CHAPTER II: ECONOMIC SECTOR

2.1.1 Introduction

This Chapter of the Audit Report for the year ended 31st March 2013 deals with the Audit findings of State Government units under the Economic Sector.

During 2012-13, total budget allocation of the State Government under the Economic Sector was ₹ 2121.01 crore, against which the actual expenditure was ₹ 1567.47 crore. Details of Department-wise budget allocation and expenditure are given in Table 2.1.1 below:

Table - 2.1.1

(₹in crore)

Sl. No.	Department	Total Budget Allocation	Expenditure
1.	Industries	34.45	24.87
2.	Textile & Handicrafts	35.84	27.88
3.	Tourism	75.39	41.01
4.	Rural Development	92.58	88.57
5.	Co-operation	13.28	12.62
6.	Agriculture	131.65	98.88
7.	Horticulture	51.48	41.63
8.	Animal Husbandry	84.18	80.37
9.	Fisheries	21.35	39.03
10.	Research	17.43	10.49
11.	Science & Technology	8.08	8.08
12.	Public Works	269.35	168.05
13.	North Eastern Areas	144.48	108.15
14.	Environment & Forests	278.16	122.07
15.	Transport	74.21	72.07
16.	Power	510.24	454.41
17.	Water Resources	265.72	157.89
18.	Geology & Mining	13.14	11.4
TOTAL		**2121.01**	**1567.47**

Source: Appropriation Accounts 2012-13

Besides the above, the Central Government transferred a sizeable amount of funds directly to Implementing Agencies under the Economic Sector to different Departments of the State Government. Major transfers for implementation of flagship programmes of the Central Government are given Table 2.1.2:

Table - 2.1.2

(₹in crore)

Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Information Publicity & Extension	A.P. Energy Development Agency	1.33
OFF Grid DRDS	A.P. Energy Development Agency	2.02
Aajeevika	District Rural Development Agencies (DRDAs)	2.07
DRDA, Administration	DRDAs	8.34
Integrated Watershed Management Programme (IWMP)	SLNA, AP and DRDAs	20.44
Mahatma Gandhi National Rural Employment Guarantee Scheme	DRDAs	68.34
Pradhan Mantri Gram Sadak Yojana	Rural Development Department	214.26
National Project for Cattle & Buffalo breeding	A.P. Livestock Development Society	2.87

Source: Central Plan Scheme Monitoring System (CPSMS)

2.1.2 Planning and Conduct of Audit

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

Audits were conducted involving expenditure of the State Government amounting to ₹ 225.38 crore under the Economic Sector. The report contains a Performance Audit of *'Roads & Bridges Projects funded through the Non-Lapsable Central Pool of Resources (NLCPR) and North-Eastern Council (NEC)'* and seven Compliance Audit Paragraphs.

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

Major observations detected in Audit during 2012-13 pertaining to the Economic Sector (other than Public Sector Undertakings), are discussed in subsequent paragraphs of this Chapter.

PERFORMANCE AUDIT

Public Works Department

2.2 Roads & Bridges funded by Non Lapsable Central Pool of Resources and North Eastern Council

2.2.1 Background

Roads and Bridges form a crucial part of infrastructure of any country or the state. Without efficient network of roads, other planned developmental activities cannot produce expected results. The road connectivity is a crucial component in the socio-economic development of the people of any state by providing access to amenities like education, health, marketing etc.

Road planning had always been the responsibility of both the Central and State Governments. The road infrastructure is relatively deficient in the North Eastern Region. There has also been a special thrust in building the road infrastructure. Roads in North Eastern States are constructed by multiple agencies, viz., the State Government, Central Government and Border Roads Organisation. The North-Eastern states have essentially depended on central funding for development works, road sector not being an exception. Funds of execution of project under road sector undertaken by the State Government come through Non-Lapsable Central Pool of Resources (NLCPR), North Eastern Council (NEC), Pradhan Mantri Gram Sadak Yojana (PMGSY), Externally Funded Schemes etc., apart from state's own resources

The Government of India created a Non-Lapsable Central Pool of Resources (NLCPR) in the Union Budget for the year 1998-99 with an intent to ensure speedy development of infrastructure in the North Eastern Region by increasing the flow of budgetary financing for new infrastructure projects/schemes in the Region in both physical and social infrastructure sectors such as Irrigation and Flood Control, Power, Roads and Bridges, Education, Health, Water Supply and Sanitation, etc.

The North Eastern Council (NEC) was constituted in 1971 by an act of the Parliament to act as an advisory body in respect of socio-economic development and to ensure balanced development of the entire region. The projects of inter-state nature in the region are funded through the NEC, which has a separate additional budget for the purpose.

The present performance audit covers implementation of Roads and Bridges projects funded by NLCPR and NEC.

2.2.2 Highlights

A Performance Audit of implementation of the Roads & Bridges projects funded through Non-Lapsable Central Pool of Resources (NLCPR) and the North-Eastern Council (NEC) in Arunachal Pradesh was conducted, covering the period from 2008-09 to 2012-13 to review the systems adopted by Departments and efforts of the State Government and to ascertain whether objectives of the scheme were met in an economical, efficient and effective manner.

The Performance Audit revealed that there were delays in completion of the projects due to deficiencies in the planning process, delay/non-release of funds to implementing agencies and inadequate monitoring. Consequently, only 11 (eleven) out of the targeted 49 (forty nine) projects were completed as of March 2013. Some major audit findings are highlighted below:

- ***There were delays ranging from 7 to 13 months in submission of Priority Lists.***

  (Para 2.2.9.1)

- ***Records of 25 test-checked NLCPR projects revealed that Detailed Project Reports were prepared without proper survey and investigation.***

  (Para 2.2.10)

- ***There were delays ranging from 3 to 48 months in release of funds by the State Government to executing agencies.***

  (Para 2.2.11.3)

- ***The State Government did not contribute its share aggregating to ₹12.15 crore (48.41 percent) towards implementation of 25 test-checked NLCPR projects.***

  (Para 2.2.11.4)

- ***Against the total amount of ₹ 403.15 released up to 2012-13 for implementation of NLCPR, utilization certificates (UCs) for ₹111.50 crore (30 per cent) were pending as of March 2013.***

  (Para 2.2.11.5)

- ***In 22 test-checked projects, executing agencies incurred inadmissible expenditure of ₹10.16 crore against NLCPR funds.***

  (Para 2.2.11.6)

- ***In three projects, executing agencies diverted ₹ 5.26 crore from NLCPR/NEC funds to other projects.***

  (Para 2.2.11.7)

- ***The completion rate of projects under NLCPR/NEC was far from satisfactory. Out of 49 projects due for completion by March 2013 or earlier, only 11 projects (23 percent), involving an expenditure of ₹ 105.44 crore, were completed. Even completed projects had huge time overruns ranging from 12 to 24 months.***

(Para 2.2.12)

- ***No Evaluation Study was conducted to assess the impact of projects created.***

(Para 2.2.17.2)

- ***Adequate transparency and publicity/dissemination of information relating to NLCPR/NEC projects was not ensured through the Local media and Display Boards.***

(Para 2.2.17.3)

2.2.3 Introduction

NLCPR/NEC was established by the GoI for funding specific infrastructure projects in the North-Eastern Region. One of the broad objectives of the scheme, besides others, was to create physical and social infrastructure in sectors like roads and bridges with Inter-State connectivity.

During 2008-13, the Ministry of DoNER/NEC approved 53 roads and bridges projects (NLCPR-51 & NEC-2) in Arunachal Pradesh, involving a total cost of ₹ 892.28 crore.

2.2.4 Institutional arrangements for implementation of NLCPR/NEC Projects

NLCPR/NEC is administered by the Ministry of Development of North-Eastern Region (MoDoNER) through the 'NLCPR/NEC Committee,' which consists of a Chairman (Secretary, MoDoNER), five members and one Member Convener.

In Arunachal Pradesh, the Planning Department is the Nodal Department which monitors the projects/schemes and submits project proposals, Quarterly Progress Reports (QPRs), Utilization Certificates (UCs) and field Inspection Reports (IRs) to the MoDoNER.

Organizational set-up for implementation of NLCPR/NEC financed projects in the State is depicted below:

2.2.5 Scope of Audit

The Performance Audit covered the period from 2008-09 to 2012-13. Out of the 85 projects (NLCPR-76 & NEC-09) approved up to 2012-13 under the NLCPR/NEC scheme, 51 NLCPR and 02 NEC projects pertained to the period 2008-09 to 2012-13. Out of the 85 projects, 27 projects (NLCPR-25 & NEC-02) (32 *percent*) were selected for audit **(Appendix – 2.1).**

Audit was conducted through examination of records and files of the Planning Department, Chief Engineer, PWD (EZ), Chief Engineer, PWD (WZ), Chief Engineer (RWD) and through field inspections of the 12 (twelve) Divisions implementing the projects in 6 (six) Districts ***(Changlang, Upper Siang, East Siang, West Kameng, Lohit and Anjaw)***.

Selection of Districts, Divisions, and Projects were done by the ***Probability Proportional to Size Without Replacement (PPSWOR)*** Sampling Method with a coverage of 32 *percent* at all levels.

Physical verification of works executed under the schemes was also carried out wherever possible, for making an impact assessment of the Scheme(s).

Performance Audit on Non-Lapsable Central Pool or Resources was also conducted in 2008 and audit findings were incorporated in the Audit Report of the Comptroller & Auditor General of India for 2007-08. The audit findings were not discussed by the Public Accounts Committee (PAC) till the date of audit (September 2013).

2.2.6 Audit Objectives

The main audit objectives were to examine and assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and that individual projects were planned appropriately.
- The mechanism in place for approval of projects was strictly adhered to and appropriate checks applied at each stage, prior to approval and after release of funds.
- Adequate funds were released in a timely manner and utilized for specific purposes.
- Projects were executed efficiently and economically to achieve intended objectives.
- There was a mechanism for adequate and effective monitoring and evaluation of projects.

2.2.7 Performance Indicators/Audit Criteria

The criteria used for assessing the performance were derived from the following sources:

- Guidelines of Government of India (GoI) for implementation of NLCPR funded projects.
- Detailed Project Reports.
- Conditions and norms laid down for release of funds/ Sanction Orders.
- Performance indicators relevant to sectors under which the projects were executed; and
- Prescribed monitoring mechanism.

2.2.8 Audit Methodology

The Performance Audit of the scheme commenced with an ***'Entry Conference'*** held on 8^{th} May 2013 with the Management of State Government, where the Audit Methodology, Objectives, Criteria, Scope, etc. of the Performance Audit were explained in detail. Records of the Planning Department, CE, PWD (EZ), CE, PWD (WZ), and CE (RWD) were examined and field inspections of Divisions implementing projects in the Districts were made.

An ***'Exit Conference'*** was held on 4th December 2013 with the Management of the State Government at the end of the Performance Audit to discuss major findings contained in the Draft Audit Report. The report was finalized incorporating the replies of the Departments, wherever necessary.

Acknowledgement

We place on record our sincere appreciation of the Planning Department, Government of Arunachal Pradesh, Chief Engineers, PWD (Eastern/Western Zone), Chief Engineer (RWD) and concerned project implementing Divisional Offices for assistance in facilitating our audit.

Audit Objective 1: To assess whether there was a critical assessment of needs in each of the infrastructural areas and that individual projects were planned appropriately.

2.2.9 Planning

2.2.9.1 Preparation of Annual Priority Lists

The State Government, through its Nodal Department was required to submit every year a comprehensive proposal by 31st December (revised to 30th November in August 2009) an annual shelf/prioritized list of projects to be funded through NLCPR/NEC during the following year, containing *'gap analysis'* of all major sectors and justification for the listed projects to fill these gaps. This was required to be in consonance with the overall planning process of the State, covering Annual and Five Year Plans. Out of this list, the MoDoNER retains/approves some projects, for which Detailed Project Reports (DPRs) are to be prepared by the concerned Department and submitted to the MoDoNER within two months through the Nodal Department. In November 2012, MoDoNER communicated that after retention of projects under NLCPR, the State Government should ensure submission of DPRs at the earliest and not later than eight months from the date of issue of the letter conveying confirmation of retention of projects.

It was seen that the State Government neither prepared any 'Perspective Plan' nor carried out any 'Gap Analysis' for Basic Minimum Services (BMS) and infrastructural development within the State. Further, the District Infrastructure Index (DII) Method was not adopted to facilitate better targeting of Roads & Bridges schemes in the State.

In Arunachal Pradesh, Planning Department is the Nodal Department. During 2008-13, the State Government forwarded priority lists of 132 projects for funding under NLPCR, at a total estimated cost of ₹ 2,938.46 crore to the MoDoNER, which were proposals received from the State Public Works Department. However, there were delays ranging from 7 to 13 months in the submission of priority lists. Out of 132 projects submitted by the State Government, only 50 NLCPR projects (33.56 *percent*) with an estimated cost of ₹ 744.65 crore were retained by the MoDoNER for further techno-economic examination. The year-wise number of NLCPR projects included in the priority lists and the number of projects retained during 2008-13 is tabulated below:

Table 2.2.1

(₹ *in crore*)

Year	Projects sent in Priority List		Priority List Submission			Projects Retained	
	No.	Estimated Cost	Scheduled	Actual	Delay	No.	Estimated Cost
NLCPR							
2008-09	13	311.86	30/11/07	22/12/08	12 months 22 days	11	140.24
2009-10	16	199.66	30/11/08	22/06/09	06 months 22 days	9	140.98
2010-11	39	1103.67	30/11/09	22/07/10	07 months 22 days	7	140.93
2011-12	25	631.95	30/11/10	01/07/11	07 months	8	142.50
2012-13	39	691.32	30/11/11	24/07/12	07 months 24 days	15	180.00
TOTAL	**132**	**2938.46**				**50**	**744.65**

Source: Compiled from information furnished by the Planning Dept.

However, during this period 51 projects at a total estimated cost of ₹ 722.47 crore were approved by the MoDoNER for funding under NLCPR. Of these sanctioned projects, 18 NLCPR projects pertained to the period prior to 2008-13 but approved during 2008-13.

During 2008-13, proposals for 17 projects at a total estimated cost of ₹ 375.90 crore were submitted to NEC for funding. None of these projects were approved by the NEC. However, two projects estimated at a total cost of ₹ 169.78 crore were approved by the NEC during 2009-12 but these pertained to the period prior to 2008-09.

Reasons for non-retention/non-sanctioning of the remaining projects other than those projects retained/approved by MoDoNER and NEC respectively were not on records. As such audit could not ascertain the reasons of non-retention/non-approval of certain projects by MoDoNER and NEC.

Accepting the audit findings, the State Government during the exit conference (04 December 2013) stated that it was under consideration for conducting Basic Minimum Service (BMS) survey for the purpose of prioritizing the projects. As regards delay in the submission of list of project, it was attributed to late receipts of lists from the Divisional Offices located in far flung areas of the State.

Audit Objective 2.	**To assess whether the mechanism in place for approval of projects was strictly adhered to and appropriate checks applied at each stage, prior to approval and after release of funds.**

2.2.10 Project formulation through Detailed Project Reports

Each project proposal should ordinarily be accompanied by a socio-economic feasibility report and a Detailed Project Report (DPR). DPRs should include basic information and must establish technical and economic viability, such as rationale, cost, finances available from other sources and detailed technical specifications. DPRs should also clearly lay down CPM and PERT Charts, year-wise phasing of inputs, project monitoring indicators, quarterly and year-wise physical outputs to be achieved, project implementation schedules and all regulatory and statutory clearances.

Scrutiny (May to September 2013) of records of 25 test-checked NLCPR projects revealed that DPRs were prepared without proper survey and investigation. DPRs were available in two volumes - technical report and costing report. While the technical report discussed the technical viability of the project, besides socio-economic benefits; the costing report quantified and elaborated the cost analysis of the project.

Scrutiny of DPRs submitted revealed that though year-wise phasing of inputs and all regulatory and statutory clearances were incorporated in DPRs, other requirements such as CPM and PERT Charts, project monitoring indicators, quarterly and year-wise physical outputs to be achieved, project implementation schedules, etc. were not incorporated as per the model DPR available in the Guidelines. It was also seen that in 17 (68 *percent*) out of the 25 test-checked NLCPR projects, DPRs submitted by the State Government to the MoDoNER were not as per generic structure as required under paragraph 4.1 (i) (h) of NLCPR Guidelines.

Two illustrative instances, highlighting the consequence of defective DPR leading to change in the specifications of the project mid-way, are brought out in the succeeding paragraphs.

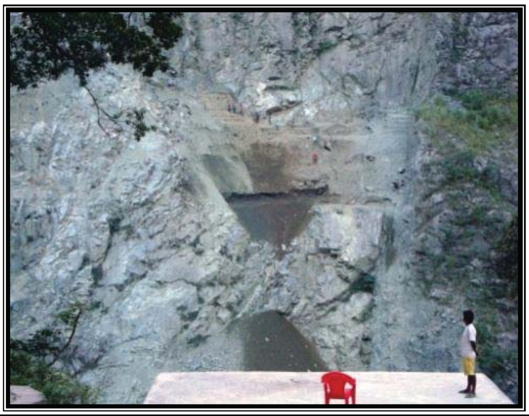
Illustration I: 'Construction of Motorable Suspension Bridge over River Lohit to connect Manchal Administrative Centre (Span 156.55 m)'

The project was sanctioned by the MoDoNER, GoI in December 2005 under NLCPR at an estimated cost of ₹ 13.10 crore, with a time frame for completion of the project within 36 months (i.e. December 2008).

After observing codal formalities, the work *'Construction of Superstructure of the Bridge'* was awarded to *M/s Damodar Ropeways & Construction Company (Pvt.) Limited, Kolkata,-* at a tendered cost of ₹ 7.34 crore to be completed by April 2009. The work order was issued to the contractor in September 2007 but work was not commenced by the contractor. However, in January 2008, the Chief Engineer (Eastern Zone) decided to change the specification of the bridge proper from *'Suspension Bridge'* to *'Steel Arch Bridge.'* The reason propounded for the change was that there was a problem in construction of the Tower Foundation and Anchor Block due to presence of rocky strata in the left bank. Accordingly, the contractor submitted his offer for construction of the Steel Arch Bridge, which was accepted in March 2008, after negotiation, at a cost of ₹ 5.49 crore, with the stipulation that the work on the superstructure of the bridge should be completed in all respects by July 2009.

This implied that there was fault in planning and that a detailed survey was not conducted properly by the Department prior to forwarding the DPR to the MoDoNER for approval. Scrutiny of the records revealed that approval of the State Government and the MoDoNER, GoI was not sought for the change in specification of the superstructure of the bridge till the date of audit (September 2013).

It was further noticed that the contractor had not taken up the construction of superstructure of the bridge, since civil works were not completed till the date of audit (September 2013). Photographic evidence of the same during a joint physical verification with Departmental officials is placed below.



Civil Works in progress on MSB over River Lohit to connect Manchal Administrative Centre

Thus, due to preparation of DPR without adequate technical data, there was change in specification of bridge mid-way and as a result the bridge could not be completed even after lapse of more than five years from the stipulated date of completion.

Illustration II: 'Construction of Single Lane Bailey Bridge (Span 40 m) over Tatsing River between Borguli and Seram Village on Mebo-Dholla Road in East Siang District'

The NLCPR project estimated at a cost of ₹ 3.40 crore was sanctioned by the MoDONER, GoI in March 2009. The original administrative approval and expenditure sanction envisaged for construction of a *'Single Lane Bailey Bridge (Span 40 m)'* However, while obtaining technical sanction to the detailed estimate of the work from the competent authority, the DPR was modified by changing the scope of work from *'Single Lane Bailey Bridge'* to *'PSC Girder Bridge'*. Reasons for this modification were neither found on record nor could be stated to audit.

However, it was noticed that, as per the Quarterly Progress Report for the quarter ended June 2013, the executing Division (PWD, Pasighat Division) achieved physical progress of 90 *per cent* for the superstructure of the project where as the entire project should have been completed by March 2011. Further, the necessary approval of MoDoNER for the major changes made was not obtained till date of audit (July 2013). Following is the photograph of bridge under construction.

Construction of PSC Girder Bridge over Tatsing River

Audit Objective 3: To assess whether adequate funds were released in a timely manner and utilized for specific purposes.

2.2.11. Financial Management

2.2.11.1 Budget Allocation and Expenditure against NLCPR Schemes

Till 2004-05, funds released under the scheme were 90 *percent* 'grant' and 10 *percent* 'loan'. From 2005-06, as per recommendations of the 12th Finance Commission, only the 'grant' portion were to be released to State Governments themselves. The Ministry of DoNER/NEC sanctions funds in instalments to the State Government in the ratio of 40:40:20 for implementation of projects.

As per existing practice, funds are first received from the MoDoNER/NEC by the

Finance Department of the State, which informs the concerned Department to initiate proposals for incorporation in the budget. Details of budget allocation and expenditure during 2009-09 to 2012-13, under NLCPR (Road & Bridges Sector) are given in the table below:

Table 2.2.2

(₹ in crore)

Year	Final Grant/ Appropriation	Expenditure Incurred	Excess (+)/Savings (-) *(percentage)*
2008-09	73.14	34.78	(-) 38.36 ***(52.45)***
2009-10	148.92	113.94	(-) 34.99 ***(23.50)***
2010-11	144.23	103.86	(-) 40.37 ***(28.00)***
2011-12	145.30	99.42	(-) 45.88 ***(31.58)***
2012-13	174.44	113.73	**(-) 60.74** ***(34.81)***

Source: Detailed Appropriation Accounts

It can be seen from the above table, that the State could not utilize budget allocations fully during the entire period from 2008-09 to 2012-13, as there were persistent savings during these years, ranging from 23.50 to 52.45 *percent*. The Department in reply (December 2013) stated that shortfall in utilization of funds was due to receipt of funds at the very end of the financial year.

2.2.11.2 Funds released and expenditure incurred against NEC Schemes

Details of funds released and expenditure incurred against nine NEC projects approved during 2005-06 to 2012-13 are given in the Table below:

Table 2.2.3

(₹ in crore)

Year	No. of Projects	Estimated Cost	Central Share (90 %)	State Share (10 %)	Funds released upto March 2013	Expenditure incurred and UC Submitted	Unspent balance for which UC pending submission
Prior to 2008-09	7	290.93	261.84	29.09	267.63	248.16	19.47 *(7.27)*
2009-10	1	30.16	27.14	3.02	21.00	8.70	12.3 *(58.57)*
2010-11	1	139.62	125.66	13.96	55.00	55.00	-
TOTAL	**9**	**460.71**	**414.64**	**46.07**	**343.63**	**311.86**	**31.77**

Source: Planning Department

It can be seen from the above table that executing agencies were unable to fully utilize the funds released prior to 2008-09 and up to March 2013 as there were unspent balances in 2008-09 and 2009-10, ranging from 7.27 to 58.57 *percent*.

Further, as per information provided by the Planning Department no funds were released by NEC during the years 2011-12 and 2012-13 for road projects. However, it was noticed in audit ₹ 5 crore was released by NEC in January 2013 for the project

'Construction of Laimekuri-Nari-Telam-Rimi Road', which has not been intimated by the Planning Department.

In reply, the Department (December 2013) stated that the shortfall in utilization of funds was due to receipt of funds at the very end of the financial year.

2.2.11.3 Delay in release and utilization of funds

According to Para 8.6 of the NLCPR Guidelines, funds released by the Government of India were to be transferred to the executing agencies by the State Government within 30 days. The Guidelines were amended in August 2009 to tighten the provision and the State Government had to transfer funds to the executing agencies within 15 days.

Scrutiny of records of test-checked projects revealed that there were delays on the part of the State Government in transmission of funds to executing agencies in all the 25 NLCPR projects test-checked. The details of delays in release of funds are shown in **Appendix – 2.2**. A summarized position is shown in the table below:

Table 2.2.4

Period of Delay	Number of Projects
1 to 6 months	08
6 to 12 months	10
12 to 18 months	04
30 months and above	03
TOTAL	**25**

In many cases, non-completion of projects was attributed to delays on the part of concerned authorities in release of funds to the executing agencies. Details of projects where delay in release of funds has led to delay in completion of the projects are tabulated below:

Table 2.2.5

Sl. No.	Project	Status of completion	Delay in release of funds	Time overrun (in months)
1.	Improvement of Road from Changlang to Khimiyang in Changlang District (36.10 km)	Complete	Four months and 5 days	19 months
2.	Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge	Incomplete	Six months and 24 days	36 months
3.	Construction of Steel Suspension Bridge over River Siang and approach road at Kodak near Tuting	Incomplete	Nine months and 10 days	51 months;
4.	Construction of Motorable Road from Jengging to Ramsing in Upper Siang District (30.40 km)	Complete	Four months and 25 days	12 months

Sl. No.	Project	Status of completion	Delay in release of funds	Time overrun (in months)
5.	Construction of Single Lane Bailey Bridge (Span-40 m) over Tatsing River between Borguli and Seram Village on Mebo-Dholla Road in East Siang District	Incomplete	48 months and 16 days	24 months.

Further, as per NLCPR Guidelines, funds released by the Government of India were to be utilized within nine months (as per revised Guidelines from July 2004). The period of nine months prescribed for utilization of funds has since been revised to 12 months in August 2009. In case funds are not utilized within the stipulated period of 12 months, the MoDONER was to be approached for revalidation.

It was found that there were delays ranging from one to more than 30 months in utilization of funds in six projects, as shown in the table below:

Table 2.2.6

Period of Delay	Number of Projects	Unutilized Amount as on 31/03/2013 *(₹in crore)*
1 to 6 months	01	2.37
12 to 18 months	03	12.33
30 months and above	02	1.75
TOTAL	**06**	**16.45**

However, it was noticed that in none of the cases where the funds were not utilized within the stipulated period of 12 months, the MoDONER was approached for revalidation

The State Government needs to streamline and simplify existing procedures to ensure speedy transmission of funds to the executing agencies. For timely execution of projects, the State Government should consider the absorption capacity and technical/professional expertise of implementing agencies and to rationalize fund flow arrangements, so that minimum unspent/excess amounts are left with implementing agencies.

2.2.11.4 Release of State Share under NLCPR/NEC

Financial support available to States under NLCPR/NEC was 90 *percent* of the cost of the project as grants from the GoI and the remaining 10 *percent* was to be contributed by the States themselves.

As per information furnished by the Planning Department, during 2008-09 to 2012-13, the State share, aggregating to ₹ 44.79 crore for 51 projects, was not contributed by the State Government against the Central Share release of ₹ 403.15 crore. The details of release of state share in respect of 25 test-checked NLCPR projects are indicated in **Appendix 2.3**.

It can be seen that as on March 2013, the total Central release against these projects was ₹ 225.93 crore. Against ₹ 25.10 crore to be released as matching state share, the State Government released its share aggregating to ₹ 12.95 crore. Thus, there was short-release of ₹ 12.15 crore (48 *per cent*). However, there were no short-release in respect of two NEC funded projects test-checked. Further analysis of the state matching share in respect of 25 NLCPR projects test-checked reveals that:

- No matching state share was released in respect 11 projects totalling to ₹ 10.00 crore against the total Central release of ₹ 89.96 crore.
- In respect of another six projects, percentage of short release of matching state share ranged between 10 to 63 *per cent* aggregating to ₹ 2.43 crore.
- In remaining eight projects, the State Government released its share as per financing pattern or more (in respect of four projects totalling to ₹ 0.28 crore).

The short-release of matching State Share is bound to impact timely execution of the projects and leading to project remaining incomplete. An illustrative example of impact of non-release of State Share is brought out in the following paragraph:

Illustration: 'Construction of Road from Magopam to Bichom via Namfri, Ditching, Sacheda and Ramu-Sotu (15 km.) Phase-I'

Administrative and Financial approval for the NLCPR project was accorded by the MoDONER, GoI in July 2009 at an estimated cost of ₹ 15.67 crore with the targeted date of completion within 36 months, i.e., July 2012. Full Central Share of ₹ 13.83 crore excluding 2 percent contingency (₹ 0.28 crore) was released for the execution of the project.

It was noticed that the executing Division (PWD, Bomdila) suspended execution of work in December 2012 after completion of 4.5 km of carpeting (black-topping) work out of the total distance of 14.96 km. This was attributed to financial crunch owing to non-release of matching State share of ₹ 1.57 crore even after full release of Central Share. The Water Bound Macadam (WBM) layer had deteriorated to such an extent that it would require another layer of WBM if black topping work was not taken up immediately, thus adding to expenditure causing cost escalation. Besides, the project is already more than one year behind schedule.

Joint physical verification of the site on 23rd August 2013 with the departmental officials revealed that in the absence of carpeting work, the condition of the incomplete road (10.46 km) was deteriorating rapidly due to incessant rains and regular plying of vehicular traffic as evident from the photographs below.

Accepting the Audit findings, the State Government in exit conference (04 December 2013) assured that necessary action would be taken for timely release of State Share.

2.2.11.5 Submission of Utilization Certificates of NLCPR Projects

As per Para 8.4 of the NLCPR Guidelines, Utilization Certificates (UCs), along with physical/financial progress reports of projects, are required to be submitted quarterly to the MoDoNER for subsequent release of funds. Information furnished by the Planning Department revealed that in 51 NLCPR projects approved during 2008-13, the State Government incurred expenditure of ₹ 265.52 crore out of ₹ 403.15 crore released till March 2013. However, UCs for ₹ 111.50 crore (30 percent) were outstanding. The position of outstanding UCs as of March 2013 is given in the table below:

Table 2.2.7

(₹ in crore)

Sl. No.	Year	No. of Projects	Amount released up to 2012-13	Amount for which UCs submitted	UCs Outstanding (Amount)	Percentage
1.	2008-09	14	134.01	113.34	20.67	15.42
2.	2009-10	08	55.35	46.78	8.57	15.48
3.	2010-11	14	109.55	83.85	30.70	28.02
4.	2011-12	12	73.11	21.55	51.56	70.52
5.	2012-13	05	31.13	Not due as of 31 March 2013		
TOTAL		**53**	**403.15**	**265.52**	**111.50**	

Source: Compiled from information furnished by the Planning Department

Delay in submission of UCs, progress reports, etc. by the State Government is bound to result in delay in release of subsequent instalments of funds by GoI, ultimately leading to delaying in the completion of projects, which at times may lead to cost escalations as brought out in relevant places in the report.

The State Government in exit conference (04 December 2014) stated that the delay in submission of the UCs was due to late receipts of funds coupled with persistent savings over the years.

2.2.11.6 Inadmissible Expenditure

As per Para 4.1 (vi) & (viii) of the NLCPR Guidelines, funds were not to be used for staff component (wages), land acquisition, etc. The staff component was to be met from redeployment of surplus manpower in the Department.

However, it was observed that inadmissible expenditure of ₹ 10.58 crore was incurred in 22 (twenty two) test-checked projects towards payment of pay and allowances/wages, on works not related to projects and on components not covered in the project proposals, as shown in the table below:

Table 2.2.8

(₹ in crore)

Inadmissible Expenditure on			TOTAL
Wages/Pay & Allowances	Works not related to Projects	Components not provided in proposals	
4.52	1.41	4.23	**10.16**

Project-wise details of inadmissible expenditure are given in **Appendix – 2.4**.

During exit conference (04 December 2014) the State Government stated that there were provisions in earlier projects for expenditure on wages/salary which had resulted into inadmissible expenditure. However, the provision for wages/salary was not provided in any of the NLCPR-funded projects.

2.2.11.7 Diversion of NLCPR/NEC Funds

As per Paragraph 2.3 of the NLCPR/NEC Guidelines, funds available under a particular project were not meant to supplement normal Plan programmes of the State Government or other NLCPR/NEC projects.

However, it was seen that expenditure of ₹ 5.26 crore related to other plan programmes and other NLCPR/NEC projects was debited to funds meant for NLCPR/NEC projects, as indicated in Table-8 below:

Table 2.2.9

Scheme	Project	Other projects/works to which funds diverted	Amount (₹ in crore)
NLCPR	Up-gradation of Namchik-Miao-M'Pen Road (37 km)	Clearing of Pending Bills against Damaged Roads of Jairampur Division	3.01
NLCPR	Construction of Road from Magopam to Bichom via Namfri, Ditching, Sacheda and Ramu-Sotu - Phase-II (0 km to 15 km)	Construction of Road from Magopam to Bichom via Namfri, Ditching, Sacheda and Ramu-Sotu - Phase-I	1.45
NEC	Construction of Road from Laimekuri-Nari-Telam-Rema under NEC	Construction and up-gradation of Pasighat-Ledum-Tene-Koyu Road	0.80
TOTAL			**5.26**

As a result, above mentioned three projects were deprived of funds to that extent, thereby adversely affecting the progress of the work.

During exit conference (04 December 2014) the State Government stated that due to urgency sometimes the funds meant for one project had to be temporarily diverted and utilized for another projects and later on adjusted on receipts of funds for the original project. The matter was however, viewed seriously by the Development Commissioner, Government of Arunachal Pradesh and assured proper action in this regard.

Audit Objective 4: To assess whether the projects were executed efficiently and economically to achieve intended objectives.

2.2.12 Project Execution

2.2.12.1 Status of completion of projects

As of March 2013, 85 projects (NLCPR-76 and NEC-09), with a total estimated cost of ₹ 1367.36 crore were sanctioned. The status of completion of projects funded under the NLCPR/NEC is depicted in the Table below:

Table 2.2.10

Number of Projects (as of March 2013)					Percentage of Completed Projects
Scheme	**Sanctioned**	**Due for completion**	**Completed**	**Incomplete**	
NLCPR	76	46	10	66	13
NEC	09	03	01	08	33
TOTAL	**85**	**49**	**11**	**74**	**23**

Audit analysis of projects indicated that:

- Out of 85 projects sanctioned under NLCPR/NEC, 49 projects were due for completion by March 2013 or earlier. However, only 11 projects (10 NLCPR and one NEC) (23 *percent*) were completed as of March 2013. Total expenditure of ₹ 105.44 crore were incurred on their execution.
- None of the 11 projects completed were completed within the scheduled date of completion and there were time overruns ranging from 12 to 24 months.
- Out of 74 incomplete projects, 49 projects *(66 percent*) were due for completion by March 2013 or earlier but still ongoing with a delay of already 08 to 51 months from the scheduled date of completion.

2.2.12.2 Status of Test-Checked Projects

A total of 85 projects for construction of 68 roads, 13 bridges and 4 Porter Tracks - were sanctioned up to 2012-13. Audit examined the execution of 25 NLCPR and 02 NEC projects relating to construction of seven bridges and 20 roads (construction and improvement of 529.627 kms of road). Only five roads (106.50 km) were completed as of March 2013. The remaining 22 projects (Roads - 15 & Bridges - 07) were yet to be completed.

Audit reviewed 27 projects (NLCPR-25 & NEC-02) with approved cost of ₹ 532.97 crore, of which 17 projects were due for completion by March 2013 or earlier. Of these only five NLCPR projects (29 *percent*) involving expenditure of ₹ 32.49 crore, were completed as of March 2013. The five projects were completed with time overrun ranging from 12 to 24 months. There were serious slippages in completion of 12 projects (71 *percent*) which were targeted for completion by March 2013 or earlier.

Delay in completion of projects was attributable to the following reasons:

- Excessive time taken in the process of tendering and award of work;
- Delay by the State Govt. in submission of UCs, Progress Reports, etc, resulted in delay in release of funds by the Ministry, which further delayed the implementation of projects.
- Delay in transmission of funds to executing agencies by the State Government.
- Slow progress of execution by the contractors.

Accepting audit findings; in exit conference (04 December 2014), the State Government attributed poor planning for delay in completion of most of the projects, and assured that periodical reviews of all ongoing projects would be conducted.

2.2.13 Delay in the Tendering Process

As per Para 7.1 of the NLCPR Guidelines, the tendering process should be completed in all respects within a period of three months from the date of issue of Administrative Approval and Expenditure Sanction of a project by observing all the codal formalities. It was noticed that there were delays in tendering process in almost all the projects. Two illustrative instances highlighting inordinate delay in finalising the tendering process are discussed in the following paragraphs.

Illustration I: 'Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge'

The NLCPR project estimated at ₹ 25.22 crore was sanctioned in March 2006 by the GoI, with a time frame for completion of the project within 36 months (April 2009).

First instalment of Central share of ₹ 3.78 crore was released as early as March 2006. However, the executing Division (PWD, Yingkiong) floated the NIB for the bridge proper (superstructure) only in January 2008, after a lapse of almost 24 months after receipt of sanction in March 2006. However, bids were rejected in March 2008 due to high tendered cost. The NIB was floated for the second time in March 2009 after a lapse of one year. As there was no response to the same, the Department floated another NIB in August 2009 after a lapse of another 5 months. However, the Government rejected (December 2009) the bid on the ground of high tendered cost, with a direction to opt for 'Short Notice' re-tendering.

Accordingly, a short notice invitation of bids/tenders was floated in March 2010 for superstructure works of the bridge. The Department kept a provision of only 6 days for the tendering process, i.e., 3 days from 23/03/2010 to 26/03/2010 for sale of bidding documents and another 3 days for submission of technical & financial bids from 26/03/2010 to 29/03/2010. Only 3 firms participated in the bidding process. The tender was finalized in January 2011 and the work was finally awarded in May 2011.

The abnormal delay initially in floating NIB and subsequent delays in retendering the work resulted in delay of over 60 months in finalization of tenders and award of the work, which in turn delayed the progress of the work and ultimately completion of the project.

Further, the hastiness of the Department in not following proper tendering procedures on last occasion not only denied equal opportunity to prospective firms to compete, but also advantage of competitive rates. The work was awarded at a cost of ₹ 18.29 crore, which was 40.38 *percent* higher than the cost put to tender (₹ 13.03 crore).

Illustration II: 'Construction of Steel Suspension Bridge over River Siang and approach road at Kodak near Tuting,'

The NLCPR project estimated at ₹ 13.96 crore, was sanctioned by the GoI in December 2005, with a time frame for completion of the project within 36 months (December 2008).

Although first instalment of Central share ₹ 439.74 lakh was released December 2005, the Division floated the NIB for the bridge proper (superstructure) only in August 2006, after a lapse of almost eight months after receipt of sanction in December 2005. The bids were ultimately rejected due to high tendered cost. The 'NIB' was floated for the second time in June 2007, but rejected on the same ground. The Department took another 21 months to float a fresh 'NIB' in March 2009, which did not get any response. The tender was refloated for the fourth time in August 2009, which was rejected for the reasons not found on record. A short notice invitation of bids/tender was floated for the fifth time in March 2010 and the work was finally awarded after finalisation in January 2011.

The abnormal delay initially in floating NIB and subsequent delays in retendering the work resulted in delay of over 60 months in finalization of tenders and award of work, which in turn is bound to delay the completion of the work.

2.2.14 Award of work without call of tenders

The Para 14.1 of CPWD Manual envisages that tenders should be mandatorily invited for all major works. NEC and MoDoNER instructions also stipulated that works under NLCPR/NEC schemes shall be executed through call of tenders.

Scrutiny (May 2013) of records of the executing Division (PWD, Jairampur) revealed that the item of work, 'Construction of RCC Bridge of 30 m Span at Chainage 39.532 km' under '*Construction and Improvement of Digboi-Pengri-Bordumsa-Namckik (Miao) -Mahadevpur Road in Changlang District (40.83 km),'* estimated at ₹ 1.94 crore, was awarded without calling for tenders, to a local contractor Shri Somlung Mosang of Miao, Changlang, on the basis of his application dated 14 January 2011. An agreement was also drawn up with the contractor for execution of the work at a contract price of ₹ 2.32 crore. The work order to proceed with the work was issued to the contractor in July 2011.

Similarly, in 20 other test-checked projects (NLCPR-19 & NEC-01), it was seen that the 11 executing Divisions[1] incurred an expenditure of ₹ 246.55 crore out of total available funds of ₹ 271.25 crore as on 31st March 2013. Out of the total expenditure of ₹ 246.55 crore, expenditure aggregating to ₹ 168.39 crore was incurred on various works related to the projects by issue of 10,080 Work Orders without calling for tenders. Details of the work executed on Work Order basis without calling for tenders are shown in **Appendix – 2.5**.

Due to failure in following the codal formalities for calling of tenders for work, the government was deprived of the competitive rates and also quality of work.

During exit conference (04 December 2014) the State Government stated that efforts would be made to ensure observance of prescribed codal provision in the tendering process.

[1] *PWD Divisions Yingkiong, Mariyang, Pasighat, Boleng, Bomdila, Dirang, Hayuliang, Namsai, Nari and Jairampur; and RWD Division Pasighat*

2.2.15 Delays in Completion

In most cases, progress of execution was very slow and projects were inordinately delayed for periods ranging from 1 to 5 years or more. Delay in completion of projects are attributable to delay in transmission of funds by the State Government, excessive time taken in the process of tendering and award of work and slow progress of execution by the contractors.

Some cases of inordinate delay are discussed below:

- The NLCPR funded project *'Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge'* estimated at ₹ 25.22 crore, was sanctioned by the MoDONER, GoI in March 2006 with a time frame for completion of the project within 36 months (April 2009).

  The project was not completed even after a delay of 47 months as on March 2013. The physical progress achieved so far was reported to be only 53 *percent.*

- The NLCPR funded project '*Construction of Steel Suspension Bridge over River Siang and approach road at Kodak near Tuting'* estimated at ₹ 13.96 crore, was sanctioned by the MoDONER, GoI in December 2005 with a time frame for completion of the project within 36 months (December 2008).

  The project was not completed even after a delay of 51 months. The physical progress achieved so far was reported to be only 65 *percent.*

- The work: '*Construction and Improvement of Digboi-Pengri-Bordumsa-Namchik (Miao)-Mahadevpur Road in Changlang District (40.83 km)'* estimated at ₹ 49.43 crore, was sanctioned by the NEC in December 2006 under the 10^{th} Five Year Plan of NEC with original probable date of completion within March 2010, which was later revised to March 2012.

  The project was not completed even after a delay of 13 months from the revised date of completion. The physical progress achieved so far was reported to be 85 *percent.*

Three illustrative examples of delays at various stages in the execution of the project leading to delay in completion and consequent cost overruns are elaborated in the following paragraphs.

Illustration I: 'Construction of Motorable Suspension Bridge over River Siang between BRTF Road and Komsing (Span 225 m) at Sangam in East Siang District'

The NLCPR funded project estimated at ₹ 18.34 crore was sanctioned by the MoDoNER, GoI in September 2007 with a time frame for completion of the project within 36 months (i.e., September 2010). The project has not been completed even after a delay of 33 months. The overall physical progress of the project achieved so far was only 35 *percent* for the sub-structure after incurring an expenditure of ₹9.02 crore and 'Nil' for the superstructure.

Scrutiny of records relating to execution of the project revealed that although the first instalment of Central Share (₹ 5.78 crore) was released by the MoDoNER, GoI as early as September 2007, the executing Division (PWD, Boleng) finalized the tenders and awarded sub-structure and superstructure works only in December 2008 more than a year after the release of funds by the GoI.

The work for superstructure was awarded only in April 2011. By that time there was a steep increase in the cost of labour and materials as well as scope of works rendering the earlier estimate, on the basis of which the administrative approval and expenditure sanction of MoDoNER was obtained in September 2007, unworkable. As admitted by the Department, initially estimates were framed on the basis of readily available drawings of other bridge of 18R loading capacity and APSR 2007.

Therefore, in order to meet the increased cost of the project and to complete the work, the Department worked out a modified cost for the bridge to ₹ 42.12 crore (based on the APSR 2010 (R&B) plus cartage plus 22.5 per cent (@ 7.5 % per annum) to account for escalation in cost over APSR 2010 (R&B) for three years). The approval of the State Govt./MoDoNER to the proposal sent in April 2013 was awaited till the date of audit (June 2013).

Thus, due to delay in the tendering process, changes in the scope of work and delay in execution in various stages of construction of the sub-structure and superstructure work, there was cost escalation of ₹ 23.78 crore.

Illustration II and III 'Construction of Steel Suspension Bridge over River Siang and approach road at Kodak near Tuting' and **'Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge'**

Administrative approval and expenditure sanction for the project *'Construction of Steel Suspension Bridge over River Siang and approach road at Kodak near Tuting,'* estimated at ₹ 13.96 crore was accorded by MoDoNER, GoI, in December 2005. However, tenders for the works were finalized only in January 2011.

Similarly, Administrative approval and expenditure sanction for the project *'Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge'* estimated at ₹ 25.22 crore was accorded by MoDoNER, GoI, in March 2006.

The tenders for the above two works were finalized only in January 2011. By that time, there was a steep increase in the cost of labour/materials and scope of the work, as a result the earlier estimates became unworkable. As admitted by the Department, the earlier estimate became unworkable as the estimates were prepared (i) by approximation and drawing inspiration from another bridge at '*Nobu'* over River Siang in Upper Siang District (ii) on the basis of APSR 2005 for 'Schedule Items;' and (iii) Market Rates of 2005 and approved rates for 'Non-Schedule Items

To meet the increased cost of the projects, the Department worked out a modified estimate of ₹ 38.94 crore and ₹ 23.21 crore, based on SOR 2009 and prevailing market rates, for the two projects respectively. The State Government accorded approval in January and February 2011 respectively to the revised cost. The MoDoNER also accorded Administrative approval and Expenditure Sanction to the modified cost in December 2011 for both projects.

Thus, there was cost escalation of ₹ 24.98 crore and ₹ 23.21 crore respectively, aggregating to ₹ 48.19 crore due to delay in the tendering process.

2.2.16 Lapses and irregularities noticed in the execution of works.

Project-wise details of delays as well as lapses and irregularities noticed in the execution of roads and bridges projects funded under NLCPR and NEC are given in **Appendix – 2.6**. Due to non-completion of projects, inhabitants of surrounding areas were deprived of the intended benefits of projects. Some of the major shortcomings and irregularities noticed in the implementation of reviewed projects are discussed in the succeeding paragraphs:

2.2.16.1 Arbitrary reduction in the original scope of work

The NLCPR project '*Construction of Gacham-Morshing Road (24.50 km)'* estimated at ₹ 19.62 crore was sanctioned in September 2008 by the MoDONER, GoI, with a stipulation to complete the work within 36 months (August 2011)

Scrutiny of records (August 2013) relating to the project revealed that a revised estimate framed by the executing Division (PWD, Bomdila), amounting to ₹ 23.62 crore, was forwarded for approval to the MoDoNER, GoI in February 2013. Approval was awaited till the date of audit (August 2013).

The original DPR for the work, on the basis of which the Administrative approval and expenditure sanction of MoDoNER, GoI was obtained in September 2008, became unworkable as it was prepared on the basis of APSR 2007, where the rates were on 'Zero' lead basis. Therefore, necessary provision for cartage of materials as per theoretical requirements and as per actual lead involved from source was kept in the original DPR.

However, it was also seen that the MoDoNER, GoI while according sanction in September 2008, deleted the provisions for cartage, reduced provision for the number of 1.5 m span culverts from 122 to 40, length of retaining walls from 1535 m to 1023 m and totally deleted the provision of lined drain of 10 km proposed by the Department. As a consequence, the estimated cost of ₹ 27.60 crore, originally proposed in the DPR, was reduced to ₹ 19.62 crore.

Besides the above, revision of the estimate was also attributable to other factors:

(i) During execution of the formation cutting and widening, major stretches of the road were found to be full of hard rock;

(ii) Substantial increase in cost of labour, POL, cement, steel and bitumen; and

(iii) Day to day maintenance work due to land slips during actual execution.

In order to meet the increased cost of the project and to complete the work, the Department worked out a modified cost for the project, amounting to ₹ 23.62 crore, based on APSR 2010.

During joint physical verification of the project with Departmental Officers on 21 August 2013, it was noticed that due to drastic reduction in the quantity of actual requirement of retaining walls and lined drains, most stretches of the road became vulnerable to landslides, as can be seen from the photographs below:

Landslides in stretches of Gacham-Morshing Road

The arbitrary decision of MoDoNER, GoI to reduce the scope of the work from the original proposal without considering site conditions and ground reality not only resulted in cost escalation of ₹ 4 crore (₹ 23.62 – ₹ 19.62 crore), but also made the road vulnerable to landslides.

2.2.16.2 Non-imposition of Liquidated Damages for delay in execution of work

The work: *'Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge'* estimated at ₹ 25.22 crore was sanctioned in March 2006 by the GoI under NLCPR, with a time frame for completion of the project within 36 months (April 2009).

Scrutiny of records (June 2013) revealed that the work for the bridge proper (superstructure) was awarded to M/s GPT Infraproject Limited, Kolkata, in January 2011. Accordingly, the `Notice to proceed with the work` (15th June 2011), as per contract documents, was issued in May 2011. As per agreement, the commencement date of the work shall be 21 days from the date of issue of the Notice to proceed with the work (15th June 2011), with intended date of completion within 12 months for the whole work.

Sub-Clause 49.1 of the Agreement (May 2011) for construction of the superstructure of the bridge '*SH: Fabrication and Supply of Steelwork and Erection of Bridge,'* stipulated that the contractor shall pay liquidated damages @ 1/2000th of the Initial Contract Price, rounded off to the nearest thousand, per day for each day delay in completion of works. The maximum amount of liquidated damages for delay in completion of the work was 10 *percent* of the Initial Contract Price, rounded off to the nearest thousand.

The following milestone was fixed for execution of the superstructure –'*SH: Fabrication and Supply of Steelwork and Erection of Bridge'*

Table -2.2.11

Milestone	Physical Works to be Completed	Period from Start Date
Milestone 1	Fabrication of stiffening truss and tower components	6 months
Milestone 2	Delivery of components at site	9 months
Milestone 3	Erection of Bridge	12 months

It was noticed from records made available by the executing Division (PWD, Yingkiong) that erection work for the bridge proper had not started at all, only sub-structure works viz., Tower Foundation, Wind Anchor Block, Main Anchor Block, etc;, were completed. Further, scrutiny of MAS Account revealed that till the date of audit (June 2013), the firm delivered only 750 MT of Fabricated Steel out of 1062 MT to be delivered at site, despite release of interest-free Mobilization Advance of ₹ 1.83 crore in three instalments between October 2011 and January 2012.

It was however, seen that liquidated damages to the tune of ₹ 3.34 crore (limited to ₹ 1.18 crore) were not imposed on the defaulting contractor/firm by the Department as detailed below.

Table – 2.2.12

Date of Commencement	Target date of Completion	Delay as on 15 June 2013 *(in days)*	Liquidated Damages Payable *(₹ in crore)*
15/06/2011	15/06/2012	365	3.34 ***(limited to 1.83)***

Reasons for non-deduction of liquidated damages were not on record.

The incomplete status of construction is evident from photographs taken during site visit on 20 June 2013 with the departmental officials.

Photographs of various stages of construction

Superstructure Components (Left Bank)

View of Constructed Substructures (Right Bank)

2.2.16.3 Excess expenditure due to deviations from estimates in earth work

The NLCPR project: *'Construction of Road from NH-153 Longvi Village Point to Tengman Village via Khetwa & Jotin Juda (35km) in Changlang District'* estimated at ₹ 21.34 crore, was sanctioned by the MoDoNER in February 2011. Technical sanction to the work was accorded by the competent authority at an estimated cost of ₹ 20.87 crore in August 2011.

As per detailed estimates of the work and Bill of Quantities (BoQ) of the tender agreement, 17469.49 cum of earth work by excavation in hilly areas in hard rock requiring blasting with disposal of cut material with all lift and lead up to 1000 metres, was to be executed on the stretch of road. Against this, the executing Division (PWD, Jairampur) recorded execution of 59424.25 cum of earth work by the contractor. This resulted in excess execution of 41954.76 cum (240 *percent*) of earth work over the estimate and tendered provision, which was beyond the competence of the Divisional Officer, involving extra expenditure of ₹ 1.05 crore as detailed in the table below:

Table – 2.2.13

Description of Item	Qty. of work as per Agreement *(cum)*	Actual Qty. executed and billed for *(cum)*	Excess execution (cum) (*percent*)	Rate per cum (in ₹)	Value of work executed in excess *(₹ in crore)*
Excavation in hilly areas in hard rock requiring blasting (disposal of cut material with all lift and lead up to 1000 m).	17469.49	59424.25	41954.76 *(240 %)*	250	1.05

Scrutiny further revealed that a Deviation Statement was submitted to the SE, Jairampur PWD Circle, for obtaining approval on the deviations purported to have been made in the quantity of various components, involving excess expenditure of ₹ 0.11 crore. It also included the sub-item of earth work which was executed in excess, as mentioned above. However, while submitting the Deviation Statement, approval was sought for execution of only 8996.70 cum of earth work against the provision of 17469.49 cum in the Agreement, whereas the Division had already executed 41954.76 cum (59424.25 - 17469.49 cum) of earth work over the estimate and tendered provision.

The Deviation Statement was deflated to the extent of 50427.55 cum (59424.25 - 8996.70 cum) of earth work against the already executed excess quantity of work.

Thus, the deviation statement submitted for the approval did not disclose the correct picture of the quantity of item of work as quantity of work executed already exceeds the quantity of work included in the deviation statement. In order to keep the total cost of the project within the amount for which the approval is sought compromise has to be made in other items of work which may affect the quality of work.

2.2.16.4 Fraudulent Payment for work not carried out besides execution of sub-standard work

For the project: *'Construction of Motorable Suspension Bridge over River Siang between BRTF Road & Komsing (Span 225 m) at Sangam in East Siang District,'* an Agreement was entered into with M/s Purbanchal Suppliers & Contractors, Dhemaji, by the executing Division (PWD, Boleng) for execution of Sub-Head of work: *SH: 'Approach Road, Slab Culvert, Retaining Wall & R.R Drain'* at an agreed amount of ₹ 0.40 crore.

Scrutiny of records (May 2013) of the executing Division (PWD, Boleng) revealed that as per Bill of Quantities (BoQ), the contractor was required to execute the following items of work against the Sub-Head: '*Construction of Retaining Wall of 45 m length and 3 m height'*:

Table – 2.2.14

Sl. No.	Description of Items	Qty. *(cum)*	Rate *(₹/cum)*	Amount *(₹)*
1.	Excavation for structures a. Ordinary Soil b. Manual Means c. Up to 3 m depth	40.500	49.12	1,989.36
2.	PCC 1:3:6 in Foundation	16.200	2365.75	38,325.15
3.	Stone masonry work in cement mortar 1:3 in foundation complete i) Random Rubble Masonry	139.950	2439.43	341,398.23
4.	Back filling behind abutment with granular material	16.875	777.67	13,123.18

Out of the above four items of work, the contractor executed three items (Sl. No. 1 to 3) as on 29/08/2009, and accordingly, payment of ₹ 3.95 lakh was also made in August 2009.

However, it was revealed from records that the Retaining Wall collapsed in September 2010 and the Divisional Officer, in his report dated 04 November 2010 submitted to the CE, PWD (EZ), stated that though payment was made for the entire 45 metres of the Random Rubble Masonry work, the actual quantity executed was 15 metres, where no quality control measures and specifications were maintained, as seen from the debris of the collapsed wall. The Retaining Wall was to be constructed with a foundation depth of 3 metres in ORIGINAL soil. However, in the present case, although the Retaining Wall was constructed with a foundation depth of 3 metres, it was on filled-up soil, which was 5.80 metres above the ORIGINAL soil, which was the cause of its collapse.

Thus, payment to the contractor was made on the basis of fictitious measurements recorded in the Measurement Book without the work actually being executed in a proper manner. No action was taken against the concerned officials or the Contractor by way of recovery from his performance security deposit.

It cannot be ruled out that the Departmental officials may have colluded with the contractor in inflating the actual work executed and overlooked/compromised on the quality and quantity of materials used.

This is a serious irregularity, which needs to be thoroughly investigated and necessary action taken against the concerned officials.

2.2.16.5 Unauthorized expenditure on Slip Clearance Work

Scrutiny (August 2013) of the technically sanctioned Detailed Estimate of the project '*Construction of Gacham-Morshing Road (24.50 km)*' sanctioned in September 2008 at an estimated cost of ₹ 19.62 crore, revealed that there was no provision for the item of work – '*Slip Clearance*'.

However, it was seen that a Revised Estimate for ₹ 23.62 crore was prepared by the executing Division (PWD, Bomdila) wherein, the above item of work was included and forwarded to the MoDoNER in February 2013 for approval by depicting execution of 168918 *cum* of Slip Clearance work, valued at ₹ 1.81 crore, out of which expenditure of ₹ 1.41 crore was already incurred between March 2009 and March 2013, as revealed from scrutiny of Bills/Vouchers.

The Division in its reply (August 2013) stated that during formation cutting, there were heavy land slips which necessitated the Division to go beyond the scope of the technically sanctioned estimate without the approval of the Competent Authority/MoDoNER.

Similarly, scrutiny (August 2013) of the technically sanctioned Detailed Estimate for the work, '*Improvement of Janagthung-Cherrong-Panchvati-Chhandra Road, West Kameng District (17.100 km),*' revealed that there was no provision for the item of work – '*Slip Clearance*'. However, it was noticed that the executing Division (PWD, Dirang) included the item of work in the 'Working Plan' and depicted execution of Slip Clearance work, valued at ₹ 0.56 crore, in the QPR for the quarter ended March 2013, without depicting the actual volume/quantity of slips cleared.

This resulted in unauthorized expenditure of ₹ 0.56 crore on Slip Clearance work beyond the scope of the technically sanctioned estimate without the approval of the Competent Authority/MoDoNER.

2.2.16.6 Excess expenditure on Earth work over estimated provisions

Scrutiny of records (August 2013) relating to the project *'Improvement of Janagthung-cherrong-Panchvati-Chhandra Road, West Kameng District (17.100 km)'* revealed that the executing Division (PWD, Dirang) incurred excess expenditure of ₹ 1.57 crore over the estimated provision of the technically sanctioned estimate on the following items of the work, as tabulated below:

Table – 2.2.15

(₹ in crore)

Item of Work	**Qty. as per Technical Sanction**		**Actual Quantity Executed**		**Difference (+) Excess/(-) Less**	
	Qty. *(cum)*	**Estimated Cost**	**Qty. *(cum)***	**Expenditure**	**Qty. *(cum)***	**Amount**
Excavation in Hilly Areas in soil by Mechanical Means (depositing of excavated earth with all lifts and lead upto 1000 m)	83219.3	1.13	70799.4	0.86	(-) 12419.9	(-) 0.27
Excavation in Hilly Areas in Ordinary Rock by Mechanical Means not Requiring Blasting (disposal of cut material with all lift and lead upto 1000 m)	84776.55	1.68	284372	5.01	199595.45	3.32
Excavation in Hilly Areas in Hard Rock Requiring Blasting by mechanical means, incl. trimming of slopes and disposal of cut material with all lifts and lead up to 1000 m.	55999.85	1.48	Nil	Nil	(-) 55999.85	(-) 1.48
TOTAL	**223995.7**	**4.29**	**355171.4**	**5.87**		**1.57**

Thus, failure to conduct proper survey and investigation prior to preparation of the estimate resulted in wrong classification of soil, which led to excess expenditure of ₹ 1.57 crore over provisions made in the technically sanctioned estimate.

2.2.16.7 Extra avoidable expenditure of ₹ 6.27 crore on Hire Charges of Bulldozers

Scrutiny of the records (August 2013) revealed that against four projects: *viz. 'Construction of Gacham-Morshing Road (24.50 km)', 'Construction of Road from Nafra to Nakhu-Nachiban Village (11 km)'* and *'Construction of Road from Magopam to Bichom via Namfri, Ditching, Sacheda, Ramu-Sutu and Uchini (Phase-I and Phase-II),'* the executing Division (PWD, Bomdila), incurred an expenditure of ₹ 2.14 and ₹ 10.51 crore on hire charges for D-50 A-15 and D-80 A-12 bulldozers respectively, which were utilized in formation cutting, widening and slip clearance works on daily basis by adopting the rates of ₹ 14,731/- and ₹ 20,358/- per day respectively, as prescribed by the CE, PWD (EZ), in December 2000, instead of adopting hire charge rates of ₹ 8640/- and ₹ 9920/- per day for D-50 A-15 and D-80 A-12 Bulldozers respectively, as prescribed by the CE, PWD (WZ), in September 2006.

Had the Division adopted the rates prescribed by the CE, PWD (WZ), the expenditure would have been restricted to ₹ 1.26 crore for D-50 A-15 Bulldozers and ₹ 5.12 crore for D-80 A-12 Bulldozers; and the Division could have avoided extra expenditure of ₹ 6.27 crore (₹.5.39 crore for D-80 + ₹ 0.88 crore for D-50). Details of the expenditure are shown in **Appendix – 2.7**.

Reasons for non-adoption of rates prescribed by the CE, PWD (WZ), were not found on record.

2.2.16.8 Payment to suppliers without receipt of materials

Scrutiny of records (June 2013) pertaining to the project '*Construction of Motorable Suspension Bridge (320 m) over River Siang at the site of Gandhi Bridge*` revealed that the executing Division (PWD, Yingkiong) issued seven Supply Orders for supply of 311.39 MT of 'Anchorage/Hanger Fixture & Nut/Bolts' valued at ₹ 5.20 crore, to M/s B.B Steel & Corporation, Itanagar, without calling for tenders.

As per terms and conditions of the Supply Orders, the firm was paid an advance of ₹ 1.42 crore (27.31 *percent*) from July to October 2011 against the Supply Orders. However, scrutiny of the MAS Account revealed that, despite payment of ₹ 1.42 crore, the supplier failed to supply any material till the date of audit (June 2013) against the Supply Orders placed in January 2011.

Similarly, scrutiny (June 2013) of records related to the work: '*Construction of Road from Pugging to Palling (48 km) (SH:- C/o Road from Likar to Palling 0.00 to 20.00 km),'* revealed that the executing Division (PWD, Yingkiong), issued six Supply Orders (two valued at ₹ 0.07 crore to M/s Universal Traders and remaining four valued at ₹ 0.13 crore to M/s KO Enterprises) and also made 100 *per cent* advance payment of ₹ 0.20 crore in March 2011 for procurement of 80 MT Cement and 27.6 MT TMT Rods. However, scrutiny of the MAS Accounts Register revealed that the materials were not received by the Division till date of audit (June 2013), though advance payment of ₹ 0.20 crore was made in March 2011.

It was also seen that for the project '*Construction of Steel Suspension Bridge over River Siang and Approach Road at Kodak near Tuting,'* the executing Division (PWD, Yingkiong), placed a Supply Order valued at ₹ 0.05 crore on M/s Usha Martin, a Kolkata based firm, for supply of 1.65 MT of '20 mm diameter Lock Coil Wire Rope' in January 2012, without calling for tenders and released ₹ 0.05 crore in two instalments (₹ 0.01 crore in January 2012 and ₹ 0.04 crore in December 2012). However, on scrutiny of the MAS Account, it was seen that the firm failed to deliver the material till date of audit (June 2013), despite release of 100 *percent* payment.

2.2.16.9 Procurement of Bitumen valued at ₹ 0.64 crore in excess of actual requirement

Scrutiny (August 2013) of records relating to the NLCPR project '***Construction of Road from Nafra to Nakhu-Nachiban Village (11 km)***' revealed that the executing Division (PWD, Bomdila) procured 322.184 MT of Bitumen 80/100, valued at ₹ 1.08 crore (excluding carriage) for the item of work, 'Black Topping'.

However, analysis of the Theoretical Consumption Statement appended to the technically sanctioned Detailed Estimate of the work, revealed that the actual quantity of Bitumen required for Black Topping 10.00 km (4125 sq. m) of road was 13,365 kg @ 3.24 kg per sq. m. Therefore, the actual requirement of Bitumen for a stretch of 9.94 km would be 132.85 MT (9.94 km x 13365 kg), as detailed in the Table below:

Table – 2.2.16

Item	Quantity required per sq. m *(in kg)*	Area in 1 km *(in sq. m)*	Total Length of Road *(in km)*	Total quantity required. *(in kg)*
Prime Coat	0.6	4125	9.94	24,601.50
Tack Coat	0.20	4125	9.94	8,200.50
Open Graded pre-mix Surfacing	1.46	4125	9.94	59,863.65
Seal Coat	0.980	4125	9.94	40,182.45
Actual requirement of Bitumen for 9.94 km stretch of road				1,32,848.1 kg **or *132.85 MT***
Quantity of material actually procured				322.184 MT
Excess quantity procured				**189.3359 MT**
Total Expenditure (@ ₹ 33,597/MT) on excess procurement of 189.3359 MT				**₹ 63,61,118/-**

Thus, the Division made excess procurement of 189.36 MT of Bitumen 80/100 over the actual requirement of 132.85 MT and thereby incurred an excess expenditure of ₹ 0.64 crore.

In August 2013, the Divisional Officer replied that though 322.184 MT of Bitumen was procured, the excess 189.3359 MT was transferred to other works by crediting the cost of excess quantity to this work. But the necessary Transfer Entry Order (TEO) in this connection could not be produced.

During exit conference (04 December 2014) the State Government while accepting the above audit findings stated that necessary instruction had been issued to all the concerned implementing agencies to take necessary action on the issues raised by audit and to specifically look into the matter regarding non-receipt of materials, irregular payment etc.

2.2.16.10 Mobilization Advance

The Sub-Head of the work, 'Construction of RCC Bridge (Well Foundation) 30 m span at Chainage 39.532 km' under the work 'Construction and Improvement of Digboi-Pengri-Bordumsa-Namckik (Miao)-Mahadevpur Road in Changlang District (40.83 km),' estimated at ₹ 1.94 crore was awarded to a local contractor (Shri Somlung Mosang, Miao) on the basis of his application of January 2011 on Work Order basis without tender at an agreed amount of ₹ 2.32 crore. The order to proceed with the work was issued in July 2011. However, an agreement was drawn up with the contractor only in September 2011. It was noticed that number of clauses were found scored out in the Agreement document, which inter-alia included clause pertaining payment of advance.

Scrutiny of records of PWD Jairampur Division, it was noticed that ₹ 23.00 lakh was paid as mobilization advance to the contractor in October 2011, though the contractor was not entitled, as the clause pertaining of payment of advance was scored out in the agreement entered into with the contractor and moreover, the work was awarded on Work Order basis. Further, the Mobilization Advance was paid without obtaining any unconditional Bank Guarantee and without a specific written request of the contractor. Also, no mention was made about payment of interest, which is normally 10 *per cent* as stipulated in CPWD manual. Thus, undue financial favour was extended to the contractor.

The State Government while accepting (December 2013) the audit findings, stated that the practice of granting Mobilization Advance was stopped from the current year (2013).

Audit Objective 5: To assess whether there was a mechanism for adequate and effective monitoring and evaluation of projects.

2.2.17 Monitoring and Evaluation

2.2.17.1 Monitoring

NLCPR Guidelines prescribed the following measures for monitoring and evaluation of projects sanctioned under NLCPR scheme at State Level:

- Project-wise progress of implementation was to be reported by the State in prescribed Quarterly Progress Reports (QPRs), which should reach the Ministry within 3 weeks after the end of the quarter under report.

- The Chief Secretary of the State should hold quarterly meetings to review the progress of implementation of ongoing projects under NLCPR and make available summary records of such meetings to the Ministry.

- The State Government should also conduct periodical inspection of projects.

It was noticed that these measures were not adequately followed by the State Government:

➢ Test-check revealed delays ranging from 1 to 12 months in sending of QPRs. The State government prepared UCs and Progress Reports on the basis of funds released, without feedback from the executing agencies.

➢ No Quarterly Meetings were held by the Chief Secretary to review the progress of implementation of ongoing projects under NLCPR.

➢ Test-checked projects were never inspected, as no documentary evidence in this regard could be furnished.

It was evident that monitoring at the State Government level was weak and ineffective. This aspect assumes greater importance, given the slow progress in execution and serious delays in implementation of projects.

In exit conference (04 December 2014) the State Government admitted that there was no Monitoring Mechanism for NLCPR Projects and agreed that there should be a Third Party Monitoring.

2.2.17.2 Evaluation

The scheme envisaged creation of assets for improvement of infrastructure, which included construction of roads and bridges, having direct impacts on the day to day life of the people of the State. Hence, it is desirable to conduct a post implementation study to ascertain the efficiency and effectiveness of operation of such infrastructure and to measure its impact on the targeted population/beneficiaries.

However, no evaluation study on utilization and impact of NLCPR/NEC projects was conducted either by the State Government or the MoDoNER/NEC till September 2013.

In May 2013, the NEC Secretariat intimated the State Government about the entrustment of M/s Webcon Consulting (India) Limited, Kolkata, to undertake evaluation studies of some projects implemented under NEC.

2.2.17.3 Transparency, Information and Publicity about projects

After approval of a project by the Ministry of DoNER, the State Government was required to put up display boards at the project site indicating the date of sanction of project, duration, due date of completion, estimated cost, source of funding, name of contractor and physical targets to be achieved. All schemes/projects supported from the Central Pool were to be given wide publicity in the local media. Even after completion of the projects, the State Government was required to put a permanent display on sites. However, it was noticed in audit that out of 27 reviewed projects, the above the guidelines were adhered to in only three projects.

This indicated that the implementing and nodal departments had not ensured adequate dissemination of information to the general public and also failed to ensure transparency, as envisaged in the guidelines.

Display Board on Changlang to Khimiyang Road in Changlang District and Magopam to Bichom Road (Phase-I) in West Kameng District

Accepting the audit finding, in exit conference (04 December 2014), the State Government assured that proper steps would be taken as per guidelines of the scheme.

2.2.18 Conclusion and Recommendations

2.2.18.1 Conclusion

The success of projects funded through NLCPR/NEC essentially depended on effective implementation of project activities, regular monitoring and efficient financial management. There were inadequacies in all these three key aspects, as brought out in this report.

The execution of projects under NLCPR/NEC was not satisfactory, given that only 11 out of a total of 85 sanctioned projects (as of March 2013) were actually completed by March 2013. Most projects were seriously delayed. Major hurdles in timely completion of projects were lack of adequate planning, delays in transmission of funds through the chain to the executing agencies and non-release of State Share on time. Delays in transmission of funds led to time and cost overruns. There were instances of diversion of funds by executing agencies to other works not related to NLCPR projects and irregular expenditure on unapproved items in violation of the Guidelines.

2.2.18.2 Recommendations

- The Planning process should be strengthened and accountability should be enforced for arbitrary or unexplained deviations.
- Suitable provision of funds for survey/investigation and preparation of DPRs prior to sanction of projects should be made. Further, a shelf of projects for five years should also be prepared for ensuring better planning.
- The State Government should ensure preparation of Detailed Project Reports (DPRs) with authenticated inputs and ensure strict compliance to all pre-requisites, especially land acquisition, clearance from different Departments and timely submission to the concerned authorities for sanction.
- The State Government needs to streamline and simplify existing procedures to ensure timely transmission of funds to the executing agencies. There should be effective co-ordination between the concerned departments for timely release of funds to ensure timely completion of projects and avoid time/cost overruns.
- State Share of matching funds should be released component-wise to facilitate proper implementation of planned projects.
- Government Orders and codal provisions relating to the tendering process should be strictly adhered to. For execution of works, a Contract Agreement with suitable terms and conditions should be entered into to safeguard the interest of the Government.

- Monitoring and supervision of projects should be strengthened at all levels to ensure that projects move in the planned direction at the desired speed. Submission of Reports of Third Party Monitor along with the UC for release of subsequent instalments for projects should be made mandatory.

- Wide publicity must be given by the State Government to the projects executed under NLCPR/NEC to enhance transparency and awareness about such projects.

- Timely impact studies/surveys must be undertaken especially with reference to achievement of outcomes.

COMPLIANCE AUDIT PARAGRAPH

Department of Science & Technology

2.3 Loss of revenue due to non-commercial exploitation of Mini Hydro Power Projects

Two mini hydro projects constructed at cost of ₹5.83 crore were not commercially exploited even after over two to three years of their completion as the agency or the department responsible for their operation was not identified. As a result, the State Government was deprived of revenue of ₹2.63 crore, besides, depriving social benefit to villagers in remote and hilly area.

Micro/Mini/Small (MMS) Hydro Power projects have received great deal of attention from many point of view, first, as a sizable and easily utilisable source of renewable energy and second, for providing electricity to the under developed areas through moderate investment. In Arunachal Pradesh, the potential of Micro/Mini/Small (MMS) Hydro Power schemes has been identified to be over 560 MW in its different river basins. The Arunachal Pradesh State Council for Science and Technology (hereafter the Council) was established with one of the main objectives 'to indicate optimum development of untapped new and renewable sources of energy in the State by application of contemporary scientific research and technology'. The Council was the Nodal Agency for identification and preparation of detailed project reports for MMS hydro projects.

During test-check (January 2012) of accounts of the Director-cum-Member Secretary of the Council, it was noticed that based on the detailed project report submitted by the Council, Ministry of Science and Technology, Government of India (GoI) in March 2008 sanctioned two Mini Hydel Projects with total installed capacity 500 KW at a total estimated cost of ₹ 5.69 crore as detailed below.

Sl. No.	Project	Installed Capacity	Date of Sanction	Sanctioned cost (₹ in crore)	Schedule Date of Completion
1	Sakthang Rong Mini Hydel Project	300 Kw (3 x 100 Kw)	14 March 2008	3.27 crore	March 2010
2	Thongleng Rong Mini Hydel Projectc	200 Kw (2 x 100 Kw)	24 March 2008	2.42 crore	March 2010

The projects were intended to supply stable power to villages in remote/hilly areas for economic activities and development. The DPRs projected economic viability, deriving annual net revenue of ₹ 1.10[2] crore on power generated from the projects.

2

The project was executed by private contractors on turnkey basis. There were delays in commencement of work in respect of both the projects and as a result, the completion of the project got delayed as detailed in the following table. The total cost of completion of both the projects was ₹ 5.83 crore,

Sl. No.	Project	Date of Commencement	Date of Completion	Delay in Completion	Cost of Completion (₹ in crore)
1	Sakthang Rong Mini Hydel Project	April 2009	November 2011	One year and eight months	3.27
2	Thongleng Rong Mini Hydel Projectc	March 2009	November 2010	Eight months	2.56

Further, scrutiny revealed that after completion of the projects the Council did not transfer the responsibility of operation of the plants and generation of electricity to any department of the State Government or other agencies for commercial exploitation and the investment made on the project remained idle (November 2013).

The Director-cum-Secretary of the Council stated (November 2013) that the two demo-based projects were research oriented. After having been in trial, the State Government accorded approval (October 2013) for handing over to the Power Department. It was further added that the field division of the Power Department has been requested to takeover at earliest possible time.

The reply of the Council that the projects were research-oriented is not tenable as the proposal based on which the project was sanctioned had projected earning of revenue from the first year of completion of the projects. The council should have impressed upon the State Government to take over the project soon after the completion of trial period. Thus, as a result of delay in completion/handing over of these projects and failure of State Government to designate the agency to take over the project for commercial exploitation immediately after the completion of trails, the State Government was deprived of revenue on generation of power amounting to ₹ 2.63 crore (Thongleng Rong @ ₹ 42.76 lakh per year for 3 years: ₹ 128.28 crore and Sakthang Rong @ ₹ 67.26 lakh per year for 2 years: ₹ 134.52 crore). Besides, villages in remote/hilly areas were also deprived of the socio-economic benefit of the plants.

The matter was reported to the Government in December 2013; reply is still awaited.

Project	At 90% Load Factor Annual Power Generation (in million units)	Gross Revenue (₹in lakh)	Operation & Maintenance Cost (₹ in lakh)	Net Annual Revenue (₹ in lakh)
Thongleng Rong	1.58	55.30	12.54	42.76
Sakthang Rong	2.37	82.95	15.69	67.26
TOTAL	**4.05**	**138.35**	**28.23**	**110.02**

Public Works Department

2.4 Missing Stock

Due to non-compliance to provisions of General Financial Rules in respect of Inventory Management and Control, materials valued at ₹ 4.16 crore were unaccounted for.

Under Rules 187 (3) and 192(2) of the General Financial Rules (applicable in the State of Arunachal Pradesh), the officer-in charge of stores is responsible for overseeing proper maintenance of stock account and to carry out physical verification of stock at least once in a year and record discrepancies, if any, in the Stock Register for appropriate action by the competent authority. Further, Rule 195 of the General Financial Rules provides that "In case of transfer of Officer-in-charge of the goods, materials etc., the transferred officer shall see that the goods or material are made over correctly to his successor. A statement giving all relevant details of the goods, materials etc., in question shall be prepared and signed with date by the relieving officer and the relieved officer."

Public Works Department (PWD), Government of Arunachal Pradesh, in October 2003, ordered shifting of Banderdewa Stores Division to Jang (Tawang District) and renamed it as PWD Jang Division. The post of Executive Engineer (EE) and ministerial staff attached to office were also shifted. However, Banderdewa Stores Sub-Division, with staff and materials was transferred under the control of the PWD Naharlagun Division. The new PWD Jang Division started functioning from 1st November 2003.

Test check (November 2012) of the monthly accounts of the Executive Engineer, PWD Jang Division for October 2012 revealed that there was a balance stock of materials, valuing ₹ 4.16 crore, since October 2003. However, in the Stock Accounts attached to the monthly accounts, it was recorded that the store (materials) was transferred to the Executive Engineer, PWD Naharlagun Division. The stock valuing ₹ 4.16 crore reflected in the monthly accounts of EE PWD Jang Division was not physical held at the Jang PW Division, but was actually transferred to the Naharlagun PWD Division as a part of arrangement ordered in October 2003.

Further, during the consecutive audits of Executive Engineer, PWD, Naharlagun Division it was noticed that the stock transferred as part of arrangement as per the order of October 2003 of Public Works Department (PWD), Government of Arunachal Pradesh, was not accounted for during these years. While providing information to audit regarding the maintenance of accounts, Executive Engineer, PWD, Naharlagun Division during successive audits stated that as no material was available in the departmental store; hence, the question of physical verification of stores does not arise.

Thus, there was total lack of internal control exercise as stipulated in the General Financial Rules during the process of transferring Banderdewa Stores Sub-Division with staff and materials under the control of the PWD Naharlagun Division as a part of new arrangement ordered in October 2003 and during subsequent years. As a result, the materials valued at ₹ 4.16 crore held by Banderdewa Stores Sub-Division before the new arrangement was ordered remained unaccounted for all these years and possibility of the entire stock missing cannot be ruled out. The matter needs thorough investigation so that the officials responsible for such irregularity may be brought to books for dereliction of the duty.

The matter was reported to the Government in December 2013; reply is still awaited.

2.5 Unfruitful Expenditure on incomplete RCC Bridge

Failure of the Department to complete construction of a bridge due to commencement of work on defective design and drawing, rendered expenditure of ₹ 4.34 crore unfruitful. Expenditure of ₹ 42.89 lakh deviating from the sanctioned estimate, inadmissible expenditure of ₹ 29.74 lakh, and undue financial aid of ₹ 17.78 lakh were also noticed.

The Ministry of Road Transport & Highways Government of India (GoI), accorded administrative approval (March 2003) for the work *'Construction of PSC Grinder and RCC Slab Composite Bridge over River Buri-Dihing (Span: 120 mtr)'* for execution under Central Road Fund (CRF) Scheme at an estimated cost of ₹ 3.34 crore with the stipulation that the technical and financial sanction should be accorded within a period of four months from the date of administrative approval (by July 2003) and work be awarded within one month of the technical sanction (by August 2003) and completed within three years (by 2005-06) to avoid time and cost overrun. The State Government accorded technical sanction for ₹ 3.34 crore in July 2003. Components of the detailed estimate included:

(i)	construction of: sub-structure and super structure :	₹ 243.50 lakh;
(ii)	Approach Road - 563 m	₹ 23.45 lakh;
(iii)	River Training Work :	₹ 30.43 lakh;
(iv)	RCC Counter Fort Wing Wall	₹ 16.60 lakh;
Consultancy Services :		₹ 2.43 lakh;
Quality Control, Work Charge Establishment and Contingencies		₹ 9.93 lakh.

Scrutiny of records (May-June 2013) of the Executive Engineer, Pubic Works Division, Jairampur revealed that:

- The Department could award the work on item rate basis to a contractor (M/s Lohit Enterprises, Wakro) only in April 2005, after a delay of 20 months, and that too only for (i) construction of sub-structure & superstructure; (ii) RCC counter fort wing and (iii) Consultancy Services at a tender value of ₹ 296.48 lakh against estimated cost of ₹ 262.52 lakh. The delay in award of work was due to delay in finalization of design and drawing, finalizing tenders and executing the agreement.
- During execution of the work, the design and drawing of the bridge underwent further significant changes increasing quantities of sub-structure (due to increase in depth of well foundation from 6 to 16 metre), and addition of a new component, *'Construction of Wing Wall,'* causing delay in progress of work. *This indicated that the estimate was prepared without proper design and drawing.*
- The work was stopped in March 2009 after the entire funds (₹ 3.34 crore) released under CRF were exhausted.
- After about 4 years of stoppage of the work, the State Government accorded in (February 2013) another administrative approval and expenditure sanction for ₹ one crore for *'construction of balance work (super structure 2nd and 3rd Span and remaining work of sub-structure)'* under Special Fund Assistance (SPA) against the Division's estimate of ₹ 3.79 crore.
- According to the Status/Progress Report for March 2013, construction of only the sub-structure and first span (40 m) of the bridge was completed. The entire fund of ₹ 4.34 crore sanctioned (₹ 3.34 crore under CRF and ₹ 1 crore under SPA) has been spent on the execution of work completed so far.
- Analysis of expenditure booked against the work disclosed that there was net excess deviation of expenditure of ₹ 42.89 lakh from the sanctioned estimate in construction of sub-structure as indicated below:
  - i) execution of excess quantity for five items : ₹ 37.85 lakh;
  - ii) substitutes/extra items : ₹ 38.81 lakh; and
  - iii) short execution of five items : ₹ 33.77 lakh.
- Further, an expenditure of ₹ 29.74 lakh was incurred on following inadmissible items
  - i) Repair of Vehicles : ₹19.76 lakh;
  - ii) Slip Clearance : ₹ 5.98 lakh; and
  - iii) Hire Charges of Bulldozers : ₹ 4 lakh.
- Besides, undue financial benefit of ₹ 17.78 lakh was extended to the contractor due to (i) non-realisation of Mobilisation Advance: ₹ 7.40 lakh and (ii) Non-levy of interest: ₹ 10.38 lakh.

During joint physical verification on 2nd June 2013 with Departmental officials, it was noticed that construction work of the 2nd Span (40 m) had just started, while 3 major components of the bridge at original estimated cost of ₹ 70.48 lakh (*RCC Counter Fort Wing Wall: ₹16.60 lakh; River Training Work ₹30.43 lakh and Construction of Approach Road - 563 m; ₹23.45 lakh)* had not been taken up for execution so far. The following photograph indicates the status of construction.

Status of construction during joint physical verification on 2nd June 2013

So far the Department has not submitted the revised proposal for incomplete portion of work. Further, the State Government has also not made any efforts to identify the source from which the additional funds that would be required for completion of the balance work would be augmented, so that the bridge could be made operational.

Thus, lapses/shortcomings at different points viz., (i) initially delay in the commencement of work due to delay in finalisation of design and drawing and finalizing tenders, (ii) change in design and drawing during execution of work due to defects in initial design causing increase in quantities of some items of work, (iii) delay in the execution of work and (iv) delay in augmenting enough additional finances to cater to the increase in cost of construction due to time overrun, led to the project remaining incomplete even after a delay of more than seven years of the stipulated date of completion The possibility for completion of the bridge within a reasonable time frame is remote in view of the past experience as brought out above.

The matter was reported to the Government in December 2013; reply is still awaited.

2.6 Blocking of funds due to purchase of materials in excess of requirement

Due to purchase of material without immediate requirement, fund of ₹4.26 crore was blocked on non-moving/slow moving materials. Also, materials valued at ₹0.58 crore remained unaccounted.

Rule 137 of the General Financial Rules 2005 (applicable in Arunachal Pradesh) stipulates that 'Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs'. Further Rule 187 (3) and 192 (2) of the General Financial Rules 2005 also provide that details of the material received should be entered in the appropriate stock register and a physical verification of all the goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

Scrutiny (November 2012) of records of the Executive Engineer, Jang Public Works Division revealed that against sanction of ₹ 4.78 crore (March 2009) under Special Plan Assistance (SPA), the Division between July 2009 and August 2010 incurred an expenditure of ₹ 4.61 crore on procurement of different sizes of wire ropes, 'U' bolts, R.S. Joists, Angles, and Channels. Various items valued at ₹ 3.35 crore were purchased from M/S B.B. Steel and Corporation, Naharlagun. Further, items valuing ₹ 1.05 crore were procured from local suppliers. An amount of ₹ 0.18 crore was incurred as carriage charges. These materials were to be utilised for construction of seven emergency Suspension Bridges in remote areas.

Scrutiny of the Materials at Site (MAS) accounts revealed that during the three years period from July 2009 to October 2012, items worth only ₹ 0.35 crore (7.59 *percent)* were issued to the different sites for utilisation and the remaining stock valued ₹ 4.26 crore remained unused. Thus, due to purchase of material without immediate requirement, an amount of ₹ 4.26 crore spent on procurement of non-moving/slow-moving items, remained blocked.

Annual physical verification of stock was not carried out and prescribed returns were not prepared. Therefore, physical status of the stock could not be vouchsafed. Further, information regarding physical progress of the bridge works and utilisation of materials requested by Audit (January 2014) was awaited.

Further, during test check of vouchers it was also noticed that material valuing ₹ 0.58 crore purchased from local suppliers were not accounted for in the MAS Accounts as stipulated under the Rules. As such, the authenticity of receipt of the material procured of remains doubtful. The matter needs investigation.

The matter was reported to the Government in January 2014; reply is still awaited.

2.7 Undue benefit to contractors due to non-realisation of interest on mobilisation advance

Undue benefit of ₹1.33 crore was extended to contractors due to non-realisation of interest on Mobilisation Advance and loss of revenue to the Government to that extent.

Section 31.5 of the CPWD Works Manual provides that "In respect of certain specialized and capital-intensive works with estimate cost put to tender ₹ 2.00 crore and above, provision of mobilisation advance may be kept in the tender documents. It further stipulates that the mobilisation advance limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per terms of the contract.

Scrutiny of records of two Public Works Divisions (Yingkiong in June 2013 and Roing in November 2013) revealed that the provision for levy of interest on mobilisation advance was not kept in the contract documents in respect of two works executed by the division. Due to this, recovery of interest on the mobilisation advance could not be enforced on the contractors as detailed in the following table.

Work	**Tender value** ***(₹in crore)***	**Contractor**	**Mobilisation Advance**		**Amount of interest not realised** ***(₹in lakh)***[3]	**Remarks**
			Amount released ***(₹in lakh)***	**Date**		
Roing Division						
Construction of permanent bridge over Sisiri (270) on Dambuk Palgam Road	11.87	M/s Soma Sorda - JV Hyderabad	160.84	28.03.2009	117.76	Entire amount of mobilisation advance recovered commencing from May 2012 and completed in December 2012.
Work	**Tender**	**Contractor**	**Mobilisation Advance**		**Amount of**	**Remarks**

[3] *Worked out @ 10 % simple interest for the period mobilisation advance remained outstanding.*

	value (₹in crore)		Amount released (₹in lakh)	Date	interest not realised (₹in lakh)[4]	
Yingkion Division						
Construction of Steel Suspension Bridge over River Siang and Approach Road at Kodak near Tuting	10.17	M/s GPT Intra Projects Ltd., Kolkata	101.72	15.12.2011	15.52[5]	As of March 2013. ₹ 22.97 lakh has been recovered (₹ 11.89 lakh in October 2012 and ₹ 11.08 lakh in February 2013) Balance of ₹ 78.75 lakh awaiting recovery (June 2013).
	TOTAL				**133.28**	

As can be seen from the above table, sanction of mobilisation advance to the contractor without inserting clause in the contract document for levy of interest was in violation of codal provisions. This resulted in extension of undue financial benefit of ₹ 1.33 crore to the contractors. Besides, non-levy of interest on mobilisation advance also led to the loss of revenue to the Government to that extent.

The matter was reported to the Government in February 2014; reply is still awaited.

Horticulture Department

2.8 Doubtful Utilisation of Government Assistance

In absence of any audit trail to substantiate creation of horticulture gardens and raising of crops, utilisation of Government assistance of ₹1.03 crore was doubtful.

Department of Agriculture & Cooperation, Ministry of Agriculture, Government of India is implementing a Centrally Sponsored Scheme '*Horticulture Mission for North East and Himalayan States'* (the Mission) for overall development of Horticulture. One of the objectives of the Mission is to improve the production and productivity of horticulture crops by harnessing the potential of the region. The Mission envisages plantation development programmes through addition of new areas under improved and recommended varieties, to meet current market demand. This was to be achieved through *Area Expansion* by coverage of large areas including the cost of planting material, etc. under improved varieties of horticultural crops. The assistance for bringing new areas under horticultural cultivation depends upon nature of crop.

[4] *Worked out @ 10 % simple interest for the period mobilisation advance remained outstanding.*

[5] *Interest calculated on recovered amount of ₹ 22.97 lakh (out of mobilisation advance of ₹ 101.72 lakh)*

The State Government accorded (February 2011 and March 2012) two administrative approvals and expenditure sanctions totalling to ₹ 4 crore (₹ 2 crore in each sanction) to 17 District Horticultural Officers (DHOs) for implementation of *'Area Expansion'*. The amount was meant as assistance (50 *per cent* of unit cost) to the beneficiaries for creation of horticultural gardens (one hectare per beneficiary) and raising of crops. The beneficiary had to contribute 50 per cent of unit cost towards labour charges (land preparation, erection of fencing, plantation of seeds/grafts, etc.) and locally available materials. The assistance was to be provided in the shape of inputs (barbed wire fencing, pesticides manure, seeds/grafts, etc.) procured by DHOs.

Records of four DHOs were test-checked in Audit between March 2012 and August 2013. It was noticed that an assistance of ₹ 1.03 crore was given to 157 beneficiary units by these four DHOs as shown below:

DHO	Crops	No. of Beneficiary Units	Assistance Amount (₹ in lakh)
Tezu, Lohit	Orange	30	17.80
	Litchi	16	8.00
Yupia, Papumpare	Banana	20	10.00
	Orange	8	5.12
	Pineapple	5	7.10
Changlang	Orange	35	19.60
	Banana	10	5.00
Ziro, Lower Subansiri	Orange	10	5.00
	Large Cardamom	13	7.65
	Kiwi	10	17.60
TOTAL		**157**	**102.87**

Scrutiny of the records revealed that the necessary documents for substantiating actual distribution/utilisation of inputs, creation of gardens, raising of crops and yield of crops were not maintained by any of the test-checked DHOs. Further, data on increase in area and productivity attributable to gardens claimed to have been created with the help of assistance, which was required to be maintained according to the guidelines of the Mission implemented in the State was also not made available.

As such, utilization of inputs valued at ₹ 1.03 crore claimed to have been provided to the beneficiaries could not be vouchsafed in Audit. Thus, in the absence of any audit trail to substantiate the claimed distribution and utilization of inputs, the utilization of the government assistance to the tune of ₹ 1.03 crore under the programme remained doubtful.

In response, the DHOs of Lohit (November 2012) and Changlang (January 2013) Districts admitted the fact of non-maintenance of proper records, but without submitting any documented evidence in support, contended that inputs issued to the beneficiaries (selected by PRI members) along with their prescribed contribution were found to have been utilized during field visits and inspections by District office functionaries. The reply is not tenable because the respective DHOs were not able to produce any Inspection Reports in support of their claim. The DHO, Changlang District, also admitted that data on survival and progress of the programme was occasionally sent to the Directorate. Replies of the DHOs Papumpare and Lower Subansiri Districts were awaited (January 2014).

The matter was reported to the Government in February 2014; reply is still awaited.

Agriculture Department

2.9 Excess Expenditure on Seed Management

Due to lapses in implementation of Seed Management component of Macro Management of Agriculture, a centrally sponsored scheme, there was excess expenditure of ₹30.80 lakh. As a result, coverage in terms of beneficiaries and area was severely compromised. Besides, seed treatment component for which ₹19.13 lakh was sanctioned, was not at all implemented.

The Macro Management of Agriculture (MMA) Scheme is one of the Centrally Sponsored Schemes being implemented by the Department of Agriculture & Cooperation, Ministry of Agriculture, Government of India formulated with the objective to ensure that central assistance is spent on focused and specific interventions for the development of agriculture in the states. It became operational in 2000-01 in all states and UTs. The MMA scheme comprised number of components or sub-schemes, focusing on rice, wheat, coarse cereals, sugarcane, soil health, nutrient and pest management, farm mechanization and watershed development. Under the Scheme, financial assistance is provided for purchase of breeder seed, production of foundation seed, production and distribution of certified seed, distribution of seed minikits, distribution of plant protection chemicals, plant protection equipments, etc. to encourage farmers to grow these crops. The maximum permissible assistance to be provided to a farmer under different components of the scheme for different types of crops has been fixed.

During 2011-12, the Government of Arunachal Pradesh sanctioned ₹ 622.50 lakh (December 2011: ₹ 285 lakh; and March 2012: ₹ 260.17 lakh), out of which ₹ 260.17 lakh was provided for *'Seed Management'* component for distribution of certified/ high yield variety seeds (₹ 230.17 lakh) and seed treatment (₹ 30 lakh) as assistance to farmers of the 16 Districts of the State.

The records relating to implementation of the *'Seed Management'* by District Agricultural Officers (DAOs) of four districts (East Siang, Lower Subansiri, Papumpare and Lohit) were scrutinised (February/March 2013) in Audit. It was noticed that a total amount of ₹ 83.55 lakh was sanctioned to these four districts (Seed Assistance: ₹ 64.42 lakh; and Seed Treatment: ₹ 19.13 lakh).

Further, as noticed in audit, the details of different varieties of seeds procured by DAOs of three Districts (East Siang, Lower Subansiri, and Lohit) from local suppliers are indicated in the following table.

Variety of crop	Approved		Actual		Difference in Rate (₹)	Excess Expenditure (*₹ in lakh*)	Shortfall in Procurement (quintal)
	Rate (₹)	Quantity (quintal)	Rate (₹)	Quantity (quintal)			
DAO Pasighat, East Siang District							
Maize	800	425	13700	28.40	12900	3.65	396.60
Paddy	500	1200	2200 to 2990	249.48	1700 to 2490	4.74	950.52
Pea	1200	100	4000	10.00	2800	0.28	90.00
Mustard	1200	100	5000	18.00	3800	0.68	82.00
Black Gram	1200	50	4000 to 11050	30.45	2800 to 9850	0.88	19.55
Total		**1875**		**336.33**		**10.23**	**1538.67**
DAO Ziro, Lower Subansiri District							
Paddy	500	1000	2990	167.23	2490	4.16	832.77
Maize	800	200	8450	18.94	7650	1.45	181.07
Soya Bean	1200	500	6158	9.75	4958	0.48	40.25
Arhar	1200	25	12220	2.46	11020	0.27	22.54
Total		**1725**		**198.38**		**6.36**	**1076.63**
DAO Tezu, Lohit District							
Paddy	500	1500	800 to 17500	442.10	300 to 17000	5.29	1057.90
Maize	800	400	11000 to 11700	28.20	10200 to 10900	2.97	371.80
Soya Bean	1200	110	6158	21.44	4958	1.06	88.56
Arhar	1200	25	15000	2.00	13800	0.28	23.00
Mustard	1200	200	7540	31.80	6340	2.02	168.20
Black Gram	1200	100	11050	10.85	9850	1.07	89.15
Peas	1200	150	6598.00	27.28	5398	1.47	122.72
Total		**2485**		**563.67**		**14.16**	**1921.33**
G. Total		**5635**		**1098.38**		**30.80**	**4536.63**

As could be seen from the above table, in the three districts (viz., East Siang, Lower Subansiri and Lohit), the actual procurement rate of seeds of different varieties of crop was exorbitantly higher than the approved rates for the respective variety of seeds.

Further analysis of the above table reveals the following:

- The procurement cost of Paddy seed (which constituted about 78.59 *per cent* (858.81 quintals) of total quantity of seeds procured in three districts was 1.60 to 5.98 times the approved rate in most of the cases and in one instance the cost of procurement was as high as 35 times the approved cost.
- The procurement cost of Maize seed (which constituted about 6.88 *per cent* of total quantity of seeds procured in three districts) was 10.56 to 17.13 times the approved cost across the three districts.
- Likewise, the procurement cost of Mustard was 4.17 to 6.28 times, Black gram 3.33 to 9.21 times, Peas 3.33 to 5.50 times, Soya bean 5.13 times and Arhar was 10.18 to 12.50 times the approved cost of procurement of seeds for the respective variety of the crop, across these districts

Thus, procurement of seeds of different variety of crops at rates much in excess of the approved rates resulted in excess expenditure of ₹ 30.80 lakh as indicated in the above table. The procurement of seeds at exorbitant cost has to be viewed in light of the fact that DAO, Papum Pare District had purchased the seeds at the approved cost as brought out in succeeding paragraph.

Further, as a result of procurement of seeds by the DAOs of three districts at exorbitant rates, only 1098.38 quintals of seeds (19.50 *per cent*) could actually be procured against the total approved quantity of 5635 quintals of seeds for three districts.

Though the DAO, Papum Pare District, did not procure seeds at higher rates, only 957.13 quintals for different types of seeds were procured against the approved quantity of 3585.50 quintals. The expenditure incurred on procurement was only ₹ 6.47 lakh against the sanctioned amount of ₹ 23.40 lakh as indicated in the following table:

Variety of crop	Approved		Actual		Shortfall in Procurement (quintal)	Expenditure on procurement (₹ in lakh)
	Rate (₹)	Quantity (quintal)	Rate (₹)	Quantity (quintal)		
Maize	800	535.50	750	300.00	235.50	2.25
Mustard	1200	200	1200	100.00	100.00	1.20
Black Gram	1200	100	1201	33.30	66.70	0.40
Peas	1200	150			150.00	
Paddy	500	2500	500	523.83	1976.17	2.62
Soya Bean	1200	100	-	-	50.00	
Total		**3585.50**		**957.13**	**2578.37**	**6.47**

Thus, the coverage of farmers provided with the assistance through distribution of high yield variety seeds was limited to that extent.

It was further noticed that DAOs, Papum Pare and Lohit Districts did not implement the Seed Treatment Programme though ₹ 19.13 lakh was sanctioned for the purpose.

To sum up, the centrally sponsored scheme, *'Macro Management of Agriculture'* was not managed properly resulting in non-achievement of target in all the four test-checked districts. DAOs of three districts viz., East Siang, Lower Subansiri, and Lohit procured seeds at exorbitantly higher rates resulting in excess expenditure of ₹ 30.80 lakh and the matter needs investigation. Besides, the coverage in terms of beneficiaries and area was severely compromised thereby negating the objective of increase in production and productivity in the State. Besides,

In reply (July 2013), the DAO, East Siang, stated that the purchase of seeds was as per requirement of a farming community for a particular variety of seed, the cost of which was higher. Disbursement of assistance was also not easy, as farmers were reluctant to incur travel expenses to collect the amount from the DAO. Replies from the other three DAOs are still awaited.

The matter was reported to the Government in January 2014; reply is still awaited.