

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

For the year ended 31 March 2022

**Government of Arunachal Pradesh
Report No. 1 of 2023**

TABLE OF CONTENTS

<i>Particulars</i>	<i>Paragraph</i>	<i>Page</i>
Preface		v
Executive Summary		vii
CHAPTER I: Overview of State Finances		
Profile of the State	1.1	1
Basis and Approach to State Finances Audit Report	1.2	5
Report Structure	1.3	7
Overview of Government Account Structure	1.4	7
Structure of Government Accounts	1.5	9
Budgetary Processes	1.6	9
Snapshot of the Finances	1.7	10
Snapshot of Assets and Liabilities of the Government	1.8	11
Trends in Key Fiscal Parameters	1.9	11
Fiscal Balance: Achievement of Deficit and Total Debt Targets	1.10	15
Conclusion	1.11	18
Recommendation	1.12	18
CHAPTER II: Finances of the State		
Introduction	2.1	19
Major changes in key fiscal aggregates <i>vis-à-vis</i> 2021-22	2.2	19
Sources and Application of Funds	2.3	20
Summary of Current Year Fiscal Transactions	2.4	20
Resources of the State	2.5	22
Application of resources	2.6	37
Quality of Capital Expenditure	2.7	56
Public Account	2.8	62
Transaction under Reserve Funds	2.9	63
Debt Management	2.10	65
Management of Cash Balances	2.11	75
Conclusion	2.12	78
Recommendations	2.13	79

<i>Particulars</i>	<i>Paragraph</i>	<i>Page</i>
CHAPTER III: Financial Management and Budgetary Control		
Introduction	3.1	81
Budget Preparation Process	3.2	81
Annual Budget 2021-22	3.3	82
Comments on Integrity of Budgetary and Accounting Process	3.4	85
Comments on Transparency of Budgetary and Accounting Process	3.5	100
Comments on Effectiveness of Budgetary and Accounting Process	3.6	101
Outcome of Review of Selected Grant	3.7	106
Conclusion	3.8	108
Recommendations	3.9	110
CHAPTER IV: Quality of Accounts and Financial Reporting Practices		
Introduction	4.1	111
Parking of Funds Outside the Government Accounts	4.2	111
Non-discharge of interest liability in respect of interest-bearing Reserve Funds and Deposits	4.3	112
Funds transferred directly to State Implementing Agencies	4.4	113
Delay in submission of Utilisation Certificates	4.5	114
Opaqueness in Accounts	4.6	116
Outstanding balance under major Suspense and DDR heads	4.7	121
Reconciliation of Accounts	4.8	124
Reconciliation of Cash Balances	4.9	124
Central Road Fund	4.10	125
End use of Cess	4.11	126
Compliance with Indian Government Accounting Standards	4.12	127
Timeliness and Quality of Accounts	4.13	128
Submission of Accounts by SPSEs	4.14	129
Timeliness in preparation of Accounts by SPSEs	4.15	130
Submission of Annual Accounts by Autonomous Bodies	4.16	131
<i>Suo-motu</i> Action Taken Notes	4.17	131
Discussion of SFAR by the PAC	4.18	132
Conclusion	4.19	132
Recommendations	4.20	132

APPENDICES

<i>Appendix No.</i>	<i>Particulars</i>	<i>Page</i>
Appendix 1.1	Part - A : Layout of Finance Accounts	135
	Part - B : Methodology adopted for the Assessment of Fiscal Position	136
	Part - C : State Profile	137
Appendix 1.2	Summarised financial position of the Government of Arunachal Pradesh as on 31 March 2022	139
Appendix 1.3	Fiscal Responsibility and Budget Management Act, 2006	141
Appendix 2.1	Abstract of Receipts and Disbursements for 2021-22	143
Appendix 2.2	Time Series Data on State Government Finances	146
Appendix 2.3	Summarised financial results of SPSEs (all Government companies) as per their latest accounts finalised as on 30 September 2022	150
Appendix 3.1	Cases where Supplementary Provision was required	152
Appendix 3.2	Cases of Unnecessary Supplementary Provision (₹10 lakh or more in each case)	155
Appendix 3.3	Details of Excessive/ Inadequate Supplementary Provision (₹One crore and above)	156
Appendix 3.4	Injudicious Re-appropriation resulted in Savings/ Excess of over ₹One crore	159
Appendix 3.5	Statement of Various Grants/Appropriations where Savings were more than ₹One crore and more than 20 per cent of the Total Provision	162
Appendix 3.6	Cases of Substantial Surrenders (50 per cent and above of Total Provisions) made during the year 2021-22	164
Appendix 3.7	Details of Savings of ₹One crore and above not surrendered	168
Appendix 3.8	Un-utilised Provision of Fund during 2021-22	171
Appendix 3.9	Statement showing excess expenditure relating to previous years requiring regularisation	172
Appendix 3.10	Details of Excess expenditure at Sub-Head level made during 2021-22	173
Appendix 3.11	Details of Lump Sum Provision for creation of Asset	175
Appendix 3.12	Details of Variation between Budget Estimate and Revised Estimate	180

<i>Appendix No.</i>	<i>Particulars</i>	<i>Page</i>
Appendix 4.1	Details of Department-wise unspent amount lying in SNA Accounts	181
Appendix 4.2(A)	Statement showing details of pendency of the Utilisation Certificate	183
Appendix 4.2 (B)	Details of Department-wise pendency of the Utilisation Certificate	185
Appendix 4.3	Details of Major Head where entire expenditure was booked under Minor Head 800-Other Expenditure during 2021-22	187
Appendix 4.4	Details of Major Head where more than 50 <i>per cent</i> of Expenditure booked under 800-Other Expenditure during 2021-22	189
Appendix 4.5	Details of Total expenditure booked under 800-Other Expenditure for the period 2019-22	190

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 contains 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 last five years, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
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 2022.
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 2021-22 with financial rules, procedures and directives.
6. 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.

