

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

## CHAPTER - III: GENERAL SECTOR

### 3.1 Introduction

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

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

**Table: 3.1.1**

(₹ in crore)

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

(Source: Appropriation Accounts 2016-17)

From the above it can be seen that:

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

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

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

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

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

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

## **Compliance Audit**

### **Planning Department**

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

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

#### ***Highlights***

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

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

### 3.2.1 Introduction

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

### 3.2.2 Audit Objectives

The Compliance Audit was conducted to ascertain whether the:

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

### 3.2.3 Audit Criteria

The Audit findings were benchmarked against the following audit criteria:

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

### 3.2.4 Organisational Set-Up

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

### 3.2.5 Audit Scope and Methodology

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

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

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

### Audit Findings

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

### 3.2.6 Planning

#### 3.2.6.1 Preparation of Perspective Plan

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

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

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

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

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

### 3.2.6.2 Saturation of villages

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

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

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

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

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

### 3.2.6.3 Preparation of Annual Action Plan

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

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

**Table: 3.2.1**

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

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

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

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

### 3.2.7 Financial management

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

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

<sup>3</sup> ITBP.

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

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

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

Table: 3.2.2

(₹ in crore)

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

(Source: Compiled from records of Director, Planning)

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

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

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

Table: 3.2.3

(₹ in crore)

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

(Source: Compiled from records of Director, Planning)

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

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



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

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

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

**Table: 3.2.4**

(₹ in crore)

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

(Source: Compiled from records of Director, Planning)

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

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

### 3.2.8 Discrepancies in the execution of works

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

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

Table: 3.2.5

(₹ in lakh)

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

### 3.2.8.1 Doubtful expenditure

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

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



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

### 3.2.8.2 Unexecuted works

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

Table: 3.2.6

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



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



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

### 3.2.8.3 Works executed not found at site

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

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



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

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

#### 3.2.8.4 Assets utilised for unintended purposes

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

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



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

#### 3.2.8.5 Selected project sites not suitable

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

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



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

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



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

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

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

### **3.2.8.6 Assets lying idle**

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

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



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

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

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



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

### 3.2.8.7 Wasteful expenditure

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

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



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

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

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

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

### **3.2.9 Monitoring and Review**

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

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

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

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

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

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

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

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

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

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

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

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

### 3.2.10 Conclusion

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

### 3.3 Misutilisation of fund

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

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

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

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



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

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

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

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

#### **3.4 Irregular Expenditure**

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

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

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

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

Table: 3.4.1

(₹ in lakh)

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

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

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

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

### District Administration

#### 3.5 Idle Expenditure

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

