M&E) and hydro-geologist had not been appointed since the inception of the WSSO in August 2009. As a consequence, the WSSO had not conducted any evaluation and assessment studies of the impact of the implementation of the NRDWP in the State nor had carried out any surveys and investigations of surface or subterraneous water formations in the State during 2012-17. To this extent, the effectiveness of the WSSO was negatively impacted.

### 1.2.7.5 District Water and Sanitation Mission (DWSM)

As per Paragraph 12.5 of NRDWP Guidelines (2009), a DWSM was to be constituted at the district level which was to function under the supervision, control and guidance of *Zilla Parishad*. The DWSM's responsibility was to prepare the District Water Security Plan (DWSP), formulate, manage and monitor NRDWP schemes.

Audit observed that DWSMs had not been constituted in any of the five districts covered under this PA and as such, there was no formulation, management and monitoring of NRDWP schemes at the district level as envisaged under the NRDWP Guidelines. In the absence of a DWSP, the schemes taken up under the NRDWP in the districts would have been unplanned and not taken up on a holistic basis to take into account the district's geological and physical features, available drinking water infrastructure and gaps, demographic, environmental and other related factors crucial for the effectiveness and sustainability of the schemes.

### 1.2.8 Planning

#### 1.2.8.1 Strategic Plan

As per Paragraph 2.3 of Strategic Plan (2011-22) of MoDWS, GoI, targets for coverage of rural households under the NRDWP was as under:

**Table: 1.2.3 - Targets for coverage of rural households**

Targets	By 2017	By 2022
Provide with piped water supply	At least 50 per cent	At least 90 per cent
Have piped water supply with a household connection	At least 35 per cent	At least 80 per cent
Use of public tap	Less than 20 per cent	Less than 10 per cent
Use hand pumps or other safe and adequate private water sources	Less than 45 per cent	Less than 10 per cent
Access to and use adequate quantity of safe drinking water	all households, schools and <i>anganwadis</i>	--
Management of rural drinking water sources and systems by Panchayati Raj Institutions (PRIs and local communities	At least 60 per cent	100 per cent

(Source: Strategic plan (2011-22))

Each State was to formulate its own Implementation Plan depending on its needs, capacity and resources and establish a timeframe for achieving the above objectives. It was noticed that the Department had not prepared an Implementation Plan indicating the roadmap to achieve the targets set in the aforesaid Strategic Plan of the MoDWS, GoI.

#### 1.2.8.2 Village Water Security Plan (VWSP)

As per Paragraph 13 of NRDWP Guidelines, Village Water and Sanitation Committees (VWSCs) were to be constituted at the village level whose task was to prepare the VWSP which was to be approved by the *Gram Sabha*. The VWSP was to be prepared on the basis of demographic, physical features, water sources, available drinking water infrastructure and gaps, O&M of sources and systems, etc. in the village.

Audit observed that though VWSCs had been formed in all the 20 GPs sampled in this PA, no VWSPs were prepared by them. Instead, an annual shelf of projects was being prepared every year by the District Water and Sanitation Committees without the

involvement of the VWSCs. Thus, the decentralized and participative planning process from the *Gram Sabha* level as envisaged under the NRDWP Guidelines was absent in the 20 GPs covered under this PA. This indicated that important inputs reflecting the ground situation and actual requirement was not adequately considered in the formulation and implementation of NRDWP schemes in the five sampled districts.

#### **1.2.8.3 District Water Security Plan (DWSP)**

Paragraph 13 of NRDWP Guidelines specifies that a DWSP was to be prepared by the District Water & Sanitation Mission (DWSM) after consolidating the VWSPs under the supervision, control and guidance of the *Zilla Parishad*. The DWSP was to be submitted to the SLSSC for approval.

Audit observed that although District Water and Sanitation Committees (DWSC) headed by Deputy Commissioners of the districts had been constituted in all districts of the State, DWSPs were not being prepared by DWSCs. Instead, as mentioned earlier, an annual shelf of projects was being prepared by the DWSCs and in which, the VWSCs were not involved.

The Department accepted the audit observation and stated (December 2017) that consultations and surveys for preparation of DWSPs was under process.

#### **1.2.8.4 Comprehensive Water Security Action Plan (CWSAP)**

Paragraph 14 of the NRDWP Guidelines (2009) require that a rolling five-year CWSAP should be prepared to provide sub-goals and priorities for water facilities in habitations during each financial year based on mutual consultation between the Central and State Governments.

Audit observed that the Department had not prepared any rolling five-year CWSAP. The fact that the Department was preparing Annual Action Plans (AAPs) without the CWSAP which in turn was to be based on village and district water security plans, indicated that the AAPs were not formulated on a sound basis.

#### **1.2.8.5 Annual Action Plan (AAP)**

The NRDWP Guidelines stipulates that AAPs were to be prepared to provide a definite direction to the NRDWP for achieving the goal of drinking water security for every rural household. The AAPs were to accord high priority to cover rural habitations where 0 - 25 *per cent* of the population had access to safe drinking water. Under the NRDWP, the target for supply/consumption of water was 40 litres per capita per day (lpcd) which was revised to 55 lpcd in August 2013. The target for coverage of the priority habitations in the AAPs of 2012-13 to 2016-17 vis-à-vis the actual achievement in these years was as under:

**Table: 1.2.4 - Year-wise target and achievement of coverage of habitations**

Percentage of population with access to safe drinking water	Total number of habitations in the State as on 31 March 2017	2012-13		2013-14		2014-15		2015-16		2016-17		Total	
		T	A	T	A	T	A	T	A	T	A	T	A
>0 <25	2,271	148	92	176	83	96	50	94	25	64	15	578	265
>25<50	1,196	61	20	67	25	62	31	54	29	29	5	273	110
>50<75	758	34	10	21	4	57	17	51	29	26	4	189	64
>75<100	416	6	3	11	6	15	7	25	4	15	1	72	21
100	2,910	43	13	29	15	18	14	38	11	42	15	170	68
<b>Total</b>	<b>7,582</b>	<b>292</b>	<b>138</b>	<b>304</b>	<b>133</b>	<b>248</b>	<b>98</b>	<b>262</b>	<b>98</b>	<b>176</b>	<b>40</b>	<b>1,282</b>	<b>528</b>

(Source: AAPs of the Department; T-Number of rural habitations targeted; A-Achievement)

From the above it can be seen that:

- Out of the total of 1,282 rural habitations targeted for coverage under the NRDWP during 2012-17, only 45 per cent (578 habitations) were priority habitations (where only 0 - 25 per cent of the population had access to safe drinking water). This statistic indicates that the AAPs formulated by the Department for the years 2012-13 to 2016-17 were deficient and not in conformity with NRDWP Guidelines as precedence was not given to habitations who were to be accorded priority for coverage under the NRDWP.
- As against the target of 578 priority habitations to be covered during 2012-17, the actual achievement was 265 habitations (46 per cent) under priority habitation (0-25 per cent).
- The target of 1,282 habitations to be covered under the NRDWP in the State during the five-year period from 2012-13 to 2016-17 was a mere 17 per cent of the 7,582 rural habitations in the State as on 01 April 2017. Given the number of rural habitations in the State, the AAPs should have been on a more ambitious scale.
- The actual coverage achieved was even more insignificant – as at the end of March 2017, only 265 (12 per cent) out of 2,271 habitations in the State where 0-25 per cent of the population had access to safe drinking water were covered under the NRDWP. The corresponding figures for the other category of rural habitations was 9 per cent (>25<50 percentage range); 8 per cent (>50<75 percentage range); 5 per cent (>75<100 percentage range); 2 per cent (100 percentage range).

With reference to the issue of coverage of priority habitations, the Department in reply stated (December 2017) that due to the need to ensure region-wise balance in distribution of NRDWP schemes, priority could not be given to coverage of priority habitations.

### **1.2.9 Fund Management**

The NRDWP is funded by GoI and the State Governments on cost sharing basis as detailed below:

**Table: 1.2.5 - Component-wise allocation of funds**

Name of fund	Component	2012-13			2013-14 to 2014-15			2015-16 to 2016-17		
		Percentage share of NRDWP funds	Central Share (%)	State Share (%)	Percentage share of NRDWP funds	Central Share (%)	State Share (%)	Percentage share of NRDWP funds	Central Share (%)	State Share (%)
Programme	Coverage	45	90	10	47	90	10	47	90	10
	Water Quality	20			20			20		
	Operation & Maintenance	10	90	10	15	90	10	15	90	10
	Sustainability	20	100	0	10	100	0	10	90	10
Support	Support	3	100	0	5	100	0	5	90	10
	WQM&S	2	100	0	3	100	0	3	90	10

(Source: NRDWP Guidelines (2013))

Till 2013-14, funds allocated by GoI were routed through separate bank accounts operated by the SWSM for 'Programme' account and 'Support' account. The funding pattern was changed from April 2014 whereby the funds under the NRDWP allocated by GoI are routed through the State Finance Department, which then releases the programme funds to the implementing department.

The findings of audit on fund management are discussed below:

### 1.2.9.1 Fund flow and expenditure

Status of allocation/release of funds and expenditure under the NRDWP during 2012-13 to 2016-17 was as follows:

**Table: 1.2.6 - Funds release and expenditure during 2012-17**

(₹ in crore)

Year	Opening balance	Due		Actual Release		Interest earned	Total fund available	Total Expenditure	Closing balance	% of expenditure
		Centre	State	Centre	State					
2012-13	6.52	223.25	21.98	225.84	20.00	6.51	258.87	240.59	18.28	93
2013-14	18.28	234.33	23.23	237.33	20.92	1.76	278.29	251.94	26.35	91
2014-15	26.35	99.85	8.48	109.83	15.46	2.32	153.96	135.95	18.01	88
2015-16	18.01	58.08	6.7	65.70	5.74	3.17	92.62	73.15	19.47	79
2016-17	19.47	100.89	15.94	110.85	7.11	0.64	138.07	119.49	18.58	87
<b>Total</b>		<b>716.40</b>	<b>76.33</b>	<b>749.55</b>	<b>69.23</b>	<b>14.40</b>		<b>821.12</b>		<b>98</b>

(Source: GoI's sanction orders and CA's Audited Accounts)

It would be noticed that:

- The GoI every year during the period 2012-17, released to the State more than what was its due share of NRDWP funds. Consequently during the five-year period, the State received a total of ₹ 749.55 crore against ₹ 716.40 crore which was actually to be allocated by GoI.
- On the other hand, during the same period the state government released ₹ 69.23 crore against its share of ₹ 76.33 crore.
- The utilisation of the funds ranged between 79 per cent and 93 per cent of the total funds available. The performance on this count was better in the earlier years of the period 2012-17.

### 1.2.9.2 Delay in release of funds by the State Government to SWSM

Paragraph 17 of NRDWP Guidelines (2013) read with sanction orders of GoI stipulate that the State should transfer the entire amount of central allocation received along with its matching share to the implementing agency(s) not later than 15 days of receipt of funds from GoI. In case of delay, penal interest at 12 *per cent* for the period of delay should be transferred by the State Government to the implementing agency.

GoI released funds directly to the SWSM upto 2013-14 but from 2014-15, funds were released by GoI directly to State Government, which in turn release the funds to SWSM. Position of release of funds from the State Government to SWSM during 2014-15 to 2016- 2017 was as below:

**Table: 1.2.7 - Delay in release of funds**

(₹ in crore)

Year	GoI fund releases	Fund released by State Govt. to SWSM	Delays (in months)
2014-15	109.83	45.68	One to three months
2015-16	65.70	9.84	Four months
2016-17	110.85	18.00	Five months
<b>Total</b>	<b>286.06</b>	<b>73.52</b>	

(Source: Figures furnished by SWSM)

During the year 2014-17, GoI released ₹ 286.38 crore for various programme activities out of which, the State Government released ₹ 73.52 crore (26 *per cent*) to SWSM after delays ranging between one and five months. On account of this delay, the State Government was liable to pay ₹ 1.75 crore as penal interest to the SWSM but which it had not transferred to the implementing agency. Neither did the Department raise this issue with the State Government.

While accepting the audit observations, the Department stated (December 2017) that delays in release of funds by the State Government was due to lengthy budgetary and sanctioning process of the State's Finance Department.

### 1.2.10 Programme Implementation

As mentioned earlier, six components of the NRDWP are being implemented in the State viz. Coverage, Water Quality, O&M, Sustainability, Support and WQM&S. Audit observations are discussed in the preceding paragraph:

#### 1.2.10.1 Coverage of rural households and habitations and PWS connections

Strategic Plan 2011-22 of the MoDWS, GoI envisaged that by March 2017, at least 50 *per cent* of rural households should be provided with piped water supply and at least 35 *per cent* of rural households should have piped water supply with a household connection.

With reference to the above milestones, departmental records indicated that as at the end of March 2017:

- out of total 7,582 habitations in the State, 3,620 habitations (48 *per cent*) had been provided with piped water supply (PWS) as against 50 *per cent* envisaged in the Strategic Plan; and

- out of 2,22,525 rural households in the State, only 11,032 households (5 per cent) had piped water supply with a household connection as against 35 per cent envisaged in the Strategic Plan.

### 1.2.10.2 Coverage of schools and anganwadis

Paragraph 9.8 of NRDWP Guidelines (2013) envisions all government schools and *anganwadis* to have access to safe drinking water supply by 2017.

Audit observed that as at the end of March 2012, out of 3,480 government schools and 5,515 *anganwadis* in the State, 2,057 schools (59 per cent) and 1,030 *anganwadis* (19 per cent) had been provided with safe drinking water supply leaving a balance of 1,423 schools and 4,485 *anganwadis*.

With respect to the latter two numbers, it was further noticed that the targets for coverage under the NRDWP in the ensuing years (2012-13 to 2016-17) was not of the magnitude required that would have ensured all government schools and *anganwadis* in the State would have access to safe drinking water supply by 2017. The figures in this regard are given below:

**Table: 1.2.8 - Coverage of government schools/*anganwadis* with safe drinking water**

Year	Government schools				Anganwadis			
	Nos. of schools without drinking water facilities	T	A	Shortfall	Nos. of <i>anganwadis</i> without drinking water facilities	T	A	Shortfall
2012-13	1,423	505	505	-	4,485	13	13	-
2013-14	918	382	336	46	4,472	0	0	-
2014-15	582	14	0	14	4,472	0	0	-
2015-16	582	0	0	-	4,472	0	0	-
2016-17	582	0	0	-	4,472	0	0	-
<b>Total</b>		<b>901</b>	<b>841</b>	<b>60</b>		<b>13</b>	<b>13</b>	<b>-</b>

(Source: IMIS data) T-Target A-Achievement

It will be seen that:

- against 1,423 government schools that were still left to be provided with safe drinking water supply as at the end of March 2012, only 901 schools (63 per cent) were targeted for coverage in the course of the next three years as against which 841 schools were actually covered;
- in 2014-15, not a single school was provided with safe drinking water supply although 14 schools were targeted in that year;
- although 582 schools were still to be provided with safe drinking water supply as at the beginning of 2015-16, not a single school was targeted for coverage in 2015-16 and 2016-17;
- out of the 4,485 *anganwadis* as at the end of March 2012 that were left to be provided with safe drinking water supply, only 13 *anganwadis* were targeted for coverage during 2012-13 and none were targeted for coverage in the next four years.

The position of safe drinking water supply in government schools and *anganwadis* in five sampled districts as on 31 March 2017 was as under:

**Table: 1.2.9 - Position of safe drinking water supply in government schools and *anganwadis* in the sampled districts as on 31 March 2017**

District	Total No. of schools	Schools	Anganwadis	
		Without safe drinking water supply (per cent)	Total No. of anganwadis	Without safe drinking water supply (per cent)
Papumpare	321	43(13)	511	421 (82)
Lower Subansiri	171	07(04)	214	94 (44)
West Siang	173	40(23)	381	364 (96)
West Kameng	196	32(16)	315	296 (94)
Changlang	300	103(34)	428	189 (44)
<b>Total</b>	<b>1,007</b>	<b>225(22)</b>	<b>1849</b>	<b>1364(74)</b>

(Source: IMIS data)

It can be seen that as at the end of March 2017:

- the percentage of schools still to be provided with safe drinking water supply ranged from 4 per cent (Lower Subansiri District) to 34 per cent (Changlang District);
- 225 (22 per cent) out of 1007 schools in these five districts did not have safe drinking water supply;
- the percentage of *anganwadis* still to be provided with safe drinking water supply ranged from 44 per cent (Lower Subansiri and Changlang districts) to 96 per cent (West Siang District); and
- 1,364 (74 per cent) out of 1,849 *anganwadis* in these five districts did not have safe drinking water supply.

Thus, in the light of the above statistics, it was evident that the State had still a long way to go in ensuring that all government schools and *anganwadis* in Arunachal Pradesh have access to safe drinking water supply, although under the NRDWP Guidelines, this was to have been achieved by 2017.

## **1.2.11 Operation and Maintenance (O&M)**

### **1.2.11.1 Funds allotment for O&M**

Paragraph 9.7 of NRDWP Guidelines permit that up to 15 per cent of NRDWP funds can be utilised for O&M.

Audit observed that during 2012-13 to 2016-17, ₹ 102.63 crore was allocated against ₹ 110.51 crore (13 per cent of total allocation ₹ 818.78 crore) that could have been allocated for O&M. Despite this however, the Department could spend only ₹ 88.33 crore of the ₹ 102.63 crore earmarked for O&M.

### **1.2.11.2 Low devolution of O&M funds to PRIs**

Paragraph 9.7 of NRDWP Guidelines also state that all water supply schemes including distribution and other components within the village are to be maintained by the *Gram*

*Panchayats* (GP). For this, the States should devolve the required O&M fund to the PRIs for O&M of water supply schemes managed by them.

Audit observed that out of a total 407 water supply schemes completed during 2012-17 by the seven PHE&WS divisions in the five sampled districts at a cost of ₹ 201.74 crore, only 271 schemes had been handed over to the GPs. It was further noticed that only three divisions had provided funds to GPs/VWSCs for O&M of the water supply schemes handed over to them. The details are as under:

**Table: 1.2.10 - Status of devolution of completed water supply schemes in the sampled districts as on 31 March 2017**

Sl. No.	District	Division	No. of schemes completed during 2012-17	Cost of completed schemes (₹ in lakh)	No. of schemes handed over to VWSCs during 2012-17	Amount released for O&M during 2012-17 (₹ in lakh)	Funds provided to GP/VWSC for O&M by the division out of col. 7 (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Papumpare	Yupia	80	4,117.86	50	745.10	0
		Itanagar	36	1,809.51	35	1,000.39	0
2	Lower Subansiri	Ziro	62	3,411.89	2	483.60	0
3	West Kameng	Bomdila	58	3,082.02	28	282.25	0
4	West Siang	Aalo	73	2,809.58	63	566.16	8.73
5		Likabali	40	1,750.88	40	445.24	4.06
6	Changlang	Changlang	58	3,191.94	53	777.93	5.44
<b>Total</b>			<b>407</b>	<b>20,173.68</b>	<b>271</b>	<b>4,300.67</b>	<b>18.23</b>

It can be seen from the table that:

- 271 schemes out of 407 completed schemes were handed over to the concerned VWSCs by the seven divisions in the five selected districts during the period 2012-17;
- Water supply schemes were largely managed by the divisions as out of seven divisions test checked in five districts, only three divisions viz., Aalo, Likabali and Chnaglang transferred ₹ 18.23 lakh (One per cent) to concerned VWSCs out of ₹ 17.89 crore received for O&M during the five year period ;
- The remaining four divisions did not transfer any fund to the concerned VWSCs despite spending of O&M funds to the extent of ₹ 25.11 crore.

## 1.2.12 Water Quality

### 1.2.12.1 Coverage of Water Quality affected habitations

As per Paragraph 4 of NRDWP guidelines, water is defined as safe if it is free from biological contamination (guinea worm, cholera, typhoid, etc.) and within permissible limits<sup>8</sup> of chemical contamination (excess fluoride, brackishness, iron, etc.) as per standard set by Bureau of Indian Standard (BIS). For Water Quality Affected Habitations

<sup>8</sup> Permissible limit: Iron (1 mg/l), Arsenic (0.05 mg/l), Fluoride (1.5 mg/l), Nitrate (45 mg/l).

(WQAH), 20 per cent of annual funds was required to be allocated as per NRDWP Guidelines.

Audit observed that against the required allocation of ₹ 163.76 crore (20 per cent of ₹ 818.78 crore) for water quality affected habitations for the period 2012-17, only ₹ 3.07 crore was allocated for this period against which actual expenditure was ₹ 3.07 crore. This allocation was inadequate to tackle the problem of WQAHs as discussed in the succeeding paragraph.

### **1.2.12.2 Target and Achievement**

Audit observed that the problem of WQAHs in the State are usually resolved by the Department by providing Piped Water Supply Schemes (PWSS) wherein provision was made for construction of Water Treatment Plant (WTP) besides other normal treatment procedures such as chlorination, gypsum treatment and also by setting up iron removal filters.

The target and achievement in coverage of WQAH in the State, during the 2012-17 was as under:

**Table: 1.2.11 - Target and achievement of coverage of WQA habitations**

Year	No. of WQAH as on 01 April of the year	Target for coverage	No. of WQAH actually covered through PPWS	No. of WQAH covered through other means	WQAH habitations yet to be covered
2012-13	115	0	0	1	114
2013-14	114	19	8	19	87
2014-15	87	46	5	0	82
2015-16	82	26	5	16	61
2016-17	61	16	4	0	57
<b>Total</b>		<b>107</b>	<b>22</b>	<b>36</b>	

(Source: IMIS data and Annual Action Plans 2012-17)

It will be seen that out of the above 115 WQAHs as at the beginning of 2012-13, 107 WQAHs were targeted for coverage during the period 2012-17. The achievement against the target was to the extent of 58 (54 per cent) habitations with a shortfall of 49 (46 per cent) habitations. Out of 58 habitations the problem of 22 WQAHs was solved by providing PWSS and the other 36 WQAHs through other means such as through iron removal filters. As on March 2017, 57 WQA habitations were yet to be covered.

While accepting the audit observations, the Department stated (December 2017) that the total number of WQAHs had gone upto 72 habitations as of March 2017 due to emergence of new WQA habitations. It further attributed the shortfall in coverage WQAHs to inadequate allocation of funds for O&M in the annual budgets.

### **1.2.13 Water Quality Monitoring and Surveillance**

#### **1.2.13.1 Water testing infrastructure and facilities**

Paragraph 2 of the Uniform Drinking Water Quality Monitoring Protocol (UDWQMP) read with paragraph 10.4 of NRDWP Guidelines (2013) envisages that laboratories at State, District and Sub-Divisional level should be established for regular testing and

surveillance of water. Paragraph 5.3 of UDWQMP also stipulates that laboratories at all levels should be accreditation of the National Accreditation Board for Testing and Calibration of Laboratories (NABL) at an early date. Further paragraph 4.1 and 4.2 of UDWQMP requires that the State, District and Sub-Divisional laboratories should have the capability of analysing the prescribed range (number) of physical, chemical and microbiological parameters listed in the protocol. Paragraph 5.4.1 of the UDWQMP prescribes the staffing norms for State, District and Sub-Divisional laboratories.

Examination of records with respect to the above requirements revealed the following:

- (i) The number of water testing laboratories in the State as on 31 March 2017 was as under:

**Table: 1.2.12 - Position of water testing laboratories in the State and districts**

Laboratory	Required Number	Available	Shortage
State Laboratory	1	1	-
District Laboratory	16	16	-
Sub-Divisional Laboratory	Not Available	30	-

(Source: PHE & WSD)

None of the above laboratories, however, had obtained NABL accreditation.

Inspection by Audit of the State laboratory and the laboratories of the five districts covered under this PA revealed significant shortfalls in the capacity of these laboratories to analyse the prescribed number of physical, chemical and microbiological parameters as listed in the UDWQMP as under:

**Table: 1.2.13 - Position of no. of test parameters in the State and districts**

Laboratories	Number of test parameters		Shortfall
	Prescribed under the UDWQMP	For which the laboratory was equipped to carry out	
State Laboratory	78	38	40
Papumpare	34	10	24
West Siang	34	10	24
Lower Subansiri	34	10	24
West Kameng	34	10	24
West Siang	34	10	24

(Source: PHE & WSD)

It can be seen from the above that:

- the State laboratory had the capability to analyse 38 of the prescribed 78 parameters.
- the five selected district laboratories had capacity to analyse only 10 parameters against the required 34 parameters.

Further, out of 43 machines/equipment prescribed UWWQMP for various tests, the State laboratory was not provided with six machines/equipment<sup>9</sup> whereas District laboratories were not provided with eight<sup>10</sup> out of the 35 prescribed machines/equipment.

(ii) Review of the manning (as on 31 March 2017) of the State and five district laboratories with respect to the manpower norms prescribed under the UDWQMP revealed that these facilities were understaffed as under:

**Table: 1.2.14 - Details of staff position in State level laboratory**

Category of post	Requirement as per UDWQMP	Available	(+) Excess/(-) Shortage
Chief Chemist/ Water Analyst	1	0	(-) 1
Senior Chemist/Water Analyst	1	1	0
Chemist/Water Analyst	2	2	0
Microbiologist	1	0	(-) 1
Sampling Assistant	2	0	(-) 2
Lab Attendant	2	0	(-) 2
Lab Assistant	3	3	0
Data Entry Operator	2	0	(-) 2
<b>Total</b>	<b>14</b>	<b>6</b>	<b>(-) 8</b>

(Source: Data furnished by State level Laboratory)

It can be seen from the table that:

- there was shortfall of eight staff against the requirement of 14 staff in the State laboratory; and,
- the important positions of Chief Chemist, Microbiologist and Sampling Assistant were lying vacant.

As per the UDWQMP, eight staff members are to be posted in each district level laboratory. Against the total of 40 personnel to be posted in the laboratories of the five districts under this PA, only six persons were actually deployed. The vacancies in these laboratories were to the extent as shown below:

**Table: 1.2.15 - Details of staff position in District level laboratories**

Category of post (No. of posts)	Position of manpower(+) Excess/(-) Shortage					Total shortage
	Papumpare	West Siang	Lower Subansiri	West Kameng	Changlang	
Chemist (5)	(-) 1	(-) 1	(-) 1	(-) 1	(-) 1	(-) 5
Bacteriologist (5)	(-) 1	(-) 1	(-) 1	(-) 1	(-) 1	(-) 5
Lab Assistant (10)	(-) 1	(-) 1	0	(-) 1	(-) 2	(-) 5
Sampling Assistant (10)	(-) 2	(-) 2	(-) 2	(-) 2	(-) 2	(-) 10
Lab Attendant (5)	0	(-) 1	(-) 1	(-) 1	(-) 1	(-) 4
Data Entry Operator (5)	(-) 1	(-) 1	(-) 1	(-) 1	(-) 1	(-) 5
<b>Total</b>	<b>(-) 6</b>	<b>(-) 7</b>	<b>(-) 6</b>	<b>(-) 7</b>	<b>(-) 8</b>	<b>(-) 34</b>

(Source: Data furnished by District level Laboratories)

<sup>9</sup> Inductively Coupled Plasma-Optical Emission Spectrometry (ICP-OES), Arsenic testing instrumentation (portable type), Uranium Analyzer (Digital), Kjeldal distillation Apparatus, PCR Machine and Reflux Apparatus/COD.

<sup>10</sup> Flame Photometer, UV-Visible Spectrophotometer, Atomic Absorption Spectrophotometer with electrode lamps, ICP-OES, Arsenic testing instrumentation, Fume coup board, Auto Burette & Auto-Pipette, Argon, Nitrogen & Oxygen Gas.

While accepting the audit observations, the Department stated (December 2017) that action has been initiated to appoint manpower which is under process.

It is recommended that due to paucity of technical staff in the State, State Government may consider getting water samples tested in other State Laboratories.

### 1.2.13.2 Water Quality Testing in State laboratory

As per Paragraph 5 of Annexure III of NRDWP guidelines (2013), 10 *per cent* of the samples tested in District Level Laboratories (DLLs) should be sent to the State Laboratory for further testing. Year-wise samples required to be tested by State laboratory *vis-à-vis* tests done by district labs are shown in the table below:

**Table: 1.2.16 - Tests conducted by the State Laboratory**

Year	Total Nos. of water samples tested in DLLs	Details of water samples tested by State Laboratory			
		Required	Actual	Shortfall	Percentage
2012-13	5113	511	State Laboratory was established in 2016.		
2013-14	9716	672			
2014-15	13318	1332			
2015-16	10590	1059			
2016-17	13292	1329	343	986	74
<b>Total</b>	<b>52029</b>	<b>5203</b>	<b>343</b>	<b>986</b>	<b>74</b>

(Source: IMIS)

As evident from the table above, the State Laboratory was established in 2016. As such only 343 water samples could be tested in the State Laboratory against the requirement of 5203 samples resulting in a shortfall of 74 *per cent* in sample testing during the period 2012-17. This indicated that the process of cross-verification at State laboratory was minimal and the accuracy of testing at DLLs could not be ensured.

### 1.2.13.3 Water Quality Testing in the five district laboratories

Paragraph 5 (Annexure III) of NRDWP guidelines (2013) read with Paragraph 5.2 of UDWQMP prescribes that all drinking water sources should be tested by district and sub-divisional laboratories at least twice a year (pre and post monsoon) for bacteriological contamination<sup>11</sup> and once a year for chemical contamination<sup>12</sup> and uploaded in the IMIS for regular monitoring.

Information furnished regarding the water quality testing carried out at District Laboratories during 2012-17 was as under:

<sup>11</sup> Total coliform and Faecal coliform

<sup>12</sup> Alkalinity, Chloride, Total hardness, Iron, Nitrate, Arsenic, Fluoride, *etc.*

**Table: 1.2.17 - Details of bacteriological and chemical tests**

District	Year	Total Nos. of water sources	Bacteriological Tests			Chemical Tests		
			Number of			Number of		
			Test prescribed	Test done	Contaminated samples	Test prescribed	Test done	Contaminated samples
Papumpare	2012-13	963	1,926	21	0	963	21	14
	2013-14	963	1,926	997	0	963	997	68
	2014-15	963	1,926	886	0	963	886	5
	2015-16	963	1,926	1,259	0	963	1,259	0
	2016-17	963	1,926	1,200	0	963	1,200	3
<b>Total</b>		<b>4,815</b>	<b>9,630</b>	<b>4,363</b>	<b>0</b>	<b>4,815</b>	<b>4,363</b>	<b>90</b>
West Siang	2012-13	2,271	4,542	351	0	2,271	351	175
	2013-14	2,271	4,542	1,066	0	2,271	1,066	11
	2014-15	3,330	6,660	2,140	11	3,330	2,140	116
	2015-16	3,351	6,702	1,627	1	3,351	1,627	4
	2016-17	3,355	6,710	1,870	0	3,355	1,870	1
<b>Total</b>		<b>14,578</b>	<b>29,156</b>	<b>7,054</b>	<b>12</b>	<b>14,578</b>	<b>7,054</b>	<b>307</b>
Lower Subansiri	2012-13	344	688	324	0	344	324	104
	2013-14	344	688	1,148	0	344	1,148	58
	2014-15	381	762	501	0	381	501	3
	2015-16	732	1,464	722	0	732	722	23
	2016-17	732	1,464	720	0	732	720	15
<b>Total</b>		<b>2,533</b>	<b>5,066</b>	<b>3,415</b>	<b>0</b>	<b>2,533</b>	<b>3,415</b>	<b>203</b>
West Kameng	2012-13	1,789	3,578	79	0	1,789	79	1
	2013-14	1,789	3,578	205	0	1,789	205	0
	2014-15	1,789	3,578	1,670	0	1,789	1,670	0
	2015-16	1,789	3,578	659	0	1,789	659	0
	2016-17	1,789	3,578	1,134	0	1,789	1,134	0
<b>Total</b>		<b>8,945</b>	<b>17,890</b>	<b>3,747</b>	<b>0</b>	<b>8,945</b>	<b>3,747</b>	<b>1</b>
Changlang	2012-13	1,056	2,112	254	0	1,056	254	79
	2013-14	1,056	2,112	270	2	1,056	270	43
	2014-15	1,056	2,112	410	2	1,056	410	25
	2015-16	1,056	2,112	319	0	1,056	319	9
	2016-17	606	1,212	511	0	606	511	29
<b>Total</b>		<b>4,830</b>	<b>9,660</b>	<b>1,764</b>	<b>4</b>	<b>4,830</b>	<b>1,764</b>	<b>185</b>

(Source: IMIS)

During 2012-17, as seen from above table:

- Papumpare district laboratory tested only 4,363 water samples (45 *per cent*) against the 9,630 samples required to be taken and tested for bacteriological contamination. There was no bacteriologically contamination found in any of the 4,363 water samples tested. Against 4,815 water samples to be tested for chemical contamination, 4,363 samples were actually tested and 90 samples tested positive for chemical contamination.
- West Siang district laboratory tested 7,054 water samples (24 *per cent*) against the required 29,156 samples required to be taken and tested for bacteriological contamination. Out of 7,054 samples tested, 12 samples (0.2 *per cent*) were found bacteriologically contaminated. Against 14,578 water samples to be tested for chemical contamination, 7,054 samples were actually tested and 307 samples tested positive for chemical contamination.
- Lower Subansiri district laboratory tested 3,415 water samples (67 *per cent*) against the required 5,066 samples required to be taken and tested for bacteriological contamination. Out of 3,415 samples tested, not a single sample was found bacteriologically contaminated. Against 2,533 water samples to be tested for chemical contamination, 3,415 samples were actually tested and 203 samples tested positive for chemical contamination.
- West Kameng District laboratory tested 3,747 water samples (21 *per cent*) against the required 17,890 samples required to be taken and tested for bacteriological contamination. Out of 3,747 samples tested, not a single sample was found bacteriologically contaminated. Against 8,945 water samples to be tested for chemical contamination, 3,747 samples were actually tested and one sample tested positive for chemical contamination.
- Changlang District laboratory tested 1,764 water samples (18 *per cent*) against the required 9,660 samples required to be taken and tested for bacteriological contamination. Out of 1,764 samples tested, four samples were found bacteriologically contaminated. Against 4,830 water samples to be tested for chemical contamination, 1,764 samples were actually tested and 185 samples tested positive for chemical contamination.

#### **1.2.13.4 Field Testing Kits (FTKs)**

As per Paragraph 5.1 of UDWQMP, all *Gram Panchayats* (GPs) and water quality testing laboratories should use Water Quality Field Test kits<sup>13</sup> for primary investigation.

Audit observed that the Department procured 10,742 FTKs (cost ₹ 278.72 lakh) for chemical testing and 4.50 lakh bacteriological vials (cost ₹ 84.24 lakh) for microbiological tests during 2012-13 to 2015-16. The status of distribution of FTKs and bacteriological vials in the test checked divisions was as under:

<sup>13</sup> FTK is used for Quantitative test which includes total hardness, total alkalinity and chloride tests, and Semi-quantitative tests for remaining parameters using colour comparison charts.

- In Likabali Division (West Siang) against 359 FTKs received by division, only 150 FTKs were distributed to Blocks/GPs during 2013-2017. Of the balance 209 FTKs in stock, 159 FTKs had already expired in September 2016.
- In Aalo Division (West Siang), out of 982 FTKs (including opening balance of 48 FTKs) received during 2012-2017 by the division, 738 FTKs were distributed. 87 unutilised FTKs out of the balance 244 FTKs had expired in 2015-16 and the remaining 157 FTKs were lying idle in stock since September 2016.
- In Changlang Division (Changlang), against 821 FTKs received by the division during 2012-2017, records of distribution of 60 and 110 FTKs received during the year 2012-13 and 2013-14 respectively could not be furnished to Audit. Out of balance of 651 FTKs (821 FTKs -170 FTKs), only 347 FTKs were distributed to Blocks/GPs during 2014-17. The balance 232 FTKs were lying idle in stock since September 2016 and 72 FTKs had expired in April 2017.
- Stock registers of 89,400 bacteriological vials received by four divisions (Itanagar: 22,500 vials; Aalo: 33,700 vials; Likabali: 11,700 vials; Changlang: 21,500 vials) during 2012-17 could not be made available for audit verification. Physical verification by Audit revealed that out of the 89,400 bacteriological vials, 34,700 vials received by the four divisions<sup>14</sup> were not distributed to GPs and all these vials had expired.

The above indicated deficiencies in the existing distribution mechanism. This also points to the lack of coordination between the divisions and the GPs/VWSCs.

## **1.2.14 Execution of Water Supply Schemes**

### **1.2.14.1 Delay in completion of schemes**

During the period 2012-13 to 2016-17, a total of 1,854 schemes<sup>15</sup> (estimated cost ₹ 745.44 crore) were taken up during this period in the State. As on 31 March 2017, 1,773 schemes were completed at a cost of ₹ 575.90 crore and the balance 81 were in progress.

A test check of records of the seven PHE&WS divisions in the five districts covered under this PA revealed that during the period 2012-17, a total of 442 schemes (estimated cost ₹ 218.97 crore) were taken up. As on 31 March 2017, 407 schemes were completed at a cost of ₹ 201.74 crore and the balance 35 schemes were in progress.

The status of execution of the schemes in the seven divisions test checked was as under:

**Table: 1.2.18 - Statement of delay in completion of schemes**

(₹ in lakh)

Sl. No.	Period of delays	Ongoing scheme		Completed schemes	
		No. of schemes (per cent)	Cost of project	No. of schemes (per cent)	Cost of project
1	5 to 12 months	18 (4)	961.83	64 (15)	6,223.93
2	12 to 36 months	14 (3)	662.96	15 (3)	3,147.84
3	36 to 60 months	3 (1)	99.47	6 (1)	238.89
4	Without delay	--	--	322 (73)	1,8268.96
	<b>Total</b>	<b>35 (8)</b>	<b>1,724.26</b>	<b>407 (92)</b>	<b>20,173.68</b>

(Source: Departmental records)

<sup>14</sup> Itanagar-14,000 vials, Aalo-7,500 vials, Likabali- 4,200 vials and Changlang- 9,000 vials.

<sup>15</sup> (60 ongoing + 1,794 new).

It will be seen that of the completed 407 schemes, 322 schemes (73 per cent) executed were completed within stipulated dates of completion. There was, however, substantial delay of 36 months to 60 months in respect of six schemes. In other schemes the delay ranged between 5 months and 36 months mainly on account of delay in release of funds by the State Government.

### 1.2.14.2 Lack of transparency in award of works

Rule 136(1) (vi), of General Financial Rules, 2017 (GFR) stipulate that no work shall be commenced without inviting tenders and formal execution of agreement with the contractors/suppliers. For works costing ₹ 5.00 lakh and above open tenders should be invited; and for work costing less than ₹ 5.00 lakh limited tender should be called.

A test check of records of the seven PHE&WSD divisions in the five sampled districts for the period 2012-2017 revealed that the Divisional Officers executed the 442 water supply schemes/projects (estimated cost ₹ 218.97 crore) by awarding the scheme/projects (valued ₹ 9.00 lakh to ₹ 211.71 lakh) to various local contractors without inviting tenders. Division wise details are given in following table:

**Table: 1.2.19 - Details of schemes executed without tendering procedure**

(₹ in lakh)

Sl. No.	Name of the district	Name of the Division	No. of schemes/projects	Estimated cost
1	Papumpare	Itanagar Division	36	1,809.51
		Yupia Division	88	4,308.04
2	Lower Subansiri	Ziro Division	66	3,716.82
3	West Siang	Aalo Division	76	3,107.40
		Likabali Division	47	2,081.23
4	West Kameng	Bomdila Division	66	3,347.48
5	Changlang	Changlang Division	63	3,527.46
<b>Total</b>			<b>442</b>	<b>21,897.94</b>

(Source: Divisional records)

Award of works without inviting tenders was a serious violation of the codal provisions. Further, as tender procedure was not followed, competitive pricing and transparency was not ensured in award of these works by the Divisions. It was also noticed that formal agreements were not executed with the local contractors by the concerned Executive Engineers with these contractors.

Audit recommends that the Department fix responsibility and initiate disciplinary action against the divisional officers who awarded NRDWP works of the value of ₹ 203.21 crore without inviting tenders.

### 1.2.14.3 Doubtful expenditure

Rule 208 (ii), (iii) and 209 (ii) of General Financial Rules, 2017 stipulates that after purchase, all materials shall be counted, measured or weighed and subjected to visual inspection at the time of receipt to ensure that the quantities are correct and entered in the appropriate stock register. Further, a written acknowledgement of receipt of material issued shall be obtained from the indenting officer or his authorized representative at the time of issue of materials.

A check of vouchers of seven PHE&WS divisions in the five districts revealed that in five divisions<sup>16</sup>, ₹ 24.42 crore was shown to have been incurred on procurement of various types of Galvanized Iron (GI) fitting items during 2012-17. The divisions, however, could not produce to Audit any stock registers showing actual receipt, issue and utilization of the GI fittings. In absence of the stock register, the actual receipt and utilization of the materials could not be vouchsafed in Audit. Under the circumstances, therefore, the receipt, issue and utilisation of GI fittings valuing ₹ 24.42 crore was doubtful.

The matter of non-maintenance of stock registers was a serious lapse and calls for investigation and appropriate action against the erring officials.

## **1.2.15 Monitoring and Evaluation**

### **1.2.15.1 Discrepancies between IMIS data and physical records**

Monitoring and evaluation are two important aspects for ensuring the success of any project. MDWS, GoI had adopted the Integrated Management Information System (IMIS) software for monitoring implementation of the NRDWP. Under IMIS, the data and information as prescribed by the Ministry from time to time, was to be uploaded by the concerned State agency in the relevant module.

A comparative analysis of the data uploaded in IMIS with that of data collected during field audit in five sampled districts revealed that there were large inconsistencies in data uploaded in IMIS and data maintained at the field offices as per details given below:

**Table: 1.2.20 - Inconsistencies in data**

<b>Particulars</b>	<b>As per IMIS</b>	<b>As per physical records</b>	<b>Difference</b>
No. of surface water bodies in sampled districts	3,080	7,895	4,815
No. of schools in the State	3,480	3,513	33
No. of schools with drinking water facilities in the State	2,898	2,877	21
No. of schools in selected GPs	84	55	29
No. of schools with drinking water facilities in selected GPs	67	42	25
No. of anganwadi s in selected GPs	89	75	14
No. of anganwadi s with drinking water facilities in selected GPs	33	32	1
No. of sub-divisional level labs in selected blocks	6	5	1
No. of staff available in district labs	13	6	7
No. of Water supply schemes implemented in sampled districts	837	442	395
No. of Water supply schemes completed in sampled districts	801	407	394
No. of ongoing schemes in sampled districts	36	35	1
No. of PWS schemes including schools in test checked GPs	137	107	30

In view of the discrepancies noticed above, the integrity of the data uploaded in the IMIS, which formed the basis of monitoring and evaluation and release of funds, was not reliable.

<sup>16</sup> Likabali, Bompdila, Yupia, Aalo and Ziro.

Department stated (December 2017) that the discrepancies are being cross checked and reconciled.

#### 1.2.15.2 Review by SWSM

As per Para 8.0 of the NRDWP guidelines, the SWSM is required to review the programme in the districts once in six months to check and ensure that the water quality monitoring and surveillance programme was implemented in accordance with the norms and also that the community had been involved in analysis of water samples using field test kits.

Audit, however, observed that SWSM had not carried out any half yearly review of the programme in the five sampled districts during the five year period 2012-17.

#### 1.2.15.3 Vigilance and Monitoring Committees

Para 19.2 of the NRDWP provides for constitution of Vigilance and Monitoring Committees at State, District and Village level may be set up to monitor the progress and exercise vigilance on implementation of the programme.

Audit, however, observed that in Arunachal Pradesh, Vigilance and Monitoring Committees at the State, District and Village levels had not been set up till the date of Audit (July 2017) in order to monitor the progress and exercise the vigilance on implementation of schemes.

#### 1.2.15.4 Findings of Beneficiary Survey

Audit conducted a survey and obtained feedback from 700 respondents (of selected 80 habitations) under 20 selected GPs/VWSCs of the five districts covered under this PA in order to assess the issues impacting the beneficiaries viz., availability, supply and adequacy of drinking water, water quality, etc. The survey was carried out through a pre-designed format and the findings were as under:

**Table: 1.2.21 - Statement of findings of beneficiary survey**

Particulars	No. of beneficiaries	Percentage
Beneficiaries having functional PWS in their habitation	679	97
Beneficiaries with Non-functional PWS in their habitation	12	2
Beneficiaries having household piped water supply connections	517	74
Beneficiaries getting water supply from public taps	162	26
Beneficiaries having insufficient water supply	271	39
Beneficiaries reported non collection of water samples for testing by the Department	671	96
No. of GPs not involved in water quality testing	11	55
No. of GPs not provided with FTKs	5	25

It can be seen from the above that 97 per cent of the respondents had a functional piped water supply in their habitation and 74 per cent of the respondents had piped water supply in their households. As high as 39 per cent of the respondents said they had insufficient water supply. 55 per cent of GPs surveyed were not involved in water quality testing and 25 per cent of GPs surveyed did not receive FTKs for water quality test.

### **1.2.16 Conclusion**

The Department had not prepared water security plans at different levels as envisaged in the NRDWP guidelines. A five-year comprehensive rolling water security action plan and State specific policy framework were not prepared. As on 31 March 2017, out of total 7,582 habitations in the State, 2,910 habitations (38 *per cent*) were fully covered whereas 4,672 habitations (62 *per cent*) were still partially covered. Funds to the extent of ₹ 18.58 crore for programme implementation was lying unutilized with SWSM as of March 2017. The State Government was liable to pay ₹ 1.75 crore as penal interest to the SWSM due to delay in release of fund. Only 11,032 rural households (5 *per cent* of 2,22,525) had piped water supply with a household connection as against 35 *per cent* envisaged in the Strategic Plan. The State had still a long way to go in ensuring that all government schools and *anganwadis* in Arunachal Pradesh have access to safe drinking water supply. The guidelines required that O&M of water supply scheme to be maintained by the Gram Panchayats but the same were largely managed by the divisions. The State and District laboratories did not carry out water quality tests as mandated. There were instances of delay in completion of schemes, lack in transparency in award of works, etc. There was doubtful expenditure of ₹ 24.42 crore incurred on procurement of various types of Galvanised Iron (GI) fittings. The integrity of the data uploaded in the IMIS, which formed the basis of monitoring and evaluation and release of funds, was not reliable.

### **1.2.17 Recommendations**

- The State Government should prepare the five year Comprehensive Plan to facilitate formulation of Annual Action Plan in a systematic manner for ensuring implementation of the schemes/projects in priority categories/areas.
- The State Government needs to ensure timely release of funds and ensure their utilization towards completion of projects in a time bound manner.
- The quality of the drinking water should be conducted by ensuring that the requisite range of tests are carried out at all water testing laboratories.
- Monitoring of SWSM and SLSSC may be strengthened and regular review of water supply schemes should be conducted keeping in view the programme objectives.

## Compliance Audit

### Department of Women & Child Development

#### 1.3 'Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)'

##### 1.3.1 Introduction

In November 2010, the Government of India (GoI) launched the 'Rajiv Gandhi Scheme for Empowerment of Adolescent<sup>17</sup> Girls (RGSEAG)' or 'SABLA' under the platform of Integrated Child Development Services (ICDS) with the objectives of:

- enabling self-development and empowerment of adolescent girls (AGs);
- improving their nutrition and health status;
- spreading awareness on health, hygiene, nutrition, Adolescent Reproductive and Sexual Health (ARSH); family and child care, and
- mainstreaming out-of-school AGs into formal/non formal education, etc.

The RGSEAG has the following main components:

- (i) Nutrition and
- (ii) Non-Nutrition
  - Iron Folic Acid (IFA) supplementation,
  - Health check-up and referral services,
  - Nutrition & Health Education (NHE),
  - Counselling/Guidance on family welfare, ARSH, child care practices,
  - Life skill education and accessing public services.

In Arunachal Pradesh, the RGSEAG was introduced as a pilot in January 2011 in four districts of Arunachal Pradesh viz., West Kameng, Papumpare, Lohit and West Siang districts.

The RGSEAG is implemented by Department of Women & Child Development (WCD) of the Government of Arunachal Pradesh (GoAP) through a network of 28 ICDS projects and 1950 anganwadi centres (AWCs) in the four districts.

The Secretary, WCD, is responsible for overall direction and implementation of the RGSEAG and he is assisted by a Director at the State level. At the district level, Deputy Directors are responsible for the implementation of the scheme and they are assisted by Child Development Project Officers (CDPOs) and Supervisors of AWCs. Under the CDPOs, the AWCs carry out service delivery of the major components of the RGSEAG.

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<sup>17</sup> Under the RGSEAG, an Adolescent Girl was defined as 11-18 age out-of-school girls as well as school going girls.

### **1.3.2 Audit Scope and Methodology**

The Compliance Audit of the implementation of the RGSEAG in the four districts of the State, viz., Papumpare, West Kameng, West Siang and Lohit districts covering the period 2012-17 was conducted during April 2017 to June 2017. The audit was conducted through test-check of records of Director of WCD, four Deputy Directors and 16<sup>18</sup> CDPOs (out of a total of 28 CDPOs in the four districts). During 2012-17, an expenditure of ₹ 550.72 lakh was incurred on the RGSEAG in the four implementing districts (28 CDPOs) out of which expenditure incurred by the 16 selected CDPOs amounting to ₹ 349.43 lakh (63 *per cent*) was covered in this audit. Further, 80 AWCs (5 in each CDPO x 16 CDPOs) out of 1,293 AWCs in 16 CDPOs were selected for joint inspection of service delivery centres.

An Entry Conference was held on 06 April 2017 with Special Secretary, WCD, GoAP and Deputy Director, ICDS where the audit methodology, objectives, criteria, scope, etc., were explained. An Exit Conference was held with the Department on 04 December 2017 to discuss the audit findings. The replies of the Department wherever received have been incorporated in this Compliance Audit Report.

### **1.3.3 Audit Objectives**

The Compliance Audit was conducted to examine whether:

- the Department had adequately planned for implementation of the RGSEAG;
- fund were utilized in a timely manner as per financial rules and RGSEAG Guidelines;
- the RGSEAG was implemented as per prescribed Guidelines and the objectives were achieved; and
- the monitoring mechanism was adequate and effective.

### **1.3.4 Audit Criteria**

The audit findings were benchmarked against the following criteria:

- RGSEAG Implementation Guidelines of GoI;
- General Financial Rules 2005 and Orders; and
- Circulars/Orders issued by GoI as well as State Government on RGSEAG.

### **1.3.5 Audit Findings**

The audit findings are discussed in the following paragraphs.

#### **1.3.5.1 Identification of beneficiaries**

As per the GoI's instruction (October 2010), the State Government was required to conduct baseline survey for identification of AGs under each AWC. The AWCs were also required to maintain registers for all AGs and update the same every six months.

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<sup>18</sup> Papumpare (4 CDPOs out of 8 CDPOs), West Kameng (3 CDPOs out of 5 CDPOs), West Siang (6 CDPOs out of 11 CDPOs) and Lohit (3 CDPOs out of 4 CDPOs).

Scrutiny of records in the Directorate, WCD revealed that the Department conducted (November 2010) baseline survey in 26 CDPOs out of 28 CDPOs. However, there was no subsequent updation of data of AGs after every six months. In 80 AWCs jointly inspected by audit and departmental officials (5 in each CDPO x 16 CDPOs), the registers for recording and updating the details of AGs every six months were not found to have been maintained.

Audit further noticed that the data regarding the number of AGs in the four districts did not appear to be credible. It was seen that the number of AGs in the four districts indicated by the Directorate while projecting the budgetary requirements to GoI for the 'nutrition' component of the RGSEAG ('nutrition' component was to be funded on 50:50 basis between the Central and State governments), varied from the number of AGs for whom the funds were sanctioned by the GoAP (except in 2015-16) as is shown in the table below:

Table: 1.3.1 (i)

Year	No. of AGs in the four districts (28 CDPOs)	
	No. of AGs indicated in proposals submitted by GoAP to GoI	No. of AGs indicated in sanction orders of GoAP
2012-13	14,226	15,375
2013-14	14,226	17,397
2014-15	18,634	10,754
2015-16	10,670	10,670
2016-17	11,531	11,831

The above mismatch was also observed at the level of the 16 CDPOs covered in this compliance audit which was as under:

Table: 1.3.1 (ii)

Year	No. of AGs in 16 test-checked CDPOs	
	No. of AGs indicated in sanction orders of GoAP	As per CDPO's records
2012-13	11,472	7,116
2013-14	13,269	6,699
2014-15	8,365	7,711
2015-16	8,155	7,577
2016-17	8,941	7,600

Thus, it was clear that:

- the Department did not have reliable data regarding the number of AGs eligible for coverage under the RGSEAG. As the age of beneficiaries is bound to change continuously, regular surveys would have ensured that new girls who have attained adolescence are not deprived of benefits under the RGSEAG while those AGs who have attained adulthood are phased out of the RGSEAG.

### 1.3.5.2 Release of funds and expenditure

(a) The funding of the 'nutrition' component of the RGSEAG was on 50:50 sharing basis between the Central and State Governments and 'non-nutrition' component was fully funded by Central Government. From 2015-16 onwards, the funding pattern for both the components was changed to 90:10 between the Central and State Governments.

The status of funds released by Central and State Government during 2012-17 for all 28 CDPOs was as shown below:

**Table:1.3.2 (i)**

(₹ in lakh)

Year	Nutrition Component				Non-Nutrition Component				Total		
	Central share*	State share	Released by Central	Released by State	Central share**	State share	Released by Central	Released by State	Amount due (2+3+6+7)	Actual release (4+5+8+9)	Total Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2012-13	115.31	115.31	28.86	0.00	106.40	NA	106.40	NA	337.03	135.26	135.26
2013-14	130.48	130.48	14.43	0.00	106.40	NA	87.97	NA	367.36	102.40	102.40
2014-15	80.66	80.66	49.31	14.03	106.40	NA	71.63	NA	267.71	134.97	134.97
2015-16	144.05	16.01	35.85	0.00	95.76	10.64	42.56	0.00	266.45	78.41	78.41
2016-17	159.72	17.75	35.61	7.15	95.76	10.64	47.88	9.04	283.87	99.68	99.68
<b>Total</b>	<b>630.21</b>	<b>360.20</b>	<b>164.06</b>	<b>21.18</b>	<b>510.72</b>	<b>21.28</b>	<b>356.44</b>	<b>9.04</b>	<b>1,522.41</b>	<b>550.72</b>	<b>550.72</b>

(Source: Compiled from records of Director, WCD)

\*Calculated by Audit taking number of AGs as sanctioned by GoI @ ₹5/- per AG for 300 days in a year

\*\*@ ₹ 3.80 lakh per CDPO per year as prescribed under the RGSEAG Guidelines

During 2012-17, against ₹ 1,522.41 lakh which was to be released by GoI/State for RGSEAG, only ₹ 550.72 lakh (36 per cent) was released. There was a shortfall of ₹ 971.69 lakh (64 per cent). While the shortfall of Central share was to the extent of 30 per cent and 74 per cent for 'non-nutrition' and 'nutrition' components respectively, the shortfall in State share was even higher at 57 per cent and 94 per cent for 'non-nutrition' and 'nutrition' components respectively during the period 2012-17. The shortfall in release of funds had adverse impact on the level of services delivered by the CDPOs on supplementary nutrition, health check-up, nutrition, health education, etc., as discussed in the subsequent paragraphs.

Further, Audit observed that funds were released by the Department to the CDPOs with a delay ranging from three to eight months during the five-year period 2012-13 to 2016-17. The expenditure incurred by 16 CDPOs covered in this audit was ₹ 140.69 lakh for 'nutrition' component and ₹ 208.80 lakh for 'non-nutrition' component. It was observed that the expenditure under the 'nutrition' component (₹ 140.69 lakh) was made in accordance with the sanction orders and RGSEAG guidelines. However, only four CDPOs (Aalo East, Kaying-Payum, Liromoba and Basar) out of 16 CDPOs had incurred item-wise details of expenditure of ₹ 52.20 lakh for 'non-nutrition' component of the RGSEAG. In the remaining 12 CDPOs, the details of expenditure of ₹ 156.60 lakh incurred under each item of the 'non-nutrition' component of the scheme were not being maintained as required under the RGSEAG.

The Department stated (November 2017) that sanction orders had clearly spelt out item-wise provision of funds, and as for non-compliance by CDPOs, further instructions would be issued for future compliance.

### 1.3.5.3 Provision for 'nutrition' component in 16 CDPOs

(a) As per Para 6.1.1 of RGSEAG, each entitled AG (11-18 out-of-school and 14-18 school going girls) was to be provided under the 'nutrition' component at the rate of ₹ 5.00 per day for receiving required calories and protein for 300 days in a year.

The fund requirement as per the scheme guidelines and actual allotment in the four districts (28 CDPOs) is as given below:

Table: 1.3.2 (ii)

Year	Eligible AGs <sup>19</sup>	Fund requirement as per scheme guidelines (Col. 2 x ₹ 5 x 300days) (₹ in lakh)	Actual Allotment (₹ in lakh)	Percentage of funds provided	Share of each beneficiary per day in ₹ as per actual allotment of funds
1	2	3	4	5	6
2012-13	15,375	230.63	28.83	13	0.63*
2013-14	17,397	260.96	14.35	6	0.28
2014-15	10,754	161.31	63.34	39	1.96
2015-16	10,670	160.05	35.85	22	1.12
2016-17	11,831	177.46	42.76	24	1.20
<b>Total</b>		<b>990.41</b>	<b>185.13<sup>20</sup></b>		

(Source: Compiled from records of Director, WCD); \* (Actual Allotment /No. of AGs)/300 days

From the above table, it is clear that during 2012-17, the funds provided for the 'nutrition' component of the RGSEAG ranged between 6 per cent and 39 per cent of requirement indicating a huge shortfall in allotment of funds against the requirement as stipulated in the RGSEAG guidelines. As a result, against the entitlement of ₹ 5 per day for each AG, the actual allotment worked out between ₹ 0.28 to ₹ 1.96 per day during the period 2012-17.

(b) The position of allocation of fund for 'nutrition' component in the 16 CDPOs covered under this compliance audit during 2012-17 was as indicated below:

Table: 1.3.3

Year	Actual allotment for 'nutrition' component for 16 CDPOs (₹ in lakh)	Actual no. of AGs as per CDPOs record	Share of each AG per day in ₹
1	2	3	4
2012-13	21.51	7,116	1.00
2013-14	10.95	6,699	0.54
2014-15	48.73	7,711	2.01
2015-16	27.32	7,577	1.20
2016-17	32.19	7,600	1.41
<b>Total</b>	<b>140.70</b>		

(Source: Compiled from records of Director, WCD)

It will be seen from the above that as against the entitlement of ₹ five per day for each AG, the actual allotment worked out between ₹ 0.54 to ₹ 2.01 per day during the period 2012-17 in the case of the 16 CDPOs.

The Department stated (November 2017) that full entitlement for 'nutrition' component could not be provided to the beneficiaries due to less release of funds by Central and State Government.

#### 1.3.5.4 Iron Folic Acid (IFA) supplementation

IFA supplementation is required for combating anaemia and enhancing adolescent growth. As per paragraph 6.2 of the RGSEAG guidelines, the IFA supplementation should be given two tablets once a week to all the *out-of-school* adolescent girls through AWCs.

<sup>19</sup> No. of AGs taken from sanction orders of the GoAP.

<sup>20</sup> Excluding allowable administrative expenditure of ₹ 7,747.00 incurred in the Directorate office as intimated by WCD to Audit.

Audit worked out the requirement and actual procurement of IFAs in the 16 CDPOs covered in this audit during 2012-17 which was as under:

**Table: 1.3.4**

Year	No of eligible out-of-school AGs	No. of tablet requirement as per guidelines (Col. 2 x 52 weeks x 2 tablets)	No. of tablets procured by the 16 CDPOs
1	2	3	4
2012-13	843	87,672	36,020
2013-14	911	94,744	27,480
2014-15	1021	1,06,184	23,910
2015-16	909	94,536	25,460
2016-17	924	96,096	59,740

(Source: Compiled from records of 16 test-checked CDPOs)

It will be seen that for all the five years, the actual procurement of IFA tablets was less than the requirement – the shortage ranged from 23 per cent (23,910 out of 1,06,184) to 62 per cent (59,740 out of 96,096). This would have led to the eligible AGs receiving less than the recommended dosage of IFA tablets which would have adversely impacted their adolescent growth.

### 1.3.5.5 Health Check-up of adolescent girls on ‘Kishori Diwas’

AGs face numerous risks and problems relating to reproductive and sexual health, including sexually transmitted infections and HIV/AIDS, substance abuse, nutritional, psychological and behavioural problems, emotional changes, etc., during the period of adolescence. As per paragraph 5.3 of the RGSEAG Guidelines, a general health check-up of all AGs was to be organised at least once in every three months on ‘Kishori Diwas’ (special health day) in collaboration with Auxiliary Nurse Midwives (ANM) and other health functionaries.

The position of ‘Kishori Diwas’ observed in the 16 test-checked CDPOs during 2012-13 to 2016-17 was as indicated below:

**Table: 1.3.5**

Year	No. of AWCs	Required No. (No. of AWC x 4 times in a years)	No. of Kishori Diwas celebrated	Shortfall	Percentage of Shortfall
2012-13	1,293	5,172	1,898	3,274	63
2013-14	1,293	5,172	1,775	3,397	66
2014-15	1,293	5,172	1,275	3,897	75
2015-16	1,293	5,172	1,416	3,756	73
2016-17	1,293	5,172	1,124	4,048	78
<b>Total</b>	<b>6,465</b>	<b>25,860</b>	<b>7,488</b>	<b>18,372</b>	<b>71</b>

(Source: Compiled from records of 16 test-checked CDPOs)

Audit observed that the 16 CDPOs organized 7,488 ‘Kishori Diwas’ against requirement of 25,860. The health screening of AGs with regard to reproductive and sexual health, sexually transmitted infections, HIV/AIDS, etc., would not have been to the extent and degree envisaged in the RGSEAG Guidelines against the backdrop of a shortfall of holding 18,372 (71 per cent) ‘Kishori Diwas’.

### 1.3.5.6 Mainstreaming out-of-school girls into schools

Education is the overarching objective of the RGSEAG which was to effect convergence with the education system and would also monitor progress on enrolment of *out-of-school* AGs.

The year-wise enrolment as against the total number of *out-of-school* girls in eight out of the 16 CDPOs covered under in this compliance audit during 2012-17 was as given below:

**Table: 1.3.6**

Year	Nos. of out-of-school AGs in 16 CDPOs	Nos. of out-of-school AGs admitted into schools in 8 CDPOs (%)	Shortfall
2012-13	843	21(2)	822
2013-14	911	9 (1)	902
2014-15	1021	22 (2)	999
2015-16	909	20 (2)	889
2016-17	924	10 (1)	914

(Source: Compiled from records of 16 test-checked CDPOs)

From the table above, it can be seen that:

- in absolute terms, the number of out-of-school AGs in the 16 CDPOs had risen from 843 (2012-13) to 924 (2016-17);
- the number of out-of-school AGs admitted to schools every year was a fraction of the total number out-of-school AGs and ranged from just one *per cent* (2013-14) to two *per cent* (2015-16); and
- 20 AGs were admitted to schools in 2015-16 and this number came down to 10 in 2016-17.

The Department stated (November 2017) that the out-of-school girls were reluctant to join schools even after counselling because of their poor family background, engaging in household works, farming activities etc.

The fact that enrolment of out-of-school AGs took place only in 8 out of the 16 CDPOs and the Department's reply, clearly indicated that efforts for enrolment of out-of-school AGs needed to be drastically stepped up.

### 1.3.5.7 Capacity building

As per paragraph 8.1 of RGSEAG Guidelines, various components of the RGSEAG should be implemented by ICDS functionaries after being RGSEAG related training.

The position of training provided to the ICDS functionaries at district level to village level in 16 out of the 28 CDPOs in all the four districts as on March 2017 was as indicated below:

Table: 1.3.7

Sl. No.	District	Dy. Directors		CDPOs		AWWs	
		Total	Training imparted (per cent)	Total	Training imparted (per cent)	Total	Training imparted (per cent)
1	Papumpare	1	1 (100)	4	4 (100)	302	0 (0)
2	West Kameng	1	1 (100)	3	1 (33)	238	0 (0)
3	West Siang	1	0 (0)	6	0 (0)	430	0 (0)
4	Lohit	1	0 (0)	3	1 (33)	323	0 (0)
<b>Total</b>		<b>4</b>	<b>2 (50)</b>	<b>16</b>	<b>6 (38)</b>	<b>1293</b>	<b>0 (0)</b>

(Source: Compiled from records of 16 test-checked CDPOs)

From the above, it can be seen that while RGSEAG – related training was provided to some extent at the Deputy Director and CDPO level, no training was imparted at the level of anganwadi workers (AWW).

### 1.3.5.8 Deficiencies in submission of Monthly Progress Report

RGSEAG Guidelines provide that a monthly progress report is to be furnished by the AWW to the Supervisor of the anganwadi center (AWC). These reports were to be consolidated by the Supervisor of the AWC and sent to the CDPO. The CDPO will further consolidate the reports of the Supervisors and send the consolidated report to the Deputy Director (DD) who in turn will consolidate the reports of the CDPO of his district and send the same to the Director, WCD.

Audit, however, observed the DDs of the four districts did not play any role in the compilation of monthly progress reports. Instead, CDPOs prepared the monthly progress reports at their level and forwarded them to the WCD without obtaining reports from the Supervisors and AWWs and without routing the reports through the DDs. Thus, the reports of the CDPOs did not reflect the actual services provided under the RGSEAG at the ground level and the monitoring by DDs would not have been to the extent required.

The Department stated (November 2017) that instructions would be issued to all concerned for compliance with the RGSEAG Guidelines regarding preparation and consolidation of monthly progress reports.

### 1.3.6 Conclusion

None of the 80 AWCs inspected under the selected 16 CDPOs out of 28 CDPOs maintained the prescribed registers for recording details of AGs and the services delivered. There was a huge shortfall in allotment of funds provided for the ‘nutrition’ component. As a result, against the entitlement of ₹ 5 per day for each AG, the actual allotment worked out between ₹ 0.28 to ₹ 1.96 per day during the period 2012-17. The actual procurement of IFA tablets was less than the requirement – the shortage ranged from 23 per cent to 62 per cent which would have adversely impacted the adolescent growth of AGs. There was shortfall (71 per cent) in conducting ‘Kishori Diwas’. Eight out of 16 selected CDPOs<sup>21</sup> did not enrol any out-of-school AGs during 2012-17. The number of out-of-school AGs admitted to schools every year in the remaining eight CDPOs was just a fraction of the total number out-of-school AGs. The CDPOs prepared

<sup>21</sup> Itanagar; Naharlagun; Sagalee; Aalo East; Likabali; Gensi; Basar and Dirang.

the monthly progress reports at their level and forwarded them to the WCD without obtaining reports from the Supervisors and AWWs and without routing the reports through the DDs. Thus, the reports of the CDPOs did not reflect the actual services provided under the RGSEAG at the ground level.

The findings of this CA as summarised above, was based on an examination of the records of 16 CDPOs (covering 1293 AWCs).

It is recommended that the State Government can carry out a similar exercise with respect to remaining 12 CDPOs (covering 657 AWCs), left out in Audit, to assess the extent of the various shortcomings pointed out in the implementation of the RGSEAG in the four districts of the State so that the objectives of enabling self-development and empowerment of AGs and improving their health status are achieved.

### Public Health Engineering & Water Supply Department

#### 1.4 Unfruitful expenditure

**EE, PHE & WS, Seppa division issued supply/work orders to the tune of ₹ 786.34 lakh without calling for tenders and expenditure of ₹ 1,140.43 lakh incurred so far was unfruitful as the project scheduled to be completed in March 2014, was still incomplete.**

Ministry of Development of North Eastern Region (DoNER), Government of India accorded (March 2011) administrative and financial approval of ₹ 1,485.25 lakh for the project 'Water Supply at Chayang-Tajo Township' on 90:10 cost sharing basis between the Central and State Government. The project's objective was to provide potable drinking water in Chayang-Tajo township (population of 1,433 as per census 2001). The work was stipulated to be completed by March 2014.

As of March 2016, a total amount of ₹ 1,140.43 lakh (Central: ₹ 1,048.30 lakh and State: ₹ 92.13 lakh) had been released and spent for the project as under:

Table: 1.4.1

(₹ in lakh)

Sl. No.	Total Sanction Amount	Central Share		State Share	
		Released Amount	Release date	Released Amount	Release date
1	1,485.25	533.30	16.03.2011	12.13	22.03.2012
2		515.00	23.03.2015	35.00	02.03.2013
3				45.00	11.03.2014
<b>Total</b>	<b>1,485.25</b>	<b>1,048.30</b>		<b>92.13</b>	

Scrutiny (September 2016) of records of the Executive Engineer (EE), Public Health Engineering & Water Supply (PHE&WS), Seppa Division revealed that:

- the work commenced in November 2011 without the competent authority's technical sanction for the work;
- 188 work orders valuing ₹ 786.34 lakh were issued to 39 local contractors/suppliers without inviting tenders (two work orders valuing another

₹ 549.29 lakh<sup>22</sup> were issued to two contractors/suppliers after invitation of tenders);

- the EE failed to recover ₹ 82.91 lakh<sup>23</sup> from the final bills of six contractors this amount being the cost of the cement and steel issued to the contractors.
- As per Quarterly Progress Report (March 2016), the physical progress of the work was 80 *per cent* and financial progress was ₹ 1,140.43 lakh.

In reply (September 2017), the Department stated that recovery of the cost of materials of ₹ 82.91 lakh would be made from M/s Hills Engineering as ₹ 195.14 lakh was yet to be released to the firm. The Department's reply was grossly incorrect as the recovery of ₹ 82.91 lakh was to be recovered from six other contractors and not from M/s Hills Engineering.

The fact also, remains that the project was taken up without the technical sanction of the competent authority; work/supply orders to the value of 53 *per cent*<sup>24</sup> of the total project cost were issued to local contractors/suppliers without call of tenders; the expenditure of ₹ 1,140.43 lakh incurred so far was unfruitful; and, the project which should have been completed in March 2014 was still incomplete (as of September 2016) thereby depriving the populace of Chayang-Tajo township of the benefits envisaged from the project.

This audit para pertains to the lapses in one specific project executed by Executive Engineer (EE), Public Health Engineering & Water Supply (PHE&WS), Seppa Division.

The State Government may identify similar incomplete projects/on-going works where inspite of huge expenditure, the public has not benefitted from the projects for long periods and review such delayed projects and take steps for their early completion so as to make them operational.

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<sup>22</sup> a) North Eastern Tubes limited: ₹ 274.68 lakh for procurement of pipes.

b) M/S Hill Engineering: ₹ 274.56 lakh for tender for construction of various items of the work.

<sup>23</sup> (cost of 354.624 MT cement: ₹ 60.72 lakh + cost of 364.704 quintal Steel: ₹ 22.19 lakh).

<sup>24</sup> ₹ 786.34 lakh being value of work/supply orders issued without tendering as a percentage of ₹ 1,485.25 lakh being the sanctioned cost of the project.

# **CHAPTER – II**

## **ECONOMIC SECTOR**

## CHAPTER - II: ECONOMIC SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the audit findings of State Government departments under the Economic Sector.

During 2016-17, total budget allocation of the State Government under the Economic Sector (other than Public Sector Undertakings) was ₹ 4,596.98 crore, against which the actual expenditure was ₹ 3,373.99 crore. Details of Department-wise budget allocation and expenditure there against is given in the table below:

**Table: 2.1.1**

(₹ in crore)

Sl. No.	Department	Total Budget Allocation	Expenditure	Col. 3 as percentage of Col. 2
	(1)	(2)	(3)	(4)
1	Industries	73.88	44.60	60
2	Textile & Handicrafts	44.57	40.88	92
3	Tourism	122.08	84.32	69
4	Rural Development	395.65	376.73	95
5	Co-operation	37.23	27.55	74
6	Agriculture	181.90	164.89	91
7	Horticulture	145.60	91.39	63
8	Animal Husbandry	168.61	112.01	66
9	Fisheries	24.50	41.77	170
10	Research	19.81	10.53	53
11	Science & Technology	9.54	9.51	100
12	Public Works	510.24	314.60	62
13	North Eastern Areas	94.38	77.49	82
14	Environment & Forests	281.43	233.78	83
15	Transport	130.18	117.61	90
16	Power	1,084.91	882.93	81
17	Water Resources	407.84	262.51	64
18	Geology & Mining	23.85	14.69	62
19	Rural Works	840.78	466.20	55
<b>Total</b>		<b>4,596.98</b>	<b>3,373.99</b>	<b>73</b>

(Source: Appropriation Accounts 2016-17)

It will be seen that:

- only 73 per cent of the total budgetary allocation in 2016-17 under the Economic Sector was utilized during the year;
- the expenditure in 18 out of the 19 departments of the GoAP under this Sector was less than their respective budgetary allocations for the year; and
- the exception was Fisheries Department whose expenditure during the year exceeded its budgetary allocation by 70 per cent.

### **2.1.1 Planning and Conduct of Audit**

Audit process starts with the assessment of risks faced by various State Government departments and their subordinate offices based on expenditure incurred, criticality and complexity of activities, level of delegated financial powers and assessment of overall internal controls.

After completion of audit of each office, Inspection Reports containing audit findings are issued to the Heads of departments/offices with the request that replies to the audit findings be furnished within a month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations arising out of Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for being tabled in the State Legislature.

During 2016-17, audit was conducted in 52 offices of the 19 departments of the GoAP under the Economic Sector covering an expenditure of ₹ 4,698.66 crore (including expenditure of earlier years).

Major findings detected in Audit during 2016-17 pertaining to the Economic Sector (other than Public Sector Undertakings), are discussed in subsequent paragraphs of this chapter. This chapter of the Audit Report contains five Compliance Audit Paragraphs.

## **Compliance Audits**

### **Water Resource Department**

### **2.2 Accelerated Irrigation Benefits Programme**

#### **2.2.1 Introduction**

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Ministry of Water Resources (MoWR), Government of India (GoI) during 1996-97 to provide financial assistance to the States for accelerating the implementation of on-going irrigation projects on which substantial investment had already been made but which were beyond the resource capability of the State Governments to complete. The AIBP initially covered only major and medium irrigation projects, but was later extended to minor irrigation projects from 1999-2000. In the case of Special Category States, central assistance under the AIBP was 90 *per cent* of the project cost and the States were to contribute the remaining 10 *per cent*. In Arunachal Pradesh, 315 minor irrigation projects (MIPs) under the AIBP were taken up during 2012-13 to 2016-17 at an estimated cost of ₹ 230.72 crore.

#### **2.2.2 Organisational Setup**

The Water Resource Department (WRD), GoAP is the nodal department for implementing the AIBP in Arunachal Pradesh. The Secretary, WRD is the administrative head of the Department and he is assisted by two Chief Engineers (CEs) in charge of Eastern and Western Zones. The CE (Western Zone) is the nodal officer for implementation of projects under the AIBP in the State. In addition, the WRD has four Superintending Engineers supervising the works executed under the AIBP across the State by 15 Executive Engineers (EEs) at the divisional level.

### 2.2.3 Audit Objective

The objectives of the Compliance Audit on the AIBP were to assess whether:

- planning was carried out as per the guidelines;
- funds were released and utilised in a timely manner and projects were executed in an economic, efficient and effective manner; and
- monitoring and evaluation system were in place and effective.

### 2.2.4 Audit Criteria

The Audit findings were benchmarked against the following audit criteria:

- AIBP Guidelines issued by GoI.
- Guidelines issued by Central Water Commission (CWC) for preparation of Detailed Project Reports.
- Central Public Works Manual (adopted by GoAP).
- Related circulars/instructions issued by the MoWR and CWC.

### 2.2.5 Audit Scope and Methodology

Compliance Audit (CA) of the AIBP covering the period 2012-13 to 2016-17 was carried out during April to September 2017. The scope of the CA encompassed:

- scrutiny of records of the office of the CE (Western Zone), WRD;
- scrutiny of records of seven<sup>1</sup> WRD divisional offices headed by EEs (out of a total of 15 WRD divisional offices under the Department) selected through Probability Proportional to Size Without Replacement (PPSWOR) method with size measure as expenditure incurred under the AIBP during the 2012-17;
- examination of records of 56 MIPs<sup>2</sup> (comprising of 315 completed sub-MIPs and 315 ongoing sub-MIPs) costing ₹ 50.34 crore executed by the seven selected WRD divisional offices – these 56 selected MIPs (details given in **Appendix 2.2.1**) were selected through PPSWOR method with size measure as expenditure;
- out of the 630 sub-MIPs in the selected 56 MIPs, 136 sub-MIPs (68 completed sub-MIPs and 68 ongoing sub-MIPs) were also jointly inspected by departmental and audit officials.

An Entry conference (4 April 2017) was held with the Secretary, WRD and officials of the Department wherein the audit objectives, scope of audit and audit methodology were discussed. The draft CA report was issued to the Department on 17 October 2017. Audit findings were also discussed with officers of the Department in an Exit Conference held on 22 November 2017 and their views and responses have been suitably incorporated in this Report.

<sup>1</sup> Itanagar, Seppa, Bomdila, Yingkoing, Pasighat, Tezu and Roing WRD divisional offices.

<sup>2</sup> Out of a total of 315 MIPs costing ₹ 230.72 crore taken up under the AIBP in the State during 2012-13 to 2016-17 ( 92 MIPs costing ₹ 82.63 crore were sanctioned prior to 2012-13; 223 MIPs costing ₹ 148.09 crore were sanctioned during 2012-13 to 2016-17).

## Audit Findings

The findings of the audit are discussed in the succeeding paragraphs.

### 2.2.6 An overview of target and achievement of schemes

During the period covered by this CA (2012-13 to 2016-17), a total of 315 MIPs comprising 2775 sub-MIPs under the AIBP were taken up at an estimated cost of ₹ 230.72 crore. 92 of these MIPs (estimated cost ₹ 82.63 crore) comprising 332 sub-MIPs were sanctioned during 2011-12 and the remaining 223 MIPs (estimated cost ₹ 148.09 crore) comprising 2443 sub-MIPs were sanctioned during the period covered by this CA.

As on 31 March 2017, out of the total of 315 MIPs, 185 MIPs had been completed and 130 MIPs sanctioned by MoWR, GoI in December 2014 were still ongoing. The position, as on 31 March 2017, of irrigation potential (IP) targeted and actually created through the completed/ongoing 315 MIPs is given below:

Table: 2.2.1

(₹ in crore)

Month/Year of sanction by GoI	No. of MIPs sanctioned	Estimated Cost	Irrigation Potential target (hectares)	Irrigation Potential created (hectares)	Expenditure incurred	Month/Year of completion
December 2011	92	82.63	7,735	7,704	82.63	March 2014
November 2013	93	77.49	7,577	7,577	77.49	December 2015
December 2014	130	70.60	3,940	2,640	47.80	Ongoing
<b>Total</b>	<b>315</b>	<b>230.72</b>	<b>19,252</b>	<b>17,921</b>	<b>207.92</b>	

(Source: Departmental figure)

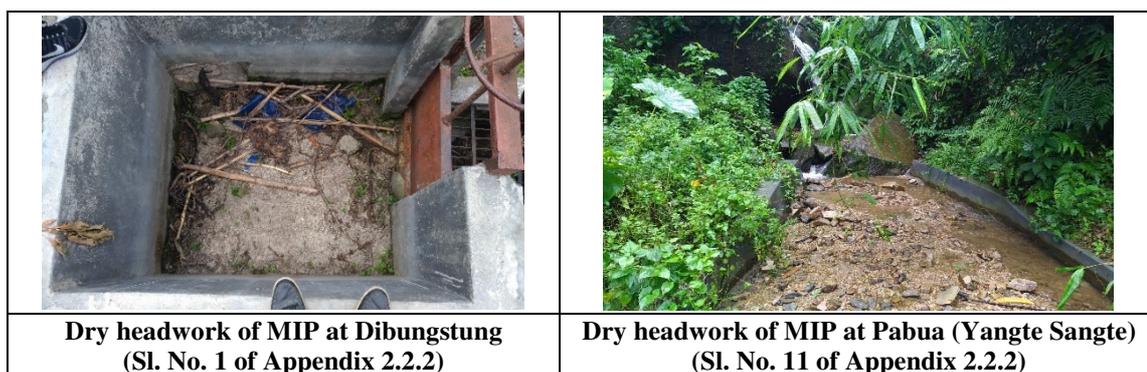
It can be seen from above that against the target of 19,252 hectares of IP envisaged to be created through the 315 MIPs, 17,921 hectares (93 per cent) of IP had so far been created as of March 2017 at a cost of ₹ 207.92 crore.

Although called for by Audit, the Department did not furnish any data as to how much of the IP created was actually being utilized.

#### 2.2.6.1 Survey and investigation

It was observed that joint surveys were carried out by the WRD along with the State's Agriculture Department to identify perennial streams/sources of water to be tapped for the proposed MIPs/sub-MIPs for the purpose of providing year round irrigation to enable double cropping in the targeted Cultivable Command Areas (CCAs).

Joint inspection by departmental and audit officials was carried out during May - August 2017 (rainy season) of 68 completed sub-MIPs and 68 ongoing sub-MIPs. The inspection revealed that there was insufficient or no water at source and headworks were found dry in 16 MIPs, comprising of 10 completed MIPs (13 sub MIPs) and 6 ongoing MIPs (11 sub-MIPs) which were constructed at a cost of ₹179.86 lakh. The 24 sub-MIPs covered a CCA of 141 hectares. The details are given in **Appendix 2.2.2**.



The Department stated (December 2017) that global warming, climate change and its impact on water sources is predominant, as such the source streams have dried up.

The reply only underscores the need for the Department to update its operating procedure for conducting field surveys for identifying water sources for irrigation schemes to take into account sustainability and local environmental issues and to leverage latest technological developments (satellite imagery, GIS, ground radar maps, etc.) in the survey process. This would reduce the mortality rate of irrigation schemes.

## 2.2.7 Financial Management

### 2.2.7.1 Shortfall in release of Funds

The position of release of funds by the GoI and GoAP against the 315 MIPs taken up under the AIBP was as under:

**Table: 2.2.2**

*(₹ in crore)*

Year of sanction	No of MIPs	GoI Share due (90 per cent of approved cost)	GoAP Share due (10 per cent approved cost)	Total GoI share released	Total GoAP share released	Shortfall in release
2011-12	92	74.36	8.27	74.37	8.26	0
2013-14	93	69.74	7.75	69.74	7.75	0
2014-15	130	63.54	7.06	43.02	4.78	22.80
<b>Total</b>	<b>315</b>	<b>207.64</b>	<b>23.08</b>	<b>187.13</b>	<b>20.79</b>	<b>22.80</b>

*(Source: Departmental Records)*

As of March 2017, the GoI was yet to release its share of ₹ 20.51 crore and the GoAP its share of ₹ 2.29 crore which was due against the tranche of 130 MIPs sanctioned under the AIBP in 2014-15. The Department on its part had not taken up this matter with MoWR, GoI or the Finance Department, GoAP.

It was also observed that against the central share release of ₹ 187.13 crore, the Department had submitted Utilisation Certificates for ₹ 112.76 crore to the MoWR, GoI. Utilisation Certificates for the balance of ₹ 74.37 crore were yet to be submitted, reasons for which were not on record.

### 2.2.7.2 Delay in release of Central Share by the State Government

As per the AIBP Guidelines, the Central assistance along with State share should be released by the State Government to the project authorities/executing agency within 15 days of receipt of the Central share from GoI.

The position of release of Central share of AIBP funds by the State's Finance Department to the WRD, GoAP was as under:

**Table: 2.2.3**

Year	Date of release of CA* by GoI	Amount (₹ in crore)	Date of release of CA by State Govt.	Delay beyond 15 days
2012-13	09.05.12	11.16	08.01.13	228
	06.03.13	43.51	25.03.13	3
2013-14	27.12.13	9.85	22.03.14	69
	28.02.14	9.85	12.02.14	0
	21.02.14	20.15	22.03.14	14
	28.03.14	20.15	20.08.14	129
2014-15	11.12.14	14.72	11.03.16	440
2015-16	12.10.15	14.72	19.01.16	83
2015-16	18.03.16	22.50	22.12.16	263
2016-17	04.08.16	20.52	18.01.17	151
<b>Total</b>		<b>187.13</b>		

(Source: Departmental Records); \*CA: Central Assistance

It will be seen that while there was no delay in the release of the Central share by the State's Finance Department to WRD in one instance during February 2014, in all other cases there were delays in release of the Central Share by the Finance Department. The delay ranged from 3 to 440 days during 2012-13 to 2016-17. However, the reasons for such delays were not on record.

### 2.2.7.3 Diversion of funds

Audit noticed cases of diversion of AIBP funds in 16 out of the 56 sampled MIPs test checked. The details are given below:

**Table: 2.2.4**

(₹ in lakh)

Sl. No.	Name of the MIP	Approved Cost	Expenditure incurred	Amount diverted	Purpose of diversion
1	Construction of Cluster of MIP scheme under Toru	70.00	47.70	2.81	Maintenance of existing MIPs
2	Construction of Cluster of MIP at Kirchung, Augolock etc.	135.00	135.80	12.84	Maintenance of existing MIPs
3	Construction of Pipe Irrigation at Rupa and adjacent areas	427.00	427.00	37.07	Maintenance of existing MIPs
4	Construction of Cluster of MIPs under Bomdila Sub Div (Nafra Section)	80.00	54.16	1.80	Maintenance of existing MIPs
5	Cluster of MIPs under Bomdila Sub Division (Dirang Section)	81.00	54.84	4.00	Maintenance of existing MIPs
6	Construction of cluster of under Singchung Sub Division (Bhalukpong Section)	58.00	39.27	4.81	Maintenance of existing MIPs
7	Cluster of MIP under Singchung Sub division (Kalaktang Section)	53.13	35.97	4.28	Maintenance of existing MIPs
8	Cluster of MIP under Singchung Sub Div (Rupa Section)	50.00	33.86	1.80	Maintenance of existing MIPs
9	Cluster of MIP scheme under Magong, Rotgong, etc (Boleng Circle)	48.50	32.84	18.81	Maintenance of various MIPs
10	Cluster of MIP schemes under Upper Lego Banggo, Pasighat sub div	45.00	30.47	28.05	Maintenance of various MIPs

Sl. No.	Name of the MIP	Approved Cost	Expenditure incurred	Amount diverted	Purpose of diversion
11	Cluster of MIP scheme under Magong, Rotgong etc., (Pangin Circle)	58.50	39.61	14.56	Diverted to other works
12	Cluster of MIP scheme under Boleng sub division	180.00	138.20	69.61	Maintenance of existing MIPs
13	Cluster of MI schemes under Tuting Sub-Division	109.00	89.00	13.16	Maintenance of existing MIPs
14	Cluster of MIP/MIC at Roing HQ section	69.00	69.00	3.23	Maintenance of existing MIPs
15	Cluster of MIPs under WR Division Roing (HQ section)	85.00	57.55	2.48	Diverted to flood control works
16	MIP at Batcamp	40.00	40.00	4.77	Diverted to flood control works
<b>Total</b>		<b>1,589.13</b>	<b>1,325.27</b>	<b>224.08</b>	

(Source: Departmental Records)

It can be seen from the above that out of the total approved cost of ₹ 1,589.13 lakh sanctioned for 16 new MIPs for creation of CCA of 1,112.50 hectares, expenditure of ₹1,325.27 lakh was incurred up to 31 March 2017. However, ₹ 224.08 lakh (17 per cent of the total expenditure) was diverted for maintenance of existing MIPs and for other works not related to AIBP which resulted in non-creation of CCA of 189.13 hectares as originally envisaged against these MIPs.

The Department stated (December 2017) that the point has been noted for future corrective measures.

Audit recommends that the Department approach the MoWR to approve/regularise the diverted expenditure of ₹ 224.08 lakh.

It may be noted that this audit finding has been noticed during joint inspection of 56 MIPs only.

The State Government may identify similar cases in the remaining MIPs being executed in the State and take necessary corrective action.

#### **2.2.7.4 Award of works without tendering**

Rule 129(vi), Rule 132(iv), (v), (vi), Rule 150 and Rule 151 of General Financial Rules (GFR) stipulate that no work shall commence without inviting tenders and there should be a formal execution of agreement with the contractors/suppliers for works costing ₹5.00 lakh and above.

Test check of records covering the period 2012-17 of the seven WRD divisional offices covered under this CA revealed that the divisional officers awarded works related to 342 sub-MIPs (each costing ₹ 5.00 lakh to ₹ 129.44 lakh) for ₹ 35.63 crore to various local contractors without inviting tenders. Division-wise details are given in the table below:

Table: 2.2.5

				(₹ in lakh)
Sl. No.	WRD Division	No of projects	No of sub MIPs	Value of works
1	Itanagar	8	36	445.44
2	Bomdila	8	49	779.74
3	Seppa	5	62	374.25
4	Pasighat	5	64	382.00
5	Yingkiong	6	42	308.46
6	Roing	10	81	822.81
7	Tezu	8	8	450.00
	<b>Total</b>	<b>50</b>	<b>342</b>	<b>3,562.70</b>

(Source: Departmental Records)

Audit further observed that formal agreements were not executed in any of the above works allotted to local contractors to safeguard the interest of Government.

Awarding of works without inviting tenders and absence of formal agreements was a serious violation of the provisions of the GFR. This situation was further exacerbated by the fact that the violation appeared widespread as it was found in all the seven WRD divisional offices test checked by Audit. Since the tender procedure was not followed, competitive pricing and transparency was not ensured in the award of these works.

Audit recommends that the Department ascertain the position in the remaining eight WRD divisional offices and fix responsibility for the breach of codal provisions.

### Project Implementation

Audit findings based on scrutiny of records of 56 MIPs and joint inspections of 136 completed/ongoing sub-MIPs are discussed in the succeeding paragraphs:

#### 2.2.7.5 Projects sanctioned in deviation of AIBP Guidelines

As per the AIBP Guidelines, surface MIPs would be eligible for funding provided that:

- group of schemes (within a radius of 5 kms) should have CCA of at least 20 hectares;
- development cost per hectare should be less than ₹ 2.50 lakh;
- repair and renovation work not to be considered; and
- lift irrigation projects not to be covered.

Audit scrutiny revealed that 21 MIPs did not fulfil the above eligibility criteria as discussed below:

(i) 15 MIPs (approved cost ₹ 1,607.78 lakh) comprising clusters of 291 sub-MIPs were located up to 50 kms<sup>3</sup> away from each other as against the prescribed 5 kms radius. These sub-MIPs were located at different villages and were merely clustered together to meet the minimum 20 hectares specified in the AIBP Guidelines for obtaining GoI funding. The above observation was ascertained by the audit from maps of the 15 MIPs

<sup>3</sup> Ascertained by Audit from maps of the 15 MIPs furnished by the Department and also during joint inspection

furnished by the department and also during joint inspection. Details are given in **Appendix 2.2.3.**

(ii) Two lift irrigation projects with electric submersible pumps, comprising of MIP at Telluliang (Lohit District) and MIP at Deobeel (Lohit District) with an approved cost of ₹ 89.00 lakh were not eligible for funding under the AIBP.

(iii) Four MIPs involving six sub-MIPs were for repair and renovation works of existing sub-MIPs (approved cost ₹ 40.29 lakh) and hence not eligible for funding under the AIBP. Details are given in **Appendix 2.2.4.**

In sum, an amount of ₹ 1,737.07 lakh was incurred on 21 MIPs which did not qualify for funding under the AIBP Guidelines.

### 2.2.7.6 Vital components not constructed

During scrutiny of records and in the course of joint inspection, it was observed that essential components of irrigation infrastructure were not constructed in the following 12 MIPs although the cost estimates of these MIPs provided for these components. Further, despite these components not being constructed and hence ought to have led to some cost savings, the entire approved outlays against these MIPs was spent. The details are given below:

**Table: 2.2.6**

Sl. No.	Name of MIP	No. of sub-MIPs	Estimated Cost (₹ in lakh)	Total CCA* to be covered (hectares)	CCA* actually covered (hectares)	CCA* affected or not covered (hectares)	Estimated cost of the affected sub- MIPs (₹ in lakh)	Remarks
1	Cluster of MIP Schemes under Boleng Sub Division	30	180.00	120	0	120	180	Headworks costing ₹53.82 lakh not constructed in all 30 sub-MIPs.
2	Cluster of MIPs under Boleng Sub Division (Panging Circle)	22	58.50	29.25	10.75	18.50	36.50	Headwork, CC Channels and Tanks were not provided and constructed in 16 sub MIPs. Only Earthen Channels were dug and no permanent structure was constructed
3	Cluster of MIP under Boleng Sub Division (Boleng Circle)	20	48.50	24.25	0	24.25	48.50	Headwork, CC Channels and Tanks were not provided and constructed in 20 sub MIPs.
4	Cluster of MIPs under Pasighat Sub Division	29	180.25	150.00	108.00	42.00	50.50	Headwork, CC Channels and Tanks were not provided and constructed in 15 sub MIPs.

Sl. No.	Name of MIP	No. of sub-MIPs	Estimated Cost (₹ in lakh)	Total CCA* to be covered (hectares)	CCA* actually covered (hectares)	CCA* affected or not covered (hectares)	Estimated cost of the affected sub- MIPs (₹ in lakh)	Remarks
5	Cluster of MIPs under Mebo Sub Division	36	150.00	75.00	40.00	35.00	50.00	Headwork, CC Channels and Tanks were not provided and constructed in 16 sub MIPs.
6	Cluster of MIP Scheme under Kheel Area under Sagalee Sub Division.	32	170.00	72.50	41.50	31.00	59.50	13 headworks costing ₹ 21.80 lakh were not constructed in 13 sub-MIPs.
7	Cluster of MIP under Kimin Area	20	249.00	85.00	71.50	13.50	22.00	Three headworks costing ₹ 6.64 lakh not constructed in three Sub-MIPs.
8	Cluster of 12 MIP under 10 <sup>th</sup> Seppa East	12	66.10	63.75	52.75	11.00	16.00	Three diversion headworks costing ₹ 4.94 lakh were not constructed in Three sub-MIPs.
9	Cluster of MIPs under Hunli and Desali	12	80.00	63.75	25.75	38.00	80.00	84 per cent of the project cost was incurred on formation cutting and jungle clearance without completing the vital components such as headwork, distribution tank, etc
10	Cluster of MI Scheme under Jengging Circle	19	50.00	63.75	55.75	8.00	07.94	Three headworks costing ₹ 2.10 lakh were not constructed.- in three sub-MIPs.
11	Cluster of Minor Irrigation Project under Tuting Sub-Div	22	109.00	92.50	83.50	9.00	13.00	Two headworks costing ₹ 1.83 lakh were not constructed in two sub-MIPs.
12	Cluster of MIP at Kirchang, Augolock, Kharkung,	11	135.00	117.57	111.57	6.00	7.10	One diversion headwork in one sub-MIP costing ₹ 3.35 lakh was not constructed.
<b>Total</b>		<b>265</b>	<b>1,476.35</b>	<b>957.32</b>	<b>601.07</b>	<b>356.25</b>	<b>444.86</b>	

\*CCA: Culturable Command Area

The non-construction of vital components of irrigation infrastructure in the above MIPs/sub-MIPs resulted in creation of CCA of only 601.07 hectares against the target of 957.32 hectares. As much as 356.25 hectares (37 per cent) of CCA was not created due

to the fact that the irrigation capacity of 265 sub-MIPs under the 12 MIPs (as detailed in the above table) was adversely affected due to the non-construction of vital components of irrigation infrastructure. Thus, the expenditure of ₹ 444.86 lakh spent on creating the 265 sub-MIPs was not fruitful to the extent envisaged.

Further, the non-installation/construction of the vital structures in the 55 sub-MIPs should have resulted in a saving of ₹ 94.48 lakh<sup>4</sup> which, however, was not the case.

It may be noted that this audit finding has been noticed during joint inspection of 56 MIPs only.

The State Government may identify similar cases in the remaining MIPs being executed in the State and take necessary corrective action.

### 2.2.7.7 Damaged/Non-functional MIPs

Joint inspection of 68 sub-MIPs pertaining to 23 completed MIPs revealed that 19 sub-MIPs constructed at a cost of ₹ 378.89 lakh were found to be non-functional due to damage, siltation, etc., as shown below:

Table: 2.2.7

Sl. No.	Name of Project	No. of sub-MIPs	Estimated cost of MIP (₹ in lakh)	CCA to be covered (in hectares)	No. of sub MIPs affected	CCA not covered due to damage (in hectares)	Cost of the sub MIPs damaged (₹ in lakh)	Remarks
1	Cluster of MIP under Kimin area	19	249.00	326.50	3	257.50	141.44	Headwork damaged.
2	Cluster of MIP under Borum area	10	96.00	50.00	2	14.00	23.10	Headwork damaged.
3	Cluster of MIP at Buragoan, Jamiri, Pokhriba, Khongpan	13	135.00	100.00	1	7.00	7.50	Headwork damaged.
4	Cluster of MIP at 11 <sup>th</sup> Seppa West	10	65.10	51.00	1	5.00	6.00	Headwork damaged.
5	Cluster of MIP at 10 <sup>th</sup> Seppa East	12	66.10	51.00	1	4.50	5.00	Headwork damaged.
6	Cluster of MIP under Jengging Circle	19	50.00	36.50	1	4.00	4.23	Headwork damaged.
7	Cluster of MIP at Batcamp	1	40.00	30.00	1	30.00	40.00	The concrete cement channels and tanks damaged and completely dry.
8	Cluster of MIP at Roing I section under Roing Sub	7	120.00	101.00	7	101.00	120.00	Due to sub-standard construction in

<sup>4</sup> Figure is the summation of the cost of the structures which were not installed/constructed as indicated in the last column of Table 2.2.6.

Sl. No.	Name of Project	No. of sub-MIPs	Estimated cost of MIP (₹ in lakh)	CCA to be covered (in hectares)	No. of sub MIPs affected	CCA not covered due to damage (in hectares)	Cost of the sub MIPs damaged (₹ in lakh)	Remarks
	Division							seven headworks, the project had been damaged resulting in its becoming non-functional.
9	MIP at Deobeel with electric submersible pump	1	59.00	60.00	1	60.00	24.62	As per record, ₹ 24.62 lakh of expenditure was incurred for installation of pumps, electrical connections and branch channels. But during joint inspection, above works were not found to be installed and thus the project had become non-functional.
10	Cluster of MIP under Pasighat Sub Division	29	180.25	114.00	1	5.00	7.00	The existing channel of the sub-MIP was obstructed by construction of a another project taken up under under MLALADS <sup>5</sup> .
	<b>Total</b>	<b>121</b>	<b>1,060.45</b>	<b>920.00</b>	<b>19</b>	<b>488.00</b>	<b>378.89</b>	

It will be seen from the above table that:

- due to the non-functioning of the 19 sub-MIPs, a CCA of 488 hectares remained unirrigated ; and
- the 488 hectares constituted as much as 53 *per cent* of the total CCA of 920 hectares created under the 10 MIPs.

In view of the above, the amount of ₹ 378.89 lakh (representing 36 *per cent* of the cost of the 10 MIPs) incurred on the construction of the 19 sub-MIPs had turned unfruitful.

<sup>5</sup> MLALADS-Member of Legislative Assembly Local Area Development Scheme.

	
<p align="center"><b>Damaged headwork at MIP at Chessa (Sl. No. 2 of the table no. 2.2.7)</b></p>	<p align="center"><b>Damaged headwork at MIC at Inju Nallah (Sl. No. 8 of the table no. 2.2.7)</b></p>

Thus, a total of 488 hectares of CCA remained unirrigated due to non-functional of 19 sub MIPs constructed at a cost of ₹ 378.89 lakh.

It may be noted that this audit finding has been noticed during joint inspection of 56 MIPs only.

The State Government may identify similar cases in the remaining MIPs being executed in the State and take necessary corrective action.

### **2.2.8 Monitoring and Evaluation**

As per para 5.2.2 of AIBP guidelines, monitoring should be done for at least five *per cent* of the sanctioned projects on sample basis by local office of Central Water Commission (CWC).

The CWC, Guwahati only once during the period 2012-17 conducted monitoring for five projects during 2013-14. The CWC in its reports, *inter alia*, suggested the need for setting up Water User Associations, quality control cell and the Head Quarter Level Committee/Circle Level Sub-Committee is required to conduct site inspection to ascertain the actual physical status of the progress of works and submit the report regularly to the Ministry of Water Resources, Government of India. The Department was yet to act on these recommendation as of March 2017.

### **2.2.9 Conclusion**

The Department was able to create IP of only 17,921 hectares against the target of 19,252 hectares of IP) envisaged to be created through the 315 MIPs as of March 2017 at a cost of ₹ 207.92 crore. The joint inspection revealed that there was insufficient or no water at source and headworks were found dry in 10 completed sub-MIPs and 6 ongoing sub-MIPs constructed at a cost of ₹179.86 lakh. There was delay ranging from 3 to 440 days in release of the Central share by the State's Finance Department to WRD during 2012-17. Out of the total expenditure of ₹ 1,325.27 lakh incurred in 16 new MIPs for creation of CCA of 1,112.50 hectares, expenditure of ₹ 224.08 lakh (17 *per cent* of the total expenditure) was diverted for maintenance of existing MIPs and for other works not related to AIBP which resulted in non-creation of CCA of 189.13 hectares as originally envisaged against these MIPs. Instances of projects sanctioned in deviation of AIBP guidelines, projects where expenditure was rendered as unfruitful due to non-construction of vital components and damaged /non-functional projects were also noticed during joint inspection of the projects.

**Public Works Department**

**2.3 Doubtful Expenditure**

**Executive Engineer (EE), PWD, Bomdila paid ₹ 1.37 crore to a contractor for restoration work of ‘Gacham-Morshing Road (24.50km)’ which had already been executed departmentally.**

General Financial Rules (GFR), 2005 prescribes that no works shall be commenced or liability incurred (i) until administrative approval and expenditure sanction have been obtained from competent authority, (ii) tender invited, (iii) a detailed estimate prepared, (iv) technically sanctioned and the work order issued. Even on the ground of emergency, if it becomes necessary to carry out the work, the concerned executive officer should simultaneously initiate action to obtain approval from the competent authority.

Scrutiny of records (September 2016) of the Executive Engineer (EE), PWD, Bomdila Division revealed that restoration works on ‘Gacham-Morshing road (24.50 km)’ damaged by floods/landslides in June 2014 and September 2014 for total length of 3.187 km was undertaken on emergency basis commencing in August 2014. The restoration works were estimated to cost ₹ 82.71 lakh as per details below:

**Table: 2.3.1**

Sl. No.	Date of occurrence of landslides	Damage between the chainages (in kms.)	Quantity (in cum.)	Amount estimated for restoration (₹ in lakh)
1	21-06-2014 to 25-06-2014	0.050 – 17.530	26,553.70	54.62
2	20-09-2014 to 22-09-2014	0.810-16.160	20,628.60	28.09
<b>Total</b>			<b>47,182.30</b>	<b>82.71</b>

Audit observed that the EE, PWD, Bomdila Division, without obtaining the approval of the competent authority, commenced the above works on different dates between August 2014 and January 2015 by engaging seven contractors and without issuing any formal work orders to them. Against the estimated quantity of clearance of 47,182.30 cubic meters (cum) of earth from a total road length of 3.187 kilometres (kms), the EE, Bomdila made payment for clearance of 89,299.462 cum of earth from a road length of 11.319 kms. The works of clearing the landslides were completed between September 2014 and February 2015. The Department subsequently issued 30 work orders to the seven contractors in March 2015 and made a total payment of ₹ 1.22 crore to them in the same month.

It was further seen that the EE, PWD, Bomdila floated a Notice Inviting Tenders (NIT) on 17 February 2015 for awarding the work (in three packages) of clearing of landslides on the same ‘Gacham-Morshing Road (24.50 km)’. The bids were opened just after 10 days on 26 February 2015. Two bidders participated in the NIT and the work (to be completed by August 2015) was awarded on the same day (i.e. 26 February 2015) to the lowest tenderer M/s P K Thungon Builders at his tendered cost of ₹ 138.45 lakh. The quantity of work to be executed, work actually executed and amount paid to the contractor was as shown below:

Table: 2.3.2

Package	Chainages (km)	Quantity to be executed (cum)	Quantity executed (cum)	Amount paid (₹ in lakh)
Package I	0.00 - 8.00	60,815.05	60,131.55	44.15
Package II	8.00 -16.00	56,702.79	56,036.50	41.93
Package III	16.00 - 24.50	69,338.12	68,529.48	50.77
<b>Total</b>		<b>1,86,855.96</b>	<b>1,84,697.53</b>	<b>136.85</b>

The work commenced on 28 February 2015. As against the scheduled completion time of six months (August 2015), M/s P K Thungon Builders completed the work in 20 days (on 20 March 2015) and the Department released a payment of ₹ 136.85 lakh to the contractor on 23 March 2015.

Audit observed that the execution of the work for which ₹136.85 lakh was paid to M/s P K Thungon Builders was doubtful due to the fact that:

- As per the Damage Report for the year 2014-15 submitted by the EE, PWD, Bomdila to his immediate superior<sup>6</sup>, there were no incidents of flood/landslides on Gacham-Morshing Road (24.50km) after 22 September 2014 till March 2015. Since the clearance/restoration work was already being done by seven contractors, there was no requirement of additional clearances/restoration works on the road during this period. Audit could not, therefore, vouchsafe whether the works stated to have carried out by M/s P.K.Thungon Builders were actually executed or not.
- The clearance of landslides on Gacham-Morshing Road (24.50km) had already been completed at different chainages by seven contractors between the period from September 2014 and February 2015. In fact, measurements recorded in the Measurement Books (MB) revealed that the works for 5.698 km of road length executed by M/s P.K.Thungon Builders were overlapping with the works already executed and completed in February 2015 by four out of seven contractors (details are given in **Appendix-2.3.1**).
- The brevity of the time line which spanned just little over a month from 17 February 2015 to 23 March 2015 (in which time the NIT was floated, the tenders were opened, the work was awarded, the work was completed and finally, payment made to M/s P.K.Thungon Builders) also raises further misgivings about the work executed by M/s P.K.Thungon Builders.

In reply (August 2017), the Department stated that the payment for flood damage restoration work on 'Gacham-Morshing Road' was to clear various accrued liabilities for the period from 2008 to September 2014 and payments were made in two parts, (i) ₹ 1.22 crore to seven contractors, and (ii) ₹ 1.37 crore to M/s P K Thungon Builders.

The Department's contention that the above payments were made for clearing various accrued liabilities is curious given that seven contractors were paid ₹ 1.22 crore on the basis of measurements recorded in the MBs for works executed during August 2014 to February 2015 for landslide damage which occurred during June 2014 and September

<sup>6</sup> Superintending Engineer, Rupa Circle, PWD, Arunachal Pradesh.

2014. The payment of ₹ 1.37 crore to M/s P. K Thungon Builders was for landslide clearance works during the period when no such incidents had occurred and further, overlapped with the works already executed by the seven contractors on the same road.

In the light of the above facts, the possibility of fraudulent payment and misappropriation of Government funds cannot be ruled out.

Audit recommends that the Department refer the matter to the State Vigilance Department for investigation.

### Water Resources Department

#### 2.4 Undue benefit to contractor

#### Executive Engineer, WRD, Itanagar awarded works to five contractors without calling of tenders and also extended undue benefit of ₹ 182.22 lakh to a contractor.

Government of Arunachal Pradesh (GoAP) accorded (February 2012) administrative approval and expenditure sanction of ₹ 597.51 lakh for the work “Anti-Erosion and Flood Protection work at Borum Area at Borum” in Dikrong Basin in Papumpare district. The technical sanction for the work was accorded by Technical Advisory Committee in February 2010. The work was to be completed by March 2014.

Scrutiny (September 2016) of records of the Executive Engineer (EE), Water Resources Department (WRD), Itanagar with respect to the above work revealed the following:

- Although the work commenced in February 2010, it was only after a lapse of more than five years that the EE, WRD, Itanagar awarded (in November 2015) the work to five contractors through 91 work orders.
- The works were awarded to the five contractors without inviting tenders which was a serious violation of codal provisions which require that all public authorities should invariably invite tenders for works to ensure transparency and to obtain competitive rates. The details of the work orders issued to the five contractors was as under:

**Table: 2.4.1**

Sl. No.	Name of contractor	No. of work orders issued	Month/ Year of issue of work orders	Scope of work		Value of Work Orders (₹ in lakh)
				Outside the scope of work	As per estimate	
1	Techi Joseph	13	02/12 & 12/13	Channelization, RCC retaining wall & Supply, fitting & placing of HYSD bar	-	41.49
2	Nabam Pekhi	05	02/12	Channelization, RCC retaining wall & Supply, fitting & placing of HYSD bar	-	11.25
3	TK Enterprises	07	02/12, 12/13 & 02/14	Channelization	-	26.00

Sl. No.	Name of contractor	No. of work orders issued	Month/ Year of issue of work orders	Scope of work		Value of Work Orders (₹ in lakh)
				Outside the scope of work	As per estimate	
4	NP Enterprises	03	02/12	-	Construction of earthen quarry road	10.00
5	TK Constructions	63	11/15	-	Construction of wire crated boulder revetment	249.94
<b>Total</b>		<b>91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338.68</b>

- As against the rate of ₹ 36.19 per cum/km approved in the estimates for carriage charges ((including loading, unloading, stacking, etc.) of boulders with lead of 20 kms, (awarded to the contractor M/S TK Constructions), the contractor (Sl. No. 5 of the above table) was paid at the rate of ₹ 804 per cum/km for lead of 21 kms for carriage of a total quantity of 1127.57 cum of boulders. This resulted in extension of undue benefit of ₹ 182.22 lakh<sup>7</sup> to the contractor.
- Although the work was to be completed by March 2014, the physical progress was only 29 per cent (406.50 m out of 1394 m) as of March 2016. There was no further progress after March 2016.

The matter was reported to the Department in August 2017; reply was awaited (July 2018).

### Department of Hydro Power Development

#### 2.5 Loss of Government money

**Failure of the Department to revalidate Bank Guarantee and to take timely action has rendered recovery of ₹ 390.90 lakh from a firm doubtful.**

Scrutiny of records (January 2017) of the Department of Hydro Power Development, GoAP revealed that the Department entered (March 2011) into an agreement with M/s Nortech Power Projects Private Limited, Kolkata (NPPL) for supply, erection, testing and commissioning of Electro-Mechanical (EM) equipment for Small Hydro Project (SHP) at Pagu (2X1000 KW)<sup>8</sup> in Kurung Kumey district at an estimated cost of ₹ 904.50 lakh. The project was to be completed by 27 November 2011.

The Department released (March 2011) an interest free Mobilization Advance (MA) of ₹ 210.00 lakh to NPPL, in a single installment against a Bank Guarantee (BG) of ₹ 226.00 lakh (valid up to December 2011) submitted by NPPL. The BG was later

<sup>7</sup> (1127.57 cum X ₹ 804 X 21 kms.) – (1127.57 cum. X ₹ 36.19 X 20 kms. ) = ₹ 182.22 lakh.

<sup>8</sup> The objective of the project was to provide electricity to the administrative circle HQ, Palin having a population of 5000 people and nearby ten villages, besides, establishing and sustaining small scale and rural agro based industries by generating 6.132 MU of electricity and earning a revenue of ₹ 1.50 crore annually.

extended up to November 2013. The Department also obtained (21 March 2011) from NPPL another BG for ₹ 90.45 lakh (valid up to 01 December 2011) as Security Deposit.

Since NPPL failed to supply/erect/commission the equipment as per the agreement, the Department issued (November 2014) a show-cause notice to the firm. The contract was ultimately rescinded in October 2015 with the condition that MA, liquidated damages and penalties would be recovered from NPPL. Audit calculated that apart from recovery of the MA, the liquidated damages and penalties to be recovered from NPPL were as under:

- MA of ₹ 210.00 lakh;
- liquidated damages of ₹ 90.45 lakh (as per the clause 2.19 of the agreement, NPPL was liable to pay liquidated damages calculated at the rate of one *per cent* of contract value per week or part of the week subject to maximum of 10 *per cent* of the contract price for delay in completion of the work); and
- penalty of ₹ 90.45 lakh (as per clause 2.33.25 of the agreement, a penalty of one *per cent* of the cost of equipment, per week of delay in completion subject to a maximum of 10 *per cent* of the total cost was leviable).

Audit observed that the MA, liquidated damages and penalty to the above extent was yet to be recovered from NPPL as of October 2017. This was primarily because the Department failed to ensure revalidation of the BG of ₹ 226.00 lakh (given against the MA) beyond November 2013. It also failed to ensure revalidation of the BG of ₹ 90.45 lakh given by NPPL as SD beyond 01 December 2011. These omissions were further compounded by the fact that the Department did not take timely action to safeguard its interest - it issued the show-cause notice to NPPL three years after the stipulated date of the completion of the work.

Thus, failure of the Department to ensure revalidation of the BGs and to take timely action has rendered the recovery of MA, liquidated damages and penalty amounting to ₹ 390.90 lakh doubtful.

The Department stated that it made various attempts in 2014 for revalidation of the BGs furnished by NPPL. The matter of encashment of BG (₹ 226.00 lakh) was taken up in September 2014 with United Bank of India (Kolkata) who did not respond. The Department further stated that out of ₹ 210.00 lakh, an amount of ₹ 97.56 lakh has been recovered from NPPL and deposited (April 2017) in the government exchequer.

The reply of the Department is not acceptable as (i) the correspondence for revalidation and encashment of BG was initiated only after the expiry of the BG and also response from the bank for not honoring the Department's claim was not on record; and (ii) the recovery of ₹ 97.56 lakh was towards revenue losses for the delay in completion by NPPL of another work (SHP at Subbung) and not against SHP at Pagu.

## Department of Agriculture

### 2.6 Irregular expenditure

**An amount of ₹ 103.89 lakh was diverted and incurred on works not permissible under the Rashtriya Krishi Vikash Yojana guidelines.**

The Government of India (GoI) launched the Rashtriya Krishi Vikash Yojana (RKVY), a 100 per cent centrally funded scheme, during 2007-08 with the objective of bringing quantifiable changes in the production and productivity of various components of agriculture and allied sectors. As per RKVY operational guidelines, expenditure only directly related to the development of agriculture and allied sectors are allowed and no expenditure on maintenance of assets or recurring expenses is covered under any components of the schemes<sup>9</sup> under RKVY.

Scrutiny (July 2016) of records of the Director, Agriculture Department, GoAP revealed that during April 2014 to March 2017, GoI released ₹ 6.23 crore to the State under the 'flexi fund' component of RKVY. Out of this amount, the Director, Agriculture, Naharlagun, Deputy Director of Agriculture (DDA), Yupia, DDA, Pasighat and DDA, Seppa diverted ₹ 103.89 lakh<sup>10</sup> which was meant for setting up of laboratories and testing facilities, storage including cold storages, agriculture marketing, etc. for construction of boundary walls of Commissioner and Director residences, repairs & maintenance of the office buildings, quarters, etc. (details given in **Appendix-2.6.1**) in violation of RKVY guidelines.

The Department in reply (September 2017) stated that all the above works were executed with the approval of State Level Project Screening Committee and subsequently by the State Level Sanctioning Committee of RKVY.

The Department's reply is not acceptable as Appendix - C2 of the RKVY guidelines permitted expenditure under 'flexi fund' only for 'Production Growth' and 'Assets & Infrastructure'.

Thus, expenditure of ₹ 103.89 lakh incurred for construction of boundary walls of Commissioner and Director residences, repairs & maintenance of the office buildings, quarters, etc. was in contravention of RKVY guidelines and therefore, irregular.

Audit recommends that the Department approach GoI to regularize the expenditure of ₹ 103.89 lakh.

<sup>9</sup> (a) Production Growth, (b) Infrastructure and Assets, (c) Special Schemes and (d) Flexi fund.

<sup>10</sup>

Sl. No.	Name of the DDO	Irregular Expenditure
1	Director, Agriculture, Naharlagun	58.91 lakh
2	Deputy Director of Agriculture (DDA), Yupia	33.50 lakh
3	DDA, Pasighat	3.48 lakh
4	DDA, Seppa	8.00 lakh
<b>Total</b>		<b>103.89 lakh</b>

**CHAPTER – III**  
**GENERAL SECTOR**

## CHAPTER - III: GENERAL SECTOR

### 3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government units under General Sector.

During 2016-17, total budget allocation of the State Government in the major departments under General Sector was ₹ 1,827.66 crore against which actual expenditure was ₹ 1,423.04 crore. Details of Department wise budget allocation and expenditure in 2016-17 is given in the table below:

**Table: 3.1.1**

(₹ in crore)

SL. No.	Department	Total Budget Allocation	Expenditure	Percentage of expenditure
	1	2	3	4 (3 as per cent of 2)
1	Governor	6.79	6.61	97
2	Legislative	53.02	49.80	94
3	General Administration	657.11	482.54	73
4	Home	861.62	735.18	85
5	Legal Metrology	10.50	9.46	90
6	Election	51.49	24.09	47
7	Fire Services	51.96	22.65	44
8	Land Management	27.90	20.32	73
9	Administration of Justice	33.66	10.51	31
10	Stationery and Printing	15.32	8.35	55
11	Protocol	4.11	4.43	108
12	Parliamentary Affairs	7.31	7.01	96
13	Information and Public Relation	32.97	29.46	89
14	State Public Service Commission	6.38	5.79	91
15	Administrative Training Institute	3.60	3.23	90
16	State Information Commission	2.95	2.63	89
17	State Lotteries	0.97	0.98	101
	<b>Total</b>	<b>1,827.66</b>	<b>1,423.04</b>	<b>78</b>

(Source: Appropriation Accounts 2016-17)

From the above it can be seen that:

- in the General Sector, the expenditure incurred by the Government ranged between 31 per cent and 108 per cent during the year;
- All the Departments except the Protocol and State Lotteries Departments had incurred expenditure less than the budget allocation.

### **3.1.1 Planning and Conduct of Audit**

Audit process starts with the assessment of risks faced by various Departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audits were conducted in 22 units involving expenditure of ₹ 1,679.82 crore (including expenditure of earlier years) under the General Sector.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of Inspection Reports. Whenever replies are received, either audit findings are settled or further action for compliance is advised. Important audit observations arising out of Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the floor of the Legislature.

Major observations detected in Audit during 2016-17 pertaining to the General Sector are discussed in subsequent paragraphs of this Chapter. This chapter contains *four* Compliance Audit Paragraphs.

## **Compliance Audit**

### **Planning Department**

### **3.2 Border Area Development Programme (BADP)**

The Border Area Development Programme (BADP) was started during the Seventh Plan (1985-1990) with two-pronged approach of balanced development of sensitive border areas in the western region on one hand through adequate provision of infrastructure facilities and on other hand promotion of a sense of security amongst the local population. During the Ninth Plan (1997-2002), the programme was extended to 17 States, including Arunachal Pradesh. Arunachal Pradesh has international borders with Myanmar, China and Bhutan which runs into 5,830 kilometers involving 13 border districts of the State. Some of the important audit findings are as follows:

#### ***Highlights***

- *The Department did not prepare village-wise long-term plan for prioritization of projects according to the needs of border villages.*  
(Paragraph 3.2.6.1)
- *Saturation of border villages with necessary infrastructures was not followed as per laid down guidelines.*  
(Paragraph 3.2.6.2)
- *There were delays ranging between one month and 23 months in release of fund by State Government to implementing districts.*  
(Paragraph 3.2.7.2)

- *Audit noticed cases of assets created under BADP lying idle, doubtful expenditure, wasteful expenditure, violation of scheme guidelines, etc.*  
(Paragraph 3.2.8)

### 3.2.1 Introduction

The main objective of the BADP is to meet the special developmental needs and well-being of the people living in remote and inaccessible areas situated near the international border and to saturate the border areas with the entire essential infrastructure through convergence of central/state/BADP/local schemes with participatory approach. Till 2015-16, BADP was a 100 *per cent* centrally funded programme. The BADP is classified as core centrally sponsored scheme from 2016-17 and the funding of the scheme is shared between the central and state governments on 90:10 basis for eight North-Eastern States. Under BADP guidelines, funds are provided to the States as Special Central Assistance.

### 3.2.2 Audit Objectives

The Compliance Audit was conducted to ascertain whether the:

- planning process was adequate, effective and in accordance with BADP guidelines;
- programme was implemented with due regard to economy, efficiency and effectiveness; and
- Implementation of scheme was properly monitored.

### 3.2.3 Audit Criteria

The Audit findings were benchmarked against the following audit criteria:

- Scheme implementation guidelines.
- Orders/guidelines/circulars issued by Central and State Government from time to time.
- Perspective Plan and Annual Action Plan at the Block.
- Minutes of the Empowerment Committee, SLSC and DLC Meeting.
- Physical and Financial Progress Report; and
- General Financial Rules.

### 3.2.4 Organisational Set-Up

The Department of Planning headed by Secretary (Planning) is the nodal department for implementation of the BADP in the State and is assisted by Director (Planning) and Director (Monitoring). State Level Screening Committee (SLSC) under the chairmanship of Chief Secretary, Arunachal Pradesh is responsible for finalization of schemes/projects and approval of Annual Action Plan (AAP) for submission to Government of India (GoI). District Level Committees (DLC) headed by Deputy Commissioners (DC) of districts are responsible for planning and implementation of scheme in the border blocks as per BADP guidelines.

### **3.2.5 Audit Scope and Methodology**

The Compliance Audit (CA) on 'Border Area Development Programme' covering the period from 2012-13 to 2016-17 was carried out (July 2017 to September 2017) through examination of the records of the Director of Planning, Director of Monitoring, Deputy Commissioners (DCs), District Planning Officers (DPOs) and other line departments implementing the programmes. In addition the CA covered the following:

- Four districts<sup>1</sup> (Tawang, Upper Subansiri, West Siang and Changlang) out of 13 implementing districts in the State selected through Probability Proportional to Size Without Replacement (PPSWOR) method with expenditure incurred under BADP during 2012-17 as size measure;
- Seven blocks<sup>2</sup> (Tawang, Mukto-Bongkhar, Siyum, Nacho, Mechuka, Manmao and Nampong) selected through random sampling without replacement method;
- 968 schemes (₹ 70.92 crore) were implemented in seven selected blocks of the four districts, out of 5,552 schemes (₹ 466.82 crore) implemented in the 13 implementing districts of the State;
- Out of 968 schemes, 521 schemes (₹ 53.14 crore) were selected for detailed examination; and
- Joint inspection of 233 schemes (₹ 25.50 crore) was also conducted by audit officials along with departmental officials.

The CA commenced with an Entry Conference held on 12 June 2017 with the Secretary, Planning and the departmental officers, where the audit objectives, criteria, scope and methodology were explained in detail. An Exit conference was held on 21 November 2017 to discuss the audit findings and the replies of the Department were incorporated wherever appropriate.

### **Audit Findings**

The results of the Compliance Audit are discussed in the succeeding paragraphs.

### **3.2.6 Planning**

#### **3.2.6.1 Preparation of Perspective Plan**

As per para 4.3 of BADP guidelines, a baseline survey was to be carried out in border villages in order to assess the gaps in basic physical and social infrastructure. On the basis of survey, a detailed village-wise long-term plan prioritizing the projects to be taken up was to be prepared which would have identified initiatives to fill the gaps in basic physical and social infrastructure and provided guide map for selection of projects for every Annual Action Plan (AAP) prepared by the Department of Planning.

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<sup>1</sup> Tawang district has international border with China and Bhutan; Upper Subansiri and West Siang districts have international border with China and Changlang district has international border with Myanmar.

<sup>2</sup> Minimum 25 per cent of border blocks from each selected district.

Audit observed that the Department did not prepare village-wise long-term plan/Perspective Plan for inclusion of prioritized projects in the AAP according to the needs of border villages. The State Level Screening Committee (SLSC) finalized State level AAP each year based on proposals sent by DLCs. Audit, however, noticed in four test-checked districts that AAPs were prepared by DLCs on *ad-hoc* basis without any village-wise long-term plan for saturation of border villages and without conducting any baseline survey as stipulated in the guidelines.

The Department stated (November 2017) that five-year Perspective Plan had been prepared for creation of model villages from the year 2017-18.

### 3.2.6.2 Saturation of villages

Para 2.1 of BADP guidelines provide for saturation of border areas with essential infrastructure. Only after saturation of 0-10 km villages, State Governments can take up the next set of villages within 0-20 km distance and so on up to 0-50 km. The minimum facilities for saturation of a village as per the guidelines should include road connectivity, schools, health services, electricity, water supply, community centre, public toilets, houses for teachers and health staff, housing, anganwadi centre, *etc.*

A test-check of records in four districts covered in this Compliance Audit revealed the following deficiencies in saturation of villages:

- In Tawang district, 126 villages falling under 0-10 km out of a total 245 identified villages did not have basic essential facilities such as drinking water, electricity, Anganwadi centres and public toilets. However, prior to saturation of these villages, DLC, Tawang took up 186 schemes worth ₹ 14.74 crore for 47 villages located between 10.02 km to 23.75 km of international border (China and Bhutan) during 2012-17.
- In upper Subansiri district, though a total number of 57 villages located within 0-10 km of the international border (China) out of a total 132 identified villages did not have the above prescribed minimum essential facilities, the DLC took up 154 schemes amounting to ₹ 12.60 crore in 49 villages situated between 10.22 km to 23.04 km of the international border during 2012-17.
- In West Siang district, 330 schemes amounting to ₹ 27.70 crore were implemented in 105 villages during 2012-17 of which 114 schemes were for 31 villages located beyond the prescribed distance limit of 50 km from the international border (China).

It is evident from above that the Department did not follow the saturation policy as laid down by GoI and the State Government for giving priority to villages located within the prescribed range of distance.

While accepting audit observation, the Department stated (November 2017) that from the year 2017-18, implementation of BADP schemes was confined only to villages located within 0-10 km of the international border.

### **3.2.6.3 Preparation of Annual Action Plan**

As per para 5.10 of BADP guidelines, the DLCs were required to approve and forward the annual AAP by March each year, while the State Level Screening Committee was required to approve and forward the same to GoI by April each year. Further, the respective Border Guarding Forces (BGFs) were required to nominate nodal officers who should be invited to SLSC meetings.

Audit observed delay of two to six months in approval of AAP by SLSC during the five year period from 2012-13 to 2016-17 mainly due to delays in finalization of district level AAP by DLCs as shown in table below:

**Table: 3.2.1**

Year	Month of finalization/ sending of AAP by DLCs	Delay (in months)	Month of approval of AAP by SLSC	Delay (in months)	Month of release of first installment for the year by GoI	No of SLSC meeting required	No of meeting conducted
2012-13	Jul to Aug-12	04 to 05	Sep-12	05	Oct-12	02	02
2013-14	Aug to Sep-13	05 to 06	Oct-13	06	Feb-14	02	02
2014-15	Jul-14	04	Jul-14	03	Sep-14	02	01
2015-16	Jun to Jul-15	03 to 04	Aug-15	04	Aug-15	02	01
2016-17	Mar-16 to April 17	0 to 01	Jun-16	02	Jun-16	02	02

*(Source: Compiled from records of Director, Planning and District Planning Officers of four selected districts, Data on district level AAP pertain to four selected districts)*

GoI released first installments within one month to two months of approval by SLSC during 2012-17, except in 2013-14 when funds were released after four months of approval by SLSC. Moreover, SLSC had conducted only one meeting against the required two meetings during 2014-15 and 2015-16. It was also observed that only one<sup>3</sup> out of three BGFs<sup>4</sup> operating in the State attended the meetings during 2012-17, indicating inadequate participation of BGFs in the planning process of BADP.

The Department stated (November 2017) that the delay in finalization of AAP was on account of delay in submission of AAPs by DLCs. Despite invitation from State Government, the concerned BGFs (SSB and Assam Rifles) did not participate in the meetings.

### **3.2.7 Financial management**

#### **3.2.7.1 Shortfall in release of funds and pending UCs**

The funding of the scheme was 100 *per cent* from GoI till 2015-16; since 2016-17 share between Central and State changed to 90:10 basis for eight North-Eastern States. The first instalment of 90 *per cent* of the allocation of the State would be released to the State

<sup>3</sup> ITBP.

<sup>4</sup> ITBP, SSB and Assam Rifles.

only after receipt of UCs for the amount already released in the previous years, except the preceding year.

The year-wise release of fund and expenditure incurred there against during 2012-13 to 2016-17 is shown below:

Table: 3.2.2

(₹ in crore)

Year	Allocation		Released		Expenditure			Excess (+), Saving (-) [8-4]
	Central share	State share	Central share	State share	In District	In Hqrs (Director)	Total [6+7]	
1	2	3	4	5	6	7	8	9
2012-13	124.94	NA <sup>5</sup>	124.51	NA	124.29	0.14	124.43	(-) 0.08
2013-14	92.77	NA	65.94	NA	65.69	0.49	66.18	(+) 0.24
2014-15	92.77	NA	92.49	NA	92.11	0.16	92.27	(-) 0.22
2015-16	91.49	NA	89.96	NA	87.60	0.75	88.35	(-) 1.61
2016-17	114.30	11.43	108.97	0.00	92.37	0.31	92.68	(-) 16.29
<b>Total</b>	<b>516.27</b>	<b>11.43</b>	<b>481.87</b>	<b>0.00</b>	<b>462.06</b>	<b>1.85</b>	<b>463.91</b>	<b>(-) 17.96</b>

(Source: Compiled from records of Director, Planning)

It can be seen from above that as against the total Central allocation of ₹ 516.27 crore, an amount of ₹ 481.87 crore was released with a shortfall of ₹ 34.40 crore (7 per cent) during the five-year period.

The GoAP had not released ₹ 11.43 crore (10 per cent of ₹ 114.30 crore) as State Share during 2016-17.

Further, Audit observed that the Department submitted UC only to the extent of ₹ 351.98 crore leaving a balance of ₹ 129.89 crore out of which ₹ 5.32 crore released during 2014-15 was still pending as of March 2017 as detailed below:

Table: 3.2.3

(₹ in crore)

Year	Amount received	Due date <sup>6</sup> for submission of UCs for the entire amount	Amount for which UCs submitted		Pending UCs	
			On due date	As of March 2017	On due date (in per cent)	As of March 2017 (in per cent)
2012-13	124.51	Sep-14	115.57	124.51	9 (7)	0.00 (0)
2013-14	65.94	Aug-15	59.13	65.94	7 (10)	0.00 (0)
2014-15	92.49	Jun-16	82.66	87.17	10 (11)	5.32 (6)
2015-16	89.96	Not due yet	NA	74.36	NA	15.60 (17)
2016-17	108.97	Not due yet	NA	0.00	NA	108.97 (100)
<b>Total</b>	<b>481.87</b>			<b>351.98</b>	<b>25.58</b>	<b>129.89 (27)</b>

(Source: Compiled from records of Director, Planning)

<sup>5</sup> The BADP was 100 per cent funded by the GoI upto 2015-16.

<sup>6</sup> Date of release of 1<sup>st</sup> installment of the year subsequent to the immediate succeeding year.

### 3.2.7.2 Delay in release of fund by State Government

As per para 5.11 of BADP guidelines, funds should be released by the State Governments to the implementing agencies within 30 days of receipt of funds from Government of India. Parking of funds at any level is strictly prohibited.

The position of fund received by State Government and released to the implementing districts during 2012-13 to 2016-17 was as shown below:

**Table: 3.2.4**

(₹ in crore)

Year	Receipt of fund from GoI		Release of fund to districts		Time taken for release of fund (in month)
	Amount	Month of receipt	Amount	Month of release	
2012-13	124.51	Oct 12 to Mar 13	124.29	Jan 13 to Jul 13	1 to 2
2013-14	65.94	Feb 14 to Mar 14	65.69	Aug-14	5 to 10
2014-15	92.49	Sep 14 to Feb 15	92.11	Jan 15 to Feb 17	3 to 23
2015-16	89.96	Aug 15 to Mar 16	87.60	Oct 15 to Jul 16	1 to 3
2016-17	108.97	Jun 16 to Mar 17	92.37	Sep 16 to Dec 16	1
<b>Total</b>	<b>481.87</b>		<b>462.06</b>		

(Source: Compiled from records of Director, Planning)

The GoI released ₹ 481.87 crore during the five-year period, out of which ₹ 462.06 crore had been released to the implementing districts and ₹1.85 crore was incurred in Directorate Office as on March 2017 leaving a balance of ₹ 17.96 crore. Audit observed that ₹ 106.71 crore out of ₹ 462.06 crore was released within a period of one month to the implementing districts by State Government, but the balance amount of ₹ 355.35 crore was parked by the State Government for a period ranging between one month and 23 months in violation of the guidelines.

The Department accepting the audit observations stated (November 2017) that there would be no case of delay after introduction of Public Financial Management System (PFMS).

### 3.2.8 Discrepancies in the execution of works

During 2012-17, 5,552 schemes were taken up under BADP in the State at a cost of ₹ 466.82 crore. Out of these 5,552 schemes, 521 schemes (₹ 53.14 crore) implemented in the four selected districts were selected for detailed checking and 233 schemes (₹ 25.50 crore) out of 521 schemes were selected for joint inspection by Departmental officials and Audit.

Examination of records and joint inspection (July/August 2017) of the 233 schemes (construction of quarters, playgrounds, fencing, etc.) revealed instances of unexecuted works, short execution of works, incomplete or abandoned works, etc., the position of which is summarized below:

Table: 3.2.5

(₹ in lakh)

Sl. No.	Type of observation	No. of schemes	Amount	Paragraph reference
i)	Doubtful expenditure	2	16.00	Paragraph 3.2.8.1
ii)	Unexecuted works	5	82.15	Paragraph 3.2.8.2
iii)	Works executed not found at site	3	23.50	Paragraph 3.2.8.3
iv)	Assets utilised for unintended purposes	4	42.85	Paragraph 3.2.8.4
v)	Selected project sites not suitable	3	21.00	Paragraph 3.2.8.5
vi)	Assets lying idle	6	77.00	Paragraph 3.2.8.6
vii)	Wasteful expenditure	3	23.00	Paragraph 3.2.8.7
viii)	Other discrepancies in execution of schemes	20	195.91	Paragraph 3.2.8.8
	<b>Total</b>	<b>46</b>	<b>481.41</b>	

### 3.2.8.1 Doubtful expenditure

Joint inspection revealed that two assets (₹ 16.00 lakh) created under BADP were found as being utilized for unintended purposes as detailed below:

- PWD, Nacho Division in Upper Subansiri district reported to have executed 'Boundary Fencing around PHC at Pagenalo' (₹ 6.00 lakh) with RCC pillar and brick in 2016-17. However, during joint inspection (24 August 2017), no RCC pillar and brick wall were found at the site. Thus, the expenditure of ₹ 6.00 lakh shown to have been incurred was doubtful.
- The scheme 'Establishment of Community Large Cardamom Garden at Pakring Village' (₹ 10.00 lakh) was implemented by District Horticulture Officer (DHO), Daporijo in Upper Subansiri district in 2015-16 for plantation of 29,598 plants of cardamom and also fencing *etc.*, of the site. The average life of the cardamom plants is 20-25 years. During joint inspection (27 August 2017), the departmental representative (Horticulture Development Officer) could not locate even a single cardamom plant at site in Pakring village.



No cardamom plant was visible at site where cardamom garden was stated to have been established.

### 3.2.8.2 Unexecuted works

Scrutiny of records revealed that four schemes in Tawang district costing ₹ 82.15 lakh shown to have been completed between February 2017 and March 2017 were not completed as on date of joint inspection.

Table: 3.2.6

Sl. No.	Name of schemes	Cost (₹ in lakh)	Implementing agency	Date of commencement of the work	Date of completion of the work	Date of drawal of funds	Status during joint inspection
1	Retaining wall & security fencing for drinking water source at Phama Dinlam Jormey	9.50	BDO, Tawang	26-12-16	22-03-17	30-03-17	Work not commenced
2	Rostrum at Seru Secondary School	20.00	BDO, Tawang	28-12-16	22-03-17	30-03-17	Work in progress
3	Staff quarters at PHC, Seru	15.00	BDO, Tawang	28-12-16	22-03-17	30-03-17	Work in progress
4	Teachers' quarters (Type-II) 2-units at Govt. Sec. School, Mukto	27.00	BDO, Mukto	07-02-17	08-02-17	30-03-17	Work in progress
5	Skill development on sanitary napkin making	10.65	Dy. Director of Industries, Tawang	29-01-17	28-03-17	31-03-17	Work in progress
<b>Total</b>		<b>82.15</b>					



The status of the work 'Rostrum at Seru Secondary School' shown to have been completed in March 2017.



Physical progress of 'Staff quarters at PHC, Seru' found during joint inspection.

### 3.2.8.3 Works executed not found at site

Joint inspection revealed that three schemes (₹ 23.50 lakh) executed under BADP could not be located at the actual site as detailed below:

- 'One-Unit Type-I Quarters at KGBV School, Mechuka' (₹ 7.00 lakh) executed by BDO, Mechuka, West Siang district in March 2015 was not found at site. The site-Engineer stated that the building had been washed away due to heavy rain.



The site where the KGBV building was stated to have been constructed.

- ‘Community Hall at Yidga Choezin’ (₹ 9.50 lakh) stated to have been completed in March 2015 by BDO, Tawang Block was not found at site. The site-Engineer stated that the building had been dismantled to make way for construction of other structures at the site.
- ‘Culvert at Khet’ (₹ 7.00 lakh) shown to have been executed by BDO, Mukto Block, Tawang district in 2012-13 was not found at site where it was stated to have been executed. The site-Engineer stated that the structure had been washed away during rainy season.

#### 3.2.8.4 Assets utilised for unintended purposes

Joint inspection revealed that four assets (₹ 42.85 lakh) created under BADP were found as being utilized for unintended purposes as detailed below:

- BDO, Tawang Block completed works of (i) ‘X-Ray & Diagnostic Centre at Tawang’ (₹ 10.10 lakh) and (ii) ‘Laboratory Room for Medical Department at Tawang’ (₹ 10.00 lakh) in December 2014. During joint inspection, the buildings were found as being utilized as commercial shops.
- ‘Bus Waiting Shed at Row Village’ (₹ 7.95 lakh) executed by PWD, Nacho Division, Upper Subansiri district in 2016-17 to mitigate the problems faced by the people while travelling was used as storage shed enclosed with fencing wire.
- ‘Two-unit teacher bachelor barracks at Therimkhan’ (₹ 14.90 lakh) constructed by Urban Development & Housing, Jairampur Division, Changlang district during 2013-15 were found being used as labour sheds during joint inspection.



Bus Waiting Shed at Row Village enclosed with sausage wire being used as store room.

#### 3.2.8.5 Selected project sites not suitable

Joint inspection revealed that three schemes (₹ 21.00 lakh) executed under BADP were executed at sites where the intended purpose of the schemes could not be achieved.

‘Playground at Changprong’ (₹ 9.00 lakh) executed by BDO, Tawang Block during 2016-17 was found to be a concrete platform on approach road to a private residence which was being used as parking space. The site-Engineer stated that due to non-availability of suitable land, the playground was constructed at the present site.



CC platform constructed instead of playground in the middle of an approach road to a private residence.

- (i) 'Porter track from BRTF Road to Karam Village' (₹ 3.00 lakh) and (ii) 'CC Steps from BRTF Road to Government Primary School Karam' (₹ 9.00 lakh) executed by BDO, Siyum Block, Upper Subansiri district in 2013-14 and 2015-16 were found executed at a location where there was no human habitation. The site-Engineer stated that the inhabitants had shifted to another village.



CC Steps at ₹ 9.00 lakh was constructed for village where there was no habitation.

Thus, the above schemes did not achieve the developmental needs and well being of the people as envisaged in the guidelines.

Audit recommends that the proper investigation should be conducted and responsibility be fixed for the lapses.

### **3.2.8.6 Assets lying idle**

Joint inspection revealed that following six assets (₹ 77.00 lakh) created under BADP were lying idle.

- Infrastructure created by DMO, Tawang and DMO, West Siang under BADP in March 2016 had not been provided with electricity connections and the following equipment were lying idle after their procurement.
  - (i) 'Medical equipment for Medical Sub Centre and Primary Health Centre under Mukto Block' (₹ 10.00 lakh) procured by DMO, Tawang; and
  - (ii) 'X-Ray Machine at Community Health Centre Mechuka' (₹ 20.00 lakh) procured by DMO, Aalo in West Siang district.
- 'Teachers Quarters at Jibaying Primary School' (₹ 15.00 lakh) executed by BDO, Nacho Block, Upper Subansiri district in 2012-13 was found in dilapidated condition with large cracks on the walls and floor, and leakages from roof, and the building was lying unoccupied.
- 'Teachers Quarters at Ragmi Primary School' (₹ 15.00 lakh) having provision of RCC pillar and brick wall was actually found constructed with wooden pillars and wooden walls by the BDO, Nacho Block, Upper Subansiri district in 2012-13. The building was found (August 2017) lying idle in dilapidated condition.



The dilapidated condition of 'Teachers Quarter at Ragmi Primary School' constructed at the cost of ₹ 15.00 lakh.

It is recommended that investigation should be conducted in the matter and responsibility may be fixed for the lapse.

- ‘Community Hall at Singbir Village’ (₹ 7.00 lakh) executed by BDO, Mechuka Block, West Siang district in 2015-16 was without any approach road and hence was not being used by the villagers.
- ‘Playfield at Kodokha (Takiomporing)’ (₹ 10.00 lakh) executed by PWD, Nacho Division, Upper Subansiri district in January 2017 was found unusable as playground due to non-levelling of ground and non-construction of approach road to the site.



The deplorable condition of ‘Playfield at Kodokha (Takiomporing)’.

### 3.2.8.7 Wasteful expenditure

Joint inspection revealed that expenditure of ₹ 23.00 lakh incurred on three schemes under BADP as per the records had been rendered wasteful as discussed below:

- (i) ‘Playground at Karam Primary School’ (₹ 6.00 lakh) was constructed by PWD, Nacho Division, Upper Subansiri district (January 2017) without any approach road; and (ii) ‘Playground at Doginalo Primary School’ (₹ 10.00 lakh) constructed by BDO, Nacho Block, Upper Subansiri district (February 2017) was found to be only about 30m x 20m as against 80m x 60m as shown on record. Both the playgrounds were not found in usable condition as the grounds were filled with rocks, stone aggregates, etc., and thus the expenditure of ₹ 16.00 lakh was wasteful/ doubtful.



‘Playground at Karam Primary School’ and ‘Playground at Doginalo Primary School’ were not in playable condition.

- As per records, BDO, Siyum block, upper Subansiri district constructed (2015-16) a boundary fencing around PHC at Pagenalo’ (₹ 7.00 lakh) with iron angle post and chain link fencing (sausage wire) under BADP. Joint inspection revealed that the fencing was constructed around an abandoned building and the entire area was used for cultivation of paddy.

### **3.2.8.8 Other discrepancies in execution of schemes**

During joint verification of 20 schemes (₹ 195.91 lakh), Audit observed doubtful execution of components of works like construction of bamboo wall instead of brick wall, allowing payment to the contractors against earthwork in excavation, *etc.*, when the construction had been done on second floor of existing buildings *etc.*, as described in **Appendix - 3.2.1.**

### **3.2.9 Monitoring and Review**

Para 10 of BADP guidelines provides that the State Governments shall develop an institutional system for inspection of the BADP schemes/projects and submit reports to the Department of Border Management, Ministry of Home Affairs. The deficiencies on monitoring and review of BADP schemes/projects at different levels were as under:

#### **3.2.9.1 Appointment of State Government Nodal Officer**

As per para 4.2 of BADP guidelines, each border block should be assigned to a high-ranking State Government Nodal Officer who should regularly visit the block and take responsibility for BADP schemes.

Audit observed that no high ranking State Nodal Officer had been appointed for regular inspection of BADP schemes during the period covered by audit.

#### **3.2.9.2 Monitoring by National Quality Monitors**

Para 10.2 of BADP guidelines provides that the Department of Border Management, Ministry of Home Affairs, shall appoint independent Monitors (Individual/Agency) designated as National Quality Monitors (NQMs) for random inspections of the BADP schemes. The NQMs shall submit their reports to the Ministry as well as the State Governments on a quarterly basis.

The Department stated that inspection of NQMs had not been conducted during 2012-17.

#### **3.2.9.3 Engagement of Third Party Inspection Agency**

As per para 10.1 of BADP guidelines, 'third party inspections should be commissioned by the states for an independent feedback on the quality of work and other relevant issues'. Further, the Empowered Committee in its meeting in September 2015 decided that the State Governments should submit inspection reports of the Third Party Inspection Agency along with the Action Taken Report to GoI on annual basis.

The Department engaged two agencies<sup>7</sup> by signing Memorandum of Understanding (MoU) during different periods<sup>8</sup> for inspections of 1,106 schemes pertaining to the period 2012-13 to 2015-16. Reports of only 475 schemes had been submitted to Planning Department. But the reports for the balance 631 schemes were yet to be submitted by the agencies. Action taken, if any, on the reports of 475 schemes was not found on record.

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<sup>7</sup> (i) WAPCOS Ltd. and (ii) NABARD Consultancy Services Pvt. Ltd. (NABCONS).

<sup>8</sup> WAPCOS on 10-12-13 for ₹ 45.79 lakh and on 06-11-15 for ₹ 30.60 lakh; NABCONS on 07-01-14 for ₹ 17.33 lakh and on 06-11-15 for ₹ 19.91 lakh.

### 3.2.10 Conclusion

The Annual Action Plans were prepared without long-term plan/perspective plan for saturation of border villages as required under scheme guidelines. Priority was not given to villages situated within 0-10 km of the international border as 340 schemes (Tawang-186; and Upper Subansiri – 154) were taken up in villages situated between 10 km to 23.75 km, and in West Siang, 114 schemes were implemented in 31 villages located beyond 50 km of the border. During 2012-17, there was shortfall in release of Central Share to the extent ₹ 34.40 crore and State Share of ₹ 11.43 crore. Further, an amount of ₹ 355.35 crore received from GoI for the scheme was parked by the State Government for a period of one month to 23 months. Audit noticed cases of (i) doubtful expenditure, (ii) wasteful expenditure, (iii) idle assets created under BADP, etc. Monitoring mechanism was inadequate and no high ranking State Nodal Officers were appointed during the five-year period. No National Quality Monitors from GoI had inspected any BADP schemes during the audit period.

### 3.3 Misutilisation of fund

**Deputy Commissioner sanctioned ₹ 1.93 crore under ‘Untied Fund’ and District Planning Officer, Changlang incurred expenditure of ₹ 1.62 crore on repairs & maintenance, renovation and extension of official residences/office buildings and celebration of festivals in violation of the rules.**

According to Rule 21 of General Financial Rules (GFR) 2005, every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety, and should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Besides, Rule 26 (ii) of the GFR 2005 provides that the controlling officer in respect of funds placed at his disposal was to ensure that the expenditure is incurred for the purpose for which funds have been provided.

Scrutiny (September 2016) of records of the District Planning Officer (DPO), Changlang revealed that the Government of Arunachal Pradesh (GoAP) reintroduced ‘Untied Fund’ to be placed at the disposal of Deputy Commissioners (DC) and Additional Commissioner (ADC) during 2008-09. In order to regulate the expenditure from the above untied fund, the Government of Arunachal Pradesh, Planning Department (October 2008) laid down that the fund would be utilized for execution of works of very urgent nature directly benefiting the community as a whole and to meet critical gaps in the infrastructure as per needs of the District/Area and which should not cost more than 10.00 lakh in each case. Besides, cash assistance or purchase of equipment or expenditure of recurring nature was not permitted.

Audit, however, observed that during the period from March 2010 to March 2016, the DC, Changlang sanctioned an amount of ₹ 1.93 crore (₹ 111.22 lakh for repairs & maintenance of the bungalows/office buildings, and ₹ 81.44 lakh for celebration of festivals) under ‘Untied Fund’ which were not covered under the provisions of ‘Untied

Fund' as laid down by the GoAP in its notification issued in October 2008. DPO, accordingly, incurred an expenditure of ₹ 1.62 crore (₹ 92.48 lakh for repairs & maintenance of the bungalows/office buildings; and ₹ 69.65 lakh for celebration of festivals) as per details given in **Appendix 3.3.1 & 3.3.2**.

The above expenditure of ₹ 1.62 crore was neither for execution of urgent nature of work nor for meeting critical gaps of infrastructure but in the nature of revenue expenditure. Such misutilisation of funds would have deprived funds to the extent required for meeting critical infrastructure gaps, thus depriving the community the intended benefit of the scheme.

Audit, thus, observed that expenditure of ₹ 1.62 crore incurred for purpose other than what was laid down under the 'untied fund' as notified by the Government of Arunachal Pradesh was in violation of the relevant provision of fund and thus was irregular under the GFR.

The matter was reported to the Government (August 2017); the reply is still awaited (July 2018).

#### **3.4 Irregular Expenditure**

**District Planning Officer, Seppa incurred irregular expenditure of ₹ 55.00 lakh on renovation, repairs & maintenance, execution of land development, irrigation channel, retaining wall etc., for private individuals and purchase of vehicles from the 'MLALADS' funds in violation of the extant rules.**

According to Rule 26 (ii) of General Financial Rules (GFR), 2005, the controlling officer in respect of funds placed at his disposal was to ensure that the expenditure is incurred for the purpose for which funds have been provided.

Government of Arunachal Pradesh (GoAP) introduced the 'MLAs Local Area Development Scheme (MLALADS)' from the year 2000-2001. Under the scheme, each MLA will give a choice of works to the Deputy Commissioners and also choose the Government agencies for implementation of the scheme in the districts as per established procedure. The works under this scheme will be developmental in nature based on the locally felt needs and should lead to the creation of durable assets; and funds provided under the scheme should not be used for incurring revenue expenditure.

Scrutiny (November 2016) of records of the District Planning Officer (DPO), Seppa revealed that the Deputy Commissioner (DC), Seppa sanctioned ₹ 55.60 lakh during the period from September 2014 to March 2016 for various works under 'MLALADS' out of which an amount of ₹ 55.00 lakh (Details in **Appendix-3.4.1**) was incurred by DPO, Seppa as indicated below:

Table: 3.4.1

(₹ in lakh)

Sl. No.	Particulars	Amount
1	Renovation of BDO building, SBI Building etc.	21.20
2	For execution of Land development, etc., for private individuals.	29.00
3	For procurement of vehicles for staff, Bolero DI and Mahindra Pick-up.	4.80
<b>Total</b>		<b>55.00</b>

It is evident from the above that expenditure of ₹ 55.00 lakh was neither for works of developmental nature based on locally felt needs nor for creation of durable assets for the public use at large. In fact, the expenditure was of revenue nature, which included works for private individuals, which was not in line with the provisions of the scheme guidelines. This irregular expenditure of funds resulted in deficient funding for creation of durable assets of developmental in nature based on locally felt needs benefiting the public at large.

Thus, expenditure of ₹ 55.00 lakh incurred for purpose other than what was laid down by Government of Arunachal Pradesh under the 'MLALADS' guidelines was in violation of the scheme guidelines and was thus irregular under the GFR.

The matter was reported to the Government (August 2017); the reply is still awaited (July 2018).

### District Administration

#### 3.5 Idle Expenditure

**An amount of ₹ 337.80 lakh sanctioned by GoI for 100 bedded Girls Hostels at Numada and Boulada was utilized subsequently for construction of additional Girls Hostels at Lumla and Bomba without subsequently obtaining approval from GoI and remained unoccupied for more than six to seven years rendering the whole expenditure idle.**

According to Rule 26 (ii) and (iv) of General Financial Rules 2005, the controlling officer in respect of funds placed at his disposal is to ensure that the expenditure is incurred for the purpose for which funds have been provided; and is also to ensure that adequate control mechanism is functioning in his department for prevention, detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money.

Government of India (GOI) sanctioned ₹ 337.80 lakh (December 2010) for "Construction of 100 bedded girls hostel at Numada Higher Secondary School, and Boulada Higher Secondary School" under Multi-sectoral Development Programme (MsDP) for minorities in Tawang District of Arunachal Pradesh. The first instalment of ₹ 168.90 lakh (50 per cent) was released by GOI in December 2010 as part of ₹ 742.10 lakh released towards first instalment for various schemes under MsDP.

Scrutiny (February 2017) of records of Deputy Commissioner, Tawang revealed that in line with above GOI sanction order, Government of Arunachal Pradesh (GoAP) accorded (March 2011) administrative approval and expenditure sanction<sup>9</sup> for “Construction of 100 bedded girls hostel at Numada Higher Secondary School, and Boulda Higher Secondary School” with a strict instruction that the funds should be utilised for the purpose and no diversion of sanctioned amount would be allowed.

Audit, however, observed that in contravention of the above sanction order, District Rural Development Agency (DRDA), Tawang issued two work orders<sup>10</sup> for ₹ 168.90 lakh (₹ 84.45 lakh each) to M/s SN Enterprises for Construction of one 100 bedded girls hostel at Lumla Higher Secondary School (March 2011/January 2012). Similarly, another two work orders<sup>11</sup> for ₹ 168.90 lakh (₹ 84.45 lakh each) were issued to M/s Peerless Builders, for Construction of one 100 bedded Girls Hostel at Bomba Higher Secondary School (March 2011/ April 2011). Consequently, the entire first instalment of ₹ 168.90 lakh released by GoI/GoAP for girls hostels at Numada and Boulda was paid<sup>12</sup> to M/s SN Enterprises and M/s Peerless Buildings @ ₹ 84.45 lakh each towards construction of girls hostels at Lumla and Bomba.

Subsequently, the second instalment of ₹ 168.90 lakh (February 2012) released by GoI for girls hostels at Numada and Boulda was again incurred for payment<sup>13</sup> to M/s SN Enterprises and M/s Peerless Builders @ ₹ 84.45 lakh each with GoAP’s approval for construction of girls hostels at Lumla and Bomba which were reported as completed in March 2012 and August 2011 and handed over to the school authorities respectively. However, during site inspection, audit observed that the newly constructed girls hostel at both locations remained unoccupied for five to six years since completion due to the reasons that HSS at Lumla<sup>14</sup> already had two hostels for girls having a total capacity of 150 (75 each) with occupancy rate of only 21 to 75 *per cent*; and the existing 100 bedded girls hostel at Bomba<sup>15</sup> had occupancy rate of 45 to 82 *per cent* during the period 2012-13 to 2016-17. This clearly indicated that additional 100 bedded girls hostel were constructed at the two locations without any requirement. Besides, some of the rooms had deteriorated as shown in photographs below:

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<sup>9</sup> No. SW-067/2011(MoMA) dated 28/03/2011.

<sup>10</sup> LCD/WO/10-11/MSDP/02 dated 28/3/11 and LCD/WO/10-11/MSDP/11 dated 16/1/12.

<sup>11</sup> CDT/WO/10-11/MSDP/05 dated 28/3/11 and CDT/WO/10-11/MSDP/05 dated 10/4/11.

<sup>12</sup> Drawn under R/C Bill No 922 dated 31 March 2011 (sub-voucher No. 8 & 2).

<sup>13</sup> Drawn under R/C Bill No. 613/12-13 dated 7 February 2013 (sub-voucher No. 8 & 2).

<sup>14</sup> The girl boarders during 2009-10 was only 12 against the existing capacity of 150 beds.

<sup>15</sup> The girl boarders during 2009-10 was only 35 against the existing capacity of 100 beds.

<b>100 Bedded Girls Hostel at Govt. Secondary School, Bomba</b>	
	
<b>Empty and unoccupied girls hostel at GSS Bomba</b>	<b>Deteriorating floor and empty hostel rooms at GSS Bomba</b>

<b>100 bedded girls hostel at Govt. Hr. Secondary School, Lumla</b>	
	
<b>No residents at girls hostel at GHSS Lumla</b>	<b>Empty hostel rooms at GHSS Lumla</b>

In reply, the State Government stated (December 2017) that there are no such Higher Secondary Schools as Numada and Boulda in Tawang District. Considering that the Numada and Boulda to mean Lumla and Bomba respectively, the project were started in right earnest and District Level Committee, Tawang approved proposal for Hostel Buildings at Lumla and Bomba in May 2010.

The fact remains that an amount of ₹ 337.80 lakh sanctioned by GoI for construction of 100 bedded Girls hostels at Numada and Boulda on the recommendation of 37<sup>th</sup> Empowered Committee was utilised towards construction of 100 bedded hostels at Lumla and Bomba. No approval or sanction from GoI was subsequently obtained by GoAP for utilisation of ₹ 337.80 lakh for additional 100 bedded girls hostels at Lumla and Bomba. Moreover, UCs were submitted by GoAP as per GoI sanction order for construction of girls hostels at Numada and Boulda.

Thus, expenditure of ₹ 337.80 lakh for additional 100 bedded girls hostels at Lumla and Bomba under MsDP without any requirement and obtaining approval of the GoI was not only irregular but also resulted in idle expenditure for more than 5 to 6 years without any likelihood of their occupation in near future.

**CHAPTER – IV**  
**REVENUE SECTOR**

## CHAPTER - IV: REVENUE SECTOR

### 4.1 Introduction

#### 4.1.1 Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of Arunachal Pradesh during 2016-17, the State share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are shown in table below:

**Table: 4.1.1 - Trend of Revenue Receipts**

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue raised by the State Government</b>						
1.	Tax revenue	316.50	434.51	462.16	535.07	708.75
	Non-tax revenue	284.22	405.06	457.64	392.12	544.82
<b>Total</b>		<b>600.72</b>	<b>839.57</b>	<b>919.80</b>	<b>927.19</b>	<b>1,253.57</b>
<b>Receipts from the Government of India</b>						
2.	Share of net proceeds of divisible Union taxes and duties	957.93	1,045.85	1,109.98	7,075.58	8,388.30
	Grants-in-aid	4,202.87	3,935.01	7,106.27	2,550.33	2,137.70
<b>Total</b>		<b>5,160.80</b>	<b>4,980.86</b>	<b>8,216.25</b>	<b>9,625.91</b>	<b>10,526.00</b>
3.	Total revenue receipts of the State Government (1+2)	5,761.52	5,820.43	9,136.05	10,553.10	11,779.57
4.	<b>Percentage of 1 to 3</b>	<b>10.43</b>	<b>14.42</b>	<b>10.06</b>	<b>8.79</b>	<b>10.64</b>

(Source: Finance Accounts of respective years)

The above Table shows that during 2016-17, revenue raised by the State Government (₹ 1,253.57 crore) was 11 per cent of its total revenue receipts. The balance 89 per cent of receipts during 2016-17 was from the Government of India.

Details of tax revenue raised against Budget Estimate (BE) during 2012-13 to 2016-17 are given in the following table:

**Table: 4.1.2 - Details of Tax Revenue raised**

(₹ in crore)

Head of Revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage Increase (+)/ Decrease (-) in 2016-17 over 2015-16
	BE	Actual									
Land Revenue	6.66	4.70	5.16	11.39	6.21	5.99	5.64	8.89	8.92	6.44	(-)27.56
Stamp Duty	2.50	3.05	2.73	4.18	4.03	3.83	5.28	5.63	8.04	5.08	(-)9.76
State Excise	32.00	49.11	56.70	55.50	68.74	59.87	66.70	86.33	130.63	109.05	(+)26.32
Taxes on Sales, Trade, etc.	226.55	161.62	321.80	223.60	338.03	195.24	178.10	190.22	236.92	282.54	(+)48.53
Motor vehicle Tax	18.00	13.38	15.64	17.09	17.99	17.78	18.14	19.30	22.82	24.47	(+)26.79
Taxes on goods and passengers	0.00	84.64	0.00	122.75	111.94	179.45	233.78	224.70	263.31	281.17	(+)25.13
<b>Total</b>	<b>285.71</b>	<b>316.50</b>	<b>402.03</b>	<b>434.51</b>	<b>546.94</b>	<b>462.16</b>	<b>507.64</b>	<b>535.07</b>	<b>670.64</b>	<b>708.75</b>	<b>32.46</b>

(Source: Budget Documents and Finance Accounts of respective years)

Details of Non-tax Revenue raised from 2012-13 to 2016-17 are shown in the following table:

**Table: 4.1.3 - Details of Non-Tax Revenue raised**

(₹ in crore)

Head of Revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage increase(+)/ Decrease (-) in 2016-17 over 2015-16
	BE	Actual									
Power	200.67	113.07	110.03	145.41	289.48	182.63	184.17	117.04	226.66	259.61	(+)121.87
Interest Receipts	55.00	40.32	58.93	24.66	67.77	13.12	31.61	39.11	36.98	56.39	(+)44.18
Forestry & Wild Life	15.40	7.49	28.98	11.89	55.90	9.28	8.29	13.76	10.97	13.86	(+)0.73
Public works	4.00	16.17	11.90	29.83	21.39	19.98	23.52	7.35	10.21	8.95	(+)21.77
Miscellaneous General Services	15.00	0.02	0.12	0.01	0.03	0.01	0.04	54.39	30.48	21.67	(-) 60.16
Other Administrative Service	7.08	7.58	8.09	8.57	10.02	8.29	10.65	9.52	11.09	11.24	(+)18.07
Police	3.60	2.32	3.41	3.09	3.06	1.29	1.30	9.34	18.32	64.36	(+)589.08
Medical & Public Health	0.51	0.49	0.50	0.71	0.67	0.71	0.81	0.61	0.77	0.80	(+)31.15
Co-operation	1.45	0.24	0.93	0.48	0.31	0.57	0.67	0.58	1.12	0.40	(-) 31.03
Other Non-Tax Receipts	118.46	42.27	93.89	180.41	200.3	221.76	231.3	140.42	182.3	107.54	(-)23.42
<b>Total</b>	<b>421.17</b>	<b>284.22</b>	<b>316.78</b>	<b>405.06</b>	<b>648.93</b>	<b>457.64</b>	<b>492.36</b>	<b>392.12</b>	<b>528.90</b>	<b>544.82</b>	<b>38.94</b>

(Source: Budget Documents and Finance Accounts of respective years)

The concerned departments did not furnish the reasons for variations in receipts of tax and non-tax revenue from the previous year despite a request to this effect (November 2017).

#### 4.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 on one Major Head of revenue '0040'-Taxes on Sales, Trade, etc., amounted to ₹ 87.60 crore of which ₹ 33.43 crore was outstanding for more than five years, as detailed in the table below:

**Table: 4.1.4 - Arrears of revenue**

(₹ in crore)

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2017		Replies of the Department
		Total	For more than five years	
1	0040 - Taxes on Sales, Trade, etc.	87.60	33.43	The Department did not furnish reasons for arrears.
<b>Total</b>		<b>87.60</b>	<b>33.43</b>	

(Source: Information furnished by the Departments)

It could be seen from the table that recovery of ₹ 33.43 crore was pending in Tax & Excise Department for more than five years which indicated that the chances of recovery was remote and also pointed to systemic weakness in the revenue recovery mechanism of the State Government. The information on total amount of arrears of revenue as well as amount outstanding for more than five years as on 31 March 2017 was not furnished by

the other major revenue earning departments<sup>1</sup> of the State Government though called for.

#### 4.1.3 Arrears in assessments

Details of cases pending at the beginning of the year, cases due for assessment, cases disposed of during the year and number of cases pending finalization at the end of the year were not furnished by Tax and Excise Department though called for (March 2018).

#### 4.1.4 Evasion of tax detected by the Department

No information in respect of evasion of tax detected was furnished by the Tax and Excise Department (March 2018) though called for.

#### 4.1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year (2016-17), claims received during the year, refunds allowed during the year and cases pending at the close of the year (2016-17) was not furnished by the Tax and Excise Department though called for.

#### 4.1.6 Response of the Government/Departments towards Audit

The Principal Accountant General, Arunachal Pradesh, conducts periodical inspection of government departments to test-check transactions and verify maintenance of important accounts and other records, as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspections and not settled on the spot, which are issued to Heads of Offices inspected, with copies to the next higher authorities for taking prompt corrective action. Heads of Offices are required to promptly comply with observations contained in the IRs, rectify commissions/omissions and report compliance through initial replies to the Accountant General, Arunachal Pradesh within one month from the date of issue of IRs. Serious financial irregularities are reported to the Heads of Departments and the Government.

As of June 2017, 350 IRs containing 1,202 paragraphs involving ₹ 4,176.02 crore remained outstanding for want of replies/compliance from the concerned departments. The position in this respect for the preceding two years is shown in the table below:

**Table: 4.1.5 - Details of pending Inspection Reports**

	June 2015	June 2016	June 2017
Number of IRs pending settlement	299	324	350
Number of outstanding Audit Observations	974	1,093	1,202
<b>Total amount involved (₹ in crore)</b>	<b>4,180.79</b>	<b>4,602.22</b>	<b>4,176.02</b>

Department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and amounts involved are shown in the table below:

<sup>1</sup> 1. Land Management Department 2. Transport Department 3. State Lottery Department 4. Environment & Forest & Wildlife Department.

**Table: 4.1.6 - Department-wise details of IRs**

(₹ in crore)

Sl. No.	Department	Nature of receipts	No of outstanding		Money value involved
			IRs	Audit Observations	
1	Tax & Excise	Taxes on Sales, Trade etc.	89	400	139.02
		State Excise	57	157	8.12
2	Land Management	Land Revenue	31	128	3,891.41
3	Transport	Taxes on Motor Vehicles	49	165	17.80
4	State Lottery	Lottery	19	52	34.30
5	Geology & Mining	Non-ferrous Mining & Metallurgical Industries	100	281	79.01
6	Environment & Forest & Wildlife	Forestry & Wild Life	5	19	6.36
<b>Total</b>			<b>350</b>	<b>1,202</b>	<b>4,176.02</b>

Audit did not even receive first replies from 28 Heads of Offices for 29 IRs issued during 2016-17. The increasing pendency of IRs and paras and the fact that first replies to IRs had not been received from as many as 28 Heads of Offices indicated the casual approach the Heads of Offices and Departments to rectify defects, omissions and irregularities pointed out in the IRs.

The Government may consider constituting a committee headed by the Chief Secretary to monitor the response of departments to audit observations in a time bound manner and for clearance of old outstanding IRs.

#### **4.1.7 Departmental Audit Committee Meetings**

The Government set up Audit Committees to monitor and expedite the progress of settlement of the IRs and Paragraphs in the IRs. However, no Departmental Audit Committee meeting for Revenue Sector was held during 2016-17. As can be seen from Para 4.1.6 there is large pendency of IRs. In view of this, the Government may ensure holding of regular Audit Committee meetings to expedite clearance and settlement of outstanding audit observations.

#### **4.1.8 Response of Departments to Draft Audit Paragraphs**

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India are forwarded by the Principal Accountant General, Arunachal Pradesh to the Principal Secretaries/Secretaries of concerned departments, drawing their attention to audit findings and requesting them to send responses within six weeks. The fact of non-receipt of replies from departments/ government is invariably indicated at the end of such paragraphs included in the Audit Report.

Nine paragraphs proposed to be included in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 were sent to the Principal Secretaries/Secretaries of respective Departments between July 2017 and August 2017. The Principal Secretaries/Secretaries of the Government did not furnish replies to any of the paragraphs (March 2018) and these have been included in this Report without any response from the departments and government.

#### 4.1.9 Follow-up on Audit Reports

The internal working system of the Public Accounts Committee (PAC) notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. One hundred four paragraphs (including two performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Arunachal Pradesh for the years ended 31 March 2012, 2013, 2014, 2015 and 2016 were placed before the State Legislative Assembly between 23 September 2013 and 14 October 2017. The action taken explanatory notes from the concerned departments on these paragraphs were received late with average delay of 24 months in respect of each of these Audit Report. As of March 2018, action taken explanatory notes in respect of 10 paragraphs from various departments had not been received for the Audit Report year ended 31 March 2016.

The PAC discussed 32 selected paragraphs pertaining to the Audit Reports for the years from 2001-02 to 2012-13 and its recommendations on two paragraphs were incorporated in their 60<sup>th</sup> Report (27 September 2012). Out of 32 paragraphs, 18 paragraphs were settled by the PAC and Action Taken Notes have not been received in respect of 14 recommendations of the PAC related to the Audit Reports for the years 2001-02 to 2012-13 from the Tax & Excise and Geology & Mining Departments as detailed in the following table:

**Table: 4.1.7 - Details of ATNs not received as on 31 March 2017**

Year	Name of the Department	No. of Recommendation
2001-02	Tax & Excise	1
2002-03	Geology & Mining	1
2003-04	Tax & Excise	1
2004-05	Tax & Excise	1
2006-07	Geology & Mining	3
2007-08	Geology & Mining	2
2008-09	Geology & Mining	1
2009-10	Geology & Mining	1
2012-13	Geology & Mining	3
<b>Total</b>		<b>14</b>

#### 4.1.10 Analysis of mechanism for dealing with issues raised by Audit

To analyse the system of addressing issues highlighted in Inspection Reports/Audit Reports by the Department/ Government, action taken on Paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 4.1.10.1 and 4.1.10.2 discuss the performance of the Department of Transport and cases detected during the course of local audit during the last 10 years and also cases included in Audit Reports for the years 2007-08 to 2016-17.

#### 4.1.10.1 Position of Inspection Reports

The summarized position of the Inspection Reports issued during the last 10 years to various offices under the administrative control of the Department of Transport as on 31 March 2017 is shown in Table 4.1.8:

**Table: 4.1.8 - Position of Inspection Reports**

(₹ in lakh)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para	Money value	IRs	Para	Money value	IRs	Paras	Money value	IRs	Para	Money value
2007-08	50	121	831.15	1	6	18.09	10	22	163.81	41	105	685.43
2008-09	41	105	685.43	1	5	82.98	1	2	0.20	41	108	768.21
2009-10	41	108	768.21	0	0	0	0	6	84.91	41	102	683.30
2010-11	41	102	683.30	2	8	71.89	1	3	3.63	42	107	751.56
2011-12	42	107	751.56	1	5	15.56	4	2	1.31	39	110	765.81
2012-13	39	110	765.81	0	0	0	0	5	15.58	39	105	750.23
2013-14	39	105	750.23	0	0	0	0	0	0	39	105	750.23
2014-15	39	105	750.23	0	0	0	1	5	15.56	38	100	734.67
2015-16	38	100	734.67	3	16	164.88	0	0	0	41	116	899.55
2016-17	41	116	734.67	8	58	264.33	0	9	178.65	49	165	820.35

During 2016-17, the Department of Transport did not arrange to hold any Audit Committee Meeting with the Principal Accountant General's office to settle the old paragraphs.

#### 4.1.10.2 Recovery of Accepted Cases

The position of paragraphs included in Audit Reports of the last 10 years, those accepted by the Department of Transport and amounts recovered are mentioned in the following table:

**Table: 4.1.9**

(₹ in crore)

SL. No.	Year of Audit Report	No. of Paragraphs included	Money value of the paragraphs	No. of paragraphs accepted having Money value	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases of 31 March 2016
1	2006-07	2	0.07	2	0.07	Nil	Nil
2	2007-08	0	0.00	0	0.00	Nil	Nil
3	2008-09	3	0.30	3	0.30	Nil	Nil
4	2009-10	0	0.00	0	0.00	Nil	Nil
5	2010-11	3	0.20	3	0.20	Nil	Nil
6	2011-12	0	0.00	0	0.00	Nil	Nil
7	2012-13	0	0.00	0	0.00	Nil	Nil
8	2013-14	0	0.00	0	0.00	Nil	Nil
9	2014-15	2	0.30	2	0.30	Nil	Nil
10	2015-16	2	3.23	2	3.23	Nil	Nil
<b>Total</b>		<b>12</b>	<b>4.10</b>	<b>12</b>	<b>4.10</b>	<b>Nil</b>	<b>Nil</b>

From the above table it can be seen that there was no recovery even in accepted cases, throughout during the last 10 years. No mechanism for pursuance of accepted cases was put in place by the Department. In the absence of a suitable mechanism, the Department could not monitor recoveries of accepted cases.

The Department should take immediate action to pursue and monitor prompt recovery of dues involved in the accepted cases.

#### **4.1.11 Audit Planning**

The offices under various Departments are categorized into high, medium and low risk units, according to their revenue position, past trends of audit observations and other parameters. An Annual Audit Plan is prepared on the basis of risk analysis, which includes critical issues in Government Revenues and Tax Administration, *i.e.* budget speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings, factors of the tax administration, audit coverage and its impact during past five years, *etc.*

During 2016-17, there were 132 auditable units, of which 29 were planned and were actually audited, which was *22 per cent* of the total auditable units.

#### **4.1.12 Results of Audit**

##### **4.1.12.1 Position of Local Audits conducted during the year**

Test check of records of the 29 units conducted during 2016-17 revealed under assessment/ short levy/ loss of revenue aggregating ₹ 32.39 crore in 149 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 2.40 crore involved in 15 cases, which were pointed out in audit during 2016-17. However, no recovery was made during the period.

#### **4.1.13 Coverage of this Report**

This Chapter contains eight audit paragraphs having financial effect of ₹ 3.71 crore. No replies to these eight paragraphs was received from any of the concerned departments as of March 2018.

### **Compliance Audit Paragraphs**

#### **Tax and Excise Department**

#### **4.2 Failure of Assessing Officer to detect short-realisation of tax**

**Failure of the Assessing Officer to detect short-realisation of tax of ₹ 96.68 lakh from registered works contractors due to application of lower tax rate at four per cent instead of 12.50 per cent**

Under Section 5(2) of the Arunachal Pradesh Good Tax (APGT) Act, 2005, a dealer executing works contracts shall be liable to pay Value Added Tax (VAT) on the balance turnover after deduction of charges incurred towards labour, services, *etc.* If such charges are not ascertainable, a deduction of *25 per cent* is allowed on the total turnover.

As per Section 87(10) of the said Act, if the dealer furnished false, misleading or deceptive returns, he shall be liable, in addition to tax evaded, to pay penalty of a sum of rupees one lakh or the amount of tax evaded whichever is greater. Also, Section 44 (2) of the Act stipulates payment of interest ranging between *12 to 24 per cent* per annum for the period of default in payment of due tax.

Further, Section 47A (1) (a) of the Act *ibid* provides for deduction of VAT at source by the Government/Departments while making payment to works contractors at a rate of 12.50 *per cent* and at a rate of four *per cent* on the total value of works in respect of registered dealer who opted for '*Simplified Accounting Method for Works Contracts*'. Under this method, the registered dealer has to apply to the Superintendent of Taxes (ST) under whom he is registered in form FF-14 that he is opting for the simplified method along with copies of his contract document.

Scrutiny of records (November 2016) of the Superintendent of Tax (ST), Yingkiong revealed that in the following three cases the contractors did not opt for '*Simplified Accounting Method for Works Contracts*' as available under Section 47A (1) (a) of the APGT Act, 2005 but paid taxes at lower rate of four *per cent* instead of 12.50 *per cent*.

**4.2.1** A registered works contractor, (M/s OA Construction Pvt. Ltd, Yingkiong VAT TIN: 12090030183) had declared a total gross turnover of ₹ 11.10 crore during the period from March 2013 to June 2016 in his returns. As per the returns the dealer had paid tax of ₹ 42.82 lakh at four *per cent* on gross turnover of ₹ 11.10 crore (duly supported by challans for Tax Deduction at Source for that amount as proof of payment). However, the tax deductible at source was to be ₹ 104.02 lakh calculated at the rate of 12.50 *per cent* (since the dealer had not opted for '*Simplified Accounting Method for Works Contracts*') on his taxable turnover of ₹ 8.32 crore after allowing 25 *per cent* deduction for labour and service charges of ₹ 2.78 crore on gross turnover of ₹ 11.10 crore under Section 5 (2) of the APGT Act, 2005. Thus, the contractor was also liable to pay balance tax of ₹ 61.20 lakh which the Assessing Officer failed to detect from the returns. The dealer was also liable to pay minimum interest of ₹ 13.57 lakh (@ 12 *per cent* per annum calculated up to March 2017) due to default in payment of due tax under Section 44(2) of the APGT Act, 2005. Penalty of ₹ 61.20 lakh is also leviable to the contractor under Section 87 (10) of the APGT Act, 2005.

**4.2.2** Six registered works contractor had declared a total gross turnover of ₹ 6.59 crore during the period from March 2014 to March 2016 in their returns. As per the returns the dealers had paid tax of ₹ 26.26 lakh at four *per cent* on gross turnover of ₹ 6.59 crore (duly supported by challans for Tax Deduction at Source for that amount as proof of payment). However, the tax deductible at source was to be ₹ 61.74 lakh calculated at the rate of 12.50 *per cent* (since the dealer had not opted for '*Simplified Accounting Method for Works Contracts*') on his taxable turnover of ₹ 4.94 crore after allowing 25 *per cent* deduction for labour and service charges of ₹ 1.64 crore on gross turnover of ₹ 6.59 crore under Section 5(2) of the APGT Act, 2005. Thus, the contractors were also liable to pay balance tax of ₹ 35.48 lakh which the Assessing Officer failed to detect from the returns. The dealer was also liable to pay minimum interest of ₹ 5.29 lakh (@ 12 *per cent* per annum calculated up to March 2017) due to default in payment of due tax under Section 44(2) of the APGT Act, 2005. Penalty of ₹ 51.51 lakh is also leviable to the contractor under Section 87 (10) of the APGT Act, 2005 (**Appendix 4.2.1**).

The cases were reported to the Department (July 2017), however, reply was still awaited (July 2018).

### 4.3 Non-furnishing of returns by registered dealers

**Failure of the Superintendent of Taxes (ST), Yingkiong to levy and realise penalty from 18 registered dealers for non-submission of returns resulted in loss of revenue of ₹ 19.50 lakh**

Rule 36 (1) & (2) of the Arunachal Pradesh Goods Tax (APGT) Rules, 2005, stipulates that every dealer liable to pay tax shall furnish a return in form FF-01 for each tax period<sup>2</sup> within 28 days from the end of the tax period. Also, under Section 87(9) (a) of the APGT Act, 2005 if a dealer fails to furnish any return by the due date, he is liable to pay penalty of ₹ 100 per day of default subject to a maximum of ₹ 10,000.

Scrutiny of records (November 2016) of the ST, Yingkiong revealed that 18 registered dealers, whose annual turnover was below rupees one crore, did not submit their returns for periods ranging from 05 months to 77 months in respect quarterly tax periods between October 2010 and March 2017. As the dealers did not furnish returns their turnover could not be ascertained by the Assessing Officer. Due to non-submission of returns, the dealers were liable to pay penalty of ₹ 19.50 lakh. The details are given in **Appendix 4.3.1**. No action was also initiated by the Assessing Officer to issue notice to the dealers for non-submission of returns and realisation of the penalty till March 2017.

The case was reported to the Department (July 2017); reply was awaited (July 2018).

### 4.4 Failure of Assessing Officer to take action to register unregistered dealers

**Two Assessing Officers failed to take action to register 24 unregistered dealers engaged by DDOs for supplies/works and to impose penalty of ₹ 24 lakh**

Section 19 of the Arunachal Pradesh Goods Tax (APGT) Act, 2005 states that a dealer dealing in goods other than those mentioned in the First Schedule of the said Act shall be required to register under the Act if his turnover in the current year exceeds the taxable quantum of ₹ 5.00 lakh. Further, under Section 87(4) of the Act, if any dealer fails to register himself, he is liable to pay a penalty of ₹ 1,000 per day, subject to a maximum of rupees one lakh. For this purpose, the Assessing Officer has been delegated authority to impose penalties for contravention of the provisions of the Act and to enforce payment and recovery of such penalty vide Tax and Excise Department Notification No. TAX (VAT)-208/2010 dated 6 July 2012.

Cross verification of records of the STs, Roing and Yingkiong during September 2016 and November 2016 with those of four DDOs<sup>3</sup> revealed that 24 contractors/dealers were engaged for various supplies/works during April 2014 to March 2016. Audit observed that the turnover of these 24 dealers was more than ₹ 5.00 lakh. However, the dealers did not register themselves though required under Section 19 of the APGT Act, 2005.

<sup>2</sup> Rule 34 of the APGT Rules stipulates that tax period of a dealer whose turnover in a particular year is over rupees one crore shall be one month, and shall, at the option of the dealer, be either one month or a quarter if the turnover is or below rupees one crore.

<sup>3</sup> EE, PWD, Roing : 9 dealers; DC, Roing : 2 dealers; DVO, Roing : 1 dealer, EE, PWD, Yingkiong : 12 dealers.

Further, the Assessing Officers (AO) failed to take action to register these 24 dealers even after being pointed out by Audit. The said 24 dealers were liable to pay penalty of rupees one lakh each under Section 87(4) totaling ₹ 24.00 lakh.

The case was reported to the Department (August 2017); reply was awaited (July 2018).

#### **4.5 Loss of Revenue due to non-renewal of licences**

**Failure of the Commissioner of Excise to initiate action led to non-realisation of licence fee of ₹ 34.50 lakh and penalty ₹ 5.10 lakh from eight wholesale vends<sup>4</sup> of IMFL/Beer.**

Under the Arunachal Pradesh Excise Act, 1993 and Rules made thereunder, a licence granted for operating a wholesale vend of India Made Foreign Liquor (IMFL)/Beer shall remain valid for one year from the date of issue. On expiry of the validity period, the licensee shall either return the licence or get it renewed on payment of the prescribed annual fee of ₹ 1.50 lakh in advance. If the licensee fails to renew the licence before expiry of the validity period, he shall be liable to pay penalty at the rate of ₹ 75.00 per day in addition to the annual fees for the period of default in payment. Further, Section 29(1) (b) of the Act provides that the licence may be cancelled or suspended if the prescribed annual licence fee payable by the licensee has not been duly paid.

Scrutiny of records (August 2016) of the Commissioner of Excise (CE) revealed that eight wholesale vends did not renew their licences before the expiry of the validity period falling between September 2013 and February 2016 even after 408 to 1,409 days (calculated upto March, 2017). The wholesale vends neither returned their licences nor paid renewal fee of ₹ 34.50 lakh, and were thus also liable to pay penalty ₹ 5.10 lakh (calculated upto March 2017). The details are given in **Appendix 4.5.1**. The CE neither took any initiative to realize the prescribed renewal fee and penalty nor cancelled the licences as prescribed under Section 29(1) (b) of the Act.

Thus, due to inaction of the CE, there was revenue loss of ₹ 39.60 lakh (licence fee ₹ 34.50 lakh and penalty ₹ 5.10 lakh).

The case was reported to the Department/Government (July 2017); reply was awaited (July 2018).

#### **4.6 Loss of Revenue due to non-renewal of brand/label**

**Failure of the Commissioner of Excise to realise renewal fee of brand names/label and penalty resulted in revenue loss of ₹ 45.40 lakh.**

The Department of Tax and Excise through a Notification No. Ex-145/97 dated 9 March 1998 imposed fees for registration of brand names and labels of Indian Made Foreign Liquor (IMFL) manufactured or sold in Arunachal Pradesh to be valid for one year from the date of issue of the registration certificate and thereafter to be renewed annually. The fees for renewal of brand name/label in respect of whisky, rum, wine, vodka, etc., was

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<sup>4</sup> Wholesale vend means the vendor exceeding the limit of sale of retail.

fixed at ₹ 10,000.00 to ₹ 15,000.00 per annum. Further, as per Department of Tax and Excise Notification No. Ex-40/98 dated 12 May 2004, penalty of ₹ 15,000.00 was to be imposed in the event of default in renewal of registration of brand names and labels of IMFL before expiry of the validity period.

Scrutiny of records (August 2016) of the Commissioner of Excise (CE) revealed that validity of registration for 129 brands/labels of IMFL from 36 manufacturers had expired for periods ranging one to four years during July 2013 and July 2016 (detailed in **Appendix 4.6.1**). The manufacturers did not apply for renewal of the brand names/labels. Audit also observed that the CE did not take any action to issue notice to the manufacturers to renew their brand name of IMFL resulting in non-realisation of renewal fees of ₹ 26.05 lakh and penalty ₹ 19.35 lakh on account of default in renewal of registration.

Thus, failure of the CE to take action to realize the renewal fee of brand names/label and penalty thereof, resulted in loss of revenue of ₹ 45.40 lakh to the state exchequer.

The case was reported to the Department (July 2017); reply was awaited (July 2018).

### Transport Department

#### 4.7 Non-realisation of road tax

**Road tax of ₹ 85.73 lakh due from 769 commercial vehicles and penalty of ₹ 21.43 lakh remained unrealized for default of payment of tax for more than one year to six years**

Under Section 4 of the Arunachal Pradesh Motor Vehicles Taxation Act, 1984, road tax at prescribed rate shall be levied and collected annually/quarterly/monthly as the case may be, on all motor vehicles used or kept for use in the State, unless an owner of such vehicle is exempted from tax on the basis of his application to the effect that the vehicle would not be used in any public place and the registration certificate is surrendered. Section 13 of the Act further provides that in the event of failure to pay the tax 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.

Scrutiny of records of six District Transport Officers (DTOs)<sup>5</sup> (May 2016 to July 2016) revealed that 769 owners of commercial vehicles neither paid road tax amounting to ₹ 85.73 lakh for different periods ranging one to six years falling between September 2010 and May 2016 nor obtained any exemption from the concerned DTOs by surrendering their registration certificates. The details are given in the following table:

<sup>5</sup> DTO Yupia; DTO Pasighat; DTO Aalo; DTO Ziro; DTO Tezu; and DTO Bomdila.

**Table: 4.7.1 - Details of non-payment of Road Tax**

(₹ in lakh)

Sl. No.	Name of DTO	No of vehicles not paying road tax	Year of arrears	Road tax Due	Penalty Due	Total amount due
1	DTO Yupia	177	1-3 yrs	17.33	4.33	21.66
2	DTO Pasighat	114	1-6 yrs	13.13	3.28	16.41
3	DTO Aalo	88	1-4 yrs	8.65	2.16	10.81
4	DTO Ziro	79	1-2 yrs	4.28	1.07	5.35
5	DTO Tezu	80	1-5 yrs	13.99	3.50	17.49
6	DTO Bomdila	231	1-6 yrs	28.35	7.09	35.44
<b>Total</b>		<b>769</b>		<b>85.73</b>	<b>21.43</b>	<b>107.16</b>

The maximum penalty of ₹ 21.43 lakh leviable for default in payment of the aforesaid tax was also not levied by the DTOs.

Thus, failure of the DTOs to issue Demand Notice to the defaulters and lack of enforcement to ensure compliance resulted in non-realization of a total revenue of ₹ 1.07 crore.

The case was reported to the Department (July 2017); reply was awaited (July 2018).

#### **4.8 Non-realisation of entry tax**

##### **Failure of the District Transport Officer, Bomdila to collect entry tax of ₹ 19.33 lakh on 27 commercial vehicles imported from outside the State**

Rule 4 (1) and (5) of the Arunachal Pradesh Entry Tax (APET) Act, 2010 states that entry tax shall be leviable on the import of any motor vehicle into the State for use or sale therein which is liable for registration in the State under the Motor Vehicles Act, 1988. No Registering Authority shall either register any such motor vehicle or assign any new registration mark to such motor vehicle unless payment of entry tax has been made by the person concerned. Further, as per Section 4(d) of the Arunachal Pradesh Goods Tax Act 2005, motor vehicles are taxable at the rate of 12.5 *per cent*, and excavator and tipper are taxable at the rate of four *per cent*.

Scrutiny (July 2016) of the records of the District Transport Officer (DTO), West Kameng District, Bomdila revealed that 27 commercial motor vehicles such as light commercial vehicles, excavator, tipper, *etc.*, having total value of ₹ 2.63 crore were imported from Assam and were registered by the DTO during the period from April 2010 to February 2014. Audit, however, observed that entry tax at the prescribed rate of 12.5 *per cent* on 18 vehicles and four *per cent* on nine vehicles amounting to ₹ 19.33 lakh (details in **Appendix 4.8.1**) was not realized from the vehicle owners by the DTO, in contravention of the provisions of the APET Act, 2010.

Thus, failure of the DTO, Bomdila to ensure realization of entry tax before registering 27 commercial vehicles resulted in a revenue loss of ₹ 19.33 lakh to the State exchequer.

The case was reported to the Department (August 2017); reply was awaited (July 2018).

#### 4.9 Non-renewal of fitness certificates

**Failure of five DTOs to ensure renewal of fitness certificates of 526 vehicles resulted in revenue loss of ₹ 13.96 lakh.**

As per Section 56 of the Central Motor Vehicles Act, 1988 and Rule 62 of the Central Motor Vehicles (CMV) Rules, 1989, a transport vehicle shall not be deemed to be validly registered under Section 39 of the Act *ibid* unless it carries a certificate of fitness. A fitness certificate granted in respect of a newly registered transport vehicle is valid for two years and is required to be renewed every year thereafter. Payment of the prescribed testing fee of ₹ 200.00, ₹ 300.00 and ₹ 400.00 for light, medium and heavy vehicle respectively is required to be made under Rule 81 of the CMV Rules, 1989. Further, plying a vehicle without valid registration is punishable under Section 192 of MVT Act, 1988 with a fine not less than ₹ 2,000.00 for the first offence.

Scrutiny (May 2016 to July 2016) of records of five District Transport Offices (DTO)<sup>6</sup> revealed that the owners of 526 transport vehicles<sup>7</sup> (commercial vehicles) failed to renew their certificates of fitness before the expiry of the validity period ranging from one to five years falling between November 2011 and June 2016 and avoided payment of ₹ 3.44 lakh as testing fee. The DTOs also failed to issue notices to the vehicle owners for renewal of the same. Audit further observed that these 526 commercial vehicles continued to ply without valid fitness certificates for which a penalty of ₹ 10.52 lakh (@ ₹ 2000 x 526 Vehicles) was hence leviable.

Thus, failure of the five DTOs to renew fitness certificates and non- levy of the consequent penalty, resulted in a revenue loss of ₹ 13.96 lakh (fitness fee of ₹ 3.44 lakh and penalty ₹ 10.52 lakh).

The case was reported to the Department (August 2017); reply was awaited (July 2018).

<sup>6</sup> 1. DTO, Tezu; 2. DTO, Bomdila; 3. DTO, Pasighat; 4. DTO, Aalo; 5. DTO, Ziro.

<sup>7</sup> Tezu: 113 vehicles; Bomdila: 219 vehicles; Pasighat: 30 vehicles; Aalo: 85 vehicles, Ziro: 79 vehicles.

**CHAPTER – V**  
**ECONOMIC SECTOR**  
**(STATE PUBLIC SECTOR UNDERTAKINGS)**

## CHAPTER-V: ECONOMIC (SPSUs) SECTOR

### 5.1 Overview of State Public Sector Undertakings

#### 5.1.1 Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and the SPSUs occupy an important place in the State economy. As on 31 March 2017, there were six SPSUs (all Government Companies, including one non-working company) in the state. None of these companies was listed on stock exchange. The details of the SPSUs in Arunachal Pradesh as on 31 March 2017 are given below:

**Table: 5.1.1 - List of SPSUs as on 31 March 2017**

(₹ in crore)

Sl. No.	Name of the Company	Aggregate Profit/Loss as per latest finalized accounts (as of September 2017)	Paid Up Capital
<b>Working SPSUs</b>			
1	Arunachal Pradesh Industrial Development and Financial Corporation Limited	(-) 2.43	4.15
2	Arunachal Pradesh Mineral Development and Trading Corporation Limited	(-) 0.28	2.13
3	Arunachal Pradesh Forest Corporation Limited	3.54	4.50
4	Arunachal Police Housing and Welfare Corporation Limited	5.26	0.02
5	Hydro Power Development Corporation of Arunachal Pradesh Limited	0.43	5.00
<b>Total</b>		<b>6.52</b>	<b>15.80</b>
<b>Non-Working SPSUs</b>			
1	Parasuram Cement Limited	0	0.24
<b>Grand Total</b>		<b>6.52</b>	<b>16.04</b>

The working SPSUs employed 229 employees as at the end of March 2017.

#### 5.1.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013, a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government (s) and includes a subsidiary of a Government Company. The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Act.

### 5.1.3 Statutory Audit

The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (C&AG) as per the provisions of Section 139 (5) or (7) of the Act. These financial statements are subject to supplementary audit to be conducted by C&AG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

### 5.1.4 Role of the Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government. The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of State Government Companies are to be placed before the Legislature under Section 394 of the Act. The Audit Reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

### 5.1.5 Stake of Government of Arunachal Pradesh

The State Government's financial stake in these SPSUs is mainly of three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the SPSUs from Financial Institutions.

### 5.1.6 Investment in State PSUs

As on 31 March 2017, the investment<sup>1</sup> (capital and long-term loans) in six SPSUs was ₹ 31.95 crore as per details given below:

**Table: 5.1.2 - Total investment in SPSUs**

(₹ in crore)

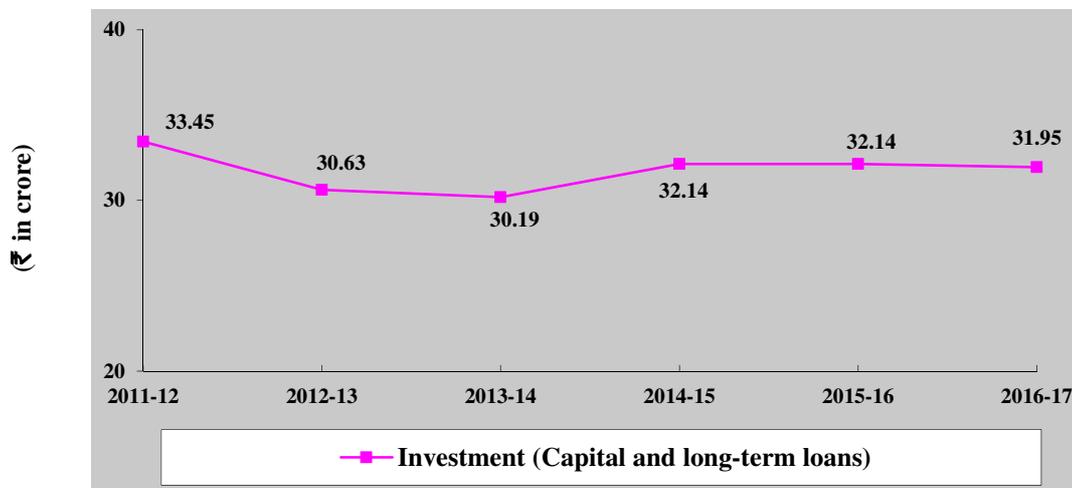
Type of SPSUs	Government Companies		
	Capital	Long Term Loans	Grand Total
Working SPSUs	23.60	8.11	31.71
Non-working SPSUs	0.24	-	0.24
<b>Total</b>	<b>23.84</b>	<b>8.11</b>	<b>31.95</b>

Out of the total investment of ₹ 31.95 crore in SPSUs as on 31 March 2017, 99 per cent was in working SPSUs and the remaining one per cent was in non-working SPSUs. Total investment consisted of 75 per cent towards capital and 25 per cent in long-term loans.

<sup>1</sup> Includes investment of Central Government and others.

The investment during the period from 2011-12 to 2016-17 ranged between ₹ 30.19 crore (2013-14) and ₹ 33.45 crore (2011-12) as shown in the following graph:

**Chart 5.1.1: Total investment in SPSUs**



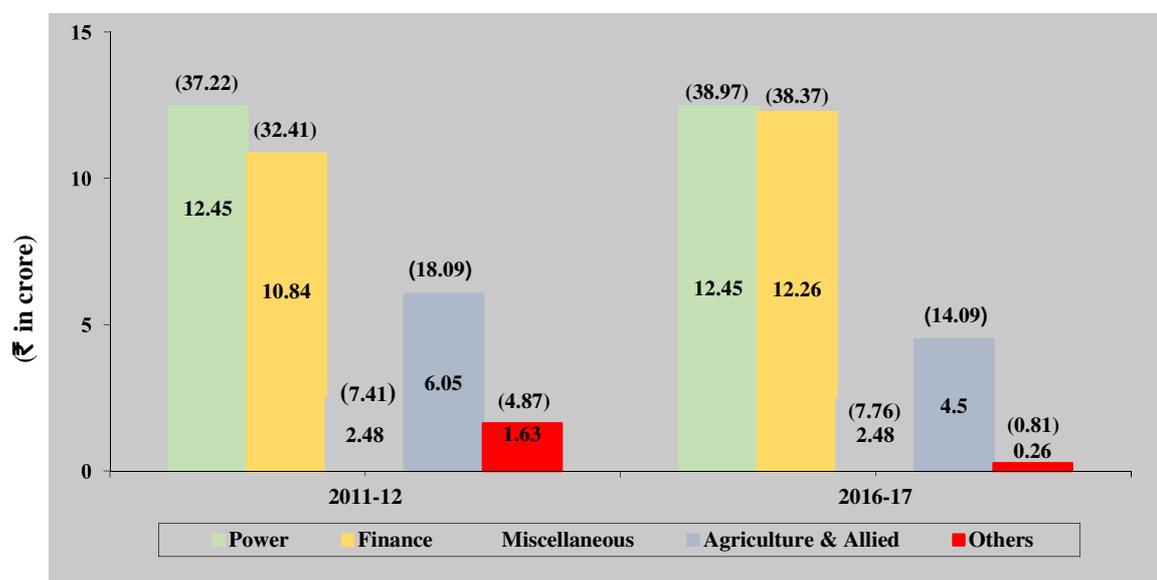
The sector-wise summary of investments in the State PSUs as on 31 March 2017 is as given below:

**Table: 5.1.3 - Sector-wise investment in SPSUs**

Name of Sector	Government Companies			Investment (₹ in crore)
	Working	Non-Working	Total	
Power	1	-	1	12.45
Manufacturing	-	1	1	0.24
Finance	1	-	1	12.26
Miscellaneous	1	-	1	2.48
Infrastructure	1	-	1	0.02
Agriculture & Allied	1	-	1	4.50
<b>Total</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>31.95</b>

The investment in important sectors and percentage thereof at the end of 31 March 2012 and 31 March 2017 are indicated below in the bar chart.

**Chart 5.1.2: Sector-wise investment in SPSUs**



(Figures in brackets show the percentage of total investment)

It can be observed from the chart above that the thrust of investment was mainly in the Power and Finance sectors, which had 39 per cent and 38 per cent of the total investment respectively in the year 2016-17. Among all sectors, the Power sector had the highest investment of ₹ 12.45 crore. The investment in Power sector represented the equity contribution made by the State Government to SPSU, namely, Hydro Power Development Corporation of Arunachal Pradesh Limited.

Further, investment in the Finance sector increased from 32 per cent in 2011-12 to 38 per cent in 2016-17. The increase in investment was due to the equity contribution of ₹ two crore made by the Ministry of Tribal Affairs, Government of India in June 2013 to Arunachal Pradesh Industrial Development and Financial Corporation Limited.

### 5.1.7 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through annual budget. Summarized details for three years ended 2016-17 of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given below:

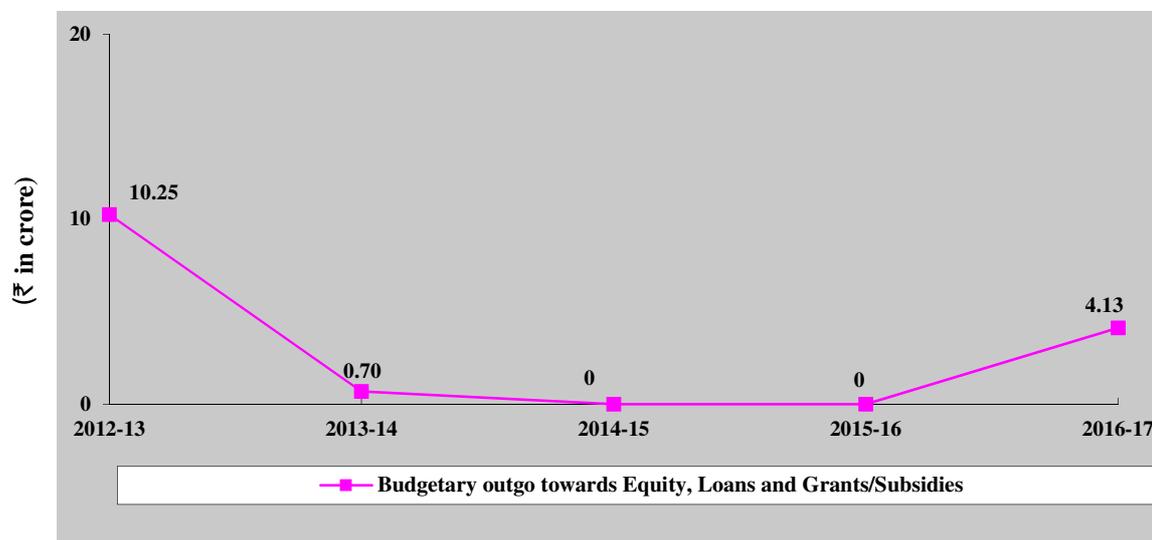
**Table: 5.1.4 - Details regarding budgetary support to SPSUs**

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1	Equity Capital outgo from budget	-	-	-	-	-	-
2	Loans given from budget	-	-	-	-	-	-
3	Grants/Subsidy from budget	-	-	-	-	2	4.13
<b>4</b>	<b>Total Outgo (1+2+3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>4.13</b>
5	Waiver of loans and interest	-	-	-	-	-	-
6	Guarantees issued	-	-	-	-	-	-
7	Guarantee Commitment	1	2.00	1	2.00	1	2.00

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a graph below:

**Chart 5.1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies**



Analysis of the budgetary outgo during the period of five years from 2012-13 to 2016-17 indicates that while as the budgetary outgo was highest in 2012-13 at ₹ 10.25 crore, the budgetary outgo during 2013-14 was only ₹ 0.70 crore and during 2016-17 it was to the extent of ₹ 4.13 crore. During 2014-15 and 2015-16, there was no budgetary outgo. Out of a total guarantee commitment of ₹ two crore extended by the State Government to one SPSU (viz. Arunachal Pradesh Industrial Development and Financial Corporation Limited) in 1999, an amount of ₹ 0.98 crore was still outstanding as on 31 March 2017. No guarantee commission was payable to the State Government by any SPSUs. There was no case of conversion of Government loan into equity, moratorium in repayment of loan and waiver of interest during the period.

### 5.1.8 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSU and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2017 is stated below:

**Table: 5.1.5 - Equity, loans, guarantees outstanding as per finance accounts *vis-a-vis* records of SPSUs**

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	9.00	19.39	10.39
Loans	Nil	7.84	7.84

Audit observed that the differences occurred in respect of position of outstanding in respect of equity and loans as per the record(s) of the Finance Account of the State and the figures depicted in the accounts of the SPSUs. The differences had not been reconciled over a period of more than ten years. The Principal Accountant General has taken up the matter from time to time with the Secretary, Finance Department, Government of Arunachal Pradesh, Administrative Departments of respective SPSUs and the concerned SPSUs for reconciliation of the differences. However, no significant progress in this direction was noticed. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

### 5.1.9 Arrears in finalisation of accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year, i.e., by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act.

The table below provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2017:

**Table: 5.1.6 - Position relating to finalisation of accounts of working SPSUs**

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Number of Working SPSUs/other companies	5	5	5	5	5
2	Number of accounts finalised during the year	5	4	5	1	3
3	Number of accounts in arrears	28	29	29	33	35
4	Number of Working SPSUs with arrears in accounts	5	5	5	5	5
5	Extent of arrears (numbers in years)	1 to 15	1 to 15	1 to 15	1 to 16	1 to 17

It can be observed that the number of accounts in arrears has not seen any significant improvement during 2012-13 to 2016-17. The number of accounts finalised during the year has decreased from five (2012-13) to three (2016-17). Arunachal Pradesh Mineral Development and Trading Corporation Limited has the highest arrears in accounts of 17 years (since 2000-01).

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within stipulated period. As part of regular monitoring of the progress made in this regard, audit has taken up (May 2017) the issue with the Chief Secretary, Government of Arunachal Pradesh, with the request to impress upon the concerned Administrative Heads of the SPSUs to expedite liquidation of arrears of account. Response of the Government was awaited (May 2018).

The State Government had invested ₹ 11.99 crore in four SPSUs {equity: ₹ 0.35crore (one SPSU), loans: ₹ 1.51 crore (two SPSUs) and grants ₹ 10.13 crore (two SPSUs)} during the earlier years for which accounts have not been finalised as detailed in **Appendix 5.1.1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ascertained whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

In addition to above, as on 30 September 2017, there were arrears in finalisation of accounts in one non-working SPSU viz. Parasuram Cement Limited. During 2016-17, one non-working SPSU viz. Arunachal Horticultural Processing Industries Limited was dissolved under Section 560(5), Companies Act, 1956 by the Registrar of Companies, Shillong. The non-working SPSU had not commenced the process of liquidation though accounts were in arrears for eight years (2009-10 to 2016-17).

#### **5.1.10 Impact of non-finalisation of accounts**

As pointed out in the para above, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of arrears of accounts, the actual contribution of SPSUs to the State GDP for the year 2016-17 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is recommended that the Government may setup a system to oversee the clearance of arrears in accounts and set the targets for individual companies for submission of their accounts.

### 5.1.11 Performance of SPSUs as per their latest finalized accounts

The financial position and working results of working Government companies are detailed in **Appendix 5.1.2**. A ratio of SPSU-turnover to State GDP shows the extent of SPSU-activities in the State economy. Table below provides the details of working SPSUs turnover and State GDP for a period of five years ending 2016-17:

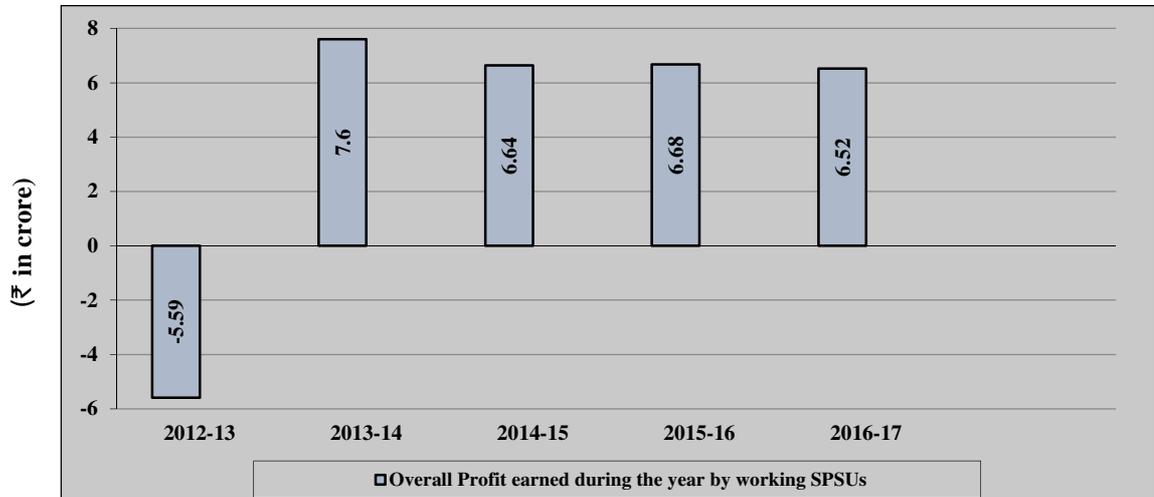
**Table: 5.1.7 - Details of working SPSUs turnover vis-a-vis State GDP**

(₹ in crore)					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover <sup>2</sup>	7.57	6.31	6.66	6.28	6.67
State GDP	12,547.00	14,581.00	17,931.00	20,294.00	24,056.00
Percentage of turnover to State GDP	0.06	0.05	0.04	0.03	0.03

It can be seen that during the period of five years, the percentage of turnover to State GDP had reduced from 0.06 in 2012-13 to 0.03 in 2016-17.

Overall profit (losses) earned (incurred) by State working SPSUs during 2012-13 to 2016-17 as per the latest finalized accounts are given below in a bar chart:

**Chart 5.1.4: Profit/Loss<sup>3</sup> of working SPSUs**



It can be observed that the working SPSUs showed negative working results during the year 2012-13 at (-) ₹ 5.59 crore and improved overall profits during 2013-14 to 2016-17. Out of five working SPSUs, three SPSUs earned aggregate net profit of ₹ 9.23 crore and two SPSUs incurred losses of ₹ 2.71 crore. The contributors of profit were Arunachal Pradesh Forest Corporation Limited (₹ 3.54 crore), Arunachal Police Housing and Welfare Corporation Limited (₹ 5.26 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹ 0.43 crore). The heavy losses were incurred by Arunachal Pradesh Industrial Development and Financial Corporation Limited

<sup>2</sup> Turnover as per the latest provisional accounts as of 30 September of the respective years.

<sup>3</sup> As per latest finalized accounts as on September 2017.

(₹ 2.43 crore) and Arunachal Pradesh Mineral Development and Trading Corporation Limited (₹ 0.28 crore). The working SPSUs had earned aggregate profit of ₹ 6.52 crore as per latest finalized accounts as compared to aggregate profit of ₹ 6.68 crore during 2015-16.

The State Government has not formulated (January 2018) any dividend policy to make it mandatory for SPSUs to pay a minimum return on the paid-up share capital contributed by the State Government. None of the three working SPSUs which earned an aggregate profit of ₹ 9.23 crore had declared any dividend during the year.

### **5.1.12 Winding-up of non-working SPSUs**

One non-working SPSU had ceased operation since 1995. The details of non-working SPSUs at the end of each year during past five years are given below:

**Table: 5.1.8 - Non-working SPSUs**

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
No. of non-working companies	2	2	2	2	1

The State Government has not started any process of winding up or initiated any turnaround strategy for one non-working company.

### **5.1.13 Comments on accounts**

During the year 2016-17, three working companies forwarded their audited accounts<sup>4</sup> to the Principal Accountant General. Accordingly, one company was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditors and C&AG are given below:

**Table: 5.1.9 - Impact of audit comments on working Companies**

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	1	0.14
2.	Increase in profit	1	20.37	-	-	-	-
3.	Decrease in loss	-	-	-	-	-	-
4.	Increase in loss	1	3.89	1	3.98	1	3.98
5.	Non-disclosure of material facts	1	4.10	1	2.10	1	11.83

During the year, the Statutory Auditors had given unqualified certificates and C&AG had issued two Non-review certificates to two SPSUs (viz. Arunachal Pradesh Industrial Development and Financial Corporation Limited and Arunachal Police Housing and Welfare Corporation) and one Comment to one SPSU respectively (viz. Hydro Power Development Corporation of Arunachal Pradesh Limited).

<sup>4</sup> Hydro Power Development Corporation of Arunachal Pradesh Limited (2012-13), Arunachal Police Housing and Welfare Corporation (2014-15) and Arunachal Pradesh Industrial Development and Financial Corporation Limited (2015-16)

### 5.1.14 Follow up action on Audit Reports

The Report of the Comptroller and Auditor General (C&AG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Arunachal Pradesh issued (June 1996) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the C&AG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any comments/queries from the CoPU.

**Table: 5.1.10 - Explanatory notes pending as on 30 October 2017**

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs)/Compliance Audit Paragraphs in the Audit Report		Number of PAs/Compliance Audit Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	03.09.2010	1	6	1	2
2009-10	24.03.2011	1	4	1	2
2010-11	27.09.2012	-	4	-	4
2011-12	23.09.2013	1	2	1	2
2012-13	26.09.2014	1	1	1	1
2013-14	21.07.2015	-	3	-	3
2014-15	10.03.2017	-	2	-	2
2015-16	14.10.2017	1	1	1	1
<b>Total</b>		<b>5</b>	<b>23</b>	<b>5</b>	<b>17</b>

From the above, it can be seen that out of 28 compliance audit paragraphs/performance audits, explanatory notes in respect of 17 compliance audit paragraphs and five performance audits, in respect of four Departments and five SPSUs, which were commented upon, were awaited (January 2018).

### 5.1.15 Discussion of Audit Reports by CoPU

The status as on 30 September 2017 of Performance Audits and Paragraphs that appeared in Audit Reports (SPSUs) and discussed by the Committee on Public Undertakings (CoPU) was as follows:

**Table: 5.1.11 - Reviews/Paras appeared in Audit Reports *vis-à-vis* discussed as of October 2017**

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	6	-	2
2009-10	1	4	-	-
2010-11	-	4	-	-
2011-12	1	2	-	-
2012-13	1	1	-	-
2013-14	-	3	-	-
2014-15	-	2	-	-
2015-16	1	1	-	-
<b>Total</b>	<b>5</b>	<b>23</b>	<b>-</b>	<b>2</b>

It can be seen from the table that out of 28 paragraphs/performance audits, for the period from 2008-09 to 2015-16, 26 paragraphs and performance audits in respect of four departments and five SPSUs were yet to be discussed by the Committee on Public Undertakings.

## **Compliance Audit Paragraphs**

### **Home Department**

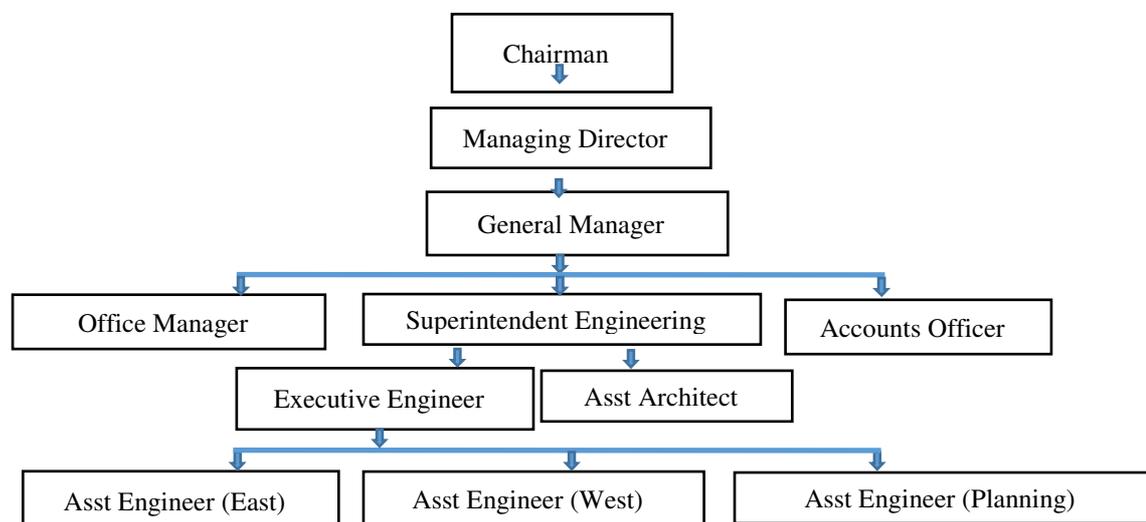
#### **5.2 Project execution in Arunachal Police Housing and Welfare Corporation Limited (APHWCL)**

##### **5.2.1 Introduction**

Arunachal Police Housing and Welfare Corporation Limited (APHWCL), the principal construction agency of the Police Department, Government of Arunachal Pradesh (GoAP) was incorporated (November 2005) under the Companies Act, 1956 with the objective of undertaking design, construction, repair and allied works for all kind of buildings for the Police Department.

After the projects are approved by the Police Department and on receipt of intimation for preparation of estimates, the Corporation prepares the preliminary estimates which are sent to the Police Department for obtaining the administrative approval and expenditure sanction. Accordingly, the Corporation executes projects as per terms and conditions of the sanction order of the Police Department and in accordance with the provisions of Central Public Works Department (CPWD) Manual, 2005 and General Financial Rules (GFR).

##### **5.2.2 Organisational set up**



##### **5.2.3 Audit scope and methodology**

Compliance audit on execution of project by APHWCL was conducted during May to July 2017. The scope of the Compliance Audit (CA):

- scrutiny of records of office of the Managing Director, covering the period 2012-13 to 2016-17;

- during this period, the Corporation undertook 155 projects costing (₹ 7,879.60 lakh);
- out of these 155 projects, 41 projects (26 per cent of the total projects) valued at ₹ 4,112.40 lakh and each costing ₹ 25.00 lakh and above were selected for detailed examination using Probability Proportional to Size Without Replacement (PPSWOR) method;
- out of these 41 projects, 11 were selected for physical verification based on risk analysis.

An Entry Conference was held on 27 April 2017 with the management of the Corporation wherein audit objectives, scope and methodology, criteria, *etc.*, were explained. Audit findings were discussed with the management of the Corporation in the Exit Conference held on 5 December 2017. Replies and views of the Corporation are incorporated in the report wherever found appropriate.

#### 5.2.4 Audit Objectives

The objectives of compliance audit were to assess whether:

- the projects were planned and executed economically and efficiently and were completed in a timely manner; and
- monitoring mechanism was in place and effective.

#### 5.2.5 Audit Criteria

Audit observations would be benchmarked against the following criteria:

- Scheme guidelines and sanction orders,
- CPWD Manual and GFR,
- Memorandum of Association and Rules of the APEDA; and
- Schedule of Rates.

#### Audit Findings

Audit findings are discussed in following paragraphs.

#### 5.2.6 Planning

##### 5.2.6.1 Deficiencies in preparation of estimates

As per Clause 4.2.1 (2) CPWD Manual, the detailed estimate should be complete and supported by detailed preliminary lay-out drawings of the various services, specifications for the various components, *etc.*

Scrutiny of records revealed that in 12 projects out of 41 sampled projects costing ₹ 858.37 lakh, no preliminary survey of the site was conducted and other<sup>5</sup> requirement of the projects were also not assessed at the time of preparation of the estimates. As a result, detailed estimates were prepared without incorporating approach road, site development, additional plinth height, *etc.* These additional works were awarded for ₹ 173.64 lakh

<sup>5</sup> Approach road, site development *etc.*

(20 per cent) in these 12 projects which indicated deficiencies in the preparation of the estimates. (Details in **Appendix 5.2.1**).

Thus, the above deficiencies in preparation of estimates were mainly due to lack of site investigation and preliminary survey. Further, the requirement of various components were not properly worked out and assessed on realistic basis.

## 5.2.7 Financial Management

### 5.2.7.1 Fund flow and expenditure

Status of funds and expenditure for projects executed by the Corporation during the period from 2012-13 to 2016-17 was as follows:

**Table: 5.2.1 - Position of funds and expenditure**

(₹ in crore)

Year	No. of projects sanctioned	Sanction cost	Opening Balance	Amount received	Total	Expenditure	Per cent of expenditure	Closing Balance	Percentage of closing balance
2010-11	1	8.79	0.00	3.10	3.10	1.57	50.65	1.53	49.35
2011-12	0	0.00	1.53	3.10	4.63	3.04	65.66	1.59	34.34
2012-13	55	11.50	1.59	0.00	1.59	1.23	77.28	0.36	22.72
2013-14	59	34.37	0.36	19.47	19.83	3.14	15.83	16.69	84.17
2014-15	40	24.14	16.69	33.69	50.38	11.31	22.45	39.07	77.55
2015-16	0	0.00	39.07	9.07	48.14	27.14	56.39	21.00	43.61
2016-17	0	0.00	20.99	2.86	23.85	13.78	57.75	10.07	42.25
<b>Total</b>	<b>155</b>	<b>78.80</b>		<b>71.29</b>		<b>61.21</b>			

(Source: APHWCL records)

Audit observed from above that:

- Out of the 155 sanctioned projects costing ₹ 78.80 crore, an amount of ₹ 71.29 crore<sup>6</sup> was received from the Police Department leaving a balance of ₹ 7.51 crore<sup>7</sup> yet to be released by the Department as on March 2017.
- Out of the total fund of ₹ 71.29 crore, the Corporation could utilize only ₹ 61.21 crore, leaving the balance of ₹ 10.08 crore as on March 2017.
- Though the fund utilization during 2012-13 was at 77 per cent, but from 2013-14 to 2016-17, it was only at 16 per cent to 58 per cent of the available funds due to slow progress of work.
- Closing balance at year end during 2013-14 to 2016-17 ranged from 42 per cent to 84 per cent of the total funds available, with year end fund balances from ₹ 10.07 crore to ₹ 39.07 crore during the same period.

<sup>6</sup> Includes ₹ 1.37 crore earned from project funds of 2010-11. Hence, if ₹ 1.37 crore adjusted as receipt is included, the outstanding funds to be received by the Corporation was ₹ 7.51 crore + ₹ 1.37 crore = ₹ 8.88 crore.

<sup>7</sup> ₹ 1.37 crore (2012-13); ₹ 0.06 crore (2014-15); ₹ 1.45 crore (2015-16); ₹ 4.25 crore (2016-17); and ₹ 1.75 crore (2016-17).

While accepting the audit observations, the Corporation stated (December 2017) that less fund utilization was due to late receipt of funds and other exigencies such as less working session, hard topography and receipt of fund at the fag-end of the year.

### 5.2.7.2 Delay in release of funds

Status of release of fund after sanctioned of projects during 2012-13 to 2016-17 in respect of 41 sampled projects was as under:

**Table: 5.2.2 - Status of sanctioned and released of fund**

(₹ in crore)

Sl. No.	Name of the Scheme	Total no. of projects selected	Sanctioned cost / actual expenditure	Month of sanction of fund by the State Government	Month of release of fund to the Corporation	Delay in release of fund (Month)	Status of projects Out of projects sanctioned, how many were completed.	
							Completed	Ongoing
1	CSS NLCPR (2010-11)	1	8.79	Nov-10	Dec - 10	1	0	1
2	State Plan (2012-13)	13	4.72	Mar-13	Aug - 13	5	13	0
3	State Plan (2013-14)	6	3.70	Mar-14	Feb - 15	11	6	0
4	TFC (2013-14)	7	9.10	Jul-14	Nov - 14	4	5	2
5	CSS Non Plan (2013-14)	1	1.46	Mar-14	Feb - 15	11	0	1
6	MPF (2013-14)	4	3.62	Mar-15	Mar - 16	12	2	2
7	MPF (2014-15)	4	1.77	Mar-15	Mar - 16	12	4	0
8	SRE (2014-15)	5	7.96	Mar-13	Mar - 14	12	5	0
	<b>Total</b>	<b>41</b>	<b>41.12</b>				<b>35</b>	<b>6</b>

(Source: APHWCL records) (CSS NLCPR- Central Sponsored Scheme-Non-Lapsable Central Pool Resources, , TFC- Thirteen Finance Commission, MPF- Modernization of Police Force, SRE- Security Related Expenditure)

Audit observed from above that there were substantial delays in release of funds by the Police Department to the Corporation after the projects had been sanctioned. In 20 (Sl. No. 3, 5, 6, 7 & 8) out of 41 sampled projects costing ₹ 18.51 crore (45 per cent of the sampled projects), the Department released funds against sanctioned projects after a delay of 11 to 12 months. In case of other 20 projects (Sl. No. 2 & 4) costing ₹ 13.82 crore (34 per cent of the sampled projects), the release of fund was also delayed by four to five months.

### 5.2.7.3 Retention of unspent project fund

As per sanction orders of the projects received from the Government of Arunachal Pradesh, the projects were to be completed within the scope and specifications as approved in the original estimate. Further, the unspent amount/part payment of the financial year ending (i.e March) for the schemes under CSS, 13<sup>th</sup> TFC etc., were to be deposited into the Civil Deposit of the Government Account.

Audit observed that 11 projects (₹ 580.30 lakh) out of 41 projects (₹ 4,112.40 lakh) were completed by incurring an expenditure of ₹ 414.15 lakh leaving an unspent balance of ₹ 90.71 lakh after deducting Corporation charges of ₹ 75.44 lakh as per details given in the **Appendix 5.2.2**.

The projects were completed during 2014-15 and 2015-16 and unspent balance retained by the Corporation ranged between 4 per cent and 40 per cent for the periods ranging from 7 months to 29 months as on March 2017. Though, the Corporation submitted (July 2016) Utilisation Certificates to the Police Department showing the unspent balance as liabilities, the Corporation did not refund the amount to the Department as required in the sanction orders.

Thus, the unspent balance to the extent of ₹ 90.71 lakh was retained by the Corporation in violation of the sanction order and without any approval from the sanctioning authority.

#### 5.2.7.4 Implementation of the projects

Rule 129 (vi), Rule 132 (iv), (v), Rule 150 and 151 of GFR stipulate that no work shall commence without inviting tenders. For works costing ₹ five lakh and above and for procurement of goods above ₹ 25.00 lakh open tenders should be invited; and for work costing less than ₹ five lakh and for goods costing above ₹ one lakh to ₹ 25.00 lakh, limited tender should be called. Further, as per Rule 146, purchase of goods costing above ₹ 15,000.00 and up to ₹ one lakh on each occasion may be made on the recommendation of a duly constituted Local Purchase Committee (LPC).

##### (i) Works awarded without tenders

A test check of 41 projects (₹ 41.12 crore) revealed that in 11 projects costing ₹ 1.81 crore (each costing ₹ 1.02 lakh to ₹ 15.46 lakh) were awarded to various local contractors on work order basis and without inviting tenders as per detail given below:

Table: 5.2.3 - Execution of works

(₹ in lakh)

Sl. No.	Name of the Works	No of Work Order	Value of the work	Range of Work value (lowest and highest work order)
1	Type II, 5 quarters at Dollungmukh	8	47.05	1.02 - 7.00
2	SDPO building, Likabali	3	22.56	5.93 - 10.44
3	Out Post Building, Tarasso	3	34.84	8.51 - 15.46
4	10 Men Barrack, Kakoi	2	7.96	2.01 - 5.94
5	Type IV Qtr, Londging	1	2.71	-
6	Type V Qtr, Ziro	2	7.87	3.80 - 4.07
7	10 Men Barrack, Tarasso	1	4.50	-
8	Type IV Qtr, Roing	1	4.53	-
9	DS Police Station, Tawang	2	8.70	2.37 - 6.33
10	15 Men Bachelor Barrack, Changlang	1	13.01	-
11	Police Station at Aalo	3	27.00	7.25 - 9.98
<b>Total</b>		<b>27</b>	<b>180.73</b>	

(Sources: APHWCL records)

Tender procedures were not followed, competitive price and transparency were also not ensured in award of work by the Corporation in violation of extant Rules.

#### 5.2.8.1 Project execution

##### 5.2.8.1 Delay in completion of projects

(a) Year wise physical progress of projects executed during 2010-11 to 2016-17 was as under:

Table: 5.2.4 - Status of projects

(₹ in lakh)

Sl. No.	Year	Project sanctioned		Completed projects		Ongoing projects as on 31.03.17	
		No.	Cost	No.	Cost	No.	Cost
1	2010-11	1	879.10	0	0.00	1	879.10
2	2011-12	0	0.00	0	0.00	0	0.00
3	2012-13	55	1,150.00	55	1,150.00	0	0.00
4	2013-14	59	3,436.50	48	2,536.50	11	900.00
5	2014-15	40	2,414.00	31	1,717.00	9	697.00
6	2015-16	0	0.00	0	0.00	0	0.00
7	2016-17	0	0.00	0	0.00	0	0.00
	<b>Total</b>	<b>155</b>	<b>7,879.60</b>	<b>134</b>	<b>5,403.50</b>	<b>21</b>	<b>2,476.10</b>

(Source: APHWCL records)

During 2012-13 to 2016-17, a total of 155 projects costing ₹ 7,879.60 lakh (134 completed + 21 ongoing) were approved and an amount of ₹ 6,121.01 lakh (78 per cent of the approved project) had been incurred against the projects. Out of which 134 projects costing ₹ 5,403.50 lakh had been completed and 21 projects costing ₹ 2,476.10 lakh were ongoing as on March 2017.

(b) Out of the above, 41 projects costing ₹ 4,112.40 lakh were selected for detail examination. Of these, 35 projects costing ₹ 2,389.30 lakh were completed and six projects (₹ 1,723.10 lakh) were ongoing as on March 2017. The present status of execution of projects is given in **Appendix 5.2.3**.

Table: 5.2.5 - Status of 41 selected projects

(₹ in lakh)

Sl. No.	Period of delay	Ongoing projects		Completed projects	
		No. of projects (Per cent)	Amount	No. of projects (Per cent)	Amount
1	1 to 12 months	4 (10)	724.00	22 (54)	1,578.00
2	13 to 24 months	1 (2)	120.00	2 (5)	190.00
3	25 to 57 months	1 (2)	879.10	-	-
4	Without delay	-	-	11 (27)	621.30
	<b>Total</b>	<b>6 (15)</b>	<b>1,723.10</b>	<b>35 (85)</b>	<b>2,389.30</b>

(Source: APHWCL records)

Audit observed that:

- 11 projects (27 per cent) were completed within stipulated date of completion;
- 22 projects (54 per cent) were completed after delays ranging from one to 12 months and two projects (five per cent) were completed after delays ranging from 13 to 24 months;
- Six projects (15 per cent) are still ongoing and already behind schedule in their completion with delay ranging from one to 57 months as of March 2017.

The delay in execution was due to non-fixing of financial and physical milestones for each project for effective monitoring during the project execution. Thus, due to delay in completion of projects, the facilities such as police stations, bachelor barracks, staff quarters, etc., could not be handed over to the Department in a timely manner for a period ranging between one month and 24 months.

While accepting the audit observations, the Corporation stated (December 2017) that some projects were delayed due to land disputes, road blockage, heavy rains and late placement of funds.

#### **5.2.8.2 Deficiencies in execution of projects**

Significant audit findings based on test check of records and site verification of sampled projects are discussed in the succeeding paragraphs:

(i) A project 'Construction of 30 Quarters at Chimpu' costing ₹ 330.00 lakh was sanctioned (July 2014) by the Home Department for execution by the Corporation. The Corporation put the same tender (August 2014) at an estimated cost of ₹ 212.85 lakh. The work was to be completed by March 2016. While evaluating the offers, the Corporation awarded the work to L-2 bidder at a cost of ₹ 192.07 lakh instead of the L-1 bidder who had offered ₹ 162.83 lakh for the work. The Corporation stated (December 2017) that L1 was rejected and the work was awarded to L-2 as the rates quoted by L1 were 24 *per cent* below estimated cost which could have compromised on quality and execution of the work.

The reply of the Corporation was not tenable as the Corporation had already got seven works of similar nature executed by the L-1 (M/S E & K Enterprises) where the offers quoted by L-1 ranged between 17 *per cent* and 38 *per cent* below the estimated cost. Moreover, the Corporation has already incurred an expenditure of ₹ 193.28 lakh on the work as on March 2017 and the work had not been completed. Thus, the Corporation did not follow proper tendering procedures for award of works which contributed to deficiencies in execution of the projects.

(ii) 'Construction of Civil Defence Training Centre at Pasighat' (₹ 146.00 lakh). The required built up area for construction of Civil Defence Training Centre (CDTC) at Pasighat as per guidelines was 1393.54 sqm (15000 sq. ft), for which ₹ 146.00 lakh was sanctioned by Government of India. However, the built up area/plinth area of the building to be constructed was 963.36 sqm while awarding the work (₹ 75.10 lakh). Thus, the Training Centre was constructed 31 *per cent* (430.22 sqm) below the approved specifications without approval of the Police Department.

(iii) 'Construction of 40 men barrack with kitchen, dining and toilet at Changlang' (₹ 85.26 lakh) was awarded at ₹ 78.01 lakh. Though the project was completed at ₹ 53.44 lakh and handed over to the Police Department, the balance of ₹ 31.80 lakh was incurred for construction of RRM wall, additional earth work, cement concrete work, RCC work, brick work, wood work, steel work, *etc.*, over and above the sanctioned estimates without the approval of the Police Department.

(iv) 'Construction of 10 men Barrack at Tarasso' (₹ 43.00 lakh). The work was awarded at ₹ 23.99 lakh, which was below 45 *per cent* of the estimated cost resulting in savings of ₹ 14.19 lakh. However, instead of surrendering the savings to the Department, an amount of ₹ 11.50 lakh was utilized for construction of security wall and ₹ 2.17 lakh for payment of salary of work charged without any provision in the sanctioned estimate without approval of the Department. Moreover, the project was handed over without external electrification and water supply though provided in the sanctioned estimates.

## 5.2.9 Monitoring mechanism

### 5.2.9.1 Shortfall in inspection of projects

As per section 5.2.1 of CPWD Manual, the Executive Engineer (EE) should conduct inspections for each work once for every two bills for the works at Headquarters, and once for every three bills for the works outside the Headquarters. Similarly, Superintending Engineer (SE) should inspect the works at least once upto 3<sup>rd</sup> Running Account(RA) bill, 4<sup>th</sup> to 6<sup>th</sup> RA bill and so on at Headquarters and once upto 5<sup>th</sup> RA bill, 6<sup>th</sup> to 10<sup>th</sup> RA bill and so on for the works outside Headquarters.

Status of inspections conducted by the SE and EE in 41 sampled projects during 2012-13 to 2016-17 was as under:

**Table: 5.2.6 - Details of inspections conducted**

Project Location	No. of Projects	No. of inspections to be conducted		Actual No. of inspections conducted		Shortfall (in per cent)	
		SE	EE	SE	EE	SE	EE
Within Headquarters	11	21	31	0	0	21 (100)	31 (100)
Outside Headquarters	30	25	28	6	1	19 (76)	27 (96)
<b>Total</b>	<b>41</b>	<b>46</b>	<b>59</b>	<b>6</b>	<b>1</b>	<b>40 (87)</b>	<b>58 (98)</b>

(Source: APHWCL records)

From the above, it can be seen that the shortfall in conducting inspection by the SE and EE outside Headquarters was 76 per cent and 96 per cent respectively. However, for projects located within the Headquarters, no inspections were conducted. This was indicative of inadequate monitoring during the execution of the projects.

### 5.2.9.2 Shortfall in submission of Quarterly Progress Reports

For effective monitoring of financial and physical progress of projects, Quarterly Progress Report (QPR) is required to be prepared and submitted by the executing officers to the top management as well the Police Department.

The position of submission of QPRs during the five years period from 2012-13 to 2016-17 was as under:

**Table: 5.2.7 - Position of submission of QPRs**

Year	No. of QPRs to be submitted	No. of QPRs submitted	Shortfall (in per cent)
2012-13	4	1	3 (75)
2013-14	4	2	2 (50)
2014-15	4	1	3 (75)
2015-16	4	2	2 (50)
2016-17	4	4	0 (0)
<b>Total</b>	<b>20</b>	<b>10</b>	<b>10 (50)</b>

(Source: APHWCL records)

The above table shows that against the required 20 QPRs during the last five years, only 10 QPRs were submitted to the top management of the Corporation as well as Police Department which indicated that the quarterly monitoring of both financial and physical progress of projects during the audit period was highly inadequate.

### 5.2.10 Conclusion

In 12 out of 41 projects, estimates were prepared without incorporating various components valuing ₹ 173.64 lakh such as approach road, site development, additional plinth height, etc., as no preliminary site surveys and other requirements of the projects were taken care of at the time of preparation of the estimates.

There was huge unspent balance at year end during 2013-14 to 2016-17 ranging from 42 per cent to 84 per cent of the total funds available. There were substantial delays in release of funds by the Police Department to the Corporation after the projects had been sanctioned. The Department released funds against 20 sanctioned projects costing ₹ 18.51 crore after a delay of 11 to 12 months.

In 11 out of 41 projects, unspent balance of ₹ 90.71 lakh was retained by the Corporation for a period ranging from seven months to 29 months as on March 2017. Utilisation Certificates were submitted to the Police Department showing the unspent balance as liabilities, however, the Corporation did not refund the amount to the Department as required in the sanction orders.

There were substantial delays in execution of projects as 24 projects (59 per cent) out of the 41 sampled projects were completed after delays ranging from 01 to 24 months and only 11 projects (27 per cent) were completed within the stipulated date of completion. In some cases, tendering procedures were flouted by the Corporation contributed to the deficiencies in execution of the projects.

## Arunachal Pradesh Forest Corporation Limited

### 5.3 Idle expenditure

**Arunachal Pradesh Forest Corporation Limited constructed Eco-tourist Guest House at Lekhi Village, Itanagar at a cost of ₹ 294.02 lakh in 2013 which had remained idle for more than four years.**

Government of Arunachal Pradesh (GoAP) accorded (March 2012) administrative approval and expenditure sanction for construction of Eco-tourist Guest House at Itanagar at a cost of ₹ 100.00 lakh after a proposal was submitted (July 2011) to the GoAP by the Company.

Scrutiny of records (March 2017) revealed that work for construction of eco-tourist guest house was taken up (September 2012) by the Arunachal Pradesh Forest Corporation Limited at a cost of ₹ 100 lakh. The work was commenced after acquiring 2000 Sqm of land at a cost of ₹ 10.00 lakh at Papu village (located between Itanagar and Naharlagun within one km from the National Highway). It was observed that the project was proposed to the GoAP (July 2011) by the Company without conducting any feasibility study and firming up of the proposed site.

Due to land dispute, the Company relocated (October 2012) the project site, after incurring ₹ 14.01 lakh on the site development at the first site, to Lekhi village<sup>8</sup> (located beyond Naharlagun within 200m from the National Highway) on the land donated by the

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<sup>8</sup> 2000 Sqm of land.

landowner in lieu of the first site (Papu village). This relocation of the project was also done without conducting preliminary survey (feasibility Report) to determine its suitability for the eco-tourist guest house including inflow of tourists and projections for occupancy, etc. The Company again sanctioned (March 2013) the revised cost of ₹ 169.00 lakh (for site development, retaining wall etc., for the relocated project) in anticipation of additional sanction from GoAP. Accordingly, the contract for site development work at relocated site was awarded to M/s Mama Enterprise through work order (March 2013) without any tendering process and Board of Director's approval. The Company incurred an expenditure of ₹ 169.00 lakh<sup>9</sup> on site development at the relocated site between March 2013 and March 2014. Simultaneously, the construction of eco-tourist guest house at Itanagar was completed in July 2013 at a cost of ₹ 294.02 lakh<sup>10</sup>. The Board of Directors (BoD) decided (August 2013) to lease out the asset to private parties from August 2013.

Audit observed that the eco- tourist guest house constructed by the Company was lying idle as on October 2017 due to the following reasons:

1. The Company had not conducted any feasibility for inflow of the tourists in either the first site<sup>11</sup> or at the re-located site. In spite of the BoD decision (August 2013) to lease out the asset to the private parties there were no takers for the project. The Company allotted (November 2014) the eco- tourist guest house to M/s Lishi One Home Marketing Private Limited, Naharlagun, (the firm) on nomination basis, however, the allotment had to be cancelled in July 2016 due to unwillingness of the firm to take up the eco- tourist guest house on lease.
2. The project had also been rendered unapproachable and unfit for use as a guest house due to failure of the Company to properly maintain the asset and provide watch and ward for the complex. There was also a theft of valuable articles and furniture items valuing ₹ 24.92 lakh in May 2014 besides natural decay.
3. The Company had awarded the work of site development to M/s Mama Enterprises for construction of the guest house without inviting tenders. In fact, the Company had awarded the contract to the said contractor after taking an undertaking that the contractor would pay an interest to the Company on the cost of development of relocated site (₹ 169.00 lakh). This basis of award of contract lacked any justification and logic as both the first and the relocated sites on which the eco- tourist guest house was coming-up was sold by the contractor to the Company. This also indicated that besides proposing the project without any feasibility, the Company had also given undue advantage to the contractor.

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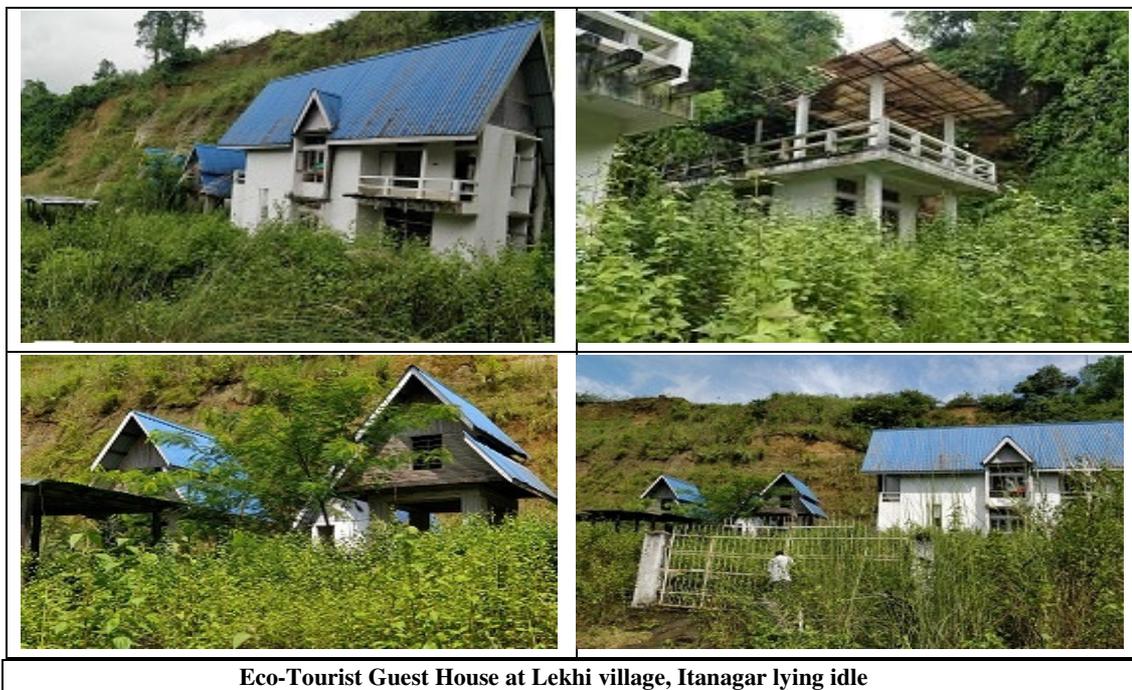
<sup>9</sup> 1<sup>st</sup> installment- ₹ 9.48 lakh (March 2013); 2<sup>nd</sup> installment- ₹ 90 lakh (March 2013); 3<sup>rd</sup> installment- ₹ 59.17 lakh (April 2013) and 4<sup>th</sup> installment- ₹ 8.45 lakh (March 2014) and ₹ 1.90 lakh deducted towards contingency.

<sup>10</sup> Land cost at old site of Papu village -₹ 10 lakh; site development at earlier site (Papu village)- ₹ 14.01 lakh; site development at Lekhi village-₹ 169.00 lakh; Buildings- ₹101.01lakh.

<sup>11</sup> The first site at Papu village has since been abandoned and has not been put to any constructive use (October 2017).

4. The Company had incurred ₹ 169.00 lakh in excess of the first sanction for site as the Company had to incur extra expenditure on retaining wall, drainage *etc.* which was not required at the first site.

Thus, even after a lapse of 4 years, the eco-tourist guest house constructed at a cost of ₹ 294.02 lakh was lying idle since its completion and was abandoned as can be seen from the photographs below:



**Eco-Tourist Guest House at Lekhi village, Itanagar lying idle**

This has resulted in idle expenditure of ₹ 294.02 lakh (as on October 2017).

The Company replied that the site of the Eco-tourist Guest house was shifted from Papu to Lekhi village as per the directions of the competent authority. The Company had sanctioned ₹ 169.00 lakh from the corporate fund for site development work at the new site based on the undertaking executed between the Company and the contractor, wherein the contractor agreed to pay interest on the sanctioned amount till the amount is sanctioned by the GoAP. Therefore, there was no scope left for inviting tenders. Moreover, a theft had occurred at the Eco-tourist Guest House which was reported to the Police. During 143<sup>rd</sup> Board of Directors Meeting (August 2013) decision was taken to lease out the Eco-tourist Guest house.

The reply is not acceptable due to the fact that the Company had neither conducted any feasibility study of the tourist inflow to the area, nor had awarded the work on tender basis. Besides, both the first site and the relocated site previously belonged to the contractor for site development. This case needs to be investigated by the state vigilance department for fixing responsibility.

**CHAPTER – VI**  
**FOLLOW-UP OF AUDIT**  
**OBSERVATIONS**

## CHAPTER-VI: FOLLOW UP OF AUDIT OBSERVATIONS

### 6.1 Follow-up action on Audit Reports

As per instructions issued by the Finance Department (June 1996), concerned Administrative Departments are required to prepare *suo motu* Explanatory Note on Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Notes' to the Assembly Secretariat with a copy to Principal Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

As per decision taken in the national level conference on "Legislature Audit Interface" held in July, 2010, State PAC/COPU had transferred 144 Paras pertaining to the period from 1994-95 to 2007-08 to the State Government for their follow-up. But no Action Taken Report on these have been received from the concerned Departments (March 2017).

Further, as regard submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2015-16, it was noticed that the concerned Administrative Departments did not comply with the time frame. As of October 2017, *suo motu* Explanatory Notes on 205 Paragraphs of the Audit Reports were outstanding from various Departments (**Appendix 6.1.1**).

The Administrative Departments were also required to take suitable action on recommendations made in the PAC/CoPU Reports presented to the State Legislature. The PAC specified the time-frame for submission of Action Taken Notes (ATNs) as one month up to the 68<sup>th</sup> Report (July 2015). Review of 16 Reports of the PAC containing recommendations on 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature between September 1994 and September 2015, revealed that no Department sent any ATN to the Assembly Secretariat as of March 2017. Thus, status of the recommendations contained in the said Reports of the PAC, and whether these were being acted upon by the Administrative Departments, could not be ascertained in audit (**Appendix 6.1.2**).

### 6.2 Audit Committee Meeting

Audit Committee Meetings were held in respect of three Departments<sup>1</sup> during 2016-17 for discussion of outstanding IRs wherein 105 IRs containing 387 audit paragraphs were discussed and 24 IRs and 187 audit paragraphs were settled.

### 6.3 Response to Audit Observations

**3,690 Paragraphs pertaining to 768 Inspection Reports, involving ₹ 2,084.02 crore were outstanding as of March 2017 and first replies to the 234 Inspection Reports have not been received.**

Principal Accountant General (PAG) conducts periodical inspection of Government Departments to test- check transactions and to verify maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities

<sup>1</sup> School Education, Environment & Forest, and Public Works Departments.

detected during inspections are not settled on the spot, they are included in Inspection Reports (IRs) that are issued to concerned Heads of Offices, with a copy to the next higher authority and the Government. Government instructions provide for prompt response to IRs by the executive to ensure timely remedial action in compliance to prescribed rules and procedures and to fix responsibility for serious lapses pointed out in IRs. Serious irregularities are also brought to the notice of concerned Heads of Departments by the Office of the Principal Accountant General. A half-yearly report of pending IRs is sent to the Commissioner/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

As of March 2017, 3,690 Paragraphs relating to 768 IRs pertaining to 456 offices of 58 Departments remained outstanding. Even initial replies, which were required to be received from the Heads of Offices within one month from the date of issue, had not been received from 16 offices for 234 IRs issued between 1991-92 to 2016-17. A review of outstanding IRs in three Departments indicating serious irregularities pending for want of settlement are given below:

**Table: 6.1.1 - Details of outstanding IRs**

(₹ in lakh)

Sl. No.	Nature of irregularities	Public Health Engineering & Water Supply		Agriculture		Deputy Commissioner	
		No. of Para	Amount	No. of Para	Amount	No. of Para	Amount
1	Unfruitful Expenditure/ Wasteful Expenditure	3	169.65	1	21.95	1	66.87
2	Avoidable Expenditure	1	16.88	1	16.86	-	-
3	Outstanding/ Short Realisation of VAT/ Security Deposit, etc.	-	-	-	-	3	62.90
4	Idle investment	1	70.67	-	-	1	337.80
5	Doubtful Expenditure	1	10.60	2	165.97	1	305.53
6	Excess Expenditure	3	53.67	3	32.11	-	-
7	Undue favour to contractor	1	34.05	-	-	-	-
8	Irregular/Inadmissible expenditure	5	209.63	1	55.76	8	441.07
9	Unauthorized Expenditure	-	-	-	-	2	101.75
10	Wanting Records/Without Verification	-	-	1	1.21	1	67.25
11	Non-Deduction of Government Revenue	1	13.87	-	-	-	-
12	Other minor irregularities	29	3,252.00	1	-	5	17.65
<b>Total</b>		<b>45</b>	<b>3,831.02</b>	<b>10</b>	<b>293.86</b>	<b>22</b>	<b>1,400.82</b>

Commissioners/Secretaries of concerned Departments were informed of the position through half-yearly reports. It is recommended that the Government may look into this matter and ensure that:

- a) replies to IRs/Audit Paragraphs are sent within prescribed time schedule; and
- b) losses/outstanding advances/over payments pointed out in audit are recovered in a time bound manner.

**Itanagar**

**Dated: the 14 August 2018**



**(Dhiren Mathur)**

**Principal Accountant General,  
Arunachal Pradesh**

**Countersigned**

**New Delhi**

**Dated: the 21 August 2018**



**(Rajiv Mehrishi)**

**Comptroller and Auditor General of India**

# **APPENDICES**

### Appendix 1.2.1

(Reference: Paragraph 1.2.4)

#### Statement showing sample selection of Districts, Blocks, Gram Panchayats and Habitations

Districts selected	Blocked selected	Gram Panchayats under the selected Blocks	Habitations under the respective Gram Panchayats
Papumpare	Doimukh	Borum	Borum, Borum I, Buk, Hostalam
		Jullang	Papu III, Modi Rijo, Kumayer Tegdo, Tani Hapa Panchin
	Sagalee	Kheel	10th Mile, Kheel I, Kheel II, Kheel III
		Langding	Langding, Langdang, Moga Hapa, Muga Hapa
West Siang	Likabali	Bali	Bali, Lower Bali, Nigup, Nilok
		Liru A	Likabali checkpost, Akashi Ganga, Likabali Hqr, Liru A
	Basar	Kadi Ego Yamin Chirne	Basar Hqr, Kadi, Old Market, Ego Yamin
		New Bam	Ampir, Lipu, KVK Bam, New Bam
Lower Subansiri	Ziro I	Bakhang Tulu	Digen, Hong III, Monipoliyang, Pange
		Miring	Moring, Siro, Tarin, Taw Tibe
	Ziro II	Joram	Passa Joram, Peel Joram, Phu Joram, Dohunk
		Yachuli	Divisional Commissioner, Yachuli I, BDO Complex, Nima Hapa
West Kameng	Dirang	Sangti	Sangti, Sangti Lower Part, RSBF, Sangti School area
		Dirang Village	Dirang Village I, Dirang Village II, Dirang Village III, Dirang Village
	Thrizino-Buragaon	Lower Bhalukpong	Block I, Block II, Block III, Tasso
		Jamiri village	Jamiri village, Jamiri H.Q, Dedza, Jamiri point
Changlang	Changlang	New Changlang	New Changlang, New Thamlom, Shalnang, Longri
		Old Changlang	Old Changlang, Amchung, Changjungwa, Jungpak
	Khimiyang	Bubang	Bubang I, Bubang II, Bubang III, Langchuk
		Khimiyang	Khimiyang Hq, Khimiyang village, Yanman, Shuching

**Appendix 2.2.1**  
(Reference: Paragraph 2.2.5)  
**Details of 56 selected projects**

Sl. No.	Division	Name of the MIPs	No. of sub MIPs	Approved cost (₹ in lakhs)	Expenditure (₹ in lakhs)	Status	Potential targeted (in hectares)	Potential created (in hectares)
1	Itanagar	(1) Cluster of MIP under Borum Area	10	96.00	96.00	completed	62.50	62.50
		(2) Cluster of MIP Scheme under Kheel Area	32	170.00	170.00	completed	62.50	62.50
		(3) Cluster of MIP under Kimin area	19	249.00	249.00	completed	85.00	85.00
		(4) Cluster of MIP scheme under Toru	08	70.00	47.39	Not completed	29.00	19.00
		(5) Cluster of MIP under Silsango Circle	13	100.00	67.71	Not completed	55.30	37.00
		(6) MIP at Inderjuli Village	01	60.00	40.62	Not completed	40.00	27.00
		(7) Cluster of MIP at Right bank of Pare River	01	25.00	11.93	Not completed	10.00	07.00
		(8) Cluster of MIP at Doimukh Area (Kimin Block)	11	64.00	43.33	Not completed	32.00	21.00
2	Bomdila	(9) C/o of Cluster of MIP at Kirchung, Augolock, Kharkung, Champaising, Sera, Pacham, Dibungstung, Nemalong, Dibbrang, Saddle and Janachin A/F	11	135.80	135.80	completed	117.50	117.50
		(10) Cluster of MIPs at Buragaon, Jamiri, Pokhriba, Khongpam, Rupa and Betchilling	13	135.00	135.00	completed	125.00	125.00
		(11) Const. of Pipe Irrigation at Rupa and adjoining areas	07	427.00	427.00	completed	356.25	356.25
		(12) Cluster of MIPs under Bomdila Sub Div (Nafra Section)	08	80.00	54.16	Not completed	37.00	25.00
		(13) Cluster of MIPs under Bomdila Sub Division (Dirang Section)	04	81.00	54.84	Not completed	33.00	22.00
		(14) C/o cluster of MIP at Balifo, tuluhi, Kararamu, Kaya Village, Samipam and Jamiri under Singchung Sub Div	06	58.00	39.27	Not completed	25.00	17.00
		(15) Cluster of MIP at Buk, Chingi, Khertang and Ankling under Singchung Sub division	04	53.13	35.97	Not completed	23.00	15.00
		(16) Cluster of MIP at Ruchumpam, Sachida and Membachur under Singchung Sub Div	03	50.00	33.85	Not completed	20.00	13.00
3	Seppa	(17) Cluster of MIP under 10 <sup>th</sup> Seppa East	12	66.10	66.10	completed	63.75	63.75
		(18) Cluster of MIP under 11 <sup>th</sup> Seppa West	10	66.10	66.10	completed	63.75	63.75
		(19) Cluster of MIP under 9 <sup>th</sup> Chayang Tajo Assembly Constituency	12	76.10	76.10	completed	65.00	65.00
		(20) Cluster of MIP under Bameng Block	24	36.35	24.61	Not completed	20.00	13.00
		(21) Cluster of MIP under Chayang Tajo Block		35.35	23.93	Not completed	20.00	13.00
		(22) Cluster of MIP under Khenewa Block		33.00	22.34	Not completed	20.00	13.00
		(23) Cluster of MIP under Pipu Block		34.00	23.02	Not completed	20.00	13.00
		(24) Cluster of 10 Seppa East	15	69.35	46.95	Not completed	39.00	26.00

Sl. No.	Division	Name of the MIPs	No. of sub MIPs	Approved cost (₹ in lakhs)	Expenditure (₹ in lakhs)	Status	Potential targeted (in hectares)	Potential created (in hectares)
4	Pasighat	(25) Cluster of MIP scheme under Boleng sub division (Rottung, Komsing, Koreng, Babuk, Pangin, Kebang, Lokpeng, Tarak, Riga, Pangkang, Riew, Sitang, Jorsing, Modi, Kinne, Lileng, Dite, Dime, Rengo, Parong, Yeksi, Begging, Yibuk, Messing, Boleng, Mopit & Pareng village)	30	180.00	180.00	completed	150.00	150.00
		(26) Cluster of MIP schemes under Pasighat Sub Div	29	180.25	180.25	completed	150.00	150.00
		(27) Cluster of MIP scheme under Magong, Rotgong, Nugung & Dogong Banggo, Boleng sub div (Boleng Circle)	20	48.50	32.84	Not completed	24.25	16.00
		(28) Cluster of MIP schemes under Mebo-Mongu-Banggo, Mebo sub div	36	150.00	101.56	Not completed	75.00	50.00
		(29) Cluster of MIP scheme under Nari circle under Nari- Koyu Sub Div	08	50.00	33.85	Not completed	25.00	17.00
		(30) Cluster of MIP schemes under Upper Lego Banggo, Pasighat sub div	12	45.00	30.47	Not completed	22.00	15.00
		(31) Cluster of MIP scheme under Magong, Rotgong, Nugung & Dogong Banggo, Boleng sub div (Pangin Circle)	22	58.50	39.61	Not completed	29.25	20.00
5	Yingkiong	(32) Cluster of MI Schemes under Jengging Circle	12	50.00	50.00	completed	125.00	125.00
		(33) Cluster of MI schemes under Yingkiong, Mariyang, Geku and Katan Circle under Yingkiong Sub Division	28	136.00	136.00	completed	63.75	63.75
		(34) Cluster of MI schemes under Tutting Sub- Division	22	109.00	109.00	completed	92.50	92.50
		(35) Cluster of MI Schemes for Ramsing, Karbo, Janbo and Gossang under Jengging Circle	19	110.28	110.28	completed	95.00	95.00
		(36) Cluster of MI schemes under Jengging I	19	80.00	54.16	Not completed	34.00	23.00
		(37) Cluster of MI scheme under Tutting -I	24	90.00	60.94	Not completed	37.00	25.00
		(38) Cluster of MI Schemes under Yingkiong -I	29	141.00	95.47	Not completed	59.00	40.00
6	Roing	(39) Cluster of MIP Project at Roing :I section under Roing Sub Div	07	120.00	120.00	completed	126.25	126.25
		(40) C/o Cluster of MIP at Bolung Section under Roing Sub Div	10	120.00	120.00	completed	112.50	112.50
		(41) C/o of Cluster of MIP Scheme under Hunli & Desali Section (Ph-I)	12	80.00	80.00	completed	63.75	63.75
		(42) C/o of Cluster of MIP at Chiro Nallah, Amoli, Taho Nallah, Ayo Pani, Tari Pani, Kaji, Ameh Pani, EyiPani, Chanli, Wru Pani, Yu Nallah and Thruye Pani under Anini and Anelih Section	12	128.00	128.00	completed	115.00	115.00
		(43) Cluster of MIP/MIC at Roing HQ section under Roing	05	69.00	69.00	completed	71.25	71.00
		(44) Cluster of MIP under Dambuk sub division (Bizari section)	09	58.00	39.27	Not completed	29.00	19.00
		(45) Cluster of MIP project under WR sub division Roing (Bolung Section)	07	69.00	46.72	Not completed	40.00	27.00

Sl. No.	Division	Name of the MIPs	No. of sub MIPs	Approved cost (₹ in lakhs)	Expenditure (₹ in lakhs)	Status	Potential targeted (in hectares)	Potential created (in hectares)
		(46) Cluster of MIPs under WR Div Roing (HQ section)	07	85.00	57.55	Not completed	50.00	34.00
		(47) Cluster of MIPs under WR sub div Roing (Roing I Section)	09	74.00	50.10	Not completed	43.00	29.00
		(48) Cluster of MIP Project under Dambuk sub-div (Dambuk Section)	10	82.00	55.52	Not completed	40.00	27.00
7	Tezu	(49) C/o MIP at New Khoroliang A/F	01	100.00	100	completed	100.00	100.00
		(50) MIP at Batcamp	01	40.00	40.00	completed	37.50	37.50
		(51) Sangkalan MIP at Kherem	01	95.00	95.00	completed	75.00	75.00
		(52) C/o MIP at Telluliang	01	30.00	20.31	Not completed	20.00	13.00
		(53) C/o MIP for 18 <sup>th</sup> Mile	01	20.00	13.54	Not completed	12.00	8.00
		(54) C/o MIP for Hucheliang & Pomeliang Agril Field	01	76.00	51.46	Not completed	50.00	34.00
		(55) MIP at Deobeel with electri submersible pump	01	59.00	39.95	Not completed	38.00	25.00
		(56) C/o MIP at Kherbari Ph -II	01	30.00	20.31	Not completed	18.00	12.00
<b>Total</b>			<b>630</b>	<b>5,033.81</b>	<b>4,352.18</b>		<b>3,447.55</b>	<b>3,093.50</b>

**Appendix 2.2.2**  
(Reference: Paragraph 2.2.6.1)

**List of Sub MIPs with insufficient/no water source**

Sl. No.	Name of projects	Status	No	Name of sub MIPs	Expenditure (₹ in lakhs)	Approved cost (₹ in lakh)	Culturable command area (ha)
1	Cluster of MIP at Kirchang, Augolock, Kharkhung, Champaising, Sera, Pacham, Dibungstung, Namalong, Dibbrang, Seddle and Janachin A/F	Completed	1	MIP at Dibungstung	8.47	9.48	8
2	Cluster of MIP under 11 Seppa West	Completed	2	MIP at Sara Nallah II	6.00	6.00	4
3	Cluster of MI schemes under Jengging Circle	Completed	3	CC lining for Sidey Stream at Yakpan area at Karko	3.31	3.31	3
4	Cluster of MIP schemes under Boleng Sub-Division (Rottung, Komsing, Koreng, Babuk, Pangin, Kebang, Lokpeng, Tarak, Riga, Pangkang, Riew, Sitang, Jorsing, Modi, Kinne, Lileng, Dite Dime, Rengo, Parong, Yeksi, Begging, Yibuk, Messing, Boleng, Mopit & Pareng villages)	Completed	4	Mingki MIP at Pangkang village	5.00	5.00	3
5	Cluster of MIP Project at Roing :I section under Roing Sub Division	Completed	5	MIC at Inju Nallah for Injinu A F	15.00	15.00	12
6	Construction of Cluster of MIP at Chiro Nallah, Amoli, Taho Nallah, Ayo Pani, Tari Pani, Kaji, Ameh Pani, Eyi Pani, Chanli, Wru Pani, Yu Nallah and Thruye Pani under Anini and Anelih Secion	Completed	6	Ahiya over Chiro Nallah (LG) at New Achuli village	16.45	12.83	11
		Completed	7	MIP at Kaji	7.10	5.98	5
7	Cluster of MIP/MIC at Roing HQ section under Roing	Completed	8	Ext & Imp of CC Channel at Simari	21.96	23.00	20
8	Construction of Cluster of MIP at Bolung Section under Roing Sub Division	Completed	9	CC Channel from Kundil Akang Nallah under Parbuk	14.20	11.02	12
		Completed	10	Ren of Yidum Mem MIP at Bolung	9.85	6.88	5
9	Cluster of MIPs under Bomdila Sub Division (Nafra Section)	Ongoing	11	MIP at Nachowk	14.10	13.89	6
10	Cluster of MIPs under Singchung Sub Division	Ongoing	12	MIP at Membachur	7.62	18.52	8
11	Cluster of MIP under 10 Seppa East Assembly Constituency	Completed	13	MIP at Pabua (Yangte Sangte)	4.95	5.00	3
		Completed	14	MIP at Rupung Hissang AF at Tasomora	3.99	4.00	2
12	Cluster of MIP schemes under Mebo - MonguBanggo, Mebo Sub- Division - 150 lakh	Ongoing	15	Torang MIP at Mopak Arik	1.21	3.00	2
		Ongoing	16	Toyang MIP at Raling	2.05	3.00	2
		Ongoing	17	Karo MIP at Dolbum	1.22	4.00	3
		Ongoing	18	Jope MIP at Motum village	1.02	4.00	3

13	Cluster of MIP schemes under Nari Circle under Nari- Koyu Sub- Division.	Ongoing	19	Yorne Patta at Lumpa village	1.97	4.63	5
		Ongoing	20	Rigme nallah of Adi Tako village	2.17	3.70	2
14	Cluster of MIP schemes under Pasighat Sub-Division (Pasighat, Berung, Yagrung, Rengging, Labo, Sika Tode, Sika Bamin, Rani, Sille, Managnang, Bilat, Ledum, Miglung, Maidana & Mirem villages)	Completed	21	Josam Arik MIP at Mirem village	2.20	6.25	5
15	Cluster of MIP under WR Sub- Division Roing (Bolung Section)	Ongoing	22	Geying Patang in Parbuk village	10.52	15.00	8
16	Cluster of MIP Project under Dambuk Sub-Division (Dambuk Section)	Ongoing	23	CC lining at Model Arik	9.50	9.50	4
		Ongoing	24	Pane MIP at Bomjir	10.00	10.00	5
<b>Total</b>					<b>179.86</b>	<b>202.99</b>	<b>141</b>

**Appendix 2.2.3***(Reference: Paragraph 2.2.7.5(i))***List of projects with cluster of sub MIPs not within the stipulated 5 km radius**

Sl. No.	Name of projects	No of Sub MIPs	Approved Cost (₹ in lakh)
1	C/o Cluster of MIP Scheme under Kheel Area under Sagalee Sub Division	32	170.00
2	C/o of Cluster of MIP at Kirchung, Augolock, Kharkung, Champaising, Sera, Pacham, Dibungstung, Nimalong, Dibbrang, Saddle and Janachin A/F	11	135.00
3	Cluster of MI Schemes under Jengging Circle	12	50.00
4	Cluster of MI schemes under Yingkiong, Mariyang, Geku and Katan Circle under Yingkiong Sub Division	28	136.00
5	Cluster of MIP under Tuting Sub-Division	22	109.00
6	Cluster of MI Schemes for Ramsing, Karbo, Janbo and Gossang under Jengging Circle	19	110.28
7	Cluster of MIP scheme under Boleng sub division (Rottung, Komsing, Koreng, Babuk, Pangin, Kebang, Lokpeng, Tarak, Riga, Pangkang, Riew, Sitang, Jorsing, Modi, Kinne, Lileng, Dite, Dime, Rengo, Parong, Yeksi, Begging, Yibuk, Messing, Boleng, Mopit & Pareng village	30	180.00
8	Cluster of MIP/MIC at Roing HQ section under Roing	5	69.00
9	Cluster of MIP scheme under Toru	8	70.00
10	Cluster of MIP at Doimukh Area (Kimin Block)	11	64.00
11	Cluster of MIP schemes under Mebo-Mongu-Banggo, Mebo sub div	36	150.00
12	Cluster of MIP scheme under Magong, Rotgong, Nugung & Dogong Banggo, Boleng sub div (Pangin Circle)	22	58.50
13	Cluster of MI schemes under Jengging I	19	80.00
14	Cluster of MI Schemes under Yingkiong	29	141.00
15	Cluster of MIPs under WR Div Roing (HQ section)	7	85.00
	<b>Total</b>	<b>291</b>	<b>1,607.78</b>

**Appendix 2.2.4**

(Reference: Paragraph 2.2.7.5(iii))

**List of projects with cluster of sub MIPs for repair and maintenance works**

Sl. No.	Name of the projects	No of Sub MIPs	Name of the Sub MIPs	Name of the works	Approved Cost (₹ in lakh)
1	C/o Cluster of MIP under Borum Area	1	Chimi MIP	Improvement	3.41
2	C/o Cluster of MIP at Bolung Section under Roing Sub Div	2	Jang Pathar MIP	Renovation & Extension	17.90
			Yidum mem MIP at Bolung	Renovation	
3	Const. of Cluster of MIP at Kukurjan, Old Ganga MIP, Singri Hapa Jote-Inderjuli MIP, Model MIP at Chimpu WRD Complex, Rilo MIP at Poma under Itanagar Sub Division	2	MIP at Mob village	Improvement and augmentation	13.00
			Dakuwa MIP at Middle Boemai	Improvement and augmentation	
4	C/o of Cluster of MIP at Chiro Nallah, Amoli, Taho Nallah, Ayo Pani, Tari Pani, Kaji, Ameh Pani, EyiPani, Chanli, Wru Pani, Yu Nallah and Thruye Pani under Anini and Anelih Section	1	Kaji MIP at Anini	Renovation & Improvement	5.98
<b>Total</b>		<b>6</b>			<b>40.29</b>

## Appendix-2.3.1

(Reference: Paragraph 2.3)

## Statement showing duplication of chainages on the executed work

Executed through work order				M/S P K Thungon Builders		
Chainages	Length (in metre)	Contractors name	Period of execution	Chainages	Length (in metre)	Period of execution
0.630-0.905	275	M/S CD Construction	11-11-14 to 20-01-15	0.630-0.905	275	28-02-15 to 20-03-15
0.880-0.925	45	M/S Kameng Traders	29-08-14 to 23-09-14	0.880-0.925	45	28-02-15 to 20-03-15
0.930-1.105	175	M/S Kameng Traders	29-08-14 to 23-09-14	0.930-1.105	175	28-02-15 to 20-03-15
1.930-1.995	65	M/S CD Construction	11-11-14 to 20-01-15	1.930-1.995	65	28-02-15 to 20-03-15
2.010-2.240	230	M/S Mona Enterprise	29-08-14 to 23-09-14	2.010-2.240	230	28-02-15 to 20-03-15
2.500-2.800	300	M/S Mona Enterprise	29-08-14 to 23-09-14	2.500-2.800	300	28-02-15 to 20-03-15
3.050-3.440	390	M/S CD Construction	06-11-14 to 20-01-15	3.050-3.440	390	28-02-15 to 19-03-15
3.500-3.830	330	M/S Mona Enterprise	29-08-14 to 23-09-14	3.500-3.830	330	28-02-15 to 20-03-15
4.550-4.820	270	M/S CD Construction	22-12-14 to 05-01-15	4.550-4.820	270	28-02-15 to 20-03-15
5.950-6.130	180	M/S CD Construction	22-12-14 to 05-01-15	5.950-6.130	180	28-02-15 to 20-03-15
7.120-7.305	185	M/S CD Construction	25-12-14 to 07-01-15	7.120-7.305	185	28-02-15 to 20-03-15
7.700-7.910	210	M/S CD Construction	25-12-14 to 07-01-15	7.700-7.910	210	28-02-15 to 20-03-15
10.610-10.978	368	M/S CD Construction	24-12-14 to 07-01-15	10.610-10.978	368	28-02-15 to 20-03-15
11.100-11.400	300	M/S CD Construction	24-12-14 to 07-01-15	11.100-11.400	300	28-02-15 to 19-03-15
11.550-11.970	420	M/S CD Construction	04-11-14 to 20-01-15	11.550-11.970	420	28-02-15 to 19-03-15
12.970-13.065	95	M/S CD Construction	30-12-14 to 08-01-15	12.970-13.065	95	28-02-15 to 20-03-15
13.670-13.800	130	M/S Yama Enterprise	06-10-14 to 31-10-14	13.670-13.800	130	28-02-15 to 20-03-15
15.550-15.850	300	M/S Kameng Traders	02-12-14 to 09-02-15	15.550-15.850	300	28-02-15 to 20-03-15
16.320-16.580	260	M/S Kameng Traders	02-12-14 to 09-02-15	16.320-16.580	260	28-02-15 to 20-03-15
16.700-17.000	300	M/S Kameng Traders	02-12-14 to 09-02-15	16.700-17.000	300	28-02-15 to 20-03-15
17.230-17.410	180	M/S Kameng Traders	02-12-14 to 09-02-15	17.230-17.410	180	28-02-15 to 20-03-15
17.440-17.740	300	M/S Kameng Traders	02-12-14 to 09-02-15	17.440-17.740	300	28-02-15 to 20-03-15
18.200-18.590	390	M/S Kameng Traders	02-12-14 to 09-02-15	18.200-18.590	390	28-02-15 to 20-03-15
<b>Total</b>	<b>5,698</b>			<b>Total</b>	<b>5,698</b>	

**Appendix-2.6.1**

(Reference: Paragraph 2.6)

**Statement showing works executed under RKVY scheme at Directorate and District Levels**

SI No	Name of the work	Sanction order No & Date	Expenditure Amount (₹ in lakh)	Bill No & date
<b>Executed at the Directorate</b>				
<b>Year: 2014-15</b>				
1	Special Repair & Renovation with C/o Boundary Wall in the Residence of Commissioner Agriculture at D Sector, Naharlagun	AGRI/RKVY-2/2014-15 dated 18-03-2015	10.00	698 dated 24-03-15
2	Repair & Maintenance of residential Building of Director (Agriculture) at P Sector, Itanagar	AGRI/RKVY-2/2014-15 dated 18-03-2015	7.00	702 dated 24-03-15
3	Repair & Maintenance of residential Building of Director (Agricultural Marketing) at D Sector, Itanagar	AGRI/RKVY-2/2014-15 dated 18-03-2015	3.50	699 dated 24-03-15
4	Making of Aluminium partition of Chamber of Director (Agriculture), Directorate of Agriculture Building	AGRI/RKVY-2/2014-15 dated 18-03-2015	5.00	700 dated 24-03-15
5	Repair and Renovation of Room No 302 at Directorate of Agriculture	AGRI/RKVY-2/2014-15 dated 18-03-2015	5.77	701 dated 24-03-15
6	Maintenance of distempering , painting and fitting of RKVY Cell and of making rooms partition with aluminium fittings, accessories, installation of AC	AGRI/RKVY-2/2014-15 dated 18-03-2015	3.14	699 dated 24-03-15
<b>Year: 2015-16</b>				
7	Repairing/Renovation/ Maintenance of Director Agriculture (Marketing) official Quarter cum Staff Room at D sector	AGRI/RKVY-29/2015-16 dated 29-03-2016	7.00	670 dated 31-03-2016
8	Renovation/Maintenance/Repairing of residence of Director (Agriculture), Type-IV, Govt. Qtr at P-Sector under the establishment of the Director (Agriculture)	AGRI/RKVY-28/2015-16 dated 29-03-2016	5.00	668 dated 31-03-16
9	New boring water supply including electric motor and repairing of water supply pipe fitting at Agri-transit at Tinsukia	AGRI/RKVY-28/2015-16 dated 29-03-2016	3.00	669 dated 31-03-16
10	Renovation/Maintenance/Repairing of Type-IV Qtr No. 10 Polo Colony, Naharlagun under the establishment of Director (Agriculture)	AGRI/RKVY-25/2015-16 dated 29-03-2016	4.50	671 dated 31-03-16
11	Renovation/Maintenance/Repairing of B/B quarter No 2 D-Sector Naharlagun under the establishment of Director (Agriculture)	AGRI/RKVY-25/2015-16 dated 29-03-2016	2.50	671 dated 31-03-16
12	Renovation/Distempering/Painting etc. of Office Room of SNO RKVY at Director of Agriculture	AGRI/RKVY-3/2015-16 dated 29-03-2016	2.50	668 dated 31-03-16
<b>Executed by DDA, Yupia</b>				
<b>Year: 2014-15</b>				
13	Construction/Renovation/Maintenance of Boundary wall of SPT-III quarter of SDAO, Sagalee	NO.AGRI/RKVY-2/2014-15 dated 18/03/15	6.00	307 dated 20-03-15

SI No	Name of the work	Sanction order No & Date	Expenditure Amount (₹ in lakh)	Bill No & date
14	C/o compound wall around the agriculture department Qtr No SPT-III No 2 of ADO , Sagalee	NO.AGRI/RKVY-2/2014-15 dated 18/03/15	10.00	308 dated 20-03-15
<b>Year: 2015-16</b>				
15	Construction/Renovation/Maintenance of Type-II Quarter of Mengio	NO.AGRI/RKVY-25/2015-16 dated 29/03/16	3.00	284 dated 29-03-16
16	Repairing/Renovation/Maintenance of SPT-III quarter of SDAO, Sagalee	NO.AGRI/RKVY-28/2015-16 dated 29/03/16	1.50	283 dated 29-03-16
17	Repairs and Maintenance of office building at DAO, Yupia	NO.AGRI/RKVY-28/2015-16 dated 29/03/16	5.00	Nil
<b>Year: 2016-17</b>				
18	Special Repair/Renovation of Govt. Residential Quarter of Agriculture Department at Sagalee	NO.AGRI/RKVY-34/2015-16 dated 6/02/17	4.00	Nil
19	Repairing/Renovation/Maintenance of SPT-III quarter building of SADO, Sagalee	NO.AGRI/RKVY-23/2016-17 dated 2/03/17	4.00	Nil
<b>Executed by DDA, Pasighat</b>				
<b>Year: 2015-16</b>				
20	Repairing/ Renovation/ Maintenance of SPT Type-I Qtr at Nari of Agriculture Department under the Establishment of DAO, Pasighat as per Estimate/ DPR submitted.	NO.AGRI/RKVY-31/2015-16 dated 29/03/16	1.15	Nil
21	Repairing/ Renovation/ Maintenance of Type-II Quarter at Sille-Oyan of Agriculture Department under the Establishment of DAO, Pasighat as per Estimate/ DPR submitted.	NO.AGRI/RKVY-32/2015-16 dated 30/03/16	2.33	Nil
<b>Executed by DDA, Seppa</b>				
<b>Year: 2015-16</b>				
22	Repairing/ Renovation/ Maintenance of SPT Garage-cum-Chowkidar room at Govt residential quarter of DAO Seppa as per Estimate/ DPR submitted.	NO.AGRI/RKVY-28/2015-16 dated 29/03/16	5.00	Nil
<b>Year: 2016-17</b>				
23	Repairing/ Renovation/ Maintenance of Type-II Qtr of Agriculture Building at Bana Camp, Seppa under the Establishment of DDA, Seppa as per Estimate/ DPR submitted.	NO.AGRI/RKVY-34/2015-16 dated 2/02/17	3.00	Nil
<b>Total</b>			<b>103.89</b>	

**Appendix – 3.2.1**

(Reference: Paragraph 3.2.8.8)

**Details of lapses and irregularities noticed in execution of BADP schemes during joint inspection**

Sl. No.	Audit findings
1	'Community Centre at Keojaring' (₹15.00 lakh) shown to be executed by BDO, Nacho Block, Upper Subansiri district during 2014-15 with a provision of brick wall was actually constructed with bamboo walls. Thus, an amount of ₹ 1.41 lakh shown to have been incurred on brick wall was doubtful.
2	'Community Hall at Byaching' (₹ 9.00 lakh) reported to be completed in March 2013 by BDO, Siyum Block, Upper Subansiri district with RCC structure and brick wall was actually found constructed by using wooden planks. Thus, the expenditure of ₹ 1.35 lakh shown to have been incurred on RCC frame and brick walls was doubtful.
3	'Quarters for official engaged for Education Department at Govt Middle School at Shyo' (₹ 10 lakh) shown to be executed by BDO, Tawang Block in 2014-15 had provision of earthwork and foundation work. However, it was found constructed on second floor of some existing building at site. Thus, expenditure of ₹ 2.92 lakh shown to have been incurred on earthwork and foundation work was doubtful.
4	'X-Ray & Diagnostic Centre at Tawang' (₹ 10.10 lakh) reported to be executed with provision of earthwork and foundation work by BDO, Tawang Block in 2014-15 was actually constructed on first floor of some existing building. However, an amount of ₹ 2.85 lakh was shown incurred towards earthwork and foundation work and expenditure was doubtful.
5	'Plantation of Tokko Patta at Pakring Village' (₹ 5.00 lakh) reported to be completed in March 2015 by BDO, Siyum Block, Upper Subansiri district had provision of ₹ 1.50 lakh for fencing material (barbed wire). However, no barbed wire fencing was found at site and thus, the expenditure of ₹ 1.50 lakh shown to have been incurred on fencing was doubtful.
6	'Auditorium at Shyo village' (₹ 27.50 lakh) shown to be executed by BDO, Tawang Block in 2015-16 had provision of earthwork and foundation work in the estimate for ₹ 7.17 lakh. However, it was actually found constructed on second floor of an existing building without involving any earthwork and foundation work. Thus, the expenditure of ₹ 7.17 lakh shown incurred on earthwork and foundation work was doubtful.
7	'Wire Rope Suspension Bridge (WRSB) at Gunung over Gunung Nallah' (₹ 4.00 lakh) executed by BDO, Siyum Block, Upper Subansiri district in 2014-15 was found in a deteriorated condition with the wooden decks broken at several portions.
8	'Repair of Suspension Bridge over River Subansiri at Bing Point' (₹ 6.00 lakh) implemented by BDO, Siyum Block, Upper Subansiri district in 2015-16 had a provision for headload charge of wire rope for 29.62 km from BRTF road (main road) to worksite. The contractor was accordingly allowed ₹ 2.43 lakh for headload charge @ ₹ 4.10 per trip for 2000 trips. However, the actual location of the worksite from the main road (Dilling village) was found to be only some 2.50 km. Thus, the distance for headload was over estimated by around 27.12 km (29.62 km – 2.50 km) resulting in excess expenditure of ₹ 2.22 lakh (27.12 km x 2000 trips x ₹ 4.10 per trip).
9	'CC Drain at Radha Krishna Mandir to Landing ground' (₹ 15.00 lakh) executed by BDO, Mechuka Block, West Siang district during 2012-13 was not functional due to blockage of the drain with siltation.
10	The following 10 schemes executed during different periods were found unused/unoccupied/lying idle at the time of joint inspection (July/August 2018): (i) 'Teacher Quarters at Nacho Middle School' (₹ 15.00 lakh), Upper Subansiri district completed in March 2013. (ii) 'Four-unit Bachelor Barrack at Keojaring Govt Middle School' (₹ 43.00 lakh), Upper Subansiri district completed in January 2015. (iii) 'Four-room Marketing Shed at Mukto' (₹ 17.49 lakh), Tawang district completed in March 2015. (iv) 'Common Hall for Local Handmade Paper Industry at Mukto' (₹ 13.00 lakh), Tawang completed in March 2015. (v) 'Teacher's Quarters for Govt Primary School Tawang' (₹ 10.00 lakh), Tawang district completed in March 2015. (vi) 'Additional Classroom at Muchut' (₹ 9.00 lakh), Tawang district completed in January 2016. (vii) 'Teachers' Quarters for Government Primary School, Khinmey' (₹ 10.00 lakh), Tawang district executed in 2014-15. (viii) 'Community Godown at Pakring Village' (₹ 20.00 lakh), Upper Subansiri district completed in February 2017.

Sl. No.	Audit findings
	(ix) 'Recreation Centre for Old Age People at Singdak' (₹ 10.00 lakh), Upper Subansiri district completed in March 2015. (x) 'Recreation Centre for Old Age People at Koba Village' (₹ 5.00 lakh), Upper Subansiri district completed in March 2015. (xi) 'Common Shelter for Old and Handicapped People at Dirii-II' (₹ 5.00 lakh), Upper Subansiri district completed in February 2016.

**Appendix-3.3.1**

(Reference: Paragraph 3.3)

**Statement showing detailed expenditure of ₹ 1.62 crore incurred in inadmissible works under “Untied Fund”**

Sl. No.	Name of work	Sanction Amount (₹ in lakh)	Sanction Order No.	Expenditure incurred (₹ in lakh)	Bill No.
1	C/o Extension & improvement of DCs bungalow, Changlang	2.45	NA	2.45	2
2	C/o Extension & improvement of DCs bungalow, Changlang	2.15	NA	2.15	2
3	C/o Extension & improvement of DCs bungalow, Changlang	2.65	NA	2.65	2
4	C/o Extension & improvement of DCs bungalow, Changlang	1.73	NA	1.73	2
5	C/o Boundary wall at DCs bungalow, Changlang	2.72	C/PLG/UF-01/09-10/364-67 dated 08-03-10	2.72	4
6	C/o Boundary wall at DCs bungalow, Changlang	3.00	C/PLG/UF-01/09-10/364-67 dated 08-03-10	3.00	2
7	C/o Boundary wall at DCs bungalow, Changlang	1.52	C/PLG/UF-01/09-10/364-67 dated 08-03-10	1.52	2
8	C/o Boundary wall at DCs bungalow, Changlang	2.46	C/PLG/UF-01/09-10/364-67 dated 08-03-10	2.46	2
9	C/o special repair & renovation of DPOs Office, Changlang	0.70	NA	0.7	2
10	C/o special repair & renovation of DPOs residence, Changlang	0.24	NA	0.24	2
11	C/o Boundary wall at DCs bungalow, Changlang	0.29	NA	0.29	2
12	C/o Extension & improvement of DPOs residence and office, ADCs bungalow	4.60	C/PLG/UF-01/10-11/679-82 dated 24-03-11	0.35	13
13	Repair & maintenance of DCs office (Ph I & II)	15.00	C/PLG/UF-01/10-11 dated 24-03-11	8.73	14
14	Retaining wall to protect soil erosion of DCs Bungalow, Changlang	2.20	C/PLG/UF-01/10-11 dated 14-03-11	2.20	12
15	C/o of generator shed for DCs Office Changlang	1.20	C/PLG/UF-01/10-11/750-52 dated 15-03-11	1.20	12
16	Improvement of DCs bungalow at Changlang	4.00	C/PLG/UF-01/10-11 dt. 09-03-11	4.00	11
17	Improvement of DCs bungalow at Changlang	1.70	C/PLG/UF-12/11-12/1041-44 dated 26-03-12	1.65	4
18	Renovation of DCs office building (Ph-I)	3.00	C/PLG/UF-01/11-12 dated 20-03-12	2.91	4
19	Renovation of DCs office building (Ph-II)	3.00	C/PLG/UF-01/11-12 dated 20-03-12	2.91	4
20	Renovation of DCs office building (Ph-III)	3.00	C/PLG/UF-01/11-12 dated 20-03-12	2.91	4
21	Renovation of DCs office building (Ph-IV)	3.00	C/PLG/UF-01/11-12 dated 20-03-12	2.91	4
22	C/o compound wall at ADC bungalow Bordumsa and vehicle parking	7.00	C/PLG/UF/11-12/1049-52 dated 21-12-11	6.00	1

Sl. No.	Name of work	Sanction Amount (₹ in lakh)	Sanction Order No.	Expenditure incurred (₹ in lakh)	Bill No.
23	Special renovation of ADC office Bordumsa	1.00	C/PLG/UF/11-12/1049-52 dated 21-12-11	1.00	1
24	Renovation of DCs residence Changlang	15.00	C/PLG/UF-01/12-13 dated 21-03-13	12.38	4
25	Renovation of Govt. quarter occupied by SP Changlang	5.00	C/PLG/UF-01/12-13 dated 20-03-13	5.00	3
26	Special renovation of EACs residence Bordumsa	2.00	C/PLG/UF-01/12-13 dated 15-02-13	1.88	3
27	Special renovation of ADCs conference hall	5.00	C/PLG/UF-01/12-13 dated 15-02-13	5.00	3
28	Special repair of SPs office building	6.50	C/PLG/UF-01/13-14 dated 28-02-2014	3.88	11
29	Procurement of Air Conditioner and other equipments at DC office	2.80	C/PLG/UF-01/13-14 dated 28-02-2014	2.80	4
30	Improvement and maintenance of DCs Bungalow	6.31	C/PLG/UF-01/15-16 dated 15-01-2016	4.86	91
<b>Total</b>		<b>111.22</b>		<b>92.48</b>	

**Appendix-3.3.2**

(Reference: Paragraph 3.3)

**Statement showing detailed expenditure of ₹ 69.65 lakh incurred in inadmissible work under “Untied Fund”**

Sl. No.	Name of the work	Sanction Amount (₹ in lakh)	Sanction Order No	Expenditure incurred (₹ in lakh)	Bill No
1	Celebration of ShapawangYawngManau Poi festival at Bordumsa	5.00	C/PLG/UF-01/09-10 dated 25-03-10	5.00	72
2	Celebration of Namdapha Eco cultural festival at Miao	5.00	C/PLG/UF-01/09-10/464-67 dated 18-03-10	0.07	55
3	Celebration of MohMol festival at Changlang	8.00	C/PLG/UF-01/10-11/683-86 dated 24-03-11	8.00	13
4	Organising dedication ceremony for temple & prayer hall at Diyun	5.00	C/PLG/UF-01/10-11/687-90 dated 24-03-11	5.00	13
5	Celebration of ShapawngYawngManawoi festival at Bordumsa	5.00	C/PLG/UF-01/10-11 dated 09-03-11	3.44	100
6	Celebration of Namdapha Eco-cultural festival	10.00	C/PLG/UF-01/10-11 dated 09-03-11	10.00	10
7	Celebration of Pangsu Pass festival at Nampong	8.47	C/PLG/UF-01/12-13 dated 06-03-13	3.23	1
8	Celebration of Pangsu Pass festival at Nampong	6.41	C/PLG/UF-01/12-13 dated 06-03-13	6.41	2
9	Celebration of Pangsu Pass festival at Nampong	3.96	C/PLG/UF-01/12-13 dated 06-03-13	3.96	2
10	Celebration of Pangsu Pass festival at Nampong	4.61	C/PLG/UF-01/12-13 dated 26-03-13	4.54	4
11	Celebration of Pongtu festival at Changlang	20.00	C/PLG/UF-01/15-16 dated 31-03-2016	20.00	174
<b>Total</b>		<b>81.45</b>		<b>69.65</b>	

## Appendix 3.4.1

(Reference: Paragraph 3.4)

Statement showing expenditure of ₹ 55.00 lakh incurred in inadmissible works under  
“MLALADS”

Sl. No.	Particulars	Sanction Order No. & Date	Amount (₹ in Lakh)	Executing Agency	Name of the Contractor	Bill No. & Date	Sub-voucher No.	Expenditure Amount (₹ in Lakh)
1	2	3	4	5	6	7	8	9
<i>A. Renovation</i>								
1	Renovation of BDO Store at Chayang Tajo (Ph-II)	ADC/C/Tajo/MLALADS-9/2015-16 dt 17.11.15	1.80	BDO, CD Block, Chayang Tajo	M/s Hill View Traders	03 08.01.16	11	1.80
2	C/o Ceiling work at SBI Building Chayang Tajo (Ph-I)	ADC/C/Tajo/MLALADS-9/2015-16 dt 17.11.15	5.00	BDO, CD Block, Chayang Tajo	M/s Hill View Traders	2 14.12.15	5	4.85
3	C/o Ceiling and shutter works at SBI Building, Chayang Tajo (Ph-II)	ADC/C/Tajo/MLALADS-9/2015-16 dt 17.11.15	5.00	BDO, CD Block, Chayang Tajo	M/s Hill View Traders	2 14.12.15	6	4.85
4	Renovation of BDO Office at Chayang Tajo	ADC/C/Tajo/MLALADS-9/2015-16 dt 17.11.15	5.00	BDO, CD Block, Chayang Tajo	M/s Hill View Traders	2 14.12.15	7	4.85
5	Renovation of BDO store at Chayang Tajo (Ph-I)	ADC/C/Tajo/MLALADS-9/2015-16 dt 17.11.15	5.00	BDO, CD Block, Chayang Tajo	M/s Hill View Traders	2 14.12.15	8	4.85
<b>Sub-Total</b>			<b>21.80</b>					<b>21.20</b>
<i>B. Maintenance</i>								
1	Maintenance of FC Work at Niti Darlong	SJA/MLALADS/01/14-15 dt 21.10.14	2.00	BDO, Seijosa	Sisi Cheri	05 26.11.14	25	2.00
2	Civil maintenance of Secondary School, Bameng	DPO/MLALADS-8(Bameng)/2 014-15 dt 03.03.15	3.00	BDO, CD Block, Bameng	Chkang Tayung	28 24.03.15	1	3.00
3	Wiring and Civil maintenance of Indoor Club at Bameng	DPO/MLALADS-8(Bameng)/2 014-15 dt 03.03.15	5.00	BDO, CD Block, Bameng	Chkang Tayung	28 24.03.15	2	5.00
4	Civil maintenance of Public Rostrum at Bameng	DPO/MLALADS-8(Bameng)/2 014-15 dt 03.03.15	3.00	BDO, CD Block, Bameng	Pawan Sonam	28 24.03.15	3	3.00
5	Civic maintenance of Tourist Lodge and all govt.	DPO/MLALADS-8(Bameng)/2	10.00	BDO, CD Block, Bameng	Donrik Miji	19, 18.03.16	64	10.00

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Sl. No.	Particulars	Sanction Order No. & Date	Amount (₹ in Lakh)	Executing Agency	Name of the Contractor	Bill No. & Date	Sub-voucher No.	Expenditure Amount (₹ in Lakh)
	Staff quarters at Lada	015-16 dt 15.03.2016						
	<b>Sub-Total</b>		<b>27.00</b>					<b>27.00</b>
<b>C. On Private land</b>								
1	Land Development of Agri/field of Mrs Tado Golo at Palin Village	SJA/MLALA DS/12/15-16 t 04.09.15	2.00	BDO, Pakke-Kessang	Shri Tado Golo	3 02.11.15	15	2.00
	<b>Sub-Total</b>		<b>2.00</b>					<b>2.00</b>
<b>D. Vehicle</b>								
1	Bolero DI Non AC	DPO/MLAL ADS/G/2015-16 dtd 12.11.2015	3.60	Asst Engineer (E-M), Seppa Sub-Div	Iconic Automobiles	10 18.01.16	25	3.60
2	Mahindra Pick Up	ADC/CTJ/M LALADS-37/2015 dt 03.11.2015	1.20	Asst Engineer (E-M), Seppa Sub-Div	Iconic Automobiles	4 18.01.16	15	1.20
	<b>Sub-Total</b>		<b>4.80</b>					<b>4.80</b>
<b>Grand Total (A + B+ C+ D+ E)</b>			<b>55.60</b>					<b>55.00</b>

## Appendix -4.2.1

(Reference: Paragraph 4.2)

## Statement showing details of short deduction of VAT by the DDOs &amp; non-recovery of penalty payable by the contractors

(in ₹)

Sl. No.	Name of contractor	TIN No.	Name of the work/ particular of supplied items	Bill/ voucher No with date	value of work/bill amount	75% of work value being taxable turn over	VAT to deducted @ 12.5% on taxable turnover	VAT deducted @ 4% on total value	Short deduction	Penalty payable by the contractors	Interest (upto March 2017)
1	M/s Panor Enterprises	12090044129	Creation of Infrastructure development of the ADC Tuting	131 dated 29.03.2016	72,475	54,356	6,795	2,899	3,896	1,00,000	432
2	M/s Ammin Payeng	12090087171	C/o Steel Suspension Bridge span over river Siang and approach roads at Kodak near Tuting	134 dated 29.03.2016	3,74,178	2,80,634	35,079	1,496	33,583	100,000	3,721
				135 dated 29.03.2016	2,80,759	2,10,569	26,321	11,230	15,091	1,00,000	1,672
				136 dated 29.03.2016	3,96,160	2,97,120	37,140	15,846	21,,294	1,00,000	2,359
				137 dated 29.03.2016	2,43,242	1,82,432	22,804	9,730	13,074	1,00,000	1,449
3	M/s L.R.T. Construction , Yingkiong	12090065145	C/o road from Pugging to Palling 48.00 Km	21 dated 28.03.2016	1,74,42,578	1,30,81,934	16,35,242	6,97,703	9,37,539	9,37,539	1,03,874
4	M/s Yaken Danggen	12090081111	C/o residential building for Judicial Officer Grade III at Yingkiong	7 dated 28.03.2016	3,88,259	2,91,194	36,399	15,530	20,869	1,00,000	2,312
				8 dated 28.03.2016	3,88,259	2,91,194	36,399	15,530	20,869	1,00,000	2,312
				9 dated 28.03.2016	3,88,259	2,91,194	36,399	15,530	20,869	1,00,000	2,312
				10 dated 28.03.2016	1,80,951	1,35,713	16,964	7,238	9,726	1,00,000	1,078
				11 dated 28.03.2016	4,38,686	3,29,015	41,127	17,547	23,580	1,00,000	2,613
				12 dated 28.03.2016	4,03,890	3,02,918	37,865	16,156	21,709	1,00,000	2,405

Sl. No.	Name of contractor	TIN No.	Name of the work/ particular of supplied items	Bill/ voucher No with date	value of work/bill amount	75% of work value being taxable turn over	VAT to deducted @ 12.5% on taxable turnover	VAT deducted @ 4% on total value	Short deduction	Penalty payable by the contractors	Interest (upto March 2017)
			C/o residential building for Judicial Officer Grade III at Yingkiong	13 dated 28.03.2016	2,66,457	1,99,843	24,980	10,658	14,322	1,00,000	1,587
				14 dated 28.03.2016	4,99,954	3,74,966	46,871	19,998	26,873	1,00,000	2,977
				15 dated 28.03.2016	5,64,966	4,23,725	52,966	22,599	30,367	1,00,000	3,364
				16 dated 28.03.2016	5,54,702	4,16,027	52,003	29,765	22,238	1,00,000	2,464
				17 dated 28.03.2016	1,06,044	79,533	9,942	4,242	5,700	1,00,000	632
				18 dated 28.03.2016	1,97,889	1,48,417	18,552	7,916	10,636	1,00,000	1,178
				19 dated 28.03.2016	90,064	67,548	8,444	3,603	4,841	1,00,000	536
5	M/s Pamong Construction	12090047159	C/o Cement concrete road at yingkiong township	3 dated 29.07.2016	1,00,00,069	75,00,052	9,37,506	4,00,003	5,37,503	5,37,503	27,214
				69 dated 31.08.2015	21,15,790	15,86,843	1,98,355	84,632	1,13,723	1,13,723	19,442
				31 dated 25.08.2015	50,00,279	37,50,209	4,68,776	2,00,011	2,68,765	2,68,765	45,948
			C/o Parking Place at Yingkiong	7372 dated 23.12.2014	27,50,000	20,62,500	2,57,813	1,10,000	1,47,813	1,47,813	38,537
			C/o Cement concrete road at yingkiong township	76 dated 30.11.2015	67,58,411	50,68,808	6,33,601	2,70,336	3,63,265	3,63,265	51,116
			C/o Cement concrete road at yingkiong township	227 dated 24.03.2015	1,45,49,837	1,09,12,378	13,64,047	5,81,993	7,82,054	7,82,054	1,80,751

Sl. No.	Name of contractor	TIN No.	Name of the work/ particular of supplied items	Bill/ voucher No with date	value of work/bill amount	75% of work value being taxable turn over	VAT to deducted @ 12.5% on taxable turnover	VAT deducted @ 4% on total value	Short deduction	Penalty payable by the contractors	Interest (upto March 2017)
			C/o Road to Gandhi Bridge from Yingkiong 3 Km	31 dated 15.03.2014	11,17,358	8,38,019	1,04,752	44,694	60,058	1,00,000	21,088
6	M/s Apowo Enterprises	12090071108	C/o RCC building girls hostel for Govt at Yingkiong	55 dated 18.03.2014	2,88,191	2,16,143	27,018	9,351	17,667	1,00,000	6,203
<b>Total</b>					<b>6,58,57,707</b>	<b>4,93,93,284</b>	<b>61,74,160</b>	<b>26,26,236</b>	<b>35,47,924</b>	<b>51,50,662</b>	<b>5,29,575</b>
<b>Rounded Off (₹ in lakh)</b>					<b>658.58</b>	<b>493.93</b>	<b>61.74</b>	<b>26.26</b>	<b>35.48</b>	<b>51.51</b>	<b>5.29</b>

**Appendix -4.3.1**

(Reference: Paragraph 4.3)

**Statement showing non-furnishing of returns by registered dealers**

Sl. No.	Name of the firm	TIN No.	Year	No. of Quarters	Penalty payable (in ₹)
1	M/s Yahung Tekseng	12090018160	1	2	20,000
2	M/s Padun Enterprises	12090025133	7	24	2,40,000
3	M/s Ane Gumin Nursery	12090043119	5	17	1,70,000
4	M/s R. R. Enterprises	12090021190	1	2	20,000
5	M/s Emily Workshop	12090077168	3	7	70,000
6	M/s A. J. Construction Agency	12090082121	1	2	20,000
7	M/s North East Enterprises	12090040186	5	18	1,80,000
8	M/s Zun Duggong & Duggong Enterprises	12090022103	7	25	2,50,000
9	M/s Ane Gumin Enterprises	12090039176	5	18	1,80,000
10	M/s L. K. Enterprises	12090075148	2	3	30,000
11	M/s Ane Drug House	12090063125	3	7	70,000
12	M/s Mouling Tea Processors	12090045139	4	11	1,10,000
13	M/s North East Enterprises	12090040186	2	6	60,000
14	M/s Ling Gas Agency	12090050189	2	6	60,000
15	M/s Duggong & Duggong	12090022103	4	14	1,40,000
16	M/s Asum Enterprises, Yingkiong	12090001184	5	15	1,50,000
17	M/s K. M. Enterprises	12090031193	2	3	30,000
18	M/s D.T. Enterprises	12090037156	5	15	1,50,000
				<b>Total</b>	<b>19,50,000</b>

## Appendix -4.5.1

(Reference: Paragraph 4.5)

## Statement showing non-realisation of license fee and penalty of Wholesale Vends

Sl. No.	Name of Firm	Location	License No. & Date	Valid upto	No. of years of non-renewal	Licence Fee due @ ₹ 150000 p.a.(₹ in lakh)	No. of days late till 31-03-2017	Late fee @ ₹ 75/day (₹ in lakh)	Total amount (₹ in lakh)
1	M/s Everest Wine, Jairampur	Jairampur	071/EX-84/96 dated 11.09.1997	11-09-2013	4	6.00	1,297	0.97	6.97
2	M/s DCL Wholesale	Tezu	EX-265/064/WSV dated 13/05/2008	07-05-2014	3	4.50	1,059	0.79	5.29
3	M/s Rido IMFL/Beer Wholesale, New Palin	Kurung Kumey	EX-23/2011/WSV dated 23.05.2012	22-05-2013	4	6.00	1,409	1.06	7.06
4	M/s Abu Reko Beverages	Daporijo	EX-588/2010/WSV dated 21/02/2011	27-02-2015	3	4.50	763	0.57	5.07
5	M/s T.N. Namsa Beverages	Kalaktang	EX-70/507/10/WSV dated 21/02/2011	22-02-2015	3	4.50	768	0.58	5.08
6	M/s Zambala Beverages Wholesale	Bomdila	EX-457/2013-14/WSV dated 26.11.2014	25-11-2015	2	3.00	492	0.37	3.37
7	M/s Simang Beverage	Boleng	Ex-388/2013-14/WSV dated 31/7/2014	30-07-2015	2	3.00	610	0.46	3.46
8	M/s Yanga SG Wholesale Vend	Aalo	EX-190/2012-13/WSV dated 18/02/2014	17-02-2016	2	3.00	408	0.31	3.31
<b>Total</b>						<b>34.50</b>		<b>5.10</b>	<b>39.60</b>

**Appendix 4.6.1**  
(Reference: Paragraph 4.6)

**Statement showing non-realisation of renewal fee & penalty in respect of Brand names/label**

(in ₹)

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
1	M/s CMJ Breweries Pvt. Ltd. Meghalaya	Red India Premium Strong Beer	650	22-04-2015	10,000	2	20,000	15,000	35,000
		Kingfisher Premium Longer Beer	650	01-08-2015	10,000	1	10,000	15,000	25,000
		Kingfisher Strong Premium Beer	650	01-08-2015	10,000	1	10,000	15,000	25,000
2	M/s Parag Breweries Ltd., Hooghly	Carlsberg Elephant Strong Super Premium Beer	650	31-07-2014	10,000	3	30,000	15,000	45,000
3	M/s Blue Water Alcobev Pvt. Ltd., Maharashtra	Teacher's Blended Scotch Whisky & Cola (Ready to Drink) Can	330	25-05-2014	15,000	3	45,000	15,000	60,000
4	M/s Cox India Ltd., Madhya Pradesh	Golden Night Whisky	180	18-06-2015	15,000	2	30,000	15,000	45,000
5	M/s Goldwaters Beverages Pvt. Ltd., Madhya Pradesh	Goldwaters No.1 Superfine Whisky	180	30-05-2015	15,000	2	30,000	15,000	45,000
6	The Co-operative Company Ltd. Distillers. Corporate Office B-34, Soami Nagar (South), New Delhi-110017	Sikkim XXX Prize Rum	750	06-07-2013	15,000	4	60,000	15,000	75,000
		Casino Deluxe Club Whisky	750	06-07-2013	15,000	4	60,000	15,000	75,000
7	M/s Himalaya Distilleries Ltd. Majitar, Rangpo, East Sikkim	Royal Orchid Whisky	750	20-05-2015	15,000	2	30,000	15,000	45,000
8	M/s Arjun Bottling Plant Pvt. Ltd., Village-Jhanduke, Tehsil: Phul, Dist. Bathinda, Panjab	Little Don Whisky	180	26-06-2015	15,000	2	30,000	15,000	45,000
9	M/s Hill View Distilleries & Bottling Plant, Village-Shambhuwala, Nahan, Dist-Sirmour(Himachal Pradesh)	Darling Bird Superior Whisky	750	15-10-2014	15,000	2	30,000	15,000	45,000
		Darling Bird Superior Whisky	180	15-10-2014	15,000	2	30,000	15,000	45,000

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
10	M/s A-One Winerise Vill-Sohian, Dist-Sangrur, Panjab	New Port Fine Whisky	180	31-07-2014	15,000	3	45,000	15,000	60,000
11	M/s Rai Bahadur Narain Singh Sugar Mills Ltd., Laksar, Haridwar, Uttarakhand	Madam Fine Whisky	180	16-06-2016	15,000	1	15,000	15,000	30,000
12	M/s Som Distilleries Pvt. Ltd., Rojrachak, Raisen, Madhya Pradesh	Hunter Super Strong Premium Beer	650	30-04-2016	10,000	1	10,000	15,000	25,000
		Hunter Super Strong Premium Beer	500	30-04-2015	10,000	2	20,000	15,000	35,000
		Power 10000 Super Strong Beer	650	30-05-2015	10,000	2	20,000	15,000	35,000
		Power 10000 Super Strong Beer	500	30-05-2015	10,000	2	20,000	15,000	35,000
		Gypsy Fine Whisky	180	24-02-2014	15,000	3	45,000	15,000	60,000
		Legend Premium Whisky	750	11-12-2014	15,000	2	30,000	15,000	45,000
13	M/s Diageo India Pvt. Ltd, Aakash Tower, Unit 2B, 2nd Flower 781 Anandapur E.M. Bypass, Kolkata-700107	Captain Morgan Original Spice Rum	750	17-11-2015	15,000	1	15,000	15,000	30,000
			180	17-11-2015	15,000	1	15,000	15,000	30,000
		Smirnoff Red Triple Distilled Vodka	750	17-11-2015	10,000	1	10,000	15,000	25,000
			375	17-11-2015	10,000	1	10,000	15,000	25,000
			180	17-11-2015	10,000	1	10,000	15,000	25,000
		Smirnoff Espresso Triple Distilled Vodka	750	17-11-2015	10,000	1	10,000	15,000	25,000
			180	17-11-2015	10,000	1	10,000	15,000	25,000
		Smirnoff Green Apple Triple Distilled Vodka	750	17-11-2015	10,000	1	10,000	15,000	25,000
			180	17-11-2015	10,000	1	10,000	15,000	25,000
		Vat 69 Black Scotch Whisky	750	17-11-2015	15,000	1	15,000	15,000	30,000
Vat 69 Blended Scotch Whisky	750	17-11-2015	15,000	1	15,000	15,000	30,000		
	375	17-11-2015	15,000	1	15,000	15,000	30,000		
14	M/s Nilachal Distilleris Pvt. Ltd., Patgaon, Guwahati, Assam	Bagpiper Delux Whisky	750	24-11-2015	15,000	1	15,000	15,000	30,000
			375	24-11-2015	15,000	1	15,000	15,000	30,000
			180	24-11-2015	15,000	1	15,000	15,000	30,000
15	M/s ADS Spirits Pvt. Ltd., Dist-Jhajjar, Haryana-124201	Impact Grain Whisky	750	05-08-2014	15,000	2	30,000	15,000	45,000
			375	05-08-2014	15,000	2	30,000	15,000	45,000

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
			180	05-08-2014	15,000	2	30,000	15,000	45,000
		Moon Walk Premium Dry Gin	750	05-08-2014	10,000	2	20,000	15,000	35,000
			375	05-08-2014	10,000	2	20,000	15,000	35,000
			180	05-08-2014	10,000	2	20,000	15,000	35,000
		Episode Super Grain Whisky	750	05-08-2014	15,000	2	30,000	15,000	45,000
			375	05-08-2014	15,000	2	30,000	15,000	45,000
180	05-08-2014		15,000	2	30,000	15,000	45,000		
16	M/s Sobieski B18/1,everages India Ltd., Kharsa No. 18/1, Kapashera, Ner Ganga Ram Public School, New Delhi	William Peel Selected Old Reserve Blended Scotch Whisky	750	30-06-2016	15,000	1	15,000	15,000	30,000
		ST Jean D'OC Cabernet Sauvignon	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Fruits and Wine	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Cocktails Pitterson Vodka Orange	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Cocktails Pitterson Cosmopolitan	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Coctails Pitterson Asian Spirit Vodka	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Fable Merlot Pays D'OC	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Fable Sauvignon Blanc	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Falbe Chardonnay	750	30-09-2015	10,000	1	10,000	15,000	25,000
		ST Jean D'OC Syrah	750	30-09-2015	10,000	1	10,000	15,000	25,000
		ST Jean D'OC Chardonnay	750	30-09-2015	10,000	1	10,000	15,000	25,000
		Tequila San Jose Gold	750	30-09-2015	10,000	1	10,000	15,000	25,000
Sir Pitterson Blended Scotch Whisky	750	30-09-2015	15,000	1	15,000	15,000	30,000		
17	M/s BCL Industies & Infrastructures Ltd., Sangat Kalan, Dabwali Road, Bhatinda, Punjab	Red Royal Whisky	750	26-06-2016	15,000	1	15,000	15,000	30,000
			180	26-06-2016	15,000	1	15,000	15,000	30,000

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
18	M/s Regent Beer & Wines Ltd., Plot No. 68, Industrial Area Maksi Dist. Shayapur, Madhya Pradesh	VASCO Super Strong Beer	650	01-08-2015	10,000	1	10,000	15,000	25,000
19	M/s Coral Distillery, Assolda Quepam, Goa	Orbit Whisky	750	24-07-2016	15,000	1	15,000	15,000	30,000
20	M/s Spencer Distilleries & Breweries (P) Ltd., Plot No. 86, Tupundana Industrial Area, P.O. Hatta, Ranchi-834003	Spencer 5000 Strong Premium Beer	650	04-09-2015	10,000	1	10,000	15,000	25,000
21	M/s Kala AMD Distillery & Brewery Pvt. Ltd., Solan, Tahsil Nalagarh, Bhagla, Himachal Pradesh	Royal Eve Fine Blended Whisky	750	20-04-2016	15,000	1	15,000	15,000	30,000
		Royal Eve Fine Blended Whisky	180	20-04-2016	15,000	1	15,000	15,000	30,000
		Club Special Rare Premium Whisky	750	20-04-2016	15,000	1	15,000	15,000	30,000
		Club Special Rare Premium Whisky	180	20-04-2016	15,000	1	15,000	15,000	30,000
22	M/s United Spirits Ltd, Madhya Pradesh	No. 1 MCD Brandy	750	12-05-2015	15,000	2	30,000	15,000	45,000
			750	02-05-2015	15,000	2	30,000	15,000	45,000
			375	02-05-2015	15,000	2	30,000	15,000	45,000
			180	02-05-2015	15,000	2	30,000	15,000	45,000
		Gold Riband Prestige Whisky	750	07-06-2015	15,000	2	30,000	15,000	45,000
			375	07-06-2015	15,000	2	30,000	15,000	45,000
			180	07-06-2015	15,000	2	30,000	15,000	45,000
		McDowell's Green Label Superior Grain Whisky	750	30-04-2015	15,000	2	30,000	15,000	45,000
			375	30-04-2015	15,000	2	30,000	15,000	45,000
			180	30-04-2015	15,000	2	30,000	15,000	45,000
		No. 1 MCD Whisky	750	30-04-2015	15,000	2	30,000	15,000	45,000
			375	30-04-2015	15,000	2	30,000	15,000	45,000
180	30-04-2015		15,000	2	30,000	15,000	45,000		
MCD Celeb, Rum	750	30-04-2015	15,000	2	30,000	15,000	45,000		
	375	30-04-2015	15,000	2	30,000	15,000	45,000		
	180	30-04-2015	15,000	2	30,000	15,000	45,000		
23	M/s Gagan Wine Trade & Financer's Ltd., Pissurlem	Fine Darbari Rare Whisky	750	16-09-2015	15,000	1	15,000	15,000	30,000
			180	16-09-2015	15,000	1	15,000	15,000	30,000

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
	Industrial Estate, Plot No. 62, Sattari, Goa	Dennis Special Premium Whisky	750	16-09-2015	15,000	1	15,000	15,000	30,000
			180	16-09-2015	15,000	1	15,000	15,000	30,000
		Big Boss Premium Whisky	750	16-09-2015	15,000	1	15,000	15,000	30,000
			180	16-09-2015	15,000	1	15,000	15,000	30,000
		Aristocrat Old Reserve Whisky	750	16-09-2015	15,000	1	15,000	15,000	30,000
			180	16-09-2015	15,000	1	15,000	15,000	30,000
Aristocrat Premium Whisky	750	16-09-2015	15,000	1	15,000	15,000	30,000		
	180	16-09-2015	15,000	1	15,000	15,000	30,000		
24	M/s Maurya Distilleries & Bottlers Pvt. Ltd., Plot No 361, Industrial Area Phase-I, Chandigarh	22 Carat Whisky	750	29-05-2016	15,000	1	15,000	15,000	30,000
			180	29-05-2016	15,000	1	15,000	15,000	30,000
25	M/s Bol's Kyndal India Pvt. Ltd., (Lessee ) Gemini Distilleries (Goa)-4036276	Bols X.O. Excellence Brandy	750	12-04-2016	15,000	1	15,000	15,000	30,000
26	M/s Kanchenjunga Distillers And Liquors, Manpur, South Sikkim	Tiger XXX Rum	750	18-02-2016	15,000	1	15,000	15,000	30,000
		Kanchen Delux Brandy	750	18-02-2016	15,000	1	15,000	15,000	30,000
27	M/s Great Galleon Ltd., Sejwaya, Distt. Dhar(M.P.)	GOA Spirits of Smoothness Whisky	750	18-07-2015	15,000	2	30,000	15,000	45,000
			180	18-07-2015	15,000	2	30,000	15,000	45,000
28	M/s Bacardi India(P) Ltd. US Nagar Uttarakhand	Bacardi+Lemonade Rum Mixed Drink	275	25-06-2016	15,000	1	15,000	15,000	30,000
		Bacardi+Cranberry	275	25-06-2016	15,000	1	15,000	15,000	30,000
		Bacardi+Cola	275	25-06-2016	15,000	1	15,000	15,000	30,000
29	M/s Queen Distillers & Bottlers (P) Ltd., Industrial Area, Phase-II, Chandigarh	King Krazy Whisky	180	18-06-2016	15,000	1	15,000	15,000	30,000
		King Krazy Dry Zin	180	18-06-2016	10,000	1	10,000	15,000	25,000
30	M/s Gelephu Distillery, Bhutan	Bhutan Highland Grain Whisky	750	23-09-2015	15,000	1	15,000	15,000	30,000
		Bhutan Best Sonfy Liquor (gin)	750	23-09-2015	10,000	1	10,000	15,000	25,000
		Black Mountain Whisky	750	28-07-2016	15,000	1	15,000	15,000	30,000
		Rock Bee Grape Brandy	750	28-07-2016	15,000	1	15,000	15,000	30,000
		Crystal Duet Jin	750	28-07-2016	10,000	1	10,000	15,000	25,000

Sl. No.	Name of Distillery	Brand Name	Size (ml)	Renewed upto	Renewal fee	Non-renewal period (in years)	Renewal fee due	Penalty	Total
31	M/s Basantar Breweries Pvt. Ltd., SIDCO, SAMBA Village Ramnagar, THE & Distt. Samba, Jammu (J&K)	Sea Hawk Super Strong Beer	650	09-05-2015	10,000	2	20,000	15,000	35,000
			500	09-05-2015	10,000	2	20,000	15,000	35,000
32	M/s Highland Distillers and Bottlers Pvt. Ltd., Sangrur, Chandigarh, Punjab	Rock N Strom Premium Malt and Grain Whisky	750	26-03-2016	15,000	1	15,000	15,000	30,000
		Rock N Strom Premium Malt and Grain Whisky	180	26-03-2016	15,000	1	15,000	15,000	30,000
33	M/s Narmada Distilleries Pvt. Ltd., Amarpatan, Dist. Satna, M.P.	Royal Select Delux Whisky	750	17-08-2015	15,000	1	15,000	15,000	30,000
		Royal Select Delux Gin	750	17-08-2015	10,000	1	10,000	15,000	25,000
		Royal Select Brandy	750	17-08-2015	15,000	1	15,000	15,000	30,000
34	M/s Silver Oak (India) Ltd., 110 Sector-1, Pthampur Dist-Dhar, M.P.	Liberty Special Malt Superior Grain Whisky	180	05-09-2015	15,000	1	15,000	15,000	30,000
		Royal Crown Whisky	180	25-07-2015	15,000	2	30,000	15,000	45,000
35	M/s Highland Liquors (P) Ltd. New Delhi	Jim Beam White Whisky	750	12-12-2014	15,000	2	30,000	15,000	45,000
		Sauza Tequila Silver	750	12-12-2014	10,000	2	20,000	15,000	35,000
		Sauza Tequila Gold	750	12-12-2014	10,000	2	20,000	15,000	35,000
		Moet & Chandon Rose Imperial	750	12-12-2014	10,000	2	20,000	15,000	35,000
		Hennessy VS Cognac	750	12-12-2014	10,000	2	20,000	15,000	35,000
		Royal Salute Whisky	750	12-12-2014	15,000	2	30,000	15,000	45,000
		Glenfiddich 12YO Single Malt Whisky	750	12-12-2014	15,000	2	30,000	15,000	45,000
		Rare J & B Blended Scotch Whisky	750	12-12-2014	15,000	2	30,000	15,000	45,000
		Cutty Sark Whisky	750	12-12-2014	15,000	2	30,000	15,000	45,000
		Camino Real Tequila	750	12-12-2014	10,000	2	20,000	15,000	35,000
36	M/s Nakshatra Distillers & Breweries Ltd., Solapur, Maharastra	Good Will Delux Whisky	750	22-04-2016	15,000	1	15,000	15,000	30,000
<b>Total</b>							<b>26,05,000</b>	<b>19,35,000</b>	<b>45,40,000</b>
<b>Rounded off (lakhs)</b>							<b>26.05</b>	<b>19.35</b>	<b>45.40</b>

**Appendix 4.8.1**

(Reference: Paragraph 4.8)

**Details of non-realisation of entry tax on motor vehicles**

Sl. No.	Registration No.	Date of Registration	Date of Purchase	Imported from	Type of vehicle	Value (₹ in lakh)	Rate of Tax	Entry tax due but not realized (₹ in lakh)
1	AR-04-4997	26.05.2012	27.04.2012	Guwahati	Heavy Goods Vehicle	13.36	4.00%	0.53
2	AR-04-5248	01.11.2012	09.10.2012	Tezpur	Light Commercial Vehicle	4.74	12.50%	0.59
3	AR-04-5594	26.06.2013	31.05.2013	Tezpur	Light Commercial Vehicle	5.51	12.50%	0.69
4	AR-04-4868	27.02.2012	15.02.2012	Tezpur	Light Commercial Vehicle	5.21	12.50%	0.65
5	AR-04-5179	19.08.2012	16.07.2012	Tezpur	Light Commercial Vehicle	5.37	12.50%	0.67
6	AR-04-4929	27.03.2013	15.02.2012	Guwahati	Tipper	13.62	4.00%	0.54
7	AR-04-4884	29.03.2012	27.01.2012	Tezpur	Light Commercial Vehicle	5.21	12.50%	0.65
8	AR-04-4927	27.03.2012	15.02.2012	Tezpur	Light Commercial Vehicle	5.21	12.50%	0.65
9	AR-04-5523	13.05.2013	07.03.2013	Tezpur	Light Commercial Vehicle	5.42	12.50%	0.68
10	AR-04-5830	24.12.2013	16.12.2013	Tezpur	Light Commercial Vehicle	5.73	12.50%	0.72
11	AR-04-5799	09.12.2013	30.10.2013	Guwahati	Excavator	24.50	4.00%	0.98
12	AR-04-5307	17.12.2012	21.11.2012	Tezpur	Light Commercial Vehicle	5.42	12.50%	0.68
13	AR-04-5477	06.06.2013	26.02.2013	Gujrat	Tipper	24.24	4.00%	0.97
14	AR-04-5889	07.03.2014	17.02.2014	Tezpur	Light Commercial Vehicle	5.68	12.50%	0.71
15	AR-04-4875	24.02.2012	31.12.2011	Guwahati	Light Commercial Vehicle	6.76	12.50%	0.84
16	AR-04-5197	17.09.2012	31.08.2012	Tezpur	Light Commercial Vehicle	5.37	12.50%	0.67
17	AR-04-5291	20.12.2012	31.10.2012	Guwahati	Tanker	10.90	12.50%	1.36
18	AR-04-4951	03.05.2012	02.04.2012	Tezpur	Light Commercial Vehicle	5.31	12.50%	0.66
19	AR-04-5686	12.09.2013	16.08.2013	Tezpur	Tipper	17.09	4.00%	0.68
20	AR-04-5900	24.03.2014	20.11.2013	Tezpur	Light Commercial Vehicle	5.62	12.50%	0.70
21	AR-04-5161	09.08.2012	12.07.2012	Guwahati	Tipper	13.79	4.00%	0.55
22	AR-04-4918	10.05.2012	28.12.2011	Guwahati	Tipper	13.05	4.00%	0.52
23	AR-04-4921	12.05.2012	28.12.2011	Guwahati	Tipper	13.05	4.00%	0.52
24	AR-04-5181	27.08.2012	21.07.2012	Tezpur	Light Commercial Vehicle	5.37	12.50%	0.67
25	AR-04-5260	08.11.2012	17.10.2012	Tezpur	Light Commercial Vehicle	5.42	12.50%	0.68
26	AR-04-5374	21.02.2013	08.02.2013	Guwahati	Tipper	26.76	4.00%	1.07
27	AR-04-5131	31.07.2012	10.07.2012	Tezpur	Light Commercial Vehicle	5.37	12.50%	0.67
<b>Total</b>						<b>263.10</b>		<b>19.33</b>

## Appendix-5.1.1

(Reference: Paragraph 5.1.9)

## Statement showing investments made by the State Government in SPSUs whose accounts are in arrears

(Figures in columns (4) &amp; (6) to (8) are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid-Up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>A. Working Government Companies</b>							
<b>MISCELLANEOUS</b>							
1.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1999-00	2.13	2000-01 2002-03 2004-05 2005-06 2006-07 2012-13 2013-14	0.20 0.05 -- 0.05 0.05 -- --	-- -- 0.15 -- -- -- --	-- -- -- -- 1.13 7.46 0.70
<b>AGRICULTURE AND ALLIED</b>							
2.	Arunachal Pradesh Forest Corporation Limited	2005-06	4.50	2006-07 2007-08	-- --	-- --	-- 0.84
<b>Total of A</b>			<b>6.63</b>		<b>0.35</b>	<b>0.15</b>	<b>10.13</b>
<b>B. Non-Working Government Companies</b>							
<b>MANUFACTURE</b>							
3.	Parasuram Cement Limited	2008-09	0.24	2008-09	--	1.36	--
<b>Total of B</b>			<b>0.24</b>		<b>--</b>	<b>1.36</b>	<b>--</b>
<b>Grand Total (A+B)</b>			<b>6.87</b>		<b>0.35</b>	<b>1.51</b>	<b>10.13</b>

**Appendix-5.1.2**

(Reference: Paragraph 5.1.11)

**Summarised financial position and working results of Government companies as per their latest finalised financial statements/accounts**

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover <sup>1</sup>	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed <sup>2</sup>	Return on capital employed <sup>3</sup>	Percentage of return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>A. WORKING GOVERNMENT COMPANIES</b>													
<i>FINANCE</i>													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	2015-16	2017-18	4.15	8.11	(-) 20.59	6.67	(-) 2.43	-	9.08	(-) 2.43	-	29
<b>Total of the Sector</b>				<b>4.15</b>	<b>8.11</b>	<b>(-) 20.59</b>	<b>6.67</b>	<b>(-) 2.43</b>	<b>-</b>	<b>9.08</b>	<b>(-) 2.43</b>	<b>-</b>	<b>29</b>
<b>MISCELLANEOUS</b>													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1999-00	2014-15	2.13	-	(-) 1.81	-	(-) 0.28	-	2.14	(-) 0.28	-	65
<b>Total of the Sector</b>				<b>2.13</b>	<b>-</b>	<b>(-) 1.81</b>	<b>-</b>	<b>(-) 0.28</b>	<b>-</b>	<b>2.14</b>	<b>(-) 0.28</b>	<b>-</b>	<b>65</b>
<b>AGRICULTURE AND ALLIED</b>													
3.	Arunachal Pradesh Forest Corporation Limited	2005-06	2014-15	4.50	-	(-) 4.58	-	3.54	-	11.66	4.30	36.88	64
<b>Total of the Sector</b>				<b>4.50</b>	<b>-</b>	<b>(-) 4.58</b>	<b>-</b>	<b>3.54</b>	<b>-</b>	<b>11.66</b>	<b>4.30</b>	<b>36.88</b>	<b>64</b>
<b>INFRASTRUCTURE</b>													
4.	Arunachal Police Housing and Welfare Corporation Limited	2014-15	2016-17	0.02	-	22.00	-	5.26	-	22.03	5.26	23.88	31
<b>Total of the Sector</b>				<b>0.02</b>	<b>-</b>	<b>22.00</b>	<b>-</b>	<b>5.26</b>	<b>-</b>	<b>22.03</b>	<b>5.26</b>	<b>23.88</b>	<b>31</b>

<sup>1</sup> Figures as per provisional accounts for the year ended 31 March 2017.

<sup>2</sup> Capital employed represents Shareholders fund and long term borrowings.

<sup>3</sup> For calculating return on capital employed, interest on borrowed fund is added to net profit/ subtracted from the loss as disclosed in the Profit and Loss Account.

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover <sup>1</sup>	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed <sup>2</sup>	Return on capital employed <sup>3</sup>	Percentage of return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>POWER</b>													
5.	Hydro Power Development Corporation of Arunachal Pradesh Limited	2012-13	2017-18	5.00	-	1.50	-	0.43	-	13.95	0.43	3.08	40
<b>Total of the Sector</b>				<b>5.00</b>	<b>-</b>	<b>1.50</b>	<b>-</b>	<b>0.43</b>	<b>-</b>	<b>13.95</b>	<b>0.43</b>	<b>3.08</b>	<b>40</b>
<b>Total of A</b>				<b>15.80</b>	<b>8.11</b>	<b>(-) 3.48</b>	<b>6.67</b>	<b>6.52</b>	<b>-</b>	<b>58.86</b>	<b>7.28</b>	<b>12.37</b>	<b>229</b>
<b>B. NON-WORKING GOVERNMENT COMPANIES</b>													
<b>MANUFACTURE</b>													
6.	Parasuram Cement Limited	2008-09	2013-14	0.24	-	(-) 2.66	-	-	-	3.39	-	-	-
<b>Total of the Sector</b>				<b>0.24</b>	<b>-</b>	<b>(-) 2.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.39</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of B</b>				<b>0.24</b>	<b>-</b>	<b>(-) 2.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.39</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B)</b>				<b>16.04</b>	<b>8.11</b>	<b>(-) 6.14</b>	<b>6.67</b>	<b>6.52</b>	<b>-</b>	<b>62.25</b>	<b>7.28</b>	<b>11.69</b>	<b>229</b>

**Appendix - 5.2.1**  
(Refer Paragraph 5.2.6.1)

**Statement showing details of supplementary/additional work**

(₹ in lakh)

Sl. No.	Name of the project	Sanctioned cost	Date of agreement	Original agreement amount	Description of supplementary/ additional works	Details of Supplementary Agreement		Amount paid to the contractor	Percentage of Supplementary agreement over the tender amount
						Date	Amount		
1	C/o Type - II Qrts, 12 nos at Chimpu (Ongoing)	132.00	07-Mar-16	80.34	Extra additional work for site development, depth of foundation, plinth height, CC Road etc.	6-Aug-16	24.06	24.04	29.95
2	C/o Health unit building at PTC, Banderdewa	30.00	08-Jan-16	22.96	Additional plinth height	29-Jan-16	1.62	1.54	7.06
3	C/o 40 men barrack at Changlang	98.00	24-Mar-15	78.01	Earth work, CC work, brick work, roofing, flooring, earth sand filling, etc.	4-Sep-15	18.28	17.90	23.43
4	C/o 100 men barrack 3 nos at Chimpu (Package 1)	128.24	25-Mar-15	75.90	Extra additional work for site development, depth of foundation, plinth height, CC drain, CC wall etc.	1-Mar-16	14.38	14.38	18.95
	C/o 100 men barrack 3 nos at Chimpu (Package 2)	128.23	27-Mar-15	69.80	Extra additional work for site development, depth of foundation, plinth height, CC drain & fencing etc.	16-Mar-16	17.29	17.29	24.77
	C/o 100 men barrack 3 nos at Chimpu (Package 3)	128.23	07-Feb-15	70.99	Extra additional work for site development, CC drain & fencing etc.	17-Mar-16	11.63	11.63	16.38
5	C/o T-II, 8 Qrts at Chimpu, Itanagar	92.00	24-Apr-15	46.44	Extra additional work for RCC plinth area, depth of foundation, plinth height, CC drain & CC road etc.	19-Sep-16	13.07	13.07	28.14

Sl. No.	Name of the project	Sanctioned cost	Date of agreement	Original agreement amount	Description of supplementary/ additional works	Details of Supplementary Agreement		Amount paid to the contractor	Percentage of Supplementary agreement over the tender amount
						Date	Amount		
6	C/o SP office building DS with conference hall at Tawang	80.00	26-Feb-15	46.14	Extra additional work for site development, additional plinth height, boundary wall, CC approach road etc.	26-Oct-15	11.19	11.19	24.25
7	C/o DS Police Station with lock up at Tawang	100.00	19-Nov-14	51.82	Extra work for site development, room extension and boundary wall etc.	24-Apr-15	15.54	15.54	29.99
8	C/o 30 No Qrts at Chimpu (Ongoing)	330.00	09-Jan-15	192.07	Extra additional work for site development, additional plinth height, open well, CC approach road & drain etc.	05-Jan-00	20.77	20.77	10.81
9	C/o DS PS with lock up at Seppa	100.00	07-Nov-14	58.75	Extra work for dismantle of old PS building, garrage & miscl. work etc.	14-May-15	17.62	5.50	29.99
					Additional plinth height, CC pavement/approach road, earth filling, etc.	04-Jun-16		12.12	
10	C/o Officers Mess, PTC, Banderdewa	50.00	26-May-14	27.41	Earth levelling work	07-Aug-14	2.90	2.90	10.58
11	Type V Qtr at Ziro	35.00	07-Aug-14	19.19	Extra work for earth filling, RCC plinth wall, cantering and shuttering, reinforcement of RCC plastering, CC base, net cement punning etc.	27-Mar-15	3.38	3.38	17.61
12	SDPO, Kanubari	30.00	26-May-15	18.59	Additional plinth height	30-Sep-14	1.91	1.37	10.27
<b>Total</b>		<b>1,461.70</b>		<b>858.41</b>			<b>173.64</b>		

**Appendix- 5.2.2**  
(Refer Paragraph 5.2.7.3)  
**Statement showing retention of unspent project fund**

(₹ in lakh)

Sl. No.	Funding Agency	Name of the Projects	Estimated cost	Date of sanction	Sanctioned Amount	Date of receipt	Amount received	Date of completion of project	Corporation charges	Expenditure	Amount retained	Percentage of savings against estimated cost	Period of retention as on Mar 17 (months)	UC Submitted
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	$j = (hx13\%)$	<i>k</i>	$l = h-(j+k)$	$m = (lx100/h)$	<i>n</i>	
1	MHA, MPF (2013-14)	C/o Drill shed at Banderdewa	70.00	25-Mar-15	70.00	05-Mar-16	70.00	Aug-16	9.10	45.73	15.17	21.67	7	No
2	MHA, SRE (2014-15)	C/o 20 men barrack at Miao	45.00	30-Mar-13	45.00	01-Apr-14	45.00	Feb-15	5.85	29.75	9.40	20.89	25	Yes
3	State Plan (2012-13)	C/o OP building at Tarraso	50.00	31-Mar-13	50.00	01-Apr-15	50.00	Jan-15	6.50	23.34	20.16	40.32	26	Yes
4	State Plan (2012-13)	C/o BW at Namsai	37.30	25-Mar-13	37.30	01-Apr-14	37.30	Jan-15	4.85	27.01	5.44	14.59	26	Yes
5	State Plan (2012-13)	C/o 10 men barrack at Gumto	50.00	31-Mar-13	50.00	01-Apr-15	50.00	May-16	6.50	39.49	4.01	8.02	10	Yes
6	State Plan (2012-13)	C/o SDPO building at Likhabali	30.00	25-Mar-15	30.00	01-Apr-14	30.00	Oct-14	3.90	24.89	1.21	4.03	29	Yes
7	State Plan (2013-14)	C/o 30 men bachelor barrack at Police line Longding	64.00	14-Mar-14	64.00	06-Feb-15	64.00	Jun-16	8.32	43.42	12.26	19.16	9	Yes
8	State Plan (2013-14)	C/o T-IV Qrts at Longding	25.00	14-Mar-14	25.00	06-Feb-15	25.00	Jun-16	3.25	16.98	4.77	19.08	9	Yes
9	State Plan (2013-14)	C/o 15 men bachelor barrack each at officers colony and SP office complex Changlang	63.00	14-Mar-14	63.00	06-Feb-15	63.00	Apr-16	8.19	52.31	2.50	3.97	11	Yes

Sl. No.	Funding Agency	Name of the Projects	Estimated cost	Date of sanction	Sanctioned Amount	Date of receipt	Amount received	Date of completion of project	Corporation charges	Expenditure	Amount retained	Percentage of savings against estimated cost	Period of retention as on Mar 17 (months)	UC Submitted
10	State Plan (2013-14)	C/o T-II 4 nos Qrts at Roing	46.00	14-Mar-14	46.00	06-Feb-15	46.00	Jan-16	5.98	38.27	1.75	3.80	14	Yes
11	TFC	C/o DS PS with lock up at Hayuliang	100.00	24-Jul-14	100.00	10-Nov-14	100.00	Feb-16	13.00	72.96	14.04	14.04	13	Yes
<b>Total</b>					<b>580.30</b>		<b>580.30</b>		<b>75.44</b>	<b>414.15</b>	<b>90.71</b>			

**Appendix - 5.2.3**  
(Reference: Paragraph 5.2.8.1)  
**Status of physical progress of 41 Sampled projects**

(₹ in lakh)

Sl. No.	Name of the project	Amount sanctioned	Expenditure (upto March 2017)	Stipulated project duration (Months)	Date of issue of LOA	Date of commencement	Scheduled date of completion	Actual date of completion	Delay in completion as on 31 March 2017 (Months)
1	2	3	4	5	6	7	8	9	10
	<b>Completed projects</b>								
1	C/o drill shed at PTC, Banderdewa	70.00	54.84	10	18-Nov-15	03-Dec-15	03-Oct-16	07-Aug-16	0
2	C/o T-II Qrts, 4 nos at Daporijo	44.00	36.52	8	13-Oct-15	28-Oct-15	28-Jun-16	06-Dec-16	5
3	C/o Health unit building at PTC, Banderdewa	30.00	20.79	10	24-Oct-15	08-Nov-15	08-Sep-16	30-Jan-17	5
4	C/o T-II Qrts, 4 nos at Sijjosa	52.00	42.18	8	26-Oct-15	10-Nov-15	10-Jul-16	02-Mar-17	7
5	C/o OP building with boundary wall at Kakoi	50.00	39.00	8	27-Oct-15	11-Nov-15	11-Jul-16	07-Mar-17	7
6	C/o 20 men barrack with kitchen, dining hall, toilet and bathroom at Yupia	45.00	28.75	8	26-Oct-15	10-Nov-15	10-Jul-16	04-Oct-16	2
7	C/o 40 men barrack at Changlang	98.00	97.77	10	23-Dec-14	07-Jan-15	07-Aug-15	14-Oct-16	14
8	C/o 20 men barrack at Miao	45.00	35.60	8	03-Mar-14	18-Mar-14	18-Nov-14	16-Feb-15	3
9	C/o 100 men barrack, 3 nos at Chimpu	469.00	469.00	10	06-Feb-15	21-Feb-15	21-Dec-15	21-Mar-16	3
10	C/o Officers Mess at PTC, Banderdewa	50.00	49.98	10	27-May-14	11-Jun-14	11-Apr-14	26-Mar-15	0
11	C/o 10 Men Barrack at Tarasso	50.00	30.38	8	14-Oct-14	29-Oct-14	29-Jun-15	28-Jun-16	12
12	C/o Boundary Wall around Namsai PS	37.30	31.86	10	04-Mar-14	19-Mar-14	19-Jan-15	15-Jan-15	0
13	C/o SDPO Office at Kanubari	30.00	30.00	10	26-May-14	10-Jun-14	06-Apr-15	12-Jul-15	3
14	C/o 10 Men Barrack at Gumto	50.00	45.99	8	17-Oct-14	02-Nov-15	02-Jul-16	20-May-16	11
15	C/o Type IV Qtr at Anini	25.00	22.75	8	03-Jun-14	18-Jun-14	03-Feb-15	18-Oct-14	0
16	C/o Type V Qtr at Ziro	35.00	34.58	8	31-Jul-14	15-Aug-15	15-Apr-16	13-Jun-15	3
17	C/o 10 Men Barrack at Kakoi	50.00	50.00	8	05-Jan-15	20-Jan-15	20-Sep-15	05-Oct-15	1

Sl. No.	Name of the project	Amount sanctioned	Expenditure (upto March 2017)	Stipulated project duration (Months)	Date of issue of LOA	Date of commencement	Scheduled date of completion	Actual date of completion	Delay in completion as on 31 March 2017 (Months)
18	C/o Open Well at Chimpu	25.00	25.00			Not available	Mar-13	Dec-13	9
19	C/o Type IV Qtr at Roing	25.00	24.73	8	03-Jun-14	18-Jun-14	18-Feb-15	19-Jan-15	0
20	C/o Type IV, 1 Qtr at Longding	25.00	20.42	6	09-Feb-15	24-Mar-15	24-Sep-15	28-Jun-16	9
21	C/o T-II, 8 Qrts at Chimpu	92.00	68.62	8	12-Feb-15	27-Feb-15	Oct-15	Mar-17	17
22	C/o SP office building DS with conference hall along with boundary at Tawang	80.00	80.00	12	12-Feb-15	27-Feb-15	Feb-16	Mar-16	1
23	C/o 30 men bachelor barrack at Police line Longding	64.00	51.74	8	09-Feb-15	24-Feb-15	Oct-15	Jun-16	8
24	C/o 15 men bachelor barrack each at newly allotted land at officers colony and SP office complex Changlang	63.00	60.50	8	09-Feb-15	24-Feb-15	Oct-15	Apr-16	6
25	C/o T-II Qrt at Roing	46.00	44.25	6	06-Feb-15	21-Feb-15	Aug-15	Jan-16	5
26	C/o T-IV Qrt at Longding	25.00	20.41	6	06-Feb-15	21-Feb-15	Aug-15	Jun-16	10
27	C/o DS Police Station with lock up at Tawang	100.00	100.00	12	05-Nov-14	20-Nov-14	Nov-15	Dec-15	1
28	C/o DS PS with lock up at Seppa	100.00	100.00	12	03-Nov-14	18-Nov-14	Nov-15	Jan-16	2
29	C/o PS at Aalo	90.00	90.00	12	Nov-14	Nov-14	Nov-15	Sep-15	0
30	C/o DS PS with lock up at Hayuliang	100.00	85.96	12	11-Nov-14	26-Nov-14	Nov-15	Feb-16	3
31	C/o 40 men barrack at Chasa	92.00	92.00	6	NA	Jan-15	NA	Jun-15	0
32	C/o 40 men barrack at Borduria	92.00	92.00	6	NA	Jan-15	NA	Jun-15	0
33	C/o SDPO Likabali	30.00	28.97	5	NA	11-Jun-14	NA	15-Oct-14	0
34	OP Building at Tarasso	50.00	29.72	12	NA	12-Jan-14	NA	25-Jan-15	0
35	C/o T-II ,5Nos Qrts at Dollungmukh	60.00	59.80	14	NA	Feb-15	NA	Apr-16	0
	<b>Total</b>	<b>2,389.30</b>	<b>2,194.11</b>						
	<b>Ongoing projects</b>								
36	C/o T-II Qrts, 12 nos at Chimpu	132.00	73.68	12	23-Oct-15	07-Nov-15	07-Nov-16	<b>Ongoing</b>	4

Sl. No.	Name of the project	Amount sanctioned	Expenditure (upto March 2017)	Stipulated project duration (Months)	Date of issue of LOA	Date of commencement	Scheduled date of completion	Actual date of completion	Delay in completion as on 31 March 2017 (Months)
37	C/o RCC DS barrack at PTC, Banderdewa	116.00	44.26	12	18-Nov-15	03-Dec-15	03-Dec-16	Ongoing	3
27	NLCPR	879.10	791.18	24			Jun-12	Ongoing	57
35	C/o 30 No Qrts at Chimpu	330.00	193.28	24	24-Nov-14	09-Dec-14	Dec-16	Ongoing	3
36	C/o DS police station building at Yingkhiong	120.00	26.59	12	12-Nov-14	27-Nov-14	Nov-15	Ongoing	16
41	C/o Civil Defence Training Centre at Pasighat	146.00	18.78	12	09-Mar-15	24-Mar-15	Mar-16	Ongoing	12
	<b>Total</b>	<b>1,723.10</b>	<b>1,147.77</b>						
	<b>Grand Total</b>	<b>4,112.40</b>	<b>3,341.88</b>						

**Appendix-6.1.1**  
(Reference: Paragraph 6.1)  
**Statement showing details of Explanatory Notes on Paragraphs of Audit Report  
pending as of October 2017**

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
2008-09	03.09.2010	1.1	Horticulture
		1.2	Planning
		1.3	Water Resources
		2.1	Industries
		2.5, 2.9, 3.1	Animal Husbandry & Veterinary
		2.3, 2.4	Agriculture
		2.6	Rural Works
		2.7, 2.8	Social Welfare, Women & Child Development.
		2.10	Public Works
		2.11	Urban Development and Housing
		4.3	State Excise
		5.7	Geology and Mining
		4.7, 4.8	Land Management
		4.9, 4.10	State Lottery
		4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19	Taxation
		4.20, 4.21, 4.22, 5.2	Transport
		5.4, 5.5	Power
		5.6	Supply and Transport.
5.8	Forest.		
2009-10	24.03.2011	2.12	Rural Development
		2.4, 2.5, 2.9, 2.10, 2.14	Public Works
		2.8	Urban Development & Housing
		2.11, 2.13	Water Resources.
		3.1	Public Eng.& Water Supply
		4.2, 4.4, 4.5	State Excise
		4.7	Geology & Mining
		4.10, 4.11	State Lottery
		4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19, 4.20	Taxation
		5.2	Hydro Power Development
		5.3, 5.4, 5.5	Power
5.6	Supply & Transport		
2010-11	27.09.2012	1.1	Education
		1.2	Urban Development & Housing
		2.2	Education
		2.5	Rural Works
		2.8	Science & Technology.
		2.10	Health & Family Welfare
		2.11	Education
		4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.6, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12	Taxation
		4.2.13, 4.2.14	Transport
		4.2.16, 4.2.17, 4.2.18	State Excise
		4.2.19	Land Management

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
		5.2, 5.3, 5.4	Power
		5.5	Finance
2011-12	23.09.2013	1.2	Health & Family Welfare
		1.3, 1.4	Sports & Youth Welfare
		1.5	Social Welfare, Women & Child Development
		1.6	Education
		2.3	Tourism
		2.4	Agriculture
		3.2	Secretariat General Administration
		3.3, 5.2.23	Land Management
		4.2, 4.3	Power
		4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.2.21, 4.2.22	State Excise
		2012-13	26.09.2014
2.2	Public Works		
2.3	Science and Technology		
2.8	Horticulture		
2.9	Agriculture		
3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9	Taxation		
4.2, 4.3	Hydro Power Department		
2013-14	21.7.2015	1.3	Public Health Engineering & Water Supply
		1.4	Education
		1.5	Rural Development
		2.3, 2.4, 2.5, 2.6, 2.7	Public Works
		2.8, 2.9	Water Resources
		2.10	Horticulture
		3.2	Geology and Mining
		3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10	Taxation
		3.11, 3.12, 3.13, 3.14	State Excise
		4.2,4.3	Hydro Power Development
2014-15	10.03.2017	4.4	Power
		1.2	Department of Industry
		1.3	Urban Development and Housing
		2.2	Tourism
		2.3,2.4,2.5	Rural works
		2.6,2.7,2.8,2.9,2.10,2.11	Public works
		2.12	Water Resources
		3.2	APPSC
		4.2,4.3,4.4,4.5,4.6	Taxation
		4.7,4.8	Transport
		4.9,4.10	State Excise
		5.2	Power
5.3	APID & FCL		
2015-16	14.10.2017	1.2, 1.4	Health
		1.3	Education
		1.5	Sports & Youth Affairs
		1.6	Rural Development
		2.2	Water Resources
		2.3, 2.4, 2.5	Public Works
		3.2	General Administration
3.3	District Administration		

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
		4.2, 4.3	Transport
		4.4, 4.5, 4.6, 4.7, 4.8, 4.9	Taxation
		4.10	Land Management
		4.11	State Excise
		5.2	State Transport
		5.3	APMDTCL
<b>Total</b>		<b>205</b>	

**Appendix-6.1.2**

(Reference: Paragraph 6.1)

**Status of outstanding Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee as on March 2017**

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph No.(s)	Total Paragraphs		
<b>1986-87</b>	3.1, 3.2, 3.3, 3.7, 3.8, 3.9, 3.10, 3.11, 4.3, 5.2, 7.2 and 7.3	12	27 <sup>th</sup> , 36 <sup>th</sup> , 37 <sup>th</sup> , 40 <sup>th</sup> , 42 <sup>nd</sup> , 44 <sup>th</sup> and 49 <sup>th</sup> Report	8 <sup>th</sup> September 1994, 27 <sup>th</sup> September 1996, 10 <sup>th</sup> November 1998, 24 <sup>th</sup> March 2000, 21 <sup>st</sup> September 2001, 3 <sup>rd</sup> March 2003
<b>1987-88</b>	3.1, 3.4, 3.5, 3.6, 3.7, 3.9 and 5.1	7	27 <sup>th</sup> , 36 <sup>th</sup> , 37 <sup>th</sup> , 40 <sup>th</sup> and 42 <sup>th</sup> Report	8 <sup>th</sup> September 1994, 27 <sup>th</sup> September 1996, 10 <sup>th</sup> November 1998 and 24 <sup>th</sup> March 2000
<b>1988-89</b>	3.1,3.3,3.4,3.10,3.11, 3.14,4.5,4.8,5.5 and 5.6	10	37 <sup>th</sup> , 38 <sup>th</sup> 40 <sup>th</sup> , 42 <sup>nd</sup> and 45 <sup>th</sup>	27 <sup>th</sup> September 1996, 10 <sup>th</sup> November 1998, 24 <sup>th</sup> March 2000 and 3 <sup>rd</sup> March 2003
<b>1989-90</b>	5.2	1	44 <sup>th</sup> Report	21 <sup>st</sup> September 2001
<b>1990-91</b>	3.4, 3.8, 3.9, 7.3 and 7.5	5	39 <sup>th</sup> , 44 <sup>th</sup> , 45 <sup>th</sup> and 48 <sup>th</sup>	6 <sup>th</sup> March 1997, 21 <sup>st</sup> September 2001, 19 <sup>th</sup> March 2002 and 3 <sup>rd</sup> March 2003
<b>1991-92</b>	3.1 and 5(b), 3.4	3	39 <sup>th</sup> , 44 <sup>th</sup> , 45 <sup>th</sup> and 48 <sup>th</sup> 57 <sup>th</sup>	6 <sup>th</sup> March 1997, 21 <sup>st</sup> September 2001, 19 <sup>th</sup> March 2002 3 <sup>rd</sup> March 2003 and 27 <sup>th</sup> September 2012
<b>1992-93</b>	3.3, 3.4, 4.3, 4.4 and 5.1	5	39 <sup>th</sup> and 44 <sup>th</sup> Report	6 <sup>th</sup> March 1997 and 21 <sup>st</sup> September 2001
<b>1993-94</b>	4.6, 4.7 and 7.2	3	48 <sup>th</sup> Report	19 <sup>th</sup> March 2002
<b>1994-95</b>	3.3, 3.4, 3.5, 3.6, 4.3 and 4.10	6	45 <sup>th</sup> and 46 <sup>th</sup> Report	19 <sup>th</sup> March 2002 and 3 <sup>rd</sup> March 2003
<b>1995-96</b>	3.2 to 3.6 and 3.11, 4.4, 3.7	8	46 <sup>th</sup> Report, 57 <sup>th</sup> Report 60 <sup>th</sup> Report	19 <sup>th</sup> March 2002 and 27 <sup>th</sup> September 2012
<b>1996-97</b>	3.13, 4.10 to 4.14 and 4.16, 3.1.8 4.3.6 (ii), 4.3.6 (iii), 4.3.7, 6.9	12	48 <sup>th</sup> Report, 57 <sup>th</sup> Report 60 <sup>th</sup> Report	19 <sup>th</sup> March 2002 and 27 <sup>th</sup> September 2012
<b>1997-98</b>	4.6, 5.1 and 5.4	3	48 <sup>th</sup> 51 <sup>st</sup> Report	19 <sup>th</sup> March 2002 and 21 <sup>st</sup> March 2006
<b>1998-99</b>	3.6,3.4.8,4..3	3	51 <sup>st</sup> Report, 57 <sup>th</sup> Report	21 <sup>st</sup> March 2006 and 27 <sup>th</sup> September 2012
<b>1999-00</b>	3.9,	1	57 <sup>th</sup> Report	27 <sup>th</sup> September 2012
<b>2000-01</b>	6.11	1	60 <sup>th</sup> Report	27 <sup>th</sup> September 2012

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph No.(s)	Total Paragraphs		
<b>2001-02</b>	3.4 3.1.13, 3.1.14, 3.1.15, 3.1.16, 3.1.17 & 3.1.38 to 3.1.40	9	57 <sup>th</sup> Report 60 <sup>th</sup> Report	27 <sup>th</sup> September 2012
<b>2005-06</b>	3.2.16.1	1	66 <sup>th</sup> Report	7 <sup>th</sup> July 2015
<b>2006-07</b>	6.3, 6.4.1 & 6.4.2	3	66 <sup>th</sup> Report	7 <sup>th</sup> July 2015
<b>2009-10</b>	2.10	1	66 <sup>th</sup> Report	7 <sup>th</sup> July 2015
<b>Total</b>		<b>94</b>	<b>16</b>	

## Glossary of Abbreviations

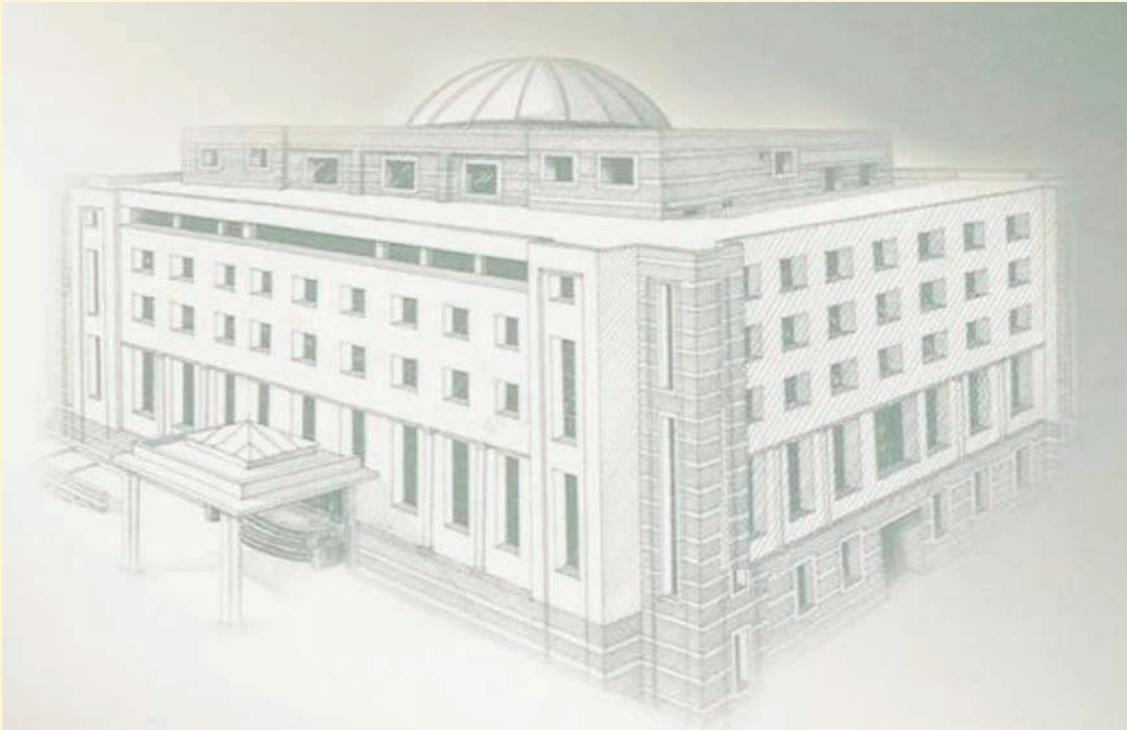
AA & ES	Administrative Approval and Expenditure Sanction
AAP	Annual Action Plan
ADC	Additional Deputy Commissioner
AE	Assistant Engineer
AGs	Adolescent Girls
AIBP	Accelerated Irrigation Benefits Programme
AIDS	Acquired Immune Deficiency Syndrome
AO	Assessing Officer
AOP	Annual Operating Plan
APET	Arunachal Pradesh Entry Tax
APFCL	Arunachal Pradesh Forest Corporation Limited
APGT	Arunachal Pradesh Goods Tax
APHWCL	Arunachal Police Housing and Welfare Corporation Limited
ARSH	Adolescent Reproductive and Sexual Health
ATN	Action Taken Notes
AWCs	Anganwadi Centres
AWW	Anganwadi Worker
BADP	Boarder Area Development Programme
BCR	Benefit Cost Ratio
BDO	Block Development Officer
BE	Budget Estimates
BG	Bank Guarantee
BGF	Boarder Guarding Force
BIS	Bureau of Indian Standard
BOQ	Bill of Quantity
BRC	Block Resource Centre
BRO	Boarder Road Organisation
BRTF	Border Roads Task Force
C&AG	Comptroller & Auditor General of India
CA	Central Assistance
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CAs	Chartered Accountants
CC	Cement Concrete
CCA	Culturable Command Area
CDPO	Child Development Project Officer
CDTC	Civil Defense Training Centre
CE	Chief Engineer
CE (D&P)	Chief Engineer (Design and Planning)
CHC	Community Health Centre
CMV	Central Motor Vehicle
COD	Chemical Oxygen Demand
COPU	Committee on Public Undertakings
CPWD	Central Public Works Department
CSS	Centrally Sponsored Scheme

CWC	Central Water Commission
DC	Deputy Commissioner
DD	Demand Draft
DDA	Deputy Director of Agriculture
DDO	Drawing and Disbursing Officer
DHO	District Horticulture Officer
DLC	District Level Committee
DMO	District Medical Officer
DoNER	Development of North Eastern Region
DPO	District Planning Officer
DPP	Direct Payment Procedure
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DTO	District Transport Officer
DWSC	District Water and Sanitation Committee
DWSM	District Water and Sanitation Mission
DWSP	District Water Security Plan
EE	Executive Engineer
EM	Earnest Money
FC	Formation Cutting
FMP	Flood Management Programme
FTK	Field Testing Kits
GFR	General Financial Rules
GI	Galvanised Iron
GIS	Geographic Information System
GoAP	Government of Arunachal Pradesh
GoI	Government of India
GP	Gram Panchayat
GPWC	Gram Panchayat Water and Sanitation Committee
GSB	Granular Sub Base
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
ICDS	Integrated Child Development Services
ICP-OES	Inductively Coupled Plasma-Optical Emission Spectrometry
IEC	Information, Education and Communication
IFA	Iron and Folic Acid
IMFL	India Made Foreign Liquor
IMIS	Integrated Management Information System
IP	Irrigation Potential
IR	Inspection Report
IRC	Indian Road Congress
KGBV	Kasturba Gandhi Balika Vidyalaya
LCV	Light Commercial Vehicle
LPCD	Litre per Capita per Day
M&E	Monitoring and Evaluation
MA	Mobilization Advance

MB	Measurement Book
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIC	Minor Irrigation Channel
MIP	Minor Irrigation Project
MIS	Management Information System
MLALAD	Member of Legislative Assembly Local Area Development
MoDW&S	Ministry of Drinking Water & Sanitation
MoEF	Ministry of Environment & Forest
MoRTH	Ministry of Road Transport & Highway
MOU	Memorandum of Undertaking
MPF	Modernisation of Police Force
MSDP	Multi-Sectoral Development Programme
NABL	National Accreditation Board for Laboratories
NEC	North Eastern Council
NER	North Eastern Region
NERIST	North-Eastern Regional Institute of Science & Technology
NGO	Non-Government Organisation
NH	National Highway
NHE	Nutrition and Health Education
NHIDCL	National Highway Infrastructure Development Corporation Limited
NLCPR	Non-Lapsable Central Pool of Resources
NQMs	National Quality Monitors
NRDWP	National Rural Drinking Water Programme
O&M	Operation and Maintenance
OB	Opening Balance
P & M	Plant & Machinery
PAC	Public Accounts Committee
PAG	Principal Accountant General
PCC	Providing Cement Concrete
PCR	Polymerase Chain Reaction
PFMS	Public Financial Management System
PG	Performance Guarantee
PHC	Public Health Centre
PHE&WS	Public Health Engineering and Water Supply
PHED	Public Health Engineering Department
PPSWOR	Probability Proportion to Size Without Replacement
PRI	Panchayati Raj Institutions
PSP	Public Stand Post
PVC	Polyvinyl Chloride
PWD	Public Works Division
PWS	Piped Water Supply
PWSS	Piped Water Supply System
QA	Quality Affected
QPR	Quarterly Progress Report
R&D	Research and Development
RA	Running Account

RCC	Reinforced Cement Concrete
RGSEAG	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls
RIDF	Rural Infrastructure Development Fund
RKVY	Rastriya Krishi Vikash Yojana
RMT	Running Metre
RO	Regional Officer
RWD	Rural Works Department
SARDP-NE	Special Accelerated Road Development Programme in North Eastern
SBI	State Bank of India
SC	Sub Centre
SD	Security Deposit
SE	Superintendent Engineer
SFC	Source Finding Committee
SHP	Small Hydro Project
SLMC	State Level Monitoring Committee
SLPSC	State Level Project Screening Committee
SLSC	State Level Sanctioning Committee
SLSSC	State Level Scheme Sanctioning Committee
SOR	Schedule of Rate
SPSU	State Public Sector Undertaking
SRE	Security Related Expenditure
SSB	Sashatra Seema Bal
ST	Superintendent of Taxes
STA	State Technical Agency
SWSM	State Water and Sanitation Mission
TAC	Technical Advisory Committee
TDS	Tax Deduction at Source
TFC	Thirteen Finance Commission
UC	Utilization Certificate
UDWQMP	Uniform Drinking Water Quality Monitoring Protocol
UV	Ultra-Violet
VAP	Village Action Plan
VAT	Value Added Tax
VWSC	Village Water and Sanitation Committee
VWSP	Village Water Security Plan
WBM	Water Bound Macadam
WCD	Woman and Child Development
WMM	Wet Mix Macadam
WQM&S	Water Quality Monitoring and Surveillance
WRD	Water Resource Department
WSSO	Water and Sanitation Support Organisation
WTP	Water Treatment Plan
WUA	Water User Association

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