

# **CHAPTER– IV**

## **GENERAL SECTOR**



## CHAPTER - IV: GENERAL SECTOR

### 4.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the findings of Audit of the State Government Departments/Units under General Sector.

During 2018-19, total budget allocation of the State Government in the Departments under General Sector was ₹ 3331.10 crore against which actual expenditure was ₹ 2935.38 crore. Details of Department-wise budget allocation, expenditure and percentage of expenditure to total budgetary allocation is given below.

**Table 4.1.1: Budget allocation and expenditure under General Sector**

Sl. No.	Department	Total Budget Allocation (BA)	Expenditure				Percentage of Expenditure with respect to Total BA
			Salary	Maintenance	Other	Total	
1	Treasury and Accounts	919.51	15.14	0.53	908.66	924.33	100.52
2	Home	1038.43	680.28	19.45	213.17	912.90	87.91
3	General Administration	596.11	87.34	22.15	357.48	466.97	78.34
4	Land Management	255.35	17.35	0.15	236.73	254.23	99.56
5	Legislative	75.55	17.58	0.14	58.10	75.82	100.36
6	Election	80.60	14.39	1.00	43.87	59.26	73.52
7	Information and Public Relation	73.59	15.93	0.00	29.80	45.73	62.14
8	Fire Services	35.30	15.14	0.53	18.57	34.24	97.00
9	State Tax and Excise	46.19	18.00	0.00	13.95	31.95	69.17
10	Administration of Justice	32.82	0.00	0.00	24.97	24.97	76.08
11	Motor Garages	21.20	0.00	0.00	17.78	17.78	83.87
12	Council of Ministers	17.44	3.49	0.00	13.90	17.39	99.71
13	Directorate of Prison	59.84	9.20	0.29	3.25	12.74	21.29
14	Legal Metrology	11.84	7.45	0.00	2.94	10.39	87.75
15	Stationery and Printing	10.11	7.65	0.10	2.32	10.07	99.60
16	State Public Service Commission	14.27	4.62	0.04	4.51	9.17	64.26
17	Governor	8.12	5.10	0.00	1.75	6.85	84.36
18	Gauhati High Court, Itanagar Permanent Bench	5.37	4.31	0.00	0.96	5.27	98.14
19	Administrative Training Institute	15.50	1.31	0.22	3.05	4.58	29.55
20	Parliamentary Affairs	3.97	1.97	0.00	1.06	3.03	76.32
21	State Information Commission	4.92	1.65	0.10	1.07	2.82	57.32
22	Protocol	2.51	1.78	0.03	0.55	2.36	94.02
23	Gazetteer	1.14	0.86	0.05	0.23	1.14	100.00
24	State Lotteries	0.87	0.23	0.00	0.61	0.84	96.55
25	Other General, Social and Community Services	0.55	0.00	0.00	0.55	0.55	100.00
<b>Total</b>		<b>3331.10</b>	<b>930.77</b>	<b>44.78</b>	<b>1959.83</b>	<b>2935.38</b>	<b>88.12</b>

(Source: Appropriation Accounts 2018-19).

From the above it is seen that;

- In General Sector, the expenditure incurred by the Departments ranged between 21 to 101 *per cent*.
- All the Departments except Legislative Department, Treasury and Accounts, Land Management, Council of Ministers and Gazetteer had incurred expenditure less than the budget allocation.
- 32 *per cent* expenditure incurred was on Salaries.
- The Capital Expenditure in this sector was ₹ 1062.03 crore which was 36 *per cent* of the total expenditure incurred.

#### **4.1.1 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 was conducted in 19 units of six Departments involving expenditure of ₹ 4865.77 crore (including expenditure of earlier years) under the General Sector during 2018-19.

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

Major observations detected in Audit during 2018-19 related to the General Sector are discussed in the subsequent paragraphs of this Chapter. This chapter of the Audit Report contains one Compliance Audit Paragraph.

## Compliance Audit Paragraph

### Planning Department

#### Compliance Audit of Member of Legislative Assembly Local Area Development Scheme

#### 4.2 Introduction

The Government of Arunachal Pradesh (GoAP) introduced Member of Legislative Assembly Local Area Development (MLALAD) Scheme in 2000-01 with the objective of implementing developmental works across all the Assembly constituencies of the State. In terms of the scheme, initially, an amount of ₹ 1.25 crore was sanctioned to each of the MLAs to ensure execution of developmental works in his/her constituency. Over the years, the amount sanctioned to each MLA was increased to ₹ 2.50 crore (as of April 2018). Planning & Investment Department of the State is designated as the nodal authority for implementation of the scheme and the State Government laid down the following guidelines in August 2014 in this regard. Some of the significant guidelines are mentioned below;

- Every MLA is to recommend to the Deputy Commissioner (DC) concerned, a list of works to be undertaken in his/her constituency with the funds sanctioned by the Government;
- The works are to be developmental in nature and cater to the locally felt needs;
- The works are also to be such that can be completed within one financial year and lead to creation of durable assets;
- The DC is also supposed to get the concerned work executed through a Government agency as per the choice of the concerned MLA.
- The DC is to verify the admissibility of the recommended works based on the list of works identified by the State Government for the purpose and provide administrative approval, expenditure sanction and technical sanction to the works;

#### 4.2.1 Indicative List of permissible works to be taken up under the Scheme

The indicative list of permissible works that can be taken up under the scheme guidelines has been given below:

- i) Buildings for Government schools, hostels, libraries
- ii) Housing roofing material, cement
- iii) Drinking water supply
- iv) Roads and bridges
- v) Public irrigation channels and public drainage schemes
- vi) Public libraries and reading rooms
- vii) Public health care buildings
- viii) Footpaths, pathways and foot bridges
- ix) Public toilets and bathrooms

- x) Bus sheds/stops for public transport passengers
- xi) Purchase of school furniture for Government schools
- xii) Community Halls etc.
- xiii) Training to unemployed youths for imparting skills for taking up self-employment activities and enhancing their employability for other jobs.
- xiv) State matching share for taking-up of distinct and independent components of Centrally Sponsored Schemes.

#### **4.2.2 Audit Objectives**

The main objectives of the audit were to assess whether:

- The Department had adequately planned with respect to formulating timeframe for release of funds, finalization of works/schemes, etc., for successful implementation of the Scheme;
- Works were taken up and executed as per extant codal provision;
- Proper upkeep and maintenance of the assets created under the Scheme were ensured; and
- Mechanism for monitoring and evaluation of implementation of the Scheme was in existence.

#### **4.2.3 Audit Sample**

Compliance Audit of the implementation of the MLALAD scheme in the State was carried out for the five-year period, 2014-2019. Audit was carried out during August 2019 to November 2019. Five districts<sup>1</sup> consisting of eleven Assembly Constituencies (ACs) out of 60 ACs were selected by using Probability Proportion to Size With Replacement (PPSWR) method, with size measure as the total amount released for implementing the scheme during the five-year period. Further, 372 schemes/works amounting to ₹ 33.76 crore out of 2295 schemes/works amounting to ₹ 101 crore were selected for detailed scrutiny. Joint physical verification of 168 works valued at ₹ 10.99 crore out of the 372 test-checked schemes/works was also carried out with the departmental officials.

#### **4.2.4 Audit Methodology**

Compliance Audit (CA) commenced with entry meeting held on 10 July 2019 wherein audit objectives and criteria of the CA were discussed. This was followed by issue of requisition for records, issue of questionnaires, examination of records and verification of schemes/works on infrastructure.

An exit meeting was held on 13 March 2020 to discuss the audit observations and the recommendations of the CA. The views expressed by the Department have been incorporated in the report, whenever received.

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<sup>1</sup> Papumpare; Lower Subansiri; Lohit; East Siang; and Lower Dibang Valley

## Audit Findings

Significant audit findings are discussed in the succeeding paragraphs.

### 4.3 Release of Funds and sanction of Works

#### 4.3.1 Budget allocation and release of Funds

The quantum of funds sanctioned by the State Government for MLALAD scheme and expenditure thereon during the five-year period 2014-19 is given below:

**Table 4.3.1: Year wise Sanction and Expenditure**

(₹ in crore)

Year	Funds Sanctioned	Revenue Expenditure	Capital Expenditure	Total Expenditure
2014-15	75.00	74.65	-	74.65
2015-16	90.00	90.00	-	90.00
2016-17	120.00	120.00	-	120.00
2017-18	120.00	-	120.00	120.00
2018-19	150.00	-	150.00	150.00
<b>TOTAL</b>	<b>555.00</b>	<b>284.65</b>	<b>270.00</b>	<b>554.65</b>

(Source: Department records)

Budget and expenditure figures is not distinctly discernible from Appropriation Accounts as the budget provision for MLALAD scheme has been clubbed with the scheme of Untied Funds in the Detailed Demand for Grants under the same Sub Head.

According to Rule 30(2) of Government Accounting Rules 1990, expenditure of capital nature shall be distinguished from revenue expenditure both in the Budget Estimates and in Government Accounts. Further, Para 2.2 of Scheme Guidelines provides that the type of work executed under the MLALAD Scheme should be such that it should lead to creation of durable assets and funds provided under the scheme should not be used for incurring revenue expenditure.

Audit observed that during the five year period (2014-19), the classification of the Scheme was not properly done in the Budget Estimates as well as Government Accounts. In the first three years (2014-15 to 2016-17), the provision for the scheme was made in the Revenue section of the budget and accordingly expenditure of the Scheme was also booked under Revenue Head (3451), whereas during the period 2017-18 to 2018-19, the expenditure was charged under Capital Head (4070) and under the Object Head '53-Major Works'.

#### 4.3.2 Absence of timelines for Scheme implementation

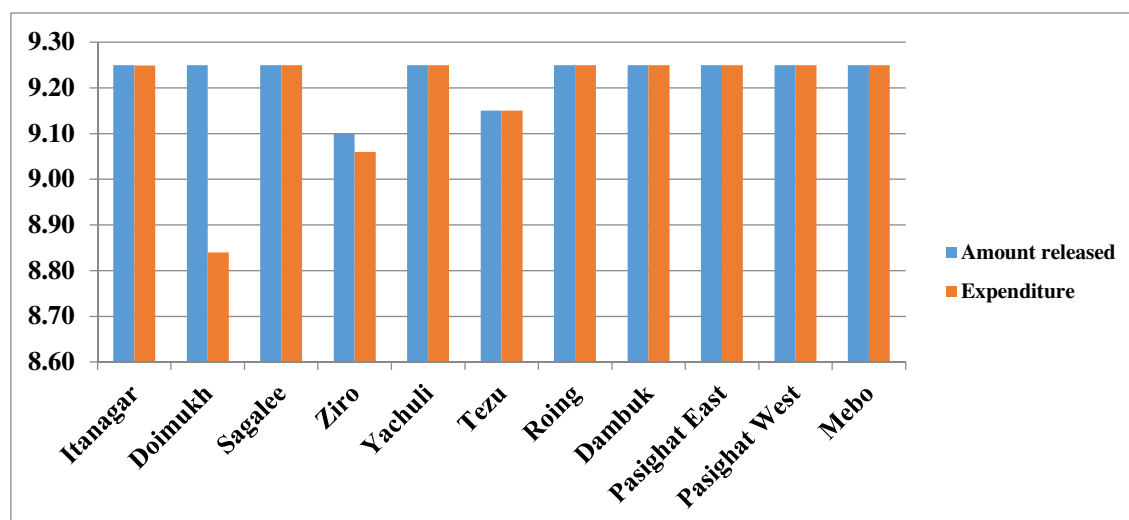
Para 5.1 of Scheme Guidelines stipulates that the schemes taken up for a particular year must be completed in the same financial year in which they are sanctioned. However, the Scheme Guidelines are silent on timelines for each step as well as other aspects of Scheme implementation. There is no prescribed timeframe for receiving recommendations of works from respective MLAs, scrutinizing the recommendations by the DCs, finalizing the annual plans, preparation of estimates and approval & sanction of works. The Guidelines also do not contain any provision regarding timeframe for release of fund by the State Nodal Authority to the District Nodal Authority (DNA) and by the latter to the

Implementing Agencies. There is also no prescribed timeline for submission of progress reports of works and Utilization Certificates (UCs) by the Implementing Agencies to the DC or by him/her to the State Nodal Authority. Further, the Government has not laid down any condition or penalties in case of delay in finalization of annual plans, execution of works, submission of UCs, etc.

Audit observed that during 2014-19, no fixed timelines for release of funds to the DNAs was followed by the State Planning Department. It is observed that the Planning Department released its instalments mostly at the end of the quarters of the respective financial year. Funds relating to last quarter were released during the month of February in three of out five years, which had an adverse effect on the completion of projects within the same financial year.

Test-check of records in 11 ACs in five districts revealed that there was short utilization of funds released during the year 2018-19 in case of two ACs<sup>2</sup> within two districts as shown below.

(₹ in crore)



The Reply from the Government has not been received (November 2020).

**Recommendation:** The Department may amend the guidelines to make them specific for setting time lines for receipt of proposals, release of funds to implementing authorities, finalization of Annual Plan of works under the Scheme and submission of UCs by implementing agencies.

#### 4.3.3 Delay in approval of works and release of funds by DNAs

The DC who is designated as the DNA accords sanctions for works on receipt of recommendations of the respective MLAs. Though Scheme Guidelines do not provide any timeframe for finalization of works by the DNAs, audit observed that in 852 (37 per cent) out of 2295 schemes/works, (in the sampled districts encompassing 11 ACs covered by audit) the DNAs took more than one month (30 days) for sanction of schemes/works and release of funds from the date of recommendations of the schemes/works by respective

<sup>2</sup> Doimukh AC and Ziro-Hapoli AC.



MLAs. The time taken in approval of the schemes/works and release of funds differed from one district to another as shown below:

**Table 4.3.2: Delay in approval of works beyond 30 days**

Sl. No.	Name of AC	Total no. of schemes executed during 2014-19	No. of schemes approved beyond a period of 30 days	Percentage (%)
1	Itanagar	442	196	44.34
2	Doimukh	168	59	35.11
3	Sagalee	384	118	30.73
4	Ziro-Hapoli	105	36	34.28
5	Yachuli	77	30	38.96
6	Tezu-Sunpura	106	27	25.47
7	Pasighat East	240	95	39.58
8	Pasighat West	241	182	75.51
9	Mebo	109	41	37.61
10	Roing	229	27	11.79
11	Dambuk	194	41	21.13
	<b>Total</b>	<b>2295</b>	<b>852</b>	<b>37.12</b>

Thus, due to the absence of prescribed timeframe, DNAs took their own time to approve the scheme works with delays ranging from 27 to 196 days beyond period of 30 days from date of recommendation received from the public representatives.

During the Exit Conference held on 13 March 2020, the Secretary, Planning Department assured that the Department would issue instructions to the District Nodal Authorities for finalization of schemes/works and release of funds within a prescribed specific time frame.

#### **4.3.4 Estimates of scheme/works not based on realistic assessment**

Audit observed that the respective MLAs of the sampled ACs, while recommending works to the executing agencies, also prescribed the amounts for the works to be executed. The executing agencies prepared estimates of the works according to the amounts sanctioned by the MLAs concerned. Moreover, the estimates were prepared by restricting the cost of each estimate to ₹ 10.00 lakh, which was the financial power of the Deputy Commissioner. If the cost of the recommended works were above ₹ 10.00 lakh, two or more estimates were prepared in order to keep the cost within the financial power of the Deputy Commissioner.

As stated above, the respective MLAs prescribed the estimated cost ceiling within which the works were to be executed. Accordingly, the executing agencies framed the estimates for all the test-checked works, exactly as per the prescribed amounts. Thus, it is evident that there was no realistic assessment while framing the estimates of all the 372 test-checked works.

The Reply from the Government has not been received (November 2020).

#### 4.4 Deficiencies in scheme implementation

##### 4.4.1 Execution of schemes prior to accord of Administrative Approval & Expenditure Sanction and written recommendation of concerned MLAs

Para 3.1 of Scheme Guidelines provides that the Deputy Commissioner will get works executed through Government Agencies by following the established procedures including those relating to grant of Administrative Approval and Expenditure Sanction (AA&ES). Rule 129 of General Financial Rules 2005 stipulates that no works shall commence or liability be incurred in connection with it until administrative approval has been accorded in each case and sanction to incur expenditure has been obtained from the competent authority.

Audit observed that in the five sampled districts, execution of 77 schemes/works (21 per cent) costing ₹ 5.79 crore out of 372 scheme/works test-checked in audit, commenced prior to accord of AA & ES for the works. The 77 schemes/works, executed through different executing agencies, commenced 01 to 265 days prior to sanction of the works by the DNAs. Further, 55 out of the 77 schemes/works were initiated even before written recommendations of the works were received from the MLAs concerned. This indicated that the executing agencies had commenced the works even before examining the feasibility of works and receiving sanctions for the works in violation of extant Rules/Guidelines.

During Exit Conference, the Department stated that instructions would be issued to ensure that recommendation of MLA is invariably obtained in writing before commencement of works.

##### 4.4.2 Execution of works not as per recommendations of the MLAs concerned

Scheme Guidelines provide that if the Deputy Commissioner is unable to sanction the works recommended by the MLAs, he should send a comprehensive report with reason to the MLA concerned.

Audit observed that the DNA<sup>3</sup> of Lower Subansiri district sanctioned ₹ 85.61 lakh for execution of five works (**Appendix-4.1**) without the recommendation of the concerned MLAs. Further, during joint site inspections, it was noticed that another four works sanctioned at a total cost of ₹ 15.00 lakh in three districts were not executed as per recommendations of MLAs concerned. The works found at site were completely different from what was shown on record as, indicated in **Appendix-4.2**. There were no recorded reasons for replacing the works which had been recommended by the respective MLAs.

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<sup>3</sup> Deputy Commissioner, Ziro for Ziro-Hapoli AC and Additional Deputy Commissioner for Yachuli AC.

	
<p><b>Construction of a room in progress instead of executing a children park in Lohit district</b></p>	<p><b>In place of kitchen, a toilet was found constructed at site in Papumpare district</b></p>

The Reply from the Government has not been received (November 2020).

#### 4.4.3 Irregularities in procurement and distribution of CGI sheets

Scheme Guidelines provide that housing materials like CGI sheets procured under the Scheme should be provided to Below Poverty Line (BPL) families. Further, the Government of Arunachal Pradesh, Department of Rural Development approved rates for CGI sheet of 0.63 mm and 0.50 mm thickness at a cost of ₹ 70104.60 and ₹ 73171.64 respectively. The rates were inclusive of 4 % VAT and 12 % Entry Tax. However, since the Entry Tax or VAT is to be deducted only once at the rate applicable for the concerned goods as clarified by Department of Tax, the basic rate for the CGI sheet of 0.63 mm and 0.50 mm thickness was derived at ₹ 60435.83 and ₹ 63079.00 respectively.

Audit observed that 1770.93 MT of CGI sheets in five sampled districts were procured for distribution to BPL families during the period 2014 to 2019 at a cost of ₹ 12.78 crore (**Appendix-4.3**). It was seen that in two<sup>4</sup> out of the five sampled districts, the procurement of CGI sheets was done at either approved rates or lower, however in the remaining three districts, i.e., Papumpare, Lower Subansiri and Lower Dibang Valley districts, the executing departments paid higher rates for procurement of 282.22 MT of 0.50 mm thickness and 328.91 MT of 0.63 mm thickness of CGI sheets. The procurement in these three districts was made without working out the base price, resulting in payment of higher rates to the suppliers. Due to application of higher rates, there was an excess payment of ₹ 52.77 lakh (**Appendix-4.4**) to the suppliers.

Further test-check revealed that a quantity of 1499.85 MT was shown distributed to 2628 beneficiaries. However, the DNAs or the executing agencies did not have any records on how the beneficiaries were selected. There was also no record/information regarding the economic status of the beneficiaries. In absence of these records, audit could not ascertain as to whether the housing materials were issued to BPL families as per the provisions of the Scheme Guidelines.

The Reply from the Government has not been received (November 2020).

<sup>4</sup> Lohit and East Siang districts.

#### 4.4.4 Expenditure on non-permissible schemes/works.

According to Scheme Guidelines, the type of work executed under the MLALAD Scheme should be such that it should lead to creation of durable assets and funds provided under the scheme should not be used for incurring revenue expenditure or for repairs and maintenance of existing assets.

Audit observed that in four out of the five sampled districts, 25 works (**Appendix-4.5**) sanctioned at ₹ 1.44 crore, which were not permissible under the Scheme Guidelines, were implemented during the period covered by audit. Out of 25 works, six works worth ₹ 32.21 lakh were related to repair and maintenance of existing assets and one scheme/work, namely, 'Procurement & Distribution of Laptops for Qualified Candidates of Competitive Examinations' was sanctioned at a cost of ₹ 42.50 lakh in Ziro-Hapoli AC of Lower Subansiri district for procurement of 170 nos. of laptops for distribution to qualified candidates of competitive examination. However, the existing Scheme guidelines do not provide for extending such individual oriented benefits. Moreover, the basis for selection of beneficiaries, list of beneficiaries and stock book/distribution records related to receipt and issue of the items were not available. Thus, audit could not verify the authenticity of procurement and distribution of the materials.

ii) It was seen that out of the total expenditure of ₹ 1.44 crore, ₹ 69.00 lakh was shown as incurred on execution of 18 works, such as, *Construction of Community Hall, Road, Toilet, Dumping of Sand Gravels, etc.* However, during joint site inspections, audit found that all the 18 works were taken up for repair and maintenance of the existing assets.

iii) Nine numbers of 'Construction of Rural Link Roads' were executed in Roing AC of Lower Dibang Valley district at a total cost of ₹ 27.50 lakh. During joint site inspections, audit noticed that the works were shown as executed on existing roads by spreading river granular materials on the roads and thus were not construction works. Similarly, two numbers of 'Construction of Community Hall' executed at a total cost of ₹ 15.00 lakh in Pasighat West AC of East Siang district were actually repair and maintenance of ceilings, floors, etc. of the existing community halls.



Rural Link Road constructed near Yatri Niwas, Roing executed at ₹ 3.00 lakh in 2018-19 was actually laying of granular materials on the existing road



Community Hall at Ruksin HQ for which an amount of ₹ 5.00 lakh was incurred on repair and maintenance in 2016-17

Thus, expenditure on 25 schemes/works worth ₹ 1.44 crore was incurred on repairs and maintenance of existing assets and distribution of laptops not as per the provisions of the Scheme Guidelines.

The Reply from the Government has not been received (November 2020).

**Recommendation:** The Department may amend the guidelines to cover distribution of laptops for needy beneficiaries with approval of the State Government.

#### 4.4.5 Execution of schemes to individuals without public benefit

The DNA, Lower Subansiri district sanctioned ₹ 14.52 lakh under the Scheme for implementation of three skill development schemes in Ziro-Hapoli AC as shown below:

**Table 4.4.1: Details of Skill Development Scheme implemented for particular individual or groups**

Sl. No.	Name of training programme	Amount (in lakh)	Year
1	Vocational Training Course on Video & Photo Editing	6.00	2016-17
2	Skill Development Programme for Unemployed Youth	5.00	2018-19
3	Social Awareness on Drug & HIV under Skill Development Programme	3.52	2018-19
	<b>Total</b>	<b>14.52</b>	

‘Vocational Training Course on Video & Photo Editing’ was approved as per request of an individual for establishing a media training institute. Similarly, ‘Skill Development Programme for Unemployed Youth’ was approved as per request made by ‘Apatani Youth Association’, who also prepared the estimate and implemented the programme. The other programme, i.e., ‘Social Awareness on Drug & HIV under Skill Development Programme’ sanctioned at ₹ 3.52 lakh was actually a production of film on HIV. Records show that an individual made a request to the local MLA for financial assistance for making a movie.

Audit observed that in all the three cases, DNA did not follow the laid down procedures like getting approval of Skill Development Council, constitution of a Board for selection of trainees, etc. There was no training programme and involvement of trainees in all the three cases. Thus, the funds of ₹ 14.52 lakh sanctioned were for extending financial assistance to particular individuals/groups without demonstrating any public usage benefit of the ventures. Such programmes do not strictly meet the requirements of Scheme guidelines.

The Reply from the Government has not been received (November 2020).



#### 4.4.6 Creation of assets in private land

As per Scheme Guidelines, MLALAD Fund should be used for creation of durable assets, the ownership of which would vest with Government and which shall always be available for public use at large. However, it was noticed during site inspections that the following eight schemes/works implemented at a total cost of ₹ 47.50 lakh were executed for private individuals in contravention of the scheme guidelines:

**Table 4.4.2: Details of schemes/works executed for private individuals**

Sl. No.	Name of work	Amount (₹ in lakh)	Year	Name of Assembly Constituency
1	Retaining Wall at Chimpu, Itanagar	4.00	2014-15	Itanagar
2	Retaining Wall at Hilltop, Ziro	3.00	2015-16	Ziro-Hapoli
3	RCC Retaining Wall at Nirjuli Near Dairy Farm Nallah	10.00	2015-16	Itanagar
4	Retaining Wall Near Good Shepherd School (a private school) at Papu Nallah, Naharlagun inside private land	10.00	2015-16	Itanagar
5	Land Protection Wall at Model Village, Naharlagun for benefit of an individual	5.00	2016-17	Itanagar
6	Land Development Work at Telluliang	10.00	2017-18	Tezu-Sunpura
7	Ring Well at Jarkong Village for private individuals	1.50	2018-19	Pasighat
8	Ring Well at Mepo Basti (New Danglat) for private individuals	4.00	2018-19	Tezu-Sunpura
	<b>Total</b>	<b>47.50</b>		

All the assets were created for the benefit of private individuals and not for the community. Land development work and ring wells were found executed inside private premises and the retaining walls were constructed for protection of private properties.

	
Retaining Wall Near Good Shepherd School at Papu Nallah, Naharlagun' executed at ₹ 10.00 lakh was found to be constructed inside private land	One of the two Ring Wells constructed at a total cost of ₹ 4.00 lakh for private individuals at Mepo Basti in Tezu AC of Lohit district

The matter was brought to the notice of the Government/Department (March and August 2020), the reply has not been received (November 2020).





#### **4.4.7 Non-maintenance and upkeep of assets created under the Scheme**

According to Scheme Guidelines, the Deputy Commissioners should ensure that provision for maintenance and upkeep of the works to be taken up under this scheme is forthcoming from the concerned local body or the relevant agency. It is observed that no separate provision was envisaged for maintenance of assets created, during the planning phase or while preparing estimates.

During joint site inspections, the condition of nine schemes/works out of 168 physically verified schemes/works at a total cost of ₹ 48.50 lakh (**Appendix-4.6**) was found to be in

dilapidated condition, either due to lack of maintenance or poor execution of works. A few cases have been discussed below:

**Table: Non-maintenance of assets under MLALAD Schemes**

	<p><b>Name:</b> Construction of Embankment on Mani Nallah at Mani Village  <b>Cost:</b> ₹ 5 lakh  <b>Name of AC:</b> Pasighat East  <b>Executing Agency:</b> WRD Pasighat Division  <b>Year of Completion:</b> 2016-17  <b>Status:</b> The structure was found to be in a deplorable condition as considerable portion of the structure had already been damaged</p>
	<p><b>Name:</b> Community Hall at Ayo Nani in Ziro  <b>Cost:</b> ₹ 10 lakh  <b>Name of AC:</b> Ziro  <b>Executing Agency:</b> RWD Ziro  <b>Year of Completion:</b> 2017-18  <b>Status:</b> i) During joint site inspection, it was observed that the structure is abandoned and in disrepair</p>
	<p><b>Name:</b> Construction of Passenger Waiting Shed at Hari village  <b>Cost:</b> ₹ 5 lakh  <b>Name of AC:</b> Ziro  <b>Executing Agency:</b> PWD, Ziro Division  <b>Year of Completion:</b> 2015-16  <b>Status:</b> The shed was stocked with wooden materials and other objects and was not used as a bus waiting shed</p>
	<p><b>Name:</b> Construction of Shed at APMC Pasighat Market  <b>Cost:</b> ₹ 2.50 lakh  <b>Name of AC:</b> Pasighat East  <b>Executing Agency:</b> WRD Pasighat Division  <b>Year of Completion:</b> 2015-16  <b>Status:</b> the asset was found abandoned</p>



**Name:** Construction of Landi Lapang (Community Platform) at Hari Village  
**Cost:** ₹ 5 lakh  
**Name of AC:** Ziro  
**Executing Agency:** PWD Ziro Division  
**Year of Completion:** 2014-15  
**Status:** i) Audit observed that the assets created were not in usable condition

From the above photographs, it could be seen that the District Nodal Authority had not ensured proper handing over of the assets created to local authorities for proper upkeep and usage of the assets resulting in wasteful expenditure of ₹ 27.50 lakh.

The Reply from the Government has not been received (November 2020).

**Recommendation:** The State Planning Department may issue instructions for proper handing over of assets created under the Scheme, to local authorities. They may also put in place a monitoring mechanism to ensure that the assets created are gainfully utilised.



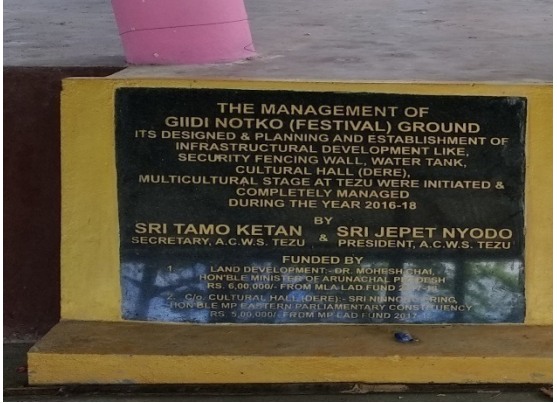
#### 4.4.8 Irregularities observed as a result of physical verification



Audit observed several other instances of irregularities/discrepancies in execution of schemes/works during joint site verification as highlighted below:

**Table: Results of Joint Physical Inspection of MLALAD Schemes**

	<p><b>Name:</b> Construction of Embankment on Mani Nallah at Mani Village  <b>Cost:</b> ₹ 10 lakh  <b>Name of AC:</b> Doimukh  <b>Executing Agency:</b> BDO Doimukh  <b>Year of Completion:</b> 2014-15  <b>Status:</b> The work involved execution of earthen embankment for a total length of 30.00 Mtrs. However, RCC retaining wall found instead of embankment.</p>
	<p><b>Name:</b> Boulder Caging at Ezengo Near PHE Water Tank  <b>Cost:</b> ₹ 3 lakh  <b>Name of AC:</b> Roing  <b>Executing Agency:</b> DRDA Roing  <b>Year of Completion:</b> 2014-15  <b>Status:</b> TS estimate provided for construction of boulder apron with sausage wire for a total length of 3Mtr. However, CC retaining wall was found instead of gabion structure.</p>



	<p><b>Name:</b> Construction of Community Hall at Sika Tode Village  <b>Cost:</b> ₹ 19 lakh  <b>Name of AC:</b> Pasighat West  <b>Executing Agency:</b> PWD, Pasighat Division  <b>Year of Completion:</b> 2015-16  <b>Status:</b> As per record, the wall of the building was constructed with cement concrete (CC) and brick. However, wooden wall was found at site instead of CC and brick wall.</p>
	<p><b>Name:</b> Construction of RCC Bridge at Abotani Colony, Itanagar  <b>Cost:</b> ₹ 3.50 lakh  <b>Name of AC:</b> Itanagar  <b>Executing Agency:</b> BDO Borum  <b>Year of Completion:</b> 2017-18  <b>Status:</b> The bridge at site is not possible to be constructed within the sanctioned amount.</p>
	<p><b>Name:</b> Land Development Work at Civil Supply Colony, Tezu  <b>Cost:</b> ₹ 10 lakh  <b>Name of AC:</b> Tezu  <b>Executing Agency:</b> BDO Tezu  <b>Year of Completion:</b> 2017-18  <b>Status:</b> Records showed an expenditure of ₹ 10 lakh on the work. However, as per the inauguration plaque, ₹ 6 lakh was contributed from MLALAD fund instead of ₹ 10 lakh.</p>

	<p><b>Name:</b> Flood Control Work at Sille River  <b>Cost:</b> ₹ 10 lakh  <b>Name of AC:</b> Pasighat West  <b>Executing Agency:</b> WRD Pasighat Division  <b>Year of Completion:</b> 2016-17  <b>Status:</b> i) the work involved construction of boulder bund wall for a total length of 97.70 Mtrs  ii) Work executed was not found at site  iii) The site engineer stated that the work was executed on river beds and the same had been washed away during flood.</p>
	<p><b>Name:</b> Construction of Bus Shed/Stop for Public Transport Passengers at Roing-Hunli Road  <b>Cost:</b> ₹ 7 lakh  <b>Name of AC:</b> Roing  <b>Executing Agency:</b> DRDA Roing  <b>Year of Completion:</b> 2015-16  <b>Status:</b> i) Work executed was not found at site  ii) The site engineer stated that the shed had been dismantled for road widening work.</p>

From above it could be seen that the Department did not monitor the works taken up under the scheme to ensure execution of works as per the approved specifications resulting in irregularities /discrepancies in execution of works.

The Reply from the Government has not been received (November 2020).

**Recommendation:** For effective monitoring of the works taken up under the Scheme, physical monitoring through field inspection should be carried out by the Deputy Commissioners. Officers of District at the sub-divisional and block level must also closely monitor implementation of the works through visit of work sites.

#### 4.5 Capacity Building for Unemployed Youth

In order to provide necessary training to the unemployed youth of the State for imparting skills for taking up self-employment activities as well as for enhancing their employability for other jobs, the State Government decided that minimum 10 *per cent* of fund allocated under MLALAD Scheme should be utilized for capacity building and training of unemployed youth in the State. The training programmes for capacity building are required to be approved by the Skill Development Council of the State. Trainees will be selected by a Board under the Chairmanship of the Deputy Commissioner constituted by him for the purpose.

Scrutiny of records revealed that capacity building programmes were taken up only in two districts<sup>5</sup> out of the five sampled districts. Audit observed that an amount of ₹ 60.00 lakh was incurred on implementation of five different capacity building schemes/programmes in the two districts as shown below:

**Table:4.4.3- Details of training programmes for capacity building under the scheme**

Sl. No.	Name of training programme	Amount (in lakh)	Year	District	Implementing Agency	No. of persons trained
1	Maintenance of Solar Light System	2.50	2015-16	Lower Dibang Valley	DRDA, Roing	13
2	House Wiring & Electrician	2.50	2015-16	Lower Dibang Valley	DRDA, Roing	12
3	Organic Farming on Agriculture-Horticulture Crops	10.00	2015-16	Lower Dibang Valley	KVK, Balek	72
4	Coaching Programme for Successful Candidates of APPSCCE	25.00	2018-19	Lower Dibang Valley	NE TRUST, Itanagar	93
5	Training on Computer Course	20.00	2016-17	Lower Subansiri	Hembyu Miibyung Welfare Society, Ziro	102
	<b>Total</b>	<b>60.00</b>				<b>292</b>

Records show that only one programme, i.e., 'Training on Computer Course' implemented in Ziro-Hapoli AC got approved by the Skill Development & Entrepreneurship as required under the Scheme Guidelines. Further, a total number of 292 students were shown to have been trained on different skill development programmes as mentioned above. Audit, however, observed that the trainees for all the skill development programmes were not selected by a Board required to be constituted under the chairmanship of the Deputy Commissioner. In absence of a Selection Board, Audit could not ascertain the basis on which the trainees were selected. Thus, the capacity building programmes were implemented without following the laid down procedures.

Further, there were no records available with the Department to show that the unemployed youth have actually benefited from the program or enhanced their skills for other jobs. There was no evidence that these youths were employed gainfully after the required training.

The Reply from the Government has not been received (November 2020).

#### 4.6 Monitoring and Evaluation

The Planning Department has the nodal and overall responsibility for Scheme implementation and for issue of general instructions/guidelines about the implementation

<sup>5</sup> (i) Lower Subansiri district – ₹ 34.52 lakh and (ii) Lower Dibang Valley district – ₹ 105.52 lakh.

of the Scheme. Physical monitoring through field inspection should be carried out by the Deputy Commissioners. Similarly, it should be the responsibility of the senior officers of Implementing Agencies to regularly visit the works. Further, officers at the Sub-Divisional and Block Level must also monitor implementation of the works through visit to work sites.

- **Reports and Returns:** The districts did not submit quarterly progress reports of works executed under the Scheme to the Planning & Investment Department. UCs were also not available with the Department. As per information furnished by Planning Department, the selection and implementation of schemes was the sole responsibility of the DNAs.
- **Monitoring by Planning Department:** The Planning Department did not carry out monitoring of any work executed under the Scheme. The Project Co-Ordination Branch of the Department stated that monitoring of schemes was dealt by the Monitoring Branch of Planning Department. However, the Monitoring Branch stated that MLALAD Scheme was not under the purview of this Branch.
- **Monitoring through field visits by DCs and other district officers:** Audit observed that only DNA of Roing AC in Lower Dibang Valley district maintained records related to monitoring of works through field visits. The DNA ensured that the works executed under the Scheme were physically inspected by some Administrative Officers before releasing payments to the contractors. The DNAs of the other test-checked districts did not have records on monitoring of works executed under the Scheme.

Further, there was no mechanism for monitoring on upkeep and utilization of assets created under the Scheme.

- **Geo-tagging of works:** Geo-tagging is the process of ascertaining the geographical location of an image. It is being employed as a tool in the delivery of various Government welfare schemes. It helps in monitoring of schemes as well as bringing in more transparency in implementation of the schemes. Audit observed that neither provision for geo-tagging was incorporated in the Scheme Guidelines nor was it employed in execution any of the test-checked schemes/works.

During Exit Conference, the Secretary stated that since 2018-19, the Department had introduced a system of geo-tagging of all schemes including MLALADS implemented through Planning Department as a mechanism of monitoring.

#### **4.7 Conclusion**

The MLALAD scheme in the State has scope for further improvements in its implementation. In absence of any timelines in the guidelines for release of funds and recommendation of works from MLAs, the works could not be completed within the same financial year. There were persistent delays in release of funds to the DNAs, late receipt of proposals, tardiness in preparation of estimates and grant of approvals by the DNAs. Work, Estimates framed were not based on a realistic assessment of the requirement of the project, but were keeping them within the financial power of the DNAs. During the period

2014-15 to 2018-19, covered by the audit, the total funds sanctioned under MLALAD was ₹ 555 crore and expenditure incurred was ₹ 554.65 crore, for schemes executed in sixty assembly constituencies of the State. It was seen that some of the works taken up were not as per recommendation of MLA's, whereas 55 Schemes were taken up before recommendations of the MLAs. Works costing ₹ 5.79 crore were taken up without administrative approval and expenditure sanction.

Scheme guidelines provided distribution of CGI sheets to BPL families. However, there was no record to justify whether only the eligible beneficiaries were selected for distribution. Besides, there was an excess expenditure of ₹ 52.77 lakh on procurement of CGI sheets. It is also observed that works which were not permissible under the extant guidelines, such as mostly works on repair and maintenance of existing assets were taken up. Moreover, certain proposals which benefitted private individuals were also taken up under the scheme and assets were also created in private land for benefit of individuals.

Audit observed that some completed works were in a decrepit state, mostly due to want of adequate upkeep. This was mainly because no separate provision was envisaged either in the planning stage or in the estimates for timely maintenance of the assets. During joint verification, it was found that either the works were not found at the location or some other works were executed which were not as per sanctioned estimates. Further, capacity development programmes intended to train unemployed youth were conducted without the trainees being selected by the selection Board under the DNA.

Monitoring of the works under the scheme has been deficient. There were no records to assure that DNAs or implementing agencies had conducted periodic visits to the site for inspecting the works, except in one DNA. Geotagging of the works was also not done before 2018-19.

### Recommendations

- i) The Department may amend the guidelines to make them specific for setting time lines for receipt of proposals, release of funds to implementing authorities, finalization of Annual Plan of works under the Scheme and submission of UCs by implementing agencies.
- ii) The estimates may be prepared based on actual requirements and site conditions rather than accommodating the financial proposals within the delegation of powers of the DC to ensure durable community assets which can be used by the public for longer periods of time.
- iii) Works should only be taken up after recommendation of MLAs and after appropriate AA & ES is given.
- iv) The Department may amend the guidelines to cover distribution of laptops for needy beneficiaries with approval of the State Government.
- v) It may be ensured that only durable community assets of capital nature are developed under the Scheme and expenditure is incurred only on permissible works.

- vi) The State Planning Department may issue instructions for proper handing over of assets created under the Scheme, to local authorities. They may also put in place a monitoring mechanism to ensure that the assets created are gainfully utilised.
- vii) For effective monitoring of the works taken up under the Scheme, physical monitoring through field inspection should be carried out by the Deputy Commissioners. Officers of District at the sub-divisional and block level must also closely monitor implementation of the works through visit of work sites.