

PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.*
3. *Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.*
4. *Audit observations on matters arising from performance audit and audit of transactions in various departments including the Public Works department, audit of stores and stock, audit of autonomous bodies, Statutory Corporations, Boards and Government Companies and audit of revenue receipts for the year ended 31 March 2009 are included in a separate Report.*
5. *The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

EXECUTIVE SUMMARY

BACKGROUND

Government of Arunachal Pradesh responded to the Twelfth Finance Commission's (TFC) recommendation by legislating "Arunachal Pradesh Fiscal Responsibilities and Budget Management (APFRBM) Act" in March 2006. The Act sets out a reform agenda through fiscal correction path in the medium term with the long-term goal of securing growth stability for its economy. The State Government implemented the Value Added Tax during 2005-06 which will have an impact on the tax revenue of the State.

The State Government has done well in establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of outcome budgets. These outcome indicators tend to serve a limited purpose of measuring the performance against the targets. They do not, however, give the 'big picture' of the overall financial management including debt position, cash management, etc. for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's (C&AG) Civil Audit Reports step in to fill this gap. C&AG's reports have been commenting upon the Government's finances for two years since APFRBM legislation and have already published two reports. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre-stage once again, a stand-alone report on State Government finances is considered as an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, C&AG has decided to bring out a separate volume titled "Report of the Comptroller and Auditor General of India on State Finances".

THE REPORT

Based on the audited accounts of the Government of Arunachal Pradesh for the year ending March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of Arunachal Pradesh Government's fiscal position as at 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

Chapter II is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III is an inventory of Arunachal Pradesh Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collected from several sources in support of the findings.

Audit findings and recommendations

Fiscal Correction Path

Revenue surplus increased by Rs.217 crore in 2008-09 but fiscal deficit and primary deficit, has deteriorated in 2008-09 relative to the previous year. The reason for deterioration in fiscal deficit is mainly due to more expenditure incurred under Capital outlay. Moreover, the fiscal performance of the State vis-à-vis targets set in Fiscal Correction Path as well as Arunachal Pradesh Fiscal Responsibility and Budget Management Act and Budget indicate a dismal picture during the year.

(Paragraph 1.10)

Revenue Receipts

Central transfers comprising state's share of Central taxes and grants-in-aid from the Government of India increased by Rs.700 crore in 2008-09 and contributed around 82 per cent of the incremental revenue receipts during the year, indicating that the State continued to rely on Central transfers for their revenue receipts. The total loss of revenue due to underassessment/short levy/non-levy of taxes, etc., which was 3 per cent of the State's own resources consisting of tax and non-tax revenue during 2008-2009, indicates the presence of loopholes in resources mobilization. Pending revenue arrears constituted over 48 per cent of tax revenue of the State during 2008-09.

(Paragraph 1.3)

Expenditure Pattern

The expenditure pattern of the State reveals that though the revenue expenditure as a percentage of total expenditure, declined by 6.20 per cent in the current year, it hovered around 80 per cent during the period (2004-09) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, Non Plan Revenue Expenditure (NPRE) at Rs.1753 crore in 2008-09 constituted 61 per cent and remained significantly higher than the normatively assessed level of Rs.948 crore by Twelfth Finance Commission for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of NPRE and was about 66 per cent during 2008-09.

(Paragraph 1.4.1.2)

Prevalence of Fiscal Deficit

The prevalence of fiscal deficit indicates continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State for the future. Fiscal liabilities stood at 65.13 per cent of the GSDP in 2008-09 and would further increase to 65.14 per cent after incorporating the contingent liabilities. This is within the limit of liabilities as percentage of GSDP as the figure prescribed in the MTFP statement was 73.79 per cent.

(Paragraph 1.9.1)

Return on investment

The average returns on investment in Statutory Corporations, Government Companies and Co-operative Societies was almost nil during 2004-09, while the Government paid interest at an average rate of 7.71 per cent on its borrowings during the period. The increased fiscal liabilities accompanied by a negligible rate of return on Government investments, and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long term, unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilize additional resources both through the tax and non tax sources in the ensuing years.

(Paragraph 1.6.2)

Accounting of funds transferred to State Implementing Agencies

The Central Government has transferred Rs.422.45 crore directly to the State Implementing Agencies for implementation of various schemes/programmes in social and economic sectors. A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the State Accountant General.

(Paragraph 1.2.2)

Financial management and budgetary control

There was a net savings of Rs.1869.08 crore, after adjusting the excess of Rs.70.60 crore from total savings of Rs.1939.68 crore. The excess of Rs.70.60 crore requires regularisation under Article 205 of the Constitution of India. Four grants, viz “Secretariat-Economic Services”, ‘Education’, ‘Public-Works’, and ‘Power’ posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for diverting these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on

abstract contingent bills. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Fund releases at the fag end of the year and issuance of re-appropriation/surrender orders should be contained.

(Chapter II)

Financial Reporting

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from the delay in furnishing utilization certificates for grants given by Urban Development and Panchayati Raj Department and also non-submission of information regarding utilization certificates by the Finance Department. Regarding losses and misappropriation also, the information is still awaited from the State Finance Department.

(Chapter III)

CHAPTER I

Finances of the State Government

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Finance Accounts of the Government of Arunachal Pradesh are laid out in nineteen statements, the structure and lay out of which are depicted in **Appendix 1.1**.

This chapter provides a broad perspective of the finances of the Government of Arunachal Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. **Appendix 1.2** of the chapter briefly outlines the methodology adopted for assessment of the fiscal position of the State and **Appendix 1.3** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2004-09.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) *vis-à-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year.

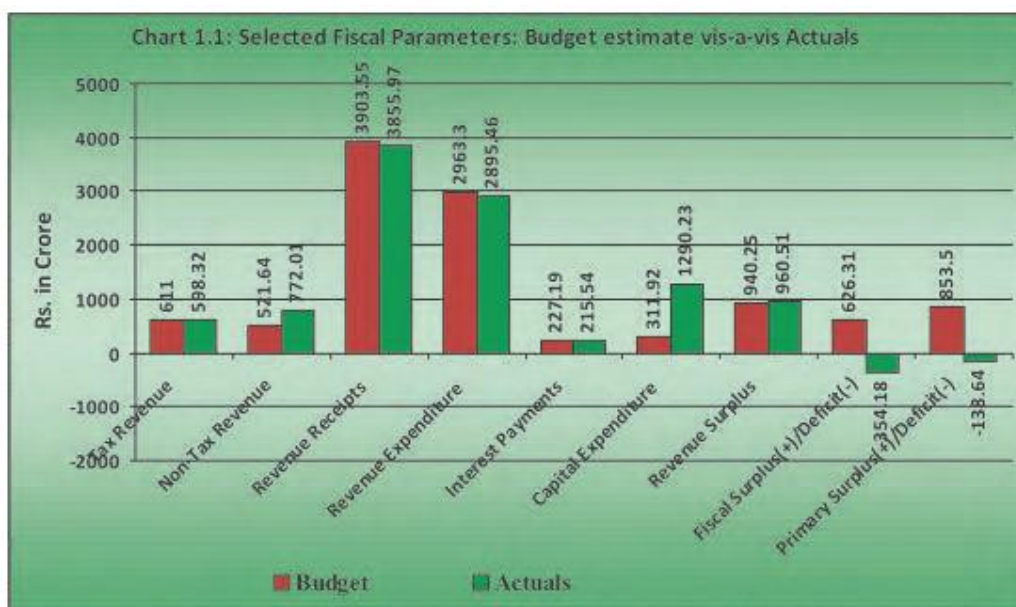
Table 1.1 Summary of the Current Year's Operations

(Rupees in crore)							
2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section A: Revenue							
					Non-Plan	Plan	Total
3003.01	I. Revenue Receipts	3855.97	2259.55	I. Revenue Expenditure	1752.80	1142.66	2895.46
98.09	Tax Revenue	136.23	620.06	General Services	751.25	22.99	774.24
656.92	Non-tax Revenue	772.01	706.58	Social Services	404.20	576.51	980.71
437.87	Share of Union taxes / duties	462.09	932.91	Economic Services	597.35	543.16	1140.51
1810.13	Grants from Government of India	2485.64	-	Grants-in-aid / contribution	-	-	-
Section B: Capital							
-	II. Miscellaneous Capital Receipts	-	753.21	II. Capital outlay	10.62	1279.61	1290.23
2.94	III. Recoveries of Loans and Advances	2.78	2.97	III. Loans and Advances disbursed	1.71	25.53	27.24
291.06	IV. Public Debt receipts	143.88	77.13	IV. Repayment of Public Debt		-	63.46
-	V. Contingency Fund	-	-	V. Contingency Fund	-	-	-
2423.76	VI. Public Account receipts	7255.58	2169.85	VI. Public Account disbursements	-	-	4229.12
67.34	Opening balance	525.40	525.40	Closing balance	-	-	3278.10
5788.11	Total	11783.61	5788.11	Total	-	-	11783.61

Following are the significant changes during 2008-09 over the previous year:

- Revenue receipts grew by Rs.825.96 crore (28.40 *per cent*) from Rs.3,003.01 crore to Rs.3,855.97 crore against revenue expenditure which increased by Rs.635.91 crore (28.14 *per cent*) from Rs.2,259.55 crore to Rs.2,895.46 crore during 2008-09 over the previous year, mainly due to increase in Tax Revenue by Rs.38.14 crore, Non-Tax revenue by Rs.115.09 crore, Central tax transfer by Rs.24.22 crore and Grants from GOI by Rs.675.51 crore
- Revenue expenditure grew from Rs.2,259.55 crore in 2007-08 to Rs.2,895.46 crore (28.14 *per cent*) in 2008-09 mainly on increase in General Services by Rs.154.18 crore (24.87 *per cent*), Social Services by Rs.274.13 crore (38.80 *per cent*) and Economic Services by Rs.207.60 crore (22.25 *per cent*) in 2008-09 over the previous year.
- Capital expenditure increased by Rs.537.02 crore (71.30 *per cent*) over the previous year.
- Loans and Advances of Rs.27.24 crore was disbursed during the year 2008-09 against Rs.2.97 crore in the previous year. Recovery in Loans and Advances decreased by Rs.0.16 crore over the previous year.
- Receipts from Public Debt were Rs.143.88 crore against disbursement of Rs.63.46 crore during the current year. Receipts from Public Debt decreased by Rs.147.57 crore mainly due to decrease in borrowing from market and other institutions by Rs.141.13 crore. Loans and Advances from GOI was nil during the year.
- Public Account Receipts increased by 199.35 *per cent* from Rs.2,423.76 crore in 2007-08 to Rs.7,255.58 crore in 2008-09 mainly due to more receipts from Small Savings, Provident Funds (SSPF) etc. by Rs.35.01 crore (28.65 *per cent*), Suspense Account by Rs.3,450.04 crore (778.97 *per cent*) and Remittance by Rs.1,059.62 crore (66.29 *per cent*). In the total disbursement of Public Account, there was an increase of Rs.2,059.27 crore (94.90 *per cent*) in 2008-09 over the previous year (Rs.2,169.85 crore) due to more disbursement in Suspense Account by Rs.858.31 crore (339.94 *per cent*) and Remittances by Rs.1,061.11 crore (66.38 *per cent*) during the same period.

Several reasons may account for the deviation of the actual realization from the budget estimates. It may be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage, etc. Actual realization of revenue and its disbursement, however, depends on a variety of factors, some internal and others external. **Chart 1.1** presents the budget estimates and actuals for some important fiscal parameters.

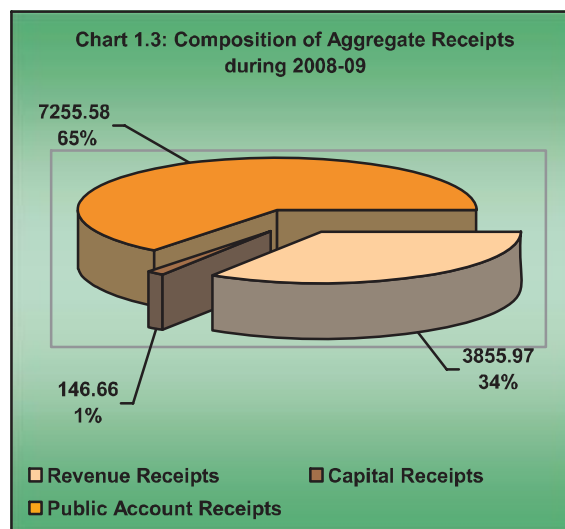
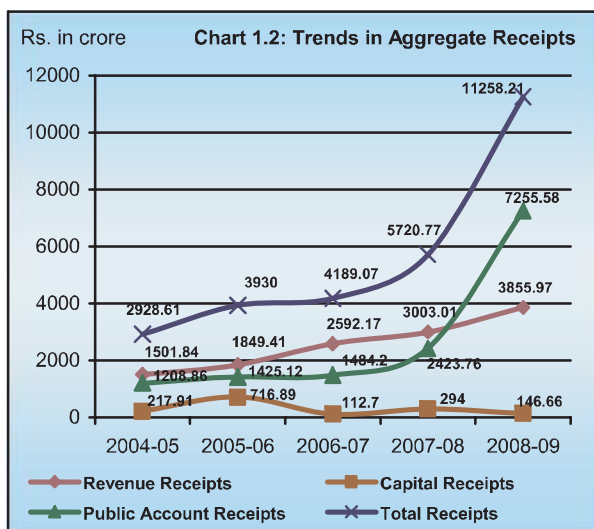


During the current year, while revenue expenditure increased by 28.14 *per cent* (Rs.6,35.91 crore), revenue receipts increased by 28.40 *per cent* (Rs.825.96 crore) over the previous year, resulting in increase in surplus by 29.19 *per cent* (Rs.217.05 crore) in revenue account. The increase in revenue surplus (Rs.217.05 crore) along with an increase of Rs.537.02 crore on account of increase in capital expenditure (Rs.1290.23 crore) as well as in loans and advances disbursed (Rs.27.24 crore) during 2008-09 led to an increase of Rs.354.18 crore in fiscal deficit during the current year. The revenue surplus (Rs.960.51 crore) during the year was higher by 2.15 *per cent* and capital expenditure (Rs.1290.23 crore) during the year was higher by 313.64 *per cent* compared to the assessment made by the State Government in the Budget. On the other hand, against the fiscal surplus (Rs.626.31 crore) and primary surplus (Rs.853.50 crore) estimated in budget, in actual they became negative. The wide variation between budget provisions and actual indicated that the budget estimates were unrealistic.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



- Revenue Receipts of the State increased by 156.75 per cent from Rs.1,501.84 crore in 2004-05 to Rs.3,855.97 crore in 2008-09.
- State's own tax revenue increased by 171.86 per cent (from Rs.50.11 crore in 2004-05 to Rs.136.23 crore in 2008-09). Trends of yearly increase are depicted in **Table 1.3**.
- State's share of Union taxes and duties decreased from 13 per cent (2004-05) to 12 per cent (2008-09) of the total Revenue receipts, and Grants-in-aid from GOI decreased from 73 per cent in 2004-05 to 60 per cent in 2007-08 of the total Revenue Receipts and increased to 64 per cent in 2008-09.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies¹ for implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, states' receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. An illustrative position of Central funds transferred to the State Implementing Agencies during 2008-09 for implementation of various schemes is given in **Appendix 1.5**. Scheme-wise position involving substantial amount of Central funds is given in **Table 1.2**.

¹ State Implementing Agency includes any organization/institution including non-governmental Organisation which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the state e.g. State Implementing Society for SSA and state Health Mission for NRHM, etc.

Table 1.2: Funds Transferred directly to State Implementing Agencies

(Rupees in crore)

Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
Central Rural Sanitation Programme	District Water and Sanitation Mission	15.30
National Rural Health Mission	State TB Control Society, Arunachal Pradesh State Blindness Control Society, Arunachal Pradesh, Arunachal Pradesh State Health Society	27.47
Integrated Watershed MGMT Programme	DRDA, Upper Subansiri District	32.83
National Rural Employment Guarantee Scheme	DRDA, West Kameng District	29.71
Pradhan Mantri Gram Sadak Yojana	S.G.O , Itanagar DRDAS	53.16
Rural Housing IAY	DRDA, Lohit	34.41
Sarva Shiksha Abhiyan	SSA Rajya Mission, Itanagar	136.84
State S&T Programme	Arunachal Pradesh Energy Development Agency Arunachal Pradesh State Council for Science and Technology	1.15
Buddhist & Tibetan Studies	Centre of Buddhist Cultural Studies Bomja Gonpa Welfare Committee Gurulhagan Gonpa Welfare Committee Buddhist Culture Preservation Society @ IHCS Mon Siddhanta Charitable Foundation Dratsang Gonpa Welfare Committee	1.47
GRID Interactive Renewable Power	Arunachal Pradesh Energy Development Agency	25.47
HIA for Coaching ST Students for Examination	OJU Welfare Association, Naharlagun, Arunachal Pradesh R.K.Mission, Narrotom nagar, Tirap, Arunachal Pradesh Arunachal Pali Vidya Chongkham, Arunachal Pradesh	3.95
MPLADs	Deputy Commissioners	7.00
Total		368.76

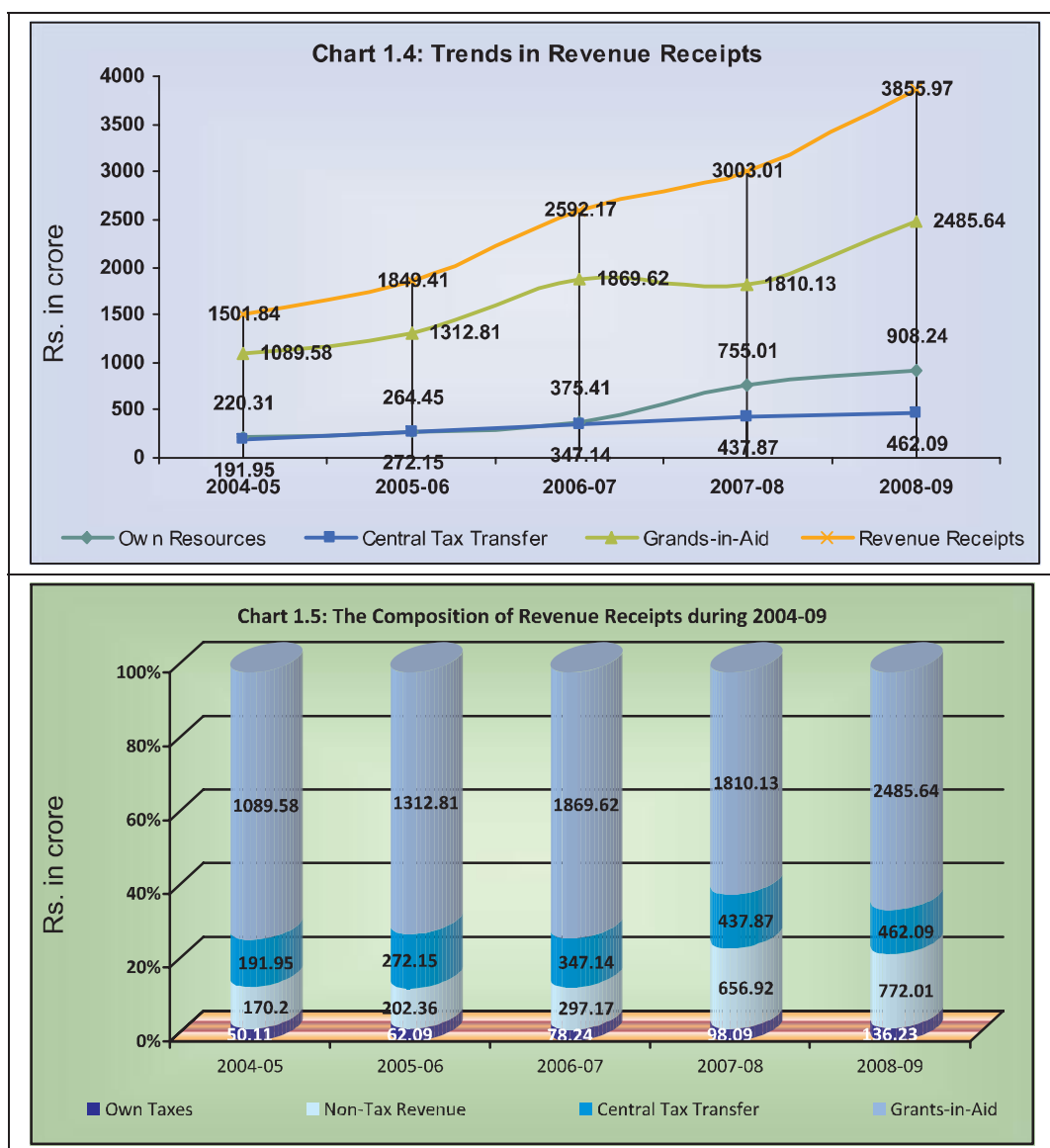
(Source: CPMS of CGA's website)

According to the available information, the GOI directly transferred Rs.422.45 crore to State Implementing Agencies during 2008-09. With this transfer, the total availability of State resources increased from Rs.11,258.21 crore to Rs.11,680.66 crore. Out of this amount, Rs.422.45 crore, Rs.111.73 crore (26.49 *per cent*) was transferred to the DRDA and Rs.136.84 crore (32.39 *per cent*) to State Mission Authority of Sarva Siksha Abhiyan. This data is yet to be verified from the implementing agencies. The consolidated data base at apex level is not maintained by either the State Government or the Union Government in a single place. Direct transfer from the Union to the State Implementing Agencies runs the risk of poor

accountability. Unless uniform accounting practices are diligently followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts of the State consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.



The trends in revenue receipts relative to GSDP are presented in **Table 1.3**.

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (<i>Rupees in crore</i>)	1502	1849	2592	3003	3856
Growth rate of Revenue Receipts (<i>per cent</i>)	-4.70	23.10	40.18	15.86	28.40
Rate of Growth of Own Taxes (<i>per cent</i>)	13.64	24	25.81	25.64	38.78
Revenue Receipts / GSDP (<i>per cent</i>)	52.64	63.37	75.94	77.24	85.01
Buoyancy Ratios ²					
Revenue Buoyancy with respect to GSDP	-0.23	10.18	2.37	1.14	1.70
State's Tax Buoyancy with respect to GSDP	0.66	10.57	1.52	1.84	2.33
Revenue Buoyancy with reference to State's own taxes	-0.34	0.96	1.56	0.62	0.73

The revenue receipts of the State increased by Rs.2,354 crore from Rs.1,502 crore in 2004-05 to Rs.3,856 crore in 2008-09. During 2005-06, the revenue buoyancy with respect to GSDP was 10.18 due to higher growth of revenue (23.10 *per cent*) than the growth of GSDP (2.27 *per cent*) mainly due to introduction of VAT. There were, however, wide inter-year variations in the growth rates, which increased to 28.40 *per cent* in 2008-09 from 15.86 *per cent* during the preceding year.

All the components of revenue receipts have exhibited increase in absolute terms over the period 2004-09. The share of grants-in-aid has reduced from 73 *per cent* in 2004-05 to 64 *per cent* in 2008-09, whereas the Central Tax transfers increased by Rs.24.22 crore over the previous year and constituted 12 *per cent* of the revenue receipts. The Share of Non-Tax revenue increased from 11 *per cent* to 20 *per cent* during the period. The State's own tax revenue with reference to GSDP have increased primarily due to significant increase in the rates of growth of revenue under "Taxes on Sales, Trade, etc., in 2008-09 relative to the previous year

1.3.1 Grants-in-aid

Details of grants-in-aid from GOI are given in **Table 1.4**.

Table 1.4: Grants-in-aid from GOI

	2004-05	2005-06	2006-07	2007-08	2008-09
Grants for State Plan Schemes	614	726	1049	1269	1665
Non-Plan grants	300	389	388	380	455
Grants for Central Plan Schemes	13	44	68	61	52
Grants for Centrally Sponsored Plan Schemes	129	105	320	62	249
Grants for Special Plan Schemes	34	49	45	38	65
Total	1090	1313	1870	1810	2486
Percentage of increase(+)/decrease (-) over Previous year	(-)12.87	(+)20.46	(+)42.42	(-)3.21	(+)37.35

² Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance State's own receipts buoyancy ratio with reference to its GSDP at 0.60 implies that revenue receipts tend to increase by 0.60 percentage points, if the GSDP increases by one *per cent*.

Grants-in-aid from the GOI have increased by 37.35 *per cent* from Rs.1810 crore in 2007-08 to Rs.2,486 crore in the current year. Within the plan grants, while grants for Central Plan Schemes decreased by 14.76 *per cent*, grants for State Plan Schemes, grants for Centrally Sponsored Plan Schemes and grants for Special Plan Schemes increased by 31.21 *per cent* (Rs.396 crore), 301.61 *per cent* (Rs.187 crore) and 71.05 *per cent* (Rs.27 crore) respectively. The major increase under State Plan Schemes was in the form of increase in Block grants (Rs.358 crore). The Non-Plan grants (Rs.455 crore) to the State constituted 18.30 *per cent* of the total grants during the year, of which 21.98 *per cent* (Rs.100.00 crore) was for Natural Calamities other than the margin money. Other components of non-plan grants mainly included (i) to meet the non-plan revenue deficit (Rs.23 crore), (ii) maintenance of forests (Rs.20 crore), (iii) contribution to calamity relief fund (Rs.23 crore) and (iv) maintenance of Public Building (Rs.14 crore)

1.3.2 State's Own Resources

The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. **Table 1.5** and **Table 1.6** show the trends of tax and non-tax revenue during 2004-09.

Table 1.5: Tax Revenue

(Rupees in crore)

Heads	2004-05	2005-06	2006-07	2007-08	2008-09	
					Budget Estimate	Actuals
Taxes on Sales, Trade etc.	28.25	47.69	61.64	77.06	76.00	105.68
State Excise	17.79	9.51	10.98	11.61	12.50	16.61
Taxes on Vehicles	2.21	2.99	2.93	6.42	6.50	7.76
Stamp and Registration fees	0.46	0.41	0.55	0.86	0.95	1.25
Land Revenue	0.76	1.11	2.10	2.12	3.00	4.90
Other Taxes	0.64	0.38	0.04	0.02	0.16	0.03
Total	50.11	62.09	78.24	98.09	99.11	136.23

Table 1.6: Non-Tax Revenue

(Rupees in crore)

Heads	2004-05	2005-06	2006-07	2007-08	2008-09	
					Budget Estimate	Actuals
Interest receipts, dividends and profits	5	7	13	29	34	35
General services	14	41	75	53	31	28
Social services	4	4	9	7	7	11
Economic services	147	150	200	568	210	698
Total	170	202	297	657	282	772

1.3.2.1 Tax Revenue

Tax revenue has increased by 38.88 *per cent* during the current year (Rs.136.23 crore) over the previous year (Rs.98.09 crore). However, the actual collection of tax revenue during the year increased by 37.45 *per cent* of the budget estimate for the year mainly due to increase under Taxes on Sales, Trade etc. by over 39.05 *per cent*. The revenue from Sales Tax contributed the major share of tax revenue (77 *per cent*) and it increased by 37.14 *per cent* over the previous year. State excise and taxes on vehicles were the other major contributors in the state tax revenue.

1.3.2.2 Impact of implementation of Value Added Tax (VAT) on the State's Own Tax Revenue.

Table 1.7 gives the comparative position of pre-VAT (2001-02 to 2004-05) and post VAT (2005-06 to 2008-09) tax collection and the growth rate in each year.

Table-1.7

(Rupees in crore)

Pre-VAT			Post-VAT		
Year	Actual collection	Percentage of growth	Year	Actual collection	Percentage of growth
2001-02	16.78	104.88	2005-06	47.69	68.81
2002-03	17.62	5.00	2006-07	61.64	29.25
2003-04	21.79	23.67	2007-08	77.06	25.02
2004-05	28.25	29.65	2008-09	105.68	37.14
Average growth		40.80	Average growth		40.06

The revenue all along the years from 2001-02 to 2008-09 showed an increasing trend, yet the growth rate of revenue after implementation of VAT showed a negative trend except in 2008-09. The scenario would have been much better had the tax collection mechanism been more efficient and effective and instances of loss of revenue been avoided/minimized as pointed out in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009.

BOX 1: Transition from Sales Tax regime to Value Added Tax System and audit of Sales Tax Department.

The Department failed to detect and register 5 dealers who sold taxable goods of Rs.2.88 crore, which resulted in evasion of tax of Rs.18.09 lakh. A forest division sold timber valued Rs.2.57 crore but neither applied for registration nor paid any tax on the aforesaid sale of timber resulted in non-realisation of revenue of Rs.32.13 lakh. Seven dealers imported taxable goods of Rs.4.04 crore at concessional rate by utilizing nine declaration Form 'C' from dealers of other States. The dealers were neither registered nor were the 'C' forms issued by the authority to them. Thus failure of the authority to ensure proper custody and accounting of 'C' form led the Government to loss of revenue of Rs.43.10 lakh.

1.3.4.3 Non-Tax Revenue

The non-tax revenue (NTR), which constituted 20 *per cent* of the total revenue receipts, has increased by Rs.115.09 crore recording a growth of 17.52 *per cent* over the previous year. 90 *per cent* of non-tax revenue during 2008-09 was received from economic services with Power alone contributing 87.39 *per cent* (Rs.610 crore). **This was due to increase in receipts towards processing fee and upfront money against Power Projects for signing MoAs and may not be a regular source of income in future.** The trends in interest receipts and dividends and profits reveal significant improvement during 2008-09 when compared to 2004-05 mainly because of the increase in realization of interest on investment of Cash balances.

1.3.4.4 Own resources vis-a vis assessments made by the Twelfth Finance Commission

The mobilization of State's own resources vis-à-vis assessments made by the Twelfth Finance Commission (TFC) and State Government in its own fiscal correction Path (FCP) are given below:

Table-1.8

(Rupees in crore)

	Assessment made by TFC	Assessment made by State Government in FCP	Actuals
Tax Revenue	157	71	136
Non-Tax Revenue	118	203	772

Tax revenue was 13.38 *per cent* lower as compared to the assessment made by the TFC, but it was higher by 91.55 *per cent* when compared to the assessment made in the FCP. The non-tax revenue exceeded by a big margin both the normative assessment of the TFC and FCP for 2008-09 mainly on account of huge receipts shown under power sector (Rs.609.74 crore).

1.3.4.5 Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

Test-check (2008-09) of records of Taxation, State Excise, Transport, Geology and Mining and other non-tax receipts revealed underassessment/short levy/non-levy/loss of revenue of Rs.23.26 crore. The total loss of revenue, which was 2.56 *per cent* of the State's own resources consisting of tax and non-tax revenue (Rs.908.24 crore) during 2008-09, indicate the presence of loopholes in resource mobilization system thereby adversely affecting the revenue generation required for the developmental activities of the State. Serious irregularities which resulted in loss of revenue of the State have been discussed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Revenue Chapter)

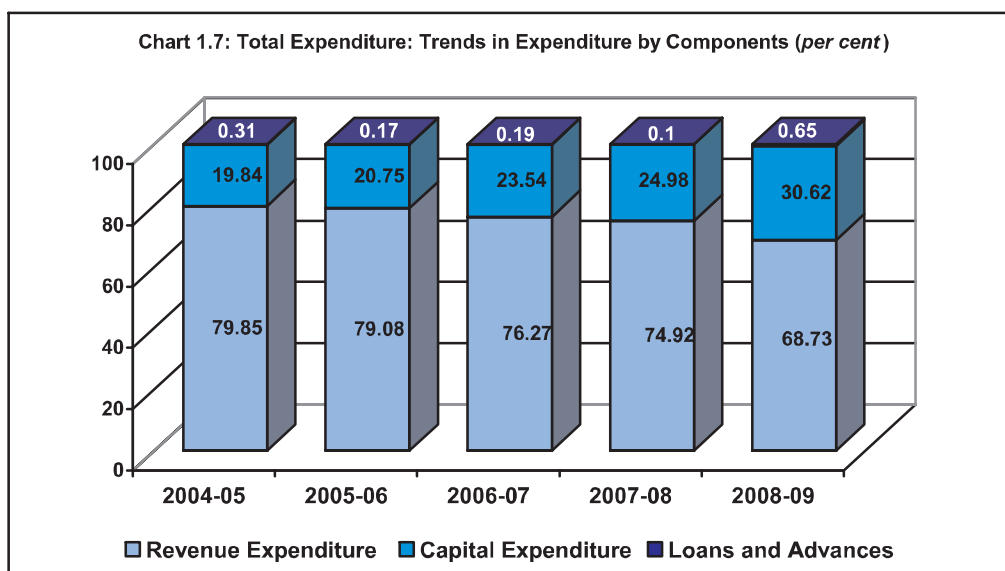
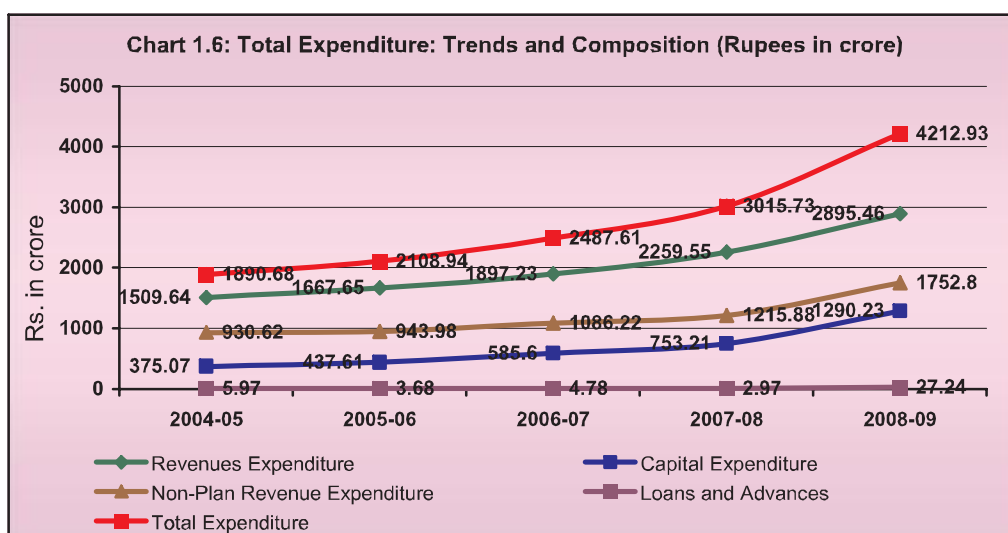
1.3.4.6 Revenue Arrears

The arrears of tax revenue at the end of March 2009 in respect of some principal heads of revenue were Rs.65.49 crore of which Rs.14.16 crore (21.62 *per cent*) relating to Land Revenue were more than five years old. As the pending revenue arrears constituted over 48.07 *per cent* of the tax revenue of the State during 2008-09, appropriate steps need to be initiated by the State Government for their early

realization, which would in turn provide a cushion to reduce the burden of fiscal liabilities of the State.

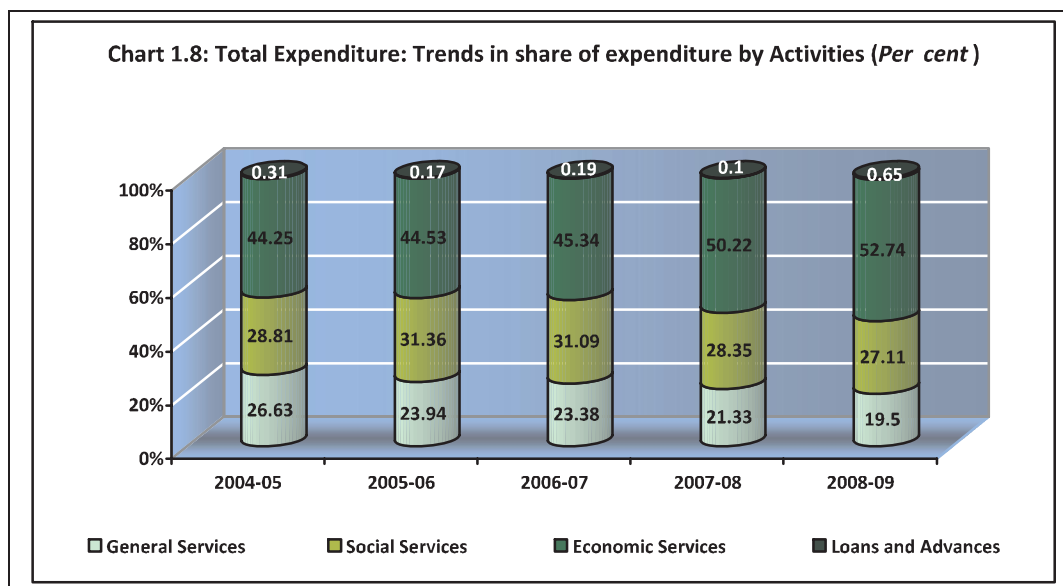
1.4 Application of resources

The analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising the public expenditure financed by deficit or borrowings. It is therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, directed towards development and social sectors.



1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09), and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7** and **1.8**.



1.4.1.1 Trends in Total Expenditure

The total expenditure during the current year has increased by Rs.1197.20 crore (39.70 per cent) over the previous year. Of the increase in total expenditure, revenue expenditure formed 68.73 per cent (Rs.635.91 crore), capital expenditure component was 30.62 per cent (Rs.537.02 crore) and disbursement of loans and advances 0.65 per cent (Rs.27.24 crore). While the share of Plan expenditure constituted 58.10 per cent (Rs.2447.80 crore) of the total expenditure, the remaining 41.90 per cent was non-plan expenditure (Rs.1765.13 crore). During the current year 91.53 per cent (Rs.3855.97 crore) of total expenditure was met from revenue receipts and the remaining (Rs.356.96 crore) from capital receipts and borrowed funds. **The buoyancy of total expenditure to GSDP stood at 2.38 in 2008-09 indicating a tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to GSDP.**

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The movement of the relative share of these components of expenditure indicated that all components had inter-year variations. Of the total expenditure during 2008-09, expenditure on general services and interest payments, which is considered as non-developmental, together accounted for 19.50 per cent. On the other hand, expenditure on social and economic services together accounted for 79.85 per cent during 2008-09. The relative share of Social Services declined from 28.81 per cent in 2004-05 to 27.11 per cent in 2008-09. The relative share of economic services ranged between 44.25 per cent and 52.74 per cent

during the period 2004-09, while loans and advances revealed wide fluctuations during the period 2004-08 and stood at 0.65 *per cent* during 2008-09.

1.4.1.2 Incidence of Revenue Expenditure

Revenue expenditure constituted 79.85 *per cent* to 68.73 *per cent* of total expenditure during 2004-09 and increased by 91.80 *per cent* from Rs.1509.64 crore in 2004-05 to Rs.2895.46 crore in 2008-09. The non-plan revenue expenditure (NPRE) during the same period increased from Rs.930.62 crore to Rs. 1752.80 crore, showing an increase of 88.35 *per cent*. The share of NPRE in total revenue expenditure declined from 61.65 *per cent* in 2004-05 to 60.54 *per cent* in 2008-09. As a result, plan revenue expenditure (PRE), which normally covers the maintenance expenditure incurred on services, has increased by Rs.563.64 crore during 2004-09 keeping its share in total revenue expenditure between 38.35 and 39.46 *per cent* during the period. The growth of PRE during 2008-09 declined to 9.48 *per cent* against 28.69 *per cent* during the previous year mainly due to decreased expenditure on providing nutrition, special programmes for rural development and Non conventional sources of Energy. The rate of growth of NPRE (44.16 *per cent*) in 2008-09 was more than that of the PRE. This expenditure at Rs.1752.80 crore during the year was 94.91 *per cent* (Rs.853.53 crore) higher than the normatively assessed level of Rs.899.27 crore by the TFC and 52.42 *per cent* (Rs.602.80 crore) higher than the assessments made by the State Government in its FCP (Table 1.9).

Table 1.9: Non-Plan Revenue Expenditure: actual vis-à-vis Normative assessment by TFC
(Rupees in crore)

Particulars	Assessed by the TFC	Assessment made by the State Government in		Actual	Difference with reference to (Excess (+) / Less (-)		
		FCP	Budget 2008-09		TFC	FCP	Budget
Interest payments	202.64	200.00	227.19	215.54	+12.90	+15.54	-11.65
Pension	97.11	92.00	84.30	113.55	+16.44	+21.55	+29.25
Other general services	195.64	858.00	300.58	422.16	+226.52		+121.58
Social services	216.44		224.79	404.20	+187.76		+179.41
Economic services	187.44		350.18	597.35	+409.91	+565.71	+247.17
Committed liabilities	48.47	NA					
Total	947.74	1150.00	1187.04	1752.80	+805.06	+602.80	+565.76

The actual expenditure incurred on all other components of non-plan revenue expenditure was more than the assessment made by TFC. The expenditure also exceeded the assessment made in the Budget 2008-09 except interest payments.

1.4.1.3 Capital Expenditure

Capital Expenditure constituted only 19.84 per cent to 30.63 per cent of total expenditure during 2004-09 and increased by 244 per cent from Rs. 375.07 crore in 2004-05 to Rs.1290.23 crore in 2008-09. Compared to 2007-08, capital expenditure during the current year (2008-09) increased by 71.30 per cent mainly due to increased expenditure under 'Roads and Bridges (Rs.443.50 crore) Power Projects (Rs.132.10 crore), Flood Control Projects (Rs.58.14 crore) and tourism (Rs.14.05 crore). **Though there was an increase in capital expenditure during the current year compared to the previous year, the State Government failed to fulfil its commitment of incurring expenditure on capital account made in the FCP (Rs.392.00 crore).**

1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.10** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

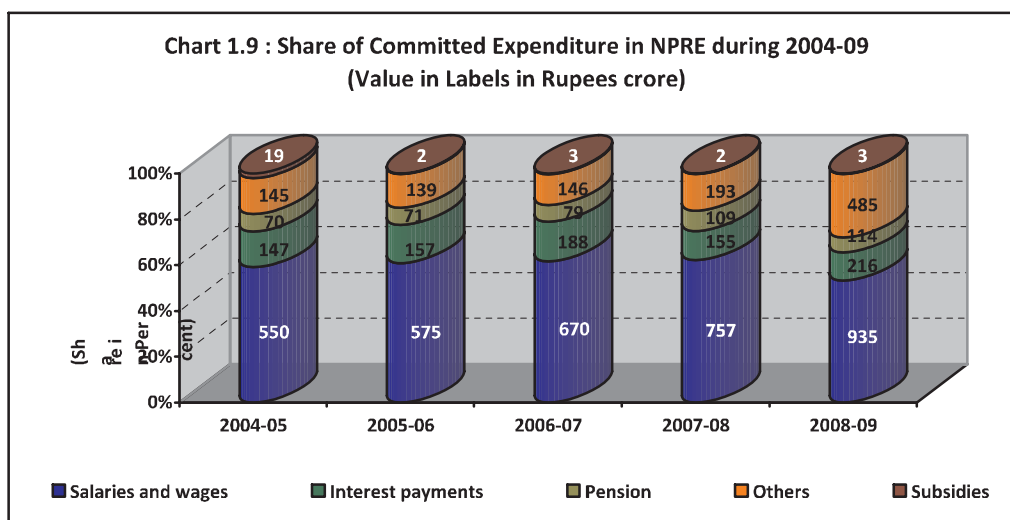
Table-1.10: Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09
Salaries & Wages	550(37)	575(31)	670(26)	757(25)	935(24)
Of which					
Non-Plan Head	398(26)	421(23)	485(19)	535(18)	816(21)
Plan Head	152(11)	154(8)	185(7)	222(7)	119(3)
Interest Payments	147(10)	157(8)	188(7)	155(5)	216(6)
Expenditure on Pension and other retirement benefits	70(5)	71(4)	79(3)	109(4)	114(3)
Subsidies	19(1)	2(1)	3(..)	2(..)	3(..)
Other Components	145(10)	139(8)	146(6)	193(6)	485(13)

(Figures in the parentheses indicate percentage to Revenue Receipts)

.. refers to negligible percentage)



1.4.2.1 Salaries and Wages

The expenditure on salaries and wages increased by 23.51 *per cent* during 2008-09 over the previous year and accounted for 20.61 *per cent* of GSDP and 24.25 *per cent* of the revenue receipts. The State Government could not restrict the expenditure on salaries during 2008-09 as assessed in its FCP (Rs.760 crore) for the year and also within the norm of 35 *per cent* prescribed by the TFC for the total salary bill relative to revenue expenditure net of interest payment and pension. This has to be viewed in the backdrop that the Sixth Pay Commission's award was not implemented in the State during the year.

1.4.2.2 Interest Payments

Interest payments increased by 14.67 *per cent* from Rs.146.90 crore in 2004-05 to Rs.215.54 crore in 2008-09. Compared to the previous year, interest payments during 2008-09 increased by 39.11 *per cent* as against a decrease of 17.48 *per cent* during 2007-08. The State Government could not restrict the interest payments during 2008-09 as assessed in its FCP (Rs.200 crore). Interest payments were on market loans (Rs.46.53 crore), Special Securities issued to National Small Savings Fund of the Central Government (Rs.50.00 crore), other internal debt (Rs.27.13 crore), loans and advances received from Central Government (Rs.36.95 crore) and Small Savings, Provident Fund, etc. (Rs.49.07 crore). Of the total interest payments during the year, about 21.58 *per cent* (Rs.46.53 crore) were paid on market borrowings. *The overall interest payments (Rs.215.54 crore) was higher than the projections made by the TFC (Rs.202.64 crore) and FCP (Rs.200 crore) but lower than the budget estimates (Rs.228.11 crore) of the year.*

1.4.2.3 Pension Payments

The pension payments (including other retirement benefits) indicated an increasing trend during the five year period 2004-09. Pension payments during the current year have increased by Rs.5 crore recording a growth rate of over 4.59 *per cent* over the previous year mainly on account of increase in the number of pensioners. A comparative analysis of actual pension payments and the assessment/projections made by the TFC and the State Government (**Table 1.11**) reveals that *actual pension payments exceeded the projections made by the TFC and the State Government in its FCP and Budget by 17 per cent, 23 per cent and 35 per cent respectively.*

Table 1.11: Actual Pension Payments vis-à-vis Projection

(Rupees in crore)

	Assessment made by the TFC	Assessment made by the State Government in		Actual	Expenditure in excess of assessment made in the		
		FCP	Budget 2008-09		TFC	FCP	Budget
Pension Payments	97.11	92.00	84.30	113.55	16.44(17)	21.55(23)	29.25 (35)

1.4.2.4 Subsidies

Table 1.10 also shows a inter year variation in payment of subsidies which constituted only 0.08 *per cent* of revenue receipts during 2008-09 against 1.26 *per cent* during 2004-05. Subsidy was mainly given to Co-operative (Rs.1.32 crore), Special Programme for Rural Development (Rs.0.74 crore) and Civil Supplies (Rs.0.51 crore) during 2008-09. During the current year, expenditure on payment of subsidies increased by 61.40 *per cent* from Rs.1.17 crore in 2007-08 to Rs. 2.76 crore mainly due to increase in payment of subsidy to Co-operation (Rs.0.94 crore) and Civil Supplies (Rs.0.14 crore).

1.4.3 Financial Assistance by State Government to Local Bodies and Other Institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.12**.

Table 1.12: Financial Assistance to Local Bodies, etc.

	(Rs. in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
University and Educational Institute	24.43	16.49	10.14	12.96	47.00
Cultural Institutions/Voluntary Organizations for promotion of Art and Culture	0.09	5.21	0.25	0.50	2.72
State Institute of Rural Development	0.85	24.36	..	1.07	..
Social Welfare	0.70	0.15	0.15	0.16	7.27
Ware Housing Corporations	..	4.94	14.93	23.06	44.97
Co-operation	..	..	..	..	..
Zilla Parishads/Village Panchayats etc.	0.48	..	..	..	..
Other Institutions	15.04	15.97	1.84	5.74	0.28
Total	41.59	67.12	27.31	43.49	102.24
Assistance as percentage of Revenue Expenditure	2.75	4.02	1.44	1.92	3.53

The financial assistance extended to local bodies and other institutions with inter year variations increased by 45.83 *per cent* from Rs.41.59 crore in 2004-05 to Rs.102.24 crore in 2008-09. Rs.47 crore (45.97 *per cent*) of the total assistance was released to University and Educational Institutions and Rs.44.97 crore (43.58 *per cent*) was released to Warehousing Corporation during the year 2008-09. The State Government is also giving adhoc grants on year to year basis to various institutions grouped under the head “Other Institutions” which varied from Rs.15.04 crore in 2004-05 to Rs.5.74 crore in 2007-08 and stood at Rs.0.28 crore in the current year.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in a State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure and the effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels require the States to step up their expenditure on key social services like, education, health, etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. **Table 1.13** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.13: Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2008-09

Fiscal priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Arunachal Pradesh Average (Ratio) 2005-06	72.27	76.06	31.36	20.75
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Arunachal Pradesh Average (Ratio) 2008-09	92.87	80.50	27.12	30.63
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average per capita expenditure 2005-06	3010	1490	692	
Arunachal Pradesh per capita expenditure (Amount in Rupees) in 2005-06	14,583	6011	3978	
All State's Average per capita expenditure 2008-09	5030	2520	1254	
Arunachal Pradesh per capita expenditure (Amount in Rupees) in 2008-09	28,262	9,520	10,752	
<p>*As per cent to GSDP</p> <p>**Calculated as per the methodology explained in the Appendix 1.2-Part A.</p> <p>AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure.</p> <p>Population of Arunachal Pradesh 0.11 crore in 2005-06 and 0.12 crore in 2008-09.</p> <p>#Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advance disbursed.</p> <p>Source: (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2)Population figures were taken from projection 2001-2026 of the Registrar General & Census Commissioner, India Website:http://www.censusindia.gov.in) Population = Average of Projected population for 2005 and 2006.</p> <p>All State's/National Average figures do not include Arunachal Pradesh.</p>				

Table 1.13 shows the fiscal priority given by the Arunachal Government to various expenditure heads in 2005-06 (the first year of the TFC Award Period) and the current year, i.e. 2008-09. The ratio of aggregate expenditure to GSDP for Arunachal Pradesh in both the years under consideration is much higher than all State's/National

Average. This means that on an average, other states are spending a lower proportion of their GSDP annually. Similarly, the ratio of development expenditure as a proportion of aggregate expenditure for Arunachal Pradesh is also higher than all States'/National Average. In case of social sector expenditure, though the State was having a higher expenditure than all States'/National Average during 2005-06, the position has deteriorated during 2008-09 and is lower (27.12 *per cent*) than All States average of 33.90 *per cent*. Therefore, there is need to give greater fiscal priority to this category of expenditure. In both the years, the ratio of capital expenditure as a proportion of aggregate expenditure is higher than all States'/National Average.

So far as per capita expenditure of the State is concerned, this is higher than the national average in respect of DE, SSE and CE in both the years under consideration mainly because Arunachal Pradesh has a relatively low population base.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods³. Apart from improving the allocation towards development expenditure⁴, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.14** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.15** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

³ Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such good of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.

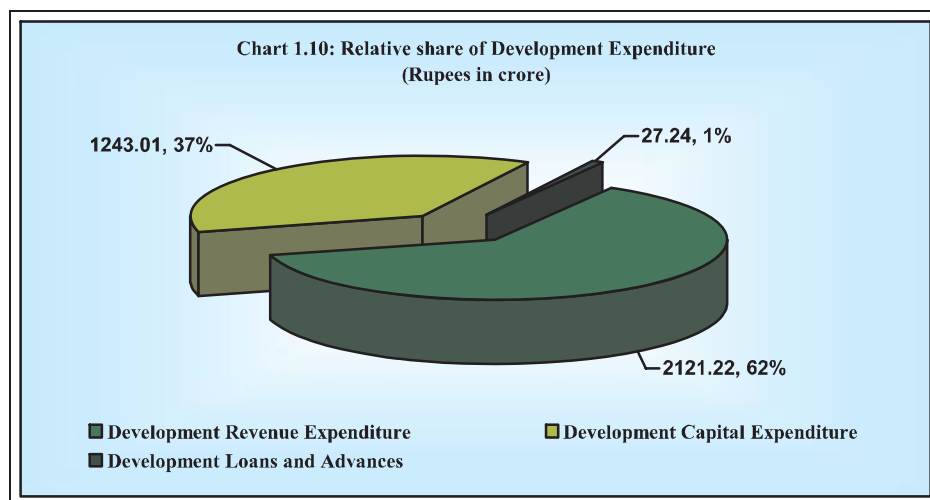
⁴ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advance is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Table 1.14: Development Expenditure

Components of Development expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actual
Development Expenditure (a to c)	1387.13 (73.39)	1604.14 (76.06)	1905.99 (76.62)	2372.56 (78.67)	2638.03	3391.47 (80.50)
a. Development Revenue Expenditure	1020.62 (53.98)	1178.92 (55.90)	1337.63 (53.77)	1639.49 (54.36)	2339.78	2121.22 (50.35)
b. Development Capital Expenditure	360.54 (19.09)	421.54 (19.99)	563.58 (22.66)	730.10 (24.21)	294.236	1243.01 (29.50)
c. Development Loans and Advances	5.97 (0.32)	3.68 (0.17)	4.78 (0.19)	2.97 (0.10)	4.02	27.24 (0.65)

(Figures in parentheses indicate percentage to aggregate expenditure)

The share of development expenditure to aggregate expenditure exhibited increase during the years 2005-06 to 2008-09. *Though the development expenditure increased 42.95 per cent over the previous year, it was much higher the level of Budget Estimates of Rs.753.44 crore for the year.* The relative share of development expenditure to total expenditure during 2008-09 given in **Chart 1.10** below showed that 62.55 per cent of it was incurred on revenue account and only 36.65 per cent was utilized as capital expenditure.



Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services (including 41.39 per cent revenue expenditure on salaries and wages under social services and 23.12 per cent under economic services) which did not result in any addition to State's infrastructure and service network. Thus, expenditure pattern under this sector needs to be more oriented towards asset creation in the ensuing years.

Table 1.15: Efficiency of Expenditure Use in Selected Social and Economic Services
(In *per cent*)

Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of Capital Expenditure to Total Expenditure ⁵	In Revenue Expenditure, the share of Salary & Wages	Ratio of Capital expenditure to Total Expenditure	In Revenue Expenditure, the share of Salary & Wages
Social Service (SS)				
General Education	5.78	67.43	9.78	62.18
Technical Education, Sports, Arts & Culture	46.38	44.49	41.00	35.18
Health and Family Welfare	11.78	71.99	6.48	60.82
Water Supply & Sanitation, Housing and Urban Development	27.77	6.59	15.78	7.40
Other SS	15.46	34.78	13.85	31.30
Total (SS)	17.36	44.68	15.51	41.39
Economic Services (ES)				
Agriculture and Allied Activities	42.00	37.81	3.52	38.55
Irrigation & Flood control	10.05	15.77	37.34	18.12
Power and Energy	48.46	16.38	62.35	20.98
Transport	56.35	11.52	2.83	11.63
Other ES	19.46	14.75	70.32	17.25
Total (ES)	38.41	21.36	40.65	31.89

Social Services

The trends in capital expenditure on social services during 2007-08 and 2008-09 reveal that the share of capital expenditure to total expenditure during these years was around 17 and 16 *per cent* respectively, which indicated that the revenue expenditure was dominant. While there was some improvement in the share of capital expenditure to total expenditure under General Education during the current year in respect of other Categories of Social Services, there was decrease in this category of expenditure. Health and Family Welfare Sector was the worst sufferer as only 6.48 *per cent* of total expenditure was incurred on this sector on capital account during 2008-09 against 11.78 *per cent* during the preceding year.

Of the revenue expenditure on social services, the share of salary and wage component has decreased from 44.68 *per cent* in 2007-08 to 41.39 *per cent* in 2008-09 implying more expenditure on non-salary components. The non-salary and wage expenditure on social services has increased by 18.03 *per cent* during 2008-09 from Rs.529.26 crore in 2007-08 to Rs.636.50 crore in 2008-09. Within the priority sectors, non-salary and wage component continues to have the dominant share under technical education, sports, and art and culture and water supply, sanitation, housing and urban development. High salary and wage expenditure during 2007-08 (67 *per cent* and 71.99 *per cent*) and 2008-09 (62.18 *per cent* and 60.82 *per cent*) was observed under General Education and Health and Family Welfare respectively.

⁵ Total revenue and capital expenditure of the services concerned.

Economic Services

The expenditure on economic services during 2008-09 (Rs.2221.83 crore) accounted for about 52.74 *per cent* of the total expenditure and 67.48 *per cent* of the development expenditure during the year. Out of the total expenditure on economic services during the current year, 18.77 *per cent* was incurred on Power and Energy, 15.79 *per cent* on agriculture and allied services and 9.92 *per cent* on transport.

The trends in revenue and capital expenditure on economic services indicate that capital expenditure consistently increased from Rs.288.65 crore in 2004-05 to Rs.1081.32 crore (274.61 *per cent*) in 2008-09. However, the share of capital expenditure to total expenditure on economic services during 2007-09 increased marginally from 38.41 *per cent* to 40.65 *per cent* which indicated that the revenue expenditure was dominant. Revenue expenditure also consistently increased from Rs.547.95 crore in 2004-05 to Rs.1140.51 crore (108.14 *per cent*) in the current year. An increase of Rs.1207.60 crore (22.25 *per cent*) during 2008-09 over the previous year in revenue expenditure was mainly due to the increase in General Education (Rs.92.94 crore), Health & Family Welfare (Rs.68.17 crore) and Water Supply & sanitation (Rs.65.69 crore). Within the revenue expenditure, salary and wage component constituted 8.82 and 9.11 *per cent* of the total revenue expenditure during 2007-08 and 2008-09 respectively. It increased from Rs.199.23 crore in 2007-08 to Rs.263.74 crore (32.38 *per cent*) during the current year. The non-salary and wage component also increased from Rs.1315.40 crore in 2007-08 to Rs.1958.09 crore (48.86 *per cent*) indicating change in allocative priorities of the State Government.

1.5.3 Effectiveness of the Expenditure, i.e., Outlay-Outcome Relationship

Two performance reviews pertaining to “Technology Mission for Integrated Development of Horticulture” and Implementation of Minor Irrigation Scheme” included in the Audit Report of Comptroller and Auditor General of India for the year ended 31 March 2009, highlights the following aspects:

BOX 2: Technology Mission for Integrated Development of Horticulture

“Technology Mission for Integrated Development of Horticulture in North Eastern States” a 100 *per cent* centrally funded scheme was launched by the Government of India in the State in 2001-02. While the performance audit of the Mission implementation revealed some achievements like success to some extent in the introduction of Kiwis, Rose and Anthurium in terms of productivity and area under cultivation, it also revealed inadequacies in planning, implementation and monitoring of the scheme; taking up of unviable crops, uneconomical procurement, absence or ineffective monitoring mechanism, etc., adversely impacting the implementation of the scheme.

BOX 3: Implementation of Minor Irrigation Projects (MIP)

The Accelerated Irrigation Benefits Programmes (AIBP), a centrally sponsored scheme was conceived in 1996 by the Government of India (GOI) in order to provide financial assistance to the States in completion of the various ongoing irrigation projects so that the envisaged irrigation potential of the projects could be created and thereby extended the irrigation facility to more areas.

While conducting the performance review, Audit noticed a few MIP schemes which functioned satisfactorily and the farmers were deriving the intended benefits from these schemes. However, the overall impact of implementation of the minor irrigation projects was far from satisfactory because of significant shortfalls in achievement of targets for creation of irrigation potential. The irrigation coverage of 19775 hectares as of March 2009 as claimed by the Department, is in fact only 18554 hectares, which was only 5.15 per cent of the ultimate irrigation potential (3.60 lakh hectares). Apart from non-adherence to financial rules, the department failed to monitor the schemes during execution. The objective of generating additional irrigation potential to increase the production of cultivable lands, thus, remained largely unachieved.

1.6 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected not only to keep its fiscal deficit (and borrowing) at low levels but also to meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to more dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and also take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.6.1 Incomplete projects

According to the information available in Appendix II of the Finance Accounts for the year 2008-09, as of March 2009, there were 80 ongoing projects in the State. The department-wise information pertaining to incomplete projects as on 31 March 2009 is given in **Table 1.16**.

Table 1.16: Department-wise Profile of Incomplete Projects

(Rupees in crore)

Department	Number of Incomplete Projects	Initial estimated cost	Revised cost of Projects	Cum.actual exp. as on 31 March 2009	Percentage of initial expenditure
Irrigation and Flood control	2	14.89	-	7.30	49.01
Roads and Bridges	25	221.46	44.37	104.58	47.22
PWD (Building)	5	6.80	4.58	4.11	60.44
Others-Power	48	591.11	609.65	463.53	78.42
Total	80	834.26	658.60	579.52	69.47

As can be seen from the above table, 80 projects stipulated for completion on or before 31 March 2009 at an estimated cost of Rs.834.26 crore, remained incomplete with an expenditure of Rs.579.52 crore till March 2009. Out of 80 projects, 9 projects remained incomplete for more than 15 years after incurring expenditure of Rs.210.42 crore against the estimated cost of Rs.143.79 crore, and 32 projects remained incomplete for more than 5 years to 15 years. Effective steps need to be taken to complete the incomplete projects without further delays to avoid cost overrun due to time overrun.

1.6.2 Investment and returns

As of 31 March 2009, Government had invested Rs.220.41 crore in Government Companies and Co-operative Societies (**Table 1.17**). The average return on this investment was nil except during the year 2007-08 which was also less than one *per cent*, while the Government paid interest at an average rate of 6.19 *per cent* to 8.90 *per cent* on its borrowings during the period.

Table 1.17: Return on Investment

Investment/Return/cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rupees in crore)	16.23	27.27	31.76	217.58	220.41
Return (Rupees in crore)	0.00	0.00	0.00	*	0.00
Return (<i>per cent</i>)	-	-	-	-	-
Average rate of interest on Government borrowings (<i>per cent</i>)	8.90	7.58	7.99	6.19	7.71
Difference between interest rate and return (<i>per cent</i>)	8.90	7.58	7.99	6.19	7.71
*less than 0.01					

As of March 2009, the State Government had invested Rs.9.04 crore in five Government Companies and Rs.211.37 crore in 145 Co-operative Societies. Out of Rs.9.04 crore invested in Government Companies, Rs.5.04 crore was invested in three loss making companies, which had accumulated loss of Rs.16.55 crore as detailed in **Table 1.18**. Upto date working results of one Government company and all the Co-operative Societies had not been intimated.

Table 1.18: Details of loss making Government Companies

(Rupees in crore)

Name of Companies	Amount invested upto March 2009	Invested upto	Accumulated loss	Period upto ⁶
Arunachal Pradesh Mineral Dev. and Trading Corporations	2.39	2006-07	0.25	1993-94
Handloom and Handicraft Development Corporation Limited	0.83	1996-97	3.48	1996-97
Arunachal Pradesh Industrial Dev. and Financial Corporation Ltd.	1.82	2006-07	12.82	2007-08
	5.04		16.55	

⁶ Accounts for the subsequent years are in arrears.

1.6.3 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advance to many of these institutions/organizations. **Table 1.19** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last five years.

Table 1.19: Average Interest Received on Loans and Advances given by the State Government

	(Rupees in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Opening Balance	21	25	25	28	28
Amount advanced during the year	6	3	5	3	27
Amount recovered during the year	2	3	2	3	3
Closing Balance	25	25	28	28	52
Net addition	4	-	3	-	24
Interest Receipts	0.49	-	0.54	1.00	0.87
Interest received as <i>per cent</i> to Outstanding Loans and Advances	2.13	-	2.04	3.57	2.18
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	8.90	7.58	7.99	6.19	7.71
Difference between interest payments and receipts (<i>per cent</i>)	6.77	7.58	5.95	2.62	5.53

The total outstanding loans and advances as on 31 March 2009 was Rs.52 crore. Interest received against these loans and advances was meager, which had decreased by 13 *per cent* during the year over previous year.

The outstanding loans and advances were mainly in Co-operation (Rs.31.39 crore), Village and Small Industries (Rs.1.91 crore), and Government Servants (Rs.7.58 crore) during the current year. Major portion of loans were given as advances to other co-operatives (Rs.20.53 crore) and loans for Power Projects (Rs.5.00 crore).

1.6.4 Cash Balances and Investment of Cash balances

Table 1.20 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.20: Cash Balances and Investment of Cash balances

	(Rupees in crore)		
Particulars	As on 1 st April 2008	As on 31 st March 2009	Increase
Cash Balances	525.40	3278.10	2752.70
Investments from Cash Balances (a & b)	845.96	3655.70	2809.74
a. GOI Treasury Bills	845.96	3655.70	2809.74
b. GOI Stock/Securities	...	...	...
Fund-wise break-up of Investment from Earmarked balances (a & b)			
a. Sinking Fund Investment Account	44.90	58.90	14.00
b. Other Development and Welfare Fund	2.13	2.13	...
Interest realised on investment of cash balance	12.99	33.93	20.94

The cash balance of the State increased by Rs.2752.70 crore, from Rs.525.40 crore at the end of March 2008 to Rs.3278.10 crore at the end of March 2009. Interest realised on investment of cash balances also increased by Rs.20.94 crore during 2008-09 over that of previous year. By investment of Rs.845.96 crore on GOI Treasury Bills as on 1st April 2008, the State Government realised Rs.33.93 crore as interest during 2008-09, which was only 4.01 *per cent* of the amount invested. However, this has to be viewed in the backdrop that the State Government raised open market loan of Rs.26.05 crore during 2008-09 at the minimum rate of interest of 8.47 *per cent* per annum. **Thus, there is an urgent need for more prudent cash management by the State Government which would minimise borrowing of funds from open market to meet its expenses.** Instead of investing the cash balances, had the Government utilized the amount to discharge the market loan, it could have saved the difference of interest payable on market loan.

It is generally desirable that the state's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – Ordinary and Special – from Reserve Bank of India (RBI) has been put in place. The operating limit for Ordinary WMA is reckoned as the three year average of revenue receipts and the operative limit for Special WMA is fixed by RBI from time to time depending on the holding of Government securities.

Under the agreement with the RBI, the Government of Arunachal Pradesh has to maintain an all time minimum balance of Rs. 26 lakh with RBI. If the balance falls below the agreed minimum, the Government can take Ordinary WMA from the RBI. In addition, Special WMA is made available against GOI securities held by the State Government. Overdrafts are given by the RBI if the State has a minus balance after availing of the maximum ordinary WMA.

WMAs and Overdrafts availed, the number of occasions it was availed on and interest paid by the State during 2004-09 are detailed in **Table 1.21**.

Table 1.21: Ways and Means Advances and Overdrafts of the State

(Rupees in crore)					
	2004-05	2005-06	2006-07	2007-08	2008-09
Ways and Means Advances					
Availed in the Year	146.65	42.20	--	--	--
Number of days	74	59	--	--	--
Outstanding WMAs, if any	55.40	88.70	55.64	55.64	55.64
Interest Paid	0.24	0.21	8.18	--	--
Overdraft					
Availed in the Year	45.22	201.50	--	--	--
Number of days	6	35	--	--	--
Outstanding Overdraft, if any	0.50	172.98	--	--	--
Interest Paid	0.51	0.90	--	--	--

As can be seen from the above table, the Government did not have to resort to WMA during the current year (2008-09) as well as during the previous two years (2006-08), indicating comfortable position of the cash balances of the State.

The State Government had maintained a minimum cash balance of Rs.26 lakh as per the agreement with the Reserve Bank of India during the last three years.

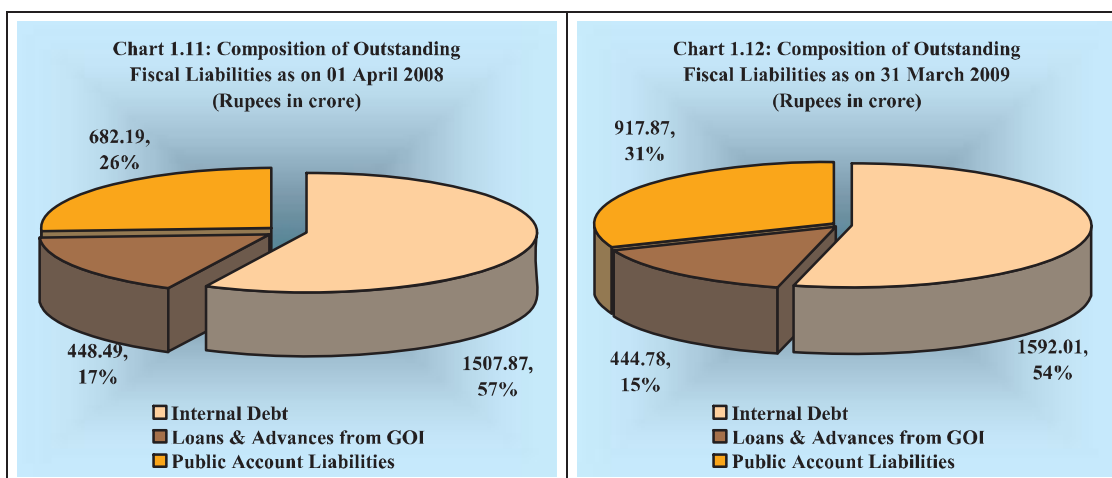
1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix 1.4 gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However, the composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.11** and **1.12**.



Fiscal liabilities of the State increased from Rs.1777.54 crore in 2004-05 to Rs.2954.66 crore in 2008-09 and was mainly due to internal debt (Rs.1592.01 crore), loans and advances from Central Government (Rs.444.78 crore), small savings, provident funds (Rs.648.58 crore) and other non-interest bearing obligations such as deposit of local funds, civil deposits, etc. (Rs.269.29 crore). The fiscal liabilities registered a growth rate of 11.98 per cent over the previous year and its ratio to GSDP decreased from 67.86 per cent in 2007-08 to 65.13 per cent in 2008-09. These liabilities stood at 0.77 times of the revenue receipts and 21.69 times of the State's own resources during the current year. The buoyancy of these liabilities with respect

to GSDP during the year was 0.72 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.72 *per cent*.

The State Government constituted a 'Consolidated Sinking Fund' for amortization of open market loans during 2008-09 and has appropriated Rs.14.00 crore from revenue and credited to this fund for investment in the GOI Securities.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2004-05 are given in Table 1.22.

Table 1.22: Guarantees given by the Government of Arunachal Pradesh

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Maximum amount guaranteed (year end)	14	24	24	12	12
Outstanding amount of guarantees (including interest)	8	6	13	0.98	0.61
Percentage of maximum amount guaranteed to total revenue receipts	0.93	1.30	0.93	0.40	0.31

Government has guaranteed loans by various Companies and others, which at the end of 2008-09 stood at Rs.0.61 crore (including interest). Bulk of the guaranteed amount (Rs.0.60 crore) was outstanding against Arunachal Pradesh Industrial Development and Financial corporation (APIDFCL). The outstanding amount of guarantees is in the nature of contingent liabilities, which were about 0.31 *per cent* of revenue receipts of the state during 2008-09. *No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limit within which Government may give guarantees on the security of the Consolidated Fund of the State. Even the APFRMM Act, 2006 also did not fix any ceiling limit for the maximum or outstanding guarantees to be given by the State Government.*

1.8 Debt Sustainability

Apart from the magnitude of debt of the State, it is important to analyse various indicators that determine the debt sustainability⁷ of the State. This section assesses the sustainability of debt of the State in terms of debt stabilization⁸, sufficiency of

⁷ The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

⁸ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

non-debt receipt⁹; net availability of borrowed funds¹⁰, burden of interest payments (measured by interest payments to revenue receipts ratio and maturity profile of State Government securities. **Table 1.23** analyses the debt sustainability of the State according to these indicators for the period of five year beginning from 2004-05.

Table 1.23: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit) (Rupees in crore)	-62	-6	+503	+329	+97
Sufficiency of Non-debt Receipts (Resource Gap)	-193	+190	+513	+48	+217
Net Availability of Borrowed Funds	107	403	-141	112	101
Burden of Interest Payments (IP/RR Ratio)	9.78	8.46	7.24	5.16	5.59

Table 1.23 reveals that quantum spread together with primary deficit/surplus has been negative in 2004-05 and 2005-06 but turned positive thereafter and continued till 2008-09. Viewed along with the ratio of fiscal deficit to GSDP which also indicated a fluctuating trend during the period 2004-09, it indicates oscillating debt-GSDP ratios during the period. The sum of quantum spread and primary deficit at Rs.97 crore during 2008-09 against Rs.329 crore during the previous year is a signal to the State Government for taking an immediate remedial measure to improve the fiscal imbalances for improving the debt sustainability position in medium to long run.

It was observed that debt stabilization in Arunachal Pradesh, though still stable, has shown a decreasing trend since 2006-07. Incremental Non-debt receipts were sufficient to cover incremental interest liabilities, incremental primary expenditure and the extent to which debt funds are used in debt redemption.

The trends in resource gap indicate the oscillation between positive and negative magnitudes, i.e., it remained positive during 2005-09 but negative in 2004-05 as incremental non-debt receipts in these four years were much above the incremental total expenditure. The negative resource gap in the year 2004-05 was mainly due to the steep increase in non-interest revenue expenditure (Rs.112.76 crore).

The debt redemption ratio has fluctuated widely during the period 2004-09 which remained less than unity in 2006-07 indicating the fact that debt repayments including interest charges were more than the fresh debt receipts while it varied between 12.87 *per cent* and 38.75 *per cent* in remaining years. During the current year, the Government repaid Rs.684 crore as principal and interest on internal debt (Rs.183 crore), loans and advances from the GOI (Rs.41 crore) and other obligations (Rs.460 crore), as a result of which borrowed funds of Rs101 crore were available for

⁹ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

¹⁰ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

development purposes. Under the loans and advances from GOI, the net funds available continued to be negative during the entire period of five years. Over 44.20 per cent (Rs.80 crore) of the net funds available from other obligations (Rs.181 crore), were used to meet the repayment obligation of the Internal Debt and Loans and Advances from the GOI.

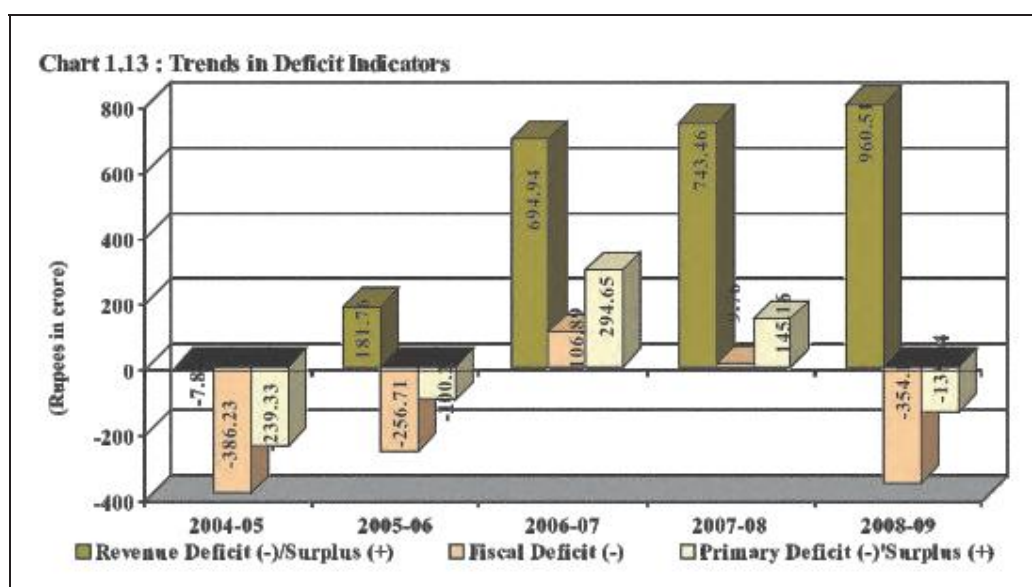
The maturity profile of 6003-Internal Debt of the State Government and 6004-Loans and Advances from Central Government were not available from the Government. Non-availability of the maturity profile indicates that the State does not have a management information system in place to effectively manage its debt.

1.9 Fiscal Imbalances

Three key fiscal parameters – revenue, fiscal and primary deficits – indicate the extent of overall fiscal imbalances in the Finances of the State during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management by the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Charts 1.13 and 1.14 present the trends in deficit indicators over the period 2004-09.



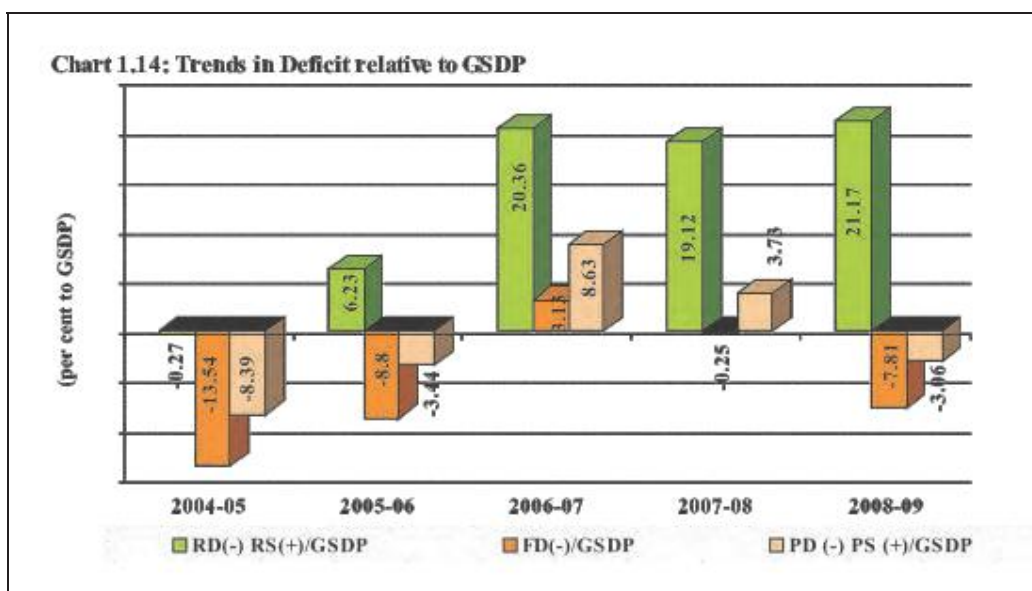


Chart 1.13 reveals that the revenue account experienced a situation of substantial deficit of Rs.7.80 crore during 2004-05. Since 2005-06, the revenue account turned into surplus which has steeply increased to Rs.960.51 crore during 2008-09. The significant increase during the current year was mainly on account of increase in revenue receipts by Rs.852.96 crore (28.40 *per cent*) against an increase of Rs.635.91 crore (28.14 *per cent*) in revenue expenditure over the previous year. The fact was that State's own resources contributed around 17.96 *per cent* (Rs.153.23 crore) in the incremental revenue receipts (Rs.852.96 crore) during 2008-09 against 92.40 *per cent* (Rs.379.60 crore) during 2007-08. The increase in revenue surplus in the current year was primarily on account of better growth rate of 37.32 *per cent* (Rs.675.51 crore) in grants-in-aid as compared to (-)3.19 *per cent* (Rs.(-) 59.49 crore) during 2007-08.

The fiscal deficit, which represents the total borrowings of the Government and its total resource gap also increased from the lowest level of Rs.193 crore in 2004-05 during the period 2004-09 to Rs.217 crore in 2008-09. The increase in revenue surplus (Rs.217 crore) along with an increase in capital expenditure (Rs.537 crore) as well as in loans and advances disbursed (Rs.24 crore) during 2008-09 led to an increase of Rs.344 crore in fiscal deficit during the current year. Contrary to the commitment for achieving fiscal deficit of 3 *per cent* of GSDP within a period of five financial years ending on 31st March 2010 made by the State Government in the APFRBM Act, the fiscal deficit increased to 7.81 *per cent* of GSDP during 2008-09 compared to 0.25 *per cent* during previous year.

The primary surplus which continued during 2006-07 and reached the level of Rs.145.16 crore during 2007-08, also took a downward turn in 2008-09 and resulted in a primary deficit¹¹ of Rs.138.64 crore. A sharp increase of Rs.344.40 crore in fiscal

¹¹ Primary deficit, defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

deficit and a moderate increase in interest payments (Rs.60.60 crore) resulted in a primary deficit of Rs.138.64 crore during the current year.

1.9.2 Components of Fiscal Deficit and its Financing Pattern.

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in Table 1.24.

Table 1.24 : Components of Fiscal Deficit and its Financing Pattern
(Rupees in crore)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
	Fiscal deficit (-)/surplus (+)(1 to 3)	-386	-257	+107	-10	-354
1	Revenue Deficit (-)/Surplus (+)	-8	+182	+695	+743	+960
2	Net Capital Expenditure	375	438	586	753	1290
3	Net Loans and Advances	-3	-1	-2	..	-24
Financing Pattern of Fiscal Deficit^(a)						
1	Market Borrowing	17	42	100	172	14
2	Loans from GOI	44	-12	-28	-16	-4
3	Special Securities issued to NSSF	..	238	130	25	21
4	Loans from Financial Institutions	-1	30	22	33	49
5	Small Savings, PF. etc.	82	68	63	43	78
6	Reserve Funds	15	17	10	-80	14
7	Deposits and Advances	-5	20	-50	100	154
8	Suspense and Miscellaneous	39	-90	-90	191	2782
9	Remittances	..	22	-53	-458	-2752
10	Increase (-)/Decrease (+) in Cash Balances	+99	-244	-5	...	-2
11	Increase or decrease in Ways & Means Advances	+96	+166	-206	..	..
Overall Deficit (1 to 11) (-)		-386 (13.53)	-257 (8.81)	+107 (3.14)	-10 (0.26)	-354 (7.80)

Figures in brackets indicate the percent to GDP.

^(a)All the figures are net of disbursement/outflows during the year.

Except for the year 2006-07, there was a fiscal deficit during the five year period ending 2008-09, which reached its peak during 2008-09. During the current year, fiscal deficit increased by over 3540 *per cent* (Rs.10 crore) over previous year mainly due to increase in capital expenditure by Rs.537 crore. The fiscal deficit of Rs.354 crore during 2008-09 was mainly met from Suspense and Miscellaneous (Rs.2782 crore) and Deposits and Advances (Rs.154 crore). **Though increase in capital expenditure indicated that the borrowed funds were being utilised for productive uses, the solution to the Government debt problem lies on the method of application of borrowed funds, i.e., whether they are being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general.**

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and the Capital Expenditure (including loans and advances) would indicate the quality of deficits in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The analysis of the primary deficit (**Table 1.25**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which is desirable to improve the productive capacity of the State's economy.

Table 1.25 : Primary Deficit/Surplus – Bifurcation of Factors
(Rupees in crore)

Year	Non-debt receipt	Primary Revenue Expenditure	Capital Expenditure	Loans & Advances	Primary Expenditure	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6	7	8
2004-05	1504	1363	375	6	1744	+141	-240
2005-06	1852	1511	438	4	1953	+341	-101
2006-07	2594	1709	586	5	2300	+85	+294
2007-08	3006	2105	753	3	2861	+901	+145
2008-09	3859	2680	1290	27	3997	+1179	-138

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2004-09 reveals that throughout this period, the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure¹² requirements in the revenue account, rather some receipts were left to meet the expenditure under the capital account. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit during 2004-06 and 2008-09. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which to some extent may be desirable to improve the productive capacity of the State's economy.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of correction in deficit indicators. **Table 1.26** presents the change in revenue receipts of the State and the correction of the deficit during the last three years ending March 2009.

¹² Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.

Table 1.26: Change in Revenue Receipts and Correction of Deficit

Parameters	2006-07	2007-08	(per cent of GSDP) 2008-09	
			BE	Actual
Revenue Receipts (a to d)	75.94	77.24	86.05	85.01
a. State's Own Tax Revenue	2.28	2.52	2.10	3.00
b. State's Own Non-Tax Revenue	8.70	16.90	11.50	17.01
c. State's Share in Central Taxes and Duties	10.17	11.27	11.37	10.19
d. Grants-in-Aid	54.79	46.55	61.08	54.81
Revenue Expenditure	55.58	58.13	65.32	63.82
Revenue Surplus	20.36	19.11	20.73	21.19
Fiscal Deficit (-)/Surplus (+)	+3.14	-0.26	13.82	-7.80

Arunachal Pradesh adopted FRBM Act in March 2006 (details in Appendix 1.2-Part B). The State had also developed its own Fiscal Correction Path (FCP) detailing the structural adjustments required for mobilizing additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the APFRBM Act. As prescribed in this Act, the State Government had incorporated Macro Economic Statement, MTFP Statement and Fiscal Plan Strategy Statement in the Budget for the year 2008-09.

Table 1.26 shows that the percentage of revenue receipts relative to GSDP had increased from 77.24 per cent in 2007-08 to 85.01 per cent in 2008-09, less than the projection made in the budget estimate for the year. The State, achieved the fiscal targets laid down in the FCP as well as in the Budget for the year 2008-09, as the year 2008-09 ended with a revenue surplus of Rs.961 crore against Rs.293 crore and Rs.940.25 crore targeted in the FCP and Budget respectively. As per the MTFP Statement, during 2008-09, the State Government had expected to achieve 10.84 per cent relative to GSDP as revenue surplus. Actual revenue surplus at Rs.961 crore during 2008-09 was 24.92 per cent of the total revenue receipts of the year.

The fiscal deficit relative to GSDP at 7.80 per cent was much higher than the target set in MTFP Statement for 2008-09 (3.00 per cent) and also the ceiling of 3 per cent to be achieved by 2008-09 as per the APFRBM Act.

1.10 Conclusion and Recommendations

Fiscal Correction Path

The fiscal position of the State viewed in terms of key fiscal parameters – fiscal deficit and primary deficit has shown decline in 2008-09 relative to the previous year. Revenue surplus increased by Rs.217 crore in 2008-09 but fiscal deficits have increased by over 35 times compared to the previous year. Moreover, the fiscal performance of the State vis-à-vis targets set in FCP as well as APFRBM Act and Budget indicate not very positive picture during the year. Central transfers comprising State's share of Central taxes and grants-in-aid from the Government of India increased by Rs.700 crore in 2008-09 and contributed around 82 per cent of the incremental revenue receipts during the year, indicating Central transfers being the key in the increase in revenue receipts of the State.

The total loss of revenue due to underassessment/short levy/non-levy of taxes, etc., which was 3 per cent of the State's own resources consisting of tax and non-tax revenue during 2008-2009, indicates the presence of loopholes in resources mobilization. Pending revenue arrears constituted over 48 per cent of tax revenue of the State during 2008-09.

The State should, therefore, make effort to increase tax compliance, collect revenue arrears and prune unproductive expenditure so that deficits are contained to the levels envisaged in the APFRBM Act, 2006. Effort should also be made to return to the state of primary surplus and reduction of fiscal deficits.

Expenditure Pattern

The expenditure pattern of the State reveals that though the revenue expenditure as a percentage of total expenditure declined by 6.20 per cent in the current year, it hovered around 80 per cent for the period (2004-09) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPPE at Rs.1753 crore in 2008-09 constituted 61 per cent and remained significantly higher than the normatively assessed level of Rs.948 crore by TFC for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of NPPE which was about 66 per cent during 2008-09.

Expenditure pattern under both the above sectors needs correction in the ensuing years. There is also need to give greater fiscal priority to the social sector expenditure, as the State has a lower expenditure on this category when compared to the ratio of aggregate expenditure to GSDP in respect of all States/National Average.

Return on Investment

The average return on investment in Statutory Corporations, Government companies and Co-operative Societies was almost nil during 2004-09, while the Government paid interest at an average rate of 7.71 per cent on its borrowings during the period. The increased fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long term, unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilize additional resources both through the tax and non tax sources in the ensuing years.

The State Government should ensure better value for money in investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial return.

Accounting of funds transferred to State Implementing Agencies

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for implementation of various schemes/programmes in social and economic sectors.

Direct transfer from the Union to the State Implementing Agencies runs the risk of poor accountability. As such, a system should be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General.

CHAPTER II

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Accounts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Accounts in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate management of finances and Accounts.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-09 against 70 grants/appropriations was as given in **Table 2.1**:

**Table 2.1: Summarised position of Actual expenditure vis-à-vis
Original/Supplementary provisions**

(Rupees in crore)

	Name of expenditure	Original grant/appropriation	Supplementary grant / appropriation	Total	Actual expenditure *	Saving (-) / Excess (+)
Voted	I Revenue	2716.74	1190.88	3907.62	2660.20	(-) 12,47.42
	II Capital	314.24	1461.94	1776.18	1291.02	(-) 4,85.16
	III Loans and Advances	4.02	25.00	29.02	27.24	(-) 1.78
Total Voted		3035.00	2677.82	5712.82	3978.46	(-)17,34.36
Charged	IV Revenue	244.92	4.03	248.95	235.31	(-) 13.64
	V Capital	-	-	-	-	
	VI Public Debt-Repayment	184.54	-	184.54	63.46	(-) 121.08
Total Charged		429.46	4.03	433.49	298.77	(-) 134.72
Appropriation to Contingency Fund (if any)		-	-	-	-	
Grand Total		3464.46	2681.85	6146.31	4277	(-)1869.08

* These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue Expenditure (Rs.0.06 crore) and Capital Expenditure (Rs.0.78 crore).

The overall saving of Rs.18,69.08 crore was the results of saving of Rs.19,39.68 crore in 54 grants and 5 appropriations under Revenue Section, 31 grants and 1 appropriation under Capital Section, offset by excess of Rs.70.60 crore in 11 grants under Revenue Section and 4 grants under Capital Section.

A substantial savings of Rs.1247.42 crore in revenue (voted) head occurred due to savings in Secretariat-Economic Services (Rs.1179.28 crore), Directorate of Accounts (Rs.17.29 crore), Agriculture (Rs.12.12 crore), Rural Works (Rs.13.67 crore), Power (Civil) Rs.12.18 crore), Civil Aviation (Rs.9.45 crore) and Public Works (Rs.9.05 crore).

Excess expenditure mainly occurred in Education (Rs.15.48 crore), Power (Rs.7.19 crore), Public Health Engineering (Rs.37.07 crore) and Fisheries (Rs.1.14 crore).

The savings/excess (Detailed in the Appropriation Accounts) for 69 Grants and 1 Appropriation were intimated from 8th December 2009 to 13th December 2009 to the Controlling Officers requesting them to explain the reasons for significant variations, out of which 22 replies were received from the Controlling Officers. Besides regular reminders, reconciliation were also held with the Finance Department and the Controlling Officers of each department from 7th September 2009 to 19th September 2009 by Accountant General in which they were again requested to furnish reasons for excess/savings. Out of 134 Major Heads, explanations for variations were not received (31 December 2009) in respect of 109 Major Heads (Savings in 91 Major Heads and excess in 18 Major Heads).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 24 cases, savings exceeded rupees one crore in each case and also by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of Rs.1,939.68 crore, savings of Rs.1,548.54 crore (79.83 per cent) exceeding Rs.10 crore in each case occurred in 26 relating to 6 grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs.10 crore and above.

<i>(Rs. in crore)</i>						
Sl. No	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Saving (-) / Excess (+)
Revenue-Voted						
1.	50-Secretariat Economic Services	11,82.47	0.25	11,82.72	3.44	11,79.28
2.	66- Power (Civil)	14.58	6.45	21.03	8.85	12.18
Capital-Voted						
3.	14-Education	1.74	115.62	117.36	50.83	66.53
4.	16-Art and Cultural Affairs	15.36	-	15.36	3.55	11.81
5.	32-Roads and Bridges	104.93	593.23	698.16	540.50	157.66
Capital-Charged						
6	Public Debt	184.54	-	184.54	63.46	121.08
Grant Total		15,03.62	715.55	22,19.17	670.63	15,48.54

Reason for excessive savings in the above cases had not been furnished (December 2009 by the Government.

2.3.2 Persistent Savings

In four cases, during the last five years there were persistent savings of more than rupees one crore each and also by normal 10 per cent or more of the total grant. (Table 2.3)

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in crore)

Sl. No	No. and Name of the Grant	Amount of Savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1.	50-Secretariat Economic Services	17.77 (53)	341.37 (94)	328.24 (89)	523.23 (94)	1179.28 (99)
Capital-Voted						
2.	14-Education	8.97 (35)	10.75 (34)	9.84 (20)	10.11 (35)	66.53 (57)
3.	31-Public Works	17.95 (64)	3.21 (22)	10.03 (40)	5.10 (23)	31.82 (48)
4.	34-Power	52.71 (32)	52.60 (37)	25.85 (22)	63.52 (40)	45.87 (28)

(Figures in the parentheses indicate percentage of saving to total provision)

One grant, viz. 'Secretariat-Economic Services' posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive/re-appropriations-Persistent savings indicative of poor budgeting and inadequate control over allocation there against.

2.3.3 Excess Expenditure

In two cases, expenditure aggregating Rs.6.76 crore exceeded the approved budget provision by Rs.1 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.2**.

2.3.4 Expenditure without provision

As per the Budget Manual, expenditure should not be incurred on a Scheme/Service without provision of funds. It is, however, noticed that expenditure of Rs.12.19 crore was incurred in six grants and one appropriation as detailed in **Appendix-2.3** without any provision in the Original estimates/Supplementary demand and without any re-appropriation orders to this effect.

Significant cases of such expenditure involving expenditure in excess of Rs.1 crore are given in **Table 2.4**.

Table 2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Grant/Appropriation No.-Major Head of Accounts-Sub Head - Detailed Head	Expenditure without provision
11-Social Welfare-4235-02-800-001 Creation of assets	9.14
Appropriation – 2049-60-701-003- Interest on Power Bonds	1.61

2.3.5 Excess over provisions relating to previous year requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Constitution, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to Rs.1022.34 crore for the years from 1986-87 to 2007-08 was yet to be regularised as detailed in **Appendix 2.4**.

2.3.6 Excess over provisions during 2008-09 requiring regularization

Table 2.5 contains the summary of total excess in 15 grants amounting to Rs.70.61 crore over authorisation from the Consolidated Fund during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.5: Excess over provisions requiring regularisation during 2008-09.

(Rupees in crore)

Sl. No.	Number and Titles of grants/appropriation	Total Grant / Appropriation	Expenditure	Excess
Revenue - Voted				
1	5 – Secretariat Administration	36.35	36.48	0.13
2	9-Motor Garages	11.22	11.60	0.38
3	14-Education	360.11	375.59	15.48
4	17-Gazetteer	0.30	0.32	0.02
5	29-Co-operation	5.97	6.33	0.36
6	34-Power	142.28	149.47	7.19
7	37-Legal Metrology	2.98	3.93	0.95
8	43-Fisheries	7.48	8.62	1.14
9	48-Horticulture	17.30	17.58	0.28
10	56-Tourism	5.99	7.23	1.24
11	59-Public Health Engineering	212.66	249.74	37.08
Capital –Voted				
12	29-Co-operative	22.20	22.40	0.20
13	43-Fisheries	0.01	0.25	0.24
14	45-Civil Aviation	1.57	7.09	5.52
15	65-Deptt. of Tirap & Changlang Dist.	22.25	22.64	0.39
	Total	848.67	919.27	70.60

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs.13.02 crore obtained in 8 cases, (Rs.10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.5**. In 6 cases,

supplementary provision of Rs.304.44 crore proved insufficient, by more than rupees one crore in each case, leaving an aggregate excess expenditure of Rs.67.64 crore over the supplementary provision (**Appendix 2.6**).

2.3.8 Excessive/Unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over Rs.10 lakh in each sub-head of 94 grants/appropriations as detailed in **Appendix 2.7**.

2.3.9 Unexplained re-appropriation

According to Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as “Less requirement of fund”, “requirement of more funds” etc. should be avoided. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of some cases reasons given for additional provision/withdrawal of provision in the re-appropriation orders were release of additional funds by the Government of India for major works, non-receipts of funds from the Finance Department, non-completion of construction works in time etc., while in most of the cases vague expressions like, ‘based on actual requirement’ etc., was shown as reasons for re-appropriation.

2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 10 grants. Out of the total provisions of Rs.1,196.67 crore in these 10 cases, Rs.1,180.98 crore (98.69 per cent) were available for surrender. The details of such cases are given in **Appendix 2.8**.

2.3.11 Surrender in excess of actual saving

In 4 cases, the amounts surrendered were in excess of actual savings which indicated inadequate budgetary control in these departments. As against savings of Rs.2.02 crore, the surrendered amount was Rs.3.44 crore resulting in excess surrender of Rs.1.42 crore. Details are given in **Appendix 2.9**.

2.3.12 Anticipated savings not surrendered

As per the Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2008-09, there were 40 grants/appropriation in which savings occurred (Rs. 10 lakh and above in each case) but no amount was surrendered by the departments concerned. The amount involved in these cases was Rs.575.22 crore (**Appendix 2.10**). Out of 40 in 35 cases the savings were more than rupees one crore.

Similarly, out of the total savings of Rs.1910.50 crore under 32 grants/appropriations (where savings of Rs. 1 crore and above occurred in each grants/appropriation), amount

aggregating Rs.701.80 crore (36.79 per cent of total savings) were not surrendered, details of which are given in **Appendix 2.11**.

Beside in 13 cases (Surrender of funds in excess of Rs.1 crore) Rs.1276.86 crore were (**Appendix 2.12**) surrendered in the last working day of March 2009 indicating inadequate financial control and the fact that these could not be utilised for other development purposes.

2.3.13 Rush of expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure. As such, Government expenditure is required to be evenly phased over the year as far as possible. It was, however, noticed that during 2008-09, the expenditure during the fourth quarter and in the month of March compared to the total expenditure during the year ranged between 38 percent and 96 percent and 25 percent to 98 percent respectively in case of 14 illustrative major heads of account in (**Appendix 2.13**).

2.4 Non-reconciliation of departmental figures

2.4.1 Pending submission of detailed countersigned contingent bills against Abstract Contingent Bills.

Rules provide that drawals through Abstract Contingent bills (AC bills) require presentation of Detailed Countersigned Contingent bills (DCC bills) to the Controlling Officer (CO) and transmission of the same to the Accountant General Office. A certificate is also required to be attached to every AC bill to the effect that DCC bills have been submitted to the CO in respect of all one month old AC bills (drawn more than a month before the date of that bill).

Records available in respect of 384 Drawing and Disbursing Officers (DDOs)/Controlling officers revealed that during 2001-09 Rs.46.85 crore were drawn through 2955 AC bills but DCC bills against these drawals had not been furnished to the Accountant General as of March 2009 (**Appendix 2.14**). Thus, due to non-submission of DCC bills, the actual expenditure against these drawals remained un-assessed by the Government which indicated serious deficiency in control over expenditure.

2.4.2 Un-reconciled expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General.

Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continued to

persist during 2008-09. Also 6 Controlling Officer did not reconcile expenditure amounting to Rs.102.29 crore as of March 2009. The details are given in **Table 2.7**.

Table 2.6: Expenditure remained un-reconciled

(Rupees in crore)

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
1	Secretary, Gazetteer	2070	0.32
2	Director, Social Security and Welfare	2235	0.23
3	Director, Urban Development	2217,2230,4217	35.08
4	Director, Civil Aviation	3053,3275,5053	45.68
5	Secretary, Horticulture	2401,2415,4401	19.27
6	Commissioner, Finance (Loans to Govt. Servant)	7610	1.71
Total			102.29

2.5 Conclusion

During 2008-09 there was a net saving of Rs.1869.08 crore, after adjusting excess of Rs.70.60 crore. The excess of Rs.70.60 crore requires regularisation under Article 205 of the Constitution. Four grants, viz “Secretariat-Economic Services”, ‘Education’, ‘Public-Works’, and ‘Power’ posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on abstract contingent bills. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided.

CHAPTER III

Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The compliance to financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

3.1 Utilisation certificates

General Financial Rules 151(1) provide that for the grants provided for specific purposes, utilization certificates (U.Cs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise.

Department-wise position of utilization certificates for the grants provided for specific purposes, though called for (Feb 2010) from the State Finance Department, had been received only in respect of 2 departments, Viz. Director, Urban Developments and Director, Panchayati Raj Department. As per information furnished by these two Directorate, utilization certificates for Rs.22.93 crore (Rs.6.80 crore for TFC, Rs. 9.82 crore for BRGF and Rs.6.31 crore for RSVY) and Rs.0.02 crore were pending as intimated by the Director, Panchayati Raj Department and the Director, Urban Development respectively as on 31st March 2009.

3.2 Non-submission / delay in submission of accounts.

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptrollers and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

The annual accounts of 16 autonomous bodies/ authorities due upto 2008-09 had not been received as on December 2009 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in Table below.

Table 3.1

SL.NO.	Delay in Number of Years	No. of the Bodies /Authorities	Grants Received (Rs. In lakh)
1.	0 – 1	2	NA
2.	1 – 3	7	NA
3.	3 – 5	4	NA
4.	5 – 7	--	--
5.	7 – 9	--	--
6.	9 & above	3	NA

Out of 16 bodies/ authorities, annual accounts in respect of 3 organisations viz., DRDA, Seppa, RamKrishna Mission, Itanagar and RamKrishna Mission Hospital, Itanagar were outstanding for 9 and more years.

3.3 Delay in submission of Accounts

Four autonomous bodies have been set up in the State. Of these three bodies were created under Central Act viz., North Eastern Regional Institute of Science & Technology, Arunachal Pradesh Building and Other Construction Workers Welfare Board (APBOCWWB) and Rajiv Gandhi University and one viz., Arunachal Pradesh State legal Services Authority created under State Act. Audit of accounts of APSLSA upto 2006-07 was entrusted to the Comptroller and Auditor General of India under Section 19(2) of the DPC Act. Hence, accounts for the year 2007-08 have not been received the accounts of APBOCWWB for the year 2007-08 is in arrear.

3.4 Conclusion

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilization certificates for grants given by Urban Development and Panchayati Raj Department and also non-submission of information regarding utilization certificates by the Finance Department. Regarding losses and misappropriation, the information was awaited from the Finance Department.

Itanagar
The



(C.ANGRUP BODH)
Accountant General, Arunachal Pradesh

Countersigned

New Delhi
The



(VINOD RAI)
Comptroller and Auditor General of India

APPENDIX 1.1 - Part A

Structure and Form of Government Accounts

(Reference: Paragraph 1.1)

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursement in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

APPENDIX 1.1 - Part B

Layout of Finance Accounts (Reference: Paragraph 1.1)

Statement	Layout
Statement No. 1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No. 2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of current year.
Statement No. 3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc. There is no commercial irrigation project in the State of Arunachal Pradesh.
Statement No. 4	Indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.
Statement No. 6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No. 7	Gives the summary of cash balances and investments made out of such balances.
Statement No. 8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No. 9	Shows the revenue and expenditure under different heads for the current year as a percentage of total revenue / expenditure.
Statement No. 10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No. 11	Indicates the detailed account of revenue receipts by minor heads.
Statement No. 12	Provides accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head-wise.
Statement No. 13	Depicts the detailed capital expenditure incurred during and to the end of the current year.
Statement No. 14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies etc, up to the end of the current year.
Statement No. 15	Depicts the capital and other expenditure to the end of the current year and the principal sources from which the funds were provided for that expenditure.
Statement No. 16	Gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, Contingency Fund and Public Account.
Statement No. 17	Presents the detailed account of debt and other interest bearing obligations of the Government of Arunachal Pradesh.
Statement No. 18	Provides the detailed account of loans and advances given by the Government of Arunachal Pradesh, the amount of loans repaid during the year, the balances at the end of the year and the amount of interest received during the year.
Statement No. 19	Gives the details of balances of earmarked funds (sinking fund investment account).

APPENDIX : 1.2 – Part A

Methodology Adopted for the Assessment of Fiscal Position*(Reference: Pages 1 & 18)*

The norms/Ceilings prescribed by the TFC for selected fiscal variables along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) were used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	2853.49	2918.34	3412.88	3888.25	4536.45
Growth rate of GSDP	20.52	2.27	16.95	13.93	16.67
Source: Figures furnished by the State Government, Department of Economics and Statistics, (2004-05 to 2006-07-Revised estimate, 2007-08-Provisional estimate and 2008-09-Quick estimate)					

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average, *i.e.*, if

$$\begin{aligned} \text{AE/GSDP} &= x \\ \text{AE} &= x * \text{GSDP} \dots\dots\dots(1) \end{aligned}$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$\begin{aligned} \text{DE/AE} &= y \\ \text{DE} &= y * \text{AE} \dots\dots\dots(2) \end{aligned}$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$\text{DE} = y * x * \text{GSDP} \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and Capital Outlay as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

List of terms used in the Chapter I and basis for their calculation

Term	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter ÷ GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter	Rate of Growth of the parameter (X) ÷ Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	{(Current year Amount ÷ Previous year Amount) <i>minus</i> 1} * 100
Average	Trend of growth over a period of 5 years
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest payment / [(amount of previous year's Fiscal Liabilities + current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Weighted Interest rates
Quantum spread	Debt stock * Interest Spread
Interest received as <i>per cent</i> to loans outstanding	Interest received / [(opening balance + closing balance of loans and advances)/2]* 100
Revenue deficit	Revenue receipt – revenue expenditure
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary deficit	Fiscal deficit – Interest payments
Balance from current revenue (BCR)	Revenue receipts <i>minus</i> plan grants and non-plan revenue expenditure excluding debits under 2048 – Appropriation for reduction or avoidance of debt.

APPENDIX: 1.2 - Part B

Fiscal Responsibility and Budget Management Act, 2006

(Reference: Paragraph ; Page)

The Fiscal Responsibility and Budget Management Act

The State Government has enacted the Arunachal Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2006 to (i) ensure fiscal prudence, stability and efficiency, (ii) achieve fiscal consolidation for facilitating the generation of revenue surplus for enhancing the scope for improvement of investment in the social and economic sectors/infrastructure, (iii) ensure fiscal and debt sustainability through progressive reduction of the fiscal deficit and proper debt management system and (iv) provide a more transparent and accountable system of budgeting that will ensure an efficient and effective system of governance.

The APFRBM Act, 2006 came into effect on 30th March 2006 and the Fiscal Responsibility and Budget Management (FRBM) Rules, 2007 came in to force with effect from 12th February 2007. The Rule set the following fiscal targets for the State Government;

- Maintain at least the level of revenue surplus in the base year (average of 2001-02 to 2003-04) in the subsequent years, beginning with the financial year 2005-06 and ending with 2008-09 and adhere to it thereafter.
- Reduce every year the fiscal deficit by a minimum of 0.03 *per cent* of the GSDP by the end of each financial year, beginning with the financial year 2005-06 so as to reduce the same to 3 *per cent* or below by 2008-09 and adhere to it thereafter.

Fiscal Policy statements

As prescribed in the Act, the State had incorporated the following statements in the Budget for the year 2008-09.

- Macro-Economic Framework Statement giving an overview of the State economy.
- Medium Term Fiscal Plan Statement prescribing fiscal targets and assumptions for achieving them. The targets for the year 2008-09 were as under:

➤ Revenue surplus as percentage of GSDP (%)	10.84
➤ Fiscal Deficit as percentage of GSDP (%)	3.00
➤ Total outstanding liabilities at the end of the year	3136.07
➤ Liabilities as percentage of GSDP for the year	73.79

Fiscal Plan Strategy Statement of the State for the ensuing year relating to taxation, expenditure, borrowings, lending and investments etc.

Roadmap to Achieve the Fiscal Targets as laid down in FRBM Act/Rules

The State Government has also developed its own Fiscal Correction Path (FCP) detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the APFRBM Act.

Appendix – 1.3

Time series data on State Government finances (Reference: Paragraphs and ; Pages and)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
PART A. RECEIPTS					
1. Revenue Receipts	1501.84	1849.41	2592.17	3003.01	3855.97
(a) Own Tax Revenue	50.11(3)	62.09(3)	78.24(3)	98.09(3)	136.23(4)
Taxes on Sales, Trade, etc.	28.25(56)	47.69(77)	61.64(79)	77.06(79)	105.68(77)
State Excise	17.79(36)	9.51(15)	10.98(14)	11.61(12)	16.61(12)
Taxes on vehicles	2.21(4)	2.99(4)	2.93(4)	6.42(6)	7.76(6)
Stamps and Registration fees	0.46(1)	0.41(1)	0.55(1)	0.86(1)	1.25(1)
Land Revenue	0.76(2)	1.11(2)	2.10(2)	2.12(2)	4.90(4)
Other Taxes	0.64(1)	0.38(1)	0.04	0.02(..)	0.03(..)
(b) Non Tax Revenue	170.20(11)	202.36(11)	297.17(12)	656.92(22)	772.01(20)
(c) State's share in Union taxes and duties	191.95(13)	272.15(15)	347.14(13)	437.87(15)	462.09(12)
(d) Grants-in-aid from Government of India	1089.58(73)	1312.81(71)	1869.62(72)	1810.13(60)	2485.64(64)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	2.61	2.82	2.33	2.94	2.78
4. Total Revenue and non Debt Capital receipts(1+2)	1501.84	1849.41	2592.17	3003.01	3855.97
5. Public Debt Receipts	215.30	714.07	110.37	291.06	143.88
Internal Debt(excluding Ways & Means Advance and Overdrafts)	47.85	345.46	299.74	285.01	143.88
Net Transactions under Ways & Means Advances & Overdraft	96.31	165.37	(-)206.04	-	..
Loans and advances from Government of India	71.14	203.24	16.67	6.05	..
6. Total receipts in the Consolidated Fund(3+4+5)	1719.75	2566.30	2704.87	3297.01	4002.63
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts Receipts	1208.86	1425.12	1484.20	2423.76	7255.58
9. Total Receipts of Government(6+7+8)	2928.61	3991.42	4189.07	5720.77	11258.21
PART B. EXPENDITURE/DISBURSEMENT					
10. Revenue Expenditure	1509.64(80)	1667.65(79)	1897.23(76)	2259.55(75)	2895.46(69)
Plan	579.02(38)	723.67(43)	811.01(43)	1043.67(46)	1142.66(39)
Non-Plan	930.62(62)	943.98(57)	1086.22(57)	1215.88(54)	1752.80(61)
General Services (including interest payments)	489.02(33)	488.73(29)	559.60(30)	620.06(28)	774.24(27)
Social Services	472.67(31)	571.05(34)	633.59(33)	706.58(31)	980.71(34)
Economic Services	547.95(36)	607.87(37)	704.04(37)	932.91(41)	1140.51(39)
Grants-in-aid and contributions	-	-	-	-	-
11. Capital Expenditure	375.07(20)	437.61(21)	585.60(24)	753.21(25)	1290.23(31)
Plan	372.11(99)	438.68(100)	585.46(100)	552.08(73)	1279.61(99)
Non-Plan	2.96(1)	(-)1.07(0)	0.14(0)	201.13	10.62(1)
General Services	14.53(4)	16.07(3)	22.02(4)	23.11(3)	47.22(4)

	2004-05	2005-06	2006-07	2007-08	2008-09
Social Services	71.89(19)	90.21(21)	139.85(24)	148.38(20)	161.69(12)
Economic Services	288.65(77)	331.33(76)	423.73(78)	581.72(77)	1081.32(84)
12. Disbursement of Loans and Advances	5.97	3.68	4.78	2.97	27.24
13. Total (10+11+12)	1890.68	2108.94	2487.61	3015.73	4212.93
14. Repayments of Public Debt	57.95	250.55	92.44	77.13	63.46
Internal Debt (excluding Ways & Means Advances and Overdrafts)	31.33	35.88	47.75	54.97	59.75
Net Transactions under Ways & Means Advances & Overdraft	-	-	-	-	-
Loans and advances from Government of India	26.62	214.67	44.69	22.16	3.71
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total Disbursement out of Consolidated Fund (13+14+15)	1948.63	2359.49	2580.05	3092.86	4276.39
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	1082.82	1387.92	1556.07	2169.85	4229.12
19. Total disbursements by the State (16+17+18)	3031.45	3747.41	4136.12	5262.71	8505.51
PART C. DEFICITS/SURPLUS					
20. Revenue Deficit (-)/ Revenue Surplus (+)(1-10)	(-) 7.80	(+) 181.76	(+) 694.94	(+)743.46	(+)960.51
21. Fiscal Deficit (-)/ Fiscal Surplus (+)(3+4-13)	(-) 386.23	(-) 256.71	(+) 106.89	(-)9.78	(-)354.18
22. Primary Deficit (-)/ Primary Surplus (+)(21+23)	(-) 239.33	(-) 100.26	(+) 294.65	(+)145.16	(-)138.64
PART D. OTHER DATA					
23. Interest Payments (included in revenue expenditure)	146.90	156.45	187.76	154.94	215.54
24. Financial Assistance to local bodies etc.	41.59	66.95	50.87	43.49	102.24
25. Ways and Means Advances/Overdraft availed (days)	80	94	-	-	-
Ways and Means Advance to local bodies etc.	74	59	-	-	-
Overdraft availed (days)	6	35	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	0.25	1.11	8.18	-	-
27. Gross State Domestic Product (GSDP)	2853.49	2918.34	3412.88	3888.25	4536.45
28. Outstanding Fiscal liabilities (year end)	1777.54	2337.20	2371.27	2638.55	2954.66
29. Outstanding guarantees (year end)	8.05	5.69	13.32	0.98	0.61
30. Maximum amount guaranteed (year end)	14.00	24.00	23.99	12.00	12.00
31. Number of incomplete projects	442	345	474	285	80
32. Capital blocked in incomplete projects	3.10(55)	26.64	121.00	25.12	579.52

	2004-05	2005-06	2006-07	2007-08	2008-09
PART E: FISCAL HEALTH INDICATORS					
I Resource Mobilization					
Own tax revenue/GSDP (Ratio)	1.76	2.13	2.29	2.52	3.00
Own Non-Tax Revenue/GSDP (Ratio)	5.96	6.93	8.71	16.90	17.02
Central Transfers/GSDP (Ratio)	6.73	9.33	10.17	11.26	10.19
II Expenditure Management					
Total Expenditure/GSDP (Ratio)	66.26	72.27	72.89	77.56	92.87
Total Expenditure/Revenue Receipts (Ratio)	125.89	114.03	95.97	100.42	109.26
Revenue Expenditure/Total Expenditure (Ratio)	79.85	79.08	76.27	74.93	68.73
Expenditure on Social Services/Total Expenditure(Ratio)	28.80	31.36	31.09	28.35	27.12
Expenditure on Economic Services/Total Expenditure(Ratio)	44.25	44.53	45.35	50.22	52.74
Capital Expenditure/Total Expenditure (Ratio)	19.84	20.75	23.54	24.98	30.63
Capital Expenditure on Social and Economic Services/Total Expenditure(Ratio)	19.07	19.99	22.66	24.21	29.50
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP(Ratio)	(-)0.27	6.23	20.36	19.12	21.17
Fiscal deficit (surplus)/GSDP(Ratio)	(-)13.54	(-)8.80	3.13	(-)0.25	(-)7.81
Primary Deficit (surplus)/GSDP(Ratio)	(-)8.39	(-)3.44	(+)8.63	(+)3.73	(-)3.06
Revenue surplus/Fiscal Deficit(Ratio)	(+)2.02	(-)70.80	(+)650.15	(-)7601.84	(-)271.19
Primary Revenue Balance/ GSDP (Ratio)	4.87	11.59	25.86	23.11	25.92
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP(Ratio)	62.29	80.09	69.48	67.86	65.13
Fiscal Liabilities/RR(Ratio)	118.36	126.38	91.48	87.86	76.63
Primary deficit vis-à-vis quantum spread (Ratio)	(-)135.03	(-)106.38	(+)140.67	(+)78.80	(-)58.90
Debt Redemption (Principal + Interest) Total Debt Receipts(Ratio)	79.50	61.25	122.56	81.73	87.13
V Other Fiscal Health Indicators					
Return on Investment(Rs. in crore)	-	-	-	-	-
Balance from Current Revenue (Rs. in crore)	(-)211	(-)8.00	37	370	86
Financial Assets/Liabilities	2.27	2.09	2.39	2.62	3.72
1. Apart from public debt, includes other liabilities (i.e., Small savings etc., Reserve fund and Deposit). 2. Outstanding guarantees include interest. 3. GSDP for the year upto 2006-07 is on the basis of Revised estimate and for the year 2007-08 is on Provisional figures. The figure for the year 2008-09 is arrived at on the basis of Quick estimate. 4. Figures in brackets represent percentage to total of each sub-heading.					

Appendix – 1.4

Abstract of receipts and disbursements for the year 2008-09

(Reference: Paragraph ; Page)

(Rupees in crore)

Receipts				Disbursements				
2007-08		2008-09	2007-08		2008-09			
					Non-Plan	Plan	Total	
Section – A : Revenue								
3003.01	I. Revenue receipts		3855.97	2259.55	I. Revenue expenditure	1752.80	1142.66	2895.46
98.09	Own Tax revenue	136.23		620.06	General Services	751.25	22.99	774.24
656.92	Non-tax revenue	772.01		706.58	Social Services	404.20	576.51	980.71
437.87	State’s share of Union taxes	462.09		297.21	Education, Sports, Arts and Culture	235.89	171.96	407.85
380.30	Non-Plan grants	454.97		103.31	Health and Family Welfare	105.38	66.10	171.48
1268.96	Grants for State Plan Scheme	1664.36		215.21	Water Supply, Sanitation, Housing and Urban Development	40.04	240.86	280.90
122.71	Grants for Central and Centrally Sponsored Plan Scheme	300.98		5.34	Information and Broadcasting	4.58	1.57	6.15
				5.19	Labour and Welfare	3.11	2.33	5.44
38.16	Grants for Special Plan Schemes	65.33		76.47	Social Welfare and Nutrition	10.03	93.69	103.72
				3.85	Others	5.17	-	5.17
				932.91	Economic Services	597.35	543.16	1140.51
				273.05	Agriculture and Allied Activities	206.14	132.27	338.41
				39.63	Rural Development	26.07	46.26	72.33
				68.13	Special Area Programme	0.04	78.84	78.88
				87.96	Irrigation and Flood control	35.58	87.63	123.21
				136.00	Energy	144.65	12.37	157.02
				22.87	Industries and Minerals	14.05	7.96	22.01
				138.46	Transport	117.14	97.02	214.16
				24.27	Communications	37.27	-	37.27
				10.74	Science, Technology and Environment	0.02	5.31	5.33
				131.80	General Economic Services	16.39	75.50	91.89
			-	Grants-in-aid and Contributions	-	-	-	
	II. Revenue deficit carried over to Section B		743.46	II. Revenue surplus carried over to Section B			960.51	
Section – B								
67.34	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		525.40	-	III. Opening Overdraft from RBI			-

Receipts			Disbursements				
2007-08		2008-09	2007-08		2008-09		
					Non-Plan	Plan	Total
-	IV. Miscellaneous Capital receipts	-	753.21	IV. Capital Outlay	10.62	1279.61	1290.23
			23.11	General Services	-	47.22	47.22
			148.38	Social Services	-	161.69	161.69
			35.22	Education, Sports, Art and Culture	-	77.81	77.81
			13.79	Health and Family Welfare	-	11.89	11.89
			83.76	Water Supply, Sanitation, Housing and Urban Development	-	52.62	52.62
			16.09	Social Welfare and Nutrition	-	18.86	18.86
			0.05	Information and Broadcasting	-	0.07	0.07
			0.47	Others	-	0.44	0.44
			581.72	Economic Services	10.62	1070.70	1081.32
			197.73	Agriculture and Allied Activities	0.62	11.73	12.35
			1.10	Rural Development Programme	-	10.34	10.34
			46.68	Special Areas Programme	-	64.12	64.12
			9.83	Irrigation and Flood Control	10.00	63.41	73.41
			127.89	Energy	-	259.99	259.99
			0.25	Industry and Minerals	-	3.43	3.43
			178.77	Transport	-	624.12	624.12
			-	Science, Technology and Environment	-	-	-
			19.47	General Economic Services	-	33.56	33.56
2.94	V. Recoveries of Loan and Advances		2.78	V. Loans and Advances disbursed	1.71	25.53	27.24
-	From Power Projects	-		For Power Projects	-	5.00	5.00
2.38	From Government servants	2.38	2.79	To Government servants	1.71	-	1.71
0.56	From others	0.40	0.18	To others	-	20.53	20.53
743.46	VI. Revenue surplus brought down		960.51	VI. Revenue deficit brought down	-	-	-
291.06	VII. Public Debt receipts		143.88	VII. Repayment of Public Debt -			63.46
285.01	Internal debt other than Ways and Means Advances and Overdraft	143.88	54.97	Internal debt other than Ways and Means Advances and Overdraft		59.75	
-	Net transaction under Ways and Means Advances including Overdraft	-	-	Net transaction under Ways and Means Advances including Overdraft			

Receipts			Disbursements				
2007-08		2008-09	2007-08		2008-09		
					Non-Plan	Plan	Total
6.05	Loans and Advances from Central Government	-	22.16	Repayment of Loans and Advances to Central Government		3.71	
-	VIII. Appropriation to Contingency Fund	-	-	VIII. Appropriation to Contingency Fund	-	-	-
-	IX. Amount transferred to Contingency Fund	-	-	IX. Expenditure from Contingency Fund	-	-	-
2423.76	X. Public Account receipts -	7255.58	2169.85	X. Public Account disbursements -			4229.12
122.21	Small Savings and Provident funds	157.21	79.50	Small Savings and Provident funds	78.67		
10.00	Reserve funds	14.00	89.70	Reserve Funds	-		
442.90	Suspense and Miscellaneous	3892.93	252.49	Suspense and Miscellaneous	1110.80		
1598.37	Remittances	2658.00	1598.56	Remittances	2659.67		
250.28	Deposits and Advances	533.44	149.60	Deposits and Advances	379.98		
	XI Earmarked Funds		525.40	XI. Closing cash balance			3278.10
			14.38	Cash in Treasuries and Local Remittances	35.79		
			(-) 381.06	Deposits with Reserve Bank and other banks	-475.23		
			1.22	Departmental Cash Balance including Permanent Advances	2.94		
			890.86	Cash Balance Investment and investment of earmarked funds	3714.60		
6531.57		12744.12	6531.57				12744.12

Appendix – 1.4

**Summarised financial position of the Government of Arunachal Pradesh
as on 31 March 2009**

(Reference: Paragraph and ; Page)

(Rupees in crore)

As on 31.03.2008		Liabilities	As on 31.03.2009	
1507.87		Internal Debt		1592.01
	617.52	Market loans bearing interest	631.61	
	-	Market loans not bearing interest	-	
	1.45	Loans from LIC	1.29	
	0.10	Loans from GIC	0.08	
	202.96	Loans from NABARD	258.85	
	2.14	Loans from NCDC	(-)94.22	
	104.56	Loans from other Institutions	104.56	
	55.64	Ways and Means and Advances	55.64	
	521.06	Special Securities issued to National Small Savings Fund of the Central Government	542.68	
	-	Overdraft from Reserve Bank of India	-	
	2.44	Other Loans	(-)1.76	
448.49		Loans and Advances from Central Government		444.78
	39.99	Non-Plan loans	39.62	
	338.62	Loans for State Plan Schemes	336.56	
	2.98	Loans for Central Plan Schemes	2.98	
	16.94	Loans for Centrally Sponsored Plan Schemes	16.42	
	49.96	Loans for Special Schemes	49.20	
	-	Other Ways and Means Advances	-	
0.05		Contingency Fund		0.05
570.03		Small Savings, Provident Funds, etc.		648.58
110.03		Deposits		267.16
158.91		Suspense and Miscellaneous Balances		2941.04
47.03		Reserve Funds		61.03
4079.89		Surplus on Government Account		5040.40
	3336.43	(i) Revenue surplus as on 31 March 2007	4079.89	
	743.46	(ii) Revenue surplus during the year	960.51	
6922.30		Total		10995.05

As on 31.03.2008		Assets	As on 31.03.2009	
6248.54		Gross Capital Outlay on Fixed Assets		7538.77
	217.59	Investment in shares of Companies, Corporations, Cooperatives, etc.	220.42	
	6030.95	Other Capital Outlay	7318.35	
27.95		Loans and Advances		52.41
	-	Loans for Power Projects	5.00	
	19.69	Other Development Loans	39.83	
	8.26	Loans to Government servants and Miscellaneous loans	7.58	
14.99		Civil Advances		18.67
105.42		Remittance Balances		107.09
-		Suspense and Miscellaneous Balances		
525.40		Cash		3278.11
	14.38	Cash in treasuries and Local Remittances	35.79	
	(-)381.06	Deposits with Reserve Bank and other Banks	(-)475.23	
	1.21	Departmental Cash Balance	2.94	
	0.01	Permanent Advances	0.01	
	845.96	Cash Balance Investments	3655.70	
	44.90	Investment of earmarked funds	58.90	
6922.30		Total		10995.05
Minus balance was the net difference between receipts and disbursement of the State Government for the year 2008-09 after incorporating all adjustments made by RBI.				

Explanatory Notes for Appendices 1.2 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts, Government Accounts being mainly on cash basis, the deficit on Government Account, as shown in **Appendix 1.4**, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs.46.74 (Net credit) crore between the figures reflected in the accounts Rs.(-) 418.21 crore (Rs.475.23 crore – Rs(-) 57.02 crore which includes cash balance of the Union Territory Government merged in the General cash balance of the Central Government) and that intimated by the Reserve Bank of India Rs.464.95 (Dr.) crore under “Deposits with Reserve Bank”. The difference of Rs.46.74 crore is under reconciliation (February 2010)

Appendix 1.5

Funds Transferred Directly to State Implementing Agencies (Reference: Paragraph 1.2)

(In Rupees)

Sl. No	Programme / Scheme	Implementing Agency in the State	Funds Transferred by The GOI
1	MEDICINAL PLANTS	State Medicinal Plants Board Arunachal Pradesh	5,00,000
		FDA Nampong Changlang Arunachal Pradesh	5,76,000
2	NATIONAL BAMBOO MISSION	Director SFRI ITANAGAR	2,13,77,300
3	MGMT OF SOIL & HEALTH FERTILITY	State Agriculture Marketing Board Naharlagun Arunachal Pradesh	75,00,000
4	R&D DEPT. OF BIOTECHNOLOGY	National Research Centre on Yak	31,36,000
5	ACCELERATED RWSP	DWSM CE-CUM MEMBER SECRETARY ITANAGAR	29,47,000
6	CRSP	DISTRICT WATER & SANITATION MISSION	15,30,16,000
7	IWMP	CONGRATION OF MISSIONARY SISTERS OF THE IMMACULATE	21,50,000
8		Arunachal Pradesh State AIDS Control Society	4,59,18,000
9	NRHM	State TB CONTROL Society Arunachal Pradesh	1,57,00,000
10		State Blindness Control Society Arunachal Pradesh	1,25,35,000
11		Arunachal Pradesh State Health Society	24,64,52,743
12	TOBACCO CONTROL	Mission Director Arunachal Pradesh	12,12,000
13	E-GOVERNANCE	APSCST	4,44,00,000
14	INTEGRATED WATERSHED MGMT PROGRAMME	DRDA The Project Director Upper Subansiri	32,83,41,144
15	DRDA ADMINISTRATION	DRDA The Project Director LOHIT (TEZU)	9,00,75,000
16	STRENGTHENING OF DIST. PLASNING PROCESS	SGO THE DIRECTOR ITANAGAR	37,28,000
17		DRDA The Project Director East Siang Pasighat	6,50,000
18	NREGS	SGO THE DIRECTOR ITANAGAR	21,64,000
19		DRDA The Project Director West Kameng District (Bomdila)	29,71,29,000
20	PMGSY	SGO AR 304 Update Description ITANAGAR	16,68,00,000
20		Arunachal Pradesh Rural Road Development Agency	36,48,50,000
21	RURAL HOUSING IAY	DRDA The Project Director LOHIT (TEZU)	34,41,09,800

Sl. No	Programme / Scheme	Implementing Agency in the State	Funds Transferred by The GOI
22	SGSY	DRDA The Project Director TAWANG	4,98,82,000
23	SSA	SSA RAJYA Mission Itanagar	136,83,64,000
24	NGOs Institutions for Adult Edu & Skill Dev.	Jan Shikshan Sansthan Neharlagun	18,75,000
25	R&D SUPORT SERC	Arunachal Pradesh State Council For Science and Technology	2,10,000
26	S&T PROGRAMME FOR SOCIO ECONOMIC DEV.	TAMUPUR ANCHALIK GRAMDAN SANGH	1,42,000
27		Arunachal Pradesh State Council For science and Technology	2,65,350
28		TAMEY TANANG MEMORIAL SOCIETY ARUNACHAL PRADESH	2,50,000
29	STATE S&T PROGRAMME	Arunachal Pradesh Energy Development Agency	6,000
30		Arunachal Pradesh State Council For Science and Technology	1,15,40,699
31	TECHNOLOGY DEVELOPMENT PROGRAMME	GB Plant Inst Himalayan Envi Develop Itanagar	3,88,200
32	WATER TECHNOLOGY INITIAVE	Arunachal Pradesh State Council For Science and Technology	2,70,000
33	TECHNOLOGY PROGRASMME PROMOTION DEV. & UTILIZATION	College of Horticulture and Forestry CAU	4,00,000
34	NUIS	National Urban Information System Arunachal	11,47,500
35	MPLADs	Deputy Commissioner	7,00,00,000
36	Buddhist and Tibetan studies	Centre for Buddhist Culture Studies	45,48,085
37		Bonja Gonpa Welfare Committee	50,000
38		Gurulhagan Gonpa Welfare Committee	25,000
39		Budhist Culture Preservation Society CIHCD	1,00,00,000
40		Mon Siddharta Charitable Foundation	75,000
41		Dratsang Gonpa Welfare Committee	50,000
42	PROMOTION AND DISS. OF ART & CULTURE	Mithila Regon	25,000
43		Promotion and preservation of cultural heritage society	2,52,00,000
44	ADVOCACY AND	Arunachal Archery Association Itanagar	7,00,000
45	NEC	ADVERTISING MANGER THE DAWNLT POST	10,000
46		ARUNACHAL PRADESH FOOTBALL ASSOCIATION	3,00,000
47		ARUNACHAL STATE BADMINTON ASSOCIATION	50,000
48		COLLEGE OF HORTICULTURE AND FORESTRY PASIGHAT	70,000

Sl. No	Programme / Scheme	Implementing Agency in the State	Funds Transferred by The GOI
49		Vivekananda Kendra Vidyalaya Seijosa Arunachal Pradesh	89,670
50		SECRETARY ARUNACHAL PRADESH FOOTBALL ASSOCIATION	2,00,000
51	CONS. OF NATURAL RESOURCES & ECOSYSTEMS	State Forest Research Institute Arunachal Pradesh	1,30,260
52	NATIONAL AFFORESTATION & ECO. DEV. BOARD	NAINI SALA FOUNDATION	2,99,820
53		Bartsampa Welfare Society	3,13,820
54		Lipir Village Forest Management Committee	5,00,000
55		Aarro Welfare Society	3,13,820
56		Gensu Women Welfare Society	7,40,000
57		Tawang District Youth Welfare Society	6,90,000
58	National Afforestation Programme	FDA Arunachal	3,25,00,000
59	Pollution Abatement	Arunachal Pradesh SPCB	3,73,057
60	Project Elephant	Project Elephant Arunachal Pradesh	65,00,000
61	R&D for Conservation and Development	Arunachal Pradesh Forest Research and Dev Agency	20,00,000
62	Scheme for HRD	North Eastern Industrial Consultancy Organisation	2,00,000
63	S&T Upgradation & Modernization of FPIs	Mount Valley Foods Pvt. Ltd.	17,67,000
64	IMP in Vital Stat System	Directorate of Census Operations Arunachal Pradesh	18,000
65	LUMPSUM PROVISION FOR NE & SIKKIM	Hindustan Prefeb Limited	3,68,34,000
66	GRID INRACTIVE RENEWABALE POWER	Arunachal Pradesh Energy Development Agency	25,46,92,000
67	INFO PUBLICITY AND EXTENSION	Arunachal Pradesh Energy Development Agency	4,32,86,482
68	OFF GRID DRFPS	Arunachal Pradesh Energy Development Agency	10,30,000
69	REN ENERGY FOR RURAL APPLICATION	Arunachal Pradesh Energy Development Agency	2,98,81,688
70	RASTRIYA GRAM SWARAJ YOJANA	SIRD Arunachal Pradesh	6,00,00,000
71	ASST TO VOLORG FOR SOCIAL DEF SERVICE	Arunachal Pali Vidyapith Lohit Arunachal Pradesh	6,86,280
72	DEEN DAYAL DISSABLED REHAB SCHEME	Ramakrishna Mission Hospital	7,37,056
73	HANDICRARTS	MSEC ITANAGAR	2,44,500
74		Parte Danne MPCs Ltd	1,80,500
75		District Rural Dev Agency Diban Valley	70,82,465
76		Koje Janggo Mult Coe Soc Damro Arunachal Pradesh	1,75,000

Sl. No	Programme / Scheme	Implementing Agency in the State	Funds Transferred by The GOI
77		Upper Subansiri HL Dev Coo Soc Ltd AP	4,50,500
78		Yuva Vikas Sangathan	1,80,500
79	EDU COMPLEX IN LOW LTERACY POCKETS	Bharat Sevashram Sangha Kahilipara Guwahati Assam	3,75,000
80	GIA FOR COACHING ST STUDENTS FOR EXAM	OJU Welfare Association Naharlagun Arunachal Pradesh	34,38,990
81		RK Mission Narrotam Nagar Tirap Arunachal Pradesh	3,19,18,684
82		Arunachal Pali Vidya Chongkham Arunachal Pradesh	41,43,050
83	R7ME TRIBAL FESTIVALS AND OTHERS	DERA NATUNG GOVT COLLEGE ITANAGAR	67,500
84		DADI HAMIGO CHARITABLE SOCIETY ITANAGAR	45,000
85	Shihu GREH Scheme	Oju Welfare Association Naharlagun Arunachal Pradesh	4,95,900
86	Training and Emp Programme for women	Medo Welfare Society Itanagar	4,84,900
87	Promotion of National Intergration	Jaw Krong Foundation Trust	1,77,188
88	Youth Hostel	Youth Hostel Naharlagun Arunachal Pradesh	1,42,950
TOTAL			422,44,96,401

Source: e - LEKHA portrail of controller General of Accounts.

Appendix 2.1

Statement of various grants/appropriations where saving was more than Rs. 1 crore and more than 20 per cent of the total provision
(Reference: Paragraph 2.3.1)

(Rupees in lakh)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percent age
Revenue-Voted					
1	16	Art and Culture Affairs	799.46	464.90	58
2	19	Industries	1220.25	314.22	26
3	39	Loans to Government servants	360.00	188.98	52
4	49	Science and Technology	1278.50	766.70	60
5	50	Secretariat Economic Services	118272.06	117927.95	99
6	61	Geology and Mining	359.52	150.16	42
7	65	Department of Tirap and Changlang District	375.00	101.39	27
8	66	Power (civil)	2103.03	1217.97	58
Capital-voted					
9	1	Legislative Assembly	500.00	390.00	78
10	7	Treasury and Accounts Administrative	279.00	259.00	93
11	14	Education	11736.23	6653.20	57
12	16	Art and Cultural Affairs	1536.33	1180.85	77
13	24	Agriculture	246.00	124.73	51
14	28	Animal Husbandry and Veterinary	641.45	531.94	83
15	31	Public works	6652.77	3181.72	48
16	32	Roads and Bridges	69815.99	15765.84	23
17	34	Power	16174.91	4587.43	28
18	42	Rural Development	3274.43	2240.69	68
19	48	Horticulture	426.31	257.44	60
20	57	Urban Development	3508.93	831.01	24
21	60	Textile and Handicraft	421.65	421.65	100
22	64	Trade and Commerce	100.00	100.00	100
23	66	Power (civil)	22802.99	7891.02	35
Capital (Changed)					
24		Public Debt	18454.22	12108.29	66

Appendix 2.2

Statement of various grants/appropriations where excess expenditure was more than Rs. 1 crore each or more than 20 percent of the total provision.

(Reference: Paragraph 2.3.3)

(Rupees in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Total expenditure	Percentage of Excess expenditure
Revenue – Voted					
1.	56	Tourism	5.99	7.23	21
Capital – Voted					
2.	45	Civil Aviation	1.57	7.09	352

Appendix 2.3

Expenditure incurred without any budget provision (Reference: Paragraph 2.3.3)

(Rupees in lakh)

Sl. No.	Number and name of grants/ appropriations	Amount of actual expenditure
1.	11-Social Welfare	913.94
	4235-Capital Outlay on Social Security and Welfare	
	02-Social Welfare	
	800-Other Expenditure	
	0001-Creation of assets.	
2.	14-Education	52.58
	08-Central Plan Schemes (Fully funded by Central Government)	
	2202-General Education	
	01-Elementary Education	
	109-non-formal education	
	001-District Institute of Education and Training	
3.	33-North Eastern areas	56.57
	09-North Eastern Council	
	4552-Capital Outlay on North Eastern Areas	
	800-Other Expenditure	
	0028-Margharita Changlang Road	
4.	43-Fisheries	5.67
	03-Centrally Sponsored Scheme	
	2405-Fisheries	
	800-Other Expenditure	
	0005-Inland Fisheries Statistics	
5.	52-Sports and Youth Services	15.65
	4202-Capital Outlay on education, Sports, Art and Culture	
	03-Sports and Youth Services	
	800-Other Expenditure	
	0001-Establishment Expenses	
6.	56-Tourism	5.46
	3452-Tourism	
	01-Tourist Infrastructure	
	103-Tourist Transport Service	
	0001-Transport Expenses	
7.	Public Debt	168.80
	2049-Interest Payments	
	60-Interest on other obligations	
	701-Miscellaneous	
	0003-Interest on Power Bonds	
Total		1218.67

Appendix – 2.4

Statement showing excess expenditure relating to previous years requiring regularisation
(Reference: Paragraph ; 2.3.5)

(Rupees in crore)

Year	No. of Grants/ Appropriations	Grant/Appropriation(s)	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1986-87 (U.T. Period)	13	1,7,11,12,13,15,17,30,32,34,39,40 and 42	6.56	No PAC held during 2008-09
1986-87 (State Period)	28	1,2,3,6,7,8,10,11,13,14,16,18,19,20,22,24,27,28, 29,31,32,33,34,38,39,40,42 and 43	12.71	
1987-88	16	14,18,19,22,23,24,26,30,31,32,33,34,35,40,42 and Public Debt	9.06	
1988-89	12	1,13,15,17,21,24,30,31,32,34,40 and Public Debt	54.51	
1989-90	15	8,10,15,30,31,32,33,34,38,40,43,45,48,49 and Public Debt	17.49	
1990-91	16	5,8,13,15,19,23,24,26,30,31,32,34,40,44, 48 and Public Debt	28.61	
1991-92	17	4,8,10,14,15,18,19,23,25,28,30,31,34,37, 42,43 and Public Debt	63.12	
1992-93	11	14,15,18,28,30,31,34,40,43,21 and 38	27.91	
1993-94	12	8,15,19,25,28,30,31,32,34,38,40 and 45	30.66	
1994-95	18	6,8,11,15,21,22,23,26,28,29,31,32,34,38, 40,42,43 and 45	64.45	
1995-96	24	8,9,11,13,14,15,16,18,20,21,23,24,28,29, 31,32,34,40,41,51,53,59,60 and Public Debt	38.41	
1996-97	12	1,9,11,13,14,21,28,30,31,34,40 and 51	14.86	
1997-98	15	9,10,11,13,15,20,25,30,31,34,41,46,48,59 and 60	25.34	
1998-99	15	1,7,13,15,19,20,31,34,36,41,50,53,54,64 and Public Debt	25.26	
1999-00	7	13,31,44,52,53,60 and Public Debt	14.27	
2000-01	12	1,3,8,13,19,28,32,34,36,50,52 and 62	13.27	
2001-02	13	1,7,8,11,13,14,16,22,28,33,35,48 and 59	27.08	
2002-03	14	1,4,5,7,13,19,23,28,31,43,46,58,61 and 62	9.70	
2003-04	21	5,13,15,16,24,26,28,31,32,33,35,36,42,43,44,47,56,58, 59,61 and 62	20.15	
2004-05	17	8,14,15,18,19,26,28,31,32,33,40,43,48,58,61,65,66 and Public Debt	46.46	
2005-06	13	1,5,8,16,25,35,41,43,52,56,58,60,66 and Public Debt	266.95	
2006-07	18	5,11,13,15,24,28,29,33,35,36,38,40,41,48,58,60, 61,62 and Public Debt	173.74	
2007-08	19	1,8,13,17,24,29,30,35,36,37,43,48,51,52,58,62,63,64 and 65	31.77	
Total:			1022.34	

Appendix 2.5

Cases where supplementary provision (Rs. 10 lakh or more in each case) proved unnecessary
(Reference: Paragraph 2.3.7)

(Rupees in lakh)

Sl. No.	Number and name of Grant / Appropriation	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
Revenue-voted					
1.	49-Science and Technology	1036.50	511.80	524.70	242.00
2.	50-Secretariat Economic Services	118247.34	344.11	117903.23	24.72
3.	62-Directorate of Transport	67.31	53.76	13.55	31.96
4.	66-Power (Civil)	1457.53	885.06	572.47	645.50
5.	69-Parliamentary Affairs Department	38.38	10.90	27.48	10.78
Revenue-Charged					
6.	Public Debt	24119.38	22954.42	1164.96	91.54
Capital-Voted					
7.	7-Treasury and Accounts Administration	250.00	20.00	230.00	29.00
8.	48-Horticulture	200.00	168.87	31.13	226.31
Total		145416.44	24948.92	120467.52	1301.81

APPENDIX 2.6

Statement of cases where supplementary provision proved insufficient resulting in excess expenditure of more than Rs.1 crore and above

(Reference: Paragraph 2.3.7)

(Rupees in crore)

Sl No.	Number and Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
Revenue-voted						
1.	14-Education	253.32	106.79	360.11	375.59	15.48
2.	34-Power	123.85	18.43	142.28	149.47	7.19
3.	43-Fisheries	5.46	2.02	7.48	8.62	1.14
4.	56-Tourism	4.63	1.36	5.99	7.23	1.24
5.	59-Public Health Engineering	37.62	175.04	212.66	249.73	37.07
Capital-voted						
6.	45 –Civil Aviation	0.77	0.80	1.57	7.09	5.52
	Total	425.65	304.44	730.09	797.73	67.64

Appendix 2.7

Excess/ unnecessary/insufficient re-appropriation of fund.

(Reference : Paragraph 2.3.8)

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final excess (+) / savings (-)
Revenue-voted					
1.	12	Ex-gratia payment	2235-60-800-0002	-18.00	-12.11
2.	12	Payment of compensation under M.V Act (No. Fault liability)	2235-60-200-0004	-6.00	-14.25
3.	13	Ordinary pension	2071-01-105-0001	1.00	-1099.72
4.	14	Institutions Administered by NGOs	2202-02-110-0001	0.15	+4000.00
5.	14	Institutions Administered by NGOs	2202-01-102-0001	-100.00	+2100.00
6.	14	Procurement of Text Book for primary section	2202-01-108-0001	400.00	+287.43
7.	14	Sarva Shiksha Abhiyan	2202-01-800-0002	706.76	-100.00
8.	14	District Institute of Education and Training	2202-01-107-0001	280.93	-121.16
9.	16	Corpus fund	2205-102-0004	54.00	-464.90
10.	18	Improvement of museums	2205-107-0002	-61.00	+47.00
11.	19	Establishment expenses of ITI	2230-03-101-0001	24.48	-18.91
12.	20	Establishment expenses	2230-02-001-0002	-25.00	-10.16
13.	24	Rashtriya Krishi Vikas Yojana (RKVY)	2401-800-0045	5.50	-982.83
14.	24	Establishment Expenses	2401-001-0001	-229.04	42.53
15.	24	Water Shed Development Project in Shifting Cultivation Area	2401-800-0022	32.50	-175.00
16.	24	Support to State Extension Programmes	2401-800-0039	5.60	-39.30
17.	24	Agriculture Census	2401-111-0001	76.81	-37.51
18.	26	ACA	3054-04-337-0003	524.30	-1345.86
19.	26	State Land use Board	2402-103-0002	45.04	-20.99
20.	27	Establishment Expenses	2515-001-0001	112.08	+1853.80
21.	29	Establishment Expenses	2425-001-0001	-60.00	+35.88
22.	37	Integrated Project on Consumer Protection	3456-800-0007	7.20	+134.89
23.	37	Establishment Expenses	3475-106-0001	-25.67	-19.97
24.	38	Accelerated Irrigation Benefits Programme	2702-80-800-0006	453.22	-738.00
25.	43	Establishment Expenses	2405-001-0001	-127.13	+96.86
26.	43	Development of Fresh Water Agriculture under Fish Farmers Development Agency	2405-800-0001	-20.13	+14.00
27.	45	Schemes under ACA/SPA	3053-80-800-0002	13.00	-938.75
28.	48	Establishment Expenses	2401-001-0001	-227.00	+356.07
29.	48	Horticulture Training and Education	2401-109-0003	0.10	+92.77
30.	48	Maintenance of Farm and Nursery	2401-119-0004	4.79	-16.32
31.	49	National E-government	3425-60-600-0002	36.20	-843.40
32.	49	Assistance to AP Science Centre Society	3425-60-600-0003	-34.70	-25.30
33.	50	Establishment expenses	3451-090-0001	-111440.26	-1247.87
34.	50	Establishment expenses of District Planning	3451-102-0001	-18.50	-16.44

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final excess (+) / savings (-)
35.	54	District Establishment	2039-001-0002	50.00	-43.51
36.	56	Capital IT and Computerisation	3452-80-800-0003	3.90	-51.41
37.	56	Establishment expenses	3452-80-001-0001	-83.50	+46.82
38.	59	Rural pipe water supply programme	2215-01-102-0002	500.00	-1399.67
39.	60	Establishment expenses	2851-001-0001	-180.00	-107.06
40.	60	Establishment expenses	2851-103-0001	48.00	-33.21
41.	61	Establishment expenses	2853-02-001-0001	-76.50	-72.61
42.	62	Establishment expenses	3055-001-0001	-17.00	-28.51
43.	64	Establishment expenses	2875-60-001-0001	15.00	26.16
44.	66	Establishment expenses	2801-05-001-0001	-226.54	-191.43
Revenue - Charged					
45.	64	Payment and Investment on excess drawal of ways and means Advances for RBL.	2049-04-106-0001	-89.58	-22.50
46.	65	Interest on Loan from National Bank for Agriculture and Rural Development	2049-01-200-0003	1348.46	-211.85
Capital - Voted					
47.	11	Construction of Agunwadi Buildings	4235-02-800-0004	65.75	-1261.80
48.	11	Road Construction	4235-02-800-0003	-65.75	+254.43
49.	24	Creation of Assets	4401-800-0001	-120.76	+34.65
50.	26	Scheme under ACA and SPA	5054-04-800-0008	223.00	-828.28
51.	31	Scheme under ACA/SPA	4059-80-051-0010	1.60	-3162.28
52.	32	Scheme under ACA and SPA	5054-04-800-0008	853.72	-8662.29
53.	32	Construction of District Roads	5054-04-800-0001	-853.72	-25.30
54.	33	Lai mekuri-Nari-Telam Roads	4552-800-0054	2.53	+98.67
55.	33	Construction of 33 KV Express line from Ziro to Tamen 33/11 Sub-Station at Tamen	4552-800-0052	-31.80	+98.00
56.	33	Creation of Assets	4552-80-0036	-20.84	+80.54
57.	34	Maintenance of Transmission Line including Sub-Stations	4801-80-800-0006	-482.70	+281.47
58.	34	Maintenance of Diesel Generator including fuel	4801-80-800-0003	125.95	-253.12
59.	34	Restoration of Flood Damage	4801-80-800-0009	108.75	-223.12
60.	34	Pitty Works	4801-80-800-0007	155.00	+15.10
61.	34	Repair and Maintenance of Elect. Installation of Residential Building	4801-80-800-0008	93.00	-41.94
62.	39	Motor Car etc.	7610-202-0001	-1.75	-104.74
63.	40	Schemes under ACA/SPA	4216-01-106-0002	48.00	-256.85
64.	56	Schemes under ACA/SPA	5452-01-102-0089	128.35	-642.18
65.	56	Construction of Tourist Complex at Along	5452-01-102-0050	-2.65	-375.60
66.	56	Development of Mechuka Tourism Destination	5452-01-102-0074	-17.66	-353.24
67.	56	Development of Tourist complex at Tuting	5452-01-102-0077	-14.34	-286.80

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final excess (+) / savings (-)
68.	56	Tourism Infrastructure Development at Dong	5452-01-102-0078	-6.30	-114.42
69.	56	Construction of Tourist Lodge at Parasuram Kund	5450-01-102-0003	9.58	-50.00
70.	56	Development of Tourism circuit Itanagar-Ziro, Daporijo-Basar	5452-01-102-0072	-30.40	+55.41
71.	57	Capacity Building Activities of BSUP and IHSDP under JNNURM	4217-60-800-0056	-82.56	-246.38
72.	57	Improvement of Road Network at pasighat	4217-60-800-0058	199.17	-301.17
73.	57	Residential Building for Employed Women at Naharlagun	4217-60-800-0054	27.86	-120.84
74.	57	Infrastructure Development at Tawang	4217-60-800-0032	5.93	-97.83
75.	57	Up gradation of Road Netwok in Tawang Township	4217-60-800-0033	-40.99	-48.48
76.	57	Guest House at Nirjuli	4217-60-800-0030	-28.72	-60.15
77.	57	Development of Pasighat Town	4217-60-800-0020	-4.78	-82.20
78.	57	Development of Ziro Town	4217-60-800-0025	24.96	-111.90
79.	57	Stone Water Drainage Scheme at Naharlagun	4217-60-800-0052	131.84	-218.78
80.	57	Infrastructure Development of Secondary School at Koloriang	4217-60-800-0053	4.38	-91.32
81.	57	Infrastructure development at Dirang Township	4217-60-800-0060	23.46	-110.40
82.	57	Improvement of Road Link Network at Jairampur	4217-60-800-0062	70.86	-157.80
83.	57	Municipal Solid Waste Management in Itanagar	4217-60-800-0055	-100.38	+25.80
84.	57	Procurement of Assets	4217-60-800-0003	-6.00	+1109.03
85.	57	Schemes under ACA/SPA	4217-60-800-0061	1330.29	-811.28
86.	57	Procurement of Assets	4217-60-800-0003	-167.00	+610.13
87.	66	SPA/SPA for PM package	4801-04-800-0019	1127.46	-6627.64
88.	66	Creation of infrastructure for Hydel Generation	4801-01-800-0001	-1343.06	-34.36
89.	66	Hydel Improvement	4801-01-052-0001	-330.00	-28.31
90.	66	Construction of Building	4801-80-800-0002	-56.40	-21.51
91.	66	Maintenance of Hydel Station	4801-80-800-0005	1003.00	+173.86
92.	66	Creation of Infrastructure under RIDE	4801-05-800-0012	600.00	-311.11
93.		Repayment of Advances taken from RBI under ways of means	6003-110-0001	-3000.00	-6000.00
94.		Repayment of Block Loans	6004-02-101-0001	49.75	-2020.80

Appendix 2.8

Results of review of substantial surrenders made during the year
(Reference: Paragraph 2.3.10)

(Rupees in lakh)

Sl. No.	Number and title of grant	Name of the scheme (Head of Account)	Amount surrendered	Percentage of surrender	Reasons attributed for surrender
1.	12 Social Security and Welfare	Provision in lieu of 3 rd party Insurance of APST Buses (2235)	22.00	88	NA
2.	18 Research	Promotion and strengthening Regional and Local Museums (2205)	12.75	100	NA
3.	24 Agriculture	Creation of Assets (4435)	23.00	100	NA
4.	35 Information and Public Relations	Creation of Assets (4220)	14.00	93	NA
5.	50 Secretariat Economic Services	Establish expenses (3451)	111440.26	99	NA
6.	50 Secretariat Economic Services	Border Area Development (2575)	5206.00	100	NA
7.	51 Directorate of Library	Maintenance of District Library (2205)	58.00	84	NA
8.	59 Public Health Engineering	Maintenance of works (4215)	100.00	100	NA
9.	60 Textile and Handicraft	Creation of Assets (4851)	421.65	100	NA
10.	66 Power (Civil)	Transmission and Distribution (2801)	800.00	88	NA
		Total	118097.66		

Appendix 2.9

Surrender in excess of actual savings (Rupees 10 lakh or more)

(Reference: Paragraph 2.3.11)

(Rupees in lakh)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Savings	Amounts surrendered	Amount surrendered excess
Revenue-voted					
1.	22 Civil Supplies	5563.32	18.16	34.00	15.84
2.	36 Statistics	634.57	4.92	86.20	81.28
3.	58 stationary and Printing	361.53	54.44	64.70	10.26
Capital-voted					
4.	34 Agriculture	246.00	-124.73	158.76	34.03
Total		6805.42	202.25	343.66	141.41

Appendix 2.10

Statement of various grants/appropriations in which Savings occurred but no part of which had been surrendered.

(Reference: Paragraph 2.3.12)

(Rupees in crore)

Sl. No.	Number	Name of Grant/Appropriation	Savings
I Grant			
1.	1	Legislative assembly Revenue-voted	0.33
		Capital-voted	3.90
2.	3	Council of Ministers Revenue-voted	0.51
3.	6	District Administration Revenue-voted	0.27
4.	7	Treasury and Accounts Administration Revenue-voted	1.09
		Capital-voted	2.59
5.	8	Police Revenue-voted	1.89
6.	11	Social Welfare Capital-voted	2.15
7.	14	Education Capital-voted	66.53
8.	15	Health and Family Welfare Revenue-voted	6.83
		Capital-voted	0.43
9.	16	Art and Culture Affairs Revenue-voted	4.65
		Capital-voted	11.81
10.	21	Food, Storage and Warehousing Capital-voted	0.29
11.	23	Forests Revenue-voted	3.94
12.	24	Agriculture Revenue-voted	12.12
13.	25	Relief, Rehabilitation and Re-Settlement Revenue-voted	2.10
14.	26	Rural Works Revenue-voted	13.67
		Capital-voted	8.28
15.	28	Animal Husbandry and Veterinary Revenue-voted	1.03
		Capital-voted	5.32
16.	31	Public Works Capital-voted	31.82
17.	32	Roads and Bridges Capital-voted	157.66
18.	33	North Eastern Areas Revenue-voted	0.11
		Capital-voted	3.66
19.	34	Power Capital-voted	45.87
20.	38	Water Resources Department Revenue-voted	7.57
		Capital-voted	18.02

Sl. No.	Number	Name of Grant/Appropriation	Savings
21.	39	Loans to Government Servants Capital-voted	1.89
22.	40	Housing Capital-voted	2.57
23.	42	Rural Development Capital-voted	22.41
24.	44	Attached offices of the Secretariat Administration Revenue-voted	0.16
25.	45	Civil Aviation Revenue-voted	9.45
26.	47	Administration of Justice Revenue-voted	0.13
27.	48	Horticulture Capital-voted	2.57
28.	49	Science and Technology Revenue-voted	7.67
29.	52	Sports and Youth Services Capital-voted	3.88
30.	54	State Tax and Excise Revenue-voted	0.44
31.	56	Tourism Capital-voted	6.15
32.	57	Urban Development Capital-voted	8.31
33.	60	Textile and Handicraft Revenue-voted	1.74
34.	64	Trade and Commerce Revenue-voted	0.26
		Capital-voted	1.00
35.	66	Power (civil) Capital-voted	78.91
36.	67	State Information Commission Revenue-voted	0.11
37.	69	Parliamentary Affairs Department Revenue-voted	0.38
II - Appropriation			
38.	2	Governor Revenue-charged	0.18
39.		Public Debt Revenue-charged	12.57
Total			575.22

Appendix 2.11

Details of saving of Rs. 1 crore and above not surrendered
(Reference: Paragraph 2.3.12)

(Rupees in crore)

Sl. No.	Number and name of Grants / Appropriations	Saving	Surrender	Saving which remained to be surrendered
1.	1 Legislative Assembly Capital-voted	3.90	-	3.90
2.	7 Treasury and Accounts Administration Revenue-voted	1.09	-	1.09
	Capital-voted	2.59	-	2.59
3.	8 police Revenue-voted	1.89	-	1.89
4.	11 social Welfare Capital-voted	2.15	-	2.15
5.	13 Directorate of Accounts Revenue-voted	17.29	0.08	17.21
6.	14 Education Capital-voted	66.53	-	66.53
7.	15 Health and Family Welfare Revenue-voted	6.83	-	6.83
8.	16 Art and Culture Revenue-voted	4.65	-	4.65
	Capital-voted	11.81	-	11.81
9.	23 Forests Revenue-voted	3.94	-	3.94
10.	24 Agriculture Revenue-voted	12.12	-	12.12
11.	25 Relief, Rehabilitation and Re- Settlement Revenue-voted	2.10	-	2.10
12.	26 Rural Works Revenue-voted	13.67	-	13.67
	Capital-voted	8.28	-	8.28
13.	28 Animal Husbandry and Veterinary Revenue-voted	1.03	-	1.03
	Capital-voted	5.32	-	5.32
14.	31 Public Works Revenue-voted	9.05	1.92	7.13
	Revenue-capital	31.82	-	31.82
15.	32 Roads and Bridges Capital-voted	157.66	-	157.66
16.	33 North Eastern Areas Capital-voted	3.66	-	3.66
17.	34 Power Capital-voted	45.87	-	45.87
18.	38 Water Resource Department Revenue-voted	7.57	-	7.57
	Capital-voted	18.02	-	18.02
19.	39 Loans to Government Servants Capital-voted	1.89	-	1.89
20.	40 Housing Capital-voted	2.57	-	2.57
21.	42 Rural Development Capital-voted	22.41	-	22.41

Sl. No.	Number and name of Grants / Appropriations	Saving	Surrender	Saving which remained to be surrendered
22.	45 Civil Aviation Revenue-voted	9.45	-	9.45
23.	48 Horticulture Capital-voted	2.57	-	2.57
24.	49 Science and Technology Revenue-voted	7.67	-	7.67
25.	50 Secretariat Economic Services Revenue-Voted	1179.28	1166.62	12.66
26.	52 Sports and Youth Services Capital-Voted	3.88	-	3.88
27.	56 Tourism Capital-Voted	6.15	-	6.15
28.	57 Urban Development Capital-Voted	8.31	-	8.31
29.	60 Textile and Handicraft Revenue-Voted	1.74	-	1.74
30.	64 Trade and Commerce Revenue-Voted	1.00	-	1.00
31.	66 Power (Civil) Revenue-Voted	12.18	10.27	1.91
	Capital-Voted	78.91	-	78.91
32.	Public Debt Revenue-Charged	12.57	-	12.57
	Capital-Charged	121.08	29.81	91.27
Total		1910.50	1208.70	701.80

Appendix 2.12**Cases of Surrender of funds in excess of Rs. 1 crore on 30 and 31 March 2009***(Reference: Paragraph 2.3.1)**(Rupees in crore)*

Sl. No.	Grant No. and Name	Head of Account	Amount Surrender	Percentage of Total provision
1.	14 Education	2202,2203,2204	48.51	13
2.	19 Industries	2230,2851,2852,2885	2.94	24
3.	24 Agriculture	4401,4415,4435	1.59	65
4.	27 Panchayat	2015,2515	2.28	6
5.	31 Public Works	2059	1.92	2
6.	34 Power	2501,2801,2810	1.95	1
7.	42 Rural Development	2501,2505,2515	1.75	4
8.	50 Secretariat Economic Services	2575,3451	1166.62	99
9.	59 Public Health Engineering	4215	1.00	11
10.	60 Textile and Handicraft	4851,6851	4.22	100
11.	65 Department of Tirap and Changlang District	2575	1.00	27
12.	66 Power (civil)	2501,2801,2810	10.27	49
13.	Public Debt	6003,6004	29.81	16
Total			1273.86	

Appendix 2.13

Rush of Expenditure (Reference: Paragraph 2.3.13)

Sl. No.	Grant Number	Head of Account Scheme/Service	Expenditure incurred during January-March 2009	Expenditure incurred in March 2009	Total Expenditure	Percentage of total expenditure incurred during	
						Jan-March 2009	March 2009
1.	11	2236	8.67	8.62	8.96	96.78	96.25
2.	14	2203	2.60	1.35	2.71	96.06	50.19
3.	15	2210	124.00	91.79	164.78	75.73	55.70
4.	23	2406	80.70	43.44	83.34	96.83	52.13
5.	26	2402	37.46	23.29	39.10	96.29	59.57
6.	28	4403	0.39	1.02	1.05	38.03	98.30
7.	33	2552	3.60	2.15	4.76	75.60	25.20
8.	34	2810	2.05	2.05	2.28	89.73	89.73
9.	38	2702	107.30	78.23	114.91	93.38	68.08
10.	38	2711	4.98	2.29	5.30	94.03	43.32
11.	38	4702	6.94	2.72	8.14	85.24	33.43
12.	40	2216	22.87	17.78	24.97	91.61	71.21
13.	57	4217	14.50	21.07	26.77	54.18	78.69
14.	65	4575	21.89	21.61	22.64	96.72	95.46

Appendix 2.14

Details of Outstanding Abstract Contingent Bills drawn between 2001-02 to 2008-09 and remaining outstanding till March 2009

(Reference: Paragraph 2.4.1)

(Rupees in lakh)

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
1	District Medical Officer, Anini	3	261000
2	Principal, State Institute of Education, Changlang	1	153160
3	District Agriculture Officer, Upper Subansiri, Daporijo	3	262500
4	Administrative Officer, Directorate of Research, Itanagar	1	38000
5	Assistant Controller (HQ) Deptt. of Legal and Metrology (GES), Itanagar	1	4000
6	Joint Director Geology and Mining, Itanagar	1	5000
7	Assistant Commissioner, Excise and Taxation, Itanagar	1	5000
8	District Horticulture Officer, Tirap	1	40000
9	Director of Accounts and Treasuries, Naharlagun	1	5000
10	Deputy Commissioner, Pasighat	4	7500
11	District A.H. & Vety Officer, Dibang Valley Dist., Roing	1	2000
12	District Horticulture Officer (CHD), Seppa	4	3076080
13	District Horticulture Officer, Tawang	2	421700
14	Assistant Registrar Co-Operative Societies, Tawang.	1	24964
15	District Agriculture Officer, Lohit, Tezu	2	352698
16	District Horticulture Officer, Yingkiong	2	282240
17	District Agriculture Officer, Ziro	3	717603
18	Dy. Resident Commissioner, Tezpur	7	1597250
19	Under Secretary, Sports and Youth Affairs, Itanagar	1	5000
20	Deputy Commissioner.(ADMN) West Siang District,Along	2	4500
21	District and Medical Officer(FWL). Along	18	115500
22	Principal Government College, Itanagar	1	4000
23	Under Secretary to Governor, Itanagar	15	137000
24	Under Secretary (ESTT) (Law), Itanagar	1	7000
25	Under Secretary (Estt.), Itanagar	5	1344569
26	Deputy Superintendent of Police(TELE), Itanagar	3	120000
27	Assistant Commandant 1st AAP Bn BHQ, Itanagar	1	40000
28	Director of Health Services Naharlagun	1	15000
29	Director of Accounts and Treasuries, Naharlagun	1	5000
30	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	45	225230
31	Secretary, State Lotteries, Itanagar	2	600000
32	Under Secretary, Itanagar	4	14008
33	Editor, Arunachal Pradesh Gazetteer, Shillong	1	3000
34	Minister of Arunachal Pradesh	9	33587
35	Deputy Commissioner (ADMN)	1	20000
36	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	42	300306
37	Deputy Director, Small Saving	1	10000
38	Director of Research, Itanagar	1	5000
39	Director of Audit & Pension, Naharlagun	1	10000
40	Deputy Commissioner (LAR). Along	1	54000
41	District Training Officer, Solari	8	221000
42	District Election Officer, Bomdila	2	150000

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
43	Deputy Director of School Education, Daporijo	1	12612
44	District Election Officer, Daporijo	2	436000
45	Under Secretary to Governor, Itanagar	10	57340
46	Superintendent of Police (PS), Itanagar	1	10000
47	Under Secretary (Estt.), Itanagar	14	74751
48	Deputy Superintendent of Police(TELE), Itanagar	3	29000
49	Superintendent of Police (TELE), Itanagar	1	185920
50	Research Officer (E&M) Planning and Development Department, Itanagar	1	5000
51	Director Relief and Rehabilitation, Itanagar	1	4000
52	Deputy Commissioner Tax and Excise (STE), Itanagar	1	10000
53	Assistant Commissioner, Excise and Taxation, Itanagar	1	5000
54	Director, Sports and Youth Affairs, Itanagar	1	188250
55	Deputy Commissioner,(CSS) Tirap	1	5000
56	Director of Agriculture Naharlagun, Naharlagun	3	480000
57	Directorate of Horticulture, Naharlagun	1	10000
58	Director of Food and Civil Supplies, Naharlagun	1	10000
59	Chief Medical Officer General Hospital (MED), Naharlagun	1	7500
60	Vice Principal, P.T.C. Banderdewa	1	20000
61	Director of Accounts and Treasuries, Naharlagun	1	5000
62	Deputy Commissioner (CSS), Pasighat	1	2500
63	District Election Officer, Pasighat	1	78225
64	District Election Officer(ADC), Roing	1	100000
65	Deputy Commissioner (ADMN), Tawang	1	75000
66	District Election Officer, Tawang	2	225000
67	Deputy Director of School Education , Yingkiong	1	9174
68	District Election Officer, Yingkiong	16	222598
69	Deputy Commissioner (GES), Ziro	1	100000
70	District Election Officer, Ziro	1	200000
71	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	64	499848
72	Secretary, State Lotteries, Itanagar	2	400000
73	Under Secretary, Itanagar	42	424881
74	Dy. Resident Commissioner, Tezpur	4	16728
75	Director of Tourism	1	40000
76	District Election Officer, Changlang	3	100000
77	Deputy Commissioner (ADMN)	6	1142990
78	Senior and Accounts Officer(Sr Grade-II) Directorate of Supply and Transport	1	128100
79	Asstt. Director of Textile & Handicraft, Anini	1	25000
80	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	207	2347990
81	Director of Research, Itanagar	26	190800
82	Director of Audit & Pension, Naharlagun	1	5000
83	Director of School Education, Naharlagun	1	5000
84	Deputy Director of School Education, Roing	1	13755
85	Asstt.Research Officer, Directorate of Research , Itanagar	1	10000
86	District and Medical Officer(FWL), Along	8	55500
87	Under Secretary to Governor, Itanagar	27	1089942
88	Under Secretary (Estt.), Itanagar	5	55400
89	Superintendent of Police (TELE), Itanagar	45	2790030

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
90	Commandant 1st AAP BHQ, Itanagar	1	30000
91	Research Officer (E&M) Planning and Development Department, Itanagar	5	25000
92	Director Relief and Rehabilitation, Itanagar	1	5000
93	Treasury Officer, Itanagar	1	207951
94	Director of Food and Civil Supplies, Naharlagun	1	5000
95	Chief Medical Officer General Hospital, Naharlagun	5	35000
96	Director Health Services(MED), Naharlagun	2	20000
97	Deputy Director of Health Services (T&R),(FWL) Pasighat	1	7500
98	Deputy Commissioner (ADMN), Tawang	1	6000
99	District Medical Officer, Yingkiong	2	30000
100	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	35	453880
101	Secretary, State Lotteries, Itanagar	5	2231000
102	Under Secretary, Itanagar	7	202000
103	Director of Small Savings, Naharlagun	1	15000
104	Director of Tourism	3	1460000
105	District Medical Officer, Khonsa	13	90000
106	District Medical Officer(FWL)	8	55700
107	Senior and Accounts Officer(Sr Grade-II) Directorate of Supply and Transport	1	81000
108	Drawing & Disbursing Officer, Land Management Deptt., Itanagar	1	5000
109	Dy. Director (Fisheries), Directorate of Fisheries, Itanagar (A/P).	1	10000
110	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	45	5908460
111	Deputy Director, Small Saving	2	30000
112	Social Welfare, Women & Child Dev.Deptt. Naharlagun	6	53000
113	District Election Officer, Along	1	18000
114	Principal, Dera Natung Govt. College, Itanagar	2	100000
115	Director of School Education, Naharlagun	1	6499631
116	Director General of Police, Itanagar	4	2154994
117	Labour and Employment Department, Naharlagun	1	10000
118	District and Medical Officer(FWL), Along	14	99000
119	Principal, Government College, Bomdila	1	60000
120	District Election Officer, Bomdila	2	102000
121	District Medical Officer,(FWL) Bomdila	1	20000
122	Principal, Rang-frah Government College, Changlang	1	45000
123	District Medical Officer,(MED)Changlang	1	45608
124	District Medical Officer,(FWL) Changlang	1	15000
125	Under Secretary to Governor, Itanagar	44	2099174
126	Under Secretary (ESTT) (Law), Itanagar	1	864500
127	Superintendent of Police (PS), Itanagar	1	40000
128	Under Secretary (Estt.), Itanagar	9	123000
129	Superintendent of Police (TELE), Itanagar	114	40914534
130	Under Secretary, Public Service Commission, Itanagar	9	176320
131	Research Officer (E&M) Planning and Development Department, Itanagar	2	10000
132	Director Relief and Rehabilitation, Itanagar	2	10000
133	Assistant Director for Director Relief and Rehabilitation and settlement, Itanagar	3	13000

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
134	Director, Sports and Youth Affairs, Itanagar	1	20000
135	District Election Officer, Tirap, Khonsa	1	154100
136	Deputy Commissioner,(CSS) Tirap	1	6000
137	Director of Food and Civil Supplies, Naharlagun	1	10000
138	Director of Health Services Naharlagun	10	110000
139	Chief Medical Officer General Hospital, Naharlagun	10	70000
140	Finance & Accounts Officer, Legislative Assembly, Naharlagun	12	175000
141	District Medical Officer Papumpare, Yupia, Papumpare	3	28000
142	Director Social Welfare Department, Naharlagun	2	17000
143	Child Development Project Officer Doimukh, Doimukh	1	2067000
144	Director of Accounts and Treasuries, Naharlagun	4	40000
145	Deputy Director of Health Services (T&R),(FWL) Pasighat	2	15000
146	District Election Officer(DC), Seppa	5	3800000
147	District Election Officer, Tawang	1	200000
148	Deputy Commissioner (ADMN), Tezu	4	17500
149	Principal Indira Gandhi Government College, Tezu	1	80000
150	District Medical Officer (MED), Tezu	4	490000
151	District Election Officer, Yingkiong	10	121750
152	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	38	1124552
153	Secretary, State Lotteries, Itanagar	8	2040300
154	Under Secretary, Itanagar	26	1319088
155	Dy.Director Stationery & Printing, Naharlagun	2	2125000
156	Editor, Arunachal Pradesh Gazetteer, Shillong	2	147482
157	Minister of Arunachal Pradesh	1	50000
158	District Election Officer, Changlang	1	350000
159	District Medical Officer(FWL)	6	45000
160	District Medical Officer	1	30000
161	Dy. Director (Fisheries), Directorate of Fisheries, Itanagar (A/P).	1	75000
162	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	26	2097069
163	Deputy Commissioner , Papumpare	1	6000
164	Social Welfare, Women & Child Dev.Deptt. Naharlagun	4	52000
165	Director of Research, Itanagar	1	200000
166	District Election Officer, Along	30	1609430
167	Director of Audit & Pension, Naharlagun	4	55000
168	Divisional Commissioner,(West), Itanagar	3	991802
169	Director of School Education, Naharlagun	3	15000
170	Director General of Police, Itanagar	11	28425687
171	District Election Officer.	1	168450
172	Director of Tirap & Changlang (DOTC), Govt.of A.P., Itanagar	3	15000
173	District and Medical Officer(FWL). Along	5	34800
174	Deputy Commissioner (Admn), Anini	1	28626
175	Deputy Commissioner (Admn), Bomdila	1	6000
176	Principal, Government College, Bomdila	2	184400
177	District Medical Officer,(FWL) Bomdila	1	50000
178	Deputy Director of School Education, Changlang	1	20050
179	Principal Governemnt High School, Itanagar	1	26100

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
180	Under Secretary to Governor, Itanagar	84	2601178
181	Under Secretary (Estt.), Itanagar	7	183000
182	Superintendent of Police (TELE), Itanagar	67	5533234
183	Under Secretary, Public Service Commission, Itanagar	4	20000
184	Director Relief and Rehabilitation, Itanagar	1	5000
185	Assistant Director for Director Relief and Rehabilitation and settlement, Itanagar	1	5000
186	Assistant Commissioner, Excise and Taxation, Itanagar	1	5000
187	Director, Sports and Youth Affairs, Itanagar	1	158450
188	Deputy Commissioner (ADMN), Tirap	1	5600
189	Director of Food and Civil Supplies, Naharlagun	1	10000
190	Deputy Director of School Education Papumpare	1	14550
191	Director of Health Services Naharlagun	7	65000
192	Chief Medical Officer General Hospital, Naharlagun	6	42500
193	Finance & Accounts Officer, Legislative Assembly, Naharlagun	16	235000
194	District Medical Officer Papumpare, Yupia, Papumpare	3	35000
195	Deputy Director of Health Services (T&R),(FWL) Pasighat	5	37500
196	Principal, Industrial Training Institute, Roing	1	95000
197	Deputy Director of School Education East Kameng District, Seppa	1	12350
198	District AH & VETY Officer, Tawang	1	420000
199	Deputy Director of School Education, Tawang	1	9050
200	Deputy Commissioner (ADMN), Tezu	3	35000
201	Deputy Director of School Education, Tezu	1	22250
202	District Medical Officer (MED), Tezu	1	30000
203	Deputy Director of School Education, Yingkiong	1	9050
204	Deputy Commissioner (TSM), Yingkiong	1	800000
205	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	12	102400
206	Secretary, State Lotteries, Itanagar	6	525000
207	Under Secretary, Itanagar	74	1950199
208	District Medical Officer,(FWL), Daporijo	1	20000
209	District Medical Officer(FWL)	4	30000
210	Deputy Commissioner (ESD) Pasighat	2	400000
211	Principal Jawaharlal Nehru College Pasighat	1	100000
212	Senior and Accounts Officer(Sr Grade-II) Directorate of Supply and Transport	2	162039
213	District Medical Officer	1	30000
214	Deputy Commissioner, Papumpare Dist.	2	500000
215	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	23	2704611
216	Social Welfare, Women & Child Dev.Deptt. Naharlagun	1	39760
217	Director of Art & Culture, Naharlagun	2	148400
218	Treasury Officer, Along	1	15770
219	Director General of Police, Itanagar	4	63760
220	Principal, Industrial Training Institute, Dirang	1	81000
221	Drawing & Disbursing Officer Planning Department Govt. of Arunachal Pradesh Itanagar	2	15000
222	Under Secretary(Admn Reforms), Itanagar	1	8500
223	Deputy Commissioner(TRA) Along, Along	1	100000
224	Deputy Director of School Education, Changlang	1	20050

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
225	Principal, Rang-frah Government College, Changlang	2	140000
226	Principal I.T.I., Daporijo	1	44700
227	Administrative Officer, Directorate of Research, Itanagar	1	15000
228	Under Secretary to Governor, Itanagar	45	326247
229	Under Secretary (ESTT) (Law), Itanagar	1	5000
230	Joint Director Geology and Mining, Itanagar	5	61000
231	Superintendent of Police (PS), Itanagar	7	223717
232	Under Secretary (Estt.), Itanagar	5	113270
233	Superintendent of Police (TELE), Itanagar	47	9558983
234	Superintendent of Police, Papumpare	1	9000
235	Under Secretary, Public Service Commission, Itanagar	8	615080
236	Director Relief and Rehabilitation, Itanagar	1	5000
237	Deputy Commissioner Tax and Excise (STE), Itanagar	1	10000
238	Director, Sports and Youth Affairs, Itanagar	2	762600
239	Finance & Accounts Officer, Directorate of Textile and Handicraft, Itanagar	1	10000
240	Finance & Accounts Officer, Directorate of Industries, Itanagar	1	10000
241	Director of Health Services Naharlagun	1	5000
242	Assistant Controller Department of Legal Metrology West Zone (GES), Naharlagun	2	15000
243	Director Information and Public Relation, Naharlagun	1	15000
244	Finance & Accounts Officer, Legislative Assembly, Naharlagun	37	597000
245	Director of Accounts and Treasuries, Naharlagun	1	10000
246	Deputy Commissioner (SYS), Seppa	1	200000
247	Deputy Commissioner (TSM), Tawang	1	400000
248	Deputy Commissioner (ADMN), Tezu	9	660000
249	Principal Indira Gandhi Government College, Tezu	1	80000
250	Deputy Commissioner (TSM), Yingkiong	1	700000
251	District Supply Officer, Ziro	1	177120
252	Secretary, State Lotteries, Itanagar	4	1120000
253	Under Secretary, Itanagar	34	1349169
254	Director of Tourism	2	750000
255	Deputy Commissioner (ESD) Pasighat	1	500000
256	Principal Jawaharlal Nehru College Pasighat	1	100000
257	Director of Higher Education, Itanagar	1	175000
258	Deputy Commissioner, Papumpare Dist.	2	670000
259	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	14	3650980
260	Deputy Commissioner , Papumpare	1	153000
261	Social Welfare, Women & Child Dev.Deptt. Naharlagun	1	1822200
262	Director of Art & Culture, Naharlagun	2	35000
263	Director of Research, Itanagar	2	25000
264	Director of Audit & Pension, Naharlagun	1	10000
265	Divisional Commissioner,(West), Itanagar	3	15000
266	Treasury Officer, Along	4	80913
267	Director of School Education, Naharlagun	4	624800
268	Director General of Police, Itanagar	9	21765849
269	Drawing & Disbursing Officer Planning Department Govt. of Arunachal Pradesh Itanagar	4	35000

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
270	Principal ITI Yupia	2	57100
271	Under Secretary(Admn Reforms), Itanagar	1	5000
272	Principal, Sangay Lhadeen Sports Academy, Papumpare	1	292240
273	Deputy Director of School Education, Along	1	27750
274	Principal, Donyi-Polo Government College, Kamki	1	50000
275	Deputy Commissioner(TRA) Along, Along	1	14918
276	Deputy Commissioner (Admn), Bomdila	1	214500
277	Under Secretary to Governor, Itanagar	20	249608
278	Joint Director Geology and Mining, Itanagar	12	125000
279	Superintendent of Police (PS), Itanagar	1	40000
280	Under Secretary (Estt.), Itanagar	13	86281
281	Superintendent of Police, Itanagar	1	1302540
282	Deputy Superintendent of Police(TELE), Itanagar	2	647500
283	Superintendent of Police (TELE), Itanagar	77	41935229
284	Under Secretary, Public Service Commission, Itanagar	4	356572
285	Deputy Commissioner Tax and Excise (STE), Itanagar	3	47500
286	Director, Sports and Youth Affairs, Itanagar	4	538030
287	Finance & Accounts Officer, Directorate of Textile and Handicraft, Itanagar	1	15000
288	Finance & Accounts Officer, Directorate of Industries, Itanagar	2	25000
289	Deputy Commissioner (SES).Khonsa	1	7343
290	Deputy Director Deptt of Art and Culture, Naharlagun	6	15730000
291	Director of Food and Civil Supplies, Naharlagun	1	5000
292	Director of Health Services Naharlagun	7	83000
293	Assistant Controller Department of Legal Metrology West Zone (GES), Naharlagun	5	50000
294	Director Information and Public Relation, Naharlagun	4	5534834
295	Labour Commissioner, Naharlagun	2	30000
296	Finance & Accounts Officer, Legislative Assembly, Naharlagun	25	382000
297	Director of Accounts and Treasuries, Naharlagun	1	15000
298	Deputy Commissioner (TSM), Tawang	1	98085
299	Deputy Commissioner (ADMN), Tezu	4	35000
300	Deputy Director of School Education, Tezu	1	23350
301	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	1	860000
302	Secretary, State Lotteries, Itanagar	10	5385000
303	Under Secretary, Itanagar	53	974491
304	Director of Small Savings, Naharlagun	7	90000
305	Dy.Director Stationery & Printing, Naharlagun	1	7000
306	General Manager, State Transport Department	1	5000
307	Director of Tourism	1	560000
308	Director of Higher Education, Itanagar	2	1392416
309	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	37	6889780
310	Social Welfare, Women & Child Dev.Deptt. Naharlagun	1	20265000
311	Administrative Officer, Directorate of Eco. & Statistic, Itanagar	1	5000
312	Director of Art & Culture, Naharlagun	7	1444450
313	Director of Research, Itanagar	20	7649000
314	Director of Audit & Pension, Naharlagun	4	60000

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
315	Asstt. Director of Tourism, Itanagar	6	1095697
316	Divisional Commissioner, (West), Itanagar	2	20000
317	Principal, Dera Natung Govt. College, Itanagar	1	75000
318	Chief Engineer, East Zone PWD	5	98344
319	Treasury Officer, Along	2	55000
320	Director of School Education, Naharlagun	5	1052800
321	Director of Planning, Itanagar	2	170000
322	Director General of Police, Itanagar	6	19785303
323	Drawing & Disbursing Officer Planning Department Govt. of Arunachal Pradesh Itanagar	11	1142000
324	Director of School Education, Itanagar	2	462000
325	Under Secretary (Admn Reforms), Itanagar	2	10000
326	Principal, Sangay Lhadeen Sports Academy, Papumpare	1	307200
327	Deputy Commissioner, (ADMN) West Siang District, Along	1	15000
328	Deputy Commissioner (ANC), Changlang	1	5000
329	Deputy Commissioner, (ADMN) Daporijo	2	4005000
330	Dy. Director Directorate of Economics & Statistics, Itanagar	1	10000
331	Assistant Director of Fisheries, Directorate of Fisheries, Itanagar (A/P).	1	15000
332	Under Secretary to Governor, Itanagar	21	2006500
333	Director of Industries, Itanagar	2	315000
334	Under Secretary (ESTT) (Law), Itanagar	1	5000
335	Joint Director Geology and Mining, Itanagar	5	379564
336	Under Secretary (Estt.), Itanagar	8	68000
337	Deputy Superintendent of Police (TELE), Itanagar	1	37884
338	Superintendent of Police (TELE), Itanagar	35	60314198
339	Superintendent of Police, Papumpare	1	40000
340	Under Secretary, Public Service Commission, Itanagar	28	1056680
341	Assistant Commissioner, Excise and Taxation, Itanagar	1	562411
342	District Election Officer, Tirap, Khonsa	1	129800
343	Director of Food and Civil Supplies, Naharlagun	5	925200
344	Director of Health Services Naharlagun	3	40000
345	Assistant Controller Department of Legal Metrology West Zone (GES), Naharlagun	3	21000
346	Finance & Accounts Officer, Legislative Assembly, Naharlagun	18	290000
347	Director Health Services (MED), Naharlagun	1	15000
348	Director of Accounts and Treasuries, Naharlagun	10	125000
349	Deputy Director of School Education East Kameng District, Seppa	1	80000
350	District Election Officer (DC), Seppa	5	127600
351	Deputy Commissioner (ADMN), Tezu	12	200000
352	Principal Govt. H.S. School, Namsai	23	263109
353	Deputy Director of School Education, Yingkiong	1	10150
354	District Election Officer, Yingkiong	2	155000
355	Deputy Commissioner (ADMN), Ziro	1	185000
356	Deputy Director of School Education, Ziro	4	1140150
357	Deputy Commissioner (TSM), Along	1	2000000
358	Under Secretary (Estt) O/o the Divisional Commissioner, Itanagar	1	5000
359	Assistant Labour Commissioner, Naharlagun	1	15000

Sl. No	Name of the DDO/Controlling Officers from which AC bills are awaited	Number of AC Bills	Amount (in Rupees)
360	Secretary, State Lotteries, Itanagar	4	1045000
361	Under Secretary, Itanagar	217	5855559
362	General Manager, State Transport Department	3	23000
363	Minister of Arunachal Pradesh	1	5000
364	District Election Officer, Changlang	20	413880
365	Principal Jawaharlal Nehru College Pasighat	1	75000
366	Director of Higher Education, Itanagar	4	1170000
367	Deputy Commissioner Papumpare Dist, Itanagar.	2	2500000
368	Under Secretary,(Estt) Govt. of Arunachal Pradesh, Itanagar	44	404000
369	Director, Deptt., of Public Libraries, Itanagar	1	70000
370	Social Welfare, Women & Child Dev.Deptt. Naharlagun	1	40000
371	Administrative Officer, Directorate of Eco. & Statistic, Itanagar	2	20000
372	Director of Art & Culture, Naharlagun	2	33800
373	Director of Research, Itanagar	12	3569500
374	Director of Audit & Pension, Naharlagun	2	30000
375	Deputy Commissioner, Roing	2	30000
376	Asstt.Director of Tourism, Itanagar	7	233000
377	Divisional Commissioner,(West), Itanagar	4	40000
378	Treasury Officer, Along	2	28856
379	Director of School Education, Naharlagun	1	150000
380	Director General of Police, Itanagar	15	36533593
381	District Election Officer,	16	746000
382	Compiler(Gazetteers) Arunachal Pradesh, Itanagar	1	10000
383	Drawing & Disbursing Officer Planning Department Govt. of Arunachal Pradesh Itanagar	12	319000
384	Deputy Commissioner, Itanagar Capital Complex	2	1932546
Total		2955	46,84,87,337

Appendix 3.1

Statement showing names of bodies and authorities, the accounts of which had not been received

(Reference: Paragraph 3.2 pages)

(Rupees in Lakh)

Sl. No.	Name of body/ authority	Years for which accounts had not been received	Grants received	
			Year	Amount
1.	District Rural Development Agency, Tezu	2007-08	Not made available	
2.	District Rural Development Agency, Daporijo	2006-07 to 2007-08		
3.	District Rural Development Agency, Seppa	1996-97 to 2007-08		
4.	District Rural Development Agency, Tawang	2005-06 to 2007-08		
5.	District Rural development Agency, Yingkiong	2005-06 to 2007-08		
6.	Arunachal Pradesh Social Welfare Advisory Board Itanagar	2004-05 to 2007-08		
7.	District Urban Development Agency, Bomdila	2004-05 to 2007-08		
8.	District Urban Development Agency, Tawang	2004-05 to 2007-08		
9.	Arunachal Pradesh Agricultural Marketing Board, Naharlagun	2005-06 to 2007-08		
10.	Arunachal Pradesh State Council for Science Technology, Itanagar	2007-08		
11.	RamKrishna Mission, Itanagar	1999-2000 to 2007-08		
12.	Donyi Polo Mission, Itanagar	2003-04 to 2007-08		
13.	RamKrishna Mission Hospital, Itanagar	1999-2000 to 2007-08		
14.	RamKrishna Mission Narottam Nagar, Deomali	2005-06 to 2007-08		
15.	RamKrishna Mission Vivekananda Nagar, Along	2005-06 to 2007-08		
16.	RamKrishna Mission, Khonsa	2005-06 to 2007-08		