



**GOVERNMENT
OF
ARUNACHAL PRADESH**

**ACCOUNTS AT A GLANCE
2017-18**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



**PRINCIPAL ACCOUNTANT GENERAL
ARUNACHAL PRADESH
ITANAGAR**



Accounts at a Glance
for the year **2017-18**

Principal Accountant General
Arunachal Pradesh, Itanagar



GOVERNMENT OF
ARUNACHAL PRADESH

I am happy to present the eighteenth issue of our annual publication, the 'Accounts at a glance' for the year 2017-18, which provides a broad overview of Governmental activities, as reflected in the Finance Accounts and Appropriation Accounts.

The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by the State Legislature and depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for being laid before the Legislature of the State.

We look forward to reader's feedback that would help us in improving the publication.

Place: *Itanagar*
Date: **21 June 2019**



(DHIREN MATHUR)

PRINCIPAL ACCOUNTANT GENERAL

Our Vision, Mission and Core Values

VISION

(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders: the Legislature, the Executive and the Public that public funds are being used efficiently and for the intended purposes.

MISSION

(Our mission enunciates our current role and describes what we are doing today.)

Core values

(Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.)

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

TABLE OF CONTENTS

Chapter 1	Overview	Page
1.1	Introduction	1
1.2	Structure of Accounts	2
1.3	Finance Accounts and Appropriation Accounts	4
1.4	Sources and Application of Funds	7
1.5	Fiscal Responsibility and Budget Management (FRBM) Act, 2006	11
Chapter 2	Receipts	
2.1	Introduction	14
2.2	Revenue Receipts	14
2.3	Trend of Revenue Receipts	15
2.4	State's own Tax Revenue Collection and State's Share of Union Taxes	17
2.5	Trend in State's Share of Union Taxes	18
2.6	Cost of Tax Collection	18
2.7	Grants -in-Aid	19
2.8	Public Debt	20
Chapter 3	Expenditure	
3.1	Introduction	21
3.2	Revenue Expenditure	22
3.3	Capital Expenditure	25
3.4	Committed Expenditure	27
Chapter 4	Appropriation Accounts	
4.1	Summary of Appropriation Accounts for 2017-18	28
4.2	Trend of Savings/Excess during past five years	28
4.3	Significant Savings	29
Chapter 5	Assets and Liabilities	
5.1	Assets	31
5.2	Debt and Liabilities	32
5.3	Guarantees	33
Chapter 6	Other Items	
6.1	Adverse Balances under Internal Debt	34
6.2	Loans and Advances by the State Government	34
6.3	Financial Assistance to Local Bodies and Others	34
6.4	Cash Balances and Investment of Cash Balance	36
6.5	Reconciliation of Accounts	36
6.6	Submission of Accounts by Treasuries	36
6.7	Unadjusted Abstract Contingent Bills	37
6.8	Status of Suspense and Remittance Balance	38
6.9	Status of Outstanding utilization Certificates	39

Chapter 6	Other Items	Page
6.10	Commitments on account of incomplete Capital Works	40
6.11	New Pension Scheme	40
6.12	Personal Deposit Accounts	41
6.13	Investments	42
6.14	Rush of Expenditure	42
6.15	Status of Reserve Funds	43
6.16	Accounting of Building and Other Constructions Workers Welfare Cess	44

CHAPTER - I

OVERVIEW

1.1. Introduction

The Principal Accountant General, Arunachal Pradesh collates, classifies, compiles the accounts data rendered by multiple agencies, and prepares the accounts of the Government of Arunachal Pradesh. The compilation is done from the initial accounts rendered by 25 District Treasuries/ Sub Treasuries, 193 Public Works Divisions, 46 Forest Divisions and advices of Reserve Bank of India. Every month, a Monthly Civil Account is presented by the office of the Principal Accountant General to the Government of Arunachal Pradesh. The office of the Principal Accountant General also submits a monthly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The Principal Accountant General also prepares, annually, Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General, Arunachal Pradesh and certification by the Comptroller and Auditor General of India.

1.2. Structure of Accounts

1.2.1. Government Accounts are kept in three parts

Structure of Government Accounts

■ **Part 1 CONSOLIDATED FUND**

All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund. All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), are met from this fund.

The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, not provided in the budget, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this fund for the Government of Arunachal Pradesh is ₹ 4.85 crore.

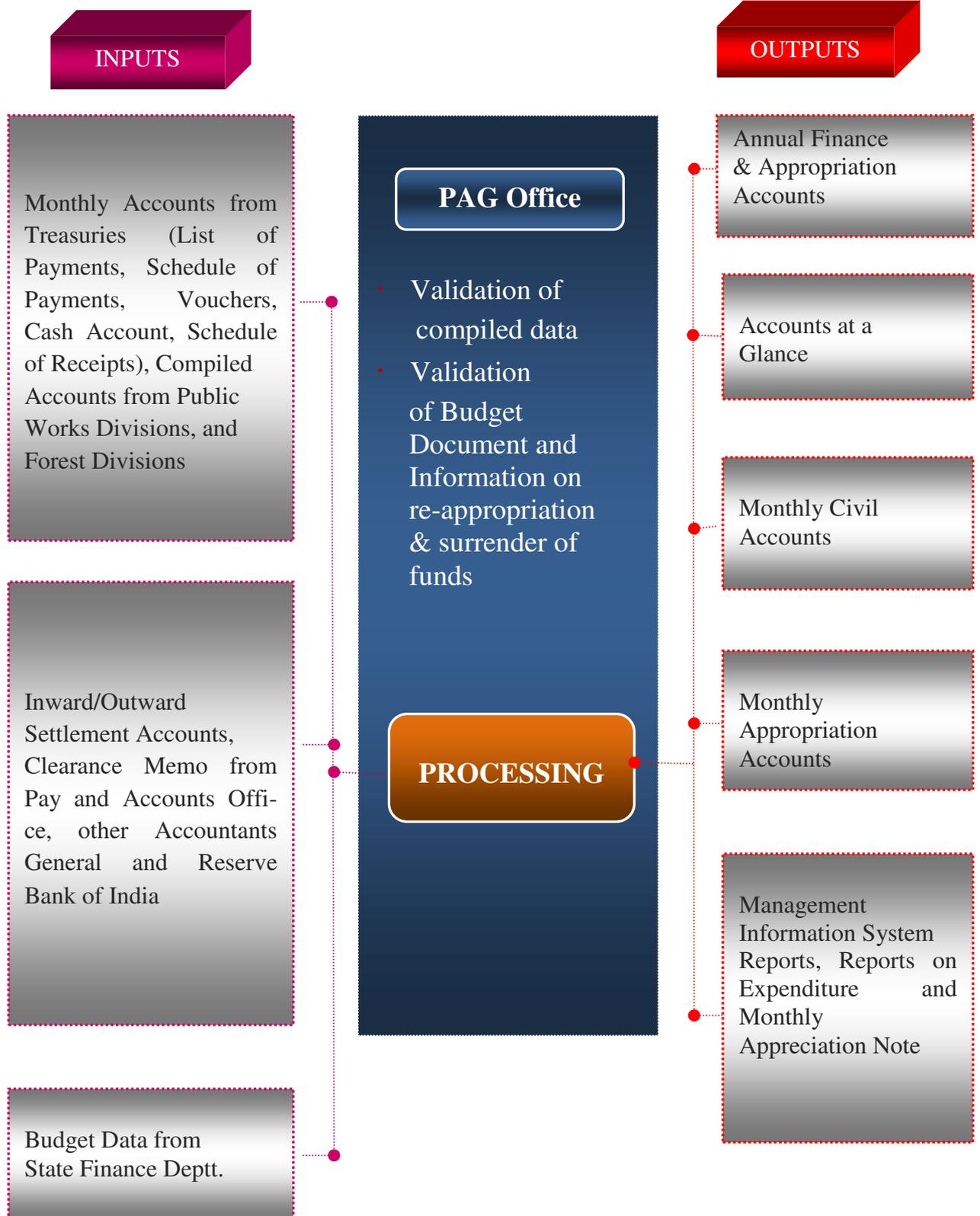
Part 2 CONTINGENCY FUND ■

● **Part 3 PUBLIC ACCOUNT**

In Public Account, the transactions relating to Debt (Other than those included in Part 1), 'Deposits', 'Advances' [in respect of which Government incurs a liability to pay the money received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and recoveries of the latter (Advances)], 'Remittances' and 'Suspense' (embracing all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles) shall be recorded. The initial debits or credits of these heads will be cleared eventually by corresponding receipts or payments either within the same circle or in another account circle or by booking to the final heads of accounts.

1.2.2. Compilation of Accounts

Flow diagram for Accounts Compilation



1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

The Finance Accounts depict receipts and disbursements of the Government for the year, together with financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. The Finance Accounts have been prepared in two volumes, in a new format since 2014-15, to make them more comprehensive and informative. Volume-I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements, overall receipts and disbursements and 'Notes to Accounts', containing summary of significant accounting policies, quality of accounts and other items. Volume-II contains Detailed Statements (Part-I) and Appendices (Part -II).

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various Schemes/Programmes. This year, the Government of India directly released ₹ 33.06 crore to such agencies. Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix - VI of Volume - II of the Finance Accounts.

1.3.2. Financial highlight of year 2017-18

The following table provides the details of actual financial results vis-a-vis budget estimates for the year 2017-18:

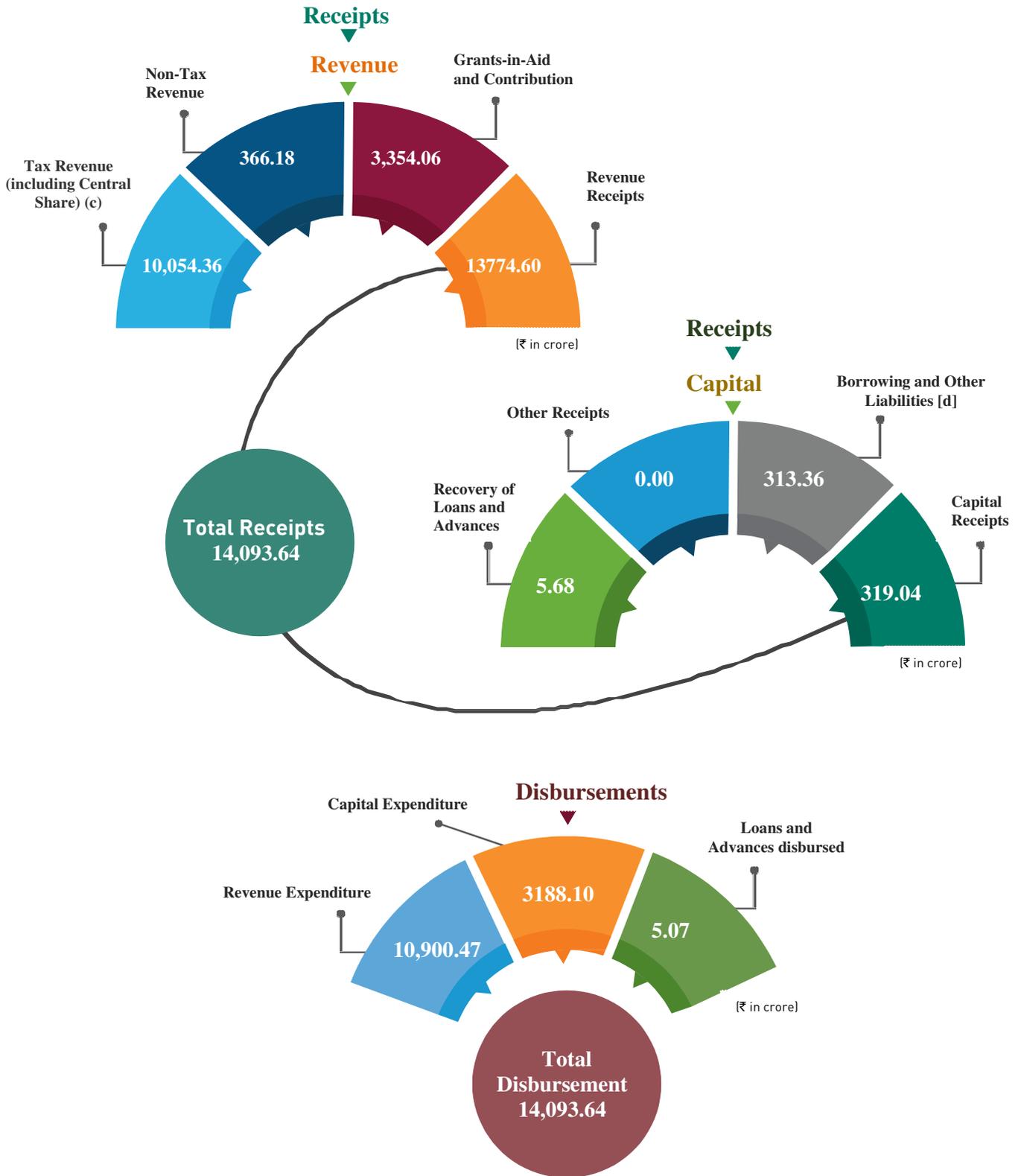
Sl. No.	Component	Budget Estimate (₹ in crore)	Actuals (₹ in crore)	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP #
1.	Tax Revenue (including Central Share) (a)	10,049.28	10,054.36	100.05	41.14
2.	Non-Tax Revenue	536.29	366.18	68.28	1.50
3.	Grants-in-aid & Contributions	4,013.24	3,354.06	83.57	13.72
4.	<i>Revenue Receipts (1+2+3)</i>	14,598.81	13,774.60	94.35	56.36
5.	Recovery of Loans & Advances	33.93	5.68	16.74	0.02
6.	Other Receipts	0.00	0.00	0.00	0.00
7.	Borrowings & Other Liabilities (b)	4,818.58	313.36	6.50	1.28
8.	<i>Capital Receipts (5+6+7)</i>	4,852.51	319.04	6.57	1.31
9.	<i>Total Receipts (4+8)</i>	19,451.32	14,093.64	72.46	57.66
10.	<i>Revenue Expenditure</i>	12,976.01	10,900.47	84.00	44.60
11.	Expenditure on Interest Payments (Out of Revenue Expenditure)	519.38	667.36	128.49	2.73
12.	<i>Capital Expenditure</i>	4,105.11	3,188.10	77.66	13.04
13.	<i>Loans and Advances Disbursed</i>	19.60	5.07	25.87	0.02
14.	<i>Total Expenditure (10+12+13)</i>	19,451.32	14,093.64	72.46	57.66
15.	<i>Revenue Surplus (+)/ Deficit (-) (4-10)</i>	1,622.80	2,874.13	177.11	11.76
16.	<i>Fiscal Deficit (4+5+6-14)</i>	4,818.58	313.36	6.50	1.28

(a) Includes share of net (tax) proceed assigned to the state amounting to ₹ 9,238.79 crore. (State Government Own Tax receipts were ₹ 815.57 crore which was 3.37 per cent of GSDP)

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of opening and closing balance.

GSDP figure (₹ 24,442.19 crore) on current prices is taken from Department of Economic and Statistic, Government of Arunachal Pradesh in May, 2018 as the same was not available on the web site of Ministry of Statistics and Programme Implementation Govt. of India.

Receipts and disbursement in year 2017-18



(c) Includes share of net (tax) proceed assigned to the state amounting to ₹9,238.79 crore. (State Government Own Tax receipts were ₹815.57 crore which was 3.37 per cent of GSDP)

(d) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursement) of Public Account + Net of opening and closing balance.

1.3.3. Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as “charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “voted”. The Appropriation Accounts supplement the Finance Accounts. The budget of the Arunachal Pradesh has 04 Charged Appropriations, 73 voted Grants and 03 charged and voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.4. Efficiency on Budget Preparation

At the end of the year, the actual expenditure of the government of Arunachal Pradesh against the budget approved by the Legislature, showed a net saving of ₹56,14.86 crore (27.88 per cent of estimates) and under-estimation of ₹0.48 crore on reduction of expenditure. Certain grants, like those relating to Other General, Social and Community Services, District Administration, Secondary Education, Health and Family Welfare, Industries, Food and Civil Supplies, Rural Works, Roads and Bridges, Power, Legal Metrology and Consumer Affairs, Rural Development, Secretariat Economic Services, Urban Development and Town Planning Department showed substantial savings.

1.4. Sources and Application of Funds

1.4.1. Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to maintain liquidity by making good the deficiency in the agreed minimum cash balance (₹ 0.26 crore) which the State Government is required to maintain with the RBI. During 2017-18, the Government of Arunachal Pradesh did not resort to OD facilities nor availed WMA.

1.4.2. Fund Flow Statement

The State had a Revenue Surplus of ₹ 2,874.13 crore and a Fiscal Deficit of ₹ 313.36 crore, representing 11.76 and 1.28 *per cent* of the Gross State Domestic Product (GSDP) respectively. Around 42.29 *per cent* of Revenue Receipts (₹ 13,774.60 crore) of the State Government was spent on Committed Expenditure like Salaries (₹ 4,434.61 crore), Interest Payment (₹ 467.36 crore) and Pension (₹ 923.97 crore).

Sources and Application of Funds

(₹ in crore)



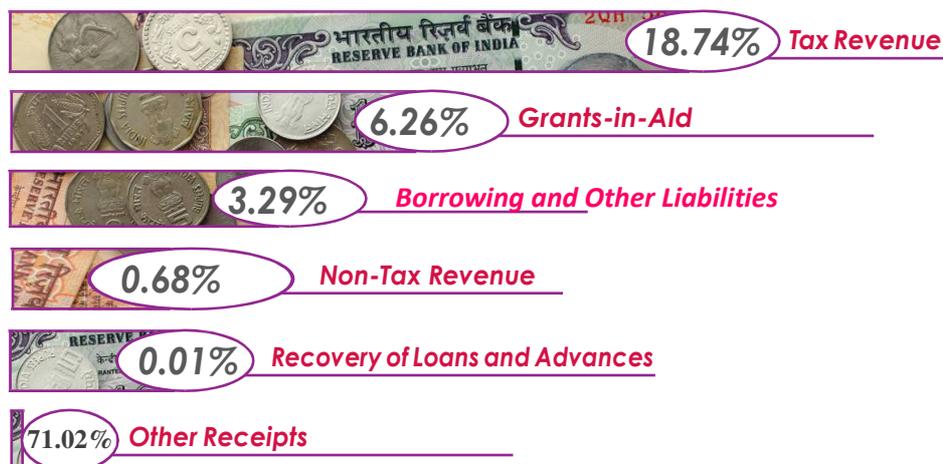
PARTICULARS	AMOUNT
Opening cash balance as on 1 April 2017	(-)282.11
Revenue Receipts	13774.60
Capital Receipts	319.04
Recovery of Loans and Advances	5.68
Public Debt	1767.27
Small Savings, Provident Funds etc.	471.15
Reserves Fund & Sinking Funds	166.81
Deposits Received	511.95
Civil Advances Repaid	37.29
Suspense Account	32172.14
Remittances	4739.13
Contingency Fund	---
TOTAL	53363.91



Revenue Expenditure	10900.47
Capital Expenditure	3188.10
Loans Given	5.07
Repayment of Public Debt (including Ways and Means Advances)	432.24
Appropriation to Contingency Fund	---
Small Savings, Provident Funds etc.	230.02
Reserves Fund & Sinking Funds	220.59
Deposits Repaid	642.57
Civil Advances Given	40.86
Suspense Account	32614.39
Remittances	4705.04
Closing Cash Balance as on 31 March 2018	384.56
TOTAL	53363.91

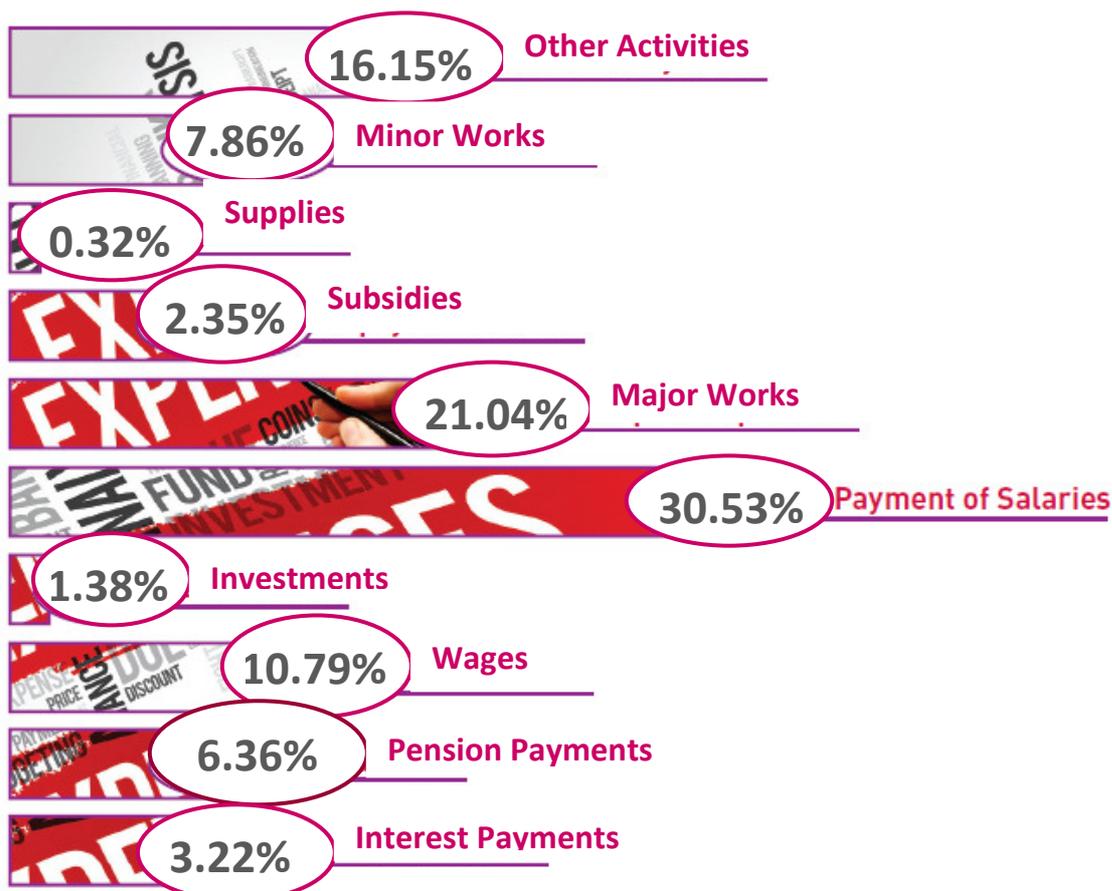
1.4.3 Where the ₹ came from? (in per cent)

Actual Receipts



1.4.4 Where the ₹ went? (in per cent)

Actual Expenditure



During the year 2017-18, Revenue Surplus of ₹ 2,874.13 crore and a Fiscal Deficit of ₹ 313.36 crore, represent 11.76 and 1.28 per cent of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 2.22 per cent of total expenditure.

What do the Deficits and Surpluses indicate?

DEFICIT

Refers to the gap between revenue and expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in financial management.

Refers to the gap between revenue receipt and revenue expenditure. Revenue expenditure is required to maintain the existing establishment of government and ideally, should be fully met from revenue receipts.

REVENUE DEFICIT/ SURPLUS

Refers to the gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings and ideally should be invested in capital projects.

1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Government of Arunachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2006. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2017-18 against fiscal targets laid down in the Act and rules framed there under, were as follows:

Sl. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1.	Revenue Deficit	(-) 2,874.13	1.60	1.18 (not achieved)
2.	Fiscal Deficit	313.36	3.00	1.28 (not achieved)
3.	Debt and other obligation	5,993.71	22.64	24.52 (achieved)

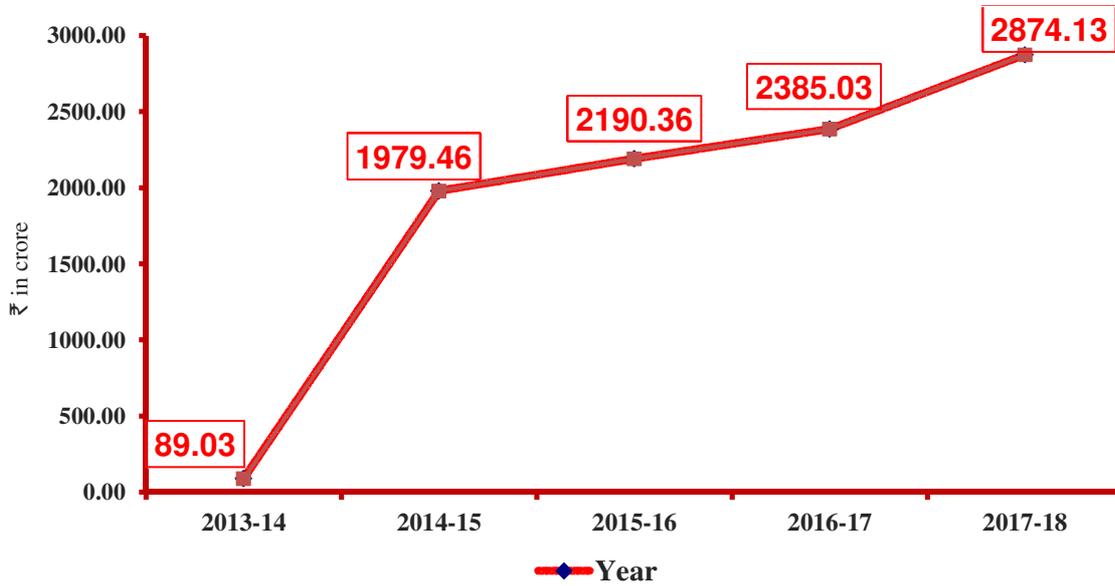
* GSDP figure (₹24,442.19 crore) on current prices is taken from Department of Economic and Statistic, Government of Arunachal Pradesh in May, 2018 as the same was not available on the web site of Ministry of Statistics and Programme Implementation Govt. of India.

The State Government had made disclosures to the Legislature required under the Arunachal Pradesh Fiscal Responsibility and Budget Management Rules, 2006.

The State Government had Revenue Surplus ₹ 2,385.03 crore in 2016-17 and ₹ 2,874.13 crore during the year 2017-18 which was not as per the target of FRBM Act. Fiscal Deficit decreased by ₹ 521.12 crore from ₹ -834.48 crore in 2016-17 to ₹ 313.36 crore in the current year and was 1.28 per cent of GSDP which is less than the target of 3.00 per cent of FRMB Act. Against the target of reducing outstanding debt to 22.64 per cent of GSDP by the year 2017-18, the outstanding debt stood at ₹ 5,993.71 crore as on 31 March 2018, being 24.52 per cent of GSDP which is above the target.

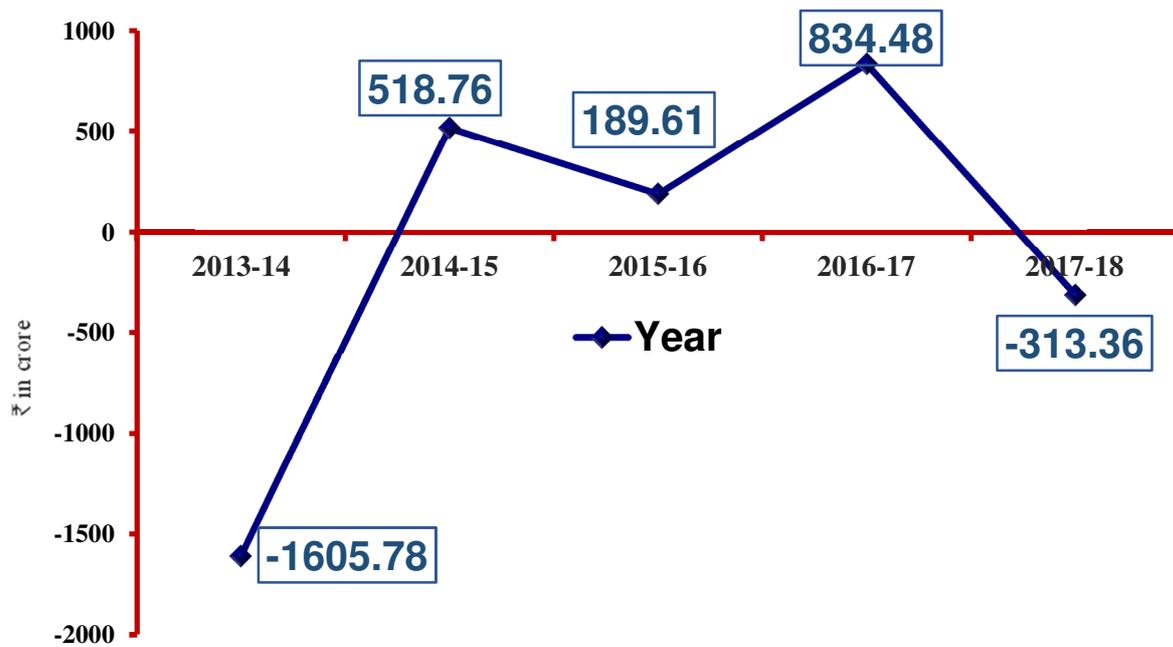
1.5.1 Trend of Revenue Deficit/Surplus

Trend of Revenue Deficit(-)/Surplus(+)



1.5.2 Trend of Fiscal Deficit/Surplus

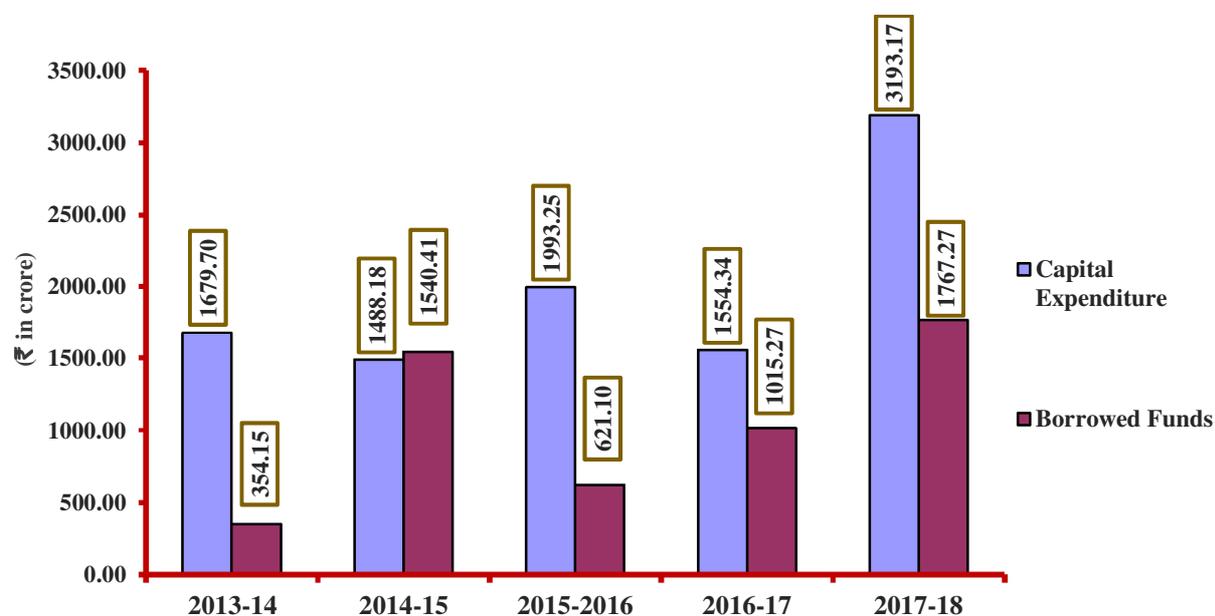
Trend of Fiscal Deficit(-)/Surplus(+)



1.5.3 Proportion of Borrowed Funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Fund	Capital Expenditure
2013-14	354.15	1,679.70
2014-15	1,540.41	1,488.18
2015-16	621.10	1,993.25
2016-17	1,015.27	1,554.34
2017-18	1,767.27	3,193.17



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. It is desirable to fully utilize borrowed funds for creation of Capital Assets, and to use Revenue Receipts for repayment of Principal and Interest. The State Government fully utilized its borrowings of the current year (₹ 1,767.27 crore) for creation of Capital Assets.

CHAPTER - 2

RECEIPTS

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2017-18 were ₹ 14,093.64 crore.

2.2 Revenue Receipts

The revenue receipts of the government comprise three components viz. Tax Revenue, Non-tax Revenue and Grants-in-aid received from the Union Government.

TAX REVENUE

Comprises of taxes collected and retained by the State and State's Share of Union Taxes, under Article 280 (3) of the Constitution.

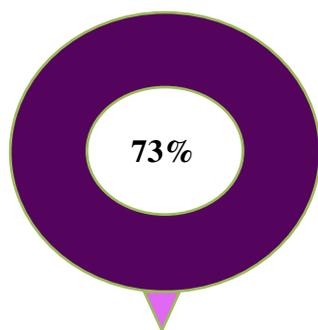
Includes Interest Receipts, Dividend, Profits, Departmental Receipts etc.

NON-TAX REVENUE

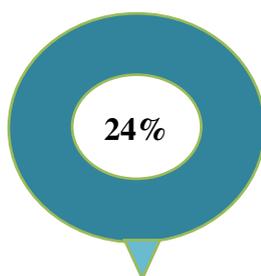
GRANTS-IN-AID

Grants-in-aid represent Central Assistance to the State Government from the Union Government. It also includes 'External Grants Assistance' and 'Aid, Material & Equipment' received from foreign Governments and channelized through the Union Government. In turn, the State Government also gives Grants-in-aid to the institution like Panchayati Raj Institution, Autonomous bodies etc.

Revenue Receipts



Tax Revenue



Grants-in-Aid and Contributions



Non Tax Revenue

2.2.1 Revenue Receipt Components (2017-18)

	Components	Actuals (₹ in crore)	Per cent to Revenue Receipt
A.	TAX REVENUE*	10,054.36	73
	Goods and Services Tax	1,283.21	9
	Taxes on Income & Expenditure	5,212.04	38
	Taxes on Property & Capital Transactions	23.66	0
	Taxes on Commodities & Services	3,535.45	26
B.	NON-TAX REVENUE	366.18	3
	Interest Receipts, Dividends & Profits	46.98	0.5
	General Services	40.48	0.5
	Social Services	35.86	0
	Economic Services	242.86	2
C.	GRANTS-IN-AID AND CONTRIBUTIONS	3,354.06	24
	TOTAL- REVENUE RECEIPTS	13,774.60	100

*Includes share of net proceeds assigned to State (received from the Government of India)

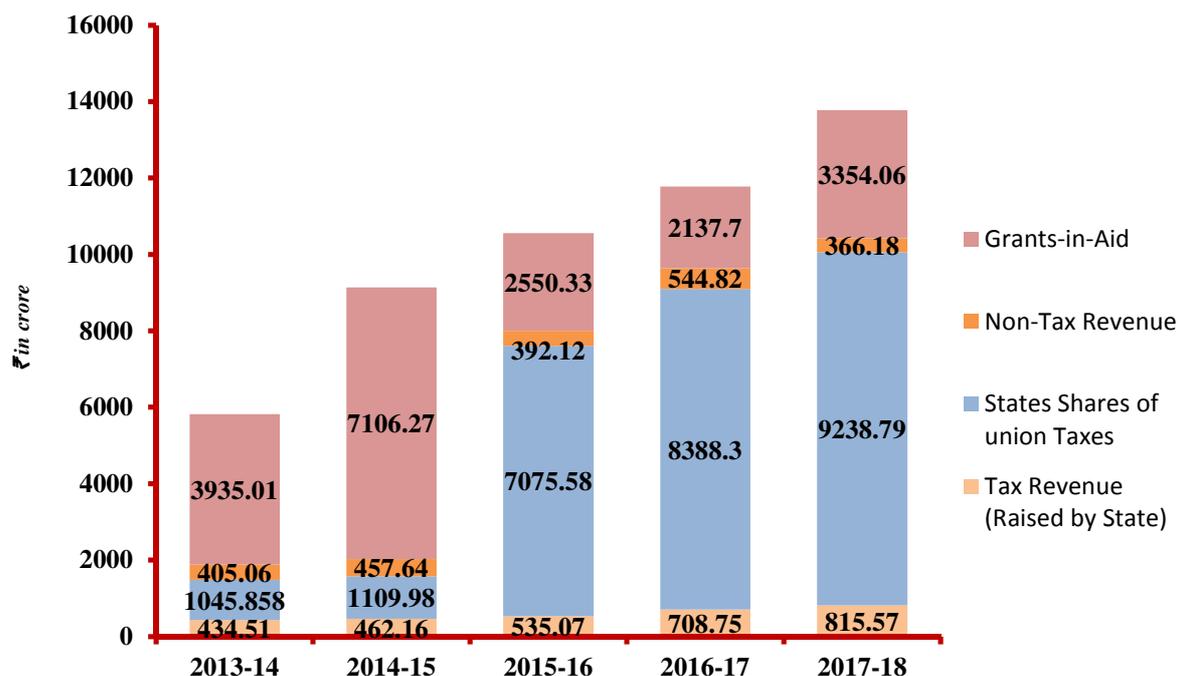
2.3 Trend of Revenue Receipts

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue (Raised by the State)	434.51	462.16	535.07	708.75	815.57
State Share of Union Taxes/Duties	1045.85	1109.98	7075.58	8388.30	9238.79
Non-Tax Revenue	405.06	457.64	392.12	544.82	366.18
Grants-in-Aid	3,935.01	7,106.27	2,550.33	2,137.70	3,354.06
Total Revenue Receipts	5,820.43	9,136.05	10,553.10	11,779.57	13,774.60
GSDP	14,581.06	17,960.33	20,432.60	22,415.32	24,442.19

Note: Figures in parentheses represent percentage to GSDP (Gross State Domestic Product). GSDP Figures for 2017-18 at current prices, as intimated by Department of Economic & Statistics, Government of Arunachal Pradesh (May 2018)

Though the GSDP increased by 9.04 *per cent* in 2017-18 as compared to previous year, growth in revenue receipt was 16.94 *per cent*. The total tax revenue (including share of Union Taxes) increase by 10.52 *per cent*, the non-tax revenue decreased by 32.79 *per cent* and the grants-in-aid increase by 56.90 *per cent* as compared to previous year.

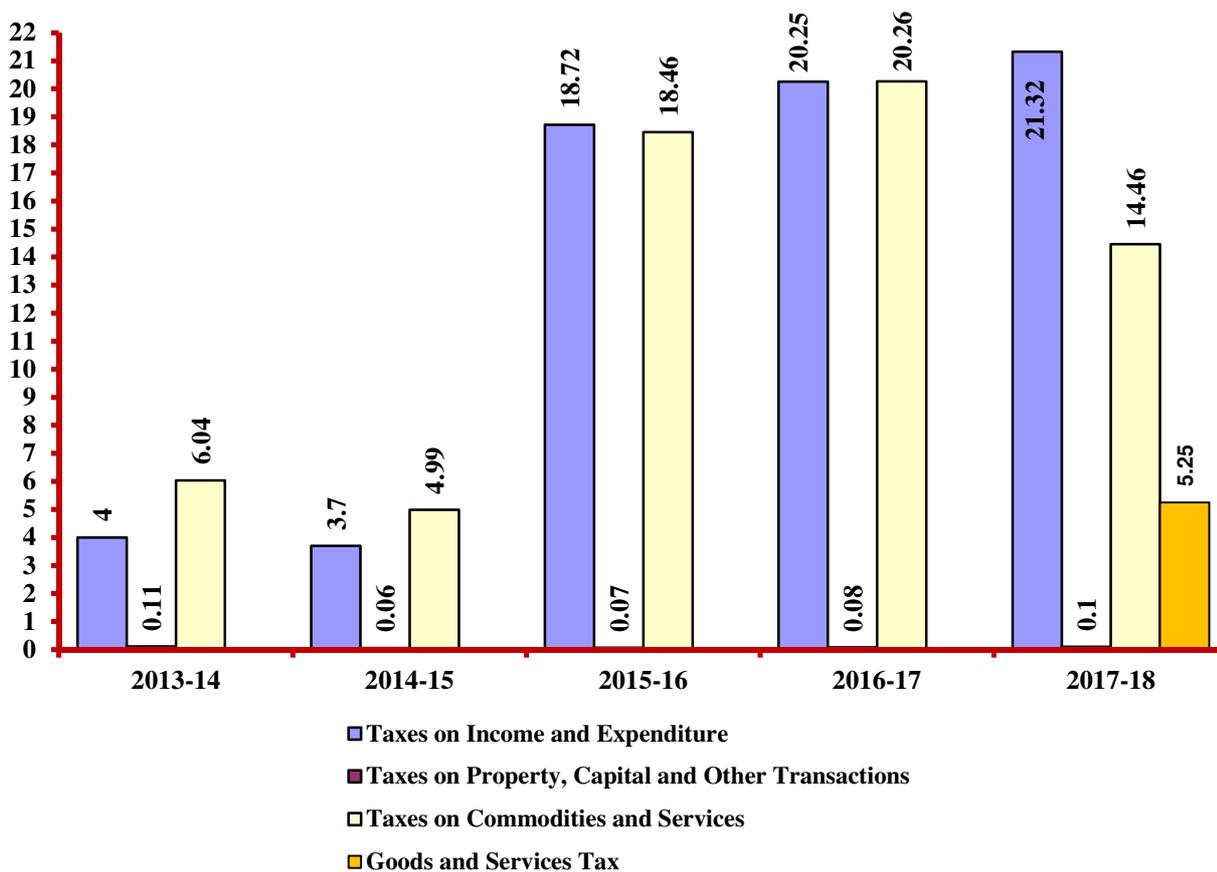
Trend of Component of Revenue of Receipts



2.3.1 Tax Revenue

Sector-wise Tax Revenue					
	2013-14	2014-15	2015-16	2016-17	2017-18
a. Goods and Services Tax	---	---	---	---	1,283.21
b. Taxes on Income and Expenditure	583.67	664.76	3,825.00	4,538.40	5,212.04
c. Taxes on Property, Capital and Other Transactions	16.54	10.86	14.60	17.65	23.66
d. Taxes on Commodities and Services	880.14	896.52	3,771.05	4,541.00	3,535.45
TOTAL TAX REVENUE	1,480.36	1,572.14	7,610.65	9,097.05	10,054.36
GSDP	14,581.06	17,960.33	20,432.60	22,415.32	24,442.19

The increase in total tax revenue during 2017-18 was mainly attributable to allocation of State share from Govt. of India and higher collection under Goods and Services Tax (₹ 1,059.48 crore), Corporation Tax (₹ 2,825.84 crore), Taxes on Income other than Corporation Tax (₹ 2,386.20 crore), and Service Tax (₹ 1,062.55 crore).



2.4 State's own Revenue Collection and State's share of Union Taxes

(₹ in crore)

Year	Tax Revenue	State Share of Union Taxes	State's Own Tax Revenue	
			Rupees	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2013-14	1,480.36	1,045.85	434.51	2.98
2014-15	1,572.14	1,109.98	462.16	2.57
2015-16	7,610.65	7,075.58	535.07	2.62
2016-17	9,097.05	8,388.30	708.75	3.16
2017-18	10,054.36	9,238.79	815.57	3.34

The proportion of the State's Own Revenue to GSDP was lower than the target of 4.10 per cent, as recommended by the 14th Finance Commission.

2.5 Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Major Head Description	2013-14	2014-15	2015-16	2016-17	2017-18
Goods and Services Tax	---	---	---	---	1,059.48
Corporation Tax	351.93	387.82	2,239.74	2,677.52	2,825.84
Taxes on Income other than Corporation Tax	231.74	276.94	1,585.26	1,860.88	2,386.20
Taxes on Wealth	0.97	1.04	0.08	6.13	-0.08
Customs	170.74	179.61	1,115.78	1,151.76	931.30
Union Excise Duties	120.58	101.42	900.89	1,315.22	973.50
Service Tax	169.89	163.15	1,232.59	1,376.76	1,062.55
Other Taxes and Duties on Commodities and Services	-	-	1.24	0.03	---
Total State Share of Union Taxes	1,045.85	1,109.98	7,075.58	8,388.30	9,238.79
Total Tax Revenue	1,480.36	1,572.14	7,610.65	9,097.05	10,054.36
<i>Percentage of Union Taxes to Total Tax Revenue</i>	<i>70.65%</i>	<i>70.60%</i>	<i>92.97%</i>	<i>92.21%</i>	<i>91.89%</i>

2.6 Cost of Tax Collection

A. Taxes on Property, Capital and Other Transactions

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Collection	16.54	10.86	14.60	17.65	23.66
Expenditure on Collection	11.04	12.28	15.47	16.91	19.13
<i>Cost of Tax Collection</i>	<i>66.74%</i>	<i>113.08%</i>	<i>105.96%</i>	<i>95.81%</i>	<i>80.85%</i>

B. Taxes on Commodities and Services

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Collection	880.14	896.52	3,771.05	4,541.00	3,535.45
Expenditure on Collection	14.39	17.72	16.55	23.47	30.26
<i>Cost of Tax Collection</i>	<i>1.63%</i>	<i>1.98%</i>	<i>0.44%</i>	<i>0.52%</i>	<i>0.86%</i>

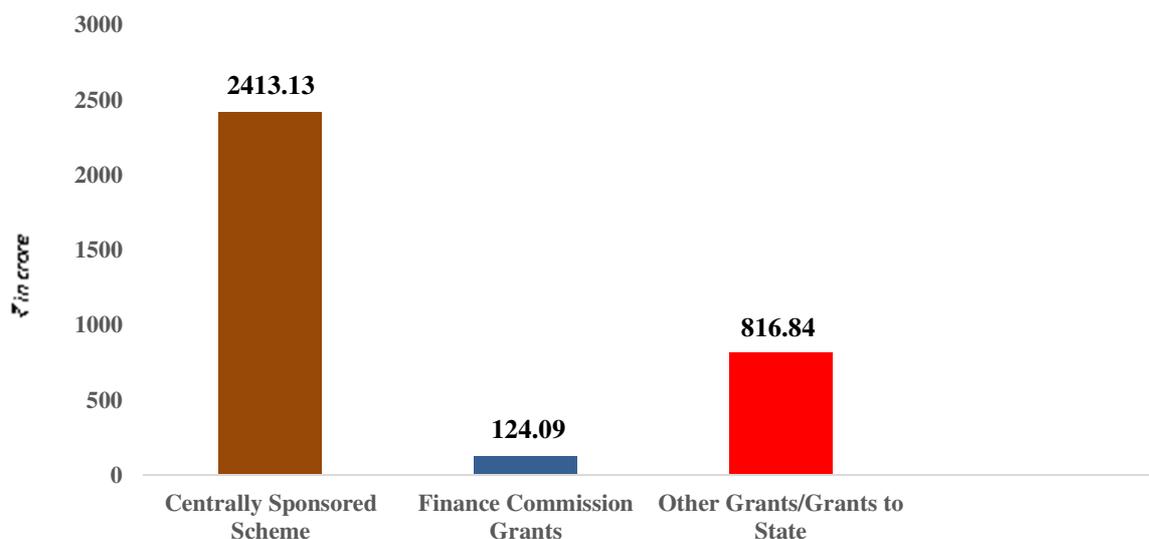
Taxes on Commodities and Services form a major chunk of Tax Revenue. Tax collection efficiency of Taxes on Property, Capital and Other Transactions requires improvement.

2.7 Grants-in-Aid

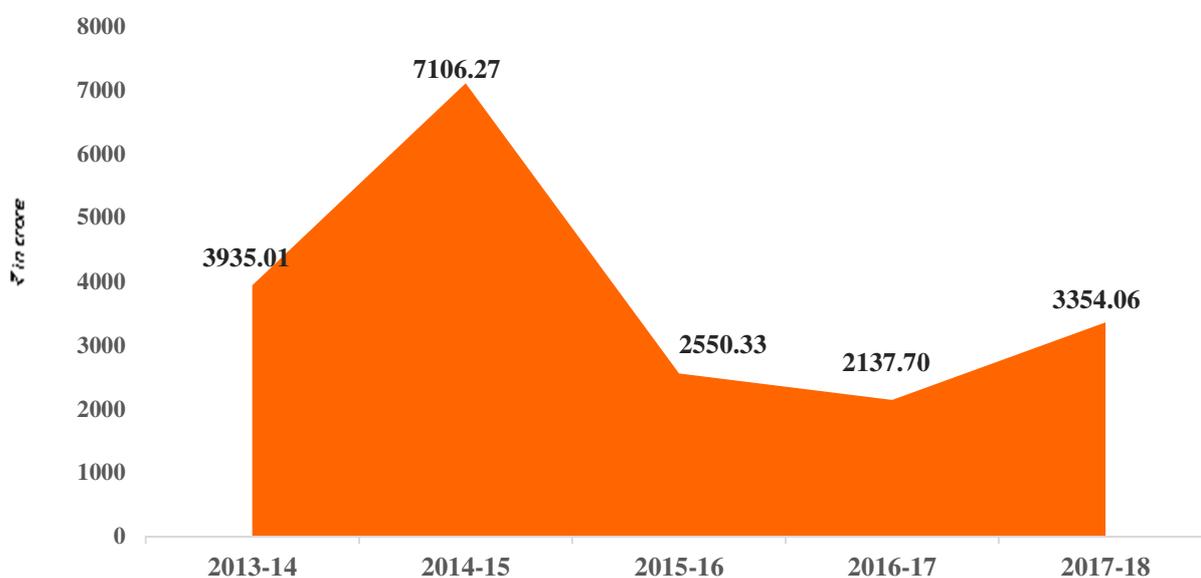
Grants-in-Aid represent assistance from the Government of India and comprise of Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission; they also include State Non-plan Grants recommended by the Finance Commission.

Total receipts during 2017-18 under Grants-in-Aid were ₹ 3,354.06 crore, as shown below:

Grants-in-Aid



Trend of Grants-in-aid



2.8 Public Debt

Trend of Public Debt over the past five years

(₹ in crore)

Description	2013-14	2014-15	2015-16	2016-17	2017-18
Internal Debt	354.15	1,540.41	621.10	1,015.27	1,767.27
Central Loans	-	-	-	-	-
Total Public Debt	354.15	1,540.41	621.10	1,015.27	1,767.27

The Public Debt has seen a significant increase by ₹ 752.00 crore compared to previous year and the Internal Debt has been financed from various investment like WMA (RBI), Special Securities (NSSF), Market Loans, Loans from Financial Institutions and other Loans.

Chapter III

Expenditure

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet day-to-day expenses for running an organization. Capital Expenditure is used to create permanent assets, enhance the utility of such assets or reduce permanent liabilities.

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

GENERAL SERVICES	Includes Justice, Police, Jail, PWD, Interest and Pension etc.
Includes Education, Health & Family Welfare, Water Supply and Welfare of SC-ST etc.	SOCIAL SERVICES
ECONOMIC SERVICES	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries and Transport etc.

3.2 Revenue Expenditure

The shortfall of revenue expenditure against budget estimates as per Appropriation Accounts during the past five years is given below:

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Estimates	6,322.78	9,199.20	10,937.26	12,114.46	12,976.01
Actuals	5,731.40	7,156.59	8,362.74	9,394.54	10,900.47
Gap	591.38	2,042.61	2,574.52	2,719.92	2,075.54
Percentage of variation of Actuals against BE	9.35	22.20	23.54	22.45	16.00

(Source: Appropriation Accounts of respective years)

Compounding the less (5.65 per cent) of Revenue Receipts against Budget Estimates, the State Government was able to generate surplus of revenue in terms of the FRBM Act.

Nearly 53.45 per cent of total Revenue Expenditure was spent to Committed Expenditure (Salaries, Pensions and Interest Payment). Revenue Expenditure increased by 16.03 per cent from ₹ 9,394.54 crore in 2016-17 to ₹ 10,900.47 crore in 2017-18.

The position of committed and uncommitted revenue expenditure over the last five years is given below:

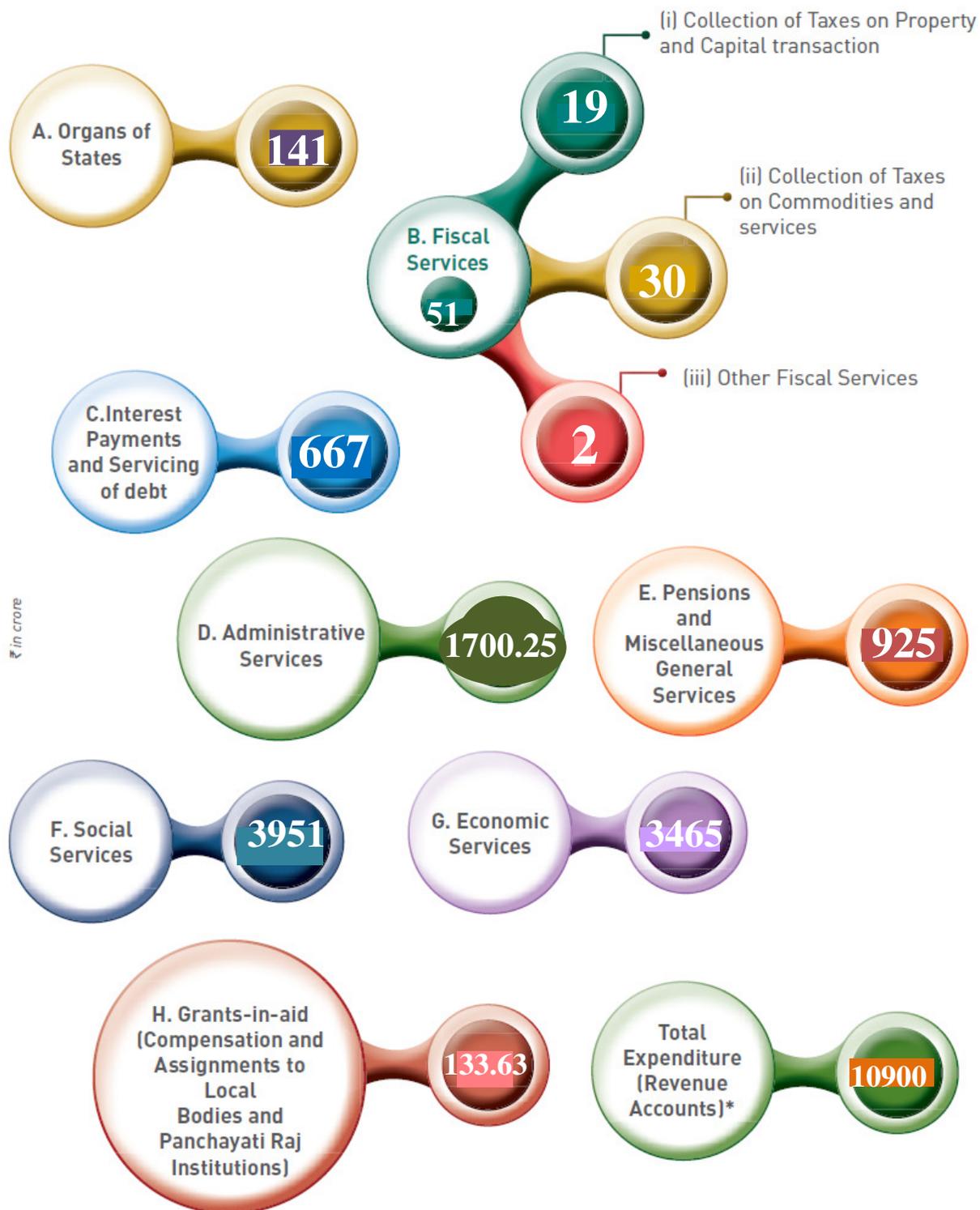
(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Total revenue expenditure	5,731.40	7,156.59	8,362.74	9,394.54	10,900.47
Committed revenue #	3,259.82	3,684.83	4,069.09	4,606.69	5,825.94
Percentage of committed revenue expenditure to total revenue expenditure	51	51	49	49	53
Uncommitted revenue expenditure	2,417.58	3,471.76	4,293.65	4,787.85	5,074.53

Committed revenue expenditure includes expenditure on Salaries, Interest Payments and Pensions.

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has increased by 109.90 per cent from ₹ 2,417.58 crore in 2013-14 to ₹ 5,074.53 crore in 2017-18. The total revenue expenditure increased by 90.19 per cent from ₹ 5,731.40 crore in 2013-14 to ₹ 10,900.47 crore in 2017-18 and committed revenue expenditure increased by 78.72 per cent over the same period.

3.2.1 Sectoral Distribution of Revenue Expenditure (2017-18)

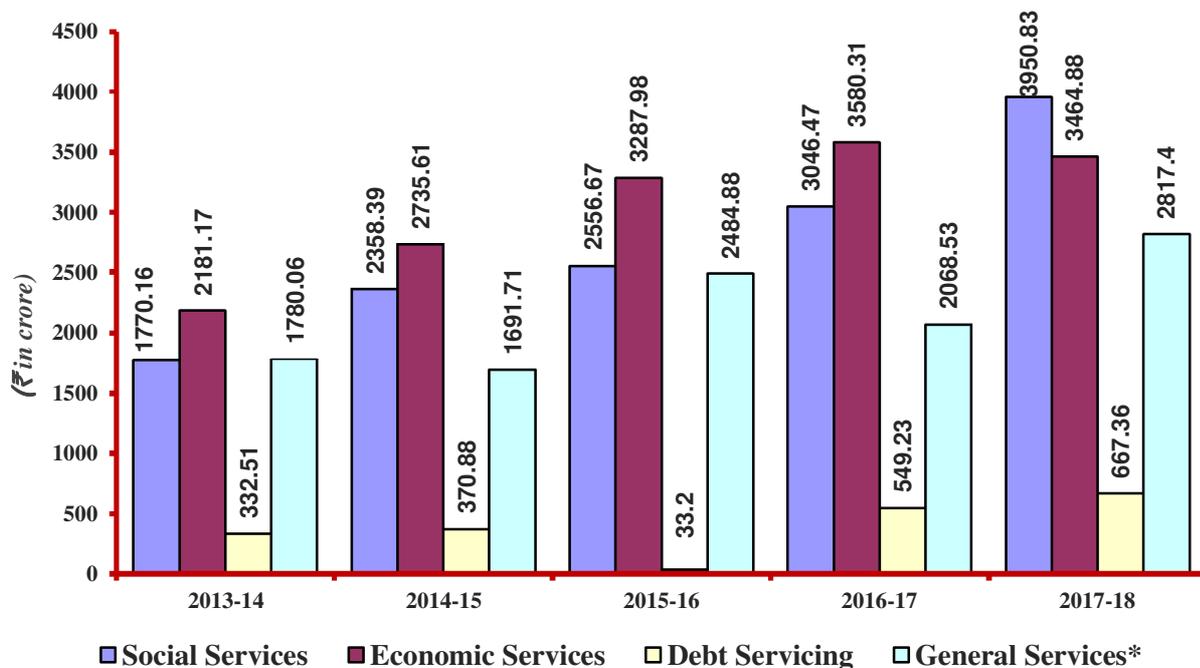


* (Net, after deducting recoveries)

3.2.2 Major Components of Revenue Expenditure (2013-14 to 2017-18)

Components	(<i>₹ in crore</i>)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Social Services	1,770.16	2,358.39	2,556.67	3,046.47	3,950.83
Economic Services	2,181.18	2,735.61	3,287.98	3,580.31	3,464.88
Debt Servicing	332.51	370.88	615.64	549.23	667.36
General Services (excluding expenditure on debt)	1,447.55	1,691.71	1,902.45	2,218.53	2,817.40

Trend of Major Components of Revenue Expenditure



* General Services excludes MH 2048 (Appropriation for reduction or avoidance of Debt), MH 2049 (Interest Payments).

3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustained. Capital disbursements for 2017-18 amounting to ₹ 3,188.10 crore (13.04 per cent of GSDP) were less than Budget Estimates by ₹ 917.01 crore. The growth in capital expenditure has not kept pace with the steady growth of GSDP during 2014-15 and 2016-17. This can be seen from the table below:

(₹ in crore)

Sl.No.	Components	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Budget (B.E.)	5,211.35	4,122.77	3,654.75	3,467.22	4,105.11
2.	Actual Expenditure (#)	1,679.70	1,483.18	1,993.25	1,544.01	3,188.10
3.	Percentage of Actual Exp. to B.E.	32.23	35.97	54.54	44.51	7.77
4.	Yearly growth in Capital Expenditure	39.18%	(-)11.70%	34.39%	(-)22.54%	106.56%
5.	GSDP	14,581.06	17,960.33	20,432.60	22,415.32	24,442.19
6.	Yearly growth in GSDP	16.21%	23.18%	13.76%	9.70%	9.04%

(#) Does not include expenditure on Loans and Advances

3.3.1 Sectoral Distribution of Capital Expenditure

(₹ in crore)

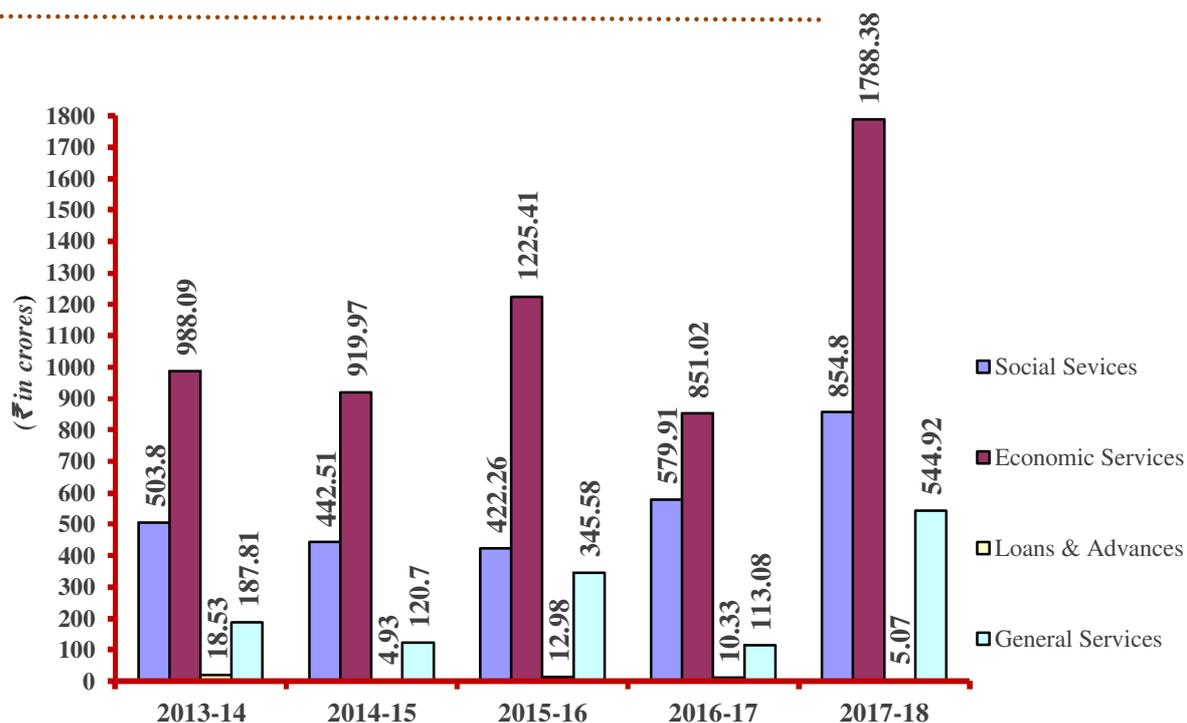
Sl. No.	Components	Amount	Percentage
1.	General Services - Police, Land Revenue; etc.;	544.92	17.07
2.	Social Services - Education, Health & Family Welfare, Water Supply, Welfare of SC/ST, etc.;	854.80	26.77
3.	Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport, etc.;	1,788.38	56.01
4.	Loans & Advances Disbursed	5.07	0.15
TOTAL		3,193.17	100

3.3.2 Sectoral Distribution of Capital Expenditure over the past five years

(₹ in crore)

Sl. No.	Sector	2013-14	2014-15	2015-16	2016-17	2017-18
1.	General Services	187.81	120.70	345.58	113.09	544.92
2.	Social Services	503.80	442.51	422.26	579.91	854.80
3.	Economic Services	988.09	919.97	1,225.41	851.01	1,788.38
4.	Loans & Advances	18.53	4.93	12.98	10.33	5.07
TOTAL		1,698.23	1,488.11	2,006.23	1,554.34	3,193.17

Trend of Sectoral Distribution of Capital Expenditure



3.3.3 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

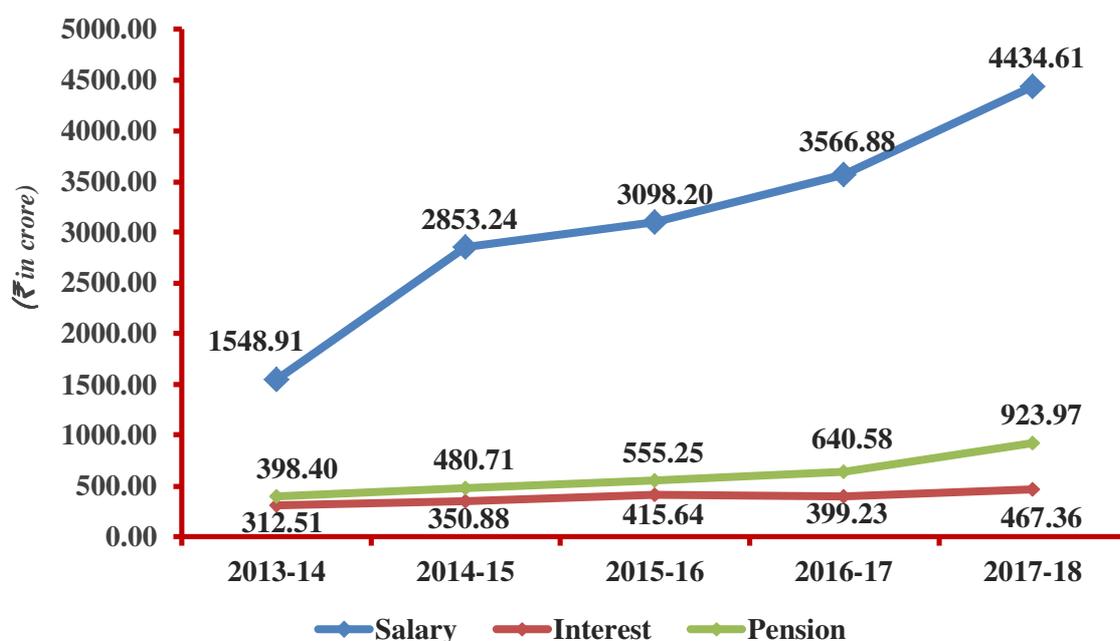
Sl.No.	Sector		2013-14	2014-15	2015-16	2016-17	2017-18
(A)	General Services	Capital	187.81	120.70	345.58	113.09	544.92
		Revenue	1780.06	2062.59	2518.09	2767.76	3484.76
(B)	Social Services	Capital	503.80	442.51	422.26	579.91	854.80
		Revenue	1770.16	2358.39	2556.67	3046.47	3950.83
(C)	Economic Service	Capital	988.09	919.97	1225.41	851.01	1788.38
		Revenue	2181.18	2735.61	3297.98	3580.31	3464.88
(D)	Grants-in-aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	16.20	11.85	100.78	55.41	133.63

* Not Applicable

3.4 Committed Expenditure

Expenditure on salaries, pensions and interest payments showed increase in 2017-18 over the previous year.

Trend of Committed Expenditure



The trend of committed expenditure in comparison to revenue expenditure and revenue receipts over the past five years is depicted below:

(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Committed Expenditure	3,259.82	3,684.83	4,069.09	4,606.69	5,825.94
Revenue Expenditure	5,731.40	7,156.59	8,362.74	9,394.54	10,900.47
Revenue Receipts	5,820.43	9,136.05	10,553.10	11,779.57	13,774.60
Percentage of committed expenditure to Revenue Receipts	56	40	39	39	42
Percentage of committed expenditure to Revenue Expenditure	57	51	49	49	53

The committed expenditure increased by 78.72 per cent from 2013-14 to 2017-18 while revenue expenditure registered the growth of 90 per cent during the same period, leaving the Government with more flexibility in development spending.

CHAPTER – IV

APPROPRIATION ACCOUNTS

4.1 Summary of Appropriation Accounts for 2017-18

(₹ in crore)

Sl. No.	Nature of Expenditure	Original Grant	Supplementary Grant	Re - appropriation	Total	Actual Expenditure	Savings (-) Excess (+)
1.	Revenue Voted Charged	10473.75	1740.90	-	12214.65	10209.34	(-)2005.31
		71.19	4.18		75.37	24.07	(-)51.03
2.	Capital Voted Charged	4088.10	2367.57	-	6455.67	3188.59	(-)3267.08
3.	Public Debt Charged	669.38	16.61	-	685.99	667.06	(-)18.93
4.	Loans & Advances Voted Charged	19.60	0.04	-	19.64	5.07	(-)14.57
		689.91	-		689.91	432.24	(-)257.67
	TOTAL	16011.93	4129.30	-	20141.23	14526.37	(-)5614.86

4.2 Trend of Saving/Excess during the past five years

(₹ in crore)

Year	Savings (-)/Excess (+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2013-14	(-) 553.04	(-)3,521.44	(-) 38.34	(-) 65.41	(-) 4,178.23
2014-15	(-) 2,023.97	(-)2,622.20	(-) 18.94	(+) 592.14	(-) 4,072.97
2015-16	(-) 2,532.36	(-) 1,647.24	(-) 42.45	(+) 309.51	(-) 3,912.54
2016-17	(-)2,518.52	(-)1,902.21	(-)201.70	(-)157.04	(-)4,779.47
2017-18	(-)2056.61	(-)3267.08	(-)18.93	(-)272.24	(-)5614.86

4.3 Significant Savings

Substantial savings under a Grant indicated either non-implementation or slow implementation of certain Schemes/Programmes.

Some grants with persistent and significant net savings for the last five years are given below:

(₹ in crore)

Grant No.	Nomenclature	2013-14	2014-15	2015-16	2016-17	2017-18
REVENUE						
6	District Administration	103.70	21.77	350.77	174.36	9.48
15	Health & Family Welfare	29.84	69.79	214.63	182.36	101.70
23	Forest	62.63	127.68	87.92	47.65	17.97
24	Agriculture	24.64	56.56	37.16	10.30	17.19
27	Panchayat	90.42	72.49	47.67	69.18	62.76
38	Water Resource Department	39.08	103.84	27.08	59.98	18.72
CAPITAL						
32	Roads & Bridges	193.41	323.87	48.09	333.89	303.64
34	Power	38.96	45.32	40.83	69.67	287.96
38	Water Resources	20.00	14.00	206.95	85.34	1.34
50	Secretariat Economic Services	2717.10	1722.53	951.33	635.98	359.74
56	Tourism	24.15	8.72	34.11	17.32	95.58
57	Urban Development	149.34	126.96	70.54	75.87	113.45

The persistent huge savings under Roads and Bridges, Power, Secretariat Economic Services and Urban Development are on account of schemes which though approved by the legislature have been given lesser priority during implementation. This can be attributed either to increased budget estimation or the Government's desire to keep its fiscal deficit below the ceiling.

During 2017-18, Supplementary Grants totaling ₹ 267.47 crore (1.84 per cent of Total Expenditure of ₹ 14,526.37 crore) proved to be unnecessary. In some cases (Original Budget above ₹ 60.00 crore), there were significant savings at the end of the year, even against original allocations. A few instances are given below.

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
11	Social Welfare	Revenue	183.37	0.02	181.39
15	Health and Family Welfare	Revenue	994.92	0.30	893.51
15	Health and Family Welfare	Capital	124.17	0.30	41.71
28	Animal Husbandry and Veterinary	Revenue	140.96	0.18	123.79
34	Power	Capital	477.19	7.50	196.73
50	Secretariat Economic Services	Capital	728.38	20.64	389.28
57	Urban Development	Revenue	173.44	0.01	55.40
57	Urban Development	Capital	268.67	83.15	238.38
68	Town Planning Department	Revenue	100.73	138.76	40.06
-	Public Debt	Revenue	669.38	16.61	667.06

A few instances where there was excess expenditure at the end of the year even after supplementary allocations were made are given below:

(₹incrore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
13	Directorate of Accounts	Revenue	606.27	100.16	866.02
33	North Eastern Areas	Revenue	13.54	1.67	16.43
50	Secretariat Economic Services	Revenue	13.59	13.85	27.68
72	Directorate of Prison	Revenue	12.67	0.57	13.55
74	Social Justice Empowerment and Tribal Affairs	Revenue	102.32	12.83	130.09

An expenditure of ₹1 Crore in one case where funds allocated directly by by-passing the legislature i.e. through re-appropriation instead of Original/Supplementary budget are given below:

(₹incrore)

Grant No.	Nomenclature	Section	Original	Supplementary	Re-Appropriatio	Actuals Expenditure
33	North Eastern Areas	Revenue	0	0	0.18	1.77

CHAPTER - V

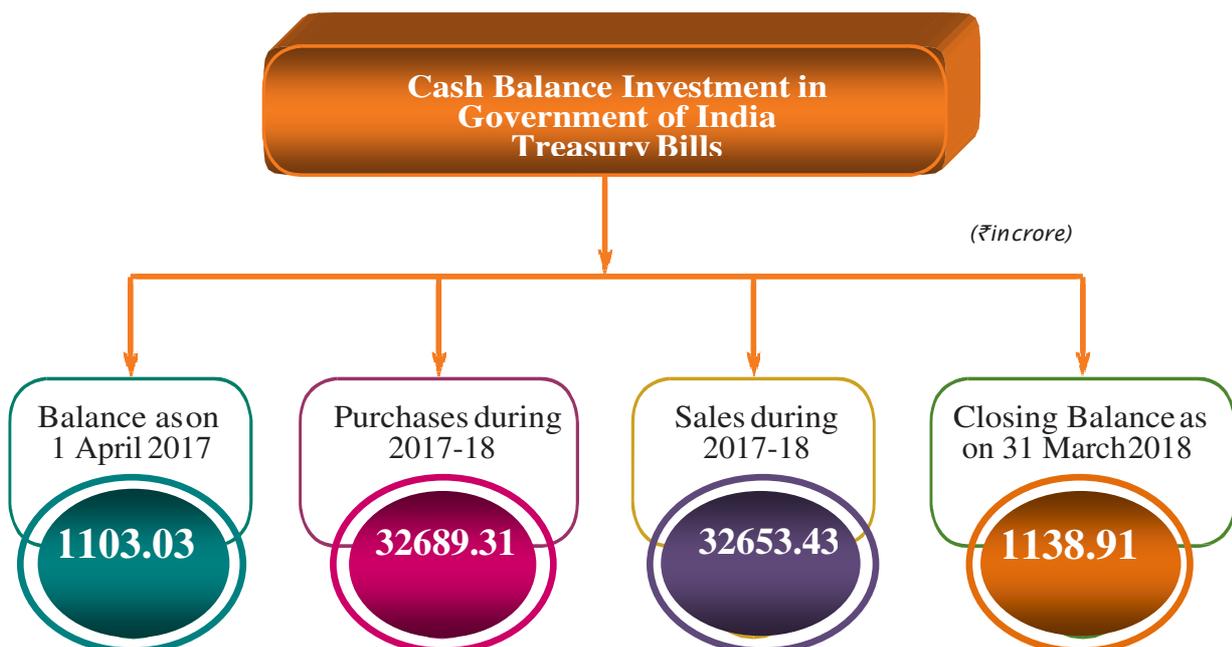
ASSETS AND LIABILITIES

5.1 Assets

The existing form of accounts did not easily depict the valuation of Government assets like land, buildings, etc. except during the year of acquisition/purchase. Similarly, while the accounts presented the impact of liabilities that arose in the current year, they did not depict the overall impact of liabilities to future generations, except to a limited extent, as shown by the rate of interest and period of existing loans.

Total investment as Share Capital in Public Sector Undertakings (PSUs) stood at ₹ 250.02 crore at the end of 2017-18. However, no dividends were received on investment.

Cash Balance with RBI stood at ₹ (-) 599.28 crore on 1 April 2017 and increased to ₹ (-) 7.44 crore at the end of March, 2018. In addition, Government had invested an amount of ₹ 32,689.31 crore on 103 occasions in 14 days Treasury Bills and rediscounted Treasury Bills worth ₹ 32,653.43 crore on 169 occasions during 2017-18. The position of investment during the year 2017 18 is depicted in the table given below:



5.2 Debts and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Details of the Public Debt and total liabilities of the State Government were as under:

(₹ in crore)

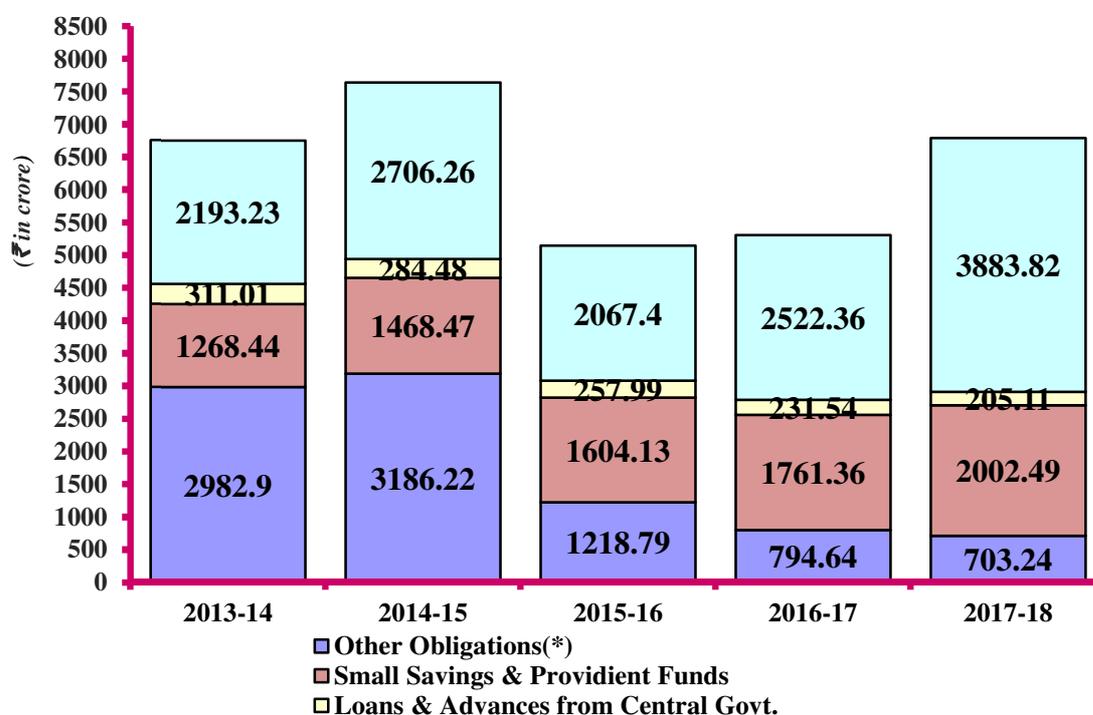
Year	Public Debt	% to GSDP	Public Account (*)	% to GSDP	Total Liabilities	% to GSDP
2013-14	2,504.24	17.17	2,026.58	13.90	4,530.82	31.07
2014-15	2,990.74	16.65	2,770.48	15.43	5,761.22	32.08
2015-16	2,325.40	11.38	2,978.51	14.58	5,303.91	25.96
2016-17	2,753.90	12.29	1,851.63	8.26	4,605.53	20.55
2017-18	4,088.93	16.73	1,904.78	7.79	5,993.71	24.52

(*) Excludes Suspense & Remittances Balances.

Note: Figures are progressive balances to end of the year.

Public Debt and other liabilities showed a net increase of ₹ 1388.18 crore (30.14 per cent) in 2017-18 over the previous year.

Trend in Government Liabilities



(*) Non-interest bearing obligations such as deposits of Local Funds, Other earmarked funds, etc.

5.3 Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Statutory Corporations, Government Companies and Corporations, Co-operative Societies etc. from the market and financial institutions for implementation of various schemes and programmes. These guarantees are contingent liability on the Consolidated Fund of the State in case of default in the payment of loans and capital and payment of interest thereon raised by Statutory Corporations, Government Companies, Corporations, Cooperative Societies, etc., for whom the guarantee was extended and are projected outside the State Budget. The position of guarantees by the State Government for the re-payment of loans (payment of principal and interest thereon) raised by Statutory Corporations, Government Companies and Corporations, Co-operative Societies etc., for the last five years is given below:

(₹in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2013-14	2.00	---	1.55 [#]
2014-15	2.00	---	1.55 [#]
2015-16	2.00	---	0.97 [#]
2016-17	2.00	0.97	0.01
2017-18	2.00	0.97	0.04

(#) Amount has not been bifurcated as Principal and Interest.

Note: Details are available at Statement No. 20 of Finance Accounts and these are based on information received from the State Government, Finance Department.

6.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan Schemes/Programmes, which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, loan repayments appear in Government Accounts, resulting in irreconcilable Adverse Balances and under-statement of liabilities in Government Accounts. As on 31st March 2018, there was an Adverse Balance of ₹ 0.18 crore under the Major Head 6003- Internal Debt of the State Government- 103- Loan from Life Insurance Corporation of India appearing in favour of Arunachal Pradesh State.

6.2 Loans and Advances by the State Government

The total Loans and Advances made by the State Government at the end of 2017-18 was ₹ 72.92 crore. Out of this, loans and advances to Government Corporations/ Companies, Non-Government Institutions and Local Bodies amounted to ₹ 1.75 crore. During 2017-18, ₹ 5.68 crore was received towards repayment of loans and advances, out of which ₹ 3.04 crore relates to repayment of Loans to Government Servants. Effective steps to recover the outstanding loans would help the Government improving its fiscal position.

6.3 Financial Assistance to Local Bodies and Others

Grants-in-aid given to local bodies, autonomous bodies etc. increased from ₹ 355.19 crore in 2013-14 to ₹ 1,566.88 crore in 2017-18. Grants to Zilla Parishads (Panchayati Raj Institutions) and Municipalities/Municipal Councils (₹ 133.63 crore) represent 8.53 *per cent* of total grants given during the year.

Details of Grants-in-aid Given for the past 5 years are as under:

(₹incrore)

Sl. No.	Name of Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Zilla Parishads	Nil	Nil	Nil	Nil	Nil
2.	Municipalities	Nil	Nil	1.44	3.37	1.92
3.	Other Urban Local Bodies	16.20	11.85	99.34	52.04	131.71
4.	Government Companies	7.28	7.39	22.51	Nil	6.76
5.	Statutory Corporations	Nil	Nil	Nil	Nil	Nil
6.	Universities	Nil	Nil	Nil	Nil	Nil
7.	Development Authorities	13.12	77.59	Nil	42.07	29.29
8.	Cooperative Institution	Nil	Nil	0.64	Nil	Nil
9.	Other Autonomous Bodies	Nil	221.06	Nil	Nil	12.50
10.	Non-Government Organisations	Nil	15.09	7.30	5.28	1.00
11.	Grants for which classification of Institution is not available	318.59	551.00	833.55	1,176.31	1,383.70
	Total	355.19	883.98	964.78	1,279.07	1,566.88

Details of Grants-in-aid Given for Creation of Assets for the past 5 years are as under:

(₹in crore)

Sl. No.	Name of Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Zilla Parishads	Nil	Nil	Nil	Nil	Nil
2.	Municipalities	Nil	Nil	Nil	Nil	Nil
3.	Other Urban Local Bodies	Nil	Nil	Nil	Nil	50.00
4.	Government Companies	50	50	Nil	Nil	Nil
5.	Statutory Corporations	Nil	Nil	Nil	Nil	Nil
6.	Universities	Nil	Nil	Nil	Nil	Nil
7.	Development Authorities	Nil	Nil	Nil	16.96	Nil
8.	Other Autonomous Bodies	Nil	Nil	Nil	Nil	5.00
9.	Non-Government Organisations	Nil	Nil	Nil	0.80	Nil
10.	Grants for which classification of Institution is not available	Nil	Nil	63.03	150.04	113.33
	Total	Nil	Nil	63.03	167.80	168.33

6.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2017	As on 31 st March 2018	Net Increase (+)/ (-) Decrease
Cash Balances	-282.11	384.56	(+) 666.67
Investments from Cash Balance (GoI Treasury Bills)	1103.03	1138.91	(+) 35.88
Investment from Earmarked Fund Balances	519.90	711.55	(+) 191.65
(a) Sinking Fund	519.90	711.05	(+) 191.15
(b) Guarantee Redemption Fund	-	0.50	(+) 0.50
(c) Other Funds	-	-	-
Interest Realized during the year	55.43	45.28	(-) 10.15

State Government had a positive closing cash balance as on 31 March 2018. Interest receipts on the investment of cash balance has decreased by 18.31 per cent from ₹ 55.43 crore in 2016-17 to ₹ 45.28 crore in 2017-18.

6.5 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of figures available with Departments and figures appearing in the accounts compiled by the Accountant General. This exercise is to be conducted by respective Heads of Departments. The reconciliation of accounts of many Departments was in arrears. In 2017-18, expenditure amounting to ₹ 14,524.83 crore (99.99 per cent of the total expenditure ₹ 14,525.88 crore) and receipts amounting to ₹ 15,547.55 crore (100 per cent of total receipts) was reconciled by the State Government. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCOs) of different Departments is given below:

Particulars	No. of CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
Expenditure	78	-	99.99 %	0.01 %
Receipts	78	100 %	-	0 %

6.6 Submission of Accounts by Accounts Rendering Units

The Finance Accounts 2017-18 present the transactions of the Government of Arunachal Pradesh for the period 1 April, 2017 to 31 March, 2018. The accounts of receipts and expenditure of the Government of Arunachal Pradesh have been compiled based on the initial accounts rendered by 25 District Treasuries/ Sub Treasuries, 193 Public Works, 46 Forest Divisions and advices of Reserve Bank of India. The delay in rendition of monthly Accounts by the 25 Treasuries/Sub-Treasuries to the office of the Accountant General ranged from one day to 120 days.

6.7 Unadjusted Abstract Contingent Bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head. These amounts are held under objection pending submission of Detailed Contingent (DC) Bills to the Principal Accountant General, within a month. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts. Such AC Bills are required to be settled, within a maximum of 30 days, through submission of DC Bills. 60 DC Bills amounting to ₹ 3.34 crore were outstanding at the end of 31 March 2018, indicating that these instructions were not followed.

Details of AC bills outstanding as on 31 March 2018 are given below:

Year	Number of pending DC bills	Amount
2016-17	4	0.75
2017-18	56	2.59
Total	60	3.34

Note: There are no pending DC bills prior to 2016-17

Major defaulting departments which have not submitted DC bills are Education (₹ 1.57 crore), District Administration (₹ 0.75 crore), Tourism (₹ 0.55 crore), Secretariat Administration (₹ 0.25 crore), Health & Family Welfare (₹ 0.20 crore) and Home (₹ 0.20 crore).

6.8 Status of Suspense and Remittances Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items shown as gross debit and credit balances under Major Head-8658-Suspense Account and 8782-Remittances for the last three years, are as under:

Major Head 8658

(₹ in crore)

Name of Minor Head	2015-16		2016-17		2017-18	
	Dr	Cr	Dr	Cr	Dr	Cr
101 – Pay and Accounts Office Suspense	32.77	12.00	29.26	0.21	33.85	0.47
Net	Dr 20.77		Dr 29.05		Dr 33.38	
102 – Suspense Accounts (Civil)	42.01	23.13	48.94	25.14	39.65	23.10
Net	Dr 18.88		Dr 23.80		Dr 16.55	
107-Cash Settlement Suspense Account	24.03	4.82	24.03	4.82	24.03	4.82
Net	Dr 19.21		Dr 19.21		Dr 19.21	
109 – Reserve Bank Suspense - Headquarters	(-) 31.32	(-) 44.73	(-)24.77	(-)20.69	(-)38.10	(-)13.89
Net	Dr 13.41		Cr 4.08		Cr 24.21	
110 – Reserve Bank Suspense – Central Accounts Office	1,957.14	1,956.66	1,943.58	2,084.62	1,884.35	1,600.43
Net	Dr 0.48		Cr 141.04		Dr 283.92	
112 – Tax Deducted at Source (TDS) Suspense	-	(-) 0.01	-	2.91	-	(-)0.02
Net	Dr 0.01		Cr 2.91		Dr 0.02	

Major Head 8782

	Dr	Cr	Dr	Cr	Dr	Cr
102 – Public Works Remittances	29,831.03	30,368.14	34,863.87	34,979.94	39,382.07	39,481.71
Net	Cr 5,37.11		Cr 1,16.07		Cr 99.64	
103 – Forest Remittances	1,396.68	1,405.07	1,534.18	1,529.71	1,604.94	1,602.73
Net	Cr 8.39		Dr 4.47		Dr 2.21	
105 – Reserve Bank of India Remittances	3.20	233.49	3.20	304.23	3.20	352.51
Net	Cr 230.29		Cr 301.03		Cr 349.31	

6.9 Status of Outstanding Utilization Certificates

Under the Rule No. 238 of the General Financial Rules, Utilization Certificates (UCs) in respect of grants provided for specific purposes should be obtained by departmental officers from grantees, and after verification, these should be forwarded to Accountant General (A&E) within 12 months of closure of the financial year unless specified otherwise. UCs outstanding beyond the specified period indicates absence of assurance on utilization of the grants for intended purposes. Further, to the extent of non-receipts of UCs, the expenditure shown in accounts cannot be treated as final and cannot be confirmed that the amount has been expended for the purpose it was sanctioned.

Details of outstanding UCs as on 31 March 2018 are given below:

Year	Number of Utilization Certificate awaited	Amount
2013-14	1	0.04
2014-15	17	34.72
2015-16	40	45.11
2016-17	28	173.78
Total	86	253.65

Note: UCs for 2017-18 are due for submission in 2018-19.

Major defaulting departments which have not submitted UCs are Health & Family Welfare (₹ 141.42 crore), Home (₹ 69.03 crore), Sports & Youth Affairs (₹ 10.60 crore), Science & Technology (₹ 8.24 crore), Skill Development (₹ 7.09 crore), and Town Planning (₹ 4.49 crore). Delayed submission and non-submission of UCs impedes the assurance that the funds have been utilized for the intended purposes.

6.10 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 151.90 crore was incurred up to the year 2017-18 by the State Government on 18 incomplete projects, each involving ₹ 2 crore and above, against original estimated cost of ₹ 275.95 crore as detailed in Appendix IX in Volume II of the Finance Accounts. A summarized view on commitments on account of 'Incomplete Capital Works' is furnished below:

(₹incrore)

Sl. No.	Category of works (No. of works)	Estimated cost of works	Expenditure during the year	Progressive expenditure to the end of the year	Pending payments	Estimated cost after revision
1.	Irrigation Works (Nil)	Nil	Nil	Nil	Not Available	Not Available
2.	Building Works (03)	27.81	9.68	20.42	Not Available	Not Available
3.	Road & Bridge Works (15)	248.14	55.36	131.48	Not Available	Not Available
	Total	275.95	65.04	151.9	Not Available	Not Available

6.11 New Pension Scheme

The expenditure during the year on "Pension and other Retirement Benefits" to State Government employees recruited on or before 31 December 2007 was ₹ 923.97 crore (8.48 per cent of the total revenue expenditure of ₹ 10,900.47 crore). State Government employees recruited on or after 1 January 2008 are covered under the New Pension Scheme (NPS). In terms of the Scheme, the employee contributes 10 per cent of basic pay and dearness allowances, which is matched by the State Government and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As per prescribed procedure, both the contributions are to be initially credited to the Public Account under Major Head 8342-Other Deposits, 117-Defined Contribution Pension Scheme for Government Employees. Thereafter, the entire amount is to be transferred to the National Securities Depository Limited (NSDL)/ Trustee Bank through the designated fund manager in the same year itself.

As on 1 April 2017, the fund had a balance of ₹ 59.97 crore under MH- 8342- Other Deposit - 117 Defined Contribution Pension Scheme. During the year, an amount of ₹ 7.46 lakh was credited to the Major Head (employees' contribution ₹ 3.73 lakh and employer's contribution of ₹ 3.73 lakh). During the year an amount of ₹ 12.76 crore there from was transferred to NSDL/Trustee Bank. As

on 31 March 2018, a cumulative balance of ₹ 47.29 crore under the Major Head remained to be transferred to NSDL/Trustee Bank.

Further, Government of Arunachal Pradesh has informed that the state has been temporarily parking the employee's and employer's contribution towards National Pension System (NPS) under the Current Account in the SBI branch, Naharlagun (outside the Government Account) and transferring to NSDL from the account. During 2017-18, an amount of ₹ 129.13 crore which includes ₹ 64.35 crore of employee's share and ₹ 64.35 crore as employer's matching share was transferred directly to the NSDL from the current account. As on 31 March 2018, there was a balance of ₹ 48.58 crore lying in the current account which comprising of only employee's contribution. Thus, as on 31 March 2018 total amount of ₹ 95.87 crore (₹ 47.29 crore under the Major Head 8342 and ₹ 48.58 crore under current account in the SBI) which includes both employee's and employer's contribution towards NPS remained to be transferred to the NSDL/Trustee Bank.

The State Government has informed that the balance in the current account and under MH- 8342- Other Deposit -117 Defined Contribution Pension Scheme is due to non-generation of Permanent Retirement Account Number (PRAN) of the subscribers on time. The balance lying under MH- 8342- Other Deposit -117 Defined Contribution Pension Scheme is w.e.f. the salary month of November 2008 and the balance lying in current account is w.e.f. salary month of January 2015. The State Government has informed that the onwards transfer of NPS fund to the Trust, Mumbai from Current Account is under process.

The State Government is liable to pay interest on unmatched contribution and un-transferred amounts which represent outstanding liabilities under the Scheme.

6.12 Personal Deposit Accounts

The State Government is authorized to open Personal Deposit (PD) Accounts to deposit funds required for specific purposes by transfer of funds from the Consolidated Fund. Transfer of funds to PD Accounts are booked as expenditure from the Consolidated Fund under concerned service Major Heads without any actual cash flow. PD Accounts are normally required to be closed on the last working day of the year and unspent balances transferred back to the Consolidated Fund.

Government of Arunachal Pradesh follows the Central Treasury Rules. In terms of para 624 of the Central Treasury Rules, if a Personal Deposit account is not operated upon for a considerable period and there is reason to believe that the need for the Deposit account has ceased, the same

should be closed in consultation with the officer in whose favour the deposit account had been opened. During 2017-18, 10 (ten) No. of PD Accounts having an amount of ₹ 0.82 crore in favour of Animal Husbandry & Veterinary Department and Agriculture Department of Government of Arunachal Pradesh were renewed. At the end of the year there were two inoperative PD accounts having a balance of ₹ 0.32 crore.

The status of PD Accounts for the period 01 April 2017 to 31 March 2018 are given below:

(₹ in crore)

Opening Balance		Addition During 2017-18		Closed During 2017-18		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
15	1.60	10	0.82	13	1.28	02*	0.32

[*] These PD accounts were inoperative.

6.13 Investments

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. Government has its holdings in 05 Government Companies and 151 Co-operative Bank, Societies etc. During 2017-18, Government of Arunachal Pradesh neither made any investment nor received any dividend/interest. However, total amount invested upto 31 March 2018 was ₹ 250.02 crore, out of this ₹ 190.53 crore was related to one entity i.e. Arunachal Pradesh State Co-operative Apex Bank Ltd. Naharlagun. Details are given in Statement No. 8 and 19.

6.14 Rush of Expenditure

In terms of Rule 56(3) of the General Financial Rules, 2005 (adopted by the State Government), rush of expenditure particularly in the closing month of the financial year shall be regarded as breach of financial regularity and should be avoided. State Government Department, however, withdrew ₹ 4,817.56 crore in March 2018 and ₹ 2,654.25 crore on the last working day of March 2018 (34.19 per cent and 18.84 per cent respectively of the total expenditure).

6.15 Status of Reserve Funds

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were 03 Reserve Funds earmarked for specific purposes. Details of some major Reserve Funds are given below:

6.15.1 Consolidated Sinking Fund

In terms of the recommendations of the Twelfth Finance Commission, the State Government constituted the 'Consolidated Sinking Fund' in 2007 for amortization of loans. According to Guidelines of the Reserve Bank of India, which is responsible for management of the Fund, States are required to contribute a minimum of 0.5 *per cent* of the outstanding liabilities (internal debt plus public account) as at the end of the previous year. During the year, the State Government contributed ₹ 200.00 crore against the requirement of ₹ 28.13 crore (0.5 *per cent* of the total outstanding liabilities of the Government of Arunachal Pradesh as on 31 March 2017, i.e. ₹ 5,625.09 crore). As on 31 March 2018, an amount of ₹ 711.05 crore was invested.

6.15.2 Guarantee Redemption Fund

The Government of Arunachal Pradesh constituted a Guarantee Redemption Fund (GRF) in 2017-18 with an amount of ₹ 0.50 crore under the concerned Head of account i.e. 'MH 8235-General and Other Reserve Funds- 117-Guarantees Redemption Fund' by debiting 'MH 2075-Miscellaneous General Services - 797-Transfer to Reserve Fund/Deposit Accounts' – for meeting obligations arising out of the Guarantees issued on behalf of state level bodies through an Act dated 4 January 2016 and is administered by the Reserve Bank of India. As per Act, the fund shall be set up by the Government with an initial contribution of minimum 1 *per cent* of outstanding guarantees at the end of the previous year and thereafter minimum of 0.5 *per cent* every year to achieve a minimum level of 3 *per cent* in next five years. No guarantee was invoked during the year 2017-18. The fund had a corpus of ₹ 0.50 crore as on 31 March 2018 which was invested by the Reserve Bank of India in Government of India Securities.

6.15.3 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Arunachal Pradesh are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head '8121-General and Other Reserve Funds' by operating the Expenditure Major Head

'2245-Relief on account of Natural Calamities'. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head '2245-Relief on account of Natural Calamities'. The balances outstanding in the Fund, at the end of the year are to be invested. The Government of India provides additional assistance from the National Disaster Response Fund (NDRF) when the balances available under SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. During 2017-18, the State Government received an additional assistance of ₹ 32.44 crore under NDRF

During 2017-18, the Central Government released an amount of ₹ 51.30 crore towards SDRF. Contrary to the guidelines, the State Government transferred the total contribution towards SDRF of ₹ 57.00 crore (Central share of ₹ 51.30 crore and State Government share ₹ 5.70 crore) to a Saving Bank Account opened for this purpose in the SBI. Consequently, it has not been possible to assess either the extent to which the transferred amounts have actually been spent on natural calamities or the amount of unspent balance remaining in the Saving Bank Account. As on 31 March 2018, an amount of ₹ 3.46 crore of the previous year's balances remained in the Fund uninvested.

In terms of guidelines, issued by the Ministry of Home Affairs, Government of India on 28 September 2010 and 30 July 2015, Fund balances are required to be invested as per the recommendations of the State Executive Committee (SEC) constituted for the management of the Fund. State Government has not made any investment, though ₹ 66.09 crore were in credit balance on 31 March 2017.

6.16 Accounting of Building and Other Construction Workers Welfare Cess

Under the Rule 3 of the Arunachal Pradesh Building and Other Construction Workers Welfare Cess Act, 1996. there shall be levied and collected a cess at such rate not exceeding 2 *per cent* but not less than 1 *per cent* of the cost of construction incurred by an employer as the Central Government may, by notification in the official Gazette, from time to time specify. The proceeds of the cess collected shall be paid by the local authority or the State Government collecting the cess to the Board after deducting the cost of collection such cess not exceeding 1 *per cent* of the amount collected. As per rule 5(3) of the Building and Other Construction Workers Welfare Cess Rule 1998, the amount collected shall be transferred to the Board within thirty days of its collection.

An amount of ₹ 21.29 crore was collected as labour cess during 2017-18. However, no amount was transferred to the Arunachal Pradesh Building and Other Construction Workers Welfare Board (APB&OCWWB).

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