



सत्यमेव जयते

**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2021**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Government of Arunachal Pradesh
(Report No. 1 of 2022)**

**State Finances Audit Report
of the
Comptroller and Auditor General of India**

For the year ended 31 March 2021

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Report No. 1 of 2022**

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PREFACE

1. The State Finances Audit Report has been prepared for submission to the Governor of Arunachal Pradesh under Article 151(2) of the Constitution of India for being laid before the Legislative Assembly of the State of Arunachal Pradesh.
2. Chapter I of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary process, snapshot of finances, assets and liabilities, and trends in key fiscal parameters like Revenue Surplus/ Deficit, Fiscal Surplus/ Deficit, *etc.*
3. Chapter II of this Report deals with the State's Budget and Expenditure as per accounts of the State Government for the year ended 31 March 2021. Some information has also been obtained from Government of Arunachal Pradesh for inclusion in this Report.
4. Chapter III of this Report contains audit observations on matters arising from the examination of Appropriation Accounts of the State Government for the year ended 31 March 2021.
5. Chapter IV on 'Quality of Accounts and Financial Reporting Practices' provides an overview and status of the State Government's compliance during the year 2020-21 with financial rules, procedures and directives.
6. Chapter V on 'Functioning of State Public Sector Enterprises' provides an overview and status of the working of State Public Sector Enterprises.
7. The Report containing findings of performance audit, compliance audit of transactions in various departments and audit findings arising out of the audit of Statutory Corporations, Boards and Government Companies and Revenue Sector are presented separately.



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

1 The Report

Based on the audited accounts of the Government of Arunachal Pradesh for the year ending March 2021, this report provides an analytical review of the finances of the State Government. The report is structured in five Chapters.

Chapter I Overview of State Finances

This Chapter provides brief profile of the State and basis of the report, structure of the Government Accounts, Budgetary process, macro-fiscal analysis of key indices and fiscal position of the State including the Deficit/ Surplus.

Chapter II Finances of the State

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

Chapter III Financial Management and Budgetary Control

This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV Quality of Accounts and Financial Reporting Practices

This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

Chapter V Functioning of State Public Sector Enterprises

This Chapter provides a 'bird eye view' on the functioning of the State Public Sector Enterprises (SPSEs). The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned/ controlled Government Companies set up under the Companies Act, 2013 and Statutory Corporations setup under the statutes enacted by the Parliament and State Legislature.

Audit Findings

Overview of State Finances

The State GSDP was ₹28,721.36 crore during 2020-21 with a growth rate of 4.91 *per cent* over the previous year which was higher than the growth rate of all India GDP. Service sector was the major contributor of GSDP during the year with 40.66 *per cent*. Agriculture was the second major contributor with 29.22 *per cent* while Industry and Taxes on products were third and fourth contributors with 25.80 and 4.32 *per cent* respectively.

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The State had managed to achieve surplus on Revenue account during last five years and the Revenue Surplus (₹4,036.01 crore) during the year increased by 51.17 per cent (₹1,366.19 crore) over the previous year (₹2,669.82 crore).

The Fiscal Deficit (₹1,086.20 crore) increased by 5.23 per cent (₹53.98 crore) over the previous year (₹1,032.22 crore).

The State was able to meet the projections made under Arunachal Pradesh FRBM regarding Revenue Surplus, but could not manage to achieve the ceiling prescribed for Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio.

(Chapter-I)

Recommendations

State Government may take measures to keep the Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio under the ceilings prescribed in the Arunachal Pradesh FRBM Act through prudent financial management.

Finances of the State

The State had Revenue Surplus consistently during the period 2016-17 to 2020-21 and the Revenue Receipts increased during the current year. The State has done well to augment its Non-tax Revenue by expanding its tax base. However, the State's Own Resources constituted only around 13 per cent of the total Revenue Receipts during 2020-21, indicating heavy dependence of the State on funds from the Government of India, which contributed ₹14,855.88 crore (87 per cent) of the total Revenue Receipts of ₹17,123.51 crore in 2020-21.

Both Revenue and Capital Expenditure increased by ₹868.77 crore (7.11 per cent) and ₹1,430.30 crore (38.73 per cent) respectively over the previous year. Revenue Expenditure, which was in the nature of current consumption, accounted for around 72 per cent of the State's Total Expenditure during 2020-21, leaving only 28 per cent for infrastructure and asset creation.

The State has not complied with the rules governing National Pension System (NPS). Non-observance of the rules governing NPS by the State Government is fraught with the risk of unauthorised use of funds belonging to its employees, thereby creating uncertainty in respect of the benefits due to the employees, avoidable future liability to the Government, and possible failure of the NPS itself in the State.

During the year 2020-21, there was increase in the Revenue Expenditure when compared with the previous year. The Committed Expenditure was about 46 to 53 per cent of Revenue Expenditure over the past five years. The high share of the Committed Expenditure in the total Revenue Expenditure indicates that the amounts available for implementing other welfare schemes, and maintenance of assets is getting reduced.

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The State did not maintain the details of its investment in Capital Projects, as well as the status of these projects along with the liabilities likely to arise from delays in completing these projects. The Government incurred an expenditure of ₹741.64 crore on 80 projects, which remained incomplete and the resources required for completing these works were not made available.

The Capital Expenditure during the year which is meant for creating infrastructure constituted 28.13 *per cent* of the Total Expenditure while the NE&H States was 13.03 *per cent*. The ratio of expenditure on Education and Health to the Total Expenditure firstly declined with reference to the base year and secondly was lower than that of average of NE&H States (indicating that the priority given to these sectors is not commensurate with average of NE&H States).

The growth rate of Revenue Receipts has generally outpaced the growth rate of debt during 2016-17, while in the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts. The maturity profile of outstanding stock of Public Debt as on 31 March 2021 indicates that out of the outstanding Public Debt of ₹ 7,707.81 crore, 47.82 *per cent* (₹3,686.17 crore) is payable within the next seven years while the remaining 52.18 *per cent* (₹4,021.64 crore) is in the maturity bracket of more than seven years.

(Chapter-II)

Recommendations

The State Government needs to shore up its resources and explore ways of harnessing the potential within the State by appropriate measures.

The State needs to plan adequately for rolling out its major policy initiatives and ensure that adequate capacities are developed for consumption of Capital Expenditure for creation of durable assets.

The State Government needs to adhere to the prescribed procedure for accounting for the NPS transactions scrupulously. It should ensure that Government contribution relating to NPS is fully matched with that of the employees' contribution and that the entire amount is transferred to NSDL in a timely manner to avoid unlimited liability on the State exchequer as well as to provide an assurance to the pensioners about the returns on their investment.

The Government needs to maintain an accurate database with regard to the Capital Invested in projects which are at various stages of completion for several years and review its commitment to these and liabilities arising out of inordinate delays in their completion.

The State Government would do well by increasing its expenditure on Health and Education to compare favorably with North Eastern and Himalayan States.

The State Government may ensure that mobilised debt resources are used adequately for incurring Capital Expenditure for creation of assets. The increasing trends of share of Committed Expenditure to the Revenue Expenditure be corrected by identifying potential wasteful expenditure and adopting economy measures across departments.

EXECUTIVE SUMMARY

Financial Management and Budgetary Control

Against the total budget provision of ₹25,600.80 crore, Departments incurred an expenditure of ₹18,674.05 crore during 2020-21, resulting in overall savings of ₹6,926.75 crore, which stood at 27.05 *per cent* of total grants and appropriations. This shows poor financial management by the State.

These savings may be seen in context of over estimation of Receipts of ₹21,999.20 crore by the State Government and estimation on the expenditure side being ₹25,600.80 crore during the year 2020-21. This implied that the savings were notional, as the funds were not actually available for expenditure.

The Supplementary Grant of ₹3,720.43 crore was not required as the gross expenditure was ₹3,206.33 crore more than the Original Provisions. It is pertinent to mention that Supplementary Grant was taken on 06 March 2021 and total expenditure as on February 2021 was only ₹16,442.94 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹5,437.44 crore with the State Government for the remaining 25 days. With the Supplementary Grant, total funds available with the State Government were ₹9,157.87 crore which was equal to 56 *per cent* of the expenditure incurred during the first 11 months of the financial year. This was indicative of over estimation and poor financial management.

In four Grants, Departments incurred an expenditure of ₹0.92 crore during 2020-21, without any budget provision, Supplementary Demands or Re-appropriation orders, which is in violation of financial regulations and without the authority of the Legislature.

During 2020-21, Supplementary grants of ₹1,096.68 crore (₹10 lakh & more in each case) provided in 12 Grants proved unnecessary as the expenditure did not come up to the level of original provision, indicating that Supplementary Grants were provided in an *ad-hoc* manner.

In 61 cases, savings were ₹one crore or above during 2020-21. Out of these, there were savings of ₹10 crore and above under 14 Grants. However, no part of the savings was surrendered by the concerned department. Further, there were persistent savings in 16 Grants during the last five years 2016-21, indicating lack of systemic and closer budget review by the Government.

Savings during the year accounted for about a third of the budget. However, the Controlling Officers did not surrender the funds on time. Departments were not cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.

During 2020-21, there was excess over provisions in one Grant/ Appropriation amounting to ₹8.87 crore. In addition, excess expenditure amounting to ₹3,195.54 crore pertaining to the years from 1986-87 to 2019-20, are pending for regularisation. Such excess expenditure over budgetary allocation is a matter of concern, and dilutes Legislative

EXECUTIVE SUMMARY

oversight over Public Funds. Government needs to view this seriously and take appropriate corrective measures for regularisation of expenditure in excess of budgetary provision.

The substantial variations of actuals with the revised estimates indicated absence of proper care in estimating the revised estimates by the Controlling Officers concerned as envisaged in the General Financial Rules, 2017 and failure of the Finance Department (Budget).

Performance report for the year 2019-20 (Allocated ₹289.93 crore against 14 departments) was required to be incorporated in the Gender Budget of 2020-21 to ascertain the effectiveness of the schemes targeted to benefit women. It was, however, noticed that no such report was incorporated in the Gender Budget of 2020-21, due to which the actual achievement of schemes for benefit of the women could not be analysed.

The budget speech of the Finance Minister indicated allocations for different schemes both existing as well as new. However, the actual budget provisions could not be specifically made in the Detailed Demand for Grants (DDG) against many schemes mentioned in the budget speech, but only lumpsum provisions were made against the State Annual Development Agenda (SADA), and Scheme under Budget Announcement/ State Development schemes, much against the financial rules. The allocations under the SADA and Scheme under Budget Announcement were finalised and approved by the competent authority with a delay of about three months only in the month of October 2020, although the budget was operative from 01 April 2020.

It was observed that neither the State Lottery Department nor the Finance Department formulated the budget provision both for the receipts and the expenditure in respect of receipts against lottery and payout of prize money to the winners. Hence, the sale proceeds were not reported to the State Legislature.

There were delays in submission of the BEs in respect of receipts and expenditures for the years 2016-17 to 2020-21 to the Finance Department. Any delay in submission of the Budget Estimates by the Controlling Officers reduces the effectiveness of the required scrutiny by the Finance Department at the time of budget formulation. Thus, the formulation of BEs without taking the inputs from the DDOs of the respective departments could not be ruled out, which is indicative of the poor budgetary management and without accessing actual needs of the departments.

(Chapter-III)

Recommendations

The State Government may ensure that the Budget Estimates should be formulated after taking the inputs from the respective Drawing and Disbursing Officers of the departments.

The Government needs to view expenditure incurred without budget provision seriously and take appropriate corrective measures to strengthen the mechanism for strict compliance with the rules and Treasury Officer strictly adheres to the provisions regarding existence of the budget while passing of bills.

EXECUTIVE SUMMARY

Excess of expenditure over budgetary provisions under different grants is a serious lapse against legislative control. Departments which had incurred excess expenditure persistently should be identified to closely monitor their progressive expenditure so that they seek Supplementary Grants/ Re-appropriations in time.

The State Government needs to ensure better management of budgeted funds. The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or over spending by them.

The State Government may ensure to formulate/ prepare the Budget Estimates both for the receipts and expenditure against the State Lottery so as to ensure the sale proceeds and payout of prize money to the winners may be routed through the Government Accounting processes. It is also recommended that the State Government should take necessary steps to deposit the gross sale proceeds, calculated at face value of the tickets sold, to the Consolidated Fund/ Public Account of the State.

Quality of Accounts and Financial Reporting Practices

Non-submission of Utilisation Certificates (UCs) by Departments for funds drawn for specific developmental programme/ projects was violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.

Non-adjustment of Abstract Contingent (AC) Bills is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective Drawing and Disbursing Officers for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.

Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

The Proforma accounts of State Transport Services Department for the year 2017-18 onwards were not submitted as of February 2022. Consequently, corrective measures, if any, needed for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay in finalisation of accounts may also make the system vulnerable to fraud and leakage of public money.

Delayed rendering of accounts by the account rendering units/ authorities distorted the accurate depiction of monthly transactions of the State and impacted effective budgetary management.

(Chapter-IV)

EXECUTIVE SUMMARY

Recommendations

The Government may ensure timely submission of Utilisation Certificates by the departments in respect of the grants released for specific purposes.

State Government may expedite the process to clear the old AC Bills and ensure timely submission of all Detailed Countersigned Contingent (DCC) Bills to adjust the outstanding Abstract Contingent (AC) Bills within the prescribed timeline as required under the Rules.

The Finance Department should, in consultation with the Principal Accountant General (Accounts), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate Heads of Account.

State Government may ensure timely submission of accounts (Proforma Accounts) in order to assess the financial position and efficiency of the departmental undertaking of Government performing activities of quasi-commercial nature.

Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.

Functioning of State Public Sector Enterprises

As on 31 March 2021, the State of Arunachal Pradesh had total seven SPSEs (all Government companies), which included one non-working SPSE. As on 31 March 2021, there were differences in the figures of State's investment in Equity (₹10.49 crore) and Loan (₹27.87 crore) of SPSEs as per State Finance Accounts *vis-à-vis* records of SPSEs.

During 2020-21 the State Government has provided budgetary support of ₹4.79 crore to two SPSEs in the form of Grants/ Subsidy. The recipients of the budgetary assistance were Arunachal Police Housing and Welfare Corporation Limited (₹2.06 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹2.73 crore). The State Government did not provide equity or loan assistance to any SPSE during 2018-20.

During 2020-21, out of six working SPSEs, three SPSEs earned profits (₹7.68 crore) as per their latest finalised accounts. Further, the accumulated losses (₹29.17 crore) of three working SPSEs had completely eroded their paid-up capital (₹9.70 crore).

As on 30 September 2021, all six working SPSEs had total arrears of 49 Accounts ranging from 01 to 21 Accounts. The highest pendency of accounts pertained to Arunachal Pradesh Mineral Development and Trading Corporation Limited (21 Accounts) and Arunachal Pradesh Forest Corporation Limited (15 Accounts).

(Chapter-V)

EXECUTIVE SUMMARY

Recommendations

The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long Term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.

Accumulation of huge losses by three out of six working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

The Administrative Departments, which have the responsibility to oversee the activities of the SPSEs, have to ensure that the SPSEs finalise and adopt their accounts within the stipulated period. In view of the position of arrears of accounts indicated above, the actual contribution of SPSEs to the GSDP for the year 2020-21 could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.



CHAPTER-I
Overview of State Finances

CHAPTER I

Overview of State Finances

1.1 Profile of the State

Arunachal Pradesh is a North Eastern and Himalayan (NE&H) State¹. Area-wise it is the largest State in the North-Eastern region (NER) with a geographical area of about 83,743 square kilometre (sq. km.). It has an international border with Bhutan in the West (160 kms), China in the North and North-East (1,080 kms) and Myanmar in the East (440 kms). It also shares common boundaries with Assam and Nagaland. According to the Census of India-2011, population of the State stood at 13,83,727² which is 0.11 *per cent* of the country's population. It has the lowest population density in the country at 17 persons per sq. km. as against the national average of 382 persons per sq. km. The State's decadal growth rate of population was 10.71 *per cent*, which is higher than the rate of growth rate of Himachal Pradesh, Tripura and Jammu and Kashmir but is lower than the growth rate of other NE&H States and is also lower than the all India growth rate of 12.30 *per cent*. The literacy rate of the state was 65.40 *per cent*.

The per capita Gross State Domestic Product (GSDP) of the State at current prices was ₹1,86,502.34 in 2020-21, which was higher than the all India average of ₹1,44,096.27 and less than the average of the NE&H States (₹1,88,674.44). Compound Annual Growth Rate (CAGR) of per capita GSDP of the State during the year was 9.93 *per cent* which was lower than that of Mizoram (15.45 *per cent*), Sikkim (11.42 *per cent*) and Tripura (11.98 *per cent*) and higher than that of other NE&H States as well as average of all India (8.08 *per cent*).

1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time. The growth rate for the period from 2016-17 to 2020-21 compared with India's GDP is presented in **Table 1.1**.

Table 1.1: Trends in GSDP compared to the national GDP

| Particulars | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------|
| India's GDP (₹ in crore) | 1,53,91,669 (3 rd RE) | 1,70,90,042 (2 nd RE) | 1,88,86,957 (2 nd RE) | 2,03,51,013 (1 st RE) | 1,97,45,670 (PE) |
| Growth rate of India's GDP (<i>per cent</i>) | 11.76 | 11.03 | 10.51 | 7.75 | (-)2.97 |
| State's GSDP (₹ in crore) | 19845.64 (R.E.) | 22,503.33 (R.E.) | 24,510.84 (R.E.) | 27,377.06 (P.E.) | 28,721.36 (A.E.) |
| Growth Rate of GSDP (<i>per cent</i>) | 7.22 | 13.39 | 8.92 | 11.69 | 4.91 |

Sources: GDP- Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation and GSDP- Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP)
R.E.- Revised Estimates; P.E. - Provisional Estimates; A.E.-Advance Estimates

¹ Total 11 North Eastern and Himalayan States:

Eight North Eastern States: (i) Arunachal Pradesh, (ii) Assam, (iii) Manipur, (iv) Meghalaya, (v) Mizoram, (vi) Nagaland, (vii) Sikkim and (viii) Tripura

Three Himalayan States: (i) Himachal Pradesh, (ii) Uttarakhand and (iii) Jammu and Kashmir

² Male: 7,13,912 and Female: 6,69,815

As can be seen from the details tabulated above, during the five-year period 2016-21, the growth rate of GSDP of the State showed fluctuating trend as compared to decreasing trend of the national GDP. However, the growth rate for 2017-18, 2019-20 and 2020-21 for the State was higher compared to the national growth rate. The growth rate of the GSDP of the State for 2020-21 was lower than when compared with the previous year mainly due to decline in Agriculture sector in the State. The overall growth of the GSDP in the state over the five-year period *i.e.*, 2016-21 was higher than the growth rate of the GDP of the country. The CAGR of GSDP for Arunachal Pradesh (11.18 *per cent*) in the decade was lower than the CAGR of Mizoram (16.67 *per cent*), Sikkim (12.69 *per cent*) and Tripura (13.25 *per cent*) and was higher than the CAGR of the other NE&H States and all India CAGR (9.48 *per cent*).

The GSDP of the State fell short of the assessment made by the XV FC during 2020-21. The actual GSDP of the State during 2020-21 was ₹28,721.36 crore which fell short by ₹1,252.64 crore, *i.e.*, 4.18 *per cent* less than the assessment of the XV FC (₹29,974.00 crore). While the XV FC projected the annual growth rate of GSDP of the State for the 2020-21 as 10.90 *per cent*, the annual growth rate of GSDP of the State stood at 4.91 *per cent* during 2020-21. This reduced growth rate of the GSDP than the assessment made by the XV FC had an adverse impact on the resource mobilisation and public expenditure in the State.

The percentage of total expenditure to GSDP shows a fluctuating trend during the period 2016-17 to 2020-21. It steadily increased from 55.17 *per cent* in 2016-17 to 74.16 *per cent* in 2018-19, while it dropped in 2019-20 to 58.18 *per cent* and reached to 63.42 *per cent* in 2020-21. The high percentage of Government expenditure to GSDP indicates that the State is heavily dependent on Government spending. The increased share of Government expenditure in the GSDP indicates that there is unrealised potential for growth in the State by way of non-Government spending. High dependence of the State on Government expenditure for its growth exposes it to vulnerabilities which need to be addressed with necessary policy initiatives.

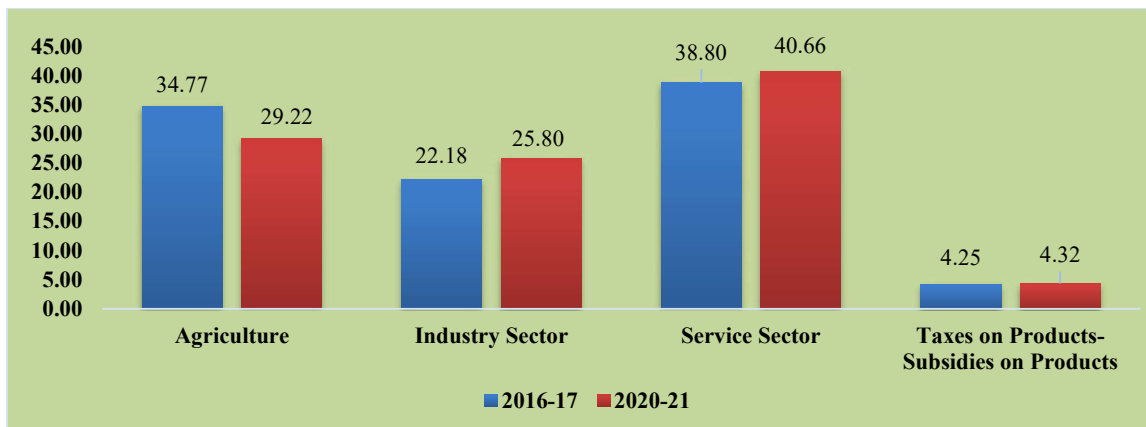
GSDP is the most important indicator for measuring the economic growth of a State. These estimates of economy, over a period of time, reveal the extent and direction of the changes in the levels of economic development. The State Domestic Product is classified under three broad Sectors such as Primary, Secondary and Tertiary and is compiled economic activity-wise as per the methodology prescribed by the Central Statistics Office (CSO), GoI and furnished to the Ministry of Statistics and Programme Implementation. Moreover, GSDP is the sum total of value added by different economic sectors (Agriculture, Industry and Services), which form the three broad sectors, produced within the boundaries of the State calculated without duplication during a year. It is one of the measures of economic growth for a State's economy.

As can be seen from the above **Table**, the State's GSDP grew at a lower rate in 2016-17 and 2018-19 (two years) compared to the country's growth rate in 2016-17 and 2018-19, while in three years (2017-18, 2019-20 and 2020-21), the growth rate of the GSDP of the State was higher than the national growth rate. The growth rate of the GSDP of the State was lower than when compared with the previous year mainly due to decline in Agriculture sector in the State. The overall growth of the GSDP in the State over the five year period *i.e.*, 2016-21 was higher than the growth rate of the GDP of the country.

In the last five years, there had been a decrease in the relative share of Agriculture to GSDP, reducing from 34.77 to 29.22 *per cent*. Matching increase was experienced in Service and Industry sectors. The share of Service sector was higher than that of Industry sector and Agriculture sector, as can be seen from **Chart 1.1**.

Chart 1.1: Change in sectoral contribution of GSDP (2016-17 and 2020-21)

(In *per cent*)



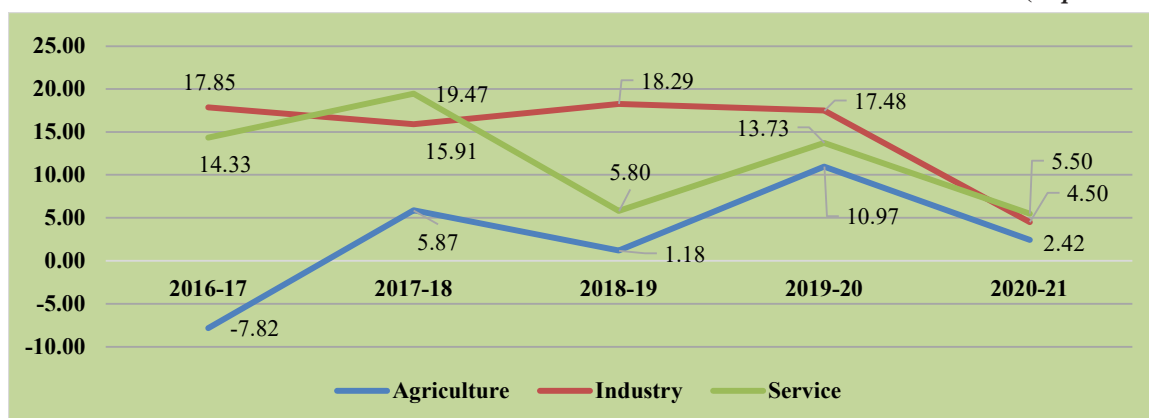
Source: Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP)

Growth rate of all the sectors was fluctuating, as can be seen in **Chart 1.2**. There was a sudden increase in the growth rate of the Agriculture sector in the years 2017-18 and 2019-20 when it jumped from (-)7.82 *per cent* in 2016-17 to 5.87 *per cent* in 2017-18 and from 1.18 *per cent* in 2018-19 to 10.97 *per cent* in 2019-20 was mainly due to increase in crops and livestock. The growth in Service sector slipped down from 19.47 *per cent* in 2017-18 to 5.80 *per cent* in 2018-19 due to slower growth in trade and repair services, real estate and public administration.

The growth in Industry sector reached its peak in 2018-19 and thereafter there had been a decreasing trend which continued till the current year as can be seen in **Chart 1.2**. The decreasing trend in growth rate of the Industry sector in the past two years was due to slower growth in Electricity, Gas, Water supply & other utility services and Construction over 2018-19.

Chart 1.2: depicts the sectoral growth of GSDP over the period from 2016-17 to 2020-21

(In *per cent*)



Source: Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP)

During 2020-21, there was a significant decrease in the growth rate in Agriculture, Industry and Service sectors in comparison with the previous year.

1.2 Basis and Approach to State Finances Audit Report

According to Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

The Accounts wing of the office of Principal Accountant General annually prepares the Finance Accounts and Appropriation Accounts of the State from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, by the offices and departments responsible for keeping of such accounts functioning under the control of the State Government and by the statements received from the Reserve Bank of India. These accounts are audited independently by the Audit Wing of the office and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the 15th Finance Commission (XV FC), Arunachal Pradesh State Financial Responsibility and Budget Management (APFRBM) Act and best practices and guidelines of the Government of India (GoI). A meeting was held with State Finance Department on 06 January 2022 wherein the issues included in the report have been discussed. Replies of the Government, where received, are incorporated in this Report at appropriate places.

1.3 Report Structure

The SFAR is structured into the following five Chapters:

| | |
|---------------------|--|
| Chapter - I | Overview of State Finances This chapter describes the basis and approach to the Report and the underlying data. It provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and fiscal position including Deficits/ Surplus. |
| Chapter - II | Finances of the State This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State. |

| | |
|----------------------|---|
| Chapter - III | Budgetary Management and Budgetary Control This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government. It also reports on deviations from Constitutional provisions relating to budgetary management. |
| Chapter - IV | Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government. |
| Chapter - V | Functioning of State Public Sector Enterprises This chapters provides a 'bird eye view' on the functioning of the State Public Sector Enterprises (SPSEs). The term SPSEs encompasses the State owned/ controlled Government Companies set up under the Companies Act, 2013 and Statutory Corporations setup under the Statues enacted by the Parliament and State Legislature. |

1.4 Overview of Government Account Structure

The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State (Article 266 (1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (*e.g.*, salaries of Constitutional authorities, loan repayments *etc.*) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

2. Contingency Fund of the State (Article 267 (2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

3. Public Accounts of the State (Article 266 (2) of the Constitution)

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also

included under the Public Account. The Public Account is not subject to the vote of the Legislature.

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue receipts consists of tax revenue, non-tax revenue, share of Union Taxes and Duties, and grants from Government of India (GoI).

Revenue Expenditure consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital receipts** consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*; and
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of Loans and Advances.

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, expenditure on investment in shares and expenditure on loans and advances by the government to PSUs and other parties.

At present, we have an accounting classification system in government that is both functional and economic.

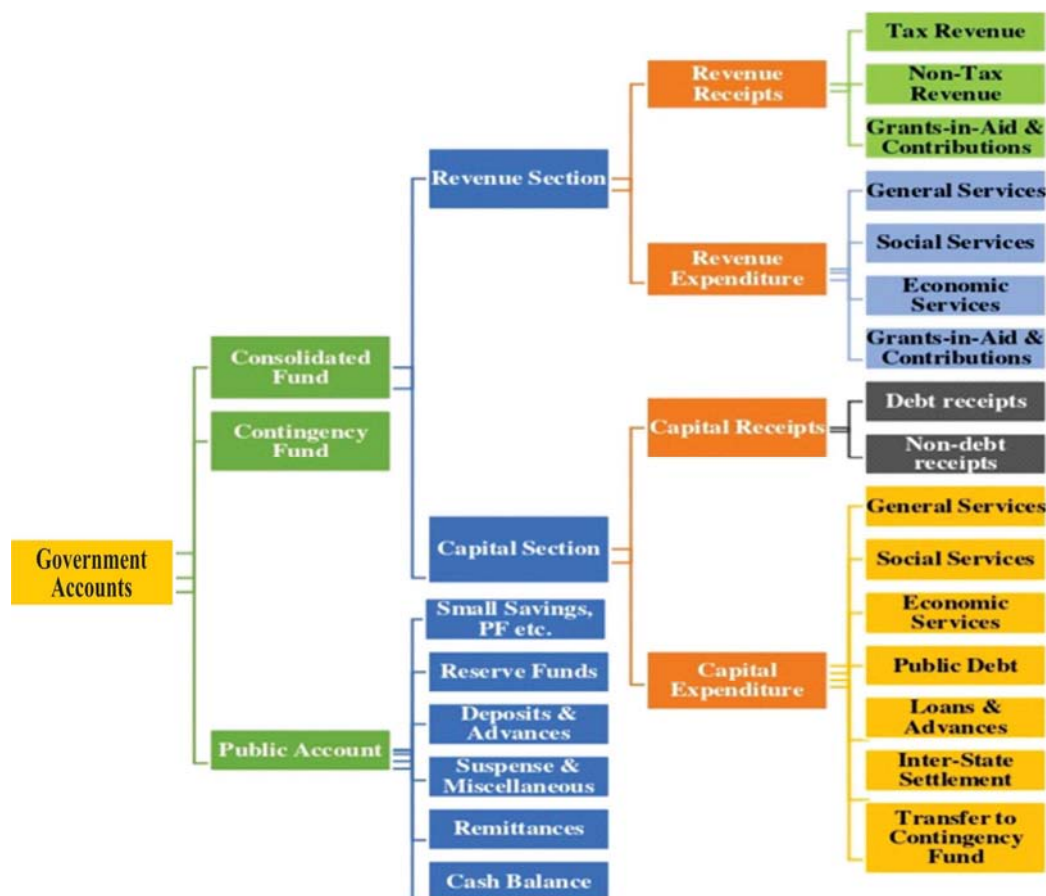
| | Attribute of transaction | Classification |
|-----------------------------|---|--|
| Standardised in LMMH by CGA | Function- Education, Health, <i>etc.</i> / Department | Major Head under Grants (4-digit) |
| | Sub-Function | Sub Major head (2-digit) |
| | Programme | Minor Head (3-digit) |
| Flexibility left for States | Scheme | Sub-Head (2-digit) |
| | Sub-scheme | Detailed Head (2-digit) |
| | Economic nature/ Activity | Object Head-salary, minor works, <i>etc.</i> (2-digit) |

The functional classification lets us know the department, function, scheme or programme and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 are for revenue receipts; 2 and 3 are for Revenue Expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” Object Head is Revenue Expenditure, “construction” Object Head is Capital Expenditure. Object Head is the primary unit of appropriation in the budget documents.

1.5 Structure of Government Accounts

The layout of the Finance Accounts has been shown in *Appendix 1.1, Part A* and the pictorial depiction of the structure of Government Accounts is given in **Chart 1.3**.

Chart 1.3: Pictorial depiction of the structure of Government Accounts



1.6 Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature a statement of the estimated receipts and expenditure of the State for the year 2020-21 in the form of an *Annual Financial Statement*. In terms of Article 203, the statement is submitted to the State Legislature in the form of 84 Demands for Grants/ Appropriations. After approval of these grants, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. The State has more than one consolidated Budget which are in the nature of sub-budgets like Gender Budget and Outcome budget.

The State Government did not have a Budget Manual to detail the budget formulation process and guide the State Government functionaries in preparing its budgetary estimates and monitoring its expenditure activities. In the absence of the Budget Manual, the Budget preparation exercise is done based on the General Financial Rules issued by the Government of India and also the Budget circulars issued from time to time. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter III** of this Report.

1.7 Summarised Position of Finances

Details of actual financial results *vis-à-vis* Budget Estimates (BEs) for the year 2020-21 *vis-à-vis* actual of 2019-20 are shown in **Table 1.2** provides the details of financial results based on the actuals of 2019-20 and 2020-21.

Table 1.2: Actual Financial results *vis-à-vis* BEs

(₹ in crore)

| Sl. No. | Components | 2019-20 (Actuals) | 2020-21 (BEs) | 2020-21 (Actuals) | Percentage of Actuals to BEs | Percentage of Actuals of 2020-21 to GSDP |
|---------|--------------------------------------|-------------------|---------------|-------------------|------------------------------|--|
| 1. | Tax Revenue | 1,228.73 | 806.00 | 1,431.10 | 177.56 | 4.98 |
| 2. | Non-Tax Revenue | 651.38 | 600.00 | 836.53 | 139.42 | 2.91 |
| 3. | Share of Union Taxes and Duties (a) | 8,987.57 | 14,311.59 | 10,472.58 | 73.18 | 36.46 |
| 4. | Grants-in-Aid and Contributions | 4,020.87 | 4,877.00 | 4,383.30 | 89.88 | 15.26 |
| 5. | Revenue Receipts (1+2+3+4) | 14,888.55 | 20,594.59 | 17,123.51 | 83.15 | 59.62 |
| 6. | Recovery of Loans and Advances | 7.03 | 10.00 | 5.94 | 59.40 | 0.02 |
| 7. | Other Receipts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8. | Borrowings and other Liabilities (b) | 1,031.83 | 1,675.71 | 1,086.20 | 64.82 | 3.78 |
| 9. | Capital Receipts (6+7+8) | 1,038.86 | 1,685.71 | 1,092.14 | 64.79 | 3.80 |
| 10. | Total Receipts (5+9) | 15,927.41 | 22,280.30 | 18,215.65 | 81.76 | 63.42 |
| 11. | Revenue Expenditure | 12,218.73 | 14,207.60 | 13,087.50 | 92.12 | 45.57 |
| 12. | Interest payments | 614.53 | 710.64 | 752.34 | 105.87 | 2.62 |
| 13. | Capital Outlay (14+15) | 3,709.07 | 7,128.38 | 5,128.15 | 71.94 | 17.85 |
| 14. | Capital Expenditure | 3,693.05 | 7,119.74 | 5,123.35 | 71.96 | 17.84 |
| 15. | Loan and advances | 16.02 | 8.64 | 4.80 | 55.56 | 0.02 |
| 16. | Total Expenditure (11+14) | 15,911.78 | 21,327.34 | 18,210.85 | 85.39 | 63.41 |
| 17. | Total (15+16) | 15,927.80 | 21,335.98 | 18,215.65 | 85.38 | 63.42 |
| 18. | Revenue Surplus (5-11) | 2,669.82 | 6,386.99 | 4,036.01 | 63.19 | 14.05 |
| 19. | Fiscal Deficit {17-(5+6+7)} | 1,032.22 | 731.39 | 1,086.20 | 148.51 | 3.78 |
| 20. | Primary Deficit (19-12) | 417.69 | 20.75 | 333.86 | 1,608.96 | 1.16 |

Source: Finance Accounts and Annual Financial Statement

(a) Includes State's share of Union Taxes.

(b) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

The detailed analysis on the finances of the State Government are made in the subsequent chapters of the report.

1.8 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds while the assets comprise mainly the capital outlay, the loans and advances given by the State Government and the cash balances. Summarised Financial position of the Government of Arunachal Pradesh as on 31 March 2021 is given in **Appendix 1.2**.

Table 1.3: Summarised position of Assets and Liabilities**(₹ in crore)**

| Liabilities | | | Assets | | |
|--------------------------------------|------------------|------------------|---|------------------|------------------|
| | 2019-20 | 2020-21 | | 2019-20 | 2020-21 |
| Consolidated Fund | | | | | |
| Internal Debt | 6,298.78 | 7,348.10 | Gross Capital Outlay | 32,799.16 | 37,922.50 |
| Loans and Advances from GoI | 152.47 | 359.71 | Loans and Advances | 96.99 | 95.85 |
| Contingency Fund | 0.05 | 0.05 | | | |
| Public Account | | | | | |
| Small Savings, Provident Funds, etc. | 2,503.51 | 2,719.41 | Advances | 502.64 | 507.58 |
| Deposits | 239.32 | 190.53 | Remittance | (-213.53) | (-146.61) |
| Reserve Funds | 2,937.38 | 3,078.86 | Cash balance (including investment in Earmarked Fund) | 3,013.82 | 3,389.33 |
| Suspense and Miscellaneous | (-1,260.76) | (-1,292.34) | | | |
| Surplus in Revenue Account | 25,328.32 | 29,364.33 | | | |
| Total | 36,199.07 | 41,768.65 | Total | 36,199.07 | 41,768.65 |

Source: Finance Accounts of respective years

1.9 Trends in Key Fiscal Parameters

Deficit is an indicator of prudent fiscal management of the Government. Further, two important pointers to fiscal health are how the deficit is financed and how the resources raised are applied. This Section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under APFRBM Act/ Rules for the financial year 2020-21.

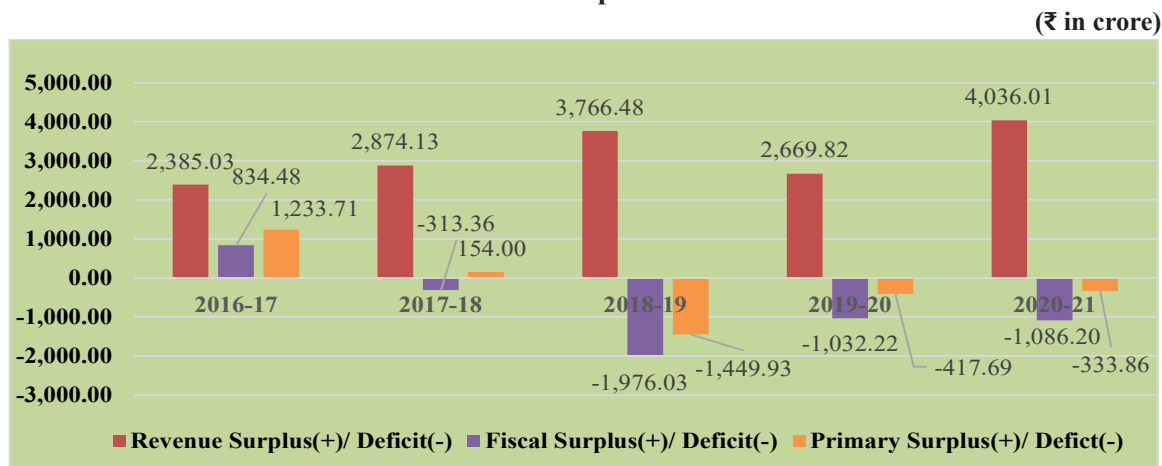
1.9.1 What are Deficit and Surplus?

| | |
|---------------------------------|---|
| Revenue Deficit/ Surplus | Refers to the gap between Revenue Expenditure and Revenue Receipts |
| Fiscal Deficit/ Surplus | This is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the Total Expenditure. FD is reflective of the total borrowing requirements of Government |
| Primary Deficit/ Surplus | Primary Deficit is measured as Fiscal Deficit less interest payments |

1.9.2 Trends of Deficit/ Surplus

There was a significant surplus in revenue account in 2020-21 which can be attributed to higher percentage increase in revenue receipts compared to percentage increase in Revenue Expenditure. The Revenue Surplus in the current year reached up to ₹4,036.01 crore. However, the actual Revenue Surplus was less than the projected Revenue Surplus during budget of 2020-21 and was also less than the amounts mentioned in MTFP during 2020-21. The trend of the surplus deficit indicators in the past five years are given in **Chart 1.4**.

Chart 1.4: Trends in Surplus/ Deficit indicators



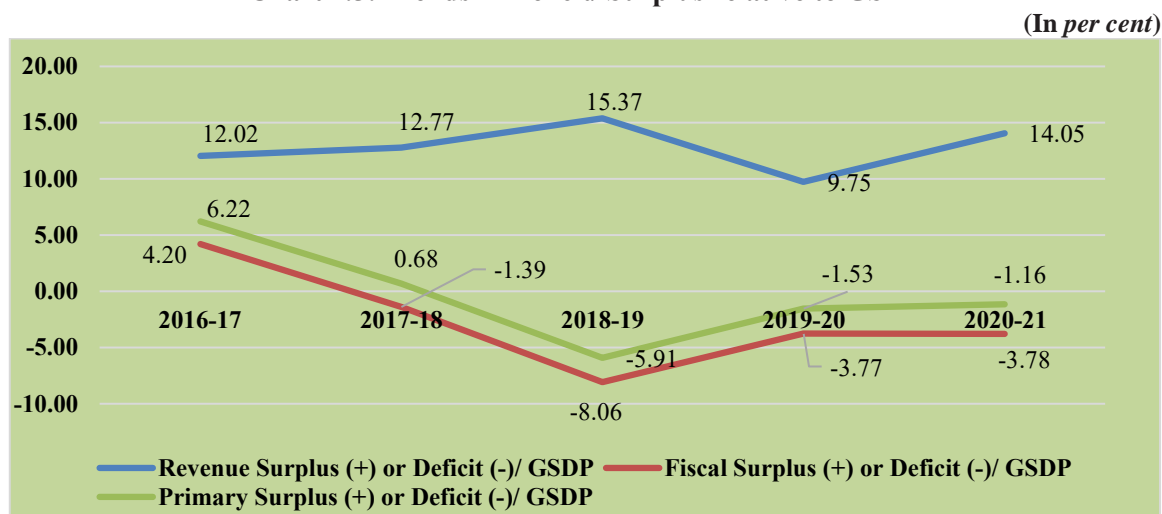
Source: Finance Accounts of respective years

There exists a post-devolution Revenue Surplus. The post-devolution Revenue Surplus indicated in the budget was more than the projections made by the XV FC by ₹518.99 crore, indicating that the budget expected higher revenue by way of devolution. At the Revised Estimates stage, the Revenue Surplus was significantly revised which was ₹332.90 crore less than the projection made in the XV FC, due to devolution from center being significantly less than the estimate of XV FC. However, the actual Revenue Surplus fell short of even the Revised Estimates projections. Against the Revenue Surplus of ₹6,386.99 crore projected in BEs, the year ended with a Revenue Surplus of ₹4,036.01 crore indicating that the budget was not prepared realistically.

The Primary Surplus experienced by the State during the period 2016-17 and 2017-18 took a turnaround with a Primary Deficit of ₹1,449.93 crore in 2018-19. Thereafter, the Primary Deficit steadily reduced to ₹333.86 crore in 2020-21. This Primary Deficit in the period 2018-19 to 2020-21 indicates that the interest payments of the state was met from net borrowings of the State. This could be partly attributable to lack of control on the Revenue Expenditure of the State with reference to the available resources.

The trend of these surplus and deficits with respect to GSDP over the five-year period from 2016-17 to 2020-21 is depicted in **Chart 1.5**.

Chart 1.5: Trends in Deficit/ Surplus relative to GSDP



Source: Finance Accounts of respective years

Chart 1.5 reveals that the State maintained Revenue Surplus during the period 2016-17 to 2020-21, which increased from ₹2,385.03 crore in 2016-17 to ₹4,036.01 crore in 2020-21. Revenue Surplus in 2020-21 (₹4,036.01 crore) increased by ₹1,366.19 crore (*i.e.* an increase of 51.17 *per cent*) over 2019-20. This was due to significant increase in Revenue Receipts by ₹2,234.96 crore (15.01 *per cent*) over previous year (₹14,888.55 crore). Fiscal Surplus, which represents excess of non-debt creating revenues over borrowings, decreased from ₹834.48 crore in 2016-17 and turned into Fiscal Deficit in 2017-18 (₹313.36 crore). Fiscal Deficit reached its peak in 2018-19 at ₹1,976.03 crore and thereafter reduced in next two years with Fiscal Deficit in 2020-21 of ₹1,086.20 crore. During 2020-21, the Fiscal Deficit increased by ₹53.98 crore (5.23 *per cent*) due to increase of Capital Expenditure of ₹1,430.30 crore over the previous year.

The CAGR of the Revenue Receipts during 2019-20 to 2020-21 in the State was higher than that of NE&H States indicating that State received more fund from GoI than the average of NE&H States. For instance, CAGR of the State' share in Union Taxes and Duties of the State during 2019-20 to 2020-21 was 16.51 *per cent* while it was (-)11.34 *per cent* of NE&H States.

Further, in 2020-21, the State Government experienced Fiscal Deficit of ₹1,086.20 crore as against the projected amount of ₹731.39 crore in BEs. Thus, the actual Fiscal Deficit exceeded the projections made in the budget by 48.51 *per cent* (₹354.81 crore).

1.9.3 Components of Fiscal Deficit and its Financing Pattern

The share of Revenue Deficit in Fiscal Deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of Revenue Deficit to Fiscal Deficit also indicates that the asset base of the State is continuously being eroded and a part of borrowings (Fiscal Liabilities) does not have any asset backup. However, in case of Arunachal Pradesh, there was a Revenue Surplus for five-year period from 2016-17 to 2020-21.

The financing pattern of fiscal deficit has undergone a compositional shift as reflected below in **Table 1.4**.

Table 1.4: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

| Sl. No. | Particulars | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|--|---------------|------------------|--------------------|--------------------|-------------------|
| Decomposition of Fiscal Deficit | | | | | | |
| | Fiscal Deficit (-)/ Surplus (+) | 834.48 | (-)313.36 | (-)1,976.03 | (-)1,032.22 | (-)1086.20 |
| 1. | Revenue Surplus | 2,385.03 | 2,874.13 | 3,766.48 | 2,669.82 | 4,036.01 |
| 2. | Net Capital Expenditure | (-)1,544.01 | (-)3,188.10 | (-)5,727.43 | (-)3,693.05 | (-)5,123.35 |
| 3. | Net Loans and Advances | (-)6.54 | 0.61 | (-)15.08 | (-)8.99 | 1.14 |
| Financing pattern of Fiscal Deficit | | | | | | |
| 1. | Market Borrowings | 287.28 | 703.10 | 762.96 | 1,288.08 | 767.81 |
| 2. | Other Loans | - | (-)6.85 | 4.16 | (-) 3.73 | (-)3.73 |
| 3. | Loans from GoI | (-)26.45 | (-)26.43 | (-)26.36 | (-) 26.28 | 207.25 |
| 4. | Special Securities issued to NSSF | 86.77 | 93.42 | 50.45 | 77.36 | 146.91 |
| 5. | Loans from Financial Institutions | 89.21 | 115.97 | 189.64 | 101.67 | 138.33 |
| 6. | Small Savings, PF, etc. | 157.23 | 241.13 | 225.89 | 275.14 | 215.90 |

| Sl. No. | Particulars | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---|------------------|---------------|-----------------|-----------------|-----------------|
| Decomposition of Fiscal Deficit | | | | | | |
| 7. | Reserve Funds | 171.55 | 137.87 | 307.32 | 1,906.08 | 141.47 |
| 8. | Deposits and Advances | (-)1,305.66 | (-)134.19 | (-)75.93 | (-) 77.23 | (-)53.73 |
| 9. | Suspense and Miscellaneous | 148.74 | (-)404.85 | (-)176.63 | (-)2,678.97 | (-)31.58 |
| 10. | Remittances | (-)363.18 | 34.09 | 1,134.66 | (-)1,367.05 | (-)66.92 |
| 11. | Increase (-)/ Decrease (+) in cash balances | (-)71.67 | (-)895.72 | (-)364.49 | 1,537.15 | (-)375.51 |
| 12. | Increase/ Decrease in WMAs, Overdraft | (-)8.30 | 455.82 | (-)55.64 | 0.00 | 0.00 |
| Overall Deficit (1 to 11) (-) | | (-)834.48 | 313.36 | 1,976.03 | 1,032.22 | 1,086.20 |

Source: Finance Accounts of respective years

The components of fiscal deficit consisted of Revenue Surplus, Net Loans and Advances and Net Capital Expenditure. Since the State is Revenue Surplus from 2016-17 itself, the Surplus on Revenue Account were utilised to finance Capital Expenditure. As seen from the above **Table**, the total Capital Expenditure was financed by Revenue Surplus in 2016-17. In 2017-21, Revenue Surplus could finance only 78.78 to 90.15 *per cent* of Capital Expenditure due to the huge increase in Capital Expenditure. During 2020-21, Capital Expenditure increased (₹1,430.30 crore; 38.73 *per cent*) mainly due to increase under roads and bridges, public works, social welfare and nutrition and flood control projects (**Reference: Paragraph 2.6.4.1; Table 2.25**).

Table 1.5: Receipts and Disbursements under components Financing the Fiscal Deficit

| Particulars | (₹ in crore) | | |
|------------------------------------|--------------|--------------|-----------------|
| | Receipt | Disbursement | Net |
| Market Borrowings | 767.81 | 0.00 | 767.81 |
| Loans from GoI | 232.97 | 25.72 | 207.25 |
| Special Securities issued to NSSF | 263.57 | 116.66 | 146.91 |
| Loans from Financial Institutions | 251.71 | 113.38 | 138.33 |
| Other loans | 0.00 | 3.73 | (-)3.73 |
| Small Savings, PF, etc. | 749.47 | 533.57 | 215.90 |
| Deposits and Advances | 336.35 | 390.08 | (-)53.73 |
| Suspense and Miscellaneous | 1.16 | 32.74 | (-)31.58 |
| Remittances | 3,096.12 | 3,163.04 | (-)66.92 |
| Reserve Fund | 340.57 | 199.11 | 141.47 |
| Overall Deficit | | | 1,461.71 |
| Increase/ Decrease in cash balance | | | (-)375.51 |
| Gross Fiscal Deficit | | | 1,086.20 |

Source: Finance Accounts 2020-21

In 2020-21, there was increased market borrowings, Loans from GoI, Reserve fund and Small Savings, PF, etc., which was partly offset by decrease in Suspense and Miscellaneous and Remittances.

1.9.4 Actual Revenue Surplus and Fiscal Deficit

Excessive focus on short-term objectives for overcoming Fiscal Deficit, encourages creative accounting and recourse to one-off deficit-reducing measures. **Table 1.6** assesses actual Surplus/ Deficit after taking into account short/ non-contribution to funds and incorrect classifications/ booking by the State Government during 2020-21.

Table 1.6: Actual Revenue Surplus and Fiscal Deficit

(₹ in crore)

| Particulars | Impact on Understated (+)/ Overstated (-) | |
|--|---|------------------|
| | Revenue Surplus | Fiscal Deficit |
| Non-transfer of labour Cess to Arunachal Pradesh Building and Other Construction Workers Welfare Board | (-)19.29 | (-)19.29 |
| Non-discharge of Interest liabilities | (-)66.91 | (-)66.91 |
| Short Contribution of Government matching share towards National Pension System | (-)38.04 | (-)38.04 |
| Minor works budgeted/ booked under Capital Section instead of Revenue | (-)76.08 | - |
| Transfer of previous year's share of State Disaster Response Fund | (+)31.50 | (+)31.50 |
| Non-transfer of National Disaster Response Fund to Public Account | (-)59.34 | (-)59.34 |
| Total | (-)228.16 | (-)152.08 |

Source: Finance Accounts, 2020-21

As can be seen from the above **Table**, there was an overstatement of Revenue Surplus by ₹228.16 crore during the year. However, considering that the overall Revenue Surplus depicted in the accounts was ₹4,036.01 crore, the State would have a Revenue Surplus of ₹3,807.85 crore during 2020-21 even after considering the items of misclassification, that have resulted in overstatement.

Similarly, the Fiscal Deficit during the year 2020-21 was also found overstated by ₹152.08 crore. Considering that, the State would have Fiscal Deficit of ₹934.12 crore during 2020-21.

1.10 Fiscal Balance: Achievement of Deficit and Total Debt Targets

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Prudent financial management involves the generation of an annual Revenue Surplus (Revenue Receipts exceeding Revenue Expenditure). The Twelfth Finance Commission recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to achieving Revenue Surplus and limiting Fiscal Deficit to 2.28 per cent of GSDP.

The Legislature of Arunachal Pradesh have passed Fiscal Responsibility and Budget Management Act (APFRBM) in the year 2006 with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing Fiscal Deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets to be adhered by the state with regard to deficit measures and debt level. Further, the Legislature of the State amended the Arunachal Pradesh FRBM Act 2018 in March 2018 in line with the XIV FC recommendations and it came into force with effect from 01 April 2015 details in **Appendix 1.3**. Moreover, the XV FC recommended (Paragraph 1.25 of XV FC) that the amended FRBM Act (amended in March 2018) should be fully adhered to for the year 2020-21.

As per FRBM Act, the State Government was to maintain Revenue Surplus during the period 2020-21, reduce fiscal deficit to not more than three *per cent* subject to fulfilling the conditions stipulated in the FRBM Act and limit the Outstanding Debt-GSDP ratio to less than 25 *per cent*.

Targets relating to key fiscal parameters envisaged in the amended APFRBM Act for the 2016-17 to 2020-21 respectively are given below in **Table 1.7**.

Table 1.7: Compliance with provisions of APFRBM Act

| Fiscal Parameters | Fiscal targets set in FRBM for the year 2016-17 to 2020-21 | Achievement (₹ in crore) | | | | |
|---|--|--------------------------|----------|----------|----------|----------|
| | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Revenue Deficit (-)/ Surplus (+) (₹ in crore) | Revenue Surplus | 2,385.03 | 2,874.13 | 3,766.48 | 2,669.82 | 4,036.01 |
| | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fiscal Deficit as percentage of GSDP | Three <i>per cent</i> | Fiscal Surplus | (-)1.39 | (-)8.06 | (-)3.77 | (-)3.78 |
| | | ✓ | ✓ | ✗ | ✗ | ✗ |
| Ratio of total outstanding debt to GSDP (in <i>per cent</i>) | 25 <i>per cent</i> | 28.34 | 32.03 | 35.04 | 44.31 | 47.69 |
| | | ✗ | ✗ | ✗ | ✗ | ✗ |

Source: Finance Accounts of respective years

The State Government was successful in maintaining Revenue Surplus as targeted in APFRBM Act during the last five years. The state maintained Fiscal Surplus during 2016-17. However, from the year 2017-18 onwards the trend of Fiscal Surplus reversed and the State went into Fiscal Deficit which was below three *per cent* of GSDP in 2017-18. However, from 2018-19 to 2019-20, Fiscal Deficit as a percentage of GSDP exceeded the limit prescribed in the APFRBM Act. In the current year, the Fiscal Deficit and outstanding debt of the State Government could not be anchored to the levels prescribed in the FRBM (as per XV FC recommendations), as it was 3.78 and 47.69 *per cent* of GSDP respectively.

As per the APFRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The Medium-Term Fiscal Plan (MTFP) has to set forth a five-year rolling target for the prescribed fiscal indicators.

Table 1.8 indicates the variation between the projections made for 2020-21 in MTFP presented to the State Legislature with the Annual Budget for 2020-21 and Actuals for the year 2020-21.

Table 1.8: Actuals *vis-à-vis* projection in MTFP for 2020-21

(₹ in crore)

| Sl. No. | Fiscal Variables | Projection as per MTFP | Actuals (2020-21) | Variation |
|---------|----------------------------|------------------------|-------------------|--------------------|
| 1. | Own Tax Revenue | 1,316.00 | 1,431.10 | 115.10 (8.75) |
| 2. | Non-Tax Revenue | 600.00 | 836.53 | 236.53 (39.42) |
| 3. | Share of Central Taxes | 13,801.59 | 10,472.58 | (-)3,329.01(24.12) |
| 4. | Grants-in-Aid from GoI | 4,877.00 | 4,383.30 | (-)493.70(10.12) |
| 5. | Revenue Receipts (1+2+3+4) | 20,594.59 | 17,123.51 | (-)3,471.08(16.85) |

| Sl. No. | Fiscal Variables | Projection as per MTFP | Actuals (2020-21) | Variation |
|---------|--|------------------------|-------------------|---------------------|
| 6. | Revenue Expenditure | 14,207.60 | 13,087.50 | (-),1,120.10(7.88) |
| 7. | Revenue Surplus (5-6) | 6,386.99 | 4,036.01 | (-),2,350.98(36.81) |
| 8. | Fiscal Deficit | 731.40 | 1,086.20 | 354.80(48.51) |
| 9. | Debt-GSDP ratio (<i>per cent</i>) | 43.94 | 47.69 | 3.75(8.53) |
| 10. | GSDP growth rate at current prices (<i>per cent</i>) | 4.99 | 4.91 | (-),0.08(1.60) |

Source: MTFP Statement and Finance Accounts 2020-21

The State could not mobilise the resources as envisaged in its MTFP as the actual receipts fell short of the projections by 16.85 *per cent*. The State MTFP envisaged containing Revenue Expenditure by reducing administrative costs through austerity measures and pegged the Revenue Expenditure at ₹14,207.60 crore. The actual Revenue Expenditure was less than the projected expenditure by ₹1,120.10 crore (7.88 *per cent*). It was observed that the reduction in the resources was 16.85 *per cent* but the reduction in expenditure was not proportionate, due to which the Revenue Surplus indicated in the MTFP could not be achieved. This non-achievement of targeted Revenue Surplus impacted the Capital Expenditure of the Government which was meant for improvement of infrastructure in the State. The actual Revenue Surplus fell short of the target by ₹2,350.98 crore constituting a short fall of 36.80 *per cent*. The Debt-GSDP ratio also increased to 47.69 *per cent*. The Revenue Expenditure increased by 7.11 *per cent* over the previous year and the Fiscal Deficit could not meet the targets set in the MTFP.

The State Government in its reply (January 2022) stated that the comments would be forwarded after due verification and examining the issues. However, the comments of the State Government is awaited.

1.11 Conclusion

- The State GSDP was ₹28,721.36 crore during 2020-21 with a growth rate of 4.91 *per cent* over the previous year which was higher than the growth rate of all India GDP. Service sector was the major contributor of GSDP during the year with 40.66 *per cent*. Agriculture was the second major contributor with 29.22 *per cent* while Industry and Taxes on products were third and fourth contributors with 25.80 and 4.32 *per cent* respectively.
- The State had managed to achieve surplus on Revenue account during last five years and the Revenue Surplus (₹4,036.01 crore) during the year increased by 51.17 *per cent* (₹1,366.19 crore) over the previous year (₹2,669.82 crore).
- The Fiscal Deficit (₹1,086.20 crore) increased by 5.23 *per cent* (₹53.98 crore) over the previous year (₹1,032.22 crore).
- The State was able to meet the projections made under Arunachal Pradesh FRBM regarding Revenue Surplus, but could not manage to achieve the ceiling prescribed for Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio.

1.12 Recommendations

- State Government may take measures to keep the Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio under the ceilings prescribed in the Arunachal Pradesh FRBM Act through prudent financial management.



CHAPTER-II
Finances of the State

Chapter 2: Finances of the State

2.1 Introduction

This Chapter provides a broad perspective of finances of the State Government and analyses critical changes in major fiscal aggregates keeping in view the overall trends during the last five years. The analysis has been made based on the State Finance Accounts and information obtained from State Government.

2.2 Major Changes in key Fiscal Aggregates *vis-à-vis* 2020-21

Table 2.1 below gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2020-21, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

| | |
|---------------------|---|
| Revenue Receipts | <ul style="list-style-type: none"> ✓ Revenue Receipts of the State increased by 15.01 <i>per cent</i> ✓ Own Tax Revenue of the State increased by 16.47 <i>per cent</i> ✓ Own Non-Tax Revenue increased by 28.42 <i>per cent</i> ✓ State's Share of Union Taxes and Duties increased by 16.52 <i>per cent</i> ✓ Grants-in-Aid (GIA) from Government of India (GoI) increased by 9.01 <i>per cent</i> |
| Revenue Expenditure | <ul style="list-style-type: none"> ✓ Revenue Expenditure increased by 7.11 <i>per cent</i> ✓ Revenue Expenditure on General Services increased by 10.06 <i>per cent</i> ✓ Revenue Expenditure on Social Services increased by 2.43 <i>per cent</i> ✓ Revenue Expenditure on Economic Services increased by 9.20 <i>per cent</i> ✓ Expenditure on GIA increased by 63.91 <i>per cent</i> |
| Capital Expenditure | <ul style="list-style-type: none"> ✓ Capital Expenditure increased by 38.73 <i>per cent</i> ✓ Capital Expenditure on General Services increased by 13.08 <i>per cent</i> ✓ Capital Expenditure on Social Services decreased by 10.70 <i>per cent</i> ✓ Capital Expenditure on Economic Services increased by 61.54 <i>per cent</i> |
| Loans and Advances | <ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances decreased by 70.04 <i>per cent</i> ✓ Recoveries of Loans and Advances decreased by 15.50 <i>per cent</i> |
| Public Debt | <ul style="list-style-type: none"> ✓ Public Debt Receipts decreased by 15.34 <i>per cent</i> ✓ Repayment of Public Debt decreased by 26.61 <i>per cent</i> |
| Public Account | <ul style="list-style-type: none"> ✓ Public Account Receipts increased by 31.70 <i>per cent</i> ✓ Disbursement of Public Account decreased by 19.68 <i>per cent</i> |
| Cash Balance | <ul style="list-style-type: none"> ✓ Cash balance increased by ₹375.51 crore (12.46 <i>per cent</i>) during 2020- 21 over the previous year |

Source: Finance Accounts of the respective years

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2020-21 with 2019-20.

**Table 2.2: Details of Sources and Application of funds during 2020-21
Compared to 2019-20**

| | | (₹ in crore) | | |
|--------------------|------------------------------------|------------------|------------------|--------------------|
| Particulars | | 2019-20 | 2020-21 | Increase/ Decrease |
| Sources | Opening Cash Balance with RBI | 4,550.97 | 3,013.82 | (-)1,537.15 |
| | Revenue Receipts | 14,888.55 | 17,123.51 | 2,234.96 |
| | Recoveries of Loans and Advances | 7.03 | 5.94 | (-)1.09 |
| | Public Debt Receipts (Net) | 1,437.10 | 1,256.57 | (-)180.53 |
| | Public Account Receipts (Net) | (-)1,942.03 | 205.14 | 2,147.17 |
| | Total | 18,941.62 | 21,604.98 | 2,663.36 |
| Application | Revenue Expenditure | 12,218.73 | 13,087.50 | 868.77 |
| | Capital Expenditure | 3,693.05 | 5,123.35 | 1,430.30 |
| | Disbursement of Loans and Advances | 16.02 | 4.80 | (-)11.22 |
| | Closing Cash Balance with RBI | 3,013.82 | 3,389.33 | 375.51 |
| | Total | 18,941.62 | 21,604.98 | 2,663.36 |

Source: Finance Accounts of the respective years

2.4 Summary of Current Year Fiscal Transactions

Government accounts are maintained on cash basis. **Table 2.3** presents a summary of the State Government's fiscal transactions during 2020-21 *vis-à-vis* the previous year while **Appendix 2.1** provides details of receipts/ disbursements and the overall fiscal position during the period.

Table 2.3: Summary of Fiscal Transactions (Current and Previous Year)

| | | (₹ in crore) | | | |
|----------------------------------|------------------|------------------|------------------------------|------------------|------------------|
| Receipts | 2019-20 | 2020-21 | Disbursements | 2019-20 | 2020-21 |
| Section – A: Revenue | | | | | |
| Revenue Receipts | 14,888.55 | 17,123.51 | Revenue Expenditure | 12,218.73 | 13,087.50 |
| Tax Revenue | 1,228.73 | 1,431.10 | General Services | 3,831.05 | 4,216.56 |
| Non-Tax Revenue | 651.38 | 836.53 | Social Services | 4,256.22 | 4,359.45 |
| Share of Union Taxes and Duties | 8,987.57 | 10,472.58 | Economic Services | 4,131.46 | 4,511.49 |
| GIA from GoI | 4,020.87 | 4,383.30 | | | |
| Section – B: Capital | | | | | |
| Misc. Capital Receipts | NIL | NIL | Capital Expenditure | 3,693.05 | 5,123.35 |
| Recoveries of Loans and Advances | 7.03 | 5.94 | Loans and Advances Disbursed | 16.02 | 4.80 |
| Public Debt Receipts | 1,790.70 | 1,516.06 | Repayment of Public Debt | 353.60 | 259.49 |
| Public Account Receipts | 3,434.93 | 4,523.68 | Public Account Disbursements | 5,376.96 | 4,318.54 |

| Receipts | 2019-20 | 2020-21 | Disbursements | 2019-20 | 2020-21 |
|-----------------|------------------|------------------|-----------------|------------------|------------------|
| Opening Balance | 4,550.97 | 3,013.82 | Closing Balance | 3,013.82 | 3,389.33 |
| Total | 24,672.18 | 26,183.01 | Total | 24,672.18 | 26,183.01 |

Source: Finance Accounts of the respective years

The percentage share of various resources collected during the year and their application is given in the **Charts** below:

Chart 2.1: Composition of Resources

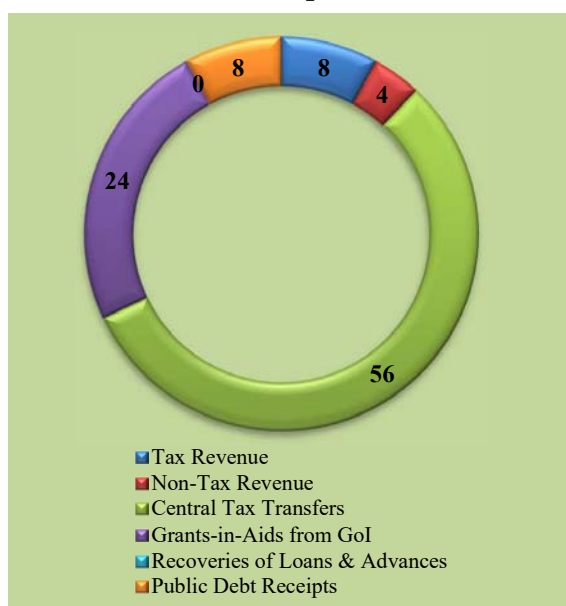
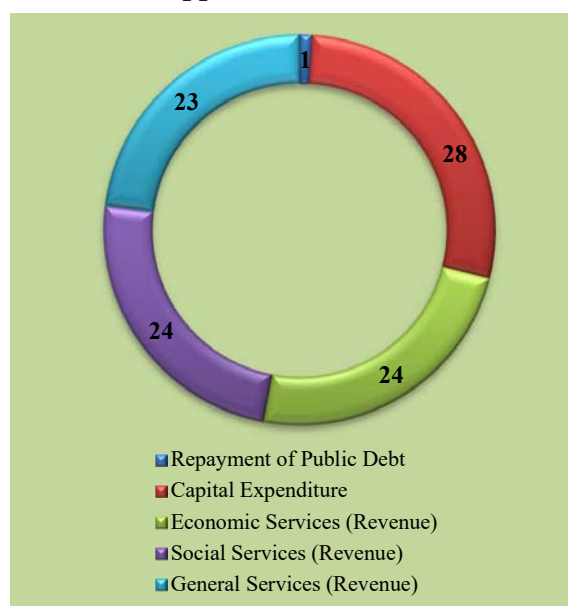


Chart 2.2: Application of Resources



Source: Finance Accounts 2020-21

In both composition and application of resources, the share of receipt and disbursement of loans and advances was less than one per cent.

Significant changes during 2020-21 over the previous year are:

- Revenue Receipts increased by ₹2,234.96 crore (15.01 per cent) over the previous year. The GoI funds constitute more than 86.76 per cent of the total resources of the State. The increase in Revenue Receipts was mainly due to substantial increase in Own Tax Revenue and receipts from GoI both under share of Central taxes and GIA. There has been a significant increase both in the share of central taxes by ₹1,485.01 crore (16.52 per cent) and GIA from GoI by ₹362.42 crore (9.01 per cent). The Own Tax Revenue increased by ₹202.37 crore (16.47 per cent) during the year. The increase in State share of Union taxes and duties can be attributed to increase in net proceeds of Central Goods and Services Tax (CGST) and Taxes on income other than Corporation Tax assigned to states. The increase in GIA was due to increase in allocation to Rural Local Bodies and State Disaster Response Mitigation Fund (SDRM).
- During 2020-21, the State's Own Resources (Own Tax plus Non-tax Revenue) increased by ₹387.52 crore (20.61 per cent), over the previous year. The increase in State's Own Resources was mainly due to more collection of Public works (124.00 per cent), State Excise (64.00 per cent), Taxes on income other than Corporation Tax (34.00 per cent), Value Added Tax (VAT) and Stamp and Registration Fees (29.00 per cent), Central Goods and Services Tax (24.00 per cent) and State Goods and Services Tax (7.00 per cent).

- Although there is a growth in the State's Own Resources, the State continues to be heavily dependent on Central transfers (86.76 per cent), as the State's own resources contributed merely 13.24 per cent of Revenue Receipts during 2020-21.
- Revenue Expenditure increased by ₹868.77 crore (7.11 per cent) over the previous year. The Revenue Expenditure of the State was ₹13,087.50 crore as against the projection of ₹10,735.00 crore made in the XV FC Report and against the projection of ₹14,207.60 crore made in the Medium Term Fiscal Plan (MTFP) during 2020-21. Thus, this expenditure was ₹2,352.50 crore (21.91 per cent) more than the assessment of the XV FC for the year 2020-21 but ₹1,120.10 crore (7.88 per cent) less than MTFP estimate.
- There has been a significant increase in the Capital Expenditure by ₹1,430.30 crore (38.73 per cent) over the previous year. The increase in Capital Expenditure was mainly due to a significant increase in the Capital Expenditure on Animal Husbandry (745.00 per cent), Civil Aviation (431.00 per cent), Other Rural Development Programmes (347.00 per cent), Crop Husbandry (145.00 per cent), North Eastern Areas (96.00 per cent), Roads and Bridges (70.00 per cent) and Irrigation and Flood Control (28.00 per cent). However, the actual Capital Expenditure fell short of the amount estimated in the budget by ₹1,996.39 crore (28.04 per cent).
- Public Account Receipts increased by ₹1,088.75 crore (31.70 per cent) and Public Account disbursements decreased by ₹1,058.42 crore (19.68 per cent) over the previous year.
- The total inflow³ in respect of all funds was ₹23,169.19 crore against ₹20,121.21 crore during previous year, while the total outflow⁴ was ₹22,793.68 crore against ₹21,658.36 crore during the previous year. The outflow exceeding the inflow was met from the cash balance.
- There was decrease in cash balances by ₹375.51 crore (12.46 per cent) over the previous year. This was mainly due to increase in cash balance investment account and investment of Earmarked Funds.

2.5 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of Tax Revenue, non-Tax Revenue, State's share of Union taxes and duties and GIA from the GoI.
2. **Capital Receipts** comprise miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of Loans and Advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and Loans and Advances from GoI. Both Revenue and Capital Receipts form part of the Consolidated Fund of the State.

³ For 2019-20, Gross Receipts ₹24,672.18 crore *minus* Opening Balance of ₹4,550.97 crore
For 2020-21, Gross Receipts ₹26,183.01 crore *minus* Opening Balance of ₹3,013.82 crore

⁴ For 2019-20, Gross Disbursements ₹24,672.18 crore *minus* Closing Balance of ₹3,013.82 crore
For 2019-20, Gross Disbursements ₹26,183.01 crore *minus* Closing Balance of ₹3,389.33 crore

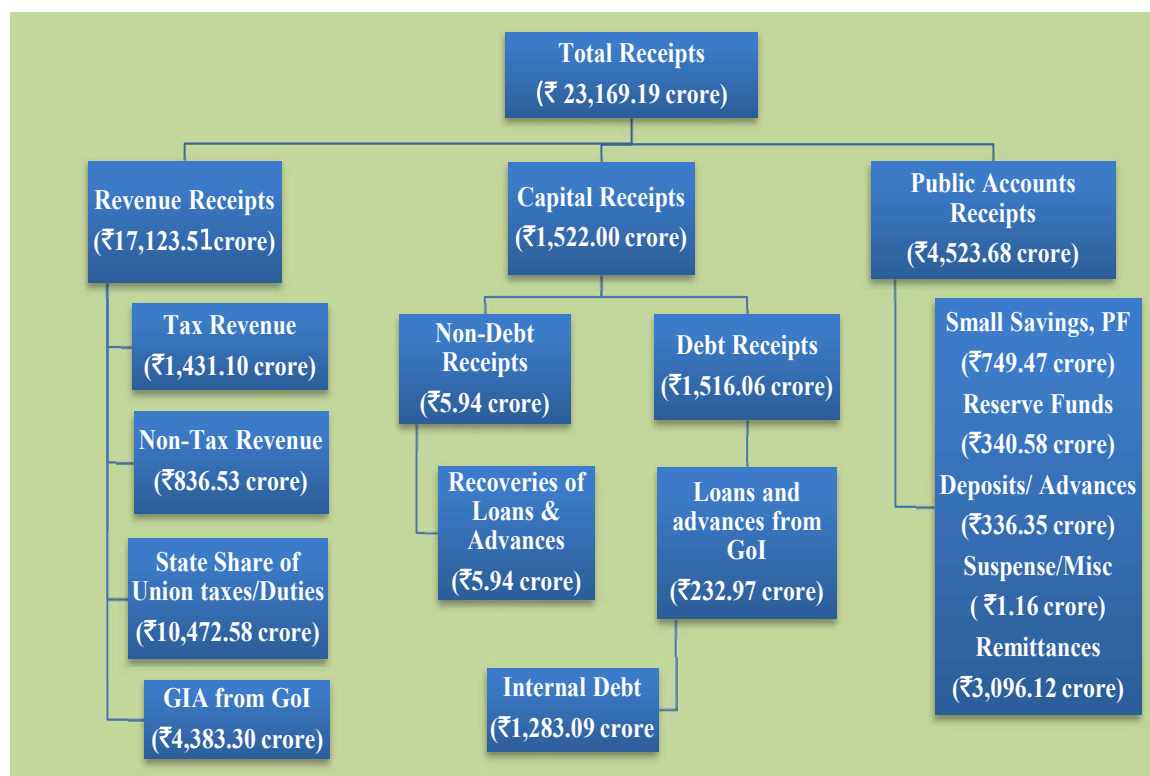
3. **Net Public Accounts Receipts:** These are receipts and disbursements in respect of certain transactions such as Small Savings, Provident Fund, Reserve Funds, Deposits, Suspense, Remittances, *etc.* which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.5.1 Receipts of the State

Chart 2.3 depicts the various components of the receipts of the State during 2020-21.

Chart 2.3: Composition of receipts of the State during 2020-21



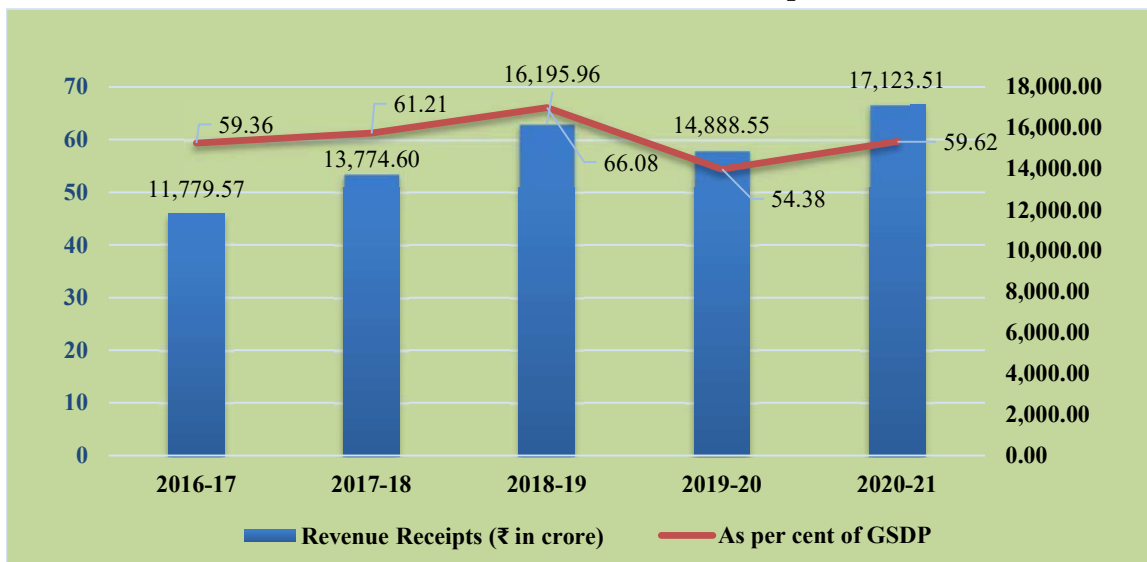
Source: Finance Accounts 2020-21

2.5.2 State's Revenue Receipts

2.5.2.1 Trends and Growth of Revenue Receipts

Statement-14 of the Finance Accounts depicts Revenue Receipts of the Government. Trends and composition of Revenue Receipts over the period 2016-21 are presented in **Appendix 2.2** and depicted in **Charts 2.4** and **2.5** respectively. Trends in Revenue Receipts relative to GSDP are presented in **Table 2.4**.

Chart 2.4: Trends in Revenue Receipts

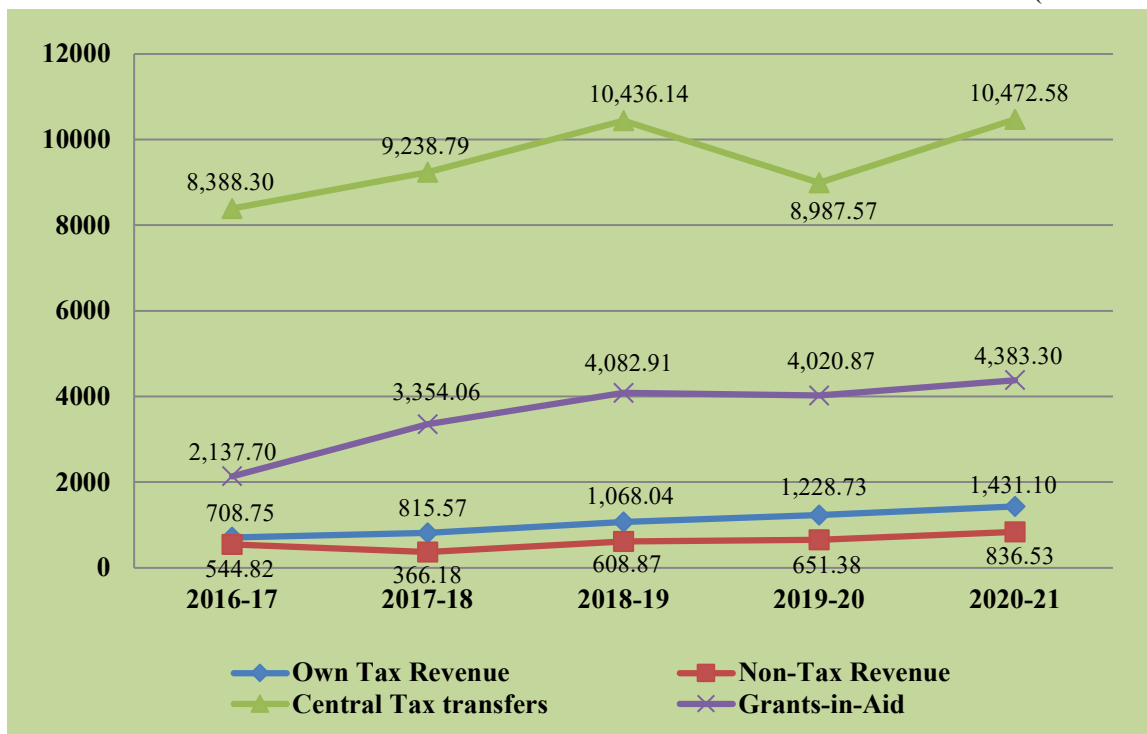


Source: Finance Accounts of the respective years

As can be seen from the **Chart 2.4** the Revenue Receipts as a percentage of GSDP was in range of 54 to 66 per cent during the five-year period. The Revenue Receipts as percentage of GSDP declined in the year 2019-20 to 54.38 per cent from 66.08 per cent in 2018-19. This was mainly due to reduction in Revenue Receipts over previous year. There was increase in Revenue Receipts as percentage of GSDP of the state during 2020-21, mainly due to higher proportion of increase in Revenue Receipts over the previous year compared to percentage increase in GSDP.

Chart 2.5: Composition of Revenue Receipts

(₹ in crore)



Source: Finance Accounts of the respective years

XV FC projected that the State's own revenue resources during 2020-21 would be ₹1,552.00 crore. However, the actual collections during the year was ₹2,267.63 crore indicating that the State achieved its projected own revenue collection.

Revenue Receipts of the State increased by ₹5,343.94 crore (45.37 per cent) from ₹11,779.57 crore in 2016-17 to ₹17,123.51 crore in 2020-21 at a CAGR of 9.80 per cent.

Table 2.4: Trend in Revenue Receipts

| Parameters | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|-----------|-----------|-----------|-----------|-----------|
| Revenue Receipts (RR) (₹ in crore) | 11,779.57 | 13,774.60 | 16,195.96 | 14,888.55 | 17,123.51 |
| Rate of growth of RR (per cent) | 11.62 | 16.94 | 17.58 | (-)8.07 | 15.01 |
| Own Tax Revenue | 708.75 | 815.57 | 1,068.04 | 1,228.73 | 1,431.10 |
| Non-Tax Revenue | 544.82 | 366.18 | 608.87 | 651.38 | 836.53 |
| Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent) | 35.20 | (-) 5.73 | 41.90 | 12.12 | 20.61 |
| GSDP (₹ in crore) (2011-12 Series) | 19,845.64 | 22,503.33 | 24,510.84 | 27,377.06 | 28,721.36 |
| Rate of growth of GSDP (per cent) | 7.22 | 13.39 | 8.92 | 11.69 | 4.91 |
| RR/ GSDP (per cent) | 59.36 | 61.21 | 66.08 | 54.38 | 59.62 |
| Buoyancy Ratios | | | | | |
| Revenue Buoyancy w.r.t. GSDP | 1.61 | 1.27 | 1.97 | (-)0.69 | 3.06 |
| State's Own Revenue Buoyancy w.r.t. GSDP | 4.88 | (-)0.43 | 4.70 | 1.04 | 4.20 |

Source: Finance Accounts of the respective years, GSDP figures: Directorate of Economics and Statistics

Buoyancy Ratios⁵ indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratio of Revenue Receipts with reference to GSDP increased significantly due to a sizable increase in the rate of growth of Revenue Receipts during 2020-21 over the previous year.

Tax buoyancy indicates the measure of efficiency or responsiveness in tax collection in response to the growth in GSDP. Tax revenues are considered as buoyant when they increase more than proportionately in response to the increase in GSDP even when the rates of taxes remain unchanged. The Buoyancy Ratio of the State's own Revenue with reference to GSDP during 2020-21 was 4.20 per cent. Buoyancy Ratio of the State's own Revenue during 2018-19 was 4.70 per cent but fell sharply to 1.04 per cent during 2019-20. Buoyancy Ratio of the State's own Revenue increased during 2020- 21 over the previous year. This was mainly because of the increased growth rate of State's Own Revenue and decreased in growth rate of GSDP in current year when compared with the previous year. The CAGR of the Revenue Receipts of the State (15.01 per cent) was higher than the CAGR of the NE&H States (6.95 per cent). The decadal CAGR of the State was 11.70 per cent.

⁵ To cite an example the Buoyancy ratio of Revenue Receipts with GSDP of more than one indicates that the growth rate of Revenue Receipts would be much higher than the growth rate of the GSDP

2.5.3 State's Own Resources

As the State share in Central taxes and GIA from GoI is determined on the basis of recommendations of the Finance Commission (FC), the State's performance in mobilisation of resources was assessed in terms of its own resources comprising tax and non-tax sources.

The State's Tax and Non-Tax Revenue for 2020-21 *vis-à-vis* assessment made by XV FC and BEs are given in **Table 2.5**.

Table 2.5: Tax and Non-Tax Receipts

(₹ in crore)

| Particulars | XV FC projections | Budget Estimates | Actual | Percentage variation of actual over | |
|-----------------|-------------------|------------------|----------|-------------------------------------|-------------------|
| | | | | Budget estimates | XV FC projections |
| Own Tax revenue | 1,262.00 | 806.00 | 1,431.10 | 77.56 | 13.40 |
| Non-tax revenue | 291.00 | 600.00 | 836.53 | 39.42 | 187.47 |

Source: Recommendations of XV FC Report, Annual Financial Statement and Finance Accounts, 2020- 21

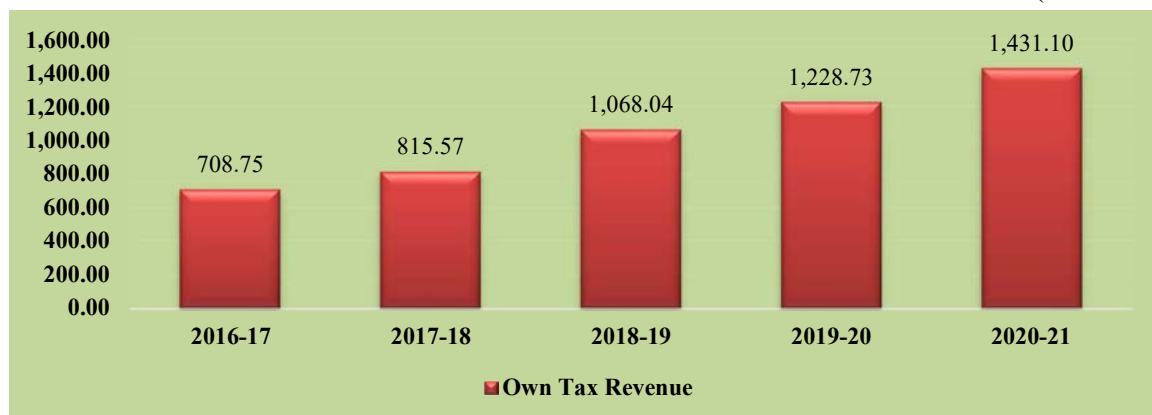
The State collected higher Tax Revenue compared to the budgeted amount, with broad-based increases in almost all tax components. The sharp growth in the GST collections in the State could be one of the reasons for higher collection of own tax revenues. Own Tax Revenue was 13.40 *per cent* higher than the projections made by XV FC and 77.56 *per cent* higher than the assessment made in BE for the year 2020-21. Collection of Non-Tax Revenue during 2020-21 was 187.47 *per cent* higher than the projections made by the XV FC and 39.42 *per cent* higher than the assessments made in the BE.

2.5.4 Own Tax Revenue

Own Tax Revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, *etc.* Growth and Composition of State's Own Tax Revenue over the period 2016-21 are presented in **Chart 2.6** and **Table 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2016-21

(₹ in crore)



Source: Finance Accounts of the respective years

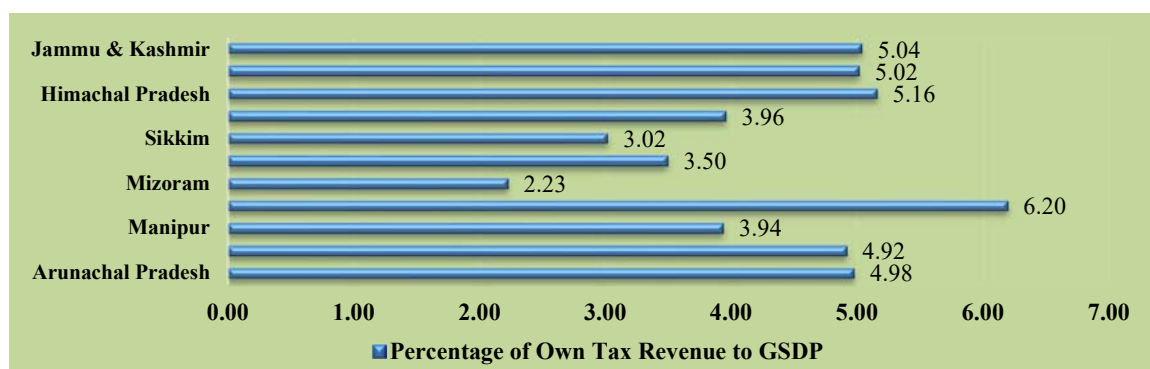
Table 2.6: Components of State's Own Tax Revenue

| Particulars | | | | | | (₹ in crore) |
|-----------------------------|---------------|---------------|-----------------|-----------------|-----------------|--------------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Sparklines |
| Goods and Service Tax | - | 223.73 | 601.00 | 801.55 | 859.29 | |
| Taxes on Sales, Trade, etc. | 282.54 | 285.13 | 268.74 | 219.82 | 283.09 | |
| State Excise | 109.05 | 122.61 | 136.73 | 144.97 | 238.02 | |
| Taxes on Vehicles | 24.47 | 31.40 | 32.43 | 38.12 | 32.70 | |
| Stamps & Registration Fees | 5.08 | 10.42 | 9.16 | 8.14 | 10.45 | |
| Land Revenue | 6.44 | 13.32 | 14.58 | 15.97 | 7.52 | |
| Taxes on Goods & Passengers | 281.17 | 128.96 | 5.40 | 0.16 | 0.00 | |
| Total | 708.75 | 815.57 | 1,068.04 | 1,228.73 | 1,431.10 | |

Source: Finance Accounts of the respective years

During the five-year period from 2016-17 to 2020-21, the Tax Revenue increased by 101.92 per cent, i.e., from ₹708.75 crore in 2016-17 to ₹1,431.10 crore in 2020-21. The CAGR of the Own Tax Revenue for 2016-17 to 2020-21 for the State stood at 19.20 per cent and decadal CAGR of the State was 16.22 per cent. The CAGR of Own Tax Revenue during the period 2019-20 to 2020-21 was 16.47 per cent. This was higher than the CAGR of NE&H States (2.97 per cent).

The collections from Taxes on Goods and Passengers was nil during the year 2020-21 as it got subsumed in GST from July 2017. The collections under Stamps and Registration increased by ₹5.37 crore (105.71 per cent) from ₹5.08 crore in 2016-17 to ₹10.45 crore in 2020-21. The reduction in collections in Taxes on Sales and Trade from 2017-18 to 2019-20 was as a result of the introduction of GST due to which the Value Added Tax (VAT) on other products except liquor and petroleum products got subsumed in GST. However, during the current year, there was increase in collections of Taxes on Sales and Trade by ₹63.27 crore (28.78 per cent) over the previous year due to increase in cess on liquor. State's Own Tax Revenue of ₹1,431.10 crore at 4.98 per cent of GSDP, was lower than Himachal Pradesh, Meghalaya, Uttarakhand and Jammu and Kashmir but higher than the other NE&H States as shown in **Chart 2.7**.

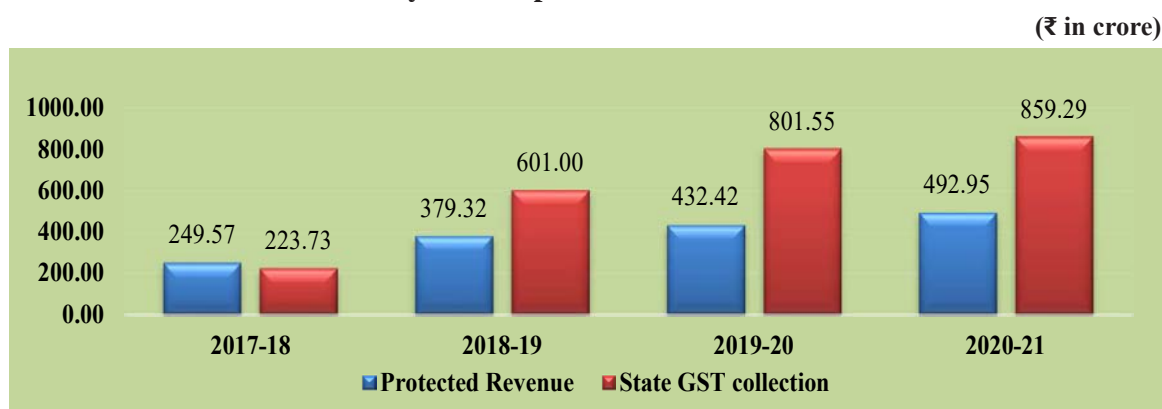
Chart 2.7: Percentage of Own Tax Revenue to GSDP of NE&H States during 2020-21

Source: Finance Accounts of the respective States

2.5.4.1 State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 *per cent* from the base year, for a period of five years. The centre levies the Integrated GST (IGST) on inter-state supply of Goods and Services, and apportions the State's share of tax to the State where the goods or services are consumed. The Arunachal Pradesh Goods and Services Tax Act, 2017 was passed by the State Legislature on 24 June 2017 and made effective from 01 July 2017 in the State. **Chart 2.8** shows the year-wise protected revenue and actual collection of the State over the period 2017-2021. State Goods and Services Tax of the State increased by ₹635.56 crore (45.37 *per cent*) from ₹223.73 crore in 2017-18 to ₹859.29 crore in 2020-21. During the current year, GST increased by ₹57.74 crore over the previous year. This increase was due to increase in collections of Tax (₹34.11 crore), Interest (₹4.45 crore) and Input Tax Credit of SGST and Integrated Goods and Services Tax (₹6.21 crore).

Chart 2.8: Details of year-wise protected revenue and actual collection



Source: Finance Accounts of the respective years

The State was able to achieve the benchmark target of SGST collection with more than 14 *per cent* annual growth in last three financial years. As such, the State was not eligible for compensation. However, State had received the GST compensation of ₹5.69 crore for loss of revenue for the month of April and May on account of implementation of Goods and Service Tax during 2020-21.

With automation of the collection of Goods and Service Tax (GST) having taken place, it is essential for Audit to move from sample checks to a comprehensive check of all transactions, to fulfil the CAG's constitutional mandate of certifying the Accounts. The State Government had signed the Memorandum of Understanding (MoU) in the proforma for providing the access of the data and accordingly, the State Government had created User IDs and issued Password. However, due to want of VPN certificate, the required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions had limited the comprehensive auditing of the GST receipts. The accounts for the year 2020-21 are, therefore, not certified as of December 2021.

2.5.4.2 Analysis of Arrears of Revenue

The arrears of revenue as at the end of the year was called from the Tax and Excise Department and it was stated that the department did not have the consolidated details of the arrears of revenue for the entire state, and hence instructed all the district level officers to furnish details. However, many district level officers could not furnish details. The arrears of revenue as on 31 March 2021 in respect of the Tax and Excise Department, furnished by 15 Superintendents of Tax & Excise out of 26 Superintendents of Tax and Excise, amounted to ₹67.27 crore of which ₹65.80 crore was outstanding for more than five years, as detailed in the **Table 2.7**

Table 2.7: Details of outstanding revenue

(₹ in crore)

| Head of Revenue | Amount outstanding as on 01 April 2020 | Collection of arrears of revenue during 2020-21 | Total amount outstanding as on 31 March 2021 | Amount outstanding for more than five years as on 31 March 2021 |
|-----------------|--|---|--|---|
| 0040 | 60.96 | 0.00 | 60.96 | 59.43 |
| 0039 | 6.31 | 0.00 | 6.31 | 6.31 |
| Total | 67.27 | 0.00 | 67.27 | 65.80 |

Source: Data furnished by the State Government

The department has intimated that notices have already been issued to the defaulter's Dealers/ DDOs to deposit the outstanding revenue. The fact remains that recovery of ₹65.80 crore was pending for more than five years. Clearance of arrears of such magnitude requires focused efforts by all departments concerned and a push for coordination with other departments such as banks, police department and quasi-judicial/ judicial bodies involved in the process of recovery before expiry of the statutory time limit for such recovery.

2.5.5 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. **Table 2.8** shows the trends and composition of Non-Tax Revenue during the period 2016-21.

Table 2.8: Components of State's Own Non-Tax Revenue

(₹ in crore)

| Revenue Head | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Sparkline |
|------------------------|---------------|---------------|---------------|---------------|---------------|-----------|
| Interest Receipts | 56.39 | 46.98 | 88.01 | 62.49 | 34.12 | |
| Dividends and Profits | - | - | - | - | - | - |
| Other non-tax receipts | 488.43 | 319.20 | 520.86 | 588.88 | 802.41 | |
| a) Minor Irrigation | 4.60 | 0.12 | 0.19 | 0.33 | 0.37 | |
| b) Road Transport | 0.09 | 18.37 | 17.60 | 18.51 | 10.01 | |
| c) Urban Development | 3.65 | 3.96 | 3.84 | 3.96 | 4.24 | |
| d) Education | 4.60 | 4.57 | 3.58 | 6.48 | 6.55 | |
| e) Non-ferrous mining | 61.01 | 48.81 | 56.30 | 72.04 | 83.00 | |
| f) other or misc. | 414.48 | 243.37 | 439.35 | 487.56 | 698.24 | |
| Total | 544.82 | 366.18 | 608.87 | 651.37 | 836.53 | |

Source: Finance Accounts of the respective years

During 2020-21, Non-Tax Revenue increased by ₹185.16 crore (28.43 per cent) over the previous year and constituted 4.89 per cent of the Revenue Receipts. The increase in Non-tax Revenue was mainly due to an increase in revenue collection on Family Welfare (3,478.00 per cent), Public Service Commission (1,536.00 per cent), Other Administrative Services (183.00 per cent), Crop Husbandry (155.00 per cent), Miscellaneous General Services (151.00 per cent), Co-operation (78.00 per cent), Contribution and Recoveries towards Pension and Other Retirement Benefits (75.00 per cent), Public Works (59.00 per cent) and Forestry and Wild Life (33.00 per cent). During 2020-21, Economic Services contributed ₹364.00 crore (43.51 per cent) of Non-Tax Revenue, and within this category, receipts under Power Sector accounted for ₹243.28 crore (66.83 per cent).

The CAGR of Non-Tax Revenue of the State from 2019-20 to 2020-21 was 19.20 per cent while the CAGR of the NE&H States for the same period was (-)14.64 per cent.

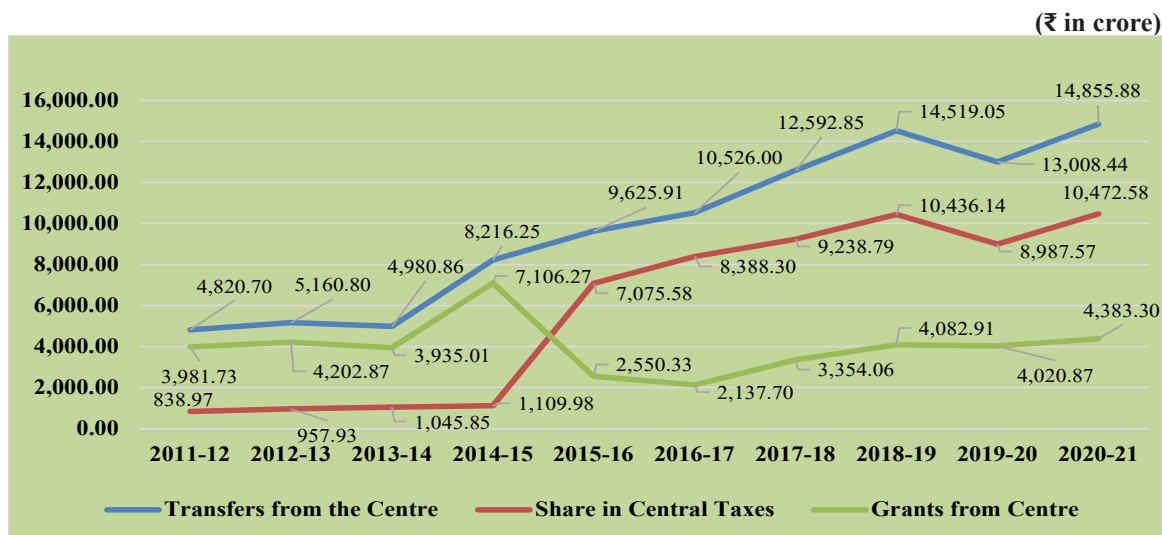
2.5.6 Transfers from the Centre

The Finance Commissions (FCs) have been recommending transfers under two important heads, namely tax devolutions and GIA, for corresponding five-year periods. First, they recommend tax devolutions which are general purpose transfer without being earmarked for expenditure in any specific area and these devolutions are specified as a percentage of shareable tax revenue. Second, the FCs state the principles governing GIA and recommend amount of specific purpose grants.

As per the recommendation of XV FC for the period 2020-21, the vertical share of net proceeds of the central taxes to all the States combined decreased from 42 to 41 per cent. Further, there was change in inter se share of taxes to States due to change in the criteria. According to the new criteria, share of Arunachal Pradesh in the GoI taxes increased from 1.370 per cent during the XIV FC period to 1.760 per cent during the award period of XV FC. Thus, the State Government is now getting access to more untied funds compared to the period of XIV FC.

Chart 2.9 shows the amount of transfers from the GoI in the last 10 years.

Chart 2.9: Central transfers during 2011-12 to 2020-21



Source: Finance Accounts of the respective years

The actual GIA received from GoI during the current year was ₹4,383.30 crore as against ₹2,137.70 crore in 2016-17; similarly, the share of central taxes from the GoI during the current year was ₹10,472.58 crore as against ₹7,075.58 crore in 2016-17. The GIA and the State's share of central taxes increased by ₹362.43 crore and ₹1,485.01 crore respectively during the current year over the previous year. Net proceeds of the share of GIA and shareable central taxes, constituted 89.36 *per cent* of the total Revenue Receipts for the State in the year 2016-17, which was reduced to 86.75 *per cent* in 2020-21.

During the period from 2016-17 to 2020-21, the trend of increase in the overall receipts from GoI (Tax devolution *plus* GIA) had reversed for the first time in 2019-20 with a shortfall of ₹1,510.61 crore when compared to the 2018-19. The overall receipts from GoI increased by ₹1,847.44 crore from ₹13,008.44 crore in 2019-20 to ₹14,855.88 crore in 2020-21. The increase in the receipts from the GoI had a positive impact on the Capital Expenditure of the State which is meant for creation of infrastructure in the State, as State is heavily dependent on transfer from the GoI.

The projections made by the FC in respect of the Revenues of the GoI and also the divisible pool of taxes were more optimistic than the actual collections. The details of the projections made and actual devolution are shown in **Table 2.9**.

Table 2.9: State's share in Union taxes and duties: Actual devolution *vis-à-vis* FC projections
(₹ in crore)

| Year | | Projections by FC | Actual tax devolution | Difference |
|---------|--|-------------------|-----------------------|------------|
| 2016-17 | 1.370 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.431 <i>per cent</i> of net proceeds of sharable service tax recommended by XIV FC | 9,157.42 | 8,388.30 | 769.12 |
| 2017-18 | | 10,580.60 | 9,238.79 | 1,341.81 |
| 2018-19 | | 12,240.00 | 10,436.14 | 1,803.86 |
| 2019-20 | | 14,176.00 | 8,987.57 | 5,188.43 |
| 2020-21 | 1.760 <i>per cent</i> of net proceeds of all sharable taxes recommended by XV FC for the 2020-21 | 15,051.10 | 10,472.58 | 4,578.52 |

Source: XV FC report and Finance Accounts of the respective years.

As can be seen from the **Table 2.9** above, the actual devolution of GoI taxes to the state fell short of the projections made by the XV FC for the year 2020-21, which resulted in reduced Revenue Receipts by the State. Since the State is largely dependent on the resources from GoI, the reduction in the GoI tax devolution had an impact on the Capital Expenditure of the State, which is meant for creation of infrastructure. The actual devolution of funds during year was ₹10,472.58 crore as against the ₹ 15,051.10 crore projection made by the FC for the year 2020-21.

Table 2.10 presents the composition of Central Tax Transfers over the period 2016-21:

Table 2.10: Details of Central Tax Transfers

| Head | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|----------|----------|----------|----------|----------|
| Central Goods and Services Tax (CGST) | - | 127.92 | 2,575.12 | 2,550.31 | 3,152.15 |
| Integrated Goods and Services Tax (IGST) | - | 931.56 | 205.50 | 0.00 | 0.00 |
| Corporation Tax | 2,677.52 | 2,825.84 | 3,628.32 | 3,064.45 | 3,130.39 |
| Taxes on Income other than Corporation Tax | 1,860.88 | 2,386.20 | 2,672.11 | 2,401.21 | 3,205.59 |

| Head | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|-----------------|-----------------|------------------|-----------------|------------------|
| Customs | 1,151.76 | 931.30 | 739.56 | 569.70 | 582.90 |
| Union Excise Duties | 1,315.22 | 973.50 | 491.48 | 396.08 | 355.91 |
| Service Tax | 1,376.76 | 1,062.55 | 98.42 | 0.00 | 39.53 |
| Other Taxes | 6.16 | (-)0.08 | 25.63 | 5.82 | 6.11 |
| Central Tax transfers | 8,388.30 | 9,238.79 | 10,436.14 | 8,987.57 | 10,472.58 |
| Growth rate over previous year | 18.55 | 10.14 | 12.96 | (-)13.88 | 16.52 |
| Percentage of Central tax transfers to Revenue Receipts | 71.21 | 67.07 | 64.44 | 60.37 | 61.16 |

Source: Finance Accounts of the respective years

The share of Union taxes received during 2020-21 was ₹10,472.58 crore, an increase of ₹1,485.01 crore (16.52 per cent) over the previous year. In all components except union excise duties of the GoI taxes, the actual receipts were more than the amounts received in the previous year. Two main components of the State's share of Union taxes that increased were Corporation Tax (which increased by ₹65.94 crore) and Taxes on Income other than Corporation Tax (which increased by ₹804.38 crore). While the decadal CAGR of Central Tax transfer (2011-12 to 2020-21) was 30.15 per cent. The CAGR from 2019-20 to 2020-21 was 16.52 per cent, which was higher than the CAGR of NE&H States from 2019-20 to 2020-21 (-8.60 per cent).

2.5.7 Grants-in-Aid from GoI

Details of GIA from GoI are given in **Table 2.11**.

Table 2.11: GIA from the GoI

| Particulars | (₹ in crore) | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Non-Plan Grants | 228.69 | - | - | - | - |
| Grants for State Plan Schemes | 1,633.22 | - | - | - | - |
| Grants for Central Plan Schemes | 17.73 | - | - | - | - |
| Grants for Centrally Sponsored Schemes | 187.99 | - | - | - | - |
| Grants for Special Plan Schemes | 70.07 | - | - | - | - |
| Centrally Sponsored Schemes | - | 2,511.35 | 3,056.16 | 3,193.17 | 2877.45 |
| FC Grants | - | 140.17 | 124.57 | 380.98 | 782.05 |
| Other Grants to State | - | 702.54 | 902.18 | 446.72 | 723.80 |
| Total | 2,137.70 | 3,354.06 | 4,082.91 | 4,020.87 | 4,383.30 |
| Percentage of Increase (+)/ Decrease (-) over previous year | (-)16.18 | (+)56.90 | (+)21.73 | (-)1.52 | (+)9.01 |
| Total Grants as a percentage of Revenue Receipts | 18.15 | 24.35 | 25.21 | 27.01 | 25.60 |

Source: Finance Accounts of the respective years

During the current year, GIA from GoI increased by ₹362.43 crore (9.01 per cent) over the previous year. The increase was mainly due to more allotment of Other Grants to State (₹277.08 crore) and FC Grants (₹401.07 crore). The State Government estimated the GIA from GoI at ₹4,877.00 crore in the budget estimates for the year 2020-21 and the same was revised with a substantial increase of ₹3,265.36 crore taking the Revised Estimates to ₹8,142.36 crore. Against the estimates, the GoI released ₹4,383.30 crore during the

year as GIA. The quarter-wise flow of funds from GoI which has a bearing on the cash management of the state and smooth implementation of various schemes is indicated in the **Table 2.12**.

Table 2.12: Details of fund flow from GoI

| (₹ in crore) | | | | | |
|------------------------|-------------------------------------|---|-------------------------------------|---|---------------------|
| Particulars | Fund received during April-December | Percentage of Fund received during April-December | Fund received during January- March | Percentage of Fund received during January- March | Total Fund Received |
| Share of Central Taxes | 6,540.89 | 62.46 | 3,931.69 | 37.54 | 10,472.58 |
| GIA for GoI | 2,655.29 | 60.58 | 1,728.01 | 39.42 | 4,383.30 |
| Total | 9,196.18 | -- | 5,659.70 | -- | 14,855.88 |

Source: Monthly Civil Accounts 2020-21

2.5.7.1 Utilisation of Funds under Centrally Sponsored Schemes

A Sub-Group of Chief Ministers on Rationalisation of Centrally Sponsored Schemes (CSSs) was set up (March 2015) in pursuance of the decision taken by the Governing Council of NITI Aayog. The Sub-group *inter alia* recommended that the total number of schemes should not exceed 30 and Existing CSSs should be divided into Core and Optional Schemes. The focus of Core schemes should comprise the National Development Agenda where the Centre and States will work together in the spirit of Team India. Those schemes which are for social protection and social inclusion should form the core of core and be the first charge on available funds for the National Development Agenda. The optional schemes shall be schemes where States would be free to choose the ones they wish to implement.

Based on the recommendations of the Sub-Group, the 66 Centrally Sponsored Schemes have been rationalised into 33 umbrella schemes, of which six schemes were categorised as “Core of the Core schemes”, while 26 schemes were categorised as “Core schemes” and the balance scheme was treated as “optional schemes”. The core of the core schemes were legislatively backed or designed to sub-serve the vulnerable sections of population, and existing financing pattern was continued. For Core schemes, the funding pattern for the NE&H States was fixed at 90:10 while for other States the funding pattern was 60:40. For the optional schemes the funding pattern for NE&H States was fixed at 80:20 while for other States it was 50:50. Thus, for special category States⁶ a more liberal funding pattern was fixed keeping in view the financial position of those States and necessity to implement the national development agenda in those States.

It was verified in audit whether the funds released by the GoI for different categories of the schemes were actually spent by the State along with State’s share for the purpose for which those funds were released. It was observed that the State incurred more expenditure than released by GoI. Excess expenditure incurred during the year was mainly due to unspent

⁶ **In the year 1969, the Fifth Finance Commission** (Chairman Shri Mahavir Tyagi) had given status of Special Category States to three States (Jammu & Kashmir, Assam and Nagaland) **on the basis of Gadgil Formula**. Later, total **11 states had given Special Category Status**: 1. Assam, 2. Arunachal Pradesh, 3. Manipur, 4. Meghalaya, 5. Mizoram, 6. Nagaland, 7. Sikkim, 8. Tripura, 9. Himachal Pradesh, 10. Jammu & Kashmir and 11. Uttarakhand

balance of previous year. The summarised position of the funds released by the GoI for different categories of the schemes and actual expenditure incurred by the Government are indicated in the **Table 2.13**.

Table 2.13: Details of CSS Schemes, funding pattern, amounts released and expenditure

(₹ in crore)

| Types of schemes | No. of schemes | Funding Pattern | Central Share Release | State Share Release | Actual Expenditure |
|--------------------------|----------------|-----------------|-----------------------|---------------------|--------------------|
| Core of the core Schemes | 06 | 100:00 | 280.54 | 11.57 | 431.49 |
| Core Schemes | 26 | 90:10 | 2,594.21 | 420.01 | 3,432.36 |
| Optional Scheme | 01 | 80:20 | 2.70 | 0.45 | 4.05 |
| Total | 33 | -- | 2,877.45 | 432.03 | 3,867.90 |

Source: Information furnished by State Government

2.5.8 Capital Receipts

Details of Capital Receipts during 2016-17 to 2020-21 are given in **Table 2.14**.

Table 2.14: Trends in growth and composition of Capital Receipts

(₹ in crore)

| Sources of State's Receipts | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital Receipts | 1,019.06 | 1,772.95 | 1,210.05 | 1,797.74 | 1,522.00 |
| <i>Recovery of Loans and Advances</i> | 3.79 | 5.68 | 5.08 | 7.03 | 5.94 |
| Public Debt Receipts | 1,015.27 | 1,767.27 | 1,204.97 | 1,790.71 | 1,516.06 |
| Internal Debt | 761.33 | 1,250.33 | 1,204.97 | 1,790.71 | 1,283.09 |
| <i>Growth rate (per cent)</i> | 164.42 | 64.23 | (-)3.63 | 48.61 | (-)28.35 |
| Loans and advances from GoI | 0.00 | 0.00 | 0.00 | 0.00 | 232.97 |
| <i>Growth rate (per cent)</i> | 0.00 | 0.00 | 0.00 | 0.00 | 232.97 |
| <i>Rate of growth of debt Capital Receipts (per cent)</i> | 63.46 | 74.07 | (-)31.82 | 48.61 | (-)15.34 |
| <i>Rate of growth of non-debt capital receipts (per cent)</i> | (-)30.84 | 49.87 | (-)10.56 | 38.39 | (-)15.50 |
| <i>Rate of growth of GSDP (per cent)</i> | 7.22 | 13.39 | 8.92 | 11.69 | 4.91 |
| <i>Rate of growth of Capital Receipts (per cent)</i> | 62.64 | 73.98 | (-)31.75 | 48.57 | (-)15.34 |

Source: Finance Accounts of the respective years

Public Debt Receipts consist of two components viz., Internal Debt of the State and Loans and Advances from the GoI. As could be seen from the **Table 2.14** above, the major source of Capital Receipts for the State is Internal Debt. Although, according to MTFP, the annual Internal Debt of the State shall be limited to only 2.28 per cent of the GSDP of the State, the receipts from Internal Debt for the State were found to be above the MTFP target every year during the last five years. This was due to two reasons. Firstly, it was observed that the State estimated Internal Debt (₹1,675.71 crore in BEs) above the stipulated 2.28 per cent of GSDP at the BE stage. Secondly, since optimistic projections are made for GSDP figures in the Budget estimates, thus, the permissible internal debt of ₹683.45 crore taking a ratio of 2.28 per cent of the GSDP is also inflated. Even at the stage of Revised Estimates, the internal debt (₹2,052.06 crore) was not adjusted to realistic levels.

Capital Receipts estimated in the budget for the year 2020-21 were ₹1,685.71 crore, which was subsequently revised to ₹2,062.06 crore. The budget assumed net Public Debt Receipts at ₹1,141.32 crore, indicating over estimation of these receipts as the Government was entitled to borrow only 2.28 per cent of the GSDP, i.e., ₹766.56 crore. However,

the actual Capital Receipts during the year were ₹1,522.00 crore, of which Internal Debt Receipts were ₹1,283.09 crore constituting 4.47 *per cent* of GSDP which is far more than the admissible limit of 2.28 *per cent*.

It was observed that the Government has been opting increasingly for the Market Borrowings year after year as the share of Market Borrowings in Internal Debt has been increasing in four years out of five. This is because the Market Borrowings are in the nature of untied funds giving freedom to the State Government to spend the money as per their priorities, while the negotiated loans from institutions like NABARD *etc.* are to be spent on identified schemes in specified sectors. Internal Debt consisted of Market Loans (₹767.81 crore during 2020-21 against ₹1,367.13 crore during 2019-20), Loans from Financial Institutions (₹251.71 crore during 2020-21 against ₹247.19 crore during 2019-20) and Special Securities issued to National Small Savings Fund (₹263.57 crore during 2020-21 against ₹176.38 crore during 2019-20). State Government received ₹232.97 crore loans from GoI during the year.

2.6 Application of Resources

Analysis of allocation of expenditure at the State Government level assumes significance since the State Government has major socio-economic responsibilities. While within the framework of fiscal responsibility legislations, there are budgetary constraints on raising finance by deficit or borrowings; at the same time, it is important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and Social Sector.

2.6.1 Growth and Composition of Expenditure

Table 2.15 and Chart 2.10 presents trend in Total Expenditure and its composition over five years (2016-17 to 2020-21).

Table 2.15: Total Expenditure and its Composition

| Parameters | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Expenditure (TE) | 10,948.88 | 14,093.64 | 18,177.07 | 15,927.80 | 18,215.65 |
| Revenue Expenditure (RE) | 9,394.54 | 10,900.47 | 12,429.48 | 12,218.73 | 13,087.50 |
| Capital Expenditure (CE) | 1,544.01 | 3,188.10 | 5,727.43 | 3,693.05 | 5,123.35 |
| Loans and Advances | 10.33 | 5.07 | 20.16 | 16.02 | 4.80 |
| GSDP | 19,845.64 | 22,503.33 | 24,510.84 | 27,377.06 | 28,721.36 |
| As a percentage of GSDP | | | | | |
| TE/ GSDP | 55.17 | 62.63 | 74.16 | 58.18 | 63.42 |
| RE/ GSDP | 47.34 | 48.44 | 50.71 | 44.63 | 45.57 |
| CE/ GSDP | 7.78 | 14.17 | 23.37 | 13.49 | 17.84 |
| Loans and Advances/ GSDP | 0.05 | 0.02 | 0.08 | 0.06 | 0.02 |

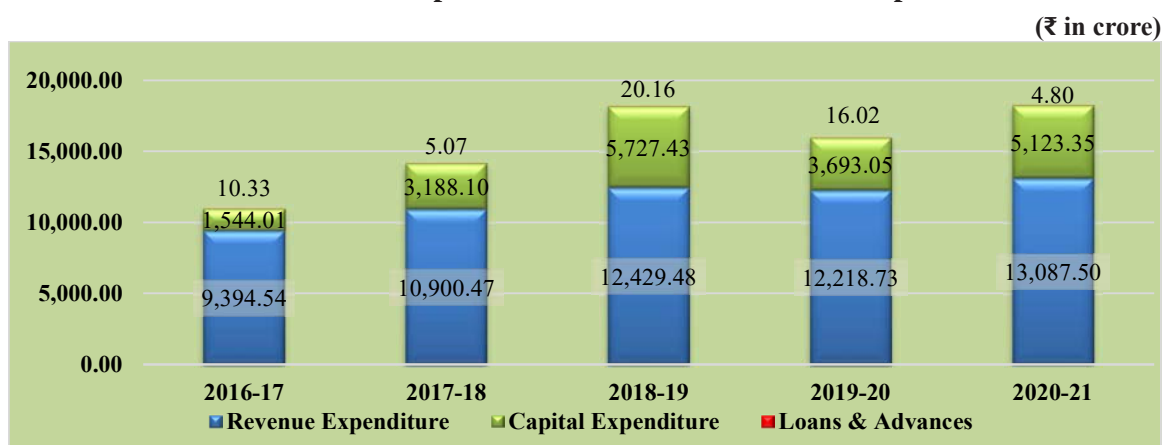
Source: Finance Accounts of the respective years

Total Expenditure (TE) showed an increasing trend during the five years period 2016-21, except for the year 2019-20, where TE was reduced over the previous year 2018-19. The TE increased by ₹2,287.85 crore (14.36 *per cent*) during the year 2020-21 over the previous year. The increase in Total Expenditure during the year 2020-21 was mainly

due to increase in Capital Expenditure during the year. The CAGR of Total Expenditure during 2016-21 was 13.57 per cent which was lower than Sikkim and higher than other NE&H States.

The composition of expenditure has been skewed towards Revenue Expenditure with Capital Expenditure being 14 to 32 per cent of total expenditure in various years. Higher proportion of Capital Expenditure to total expenditure is desirable as it is directed towards creation of long-term assets. Capital Expenditure as a ratio of Total Expenditure was a mere 14.10 per cent in 2016-17. It increased steadily to 31.51 per cent by 2018-19. However, it experienced a dip to 23.19 per cent in 2019-20 before increasing again to 28.13 per cent in 2020-21.

Chart 2.10: Total Expenditure: Trends in share of its components



Source: Finance Accounts of the respective years

Total Expenditure of the State increased by ₹7,266.77 crore (66.37 per cent), i.e., from ₹10,948.88 crore in 2016-17 to ₹18,215.65 crore in 2020-21. The TE as a percentage of GSDP, was 55.17 per cent in 2016-17 and reached 74.16 per cent in 2018-19. There was increase in TE as percentage of GSDP during 2020-21 over the previous year. This increase was mainly due to increase in the Capital Expenditure as a percentage of GSDP during the year over the previous year.

The CAGR of TE (13.57 per cent) is much higher than the CAGR of the Revenue Receipts of the State (9.80 per cent) during 2016-17 to 2020-21, indicating that the increase of the expenditure was faster than the receipts. This partly contributed to non-achievement of the Revenue Surplus target in the budget. Since the trend of TE increasing at a pace higher than the Revenue Receipts is not sustainable, there is a need to take appropriate corrective action. The CAGR of the TE of the State from 2019-20 to 2020-21 was higher than (14.36 per cent) the CAGR of the TE of the NE&H States (4.04 per cent). The decadal CAGR of the State was 10.48 per cent.

The percentage increase of Capital Expenditure is more than the percentage increase of Revenue Expenditure. While the increase in Revenue Expenditure was 39.31 per cent over 2016-17 to 2020-21, the increase in the Capital Expenditure was 231.82 per cent during the same period, indicating that the Government has been focussing on improving

the infrastructure in the State. However, the available resources were spread among large number of works which resulted in many works remaining incomplete due to which the benefit of higher Capital Expenditure did not fully accrue to the State. The Ratio of TE to GSDP of State during 2020-21 was 63.42 *per cent* while the ratio of TE to GSDP of the NE&H States during 2020-21 was 26.92 *per cent*.

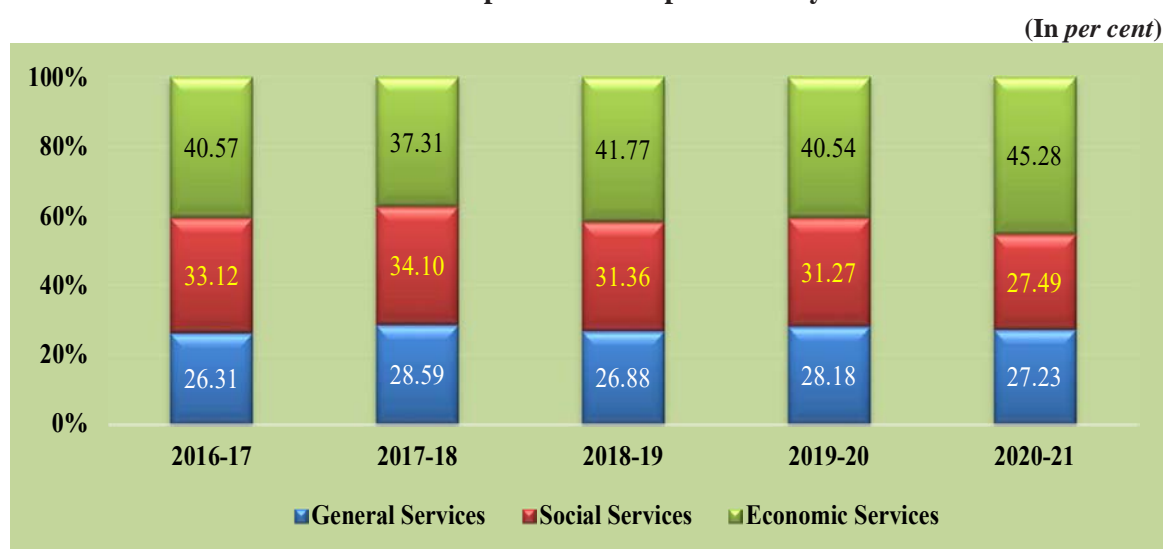
The relative share of various sectors of Total Expenditure and expenditure by activities are depicted in **Table 2.16** and **Chart 2.11** respectively.

Table 2.16: Relative share of various sectors of expenditure

| Parameters | (In per cent) | | | | |
|--|---------------|---------|---------|---------|---------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| General Services | 26.31 | 28.59 | 26.88 | 28.18 | 27.23 |
| Social Services | 33.05 | 34.08 | 31.34 | 31.24 | 26.83 |
| Economic Services | 40.47 | 37.27 | 41.66 | 40.44 | 45.25 |
| Others (Grants to Local Bodies and Loans and Advances) | 0.17 | 0.05 | 0.13 | 0.13 | 0.69 |

Source: Finance Accounts of the respective years

Chart 2.11: Total Expenditure - Expenditure by activities



Source: Finance Accounts of the respective years

During the current year, the proportion of expenditure in General and Social Services decreased while the proportion of expenditure in Economic Services has increased over the previous year, indicating that resources which were earlier used to finance administrative expenditure are now directed towards other vital sector which contributes to the infrastructure and employment growth in the State.

Component-wise major expenditure in Revenue and Capital sections incurred in 2020-21 compared with 2019-20 is in **Table 2.17**.

Table 2.17: Major expenditure components under Revenue and Capital

(₹ in crore)

| Particulars | Sector | Revenue | | Capital | |
|-------------------------------------|----------|----------|----------|----------|----------|
| | | 2019-20 | 2020-21 | 2019-20 | 2020-21 |
| Administrative Services | General | 1,750.84 | 1,816.59 | 657.91 | 743.99 |
| Education, Sports, Arts and Culture | Social | 1,846.89 | 1,584.61 | 107.52 | 65.11 |
| Health and Family Welfare | Social | 944.32 | 928.95 | 59.08 | 10.61 |
| Water Supply, Sanitation, UD & H | Social | 901.57 | 1,161.97 | 394.50 | 350.30 |
| Roads and Bridges | Economic | 890.39 | 652.33 | 1,833.43 | 3,120.01 |
| Irrigation and Flood | Economic | 211.93 | 367.44 | 133.72 | 171.34 |

Source: Finance Accounts of the respective years

There was an overall increase in the Capital Expenditure in the current year over the previous year by 39.30 per cent. However, the increase in Capital Expenditure in the sectors like Administrative Services was 13.08 per cent, Irrigation and Flood was 28.13 per cent, and Roads and Bridges was 70.17 per cent.

Revenue Expenditure is incurred to maintain the current level of services and payment of past obligations and does not result in any addition to the State's infrastructure and service network. The Revenue Expenditure, its rate of growth and sector-wise distribution are indicated in **Table 2.18** and **Chart 2.12** respectively.

Table 2.18: Revenue Expenditure – Basic Parameters

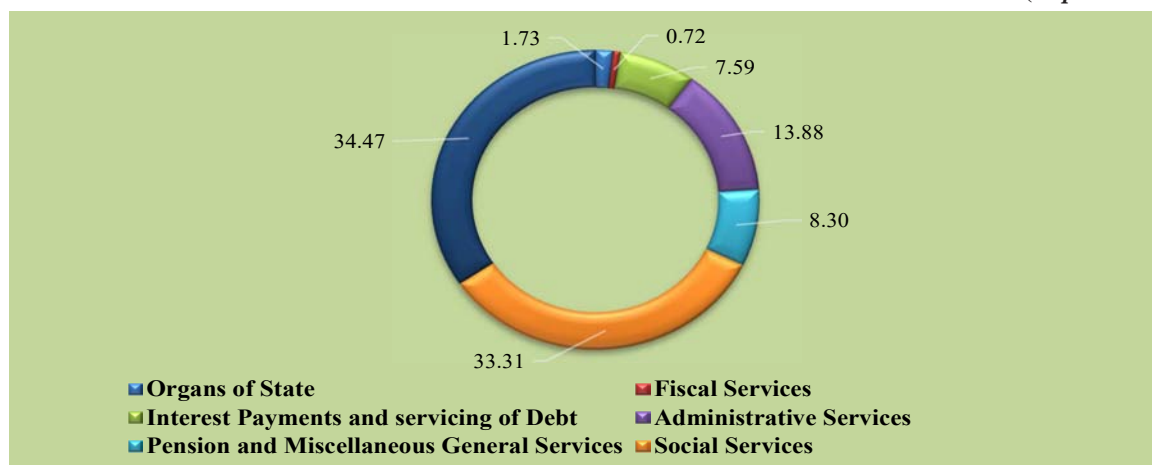
(₹ in crore)

| Parameters | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|-----------|-----------|-----------|-----------|-----------|
| Revenue Receipts (RR) | 11,779.57 | 13,774.60 | 16,195.96 | 14,888.55 | 17,123.51 |
| Rate of Growth of RR (per cent) | 11.62 | 16.94 | 17.58 | (-)8.07 | 15.01 |
| Total Expenditure (TE) | 10,948.88 | 14,093.64 | 18,177.07 | 15,927.80 | 18,215.65 |
| Revenue Expenditure (RE) | 9,394.54 | 10,900.47 | 12,429.48 | 12,218.73 | 13,087.50 |
| Rate of Growth of RE (per cent) | 12.34 | 16.03 | 14.03 | (-)1.70 | 7.11 |
| Revenue Expenditure as percentage of TE | 85.80 | 77.34 | 68.38 | 76.71 | 71.85 |
| RE/ GSDP (per cent) | 47.34 | 48.44 | 50.71 | 44.63 | 45.57 |
| RE as percentage of RR | 79.75 | 79.13 | 76.74 | 82.07 | 76.43 |
| Buoyancy of Revenue Expenditure with | | | | | |
| GSDP (ratio) | 1.71 | 1.20 | 1.57 | (-)0.15 | 1.45 |
| Revenue Receipts (ratio) | 1.06 | 0.95 | 0.80 | 0.21 | 0.47 |

Source: Finance Accounts of the respective years

Chart 2.12: Sector-wise Distribution of Revenue Expenditure

(In per cent)



Source: Finance Accounts, 2020-21

Revenue Expenditure increased by ₹3,692.96 crore (39.31 *per cent*) from ₹9,394.54 crore in 2016-17 to ₹13,087.50 crore in 2020-21 at a CAGR of 8.64 *per cent*. During 2020-21, it increased by ₹868.77 crore (7.11 *per cent*) over the previous year was due to increase in expenditure under Social Services by ₹103.23 crore, Economic Services by ₹380.03 crore and General Services by ₹385.51 crore. The increase in expenditure under all sectors (General Sectors, Social Sectors and Economic Sector) over the previous year due to increase of expenditure in Pension and other Retirement Benefits (₹203.00 crore) and partial offset by decrease in expenditure in Public Works (₹19.58 crore) under General Services, Water Supply and Sanitation (₹133.04 crore), Urban Development (₹260.40 crore) and Secretariat Social Services (₹9.28 crore) under Social Services, Forestry and Wild Life (₹31.91 crore), Rural Development (₹106.59 crore), Minor Irrigation (₹148.16 crore), and Power (₹150.21 crore) under Economic Services.

The State Government projected that the total Revenue Expenditure of the State for the year 2020-21 would be ₹14,402.84 crore, however, the FC assessed it as only ₹10,735.00 crore during year. The actual Revenue Expenditure was less than the projections made by the State Government and more than assessment made by the XV FC as it was ₹13,087.50 crore during the year. There was an increase of ₹2,352.50 crore (21.91 *per cent*) over the projection of the XV FC.

2.6.1.1 Major changes in Revenue Expenditure

The variations in Revenue Expenditure (Major Heads) over the previous year are depicted in **Table 2.19**.

Table 2.19: Head-wise variations in the Revenue Expenditure over the previous year

(₹ in crore)

| Major Heads of Account | 2019-20 | 2020-21 | Increase (+)/ Decrease (-) (In <i>per cent</i>) |
|--|----------|----------|---|
| 2515-Other Rural Development | 211.68 | 748.53 | 536.85 (253.61) |
| 2245-Relief on account of Natural Calamities | 71.50 | 325.44 | 253.94 (353.85) |
| 2801-Power | 893.96 | 1,044.17 | 150.21 (16.80) |
| 3054-Roads and Bridges | 890.39 | 652.33 | (-)238.06 (26.74) |
| 2202-General Education | 1,708.14 | 1,485.92 | (-)222.22 (13.01) |
| 2235-Social Security and Welfare | 352.69 | 216.37 | (-)136.32 (38.65) |

Source: Finance Accounts of respective years

Analysis of the reasons for the changes in Revenue Expenditure during 2020-21 over the previous year revealed the following:

- There had been increase in expenditure in Other Rural Development of ₹536.85 crore (253.61 *per cent*). This was mainly due to increase in the Revenue Expenditure on Direction and Administration by ₹562.43 crore (350.66 *per cent*) and partial offset by decrease in expenditure under Minor Head 800- Other Expenditure by ₹25.58 crore (49.07 *per cent*).
- There had been a significant increase in Revenue Expenditure in Relief on account of Natural Calamities by ₹253.94 crore (253.94 *per cent*). The increase in Revenue Expenditure was mainly due to increase in Revenue Expenditure by

₹245.00 crore (379.84 per cent) towards Disaster Response Fund and ₹12.00 crore (600.00 per cent) towards Gratuitous Relief.

- There was increase in expenditure by ₹150.21 crore (16.80 per cent) on Power. This was mainly due to increase in purchase of power by ₹115.04 crore (32.09 per cent).
- There had been decrease in expenditure in Roads and Bridges by ₹238.06 crore (26.74 per cent). This was mainly due to decrease in expenditure by ₹307.68 crore (61.55 per cent) towards maintenance and repairs under District and Other roads.
- There was decrease in expenditure by ₹222.22 crore (13.01 per cent) on General Education. This was due to decrease in expenditure by ₹245.28 crore (50.63 per cent) under Minor Head Other Expenditure and ₹6.35 crore (100.00 per cent) towards Other Adult Education Programmes.
- There was decrease in expenditure in Social Security and Welfare by ₹136.32 crore (38.65 per cent). This was due to decrease in expenditure by ₹76.85 crore (54.32 per cent) towards Other Expenditure under Rehabilitation and ₹67.28 crore (91.11 per cent) towards Other Social Security and Welfare Programmes.

2.6.2 Committed Expenditure

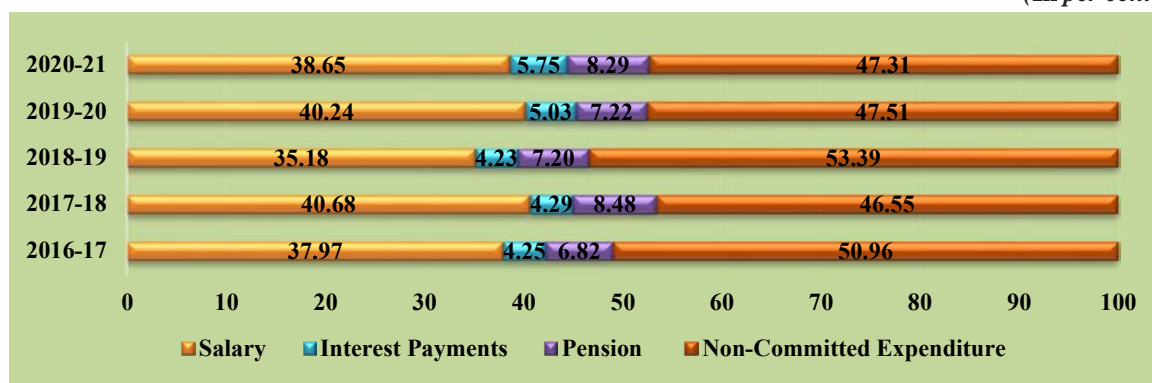
Committed Expenditure of the State Government on Revenue Account consists of Interest Payments, expenditure on Salaries and expenditure on Pensions. **Table 2.20** and **Chart 2.13** presents the trends in expenditure on these components and share of Committed Expenditure in total Revenue Expenditure during 2016-21 respectively.

Table 2.20: Components of Committed Expenditure

| (₹ in crore) | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Components of Committed Expenditure | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Salaries | 3,566.88 | 4,434.61 | 4,372.49 | 4,917.24 | 5,058.48 |
| Expenditure on Pensions | 640.58 | 923.97 | 894.37 | 882.31 | 1,085.32 |
| Interest Payments | 399.23 | 467.36 | 526.10 | 614.53 | 752.34 |
| Total | 4,606.69 | 5,825.94 | 5,792.96 | 6,414.08 | 6,896.14 |
| As a percentage of Revenue Receipts | | | | | |
| Salaries | 30.28 | 32.19 | 27.00 | 33.03 | 29.54 |
| Expenditure on Pensions | 5.44 | 6.71 | 5.52 | 5.93 | 6.34 |
| Interest Payments | 3.39 | 3.39 | 3.25 | 4.13 | 4.39 |
| Total | 39.11 | 42.29 | 35.77 | 43.08 | 40.27 |
| As a percentage of Revenue Expenditure | | | | | |
| Salaries | 37.97 | 40.68 | 35.18 | 40.24 | 38.65 |
| Expenditure on Pensions | 6.82 | 8.48 | 7.20 | 7.22 | 8.29 |
| Interest Payments | 4.25 | 4.29 | 4.23 | 5.03 | 5.78 |
| Total | 49.04 | 53.45 | 46.61 | 52.49 | 52.69 |

Source: Finance Accounts of respective years

During the year 2020-21, there was increase in the Revenue Expenditure when compared with the previous year. As can be seen from the **Table** above, the Committed Expenditure was about 46 to 53 per cent of Revenue Expenditure over the past five years. The high share of the committed expenditure in the total Revenue Expenditure indicates that the amounts available for implementing other welfare schemes, and maintenance of assets is getting reduced. The share of Committed Expenditure to total Revenue Expenditure is depicted in **Chart 2.13**.

Chart 2.13: Share of Committed expenditure in total Revenue Expenditure*(In per cent)*

Source: Finance Accounts of the respective years

Overall Committed Expenditure increased by ₹2,289.45 crore (49.70 per cent) from ₹4,606.69 crore in 2016-17 to ₹6,896.14 crore in 2020-21. Committed Expenditure during 2020-21 constituted 52.69 per cent of Revenue Expenditure and 40.27 per cent of Revenue Receipts.

The Committed Expenditure which was 39.11 per cent and 49.04 per cent of the Revenue Receipts and Revenue Expenditure respectively during the year 2016-17 increased to 40.27 per cent and 52.69 per cent of the same during the year 2020-21. This indicated that the pace of increase of Committed Expenditure was faster than the Revenue Receipts as well as Revenue Expenditure, reducing the resources available for other developmental expenditure.

Component-wise analysis is given in the succeeding paragraphs.

2.6.2.1 Salaries

During 2020-21, Salaries alone accounted for 38.65 per cent of Revenue Expenditure and 29.54 per cent of Revenue Receipts. The expenditure on salaries during the year increased by 41.81 per cent over 2016-17 and by 2.87 per cent over 2019-20.

The expenditure on Salaries and wages as a percentage of Revenue Receipts during the period 2016-21 decreased from 30.28 per cent in 2016-17 to 29.54 per cent in 2020-21. The above expenditure as a percentage of Revenue Expenditure increased during the period 2016-21 from 37.97 per cent in 2016-17 to 38.65 per cent in 2020-21.

2.6.2.2 Interest Payments

During 2020-21, Interest Payments (comprising of interest on Internal Debt, Small Savings, Provident Funds etc., interest on Loans and Advances from the GoI and interest on other obligations) increased by ₹353.11 crore (88.45 per cent) from ₹399.23 crore in 2016-17 to ₹752.34 crore in 2020-21. The increase over previous year was ₹137.81 crore (22.43 per cent). The position of the Interest Payments during the current year is given in the **Table 2.21**.

Table 2.21: Interest Payments in the year 2020-21

| | | | (₹ in crore) |
|---------|------------------|---|--------------|
| Year | XV FC assessment | Assessment of State Government in Budget (MTFP) | Actual |
| 2020-21 | 691.00 | 710.75 | 752.34 |

Source: XV FC Report, Budget Documents and Finance Accounts of the respective years

The actual Interest Payments during the year exceeded the XV FC assessment and the budgeted amount as reflected in MTFP. The expenditure on Interest Payments during the year was projected by the State Government at ₹710.75 crore, however, XV FC assessed as ₹691.00 crore. The actual Interest Payments during the current year was ₹752.34 crore which was higher than the State Government projection and the assessment of XV FC. This indicates that the State did not maintain fiscal discipline with regard to borrowings and its costs. The Interest Payments as a percentage of Revenue Receipts during the year 2020-21 was 5.75 per cent which is more than the percentage of Revenue Receipts recommended by the XV FC.

2.6.2.3 Pension Payments

Pension Payments (including other Retirement Benefits) increased from ₹640.58 crore constituting 5.44 and 6.82 per cent of the Revenue Receipts and Revenue Expenditure respectively during the year 2016-17 to ₹1,085.32 crore constituting 6.34 and 8.29 per cent of Revenue Receipts and Revenue Expenditure respectively during 2020- 21. This indicates that the Pension Payments are growing at a faster pace when compared to the Revenue Receipts as well as Revenue Expenditure. The expenditure on pension payments during the year was projected by the State Government at ₹1,280.00 crore, however, the FC assessed it as ₹1,030 crore. The actual Pension Payments during 2020-21 was ₹1,085.32 crore which was lower than the State Government projection and higher than the assessment made by XV FC. The increase was despite introduction of NPS in the State from 2008 onwards. This was mainly due to revision of pensions consequent to implementation of Pay Revision Commission Report which recommended enhancement of pensions.

2.6.2.4 Undischarged Liabilities in National Pension System

The GoI introduced a defined, contribution based National Pension System (NPS) to cover all new entrants to Government service on 01 April 2004. The interim Pension Fund Regulatory and Development Authority (PFRDA) was established (October 2003) by GoI. The PFRDA, being regulator for NPS, had been authorised by the GoI to appoint/ establish various intermediaries in the system, such as Central Record Keeping Agency (CRA), Pension Funds Trust for NPS, Custodian Banks, etc. PFRDA appointed National Securities Depository Limited (NSDL) as the CRA for a period of 10 years from 01 December 2007 for performing the functions of record keeping, accounting, administration and customer services for subscribers to the schemes of pension funds approved by PFRDA. The system of CRA is being continued even after the stipulated initial period of 10 years. Further, three pension fund managers, a custodian and a trustee bank have also been appointed.

Under the NPS, the option to join the new system was available for State Governments. According to terms of the Scheme, both the Government and employee were to contribute 10 *per cent* each of basic pay and dearness allowance and the entire amount was to be transferred to the designated fund manager through NSDL/ Trustee Bank.

The Government of Arunachal Pradesh opted for the NPS for the employees recruited on or after 01 January 2008. It was observed that the Government was not contributing its share regularly. The contributions received from both the Government and employees was to be initially credited to the Major Head 8342-117 under Deposit and Advances and thereafter to be transferred to NSDL/Trustee Bank by debiting the same Major Head of Account. However, the State Government is not following the above accounting procedure (*i.e.*, passing the amounts through Public Account). Instead the State Government adopted a method of routing the amounts through a current and a savings account (at SBI, Naharlagun and SBI, Itanagar respectively) outside the Government accounts.

There were 23,842 employees who were covered under the NPS as on 31 March 2021, out of which, Permanent Retirement Account Number (PRAN) were issued to 23,217 employees. Total number of employees whose PRAN was not generated were 625. The PRAN of such subscriber was not generated due to non-receipt of Common Subscriber Registration Form (CSRF) which is mandatory for opening of PRAN Account.

Public Account (Major Head-8342) had opening balance of ₹23.62 crore which was mostly a legacy balance. The State Government transferred ₹10.04 crore (₹5.02 crore as employees' contribution *plus* ₹5.02 crore as Government contribution) from this Public Account to the Savings Account (at SBI, Itanagar) and not to NSDL/ Trustee Bank. No fresh amount was credited to this Public Account (*i.e.*, 8342 Major Head) during 2020-21. Thus, the Public Account had a balance of ₹13.58 crore as on 31 March 2021 which should be transferred to NSDL/ Trustee bank.

The current account (at SBI, Naharlagun) had opening balance of ₹6.32 crore as Employee's contribution without any component of Employer's contribution. During the year 2020-21, the State Government credited an amount of ₹2.49 crore (Employees' contribution) to this current account. Thereafter, out of the available balance of ₹8.81 crore in this Current account, State Government transferred ₹7.92⁷ crore of employees' contribution to the Savings Account (at SBI, Itanagar) and not to NSDL/ Trustee Bank. Thus, the current account had a balance of ₹0.90 crore as on 31 March 2021 which should be transferred to NSDL/ Trustee Bank.

The Saving Account (at SBI, Itanagar) had a balance of ₹106.13 crore (comprising Employee's contribution of ₹85.31 crore *plus* Government's contribution of ₹17.79 crore and accrued Interest of ₹3.03 crore). In 2020-21, an amount of ₹17.96 crore (₹12.94 crore as employees' contribution + ₹5.02 crore as Government contribution) was transferred from Public Account (Major Head 8342) and Current Account (at SBI, Naharlagun) to this Saving Account. In addition, the State Government transferred another ₹204.50 crore (₹96.17 crore as employees' contribution *plus* ₹108.33 crore as Government contribution) to this Saving Account. During 2020-21, State Government had also accrued interest

⁷ Include ₹0.07 crore, which was withdrawn due to wrong booking

of ₹3.94 crore from the Saving Account. Thereafter, out of the available amount of ₹332.53 crore in the Saving Account (at SBI, Itanagar), State Government transferred ₹248.82 crore to NSDL leaving a balance of ₹83.72 crore as on 31 March 2021. This balance of ₹83.72 crore should be transferred to NSDL/ Trustee bank.

During the current year, a cumulative balance of ₹13.58 crore was lying in Public Account (Major Head 8342), a cumulative balance of ₹0.90 crore was lying in the Current Account (at SBI, Naharlagun) and a cumulative balance of ₹83.72 crore was lying in the Saving Account (at SBI, Itanagar). Thus, a total amount of ₹98.20 crore was yet to be transferred to NSDL as on 31 March 2021. Non-transfer of this amount to NSDL for investment in the authorised securities has implications on the social security of the employees covered under the NPS. The summary of transactions of NPS during the last five years is shown in **Table 2.22**.

Table 2.22: The summary of the transactions under NPS

(₹ in crore)

| Year | Opening Balance | Details of Contribution | | | | Transfer to NSDL | Closing Balance (2+6-7) | Interest liability {(2+5)*Rate} |
|--------------|-----------------|-------------------------|---------------------|---------------|---------------|---------------------|-------------------------|---------------------------------|
| | | Employee | Employer | Short (3-4) | Total (3+4) | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 2016-17 | 69.12 | 83.71 | 9.77 | 73.94 | 93.48 | 79.33 | 83.27 | 11.16 |
| 2017-18 | 83.27 | 90.09 | 64.39 | 25.70 | 154.48 | 141.88 | 95.87 | 8.73 |
| 2018-19 | 95.87 | 74.40 | 66.45 | 7.95 | 140.85 | 125.19 | 111.53 | 8.31 |
| 2019-20 | 111.53 | 87.05 | 64.56 | 22.49 | 151.61 | 127.06 | 136.08 | 10.72 |
| 2020-21 | 136.08 | 98.73 | 112.27 ⁸ | - | 211.00 | 248.88 ⁹ | 98.20 | 9.66* |
| Total | -- | 433.98 | 317.44 | 130.08 | 751.42 | 722.34 | -- | -- |

Source: Finance Accounts of the respective years

* It includes interest payment of ₹3.94 during 2020-21

Audit analysis of functioning of NPS revealed the following:

During the period from 2016-17 to 2020-21, State Government contributed only ₹317.44 crore as against the total Employees' share of ₹433.98 crore. Moreover, against the total collected funds of ₹751.42 crore, the Government transferred only ₹722.34 crore to the designated authority (NSDL). As a result, the total liability of the Government on account of NPS stood at ₹228.28 crore (₹130.08 crore- matching share not contributed *plus* ₹98.20 crore- short transfer to NSDL) as on 31 March 2021. Thus, the State Government has created interest liability on the amount not transferred to NSDL, incorrectly used the funds that belong to its employees and created uncertainty of benefit in respect of the affected employees.

It was also observed that both the contributions (₹7.92 crore) in the current year under NPS were not routed through the Public Account and instead, were routed through the current account. Thus, non-routing of the contributions through the Public Account is in violation of guidelines, besides being vulnerable to risks associated with the normal

⁸ It includes ₹ 3.94 crore as interest

⁹ It includes ₹ 2.78 crore towards withdrawal of wrong booking

bank account operations. State Government paid ₹24.51 lakh for service charge to NSDL.

2.6.3 Financial Assistance by the State Government to Local Bodies and Other Institutions

The quantum of assistance provided by way of Grants and Loans to Local Bodies and others during 2020-21, relative to previous years is presented in **Table 2.23**.

Table 2.23: Financial Assistance to Local Bodies etc.

| | (₹ in crore) | | | | |
|--|--------------|--------------|--------------|---------------|---------------|
| Financial Assistance to Institutions | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| (A) Local Bodies | | | | | |
| Municipal Corporations and Municipalities | 7.87 | 1.92 | 3.74 | 5.37 | 5.56 |
| <i>Panchayati Raj</i> Institutions | 0.00 | 0.00 | 0.00 | 0.00 | 116.23 |
| Total (A) | 7.87 | 1.92 | 3.74 | 5.37 | 121.79 |
| (B) Others | | | | | |
| Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) | 0.00 | 1.00 | 5.43 | 0.00 | 0.00 |
| Cultural Institutions/ Voluntary Organisations for promotion of Arts and Culture | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| State Institute of Rural Development | 0.66 | 0.00 | 0.00 | 0.00 | 0.00 |
| Social Welfare | 0.48 | 0.41 | 0.54 | 0.00 | 0.00 |
| Food, Storage and Warehousing | 7.11 | 15.59 | 7.67 | 208.60 | 0.00 |
| Co-operation | 2.99 | 0.83 | 1.15 | 0.92 | 1.47 |
| Other Institutions ¹⁰ | 18.76 | 17.62 | 36.10 | 23.36 | 16.26 |
| Total (B) | 30.00 | 35.45 | 50.89 | 232.88 | 17.73 |
| Total (A+B) | 37.87 | 37.37 | 54.63 | 238.25 | 139.52 |
| Revenue Expenditure | 9,394.54 | 10,900.47 | 12,429.48 | 12,218.73 | 13,087.50 |
| <i>Assistance as percentage of Revenue Expenditure</i> | <i>0.40</i> | <i>0.34</i> | <i>0.44</i> | <i>1.95</i> | <i>1.07</i> |

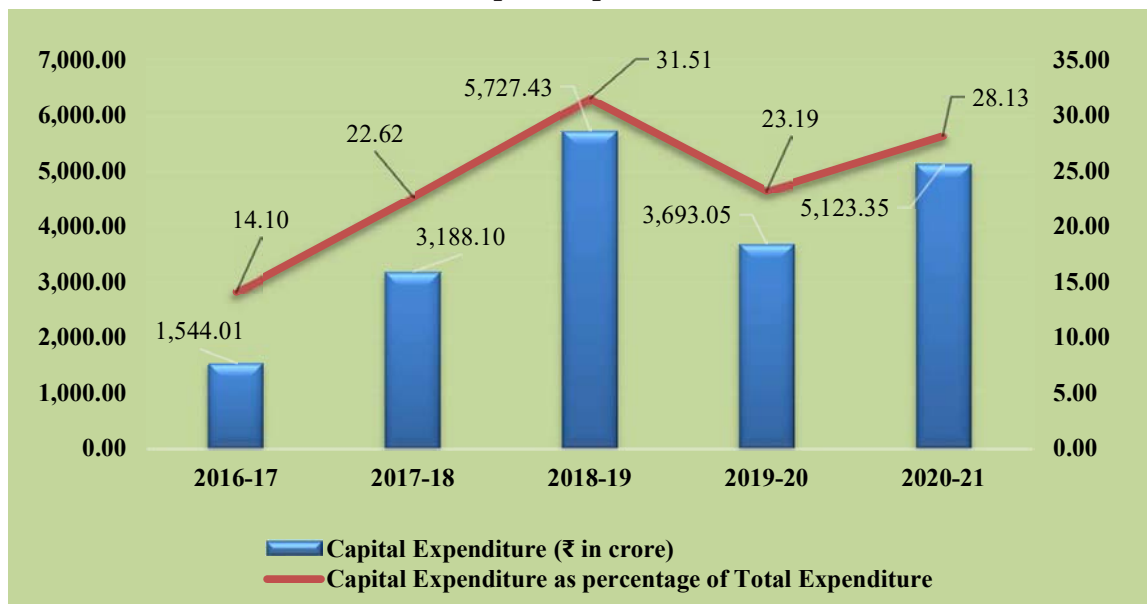
Source: Finance Accounts of the respective years

Financial Assistance extended to Local Bodies and other Institutions decreased by ₹98.73 crore during the year over the previous year due to non-allotment of Financial Assistance towards Hill transport subsidy under Food and Civil Supplies department. The share of Financial Assistance in Revenue Expenditure also decreased from 1.95 per cent in 2019-20 to 1.07 per cent during 2020-21. No Financial Assistance was extended to Rural Local Bodies from the State funds during the last five years period.

2.6.4 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. **Chart 2.14** depicts the trends of Capital Expenditure and its percentage of Total Expenditure over the period 2016-21.

¹⁰ Other Institutions-Science Technology and Environment

Chart 2.14: Capital Expenditure in the State

Source: Finance Accounts of the respective years

Capital Expenditure constituted 14.10 *per cent* of Total Expenditure during 2016-17 and 28.13 *per cent* during 2020-21. The Capital Expenditure as a percentage of TE peaked to 31.51 *per cent* during 2018-19, slid down to 23.19 *per cent* in 2019-20 and reached 28.13 *per cent* in 2020-21. During 2020-21 (₹5,123.35 crore), the Capital Expenditure increased by ₹1,430.30 crore over the previous year (₹3,693.05 crore). This was due to increase in expenditure on Roads and Bridges. (₹1,286.58 crore) and Special Assistance to State for Capital Expenditure (₹108.11 crore)

Significant variance can be noticed between Budget Estimate of Capital Expenditure and actual spending thereon in 2020-21, indicating that the Budgeted amount was not realistic. This gap between Budget Estimate and actual spending on Capital Expenditure reduced in magnitude in 2020-21.

During 2020-21, State Government received ₹232.97 crore as Special Assistance to State for Capital Expenditure. Out of ₹232.97 crore, an amount of ₹108.11 crore against 13 Projects are given in **Table 2.24** and remaining amount (₹124.86 crore) could not be utilised due to late release from the GoI.

Table 2.24: Details for Scheme for Special Assistance to State for Capital Expenditure during 2020-21

| (₹ in crore) | | | |
|--------------|--|---------------|-------------|
| Sl. No. | Name of the Projects | Fund Released | Expenditure |
| 1. | Hospital building Block-II under Strengthening & Upgradation of TRIHMS Hospital for Medical College, Arunachal Pradesh | 22.50 | 22.50 |
| 2. | Purchase of Advance Life Support/Basic Life Support Ambulance | 4.68 | 4.50 |
| 3. | Construction of Ring Road through Jully, Itanagar | 3.50 | 3.50 |
| 4. | Completion of Komsing Bridge at Pangin | 3.37 | 3.37 |

| Sl. No. | Name of the Projects | Fund Released | Expenditure |
|--------------|---|---------------|---------------|
| 5. | Construction of Double Lanning of Steel Arch Borum Bridge at Naharlagun | 3.00 | 3.00 |
| 6. | Smart City Component construction of CC Pavements roads in Itanagar. | 11.11 | 11.11 |
| 7. | Smart Street Light | 3.47 | 3.47 |
| 8. | Greenfield Airport Nodal Department(Civil Aviation) | 15.61 | 15.61 |
| 9. | Public Health Engineering and Water Supply Department | 20.77 | 20.77 |
| 10. | Central Studio and Virtual Classroom | 4.00 | 4.00 |
| 11. | Construction of permanent structure for Sainik School, Niglok | 5.00 | 5.00 |
| 12. | Miao-Vijaynagar Road Gap funding | 10.00 | 10.00 |
| 13. | Last Mile Hydro Project | 3.68 | 3.68 |
| Total | | 110.69 | 108.12 |

Source: Information furnished by Director of Planning, GoAP

The increase in the receipts from the GoI had a positive impact on the Capital Expenditure of the State which is meant for creation of infrastructure in the State as State is heavily dependent on transfer from the GoI.

2.6.4.1 Major Changes in Capital Expenditure

As there was increase of ₹1,430.30 crore in Capital Expenditure during the current year over the previous year, **Table 2.25** highlights the cases of significant increase of over 25 per cent in various Heads of Account in Capital Expenditure during the year 2020-21 vis-à-vis the previous year.

Table 2.25: Capital Expenditure during 2020-21 compared to 2019-20

(₹ in crore)

| Major Heads of Accounts | 2019-20 | 2020-21 | Increase (in per cent) |
|---|----------|----------|---------------------------|
| 4059 - Capital Outlay on Public Works | 164.09 | 234.19 | 70.10 (42.72) |
| 4235 - Capital Outlay on Social Welfare and Nutrition | 158.43 | 219.29 | 60.86 (38.41) |
| 4552 - Capital Outlay on North Eastern Areas | 62.02 | 121.80 | 59.78 (96.38) |
| 4711 - Capital Outlay on Flood Control Projects | 125.67 | 167.91 | 42.24 (33.61) |
| 5054 - Capital Outlay on Roads and Bridges | 1,833.43 | 3,120.01 | 1,286.58 (70.17) |

Source: Finance Accounts of the respective years

Analysis of the reasons for significant increase in Capital Expenditure during 2020-21 over the previous year is as follows:

- There was increase in expenditure by ₹70.01crore (42.72 per cent) towards Public Works. This was due to increase in expenditure by ₹104.29 crore (86.48 per cent) towards creation of assets under State Annual Development Agenda (SADA) as State Government emphasized creation of assets.
- There was increase in Capital Outlay in Social Welfare and Nutrition by ₹60.86 crore (38.41 per cent). This was due to significant increase in expenditure by ₹7.89 crore (100.00 per cent) towards Welfare of Handicapped and ₹52.97 crore (33.43 per cent) towards other expenditure (booked due to non-availability of proper heads) under Social Welfare.

- There had been increase in expenditure by ₹59.78 crore (96.38 per cent) in North Eastern Areas, which was due to increase in expenditure towards Roads and Bridges (₹49.64 crore), Tourism (₹4.48 crore), Sports and Youth Affairs (₹2.52 crore), Water Resource Department (₹1.80 crore), and Medical (₹1.46 crore).
- There had been increase in expenditure by ₹42.24 crore (33.61 per cent) in Flood control projects. This was mainly due to increase in expenditure by ₹77.24 crore (61.46 per cent) towards other expenditure (department booked under 800-other expenditure due to non-availability of respective heads) during the year which was partially offset by decrease in expenditure by ₹35.00 crore towards Civil Works.
- There had been increase in expenditure in Roads and Bridges. This was due to increase in expenditure by ₹80.66 crore (389.09 per cent) towards Road Works, by ₹136.61 crore (100.00 per cent) towards construction of Rural Roads under District and by ₹1,074.04 crore (121.50 per cent) against Other Expenditure under Roads during the year.

2.6.4.2 Capital Locked in Incomplete Projects

As per Finance Accounts of the State for the year 2020-21, there were 80 incomplete/ongoing projects in five Departments as on 31 March 2021. Age profile of incomplete projects based on the year of sanction/ year of start of these projects as on 31 March 2021 are shown in **Tables 2.26 and 2.27**.

Table 2.26: Age profile of incomplete projects as on 31 March 2021 (₹ in crore)

| Year | No of incomplete projects | Estimated cost | Expenditure |
|--------------|---------------------------|-----------------|---------------|
| 2008-09 | 03 | 236.00 | 211.52 |
| 2009-10 | 03 | 49.48 | 45.96 |
| 2011-12 | 03 | 49.58 | 38.59 |
| 2013-14 | 02 | 34.54 | 28.15 |
| 2014-15 | 02 | 24.08 | 17.75 |
| 2016-17 | 03 | 64.21 | 46.82 |
| 2017-18 | 13 | 139.95 | 82.70 |
| 2018-19 | 20 | 261.03 | 124.19 |
| 2019-20 | 29 | 421.58 | 137.50 |
| 2020-21 | 02 | 51.05 | 8.46 |
| Total | 80 | 1,331.48 | 741.64 |

Source: Finance Accounts 2020-21

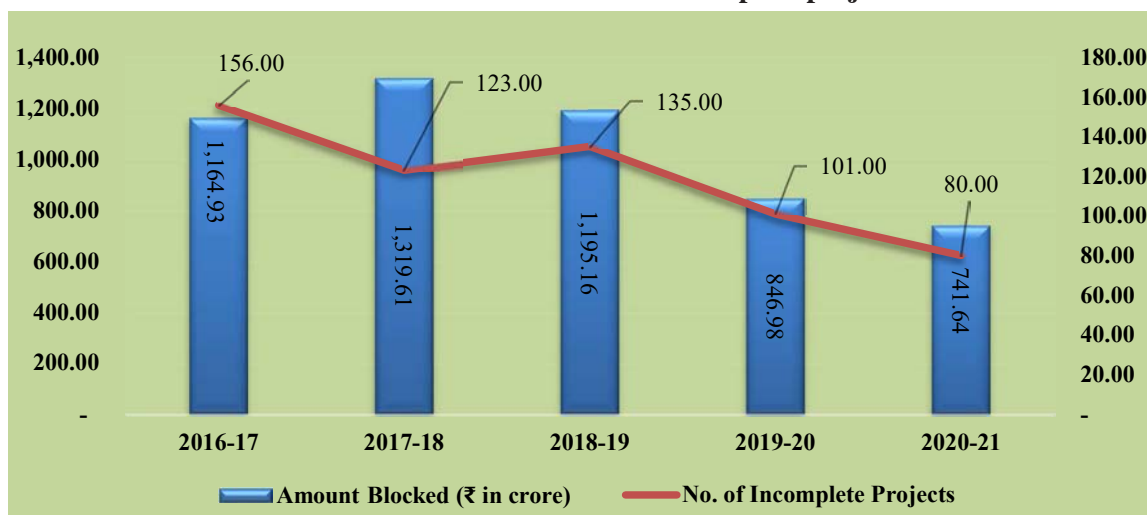
Table 2.27: Department-wise profile of incomplete projects as on 31 March 2021 (₹ in crore)

| Department | No of incomplete projects | Estimated cost | Expenditure |
|--------------|---------------------------|-----------------|---------------|
| PWD | 40 | 739.29 | 449.50 |
| RWD | 07 | 88.78 | 31.30 |
| WRD | 01 | 10.00 | 5.60 |
| Powers | 16 | 300.08 | 182.34 |
| PHE | 16 | 193.33 | 72.91 |
| Total | 80 | 1,331.48 | 741.64 |

Source: Finance Accounts 2020-21

The Government does not have a comprehensive list of capital projects taken up in past having relevant information such as status of these projects, details of time and cost over run in the execution of these projects and approved cost and revised cost of completing these projects. In the absence of a comprehensive database of incomplete projects, information was sought from the implementing departments. Based on the information furnished by implementing agencies it was seen that 80 projects on which an expenditure of ₹741.64 crore was incurred, remained incomplete and the resources required for completing these works were not made available. The year-wise detail of incomplete projects is shown in the **Chart 2.15**.

Chart 2.15: Year-wise details of incomplete projects



Source: Finance Accounts of the respective years

While there are large number of works which remained incomplete over several years, the Government also took up execution of new works during the current year. The Government has been taking up large number of works without ensuring the availability of resources necessary for completing those works within the stipulated timeframe. Thus, available resources are thinly spread over an extended number of works. Time over run of the infrastructure projects also have the inherent risk of cost over runs.

Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years proved futile and the State had to share the extra burden in terms of servicing of debt and interest liabilities. Effective steps need to be taken to complete all these above projects without further delay to avoid cost overrun due to time overrun.

State Government in its reply (January 2022) stated that Government has been encouraging the completion of the incomplete projects rather than taking new projects.

2.7 Quality of Capital Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of expenditure. Improvement in the quality of expenditure basically involves three aspects - adequacy (adequate provisions for providing public services); efficiency of expenditure and effectiveness (assessment of outlay-outcome relationships for select services). While assessment of the outlay and establishment of outcome relationships for many of the services is being done at the budget stage, the actual expenditure during the year fell short of the allocations made in the budget. The State Government had prepared the Outcome budget based on expected outcomes identified in 26 departments. However, actual achievement of the objectives of the schemes was not included in the outcome budget. This resulted in unrealistic preparation of Outcome Budget for the year 2020-21.

2.7.1 Expenditure Priorities

It is important for the State Government to take appropriate expenditure rationalization by focusing more on Development Expenditure – which is expenditure on Social and Economic Services. Apart from improving the allocation towards development expenditure, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to Total Expenditure and the proportion of Revenue Expenditure being spent on Education and Health Sectors. The higher the ratio of these components to Total Expenditure, the quality of expenditure is considered to be better.

Table 2.28 compares the fiscal priority of the State Government with that of NE&H States with regard to Total Expenditure (TE), Capital Expenditure (CE) on Education and Health during 2020-21, taking 2016-17 as the base year.

Table 2.28: Fiscal Priority of the State Government

| Fiscal Priority of the State | TE/GSDP | DE/TE | SSE/TE | ESE/TE | CE/TE | Education/TE | Health/TE |
|------------------------------|---------|-------|--------|--------|-------|--------------|-----------|
| NE&H States 2016-17 | 17.12 | 72.16 | 35.64 | 37.00 | 19.77 | 14.93 | 5.49 |
| Arunachal Pradesh 2016-17 | 55.17 | 73.67 | 33.12 | 40.55 | 14.10 | 12.51 | 6.46 |
| NE&H States 2020-21 | 16.18 | 67.45 | 38.97 | 28.48 | 13.03 | 15.00 | 6.74 |
| Arunachal Pradesh 2020-21 | 63.42 | 72.75 | 27.49 | 45.26 | 28.13 | 8.59 | 5.16 |

Source: Finance Accounts of the respective years

TE: Total Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Development Loans and Advances Disbursed.

While the ratio of Total Expenditure to GSDP during 2020-21 increased when compared with 2016-17, and was higher than that of average of NE&H States; the ratio of Development Expenditure to Total Expenditure marginally declined in the same period though it is much higher than the NE&H States. The ratio of expenditure on Education and Health to the Total Expenditure firstly declined with reference to the base year and secondly was lower than that of average of NE&H States (indicating that the priority given to these sector is not commensurate with average of NE&H States). The Capital Expenditure during the year which is meant for creating infrastructure constituted 28.13 *per cent* of the Total expenditure while that of the NE&H States was 13.03 *per cent*.

2.7.2 Object Head-wise Expenditure

Finance Accounts depict transactions only up to the Minor Head level. The Government Accounting Rules provide for recording of the expenditure upto the object level. Therefore, an attempt has been made to ascertain the extent of expenditure incurred on the actual items at the Object Head Level from the accounts data maintained in the Accounts wing of the office. The details of the items with significant percentage of expenditure are given in **Table 2.29**:

Table 2.29: Object head wise expenditure

| Object Head | (In per cent) | |
|--------------------------|---------------|---------|
| | 2019-20 | 2020-21 |
| Salary and Wages | 33.32 | 30.18 |
| Pension/ Gratuity | 5.42 | 5.87 |
| Medical Treatment | 0.06 | 0.04 |
| Office Expenses | 1.25 | 1.30 |
| Materials and Supplies | 0.62 | 0.42 |
| Minor Works | 8.01 | 6.44 |
| GIA | 7.49 | 11.6 |
| GIA (Creation of Assets) | 0.69 | 0.22 |
| Scholarship and Stipends | 0.81 | 0.45 |
| Interest | 3.77 | 4.07 |
| Other Charges | 9.75 | 9.15 |
| Motor Vehicles | 0.24 | 0.13 |
| Major Works | 22.48 | 27.66 |
| Investment | 1.47 | 1.30 |
| Others | 4.61 | 2.23 |

Source: Finance Accounts, 2020-21

With respect to the expenditure under Other Charges, the details of the items on which the expenditure was incurred is not recorded in the accounts. This has serious implications for the decision making and also affects the transparency in accounting. In 2020-21 the expenditure on Other Charges constituted 9.15 per cent of the Total Expenditure which should be properly classified.

Minor works during 2020-21 decreased from 8.01 to 6.44 per cent over the previous year was due to increase of committed expenditure in the total Revenue Expenditure which indicates that the available funds for maintenance of assets is getting reduced.

2.7.3 Loans and Advances by State Government

State Government has provided loans and advances to many institutions/ organisations. **Table 2.30** presents the outstanding loans and advances as on 31 March 2021 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2016-17 to 2020-21.

Table 2.30: Quantum of loans disbursed and recovered during five years

| Quantum of loans disbursed and recovered | (₹ in crore) | | | | |
|--|--------------|---------|---------|---------|---------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Opening Balance of loans outstanding | 66.99 | 73.53 | 72.92 | 88.00 | 96.99 |
| Amount advanced during the year | 10.33 | 5.07 | 20.16 | 16.02 | 4.80 |
| Amount recovered during the year | 3.79 | 5.68 | 5.08 | 7.03 | 5.94 |
| Closing Balance of the loans outstanding | 73.53 | 72.92 | 88.00 | 96.99 | 95.85 |
| Net addition | 6.54 | (-)0.61 | 15.08 | 8.99 | (-)1.14 |

Source: Finance Accounts of the respective years

The total amount of outstanding loans and advances as on 31 March 2021 was ₹95.85 crore. The amount of loans disbursed during the year decreased by 70.03 per cent from ₹16.02 crore in 2019-20 to ₹4.80 crore in 2020-21. Out of the total amount of Loans advanced during the year, Economic Services received ₹0.95 crore, and the remaining ₹3.85 crore was provided to Government servants. Within the Economic Services, Co-operation was the single recipient. Recovery of Loans and Advances decreased by 15.50 per cent from ₹7.03 crore in 2019-20 to ₹5.94 crore in 2020-21.

2.8 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.8.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as of end of March 2021 are given in **Table 2.31**.

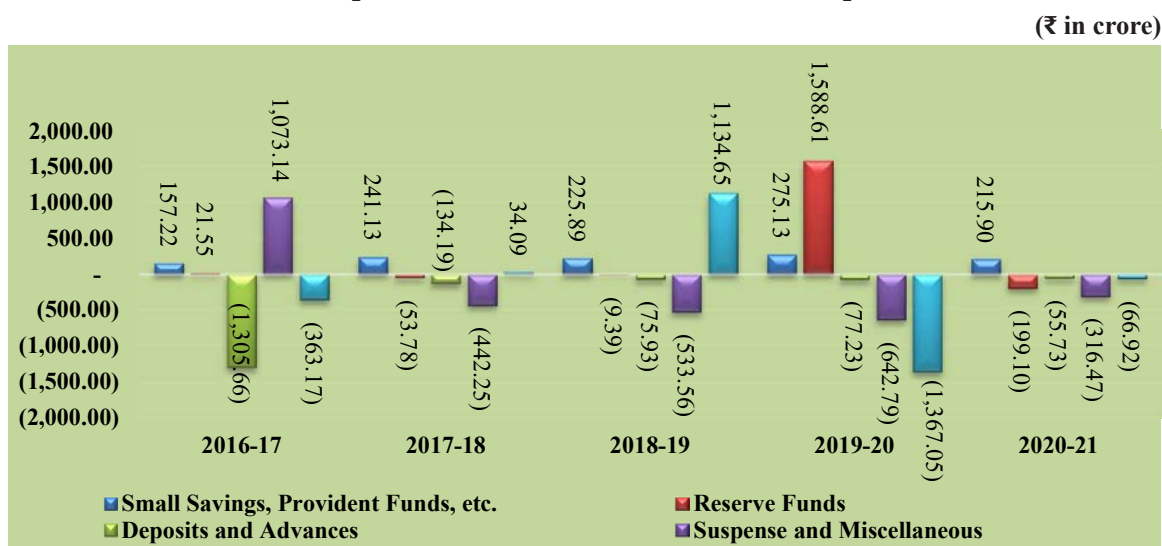
Table 2.31: Component-wise net balances in Public Account as of 31 March 2021

| | | (₹ in crore) | | | | |
|---|---|------------------|-------------------|---------------|------------------|------------------|
| Sector | Sub Sector | 2016-2017 | 2017-2018 | 2018-2019 | 2019-20 | 2020-21 |
| I. Small Savings, Provident Funds, etc. | Small Savings, Provident Funds, etc. | 157.22 | 241.13 | 225.89 | 275.13 | 215.90 |
| J. Reserve Funds | (a) Reserve Funds bearing Interest | 21.55 | (-)62.63 | (-)0.54 | 1,588.61 | (-)199.10 |
| | (b) Reserve Funds not bearing Interest | 0.00 | 8.85 | (-)8.85 | 0.00 | 0.00 |
| K. Deposits and Advances | (a) Deposits bearing Interest | 1.26 | (-)9.53 | (-)5.48 | (-)13.95 | (-)7.15 |
| | (b) Deposits not bearing Interest | (-)1,028.61 | (-)121.09 | (-)73.02 | (-)61.31 | (-)41.64 |
| | (c) Advances | (-)278.31 | (-)3.57 | 2.57 | (-)1.97 | (-) 4.94 |
| L. Suspense and Miscellaneous | (b) Suspense | 148.74 | (-)404.85 | (-)176.63 | (-)2,678.97 | (-)31.58 |
| | (c) Other Accounts | 924.40 | (-)37.40 | (-) 356.93 | 2,036.18 | (-)284.89 |
| M. Remittances | (a) Money Orders, and other Remittances | (-)363.15 | 34.11 | 1,134.72 | (-)1,367.06 | (-)66.87 |
| | (b) Inter-Governmental Adjustment Account | (-)0.02 | (-)0.02 | (-)0.07 | 0.01 | (-)0.05 |
| Total | | (-)416.92 | (-) 355.00 | 741.66 | (-)223.33 | (-)420.32 |

Source: Finance Accounts of the respective years

The yearly changes in composition of balances in Public Account over the five-year period 2016-21 are given in **Chart 2.16**.

Chart 2.16: Composition of net Public Account over the period 2016-21



Source: Finance Accounts of respective years

2.9 Transactions under Reserve Funds

The total Outstanding Liabilities of ₹13,696.61 crore include balance of ₹3,078.85 crore under Reserve Funds as on 31 March 2021. Out of which ₹1,392.43 crore was under interest bearing Reserve Fund and ₹1,686.42 crore under not bearing interest Reserve Fund. The status of Reserve Funds viz., State Disaster Response Fund (SDRF), State Compensatory Afforestation Fund (SCAF), Consolidated Sinking Fund and Guarantee Redemption Fund are discussed in subsequent paragraphs.

2.9.1 State Disaster Response Fund

State Disaster Response Fund (SDRF) was set up by the Government in 2010-11 with prescribed contribution of funds from GoI and the State Government in the ratio of 90:10. As per the guidelines of SDRF fund, the GoI contributions along with State share are to be transferred to the Public Account (Major Head-8121). Expenditure incurred during the year on natural calamities should be adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head-2245.

During the year 2020-21, no amount were contributed as Centre's share and State's share towards SDRF. The State received ₹59.34 crore from the GoI towards NDRF. The amount received towards NDRF was neither transferred to MH 8121-General and Other Reserve Funds nor expended from the Consolidated Fund. This has resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent. An expenditure of ₹0.20 crore was also done directly from the SDRF Account and balance lying under the Fund at the end of 31 March 2021 was ₹2.62 crore.

The contributions to the State Disaster Response Fund, expenditure and the balance therein are in **Table 2.32**.

Table 2.32: Details of State Disaster Response Fund

(₹ in crore)

| Opening Balance | Contribution by Centre | Contribution by State | Total Receipts | Expenditure from the fund | Closing Balance | Invested by Reserve Bank/ State during the year |
|-----------------|------------------------|-----------------------|----------------|---------------------------|-----------------|---|
| 2.82 | -- | -- | -- | 0.20 | 2.62 | -- |

Source: Finance Accounts 2020-21

In terms of guidelines on constitution and administration of the State Disaster Mitigation Fund (under MH-8121 General and Other Reserve Fund), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. During the year 2020-21, State Government received ₹250.00 crore as Central Government's share. The State's share during the year was ₹28.00 crore.

Contrary to the fund account guidelines, the State has not yet set up State Disaster Mitigation Fund (SDM) to transfer ₹309.50 crore (Central's share: ₹250.00 crore, State's share: ₹28.00 crore and previous year's balance: ₹31.50 crore) under Public Accounts. The State parked the whole amount (₹309.50 crore) in the Saving Bank Account instead of transferring the fund under Public Account. During 2020-21, State transferred the previous year's shares amount of ₹31.50 crore which resulted in understatement of Revenue Surplus and overstatement of Fiscal Deficit to that extent.

2.9.2 State Compensatory Afforestation Fund

Government of Arunachal Pradesh has adopted (September 2018) the Compensatory Afforestation Fund Rules. As per Fund Rules, the money received by the State Governments from the User Agencies need to be credited in '8336 Civil deposits- 00- 103 State Compensatory Afforestation Deposits' under interest bearing section in Public Accounts of the State. Out of which 90 *per cent* shall be transferred to the Major Head '8121 General and Other Reserve Funds- 00- 129 State Compensatory Afforestation Fund (SCAF)' and 10 *per cent* credited into the National Fund on yearly basis as per sub-section (4) of Section 3 of the Act; provided that, the credit of 10 *per cent* share of funds should be ensured on monthly basis so that the same is transferred to the National Fund. The applicable rate of interest on balances available under State Compensatory Afforestation Deposits under '8336- Civil deposits- 00- 103 State Compensatory Afforestation Deposits' and '8121 General and Other Reserve Funds- 00- 129 SCAF shall be as per the rate declared by the State Government on year to year basis.

After due appropriation of funds, the expenditure on schemes to be financed from SCAF shall be incurred from the head of account '2406 Forestry and Wildlife- 04 Afforestation and Ecology Development- 103 State Compensatory Afforestation (SCA)' and is to be reimbursed by deduct refund under the Minor Head '904 Recoveries' from Public Account Head '8121 General and Other Reserve Funds-00-129 SCAF'

During the year 2020-21, no amount was transferred from National Compensatory Afforestation Deposits to State Compensatory Afforestation Fund. No amount was collected by the State Government under the Head of Account '8336 Civil deposits - 00- 103 State Compensatory Afforestation Deposits' from user agencies during the year. Budget provision

of ₹203.16 crore was kept under ‘2406 Forestry and Wildlife- 04 Afforestation and Ecology Development- 103 State Compensatory Afforestation (SCA)’ and an expenditure of ₹198.91 crore was incurred during the year. As on 31 March 2021, an amount of ₹1,389.81 crore has remained as balance under SCAF.

2.9.3 Consolidated Sinking Fund

The State Government set up a ‘Consolidated Sinking Fund’ (CSF) in 1999-2000 for amortisation of market borrowings, other loans and non-debt obligations as per the recommendation of XII FC. According to the guidelines of the RBI, which is responsible for management of the Fund, State Government is required to contribute a minimum of 0.50 *per cent* of the Outstanding Liabilities (Public Debt *plus* Other Liabilities) of the previous year. Transactions under CSF during the year is given in the **Table 2.33**.

Table 2.33: Details of transaction under CSF during the year 2020-21

(₹ In crore)

| Opening balances | Required contribution | Contribution (including interest) | Payment out of the fund | Total balance in the Fund | Amount invested by RBI during the year | Closing balance |
|------------------|-----------------------|-----------------------------------|-------------------------|---------------------------|--|-----------------|
| 1,344.15 | 60.66 ¹¹ | 339.95 | -- | 1,684.09 | 339.95 | 1,684.09 |

Source: Finance Accounts 2020-21

It can be seen from the above **Table**, the contribution due from the State Government was ₹60.66 crore. Against this, during the year, the State Government contributed ₹339.95 crore (including interest of ₹99.95 crore) to the fund. As on 31 March 2021, an amount of ₹1,684.09 crore was invested.

2.9.4 Guarantee Redemption Fund

The State Government had constituted (February 2018) a ‘Guarantee Redemption Fund’ for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Level Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund would be utilised only towards payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee was issued.

According to the Act of the fund, the Government should contribute a minimum of one *per cent* of the outstanding guarantees at the end of the previous year and thereafter minimum 0.50 *per cent* every year to achieve a minimum level of three *per cent* in next five years.

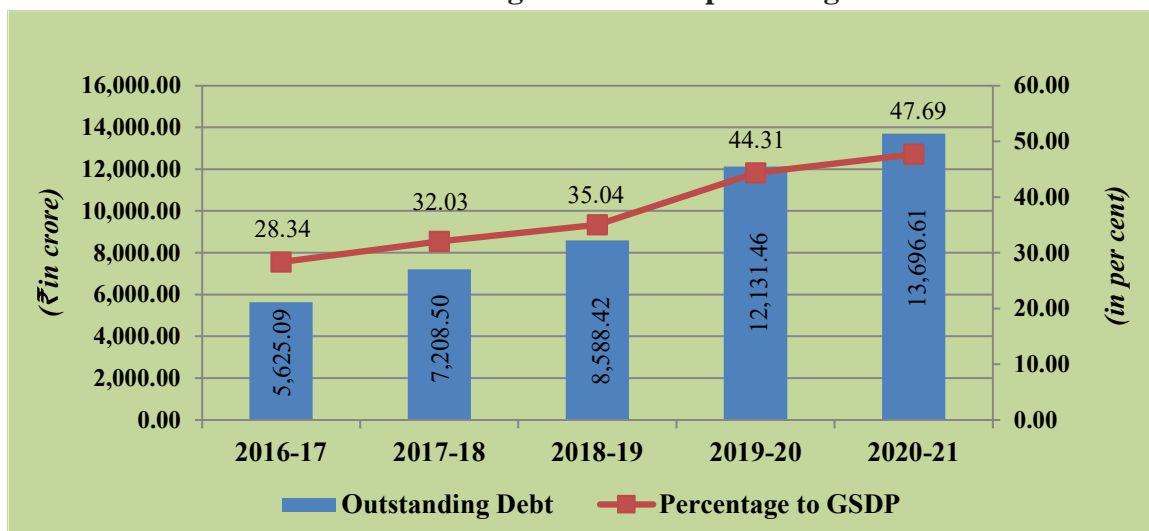
As on 01 April 2020, the fund had a balance of ₹1.57 crore. During 2020-21, the State Government contributed ₹0.63 crore to the Fund, which was almost 40.12 *per cent* of ₹1.57 crore (*i.e.*, outstanding guarantee at the end of previous financial year). No guarantee was invoked during the year. As on 31 March 2021, the total amount lying in the Fund was ₹2.20 crore and the entire amount has been invested by the Reserve Bank of India in GoI Securities.

¹¹ 0.50 *per cent* of the total Outstanding Liabilities of ₹12,121.46 crore of State Government as on 31 March 2020

2.10 Debt Management and Sustainability

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Chart 2.17: Outstanding Debt and its percentage to GSDP



Source: Finance Accounts of the respective year, GSDP-Director of Economics and Statistics, GoAP

2.10.1 Debt Profile

Components Total debt of the State Government typically constitutes of internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The State FRBM Act, 2005 of the State has defined the total liabilities as follow “The total liabilities means the liabilities under the Consolidated Fund and the Public Account of the State and shall also include borrowings by the Public Sector undertakings and the Special Purpose Vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State budget. Outstanding Debt constituting outstanding internal debt, outstanding loans and advances from GoI and outstanding balance of Public Account liabilities of the State stood at ₹13,696.61 crore at the end of 31 March 2021 with an increase of ₹1,265.15 crore (12.90 per cent) over the previous year (₹12,131.46 crore). This was due to increase in outstanding internal debt by ₹1,049.33 crore, Public Account Liabilities by ₹308.58 crore and loans from GoI ₹207.24 crore. During the current year, the outstanding internal debt (₹7,348.10 crore) increased by ₹1,049.33 crore (16.66 per cent) over the previous year (₹6,298.77 crore) due to increase in market loans by ₹767.81 crore (17.87 per cent), loans from financial institutions by ₹285.24 crore (17 per cent). During the current year, the outstanding loans (₹359.71 crore) from GoI, increased by ₹207.24 crore (135.92 per cent) over the previous year mainly due to increase in other loans for State/ Union territory with legislature schemes by ₹232.97 crore. During the current year, Public Accounts Liabilities (₹5,988.80 crore) increased by ₹308.58 crore over the previous year

(₹5,680.22 crore) mainly due to increase in liabilities in respect of small savings provident funds by ₹215.90 crore and reserve funds not bearing interest by ₹340.58 crore and offset by decrease in reserve funds bearing interest by ₹199.11 crore and deposits not bearing interest by ₹41.64 crore and Deposit bearing interest by ₹7.15 crore. The rate of growth of outstanding debt of the State for the last five-year period was ranged between (-)4.58 and 41.25 per cent and the percentage of Debt of GSDP was ranged between 28.34 and 47.69 per cent during the same period.

The details relating to total debt received, repayment of debt, ratio of Debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 are given in **Table 2.34**.

Table 2.34: Trend of the outstanding Debt

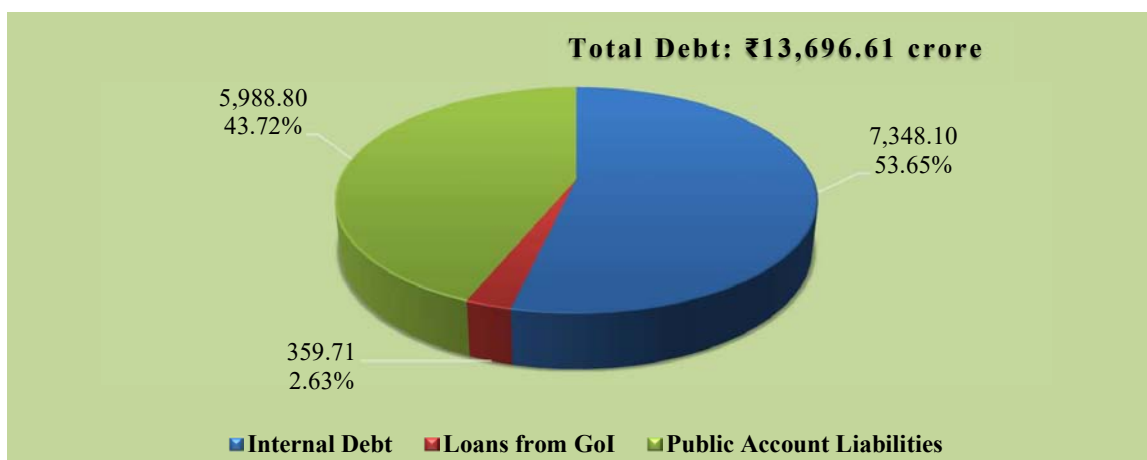
| | | (₹ in crore) | | | | |
|---|----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Particulars | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Outstanding Debt | | 5,625.09 | 7,208.50 | 8,588.42 | 12,131.46 | 13,696.61 |
| Public Debt | Internal Debt | 2,522.36 | 3,883.82 | 4,835.39 | 6,298.77 | 7,348.10 |
| | Loans from GoI | 231.54 | 205.11 | 178.75 | 152.47 | 359.71 |
| Public Account Liabilities | | 2,871.19 | 3,119.57 | 3,574.28 | 5680.22 | 5,988.80 |
| Rate of growth of outstanding debt (percentage) | | (-)4.58 | 28.15 | 19.14 | 41.25 | 12.90 |
| Gross State Domestic Product (GSDP) | | 19,845.44 | 22,432.48 | 24,602.88 | 27,036.64 | 28,721.36 |
| Debt/GSDP (per cent) | | 28.34 | 32.13 | 34.91 | 44.87 | 47.69 |
| Total Debt Receipts | | 2,222.86 | 2,908.33 | 2,528.62 | 4,595.82 | 2,898.15 |
| Total Debt Repayments | | 2,093.69 | 1,792.28 | 1,674.80 | 1,667.31 | 2,085.34 |
| Total Debt Receipts Available | | 129.17 | 1,116.05 | 853.82 | 2,928.51 | 812.81 |

Source: Finance Accounts of the respective year, GSDP-Director of Economics and Statistics, GoAP

As could be seen from the **Table**, the outstanding debt has been increasing at a greater pace than the growth of GSDP. During 2019-20, registered highest rate of growth of outstanding debt. There had been an increase in the Debt to GSDP ratio in four out of five years.

The total outstanding debt of the State Government at the end of 2020-21 was ₹13,696.61 crore. Component-wise break-up of debt is shown below in **Chart 2.18**.

Chart 2.18: Break-up of outstanding Debt at the end of March 2021

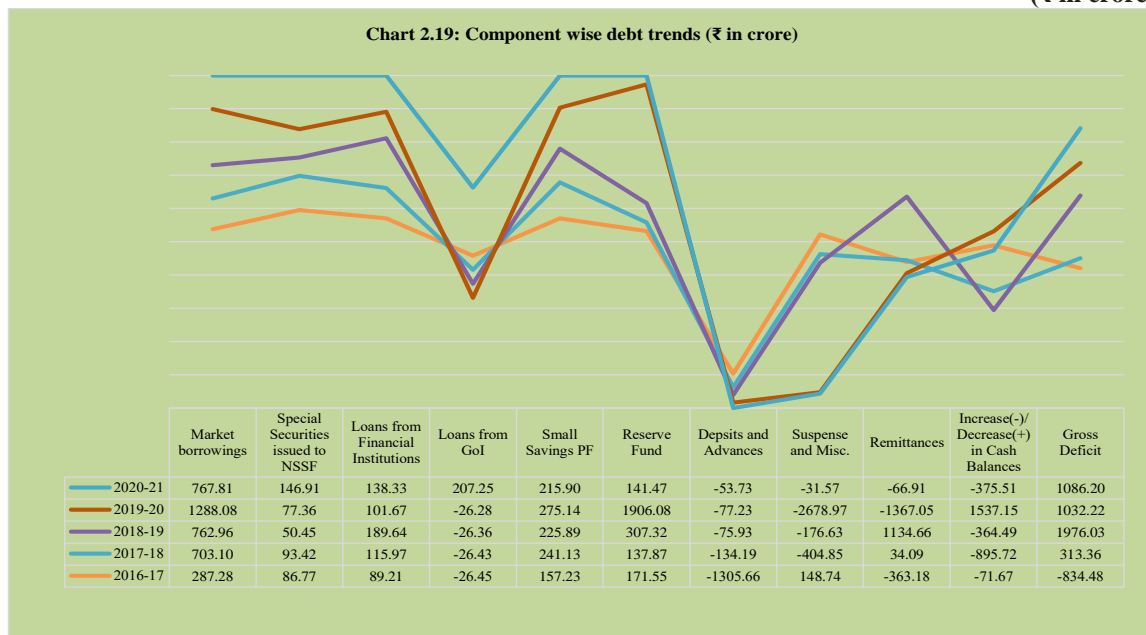


Source: Finance Accounts 2020-21

Internal debt, which is primarily Market Borrowings through issue of State Development Loans (SDLs), accounts for 53.65 per cent of the total outstanding debt. The trend of the component wise debt of the state over a period of last five years is given in the **Chart 2.19**.

Chart 2.19: Details of component wise debt for the period from 2016-21

(₹ in crore)



Source: Finance Accounts of respective years

2.10.2 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to service its debt now and in future. However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- Large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- A high level of debt heightens an economy’s vulnerability to interest rate and growth shocks.
- A high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfill borrowing requirements from private sources or being able to do so only at very high interest rates).
- High levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate

risks. Sustainability of Public debt ensures that it does not explode and governments are not forced to increase taxes, or decrease spending.

Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

The sustainability of debt of the State Government in terms of Debt/ GSDP ratio, Fiscal Deficit/ GSDP and burden of Interest Payments (measured by ratio of Interest Payments to Revenue Receipts). Maturity profile of the State Government debt are discussed in **Table 2.35** shows the debt sustainability of the State according to these indicators for the five-year period from 2016-21.

Table 2.35: Debt Sustainability: Indicators and Trends

| Indicators of Debt sustainability | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 202-21 |
|---|---------|----------|----------|----------|---------|
| Debt/GSDP (<i>per cent</i>) | 28.34 | 32.13 | 34.91 | 44.87 | 44.69 |
| Fiscal Deficit/Surplus to GSDP (<i>per cent</i>) | 4.20 | (-) 1.39 | (-) 8.06 | (-) 3.77 | (-)3.78 |
| Interest Payments/Revenue Receipts Ratio | 3.39 | 3.39 | 3.24 | 4.13 | 4.39 |
| Rate of growth of outstanding Debt (<i>per cent</i>) | (-)4.58 | 28.15 | 19.14 | 41.25 | 12.90 |
| Rate of growth of Revenue Receipts (<i>per cent</i>) | 11.62 | 16.94 | 17.58 | (-) 8.07 | 15.01 |
| Rate of growth of GSDP (<i>per cent</i>) | 7.22 | 13.04 | 9.68 | 9.89 | 4.91 |
| Interest payment | 399.23 | 467.36 | 526.10 | 614.53 | 752.34 |
| Average interest rate on Outstanding Debt (<i>per cent</i>) | 6.93 | 7.28 | 6.66 | 5.93 | 4.76 |
| Available Debt as a percentage of Debt Receipts | 5.81 | 38.37 | 33.77 | 63.72 | 28.05 |

Source: Finance Accounts of the respective years

As can be seen from above **Table**, in the last five years, the ratio of debt to GSDP of Arunachal Pradesh has been hovering between 28.34 to 47.69 *per cent*, and in current year the ratio of debt to GSDP was 47.69 *per cent* which was far above the target ceiling for debt of 25 *per cent* set in APFRBM Act. The growth rate of Revenue Receipts has generally outpaced the growth rate of debt during 2016-17, while in the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts. However, in absolute terms, Revenue Receipts were higher than debt during 2020-21. The burden of Interest Payment ranged from 3.39 to 4.39 *per cent* of the Revenue Receipts.

During the five-year period 2016-17 to 2020-21, while GSDP has grown at a CAGR of 9.94 *per cent*, the Outstanding Debt has grown at a faster rate of 19.77 *per cent*.

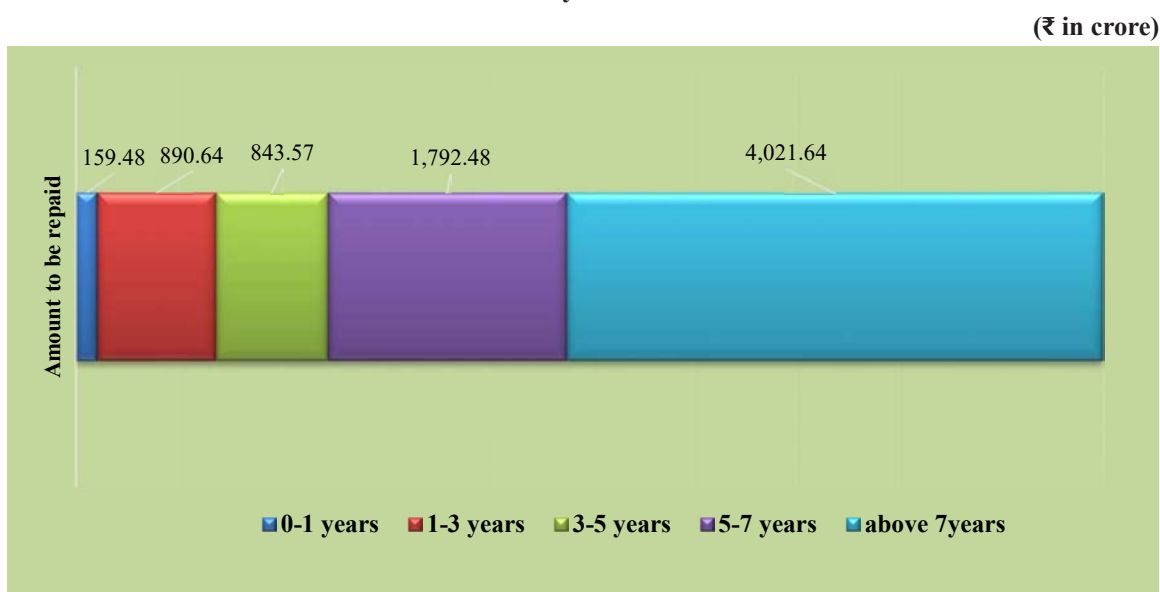
2.10.3 Debt Profile: Maturity and Repayment

Public Debt consists of Internal Debt and Loans and Advances received from GoI. As per **Statement 17** of the Finance Accounts for the year 2020-21, the maturity profile of Public Debt is given in **Table 2.36**.

Table 2.36: Maturity Profile of Public Debt

| Date maturity | Maturity Profile | Amount | | | Per cent |
|-------------------|--------------------------------|-----------------|---------------------------|-----------------|---------------|
| | | Internal Debt | Loans & Advances from GoI | Total | |
| 2021-22 | 0 to One year | 138.57 | 20.91 | 159.48 | 2.07 |
| 2022-23 & 2023-24 | Over One year to three years | 849.74 | 40.90 | 890.64 | 11.56 |
| 2024-25 & 2025-26 | Over three years to five years | 819.55 | 24.02 | 843.57 | 10.94 |
| 2026-27 & 2027-28 | Over five years to seven years | 1,786.67 | 5.81 | 1,792.48 | 23.26 |
| 2027-28 onwards | Above seven years | 3,753.57 | 268.07 | 4,021.64 | 52.18 |
| Total | | 7,348.10 | 359.71 | 7,707.81 | 100.00 |

Source: Finance Accounts 2020-21

Chart 2.20: Maturity Profile of Public Debt

Source: Finance Accounts 2020-21

The maturity profile of outstanding stock of Public Debt as on 31 March 2021 indicates that out of the outstanding Public Debt of ₹7,707.81 crore, 47.82 per cent (₹3,686.17 crore) is payable within the next seven years while the remaining 52.18 per cent (₹4,021.64 crore) is in the maturity bracket of more than seven years. Of the total outstanding Public Debt, Internal Debt consisting of Market Borrowings, Loans from NABARD and Special Securities issued to NSSF of Central Government constituted 95.33 per cent (₹7,348.10 crore).

2.10.4 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. **Table 2.37** presents the trend of utilisation of borrowed funds for repayment of earlier borrowings, Capital Expenditure and Revenue Expenditure.

Table 2.37: Details of utilization of borrowed funds

(₹ in crore)

| Year | Total Borrowings | Repayment of earlier borrowings (Principal) | Net Capital Expenditure | Net Loans and Advances | Portion of Revenue Expenditure met out of net available borrowings |
|---------|------------------|---|-------------------------|------------------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 (2-3-4-5) |
| 2016-17 | 1,015.27 | 586.77 | 1,544.01 | (-)6.54 | NA |
| 2017-18 | 1,767.27 | 432.24 | 3,188.10 | 0.61 | NA |
| 2018-19 | 1,204.97 | 279.76 | 5,727.43 | (-)15.08 | NA |
| 2019-20 | 1,790.70 | 353.60 | 3,693.05 | (-)8.99 | NA |
| 202-21 | 1,516.06 | 259.49 | 5,123.35 | 1.14 | NA |

Source: Finance Accounts of the respective years

It can be seen from the above **Table** that the State Government utilised total borrowings for repayment of earlier principal and Capital Expenditure during the period 2016-21 indicating sustainable financial position of the state.

2.11 Management of Cash Balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA), Ordinary or Special, from the Reserve Bank of India (RBI) has been put in place. The operating limit for ordinary WMA is reckoned as the three-year average of Revenue Receipts and the operative limit for special WMA is fixed by RBI from time to time depending on the holding of Government securities. Overdrafts are given by the RBI, if the State has a minus balance after availing of the maximum advances.

Under an agreement with the RBI, the State Government has to maintain a minimum balance of ₹0.26 crore with RBI. If the balance falls below the agreed minimum, the Government can take ordinary WMA from the RBI, in addition, special WMAs are made available against GoI securities held by the State Government.

The Cash Balances and Investments made by the State Government out of Cash Balances during 2019-20 are shown in **Table 2.38**.

Table 2.38: Cash Balances and Investment of Cash Balances

(₹ in crore)

| Particulars | Opening balance on 01 April 2020 | Closing balance on 31 March 2021 |
|--|----------------------------------|----------------------------------|
| A. General Cash Balance | | |
| Cash in treasuries | 0.00 | 0.00 |
| Deposits with Reserve Bank | 256.96 | 7.01 |
| Deposits with other Banks | 0 | 0.00 |
| Remittances in transit – Local | 0 | 0.00 |
| Total (A) | 256.96 | 7.01 |
| B. Investments held in Cash Balance investment account | 1,416.05 | 1,699.49 |
| (a) Total (A+B) | 1,673.01 | 1,706.50 |

| Particulars | Opening balance on 01 April 2020 | Closing balance on 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| (b) Other Cash Balances and Investments | | |
| Cash with departmental officers | (-)4.93 | (-)3.49 |
| Permanent advances for contingent expenditure with departmental officers | 0.01 | 0.01 |
| Investment of earmarked funds | 1,345.73 | 1,686.31 |
| Total (b) | 1,340.81 | 1,682.83 |
| Total (a) + (b) | 3,013.82 | 3,389.33 |
| Interest realised | 59.22 | 32.37 |

Source: Finance Accounts, 2020-21

Cash Balances of the State Government increased from ₹3,013.82 crore in 2019-20 to ₹3,389.33 crore in 2020-21. There was a net difference of ₹27.01 crore (Debit) at the end of accounting year 2020-21 between the General Cash Balance as worked out by the Accountant General (₹7.01 crore) and as reported by the RBI (₹20.00 crore). This difference was mainly due to misclassification of transactions by Bank/ Treasuries.

As of 31 March 2021, the State Government invested ₹1,416.05 crore in GoI Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. During 2020-21, Interest of ₹32.37 crore was earned on investment of Cash Balances.

Table 2.39 shows the year-wise Cash Balance Investment with interest earned during the last five years.

Table 2.39: Details of Cash Balance Investment with interest earned during the last five years
(₹ in crore)

| Year | Opening Balance | Closing Balance | Increase (+) / decrease (-) | Interest earned |
|---------|-----------------|-----------------|-----------------------------|-----------------|
| 2016-17 | 3,970.34 | 3,046.51 | (-)923.83 | 55.43 |
| 2017-18 | 3,046.51 | 3,082.39 | 35.88 | 45.28 |
| 2018-19 | 3,082.39 | 3,442.42 | 360.03 | 78.01 |
| 2019-20 | 3,442.42 | 1,416.05 | (-)2,026.37 | 59.22 |
| 2020-21 | 1,416.05 | 1,699.49 | (-)283.44 | 32.37 |

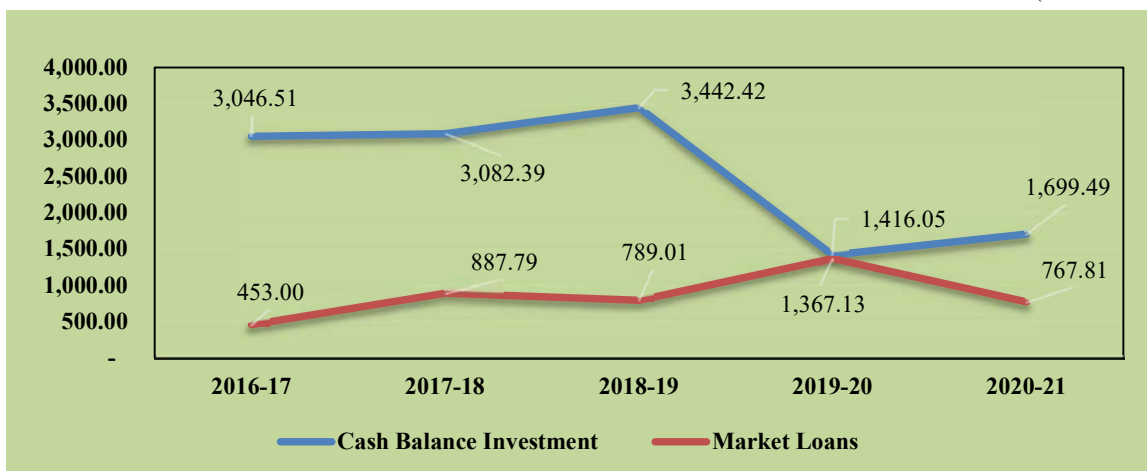
Source: Finance Accounts of the respective years

The trend analysis of the Cash Balance Investment of the State Government during 2016-21 revealed that investment decreased significantly during 2019-20. Cash Balance Investment of the State Government increased by ₹283.44 crore during 2020-21 over the previous year.

Chart 2.21 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2016-21.

Chart 2.21: Market Loans vis-à-vis Cash Balance Investment

(₹ in crore)

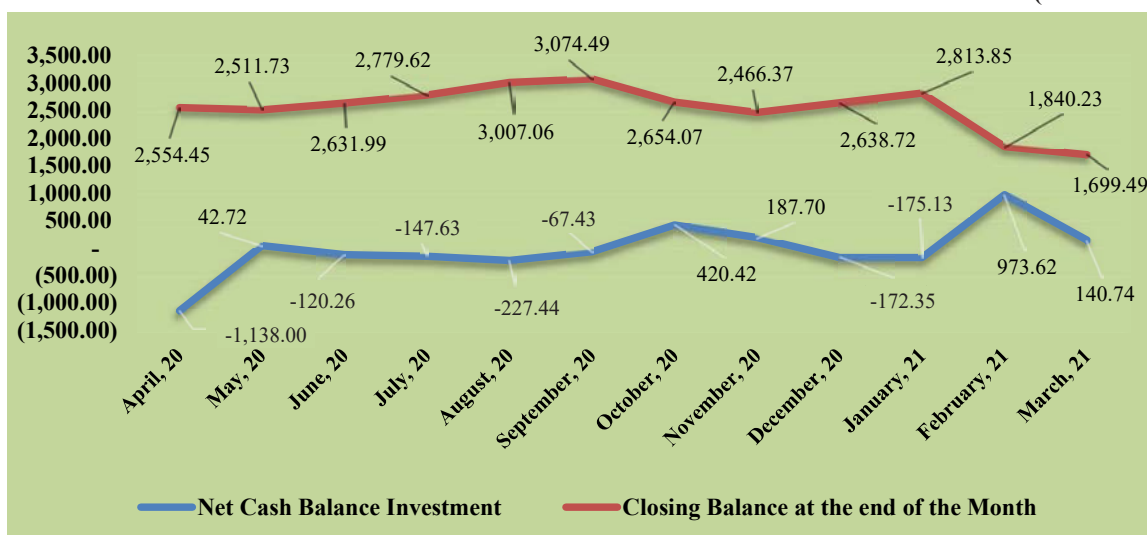


Source: Finance Accounts of the respective years

Chart 2.22 compares the month-wise movement Cash Balances and net Cash Balance Investments during the year.

Chart 2.22: Month-wise movement Cash Balances and Investments

(₹ in crore)



Source: Monthly Civil Accounts 2020-21

2.12 Conclusion

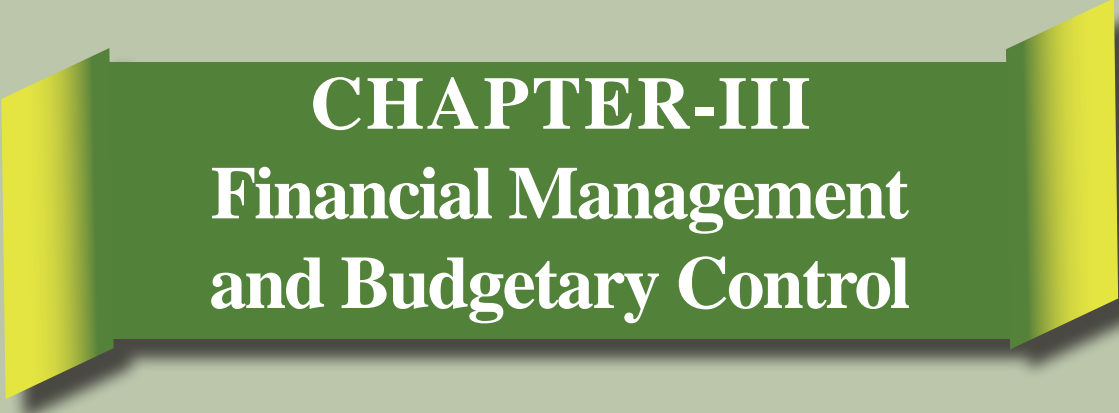
- The State had Revenue Surplus consistently during the period 2016-17 to 2020-21 and the revenue receipts increased during the current year. The State has done well to augment its non-tax revenue by expanding its tax base. However, the State's Own Resources constituted only around 13 per cent of the total Revenue Receipts during 2020-21, indicating heavy dependence of the State on funds from the Government of India, which contributed ₹14,855.88 crore (87 per cent) of the total revenue receipts of ₹17,123.51 crore in 2020-21.

- Both Revenue and Capital Expenditure increased by ₹868.77 crore (7.11 per cent) and ₹1,430.30 crore (38.73 per cent) respectively over the previous year. Revenue Expenditure, which was in the nature of current consumption, accounted for around 72 per cent of the State's total expenditure during 2020-21, leaving only 28 per cent for infrastructure and asset creation.
- The State has not complied with the rules governing NPS. Non-observance of the rules governing NPS by the State Government is fraught with the risk of unauthorised use of funds belonging to its employees, thereby creating uncertainty in respect of the benefits due to the employees, avoidable future liability to the Government and possible failure of the NPS itself in the State.
- The State did not maintain the details of its investment in capital projects, as well as the status of these projects along with the liabilities likely to arise from delays in completing these projects. The Government incurred an expenditure of ₹741.64 crore on 80 projects, which remained incomplete and the resources required for completing these works were not made available.
- During the year 2020-21, there was increase in the Revenue Expenditure when compared with the previous year. The Committed Expenditure was about 46 to 53 per cent of Revenue Expenditure over the past five years. The high share of the Committed Expenditure in the total Revenue Expenditure indicates that the amounts available for implementing other welfare schemes, and maintenance of assets is getting reduced.
- The Capital Expenditure during the year which is meant for creating infrastructure constituted 28.13 per cent of the Total expenditure while the NE&H States was 13.03 per cent. The ratio of expenditure on Education and Health to the Total Expenditure firstly declined with reference to the base year and secondly was lower than that of average of NE&H States (indicating that the priority given to these sectors is not commensurate with average of NE&H States).
- The growth rate of Revenue Receipts has generally outpaced the growth rate of debt during 2016-17, while in the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts. The maturity profile of outstanding stock of Public Debt as on 31 March 2021 indicates that out of the outstanding Public Debt of ₹7,707.81 crore, 47.82 per cent (₹3,686.17 crore) is payable within the next seven years while the remaining 52.18 per cent (₹4,021.64 crore) is in the maturity bracket of more than seven years.

2.13 Recommendations

- The State Government needs to shore up its resources and explore ways of harnessing the potential within the State by appropriate measures.
- The State needs to plan adequately for rolling out its major policy initiatives and ensure that adequate capacities are developed for consumption of Capital Expenditure for creation of durable assets.

- The State Government needs to adhere to the prescribed procedure for accounting for the NPS transactions scrupulously. It should ensure that Government contribution relating to NPS is fully matched with that of the employees' contribution and that the entire amount is transferred to NSDL in a timely manner to avoid unlimited liability on the State exchequer as well as to provide an assurance to the pensioners about the returns on their investment.
- The Government needs to maintain an accurate database with regard to the Capital invested in projects which are at various stages of completion for several years and review its commitment to these and liabilities arising out of inordinate delays in their completion.
- The State Government would do well by increasing its expenditure on Health and Education to compare favorably with North Eastern and Himalayan States.
- The State Government may ensure that mobilised debt resources are used adequately for incurring Capital Expenditure for creation of assets. The increasing trends of share of Committed Expenditure to the Revenue Expenditure be corrected by identifying potential wasteful expenditure and adopting economy measures across departments.



CHAPTER-III
Financial Management
and Budgetary Control

Chapter III: Financial Management and Budgetary Control

3.1 Introduction

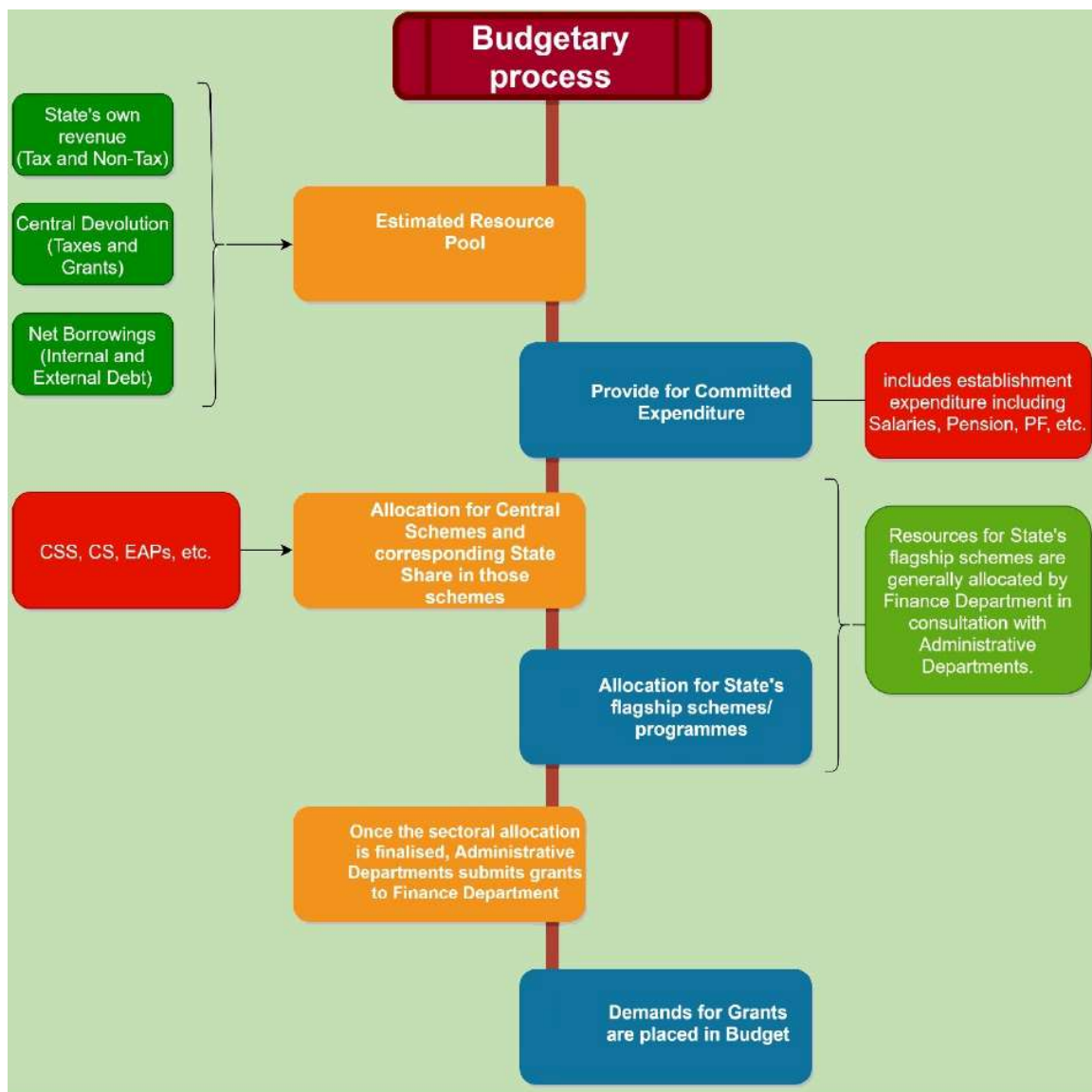
Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

3.2 Budget Preparation Process

The GoAP has not yet prepared a Budget Manual, detailing the processes involved in budget formulation exercise, roles and responsibilities of the persons entrusted with the preparation and implementation of budget, timelines for preparation and submission of budgetary estimates, requirements of supplementary budget, mode of seeking re-appropriations within Grants, assessment of savings, surrenders *etc.* and monitoring and controls to be exercised by the Controlling Officers at all stages of budget preparation and implementation.

In the absence of a Budget Manual, the Government has been following the General Financial Rules, various provisions of the Constitution of India and guidelines issued by the Central and Circular issued by the State Governments. The State Government secures Legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 84 Demands for Grants. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount or for incurring the expenditure on the items which are not envisaged in the budget. Further, the State Government also re-appropriates/ re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/ Appropriation) during the year. The Budgetary process of the State Government is depicted below:



3.3 Annual Budget 2020-21

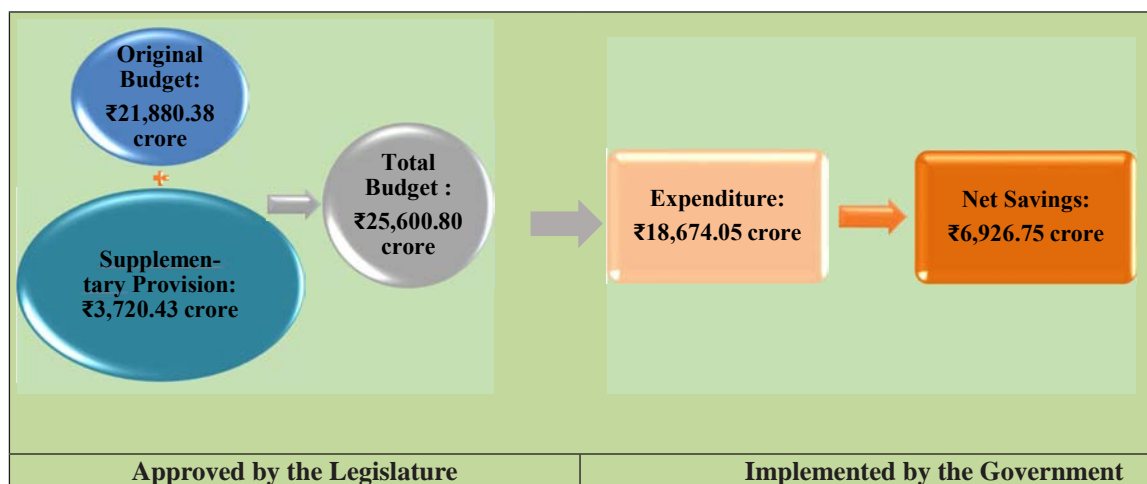
Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amount of voted Grants and Appropriations charged for different purposes as specified in the Schedules appended to the Appropriation Act. These Accounts list the original Budget Estimates (BEs), Supplementary Grants, Surrenders and Re-appropriations distinctly, and indicate the actual capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. The reasons for variation between the actual expenditure and the amounts approved by the Legislature are also explained briefly. The Appropriation Accounts, thus, capture the data along the entire process of budget formulation and implementation.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is

so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

The total amount approved by the State Legislature including the Original and Supplementary budgets, expenditure and savings during the year 2020-21 is given in **Chart 3.1**.

Chart 3.1 Summary of Budget and Expenditure of Arunachal Pradesh for 2020-21



Source: Appropriation Accounts, 2020-21

The budget provision (₹25,600.80 crore) for the year 2020-21 was more than the budget provision approved by the Legislature in the previous year (₹23,487.09 crore) by ₹2,113.71 crore. The savings in the current year was more than the Supplementary Provision indicating that the entire Supplementary provision was unnecessary and could have been limited to token provisions for the schemes which were not included in the Original budget formulation. The actual expenditure fell short of the amount approved by the Legislature by ₹6,926.75 crore constituting about 27.06 per cent of the budget provisions approved which raises questions about the basic assumptions that went in to formulating an unrealistic budget. The actual expenditure (₹18,674.05 crore) during the year 2020-21 was excess of the actual expenditure (₹16,281.40 crore) of the previous year by ₹2,392.65 crore.

The above **Chart** indicates that the Supplementary Grant of ₹3,720.43 crore was not required as Supplementary Grant was taken on 06 March 2021 and Total Expenditure as on February 2021 was only ₹16,442.94 crore as per Monthly Civil Accounts submitted by the Treasuries, leaving ₹5,437.44 crore with the State Government for the remaining 25 days. With the Supplementary Grant, total funds available with the State Government were ₹9,157.87 crore which was equal to 56 per cent of the expenditure incurred during the first 11 months of the financial year. This was indicative of over estimation and poor financial management.

3.3.1 Summary of Total Provision, Actual Disbursement and Savings/ Excess during Financial Year

A summarised position of total budget provision, actual disbursement and savings/ excess with its further bifurcation into voted/charged is given in **Table 3.1**.

Table 3.1: Budget provision, actual disbursement and savings/ excess during the financial year
(₹ in crore)

| Budget Provision | | Disbursement | | Savings | | Excess | |
|------------------|----------|--------------|----------|----------|---------|--------|---------|
| Voted | Charged | Voted | Charged | Voted | Charged | Voted | Charged |
| 23,966.92 | 1,633.88 | 17,395.43 | 1,278.62 | 6,580.36 | 355.26 | 8.87 | 0.00 |

Source: Appropriation Accounts, 2020-21

There was an overall savings of ₹6,935.62 crore offset by excess of ₹8.87 crore during the year 2020-21 resulting in net savings of ₹6,926.75 crore which was 16 per cent of total Grants/ Appropriations and 19 per cent of the expenditure.

These savings may be seen in context of over estimation of Receipts of ₹21,999.20 crore by the State Government and estimation on the expenditure side being ₹25,600.80 crore during the year 2020-21. This implied that the savings were notional, as the funds were not actually available for expenditure.

3.3.2 Charged and Voted Disbursement

Break-up of the total disbursement into charged and voted during the year 2020-21 along with the trend analysis during the last five years is given in **Table 3.2**.

Table 3.2: Year-wise details of disbursement

| Year | Disbursement | | Savings(-)/Excess (+) | |
|---------|--------------|----------|-----------------------|-----------|
| | Voted | Charged | Voted | Charged |
| 2016-17 | 10,381.00 | 1,155.32 | (-)4,379.18 | (-)400.29 |
| 2017-18 | 13,403.00 | 1,123.37 | (-)5,286.96 | (-)327.90 |
| 2018-19 | 17,386.20 | 1,070.97 | (-)7,847.07 | (-)503.93 |
| 2019-20 | 15,046.85 | 1,234.55 | (-)6,938.94 | (-)266.76 |
| 2020-21 | 17,395.43 | 1,278.62 | (-)6,571.49 | (-)355.26 |

Source: Appropriation Accounts of the respective years

As could be seen from the **Table 3.2**, there were substantial savings in all the five years in the voted and charged section. This was due to short receipt of fund by ₹4,332.71 crore (share in Union taxes and duties *plus* GIA) from GoI against Budget Estimate (₹19,188.59 crore). During the current year, the actual devolution of all sharable taxes was also less by ₹4,578.52 crore against the projection of XV FC (₹15,051.10 crore), indicating that the expenditure was estimated without assessment of the availability of the resources to meet the expenditure, resulting in huge savings

As against the total savings of ₹6,926.75 crore during the year 2020-21, ₹4,228.32 crore (61.04 per cent) occurred in nine Grants/ Appropriations (details in **Table 3.7**) indicating serious weakness in the budget formulation in these Grants/ Appropriations. Non-receipts of fund from GoI as per the recommendations of XV FC as well as BEs also had an impact on implementation of the various schemes announced by the Government from time to time. During the year, 102 schemes encompassing 54 departments (**details in Appendix 3.9**) could not be implemented due to non-receipt/ late receipt of authorisation from the Finance Department and non-sanction of the schemes, resulting in a savings of ₹3,594.89 crore constituting 19.25 per cent of the total disbursements made during the year. In the earlier years also, there were 161 schemes under 62 departments which could not be

implemented due to short release of share in union taxes and duties Non-implementation of large number of schemes, due to non-availability of resources, indicating that State Government had estimated more devolution of revenue from the Centre which impacted adversely on developmental aspirations envisioned in the budget.

Gross savings of ₹6,935.62 crore in 77 Grants and four Appropriations under Revenue Section and 58 Grants and one Appropriation under Capital Section were offset by excess expenditure of ₹8.87 crore in one Grant under Capital Section.

3.4 Comments on Integrity of Budgetary and Accounting Process

3.4.1 Expenditure Incurred without Authority of Law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the Constitution. Expenditure should not be incurred on a scheme/ service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund.

It was noticed that an expenditure of ₹0.92 crore was incurred in three schemes under four Grants/ Appropriations without any provisions in the original estimates/ supplementary demands and without any re-appropriation orders as shown in **Table-3.3**.

Table 3.3: Expenditure incurred without budget provision during 2020-21

(₹ in crore)

| Sl. No. | Grant/ Appropriation No. and Name | Head of Accounts | Expenditure | Name of Schemes/ Sub-Heads |
|--------------|---|------------------|-------------|---|
| 1 | 6-District Administration | 3451-102-07 | 0.30 | Schemes under State Annual Development Agenda |
| 2 | 7-Treasury and Accounts Administration | 2235-60-104-01 | 0.39 | Deposit linked Insurance Scheme |
| 3 | 22-Food and Civil Supplies | 2408-02-800-01 | 0.15 | Grants towards National Food Security Act |
| 4 | 25-Relief, Rehabilitation and Re-settlement | 2551-60-800-01 | 0.08 | Establishment Expenses |
| Total | | | 0.92 | - |

Source: Appropriation Accounts, 2020-21

The drawal of money in the above grants was in violation of the provisions of the Constitution. It was the responsibility of the sanctioning authority to ensure that required funds are available by way of provision in the budget before issuing the sanction orders. The authorities while issuing sanctions for incurring the expenditure from the Government account against the schemes mentioned in **Table 3.3** could not ensure existence of budget before issuing such sanction orders. While it was the duty of the Treasury Officer to ensure existence of the budget before admitting the bills, however, the Treasury Officers passed the bills based on those sanction orders without any budget provision against those schemes. This shows that bills were passed in treasuries without proper verification of existence of provision in the Budget and strict compliance to the prescribed rules was not ensured. Since such instances are being found repeatedly, the Government needs to strengthen the mechanism for strict compliance with the rules and Treasury Officer strictly adheres to the provisions regarding existence of the budget while passing of bills.

3.4.2 Supplementary Provision

The General Financial Rules permits obtaining a Supplementary Grant/ Appropriation if the budgetary provision falls short and a commitment for expenditure has already been made under the orders of the competent authority or expenditure is required to be made against the sub-heads for which no budget provision was made. The State Legislature approved one supplementary of ₹3,720.43 crore in 64 Grants/ Appropriations for the year 2020-21. Audit analysis of utilisation of the supplementary allocations showed that a provision of only ₹2,490.21 crore was required in 37 Grants/ Appropriations where the final expenditure exceeded the original budget provision. Details relating to the actual expenditure incurred against the original budget allocation and Supplementary provision are given in **Appendix 3.1**. Since the supplementary was Cash Supplementary which is over and above the original budget provision and resulted in enhancement of the allocation for the Demand/ Grant, obtaining such approval without properly assessing the requirements resulted in large savings at the end of the year proving that ₹1,230.22 crore of the Supplementary provision was either unnecessary or could have been restricted to token amounts. The details of such grants where the Supplementary provision was unnecessary are discussed in the following sub-paragraphs.

3.4.3 Unnecessary or Excessive Supplementary Provision

Supplementary provision aggregating ₹1,096.68 crore (₹10.00 lakh or more in each case) obtained in 12 Grants during 2020-21 proved unnecessary (details given in **Appendix 3.2**) as even the original provision was not fully utilised. Clearly, the Controlling Officers could not realistically assess/ estimate the actual requirement of funds for the remaining period of the financial year. Also, the Finance Department did not release funds as mentioned in **Paragraph 3.4.8**. The position of some of the grants where the total Supplementary provision of more than ₹10.00 crore obtained in each of the items was unnecessary is given in **Table 3.4**.

Table 3.4: Unnecessary Supplementary Provision

| (₹ in crore) | | | | | |
|------------------------|---|-----------------|---------------|-----------------|------------------------------------|
| Sl. No. | Grant/ Appropriation No. and Name | Original | Supplementary | Actuals | Savings out of original Provisions |
| Revenue- Voted | | | | | |
| 1 | 15-Health and Family Welfare | 933.00 | 41.47 | 908.38 | 24.62 |
| 2 | 68-Town Planning Department | 177.81 | 100.55 | 108.50 | 69.30 |
| 3 | 76-Elementary Education | 1,013.53 | 49.07 | 994.88 | 18.66 |
| Capital Voted | | | | | |
| 3 | 32-Roads and Bridges | 950.00 | 291.77 | 889.93 | 60.07 |
| 4 | 34-Power | 188.76 | 22.38 | 152.92 | 35.84 |
| 5 | 59-Public Health Engineering and Water Supply | 279.30 | 39.38 | 224.55 | 54.75 |
| Capital Charged | | | | | |
| 6 | 84-Public Debt | 544.39 | 32.16 | 259.49 | 284.90 |
| Total | | 4,086.70 | 576.78 | 3,538.65 | 548.14 |

Source: Appropriation Accounts 2020-21

In Grant No.68-Town Planning Department, against one sub-head, the original provision was ₹111.00 crore against which the actual expenditure was only ₹77.95 crore. However, the Department obtained supplementary grants for ₹85.68 crore, and the entire Supplementary Grant proved unnecessary as the expenditure fell short of even the original provision. It was stated that this was due to non-sanction of schemes by the Finance Department, Government of Arunachal Pradesh.

Under Grant No. 84-Public Debt, in one sub-head (6003-110- 'Ways and Means Advances from the Reserve Bank of India'), the original provision was ₹300.00 crore against which no expenditure was incurred. However, during the year, the Department obtained supplementary grants for ₹12.00 crore and the entire supplementary grant proved unnecessary as no expenditure was incurred against the sub head.

3.4.4 Excessive or Inadequate Supplementary Provision

During 2020-21, excessive or inadequate Supplementary Provisions (₹One crore and above in each case) ranged between one to more than 100 *per cent* of the Supplementary Provisions in 72 cases as detailed in *Appendix 3.3*.

Table 3.5: Range of excessive or inadequate Supplementary provisions

(₹ in crore)

| Range of Supplementary Provisions (excess/ less) | Details of Supplementary Provisions | | Number of Cases |
|--|-------------------------------------|----------------------|-----------------|
| | Total | Excess (+)/ Less (-) | |
| 0-20 <i>per cent</i> | 2,159.83 | 236.50 | 10 |
| 21-40 <i>per cent</i> | 228.75 | 55.43 | 5 |
| 41-60 <i>per cent</i> | 527.18 | 304.66 | 5 |
| 61-80 <i>per cent</i> | 84.32 | 55.78 | 1 |
| More than 81 <i>per cent</i> | 584.16 | 5,253.35 | 51 |
| Total | 3,584.24 | 5,905.92 | 72 |

Source: *Appropriation Accounts, 2020-21*

Further, under 72 Cases, Supplementary Provisions aggregating ₹3,584.24 crore proved excessive by ₹2,321.68 crore.

3.4.5 Error in Classification of Expenditure

Expenditure relating to minor works, repairs and Grants-in-Aid is to be classified as Revenue Expenditure. Capital Expenditure is incurred with the object of increasing concrete assets of a material and permanent character or reducing permanent liabilities. As per Government Financial Rules read with Indian Government Accounting Standard, subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure.

As per Detailed Appropriation Accounts for the year 2020-21, the State Government, however, made budget provision and incorrectly incurred ₹76.08 crore for maintenance of Transmission Line including Sub-Stations and maintenance of various Water Supply schemes under Capital Section instead of booking the same under Revenue Section as

per details given in **Appendix 3.4 A** which had the impact of understating the Revenue Expenditure and overstating the Revenue Surplus as detailed given in **Table 3.6**.

Table 3.6: Maintenance expenditure classified as Capital Expenditure

| (₹ in crore) | | | | | |
|--------------|------------|----------------|------------|----------|--------------|
| Sl. No. | Major Head | Sub Major Head | Minor Head | Sub Head | Amount |
| 1 | 4801 | 80 | 800 | 06 | 32.43 |
| 2 | 4215 | 01 | 800 | 02 | 43.65 |
| Total | | | | | 76.08 |

Source: Detailed Appropriation Accounts, 2020-21

The Government while issuing sanctions for implementation of the schemes did not strictly adhere to the Government Accounting Rules, 1990 with regard to classification of expenditure, which resulted in misclassification of Revenue Expenditure as Capital Expenditure and *vice-versa*. Even the Treasury Officers while passing the bills did not take up the matter with the appropriate authority and rectify the misclassification.

The State Government in its reply (January 2022) stated that corrective measures have already been taken to rectify the misclassifications in future.

3.4.5.1 Non-Classification of Expenditure

As per para 25(1) of the GFR 2017, all sanctions shall indicate the details of the provision in the relevant grant or appropriation from which the expenditure has to be met. A test check of the sanctions issued by the Government indicated that six sanction orders issued by the Government involving ₹2.66 crore (details in **Appendix 3.4 B**) did not indicate the provision in the grant or appropriation from which the expenditure was to be met or the head of account under which the expenditure was to be classified. Non-observance of instructions has resulted in booking of expenditure without budget provision by the Drawing and Disbursing Officers (DDOs).

3.4.6 Excessive/ Inadequate/ Unnecessary Re-appropriation of Funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. The authority issuing the re-appropriation order should assess the requirement of funds, expenditure incurred as on the date of issue of re-appropriation of funds, potential savings/ excess, *etc.* along with reasons for such re-appropriation, before issuing such order. It was noticed that such an exercise was not done diligently in many cases proving that either the re-appropriation itself was unnecessary or could have been issued for a different amount to avoid savings/ excess at the end of the financial year. During test check, it was noticed that in as many as 102 cases (details depicted in **Appendix 3.5**), the re-appropriation was not made after realistic assessment as the expenditure was less/ more than the final appropriated amount pointing to inadequacy of the re-appropriation ordered. The re-appropriation proved inadequate as the expenditure finally was more than the total grant available in seven cases by ₹619.14 crore. Similarly, re-appropriation was injudicious in 95 cases as the expenditure fell short of the available grant proving the entire re-appropriation unnecessary.

3.4.7 Appropriation vis-à-vis Allocative Priorities

For preparing the budget, the estimating authorities are expected to assess their receipts and expenditure requirements with good care. They are required to be judicious to avoid any estimation of receipts, since these may lead to avoidable tax burden or exclusion of some important items of expenditure for which provision could have been otherwise made.

The outcome of appropriation audit showed that savings aggregating ₹1,562.34 crore in 30 cases (Revenue) and ₹4,090.63 crore in 44 cases (Capital) exceeded ₹One crore in each case and more than 20 per cent of the total provisions, details are given in **Appendix 3.6**. Such huge savings indicate that the budget estimates are not prepared realistically. In 36 such cases, reasons for appropriation have not been appropriately explained in the Appropriation Accounts. Against the net savings of ₹6,926.75 crore, savings of ₹4,228.32 crore (61.05 per cent), exceeding ₹100.00 crore in each case, occurred in nine Grants/ Appropriations as shown in **Table 3.7**.

Table 3.7: List of Grants with Savings of ₹100.00 crore and more

(₹ in crore)

| Sl. No. | Number and Name of the Grant | Total | Actual Expenditure | Details of Savings | | Reasons for savings |
|------------------------|---|-----------------|--------------------|--------------------|--------------|---|
| | | | | Amount | Per cent | |
| Revenue Voted | | | | | | |
| 1. | 14-Secondary Education | 496.29 | 352.44 | 143.85 | 28.98 | Due to receipt of less numbers of proposals of transportation of NCERT books and stipend to students of class XI and XII from the Districts |
| 2. | 23-Forests | 684.45 | 443.50 | 240.95 | 35.20 | Reasons for saving have not been intimated |
| 3. | 50-Secretariat Economic Services | 400.98 | 59.22 | 341.76 | 85.23 | Less requirement of funds towards contractual services and other charges |
| 4. | 68-Town Planning | 278.35 | 108.50 | 169.85 | 61.02 | Reasons for saving had not been intimated |
| 5. | 74-Social Justice, Empowerment and Tribal Affairs | 179.86 | 11.47 | 168.39 | 93.62 | Less requirement of funds under Grants-in-Aid to Eklavya Model Residential School (Salaries) |
| Capital Voted | | | | | | |
| 6. | 24-Agriculture | 109.50 | 4.80 | 104.70 | 95.61 | Reasons for savings had not been intimated |
| 7. | 32-Roads and Bridges | 1,241.77 | 889.93 | 351.85 | 28.33 | Saving was due to non-completion of physical works |
| 8. | 50-Secretariat Economic Services | 2,827.41 | 437.50 | 2,389.91 | 84.53 | Saving was due to release of payment as per physical progress of works |
| Capital Charged | | | | | | |
| 9. | Public Debt | 576.55 | 259.49 | 317.06 | 54.99 | Reason for saving had not been intimated |
| Grand Total | | 6,795.16 | 2,566.85 | 4,228.32 | 62.22 | |

Source: Appropriation Accounts 2020-21

- Under the Grant No. 84-Public Debt, there was substantial savings of ₹312.00 crore under sub head 6003-110- Repayment of Ways and Means Advances from the Reserve Bank of India. However, no part of the available savings was anticipated for surrender during the year. Moreover, there was a savings of ₹23.45 crore under 2049-interest payments. This indicates that the preparation of BEs lacked due diligence, as interest liability can be estimated with near accuracy based on the outstanding debt of the government maintained in Liability Register along with the interest rates to be paid based on the repo rate declared by the RBI.
- Under the Grant 32-Roads and Bridges, a provision of ₹768.79 crore was made for creation of assets under SADA without giving any details of projects to be taken up from the provision. However, ₹478.95 crore was utilised and ₹289.84 crore was saving due to non-completion of physical works.
- Under the Grant 50-Secretariat Economic Services, an amount of ₹1,269.00 crore was provided for Centrally Sponsored Schemes and whole amount was surrendered without assigning any reason resulting in non-creation of envisaged infrastructure in the BEs.
- In the Grant 50- Secretariat Economic Services an amount of ₹610.81 crore was provided in the budget for various Infrastructure development projects against the sub-head “State Infrastructure Development Fund/ State Development” without identifying the assets on which the expenditure was to be incurred and whole amount was surrendered without assigning any reason. Due to non-compliance of above rules, many projects remain incomplete which was discussed in *Paragraph 2.6.5.2*.

3.4.8 Persistent Savings

During the last five years, there were persistent savings of more than ₹one crore and by 10 per cent or more of the total provisions in 16 Grants as shown in **Table 3.8**.

Table 3.8: List of Grants where persistent savings occurred during 2016-17 to 2020-21

(₹ in crore)

| Sl. No. | No. and Name of Grant | Amount of Savings | | | | |
|----------------------|---|-------------------|----------------|----------------|----------------|---------------|
| | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Revenue Voted | | | | | | |
| 1 | 56-Tourism | 20.43(39.64) | 42.16(54.04) | 10.44(19.51) | 18.99(31.03) | 23.22(56.43) |
| 2 | 68-Town Planning Department | 26.89 (69.80) | 199.43 (83.27) | 4.62 (11.47) | 29.67 (53.43) | 169.85(61.02) |
| 3 | 71-Department of Tawang and West Kameng | 6.92(89.18) | 3.03(70.63) | 6.10(71.76) | 3.78(54.55) | 18.74(87.61) |
| Capital Voted | | | | | | |
| 4 | 15-Health & Family Welfare | 5.00 (16.12) | 82.76 (66.49) | 377.09 (87.64) | 114.23 (68.98) | 38.70(80.79) |
| 5 | 16-Art and Culture | 14.73(92.08) | 9.36(52.55) | 6.10(45.19) | 2.38(41.03) | 1.69(84.50) |
| 6 | 22-Food and Civil supplies | 7.22 (65.96) | 13.40 (61.54) | 13.62 (49.54) | 1.72 (49.71) | 2.07(69) |
| 7 | 24-Agriculture | 6.70(100) | 5.83(71.53) | 221.05(96.13) | 6.26(65.62) | 104.70(95.62) |
| 8 | 30-Transport | 7.49(37.23) | 1.46(10.60) | 4.36(36.33) | 15.60(71.23) | 6.04(60.40) |

| Sl. No. | No. and Name of Grant | Amount of Savings | | | | |
|---------|----------------------------------|-------------------|----------------|------------------|------------------|-----------------|
| | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| 9 | 34-Power | 69.67 (37.76) | 287.96 (59.41) | 56.04 (16.73) | 85.32 (39.31) | 58.22(27.57) |
| 10 | 40-Housing | 16.47(81.90) | 40.30(59.61) | 9.50(26.13) | 32.51(72.24) | 18.75(47.40) |
| 11 | 42-Rural Development | 7.16(16.71) | 159.04(98.09) | 58.92(63.02) | 109.15(93.38) | 59.26(63.14) |
| 12 | 45-Civil Aviation | 19.16 (85.36) | 5.25 (59.35) | 20.32 (52.78) | 43.97 (84.72) | 19.13(31) |
| 13 | 47-Administration of justice | 21.75 (97.67) | 4.39 (41.74) | 5.18 (34.08) | 8.33 (53.88) | 18.71(76.88) |
| 14 | 48-Horticulture | 55.00 (100) | 2.00 (100) | 61.50 (100) | 17.77 (88.85) | 15.88(77.09) |
| 15 | 50-Secretariat Economic Services | 635.98 (98.78) | 359.74 (98.03) | 2,996.46 (82.55) | 3,025.42 (88.01) | 2,389.91(84.53) |
| 16 | 56-Tourism | 17.32 (24.55) | 95.58 (75.43) | 22.02 (17.90) | 14.33 (91.57) | 29.47(84.13) |
| 17 | 57-Urban Development | 75.87 (20.91) | 113.45 (32.24) | 52.03 (16.79) | 28.06 (19.58) | 39.59(59.12) |

Source: Appropriation Accounts of respective years

Figures in parentheses indicate percentage of savings to total provision

Analysis of the reasons for the savings during 2020-21 showed that:

- Under Tourism, the savings was of ₹35.57 lakh, under Office Expenses, Wages and Advertising due to less requirement of funds and saving of ₹2.44 crore under SADA due to Non-receipt of finance concurrence from the Finance Department, Government of Arunachal Pradesh (GoAP).
- Under Town Planning Department the savings of ₹169.85 crore (61.02 per cent) under schemes for Urban Local Bodies (ULBs) was due to non-sanction of various schemes by the Finance Department, GoAP.
- Under Department of Tawang and West Kameng, savings of ₹15.50 crore were under SADA which was further surrendered mainly from Scholarship/ Stipend without assigning any reason and savings of ₹13.45 lakh were due to incurring less expenditure under salaries, Office Expenses and Domestic Travel Expenses.
- Out of the total Savings of ₹38.70 crore under Health and Family Welfare, ₹35.22 crore was surrendered from major works due to non-receipt of Utilisation Certificates from the executing agencies.
- There were savings of ₹104.70 crore under Agriculture Department under Capital Head. However, ₹108.55 crore was injudiciously surrendered in March without assigning any specific reason (as discussed in **Paragraph 3.4.13**).
- The Savings of ₹58.22 crore occurred under Power Department, out of which, ₹57.53 crore savings under one sub-head 'creation of assets under SADA' was due to non-receipt of Letter of Credit (LoC) authorisation from the Finance Department.
- The reasons for savings of ₹59.26 crore under Rural Development, were non-receipt of LOC authorisation from the Finance Department and less requirement of funds towards Major works. Out of available saving of ₹59.26 crore, ₹59.06 crore was surrendered in March 2021.
- The savings of ₹19.13 crore under Civil Aviation was due to non-utilisation of allotted fund fully by executing agencies and non-submission of Utilisation Certificates. However, ₹19.86 crore was surrendered injudiciously in March 2021 (as discussed in **Paragraph 3.4.13**).

- The savings of ₹18.71 crore under Administration of Justice was due to less requirement of funds towards Major Works and was surrendered without assigning any specific reason. Out of total savings of ₹18.71 crore, only ₹7.45 crore was surrendered in March 2021.
- The huge savings of ₹2,389.91 crore under Secretariat Economic Services was due to non-receipt of LOC authorisation from the Finance Department. This indicated lack of proper assessment at the time of making budget estimates. Out of total savings of ₹2,389.91 crore, ₹2,208.37 crore only was anticipated and surrendered in March 2021.
- The savings of ₹29.47 crore under Tourism Department was due to late receipt of finance concurrence and expenditure authorisation from the Finance Department. Out of total savings of ₹29.47 crore, ₹16.63 crore was anticipated and surrendered in March 2021.
- The savings of ₹39.59 crore under Urban Development Department was due to non-receipt of LOC from the Finance Department. Out of the total savings of ₹39.59 crore, ₹19.80 crore (50.00 *per cent*) was anticipated and surrendered in March 2021.
- In many cases, the expenditure could not be incurred due to non-receipt of finance concurrence and expenditure authorisation from the Finance Department which could be due to daily cash management issues, primarily arising out of mis-match between the receipts and expenditure.

The trend of persistent savings is being highlighted in the C&AG's State Finances Audit Report every year but no corrective measures had been taken by the departments concerned to correct this situation.

3.4.9 Substantial Surrenders

Substantial surrenders¹² were made in respect of 165 sub-heads under 72 Grants/ Appropriations, as detailed in **Appendix 3.7**. Out of the total provision amounting to ₹9,227.55 crore in these 72 Grants/ Appropriations, ₹8,312.64 crore was surrendered which included 100 *per cent* surrender in 72 sub-heads (₹3,013.14 crore).

3.4.10 Savings not Surrendered

As per extant Financial Rules, the spending departments are required to surrender the Grants/ Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of 2020-21, out of total savings of ₹5,584.81 crore under 61 Grants, savings (₹One crore and above in each case) of ₹2,158.49 crore (38.64 *per cent*) remained to be surrendered, as detailed in **Appendix 3.8**. Further, out of the above, there were savings (₹10.00 crore and above in each case) of ₹1,528.73 crore (27.40 *per cent*) under 14 Grants but no part of the savings was surrendered by the concerned departments as shown in **Table 3.9**.

¹² Cases where 100 *per cent* of total provisions was surrendered

Table 3.9: Details of Grants/ Appropriations in which no part of the savings was surrendered (₹ 10.00 crore and above)

(₹ in crore)

| Sl. No | Number and Name of the Grant/ Appropriation | Total Provision | Expenditure | Savings | Surrender |
|------------------------|---|-----------------|-----------------|-----------------|------------|
| Revenue Voted | | | | | |
| 1 | 15-Health and Family Welfare | 974.47 | 908.34 | 66.09 | Nil |
| 2 | 24-Agriculture | 239.15 | 226.82 | 12.33 | Nil |
| 3 | 74-Social Justice, Empowerment and Tribal Affairs | 226.78 | 219.19 | 168.39 | Nil |
| 4 | 76-Elementary Education | 1,062.60 | 994.88 | 67.72 | Nil |
| Revenue Charged | | | | | |
| 5 | 84-Public Debt | 1,015.14 | 991.68 | 23.45 | Nil |
| Capital Voted | | | | | |
| 6 | 26-Rural Works | 2,409.71 | 2,230.08 | 179.62 | Nil |
| 7 | 31-Public Works | 284.32 | 228.54 | 55.78 | Nil |
| 8 | 32-Roads and Bridges | 1,241.77 | 889.93 | 351.85 | Nil |
| 9 | 34-Power | 211.14 | 152.92 | 58.22 | Nil |
| 10 | 38-Water Resource Department | 215.97 | 171.34 | 44.64 | Nil |
| 11 | 40-Housing | 39.56 | 20.81 | 14.97 | Nil |
| 12 | 59-Public Health Engineering | 318.68 | 224.55 | 94.12 | Nil |
| 13 | 76-Elementary Education | 86.33 | 11.84 | 74.49 | Nil |
| Capital Charged | | | | | |
| 14 | 84-Public Debt | 576.55 | 259.49 | 317.06 | Nil |
| Total | | 8,902.17 | 7,530.41 | 1,528.73 | Nil |

Source: Appropriation Accounts, 2020-21

The non-surrender of the savings by the Controlling Officers was partly attributed to the non-release of fund by the Finance Department due to less/ non-receipt of fund from the GoI.

3.4.11 Impact of Non-surrender of Savings

Rule 61 (1) of General Financial Rules, 2017 prescribe that all the anticipated savings shall be surrendered to the Finance Department by the dates prescribed by that Department and Finance Department shall communicate the acceptance of such surrenders before the close of the Financial year.

However, during 2020-21, against the gross savings of ₹6,935.62 crore, various departments of GoAP surrendered ₹4,842.65 crore (69.82 per cent), but the entire amount was surrendered on the last day of the financial year. Audit further noticed that in the last three years, all the surrenders against the savings were done on the last day of the financial year as shown in **Chart 3.2**.

Chart 3.2: Savings and surrender during 2018 to 2020-21

(₹ in crore)



Source: Appropriation Accounts of the respective years

The prescribed date for surrender of anticipated savings for salary and wages was 15 February 2021 and it was 15 March 2021 for other objects. However, in 115 cases (details in **Appendix 3.8**), where anticipated savings was not surrendered on prescribed date.

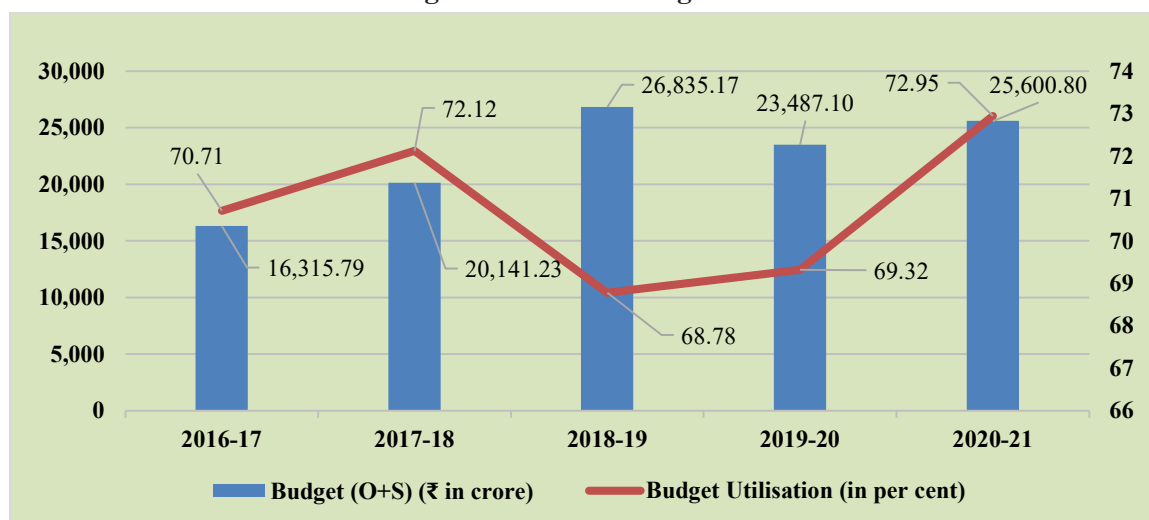
Non-compliance with the rules stated above not only deprives the other needy Departments of resources, but also defeats the objective of achieving efficiency in budget management.

3.4.12 Sub-optimal Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State has been sub-optimal every year during the past few years. The extent of savings during the last five years is given below.

As can be seen from the **Chart** below, utilisation of budget stood between 71 and 73 *per cent* during the period 2016-17 to 2020-21 with inter year variation. The utilisation increased from 69 *per cent* in 2019-20 to 73 *per cent* in 2020-21. This was despite the stated initiatives taken by the State Government while formulating its budget for the year 2020-21 as detailed in **Paragraph 3.2**.

Chart 3.3: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts of the respective years

Large amount of savings in allocated funds indicates poor budget management/ estimation, inaccurate assessment of requirement and inadequate capacity to utilise the funds for intended purposes.

During 2020-21, a provision of ₹3,594.89 crore (Original *plus* Supplementary) for maintenance work, Centrally Sponsored Schemes (CSS), Schemes under Budget Announcement, *etc.*, under 54 Grants for 102 schemes as detailed in **Appendix 3.9** was approved. The concerned Departments, however, could not implement the schemes for which budget provision was obtained, resulting in savings of the entire provision. The details of such cases where the entire budget provision exceeding ₹10.00 crore in each case was not utilised are indicated in **Table 3.10**.

Table 3.10: Savings of entire budget provision during 2020-21

(₹ in crore)

| Sl. No. | Grant No. and Name | Head of Accounts | Original | Supplementary | Total | Savings |
|--------------|---|-------------------|-----------------|---------------|-----------------|-----------------|
| 1 | 8-Police | 2055-104-03 | 19.53 | 0.00 | 19.53 | 19.53 |
| | | 2408-02-190-01 | 29.32 | 0.00 | 29.32 | 29.32 |
| 2 | 22-Food and Civil Supplies | 2408-02-190-02 | 52.01 | 0.00 | 52.01 | 52.01 |
| | | 2408-02-800-01 | 12.20 | 0.00 | 12.20 | 12.20 |
| 3 | 23-Forests | 04-4406-01-800-03 | 16.57 | 0.00 | 16.57 | 16.57 |
| 4 | 31-Public Works | 04-4059-80-800-19 | 200.00 | 0.00 | 200.00 | 200.00 |
| 5 | 40-Housing | 04-4216-80-800-03 | 39.56 | 0.00 | 39.56 | 39.56 |
| 6 | 42-Rural Development | 04-2515-800-13 | 42.55 | 0.00 | 42.55 | 42.55 |
| | | 03-4515-800-08 | 40.00 | 0.00 | 40.00 | 40.00 |
| 7 | 50-Secretariat Economics Services | 03-4070-800-13 | 1269.00 | 0.00 | 1269.00 | 1,269.00 |
| | | 04-4070-800-14 | 610.81 | 0.00 | 610.81 | 610.81 |
| | | 04-4070-800-16 | 250.00 | 0.00 | 250.00 | 250.00 |
| 8 | 52-Sports and Youth Services | 04-4202-03-800-31 | 13.60 | 0.00 | 13.60 | 13.60 |
| 9 | 65-Department of Tirap, Changlang and Longding | 04-2575-03-800-04 | 31.80 | 0.00 | 31.80 | 31.80 |
| 10 | 71-Department of Tawang and West Kameng | 2205-800-08 | 15.50 | 0.00 | 15.50 | 15.50 |
| 11 | 74-Social Justice, Empowerment and Tribal Affairs | 04-2235-02-800-32 | 87.00 | 0.00 | 87.00 | 87.00 |
| 12 | 74-Social Justice, Empowerment and Tribal Affairs | 08-2235-02-800-17 | 62.00 | 0.00 | 62.00 | 62.00 |
| | | 08-2235-03-102-01 | 10.00 | 0.00 | 10.00 | 10.00 |
| | | 04-2202-01-800-31 | 80.33 | 0.00 | 80.33 | 80.33 |
| 13 | 79-Department of skill development and entrepreneur | 03-2230-03-003-02 | 10.00 | 0.00 | 10.00 | 10.00 |
| 14 | 97-Public Debt | 6003-110-01 | 300.00 | 12.00 | 312.00 | 312.00 |
| Total | | | 3,191.78 | 12.00 | 3,203.78 | 3,203.78 |

Source: Detailed Appropriation Accounts, 2020-21

In the above cases, during the year the savings ranged between ₹10.00 crore and ₹1,269.00 crore.

3.4.13 Injudicious Surrender

In five grants, there was injudicious surrender of ₹94.28 crore as the Departments made surrender in excess of savings within the grant. However, Government did not explain the reason for difference between savings and surrender amounts as depicted in **Table-3.11**.

Table 3.11: Surrender in excess of savings

| (₹ in crore) | | | | | | | |
|--------------|------------------------------|-----------------|-----------------|-----------------|---------------|---------------|------------------|
| Sl. No. | Number and Name of grant | Nature of Grant | Total Provision | Expenditure | Savings | Surrender | Excess surrender |
| 1 | 1-Legislative Assembly | Revenue Charged | 0.67 | 0.43 | 0.24 | 8.39 | 8.15 |
| 2 | 24-Agriculture | Capital Voted | 109.50 | 4.80 | 104.70 | 108.55 | 3.85 |
| 3 | 45-Civil Aviation | Capital Voted | 61.70 | 42.57 | 19.13 | 19.86 | 0.73 |
| 4 | 48-Horticulture | Revenue Voted | 180.67 | 87.67 | 93.00 | 96.01 | 3.01 |
| 5 | 59-Public Health Engineering | Revenue Voted | 936.26 | 885.35 | 50.91 | 129.45 | 78.54 |
| Total | | | 1,288.8 | 1,020.82 | 267.98 | 362.26 | 94.28 |

Source: Appropriation Accounts, 2020-21

3.4.14 Excess Expenditure and its Regularisation

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over Grants/ Appropriations regularised by the State Legislature for the Financial Year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

3.4.14.1 Excess over Provisions Relating to Previous and Current Years Requiring Regularisation

Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department. However, excess expenditure of ₹3,195.54 crore from 1986-87 to 2019-20 (**Appendix 3.10**) was yet to be regularised. During the current year 2020-21, in Grant 25-Relief, Rehabilitation and Re-settlement (under Revenue voted), expenditure of ₹324.83 crore exceeded the approved provisions of ₹333.69 crore by ₹8.87 crore. Such excess expenditure over budgetary allocation is a matter of concern, as it is indicative of poor budgetary management and dilutes legislative oversight over public funds. Government needs to view this seriously and take appropriate corrective measures. Moreover, the excess expenditure over the Grant/ Appropriation required regularisation as per Article 205 of the Constitution of India.

The excess amounts remained un-regularised from the year as long back as from 1986 onwards. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

3.4.15 Missing/ Incomplete Explanation for Variation from Budget

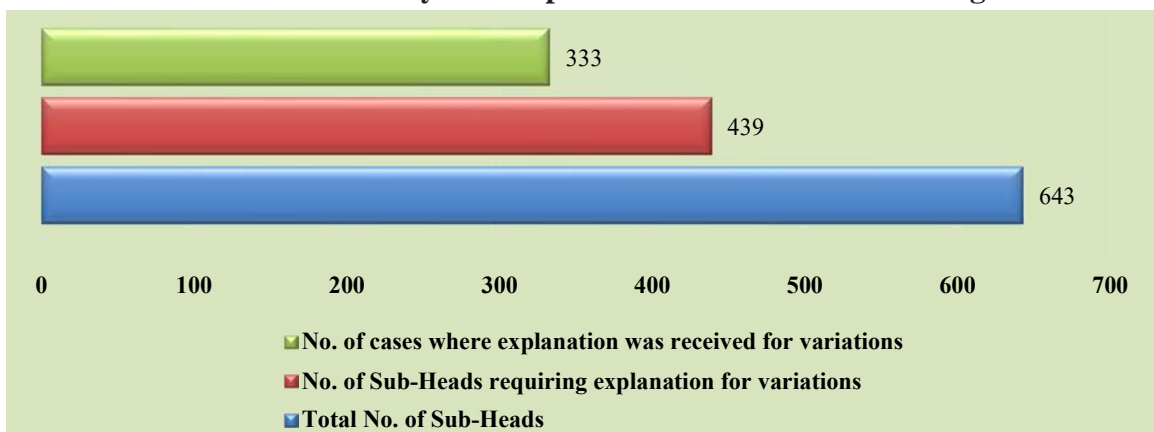
Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which, such variation at the Sub-Head/ Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the PAC.

Accounts Wing of office of the Principal Accountant General provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanation for the variations in expenditure with reference to approved budgetary allocation. The current limits, being followed in preparation of Appropriation Accounts are as follows:

| | |
|---------|--|
| Savings | <ul style="list-style-type: none"> • Comments are made if (savings including non-utilisation) overall savings is over five <i>per cent</i> of the total provision. • Individual comments under Sub-Heads of Grants/ Appropriations are made if the expenditure is over ₹five lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is ₹20.00 crore or less. |
| Excess | <ul style="list-style-type: none"> • General comments are made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount). • Comments are made if variations (excesses) under Sub-Heads of Grants/ Appropriations are ₹five lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is ₹20.00 crore or less. • Comments are made if variations (excesses) under Sub-Heads of Grants/ Appropriations are ₹10.00 lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is more than ₹20.00 crore. |

Audit of Appropriation Accounts of 2020-21 and an analysis of the underlying accounting data revealed that out of the 84 Grants/ Appropriations, reasons for variation were required in respect of 84 Grants/ Appropriations. However, in respect of seven Grants/ Appropriations, reasons were not furnished by the Controlling Officers of Government Departments. In terms of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation, and the Sub-Heads where explanations were received for variations from allocations, are given in **Chart 3.4**.

Chart 3.4: Summary of unexplained variations *vis-à-vis* budget



Source: Detailed Appropriation Account 2020-21

Absence of explanation for variation between the budgeted allocation and its utilisation limits legislative control over budget as a means of ensuring financial accountability of the Government.

3.5 Comments on Transparency of Budgetary and Accounting Process

3.5.1 Huge lump sum provision

Rule 50(3) and Appendix 3 of General Financial Rules, 2017 provide that the detailed estimates of the expenditure shall be prepared by the estimating authorities up to the final unit of appropriation *i.e.*, Object Head under the prescribed major and minor heads for both Revenue and Capital Expenditure. It also provides that no lumpsum provision shall be made in the budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project which has been accepted in principle for being taken up in the financial year. Contrary to this, the State Government made lumpsum provision of ₹599.90 crore in Revenue Section and ₹2,268.53 crore in Capital Section during the year under SADA and Schemes under Budget Announcements/ State Development scheme. The lumpsum provision constituted 6.51 *per cent* and 28.60 *per cent* of non-salary expenditure in Revenue (₹8,029.02 crore) and Capital Section (₹5,123.35 crore) respectively. The Government started this practise of obtaining lump sum provisions under SADA initially from the year 2016-17 on the plea that there was not enough time to prepare budget estimates with full details in that year. However, the State Government continued the practise in subsequent years also. The details of the provision and actual expenditure under SADA and Schemes under budget provision/ State Development scheme in the past three years is given in **Table 3.12**.

Table 3.12: Details of the provision and actual expenditure under SADA

(₹ in crore)

| Particulars | 2017-18 | | 2018-19 | | 2019-20 | | 2020-21 | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| | Revenue | Capital | Revenue | Capital | Revenue | Capital | Revenue | Capital |
| Total Budget in the SADA and Schemes under Budget Announcement/ State Development Scheme | 917.29 | 2,549.61 | 1,392.51 | 4,595.06 | 872.81 | 2,226.49 | 599.90 | 2268.53 |
| Expenditure in the SADA and Schemes under Budget Announcement/ State Development Scheme | 706.14 | 1,513.78 | 894.23 | 2,667.05 | 756.84 | 1,261.45 | 522.31 | 1465.38 |
| Non-Salary actual expenditure | 6,465.86 | 3,188.10 | 8,056.99 | 5,727.43 | 7,301.49 | 3,693.05 | 8,029.02 | 5,123.35 |
| Percentage of expenditure on SADA to Non-Salary actual expenditure | 10.92 | 47.48 | 11.10 | 46.57 | 10.36 | 34.15 | 6.51 | 28.60 |

Source: Detailed Appropriation Accounts and Finance Accounts of the respective years

The substantial lump sum provision not only violates the rules but, also affects transparency of the budgetary process.

3.6 Comments on Effectiveness of Budgetary and Accounting Process

3.6.1 Budget Projection and Gap between Expectation and Actual

Efficient management of tax administration/other receipts and public expenditure hold the balance of achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal control lead to sub-optimal allocation among various development needs. Excessive savings in some departments deprive other department of the funds which they could have utilised.

3.6.2 Summary of Appropriation Accounts

The summarised position of budget including supplementary budget, actual expenditure, and excess/ savings during 2020-21 against 84 Grants/ Appropriations (80 Grants and 04 Appropriations) is given in **Table 3.13**.

Table 3.13: Summarised position of Expenditure vis-à-vis Budget provision

(₹ in crore)

| Nature of Expenditure | Details of Grant/ Appropriation | | Total | Actual Expenditure ¹³ | Savings (-)/ Excess (+) | Details of Surrender ¹⁴ | | |
|-----------------------|------------------------------------|-----------------|------------------|-------------------------------------|----------------------------|---------------------------------------|--------------|-------|
| | Original | Supplementary | | | | Amount | Per cent | |
| Voted | I – Revenue | 13,214.79 | 1,599.95 | 14,814.74 | 12,267.28 | (-)2,547.46 | 1,873.26 | 12.64 |
| | II – Capital | 7,119.75 | 2,023.79 | 9,143.54 | 5,123.35 | (-)4,020.19 | 2,955.10 | 32.32 |
| | III – Loans & Advances | 8.64 | 0.00 | 8.64 | 4.80 | (-)3.84 | 3.19 | 36.92 |
| Total Voted | 20,343.17 | 3,623.75 | 23,966.92 | 17,395.43 | 6,566.69 | 4,831.55 | 20.16 | |
| Charged | IV – Revenue | 992.81 | 64.52 | 1,057.33 | 1,019.13 | 38.20 | 11.10 | 1.05 |
| | VI-Public Debt- Repayment | 544.39 | 32.16 | 576.55 | 259.49 | 317.06 | 0.00 | 0.00 |
| Total Charged | 1,537.20 | 96.68 | 1,633.88 | 1,278.62 | 355.26 | 11.10 | 0.67 | |
| Grand Total | 21,880.37 | 3,720.43 | 25,600.80 | 18,674.05 | 6,926.75 | 4,842.65 | 18.92 | |

Source: Appropriation Accounts, 2020-21

As can be seen from the **Table** above, the overall savings of ₹6,926.75 crore of total grants and appropriations was more than the size of Supplementary budget of ₹3,720.43 crore obtained during the year, which indicates the unrealistic budget formulation.

While the original budget of the State during the year 2020-21, was more than the previous year budget by ₹2,113.70 crore, the increase in Revenue section was ₹1,655.87 and in Capital Section was only ₹468.45 crore. However, the actual expenditure during the current year was less than the Budget provision indicating that the increase projected in the budget could not materialise into actuals. Substantial savings of ₹4,024.03 crore in Capital

¹³ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue Expenditure (₹19,890.71 lakh) and Capital Expenditure (₹0.36 lakh)

¹⁴ Entire amount was surrendered on 31 March 2021

Section of the budget constituting over 56 per cent of the original budget of Capital Section indicate that the funds meant for infrastructure in the State could not be spent. This was due to short release of funds from the GoI, as State was heavily depend on transfer from the GoI.

The actual expenditure of ₹18,674.05 crore during the year fell short of even the original budget provision of ₹21,880.37 crore indicating that entire Supplementary budget of ₹3,720.43 crore was unnecessary and it could have been restricted to only token provision wherever necessary.

3.6.3 Inaccuracy in Preparation of Revised Estimates

According to Appendix below Rule 52(3) of General Financial Rules 2017 in preparing the Revised Estimates, while previous year's actuals and current year's trends will be material factors to review the original Budget Estimates, special attention should be devoted to make as realistic an estimate as possible of receipts which are likely to materialise during the rest of the financial year. Further, as per Appendix 3 below Rule 52, the Revised Estimates for expenditure should be framed with great care to include only those items which are likely to materialise for payment during the current year, in the light of (i) actuals so far recorded during the current year, compared with the actuals for corresponding period of the last and previous years, (ii) seasonal character or otherwise of the nature of expenditure, (iii) sanctions for expenditure and orders of appropriation or re-appropriation already issued or contemplated and (iv) any other relevant factor, decision or development. The revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of receipts and requirements. Some significant cases of variation between the revised estimates and the actuals during 2020-21 under expenditure heads of accounts are given in **Table 3.14**.

Table 3.14: Variation between revised estimated and actual

(₹ in crore)

| Number and Name of Head of Accounts | Budget Estimate | Revised Estimate | Actuals | Variation Shortfall (-)/ Excess (+) (In per cent) |
|--|-----------------|------------------|----------|---|
| 2071-Pension and Other retirement benefits | 1,280.00 | 1,308.30 | 1,085.30 | (-)17.05 |
| 2216-Housing | 40.40 | 68.8 | 54.00 | (-)21.60 |
| 2217-Urban Development | 313.10 | 402.6 | 222.70 | (-)44.70 |
| 2402-Soil and Water Conservation | 87.60 | 92.70 | 72.30 | (-)22.06 |
| 2406-Forestry and Wildlife | 279.70 | 681.10 | 242.90 | (-)64.33 |
| 2408-Food Storage and Warehousing | 93.50 | 16.30 | 4.90 | (-)69.83 |
| 4059-Capital Outlay on Public Works | 200.00 | 290.00 | 234.20 | (-)19.24 |
| 4070-Capital outlay on Other Administration Services | 2,866.00 | 640.70 | 445.60 | (-)30.44 |
| 4215-Capital outlay on Water Supply and Sanitation | 279.30 | 318.70 | 224.60 | (-)29.54 |
| 4217-Capital outlay on Urban Development | 71.70 | 124.70 | 104.90 | (-)15.87 |
| 4575-Capital outlay on Other Special Areas Programme | 30.00 | 35.10 | 25.40 | (-)27.74 |
| 4702-Capital outlay on Minor Irrigation | 127.30 | 12.70 | 3.40 | (-)73.03 |

| Number and Name of Head of Accounts | Budget Estimate | Revised Estimate | Actuals | Variation Shortfall (-)/ Excess (+) (In per cent) |
|--|-----------------|------------------|----------|---|
| 4711-Capital Outlay on Flood Control | 0.00 | 203.30 | 167.90 | (-)17.40 |
| 4801-Capital Outlay on Power Projects | 232.50 | 243.90 | 172.70 | (-)29.20 |
| 5054-Capital Outlay on Roads and Bridges | 2,156.80 | 3,651.50 | 3,120.00 | (-)14.55 |
| 5452-Capital Outlay on Tourism | 35.00 | 18.40 | 5.60 | (-)69.76 |

Source: Annual Financial Statement 2021-22 and Finance Accounts 2020-21

Wide variations ranging from 14.55 to 73.03 *per cent* under Expenditure heads between the budget provisions and actuals particularly with reference to revised estimates are indicative of aberrations in estimation. The substantial variations of actuals with the revised estimates indicated absence of proper care in estimating the revised estimates by the controlling officers concerned as envisaged in the General Financial Rules, 2017 and failure of the Finance (Budget) Department in exercising adequate checks over the preliminary revised estimates.

3.6.4 Gender Budgeting

Gender Budget of the State discloses the expenditure proposed to be incurred within the overall budget on schemes, which are designed to benefit women fully or partly. Gender Budgeting was introduced in the State in 2010-11. Even after the lapse of more than 10 years of introducing gender budget, State Policy for gender has not been formulated. Gender Budget cell and Gender Data Bank has not been created. No nodal department has been identified for Gender Budgeting.

Gender Budget of the State (2020-21) discloses the expenditure proposed to be incurred within the overall budget on schemes designed to benefit women under Category 'A' and Category 'B'. Schemes specifically designed to benefit only women are grouped under Category A and the schemes where at least 30 *per cent* of the expenditure would benefit the women are grouped under Category B. The total number of schemes under Category A and B in 2020-21 were 41, of which 30 schemes were under Category A and 11 schemes were under Category B.

Test-check of records revealed that under Category A Schemes even the salaries payable to women employees in Police Department, non-salary expenditure of MNREGA, *etc.* are treated as a scheme benefitting 100 *per cent* women beneficiaries. Test check also revealed that the amounts mentioned to have been in the Gender Budget did not contain the said provisions in the regular budget. To cite an example, in Demand No 74, provision of ₹51.51 crore for Indira Gandhi Old Age Pension Scheme, against the Major head 04-2235-60-102-01-00-50 was shown in the Gender Budget but in the regular budget the provision against the said head of account was only of ₹10.00 crore. Similarly, in Demand No. XV, against the head of account 04-2210-00-800-01-00-31 for Dulari Kanya Scheme, an amount of ₹six crore was shown in the Gender Budget but no provision existed against the said head in the regular budget. This indicates that proper matching of the gender budget with the regular budget was not done. Since the funds flow and expenditure authorisation is made with reference to regular budget, such a matching was essential. Gender Budget was prepared in 13 departments involving ₹7,118.40 crore with a target to

benefit 2.39 lakh women. The Gender Budget constituted 27.80 *per cent* of total budget for the year 2020- 21. Gender Budget during the year was more than the previous year by 2,355.21 *per cent*. The year wise allocations in the gender budget document are detailed in **Table 3.15**.

Table 3.15: Gender budgetary allocations during 2016-17 to 2020-21

(₹ in crore)

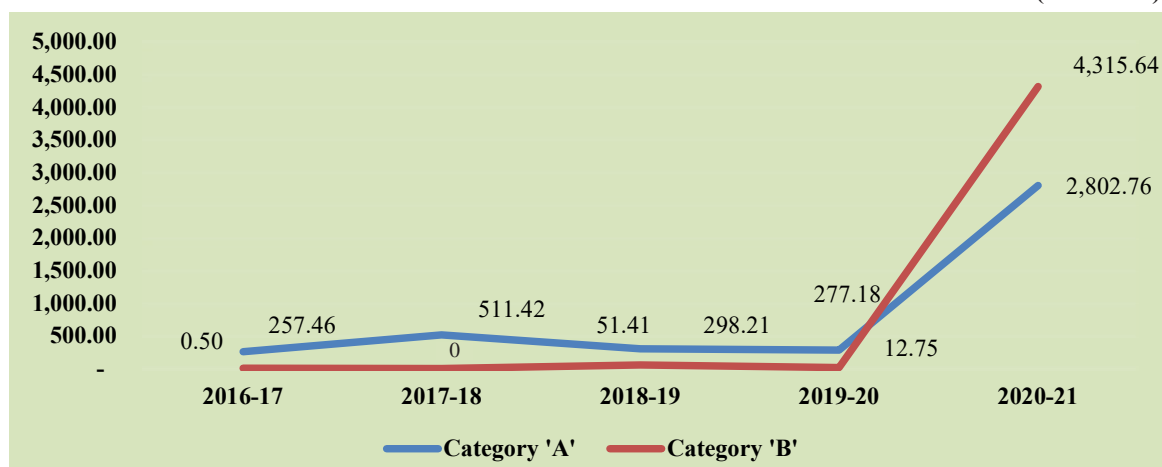
| Year | Outlay | | | Demands Covered | No. of targeted beneficiaries |
|---------|----------------------------|----------------------------|----------|-----------------|-------------------------------|
| | Category 'A' ¹⁵ | Category 'B' ¹⁶ | Total | | |
| 2016-17 | 257.46 | 0.50 | 257.96 | 16 | 4,71,791 |
| 2017-18 | 511.42 | 0.00 | 511.42 | 14 | 4,40,655 |
| 2018-19 | 298.21 | 51.41 | 349.62 | 14 | 2,91,377 |
| 2019-20 | 277.18 | 12.75 | 289.93 | 14 | 6,62,432 |
| 2020-21 | 2,802.76 | 4,315.64 | 7,118.40 | 13 | 2,38,708 |

Source: Gender Budgets of the respective years

The trend of Gender Budgetary allocations under Category 'A' and Category 'B' during 2016-17 to 2020-21 is shown in **Chart 3.5**:

Chart 3.5: Gender Budgetary allocations under Category 'A' and Category 'B'

(₹ in crore)



Source: Gender Budgets of the respective years

As seen from the above **Chart**, it was observed that there was substantial increase in budgetary allocation under Category 'A' from ₹277.18 crore in 2019-20 to ₹2,802.76 crore in 2020-21 and under Category 'B' from ₹12.75 crore in 2019-20 to ₹4,315.64 crore in 2020-21. The sizable increase in Gender Budget during the year over the previous year was due to increase in Gender Budget provision under Demand no. 74 for Pre-Matric and Post Matric Scholarship.

Further analysis revealed that a performance report for the year 2019-20 (Allocated ₹289.93 crore against 14 departments) was required to be incorporated in the Gender Budget of 2020-21 to ascertain the effectiveness of the schemes targeted to benefit women. It was, however, noticed that no such report was incorporated in the Gender Budget of 2020-21 due to which the actual achievement of schemes for benefit of women could not be analysed.

¹⁵ Budgetary allocation to schemes designed covering 100 *per cent* women beneficiaries

¹⁶ Budgetary allocations to scheme designed for covering at least 30 *per cent* women beneficiaries

3.6.5 Implementation of Major Policy Initiatives in the Budget Speech

The budget speech of the Finance Minister indicated allocations for different schemes both existing as well as new. However, the actual budget provisions could not be specifically made in the Detailed Demand for Grants (DDG) against many schemes mentioned in the budget speech, but only lumpsum provisions were made against the State Annual Development Agenda (SADA), and Scheme under Budget Announcement/ State Development schemes, much against the financial rules. The allocations under the SADA and Scheme under Budget Announcement were finalised and approved by the competent authority with a delay of about three months in the month of October 2020, although the budget was operative from 01 April 2020. This left very short time for implementation of the schemes/ programmes announced in the budget speech. Some instances of the implementation of the budget announcements are discussed hereunder.

- In the budget speech, announcement was made for Mukhyamantri Neel Kranti Abhiyan for strengthening of fisheries sector. In the budget, provision was not made for specific schemes, but only lumpsum provision of ₹21.55 crore was made against the schemes under Budget Announcement. The planning department gave approval for the scheme only in October 2020. Out of ₹21.55 crore, Department incurred only ₹1.43 crore and remaining amount of ₹20.12 crore was surrendered during the year by re-appropriation.
- There were a series of announcements in the budget speech on Health and well-being to enhance the Health infrastructure and to ensure 100 *per cent* immunisation enrolment of families under Chief Minister Arogya Arunachal Yojana (CMAAY), decentralised planning at district level for critical infrastructure gap, to strengthen overall performance of Hospitals *etc.* The Government instead of providing the budget for each of the announcement separately with details of expenditure, made a lumpsum provision in contravention of the rules amounting to ₹354.85 crore in Revenue section and ₹47.90 crore in Capital section against scheme under budget announcement. The Department incurred ₹60.96 crore under Revenue Section and ₹3.46 crore under Capital section. Further, the remaining amount of ₹293.88 crore under Revenue section and ₹40.95 crore under Capital Section was withdrawn during the year through re-appropriation and allocated under Budget announcements where the details of the schemes were not mentioned. Due to this withdrawal of budget, the implementation of the schemes announced in the budget could not be traced indicating lack of transparency.

The State Government in its reply (January 2022) stated that non-implementation of budget announcements was mainly due to delays in finalisation of Detailed Project Report and guidelines by the implementing agencies which are required before spending money.

3.6.6 Unexplained Re-appropriations

According to Rule 65(4) of General Financial Rules 2017, re-appropriation of funds shall ordinarily be supported by a statement showing how the excess is proposed to be met. In all orders, sanctioning re-appropriation, the reasons for savings and excess of ₹one lakh or over and the primary units (secondary units, wherever necessary), affected shall be invariably

stated. Scrutiny of Appropriation Accounts revealed that reasons for re-appropriations made during 2020-21 under various head of accounts were not explained in detail. Even in cases where the reasons were given for additional provision/withdrawal of provision in re-appropriation orders, they were of general nature like “less requirement of funds”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” etc.

3.7 Outcome of Review of Selected Grant

3.7.1 Introduction

The financial rules prescribe detailed and specific procedures to be followed in preparation of the budget estimates. The Government also issues every year instructions for the submission of the budget estimates to the controlling officers. To verify the compliance with prescribed procedures in the budget preparation and also to evaluate the effectiveness of the budget formulation process, one grant *i.e.*, Grant 59-Public Health Engineering has been examined in detail and some significant observations follow.

The budget provision, expenditure incurred and Savings/ Excess under the Grant 59-Public Health Engineering for the last five years is given in **Table 3.16**:

Table 3.16: Year-wise budget provision, expenditure incurred and savings

(₹ in crore)

| Year | Budget Provision | | | Actual Expenditure | | | Savings(-)/ Excess (+) |
|---------|------------------|------------------|-----------------|--------------------|---------|-----------------|---------------------------|
| | Revenue (O+S) | Capital (O+S) | Total | Revenue | Capital | Total | |
| 1 | 2 | 3 | 4 = 2+3 | 5 | 6 | 7 = 5+6 | 8 = 4-7 |
| 2016-17 | 495.29 | 24.16 | 519.45 | 514.37 | 131.17 | 645.54 | (+)126.09 |
| 2017-18 | 767.49 | 362.87 | 1,130.36 | 670.34 | 302.52 | 972.86 | (-)157.50 |
| 2018-19 | 744.58 | 460.23 | 1,204.81 | 732.57 | 416.43 | 1149 | (-)55.81 |
| 2019-20 | 768.51 | 449.73 | 1,218.24 | 752.31 | 253.07 | 1,005.38 | (-)212.86 |
| 2020-21 | 936.26 | 318.67 | 1,254.93 | 885.35 | 224.55 | 1,109.9 | (-)145.03 |

Source: Appropriation Accounts of the respective years

There was overall savings ranging between ₹55.81 crore and ₹212.86 crore during the period from 2016-17 to 2020-21.

During 2020-21, there was an overall savings of ₹145.03 crore (Revenue Section: ₹50.91 crore and Capital Section: ₹94.12 crore). The savings under Revenue Section (₹50.91 crore) in 2215- Water Supply and Sanitation was mainly due to non-execution of minor works.

Similarly, under Capital Section in 4215- Capital Outlay in Water Supply and Sanitation the savings (₹94.12 crore) was mainly due to inclusion of un-encashed cheques pertaining to 2019-20.

3.7.2 Delayed Submission of Budget Estimates

The Government of Arunachal Pradesh had not prepared its Budget manual so far. In the absence of the budget manual the officers are guided by the provisions contained in

General Financial Rules, Delegation of Financial Powers Rules and instructions issued by the Finance Department for submission of the budget estimates from time to time. The Controlling Officers are required to submit the Budget Estimates (BEs) of receipts and expenditures for the succeeding year along with revised estimates for the current year to the Finance Department as per the target date stipulated by the Finance Department. Any delay in submission of the Budget Estimates by the Controlling Officers reduces the effectiveness of the required scrutiny by the Finance Department at the time of budget formulation.

Audit observed that there were delays in submission of the BEs in respect of receipts and expenditures during 2016-17, 2018-19 and 2020-21, to the Finance Department as indicated in **Table 3.17**.

Table 3.17: Status of submission of Budget Estimates to Finance Department

| Grant No. | Year | Target Date | Actual Date | Delays in Submission (in days) |
|------------------------------|---------|-------------|-------------|--------------------------------|
| 59-Public Health Engineering | 2016-17 | 31.08.2016 | 30.11.2016 | 91 |
| | 2017-18 | 30.09.2017 | 25.09.2017 | - |
| | 2018-19 | 31.07.2018 | 15.08.2018 | 15 |
| | 2019-20 | 22.05.2019 | 22.05.2019 | - |
| | 2020-21 | 30.05.2020 | 09.06.2020 | 09 |

Source: Data furnished by the State Government

Thus, it can be seen that only in two out of five years, the Controlling Officer adhered to the timeframe prescribed by the Government.

The Secretary, Finance Department, GoAP in its reply (February 2022) stated that there was no such department who submitted the BE of the respective years after the target date for submission of the BEs.

The reply of the Secretary could not be accepted as there were delays in submission of inputs to the Finance Department by the DDO of the respective department in range of 09 to 91 days. Thus, the formulation of BEs without taking the inputs from the DDOs of the respective departments could not be ruled out, which is indicative of the poor budgetary management and without assessing actual needs of the departments.

3.7.3 Unrealistic Preparation of Budget Estimates

It was noticed that the actual expenditure under the grant (both under Revenue and Capital Sections) were not close to the budget estimates during last five years, as there were huge variations when compared to the budget provisions as indicated in **Table 3.18**.

Table 3.18: Persistent savings occurred during 2016-17 to 2020-21

(₹ in crore)

| Particulars | Year-wise Savings(-)/Excess(+) | | | | |
|---------------------------|--------------------------------|----------|----------|-----------|----------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Revenue (Major Head-2215) | (+)19.08 | (-)97.15 | (-)12.01 | (-)16.20 | (-)50.91 |
| Capital (Major Head-4215) | (+)107.01 | (-)60.35 | (-)43.80 | (-)196.66 | (-)94.12 |

Source: Appropriation Accounts of respective years

It was noticed in the budget for 2020-21, in one sub-head of Revenue Section, the Re-appropriation of ₹189.01 crore proved unnecessary as the expenditure exceeded the total provision by ₹90.00 crore. Further, as per Detailed Appropriation for the year 2020-21, State Government made Budget provision and incorrectly incurred ₹43.75 crore for maintenance of works under capital section instead of booking the same under revenue section.

3.7.4 Lumpsum Provision in the Budget

Rule 7 of Delegation of Financial Power Rules, 1978 prohibits making lumpsum provision in the budget without giving details of the schemes and objects against which the expenditure is proposed. It was noticed that ₹936.26 crore and ₹318.68 crore were provided in the Revenue and Capital section of the grant in the budget. Out of this, ₹65.77 crore and ₹163.65 crore constituting 7.02 and 51.35 per cent of the total budget under revenue and capital section respectively were lumpsum provision without giving any details of the assets to be created with the proposed provision. It was also noticed that the Department made a lumpsum provision of ₹300 crore under Development Activities. The reasons for preparation of lumpsum budget were due to non-submission of budget documents to the Finance Department in due time as discussed in **Paragraph 3.7.2**. This not only violated the rule position, but also did not provide an opportunity to the Legislature to know the details before the expenditure is authorised. Further, due to lumpsum provisions, the actual execution of the schemes also suffered as ₹163.65 crore was the actual Capital Expenditure against the lumpsum provision of ₹256.69 crore. The State Finance Department needs to be more vigilant towards lumpsum provisioning and stop this incorrect practice.

3.7.5 Unrealistic Demands for Supplementary Grants

Supplementary Grant as defined in Rule 66 and Appendix 5 of General Financial Rules 2017 means an additional provision included in an Appropriation Act during the course of a financial year, to meet expenditure in excess of the amount previously included in the Appropriation Act for that year. The primary responsibility in regard to proposals for Supplementary appropriations rests on the Chief Controlling Officers of the concerned departments, who are required to review their requirements before firming up their proposals to Finance Department.

During the period 2020-21, Audit observed that a supplementary provision of ₹39.37 crore was obtained which was totally unnecessary under Capital head. Total expenditure (₹224.55 crore) was less than the original budget provision of ₹318.68 crore. Under one sub-head, a supplementary provision of ₹0.001 crore was obtained. However, actual expenditure incurred against this sub-head during the year was ₹53.60 crore which was more than the supplementary provision. Since the Supplementary grant proposals were prepared by the Finance Department itself without any proposal from the department, the Finance Department had obtained the Supplementary provision without analysing the actual requirement of resources for funding these items.

3.7.6 Non-formulation of Budget Estimates by the State Lottery Department

Rule 3(17) of the Lotteries (Regulation) Rules 2010 provides that the organising state shall ensure that proceeds of the sale¹⁷ of lottery tickets, as received from the distributors or selling agents or any other source, are deposited in the Public Ledger Account or in the Consolidated Fund of the organising state. Rules also envisage that the organising State shall pay to the distributors or selling agents any, commission due to them and prize amounts disbursed by the distributors or selling agents to the winners, if any, out of the money deposited in the Public Ledger Account or in the Consolidated Fund of the organising state.

It was observed that neither the State Lottery Department nor the Finance Department formulated budget provision both for the receipts and the expenditure in respect of receipts against lottery and payout of prize money to the winners. It was also noticed that the distributors neither deposited the sale proceeds to the Consolidated Fund of the State nor was it demanded by the Government. The net sale proceeds (2020-21: ₹0.01 crore) after disbursing the commission to the distributors and selling agents and prize amounts to the winners was only deposited in Government account.

Thus, the total receipts against lottery and disbursement as payout of prize money to the winners could not be captured in the Accounts, hence, not quantified. Moreover, crediting of only net receipts after deducting the prize money *etc.* was violative of the rules prescribed and as the correct budget provision was not made, the picture in this regard was, hence, not reported to the Legislature. Besides, there is no assurance on the correctness of the amount so collected by sale of tickets and there remain apprehensions of under reporting of sale figures by the distributors. This has resulted in understatement of the Non-Tax Revenues and disbursement from the Consolidated Fund.

The State Government may ensure to formulate/ prepare the Budget Estimates both for the receipts and expenditure against the State Lottery so as to ensure the sale proceeds may be routed through the Government Accounting processes. It is also recommended that the State Government should take necessary steps to deposit the gross sale proceeds, calculated at face value of the tickets sold, to the Consolidated Fund/ Public Account of the State.

3.8 Conclusion

- Against the total budget provision of ₹25,600.80 crore, Departments incurred an expenditure of ₹18,674.05 crore during 2020-21, resulting in overall savings of ₹6,926.75 crore, which stood at 27.05 *per cent* of Total Grants and Appropriations. This shows poor financial management by the State.
- These savings may be seen in context of over estimation of Receipts of ₹21,999.20 crore by the State Government and estimation on the expenditure side being ₹25,600.80 crore during the year 2020-21. This implied that the savings were notional, as the funds were not actually available for expenditure.

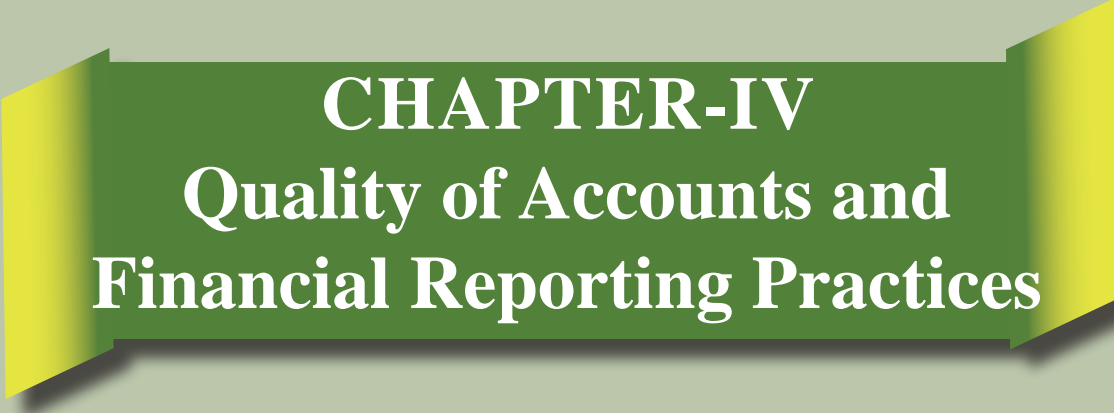
¹⁷ “Sale Proceeds” have been defined in Rule 2(h) of Lotteries (Regulation) Rules 2010 as the amount payable by the distributor to the organising state in respect of sale of tickets calculated at the face value printed on each ticket in respect of lotteries of a particular draw or scheme or both

- The Supplementary Grant of ₹3,720.43 crore was not required as the gross expenditure was ₹3,206.33 crore more than the Original Provisions. It is pertinent to mention that Supplementary Grant was taken on 06 March 2021 and total expenditure as on February 2021 was only ₹16,442.94 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹5,437.44 crore with the State Government for the remaining 25 days. With the Supplementary Grant, total funds available with the State Government were ₹9,157.87 crore which was equal to 56 *per cent* of the expenditure incurred during the first 11 months of the financial year. This was indicative of over estimation and poor financial management.
- In four Grants, Departments incurred an expenditure of ₹0.92 crore during 2020-21, without any budget provision, Supplementary Demands or re-appropriation orders, which is in violation of financial regulations and without the authority of the Legislature.
- During 2020-21, Supplementary grants of ₹1,096.68 crore (₹10 lakh & more in each case) provided in 12 grants proved unnecessary as the expenditure did not come up to the level of original provision, indicating that Supplementary grants were provided in an *ad-hoc* manner.
- In 61 cases, savings were ₹one crore or above during 2020-21. Out of these, there were savings of ₹10 crore and above under 14 Grants however no part of the savings was surrendered by the concerned department. Further, there were persistent savings in 16 Grants during the last five years 2016-21, indicating lack of systemic and closer budget review by the Government.
- Savings during the year accounted for about a third of the budget. However, the Controlling Officers did not surrender the funds on time. Departments were not cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.
- During 2020-21, there was excess over provisions in one Grant/ Appropriation amounting to ₹8.87 crore. In addition, excess expenditure amounting to ₹3195.54 crore pertaining to the years from 1986-87 to 2019-20, are pending for regularisation. Such excess expenditure over budgetary allocation is a matter of concern, and dilutes legislative oversight over public funds. Government needs to view this seriously and take appropriate corrective measures for regularisation of expenditure in excess of budgetary provision.
- The substantial variations of actuals with the revised estimates indicated absence of proper care in estimating the revised estimates by the Controlling Officers concerned as envisaged in the General Financial Rules, 2017 and failure of the Finance Department (Budget).
- Performance report for the year 2019-20 (Allocated ₹289.93 crore against 14 departments) was required to be incorporated in the Gender Budget of 2020-21 to ascertain the effectiveness of the schemes targeted to benefit women. It was, however, noticed that no such report was incorporated in the Gender Budget of 2020-21, due to which the actual achievement of schemes for benefit of the women could not be analysed.

- The budget speech of the Finance Minister indicated allocations for different schemes both existing as well as new. However, the actual budget provisions could not be specifically made in the Detailed Demand for Grants (DDG) against many schemes mentioned in the budget speech, but only lumpsum provisions were made against the State Annual Development Agenda (SADA), and Scheme under Budget Announcement/ State Development schemes, much against the financial rules. The allocations under the SADA and Scheme under Budget Announcement were finalised and approved by the competent authority with a delay of about three months only in the month of October 2020, although the budget was operative from 01 April 2020.
- There were delays in submission of the BEs in respect of receipts and expenditures for the years 2016-17 to 2020-21 to the Finance Department. Any delay in submission of the Budget Estimates by the Controlling Officers reduces the effectiveness of the required scrutiny by the Finance Department at the time of budget formulation. Thus, the formulation of BEs without taking the inputs from the DDOs of the respective departments could not be ruled out, which is indicative of the poor budgetary management and without accessing actual needs of the departments.
- It was observed that neither the State Lottery Department nor the Finance Department formulated the budget provision both for the receipts and the expenditure in respect of receipts against lottery and payout of prize money to the winners. Hence, the sale proceeds were not reported to the State Legislature.

3.9 Recommendations

- The State Government may ensure that the Budget Estimates should be formulised after taking the inputs from the respective Drawing and Disbursing Officers of the departments.
- The Government needs to view expenditure incurred without budget provision seriously and take appropriate corrective measures to strengthen the mechanism for strict compliance with the rules and Treasury Officer strictly adheres to the provisions regarding existence of the budget while passing of bills.
- Excess of expenditure over budgetary provisions under different grants is a serious lapse against legislative control. Departments which had incurred excess expenditure persistently should be identified to closely monitor their progressive expenditure so that they seek supplementary Grants/ Re-appropriations in time.
- The State Government needs to ensure better management of budgeted funds. The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or over spending by them.
- The State Government may ensure to formulate/ prepare the Budget Estimates both for the receipts and expenditure against the State Lottery so as to ensure the sale proceeds and payout of prize money to the winners may be routed through the Government Accounting processes. It is also recommended that the State Government should take necessary steps to deposit the gross sale proceeds, calculated at face value of the tickets sold, to the Consolidated Fund/ Public Account of the State.



CHAPTER-IV
Quality of Accounts and
Financial Reporting Practices

Chapter IV: Quality of Accounts and Financial Reporting Practices

4.1 Introduction

Sound internal financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

4.2 Parking of Funds Outside the Government Account

As per Rule 100 (2) of Receipts and Payments Rules 1983, no money shall be drawn from Government Account unless it is required for immediate disbursement. It is not permissible to draw money from Government Account in anticipation of demands or to prevent the lapse of budget grants.

Drawing and Disbursing officers (DDOs) are required to withdraw money from the Government Account/ Consolidated Fund for making payment on behalf of the Government. Information received from two DDOs (Out of 1,572 DDOs) revealed that ₹242.29 crore was lying in the Savings/ Current Bank Account of DDOs as on 31 March 2021.

The PAG (Accounts) has requested the Government to close all the Savings/ Current Bank accounts of DDOs and to follow the prescribed procedure of Treasury Rules, Receipts and Payments Rules *etc.* for drawal of money from Government Accounts. Amounts in Savings/ Current Bank Accounts being operated by the two DDOs are given in **Table 4.1**.

Table 4.1: Details of unspent amount lying in the Bank Accounts of DDOs

(₹ in crore)

| Sl. No. | Drawing and Disbursing Officers | Amount |
|--------------|---|---------------|
| 1. | Director, Disaster Management, GoAP, Itanagar | 157.68 |
| 2. | Director of Accounts and Treasuries, GoAP, Itanagar | 84.61 |
| Total | | 242.29 |

Source: Finance Accounts, 2020-21

These funds were meant to incur expenditure on different heads *inter alia*, office expenses, committed liabilities, Central/ State Schemes. Even though these amounts have already been accounted for as expenditure from the Consolidated Fund of the State, they are lying idle outside the Government Accounts. Thus, the expenditure shown in the Finance Accounts could not be vouched as correct to that extent.

4.3 Funds Transferred Directly to State Implementing Agencies

The GoI has been transferring a sizeable quantum of funds directly to the Implementing Agencies in the State for implementing various schemes/ programmes in Social and Economic Sectors. From 2015-16 onwards, GoI decided to route these funds through

the State Budget. Contrary to this decision, an amount of ₹483.79 crore was released directly to the implementing agencies/ organisations in the State during 2020-21. During the current year, the direct transfer of fund increased by ₹180.16 crore (59.34 per cent) over the previous year (₹303.63 crore)

Table 4.2 presents details of fund released (₹10.00 crore and above in each case) directly to the Implementing Agencies during 2020-21.

Table 4.2: Funds transferred directly to Implementing Agencies in the State

| (₹ in crore) | | | |
|--------------------|--|---|----------------|
| Sl. No. | Name of the scheme/ programme | Implementing Units | Funds released |
| 1. | NER-Textile promotion scheme | Director of Textile and Handicrafts | 10.25 |
| 2. | National AIDS Control Programme III | Arunachal Pradesh AIDS Control Society | 12.36 |
| 3. | Rashtriya Gokul Mission | Arunachal Pradesh Livestock Development Society | 12.41 |
| 4. | Pradhan Mantri Kisan Sampada Yojana- Integrated Cold Chain & Value Addition Infrastructure | Rongoge Mega Food Park Private Limited | 12.02 |
| 5. | Khelo India | Sports Authority of Arunachal Pradesh | 15.81 |
| 6. | Organic value chain development of NE Region | Arunachal Pradesh Agriculture Marketing Board | 19.54 |
| 7. | PM-Kisan | Directorate of Agriculture | 56.66 |
| 8. | Solar Power-Off grid | Arunachal Pradesh Energy Development Agency | 19.76 |
| 9. | Mahatma Gandhi National Rural Guarantee Program | Society for Rural Development Arunachal Pradesh | 233.56 |
| Sub-Total | | | 392.37 |
| 10 | Others | Other implementing units and beneficiaries against 44 schemes | 91.42 |
| Grand Total | | | 483.79 |

Source: 'Public Financial Management System' Portal of the Controller General of Accounts, GoI

Out of total amount of ₹483.79 crore, ₹482.98 crore being the Central Assistance/ Share was transferred to the intermediaries (*i.e.* NGOs, Societies *etc.*) and ₹0.81 crore directly transferred to the beneficiaries.

4.4 Delay in Submission of Utilisation Certificates

Rules 238 of General Financial Rules, 2017 envisages that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and forwarded to the Accountant General (Accounts) within twelve months from the date of their sanction unless specified otherwise.

Audit scrutiny revealed that 259 UCs in respect of grants aggregating ₹913.62 crore given to 18 Departments of the State Government during the period from 2017-18 to 2019-20 have not been submitted to the Accountant General (Accounts) as on 31 March 2021. Age-wise details of delay in submission of UCs are given in **Appendix 4.1(Part A)**.

The year-wise details of pending UCs and the amounts involved are tabulated in **Table 4.3**.

Table 4.3: Year-wise breakup of pending UCs

| Year | Number of UCs | Amount (₹ in crore) |
|--------------|---------------|------------------------|
| 2017-18 | 05 | 1.67 |
| 2018-19 | 66 | 146.45 |
| 2019-20 | 188 | 765.50 |
| Total | 259 | 913.62 |

Source: Finance Accounts of the respective years

It is a matter of concern that the Departmental authorities have not yet explained as to how an amount of ₹913.62 crore was spent over the years, as it involves public funds provided to them for implementation of specific programmes/ schemes and there is no assurance that the intended objectives of providing these funds have been achieved. In the absence of accountability for expenditure relating to funds provided as far back as 2016-17, the possibility of misappropriation of these funds cannot be ruled out. The Department-wise break-up of outstanding UCs for the grants paid up to the year 2019-20 (due for submission in 2020-21) is shown in **Table 4.4**.

Table 4.4: Department-wise outstanding UCs as on 31 March 2021

| Sl. No. | Department | No. of UCs outstanding | Amount involved (₹ in crore) |
|---------|---|------------------------|---------------------------------|
| 1. | Health and Family Welfare | 27 | 209.50 |
| 2. | Home | 09 | 11.65 |
| 3. | Sports and Youth Affairs | 16 | 5.75 |
| 4. | Panchayati Raj | 02 | 41.29 |
| 5. | Directorate of Science and Technology | 26 | 9.46 |
| 6. | Town Planning | 07 | 12.81 |
| 7. | Education | 39 | 199.25 |
| 8. | Social Welfare, Women & Child Development | 12 | 34.21 |
| 9. | Culture Affairs | 01 | 1.00 |
| 10. | Secretariat Administration | 02 | 5.50 |
| 11. | Industries | 02 | 1.60 |
| 12. | Relief and Rehabilitation | 22 | 50.38 |
| 13. | Rural Development | 14 | 212.29 |
| 14. | Urban Development | 10 | 10.58 |
| 15. | Information Technology | 42 | 83.04 |
| 16. | Tourism | 11 | 16.45 |
| 17. | District Administration | 01 | 1.00 |
| 18. | Skill Development | 01 | 7.21 |
| 19. | Civil Supplies and Consumers | 15 | 0.64 |
| | Total | 259 | 913.62 |

Source: Finance Accounts, 2020-21

Further, 186 UCs in respect of grants aggregating ₹1,358.48 crore given to 23 Departments (details in **Appendix 4.1, Part B**) of the State Government during the year 2020-21 are due for submission in 2021-22.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds.

It is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

4.5 Abstract Contingent Bills

Rules 308 and 309 of the Central Treasury Rules provide that for Drawing and Disbursing Officer (DDO) to draw money by preparing Abstract Contingency (AC) Bills subject to the presentation of Detailed Countersigned Contingency (DCC) Bills to the Controlling officer for countersignature and transmission to the Accountant General. Further, a Certificate is to be attached to every AC Bill to the effect that DCC Bills have been submitted to the Controlling Officer (CO) in respect of AC Bills (drawn more than a month before the date of the current Bill) without which no AC Bill is to be accepted.

In contravention of the above-mentioned provisions, as of 31 March 2021, two departments of the Government of Arunachal Pradesh had not submitted DCC bills for ₹0.32 crore against 23 AC Bills. Details of outstanding AC Bills for the last five years is shown in **Table 4.5**.

Table 4.5: Details of outstanding AC Bills during the period 2016-17 to 2020-21

(₹ in crore)

| Year | Opening Balance as on 01 April | | AC Bills drawn during the year | | AC Bills adjusted through DCC bills | | Outstanding AC Bills as on 31 March | |
|---------|--------------------------------|--------|--------------------------------|--------|-------------------------------------|--------|-------------------------------------|--------|
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 2016-17 | 188 | 11.85 | 296 | 5.19 | 419 | 13.14 | 65 | 3.90 |
| 2017-18 | 65 | 3.90 | 183 | 5.7 | 188 | 6.26 | 60 | 3.34 |
| 2018-19 | 60 | 3.34 | 139 | 5.93 | 146 | 5.13 | 53 | 4.14 |
| 2019-20 | 53 | 4.14 | 84 | 2.61 | 120 | 6.46 | 17 | 0.29 |
| 2020-21 | 17 | 0.29 | 6 | 0.03 | 0 | 0 | 23 | 0.32 |

Source: Finance Accounts of respective years

As on 31 March 2021 there were 23 outstanding AC Bills (amounting to ₹0.32 crore)¹⁸. Out of which, 17 AC Bills (amounting to ₹0.29 crore) pertains to 2019-20 and six AC Bills (amounting to ₹0.03 crore) pertains to 2020-21. Details of outstanding AC Bills during the period 2016-17 to 2020-21 are given in **Appendix 4.2**.

Advances drawn and not accounted for, increase the possibility of wastage/ misappropriation/ malfeasance, etc. and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills. Hence, the State Government may expedite the process to clear the old AC Bills. Further, to the extent of non-receipt of DCC bills, there is no assurance that the expenditure shown in the Finance Accounts is correct or final.

Moreover, the above details clearly indicate that the Drawing and Disbursing Officers and Treasury Officers concerned failed to ensure compliance with the extant Central Treasury Rules and that AC Bills were drawn without adjustment of previously drawn AC Bills. Thus, there was an environment of financial indiscipline, which calls for action against the officers responsible for the lapse in this regard.

¹⁸ Agriculture Department: ₹0.19 crore and Secretariat Administration: ₹0.13 crore

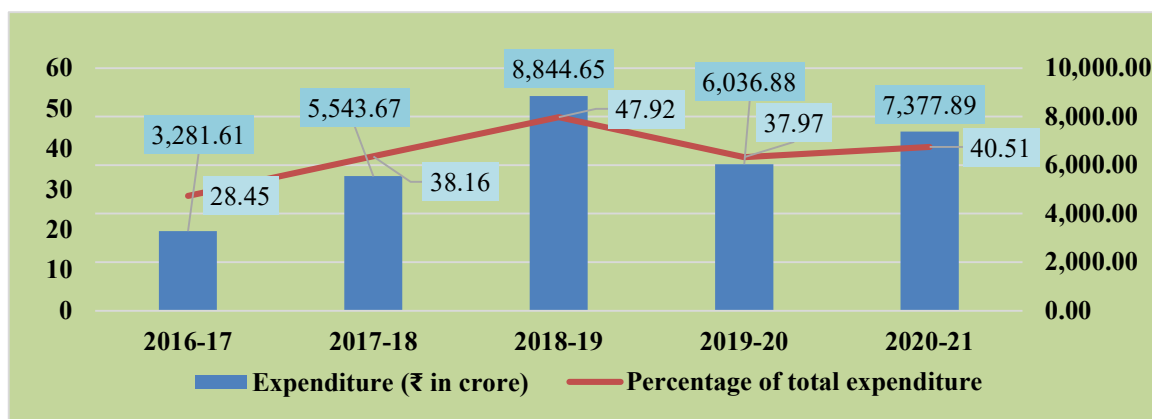
The State Government in its reply (January 2022) stated that the withdrawal and timely settlement of AC Bills would be monitored strictly.

4.6 Indiscriminate use of Minor Head 800

Government Accounting Rules stipulate that the classification of transactions in Government accounts, shall have closer reference to the function, programme and activity of the Government and the object of the revenue (receipt) or expenditure, The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General (Accounts) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions, and renders the accounts opaque.

Government of Arunachal Pradesh has operated this Minor Head extensively during the five-year period 2016-21. The quantum of expenditure booked under this Minor Head showed an increasing trend over the years 2016-17 to 2018-19 when it increased from 28.45 *per cent* of the total expenditure during 2016-17 to 47.92 *per cent* during 2018-19. This percentage declined during 2019-20 over the previous year and stood at 37.97 *per cent*. During 2020-21, the State Government booked an expenditure of ₹7,477.89 crore under Minor Head 800 under 86 Major Heads, constituting 40.51 *per cent* of the Total Expenditure. The extent of operation of Minor Head 800 Other Expenditure, as a percentage of Total Expenditure during 2016-21 is given in **Chart 4.1**.

Chart 4.1: Operation of Minor Head 800 - Other Expenditure during 2016-21



Source: Finance Accounts of the respective years

Scrutiny of transactions of relevant Major Heads showed that under expenditure section, in 27 transactions involving an expenditure of ₹1,067.87 crore, the entire provision was booked under Minor Head 800-Other Expenditure as shown in **Table 4.6**.

Table 4.6: No. of Major Head that booked entire provision under Minor Head 800-Other Expenditure

(₹ in crore)

| Range | Number of Major Heads |
|--------------------|-----------------------|
| 0 > 50 crore | 22 |
| More than 50 crore | 05 |

Source: Finance Accounts, 2020-21

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure. Details of Major Heads where the entire expenditure was booked (where it is more than ₹50.00 crore) under the omnibus Minor Head 800 are shown in **Table 4.7**.

Table 4.7: Major Heads where entire expenditure was booked under Minor Head 800- Other Expenditure

(₹ in crore)

| Major Head | Description | Total Expenditure under the Major Head | Total expenditure under MH '800-OE |
|------------|--|--|------------------------------------|
| 4055 | Capital Outlay on Police | 64.05 | 64.05 |
| 4059 | Capital Outlay on Public Works | 234.19 | 234.19 |
| 4215 | Capital Outlay Water Supply and Sanitation | 224.55 | 224.55 |
| 4711 | Capital Outlay on Flood Control Projects | 167.91 | 167.91 |
| 4801 | Capital Outlay on Power Projects | 172.70 | 172.70 |

Source: Finance Accounts, 2020-21

In respect of receipts, during 2020-21, the State Government booked an amount of ₹909.84 crore under Minor Head 800 under 18 Revenue Major Heads of Account, constituting 5.31 per cent of the total revenue receipt. Details of Major Heads where the entire receipts were booked (where it is more than ₹10.00 crore) under the omnibus Minor Head 800 are given in **Table 4.8**.

Table 4.8: Major Heads where entire receipts was booked under Minor Head 800-OR

(₹ in crore)

| Major Head | Description | Receipts under Minor Head 800 | Total Receipts | Percentage |
|------------|-------------------------------|-------------------------------|----------------|------------|
| 0039 | State Excise | 238.02 | 238.02 | 100 |
| 0070 | Other Administrative Services | 367.29 | 367.29 | 100 |
| 0801 | Power | 243.28 | 243.28 | 100 |
| 1055 | Road Transport | 10.01 | 10.01 | 100 |

Source: Finance Accounts, 2020-21

It was observed that during 2020-21, there were 13 Major Heads (details in **Appendix 4.3 A**) under Receipts where Minor Head 800 was operated. The nature of receipt was found to be recurring in nature for the past three years in all the 13 MHs.

Similarly, it was noticed that there were 80 Major Heads (details in **Appendix 4.3 B**) under Expenditure where Minor Head 800 was operated. The nature of expenditure was found to be recurring in nature for the past three years in all the 80 MHs.

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

The State Government in its reply (January 2022) stated that they are already taking action to transfer allocation from miscellaneous head of accounts to the respective head of accounts. The position would expect to improve significantly in the next financial year.

4.7 Outstanding Balances under Major Suspense and DDR Heads

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these Heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The position of gross figures under major Suspense and Remittance Heads for the last three years is given in **Table 4.9**.

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

| Minor Head | 2018-19 | | 2019-20 | | 2020-21 | |
|--|---------------------|----------|----------------------|---------|----------------------|---------|
| | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| Major Head 8658 – Suspense | | | | | | |
| 101 – PAO suspense | 52.60 | 0.05 | 68.48 | 0.05 | 74.41 | 0.05 |
| Net | Dr. 52.55 | | Dr. 68.43 | | Dr. 74.36 | |
| 102 – Suspense Account-Civil | 162.37 | 23.10 | 38.06 | 7.19 | 36.56 | 7.19 |
| Net | Dr.139.27 | | Dr. 30.87 | | Dr.29.27 | |
| 107 – Cash Settlement Suspense Account | 24.03 | 4.82 | 24.03 | 4.82 | 24.03 | 4.82 |
| Net | Dr. 19.21 | | Dr. 19.21 | | Dr. 19.21 | |
| 109 – Reserve Bank Suspense –Headquarters | (-)16.57 | (-)5.44 | (-)16.58 | (-)5.19 | (-)16.44 | (-)5.19 |
| Net | Dr. (-)11.13 | | Dr. (-) 11.39 | | Dr. (-) 11.25 | |
| 110 – Reserve Bank Suspense – CAO | 1,833.37 | 1,520.70 | 1,920.18 | 779.44 | 1948.35 | 779.51 |
| Net | Dr. 312.67 | | Dr. 1,140.74 | | Dr. 1,168.84 | |
| 112 – Tax Deducted at Source (TDS) Suspense | --- | 7.04 | --- | 6.86 | - | 7.95 |
| Net | Cr. 7.04 | | Cr. 6.86 | | Cr. 7.95 | |
| 113 – Provident Fund Suspense | 0.25 | --- | 0.25 | --- | 0.25 | - |
| Net | Dr. 0.25 | | Dr. 0.25 | | Dr. 0.25 | |

| Minor Head | 2018-19 | | 2019-20 | | 2020-21 | |
|---|---------------------|-----------|-------------------|----------|-------------------|-----------|
| | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| 121 – Additional Dearness Allowance Deposit Suspense Account (New) | 0.01 | 0.08 | 0.01 | 0.08 | 0.07 | 0.08 |
| Net | Cr. 0.07 | | Cr. 0.07 | | Cr. 0.01 | |
| 123 – A.I.S Officers’ Group Insurance Scheme | 0.02 | 0.01 | 0.02 | 0.01 | 0.02 | 0.01 |
| Net | Dr. 0.01 | | Dr. 0.01 | | Dr. 0.01 | |
| 129- Material Purchase Settlement Suspense Account | 19.58 | 0.02 | 19.58 | 0.02 | 19.58 | 0.02 |
| Net | Dr. 19.56 | | Dr. 19.56 | | Dr. 19.56 | |
| Major Head 8782-Remittances | | | | | | |
| 102 – P.W. Remittances | 44,063.88 | 45,306.20 | 5,487.32 | 5,117.33 | 51,344.53 | 51,581.95 |
| Net | Cr. 1,242.32 | | Dr. 369.99 | | Cr. 237.42 | |
| 103 – Forest Remittances | 1,728.87 | 1,738.30 | 1,773.73 | 1,772.79 | 1,843.35 | 1,842.62 |
| Net | Cr.9.43 | | Dr. 0.94 | | Dr. 0.73 | |
| 105- Reserve Bank of India Remittances | 144.91 | 474.63 | 592.89 | 503.75 | 592.89 | 503.75 |
| Net | Cr. 329.72 | | Dr. 89.14 | | Dr. 89.14 | |

Source: Finance Accounts of the respective years

Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various Heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc. The implications of the balances under these heads are discussed in the succeeding paragraphs.

4.7.1 Pay and Accounts Office (PAO) Suspense

This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs under the Union Government, PAOs of the Union Territories and the Accountant General. Transactions under this Minor Head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head PAO Suspense has been operated. The balances under this suspense head had been increasing continuously during the last three years. The outstanding debit balance under this head was ₹74.41 crore and the credit balance was ₹0.05 crore at the end of the year 2020-21. The outstanding debit balance was mainly in respect of Ministry of Surface Transport, Regional Office, Guwahati (₹51.31 crore) and Central Pensions Accounting Office, New Delhi (₹12.96 crore). These balances are the amounts which the Government has to receive from the respective authorities of GoI which pertain mostly to old years.

4.7.2 Suspense Account (Civil)

The transactions which cannot be taken to the final Expenditure/ Receipt Head of account for want of certain information/ documents (challans, vouchers etc.) are at the first instance

booked under this Suspense Head. Ideally the treasury officers should obtain the required details and clear the balance under this suspense head before end of the financial year so that the final receipts and expenditure figures depicted in the accounts reflect the correct amounts. The outstanding balance under this Minor Head as on 31 March 2021 was ₹36.56 crore (Debit) and ₹7.19 crore (Credit) indicating that an amount of ₹29.27 crore was required to be adjusted in respect of receipts and expenditure separately to their respective final heads of account. Major debit balances were outstanding in respect of Treasury Suspense (₹28.13 crore) and Objection book suspense/ charges placed under Suspense (₹4.40 crore) whereas major credit balances were outstanding in respect of transaction of Resident Commissioner, New Delhi (₹5.37 crore). This balance had the impact of understating the Revenue Expenditure and overstating the Revenue Surplus.

4.7.3 Reserve Bank Suspense, Central Accounts Office

When transfer of huge balances between Central and State Governments take place on account of sanction of loan, grants-in-aid *etc.* the Minor Head 110-Reserve Bank Suspense Central Accounts Office under Major Head-8658 is operated to record the transaction before taking it to its final head of account. The balances under this head of accounts had been increasing for the last three years. The outstanding balances under this head as on 31 March 2021 were ₹1,948.35 crore (Debit) and ₹779.51 crore (Credit). Most of the balances are legacy balances pertaining to long periods.

4.7.4 Public Works Remittances

Remittances embrace all transactions which are adjusting heads of account and the debits or credits under these heads are eventually cleared by corresponding credit or debit either within the same or in another circle of accounting. Public Works Remittances of ₹237.42 crore (Credit) are lying unadjusted as of 31 March 2021. The details of unadjusted remittances are shown as under:

(₹ in crore)

| Sl. No. | Head of Account | Net Balance | | Pending from |
|--------------|-----------------------------|-------------|---------------|------------------|
| 1. | Remittances into Treasuries | Dr. | 368.15 | Prior to 2001-02 |
| 2. | Public Works Cheques | Cr. | 607.61 | |
| 3. | Other Remittances | Dr. | 2.04 | 2006-07 |
| Total | | Cr. | 237.42 | -- |

It can be seen from the **Table** above that there was non-adjustment of the debits or credits head of account under remittances by corresponding credit or debit either within the same or in another circle of accounting. Thus, the Finance Accounts did not depict the actual cash balances.

4.8 Reconciliation of Cash Balances

As on 31 March, 2021, there was a difference of ₹27.01 crore (debit), between the Cash Balance of the State Government, as per the books of Accounts of the Principal Accountant General (Accounts), and the Cash Balance reported by the Reserve Bank of India. The net RBD at the end of the year reported by RBI is ₹20.00 crore and Accountant General's

figure is ₹7.01 crore. This difference is mainly due to misclassification by Bank/ Treasury and needs to be rectified. It is the responsibility of the State Government to reconcile the balance with Agency Banks on a continuous basis to ensure that the amounts reported are correct and also there were no delays in reporting the transactions by the Agency Banks. However, such reconciliation was not being done, due to which the penalty leviable on the Agency banks for not adhering to the timelines for settlement could be ascertained.

4.9 Accounts of Transactions Relating to Central Road Fund

Government of India provides annual grants under the CRF to the State Government to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601 Grants-in-Aid”. Thereafter the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road Fund”, through Revenue Expenditure Major Head “3054 Roads and Bridges”. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2020-21, the State Government received grants of ₹42.03 crore from Central Road Fund and booked it under MH 1601-08-108 Grants from CRF. However, since no corresponding budget provision was made under MH 3054-797 Transfer to Reserve Fund/ Deposit Account under Central Assistance, the amount was not transferred to Public Account under 8449- Other Deposits. This is in violation of the Fund accounting procedure. Non transfer of Central Assistance to the Public Account, liabilities of the state Government were understated. Further, expenditure of ₹100.00 crore was shown under MH 5054- Capital Outlay on Roads and Bridges- under Minor Head 800- Schemes under CRF, during 2020-21.

4.10 Audit of Accounts

The departmental undertakings of Government performing activities of quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually. The Heads of the department was to ensure that the undertaking should prepare proforma accounts and submit the same to the Principal Accountant General for audit by 30 June of subsequent year. The accounts depict the working results of financial operations of the departmental undertakings indicating their performance and efficiency in conducting business.

There is one Government department (State Transport Services Department) performing activities of a quasi-commercial nature. The accounts for 2016-17 was submitted in September 2019. However, the accounts for the year 2017-18 onwards were not submitted as of February 2022.

Thus, in the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of State Legislature and Audit. Consequently, corrective

measures, if any, needed for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay in finalisation of accounts may also make the system vulnerable to fraud and leakage of public money.

4.11 End use of Cess

Rule 5 of the Building and Other Construction Workers Welfare Cess Rules 1998, provides that the proceeds of the Cess collected shall be transferred by such Government office/ Establishment, as the case may be, to the Arunachal Pradesh Building and Other Construction Workers Welfare Board (APBOCWB). Further, as per rule 5(3) of the Building and Other Construction Workers Welfare Cess Rules 1998, the amount collected has to be transferred to the Board within thirty days of its collection.

As on 01 April 2020, the State Government was yet to transfer Cess amounting to ₹90.12 crore to the Board. During the year, another ₹19.29 crore was collected as labour Cess by the State Government. State Government had not transferred any amount to the Board during 2020-21, leaving a balance of ₹109.41 crore yet to be transferred to the Board as on 31 March 2021.

As at end of 2020-21, a total of 48,529 workers were registered with the Board. Details of amount collected and actual expenditure incurred during the period from 2016-17 to 2020-21 are shown in **Table 4.10**.

Table 4.10: Statement of Cess Collection and Expenditure incurred (2016-17 to 2020-21)

(₹ in crore)

| Year | Opening Balance | Addition during the year | | Total Fund Available | Actual Expenditure | Closing Balance |
|---------|-----------------|--------------------------------|---------------|----------------------|--------------------|-----------------|
| | | Cess Collected during the year | Other income* | | | |
| 2016-17 | 22.32 | 47.64 | 1.69 | 71.66 | 55.86 | 15.80 |
| 2017-18 | 15.80 | 42.04 | 1.35 | 59.18 | 39.81 | 19.37 |
| 2018-19 | 19.37 | 70.62 | 7.35 | 97.34 | 84.21 | 13.13 |
| 2019-20 | 13.13 | 42.68 | 0.76 | 56.57 | 48.24 | 8.33 |
| 2020-21 | 8.33 | 52.52 | 0.84 | 61.70 | 54.72 | 6.98 |

Source: Information furnished by the Board

* Other income includes registration fees, interest accrued from bank account, fixed deposits etc.

As can be seen from the above **Table**, out of the total available fund of ₹61.70 crore, the APBOCWB expended ₹54.72 crore (88.69 per cent) leaving a balance of ₹6.98 crore.

Section 24(3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 states that no Board shall, in any financial year, incur expenses towards salaries, allowances and other remuneration to its members, officers and other employees and for meeting the other administrative expenses exceeding five per cent of its total expenses during the financial year. Scrutiny of the details of expenditure of APBOCWB for 2020-21 revealed that out of the total expenditure of ₹61.70 crore, an expenditure of ₹31.95 crore (51.78 per cent of the total expenditure) was incurred towards administrative expenses by the Board in contravention of the rules *ibid*.

The remaining expenditure of ₹29.75 crore was incurred by the Board mainly on Educational Benefits (₹0.63 crore) to 237 children of the beneficiaries *i.e.* building and other

construction workers, Normal Death Benefits (₹0.75 crore) to 150 beneficiaries, Accidental Death Benefits (₹0.04 crore) to four beneficiaries, Maternity Benefits (₹0.003 crore) to 33 beneficiaries, Medical Benefits (₹0.005 crore) to 14 beneficiaries, Marriage Benefits (₹0.02 crore) to 15 Benefits, funeral Assistance (₹0.02 crore) to 154 beneficiaries and Covid-19 Relief (₹1.07 crore) to 2,687 beneficiaries.

4.12 Compliance with Indian Government Accounting Standards

Government Accounting Standards Advisory Board (GASAB) set up by the Comptroller and Auditor General of India in 2002, has been formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. As of end of March 2019, three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance with these by the GoAP in the Finance Accounts for the year 2020-21 are given below.

| IGAS | Essence of IGAS | Status | Impact of Non-Compliance |
|--|---|--------------------|--|
| IGAS 1 <i>Guarantees given by Government Disclosure required</i> | This standard requires the government to disclose the maximum number of guarantees given during the year in its financial statements along with additions, deletions, invoked discharged and outstanding at the end of the year | Complied | -- |
| IGAS 2 <i>Accounting and Classification of Grants-in-Aid</i> | Grants-in-Aid are to be classified as Revenue Expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use | Complied | -- |
| IGAS 3 <i>Loans and Advances made by the Government</i> | This standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial statement to ensure complete, accurate and uniform accounting practices | Partially Complied | Statement as per requirements of IGAS was partially complied with. Disclosure regarding write off of irrecoverable loans and advances, entity wise details of interest credited on loans and advances given by the state government and details of overdue principal and interest where detailed accounts are maintained by the State were not reported. |

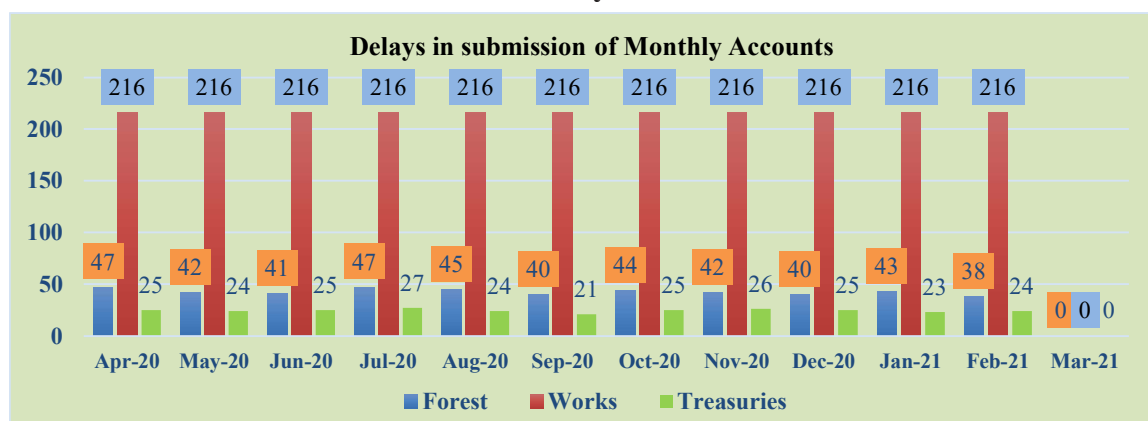
4.13 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Principal Accountant General (Accounts) from the initial accounts rendered by district treasuries, sub-treasuries Resident Commissioner, public works divisions and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Principal Accountant General (Accounts).

In Arunachal Pradesh, the Principal Accountant General (Accounts) is required to compile the accounts of the State Government, from the initial accounts rendered by the 27 District Treasuries/ Sub-treasuries, 216 Public Works Divisions and 48 Forest Divisions, apart from the RBI advices.

During the financial year 2020-21, there were delays in rendition of monthly accounts that resulted in accounts excluded from the Monthly Civil accounts. Details of accounts excluded from the monthly Civil Accounts of works divisions are given below:

Chart 4.2: Month-wise delays in rendition of accounts



Source: Information furnished by O/o Principal Accountant General (Accounts)

As can be seen from the **Chart 4.2** above, during the year 2020-21, Public Works Divisions were the major units that delayed the rendition of monthly accounts. Consequently, receipts and expenditure relating to these divisions/ units could not be incorporated in the Civil Accounts in the month of occurrence of the transaction. Due to the failure of the accounts rendering units to furnish accounts on time, these accounts were excluded from the Monthly Civil Accounts by the Principal Accountant General (Accounts) throughout the year 2020-21, except for March 2021. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Principal Accountant General (Accounts) to the State Government were incomplete in all the months, except for the month of March 2021. However, no accounts have been excluded at the end of the year.

Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments *etc.* during the year. In short, the State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General (Accounts) on a timely basis, to manage its own budget more effectively.

The State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General on a timely basis, to manage its own budget more effectively.

Government in its reply (January 2022) stated that they had a review meeting in this regard and it is expected that the position would improve next year.

4.14 *Suo-motu* Action Taken Notes

In his Audit Reports on the Finances of the GoAP, the Comptroller and Auditor General of India has been flagging year after year, issues of concern relating to various aspects of financial and budgetary management, areas of non-compliance with the prescribed procedures, rules and regulations *etc.* by the State Government Departments/ Authorities. These Reports can achieve the desired results only when they evoke positive and adequate response from the Government/ administration itself. To ensure accountability of the Executive with regard to the issues contained in the Audit Reports, the Finance Department issued instructions (June 1996), for submission of *suo motu* explanatory notes indicating the action taken or proposed to be taken by the concerned administrative departments within three months from the date of presentation of the Audit Reports to the State Legislature. *Suo motu* explanatory notes on the observations (243 paragraphs) made in the Audit Reports have not been provided by any of the concerned departments, indicating that none of the concerned departments complied with the instructions laid by the Finance Department.

4.15 Discussion of SFAR by the PAC

No Public Accounts Committee meeting was held during the year to discuss the Paragraphs of the State Finances Audit Reports.

4.16 Conclusion

- Non-submission of UCs by Departments for funds drawn for specific developmental programmes/ projects was violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.
- Non-adjustment of Abstract Contingent (AC) Bills is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective Drawing and Disbursing Officers for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.
- Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.
- The proforma accounts of State Transport Services Department for the year 2017-18 onwards were not submitted as of February 2022. Consequently, corrective measures, if any, needed for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay in finalisation of accounts may also make the system vulnerable to fraud and leakage of public money.

- Delayed rendering of accounts by the account rendering units/ authorities distorted the accurate depiction of monthly transactions of the State and impacted effective budgetary management.

4.17 Recommendations

- The Government may ensure timely submission of Utilisation Certificates by the departments in respect of the grants released for specific purposes.
- State Government may expedite the process to clear the old AC Bills and ensure timely submission of all Detailed Countersigned Contingent Bills to adjust the outstanding Abstract Contingent Bills within the prescribed timeline as required under the Rules.
- The Finance Department should, in consultation with the Principal Accountant General (Accounts), conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the Appropriate Heads of account.
- State Government may ensure timely submission of accounts (proforma accounts) in order to assess the financial position and efficiency of the departmental undertaking of Government performing activities of quasi-commercial nature.
- Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.



CHAPTER-V
Functioning of State Public
Sector Enterprises

Chapter V: Functioning of State Public Sector Enterprises

SUMMARY OF FINANCIAL PERFORMANCE OF STATE PUBLIC ENTERPRISES

5.1 Introduction

This Chapter presents the financial performance of the ‘Government Companies’, ‘Statutory Corporations’ and ‘Government Controlled Other Companies’. The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned companies set up under the Companies Act, 2013 and Statutory Corporations setup under the statutes enacted by the Parliament and State legislature.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

5.2 Mandate

Audit of ‘Government Companies’ and ‘Government Controlled Other Companies’ is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG’s (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for the financial audit of Companies and gives directions on the manner in which the accounts are to be audited. In addition, the CAG has right to conduct a supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited only by the CAG.

5.3 Working and Non-working SPSEs

As on 31 March 2021, there were seven SPSEs (all Government Companies including six¹⁹ working and one²⁰ non-working) under the audit jurisdiction of the CAG in Arunachal Pradesh as detailed in **Table 5.1**.

¹⁹ (i) Arunachal Pradesh Industrial Development and Financial Corporation Limited, (ii) Arunachal Pradesh Mineral Development and Trading Corporation Limited (iii) Arunachal Pradesh Forest Corporation Limited (iv) Arunachal Police Housing and Welfare Corporation Limited (v) Hydro Power Development Corporation of Arunachal Pradesh Limited (vi) Arunachal Pradesh Donyi Polo Hotel Corporation Limited

²⁰ Parasuram Cement Limited

Table 5.1: Details of working and non-working SPSEs

| Type of SPSEs | Working SPSEs | Non-working SPSEs ²¹ | Total |
|----------------------|---------------|---------------------------------|-------|
| Government Companies | 6 | 1 | 7 |

Source: As per SPSEs Records

Table 5.2 provides the comparative details of working SPSEs turnover and State GSDP for a period of three years ending 2020-21.

Table 5.2: Contribution of SPSEs-turnover to GSDP

(₹ in crore)

| Particulars | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------|-----------|-----------|-----------|-----------|
| SPSEs-Turnover ²² | 10.45 | 10.68 | 11.82 | 11.67 |
| GSDP | 2,2503.33 | 24,510.84 | 2,7377.06 | 28,721.36 |
| Percentage of Turnover to GSDP | 0.05 | 0.04 | 0.04 | 0.04 |

Source: As per latest finalised accounts of SPSEs, GSDP-Directorate of Economics and Statistics, GoAP

As could be noticed from the **Table** above, the contribution of SPSEs to the GSDP of the State was negligible during the last four years (2017-18 to 2020-21). The contribution of SPSEs-turnover to GSDP decreased by 0.01 *per cent* from 0.05 *per cent* (2017-18) to 0.04 *per cent* (2018-19) and thereafter it has remained at 0.04 *per cent* for the last three years upto 2020-21. The major contributors to SPSEs-turnover during 2020-21 were Arunachal Pradesh Industrial Development and Financial Corporation Limited (₹6.54 crore), Arunachal Pradesh Police Housing and Welfare Corporation Limited (₹2.93 crore) and Arunachal Pradesh Donyi Polo Hotel Corporation Limited (₹1.47 crore) (**Appendix 5.1**).

5.4 Investment in SPSEs

State Government's investment in SPSEs

The State's investment in SPSEs was by way of Equity Share Capital and Long-Term Loans. The figures in respect of Equity Capital and Loans provided by the State Government as per the records of SPSEs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the SPSEs concerned and the Finance Department should carry out reconciliation to sort out the differences. The position in this regard for last three years is given in **Table 5.3**.

Table 5.3: Equity and Loans outstanding²³ as per the State Finance Accounts vis-à-vis records of SPSEs for last three years

(₹ in crore)

| Year | Amount as per Finance Accounts | | | Amount as per records of SPSEs | | | Difference | | |
|---------------|--------------------------------|---------------------|--------------|--------------------------------|---------|--------------|------------|---------|--------------|
| | 2018-19 | 2019-20 | 2020-21 | 2018-19 | 2019-20 | 2020-21 | 2018-19 | 2019-20 | 2020-21 |
| Equity | 9.00 | 9.00 | 9.00 | 19.49 | 19.49 | 19.49 | 10.49 | 10.49 | 10.49 |
| Loans | 36.25 | 36.25 ²⁴ | 36.25 | 8.38 | 8.38 | 8.38 | 27.87 | 27.87 | 27.87 |

Source: As per Finance Accounts of the respective years and as per records of SPSEs

²¹ Non-working SPSEs are those which have ceased to carry on their operations

²² As per the latest finalised accounts of working SPSEs as on 30 September of respective year

²³ Figures as per SPSEs' records are provisional and as provided by the SPSEs as none of the SPSEs had finalised their current accounts (2020-21)

²⁴ Represents Loan provided to 'public sector and other undertakings' in four sectors namely, Agriculture and Allied (₹20.00 crore); Power (₹10.00 crore); Non-ferrous Mining (₹0.15 crore) and Industrial Financing (₹6.10 crore). SPSE-wise details of Loans not available in the State Finance Accounts

It can be noticed from the **Table** above that, as on 31 March 2021, as per Finance Accounts and the records of SPSEs, there was no change in Equity investment and Loan given by GoAP during 2018- 19 to 2020-21. However, there were differences in the figures of Equity (₹10.49 crore) and Loan (₹27.87 crore) as per the two sets of records, which were pending reconciliation for more than 10 years.

Though the Principal Secretary, Finance Department, GoAP as well as the Management of the SPSEs concerned were appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress has been noticed in this regard.

Hence, the State Government and the SPSEs concerned should take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing SPSEs in addition to updating the Finance Accounts.

5.5 Budgetary Assistance to SPSEs

The State Government provides financial support to SPSEs in various forms through the annual budgetary allocations. The summarised details of budgetary support towards Equity, Loans and Grants/ Subsidies in respect of SPSEs during the past three years are given in **Table 5.4**.

Table 5.4: Details regarding annual budgetary support to SPSEs

(₹ in crore)

| Particulars | 2018-19 | | 2019-20 | | 2020-21 | |
|-----------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | No. of SPSEs | Amount | No. of SPSEs | Amount | No. of SPSEs | Amount |
| Equity capital to end of the year | - | Nil | - | Nil | - | Nil |
| Loans given to end of the year | - | Nil | - | Nil | - | Nil |
| Grants/ subsidy from budget | 3 | 9.88 | 2 | 4.79 | 2 | 4.79 |
| Total Outgo | | 9.88 | | 4.79 | | 4.79 |

Source: As per SPSEs records

It can be noticed from the **Table** above that the budgetary support provided by the State Government to SPSEs during 2018-19 was the highest in last three years. During the three years from 2018-19 to 2020-21, the State Government had not provided any budgetary support to SPSEs in the form of Equity or Loans. During 2020-21, the recipients of budgetary assistance in the form of Grants/ Subsidy were Arunachal Police Housing and Welfare Corporation Limited (₹2.06 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹2.73 crore).

5.6 Returns from Government Companies and Corporations

Profit earned and Dividend paid by SPSEs

The position of aggregate profit earned and dividend paid by the profit earning SPSEs during the past three years as per the latest finalised accounts as on 30 September of respective year is given in **Table 5.5**.

Table 5.5: Details of profits earned and dividend paid by working SPSEs

| Year | 2018-19 | 2019-20 | 2020-21 |
|--|---------|--------------------|---------|
| Number of profit earning working SPSEs | 4 | 4 | 3 |
| Aggregate profit earned (₹ in crore) | 8.18 | 6.07 ²⁵ | 7.68 |
| Dividend paid | - | - | - |

Source: As per latest finalised accounts of SPSEs

As can be noticed from the **Table** above, during the last three years, three to four working SPSEs earned profits ranging from ₹8.18 crore (2018-19) to ₹7.68 crore (2020-21). However, none of these SPSEs had declared any dividend during the past three years. There was no recorded information about the existence of any specific policy of the State Government regarding the payment of minimum dividend by the SPSEs.

5.7 Long Term Debt of SPSEs

The position of outstanding Long-Term Debts of the SPSEs during the last three years as per their latest finalised accounts is given in **Table 5.6**.

Table 5.6: Position of Outstanding loans of the SPSEs

| Particulars | (₹ in crore) | | |
|---|--------------|---------|---------|
| | 2018-19 | 2019-20 | 2020-21 |
| Total Loans outstanding (State Government and Others) | 31.50 | 31.50 | 31.68 |
| Turnover | 10.68 | 11.82 | 11.67 |
| Interest on Total Loans ²⁶ | 0.76 | 0.76 | 0.98 |

Source: As per latest finalised accounts of SPSEs and Finances Accounts of respective years

It can be noticed from the **Table** above that the total borrowings of the SPSEs remained almost static during the last three years with negligible increase of ₹0.18 crore during 2020-21. Analysis revealed that more than 80 per cent (₹25.41 crore) of SPSE borrowings (₹31.68 crore) as on 31 March 2021 pertained to one SPSE (Arunachal Pradesh Industrial Development and Financial Corporation Limited), significant portion (₹24.83 crore) of which was payable against the Loans availed by this SPSE from the State Government. However, three²⁷ out of the six SPSEs (all working) did not have any outstanding long term loans as on 31 March 2021.

5.8 Operating Efficiency of SPSEs

Key parameters

Some of the key parameters of the operational efficiency of working SPSEs for the last three years as per their latest finalised accounts as on 30 September of the respective year are shown in **Table 5.7**.

²⁵ Including negligible profits of ₹12,371.00 earned by Arunachal Pradesh Industrial Development and Financial Corporation Limited

²⁶ Interest figures as available in the latest finalized accounts of respective SPSEs

²⁷ Serial no. 4, 5 and 6 of **Appendix 5.1**

Table 5.7: Key parameters of operational efficiency of working SPSEs

(₹ in crore)

| Year | No. of working SPSEs | Paid up capital | Overall accumulated profits (+)/ losses(-) | Overall net profits/ losses(-) | EBIT |
|---------|----------------------|-----------------|--|--------------------------------|------|
| 2018-19 | 6 | 16.79 | (+) 7.60 | 6.56 | 7.32 |
| 2019-20 | 6 | 16.79 | (+) 7.51 | 3.58 | 4.34 |
| 2020-21 | 6 | 16.85 | (-) 0.37 | 5.75 | 6.73 |

Source: As per SPSEs records

From the **Table** above, it can be seen that over the last three years, the accumulated profits of SPSEs during 2018-19 (₹7.60 crore) have been completely wiped off and turned into losses of ₹0.37 crore during 2020-21. Further, during the last three years (2018-19 to 2020-21), there was an overall reduction of ₹0.81 crore and ₹0.59 crore in the net profits and Earning Before Interest and Tax (EBIT) of SPSEs respectively. This indicated an overall deterioration in the operational efficiency of the working SPSEs.

5.9 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed in excess of the cost of the capital employed. ROCE is an important metric for long term lenders and it is calculated by dividing a company's EBIT by the Capital Employed.

During 2020-21, the overall capital employed in respect of the six working SPSEs as per their latest finalised accounts was ₹46.70 crore. Further, only four²⁸ SPSEs, out of six working SPSEs, had positive ROCE (**Appendix 5.1**).

In comparison, however, the overall capital employed in respect of working SPSEs during the previous two years (2018-19 and 2019-20) was ₹54.43 crore and ₹54.34 crore respectively.

5.10 Return on Equity (ROE)

Return on Equity²⁹ (ROE) is a measure of financial performance of companies calculated by dividing the 'net income earned' (Returns) by the Equity (net worth). During 2020-21, three out of six working SPSEs earned profits (₹7.68 crore) while remaining three SPSEs incurred losses (₹1.93 crore) as per their latest finalised accounts as on 30 September 2021 as detailed in **Appendix 5.1**. Out of six SPSEs, ROE of two SPSEs was 11.61 *per cent* while the ROE of one SPSE was negative. ROE in respect of remaining three SPSEs was not workable due to a negative net worth. The details of ROE in respect of the working SPSEs as per their latest finalised accounts as on 30 September 2021 are shown in **Table 5.8**.

²⁸ Serial no. A1, A3, A4 and A5 of **Appendix 5.1**

²⁹ **Return on Equity** = (Net Profit after Tax and preference Dividend ÷ Equity) x 100; where **Equity** = Paid up Capital *plus* Free Reserves and Accumulated profits *minus* Accumulated Losses and Deferred Revenue Expenditure

Table 5.8: Details of ROE of working SPSEs during 2020-21

| (₹ in crore) | | | | |
|---|------------------|--------------|-------------|----------------------|
| SPSE | Year of Accounts | Net worth | Returns | ROE (In per cent) |
| Positive ROE | | | | |
| Arunachal Police Housing and Welfare Corporation Limited | 2018-19 | 29.13 | 3.71 | 12.74 |
| Hydro Power Development Corporation of Arunachal Pradesh Limited | 2012-13 | 6.50 | 0.43 | 6.62 |
| Overall | | 35.63 | 4.14 | 11.61 |
| Negative ROE | | | | |
| Arunachal Pradesh Mineral Development and Trading Corporation Limited | 1999-2000 | 0.32 | 0.28 | (-)87.50 |

Source: As per latest finalised accounts of SPSEs

5.11 SPSEs Incurring Losses

The position of aggregate losses incurred by the loss making working SPSEs during the past three years as per their latest finalised accounts is given in **Table 5.9**.

Table 5.9: Details of losses of working SPSEs

| Year | 2018-19 | 2019-20 | 2020-21 |
|-------------------------------------|---------|---------|---------|
| Total No. of working SPSEs | 6 | 6 | 6 |
| Number of loss making working SPSEs | 2 | 2 | 3 |
| Aggregate losses (₹ in crore) | (-)1.62 | (-)2.49 | (-)1.93 |

The details of the losses of working SPSEs incurred during 2020-21 are given in **Table 5.10**.

Table 5.10: Details of loss making working SPSEs during 2020-21

| (₹ in crore) | | | |
|--------------|--|---------------------------|-------------|
| Sl. No. | Name of the Company | Latest finalised accounts | Net Loss |
| 1. | Arunachal Pradesh Donyi Polo Hotel Corporation Limited | 2019-20 | 1.04 |
| 2. | Arunachal Pradesh Industrial Development and Financial Corporation Limited | 2018-19 | 0.61 |
| 3. | Arunachal Pradesh Mineral Development and Trading Corporation Limited | 1999-2000 | 0.28 |
| Total | | | 1.93 |

Source: As per latest finalised accounts of SPSEs

5.12 SPSEs having Complete Erosion of Capital

The aggregate paid-up capital and overall accumulated losses of six working SPSEs as per their latest finalised accounts as on 30 September 2021 were ₹16.85 crore and ₹0.37 crore respectively. Analysis of accumulated losses of these SPSEs revealed that the accumulated losses of three working SPSEs (₹29.17 crore) had completely eroded their paid up capital (₹9.70 crore) as detailed in **Table 5.11**.

Table 5.11: Erosion of Capital of working SPSEs

(₹ in crore)

| Sl. No. | Company/ Corporation | Latest finalised Accounts | Paid up capital | Accumulated losses |
|--------------|--|---------------------------|-----------------|--------------------|
| 1. | Arunachal Pradesh Industrial Development and Financial Corporation Limited | 2018-19 | 4.20 | 21.13 |
| 2. | Arunachal Pradesh Forest Corporation Limited | 2005-06 | 4.50 | 4.58 |
| 3. | Arunachal Pradesh Donyi Polo Hotel Corporation Limited | 2019-20 | 1.00 | 3.46 |
| Total | | | 9.70 | 29.17 |

Source: As per latest finalised accounts of SPSEs

Accumulation of huge losses by these SPSEs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

5.13 Audit of State Public Sector Enterprises (SPSEs)

Comptroller and Auditor General of India (CAG) appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. Further, the CAG also has a right to conduct supplementary audit and supplement or comment upon the Audit Report of the statutory auditor.

5.14 Appointment of Statutory Auditors of SPSEs by CAG

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The statutory auditors of these SPSEs are appointed by the CAG.

5.15 Submission of Accounts by SPSEs

Need for timely submission

Section 96 (1) of the Companies Act, 2013 provides that the financial statement of the companies is to be finalised within six months after the end of the financial year *i.e.* by 30 September of the next financial year.

Further, under Section 394 of the Act, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the companies from the State budget.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite above provisions, there was pendency in submitting the annual accounts by the SPSEs as on 30 September 2021, as discussed below.

5.16 Timeliness in Preparation of Accounts by SPSEs

The details relating to finalisation of accounts by six working SPSEs during the last three years as of 30 September of respective year are given in **Table-5.12**.

Table 5.12: - Position relating to finalisation of accounts of working SPSEs

| Sl. No. | Particulars | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------|--|---------|---------|---------|---------|---------|
| 1. | Number of Working SPSEs/ other companies | 5 | 5 | 6 | 6 | 6 |
| 2. | Number of accounts finalised during the year | 3 | 2 | 2 | 2 | 3 |
| 3. | Number of accounts in arrears | 35 | 38 | 42 | 46 | 49 |
| 4. | Number of working SPSEs with arrears in accounts | 5 | 5 | 6 | 6 | 6 |
| 5. | Extent of arrears (numbers in years) | 1 to 17 | 1 to 18 | 1 to 19 | 1 to 20 | 1 to 21 |

Source: As per latest finalised accounts of SPSEs

As can be observed from the above **Table**, the number of accounts in arrears has shown an increasing trend during the last five-year period from 2016-17 to 2020-21. Out of the total 49 accounts in arrears as on 31 March 2021, 36 Accounts pertained to two SPSEs viz., Arunachal Pradesh Mineral Development and Trading Corporation Limited (21 Accounts) and Arunachal Pradesh Forest Corporation Limited (15 Accounts). The earliest Accounts in arrears was since 2000-01, which related to Arunachal Pradesh Mineral Development and Trading Corporation Limited.

The Administrative Departments, which have the responsibility to oversee the activities of the SPSEs, have to ensure that the SPSEs finalise and adopt their accounts within the stipulated period. In view of the position of arrears of accounts indicated above, the actual contribution of SPSEs to the GSDP for the year 2020-21 could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.

The Principal Accountant General, Arunachal Pradesh has been regularly pursuing this issue with the Chief Secretary, GoAP and the Administrative Departments concerned for liquidating the arrears in accounts of SPSEs.

To expedite the finalisation of the annual accounts in arrears, the Hon'ble Chairman, Committee on Public Undertakings (CoPU) on the request of Principal Accountant General, Arunachal Pradesh convened a meeting on 02 December 2021 with the heads of all SPSEs and Finance Department. All the six working SPSEs assured that they would make efforts to clear the arrears in accounts. In pursuance of the above commitment, Arunachal Police Housing & Welfare Corporation Limited and Arunachal Pradesh Industrial Development & Financial Corporation Limited submitted the annual accounts for the year ended 31 March 2020 on 19 January 2022 and 25 February 2022 respectively.

Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.17 Audit of Accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act 2013, conduct audit of the accounts of the Government Companies and submit their reports thereon in accordance with the Section 143 of the Companies Act 2013.

The CAG plays an oversight role by monitoring the performance of statutory auditors in audit of the public sector enterprises with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively.

This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act 2013.

5.18 Supplementary Audit of Accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the Management of an entity.

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by the CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act 2013 to be placed before the AGM.

5.19 Result of CAG's Oversight Role

During the year 2020-21, three working companies had forwarded three audited accounts to the Principal Accountant General, Arunachal Pradesh. None of the three audited accounts were selected for supplementary audit during the year and Non-Review Certificates (NRC) were issued against these accounts.

5.20 Conclusion


- As on 31 March 2021, the State of Arunachal Pradesh had total seven SPSEs (all Government companies), which included one non-working SPSE. As on 31 March 2021, there were differences in the figures of State's investment in Equity (₹10.49 crore) and Loan (₹27.87 crore) of SPSEs as per State Finance Accounts *vis-à-vis* records of SPSEs.
- During 2020-21 the State Government has provided budgetary support of ₹4.79 crore to two SPSEs in the form of Grants/ Subsidy. The recipients of the budgetary assistance were Arunachal Police Housing and Welfare Corporation Limited (₹2.06 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹2.73 crore). The State Government did not provide equity or loan assistance to any SPSE during 2018-20.
- During 2020-21, out of six working SPSEs, three SPSEs earned profits (₹7.68 crore) as per their latest finalised accounts. Further, the accumulated losses (₹29.17 crore) of three working SPSEs had completely eroded their paid-up capital (₹9.70 crore).
- As on 30 September 2021, all six working SPSEs had total arrears of 49 Accounts ranging from 1 to 21 Accounts. The highest pendency of accounts pertained to Arunachal Pradesh Mineral Development and Trading Corporation Limited (21 Accounts) and Arunachal Pradesh Forest Corporation Limited (15 Accounts).

5.21 Recommendations

- *The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long Term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*
- *Accumulation of huge losses by three out of six working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.*


- *The Administrative Departments, which have the responsibility to oversee the activities of the SPSEs, have to ensure that the SPSEs finalise and adopt their accounts within the stipulated period. In view of the position of arrears of accounts indicated above, the actual contribution of SPSEs to the GSDP for the year 2020-21 could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.*

Itanagar
The 25 April 2022


(CHERRING ANGRUP BODH)
Principal Accountant General,
Arunachal Pradesh

Countersigned

New Delhi
The 26 April 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India



APPENDICES

Appendices

APPENDIX 1.1

Part – A

Layout of Finance Accounts

(Reference: Paragraph-1.5; Page-7)

The Finance Accounts (Revised format introduced from 2015-16) have been divided into two Volumes – I and II. Volume I represents financial statements of the Government in summarised form, while Volume II represents detailed financial statements along with the Appendices. The layout of the Finance Accounts is chalked out in the following manner:

| VOLUME – I | |
|--|---|
| Statement No. 1 | Statement of Financial Position |
| Statement No. 2 | Statement of Receipts and Disbursements |
| Statement No. 3 | Statement of Receipts (Consolidated Fund) |
| Statement No. 4 | Statement of Expenditure (Consolidated Fund) |
| Statement No. 5 | Statement of Progressive Capital Expenditure |
| Statement No. 6 | Statement of Borrowings and other Liabilities |
| Statement No. 7 | Statement of Loans and Advances given by the Government |
| Statement No. 8 | Statement of Investment of the Government |
| Statement No. 9 | Statement of Guarantees given by the Government |
| Statement No. 10 | Statement of Grants-in-Aid given by the Government |
| Statement No. 11 | Statement of Voted and Charged Expenditure |
| Statement No. 12 | Statement of Sources and Application of Funds for expenditure other than revenue account |
| Statement No. 13 | Summary of Balances under Consolidated Fund, Contingency Fund and Public Account |
| Notes to Accounts | |
| VOLUME - II (Part- I Detailed Statements) | |
| Statement No. 14 | Detailed Statement of Revenue and Capital Receipts by Minor Head |
| Statement No. 15 | Detailed Statement of Revenue Expenditure by Minor Heads |
| Statement No. 16 | Detailed Statement of Capital Expenditure by Minor Heads and Sub-Heads |
| Statement No. 17 | Detailed Statement of Borrowings and Other Liabilities |
| Statement No. 18 | Detailed Statement of Loans and Advances given by the Government |
| Statement No. 19 | Detailed Statement of Investment of the Government |
| Statement No. 20 | Detailed Statement of Guarantees given by the Government |
| Statement No. 21 | Detailed Statement on Contingency Fund and other Public Accounts Transactions |
| Statement No. 22 | Detailed Statement on Investment of Earmarked Funds |
| VOLUME-II (Part- II Appendices) | |
| I | Comparative Expenditure on Salary by Major Heads |
| II | Comparative Expenditure on Subsidy |
| III | Grants-in-Aid given by the State Government (Scheme-wise and Institution-wise) |
| IV | Detailed of Externally Aided Projects |
| V | Plan Scheme Expenditure A. Central Schemes (Centrally Sponsored Schemes Central Plan Schemes) B. State Plan Schemes |
| VI | Direct Transfer of Central Scheme funds to Implementing Agencies in the State |

| | |
|-------------|---|
| VII | Acceptance and Reconciliation of Balances in respect of closing balances shown in Statement No. 18 and 21 |
| VIII | I. Financial Results of Irrigation Schemes II. Financial Results of Electricity Schemes |
| IX | Commitments of the Government-List of Incomplete Capital Works |
| X | Maintenance Expenditure with segregation of Salary and Non-salary portion |
| XI | Implications of Major policy Decisions of the Government during the year or New schemes proposed in the Budget for future cash flow |
| XII | Committed Liabilities of the Government |
| XIII | Re-organisation of the State-items for which allocation of balances between/among the State has not been finalised. |

Part – B

Methodology Adopted for the Assessment of Fiscal Position

Norms/ceilings prescribed by the 12th Finance Commission for selected fiscal variables along with its projections for a set of fiscal aggregates and commitments/projections made by State Governments in their Fiscal Responsibility Acts and other statements required to be laid in the Legislature under the Act are used to make a qualitative assessment of trends and patterns of major fiscal aggregates. Assuming that Gross State Domestic Product¹ (GSDP) is a good indicator of the performance of a State's economy, major fiscal aggregates like Tax and Non-Tax Revenue, Revenue and Capital Expenditure, Internal Debt and Revenue and Fiscal Deficits have been presented as percentages to the GSDP at current market prices. The buoyancy co-efficient for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether mobilisation of resources, pattern of expenditure, *etc.* are keeping pace with changes in the base or if these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series at current prices (Base Year 2011-12) as furnished by the Directorate of Economics & Statistics of the State Government, have been used in estimating these percentages and buoyancy ratios.

Definitions of some selected terms used in assessing trends and patterns of fiscal aggregates are given below:

List of terms used in Chapter - I & II and basis for their calculation

| Terms | Basis of Calculation |
|---|--|
| Buoyancy of a Parameter (X) with respect to another Parameter (Y) | Rate of Growth of parameter (X)/Rate of Growth of parameter (Y) |
| Rate of Growth (ROG) | $[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$ |
| Development Expenditure | Social Services + Economic Services |
| Average Interest paid by the State | $\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$ |
| Interest Spread | GSDP Growth – Average Interest Rate |
| Quantum Spread | Debt Stock * Interest Spread |
| Interest received as <i>per cent</i> to Loans Outstanding | $\text{Interest Received} [(\text{Opening Balance} + \text{Closing Balance of Loans and Advances})/2] * 100$ |
| Revenue Deficit/Surplus | Revenue Receipts – Revenue Expenditure |

¹ GSDP is defined as the total income of the State or the Market Value of goods and services produced using labour and all other factors of production

| Terms | Basis of Calculation |
|------------------------------------|--|
| Fiscal Deficit/Surplus | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest Payments |
| Compound Annual Growth Rate (CAGR) | Compound Annual Growth Rate (CAGR) is calculated by taking the n^{th} root of the total percentage growth rate, where n is the number of years in the period being considered. $\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{period}}} - 1$ |
| Core Public Goods and Merit Goods | Core Public Goods are goods which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtraction from any other individual's consumption of that good, e.g. enforcement of law & order, security and protection of rights; pollution free air and other environmental goods, road infrastructure, etc. Merit Goods are commodities that the Public Sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water, sanitation, etc. |

Part – C

State Profile

(Reference: Paragraph-1.1; Page-1)

| A. General Data | | |
|-----------------|---|------------------------|
| Sl. No. | Particulars | Figures |
| 1. | Area | 83,743 sq. km. |
| 2. | Population - 2010-11 (as per 2011 Census) | |
| | Male | 7,13,912 |
| | Female | 6,69,815 |
| | Total | 13,83,727 |
| 3. | Density of Population (as per 2011 Census) (All India Average = 382 persons per sq. km.) | 17 persons per sq. km. |
| 4. | Population Below Poverty Line (All India Average = 21.92 per cent) | 4.91 per cent |
| 5. | Population Growth (2011 to 2021) (All India average = 12.30 per cent) | 10.71 per cent |
| 6. | Literacy (as per 2011 Census) (All India Average = 73 per cent) | 65.40 per cent |
| 7. | Infant Mortality (per 1000 live births) (All India Average = 30 per 1000 live births) | 29 |
| 8. | Gross State Domestic Product (GSDP) | 28,721.36 crore |
| 9. | GSDP ² CAGR (2011-12 to 2020-21) | 9.93 |

² Based on the data furnished by the Directorate of Economics and Statistics, Government of Arunachal Pradesh

| B. Financial Data | | | | | | | | |
|--|----------------------------|----------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|----------------------|
| Particulars | CAGR 2011-12 to 2014-15 | | CAGR 2015-16 to 2018-19 | | CAGR 2018-19 to 2019-20 | | CAGR 2019-20 to 2020-21 | |
| | NE&H States | Arunachal Pradesh | NE&H States | Arunachal Pradesh | NE&H States | Arunachal Pradesh | NE&H States | Arunachal Pradesh |
| Revenue Receipts | 10.34 | 18.44 | 12.52 | 15.35 | (-)0.52 | (-)8.07 | 6.95 | 15.01 |
| Own Tax Revenue | 10.97 | 13.31 | 11.86 | 25.91 | 1.05 | 15.05 | 2.97 | 16.47 |
| Non-Tax Revenue | (-)2.07 | 8.26 | 22.74 | 15.80 | (-)10.19 | 6.98 | (-)14.64 | 28.42 |
| State's shares in Union Taxes and Duties | 9.40 | 9.78 | 15.38 | 13.83 | (-)19.97 | (-)13.88 | (-)11.34 | 16.52 |
| GIA from GoI | 12.53 | 21.30 | 8.47 | 16.98 | 20.09 | (-)1.52 | 24.95 | 9.01 |
| Total Receipts | 13.80 | 23.59 | 12.95 | 15.90 | 8.28 | (-)4.13 | 13.43 | 11.74 |
| Revenue Expenditure | 12.83 | 17.44 | 13.58 | 14.12 | 5.48 | (-)1.70 | 3.24 | 7.11 |
| Capital Expenditure | 7.75 | (-)10.46 | 18.25 | 42.17 | (-)3.18 | (-)35.52 | 8.85 | 38.73 |
| Disbursement of Loans and Advances | 11.13 | (-)20.17 | 3.48 | 15.81 | (-)9.96 | (-)20.54 | (-)45.35 | (-)70.04 |
| Total Expenditure | 11.99 | 10.01 | 14.28 | 20.58 | 4.12 | (-)12.37 | 4.04 | 14.36 |
| Revenue Expenditure on Education | 13.99 | 21.26 | 14.02 | 12.43 | 0.94 | 3.22 | 3.06 | (-)14.90 |
| Revenue Expenditure on Health & Family Welfare | 14.41 | 31.33 | 16.18 | 29.45 | 5.77 | (-)10.98 | 15.09 | (-)1.63 |
| Revenue Expenditure on Salaries and Wages | 10.93 | 14.80 | 13.28 | 12.17 | 4.13 | 12.46 | 0.34 | 2.87 |
| Revenue Expenditure on Pension | 11.84 | 26.41 | 17.36 | 17.22 | 9.05 | -1.35 | 11.48 | 23.18 |
| Revenue Expenditure on Subsidies | 22.99 | 19.73 | 20.43 | -11.92 | -13.64 | -95.13 | 1.29 | 4,362.50 |

Source: State Finances Audit Report 2020-21 issued by the Office of the Comptroller and Auditor General of India (Economic Division)

APPENDIX 1.2

**Summarised Financial Position of the Government of Arunachal Pradesh
as on 31 March 2021**

(Reference: Paragraph-1.8; Page-8)

(₹ in crore)

| As on 31 March 2020 | Liabilities | | As on 31 March 2021 |
|---------------------|---|--|---------------------|
| | Internal Debt | | |
| | - | Market Loans not bearing interest | - |
| | 4,296.02 | Market Loans bearing interest | 5,063.83 |
| | 0.51 | Loans from LIC | 0.41 |
| | 722.06 | Loans from NABARD | 868.53 |
| 6,298.78 | 115.15 | Loans from other Institutions | 117.14 |
| | - | Ways and Means and Advances | - |
| | 1,151.28 | Special Securities issued to National Small Savings Fund of the Central Government | 1,298.19 |
| | - | Overdraft from Reserve Bank of India | - |
| | 3.76 | Other Loans | |
| | Loans and Advances from Central Government | | |
| | 35.68 | Non-Plan Loans | 35.36 |
| | 72.87 | Loans for State Plan Schemes | 49.19 |
| | (-)4.91 | Loans for Central Plan Schemes | (-)5.81 |
| 152.47 | 11.52 | Loans for Centrally Sponsored Plan Schemes | 11.53 |
| | 37.31 | Loans for Special Schemes | 36.47 |
| | - | Other loans for States | 232.97 |
| 0.05 | Contingency Fund | | 0.05 |
| 2,503.51 | Small Savings, Provident Funds, etc. | | 2,719.41 |
| 239.32 | Deposits | | 190.53 |
| (-1,260.76) | Suspense and Miscellaneous Balances | | (-1,292.34) |
| 2,937.38 | Reserve Funds | | 3,078.86 |
| | Surplus on Government Account | | |
| 25,328.32 | 22,658.50 | (i) Revenue Surplus as on 31 March 2020 | 25,328.32 |
| | 2,669.82 | (ii) Revenue Surplus during the year | 4,036.01 |
| 36,199.07 | Total | | 41,768.65 |

| Assets | | | | |
|--|---|---|-----------|------------------|
| 32,799.16 | Gross Capital Outlay on Fixed Assets | | | 37,922.50 |
| | 250.93 | Investment in Shares of Companies, Corporations, Co-operatives <i>etc</i> ; | 250.93 | |
| | 32,548.23 | Other Capital Outlay | 37,671.57 | |
| 96.99 | Loans & Advances | | | 95.85 |
| | 10.00 | Loans for Power Projects | 10.00 | |
| | 74.61 | Other Development Loans | - | |
| | 12.38 | Loans to Government Servants and Miscellaneous Loans | 13.11 | |
| 502.64 | Civil Advances | | | 507.58 |
| (-213.54) | Remittance Balances | | | (-)146.61 |
| Suspense and Miscellaneous Balances | | | | |
| 3,013.82 | Cash | | | 3,389.33 |
| | - | Cash in Treasuries and Local Remittances | - | |
| | 256.96 | Deposits with Reserve Bank and other Banks | 7.01 | |
| | (-)4.93 | Departmental Cash Balance | (-)3.49 | |
| | 0.01 | Permanent Advances | 0.01 | |
| | 1,416.05 | Cash Balance Investments | 1,699.49 | |
| | 1,345.73 | Investment of Earmarked Funds | 1,686.31 | |
| 36,199.07 | Total | | | 41,768.65 |

Source: Finance Accounts of respective years

APPENDIX 1.3

Fiscal Responsibility and Budget Management Act, 2006*(Reference: Paragraph-1.10; Page-13)***Fiscal Responsibility and Budget Management Act**

The State Government enacted the Arunachal Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, 2006 to

- (i) ensure fiscal prudence, stability and efficiency,
- (ii) achieve fiscal consolidation for facilitating the generation of Revenue Surplus for enhancing the scope for improvement of investment in the Social and Economic Sectors/Infrastructure,
- (iii) ensure Fiscal and Debt Sustainability through progressive reduction of Fiscal Deficit and proper Debt Management System and
- (iv) provide a more transparent and accountable system of budgeting that would ensure an efficient and effective system of governance.

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

- Maintain at least the level of Revenue Surplus in the Base Year (average of 2001-02 to 2003-04) in subsequent years, beginning with Financial Year 2005-06 and ending with 2008-09, and adhere to it thereafter;
- Reduce every year the fiscal deficit by a minimum of 0.03 *per cent* of the GSDP by the end of each financial year, beginning with Financial Year 2005-06, so as to reduce the same to three *per cent* or below by 2009-10 and adhere to it thereafter.

During 2018-19, Government of Arunachal Pradesh had amended FRBM Act with the following revised targets:

- To maintain level of revenue surplus for the period from 01 April 2015 to 31 March 2020;
- To maintain level of revenue surplus as percentage of GSDP in a consistent manner for the period from 01 April 2015 to 31 March 2020;
- To reduced fiscal deficit to not more than three *per cent* of the estimated GSDP for the year 2015-16 to 2020;
- To maintain Debt-GSDP ratio less than or equal 25 *per cent* in the preceding year to avail additional borrowing of 0.25 *per cent* of GSDP;
- To maintain interest payments-Revenue Receipts ratio less than or equal to 10 *per cent* in the preceding year to avail additional borrowing 0.25 *per cent* of GSDP in the given year for which borrowing limits are to be fixed.

❖ Fiscal Policy Statements

As prescribed in the Act, the State incorporated the following statements in the Budget for the year 2020-21.

- Macro-Economic Framework Statement, giving an overview of the State economy;
- Medium Term Fiscal Plan (MTFP) Statement, prescribing fiscal targets and assumptions for achieving them. As per the MTFP Statement of March 2020, the rolling targets for fiscal indicators for 2020-21 were as under:

| | |
|---|-----------|
| Revenue Surplus as percentage of GSDP | 19.43 |
| Fiscal Deficit as percentage of GSDP | 2.28 |
| Total outstanding liabilities at the end of the year (₹ in crore) | 10,445.91 |
| Liabilities as percentage of GSDP for the year | 36.67 |

- Fiscal Plan Strategy Statement of the State for the ensuing year relating to Taxation, Expenditure, Borrowings, Lending, Investments, *etc.*

APPENDIX 2.1

Abstract of Receipts and Disbursements for 2020-21

(Reference: Paragraph-2.4; Page-18)

(₹ in crore)

| Receipts | | | Disbursements | | |
|-----------------------------|---|------------------|--------------------------------|---|------------------|
| 2019-20 | | 2020-21 | 2019-20 | | 2020-21 |
| Section – A: Revenue | | | | | |
| I - Revenue Receipts | | | I - Revenue Expenditure | | |
| 1,228.73 | Own Tax Revenue | 1,431.10 | 3,831.05 | General Services | 4,216.56 |
| 651.38 | Non-tax Revenue | 836.53 | 4,256.22 | Social Services | 4,359.45 |
| 8,987.57 | State Share of Union Taxes | 10,472.58 | 1,846.89 | Education, Sports, Arts and Culture | 1,584.61 |
| 3,193.17 | Grants for Centrally Sponsored Schemes | 2,877.45 | 944.32 | Health and Family Welfare | 928.95 |
| 380.98 | Finance Commission Grants | 782.05 | 901.57 | Water Supply, Sanitation, Housing and Urban Development | 1,161.97 |
| 446.72 | Other Grants To State With Legislature | 723.80 | 32.38 | Information and Broadcasting | 39.83 |
| | | | 39.57 | Labour and Welfare | 27.41 |
| | | | 469.90 | Social Welfare and Nutrition | 585.82 |
| | | | 21.59 | Others | 30.87 |
| | | | 4,131.46 | Economic Services | 4,511.49 |
| | | | 1,146.84 | Agriculture and Allied Activities | 831.91 |
| | | | 440.73 | Rural Development | 1,123.93 |
| | | | 4.29 | Special Areas Programme | 14.87 |
| | | | 211.93 | Irrigation and Flood Control | 367.44 |
| | | | 917.74 | Energy | 1,066.86 |
| | | | 102.58 | Industries and Minerals | 96.50 |
| | | | 1,007.41 | Transport | 771.79 |
| | | | 33.00 | Communications | 17.47 |
| | | | 85.44 | Science, Technology and Environment | 40.35 |
| | | | 181.49 | General Economic Services | 180.37 |
| 14,888.55 | Total Receipts | 17,123.51 | 12,218.73 | Total Disbursements | 13,087.50 |
| | II - Revenue Deficit carried over to Section - B | | 2,669.82 | II - Revenue Surplus carried over to Section - B | 4,036.01 |

| Receipts | | | Disbursements | | |
|--------------------|---|----------|---------------|---|----------|
| 2019-20 | | 2020-21 | 2019-20 | | 2020-21 |
| Section – B | | | | | |
| 4,550.97 | III - Opening Cash Balance, including Permanent Advances and Cash Balance Investment | 3,013.82 | - | III - Opening Overdraft from RBI | - |
| - | IV - Miscellaneous Capital Receipts | - | 3,693.05 | IV - Capital Outlay | 5,123.35 |

| Receipts | | | Disbursements | | |
|----------|--|---------|-----------------|---|-----------------|
| 2019-20 | | 2020-21 | 2019-20 | | 2020-21 |
| | | | 657.91 | General Services | 743.99 |
| | | | 724.97 | Social Services | 647.43 |
| | | | 107.52 | Education, Sports, Arts and Culture | 65.11 |
| | | | 59.08 | Health and Family Welfare | 10.61 |
| | | | 394.50 | Water Supply, Sanitation, Housing and Urban Development | 350.31 |
| | | | 158.43 | Social Welfare and Nutrition | 219.29 |
| | | | 4.29 | Information and Broadcasting | 2.12 |
| | | | 1.15 | Others | 0.00 |
| | | | 2,310.17 | Economic Services | 3,731.93 |
| | | | 21.28 | Agriculture and Allied Activities | 20.44 |
| | | | 7.74 | Rural Development Programme | 34.59 |
| | | | 110.28 | Special Areas Programme | 147.18 |
| | | | 133.72 | Irrigation and Flood Control | 171.34 |
| | | | 173.36 | Energy | 172.70 |
| | | | 11.84 | Industry and Minerals | 11.44 |
| | | | 1,848.16 | Transport | 3,166.97 |
| | | | 0.00 | Science, Technology and Environment | 0.00 |
| | | | 3.79 | General Economic Services | 7.27 |

| 2019-20 | Receipts | | 2020-21 | 2019-20 | Disbursements | | 2020-21 |
|-----------------|---|----------|-----------------|-----------------|--|--------|-----------------|
| 7.03 | V - Recoveries of Loans and Advances | | 5.94 | 16.02 | V - Loans and Advances Disbursed | | 4.80 |
| | - from Power Projects | - | | - | to Power Projects | | |
| 3.12 | from Govt. Servants | | | 2.74 | to Govt. Servants | 3.85 | |
| 3.91 | from Others | | | 13.28 | to Others | 0.95 | |
| 2,669.82 | VI - Revenue Surplus brought down | | 4,036.01 | - | VI - Revenue Deficit brought down | | - |
| 1,790.70 | VII - Public Debt Receipts | | 1,516.06 | 353.60 | VII - Repayment of Public Debt | | 259.49 |
| 1,790.70 | Internal Debt other than Ways and Means Advances and Overdraft | 1,283.09 | | 327.32 | Internal Debt other than Ways and Means Advances and Overdraft | 233.77 | |
| - | Net transactions under Ways and Means Advances, incl. Overdraft | - | | - | Net transactions under Ways and Means Advances incl. Overdraft | - | |
| - | Loans and Advances from Central Govt. | 232.97 | | 26.28 | Repayment of Loans and Advances to Central Govt. | 25.72 | |
| 3,434.93 | VIII - Public Account Receipts | | 4,523.68 | 5,376.96 | VIII - Public Account Disbursements | | 4,318.54 |

| 2019-20 | Receipts | | 2020-21 | 2019-20 | Disbursements | | 2020-21 |
|------------------|-----------------------------------|----------|------------------|------------------|---|----------|------------------|
| 563.00 | Small Savings and Provident Funds | 749.47 | | 287.86 | Small Savings and Provident Funds | 533.57 | |
| 1,906.18 | Reserve funds | 340.58 | | 0.01 | Reserve Funds | 199.11 | |
| (-) 2,700.59 | Suspense and Miscellaneous | 1.16 | | (-) 21.62 | Suspense and Miscellaneous | 32.74 | |
| 3,313.06 | Remittances | 3,096.12 | | 4,680.11 | Remittances | 3,163.03 | |
| 353.28 | Deposits and Advances | 336.35 | | 430.51 | Deposits and Advances | 390.09 | |
| | XI - Earmarked Funds | | -- | 3,013.82 | XI - Closing Cash Balance | | 3,389.33 |
| | | | | -- | Cash in Treasuries and Local Remittances | -- | |
| | | | | 256.96 | Deposits with Reserve Bank and other Banks | 7.01 | |
| | | | | (-) 4.92 | Departmental Cash Balance incl. Permanent Advances | (-)3.49 | |
| | | | | 2761.78 | Cash Balance Investment and Investment of Earmarked Funds | 3,385.80 | |
| 12,453.45 | Total | | 13,095.51 | 12,453.45 | Total | | 13,095.51 |

Source: Finance Accounts of respective years

Explanatory Notes

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government Accounts, being mainly on cash basis, the Surplus/ Deficit on Government Account, indicates the position on cash basis, as opposed to accrual basis in Commercial Accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures *etc.*, do not figure in the accounts.
3. Suspense and Miscellaneous Balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements *etc.*

APPENDIX 2.2

Time Series Data on State Government Finances
(Reference: Paragraph-2.5.2.1; Page-21)

(₹ in crore)

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|------------------|------------------|------------------|------------------|------------------|
| PART A (RECEIPTS) | | | | | |
| 1. Revenue Receipts | 11,779.57 | 13,774.60 | 16,195.96 | 14,888.55 | 17,123.51 |
| (a) Own Tax Revenue | 708.75(6) | 815.57 (6) | 1,068.04(7) | 1,228.73(8) | 1,431.10(8) |
| <i>Goods and Service Tax</i> | - | 223.73 (27) | 601.00(56) | 801.55(65) | 859.29(60) |
| <i>Taxes on Sales, Trade, etc.</i> | 282.54(40) | 285.13 (35) | 268.74(25) | 219.82(18) | 283.09(20) |
| <i>State Excise</i> | 109.05(15) | 122.61 (15) | 136.73(13) | 144.97(12) | 238.02(16) |
| <i>Taxes on Vehicles</i> | 24.47(3) | 31.40 (4) | 32.43(3) | 38.12(3) | 32.71(2) |
| <i>Stamp and Registration Fees</i> | 5.08(1) | 10.42 (1) | 9.16(1) | 8.14(1) | 10.47(1) |
| <i>Land Revenue</i> | 6.44(1) | 13.32 (2) | 14.58(1) | 15.97(1) | 7.52(1) |
| <i>Taxes on Goods and Passengers</i> | 281.17(40) | 128.96 (16) | 5.40(1) | 0.16 (0) | 0.00 |
| (b) Non-Tax Revenue | 544.82(5) | 366.18 (3) | 608.87(4) | 651.38(4) | 836.53(5) |
| (c) State Share in Union Taxes and Duties | 8,388.30(71) | 9,238.79 (67) | 10,436.14(64) | 8,987.57(61) | 10,472.58(61) |
| (d) Grants-in-Aid from GoI | 2,137.70(18) | 3,354.06 (24) | 4,082.91(25) | 4,020.87(27) | 4,383.30(26) |
| 2. Miscellaneous Capital Receipts | - | - | - | - | - |
| 3. Recoveries of Loans and Advances | 3.79 | 5.68 | 5.08 | 7.03 | 5.94 |
| 4. Total Revenue and Non-Debt Capital Receipts (1+2+3) | 11,783.36 | 13,780.28 | 16,201.04 | 14,895.58 | 17,129.45 |
| 5. Public Debt Receipts | 1,015.27 | 1,767.27 | 1,204.97 | 1,790.70 | 1,516.06 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 761.33 | 1,250.33 | 1,204.97 | 1,790.70 | 1,283.09 |
| Net Transactions under Ways and Means Advances and Overdrafts | 253.94 | 516.94* | - | - | - |
| Loans and Advances from GoI | - | - | - | - | 232.97 |
| 6. Total receipts in the Consolidated Fund (4+5) | 12,798.64 | 15,547.55 | 17,406.01 | 16,686.28 | 18,645.51 |
| 7. Contingency Fund Receipts | - | - | - | - | - |
| 8. Public Accounts Receipts | 6,369.65 | 5,435.37 | 7,411.96 | 3,434.93 | 4,523.68 |
| 9. Total Receipts of Government (6+7+8) | 19,168.28 | 20,982.92 | 24,817.98 | 20,121.21 | 23,169.19 |
| PART B (EXPENDITURE/ DISBURSEMENTS) | | | | | |
| 10. Revenue Expenditure | 9,394.54 | 10,900.47 | 12,429.48 | 12,218.73 | 13,087.50 |
| <i>Plan</i> | 2,756.14(29) | 10,900.47 | 12,429.48 | 12,218.73 | 13,087.50 |
| <i>Non-Plan</i> | 6,638.40(71) | - | - | - | - |

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|----------------------|------------------|---------------------|--------------------|--------------------|
| General Services (including Interest Payments) | 2,767.76(29) | 3,484.76 (32) | 3,823.32(31) | 3,831.05 | 4,216.56 |
| Social Services | 3,046.47(33) | 3,950.83 (36) | 4,472.42(36) | 4,256.22 | 4,359.45 |
| Economic Services | 3,580.31(38) | 3,464.88 (32) | 4,133.74(33) | 4,131.46 | 4,511.49 |
| 11. Capital Expenditure | 1,544.01 | 3,188.10 | 5,727.43 | 3,693.05 | 5,123.35 |
| <i>Plan</i> | <i>1,543.39(100)</i> | <i>3,188.10</i> | <i>5,727.43</i> | <i>3,693.05</i> | <i>5,123.35</i> |
| <i>Non-Plan</i> | <i>0.62 (-)</i> | | | | |
| General Services | 113.08 | 544.92(17) | 1,062.03(19) | 657.91 | 743.99 |
| Social Services | 579.91 | 854.80 (27) | 1,227.31(21) | 724.97 | 647.43 |
| Economic Services | 851.02 | 1,788.38 (56) | 3,438.09(60) | 2,310.17 | 3,731.93 |
| 12. Disbursement of Loans and Advances | 10.33 | 5.07 | 20.16 | 16.02 | 4.80 |
| 13. Total of Revenue Expenditure, Capital Expenditure and Disbursement of Loans and Advances (10+11+12) | 10,948.88 | 14,093.64 | 18,177.07 | 15,927.80 | 18,215.65 |
| 14. Repayments of Public Debt | 586.77 | 432.24 | 279.76 | 353.60 | 259.49 |
| Internal Debt (including Ways and Means Advances and Overdrafts) | 560.31 | 405.81 | 253.40 | 327.32 | 233.77 |
| Loans and Advances from GoI | 26.46 | 26.43 | 26.36 | 26.28 | 25.72 |
| 15. Appropriation to Contingency Fund | -NIL | -NIL | -NIL | -NIL | NIL |
| 16. Total Disbursement out of Consolidated Fund (13+14+15) | 11,535.65 | 14,525.88 | 18,456.83 | 16,281.40 | 18,475.14 |
| 17. Contingency Fund Disbursements | - | - | - | - | - |
| 18. Public Account Disbursements | 7,560.96 | 5,561.32 | 5,996.65 | 5,376.96 | 4,318.54 |
| 19. Total Disbursements by the State (16+17+18) | 19,096.61 | 20,087.20 | 24,453.48 | 21,658.36 | 22,793.68 |
| PART C (DEFICIT/ SURPLUS) | | | | | |
| 20. Revenue Deficit (-)/ Surplus (+) {1-10} | 2,385.03 | 2,874.13 | 3,766.48 | 2,669.82 | 4,036.01 |
| 21. Fiscal Deficit (-)/ Surplus (+) {4-13} | 834.48 | (-)313.36 | (-)1,976.03 | (-)1,032.22 | (-)1,086.20 |
| 22. Primary Deficit (-)/ Surplus (+) {21+23} | 1,233.71 | 154.00 | (-) 1,449.93 | (-)417.69 | (-)333.86 |
| PART D (OTHER DATA) | | | | | |
| 23. Interest Payments (included in Revenue Expenditure) | 399.23 | 467.36 | 526.10 | 614.53 | 752.34 |
| 24. Financial Assistance to Local Bodies etc. | 37.87 | 37.37 | 54.63 | 238.25 | 139.52 |

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|-----------|-----------|-----------|-----------|-----------|
| 25. Ways and Means Advances/ Overdraft availed (days) | 12 | - | - | - | - |
| 26. Interest on Ways and Means Advances/ Overdraft | - | - | - | - | - |
| 27. Gross State Domestic Product (GSDP) ³ | 19,845.44 | 22,503.33 | 24,510.84 | 27,377.06 | 28,721.36 |
| 28. Outstanding Fiscal liabilities (year-end) | 5,625.09 | 7,208.50 | 8,588.42 | 12,131.46 | 13,696.61 |
| 29. Outstanding guarantees (year-end) | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 |
| 30. Maximum Amount Guaranteed (year-end) | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 31. Number of incomplete projects | 156 | 123 | 135 | 101 | 80 |
| 32. Capital blocked in incomplete projects | 1,164.93 | 1,319.61 | 1,195.16 | 846.98 | 741.64 |
| PART - E (FISCAL HEALTH INDICATORS) (per cent) | | | | | |
| I Resource Mobilisation | | | | | |
| 33. Own Tax Revenue/ GSDP | 3.57 | 3.62 | 4.36 | 4.49 | 4.98 |
| 34. Own Non-Tax Revenue/ GSDP | 2.75 | 1.63 | 2.48 | 2.38 | 2.91 |
| 35. Central Transfers/ GSDP | 53.04 | 55.96 | 59.24 | 47.52 | 51.72 |
| II Expenditure Management | | | | | |
| 36. Total Expenditure ⁴ / GSDP | 55.17 | 62.63 | 74.16 | 58.18 | 63.42 |
| 37. Total Expenditure/ Revenue Receipts | 92.95 | 102.32 | 112.23 | 106.98 | 106.38 |
| 38. Revenue Expenditure/ Total Expenditure | 85.80 | 77.34 | 68.38 | 76.71 | 71.85 |
| 39. Expenditure on Social Services/ Total Expenditure | 33.12 | 34.10 | 31.36 | 31.27 | 27.49 |
| 40. Expenditure on Economic Services/ Total Expenditure | 40.47 | 37.29 | 41.74 | 40.54 | 45.26 |
| 41. Capital Expenditure/ Total Expenditure | 14.10 | 22.62 | 31.51 | 23.19 | 28.13 |
| 42. Capital Expenditure on Social and Economic Services/ Total Expenditure | 13.07 | 18.75 | 25.67 | 19.06 | 24.04 |
| III Management of Fiscal Imbalances | | | | | |
| 43. Revenue Surplus/ GSDP | 12.02 | 12.77 | 15.37 | 9.75 | 14.05 |
| 44. Fiscal Deficit (-) or Surplus (+)/ GSDP | 4.20 | (-) 1.39 | (-) 8.06 | (-) 3.77 | (-)3.78 |
| 45. Primary Deficit (-) or Surplus (+)/ GSDP | 6.22 | 0.68 | (-) 5.92 | (-) 1.53 | (-)1.16 |

³ GSDP figures furnished by the Directorate of Economics & Statistics, Government of Arunachal Pradesh

⁴ Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|----------|-----------|-----------|-------------|-----------|
| 46. Revenue Surplus/ Fiscal Surplus | 285.81 | (-)917.20 | (-)190.61 | (-)258.65 | (-)371.57 |
| IV Management of Fiscal Liabilities | | | | | |
| 47. Fiscal Liabilities/ GSDP | 28.34 | 32.03 | 35.04 | 44.31 | 47.69 |
| 48. Fiscal Liabilities/ RR | 47.75 | 52.33 | 53.03 | 81.48 | 79.99 |
| 49. Primary Deficit <i>vis-à-vis</i> Quantum Spread | 369.01 | 1,181.15 | 490.94 | (-)1,197.84 | (-)315.66 |
| 50. Debt Redemption (Principal + Interest)/ Total Debt Receipts | 120.65 | 130.11 | 61.63 | 66.23 | 71.95 |
| V Other Fiscal Health Indicators | | | | | |
| 51. Balance from Current Revenue (₹ in crore) | 2,517.93 | 3,382.16 | - | - | - |
| 52. Financial Assets/ Liabilities (ratio) | 1.13 | 1.12 | 1.13 | 1.08 | 1.11 |

Source: Finance Accounts of respective years

* This was due to rectification of misclassification occurred in 2014-15, the actual ways and means advance is nil during the year.

Note: Figures in brackets represent percentages to total of each Sub-heading.

APPENDIX 3.1

Cases where Supplementary Provision was Required
(Reference: Paragraph-3.4.2; Page-70)

(₹ in crore)

| Sl. No. | Grant No. and Name | Section | Original Budget | Expenditure | Supplementary Required |
|---------|---|---------------|-----------------|-------------|------------------------|
| 1. | 3-Council of Ministers | Revenue-voted | 9.78 | 16.22 | 6.44 |
| 2. | 4-Election | Revenue-voted | 23.34 | 24.93 | 1.59 |
| 3. | 5-Secretariat Administration | Revenue-voted | 147.64 | 179.46 | 31.83 |
| 4. | 6-District Administration | Capital-voted | 0.00 | 0.35 | 0.35 |
| 5. | 7-Treasury and Accounts Administration | Revenue-voted | 111.60 | 135.59 | 23.99 |
| 6. | 8-Police | Revenue-voted | 900.27 | 940.96 | 40.69 |
| 7. | 9-Motor Garages | Revenue-voted | 18.60 | 20.62 | 2.02 |
| 8. | 11-Social Welfare | Revenue-voted | 185.30 | 237.65 | 52.35 |
| 9. | 23-Forests | Revenue-voted | 282.20 | 443.50 | 161.30 |
| 10. | 24-Agriculture | Revenue-voted | 191.97 | 226.82 | 34.85 |
| 11. | 25-Relief, Rehabilitation and Re-Settlement | Revenue-voted | 300.94 | 333.69 | 32.75 |
| 12. | 26-Rural Works | Capital-voted | 1,206.81 | 2,230.08 | 1,023.27 |
| 13. | 27-Panchayat | Revenue-voted | 279.06 | 650.25 | 371.19 |
| 14. | 28-Animal Husbandry and Veterinary | Capital-voted | 6.30 | 9.82 | 3.52 |
| 15. | 31-Public Works | Capital-voted | 200.00 | 228.54 | 28.54 |
| 16. | 33-North Eastern Areas | Revenue-voted | 2.88 | 13.81 | 10.94 |
| 17. | 33-North Eastern Areas | Capital-voted | 47.12 | 121.81 | 74.68 |
| 18. | 36-Statistics | Revenue-voted | 24.41 | 26.74 | 2.33 |
| 19. | 38-Water Resource Department | Revenue-voted | 221.01 | 367.44 | 146.44 |
| 20. | 38-Water Resource Department | Capital-voted | 127.28 | 171.34 | 44.06 |
| 21. | 40-Housing | Revenue-voted | 40.42 | 53.97 | 13.55 |
| 22. | 42-Rural Development | Revenue-voted | 414.10 | 502.71 | 88.61 |
| 23. | 52-Sports and Youth Services | Revenue-voted | 8.54 | 9.81 | 1.27 |
| 24. | 53-Fire Protection and Control | Capital-voted | 5.00 | 6.89 | 1.89 |
| 25. | 54-State Tax and Excise | Capital-voted | 0.00 | 0.15 | 0.15 |
| 26. | 58-Stationery and Printing | Capital-voted | 0.00 | 11.15 | 11.15 |
| 27. | 62-Directorate of Transport | Capital-voted | 0.00 | 0.43 | 0.43 |
| 28. | 63-Protocol Department | Revenue-voted | 3.04 | 3.11 | 0.07 |
| 29. | 64-Trade and Commerce | Revenue-voted | 3.27 | 4.09 | 0.82 |
| 30. | 68-Town Planning Department | Capital-voted | 4.70 | 77.56 | 72.86 |
| 31. | 69-Parliamentary Affairs Department | Revenue-voted | 1.37 | 1.50 | 0.12 |
| 32. | 71-Department of Tawang and West Kameng | Capital-voted | 1.75 | 6.41 | 4.66 |

| Sl. No. | Grant No. and Name | Section | Original Budget | Expenditure | Supplementary Required |
|---------|---|-----------------|-----------------|-----------------|------------------------|
| 33. | 74-Social Justice, Empowerment and Tribal Affairs | Capital-voted | 103.10 | 219.19 | 116.09 |
| 34. | 75-Higher and Technical Education | Revenue-voted | 132.99 | 168.08 | 35.09 |
| 35. | 77-Gauhati High Court, Itanagar Permanent | Capital-voted | 0.00 | 0.33 | 0.33 |
| 36. | 81-Directorate for Family Welfare | Revenue-voted | 5.87 | 14.83 | 8.96 |
| 37. | 84-Public Debt | Revenue-charged | 950.64 | 991.68 | 41.04 |
| | Total | | 5,961.31 | 8,451.52 | 2,490.21 |

Source: Appropriation Accounts 2020-21

APPENDIX 3.2

Cases of Unnecessary Supplementary Provision (₹10 lakh or more in each case)

(Reference: Paragraph-3.4.3; Page-70)

(₹ in crore)

| Sl. No. | Grant No. and Name | Original | Supplementary | Actual Expenditure | Savings out of Provisions |
|------------------------|--|-----------------|-----------------|--------------------|---------------------------|
| Revenue-Voted | | | | | |
| 1. | 15-Health and Family Welfare | 933.00 | 41.47 | 908.38 | 24.62 |
| 2. | 37-Legal Metrology and Consumer Affairs | 10.85 | 0.39 | 10.58 | 0.27 |
| 3. | 47-Administration of Justice | 24.24 | 1.03 | 23.27 | 0.97 |
| 4. | 60-Textile and Handicraft | 56.56 | 0.001 | 47.09 | 9.47 |
| 5. | 61-Geology and Mining | 17.69 | 1.14 | 17.36 | 0.33 |
| 6. | 68-Town Planning Department | 177.81 | 100.55 | 108.50 | 69.30 |
| 7. | 76-Elementary Education | 1,013.53 | 49.07 | 994.88 | 18.66 |
| Sub Total | | 2,233.69 | 193.64 | 2,110.07 | 123.62 |
| Capital-Voted | | | | | |
| 8. | 32-Roads and Bridges | 950.00 | 291.77 | 889.93 | 60.07 |
| 9. | 34-Power | 188.76 | 22.38 | 152.92 | 35.84 |
| 10. | 59-Public Health Engineering | 279.30 | 39.38 | 224.55 | 54.75 |
| 11. | 65-Department of Tirap, Changlang and Longding | 30.00 | 5.11 | 25.37 | 4.63 |
| Sub-Total | | 1,448.06 | 358.64 | 1,292.77 | 155.28 |
| Capital-Charged | | | | | |
| 12. | 84-Public Debt | 544.39 | 32.16 | 259.49 | 284.90 |
| Sub-Total | | 587.17 | 544.39 | 259.49 | 327.68 |
| Grand Total | | 4,268.92 | 1,096.68 | 3,662.34 | 606.58 |

Source: Appropriation Accounts, 2020-21

APPENDIX 3.3

Details of Excessive/ Inadequate Supplementary Provision (₹One crore and above)
(Reference: Paragraph-3.4.4; Page-71)

(₹ in crore)

| Sl. No. | Number and Name of Grant | Details of budget provision | | | Expenditure | Supplementary |
|----------------------|---|-----------------------------|---------------|---------|-------------|----------------------|
| | | Original | Supplementary | Total | | Excess +/ Less(-) |
| Revenue Voted | | | | | | |
| 1. | 4-Election | 23.34 | 3.01 | 26.35 | 24.93 | 1.42 |
| 2. | 6-District Administration | 398.48 | 0.002 | 398.48 | 321.70 | 76.78 |
| 3. | 7-Treasury and Accounts Administration | 111.60 | 34.93 | 146.53 | 135.59 | 10.94 |
| 4. | 8-Police | 900.27 | 58.25 | 958.53 | 940.96 | 17.57 |
| 5. | 9-Motor Garages | 18.60 | 4.70 | 23.30 | 20.62 | 2.68 |
| 6. | 11-Social Welfare | 185.30 | 56.41 | 241.71 | 237.65 | 4.06 |
| 7. | 13-Directorate of Accounts | 1209.38 | 0.004 | 1209.39 | 983.79 | 225.60 |
| 8. | 14-Secondary Education | 496.28 | 0.002 | 496.29 | 352.44 | 143.85 |
| 9. | 15-Health and Family Welfare | 933.00 | 41.47 | 974.47 | 908.38 | 66.09 |
| 10. | 19-Industries | 30.26 | 0.002 | 30.26 | 28.03 | 2.23 |
| 11. | 20-Labour | 10.75 | 0.001 | 10.75 | 8.48 | 2.27 |
| 12. | 21-Directorate of Sports | 27.26 | 0.001 | 27.26 | 20.82 | 6.44 |
| 13. | 23-Forests | 282.20 | 402.26 | 684.45 | 443.50 | 240.95 |
| 14. | 24-Agriculture | 191.97 | 47.18 | 239.15 | 226.82 | 12.33 |
| 15. | 25-Relief, Rehabilitation and Re-Settlement | 300.94 | 23.89 | 324.83 | 333.69 | -8.87 |
| 16. | 26-Rural Works | 261.88 | 0.003 | 261.88 | 166.96 | 94.92 |
| 17. | 27-Panchayat | 279.06 | 379.12 | 658.18 | 650.25 | 7.93 |
| 18. | 28-Animal Husbandry and Veterinary | 182.50 | 0.02 | 182.52 | 158.26 | 24.26 |
| 19. | 29-Co-operation | 18.10 | 0.002 | 18.10 | 16.42 | 1.68 |
| 20. | 31-Public Works | 345.55 | 0.001 | 345.55 | 278.05 | 67.50 |
| 21. | 32-Roads and Bridges | 690.58 | 0.002 | 690.59 | 557.64 | 132.94 |
| 22. | 33-North Eastern Areas | 2.88 | 12.52 | 15.40 | 13.81 | 1.59 |
| 23. | 38-Water Resource Department | 221.01 | 151.47 | 372.48 | 367.44 | 5.04 |
| 24. | 40-Housing | 40.42 | 28.52 | 68.95 | 53.97 | 14.97 |
| 25. | 41-Land Management | 74.46 | 0.001 | 74.46 | 67.18 | 7.29 |
| 26. | 42-Rural Development | 414.10 | 106.88 | 520.99 | 502.71 | 18.28 |
| 27. | 43-Fisheries | 44.97 | 0.001 | 44.97 | 27.37 | 17.60 |
| 28. | 45-Civil Aviation | 43.04 | 0.001 | 43.04 | 21.49 | 21.55 |
| 29. | 47-Administration of Justice | 24.24 | 1.03 | 25.27 | 23.27 | 2.00 |

| Sl. No. | Number and Name of Grant | Details of budget provision | | | Expenditure | Supplementary |
|------------------------|--|-----------------------------|-----------------|------------------|------------------|----------------------|
| | | Original | Supplementary | Total | | Excess +/ Less(-) |
| 30. | 48-Horticulture | 180.67 | 0.001 | 180.67 | 87.67 | 93.00 |
| 31. | 57-Urban Development | 135.30 | 0.001 | 135.30 | 114.15 | 21.15 |
| 32. | 58-Stationery and Printing | 13.13 | 0.004 | 13.14 | 10.87 | 2.27 |
| 33. | 59-Public Health Engineering | 936.26 | 0.001 | 936.26 | 885.35 | 50.91 |
| 34. | 60-Textile and Handicraft | 56.56 | 0.001 | 56.57 | 47.09 | 9.47 |
| 35. | 61-Geology and Mining | 17.69 | 1.14 | 18.83 | 17.36 | 1.47 |
| 36. | 62-Directorate of Transport | 6.36 | 0.001 | 6.36 | 4.51 | 1.85 |
| 37. | 68-Town Planning Department | 177.81 | 100.55 | 278.35 | 108.50 | 169.85 |
| 38. | 74-Social Justice, Empowerment and Tribal Affairs | 179.86 | 0.003 | 179.86 | 11.47 | 168.39 |
| 39. | 75-Higher and Technical Education | 132.99 | 42.75 | 175.74 | 168.08 | 7.66 |
| 40. | 76-Elementary Education | 1013.53 | 49.07 | 1,062.60 | 994.88 | 67.72 |
| 41. | 79-Department of Skill Development and Entrepreneur | 33.89 | 0.003 | 33.89 | 18.86 | 15.03 |
| 42. | 80-Directorate of Medical Education, Training and Research | 8.01 | 0.001 | 8.01 | 5.74 | 2.28 |
| 43. | 82-Department of Indigenous Affairs | 5.82 | 0.003 | 5.82 | 2.80 | 3.02 |
| | Total | 10,660.31 | 1,545.22 | 12,205.53 | 10,369.58 | 18,35.95 |
| Revenue Charged | | | | | | |
| 44. | 2-Governor | 9.64 | 0.03 | 9.67 | 7.08 | 2.59 |
| 45. | 46-State Public Service Commission | 14.20 | 0.001 | 14.20 | 10.49 | 3.71 |
| 46. | 84-Public Debt | 950.64 | 64.50 | 1015.14 | 991.68 | 23.45 |
| | Total | 974.48 | 64.52 | | 1,009.25 | 29.76 |
| Capital Voted | | | | | | |
| 47. | 8-Police | 134.36 | 0.001 | 134.36 | 63.02 | 71.34 |
| 48. | 14-Secondary Education | 79.97 | 0.001 | 79.97 | 24.98 | 54.99 |
| 49. | 15-Health and Family Welfare | 47.90 | 0.002 | 47.90 | 9.21 | 38.70 |
| 50. | 21-Directorate of Sports | 50.00 | 0.001 | 50.00 | 4.50 | 45.50 |
| 51. | 24-Agriculture | 109.50 | 0.001 | 109.50 | 4.80 | 104.70 |
| 52. | 26-Rural Works | 1,206.81 | 1,202.89 | 2,409.71 | 2,230.08 | 179.62 |
| 53. | 29-Co-operation | 2.70 | 0.001 | 2.70 | 1.25 | 1.46 |
| 54. | 31-Public Works | 200.00 | 84.32 | 284.32 | 228.54 | 55.78 |
| 55. | 32-Roads and Bridges | 950.00 | 291.77 | 1,241.77 | 889.93 | 351.85 |

| Sl. No. | Number and Name of Grant | Details of budget provision | | | Expenditure | Supplementary |
|------------------------|---|-----------------------------|-----------------|-----------------|-----------------|----------------------|
| | | Original | Supplementary | Total | | Excess +/ Less(-) |
| 56. | 33-North Eastern Areas | 47.12 | 78.27 | 125.40 | 121.81 | 3.59 |
| 57. | 34-Power | 188.76 | 22.38 | 211.14 | 152.92 | 58.22 |
| 58. | 38-Water Resource Department | 127.28 | 88.69 | 215.97 | 171.34 | 44.64 |
| 59. | 40-Housing | 39.56 | 0.001 | 39.56 | 20.81 | 18.75 |
| 60. | 42-Rural Development | 93.85 | 0.001 | 93.85 | 34.59 | 59.26 |
| 61. | 43-Fisheries | 5.40 | 0.001 | 5.40 | 0.80 | 4.60 |
| 62. | 47-Administration of Justice | 24.40 | 0.001 | 24.40 | 5.69 | 18.71 |
| 63. | 48-Horticulture | 20.60 | 0.001 | 20.60 | 4.72 | 15.88 |
| 64. | 50-Secretariat Economic Services | 2,827.41 | 0.004 | 2,827.41 | 437.50 | 2,389.91 |
| 65. | 56-Tourism | 35.03 | 0.001 | 35.03 | 5.57 | 29.47 |
| 66. | 57-Urban Development | 66.97 | 0.003 | 66.97 | 27.38 | 39.59 |
| 67. | 59-Public Health Engineering | 279.30 | 39.38 | 318.68 | 224.55 | 94.12 |
| 68. | 65-Department of Tirap, Changlang and Longding | 30.00 | 5.11 | 35.11 | 25.37 | 9.74 |
| 69. | 66-Hydro Power Development | 43.78 | 0.002 | 43.78 | 19.78 | 24.01 |
| 70. | 71-Department of Tawang and West Kameng | 1.75 | 5.81 | 7.56 | 6.41 | 1.15 |
| 71. | 74-Social Justice, Empowerment and Tribal Affairs | 103.10 | 123.68 | 226.78 | 219.19 | 7.59 |
| | Total | 6,715.55 | 1,942.34 | 8,657.89 | 4,934.74 | 3,723.15 |
| Capital Charged | | | | | | |
| 72. | 84-Public Debt | 544.39 | 32.16 | 576.55 | 259.49 | 317.06 |

Source: Appropriation Accounts, 2020-21

APPENDIX 3.4(A)

Details of Misclassification Noticed in Sanction Orders during 2020-21
(Reference: Paragraph-3.4.5; Page-72)

(₹ in lakh)

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|---|---|-------------------------|----------------------|----------------------------|-------------------|
| 1. | C/o Maintenance of various road under Kamba Circle (Sh: Karbak to Yomcha Karbak Moku to Himak and Karbak Hipin to Karbak Moku) in West Siang District (A.P) | Secretary (RWD), Govt. of Arunachal Pradesh, Itanagar | 5054 | Capital | Revenue | 50.00 |
| 2. | Furnishing and Altercation of Office Rooms for Advisors at Nirman Bhawan, Itanagar | Commissioner (PWD), GoAP, Itanagar | 2059 | Revenue | Capital | 20.00 |
| 3. | C/o Protection Wall of IPR Barrack at 'G' Sector, Naharlagun | Secretary, Information & Public Relations, GoAP | 2220 | Revenue | Capital | 15.00 |
| 4. | Procurement of Mobile Digital Movie Theatre at Pasighat, Tawang, Namsai, Ziro and Kurung Kumey | Secretary, Information & Public Relations, GoAP | 2220 | Revenue | Capital | 448.00 |
| 5. | Maintenance of ADC Chamber, with painting, etc. | ADC, Mebo | 4070 | Capital | Revenue | 2.00 |
| 6. | Repairing and Maintenance of Porch of ADC Office, Mebo | ADC, Mebo | 4070 | Capital | Revenue | 5.80 |
| 7. | Repair and maintenance of office building of Circle Office, New Dari | DC, Leparada District, Basar | 4070 | Capital | Revenue | 1.56 |
| 8. | Maintenance of Rural link road at Lichlith village under Yazali Circle under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 9. | Maintenance of Inter link road at Tago village under Yazali Circle under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 10. | Maintenance of Rural link road from Komp village to Palin Happa (2.5 Km) under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 11. | Maintenance of Rural road at Yoizat Panchayat under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 12. | Maintenance of Rural road at Takampassa village under Takampassa Panchayat under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|---|------------------------------------|-------------------------|----------------------|----------------------------|-------------------|
| 13. | Maintenance of Rural link road from GREF camp to Dodo village under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 14. | Maintenance of Rural link road from Radhpu to Ekhataya via Yajyarin Geka under Radhpu Panchayat under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 15. | Maintenance of Inter Rural link road at Kebi village under Yazali Circle under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 16. | Maintenance of BDO Office Hanging Bridge | ADC, Yachuli | 4070 | Capital | Revenue | 3.00 |
| 17. | Maintenance of Pistana CO Office | ADC, Yachuli | 4070 | Capital | Revenue | 5.00 |
| 18. | Maintenance of Pistana CO Quarter | ADC, Yachuli | 4070 | Capital | Revenue | 5.00 |
| 19. | Maintenance of Rural link road at Kuch-Kuth village under Yazali Circle under Ziro Division | ADC, Yachuli | 4070 | Capital | Revenue | 10.00 |
| 20(a.) | Repair of Septic Tank at RA & LDC Qtr, Yupia | | 4070 | Capital | Revenue | 0.50 |
| 20(b.) | Repairing of WRSB over Boginadi river Bor Hill and Lali village | DC, Yupia | 4070 | Capital | Revenue | 1.00 |
| 20(c.) | Maintenance of ADC Office Chamber at Yupia | | 4070 | Capital | Revenue | 1.50 |
| 21. | Repairing and Maintenance of HT/LT Line under Tawang Electrical sub-division, Tawang | DC, Tawang | 4070 | Capital | Revenue | 45.00 |
| 22. | Maintenance and rectification of Water Supply in Lemberdung Section under Tawang | DC, Tawang | 4070 | Capital | Revenue | 50.00 |
| 23. | Maintenance of pipe line at Directorate of Land Management, Itanagar | Sect. (Land Management) | 4070 | Capital | Revenue | 15.00 |
| 24. | Repair/Maintenance of of STI Hostel Building for arrangement of Stamps & Registraton branch | Sect. (Land Management) | 4070 | Capital | Revenue | 40.00 |
| 25. | Photography point theme "I LOVE CHANGLANG" at Changlang | DC, Changlang | 3452 | Revenue | Capital | 2.50 |
| 26. | Providing and setting up of Integrated Security Control Room in Block No. 2, Room No. 112, 1st Floor, AP Civil Secretariat. | Secretary (GA), GoAP, Itanagar | 2059 | Revenue | Capital | 5.99 |
| 27. | Maintenance of WRSB over Subansiri River at Debom Village | Commissioner (PWD), GoAP, Itanagar | 5054 | Capital | Revenue | 30.00 |

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|---|---|-------------------------|----------------------|----------------------------|-------------------|
| 28. | Maintenance of PLTK Road from 40 Km to 60 Km | Commissioner (PWD), GoAP, Itanagar | 5054 | Capital | Revenue | 150.00 |
| 29. | Maintenance work at DPO Office, Yupia | DC, Papumpare, Yupia | 4070 | Capital | Revenue | 5.00 |
| 30. | Improvement of RCC Boundary wall & Renovation of Chief Engineer's Office (Eastern Zone CC Flooring) | Secretary, RWD, GoAP, Itanagar | 5054 | Capital | Revenue | 15.00 |
| 31. | Renovation of WRSB over Pachuk River under Waping Camp | Secretary, RWD, GoAP, Itanagar | 5054 | Capital | Revenue | 14.00 |
| 32. | Maintenance of suspension bridge over Pachuk river in between Sanchung and Tawe village | Secretary, RWD, GoAP, Itanagar | 5054 | Capital | Revenue | 5.50 |
| 33. | Repair and Renovation of Community Health Centre at Seijosa, Pakke Kessang District. | Commissioner (PWD), GoAP, Itanagar | 4059 | Capital | Revenue | 75.00 |
| 34. | Improvement of District Headquarter Township Roads at Yupia | Commissioner (PWD), GoAP, Itanagar | 3054 | Revenue | Capital | 1.00 |
| 35. | Repair, replacement & refurbishment of damaged EM equipments of Angong Nallah MHS | Commissioner, (Planning & Investment) | 4070 | Capital | Revenue | 32.00 |
| 36. | Maintenance of Rostrum at Darak | DC, Aalo | 4070 | Capital | Revenue | 4.00 |
| 37. | Procuring of Furniture for official use of Arunachal Pradesh Legislative Assembly Secretariat | Secretary, Arunachal Pradesh Legislative Assembly, Itanagar | 2011 | Revenue | Capital | 5.11 |
| 38. | Procuring of Furniture for Hon'ble Speaker Bungalow | -Do- | 2011 | Revenue | Capital | 14.62 |
| 39. | Procuring of Furniture for official use of Arunachal Pradesh Legislative Assembly Secretariat | -Do- | 2011 | Revenue | Capital | 3.64 |
| 40. | Procurement of Printer/Laptop | Secretary (Transport), GoAP, Itanagar | 3056 | Revenue | Capital | 4.67 |
| 41. | Renovation & special repair of water supply at Khonsa | Secretary, PHE & WS Department, GoAP, Itanagar | 4215 | Capital | Revenue | 35.00 |

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|--|---|-------------------------|----------------------|----------------------------|-------------------|
| 42. | Plantation at Khai-Hey Nallah | Pr. Sect. (Env. & Forest), GoAP | 2406 | Revenue | Capital | 25.00 |
| 43. | Establishment of Air Quality Monitoring (AQM) Stations in Populous Township of the State of Arunachal Pradesh | Pr. Sect. (Env. & Forest), GoAP | 2406 | Revenue | Capital | 80.00 |
| 44. | C/o CC Step/Pathway within the Bomba Village (Ph-II) | DC, Tawang | 2515 | Revenue | Capital | 10.00 |
| 45. | External Power Supply within the Bomba Village | DC, Tawang | 2515 | Revenue | Capital | 10.00 |
| 46. | Providing of Water Supply within the Bomba Village (Ph-II) | DC, Tawang | 2515 | Revenue | Capital | 7.00 |
| 47. | C/o CC Step/Pathway within the Bomba Village (Ph-III) | DC, Tawang | 2515 | Revenue | Capital | 3.00 |
| 48. | Providing of Water Supply within the Bomba Village (Ph-I) | DC, Tawang | 2515 | Revenue | Capital | 10.00 |
| 49. | Renovation/maintenance of veterinary aid centre and VO quarter at Chambang Circle under Kra Daadi District | DC, Kra Daadi | 4070 | Capital | Revenue | 10.00 |
| 50. | Renovation/maintenance of veterinary aid centre and VO quarter at Chambang Circle under Kra Daadi District (Ph-II) | DC, Kra Daadi | 4070 | Capital | Revenue | 10.00 |
| 51. | Renovation & maintenance of sub centre building at Korayer under Chambang Circle, Kra Daadi District (Ph-I) | DC, Kra Daadi | 4070 | Capital | Revenue | 10.00 |
| 52. | Renovation & maintenance of sub centre building at Korayer under Chambang Circle, Kra Daadi District (Ph-II) | DC, Kra Daadi | 4070 | Capital | Revenue | 5.00 |
| 53. | Renovation/repairing of RCC electrical staff quarter at Wakka township | DC, Longding | 4070 | Capital | Revenue | 5.00 |
| 54. | Purchase of one vehicle (Maruti S Cross Alpha) | Secretary, GA, GoAP, Itanagar | 2052 | Revenue | Capital | 11.45 |
| 55. | Repairing of Teacher Quarters at Pakam Colony | DC, Daporijo | 4070 | Capital | Revenue | 8.00 |
| 56. | Maintenance of Govt. Secondary School, Pania | DC, Kra Daadi | 4070 | Capital | Revenue | 3.00 |
| 57. | Furnishing of office rooms of District Art & Culture Officer of 10 Districts | Secretary, Cultural Affairs, GoAP, Itanagar | 2205 | Revenue | Capital | 15.00 |

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|---|---|-------------------------|----------------------|----------------------------|-------------------|
| 58. | Improvement and Renovation of W/S at Daporijo from Liruk Source | Secretary, PHE & WS Department, GoAP, Itangar | 4215 | Capital | Revenue | 232.00 |
| 59. | Repair and Maintenance of Defunct RSF plan of Machabung source at Seppa | Secretary, PHE & WS Department, GoAP, Itangar | 4215 | Capital | Revenue | 100.00 |
| 60. | Maintenance of Water Supply in Tawang Township | Secretary, PHE & WS Department, GoAP, Itangar | 4215 | Capital | Revenue | 80.00 |
| 61. | Maintenance of Aganwadi Centre at Khasa Village | DC, Longding | 4070 | Capital | Revenue | 3.00 |
| 62. | Repair/Maintenance of Govt. Primary School, Kaibo Village | DC, Longding | 4070 | Capital | Revenue | 3.00 |
| 63. | Maintenance of Rostrum at General Ground, Wakka HQ | DC, Longding | 4070 | Capital | Revenue | 3.00 |
| 64. | C/o Septic Tank, Dressing Room, etc | Commissioner (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 2.95 |
| 65. | C/o Walking Trail at T-V Qtr No. 2 at Office Colony, APPBn Complex, Chimpu | Commissioner (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 4.96 |
| 66. | Procurement of Library's Furniture against District Library, Pasighat, East Siang District | Secretary (Cultural Affairs), GoAP, Itanagar | 2205 | Revenue | Capital | 9.96 |
| 67. | Procurement of Reading Materials against estimated cost of Rs 17.00 lakhs | Secretary (Cultural Affairs), GoAP, Itanagar | 2205 | Revenue | Capital | 6.21 |
| 68. | Procurement of Library requisites | Secretary (Cultural Affairs), GoAP, Itanagar | 2205 | Revenue | Capital | 6.99 |
| 69. | Maintenance of Irrigation Channels of Miripathar, New Mohong, KumarKhamti, Kumari Kachari and Mahadevpur under lekang circle, Namsai District | Divisional Commissioner (East), GoAP, Namsai | 4070 | Capital | Revenue | 50.00 |
| 70. | Maintenance of village link road of Nongkhon, Eraloni, Kaupatani, Kumari Khamti, Kumari Kachari and Mahadevpur under Lekang Circle, Namsai District | Divisional Commissioner (East), GoAP, Namsai | 4070 | Capital | Revenue | 50.00 |

| Sl. No. | Name of the Scheme | Sanctioning Authority | Major Head where booked | Section where booked | Section where to be booked | Sanctioned Amount |
|---------|---|--|-------------------------|----------------------|----------------------------|-------------------|
| 71. | Improvement and Furnishing Computer Cell at PHQ, Itanagar | Commissioner (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 45.00 |
| 72. | C/o Security wall around PHQ with entrance gate frisking form Guard room and Sentry Post at PHQ , Itangar | Under Secretary (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 50.00 |
| 73. | C/o POLNET/ERSS building at Palin Kra-Daadi | Under Secretary (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 37.60 |
| 74. | Modification of newly constructed building at PHQ, Entry Gate for use as SP(SIT) | Under Secretary (Home), GoAP, Itanagar | 2055 | Revenue | Capital | 20.00 |

APPENDIX 3.4(B)

Details of Sanctions where Head of Accounts was not Mentioned during 2020-21
(Reference: Paragraph-3.4.5.1; Page-72)

| Sl. No. | Name of the Scheme | Sanctioning Authority | Section where to be booked | Sanctioned Amount (₹ in lakh) |
|--------------|--|----------------------------------|----------------------------|-------------------------------|
| 1. | Maintenance of MIPs under Aalo Division, West Siang District under Aalo WR Division | Secretary (WRD), GoAP, Itanagar | Revenue | 150.00 |
| 2. | Civil works including electrical work for the installation of PM CARES fund PSA Plant, at DHS | DC, East Kameng District | Revenue | 12.50 |
| 3. | The air-dropping losses in respect of CPO Centre, Tali | Secretary (F&CS), GoAP, Itanagar | Revenue | 18.56 |
| 4. | C/o Pipe Irrigation for Orange Garden at Tadok Gitung under Roing WR Division | Secretary (WRD), GoAP, Itanagar | Capital | 23.60 |
| 5. | C/o Flood Protection Work at Lebia River to Protect Agricultural field at Upper Karoi village under Sagalee Circle District Papum pare, Arunachal Pradesh under Sagalee WR Division | Secretary (WRD), GoAP, Itanagar | Capital | 26.82 |
| 6. | C/o Flood and erosion management scheme at Injan to protect Kharsang and adjoining area under Miao Sub-division in Changlang Distt. (AP) under Bordumsa Division as State matching share | Secretary (WRD), GoAP, Itanagar | Revenue | 34.84 |
| Total | | | | 266.32 |

Source: Sanction Orders 2020-21

APPENDIX 3.5

Injudicious Rre-appropriation Resulted in Savings/ Excess of over ₹One crore
(Reference: Paragraph-3.4.6; Page-72)

(₹ in crore)

| Sl. No. | Number and Name of Grant | Head of Account | Re-Appropriation | Excess(+)/ Saving(-) |
|---------|---|-------------------|------------------|----------------------|
| 1. | 6-District Administration | 2053-93-04 | (-)0.71 | (-)1.08 |
| 2. | | 2053-94-01 | (-)27.96 | (-)3.48 |
| 3. | 8-Police | 2055-001-01 | (-)0.28 | (-)2.13 |
| 4. | | 2055-109-01 | (-)10.25 | (-)1.50 |
| 5. | | 2055-114-01 | (+)0.54 | (-)1.01 |
| 6. | | 2055-115-01 | (-)2.97 | (-)1.02 |
| 7. | | 04-2055-800-07 | (+)2.97 | (-)2.56 |
| 8. | 9-Motor Garages | 2070-800-01 | (+)2.43 | (-)1.80 |
| 9. | 11-Social Welfare | 08-2235-02-102-01 | (-)0.55 | (-)4.02 |
| 10. | 13-Directorate of Accounts | 2071-01-101-01 | (+)795.00 | (-)150.08 |
| 11. | | 2071-01-102-01 | (-)780.00 | (-)111.13 |
| 12. | | 2071-01-104-01 | (+)100.00 | (+)57.45 |
| 13. | | 2071-01-105-01 | (+)70.00 | (-)16.96 |
| 14. | | 2071-01-111-01 | (-)185.00 | (-)2.30 |
| 15. | 14-Secondary Education | 2204-101-01 | (-)0.30 | (-)1.53 |
| 16. | | 4202-01-800-32 | (-)59.81 | (-)1.03 |
| 17. | 15-Health and Family Welfare | 2210-03-110-01 | (+)46.03 | (-)7.06 |
| 18. | | 03-2210-06-800-04 | (+)210.69 | (-)56.11 |
| 19. | | 04-2210-80-800-04 | (-)291.30 | (-)2.59 |
| 20. | | 04-4210-80-800-12 | (-)40.96 | (-)3.48 |
| 21. | 16-Art and Cultural Affairs | 04-4202-04-800-09 | (-)0.30 | (-)1.39 |
| 22. | 19-Industries | 04-4851-800-07 | (-)26.49 | (-)2.33 |
| 23. | 22-Food and Civil Supplies | 03-2408-02-800-01 | (-)10.70 | (-)1.50 |
| 24. | | 3456-001-01 | (+)17.16 | (-)4.98 |
| 25. | 23-Forests | 2406-01-001-01 | (-)15.10 | (-)12.28 |
| 26. | | 2406-01-102-02 | (+)2.97 | (-)3.08 |
| 27. | | 2406-02-110-01 | (-)3.78 | (-)3.87 |
| 28. | | 2406-04-103-01 | (-)187.54 | (-)4.25 |
| 29. | | 4406-01-800-03 | (-)15.26 | (-)1.31 |
| 30. | 24-Agriculture | 2401-103-01 | (-)0.88 | (-)1.08 |
| 31. | | 2435-01-101-01 | (-)0.02 | (-)1.39 |
| 32. | | 4415-80-800-02 | (+)0.70 | (-)0.65 |
| 33. | | 04-4435-01-800-04 | (-)109.25 | (+)4.50 |
| 34. | 25-Relief, Rehabilitation and Re-settlement | 2245-02-101-02 | (-)30.00 | (+)9.00 |
| 35. | 26-Rural Works | 2402-001-01 | (-)4.67 | (-)9.01 |
| 36. | | 04-2402-800-05 | (-)6.14 | (-)3.50 |
| 37. | | 3054-80-001-01 | (-)16.91 | (-)8.61 |
| 38. | | 04-3054-04-800-09 | (-)59.77 | (-)10.23 |
| 39. | 27-Panchayat | 2015-109-01 | (+)1.95 | (-)3.01 |
| 40. | | 2515-001-01 | (-)4.35 | (+)455.20 |
| 41. | 28-Animal Husbandry | 03-2415-03-800-01 | (+)6.11 | (-)2.00 |

| Sl. No. | Number and Name of Grant | Head of Account | Re-Appropriation | Excess(+)/ Saving(-) |
|---------|----------------------------------|-------------------|------------------|----------------------|
| 42. | 30-State Transport | 04-5055-800-03 | (-)3.87 | (-)2.17 |
| 43. | | 2059-80-001-01 | (-)21.60 | (-)1.44 |
| 44. | 31-Public Works | 2059-80-001-02 | (-)41.95 | (-)2.18 |
| 45. | | 2059-80-800-04 | (+)22.79 | (-)10.89 |
| 46. | | 04-4059-80-800-18 | (+)200.00 | (-)55.78 |
| 47. | | 3054-04-001-01 | (-)121.16 | (-)5.19 |
| 48. | | 3054-80-001-01 | (+)0.49 | (-)1.19 |
| 49. | 32-Roads and Bridges | 04-3054-80-800-07 | (+)54.45 | (-)10.76 |
| 50. | | 04-5054-04-800-04 | (+)50.00 | (-)12.01 |
| 51. | | 04-5054-80-800-02 | (+)730.00 | (-)289.84 |
| 52. | | 08-5054-04-800-03 | (-)50.00 | (-)50.00 |
| 53. | 33-North Eastern Areas | 4552-29-800-01 | (-)1.47 | (-)1.79 |
| 54. | | 2801-05-001-01 | (+)17.05 | (-)2.83 |
| 55. | | 2801-05-800-02 | (+)5.67 | (-)2.00 |
| 56. | 34-Power | 04-2810-800-04 | (-)10.95 | (-)3.42 |
| 57. | | 04-4801-01-800-25 | (-)10.09 | (-)55.68 |
| 58. | | 04-4801-01-800-26 | (-)43.19 | (-)1.85 |
| 59. | | 03-4702-800-04 | (+)11.70 | (-)9.28 |
| 60. | 38-Water Resource Department | 04-4711-01-800-08 | (+)12.64 | (-)19.05 |
| 61. | | 04-4711-01-800-10 | (+)15.66 | (-)16.31 |
| 62. | | 2216-05-001-01 | (-)4.40 | (-)1.04 |
| 63. | 40-Housing | 04-2216-80-800-03 | (+)4.40 | (-)13.94 |
| 64. | | 04-4216-80-800-02 | (+)21.95 | (-)1.14 |
| 65. | 41-Land Management | 04-4070-800-24 | (-)1.32 | (-)1.16 |
| 66. | 42-Rural Development | 2515-001-01 | (-)23.08 | (-)2.40 |
| 67. | 43-Fisheries | 03-2405-800-45 | (+)4.62 | (-)2.07 |
| 68. | 47-Administration of Justice | 2014-800-06 | (+)0.94 | (-)1.16 |
| 69. | | 04-4070-800-24 | (-)13.10 | (-)11.26 |
| 70. | 48-Horticulture | 04-2415-01-800-06 | (-)90.87 | (+)2.99 |
| 71. | 49-Science and Technology | 04-3425-60-800-07 | (-)4.01 | (-)1.00 |
| 72. | 50-Secretariat Economic Services | 04-4070-800-19 | (+)287.39 | (-)7.12 |
| 73. | | 04-4070-800-24 | (-)657.53 | (-)35.81 |
| 74. | | 4070-05-800-11 | (+)23.03 | (-)22.02 |
| 75. | | 08-4070-796-01 | (+)232.97 | (-)116.48 |
| 76. | | 04-3452-80-800-40 | (-)20.34 | (-)2.44 |
| 77. | 56-Tourism | 04-5452-01-101-53 | (-)23.64 | (-)5.82 |
| 78. | | 08-5452-01-101-52 | (+)7.02 | (-)7.02 |
| 79. | 57-Urban Development | 04-2217-80-800-14 | (-)16.78 | (-)10.03 |
| 80. | | 04-4217-60-051-18 | (-)25.06 | (-)19.79 |
| 81. | | 2215-01-102-01 | (-)243.66 | (-)2.49 |
| 82. | | 03-2215-01-800-18 | (+)189.09 | (+)90.00 |
| 83. | 59-Public Health Engineering | 04-2215-01-102-07 | (+)55.93 | (-)2.33 |
| 84. | | 04-2215-01-800-26 | (-)134.23 | (-)6.65 |
| 85. | | 04-4215-01-800-28 | (-)22.61 | (-)93.05 |
| 86. | 60-Textile and Handicraft | 2851-001-01 | (-)2.78 | (-)1.68 |

| Sl. No. | Number and Name of Grant | Head of Account | Re-Appropriation | Excess(+)/ Saving(-) |
|---------|---|-------------------|------------------|----------------------|
| 87. | 61-Geology and Mining | 2853-02-001-01 | (-)0.36 | (-)1.47 |
| 88. | | 2801-05-001-01 | (-)19.15 | (-)2.74 |
| 89. | 66-Hydro Power Development | 2801-05-800-02 | (+)12.72 | (+)1.29 |
| 90. | | 04-2801-04-800-02 | (-)12.15 | (-)7.66 |
| 91. | | 04-4801-01-800-25 | (-)13.70 | (-)12.88 |
| 92. | 68-Town Planning Department | 05-2217-03-800-03 | (+)51.12 | (-)169.85 |
| 93. | 74-Social Justice, Empowerment and Tribal Affairs | 08-4235-02-800-01 | (+)19.09 | (-)7.21 |
| 94. | | 2202-03-103-01 | (-)4.82 | (-)5.57 |
| 95. | 75-Higher and Technical Education | 2203-105-01 | (-)3.53 | (-)1.51 |
| 96. | | 04-4202-01-800-28 | (-)27.30 | (-)3.61 |
| 97. | | 2202-01-001-01 | (-)46.65 | (-)11.52 |
| 98. | 76-Elementary Education | 2202-80-001-01 | (-)0.17 | (-)1.17 |
| 99. | | 2202-01-001-11 | (+)145.78 | (-)54.38 |
| 100. | 82-Department of Indegenous Affairs | 04-4202-04-800-09 | (-)17.92 | (-)1.12 |
| 101. | Public Debt | 6003-105-01 | (+)0.47 | (-)7.73 |
| 102. | | 6003-108-03 | (+)0.13 | (-)3.54 |

Source: Appropriation Accounts, 2020-21

APPENDIX 3.6

Statement of Various Grant/ Appropriation where Savings were more than ₹ One crore and more than 20 per cent of the Total Provision

(Reference: Paragraph-3.4.7; Page-73)

(₹ in crore)

| Sl. No. | Grant No. and Name | Total Grant | Expenditure | Saving | Percentage |
|------------------------|--|---------------|----------------|----------------|------------|
| Revenue-voted | | | | | |
| 1. | 14-Secondary Education | 496.29 | 352.44 | 143.85 | 28.98 |
| 2. | 16-Art and Cultural Affairs | 12.51 | 8.23 | 4.27 | 34.17 |
| 3. | 20-Labour | 10.75 | 8.48 | 2.27 | 21.12 |
| 4. | 21-Directorate of Sports | 27.26 | 20.82 | 6.44 | 23.62 |
| 5. | 22-Food and Civil Supplies | 156.15 | 65.74 | 90.41 | 57.9 |
| 6. | 23-Forests | 684.45 | 443.5 | 240.95 | 35.2 |
| 7. | 26-Rural Works | 261.88 | 166.96 | 94.92 | 36.25 |
| 8. | 40-Housing | 68.95 | 53.97 | 14.97 | 21.72 |
| 9. | 43-Fisheries | 44.97 | 27.37 | 17.6 | 39.13 |
| 10. | 45-Civil Aviation | 43.04 | 21.49 | 21.55 | 50.07 |
| 11. | 48-Horticulture | 180.67 | 87.67 | 93 | 51.47 |
| 12. | 49-Science and Technology | 26.75 | 20.57 | 6.17 | 23.09 |
| 13. | 50-Secretariat Economic Services | 400.98 | 59.22 | 341.76 | 85.23 |
| 14. | 53-Fire Protection and Control | 28.84 | 22.47 | 6.37 | 22.09 |
| 15. | 56-Tourism | 41.15 | 17.93 | 23.22 | 56.43 |
| 16. | 62-Directorate of Transport | 6.36 | 4.51 | 1.85 | 29.13 |
| 17. | 65-Department of Tirap, Changlang and Longding | 32.85 | 0.98 | 31.87 | 97.01 |
| 18. | 67-State Information Commission | 3.78 | 2.01 | 1.77 | 46.75 |
| 19. | 68-Town Planning Department | 278.35 | 108.5 | 169.85 | 61.02 |
| 20. | 70-Administrative Training Institute | 5.28 | 2.54 | 2.74 | 51.87 |
| 21. | 71-Department of Tawang and West Kameng | 21.39 | 2.66 | 18.74 | 87.58 |
| 22. | 73-Information Technology | 42.67 | 18.12 | 24.55 | 57.54 |
| 23. | 74-Social Justice, Empowerment and Tribal Affairs | 179.86 | 11.47 | 168.39 | 93.62 |
| 24. | 79-Department of Skill Development and Entrepreneur | 33.89 | 18.86 | 15.03 | 44.35 |
| 25. | 80-Directorate of Medical Education, Training and Research | 8.01 | 5.74 | 2.28 | 28.43 |
| 26. | 82-Department of Indigenous Affairs | 5.82 | 2.8 | 3.02 | 51.92 |
| Total | | 3102.9 | 1555.07 | 1547.83 | |
| Revenue-charged | | | | | |
| 27. | 2-Governor | 9.67 | 7.08 | 2.59 | 26.81 |
| 28. | 12-Social Security and Welfare | 7.88 | 2.15 | 5.73 | 72.74 |
| 29. | 46-State Public Service Commission | 14.2 | 10.49 | 3.71 | 26.13 |
| 30. | 77-Gauhati High Court, Itanagar Permanent | 9.79 | 7.3 | 2.48 | 25.36 |
| Total | | 41.53 | 27.02 | 14.51 | |

| Sl. No. | Grant No. and Name | Total Grant | Expenditure | Saving | Percentage |
|----------------------|--|-------------|-------------|----------|------------|
| Capital-voted | | | | | |
| 1. | 8-Police | 134.36 | 63.02 | 71.34 | 53.1 |
| 2. | 11-Social Welfare | 14.86 | 0.1 | 14.76 | 99.33 |
| 3. | 14-Secondary Education | 79.97 | 24.98 | 54.99 | 68.77 |
| 4. | 15-Health and Family Welfare | 47.9 | 9.21 | 38.7 | 80.78 |
| 5. | 16-Art and Cultural Affairs | 2 | 0.31 | 1.69 | 84.7 |
| 6. | 18-Research | 3.95 | 0.2 | 3.75 | 94.94 |
| 7. | 19-Industries | 40.27 | 11.44 | 28.83 | 71.58 |
| 8. | 21-Directorate of Sports | 50 | 4.5 | 45.5 | 90.99 |
| 9. | 22-Food and Civil Supplies | 3 | 0.93 | 2.07 | 69 |
| 10. | 23-Forests | 16.57 | 0 | 16.57 | 100 |
| 11. | 24-Agriculture | 109.5 | 4.8 | 104.7 | 95.61 |
| 12. | 27-Panchayat | 4.5 | 0 | 4.5 | 100 |
| 13. | 29-Co-operation | 2.7 | 1.25 | 1.46 | 53.9 |
| 14. | 30-State Transport | 10 | 3.96 | 6.04 | 60.43 |
| 15. | 32-Roads and Bridges | 1,241.77 | 889.93 | 351.85 | 28.33 |
| 16. | 34-Power | 211.14 | 152.92 | 58.22 | 27.57 |
| 17. | 35-Information and Public Relation | 19.6 | 2.12 | 17.48 | 89.2 |
| 18. | 37-Legal Metrology and Consumer Affairs | 1.06 | 0 | 1.06 | 100 |
| 19. | 38-Water Resource Department | 215.97 | 171.34 | 44.64 | 20.67 |
| 20. | 39-Loans to Government Servant | 7.14 | 3.85 | 3.29 | 46.07 |
| 21. | 40-Housing | 39.56 | 20.81 | 18.75 | 47.39 |
| 22. | 41-Land Management | 2.85 | 0.38 | 2.47 | 86.75 |
| 23. | 42-Rural Development | 93.85 | 34.59 | 59.26 | 63.14 |
| 24. | 43-Fisheries | 5.4 | 0.8 | 4.6 | 85.22 |
| 25. | 45-Civil Aviation | 61.7 | 42.57 | 19.13 | 31.01 |
| 26. | 47-Administration of Justice | 24.4 | 5.69 | 18.71 | 76.66 |
| 27. | 48-Horticulture | 20.6 | 4.72 | 15.88 | 77.08 |
| 28. | 50-Secretariat Economic Services | 2,827.41 | 437.5 | 2,389.91 | 84.53 |
| 29. | 52-Sports and Youth Services | 13.6 | 0 | 13.6 | 100 |
| 30. | 56-Tourism | 35.03 | 5.57 | 29.47 | 84.11 |
| 31. | 57-Urban Development | 66.97 | 27.38 | 39.59 | 59.12 |
| 32. | 59-Public Health Engineering | 318.68 | 224.55 | 94.12 | 29.54 |
| 33. | 60-Textile and Handicraft | 4.3 | 0 | 4.3 | 100 |
| 34. | 61-Geology and Mining | 2.86 | 0 | 2.86 | 100 |
| 35. | 65-Department of Tirap, Changlang and Longding | 35.11 | 25.37 | 9.74 | 27.74 |
| 36. | 66-Hydro Power Development | 43.78 | 19.78 | 24.01 | 54.83 |
| 37. | 70-Administrative Training Institute | 6.3 | 0 | 6.3 | 100 |
| 38. | 72-Directorate of Prison | 11.2 | 1.03 | 10.17 | 90.82 |
| 39. | 75-Higher and Technical Education | 47.4 | 14.41 | 32.99 | 69.6 |
| 40. | 76-Elementary Education | 86.33 | 11.84 | 74.49 | 86.28 |

| Sl. No. | Grant No. and Name | Total Grant | Expenditure | Saving | Percentage |
|------------------------|--|-----------------|-----------------|-----------------|--------------|
| 41. | 79-Department of Skill Development and Entrepreneur | 11.15 | 0 | 11.15 | 100 |
| 42. | 80-Directorate of Medical Education, Training and Research | 3 | 1.4 | 1.6 | 53.33 |
| 43. | 82-Department of Indigenous Affairs | 21.5 | 2.46 | 19.04 | 88.57 |
| Total | | 5,999.26 | 2,225.69 | 3,773.57 | |
| Capital-charged | | | | | |
| 44. | 84-Public Debt | 576.55 | 259.49 | 317.06 | 54.99 |
| Total | | 576.55 | 259.49 | 317.06 | 54.99 |

Source: Appropriation Accounts, 2020-21

APPENDIX 3.7

Cases of Substantial Surrenders
(50 per cent and above of Total Provisions) made during the Year
(Reference: Paragraph-3.4.9; Page-76)

(₹ in crore)

| Sl. No. | Number and Name of Grants/ Appropriation | Head of Accounts | Total Provision | Details of Surrender Amount | Per cent |
|---------|--|-------------------|-----------------|-----------------------------|----------|
| 1. | 02- Governor | 2012-03-101-01 | 0.42 | 0.24 | 57.88 |
| 2. | 03- Council of Ministers | 2013-104-01 | 1.50 | 1.10 | 73.33 |
| | | 2013-108-01 | 0.63 | 0.63 | 100.00 |
| | | 2013-108-02 | 0.05 | 0.05 | 100.00 |
| 3. | 04- Election | 2015-104-01 | 0.24 | 0.24 | 100.00 |
| | | 2015-105-03 | 0.22 | 0.11 | 51.82 |
| 5. | 06- District Administration | 2030-02-101-01 | 1.37 | 1.23 | 89.78 |
| 6. | 08- Police | 2055-104-03 | 19.53 | 19.53 | 100.00 |
| | | 2055-117-01 | 24.57 | 17.96 | 73.10 |
| | | 4055-04-800-09 | 134.36 | 114.95 | 85.56 |
| 7. | 09- Motor Garages | 2013-800-02 | 5.80 | 3.04 | 52.34 |
| | | 3055-800-08 | 1.50 | 1.50 | 100.00 |
| 8. | 10- Other General, Social and Community Services | 2075-797-01 | 0.50 | 0.50 | 100.00 |
| 9. | 11- Social Welfare | 03-2235-02-200-22 | 0.10 | 0.10 | 100.00 |
| | | 04-2235-02-800-26 | 1.90 | 1.90 | 100.00 |
| | | 2235-02-800-16 | 0.34 | 0.34 | 100.00 |
| | | 2235-02-800-30 | 19.00 | 18.00 | 94.74 |
| | | 04-4235-02-800-13 | 14.86 | 14.76 | 99.32 |
| 10. | 12- Social Security and Welfare | 2235-60-200-04 | 1.10 | 0.85 | 77.27 |
| | | 2235-60-800-02 | 5.15 | 3.56 | 69.13 |
| 11. | 13- Directorate of Accounts | 04-2047-800-03 | 0.65 | 0.42 | 63.92 |
| | | 2071-01-102-01 | 1000.00 | 780.00 | 78.00 |
| | | 2071-01-111-01 | 200.00 | 185.00 | 92.50 |
| 12. | 14- Secondary Education | 2202-02-108-02 | 0.05 | 0.05 | 100.00 |
| | | 2202-02-800-16 | 60.00 | 60.00 | 100.00 |
| | | 2202-04-200-04 | 6.00 | 6.00 | 100.00 |
| | | 04-2202-02-800-15 | 3.90 | 3.90 | 100.00 |
| | | 2202-02-800-17 | 86.40 | 70.40 | 81.48 |
| | | 2204-102-01 | 0.12 | 0.12 | 100.00 |
| 13. | 15- Health and Family Welfare | 4202-01-800-32 | 79.97 | 59.81 | 74.78 |
| | | 04-2210-80-800-04 | 354.85 | 291.30 | 82.09 |
| | | 04-4210-80-800-12 | 47.90 | 40.96 | 85.50 |
| 14. | 16- Art and Cultural Affairs | 04-2205-800-08 | 3.00 | 3.00 | 100.00 |
| 15. | 18- Research | 04-2205-800-15 | 1.58 | 0.95 | 60.30 |
| | | 04-4202-04-800-09 | 3.95 | 3.48 | 88.17 |
| 16. | 19- Industries | 2851-800-25 | 1.33 | 1.33 | 100.00 |
| | | 2851-800-27 | 5.00 | 4.70 | 94.00 |
| | | 04-4851-800-07 | 40.27 | 26.49 | 65.78 |

| Sl. No. | Number and Name of Grants/ Appropriation | Head of Accounts | Total Provision | Details of Surrender Amount | Per cent |
|---------|--|-------------------|-----------------|-----------------------------|----------|
| 17. | 20- Labour | 04-2230-01-800-06 | 2.60 | 2.60 | 100.00 |
| 18. | 21- Directorate of Sports | 04-2204-800-11 | 15.42 | 10.68 | 69.26 |
| | | 04-4202-03-800-31 | 50.00 | 45.39 | 90.78 |
| 19. | 22- Food and Civil Supplies | 2408-02-190-01 | 29.32 | 29.32 | 100.00 |
| | | 2408-02-190-02 | 52.01 | 52.01 | 100.00 |
| | | 03-2408-02-800-01 | 12.20 | 10.70 | 87.70 |
| | | 03-3456-102-01 | 5.00 | 4.60 | 92.10 |
| | | 04-3456-800-13 | 4.02 | 4.02 | 100.00 |
| | | 04-5475-800-04 | 3.00 | 1.59 | 53.00 |
| 20. | 23- Forests | 2406-01-101-01 | 4.74 | 2.73 | 57.63 |
| | | 3435-60-800-09 | 0.18 | 0.17 | 95.43 |
| | | 04-2406-103-01 | 203.16 | 187.54 | 92.31 |
| | | 4406-01-800-03 | 16.57 | 15.26 | 92.09 |
| 21. | 24- Agriculture | 2401-111-01 | 1.50 | 0.92 | 61.33 |
| | | 2401-800-49 | 0.72 | 0.72 | 100.00 |
| | | 04-4435-01-800-04 | 109.50 | 109.25 | 99.77 |
| 22. | 25- Relief, Rehabilitation and Re-settlement | 04-2235-01-800-01 | 3.00 | 3.00 | 100.00 |
| | | 2245-02-101-02 | 35.00 | 30.00 | 85.71 |
| | | 2245-02-800-06 | 2.79 | 2.79 | 100.00 |
| | | 08-2245-05-101-01 | 250.00 | 218.50 | 87.40 |
| 23. | 26- Rural Works | 2402-103-02 | 0.31 | 0.26 | 84.03 |
| | | 2402-800-02 | 0.45 | 0.45 | 100.00 |
| | | 04-3054-800-09 | 70.00 | 59.77 | 85.39 |
| 24. | 27- Panchayat | 04-4515-800-09 | 4.50 | 4.50 | 100.00 |
| 25. | 28- Animal Husbandry | 04-2403-800-45 | 48.84 | 42.88 | 87.80 |
| | | 03-4403-106-01 | 4.21 | 3.52 | 83.44 |
| | | 04-4403-800-15 | 6.30 | 3.52 | 55.81 |
| 26. | 29- Co-operation | 04-2425-800-04 | 1.69 | 1.32 | 78.33 |
| | | 03-6425-106-01 | 1.50 | 1.50 | 100.00 |
| 27. | 30- State Transport | 04-3055-800-09 | 18.24 | 17.79 | 97.53 |
| 28. | 31- Public Works | 04-4059-800-80 | 200.00 | 200.00 | 100.00 |
| 29. | 32- Roads and Bridges | 3054-04-800-01 | 210.27 | 136.17 | 64.76 |
| | | 5054-80-800-03 | 750.00 | 730.00 | 97.33 |
| 30. | 33- North Eastern Areas | 4552-12-800-09 | 3.00 | 1.65 | 55.03 |
| | | 4552-18-800-02 | 0.63 | 0.35 | 55.55 |
| | | 4552-22-800-06 | 0.95 | 0.81 | 85.44 |
| 31. | 34- Power | 04-2801-05-800-05 | 150.00 | 149.34 | 99.56 |
| | | 04-2810-800-04 | 19.41 | 10.95 | 56.40 |
| | | 04-4801-01-800-26 | 50.00 | 43.19 | 86.38 |
| 32. | 35- Information and Public Relations | 04-2220-60-800-08 | 15.00 | 15.00 | 100.00 |
| | | 04-4220-60-800-05 | 2.40 | 2.40 | 100.00 |
| | | 04-4220-60-800-06 | 17.20 | 14.82 | 86.14 |

| Sl. No. | Number and Name of Grants/ Appropriation | Head of Accounts | Total Provision | Details of Surrender Amount | Per cent |
|---------|---|-------------------|-----------------|-----------------------------|----------|
| 33. | 36- Statistics | 3454-02-800-03 | 0.11 | 0.06 | 52.38 |
| | | 3454-02-800-06 | 0.50 | 0.50 | 100.00 |
| 34. | 37- Legal Metrology and Consumer Affairs | 04-5475-800-03 | 0.32 | 0.32 | 100.00 |
| | | 04-5475-800-04 | 0.74 | 0.74 | 100.00 |
| | | 2702-80-052-02 | 0.50 | 0.50 | 100.00 |
| | | 03-2702-80-800-04 | 0.25 | 0.23 | 93.56 |
| 35. | 38- Water Resource Department | 03-4702-800-03 | 40.00 | 40.00 | 100.00 |
| 36. | 39- Loans to Government Servants | 7610-204-01 | 1.00 | 0.50 | 50.00 |
| 37. | 40- Housing | 4216-80-800-03 | 39.56 | 39.56 | 100.00 |
| 38. | 41- Land Management | 04-2506-800-08 | 2.29 | 2.29 | 100.00 |
| 39. | 42- Rural Development | 04-2515-800-13 | 42.55 | 42.55 | 100.00 |
| | | 03-4515-800-08 | 40.00 | 40.00 | 100.00 |
| | | 04-4515-800-09 | 53.85 | 52.93 | 98.29 |
| 40. | 43- Fisheries | 04-2405-800-10 | 21.55 | 20.12 | 93.39 |
| | | 03-4405-101-01 | 3.00 | 2.43 | 81.15 |
| | | 04-4405-800-08 | 2.40 | 2.40 | 100.00 |
| 41. | 45- Civil Aviation | 3275-800-01 | 37.80 | 20.33 | 53.78 |
| 42. | 47- Administration of Justice | 2014-114-01 | 0.64 | 0.40 | 62.48 |
| | | 2014-800-08 | 0.87 | 0.87 | 100.00 |
| | | 04-4070-800-24 | 24.40 | 13.10 | 53.71 |
| 43. | 48- Horticulture | 04-2401-800-62 | 2.30 | 2.30 | 100.00 |
| | | 04-2401-800-96 | 10.00 | 10.00 | 100.00 |
| | | 04-2415-01-800-06 | 97.00 | 90.87 | 93.68 |
| | | 04-4401-800-07 | 20.60 | 18.87 | 91.60 |
| 44. | 49- Science and Technology | 04-3425-60-800-07 | 6.71 | 4.01 | 59.77 |
| 45. | 50- Secretariat Economic Services | 04-3451-800-05 | 387.62 | 340.54 | 87.85 |
| | | 03-4070-800-13 | 1269.00 | 1269.00 | 100.00 |
| | | 04-4070-800-14 | 610.81 | 610.81 | 100.00 |
| | | 04-4070-800-16 | 250.00 | 250.00 | 100.00 |
| | | 04-4070-800-24 | 697.60 | 657.53 | 94.26 |
| 46. | 51- Directorate of Library | 04-2205-800-08 | 1.85 | 1.85 | 100.00 |
| 47. | 52- Sports and Youth Services | 04-4202-03-800-31 | 13.60 | 13.60 | 100.00 |
| 48. | 53- Fire Protection and Control | 04-2070-800-11 | 5.36 | 5.36 | 100.00 |
| 49. | 54- State Tax and Excise | 04-2039-800-05 | 2.80 | 2.80 | 100.00 |
| 50. | 56- Tourism | 04-3452-80-800-40 | 29.77 | 20.34 | 68.33 |
| | | 04-5452-01-101-53 | 35.03 | 23.64 | 67.49 |
| 51. | 57- Urban Development | 03-2217-80-800-10 | 7.00 | 6.78 | 96.88 |
| | | 03-2217-80-800-12 | 20.00 | 11.31 | 56.56 |
| 52. | 58- Stationery and Printing | 04-2058-800-03 | 2.71 | 2.71 | 100.00 |
| 53. | 59- Public Health Engineering | 2215-800-26 | 200.00 | 134.23 | 67.11 |

| Sl. No. | Number and Name of Grants/ Appropriation | Head of Accounts | Total Provision | Details of Surrender Amount | Per cent |
|---------|--|-------------------|-----------------|-----------------------------|----------|
| 54. | 60- Textile and Handicraft | 2851-107-01 | 1.69 | 1.09 | 64.43 |
| | | 04-2851-800-27 | 11.65 | 6.97 | 59.83 |
| | | 04-4851-800-07 | 4.30 | 4.30 | 100.00 |
| 55. | 61- Geology and Mining | 4853-60-800-04 | 2.86 | 2.56 | 89.51 |
| 56. | 62- Directorate of Transport | 04-3056-800-03 | 1.20 | 1.20 | 100.00 |
| 57. | 64- Trade and Commerce | 04-4875-60-800-03 | 0.70 | 0.70 | 100.00 |
| 58. | 65- Department of Tirap, Changlang & Longding | 04-2575-03-800-04 | 31.80 | 31.80 | 100.00 |
| 59. | 66- Hydro Power Development | 04-4801-01-800-26 | 3.78 | 2.28 | 60.34 |
| 60. | 68- Town Planning Department | 2217-80-001-02 | 0.10 | 0.10 | 100.00 |
| | | 04-2217-03-800-08 | 53.26 | 47.64 | 89.46 |
| 61. | 70- Administrative Training Institute | 04-2070-800-12 | 2.75 | 2.50 | 90.91 |
| | | 04-4070-800-24 | 6.30 | 5.81 | 92.23 |
| 62. | 71- Department of Tawang and West Kameng | 04-2205-800-08 | 15.50 | 15.50 | 100.00 |
| | | 04-2205-800-15 | 4.33 | 2.72 | 62.71 |
| 63. | 72- Directorate of Prison | 04-2056-800-06 | 1.05 | 1.05 | 100.00 |
| | | 04-4055-800-09 | 11.20 | 10.17 | 90.82 |
| 64. | 73- Information Technology | 04-3425-60-800-07 | 27.15 | 22.22 | 81.86 |
| 65. | 74- Social Justice, Empowerment and Tribal Affairs | 04-2235-02-800-18 | 4.40 | 4.40 | 100.00 |
| | | 04-2235-02-800-26 | 1.97 | 1.97 | 100.00 |
| | | 04-2235-02-800-32 | 87.00 | 81.87 | 94.10 |
| | | 04-2235-02-800-17 | 62.00 | 62.00 | 100.00 |
| | | 08-2235-03-102-01 | 10.00 | 10.00 | 100.00 |
| | | 08-2235-60-102-02 | 10.00 | 7.07 | 70.71 |
| | | 08-2235-60-102-03 | 1.00 | 0.94 | 93.58 |
| | | 04-4235-02-800-12 | 3.10 | 3.10 | 100.00 |
| 66. | 75- Higher and Technical Education | 04-2202-03-800-13 | 16.92 | 15.07 | 89.04 |
| | | 04-4202-01-800-28 | 1.00 | 1.00 | 100.00 |
| | | 04-4202-01-800-32 | 42.40 | 27.30 | 64.39 |
| 67. | 76- Elementary Education | 04-2202-01-800-13 | 5.15 | 5.15 | 100.00 |
| | | 04-2202-01-800-19 | 135.30 | 108.71 | 80.34 |
| | | 04-4202-01-800-28 | 6.00 | 6.00 | 100.00 |
| 68. | 78- Political Department | 04-4202-01-800-31 | 80.33 | 80.33 | 100.00 |
| | | 2251-090-04 | 1.30 | 0.67 | 51.38 |
| 69. | 79- Department of Skill Development and Entrepreneur | 03-2230-03-003-02 | 10.00 | 10.00 | 100.00 |
| | | 04-2230-03-800-14 | 2.46 | 2.46 | 100.00 |
| | | 04-2230-03-800-16 | 8.00 | 5.06 | 63.31 |
| | | 04-4250-800-04 | 3.70 | 3.70 | 100.00 |
| | | 04-4250-800-06 | 5.85 | 5.85 | 100.00 |
| | | 08-4250-203-01 | 1.60 | 1.60 | 100.00 |

| Sl. No. | Number and Name of Grants/ Appropriation | Head of Accounts | Total Provision | Details of Surrender Amount | Per cent |
|--------------|---|-------------------|-----------------|-----------------------------|----------|
| 70. | 80- Directorate of Medical Education, Training and Research | 04-2210-05-200-02 | 2.00 | 1.70 | 85.14 |
| | | 04-4210-03-200-01 | 3.00 | 1.60 | 53.33 |
| 71. | 81- Directorate of Family Welfare | 04-2211-001-01 | 0.87 | 0.44 | 50.66 |
| 72. | 82- Department of Indigenous Affairs | 04-2205-800-08 | 5.30 | 5.30 | 100.00 |
| | | 04-4202-04-800-09 | 21.50 | 17.92 | 83.35 |
| Total | | | 9,227.55 | 8,312.64 | |

Source: Detailed Appropriation Accounts, 2020-21

APPENDIX 3.8

Details of Savings of ₹ One crore and above not Surrendered
(Reference: Paragraphs-3.4.10 and 3.4.11; Pages-76 and 78)

(₹ in crore)

| Sl. No. | Grant No and Name | Section | Saving | Surrender | Saving to be Surrender |
|---------|--|-----------------|--------|-----------|------------------------|
| 1. | 2-Governor | Revenue-charged | 2.59 | 0.00 | 2.59 |
| 3. | 6-District Administration | Revenue-voted | 76.78 | 71.63 | 5.15 |
| 4. | 7-Treasury and Accounts Administration | Revenue-voted | 10.94 | 0.00 | 10.94 |
| 5. | 8-Police | Revenue-voted | 17.57 | 7.06 | 10.51 |
| 7. | 9-Motor Garages | Revenue-voted | 2.68 | 0.00 | 2.68 |
| 8. | 11-Social Welfare | Revenue-voted | 4.06 | 0.00 | 4.06 |
| 11. | 13-Directorate of Accounts | Revenue-voted | 225.60 | 2.32 | 223.28 |
| 12. | 14-Secondary Education | Revenue-voted | 143.85 | 141.64 | 2.20 |
| 13. | 14-Secondary Education | Capital-voted | 54.99 | 53.96 | 1.03 |
| 14. | 15-Health and Family Welfare | Revenue-voted | 66.09 | 0.00 | 66.09 |
| 15. | 15-Health and Family Welfare | Capital-voted | 38.70 | 35.22 | 3.48 |
| 17. | 16-Art and Cultural Affairs | Capital-voted | 1.69 | 0.30 | 1.39 |
| 21. | 19-Industries | Capital-voted | 28.83 | 26.49 | 2.33 |
| 23. | 21-Directorate of Sports | Revenue-voted | 6.44 | 4.43 | 2.01 |
| 25. | 22-Food and Civil Supplies | Revenue-voted | 90.41 | 84.08 | 6.33 |
| 27. | 23-Forests | Revenue-voted | 240.95 | 210.63 | 30.32 |
| 28. | 23-Forests | Capital-voted | 16.57 | 15.26 | 1.31 |
| 29. | 24-Agriculture | Revenue-voted | 12.33 | 0.00 | 12.33 |
| 31. | 26-Rural Works | Revenue-voted | 94.92 | 62.62 | 32.30 |
| 32. | 26-Rural Works | Capital-voted | 179.62 | 0.00 | 179.62 |
| 33. | 27-Panchayat | Revenue-voted | 7.93 | 3.63 | 4.30 |
| 35. | 28-Animal Husbandry and Veterinary | Revenue-voted | 24.26 | 21.01 | 3.25 |
| 39. | 30-State Transport | Capital-voted | 6.04 | 3.87 | 2.17 |
| 40. | 31-Public Works | Revenue-voted | 67.50 | 52.08 | 15.42 |
| 41. | 31-Public Works | Capital-voted | 55.78 | 0.00 | 55.78 |
| 42. | 32-Roads and Bridges | Revenue-voted | 132.94 | 115.80 | 17.14 |
| 43. | 32-Roads and Bridges | Capital-voted | 351.85 | 0.00 | 351.85 |
| 44. | 33-North Eastern Areas | Revenue-voted | 1.59 | 0.00 | 1.59 |
| 45. | 33-North Eastern Areas | Capital-voted | 3.59 | 0.11 | 3.48 |
| 46. | 34-Power | Revenue-voted | 84.51 | 76.26 | 8.25 |
| 47. | 34-Power | Capital-voted | 58.22 | 0.00 | 58.22 |
| 52. | 38-Water Resource Department | Capital-voted | 44.64 | 0.00 | 44.64 |
| 54. | 40-Housing | Revenue-voted | 14.97 | 0.00 | 14.97 |
| 55. | 40-Housing | Capital-voted | 18.75 | 17.60 | 1.14 |
| 57. | 41-Land Management | Capital-voted | 2.47 | 1.32 | 1.16 |
| 58. | 42-Rural Development | Revenue-voted | 18.28 | 15.88 | 2.40 |
| 60. | 43-Fisheries | Revenue-voted | 17.60 | 15.78 | 1.81 |

| Sl. No. | Grant No and Name | Section | Saving | Surrender | Saving to be Surrender |
|--------------|---|-----------------|-----------------|-----------------|------------------------|
| 66. | 47-Administration of Justice | Revenue-voted | 2.00 | 0.00 | 2.00 |
| 67. | 47-Administration of Justice | Capital-voted | 18.71 | 7.45 | 11.26 |
| 70. | 49-Science and Technology | Revenue-voted | 6.17 | 5.17 | 1.01 |
| 72. | 50-Secretariat Economic Services | Capital-voted | 2389.91 | 2208.37 | 181.55 |
| 77. | 56-Tourism | Revenue-voted | 23.22 | 20.43 | 2.79 |
| 78. | 56-Tourism | Capital-voted | 29.47 | 16.63 | 12.84 |
| 79. | 57-Urban Development | Revenue-voted | 21.15 | 11.05 | 10.10 |
| 80. | 57-Urban Development | Capital-voted | 39.59 | 19.80 | 19.79 |
| 83. | 59-Public Health Engineering | Capital-voted | 94.12 | 0.00 | 94.12 |
| 84. | 60-Textile and Handicraft | Revenue-voted | 9.47 | 7.67 | 1.80 |
| 86. | 61-Geology and Mining | Revenue-voted | 1.47 | 0.00 | 1.47 |
| 90. | 65-Department of Tirap, Changlang and Longding | Capital-voted | 9.74 | 0.00 | 9.74 |
| 91. | 66-Hydro Power Development | Revenue-voted | 27.69 | 18.58 | 9.11 |
| 92. | 66-Hydro Power Development | Capital-voted | 24.01 | 11.00 | 13.01 |
| 94. | 68-Town Planning Department | Revenue-voted | 169.85 | 0.00 | 169.85 |
| 98. | 71-Department of Tawang and West Kameng | Capital-voted | 1.15 | 0.00 | 1.15 |
| 102. | 74-Social Justice, Empowerment and Tribal Affairs | Capital-voted | 7.59 | 0.00 | 7.59 |
| 103. | 75-Higher and Technical Education | Revenue-voted | 7.66 | 0.00 | 7.66 |
| 104. | 75-Higher and Technical Education | Capital-voted | 32.99 | 29.39 | 3.61 |
| 105. | 76-Elementary Education | Revenue-voted | 67.72 | 0.00 | 67.72 |
| 108. | 79-Department of Skill Development and Entrepreneur | Revenue-voted | 15.03 | 13.88 | 1.16 |
| 113. | 82-Department of Indigenous Affairs | Capital-voted | 19.04 | 17.92 | 1.12 |
| 114. | 84-Public Debt | Revenue-charged | 23.45 | 0.00 | 23.45 |
| 115. | 84-Public Debt | Capital-charged | 317.06 | 0.00 | 317.06 |
| Total | | | 5,584.81 | 3,426.33 | 2,158.49 |

Source: Appropriation Accounts, 2020-21

APPENDIX 3.9

Un-utilised Provision of Fund during 2020-21
(Reference: Paragraphs-3.3.2 and 3.4.12; Pages-68 and 79)

(₹ in crore)

| Sl. No. | Grant No. and Name | Head of Accounts | Original | Supplementary | Total | Savings |
|---------|---|-------------------|----------|---------------|-------|---------|
| 1. | 2-Governor | 2012-03-800-03 | 0.60 | 0.00 | 0.06 | 0.06 |
| | | 2012-03-800-04 | 0.21 | 0.00 | 0.21 | 0.21 |
| | | 2012-03-800-06 | 0.22 | 0.00 | 0.22 | 0.22 |
| | | 2012-03-800-09 | 0.06 | 0.00 | 0.06 | 0.06 |
| 2. | 3-Council of Ministers | 2013-101-02 | 0.15 | 0.00 | 0.15 | 0.15 |
| | | 2013-108-01 | 0.63 | 0.00 | 0.63 | 0.63 |
| | | 2013-108-02 | 0.05 | 0.00 | 0.05 | 0.05 |
| 3. | 4-Election | 2015-104-01 | 0.24 | 0.00 | 0.24 | 0.24 |
| 4. | 6-District Administration | 04-2053-800-04 | 0.10 | 0.00 | 0.10 | 0.10 |
| 5. | 8-Police | 2055-104-03 | 19.53 | 0.00 | 19.53 | 19.53 |
| | | 03-2055-800-06 | 0.78 | 0.00 | 0.78 | 0.78 |
| 6. | 9-Motor Garages | 2070-800-08 | 1.50 | 0.00 | 1.50 | 1.50 |
| 7. | 10-Other General, Social and Community Services | 2075-797-01 | 0.50 | 0.00 | 0.50 | 0.50 |
| 8. | 11-Social Welfare | 2235-02-200-22 | 0.10 | 0.00 | 0.10 | 0.10 |
| | | 04-2235-02-800-26 | 1.90 | 0.00 | 1.90 | 1.90 |
| | | 08-2235-800-16 | 0.34 | 0.00 | 0.34 | 0.34 |
| 9. | 14-Secondary Education | 2202-02-108-01 | 0.05 | 0.00 | 0.05 | 0.05 |
| | | 2202-02-108-02 | 0.05 | 0.00 | 0.05 | 0.05 |
| | | 03-2202-800-16 | 60.00 | 0.00 | 60.00 | 60.00 |
| | | 03-2202-04-200-04 | 60.00 | 0.00 | 60.00 | 60.00 |
| | | 04-2202-02-800-15 | 3.90 | 0.00 | 3.90 | 3.90 |
| | | 2204-102-01 | 0.12 | 0.00 | 0.12 | 0.12 |
| 10. | 16-Art and Culture | 2205-800-08 | 3.00 | 0.00 | 3.00 | 3.00 |
| 11. | 19-Industreis | 04-2851-800-25 | 1.33 | 0.00 | 1.33 | 1.33 |
| 12. | 20-Labour | 2230-01-800-06 | 2.60 | 0.00 | 2.60 | 2.60 |
| | | 4250-800-06 | | 0.04 | 0.04 | 0.04 |
| 13. | 22-Food and Civil Supplies | 2408-02-190-01 | 29.32 | 0.00 | 29.32 | 29.32 |
| | | 2408-02-190-02 | 52.01 | 0.00 | 52.01 | 52.01 |
| | | 2408-02-800-01 | 12.20 | 0.00 | 12.20 | 12.20 |
| | | 04-3456-800-13 | 4.02 | 0.00 | 4.02 | 4.02 |
| 14. | 23-Forests | 2406-01-070-03 | 0.01 | 0.00 | 0.01 | 0.01 |
| | | 2406-01-102-02 | 3.08 | 0.00 | 3.08 | 3.08 |
| | | 2406-04-102-01 | 0.01 | 0.00 | 0.01 | 0.01 |
| | | 04-3435-60-800-11 | 0.99 | 0.00 | 0.99 | 0.99 |
| | | 04-4406-01-800-03 | 16.57 | 0.00 | 16.57 | 16.57 |
| 15. | 24-Agriculture | 2401-800-49 | 0.72 | 0.00 | 0.72 | 0.72 |
| 16. | 25-Relief, Rehabilitation and Re-settlement | 2235-01-800-01 | 3.00 | 0.00 | 3.00 | 3.00 |
| | | 2245-02-800-06 | 2.79 | 0.00 | 2.79 | 2.79 |
| 17. | 26-Rural Works | 2402-800-02 | 0.44 | 0.00 | 0.44 | 0.44 |
| | | 04-3054-04-800-09 | 70.00 | 0.00 | 70.00 | 70.00 |

| Sl. No. | Grant No. and Name | Head of Accounts | Original | Supplementary | Total | Savings |
|---------|--|-------------------|----------|---------------|----------|----------|
| 18. | 27-Panchayat | 04-4515-800-09 | 4.50 | 0.00 | 4.50 | 4.50 |
| 19. | 28-Animal Husbandry and Veterinary | 04-2404-800-03 | | 0.20 | 0.20 | 0.20 |
| 20. | 29-Co-operation | 03-6425-106-01 | 1.50 | 0.00 | 1.50 | 1.50 |
| 21. | 31-Public Works | 04-4059-80-800-19 | 200.00 | 0.00 | 200.00 | 200.00 |
| 22. | 33-North Eastern Areas | 2552-05-800-01 | | 0.03 | 0.03 | 0.03 |
| | | 4552-06-800-73 | | 0.12 | 0.12 | 0.12 |
| | | 4552-15-800-08 | | 1.05 | 1.05 | 1.05 |
| | | 4552-29-800-01 | 52.00 | 1.79 | 1.79 | 1.79 |
| 23. | 35-Information and Public Relations | 2220-60-800-08 | 15.00 | 0.00 | 15.00 | 15.00 |
| | | 4220-60-800-05 | 2.40 | 0.00 | 2.40 | 2.40 |
| 24. | 36-Statistics | 3454-02-800-06 | 0.50 | 0.00 | 0.50 | 0.50 |
| 25. | 37-Legal Metrology and Consumer Affairs | 04-5475-800-03 | 0.32 | 0.00 | 0.32 | 0.32 |
| | | 04-5475-800-04 | 0.74 | 0.00 | 0.74 | 0.74 |
| 26. | 38-Water Resource Department | 2702-80-052-02 | 0.50 | 0.00 | 0.50 | 0.50 |
| | | 03-4702-800-03 | 40.00 | 0.00 | 40.00 | 40.00 |
| 27. | 40-Housing | 04-4216-80-800-03 | 39.56 | 0.00 | 39.56 | 39.56 |
| 28. | 41-Land Management | 04-2506-800-08 | 2.29 | 0.00 | 2.29 | 2.29 |
| 29. | 42-Rural Development | 04-2515-800-13 | 42.55 | 0.00 | 42.55 | 42.55 |
| | | 03-4515-800-08 | 40.00 | 0.00 | 40.00 | 40.00 |
| 30. | 43-Fisheries | 04-4405-800-08 | 2.40 | 0.00 | 2.40 | 2.40 |
| 31. | 47-Administration of Justice | 04-2014-800-08 | 0.87 | 0.00 | 0.87 | 0.87 |
| 32. | 48-Horticulture | 04-2401-800-62 | 2.30 | 0.00 | 2.30 | 2.30 |
| | | 04-2401-800-92 | 10.00 | 0.00 | 10.00 | 10.00 |
| 33. | 50-Secretariat Economics Services | 03-4070-800-13 | 1269.00 | 0.00 | 1,269.00 | 1,269.00 |
| | | 04-4070-800-14 | 610.81 | 0.00 | 610.81 | 610.81 |
| | | 04-4070-800-16 | 250.00 | 0.00 | 250.00 | 250.00 |
| 34. | 51-Directorate of Library | 2205-800-08 | 1.85 | 0.00 | 1.85 | 1.85 |
| | | 4202-04-800-09 | 0.50 | 0.00 | 0.50 | 0.50 |
| 35. | 52-Sports and Youth Services | 04-4202-03-800-31 | 13.60 | 0.00 | 13.60 | 13.60 |
| 36. | 53-Fire Protection and Control | 04-2070-800-11 | 5.36 | 0.00 | 5.36 | 5.36 |
| 37. | 54-State Tax and Excise | 04-2039-800-05 | 2.80 | 0.00 | 2.80 | 2.80 |
| 38. | 56-Tourism | 08-5452-01-101-52 | 0.00 | 7.02 | 7.02 | 7.02 |
| 39. | 58-Stationery and Printing | 04-2058-800-03 | 2.71 | 0.00 | 2.71 | 2.71 |
| 40. | 60-textile and handicraft | 04-4851-800-07 | 4.30 | 0.00 | 4.30 | 4.30 |
| 41. | 61-Geology and Mining | 04-4853-60-800-04 | 2.86 | 0.00 | 2.86 | 2.86 |
| 42. | 62-Directorate of Transport | 3056-800-03 | 1.20 | 0.00 | 1.20 | 1.20 |
| 43. | 64-Trade and Commerce | 04-4875-60-800-03 | 0.70 | 0.00 | 0.70 | 0.70 |
| 44. | 65-Department of Tirap, Changlang and Longding | 04-2575-03-800-04 | 31.80 | 0.00 | 31.80 | 31.80 |

| Sl. No. | Grant No. and Name | Head of Accounts | Original | Supplementary | Total | Savings |
|--------------|---|-------------------|----------|---------------|-----------------|-----------------|
| 45. | 68-Town Planning | 2217-80-001-02 | 0.10 | 0.00 | 0.10 | 0.10 |
| 46. | 70-Administrative Training Institute | 4070-800-24 | 6.30 | 0.00 | 6.30 | 6.30 |
| 47. | 71-Department of Tawang and West Kameng | 2205-800-08 | 15.50 | 0.00 | 15.50 | 15.50 |
| | | 2205-800-15 | 4.33 | 0.00 | 4.33 | 4.33 |
| 48. | 72-Directorate of Prison | 2056-800-06 | 1.05 | 0.00 | 1.05 | 1.05 |
| 49. | 74-Social Justice, Empowerment and Tribal Affairs | 04-2235-02-800-18 | 4.40 | 0.00 | 4.40 | 4.40 |
| | | 04-2235-02-800-26 | 1.97 | 0.00 | 1.97 | 1.97 |
| | | 04-2235-02-800-32 | 87.00 | 0.00 | 87.00 | 87.00 |
| | | 08-2235-02-800-17 | 62.00 | 0.00 | 62.00 | 62.00 |
| | | 08-2235-03-102-01 | 10.00 | 0.00 | 10.00 | 10.00 |
| | | 04-4235-02-800-12 | 3.10 | 0.00 | 3.10 | 3.10 |
| 50. | 75-Higher and Technical Education | 04-4202-01-800-28 | 1.00 | 0.00 | 1.00 | 1.00 |
| 51. | 76-Elementary Education | 04-2202-01-800-13 | 5.15 | 0.00 | 5.15 | 5.15 |
| | | 04-2202-01-800-28 | 6.00 | 0.00 | 6.00 | 6.00 |
| | | 04-2202-01-800-31 | 80.33 | 0.00 | 80.33 | 80.33 |
| 52. | 79-Department of skill development and entrepreneur | 03-2230-03-003-02 | 10.00 | 0.00 | 10.00 | 10.00 |
| | | 04-2230-03-800-14 | 2.46 | 0.00 | 2.46 | 2.46 |
| | | 04-4250-800-04 | 3.70 | 0.00 | 3.70 | 3.70 |
| | | 04-4250-800-06 | 5.85 | 0.00 | 5.85 | 5.85 |
| | | 4250-203-01 | 1.60 | 0.00 | 1.60 | 1.60 |
| 53. | 82-Department of Indigenous Affairs | 2205-800-08 | 5.30 | 0.00 | 5.30 | 5.30 |
| 54. | 97-Public Debt | 6003-110-01 | 300.00 | 12.00 | 312.00 | 312.00 |
| Total | | | | 22.25 | 3,594.89 | 3,594.89 |

Source: Detailed Appropriation Accounts, 2020-21

APPENDIX 3.10

Excess Expenditure Relating to Previous Years Requiring Regularisation

(Reference: Paragraph-3.4.14.1; Page-80)

(₹ in crore)

| Year | No. of Grants/ Appropriations | Grants/Appropriations | Excess Amount | Stage of consideration by PAC |
|---------------------------|----------------------------------|---|------------------|--|
| 1986-87 (UT Period) | 13 | 1,7,11,12,13,15,17,30,32,34,39,40 & 42 | 6.56 | No meeting of the PAC was held during 2019-20 to discuss excess/ savings expenditure over Grants/Appropriations. |
| 1986-87 (State Period) | 28 | 1,2,3,6,7,8,10,11,13,14,16,18,19,20,22, 24,27,28, 29,31,32,33,34,38,39,40,42 & 43 | 12.71 | |
| 1987-88 | 16 | 14,18,19,22,23,24,26,30,31,32,33,34,35, 40,42 & Public Debt | 9.06 | |
| 1988-89 | 12 | 1,13,15,17,21,24,30,31,32,34,40 & Public Debt | 54.51 | |
| 1989-90 | 15 | 8,10,15,30,31,32,33,34,38,40,43,45,48, 49 & Public Debt | 17.49 | |
| 1990-91 | 16 | 5,8,13,15,19,23,24,26,30,31,32,34,40,44,48 & Public Debt | 28.61 | |
| 1991-92 | 17 | 4,8,10,14,15,18,19,23,25,28,30,31,34,37,42,43 & Public Debt | 63.12 | |
| 1992-93 | 11 | 14,15,18,28,30,31,34,40,43,21 & 38 | 27.91 | |
| 1993-94 | 12 | 8,15,19,25,28,30,31,32,34,38,40 & 45 | 30.66 | |
| 1994-95 | 18 | 6,8,11,15,21,22,23,26,28,29,31,32,34,38, 40,42,43 & 45 | 64.45 | |
| 1995-96 | 24 | 8,9,11,13,14,15,16,18,20,21,23,24,28,29,31,32,34,40, 41,51,53,59,60 & Public Debt | 38.41 | |
| 1996-97 | 12 | 1,9,11,13,14,21,28,30,31,34,40 & 51 | 14.86 | |
| 1997-98 | 15 | 9,10,11,13,15,20,25,30,31,34,41,46,48, 59 & 60 | 25.34 | |
| 1998-99 | 15 | 1,7,13,15,19,20,31,34,36,41,50,53,54, 64 & Public Debt | 25.26 | |
| 1999-00 | 7 | 13,31,44,52,53,60 & Public Debt | 14.27 | |
| 2000-01 | 12 | 1,3,8,13,19,28,32,34,36,50,52 & 62 | 13.27 | |
| 2001-02 | 13 | 1,7,8,11,13,14,16,22,28,33,35,48 & 59 | 27.08 | |
| 2002-03 | 14 | 1,4,5,7,13,19,23,28,31,43,46,58,61 & 62 | 9.7 | |
| 2003-04 | 21 | 5,13,15,16,24,26,28,31,32,33,35,36,42, 43,44,47,56,58, 59,61 & 62 | 20.15 | |
| 2004-05 | 17 | 8,14,15,18,19,26,28,31,32,33,40,43,48, 58,61,65,66 & Public Debt | 46.46 | |
| 2005-06 | 13 | 1,5,8,16,25,35,41,43,52,56,58,60,66 & Public Debt | 266.95 | |
| 2006-07 | 18 | 5,11,13,15,24,28,29,33,35,36,38,40,41,48,58,60, 61,62 & Public Debt | 173.74 | |
| 2007-08 | 19 | 1,8,13,17,24,29,30,35,36,37,43,48,51, 52, 58,62,63,64 & 65 | 31.77 | |

| Year | No. of Grants/ Appropriations | Grants/Appropriations | Excess Amount | Stage of consideration by PAC |
|--------------|----------------------------------|--|------------------|--|
| 2008-09 | 13 | 5,9,14,17,29,34,37,43,45,48,56,59 & 65 | 70.6 | No meeting of the PAC was held during 2019-20 to discuss excess/ savings expenditure over Grants/Appropriations. |
| 2009-10 | 12 | 13,14,16,28,31,35,36,43,44,50,53 & 56 | 33.37 | |
| 2010-11 | 17 | 12, 13, 14, 16, 20, 28, 29, 30, 33, 36, 44, 48, 54, 56, 61, 72 & Public Debt | 157.64 | |
| 2011-12 | 16 | 8,16,17,19,29,34,37,39,43,45,47,48,51, 62,65,66 | 43.75 | |
| 2012-13 | 5 | 5,13,23,43,62 | 63.06 | |
| 2013-14 | 16 | 7,13,17,18,25,29,30,35,43,47,48,51,54, 60,62, | 65.87 | |
| 2014-15 | 12 | 1,7,13,16,19,21,43,52,70,72,76,97 | 705.09 | |
| 2015-16 | 15 | 5, 7, 13, 14, 16, 26, 43, 48, 51, 53, 65, 67, 71, 76, 97 | 474.5 | |
| 2016-17 | 15 | 6, 8, 13, 17, 26, 33, 43, 48, 55, 59, 62, 63, 65, 71, 76 | 344.92 | |
| 2017-18 | 9 | 12, 13, 30, 33, 41, 50, 72, 74, 76 | 176.99 | |
| 2018-19 | 7 | 1,7,13,43,48,81,71 | 21.67 | |
| 2019-20 | 5 | 19,25,40,71,73 | 15.76 | |
| Total | | | 3,195.54 | |

Source: Appropriation Accounts, of respective years

APPENDIX 4.1

Part(A)
Details of Pendency of the Utilisation Certificate
(Reference: Paragraph- 4.4; Page-96)

| Year | Opening as on 1 April | | Accumulation during the year | | Clearance during the year | | Closing as on 31 March (₹ in crore) | | |
|--------------|-----------------------|-----------------|------------------------------|---------------|---------------------------|---------------|--|-----------------|---------------|
| | Year | No. | Amount | Year | No. | Amount | Year | No. | Amount |
| 2017-18 | Up to 2016-17 | 0 | 0.00 | Up to 2017-18 | 8 | 23.14 | Up to 2017-18 | 8 | 23.14 |
| | 2017-18 | 0 | 0.00 | 2017-18 | 8 | 70.67 | 2017-18 | 3 | 68.99 |
| | Total | 0 | 0.00 | Total | 16 | 93.81 | Total | 11 | 92.14 |
| 2018-19 | Up to 2017-18 | 5 | 1.67 | Up to 2018-19 | 0 | 0.00 | Up to 2018-19 | 0 | 0.00 |
| | 2018-19 | 0 | 0.00 | 2018-19 | 117 | 793.48 | 2018-19 | 51 | 647.03 |
| | Total | 5 | 1.67 | Total | 117 | 793.48 | Total | 51 | 647.03 |
| 2019-20 | Up to 2017-18 | 5 | 1.67 | Up to 2017-18 | 0 | 0.00 | Up to 2017-18 | 0 | 0.00 |
| | 2018-19 | 66 | 146.44 | 2018-19 | 0 | 0.00 | 2018-19 | 0 | 0.00 |
| | 2019-20 | 0 | 0.00 | 2019-20 | 195 | 773.23 | 2019-20 | 7 | 7.72 |
| Total | 71 | 148.12 | Total | 195 | 773.23 | Total | 7 | 7.72 | |
| 2020-21 | Up to 2017-18 | 5 | 1.67 | Up to 2017-18 | 0 | 0.00 | Up to 2017-18 | 0 | 0.00 |
| | 2018-19 | 66 | 146.44 | 2018-19 | 0 | 0.00 | 2018-19 | 0 | 0.00 |
| | 2019-20 | 188 | 765.50 | 2019-20 | 0 | 0.00 | 2019-20 | 0 | 0.00 |
| 2020-21* | 0 | 0.00 | 2020-21 | 185 | 1358.48 | 2020-21 | 0 | 0.00 | |
| Total | 259 | 913.62 | Total | 185 | 1,358.48 | Total | 0 | 0.00 | |
| Total | 259 | 913.62 | Total | 185 | 1,358.48 | Total | 0 | 0.00 | |
| Total | 444 | 2,272.10 | Total | 444 | 2,272.10 | Total | 444 | 2,272.10 | |

Source: Finance Accounts, 2020-21

APPENDIX 4.1

Part(B)
Details of Department wise Pendency of the Utilisation Certificate
(Reference: Paragraph-4.4; Page-97)

(₹ in crore)

| Sl. No. | Name of the Department | No. of UCs pending | Amount |
|----------------|---|--------------------|---------------|
| 2017-18 | | | |
| 1. | Education | 04 | 0.89 |
| 2. | Health & Family Welfare | 01 | 0.78 |
| Total | | 05 | 1.67 |
| 2018-19 | | | |
| 1. | Health & Family Welfare | 2 | 52 |
| 2. | Home (Police) | 5 | 10.6 |
| 3. | Sports and Youth Affairs | 7 | 2.47 |
| 4. | Education | 10 | 23.32 |
| 5. | Social Welfare, Women & Child Development | 5 | 1.14 |
| 6. | Secretariat Administration | 1 | 2 |
| 7. | Relief and rehabilitation | 1 | 5 |
| 8. | Information Technology | 29 | 36.28 |
| 9. | Tourism | 6 | 13.64 |
| Total | | 66 | 146.44 |
| 2019-20 | | | |
| 1. | Health & Family Welfare | 24 | 156.72 |
| 2. | Home (police) | 4 | 1.05 |
| 3. | Sports and Youth Affairs | 9 | 3.28 |
| 4. | Panchayati Raj | 2 | 41.29 |
| 5. | Directorate of Science and Technology | 26 | 9.46 |
| 6. | Town Planning | 7 | 12.81 |
| 7. | Education | 25 | 175.04 |
| 8. | Social Welfare, Women & Child Development | 7 | 33.08 |
| 9. | Cultural Affairs | 1 | 1.00 |
| 10. | Secretariat Administration | 1 | 3.50 |
| 11. | Industries | 2 | 1.60 |
| 12. | Relief and Rehabilitation | 21 | 45.38 |
| 13. | Rural Development | 14 | 212.29 |
| 14. | Urban Development | 10 | 10.58 |
| 15. | Information Technology | 13 | 46.76 |
| 16. | Tourism | 5 | 2.81 |
| 17. | District Administration | 1 | 1.00 |
| 18. | Civil Supplies & Consumer Affairs | 15 | 0.64 |
| 19. | Skill Development | 1 | 7.21 |
| Total | | 188 | 765.50 |

| Sl. No. | Name of the Department | No. of UCs pending | Amount |
|----------------|---|--------------------|-----------------|
| 2020-21 | | | |
| 1. | Deputy Commissioner | 3 | 0.54 |
| 2. | Karmik & Adhyatmik | 1 | 1.00 |
| 3. | Food and Civil Supplies | 1 | 0.22 |
| 4. | Under Secretary, Civil Secretariat | 1 | 2.50 |
| 5. | Urban Development and Housing | 8 | 20.75 |
| 6. | Town Planning | 5 | 82.90 |
| 7. | Health Services | 29 | 214.92 |
| 8. | Industries | 3 | 5.57 |
| 9. | Information Technology | 7 | 1.72 |
| 10 | Relief and Rehabilitation | 1 | 0.20 |
| 11 | Disaster Management | 12 | 324.74 |
| 12 | Rural Development Department | 1 | 80.40 |
| 13 | Director of Rural Development | 16 | 284.16 |
| 14 | Panchayat | 6 | 294.42 |
| 15 | Higher Education | 3 | 0.55 |
| 16 | Deputy Director, Technical Sya, Itanagar | 1 | 0.14 |
| 17 | Elementary Education | 24 | 25.87 |
| 18 | Women & Child Development | 12 | 5.80 |
| 19 | Social Justice, Empowerment and Tribal Affairs, | 23 | 0.68 |
| 20 | Science and Technology | 15 | 6.20 |
| 21 | Principal, Shange Lhaden Sports Academy | 4 | 0.76 |
| 22 | Sports and Youth Affairs | 6 | 1.50 |
| 23 | Director of Sports, Itanagar | 4 | 2.90 |
| Total | | 186 | 1,358.44 |

Source: Finance Accounts, 2020-21

APPENDIX 4.2

Details of Outstanding Abstract Contingent Bills during the Period 2016-17 to 2020-21

(Reference: Paragraph-4.5; Page-98)

| Year | Opening Balance as on 1 April | | | Amount drawn in AC Bills during the year | | | Amount adjusted through DCC bills | | | Amount outstanding as on 31 March | | |
|----------------------|-------------------------------|------------|--------------|--|------------|-------------|-----------------------------------|------------|--------------|-----------------------------------|-----------|-------------|
| | Year | No. | Amount | Year | No. | Amount | Year | No. | Amount | Year | No. | Amount |
| 2016-17 | Up to 2015-16 | 188 | 11.85 | Up to 2015-16 | 0 | 0 | Up to 2015-16 | 188 | 11.85 | Up to 2016-17 | 65 | 3.90 |
| | 2016-17 | 0 | 0 | 2016-17 | 296 | 5.19 | 2016-17 | 231 | 1.29 | | | |
| Total 2016-17 | | 188 | 11.85 | | 296 | 5.19 | | 419 | 13.14 | | 65 | 3.90 |
| 2017-18 | Up to 2016-17 | 65 | 3.90 | Up to 2016-17 | 0 | 0 | Up to 2016-17 | 65 | 3.9 | Up to 2017-18 | 60 | 3.34 |
| | 2017-18 | 0 | 0 | 2017-18 | 183 | 5.7 | 2017-18 | 123 | 2.36 | | | |
| Total 2017-18 | | 65 | 3.90 | | 183 | 5.7 | | 188 | 6.26 | | 60 | 3.34 |
| 2018-19 | Up to 2017-18 | 60 | 3.34 | Up to 2017-18 | 0 | 0 | Up to 2017-18 | 60 | 3.34 | Up to 2018-19 | 53 | 4.14 |
| | 2018-19 | 0 | 0 | 2018-19 | 139 | 5.93 | 2018-19 | 86 | 1.79 | | | |
| Total 2018-19 | | 60 | 3.34 | | 139 | 5.93 | | 146 | 5.13 | | 53 | 4.14 |
| 2019-20 | Up to 2018-19 | 53 | 4.14 | Up to 2018-19 | 0 | 0 | Up to 2018-19 | 53 | 4.14 | Up to 2019-20 | 17 | 0.29 |
| | 2019-20 | 0 | 0 | 2019-20 | 84 | 2.61 | 2019-20 | 67 | 2.32 | | | |
| Total 2019-20 | | 53 | 4.14 | | 84 | 2.61 | | 120 | 6.46 | | 17 | 0.29 |
| 2020-21 | Up to 2019-20 | 17 | 0.29 | Up to 2019-20 | 0 | 0 | Up to 2019-20 | 0 | 0 | Up to 2020-21 | 23 | 0.32 |
| | 2020-21 | 0 | 0 | 2020-21 | 6 | 0.03 | 2020-21 | 0 | 0 | | | |
| Total 2020-21 | | 17 | 0.29 | | 6 | 0.03 | | 0 | 0 | | 23 | 0.32 |

Source: Finance Accounts, 2020-21

APPENDIX 4.3(A)

Details of Receipts Booked under 800- Other Receipts*(Reference: Paragraph-4.6; Page-100)***(₹ in crore)**

| Sl. No. | Details of receipts booked under 800-Other receipts during 2018-21 | | | |
|---------|--|---------|---------|---------|
| | Major Head | 2018-19 | 2019-20 | 2020-21 |
| 1 | 6 | 0.01 | 0.00 | 0.00 |
| 2 | 39 | 136.73 | 144.97 | 238.02 |
| 3 | 49 | 10.00 | 3.27 | 1.75 |
| 4 | 59 | 10.05 | 7.38 | 14.79 |
| 5 | 70 | 23.72 | 127.23 | 366.66 |
| 6 | 217 | 0.06 | 0.04 | 0.01 |
| 7 | 230 | 1.10 | 0.82 | 0.01 |
| 8 | 235 | 0.15 | 0.13 | 0.15 |
| 9 | 801 | 287.08 | 247.95 | 243.28 |
| 10 | 1054 | 32.02 | 0.05 | 0.09 |
| 11 | 1055 | 17.47 | 18.51 | 10.01 |
| 12 | 1275 | 7.16 | 5.08 | 2.74 |
| 13 | 1456 | 0.80 | 0.60 | 0.58 |

Source: Finance Accounts of the respective year

APPENDIX 4.3(B)

Details of Expenditure Booked under 800-Other Expenditure*(Reference: Paragraph-4.6; Page-100)***(₹ in crore)**

| Sl. No. | Details of Expenditure booked under 800 for the period from 2018-21 | | | |
|---------|---|---------|---------|---------|
| | Major Head | 2018-19 | 2019-20 | 2020-21 |
| 1 | 2011 | 1.58 | 10.05 | 8.50 |
| 2 | 2012 | 0.06 | 0.07 | 0.06 |
| 3 | 2013 | 7.93 | 11.96 | 11.79 |
| 4 | 2014 | 5.10 | 4.18 | 5.62 |
| 5 | 2029 | 230.00 | 47.41 | 45.82 |
| 6 | 2039 | 10.81 | 0.68 | 1.08 |
| 7 | 2047 | 0.10 | 0.50 | 0.23 |
| 8 | 2055 | 13.14 | 0.52 | 17.92 |
| 9 | 2058 | 1.06 | 1.15 | 0.86 |
| 10 | 2059 | 13.93 | 15.20 | 11.90 |
| 11 | 2070 | 15.53 | 9.84 | 17.39 |
| 12 | 2075 | 0.00 | 0.00 | 0.00 |
| 13 | 2202 | 788.79 | 729.73 | 484.45 |
| 14 | 2203 | 0.90 | 2.00 | 0.56 |
| 15 | 2204 | 29.12 | 24.22 | 7.72 |
| 16 | 2205 | 14.69 | 25.46 | 6.06 |
| 17 | 2210 | 312.80 | 313.85 | 256.30 |
| 18 | 2211 | 4.55 | 3.96 | 3.62 |
| 19 | 2215 | 266.66 | 190.27 | 521.63 |
| 20 | 2216 | 15.10 | 9.69 | 18.99 |
| 21 | 2217 | 61.41 | 52.10 | 178.85 |
| 22 | 2220 | 20.59 | 12.91 | 21.96 |
| 23 | 2230 | 14.00 | 11.80 | 4.33 |
| 24 | 2235 | 226.28 | 225.62 | 143.91 |
| 25 | 2245 | 136.80 | 5.00 | 1.94 |
| 26 | 2250 | 0.05 | 0.05 | 0.07 |
| 27 | 2401 | 52.96 | 90.36 | 89.74 |
| 28 | 2402 | 1.88 | 1.10 | 3.60 |
| 29 | 2403 | 16.70 | 65.28 | 20.37 |
| 30 | 2405 | 8.79 | 5.00 | 3.97 |
| 31 | 2406 | 29.87 | 15.70 | 16.67 |
| 32 | 2408 | 7.67 | 37.64 | 4.90 |
| 33 | 2415 | 6.93 | 89.37 | 24.16 |

| Sl. No. | Details of Expenditure booked under 800 for the period from 2018-21 | | | |
|---------|---|---------|---------|---------|
| | Major Head | 2018-19 | 2019-20 | 2020-21 |
| 34 | 2425 | 0.50 | 0.50 | 0.37 |
| 35 | 2501 | 38.32 | 1.74 | 73.95 |
| 36 | 2505 | 8.35 | 0.85 | 4.50 |
| 37 | 2506 | 3.53 | 1.44 | 0.72 |
| 38 | 2515 | 81.01 | 51.29 | 25.71 |
| 39 | 2552 | 4.82 | 3.28 | 10.56 |
| 40 | 2702 | 74.74 | 56.94 | 195.84 |
| 41 | 2711 | 7.88 | 3.00 | 30.00 |
| 42 | 2801 | 75.89 | 76.89 | 69.75 |
| 43 | 2810 | 31.41 | 23.78 | 22.69 |
| 44 | 2851 | 19.19 | 16.23 | 6.01 |
| 45 | 2875 | 0.62 | 1.63 | 0.44 |
| 46 | 3053 | 1.30 | 1.73 | 0.83 |
| 47 | 3054 | 665.60 | 80.52 | 123.39 |
| 48 | 3055 | 102.79 | 105.68 | 0.43 |
| 49 | 3275 | 47.24 | 33.00 | 17.47 |
| 50 | 3425 | 44.13 | 12.40 | 6.62 |
| 51 | 3435 | 2.86 | 2.78 | 1.66 |
| 52 | 3452 | 33.03 | 30.58 | 6.99 |
| 53 | 3454 | 1.52 | 3.80 | 6.12 |
| 54 | 3475 | 0.97 | 1.71 | 1.78 |
| 55 | 4055 | 39.90 | 54.46 | 64.05 |
| 56 | 4059 | 363.07 | 124.59 | 234.19 |
| 57 | 4070 | 658.41 | 436.51 | 329.15 |
| 58 | 4202 | 193.48 | 100.20 | 56.35 |
| 59 | 4210 | 53.16 | 51.37 | 9.21 |
| 60 | 4215 | 416.43 | 253.07 | 224.55 |
| 61 | 4216 | 26.85 | 12.49 | 20.81 |
| 62 | 4217 | 114.85 | 24.16 | 77.56 |
| 63 | 4220 | 7.31 | 4.29 | 2.12 |
| 64 | 4235 | 147.62 | 158.43 | 211.40 |
| 65 | 4403 | 0.93 | 1.16 | 2.09 |
| 66 | 4405 | 2.77 | 8.12 | 0.26 |
| 67 | 4415 | 1.75 | 1.17 | 0.06 |
| 68 | 4425 | 3.71 | 0.32 | 0.30 |
| 69 | 4435 | 7.47 | 4.80 | 4.75 |
| 70 | 4515 | 3.46 | 2.66 | 0.92 |

| Sl. No. | Details of Expenditure booked under 800 for the period from 2018-21 | | | |
|---------|---|----------|----------|----------|
| | Major Head | 2018-19 | 2019-20 | 2020-21 |
| 71 | 4552 | 97.03 | 62.02 | 92.88 |
| 72 | 4575 | 31.94 | 48.26 | 25.37 |
| 73 | 4702 | 23.34 | 8.05 | 3.43 |
| 74 | 4711 | 141.40 | 90.67 | 167.91 |
| 75 | 4801 | 340.36 | 173.36 | 172.70 |
| 76 | 4851 | 1.63 | 11.72 | 11.44 |
| 77 | 5053 | 18.18 | 8.02 | 42.57 |
| 78 | 5054 | 2,543.21 | 1,812.70 | 3,018.62 |
| 79 | 5055 | 8.13 | 0.99 | 4.21 |
| 80 | 5475 | 3.44 | 2.47 | 1.71 |

Source: Finance Accounts of the respective year

APPENDIX 5.1

Summarised Financial Results of SPSEs (all Government Companies) as per their latest Accounts Finalised as on 30 September 2021

(Reference: Paragraphs-5.3, 5.9 and 5.10; Pages-112 and 115)

{Figures in Columns 5 (a) to (6) and (8) to (11) and (13) (₹ in crore)}

| Sl. No. | Sector & Name of Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | Turnover | Impact of Accounts Comments | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital employed ³⁸ | Earning before Interest & Tax (EBIT) ³⁹ | Percentage return on capital employed | Long Term Borrowings |
|--|--|--------------------|-------------------------|--------------------------|-------------|-------------|-------------|-----------------------------|-----------------|----------------------------------|--------------------------------|--|---------------------------------------|----------------------|
| | | | | 5 (a) | 5 (b) | 5 (c) | | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| A. Working Government Companies | | | | | | | | | | | | | | |
| FINANCING | | | | | | | | | | | | | | |
| | Arunachal Pradesh Industrial Development and Financial Corporation Limited | 2018-19 | 2021-22 | (-)0.19 | 0.22 | 0.20 | 6.54 | - | 4.20 | (-) 21.13 | 8.48 | (-) 0.39 | 4.60 | 25.41 |
| | Total of the Sector | | | (-)0.19 | 0.22 | 0.20 | 6.54 | - | 4.20 | (-) 21.13 | 8.48 | (-) 0.39 | 4.60 | 25.41 |
| MINING | | | | | | | | | | | | | | |
| | Arunachal Pradesh Mineral Development and Trading Corporation Limited | 1999-00 | 2014-15 | (-) 0.27 | - | 0.01 | - | - | 2.13 | (-) 1.81 | 0.33 | (-) 0.28 | (-) 84.85 | 0.01 |
| | Total of the Sector | | | (-) 0.27 | - | 0.01 | - | - | 2.13 | (-) 1.81 | 0.33 | (-) 0.28 | (-) 84.85 | 0.01 |
| FOREST | | | | | | | | | | | | | | |
| | Arunachal Pradesh Forest Corporation Limited | 2005-06 | 2014-15 | 4.48 | 0.76 | 0.18 | 0.73 | - | 4.50 | (-) 4.58 | 4.72 | 4.30 | 91.10 | 4.80 |
| | Total of the Sector | | | 4.48 | 0.76 | 0.18 | 0.73 | - | 4.50 | (-) 4.58 | 4.72 | 4.30 | 91.10 | 4.80 |

³⁸ Capital employed represents Shareholders' Funds plus Long-Term Borrowings

³⁹ For calculating EBIT (total return on capital employed), interest on borrowed fund is added back to net profit/loss as disclosed in Profit and Loss account

** Net profits of the Company (serial no. A3 above) have been derived after taking credit of the Government Grants (Revenue) of ₹ 8.07 crore received during the year

State Finances Audit Report for the year ended 31 March 2021

| Sl. No. | Sector & Name of Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | Turnover | Impact of Accounts Comments | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital employed ³⁸ | Earning before Interest & Tax (EBIT) ³⁹ | Percentage return on capital employed | Long Term Borrowings | |
|--|--|--------------------|-------------------------|---|-------------|--------------|-----------------|-----------------------------|-----------------|----------------------------------|--------------------------------|--|---------------------------------------|----------------------|------------------|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depreciation | | | | | | | | | Net Profit/ Loss |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| POLICE | | | | | | | | | | | | | | | |
| | Arunachal Police Housing and Welfare Corporation Limited | 2018-19 | 2020-21 | 3.90 | - | 0.19 | 3.71 | 2.93 | - | 0.02 | 29.11 | 29.13 | 3.71 | 12.73 | Nil |
| | Total of the Sector | | | 3.90 | - | 0.19 | 3.71 | 2.93 | - | 0.02 | 29.11 | 29.13 | 3.71 | 12.73 | Nil |
| POWER | | | | | | | | | | | | | | | |
| | Hydro Power Development Corporation of Arunachal Pradesh Limited | 2012-13 | 2017-18 | 0.51 | - | 0.08 | 0.43 | Nil* | - | 5.00** | 1.50 | 6.50 | 0.43 | 6.61 | Nil |
| | Total of the Sector | | | 0.51 | - | 0.08 | 0.43 | Nil | - | 5.00 | 1.50 | 6.50 | 0.43 | 6.61 | Nil |
| SERVICE | | | | | | | | | | | | | | | |
| | Arunachal Pradesh Donyi Polo Hotel Corporation Limited | 2019-20 | 2020-21 | (-) 0.99 | - | 0.05 | (-) 1.04 | 1.47 | - | 1.00 | (-) 3.46 | (-) 2.46 | (-) 1.04 | Not workable | Nil |
| | Total of the Sector | | | (-) 0.99 | - | 0.05 | (-) 1.04 | 1.47 | - | 1.00 | (-) 3.46 | (-) 2.46 | (-) 1.04 | Not workable | Nil |
| | Total of A | | | 7.44 | 0.98 | 0.71 | 5.75 | 11.67 | - | 16.85 | (-) 0.37 | 46.70 | 6.73 | 14.41 | 30.22 |
| B. Non-Working Government Companies | | | | | | | | | | | | | | | |
| CEMENT | | | | | | | | | | | | | | | |
| | Parasuram Cement Limited | 2008-09 | 2013-14 | - | - | - | - | - | - | 0.24 | (-) 2.66 | (-) 0.96 | - | - | 1.46 |
| | Total of the Sector | | | - | - | - | - | - | - | 0.24 | (-) 2.66 | (-) 0.96 | - | - | 1.46 |
| | Total of B | | | - | - | - | - | - | - | 0.24 | (-) 2.66 | (-) 0.96 | - | - | - |
| | Grand Total (A+B) | | | 7.44 | 0.98 | 0.71 | 5.75 | 11.67 | - | 17.09 | (-) 3.03 | 45.74 | 6.73 | 14.71 | 31.68 |

* The Revenue/ income of the Company (serial no. A5 above) during the year comprised 'Other Income' only (viz. Interest Income on FDRs: ₹1.21 crore)

** Excluding 'Share application money pending allotment' amounting to ₹7.45 crore

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