

**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**

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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 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.



EXECUTIVE SUMMARY

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1 The Report

Based on the audited accounts of the Government of Arunachal Pradesh for the year ending March 2022, this report provides an analytical review of the finances of the State Government. The report is structured in four 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 2017-18 to 2021-22, 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.

2 Audit Findings

Overview of State Finances

The State GSDP was ₹33,459.15 crore during 2021-22 with a growth rate of 12.68 per cent over the previous year which was lower than the growth rate of all India's GDP (19.51 per cent). The service sector was the major contributor to GSDP during the year with 43.31 per cent. Agriculture was the second major contributor with 31.32 per cent while Industry was the third contributor with 20.90 per cent.

The State had managed to achieve a surplus on Revenue account during last five years and the Revenue Surplus (₹5,385.00 crore) during the year increased by 33.42 per cent (₹1,348.99 crore) over the previous year (₹4,036.01 crore).

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The Fiscal Deficit (₹1,099.04 crore) increased by ₹12.84 crore over the previous year (₹1,086.20 crore).

The State was able to meet the projections made under Arunachal Pradesh “Fiscal Indicators-Rolling targets in MTFP”, regarding Revenue Surplus and ratio of Outstanding Debt to GSDP but could not manage to achieve the ceiling prescribed for the Fiscal Deficit-GSDP.

(Chapter-I)

Recommendation

- ✓ State Government may take measures to keep the Fiscal Deficit-GSDP ratio under the ceilings prescribed in the Arunachal Pradesh “Fiscal Indicators-Rolling targets in MTFP through prudent financial management.

Finances of the State

The State had revenue surplus consistently during the period 2017-18 to 2021-22 and the revenue receipts increased during the current year. The State has done well to augment its own resources by expanding its tax base. However, the State’s own resources constituted only around 11 *per cent* of the total revenue receipts during 2021-22, indicating heavy dependence of the State on funds from the Government of India, which contributed ₹18,817.18 crore (89 *per cent*) of the total revenue receipts of ₹21,231.64 crore in 2021-22.

Both Revenue and Capital Expenditure increased by ₹2,769.14 crore (21.08 *per cent*) and ₹1,364.98 crore (26.64 *per cent*) respectively over the previous year. Revenue expenditure, which was in the nature of current consumption, accounted for around 71 *per cent* of the State’s Total Expenditure during 2021-22, leaving only 29 *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 un-authorized 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 have a comprehensive database of its investment in capital projects in past having relevant information such as approved cost, the status of these projects, details of date of completion of the projects and liabilities likely to arise out of inordinate delays in completion of these projects.

During the year 2021-22, there was increase in the Revenue Expenditure when compared with the previous year. The committed expenditure was about 47 to 53 *per cent* of Revenue

EXECUTIVE SUMMARY

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 29.05 *per cent* of the total expenditure.

In the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts whereas from 2020-21 to 2021-22, Revenue Receipts has been growing faster than outstanding debt.

The maturity profile of outstanding stock of Public Debt as on 31 March 2022 indicates that out of the outstanding Public Debt of ₹8,835.82 crore, 51.22 *per cent* (₹4,525.37 crore) is payable within the next seven years while the remaining 48.78 *per cent* (₹4,310.45 crore) is in the maturity bracket of more than seven years.

During 2021-22 the State Government has provided budgetary support ₹11.32 crore to three SPSEs in the form of Grants/ Subsidy. The recipients of the budgetary assistance were Arunachal Police Housing and Welfare Corporation Limited (₹2.06 crore), Arunachal Pradesh Forest Corporation Limited (₹2.78 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹6.48 crore).

During 2021-22, out of six working SPSEs, three SPSEs earned profits (₹5.83 crore) as per their latest finalised accounts. Further, the accumulated losses (₹34.53 crore) of three working SPSEs had completely eroded their paid-up capital (₹9.70 crore).

(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 to reduce dependency on GoI.
- ✓ 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 future liability on the State exchequer as well as to provide an assurance to the employees 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.

EXECUTIVE SUMMARY

- ✓ 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.
- ✓ Accumulation huge losses by three out of six 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.

Financial Management and Budgetary Control

Against the total budget provision of ₹27,920.96 crore, Departments incurred an expenditure of ₹22,934.60 crore during 2021-22, resulting in overall savings of ₹4,986.36 crore, which stood at 17.86 *per cent* of total grants and appropriations. This shows poor financial management by the State.

These savings may be seen in context of budget provisions on the expenditure side being ₹27,920.96 crore during the year 2021-22 against the estimated Receipts of ₹21,679.37 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

The Supplementary Grant of ₹5,607.96 crore taken on 14 March 2022 was not required as the total expenditure as on February 2022 was only ₹13,882.11 crore (as per monthly civil accounts submitted by the Treasuries) leaving ₹8,430.89 crore with the State Government for the remaining 17 days. With the Supplementary Grant, total funds available with the State Government were ₹14,038.85 crore which was equal to 101.13 *per cent* of the expenditure incurred during the first 11 months of the financial year. This is indicative of poor financial management.

In four Grants, Departments incurred an expenditure of ₹272.92 crore during 2021-22, 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 2021-22, Supplementary grants of ₹94.02 crore (₹10 lakh and 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. Further, in respect of 64 cases, Supplementary provisions aggregating ₹5,421.07 crore proved excessive by ₹2,512.84 crore under 62 cases and inadequate by ₹11.63 crore under two cases.

There was misclassification of ₹227.90 crore towards Revenue expenditure as Capital Expenditure and *vice-versa*.

In 79 cases, 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

EXECUTIVE SUMMARY

re-appropriation ordered. The re-appropriation proved inadequate as the expenditure finally was more than the total grant available in eight cases by ₹62.21 crore. Similarly, re-appropriation was injudicious in 71 cases as the expenditure fell short of the available grant proving the entire re-appropriation unnecessary.

In 59 cases, savings (₹one crore or above in each case) during 2021-22 was ₹2,057.63 crore. Out of these, there were savings of ₹10 crore and above under 20 Grants however no part of the savings was surrendered by the concerned departments. Further, there were persistent savings in 13 Grants during the last five years 2017-22, indicating lack of systemic and closer budget review by the Government.

Savings during the year accounted for about one-fifth 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.

Non-compliance with the rules not only deprives other needy Departments of resources, but also defeats the very objective of achieving efficiency in budget management, which may be an impediment to the speedy development of State as in respect of 140 cases, anticipated savings were not surrendered by the prescribed date.

During 2021-22, there was excess over provisions in 16 Grants/ Appropriations amounting to ₹16.01 crore. In addition, excess expenditure amounting to ₹3,204.41 crore pertaining to the years from 1986-87 to 2020-21, 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 2020-21 (Allocated ₹7,118.40 crore against 13 departments) was required to be incorporated in the Gender Budget of 2021-22 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 2021-22 due to which the actual achievement of schemes for benefit of women could not be analysed.

There were delays in submission of the BEs in respect of receipts and expenditures by 10 department for the year 2021-22 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

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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.

(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.
- ✓ 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.

Quality of Accounts and Financial Reporting Practices

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.

Non-submission of UCs by Departments for funds drawn for specific developmental programmes/ projects and non-submission of accounts by Autonomous, Development Bodies and Authorities was violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.

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.

As on 30 September 2022, all six SPSEs had total arrears of 50 Accounts ranging from 1 to 22 Accounts. The highest pendency of accounts pertained to Arunachal Pradesh

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Mineral Development and Trading Corporation Limited (22 Accounts) and Arunachal Pradesh Forest Corporation Limited (16 Accounts).

(Chapter-IV)

Recommendations

- ✓ The Finance Department should, in consultation with the Principal Accountant General, 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.
- ✓ The Government may ensure timely submission of Utilisation Certificates by the departments in respect of the grants released for specific purposes.
- ✓ 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.
- ✓ 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 GSDP for the year 2021-22 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

This chapter provides a brief profile of the State and describes the basis of and approach to the Report. The underlying data provides an overview of the structure of Government Accounts, the Budgetary processes followed, the macro-fiscal analysis of the key indices, and the State's fiscal position including the deficits/ surplus.

• Social Indicators

Arunachal Pradesh is a North-Eastern and Himalayan (NE & H) State. Area-wise, it is the largest State in the North-Eastern Region (NER) with a geographical area of 83,743 square kilometres (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 the State of Assam and Nagaland. According to the National Commission on Population, Ministry of Health and Family Welfare, population of the State for the year 2021-22 stood at 15,48,000¹ which is 0.11 *per cent* of the country's population. During the year 2021-22, State has the lowest population density in the country at 18 persons per sq. km. as against the national average of 418 persons per sq. km. The State's decadal growth rate (from 2012-13 to 2021-22) of population was 10.65 *per cent*, which is higher than the rate of the growth rate of other Himalayan State of Himachal Pradesh, Manipur, Meghalaya, Mizoram and Tripura but is lower than the growth rate of other NE & H States and is also lower than the all India growth rate of 12.12 *per cent*. According to Census 2011, the literacy rate of the state was 65.40 *per cent* which was less than the all India literacy rate (73 *per cent*) as well as NE & H States.

• Economic Indicators

The per capita Gross State Domestic Product (GSDP) of the State at current prices was ₹2,17,267.21 in 2021-22, which was less than the per capita GSDP of Himachal Pradesh (₹2,34,376.92), Sikkim (₹5,41,543.69) and Uttarakhand (₹2,21,339.35) and higher than the per capita GSDP of other NE & H States as well as average of the all India ₹1,72,912.92. Decadal Compound Annual Growth Rate (CAGR) of per capita GSDP of the State during the year was 10.39 *per cent* which was lower than that of Assam (10.72 *per cent*), Manipur (10.99 *per cent*), Mizoram (11.93 *per cent*), Sikkim (11.79 *per cent*) and Tripura (11.81 *per cent*) but higher than that of other NE & H States as well as average of all India (8.86 *per cent*).

The Decadal Compound Annual Growth Rate (CAGR) of GSDP of the State was 11.51 *per cent* which was lower than that of the CAGR of GSDP of Assam (11.97 *per cent*), Manipur (11.89 *per cent*), Mizoram (13.33 *per cent*), Sikkim (12.92 *per cent*) and Tripura (12.94 *per cent*) and higher than that of other NE & H States as well as the all India average (10.11 *per cent*). General and financial data relating to the State are given in **Appendix 1.1 (Part C)**.

¹ Male:7,96,000 and Female: 7,52,000

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. GSDP is the most important indicator for measuring the economic growth of a State.

This estimate, when analyzed over a period, reveals the direction, extent, and speed of change in the level of economic development. Trends in annual growth of the State's GSDP *vis-à-vis* Gross Domestic Product (GDP) of the country are given in **Table 1.1**.

Table 1.1: Trends in the growth rate of GSDP *vis-a-vis* GDP

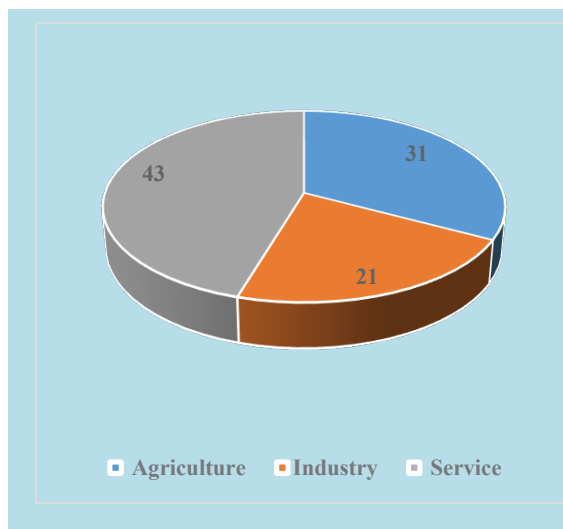
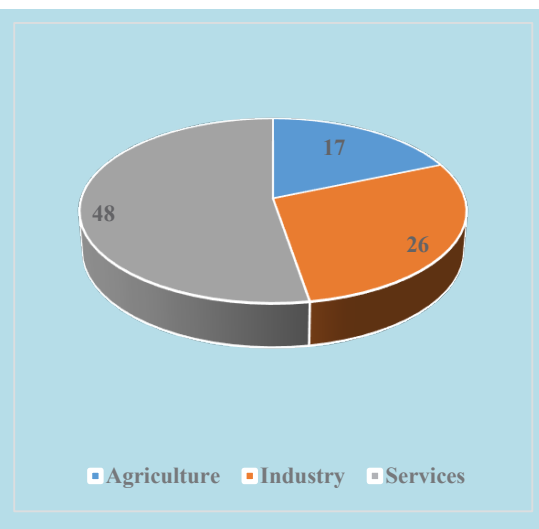
(₹ in crore)					
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
GDP at the current price	1,70,90,042.36	1,88,99,668.44 (3 rd RE)	2,00,74,855.79 (2 nd RE)	1,98,00,913.82 (1 st RE)	2,36,64,636.99 (PE)
The growth rate of GDP at the current price	11.03	10.59	6.22	(-)1.36	19.51
GSDP at the current price	22,474.77 RE	25,330.83 RE	27,884.65 PE	29,694.61 QE	33,459.15 AE
The growth rate of GSDP current price	12.93	12.71	10.08	6.49	12.68

Sources: GoI's Economic Survey (2021-22) and Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP)

RE-Revised Estimates; PE-Provisional Estimates; AE-Advanced Estimates and QE-Quick Estimates

It can be seen from the **Table 1.1** above that though the growth rate of GSDP during the period 2017-21 showed an overall decreasing trend, the decline in 2019-21 was accentuated mainly due to the Covid pandemic. It is also seen that while the GDP growth rate (at current prices, nominal figures) was (-) 1.36 *per cent* in 2020-21 and jumped to 19.51 *per cent* in 2021-22, Arunachal Pradesh maintained a steady and healthy growth rate of 6.49 *per cent* and 12.68 *per cent* respectively in these years. The growth rate of the GSDP during 2021-22 can be attributed mainly to the increase in Industry and Services sectors in the State.

The State Domestic Product is classified under three broad sectors, *viz* Primary, Secondary, and Tertiary. It is compiled activity-wise as per the methodology prescribed by the Central Statistics Office (CSO), Government of India (GoI), and furnished to the Ministry of Statistics and Programme Implementation (MoSPI). Moreover, GSDP is the sum of value added (calculated without duplication) by different economic sectors (Agriculture, Industry, and Services- which form the three broad sectors) produced within the boundaries of the State during a year. It is one of the most important measures of economic growth of a State's economy. The sectoral contribution to the GSDP and GDP during 2021-22 is given in **Charts 1.1** and **1.2** respectively for comparison.

Chart 1.1: Sector-wise GSDP for the year 2021-22
(in per cent)Chart 1.2: Sector-wise GDP for 2021-22
(in per cent)

Source: GoI's Economic Survey (2021-22) and Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP)

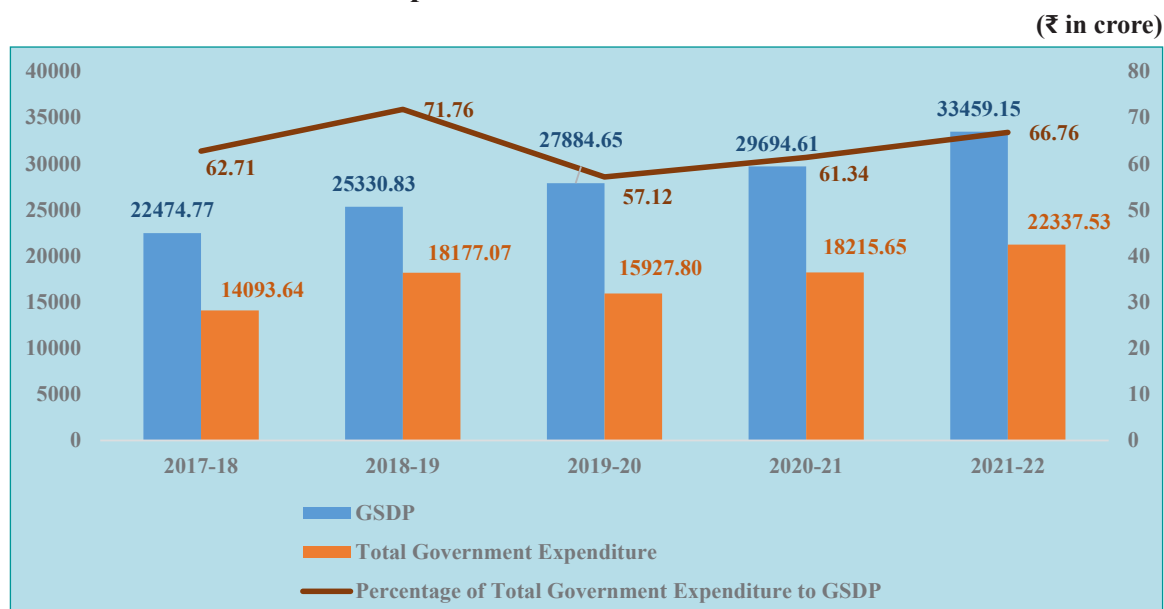
It can be seen from the above **Charts 1.1 and 1.2** that the percentage contribution of the Agriculture sector to the GSDP is higher than the percentage contribution of the Agriculture sector to the GDP. Consequently, the contributions from Industries and Services sectors to the GSDP are less when compared to contributions from Industries and Services sectors to GDP.

During 2021-22 in the Agriculture sector of the State, the major contribution was from 'Crops' and 'Forestry and Logging' which contributed 12 per cent and 16 per cent of GSDP respectively. Under the Industry sector, the major share was from 'Construction' and 'Electricity', 'Gas', 'Water supply & Other utility services' which contributed eight per cent and nine per cent of GSDP respectively. The major share of Service sector was from 'Public Administration' and 'Other services' which formed 14 per cent and 19 per cent of GSDP respectively.

While the XV FC projected the annual growth rate of GSDP of the State for the 2021-22 as 14.50 per cent, the annual growth rate of GSDP stood at 12.68 per cent during 2021-22 in spite of the Covid effects. The reduced growth rate of GSDP than the assessment made by XV FC had an adverse impact on the resource mobilization and public expenditure in the State.

The percentage of Total State Government expenditure to GSDP shows a fluctuating trend during the period from 2017-18 to 2021-22. It steadily increased from 62.71 per cent in 2017-18 to 71.76 per cent in 2018-19, dropped to 57.12 per cent in 2019-20 and climbed up to 66.76 per cent in 2021-22. The trend of the percentage of Government Expenditure to GSDP for the period 2017-18 to 2021-22 is shown in **Chart 1.3**.

Chart 1.3: Trend of Government Expenditure to GSDP for the period 2017-18 to 2021-22

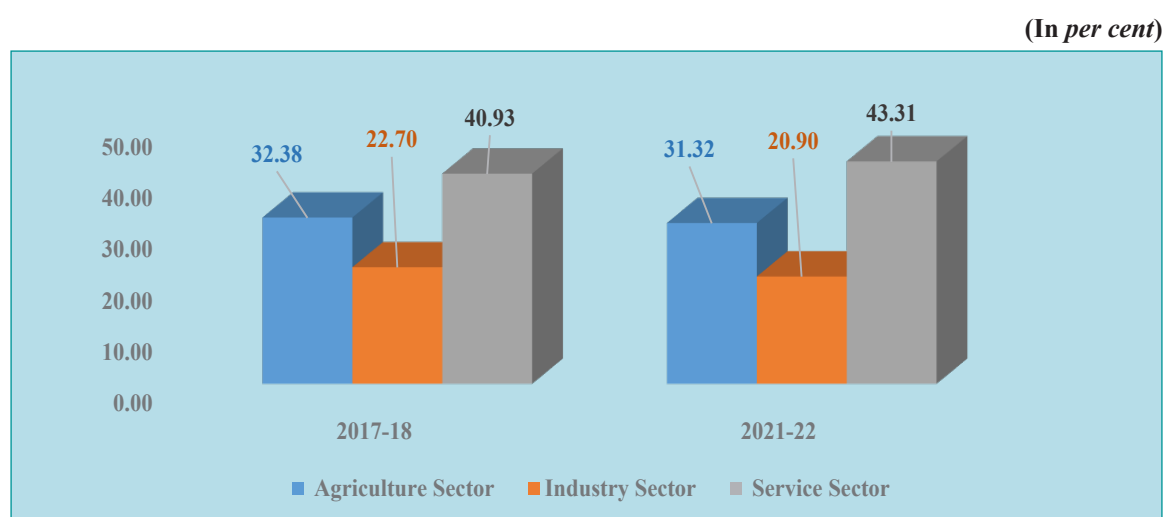


Source: Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP) and Finance Accounts of the respective years

The high *percentage* share of Government expenditure in GSDP indicates that the State is still 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 means other than Government spending. The high dependence of the State on Government expenditure for its growth exposes it to vulnerabilities and hence this dependence must be reduced by necessary policy initiatives.

Analysis of changes in sectoral contribution to GSDP is also important to understand the changing structure of the economy of the State. The change in sectoral contribution to GSDP for the period 2017-18 to 2021-22 is shown in **Chart 1.4**.

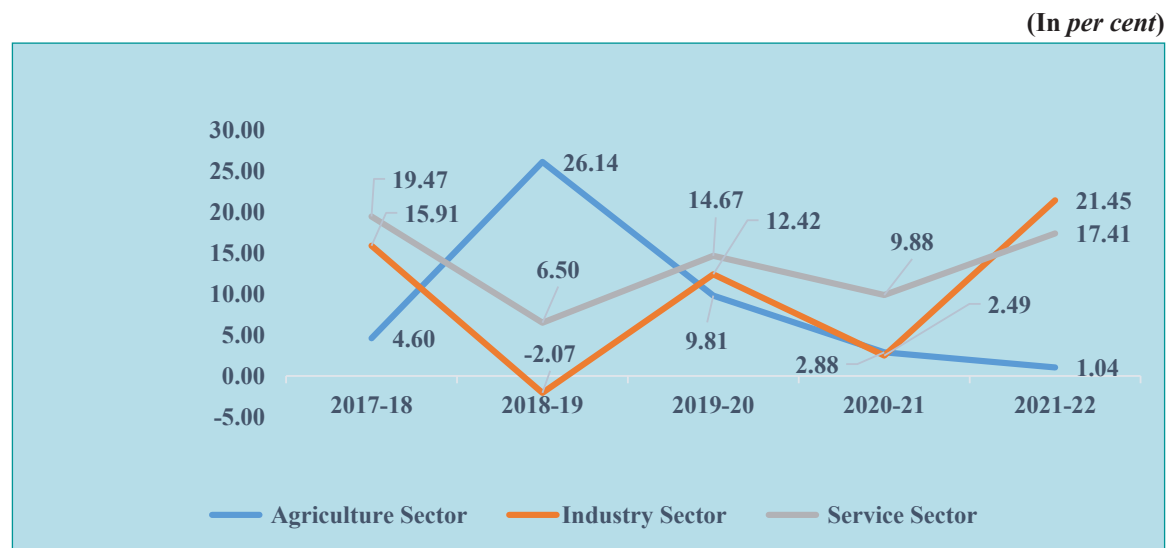
Chart 1.4: Change in the sectoral contribution of GSDP (2017-18 to 2021-22)



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

In the last five years, the share of Agriculture and Industry is slowing down steadily, while the Service Sector had been on the rise. There was a decrease in the relative share of 'Agriculture' and 'Industry' to GSDP. The agriculture sector share reduced from 32.38 per cent in 2017-18 to 31.32 per cent in 2021-22. The share of Industry sector also reduced from 22.70 per cent in 2017-18 to 20.90 per cent in 2021-22. With reduction in share of Agriculture and Industry, an equivalent increase was observed in share of Service and Taxes on products-subsidies on products. During the year 2021-22, Service sector emerged as the most important sector for the State's socio-economic progress as it contributed significantly to the growth of GSDP. Individual Sectoral growths in GSDP are shown in **Chart 1.5**.

Chart 1.5: Sectoral growth of GSDP during 2017-18 to 2021-22



Source: Directorate of Economics and Statistics, Government of Arunachal Pradesh (GoAP). The GSDP figures at the current price revised from the period 2017-18 onwards have been adopted

During the five-year period shown in **Chart 1.5**, growth rates of the Service, Industry and Taxes on products-subsidies on products fluctuated with alternate years without any upward or downwards trend, while growth rate of the Agriculture had a decreasing trend in the four year period starting from 2018-19. During the year 2021-22, the Agriculture sector decreased by 1.84 per cent over the previous year due to a decline in all components of the sector. Services sector decreased from 19.47 in 2017-18 to 17.41 per cent in 2021-22. During 2021-22 there was sudden growth in Service sector over the previous year (from 9.88 per cent to 17.41 per cent) due to a significant increase in most of its sub-sectors such as Trade, Hotels, Transport and communication. There was significant increase in Industry sector over the previous year due to increase in all components of Industry sectors.

1.2 Basis and Approach to State Finances Audit Report

1.2.1 Preparation of Accounts of the State Government

Annual Accounts (Finance and Appropriation Accounts) are prepared by the Accounts Wing of the Office of Principal Accountant General, Arunachal Pradesh from the vouchers, challans and initial & 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 in addition to the advice received from the Reserve Bank of India. The Treasuries, Offices and/ or Departments functioning under the control of Government of Arunachal Pradesh are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions.

1.2.2 Audit of Accounts and preparation of State Finances Audit Report

Audit of the Annual Accounts of Arunachal Pradesh is conducted independently by the Audit Wing of the Principal Accountant General, Arunachal Pradesh in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expression an opinion on these Accounts based on the results of such audit. An audit includes examination, on test basis, of evidence relevant to the amounts and disclosures in financial statements. The reports of the Comptroller and Auditor General of India relating to the Accounts of the State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State under Article 151(2) of the Constitution of India.

1.2.3 Sources of the preparation of State Finances Audit Report

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 money spend and its compliance with the relevant rules and prescribed procedures;
- GSDP data and other State related statistics;
- Arunachal Pradesh State Financial Responsibility and Budget Management (APFRBM) Act;
- Recommendations of the Fourteenth Finance Commission (XIV FC) and Fifteenth Finance Commission (XV FC);
- Results of audit carried out by the Audit Wing of Office of Principal Accountant General of Arunachal Pradesh;
- Other data (accounting as well as MIS) with Departmental Authorities and Treasuries;
- Best practices and Guidelines of the Government of India (GoI), and
- Various audit reports of the CAG of India.

A meeting was held with State Finance Department on 18 October 2022 wherein the issues pointed out in the SFAR have been discussed. Replies of the Government, wherever relevant, have been incorporated in this Report at appropriate places.

1.3 Report Structure

The SFAR is structured in to the following four Chapters:

Chapter - I	<p>Overview</p> <p>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.</p>
Chapter - II	<p>Finances of the State</p> <p>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 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.</p>
Chapter - III	<p>Budgetary Management and Budgetary Control</p> <p>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.</p>
Chapter - IV	<p>Quality of Accounts and Financial Reporting Practices</p> <p>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.</p>

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 authorization 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 repayable like Small Savings and Provident Funds, Deposits (bearing interest or not bearing interest), Advances, Reserve Funds (bearing interest or 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.

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 expenditures of the State for the year in the form of an Annual Financial Statement. 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 (Own tax revenue *plus* share of Union Taxes/Duties), non-tax revenue and grants from Government of India.

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 the Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in LMMH ² by CGA ³	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)

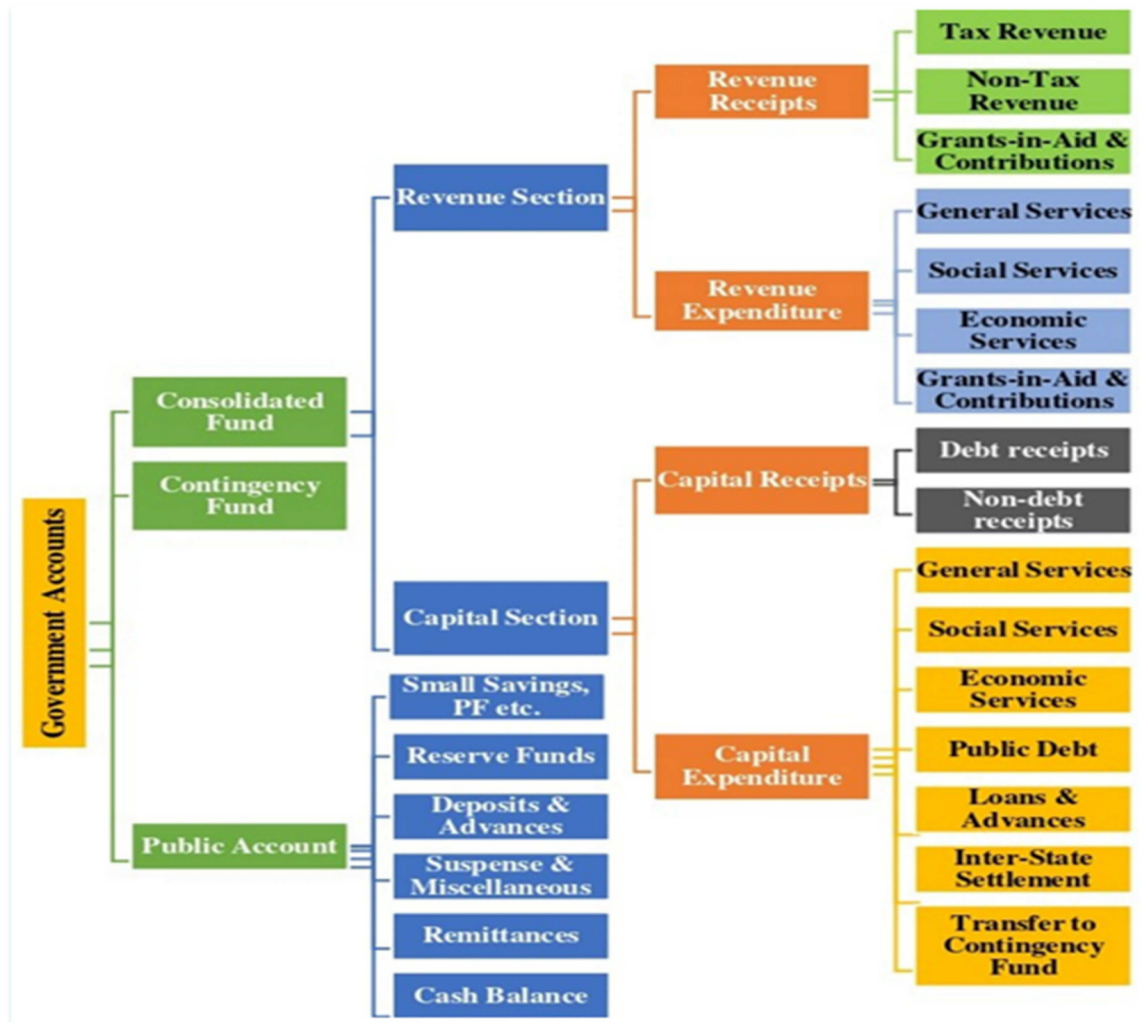
The functional classification appraises us about the department, function, scheme or programme and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the

² List of Major and Minor Heads

³ Controller General of Accounts

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



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 expenditures of the State for the year 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 83 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 Budgets which are in the nature of sub-budgets like Gender Budget and Outcome budget.

The State Government did not have a Budget Manual to guide the State Government functionaries in preparing their budgetary estimates and to monitor the expenditure activities. In the absence of any Budget Manual, the Budget preparation exercise is done based on

the General Financial Rules and the Budget circulars issued by the State government from time to time. Results of audit scrutiny of budget 2021-22 and implementation of other budgetary initiatives of the State Government are detailed in **Chapter III** of this Report.

1.7 Snapshot of the Finances

Details of actual financial results for 2021-22 *vis-à-vis* Budget Estimates (BEs) for the same year and *vis-à-vis* actuals for the previous year, *i.e.*, 2020-21 are shown in **Table 1.2**. Time series data of the Finances of Government of Arunachal Pradesh for the year 2017-18 to 2021-22 are given in **Appendix 2.2**.

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

(₹ in crore)

Sl. No.	Components	2020-21 (Actuals)	2021-22 (BEs)	2021-22 (Actuals)	Percentage of Actuals to BEs	Percentage of Actuals of 2021-22 to GSDP
1	Tax Revenue	1,431.10	1,152.3	1,639.79	142.30	4.90
2	Non-Tax Revenue	836.53	850	774.67	91.14	2.32
3	Share of Union Taxes and Duties (a)	10,472.58	12,441.64	14,643.90	117.70	43.77
4	Grants-in-Aid and Contributions	4,383.30	6,646.93	4,173.28	62.79	12.47
5	Revenue Receipts (1+2+3+4)	17,123.51	21,090.87	21,231.64	100.67	63.46
6	Recovery of Loans and Advances	5.94	10.00	6.85	68.50	0.02
7	Other Receipts	0.00	0.00	0.00	0.00	0.00
8	Borrowings and other Liabilities (b)	1,086.20	578.50	1,099.04	189.98	3.28
9	Capital Receipts (6+7+8)	1,092.14	588.50	1,105.89	187.92	3.31
10	Total Receipts (5+9)	18,215.65	21,679.37	22,337.53	103.04	66.76
11	Revenue Expenditure	13,087.50	15,344.32	15,846.64	103.27	47.36
12	Interest payments	752.34	826.27	777.62	94.11	2.32
13	Capital Expenditure	5,123.35	6,328.05	6,488.33	102.53	19.39
14	Loan and advances	4.8	7.00	2.56	36.57	0.01
15	Total Expenditure (11+13+14)	18,215.65	21,679.37	22,337.53	103.04	66.76
16	Revenue Surplus (5-11)	4,036.01	5,746.55	5,385.00	93.71	16.09
17	Fiscal Deficit {15-(5+6+7)}	1,086.20	578.50	1,099.04	189.98	3.28
18	Primary Deficit (17-12)	333.86	(-)247.77	321.42	129.73	0.96

Source: Finance Accounts of respective years and Annual Financial Statement of GoAP of respective year
 (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.

During 2021-22, BE of the Revenue Receipts was ₹21,090.87 crore which was higher than BE of previous year (₹20,594.59 crore) by ₹496.28 crore. The actual receipts during the year was ₹140.77 crore more than the estimate of Revenue Receipts. However, revenue surplus was 6.29 *per cent* less than the estimate. Fiscal Deficit was 89.98 *per cent* higher than the Budget Estimates. The detailed analysis on the finances of the State Government is made in the subsequent Chapters of the report.

1.8 Snapshot of Assets and Liabilities of the Government

Government accounts also 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 of the Capital Expenditure, the loans and advances given by the State Government and the cash balances as detailed in *Appendix 1.2*.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities			Assets		
	2020-21	2021-22		2020-21	2021-22
Consolidated Fund					
Internal Debt	7,348.10	8,130.52	Gross Capital Expenditure	37,922.50	44,410.84
Loans and Advances from GoI	359.71	705.30	Loans and Advances	95.85	91.56
Contingency Fund	0.05	0.05			
Public Account					
Small Savings, Provident Funds, etc.	2,719.41	2,962.88	Advances	507.58	502.51
Deposits	190.53	155.83	Remittance	(-146.61)	-119.91
Reserve Funds	3,078.86	3,811.87	Cash balance (including investment in Earmarked Fund)	3,389.33	4,356.35
Suspense and Miscellaneous	(-1,292.34)	(-1274.43)			
Surplus in Revenue Account	29,364.33	34,749.33			
Total	41,768.65	49,241.35	Total	41,768.65	49,241.35

Source: Finance Accounts of respective year

1.9 Trends in Key Fiscal Parameters

Deficit financing done judiciously is an indicator of prudent fiscal management by the Government. 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 2021-22.

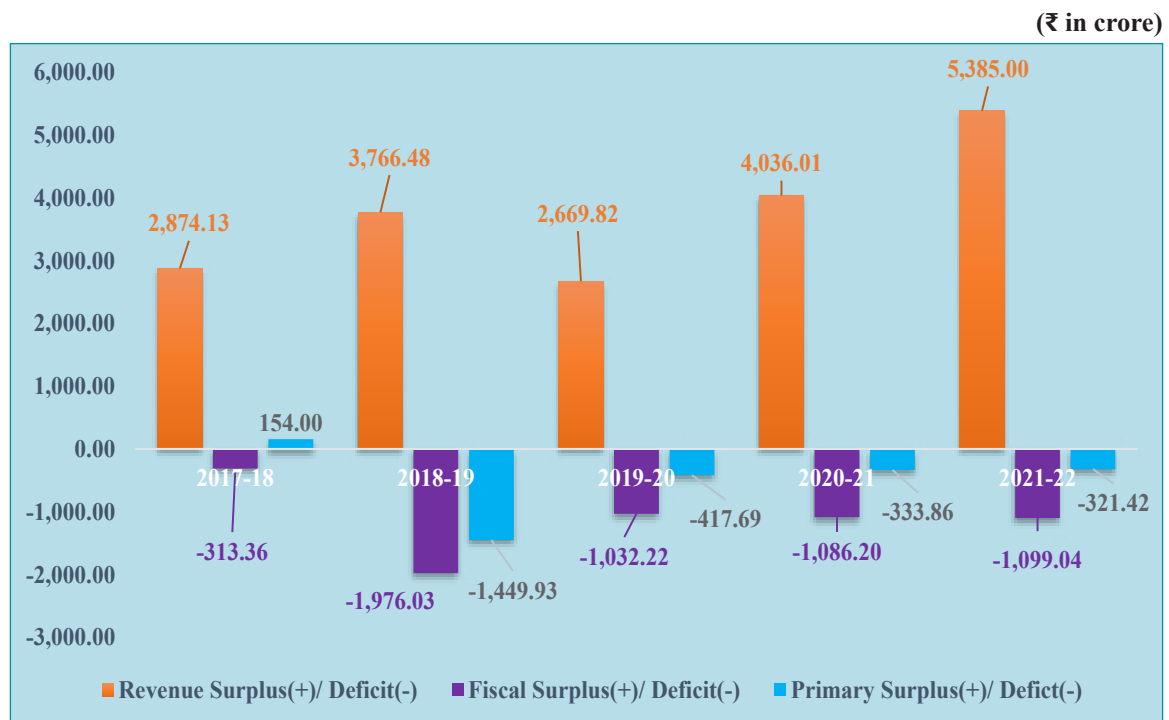
1.9.1 What are Deficit and Surplus?

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 2021-22 which can be attributed to higher percentage increase in revenue receipts compared to the percentage increase in revenue expenditure. The Revenue Surplus in the current year reached up to ₹5,385.00 crore. However, the actual Revenue Surplus was less than the projected Revenue Surplus during budget of 2021-22 and was also less than the amounts mentioned in MTFP during 2021-22. The trend of the surplus deficit indicators in the past five years are given in **Chart 1.6**.

Chart 1.6: Trends in Surplus/ Deficit indicators



Source: Finance Accounts of respective year

Chart 1.6 reveals that the State consistently maintained Revenue Surplus during the period 2017-18 to 2021-22, which increased by ₹2,510.87 crore (87.36 per cent) from ₹2,874.13 crore in 2017-18 to ₹5,385.00 crore in 2021-22. Revenue Surplus in 2021-22 increased by ₹1,348.99 crore (33.42 per cent) over the previous year (₹4,036.01 crore). This was due to significant increase in Revenue Receipts by ₹4,108.13 crore (23.99 per cent) over the previous year (₹17,123.51 crore). The actual Revenue Surplus ₹5,385.00 crore during the current year was less by ₹361.55 crore (6.29 per cent) from the projected Revenue Surplus ₹5,746.55 crore in Budget Estimates. This was due to increase in actual Revenue

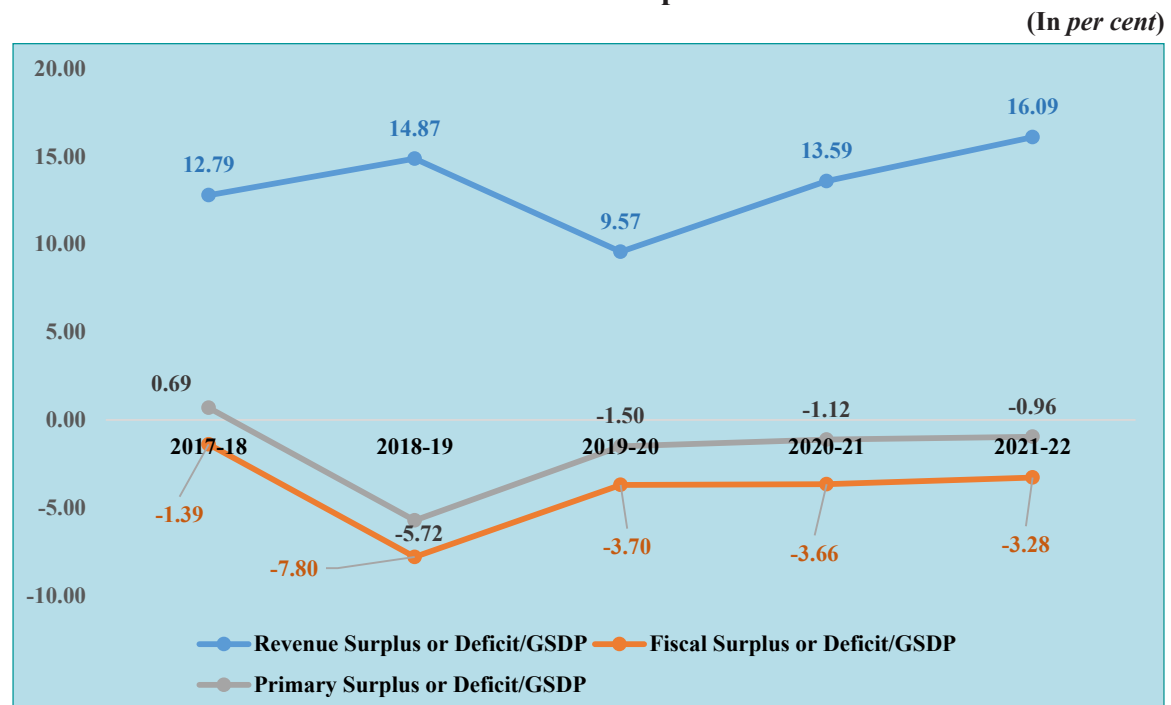
Expenditure (₹15,846.64 crore) over the projected Revenue Expenditure (₹15,344.32 crore) in Budget Estimate by ₹502.32 crore.

Fiscal Surplus/ Deficit which represents difference between non-debt creating revenues and borrowings. State did not achieve Fiscal Surplus during the period 2017-18 to 2021-22, and the Fiscal Deficit increased by ₹785.68 crore (250.07 per cent) from ₹313.36 crore in 2017-18 to ₹1,099.04 crore in 2021-22. Fiscal deficit reached its peak in 2018-19 at ₹1,976.03 crore. During 2021-22, the Fiscal Deficit increased by ₹12.84 crore over the previous year (₹1,086.20 crore). This was due to an increase in the Total Expenditure over the previous year. Further, the Fiscal Deficit of ₹1,099.04 crore was higher as against the projected Fiscal Deficit of ₹578.50 crore in Budget Estimates. Thus, the actual Fiscal Deficit exceeded the projections made in the budget by 89.98 per cent (₹520.54 crore) which was attributed to increase in actual Total Expenditure over the projected Total Expenditure in Budget Estimates.

A Primary Surplus was experienced by the State during 2017-18, however, a turnaround with a Primary Deficit of ₹1,449.93 crore was observed in 2018-19. Thereafter, the Primary Deficit steadily reduced to ₹321.42 crore in 2021-22. This primary deficit in the period 2018-19 to 2021-22 indicates that the interest payments of the State were met from the net borrowings of the State.

The trend of these surplus and deficits as a percentage of GSDP over the five-year period from 2017-18 to 2021-22 is depicted in **Chart 1.7**.

Chart 1.7: Trends in Deficit/ Surplus relative to GSDP



Source: Finance Accounts of respective year

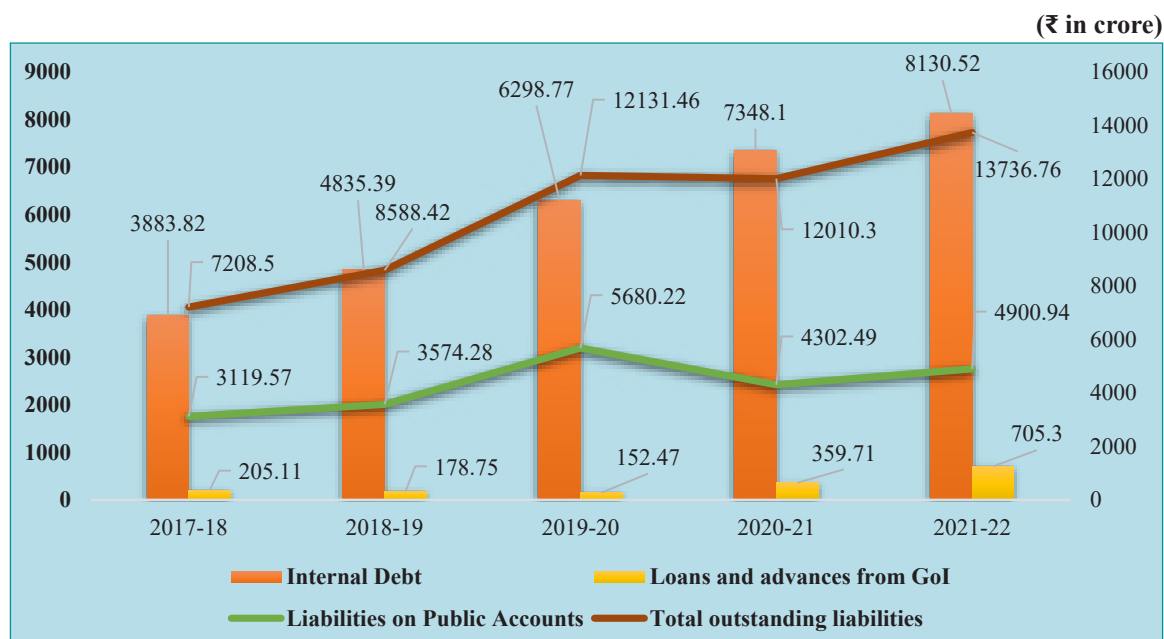
The ratio of Revenue Surplus to GSDP has shown an increasing trend during the past three years (2018-19 to 2021-22). This has helped to reduce the Primary Deficit to GSDP ratio significantly from 1.50 per cent to 0.96 per cent in these three years. Fiscal Deficit includes interest payments on previous borrowings by the State in addition to the Primary

Deficit. In the same period, Fiscal Deficit to GSDP ratio improved from 3.70 per cent to 3.28 per cent. Steady increase in Revenue Surplus and decrease in Fiscal and Primary Deficits as a percentage of GSDP shows improvement in fiscal performance of the State.

During, 2021-22, the ratio of Revenue Surplus and Fiscal deficit to GSDP of the State were 16.09 and 3.28 per cent while the average of ratio of Revenue surplus and Fiscal deficit to GSDP of NE & H States were 1.09 and 3.48 per cent respectively.

Trend of fiscal liabilities during the period 2017-18 to 2021-22 is shown in **Chart 1.8**.

Chart 1.8: Trends of Fiscal Liabilities



Source: Finance Accounts of the respective year

Note: Figure for Outstanding Liabilities for the 2020-21 is changed due to correction in Finance Accounts

Total Outstanding Liabilities increased by ₹6,528.26 crore (90.56 per cent) from ₹7,208.50 crore in 2017-18 to ₹13,736.76 crore in 2021-22. Contributing to the increase in total Outstanding Liabilities are internal Debt (109.34 per cent increase from 2017-18 to 2021-22), Loans and Advances (243.86 per cent from 2017-18 to 2021-22) and Liabilities on Public Accounts⁴ (57.10 per cent increase from 2017-18 to 2021-22).

1.9.3 Effective Revenue Surplus and Fiscal Deficit

Excessive focus on short-term objective of overcoming Fiscal Deficit, encourages creative accounting and recourse to one-off deficit-reducing measures. **Table 1.4** assesses effective Surplus/ Deficit after taking into account short-contribution/ non-contribution to funds and incorrect classifications/ booking by the State Government during 2021-22.

⁴ Components of Liabilities on Public Accounts-Small Savings, Provident Funds etc., Reserve Funds bearing Interest, Reserve Funds not bearing Interest, Deposits bearing Interest, and Deposits not bearing Interest

Table 1.4: Actual Revenue Surplus and Fiscal Deficit

(₹ in crore)

Particulars	Impact on Revenue Surplus	Impact on Fiscal Deficit
	Understated (-)/ overstated (+)	Understated (+)/ overstated (-)
Non transfer of labour Cess to Arunachal Pradesh Building and Other Construction Workers Welfare Board	(+) 18.27	(+) 18.27
Non-discharge of Interest liabilities	(+) 57.37	(+) 57.37
Short Contribution of Government matching share towards NPS	(+) 2.71	(+) 2.71
Capital Expenditure booked in Revenue Expenditure	(-) 178.16	--
Revenue Expenditure booked in Capital Expenditure	(+) 50.24	--
Non-transfer of SDRF to Public Account	(+) 111.11	(+) 111.11
Total	(+)61.54	(+)189.46

Source: Finance Accounts, 2021-22

As can be seen from the **Table 1.4**, that there was an overstatement of Revenue Surplus by ₹61.54 crore during the year. Considering that the overall Revenue Surplus depicted in the accounts was ₹5,385.00 crore, the State would have a Revenue Surplus of ₹5,323.46 crore during 2021-22 if adjustments in **Table 1.4** are made.

Similarly, the Fiscal Deficit during the year 2021-22 was found understated by ₹189.46 crore, if adjustments in **Table 1.4** are made. Considering the **Table 1.4**, the State would have Fiscal Deficit ₹1,288.50 crore during 2021-22.

The Effective Revenue Surplus to GSDP of the State was 15.91 *per cent* which was less than the target projected in MTFP (21.80 *per cent*) and the Effective Fiscal Deficit of the State during 2021-22, was 3.85 *per cent* of GSDP which was within the limit prescribed in APFRBM (4.00 *per cent*).

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 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 to ensure prudence in fiscal management and fiscal stability by progressive elimination of Revenue Deficit, reduction in Fiscal Deficit and prudent debt management. Accordingly, the State Government enacted the Arunachal Pradesh Fiscal Responsibility and Budget Management Act (APFRBM), 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.

The XV Finance Commission recommended that the States should amend their FRBM Act so as to ensure that their Legislations are consistent with the fiscal sustainability

frame work put in place. Thus, Government of Arunachal Pradesh amended its FRBM in April 2022, details in **Appendix 1.3**. It shall be deemed to have come into force with effect from 1 April 2022. Further, it has been noticed from the amended FRBM Act, that the Act is not consistent with the fiscal sustainability frame work as Government of Arunachal Pradesh amended only the targets for Fiscal Deficit and Revenue Surplus for XV FC award period.

1.10.1 APFRBM targets on key fiscal parameters and achievement thereon

Targets relating to key fiscal parameters envisaged in the amended APFRBM Act for the 2017-18 to 2021-22 respectively are given in the **Table 1.5**.

Table 1.5: Compliance with provisions of APFRBM Act/ Rolling targets indicators-MTFP

Fiscal Parameters	Fiscal targets set in FRBM for the year 2017-18 to 2021-22	Achievement (₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-)/Surplus (+) (₹ in crore)	Revenue Surplus*	2,874.13	3,766.48	2,669.82	4,036.01	5,385.00
		✓	✓	✓	✓	✓
Fiscal Deficit as percentage of GSDP	Three per cent for 2017-18 to 2020-21 4.00 per cent 2021- 22	(-)1.39	(-)7.80	(-)3.70	(-)3.66	(-)3.28
		✓	X	X	X	✓
Ratio of total outstanding debt to GSDP (in per cent)	25 per cent For 2017-18 to 2020-21 43.94* per cent for 2021-22	32.07	33.91	43.51	40.45	41.06
		X	X	X	X	✓

Source: Finance Accounts of respective year

* APFRBM amended by the Government of Arunachal Pradesh in April 2022 did not includes target of revenue surplus and ratio of total outstanding debt to GSDP for the year 2021-22. These figures taken from Fiscal Indicators-Rolling targets MTFP Statement.

The State Government was successful in maintaining Revenue Surplus as targeted in Rolling fiscal indicators-Rolling targets in MTFP. The State maintained Fiscal Deficit in 2017-18 and 2021-22 within the limit prescribed in the APFRBM. However, from 2018-19 to 2020-21, Fiscal Deficit as a percentage of GSDP exceeded the limit prescribed in the APFRBM Act. In 2021-22, the Fiscal Deficit and outstanding debt of the State government anchored to the levels prescribed in the FRBM, as it was 3.28 per cent and 41.06 per cent of GSDP respectively.

1.10.2 Achievement of projections made in Medium Term Fiscal Policy Statement

In compliance with APFRBM Act, the State Government is required to lay before the House of Legislature (1) Macro Economic Framework Statement, (2) Medium Term Fiscal

Plan Statement and (3) Fiscal Plan Strategy Statement, along with the Annual Financial Statement and the Demands for Grants. The Medium-Term Fiscal Plan (MTFP) has to set forth a three-year rolling target for the prescribed fiscal indicators.

The Medium-Term Fiscal Policy Statement shall include a policy overview and outlook for the ensuing year on taxation, expenditure and borrowing. The aim of Medium-Term Fiscal Plan is to control revenue expenditure by cutting administrative costs by bringing austerity measures on the one hand and mobilizing additional resources by improving tax on other hand, so as to enhance investment in productive capital assets and social sectors in order to attain sustainable and equitable economic growth.

Table 1.6 indicates the variation between the projections made for 2021-22 in MTFP presented to the State Legislature with the Annual Budget for 2021-22 and Actuals for the year.

Table 1.6: Actuals vis-à-vis projection in MTFP for 2021-22

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals	Variation
			2021-22	
1	Own Tax Revenue	1,900.00	1,639.79	(-)260.21
2	Non-Tax Revenue	850	774.67	(-)75.33
3	Share of Central Taxes	11,693.94	14,643.90	2,949.96
4	Grants-in-aid from GoI	6,646.93	4,173.28	(-)2,473.65
5	Revenue Receipts (1+2+3+4)	21,090.87	21,231.64	140.77
6	Revenue Expenditure	15,344.32	15,846.64	502.32
7	Revenue Surplus (5-6)	5,746.55	5,385.00	(-)361.55
8	Fiscal Deficit	578.5	1,099.04	520.54
9	Debt-GSDP ratio (<i>per cent</i>)	43.94	41.06	(-)2.88
10	GSDP growth rate at current prices (<i>per cent</i>)	5.00	12.68	7.68

Source: MTFP Statement and Finance Accounts, 2021-22

The State could not mobilise its own resources (Own Tax Revenue *plus* Non-Tax Revenue) as envisaged in its MTFP as the actual receipts fell short of the projections by 12.20 *per cent* (₹335.54 crore). The State failed to peg the Revenue Expenditure at ₹15,344.32 crore as envisaged in MTFP by reducing administrative costs through introduction of appropriate austerity measures. The actual Revenue Expenditure exceeded the projected expenditure by ₹502.32 crore (3.28 *per cent*). It was observed that while the increase in the resources was ₹140.77 crore, however, the increase in the Revenue Expenditure was not proportionate, due to which the Revenue Surplus indicated in the MTFP could not be achieved. During 2021-22, the ratio of Revenue surplus to GSDP was 16.09 *per cent* which was less than that of the target envisaged in MTFP (21.80 *per cent*). This non-achievement of targeted Revenue Surplus impacted the Capital Expenditure of the Government which was meant for the improvement of infrastructure in the State. The actual Revenue Surplus fell short of the target by ₹361.55 crore. During the year 2021-22, the State succeeded to control its Debt to GSDP ratio within the limit prescribed in MTFP as Actual Debt to GSDP ratio was

41.06 per cent against the 43.94 per cent projected in MTFP. The Fiscal Deficit could not meet the targets set in MTFP as Fiscal Deficit during the 2021-22 exceed the projected Fiscal Deficit target in MTFP by ₹520.54 crore.

1.11 Conclusion

- The State GSDP was ₹33,459.15 crore during 2021-22 with a growth rate of 12.68 per cent over the previous year which was lower than the growth rate of all India's GDP (19.51 per cent). The service sector was the major contributor to GSDP during the year with 43.31 per cent. Agriculture was the second major contributor with 31.32 per cent while Industry was the third contributor with 20.90 per cent.
- The State had managed to achieve a surplus on Revenue account during last five years and the Revenue Surplus (₹5,385.00 crore) during the year increased by 33.42 per cent (₹1,348.99 crore) over the previous year (₹4,036.01 crore).
- The Fiscal Deficit (₹1,099.04 crore) increased by ₹12.84 crore over the previous year (₹1,086.20 crore).
- The State was able to meet the projections made under Arunachal Pradesh "Fiscal Indicators-Rolling targets in MTFP", regarding Revenue Surplus and ratio of Outstanding Debt to GSDP, but could not manage to achieve the ceiling prescribed for the Fiscal Deficit-GSDP.

1.12 Recommendation

- State Government may take measures to keep the Fiscal Deficit-GSDP ratio under the ceilings prescribed in the Arunachal Pradesh "Fiscal Indicators-Rolling targets in MTFP" through prudent financial management.



CHAPTER-II
Finances of the State

Chapter II: 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 relative to preceding years, overall trends during the last five years 2017-18 to 2021-22, Debt Sustainability of the State and key Public Account transactions. 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* 2021-22

A bird's eye view of the major changes in key fiscal aggregates of the State during 2021-22, compared to the previous year is given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue Receipts of the State increased by 23.99 per cent ✓ Own Tax Revenue of the State increased by 14.58 per cent ✓ Own Non-Tax Revenue decreased by 7.39 per cent ✓ State's Share of Union Taxes and Duties increased by 39.83 per cent ✓ Grants-in-Aid (GIA) from Government of India decreased by 4.79 per cent
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue Expenditure increased by 21.08 per cent ✓ Revenue Expenditure on General Services increased by 14.64 per cent ✓ Revenue Expenditure on Social Services increased by 32.13 per cent ✓ Revenue Expenditure on Economic Services increased by 16.43 per cent ✓ Expenditure on GIA increased by 17.36 per cent
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital Expenditure increased by 26.64 per cent ✓ Capital Expenditure on General Services increased by 117.53 per cent ✓ Capital Expenditure on Social Services increased by 108.56 per cent ✓ Capital Expenditure on Economic Services decreased by 5.69 per cent
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances decreased by 46.67 per cent ✓ Recoveries of Loans and Advances increased by 15.32 per cent
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts decreased by 2.20 per cent ✓ Repayment of Public Debt increased by 36.70 per cent
Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts increased by 63.88 per cent ✓ Disbursement of Public Account increased by 49.94 per cent
Cash Balance	<ul style="list-style-type: none"> ✓ Cash balance increased by ₹967.02 crore (28.53 per cent) during 2021-22 compared to previous year

Source: Finance Accounts of the respective year

As can be seen from above Capital Expenditure increased more in Non-Development Head than Development Head during the year over the previous year.

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2021-22 with 2020-21.

Table 2.2: Details of Sources and Application of funds during 2021-22 and 2020-21

(₹ in crore)

Particulars		2020-21	2021-22	Increase/ Decrease
Sources	Opening Cash Balance with RBI	3,013.82	3,389.33	375.51
	Revenue Receipts	17,123.51	21,231.64	4,108.13
	Recoveries of Loans and Advances	5.94	6.85	0.91
	Public Debt Receipts (Net)	1,256.57	1,128.00	(-)128.56
	Public Account Receipts (Net)	205.14	938.06	732.91
	Total	21,604.98	26,693.88	5,088.90
Application	Revenue Expenditure	13,087.50	15,846.64	2,759.14
	Capital Expenditure	5,123.35	6,488.33	1,364.98
	Disbursement of Loans and Advances	4.80	2.56	(-)2.24
	Closing Cash Balance with RBI	3,389.33	4,356.35	967.02
	Total	21,604.98	26,693.88	5,088.90

Source: Finance Accounts of the respective year

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 2021-22 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	2020-21	2021-22	Disbursements	2020-21	2021-22
Section – A: Revenue					
Revenue Receipts	17,123.51	21,231.64	Revenue Expenditure	13,087.50	15,846.64
Tax Revenue(i+ii)	11,903.68	16,283.69	General Services	4,216.56	4,833.96
(i) Own Tax Revenue	1,431.10	1,639.79			
(ii) Share of Union taxes/ duties	10,472.58	14,643.90			
Non-Tax Revenue	836.53	774.67	Social Services	4,359.45	5,760.02
GIA from Gol	4,383.30	4,173.28	Economic Services	4,511.49	5,252.66
Section – B: Capital					
Misc. Capital Receipts	NIL	0.00	Capital Expenditure	5,123.35	6,488.33
Recoveries of Loans and Advances	5.94	6.85	Loans and Advances Disbursed	4.80	2.56
Public Debt Receipts	1,516.06	1,482.71	Repayment of Public Debt	259.49	354.71
Public Account Receipts	4,523.68	7,413.34	Public Account Disbursements	4,318.54	6,475.28

Receipts	2020-21	2021-22	Disbursements	2020-21	2021-22
Opening Balance	3,013.82	3,389.33	Closing Balance	3,389.33	4,356.35
Total	26,183.01	33,523.87	Total	26,183.01	33,523.87

Source: Finance Accounts of respective year

The percentage share of various resources collected during the year and their application is given in the **Charts 2.1** and **2.2**:

Chart 2.1: Composition of Resources

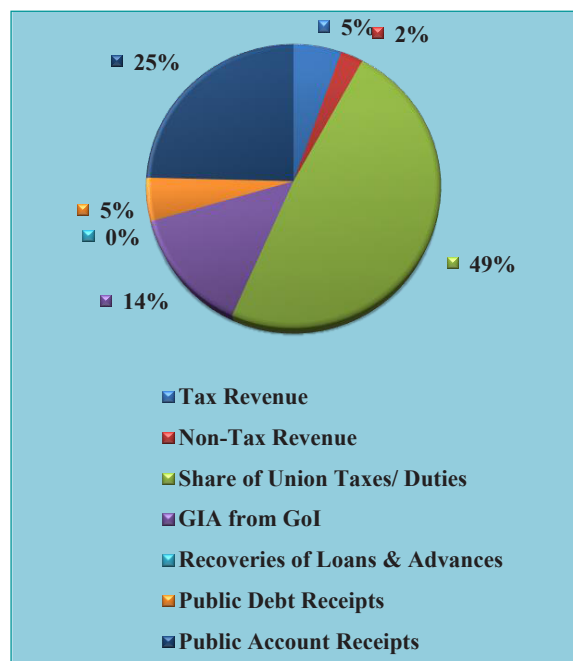
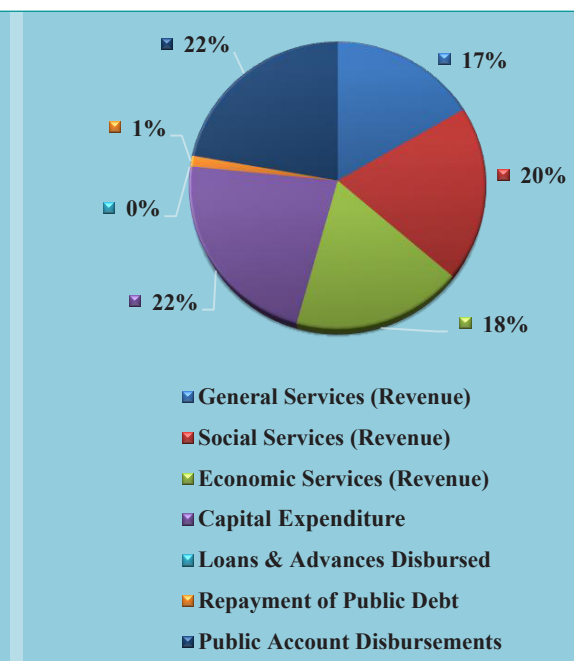


Chart 2.2: Application of Resources



Source: Finance Accounts, 2021-22

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 2021-22 over the previous year are:

- The Government of India (GoI) funds constitute 88.62 per cent of the total resources of the State. Revenue Receipts increased by ₹4,108.13 crore (23.99 per cent) over the previous year. The increase in Revenue Receipts was mainly due to a substantial increase in Own Tax Revenue and receipts from GoI under share of Central taxes which was partially offset by decrease in GIA and own Non-Tax Revenue. During the year 2021-22, there has been a significant increase in the share of central taxes by ₹4,171.32 crore (39.83 per cent) and decrease in GIA from GoI by ₹210.02 crore (4.80 per cent). During the year 2021-22, The Own Tax Revenue increased by ₹208.69 crore (14.58 per cent) over the previous. The increase in State share of Union taxes/ duties can be attributed to increase in net proceeds of Central Goods and Services Tax (CGST) assigned to State, Corporation Tax and Taxes on Income other than Corporation Tax. The decrease in GIA was due to less allocation to Rural Local Bodies and State Disaster Response Mitigation Fund (SDRM).
- During 2021-22, the State's own resources (Own tax plus Non-tax Revenue) increased by ₹146.83 crore (6.47 per cent), over the previous year. The increase in State's

Own resources was mainly due to more collection of State Lotteries, Minor Irrigation (196.00 *per cent*), Food Storage and Warehousing (148.00 *per cent*), Police (102.03 *per cent*), public works (91.45 *per cent*), Roads and Bridges (85.00 *per cent*), Forestry and Wildlife (74.54 *per cent*), Power (58.00 *per cent*), Taxes on Vehicles (50.00 *per cent*), SGST (40.00 *per cent*) and Interest Receipts (38.00 *per cent*).

- Although there is a growth in the State's Own Resources, the State still continues to be heavily dependent on Central transfers (89 *per cent*), as the State's Own Resources contributed merely 11 *per cent* of Revenue Receipts during 2021-22.
- Revenue Expenditure increased by ₹2,759.14 crore (21.08 *per cent*) over the previous year. This was due to increase in General Sector by ₹617.40 crore, Social Sector by ₹1,400.57 crore and Economics Sector by ₹741.17 crore.
- The Revenue Expenditure of the State was ₹15,846.64 crore as against the projection of ₹10,728.00 crore made in the XV FC Report and against the projection of ₹15,344.32 crore made in the Budget Estimates during 2021-22. Thus, this expenditure was ₹5,118.64 crore (47.71 *per cent*) more than the assessment of the XV FC for the year 2021-22 and ₹502.32 crore (3.27 *per cent*) more than Budget estimate due to which Government failed to achieve Revenue Surplus projected in the fiscal indicators in Medium-Term Fiscal Plan (MTFP).
- There has been a significant increase in the Capital Expenditure by ₹1,364.98 crore (26.64 *per cent*) over the previous year, mainly due to a significant increase in the Capital Expenditure on General Sector and Social Sector. However, the actual Capital Expenditure fell short of the amount estimated in the budget by ₹1,996.39 (28.04 *per cent*). This shortfall mainly attributed to increase in Revenue Expenditure against the Budget Estimates during the year 2021-22.
- Public Account Receipts increased by ₹2,889.66 crore (63.88 *per cent*). This was due to increase in Reserve Funds bearing interest, Remittances and Deposit and Advances.
- Public Account disbursements increased by ₹2,156.74 crore (49.94 *per cent*) over the previous year due to increase in Reserve funds, Remittances and Deposits and Advances.
- The total inflow¹ in respect of all funds was ₹30,134.54 crore against ₹23,169.19 crore during previous year, while the total outflow² was ₹29,167.52 crore against ₹22,793.68 crore during the previous year.
- There was increase in cash balances by ₹967.02 crore (28.53 *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 (Own tax revenue *plus* Share of Union Taxes/ duties), Non-Tax Revenue and Grants from the Government of India.

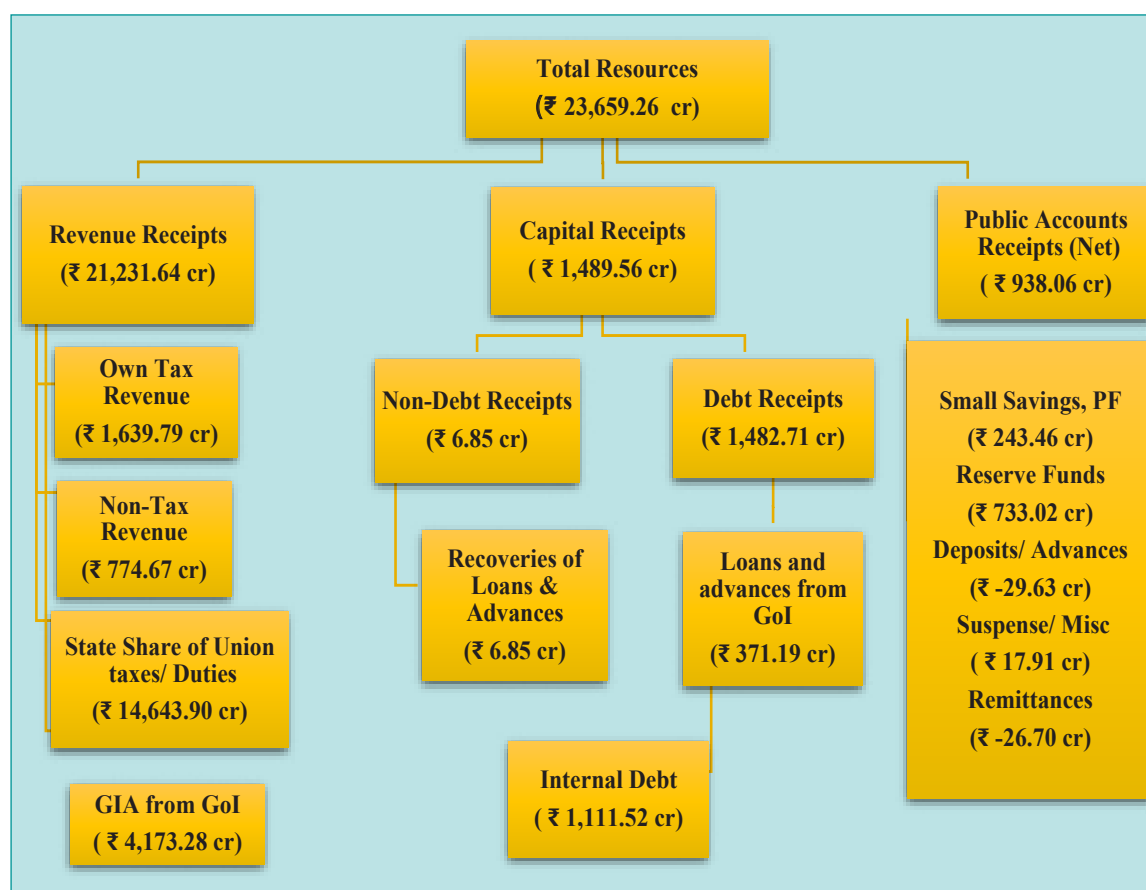
¹ For 2020-21, Gross Receipts ₹26,183.01 crore *minus* Opening Balance of ₹3,013.82 crore
For 2021-22, Gross Receipts ₹33,523.87 crore *minus* Opening Balance of ₹3,389.33 crore

² For 2020-21, Gross Disbursements ₹26,183.01 crore *minus* Closing Balance of ₹3,389.33 crore
For 2021-22, Gross Disbursements ₹33,523.87 crore *minus* Closing Balance of ₹4,356.36 crore

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. **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.

Chart 2.3: Composition of resources of the State during 2021-22



Source: Finance Accounts, 2021-22

2.5.1 State's Revenue Receipts

2.5.1.1 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 2017-18 to 2021-22 are presented in **Appendix 2.2** and depicted in **Table 2.4** and **Chart 2.4** respectively. The trends and growth of Revenue Receipts as well as Revenue buoyancy with respect to GSDP during the five-year period 2017-18 to 2021-22 are shown in **Table 2.4**.

Table 2.4: Trends in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	13,774.60	16,195.96	14,888.55	17,123.51	21,231.64
Rate of growth of RR (<i>per cent</i>)	16.94	17.58	(-) 8.07	15.01	23.99
Own Tax Revenue	815.57	1,068.04	1,228.73	1,431.10	1,639.79
Non-Tax Revenue	366.18	608.87	651.38	836.53	774.67
Own Revenue (Own Tax and Non-Tax Revenue)	1,181.75	1,676.91	1,880.11	2,267.63	2,414.46
Rate of growth of Own Revenue (Own Tax and Non-Tax Revenue) (<i>per cent</i>)	(-) 5.73	41.90	12.12	20.61	6.48
GSDP (₹ in crore) (2011-12 Series)	22,474.77	25,330.83	27,884.65	29,694.61	33,459.15
Rate of growth of GSDP (<i>per cent</i>)	12.93	12.71	10.08	6.49	12.68
RR/ GSDP (<i>per cent</i>)	61.29	63.94	53.39	57.67	63.46
Buoyancy Ratios					
Revenue Buoyancy <i>w.r.t.</i> GSDP	1.31	1.38	(-) 0.80	2.31	1.89
State's Own Revenue Buoyancy <i>w.r.t.</i> GSDP	(-) 0.44	3.30	1.20	3.18	0.51

Source: Finance Accounts of respective year

The rate of growth of Revenue Receipts showed an inconsistent trend during the five-year period and stood at 23.99 *per cent* which was higher than that of GSDP (12.68 *per cent*). Higher growth rate in Revenue Receipts enables State to spend more on improving infrastructure, Health and Education.

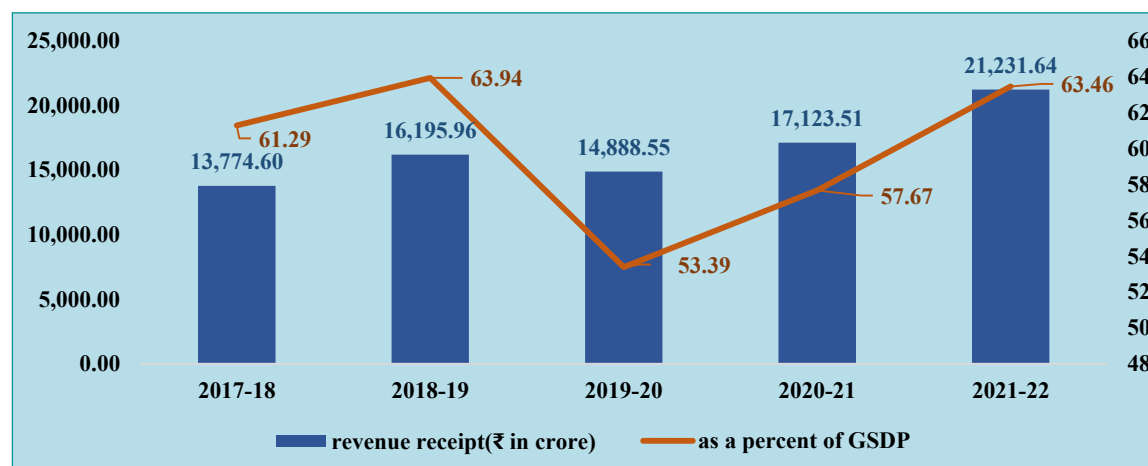
State's Own Revenue (Own Tax and Non-Tax) also showed an inconsistent trend during the five-year period. It reached peaked at 41.90 *per cent* during 2018-19. During the year 2021-22, growth rate of State's Own Revenue was significantly lower than that of previous year was due to decreased in Non-Tax Revenue. During the year 2021-22, the growth rate of GSDP was higher than that of State's Own Revenue (6.48 *per cent*).

Buoyancy Ratios³ 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 during the year 2020-21 due to a sizable increase in the rate of growth of Revenue Receipts during 2020-21 over 2019-20. The negative Buoyancy Ratio of the State's Revenue Receipts in the year 2019-20 was mainly due to the reduced receipt of the GoI funds. During the year 2021-22, Buoyancy Ratio decreased over the previous year due to increase in rate of Growth of GSDP compared to previous year. This indicates that increased in growth rate of Revenue Receipts and GSDP was not proportional. Further, the Buoyancy Ratio of Revenue Receipts to GSDP was more than 'one' (except 2019-20), indicates that growth rate of Revenue Receipts is faster than that of GSDP. Tax buoyancy indicates the measure of efficiency or responsiveness in tax collection in response to the growth in GSDP. Tax revenues are considered buoyant when they increase more than proportionately in response to the increase in GSDP even when the rates of taxes remain unchanged. Buoyancy Ratio of the State's own Revenue during 2018-19 was 3.30 fell sharply to 1.20 during 2019-20. During 2021-22, Buoyancy Ratio of the State's Own Revenue decreased over the previous year. This was mainly because of the significant decreased in growth rate of State's own Revenue and increased

³ 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

in growth rate of GSDP in current year. During the current year, the Buoyancy Ratio of State's Own Revenue less than 'one' which indicates that growth rate of GSDP faster than that of State's Own Revenue.

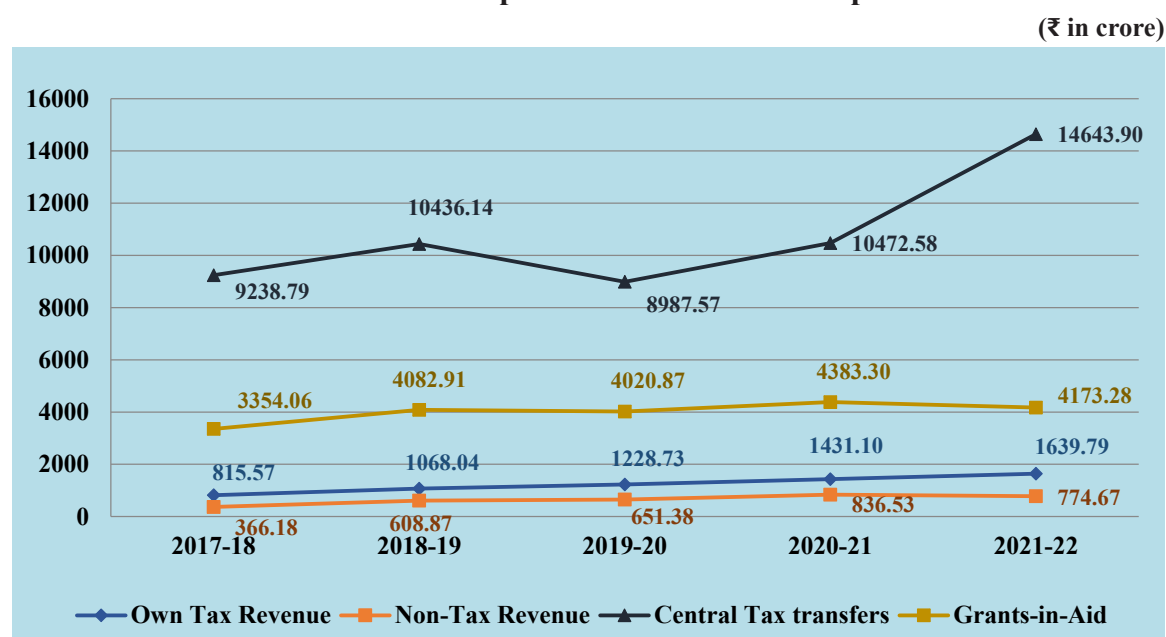
Chart 2.4: Trends of Revenue Receipts relative to percentage of Revenue Receipts to GSDP



Source: Finance Accounts of the respective year

As can be seen from the **Chart 2.4**, the Revenue Receipts as a percentage of GSDP was in range of 53 per cent to 64 per cent during the five-year period. The Revenue Receipts as percentage of GSDP declined in the year 2019-20 to 53.39 per cent from 63.94 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 2021-22, mainly due to higher devolution of share of Union Taxes/ Duties and increase of Own Tax Revenue over the previous. Trend of composition of Revenue Receipts for the period 2017-18 to 2021-22 are given in **Chart 2.5**.

Chart 2.5: Composition of Revenue Receipts



Source: Finance Accounts of the respective year

In monetary term, Revenue Receipts of the State increased by ₹7,457.04 (54.13 per cent) crore from ₹13,774.60 crore in 2017-18 to ₹21,231.64 crore in 2021-22 at a CAGR of 11.42 per cent, compared with the previous year. During the year 2021-22, the CAGR of the Revenue Receipts of the State was 23.99 per cent which was higher than the CAGR of NE & H States (18.08 per cent). The decadal CAGR of Revenue Receipts of the State was 15.59 per cent which was higher than the decadal CAGR of GSDP (11.51 per cent).

State's Own Tax Revenue, which was growing year on year during the five-year period. There was significant increase by ₹824.22 crore from ₹815.57 crore in 2017-18 to ₹1,639.79 crore in 2021-22 with CAGR at 19.08 per cent. During the current year, Own Tax Revenue increased by ₹208.69 crore.

State's Non-Tax Revenue was growing year over year during the last four year. It declined during the 2021-22 by ₹61.86 crore at CAGR of (-)7.39 per cent.

2.5.2 State's Own Resources

As the State share in Central taxes and GIA from GoI is determined on the basis of recommendations of the FC. Grant-in-Aid from the Central Government is determined by the quantum of collection of Central Tax receipts and anticipated Central Assistance for Schemes. State's performance in mobilisation of additional resources was assessed in terms of its own resources comprising revenue from Own Tax and Own Non-Tax.

The State's Tax and Non-Tax Revenue for 2021-22 *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	1,344.00	1152.30	1,639.79	42.30	22.01
Non-tax revenue	395	850	774.67	8.86	96.12

Source: Recommendations of XV FC Report, Annual Financial Statement, 2021-22 and Finance Accounts, 2021-22

XV FC projected that the State's own revenue resources during 2021-22 would be ₹1,739.00 crore. However, the actual collections during the year were ₹2,414.46 crore which was 22.01 per cent higher than the projections made by XV FC for the current year.

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 which was 42.30 per cent higher than the assessment made in BE for the year 2021-22.

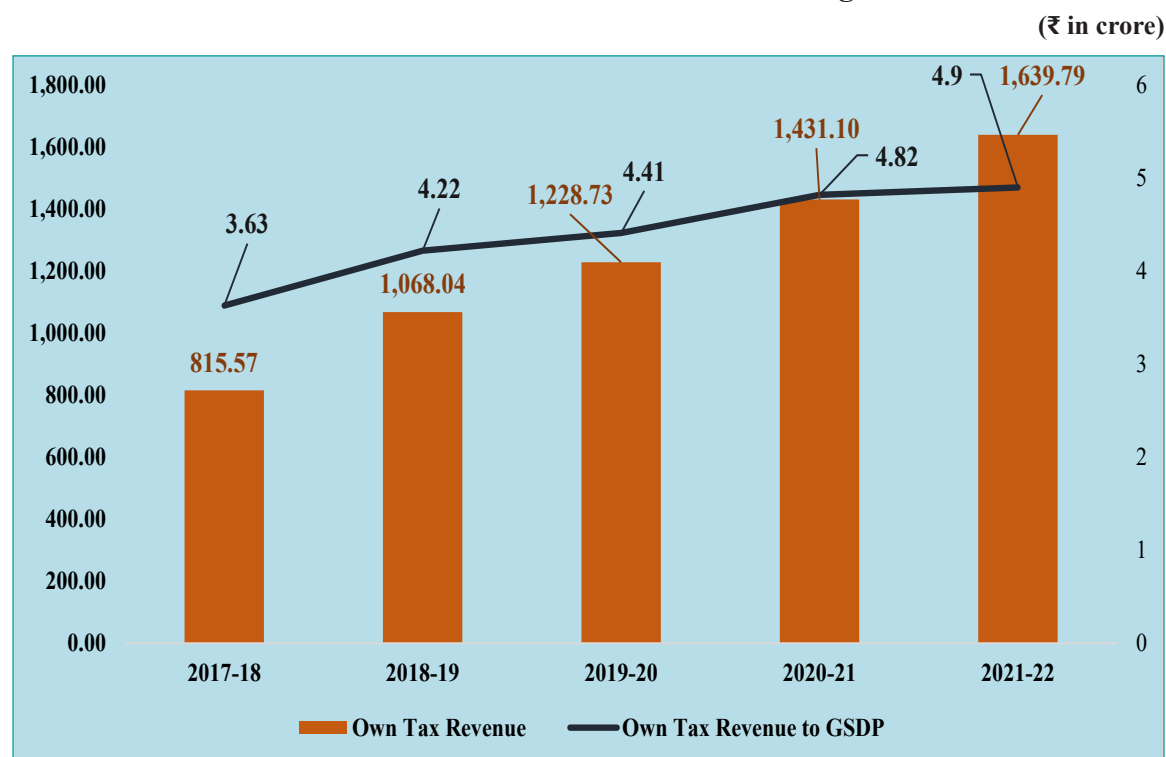
Collection of Non-Tax Revenue during 2021-22 was 96.12 per cent higher than the projections made by the XV FC and 8.86 per cent higher than the assessments made

in the BE. However, Actual collection of Non-Tax Revenue decreased by ₹61.86 crore (7.39 per cent) over the previous year which discussed in **paragraph 2.5.2.2**.

2.5.2.1 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 of State's Own Tax Revenue and ratio of Own Tax Revenue to GSDP over the period 2017-22 are presented in **Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2017-22



Source: Finance Accounts of the respective year

During the five-year period from 2017-18 to 2021-22, the Own Tax Revenue increased by 101.06 per cent, i.e., from ₹815.57 crore in 2017-18 to ₹1,639.79 crore in 2021-22 and 14.58 per cent (₹208.69 crore) over the previous year. The SGST, Taxes on Sales, Trade, etc and State Excise were the prominent contributor in State's Own Tax Revenue during the five-year period. During the year 2021-22, SGST alone contributed around 68.97 per cent of Own Tax Revenue.

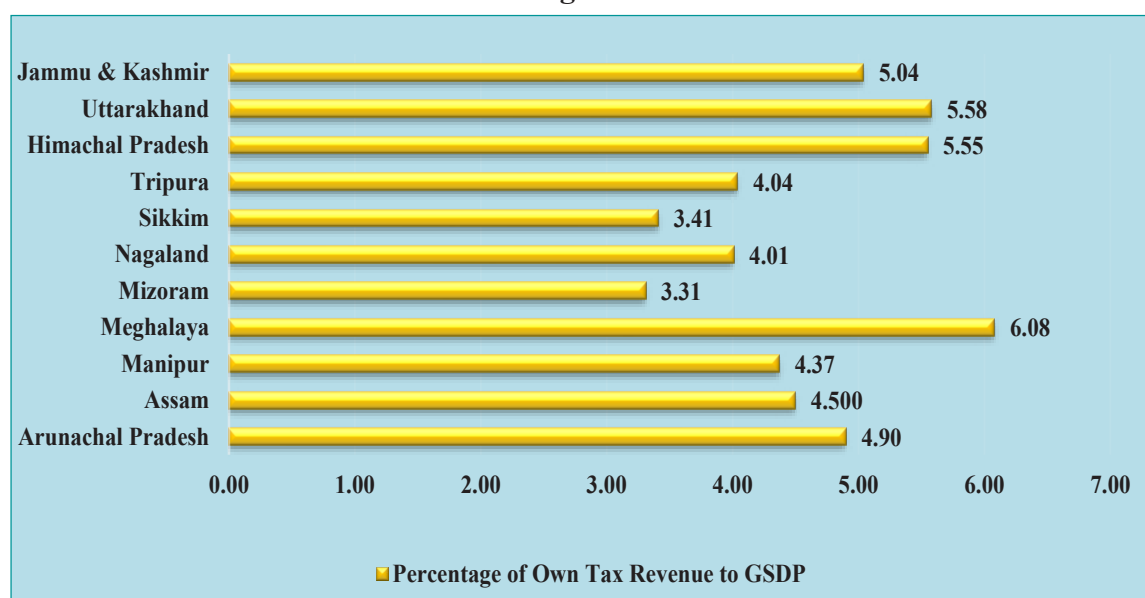
During 2021-22, Own Tax Revenue constituted 7.72 per cent of Revenue Receipts (₹21,231.64 crore). As percentage of GSDP, it increased to 4.90 per cent in 2021-22 over the previous year (4.82 per cent). The CAGR of the Own Tax Revenue for 2017-18 to 2021-22 for the State stood at 19.08 per cent and decadal CAGR of the State was 20.05 per cent which was higher than that of GSDP and Revenue Receipts. The CAGR of Own Tax Revenue from 2020-21 to 2021-22 i.e., the current year was 14.58 per cent while the CAGR of NE & H States for the same period was 19.62 per cent. Component wise details of State's Own Tax Revenue collected during 2017-18 to 2021-22 are given in **Table 2.6**.

Table 2.6: Components of State's Own Tax Revenue

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Goods and Service Tax	223.73	601.00	801.55	859.29	1131.00
Taxes on Sales, Trade, etc.	285.13	268.74	219.82	283.09	324.61
State Excise	122.61	136.73	144.97	238.02	115.92
Taxes on Vehicles	31.40	32.43	38.12	32.71	48.94
Stamps & Registration Fees	10.42	9.16	8.14	10.47	12.48
Land Revenue	13.32	14.58	15.97	7.52	6.83
Taxes on Goods & Passengers	128.96	5.40	0.16	0.00	0.01
Total	815.57	1,068.04	1,228.73	1,431.10	1,639.79

Source: Finance Accounts of the respective year

The collections from Sales, Trades, etc. increased by ₹39.48 crore (13.85 per cent) from ₹285.13 crore in 2017-18 to ₹324.61 crore in 2021-22. During the year 2021-22, the collections from Sales, Trades, etc. increased 41.52 crore due to more collections against Value Added Tax (VAT). The collections from Taxes on Goods and Passengers were approximately nil during the year 2021-22 as it got subsumed in GST from July 2017. The collections under Stamps and Registration increased by ₹2.06 crore (19.77 per cent) from ₹10.42 in 2017-18 to ₹12.48 crore in 2021-22. During the year 2021-22, the collections under Stamps and Registration increased by ₹2.01 crore due to more collections under Registration fees. During the year 2021-22, the collections from State Excise decreased drastically by ₹122.10 crore (51.30 per cent). Reason for deduction in State Excise could not be ascertained due to whole receipts book under Minor Head 800-Other Receipts. 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 VAT on other products except liquor and petroleum products got subsumed in GST.

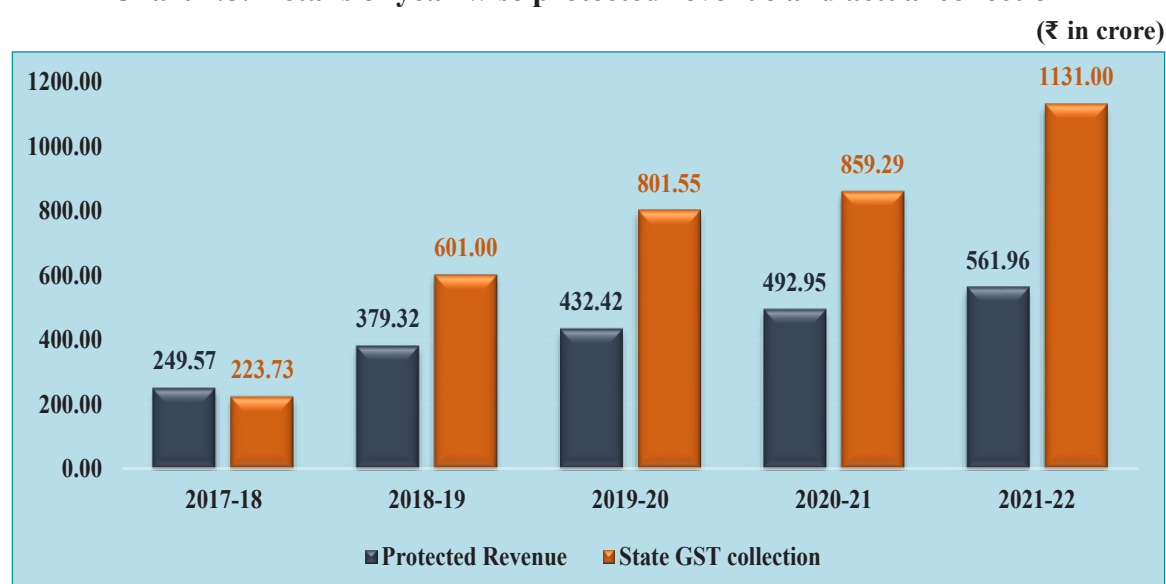
Chart 2.7: Percentage of Own Tax Revenue to GSDP of NE & H States during 2021-22

Source: Finance Accounts of the respective State

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. The year-wise protected revenue and actual collection of the State over the period 2017-2022 is given in **Chart 2.8**.

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



Source: Finance Accounts of the respective year

State Goods and Services Tax (SGST) of the State increased by ₹907.27 crore (405.52 *per cent*) from ₹223.73 crore in 2017-18 to ₹1,131.00 crore in 2021-22. During the year 2021-22, the SGST increased by ₹271.71 crore (31.62 *per cent*) over the previous year. This increased was due to significant increase against Input Tax Credit and Apportionment of IGST. Minor Heads' 101- Tax, 105- Apportionment of Input Tax Credit utilisation of SGST and IGST and 106- Apportionment of IGST-transfer in of Tax component to SGST were major contributors under SGST in 2021-22.

The State was able to achieve the benchmark target of SGST collection with more than 14 *per cent* annual growth in last four financial years. As such, the State was not eligible for compensation.

Analysis of Arrears of Revenue and Arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential receipts and ultimately affect the revenue surplus. Arrears of revenue and Arrears of assessment as on 31 March 2022 is given in **Table 2.7**.

Table 2.7: Details of Arrears of revenue and Arrears of assessment

Arrears of Revenue (₹ in crore)						
Particulars	Amount Outstanding for more than					Amount Outstanding as on 31 March 2022
	Five years	Four years	Three Years	Two Years	One year	
0040-Taxes on Sales, Trade etc.	196.33	31.21	3.89	3.92	12.57	247.92
Arrears of assessment						
No. of cases pending as on 31 March 2021						432
Cases detected for assessment during 2021-22						54
Cases disposed off during 2021-22						40
No. of cases pending as on 31 March 2022						446

Source: Information furnished by the Tax and Excise Department, GoAP

- Information received from 25 Superintendent Tax and Excise stated that arrears amounted to ₹247.92 crore of which ₹196.33 crore was outstanding for more than five years, ₹31.21 crore was more than four years, ₹3.89 and ₹3.92 crore were more than three and two years respectively. Clearance of such magnitude requires focused efforts by all department concerned and a push for coordination with other department in the process of recovery before expiry of the statutory time limit for such recovery.
- There were 446 cases pending for assessment as on 31 March 2022. Delay in assessment, affects the revenue deficit of the State.

Evasion of Tax detected and refund Cases

The cases of Evasion of tax detected by the Tax and Excise Department, cases finalised and demands for additional tax raised are important indicator of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of the performance of the Department. High pendency of refund cases may indicate red tape, vested interest, prevalence of speed money, etc. Details of evasion of tax detected is given in **Table 2.8**.

Table 2.8: Evasion of Tax detected

Sl. No.	Head of Revenue	Cases pending as on 31 March 2021	Cases detected during 2021-22	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2022
					No. of cases	Amount of demand (₹ in crore)	
1	0039-State Excise	1	0	1	0	0.00	1
2	0040-Taxes on Sales, Trade etc.	120	5	125	20	2.77	105

Source: Information furnished by Tax and Excise Department, GoAP

It could be seen from **Table 2.8**, there were 105 cases pending under Taxes on Sales, Trade, etc as on 31 March 2022 the details of refund cases are given in **Table 2.9**.

Table 2.9: Details of refund cases

Sl. No.	Particulars	SGST		VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	87	11.00	1	0.23
2	Claims received during the year	91	11.24	0	0.00
3	Refunds made/ rejected during the year	43	5.89	0	0.00
4	Balance outstanding at the end of year	135	16.35	1	0.23

Source: Information furnished by Tax and Excise Department, GoAP

2.5.2.2 Non-Tax Revenue

Non-Tax Revenue refers to income of the State Government generated from the sources other than Taxation, such as receipts from medical, police, interest receipts, dividends and profits, mining receipts and departmental receipts, etc. **Table 2.10** shows the trends and composition of Non-Tax Revenue during the period 2017-18 to 2021-22.

Table 2.10: Components of State's own Non-Tax Revenue

Revenue Head	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Interest Receipts	46.98	88.01	62.49	34.12	47.21
Dividends and Profits	-	-	-	-	-
Other non-tax receipts	319.20	520.86	588.88	802.41	727.45
a) Minor Irrigation	0.12	0.19	0.33	0.37	1.09
b) Road Transport	18.37	17.60	18.51	10.01	18.54
c) Urban Development	3.96	3.84	3.96	4.24	6.73
d) Education	4.57	3.58	6.48	6.55	6.49
e) Non-ferrous mining	48.81	56.30	72.04	83.00	95.95
f) other or miscellaneous	243.37	439.35	487.56	698.24	598.65
Total	366.18	608.87	651.37	836.53	774.67

Source: Finance Accounts of the respective year

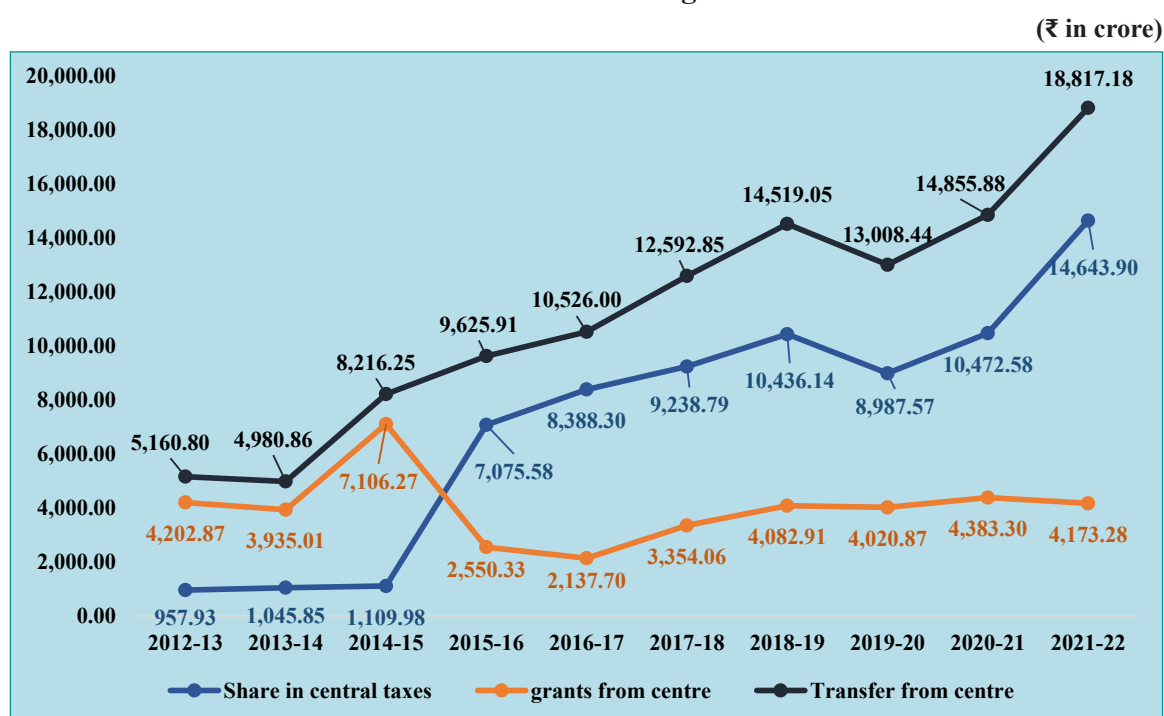
During 2021-22, Non-Tax Revenue was 3.65 per cent and 2.32 per cent of Total Revenue Receipts and GSDP of the State. Non-Tax Revenue decreased by ₹61.86 crore (7.39 per cent) during 2021-22 over the previous year. The decrease in Non-Tax Revenue was mainly due to a decrease in revenue collection on Others or miscellaneous. During 2021-22, Economic Services contributed 43.51 per cent (₹364.00 crore) of Non-Tax Revenue, and within this category, receipts under Power Sector accounted for 66.83 per cent (₹243.28 crore). CAGR of Non-Tax Revenue of the State for the five-year period (2017-18 to 2021-22) was 19.08 per cent and decadal CAGR of Non-Tax Revenue was 11.79 per cent. During the period 2020-21 to 2021-22, the CAGR of the State was (-) 7.39 per cent while the CAGR of the NE & H States was 2.90 per cent.

Since, the State Government has been classifying huge amounts of receipts as Other receipts without any clear details, audit could not analyse the reasons for decreased in the Non-Tax Revenue.

2.5.3 Transfers from the Centre

The Finance Commissions 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 sharable tax revenue. Second, the FCs state the principles governing GIA and recommend amount of specific purpose grants. Share of Union Taxes/ Duties and GIA for the last ten years is depicted in **Chart 2.9**.

Chart 2.9: Central transfers during 2012-13 to 2021-22



Source: Finance Accounts of the respective year

While share in Central Taxes is increasing during the past three years GIA showed an inconsistent trend. Apart from this, more GIA are being released directly by Government of India, to the implementing agencies instead of routing through Consolidated Fund of State Government (*Details in paragraph 4.4*).

2.5.3.1 Central Tax Transfers

The XV FC recommended that the vertical share of net proceeds of the Central Taxes to all the States combined decreased from 42 to 41 *per cent*. It also took into account various other factors like population, area, forest and ecology, income distance criteria, demographic performance and tax efforts of the State. Further there was change in inter se share of taxes to States due to change in the criteria. Based on the projected Tax Revenue of the Union Government and the share derived from the horizontal devolution formula, The XV FC allocated 1,757 *per cent* for the year 2021-22 of the total divisible pool as *inter se*

share of Arunachal Pradesh. 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 1.757 *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.

In contrast to GIA, share of Central Taxes are an untied fund; hence, the enhancement of share of Central Taxes has provided financial freedom to the state Government to prioritise its expenditure as per its policy and requirement.

Net proceeds of the shareable Central Taxes, constituted 68.98 *per cent* of the total revenue receipts for the State in the year 2021-22. During 2021-22, share of Central Tax transfer increased by ₹4,171.32 crore (39.83 *per cent*) crore as 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.

Actual devolution of State's share in Union taxes/duties *vis-à-vis* XIV Finance Commission and XV Finance Commission projections for the period 2017-18 to 2021-22 are given in the **Table 2.11**.

Table 2.11: State's share in Union taxes/ duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)

Year		Projections by FC	Actual tax devolution	Variations Excess (+)/ Short (-)
2017-18	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 14 FC	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
2021-22	1.757 <i>per cent</i> of net proceeds of all sharable taxes recommended by XV FC for the 2021-22	11,571.43	14,643.90	(+) 3,072.47

Source: XV FC report and Finance Accounts of the respective year

As can be seen from the **Table 2.11**, the actual devolution of GoI taxes to the State was ₹14,643.90 crore which was ₹3,072.47 crore more than the projections made by the XV FC for the year 2021-22. Details of the composition of Central Tax Transfers over the period 2017-22 is given in **Table 2.12**.

Table 2.12: Details Composition of Central Tax Transfers for the period 2017-22

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Central Goods and Services Tax (CGST)	127.92	2,575.12	2,550.31	3,152.15	4,466.42
Integrated Goods and Services Tax (IGST)	931.56	205.5	0.00	0.00	0.00
Corporation Tax	2,825.84	3,628.32	3,064.45	3,130.39	4,429.74

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Taxes on Income other than Corporation Tax	2,386.20	2,672.11	2,401.21	3,205.59	4,462.28
Customs	931.30	739.56	569.70	582.90	875.24
Union Excise Duties	973.50	491.48	396.08	355.91	350.06
Service Tax	1,062.55	98.42	0.00	39.53	45.09
Other Taxes	(-) 0.08	25.63	5.82	6.11	14.80
Central Tax transfers	9,238.79	10,436.14	8,987.57	10,472.58	14,643.90
The growth rate over previous year	10.14	12.96	(-) 13.88	16.52	39.83
Percentage of Central tax transfers to Revenue Receipts	67.07	64.44	60.37	61.16	68.97
Percentage of Central tax transfers to GSDP	41.11	41.20	32.23	35.27	43.77

Source: Finance Accounts of the respective year

The share of Union taxes/duties has increased for the past three years. In all components except union excise duties of the GoI taxes, the actual receipts were more than the amounts received in the previous year. This was due to increase in CGST ₹1,314.27 crore, Corporation Tax by ₹1,299.35 crore and Taxes on Income other than Corporation Tax by ₹1,256.69 crore.

During the 2021-22, Central Tax transfers as a percentage of Revenue Receipts and GSDP was 68.98 *per cent* and 43.77 *per cent*. As percentage of GSDP, Central Tax transfer increased by 8.50 points over the previous year (35.27 *per cent*). During the year 2020-21 to 2021-22, The CAGR of State's share of Union taxes of the State was 39.83 *per cent* which was less than the CAGR of the NE & H States (46.49 *per cent*).

2.5.3.2 Grants-in-aid from GoI

Details of GIA from GoI are given in **Table 2.13**.

Table 2.13: GIA from the GoI

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Centrally Sponsored Schemes	2,511.35	3,056.16	3,193.17	2,877.45	3,220.05
FC Grants	140.17	124.57	380.98	782.05	439.69
Other Grants to State	702.54	902.18	446.72	723.8	513.54
Total	3,354.06	4,082.91	4,020.87	4,383.30	4,173.28
Percentage of Increase (+)/ Decrease (-) over previous year	(+) 56.90	(+) 21.73	(-) 1.52	(+) 9.01	(-) 4.79
Total Grants as a percentage of Revenue Receipts	24.35	25.21	27.01	25.6	19.66
Total Grants as a percentage of GSDP	14.92	16.12	14.42	14.76	12.47

Source: Finance Accounts of the respective year

GIA from GoI decreased by ₹210.02 crore (4.79 per cent) from ₹4,383.30 crore in 2020-21 to ₹4,173.28 crore in 2021-22. The decrease was mainly due to less allotment of Other Grants to State (₹210.26 crore) and FC Grants (₹342.36 crore). Centrally Sponsored Schemes was major contributor in GIA which constituted more than 77 per cent in 2021-22. Under this category, prominent recipients were Pradhan Mantri Gram Sadak Yojana (₹1,090.60 crore), National Health Mission (₹331.85 crore), National Rural Drinking Water Mission (₹253.38 crore) and Pradhan Mantri Krishi Sinchai Yojana (₹227.52 crore). The Government estimated the GIA from GoI at ₹6,646.00 crore in the budget estimates for the year 2021-22. Against the estimates, the GoI released ₹4,173.28 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 2.14**.

Table 2.14: 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
State's share in Union taxes/ duties	7,911.93	54.03	6,731.97	45.97	14,643.90
GIA from GoI	2,578.01	61.77	1,595.27	38.23	4,173.28
Total	10,489.94		8,327.24		18,817.18

Source: Monthly Civil Accounts, 2021-22

While there was even flow of GIA from GoI, the flow of funds in respect of the State's share in Union taxes/ duties is not evenly spread, as around 46 per cent of State's share in Union taxes/ duties are released in the last quarter of the financial year, sufficient time is not left with the State government to utilise the funds resulted in substantial savings as discussed in **para 3.3**.

Utilisation of funds under Centrally Sponsored schemes

A Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes (CSSs) was set up 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 CSSs have been rationalized into 28 umbrella schemes, of which six schemes were categorized as Core of the Core schemes, while 20 schemes were categorized as Core schemes and the balance schemes were treated as optional schemes. The core of the Core schemes was 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 8 North Eastern States and Himalayan States of Uttarakhand, Himachal Pradesh, and Jammu Kashmir was fixed at

90:10 while for other states the funding pattern was 60:40. For the optional schemes the funding pattern for NER States and Himalayan States of Uttarakhand, Himachal Pradesh, and Jammu Kashmir was fixed at 80:20 while for other states it was 50:50. Thus for North Eastern & Himalayan (NE & H) states 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. 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 2.15**.

Table 2.15: Details of CSS Schemes, funding pattern, amounts released and expenditure

(₹ in crore)

Types of schemes	No. of schemes	Funding Pattern	Unspent	Central Share Release	State Share Release	Actual Expenditure
Core of the core Schemes	6	100:00	15.76	496.43	133.68 ⁴	500.59
Core Schemes	26	90:10	1247.50	3,916.99	582.17	4,690.41
Optional Scheme	1	80:20	6.21	2.70	0.45	4.05
Total	33		1,269.47	4,416.12	1,079.05	5,195.05

Source: Information furnished by State Government

2.5.4 Capital receipts

Details of Capital Receipts during 2017-18 to 2021-22 are given in **Table 2.16**.

Table 2.16: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	1,772.95	1,210.05	1,797.74	1,522.00	1,489.56
Recovery of Loans and Advances	5.68	5.08	7.03	5.94	6.85
Public Debt Receipts	1,767.27*	1,204.97	1,790.71	1,516.06	1,482.71
Internal Debt	1,250.33	1,204.97	1,790.71	1,283.09	1,111.52
Growth rate	64.23	(-) 3.63	48.61	(-) 28.35	(-) 13.38
Loans and advances from GoI	0.00	0.00	0.00	232.97	371.19
Growth rate	0.00	0.00	0.00	232.97	59.32
Rate of growth of debt Capital Receipts	74.07	(-) 31.82	48.61	(-) 15.34	(-) 2.20
Rate of growth of non-debt capital receipts	49.87	(-) 10.56	38.39	(-) 15.50	15.32
Rate of growth of GSDP	12.93	12.71	10.08	6.49	12.68
Rate of growth of Capital Receipts (per cent)	73.98	(-) 31.75	48.57	(-) 15.34	(-) 2.13

Source: Finance Accounts of the respective year

* It included net transactions under Ways and Means advances and Overdraft of ₹ 516.94 crore.

⁴ The amount was funded by State as top up to fulfill the gap.

Public Debt Receipts consist of borrowings taken from Market, Financial Institutions and Loans and Advances from the GoI. As could be seen from the **Table 2.16** above, the major source of Capital Receipts for the State is Internal Debt which constitutes 74.62 per cent of total Capital Receipts.

According to MTFP, the annual Internal Debt of the State shall be limited to only 2.19 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. This was due to two reasons. Firstly, it was also observed that the State estimated Internal Debt above the stipulated 2.19 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 taking a ratio of 2.19 per cent of the GSDP is also inflated. Even at the stage of Revised Estimates, the internal debt was not adjusted to realistic levels.

Capital Receipts estimated in the budget for the year 2021-22 were ₹1,490.13 crore, which was subsequently revised to ₹1,823.49 crore. The budget assumed net Public Debt Receipts at ₹856.50 crore, indicating over estimation of these receipts as the Government was entitled to borrow only 2.19 per cent of the GSDP, i.e., ₹577.39 crore. However, the actual Capital Receipts during the year were ₹1,489.56 crore, of which Internal Debt Receipts were ₹1,111.52 crore constituting 3.32 per cent of GSDP which is 1.13 points more than the admissible limit of 2.19 per cent.

It was observed that the Government has been opting for the Market Borrowings year after year as the share of Market Borrowings during 2021-22 in Internal Debt was more than 50 per cent. 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 (₹563.34 crore during 2021-22 against ₹767.81 crore during 2020-21), Loans from Financial Institutions (₹295.15 crore during 2021-22 against ₹251.71 crore during 2020-21) and Special Securities issued to National Small Savings Fund (₹253.04 crore during 2021-22 against ₹263.57 crore during 2020-21). State Government received ₹371.19 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. The components of State expenditure are discussed in the following Paragraphs.

2.6.1 Growth and composition of expenditure

Table 2.17 and **Chart 2.10** presents trend in Total Expenditure and its composition over five years (2017-18 to 2021-22).

Table 2.17: Total expenditure and its composition

(₹ in crore)

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	14,093.64	18,177.07	15,927.80	18,215.65	22,337.53
Revenue Expenditure (RE)	10,900.47	12,429.48	12,218.73	13,087.50	15,846.64
Capital Expenditure (CE)	3,188.10	5,727.43	3,693.05	5,123.35	6,488.33
Loans and Advances	5.07	20.16	16.02	4.80	2.56
GSDP	22,474.77	25,330.83	27,884.65	29,694.61	33,459.15
As a percentage of GSDP					
TE/ GSDP	62.71	71.76	57.12	61.34	66.76
RE/ GSDP	48.50	49.07	43.82	44.07	47.36
CE/ GSDP	14.19	22.61	13.24	17.25	19.39
Loans and Advances/ GSDP	0.02	0.08	0.06	0.02	0.01

Source: Finance Accounts of the respective year

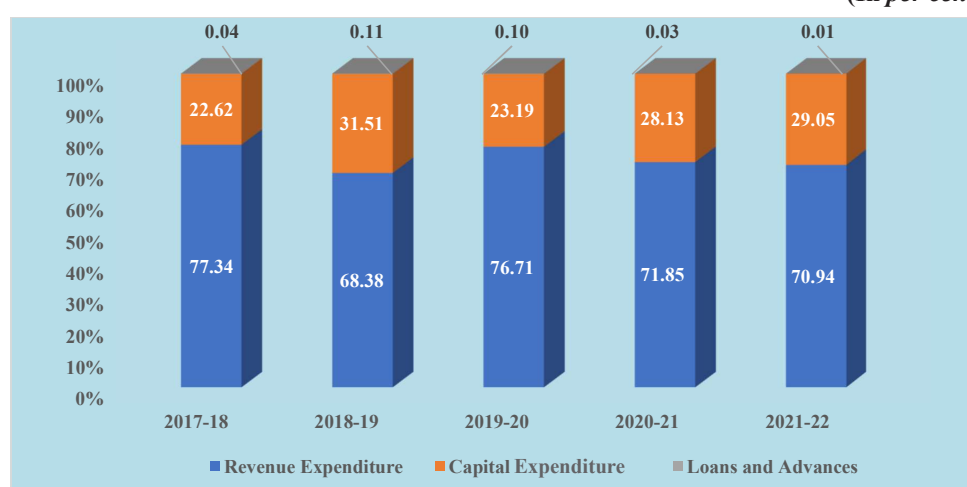
In monetary terms, Total Expenditure (TE) showed an inconsistent trend from 2017-18 to 2019-2020 and thereafter, showed an increasing trend. TE increased by ₹8,243.89 crore (58.49 per cent) from ₹14,093.64 crore in 2017-18 to ₹22,337.53 crore in 2021-22. During the year 2021-22, The TE increased by ₹4,121.88 crore (22.63 per cent) over the previous year (₹18,215.65 crore). The increase in TE during the year 2021-22 was due to increase in Revenue Expenditure by ₹2,759.14 crore (21.08 per cent) and Capital Expenditure by ₹1,364.98 crore (26.64 per cent).

Further, as percentage of GSDP, the TE has an increasing trend for the last three years (2019-20 to 2021-22). This was due to higher percentage of Revenue and Capital Expenditure. The CAGR of TE during 2016-21 was 13.57 per cent which was lower than Sikkim and higher than other NE & H States.

The CAGR of TE (12.20 per cent) is higher than the CAGR of the Revenue Receipts of the State (11.42 per cent) during 2017-18 to 2021-22, 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. The CAGR of the TE of the State from 2020-21 to 2021-22 was higher than (22.63 per cent) the CAGR of the TE of the NE & H States (16.14 per cent). The decadal CAGR of the State was 15.73 per cent. **Chart 2.10** depicts the trend of the share of components in TE.

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

(In per cent)



Source: Finance Accounts of the respective year

Revenue Expenditures are the ongoing operating expenses which showed inconsistency during the five years period (2017-2022). Share of Revenue Expenditure hovered around 68 to 77 *per cent* during the period 2017-18 to 2021-22. High proportion of Revenue Expenditure to the Total Expenditure is not desirable in economy for growth of the State as this trend leads to higher borrowings which imply higher interest payments in future.

Higher proportion of Capital Expenditure to TE is desirable as it would help in boosting in infrastructure growth and thereby lead to overall development of the economy. Capital Expenditure as a ratio of TE was 22.62 *per cent* in 2017-18 and stood at 31.51 *per cent* in 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. During the year 2021-22, relative share of Capital Expenditure was 29.05 *per cent* which was a marginal increase over the previous year (28.13 *per cent*)

The percentage increase of Capital Expenditure is more than the percentage increase of Revenue Expenditure. While the increase in Revenue Expenditure was 45.38 *per cent* over 2017-18 to 2021-22, the increase in the Capital Expenditure was 103.52 *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 2021-22 was 63.42 *per cent* while the ratio of TE to GSDP of the NE & H States during 2021-22 was 27.56 *per cent*.

The relative share of various sectors of TE and expenditure by activities are depicted in **Table 2.18** and **Chart 2.11** respectively.

Table 2.18: Relative share of sectors in Total Expenditure

(₹ in crore)					
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
General Sector	4,029.68	4,885.35	4,488.96	4,960.55	6,452.35
Revenue Expenditure	3,484.76 (86.48)	3,823.32 (78.26)	3,831.05 (85.34)	4,216.56 (85.00)	4,833.96 (74.92)
Capital Expenditure	544.92 (13.52)	1,062.03 (21.74)	657.91 (14.66)	743.99 (15.00)	1,618.39 (25.08)
Social Sector	4,805.63	5,699.73	4,981.19	5,006.88	7,110.31
Revenue Expenditure	3,950.83 (82.21)	4,472.42 (78.47)	4,256.22 (85.45)	4,359.45 (87.07)	5,760.02 (81.01)
Capital Expenditure	854.80 (17.79)	1,227.31 (21.53)	724.97 (14.55)	647.43 (12.93)	1,350.29 (18.99)
Economics Sector	5,253.26	7,571.83	6,441.63	8,243.42	8,772.31
Revenue Expenditure	3,464.88 (65.96)	4,133.74 (54.59)	4,131.46 (64.14)	4,511.49 (54.73)	5,252.66 (59.88)
Capital Expenditure	1,788.38 (34.04)	3,438.09 (45.41)	2,310.17 (35.86)	3,731.93 (45.27)	3,519.65 (40.12)

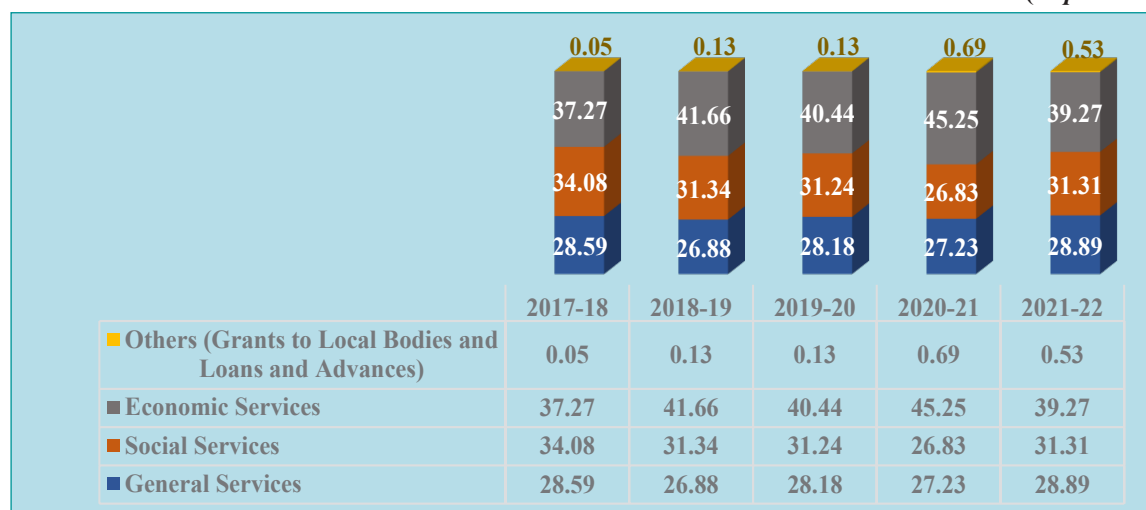
Source: Finance Accounts of the respective year

* Figure in bracket is percentage of total expenditure of the sector

Revenue expenditure has a dominant share in the State’s total expenditure for the last five-year period. The same is true in all the different functional categories like General, Social and Economic services. In respect of General and Social services, most of the expenditures are revenue expenditure, leaving an insignificant share for Capital Expenditure. Similarly, a major portion of the share in Economic Services is revenue expenditure and it increased by 5.15 points over the previous year which is a cause of great concern (Table 2.18). Trends of TE by activities for the period 2017-18 to 2021-22 is shown in Chart 2.11.

Chart 2.11: Total expenditure-Expenditure by activities

(In per cent)



Source: Finance Accounts of the respective year

Relative share of all the activities (except Others) showed inconsistent trends for the last five-year period. During the year 2021-22, relative share of General Sector and Social Sector increased over the previous year, while in respect of Economics Sector, relative share in the TE decreased significantly by 5.98 point over the previous year indicating less resources towards Economic activities which contributes to the infrastructure and employment growth in the State.

During 2021-22, the ratio of Social Sector and Economic Sector to the TE of the State were 31.31 and 39.27 *per cent* whereas the ratio of Social sector and Economic sector to the Total Expenditure of the NE & H States were 35.55 and 27.01 *per cent* respectively. This indicates that State allotted less resources towards Social Sector than NE & H States. Prioritisation of expenditure on Social Sector at any point boosts the status of its social indicators like literacy rate, enrolment ratio *etc.* for expenditure in education and infant mortality rate, child sex ratio, availability of health infrastructure *etc.* for expenditure in health.

2.6.2 Revenue Expenditure

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 for the period from 2017-18 to 2021-22 are indicated in Table 2.19 and Chart 2.12 respectively.

Table 2.19: Revenue Expenditure-Basic Parameters(**₹ in crore**)

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	14,093.64	18,177.07	15,927.80	18,215.65	22,337.53
GSDP	22,474.77	25,330.83	27,884.65	29,694.61	33,459.15
Revenue Expenditure (RE)	10,900.47	12,429.48	12,218.73	13,087.50	15,846.64
Revenue Receipts (RR)	13,774.60	16,195.96	14,888.55	17,123.51	21,231.64
Rate of Growth of RR (<i>per cent</i>)	16.94	17.58	(-) 8.07	15.01	23.99
Rate of Growth of RE (<i>per cent</i>)	16.03	14.03	(-) 1.7	7.11	21.08
Rate of Growth of GSDP	12.93	12.71	10.08	6.49	12.68
Revenue Expenditure as percentage of TE	77.34	68.38	76.71	71.85	70.94
RE/ GSDP (<i>per cent</i>)	48.50	49.07	43.82	44.07	47.36
RE as percentage of RR	79.13	76.74	82.07	76.43	74.64
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.24	1.10	(-) 0.17	1.10	1.66
Revenue Receipts (ratio)	0.95	0.80	0.21	0.47	0.88

Source: Finance Accounts of the respective year

Revenue Expenditure increased by ₹4,946.17 crore (45.38 *per cent*) from ₹10,900.47 crore in 2017-18 to ₹15,846.64 crore in 2021-22 at a CAGR of 9.81 *per cent*. This was due to increase in General Sector by ₹1,349.20 crore (38.72 *per cent*), Social Sector by ₹1,809.19 crore (45.79 *per cent*) and Economic Sector by ₹1,787.78 crore (51.60 *per cent*). In percentage term, Economic Sector experienced higher growth than other sectors.

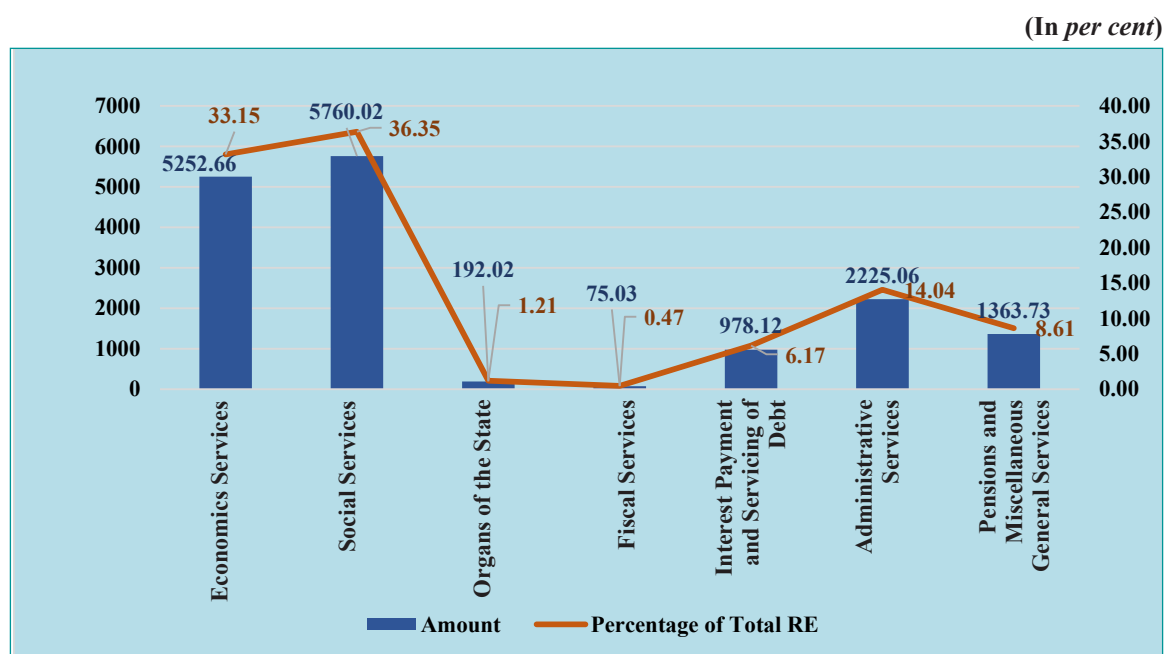
During 2021-22, Revenue Expenditure increased by ₹2,759.14 crore (21.08 *per cent*) over the previous year due to increase in expenditure under General Sector by ₹617.40 crore (14.64 *per cent*) Social Services by ₹1400.57 crore (32.13 *per cent*) and Economic Services by ₹741.17 crore (16.43 *per cent*). Social Services experienced higher growth rate than that of Other Services. 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 (₹276.97 crore), Police (₹202.67 crore) and District Administration (₹72.57 crore) under General Services, General Education (₹676.37 crore), Medical and Public Health (₹401.15 crore), Urban Development (₹158.20 crore) and Social Security and Welfare (₹116.96 crore), under Social Services, Power (₹296.96 crore), Roads and Bridges (₹223.45 crore), Crop Husbandry (₹158.19 crore) and Food, Storage and Warehouse (₹115.14 crore) under Economic Services.

The State Government projected that the total Revenue Expenditure of the State for the year 2021-22 would be ₹15,344.32 crore, however, the FC assessed it as only ₹10,728.00 crore during year. The actual Revenue Expenditure was excess than the projections made by the State Government and assessment made by the XV FC as it was ₹15,846.64 crore during the year. There was an increase of ₹5,118.64 crore (41.71 *per cent*) over the projection of the XV FC. During 2020-21 to 2021-22, the CAGR of the State was 21.08 *per cent* while the CAGR of the NE & H States was 13.86 *per cent*, which leaving few resources for Capital Expenditure than NE & H States.

Buoyancy of Revenue Expenditure to Revenue Receipts was less than 'one' for the last five years from 2017-18 to 2021-2022. This indicates that Revenue Expenditure was growing

at a slower pace than that of the Revenue Receipts. Thus, the higher growth of Revenue Receipts as compared to the Revenue Expenditure are responsible for the fiscal balances in the State. Sectoral distribution of Revenue Expenditure pertaining to 2021-22 is given in **Chart 2.12**.

Chart 2.12: Sector-wise Distribution of Revenue Expenditure during 2021-22



Source: Finance Accounts, 2021-22

Major portion of Revenue Expenditure was on Social Sector (36.35 per cent) followed by Revenue Expenditure on Economic Sector (33.15 per cent), while nearly 30 per cent on General Services like Administrative Services (14.04 per cent), Pensions and Miscellaneous (8.61 per cent) and Interest payment (6.17 per cent).

2.6.2.1 Major changes in Revenue Expenditure

Variation under significant Heads of Account with regard to Revenue Expenditure of the State during the current year *vis-à-vis* the previous year is shown in **Table 2.20**.

Table 2.20: Head-wise variations in the Revenue Expenditure over the previous year

(₹ in crore)

Major Changes in Revenue Expenditure			
Major Heads of Accounts	2020-21	2021-22	Variation
Increase			
General Sector			
2055-Police	940.42	1143.09	202.67
2071-Pensions and Other Retirement Benefits	1085.32	1362.29	276.97
Social Sector			
2202-General Education	1485.92	2162.29	676.37
2210-Medical and Public Health	914.12	1315.27	401.15
2217-Urban Development	222.65	380.85	158.2
2235-Social Security and Welfare	216.37	333.33	116.96

Major Changes in Revenue Expenditure			
Major Heads of Accounts	2020-21	2021-22	Variation
Economics Services			
2801-Power	1,044.17	1,341.13	296.96
3054-Roads and Bridges	652.33	875.78	223.45
2401-Crop Husbandry	288.90	447.09	158.19
2408-Food, Storage and Warehousing	4.90	120.34	115.44
Decrease			
Social Sector			
2245-Relief on account of National Calamities	325.44	181.55	(-) 143.89
Economics Services			
2515-Other Rural Development Programmes	748.53	441.96	(-) 306.57

Source: Finance Accounts of respective year

Analysis of the reasons for the changes in Revenue Expenditure under General, Social and Economic Sectors during 2021-22 over the previous year revealed the following:

- There was increase in Revenue Expenditure of ₹202.67 crore under 'Police'. This was due to increase in expenditure under Special Police (₹100.37 crore) District Police (₹110.93 crore) and Wireless and Computers (₹32.79 crore).
- There was increase in expenditure in Pension and Other Retirement Benefits of ₹276.97 crore than previous year. This was mainly due to increase in expenditure on Commuted value of Pensions of ₹122.36 crore and Gratuities of ₹189.89 crore.
- There was increase in Revenue Expenditure on General Education by ₹676.37 crore over the previous year due to increase of expenditure under Secondary Education by ₹84.31 crore, University and Higher Education by ₹110.97 crore, and Elementary Education by ₹474.24 crore. The major increase under Elementary Education was due to more Central Assistance to Sarva Shiksha Abhiyan (₹333.58 crore).
- During 2021-22, Revenue expenditure under Medical and Public Health increased by ₹401.15 crore. This was due to increase in expenditure under Medical Education, Training and Research by ₹116.80 crore, Public Health by ₹47.83 crore and General by 56.23 crore.
- There had been increased in Revenue Expenditure by ₹158.20 crore over the previous year under Urban Development due to financial assistance to Local bodies Corporations and Municipal council by ₹115.34 crore.
- During 2021-22, there was increase in Revenue Expenditure by ₹116.96 crore under Social Security and Welfare due to significant increase in expenditure under National Social Assistance Programme by ₹91.72 crore.
- There had been increase in Revenue Expenditure by ₹296.96 crore under 'Power' due to significant increase in expenditure by ₹206.68 crore under Transmission and Distribution.
- There had been increase in Revenue Expenditure by ₹223.45 crore in Roads and Bridges. This was due to significant increase in expenditure by ₹176.71 crore under District and Other Roads.

- During 2021-22, Revenue expenditure increased by ₹158.19 crore under Crop Husbandry due to increase in Small/ Marginal Farmers and Agriculture Labor by ₹63.66 crore and Horticulture and Other Expenditure by ₹58.59 crore.
- There had been increase in Revenue Expenditure under Food, Storage, and Warehousing by ₹115.44 crore due to significant increase of expenditure in Assistance to Public Sector Undertakings by 62.78 crore.
- There had been decrease in Revenue Expenditure on Relief on account of Natural Calamities by ₹143.89 crore due to significant decrease of expenditure by ₹190.39 crore under State Disaster Response Fund which partial offset by increase in ₹57.90 crore.
- There had been decrease in Revenue Expenditure by ₹306.57 crore under Other Rural Development Programme due to drastically decrease in expenditure on Direction and Administration.

Table 2.21: Trend of Major share of expenditure under Revenue in Social Sector

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
General Education	1,583.87	1,695.82	1,708.14	1,485.92	2,162.29
Medical and Public Health	874.88	1035.3	926.15	914.12	1,315.27
Social Security and Welfare	278.96	272.28	352.69	216.37	333.33
Water Supply and Sanitation	670.34	732.58	752.31	885.35	960.26
Urban Development	819.02	223.9	96.78	222.65	380.85

Source: Finance Accounts of respective year

During the 2017-18 to 2021-22, General Education is the prominent contributor in Revenue Expenditure under Social Services followed by Medical and Public Health. During the 2021-22, General Education and Medical and Public Health contributed 37.54 per cent and 22.83 per cent respectively. Composition of Major Items of Revenue Expenditure on Economics Services are given in **Table 2.22**.

Table 2.22: Trend of Major items of Revenue Expenditure on Economics Services

(₹ in crore)

Head of Accounts	2017-18	2018-19	2019-20	2020-21	2021-22
Crop Husbandry	252.12	275.77	298.33	288.9	447.09
Animal Husbandry	115.99	120.26	179.76	147.28	188.46
Forestry and Wild life	215.32	270.36	211.02	242.93	300.53
food, Storage and Warehousing	34.42	7.67	246.24	4.9	120.34
Rural Employment	271.96	193.32	184.02	224.5	175.78
Other Rural Development Programme	247.27	355.54	211.68	748.53	441.96
Minor Irrigation	252.26	196.09	189.28	337.44	358.38
Power	685.71	939.71	893.96	1,044.17	1,380.18
Village and Small Industries	65	78.29	84.22	69.88	88.03
Roads and Bridges	687.04	1,036.66	890.38	652.33	875.78
Road Transport	111.5	107.1	110.31	115.29	154.08

Source: Finance Accounts of respective year

In respect of Economic Sector, Power, Roads and Bridges, Crop Husbandry, Minor Irrigation were the major contributors for the past five years.

2.6.3 Committed Expenditure

Committed Expenditure of the State Government on Revenue Account consists of Interest Payments, expenditure on Salaries and expenditure on Pensions. Increasing share of committed expenditure restricts Government's ability to incur developmental expenditure. **Table 2.23** and **Chart 2.13** presents the trends in expenditure on these components and share of Committed Expenditure in total Revenue Expenditure during 2017-18 to 2021-22 respectively.

Table 2.23: Components of Committed Expenditure

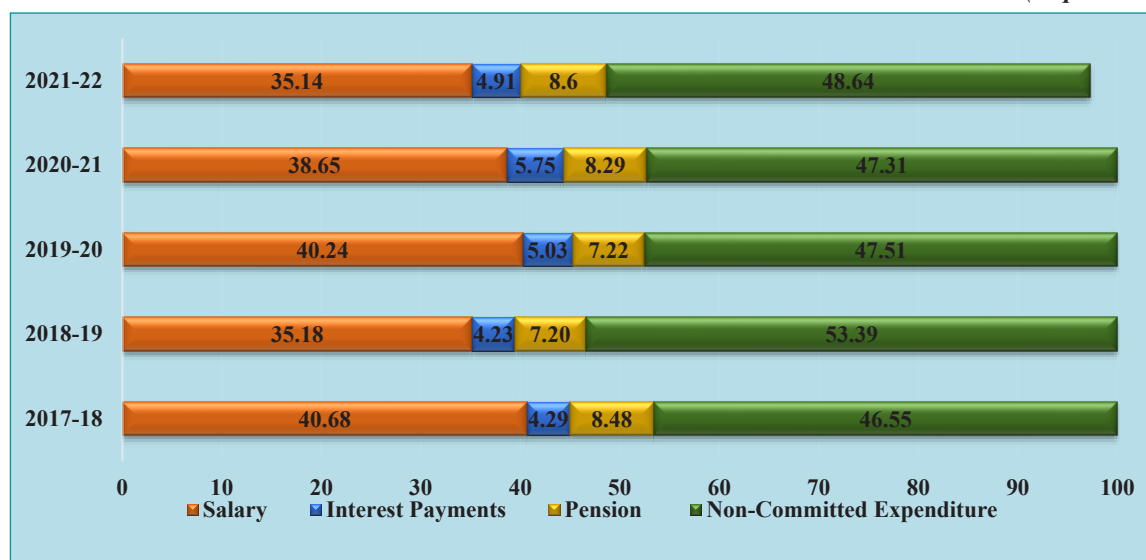
(₹ in crore)					
Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries	4,434.61	4,372.49	4,917.24	5,058.48	5,568.44
Expenditure on Pensions	923.97	894.37	882.31	1,085.32	1,362.29
Interest Payments	467.36	526.1	614.53	752.34	777.62
Total	5,825.94	5,792.96	6,414.08	6,896.14	7,708.35
As a percentage of Revenue Receipts					
Salaries	32.19	27	33.03	29.54	26.23
Expenditure on Pensions	6.71	5.52	5.93	6.34	6.42
Interest Payments	3.39	3.25	4.13	4.39	3.66
Total	42.29	35.77	43.08	40.27	36.31
As a percentage of Revenue Expenditure					
Salaries	40.68	35.18	40.24	38.65	35.14
Expenditure on Pensions	8.48	7.2	7.22	8.29	8.60
Interest Payments	4.29	4.23	5.03	5.78	4.91
Total	53.45	46.61	52.49	52.69	48.64

Source: Finance Accounts of respective year

Committed expenditure increased by ₹1,882.41 crore (32.31 per cent) from ₹5,825.94 crore in 2017-18 to ₹7,708.35 crore in 2021-22. In absolute term, Committed Expenditure increased by ₹812.21 crore during the year 2021-22 over the previous year was due increase in Salaries (₹509.96 crore), expenditure on Pensions (₹276.97 crore) and Interest payment (₹25.28 crore). In percentage term, relative share of Committed Expenditure in Revenue Receipts showed inconsistent trend during the period 2017-22. During the year 2021-22, Committed Expenditure constituted about 36.31 per cent of Revenue Receipts. Continuous increase in Committed Expenditure and its share in Revenue Receipts resulted in lesser resource availability for economic and social welfare development activities. Greater reliance on market borrowings by Government in recent years has led to increased committed liabilities on Interest Payments. The share of committed expenditure in Total Revenue Expenditure during the last five years 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 year

As can be seen from the **Table 2.23**, the committed expenditure hover around 46.61 to 53.45 *per cent* of Revenue Expenditure over the past five years. The high share of the committed expenditure in the total Revenue Expenditure indicates that Government incurred less amount for economic development and social welfare schemes, and maintenance of assets.

Component-wise analysis is given in the succeeding paragraphs.

2.6.3.1 Salaries

In absolute term, Salaries has been showing increasing trends from 2018-19 to 2021-22. However, Salaries as percentage of Revenue Receipts and Revenue Expenditure has been on decreasing trend for past three years (2019-20 to 2021-22). This indicates that both Revenue Receipts and Revenue Expenditure have been growing faster than that of Salaries.

The expenditure on Salaries and wages as a percentage of Revenue Receipts during the period 2017-22 decreased from 32.19 *per cent* in 2017-18 to 26.23 *per cent* in 2021-22. The above expenditure as a percentage of Revenue expenditure decreased during the period 2017-22 from 40.68 *per cent* in 2017-18 to 35.14 *per cent* in 2021-22.

During 2021-22, Salaries alone accounted for 35.14 *per cent* of Revenue Expenditure and 26.23 *per cent* of Revenue Receipts. The expenditure on salaries during the year 2021-22 increased by 25.57 *per cent* over 2017-18 and by 10.08 *per cent* over 2020-21.

2.6.3.2 Interest Payments

Interest Payments comprises of interest on Internal Debt, Small Savings, and Provident Funds *etc.*, interest on Loans and Advances from the GoI and interest on other obligations. As percentage of Revenue Receipts and Revenue Expenditure, Interest Payments showed

a fluctuating trend. In monetary term, Interest payments increased by ₹310.26 crore (66.39 per cent) from ₹467.36 crore in 2017-18 to ₹777.62 crore in 2021-22. The increase over previous year was ₹25.28 crore (3.36 per cent). The position of the interest payments vis-à-vis XV FC recommendations and MTFP projections during the current year is given in the **Table 2.24**.

Table 2.24: Interest Payments in the year 2021-22

(₹ in crore)			
Year	XV FC assessment	Assessment of State Government in Budget (MTFP)	Actual
2021-22	775	826.27	777.62

Source: XV FC Report, Budget Documents and Finance Account, 2021-22

The actual Interest Payments during the year exceeded marginally 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 ₹826.27 crore, however, XV FC assessed as ₹775.00 crore. The actual Interest Payments during the current year was ₹777.62 crore which was higher than the assessment of XV FC. This indicates that the State did not maintain fiscal discipline with regard to borrowings and its costs.

2.6.3.3 Pension Payments

Pension Payments (including other Retirement Benefits) increased by ₹438.32 crore (47.44 per cent) from ₹923.97 crore in 2017-18 to ₹1,362.29 crore in 2021-22. The increase over previous year in Pension Payments was ₹276.97 crore (25.52 per cent). While the percentage of Pension Payments to Revenue Receipts decreased from 6.71 in 2017-18 to 6.42 in 2021-22, the percentage of Pension Payments to Revenue Expenditure increased from 8.48 in 2017-18 to 8.60 in 2021-22 on the other hand. During the current year, Pension Payments grew at faster pace than Revenue Receipts (increased over 2020-21 by 24.00 per cent) and Revenue Expenditure (increased over 2020-21 by 21.08 per cent). The position of the Pension Payments vis-à-vis XV FC recommendations and MTFP projections during the current year is given in the **Table 2.25**.

Table 2.25: Pension Payments in the year 2021-22

(₹ in crore)			
Year	XV FC assessment	Assessment of State Government in Budget (MTFP)	Actual
2021-22	1,210.00	1,590.88	1,362.29

Source: XV FC Report, Budget Documents and Finance Accounts, 2021-22

The expenditure on pension payments during the year was projected by the State Government at ₹1,590.88 crore whereas the FC assessed it as ₹1,210.00 crore. The actual Pension Payments during 2021-22 was ₹1,362.29 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.

2.6.3.4 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 and further State Government extended agreement till surrendered by the State Government or suspended by the Authority. 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 25,793 employees who were covered under the NPS as on 30 September 2022, out of which, Permanent Retirement Account Number (PRAN) were issued to 25,342 employees. Total number of employees whose PRAN was not generated were 451. The PRAN of such subscribers were 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 ₹13.58 crore which was mostly a legacy balance. The State Government transferred ₹2.87 crore (₹1.435 crore as employees' contribution *plus* ₹1.435 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 2021-22. Thus, the Public Account had a balance of ₹10.71 crore as on 31 March 2022 which should be transferred to NSDL/ Trustee bank.

The current account (at SBI, Naharlagun) had opening balance of ₹0.90 crore as Employee's contribution without any component of Employer's contribution. During

the year 2021-22, the State Government credited an amount of ₹1.67 crore (Employees' contribution) to this current account. Thus, the current account had a balance of ₹2.57 crore as on 31 March 2022 which should be transferred to NSDL/ Trustee bank.

The saving account (at SBI, Itanagar) had a balance of ₹83.71 crore (comprising Employee's contribution of ₹69.59 crore plus Government's contribution of ₹8.37 crore and accrued Interest of ₹5.75 crore). In 2021-22, the State Government transferred another ₹233.04 crore (₹115.46 crore as employees' contribution plus ₹114.44 crore as Government contribution) to this saving account which included accrued interest of ₹3.14 crore from the saving account and an amount of ₹2.87 crore (₹1.435 crore as employees' contribution + ₹1.435 crore as Government contribution) transferred from Public Account (Major Head 8342) to this saving account. Thereafter, out of the available amount of ₹ 316.75 crore in the saving account (at SBI, Itanagar), State Government transferred ₹235.46 crore⁵ to NSDL leaving a balance of ₹81.29 crore as on 31 March 2022. This balance of ₹83.72 crore should be transferred to NSDL/ Trustee bank.

During the current year, a cumulative balance of ₹10.71 crore was lying in Public Account (Major Head 8342), a cumulative balance of ₹2.57 crore was lying in the current account (at SBI, Naharlagun) and a cumulative balance of ₹81.29 crore was lying in the Saving account (at SBI, Itanagar). Thus, a total amount of ₹94.59 crore was yet to be transferred to NSDL as on 31 March 2022. 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 given **Table 2.26**.

Table 2.26: 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
2017-18	83.27	90.09	64.39	25.7	154.48	141.88	95.87	8.73
2018-19	95.87	74.4	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	2,112.27	-	211	3,248.88	98.2	9.66
2021-22	98.20	111.56	108.85	2.71	223.55*	227.16	94.59	0.96
Total	--	464.83	420.52	58.85	887.49	877.17	--	--

Source: Finance Accounts of the respective year

* It includes 3.14 crore credit of interest

It was also observed that there was short contribution of ₹2.71 crore by the State Government in the current year under NPS.

⁵ Out of ₹235.46 crore transferred, ₹8.12 crore was returned by NSDL to Autonomous Bodies, and ₹0.18 crore was withdrawn due to wrong booking.

2.6.4 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 2021-22, relative to previous years is presented in **Table 2.27**.

Table 2.27: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
(A) Local Bodies					
Municipal Corporations and Municipalities	1.92	3.74	5.37	5.56	5.83
Panchayati Raj Institutions	0.00	0.00	0.00	116.23	109.51
Total (A)	1.92	3.74	5.37	121.79	115.34
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1.00	5.43	0.00	0.00	1.22
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	0.00	0.00	0.00	0.00	0.00
Social Welfare	0.41	0.54	0.00	0.00	0.00
Food, Storage and Warehousing	15.59	7.67	208.60	0.00	62.78
Co-operation	0.83	1.15	0.92	1.47	16.96
Other Institutions	17.62	36.1	23.36	16.26	23.58
Total (B)	35.45	50.89	232.88	17.73	104.54
Total (A+B)	37.37	54.63	238.25	139.52	219.88
Revenue Expenditure	10,900.47	12,429.48	12,218.73	13,087.50	15846.64
Assistance as percentage of Revenue Expenditure	0.34	0.44	1.95	1.07	1.39

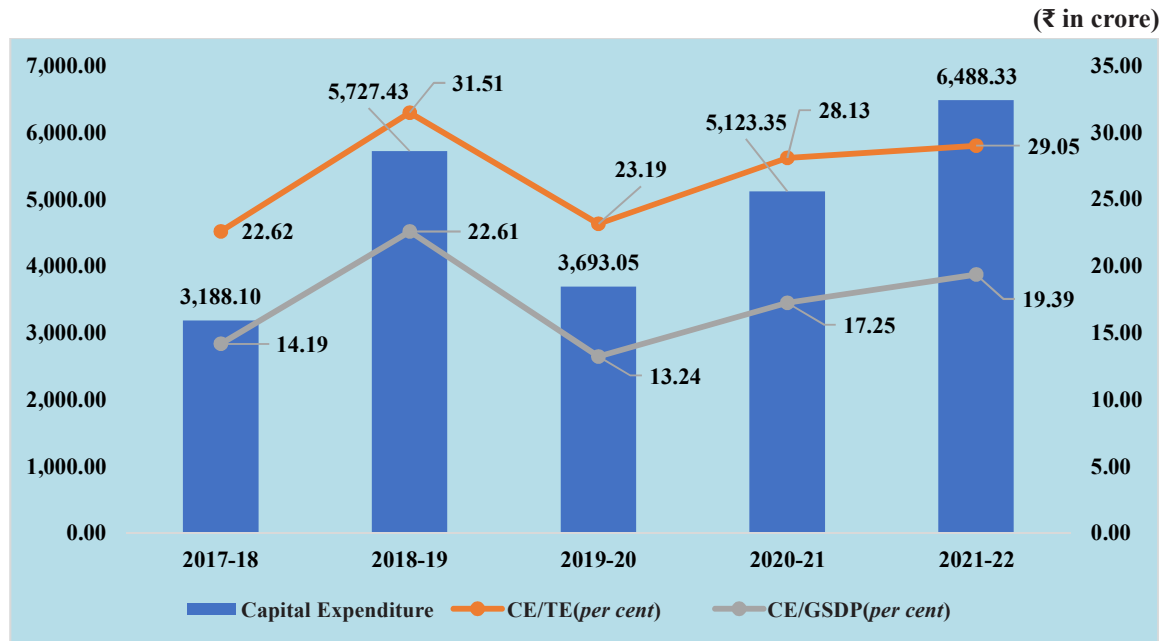
Source: Finance Accounts of the respective year

Financial assistance extended to Local Bodies and other Institutions increased by ₹80.36 crore during 2021-22 over the previous year due to increase in financial assistance towards Food, Storage and Warehousing by ₹62.78 crore and Co-operation by ₹15.49 crore. The share of Financial Assistance in Revenue Expenditure increased from 1.07 *per cent* in 2020-21 to 1.39 *per cent* during 2021-22. No financial assistance was extended to rural local bodies from the State funds during the last five years period.

2.6.5 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 2017-22.

Chart 2.14: Capital Outlay in the State



Source: Finance Accounts of the respective year

Capital Expenditure constituted 22.62 per cent of Total Expenditure during 2017-18 and 29.05 per cent during 2021-22. The Capital Expenditure as a percentage of TE peaked to 31.51 per cent during 2018-19, there has been increasing trend in percentage of Capital to Total Expenditure for the past three year (2019-20 to 2021-22). During 2021-22 (₹6,488.33 crore), the Capital Expenditure increased by ₹1,364.98 crore over the previous year (₹5,123.35 crore). This was due to increase in expenditure on General Sector by ₹874.40 crore and Social Sector by ₹702.86 crore which partial offset by decreased in Economic Sector by ₹212.28 crore. Under General Sector, Capital Expenditure increased in Police (by ₹140.64 crore), Public Works (by ₹201.50 crore) and Other Administrative Services (by ₹531.87 crore). Under Social Sector, Capital Expenditure increased in Education, Sports, Art and Culture (by ₹215.98 crore) and Water Supply, Sanitation, Housing and Urban Development (by ₹365.00 crore). Sector wise percentage share in Capital Expenditure is given in **Table 2.28**.

Table 2.28: Sector wise percentage share in Capital Expenditure for the period 2017-22

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Expenditure on General	17.09	18.54	17.81	14.52	24.94
Capital Expenditure on Social	26.81	21.43	19.63	12.64	20.81
Capital Expenditure on Economics	56.10	60.03	62.55	72.84	54.25

Source: Finance Accounts of respective year

Major contributor in Capital Expenditure during the five -year period was economics sector. The Share of Economics sector in Capital Expenditure had been increasing and reached its peaked in 2020-21 thereafter reduced to 54.25 per cent in 2021-22. The share of Social and General Sectors in Capital Expenditure showed fluctuating trend during the past five- year periods. High share of Economic and Social Sector

in Capital Expenditure boosted the Economy growth of the State and improved the quality of Social Services.

The CAGR of Capital Expenditure for the past five year (2017-18 to 2021-22) was 19.14 *per cent* which was higher than that of Revenue Expenditure (9.81 *per cent*). The decadal growth of CAGR was 20.56 *per cent*. During 2020-21 to 2021-22, the CAGR of the State was 26.64 *per cent* which was less than that of NE & H States (28.31 *per cent*). This was due to higher Revenue Expenditure than the Revenue Expenditure of the NE & H States.

2.6.5.1 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 2.29** highlights the cases of significant increase of over 25 *per cent* in various Heads of Account in Capital Expenditure during the year 2021-22 *vis-à-vis* the previous year.

Table 2.29: Capital Expenditure during 2021-22 compared to 2020-21

(₹ in crore)

Major Heads of Accounts	2020-21	2021-22	Variation
4055-Capital Outlay on Police	64.04	204.68	140.64
4059-Capital Outlay on Public Works	234.19	435.7	201.50
4070-Capital Outlay on Other Administrative Services	445.64	977.51	531.87
4202-Capital Outlay on Education, Sports, Art and Culture	65.11	281.09	215.98
4215-Capital Outlay on Water Supply and Sanitation	224.55	330.45	105.9
4217-Capital Outlay on Urban Development	104.94	359.97	255.03
4801-Capital Outlay on Power projects	172.7	430.69	257.99
5054-Capital Outlay on Roads and Bridges	3,120.01	2,594.68	(-) 525.33

Source: Finance Accounts of the respective year

Analysis of the reasons for significant increase in Capital Expenditure during 2021-22 over the previous year is as follows:

- There was increase in expenditure by ₹140.64 crore (42.72 *per cent*) under ‘Police’ due to increase in Capital Expenditure under Police Housing by ₹72.60 crore and under Other Expenditure by ₹32.07 crore.
- There had been increase in Capital Expenditure on Public Works by ₹201.50 crore over the previous year due to significant increase in Capital Expenditure by ₹385.38 crore under State Development Schemes which was partial offset by declined in Capital Expenditure on State Annual Development Agenda.
- During 2021-22, there was increase of Capital Expenditure on Other Administrative Services by ₹531.87 crore due to increase in Tribal Area Sub-Plan by ₹104.31 crore and by ₹427.57 crore towards Other Expenditure.
- There was increase in Capital Expenditure on Education, Sports and Art and Culture by ₹215.98 crore due to significant increase by ₹201.22 crore towards Other Expenditure.

- There had been increased Capital Expenditure on Water Supply and Sanitation by ₹105.90 crore due significant increase in Capital Expenditure towards State Development Schemes which was partial offset by decrease of ₹17.15 crore towards scheme under State Plan Assistance.
- There had been increase in Capital Expenditure on Urban Development by ₹255.03 crore. This was due to increase by ₹108.26 crore towards 'Integrated development of Small and Medium Towns, and by ₹146.77 crore towards 'Other Urban Development Schemes.
- There had been increase in Capital Expenditure by ₹257.99 crore on Energy. This was due significant increase in Capital Expenditure on Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) by ₹6.28 crore and by ₹318.36 crore towards State Development Schemes which was offset by 86.40 crore towards State Annual Development Agenda.
- There had been decrease in Capital Expenditure by ₹525.33 crore on Roads and Bridges. This was due decreased in Capital Expenditure on Roads by ₹1,936.67 crore which was offset by increase in Capital Expenditure on District and Other Roads by ₹1,306.83 crore.

Our analysis of the data pertaining to five- year period of 2017-22 revealed that Major Capital Expenditure occurred on the following Items under Social and Economic Sector as depicted in **Table 2.30**.

Table 2.30: Major Contribution of Capital Expenditure in Social Sector during 2017-22
(₹ in crore)

Head of Accounts	2017-18	2018-19	2019-20	2020-21	2021-22
Education	55.26	205.05	59.36	51.23	281.09
Medical and Public Health	41.71	56.76	59.08	10.61	24.83
Water Supply and Sanitation	302.52	416.43	253.08	224.55	330.45
Urban Development	238.28	367.17	128.93	104.94	359.97
Social Security and Welfare	156.72	147.62	158.43	219.29	315.26
Major Contribution of Capital Expenditure in Economics sector					
Irrigation and Flood Control	69.57	164.73	133.72	171.34	147.76
Energy	250.92	340.36	173.36	172.7	430.69
Transport	1,174.04	2,629.7	1,848.16	3,166.97	2,677.89

Source: Finance Accounts of respective year

As could be seen from **Table 2.30**, State Government providing very less funds towards Health Sector during the last five year under Social Sector. In respective Economic Sector, Major portion of Capital Expenditure incurred by the Transport.

2.6.5.2 Capital locked in incomplete projects

Blocking of funds on incomplete projects/works impinges negatively on the quality of Capital 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.

As per Appendix IX of Finance Accounts of the State for the year 2021-22, there were 83 incomplete/ ongoing projects in four Departments as on 31 March 2022. Age profile of incomplete projects based on the year of sanction/ year of start of these projects as on 31 March 2022 are shown in **Tables 2.31 and 2.32.**

Table 2.31: Age profile of incomplete projects as on 31 March 2022 (₹ in crore)

Year	No of incomplete projects	Estimated cost	Expenditure
2011-12	2	40.98	25.77
2013-14	2	56.5	35.59
2014-15	2	40.48	38.08
2015-16	5	95.91	69.52
2016-17	3	30.5	21.42
2017-18	13	246.13	114.32
2018-19	15	248.64	131.02
2019-20	24	373	157.54
2020-21	5	148.76	35.63
2021-22	12	139.54	37.04
Total	83	1,420.44	665.93

Table 2.32: Department-wise profile of incomplete projects as on 31 March 2022 (₹ in crore)

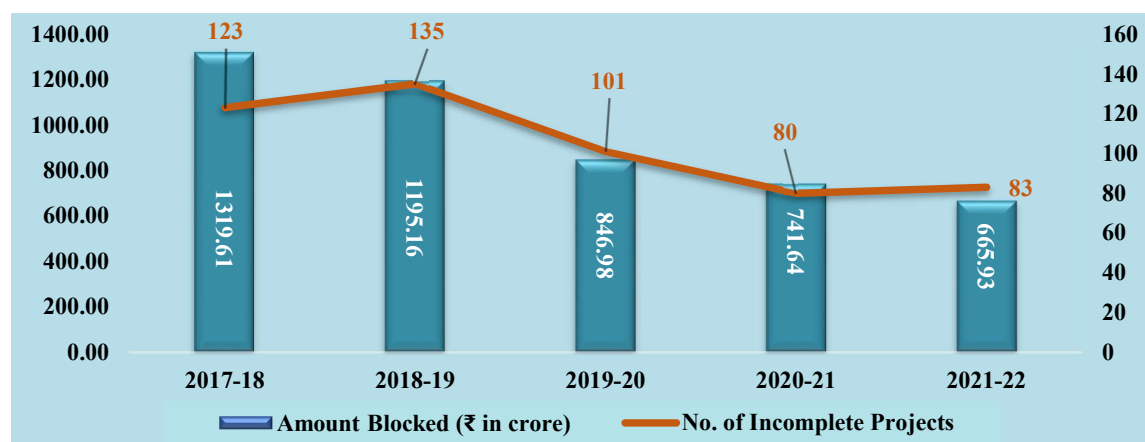
Department	No of incomplete projects	Estimated cost	Expenditure
PHE	10	127.91	68.98
Planning	1	15.00	6.25
Power	6	115.65	77.32
PWD	66	1,161.88	513.38
Total	83	1,420.44	665.93

Source: Finance Accounts, 2021-22

Source: Finance Accounts, 2021-22

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 83 projects on which an expenditure of ₹665.93 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 year

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. Details analysis of the randomly selected project was as follow:

➤ **Road from Magopam to Bichom via Namfri, Ditching Sacheda and Ramu Sotu under NLCPR scheme:**

Ministry of Development of North-Eastern Region, Government of India accorded administrative and financial approval for Central Assistance of ₹20.52 crore. The project cost was to be shared between GoI and State Government at 90 *per cent* and 10 *per cent* respectively. The length of the road was 12.30 kilometers. The target date for completion (December 2014) of the project was 36 months from the date of the issue of the sanction. (November 2011). A total amount of ₹16.76 crore (Central -₹14.71 crore and State share – ₹2.05 crore) was released towards the project upto March 2016. The work started in 2011 and the total fund released was utilized towards the project.

Due to execution of the work without tendering as required by the sanctioning authority, no further fund was released by MoDoNER and the project remained incomplete even after a lapse of eleven years. As such the work executed so far has deteriorated as shown in the following photographs:



Source: *Inspection Report of EE, PWD, Bomdila for the period Aug 2018 to October 2020*

The purpose of the project was to provide all-weather roads to connect Magopam to Bichom was yet to be fulfilled. And the amount of ₹16.77 crore released and utilized on the project till date remained unfruitful.

Effective steps need to be taken to complete the above project without further delay so as to make the capital invested in the project fruitful and avoid any undue cost overrun.

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 Expenditure-outcome relationships for select services). While assessment of the Expenditure 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 2021-22.

2.7.1 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 2.33**.

Table 2.33: Equity and Loans outstanding⁶ 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		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
Equity	9.00	9.00	9.00	19.49	19.49	19.49	10.49	10.49	10.49
Loans	36.25 ⁷	36.25	36.25	8.38	8.38	8.38	27.87	27.87	27.87

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

It can be noticed from the **Table 2.33** that, there were constant differences in the figures of Equity Investment (₹10.49 crore) and Loan given by GoAP (₹27.87 crore) as per the two sets of records during all the three years from 2019-20 to 2021-22. These differences 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 about the differences with a request for early reconciliation, no significant progress has been noticed in this regard.

⁶ Figures as per SPSEs' records are provisional and as provided by the SPSEs

⁷ 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

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 for prompt updation of the Finance Accounts while providing finances to the SPSEs.

2.7.2 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 2.34**.

Table 2.34: Details regarding annual budgetary support to SPSEs

(₹ in crore)

Particulars	2019-20		2020-21		2021-22	
	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	2	4.79	2	4.79	3	11.32
Total Outgo		4.79		4.79		11.32

Source: As per the information provided by the SPSEs

It can be noticed from the **Table 2.34** that during each of the previous two years (2019-20 and 2020-21), the State Government provided the budgetary support of ₹4.79 crore to two SPSEs while a budgetary support aggregating ₹11.32 crore was provided to three SPSEs during 2021-22 by way of Grants/subsidy. No budgetary support in the form of Equity or Loans was provided to any of the SPSEs during last three years (2019-20 to 2021-22). During 2021-22, the recipients of budgetary assistance (Grants/ subsidy) were Arunachal Police Housing and Welfare Corporation Limited (₹2.06 crore), Arunachal Pradesh Forest Corporation Limited (₹2.78 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹6.48 crore).

2.7.3 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 2.35**.

Table 2.35: Details of profits earned and dividend paid by working SPSEs

Year	2019-20	2020-21	2021-22
Number of profit earning working SPSEs	4	3	3
Aggregate profit earned (₹ in crore)	6.07	7.68	5.83
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 ₹5.83 crore (2021-22) to ₹7.68 crore (2020-21).

However, none of these SPSEs had declared any dividend during the last 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.

2.7.4 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 2.36**.

Table 2.36: Position of Outstanding loans of the SPSEs

(₹ in crore)

Particulars	2019-20	2020-21	2021-22
Total Loans outstanding (State Government and Others)	31.50	31.68	32.02
Turnover	11.82	11.67	10.42
Interest on Total Loans ⁸	0.76	0.98	0.98

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

It can be noticed from the **Table 2.36** above that the total outstanding loans of SPSEs have recorded a marginal increase of ₹0.52 crore during the last three years from ₹ 31.50 crore (2019-20) to ₹32.02 crore (2021-22). Analysis revealed that more than 80.42 per cent (₹25.75 crore) of SPSE borrowings (₹32.02 crore) as on 31 March 2022 pertained to one SPSE (Arunachal Pradesh Industrial Development and Financial Corporation Limited), significant portion (₹25.17 crore) of which was payable against the Loans availed by this SPSE from the State Government. However, three⁸ out of the six SPSEs (all working) did not have any outstanding long-term loans as on 31 March 2022.

2.7.5 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 2021-22, the overall capital employed in respect of the six working SPSEs as per their latest finalised accounts was ₹51.44 crore. Further, only three⁹ SPSEs, out of six working SPSEs, had positive ROCE.

In comparison, however, the overall capital employed in respect of working SPSEs during the previous two years was ₹54.34 crore (2019-20) and ₹46.70 crore (2020-21) respectively.

2.7.6 Return on Equity (ROE)

Return on Equity¹⁰ (ROE) is a measure of financial performance of companies calculated by dividing the 'net income earned' (Returns) by the Equity (net worth). During 2021-22, three out of six working SPSEs earned profits (₹5.83 crore) while remaining three SPSEs

⁸ Interest figures as available in the latest finalized accounts of respective SPSEs

⁹ Serial no. 4, 5 and 6 of **Appendix 2.3**

¹⁰ Serial no. A1, A3, A4 and A5 of **Appendix 2.3**

incurred losses (₹3.42 crore) as per their latest finalised accounts as on 30 September 2022. Out of six SPSEs, ROE of two SPSEs was 5.05 *per cent* while the ROE of one SPSE was negative. ROE in respect of remaining three SPSEs¹¹ 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 2022 are shown in **Table 2.37**.

Table 2.37: Details of ROE of working SPSEs during 2021-22

(₹ in crore)

SPSE	Year of Accounts	Net worth	Returns	ROE (In per cent)
Positive ROE				
Arunachal Police Housing and Welfare Corporation Limited	2019-20	31.41	2.27	7.23
Hydro Power Development Corporation of Arunachal Pradesh Limited	2013-14	13.98 ¹²	0.02	0.31
Overall		45.39	2.29	5.05
Negative ROE				
Arunachal Pradesh Mineral Development and Trading Corporation Limited	1999-2000	0.32	(-) 0.28	(-) 84.85

Source: As per latest finalised accounts of SPSEs

2.7.7 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 2022 were ₹24.30 crore and ₹3.42 crore respectively. Analysis of accumulated losses of these SPSEs revealed that the accumulated losses of three working SPSEs (₹34.53 crore) had completely eroded their paid-up capital (₹9.70 crore) as detailed in **Table 2.38**.

Table 2.38: Erosion of Capital of working SPSEs

(₹ in crore)

Name of SPSE	Latest year of finalised Account	Total paid up capital	Net profit (+)/ Loss(-) after interest, tax and dividend	Accumulated losses	Net worth	State Government Equity as on 31 March 2022	State Government loans as on 31 March 2022
Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	4.20	(-)2.05	25.39	4.56	2.14	25.17
Arunachal Pradesh Forest Corporation Limited	2005-06	4.50	3.54	4.58	4.72	4.50	-
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	1.00	(-)1.09	4.56	(-)3.56	0.10	-
Total		9.70	0.40	34.53	5.72	6.74	25.17

Source: As per latest finalised accounts of SPSEs

¹¹ **Return on Equity** = (Net Profit after Tax and preference Dividend/Equity) x 100; where **Equity** = Paid up Capital *plus* Free Reserve and Accumulated profits *minus* Accumulated Losses and Deferred Revenue Expenditure

¹² Including the 'share application money pending allotment' (₹7.45 crore)

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.

2.7.8 Expenditure priorities

It is important for the State Government to take appropriate expenditure rationalisation 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 2.39 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 2021-22, taking 2017-18 as the base year.

Table 2.39: 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 2017-18	26.07	64.15	34.98	29.17	16.10	17.56	6.22
Arunachal Pradesh 2017-18	62.71	71.38	34.10	37.29	22.62	11.74	6.64
NE & H States 2021-22	27.56	62.56	35.55	27.01	17.46	15.95	7.25
Arunachal Pradesh 2021-22	66.76	71.11	31.83	39.28	29.05	11.02	6.14

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 2021-22 increased when compared with 2017-18 and was higher than that of average of NE & H States, the ratio of Development Expenditure to Total Expenditure increased significantly 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 sectors is not commensurate with average of NE & H states. The Capital Expenditure during the year which is meant for creating infrastructure constituted 29.05 per cent of the Total expenditure while that of the NE & H States was 17.46 per cent.

2.7.9 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 2.40**.

Table 2.40: Object head wise expenditure*(In per cent)*

Object Head	2019-20	2020-21	2021-22
Salary and Wages	33.32	30.18	26.88
Pension/ Gratuity	5.42	5.87	6.00
Medical Treatment	0.06	0.04	0.03
Office Expenses	1.25	1.30	1.51
Materials and Supplies	0.62	0.42	0.56
Minor Works	8.01	6.44	7.31
GIA	7.49	11.6	9.64
GIA (Creation of Assets)	0.69	0.22	1.66
Scholarship and Stipends	0.81	0.45	0.98
Interest	3.77	4.07	3.43
Other Charges	9.75	9.15	10.73
Motor Vehicles	0.24	0.13	0.65
Major Works	22.48	27.66	28.00
Investment	1.47	1.30	0.88
Others	4.61	2.23	2.81

Source: Finance Account of respective year

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 2021-22, the expenditure on Other Charges constituted 10.73 *per cent* of the total expenditure which should be properly classified.

2.7.10 Loans and Advances by State Government

State Government has provided loans and advances to many institutions/ Organisations. **Table 2.41** presents the outstanding loans and advances as on 31 March 2022 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2017-18 to 2021-22.

Table 2.41: Quantum of loans disbursed and recovered during five years*(₹ in crore)*

Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loans outstanding	73.53	72.92	88.00	96.99	95.85
Amount advanced during the year	5.07	20.16	16.02	4.80	2.56
Amount recovered during the year	5.68	5.08	7.03	5.94	6.85
Closing Balance of the loans outstanding	72.92	88.00	96.99	95.85	91.56
Net addition	(-) 0.61	15.08	8.99	(-) 1.14	(-) 4.29

Source: Finance Accounts of the respective year

The total amount of outstanding loans and advances as on 31 March 2022 was ₹91.56 crore. The amount of loans disbursed during the year showed a decreasing trend from 2019-20. Out of the total amount of loans advanced during the year, ₹2.56 crore was provided to Government servants. Recovery of loans and advances increased by 15.31 per cent from ₹5.94 crore in 2020-21 to ₹6.85 crore in 2021-22.

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 2022 are given in **Table 2.42**.

Table 2.42: Component-wise net balances in Public Account as of 31 March 2022

		(₹ in crore)				
Sector	Sub Sector	2017-2018	2018-2019	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	241.13	225.89	275.13	215.90	243.46
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-) 62.63	(-) 0.54	1,588.61	(-) 199.10	389.68
	(b) Reserve Funds not bearing Interest	8.85	(-) 8.85	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	(-) 9.53	(-) 5.48	(-) 13.95	(-) 7.15	1.57
	(b) Deposits not bearing Interest	(-) 121.09	(-) 73.02	(-) 61.31	(-) 41.64	(-) 36.27
	(c) Advances	(-) 3.57	2.57	(-) 1.97	(-) 4.94	5.07
L. Suspense and Miscellaneous	(a) Suspense	(-) 404.85	(-) 176.63	(-) 2,678.97	(-) 31.58	17.90
	(b) Other Accounts	(-) 37.40	(-) 356.93	2,036.18	(-) 284.89	(-) 2,694.22
M. Remittances	(a) Money Orders, and other Remittances	34.11	1,134.72	(-) 1,367.06	(-) 66.87	(-) 26.81
	(b) Inter-Governmental Adjustment Account	(-) 0.02	(-) 0.07	0.01	(-) 0.05	0.00
Total		(-) 355.00	741.66	(-) 223.33	(-) 420.32	(-) 2,099.62

Source: Finance Accounts of the respective year

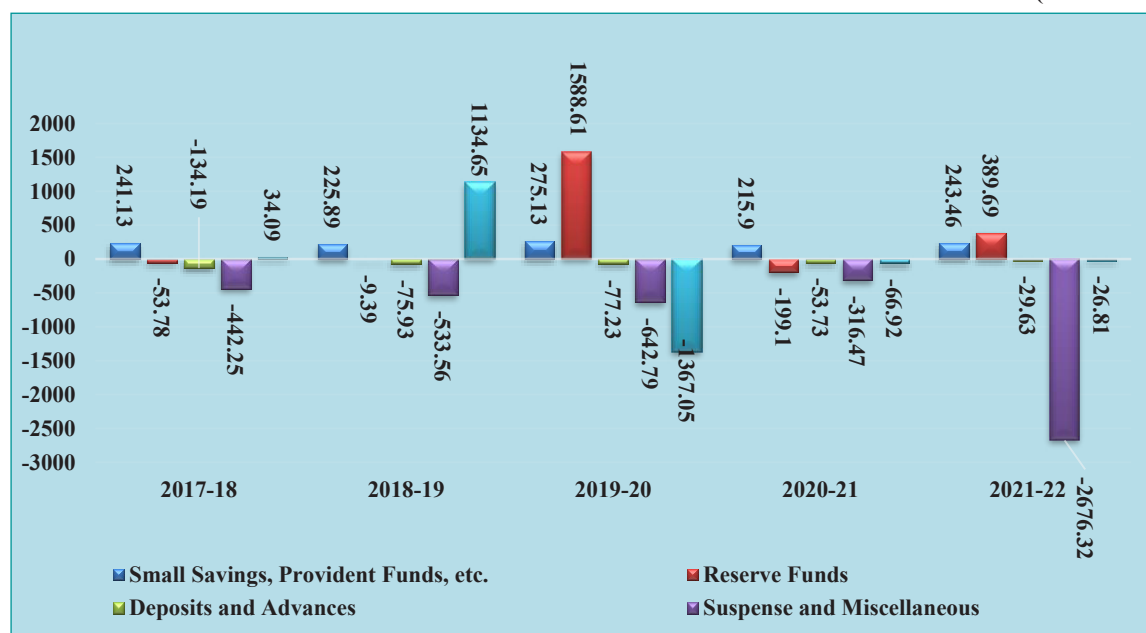
Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these heads, worked out by aggregating the outstanding debit and credit balances separately under the various heads was ₹1,154.55 crore during 2021-22.

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts.

The yearly changes in composition of balances in Public Account over the five-year period 2017-18 to 2021-22 are given in **Chart 2.16**.

Chart 2.16: Composition of net Public Account over the period 2017-22

(₹ in crore)



Source: Finance Accounts of respective year

2.9 Transaction under Reserve Funds

The total Outstanding Liabilities of ₹13,736.76 crore included balance of ₹3,811.87 crore under Reserve Funds as on 31 March 2022. Out of which ₹1,782.11 crore was under interest bearing Reserve Fund and ₹2,029.63 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 2021-22, State Government received ₹200.00 from the Centre towards SDRF. The amount received towards SDRF 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. Further, State Government parked ₹111.11 crore in Saving Bank Account (Details discussed

in **Paragraph 4.2**). Balance lying under the Fund at the end of 31 March 2022 was ₹2.61 crore.

The contributions to the State Disaster Response Fund, expenditure and the balance therein are in **Table 2.43**.

Table 2.43: 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
2.62	--	--	--	0.01	2.61	--

Source: Finance Accounts, 2021-22

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 2021-22, State Government received ₹612.95 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 ₹259.86 crore was kept under ‘2406 Forestry and Wildlife- 04 Afforestation and Ecology Development - 103 State Compensatory Afforestation (SCA)’ and an expenditure of ₹242.29 crore was incurred during the year. As on 31 March 2022, an amount of ₹1,779.51 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 2.44**.

Table 2.44: Details of transaction under CSF during the year 2021-22

(₹ 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
1,684.09	60.05 ¹³	342.65	--	2,026.74	342.65	2,026.74

Source: Finance Accounts, 2021-22

It can be seen from the above **Table 2.44**, the contribution due from the State Government was ₹60.05 crore. Against this, during the year, the State Government contributed ₹342.65 crore (including interest of ₹142.65 crore) to the fund. As on 31 March 2022, an amount of ₹2,026.74 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 2021, the fund had a balance of ₹2.20 crore. During 2021-22, the State Government contributed ₹0.69 crore against ₹0.01 crore required to contribute to the Fund. No guarantee was invoked during the year. As on 31 March 2022, the total amount lying in the Fund was ₹2.89 crore and the entire amount has been invested by the Reserve Bank of India in GoI Securities.

2.10 Debt Management

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.

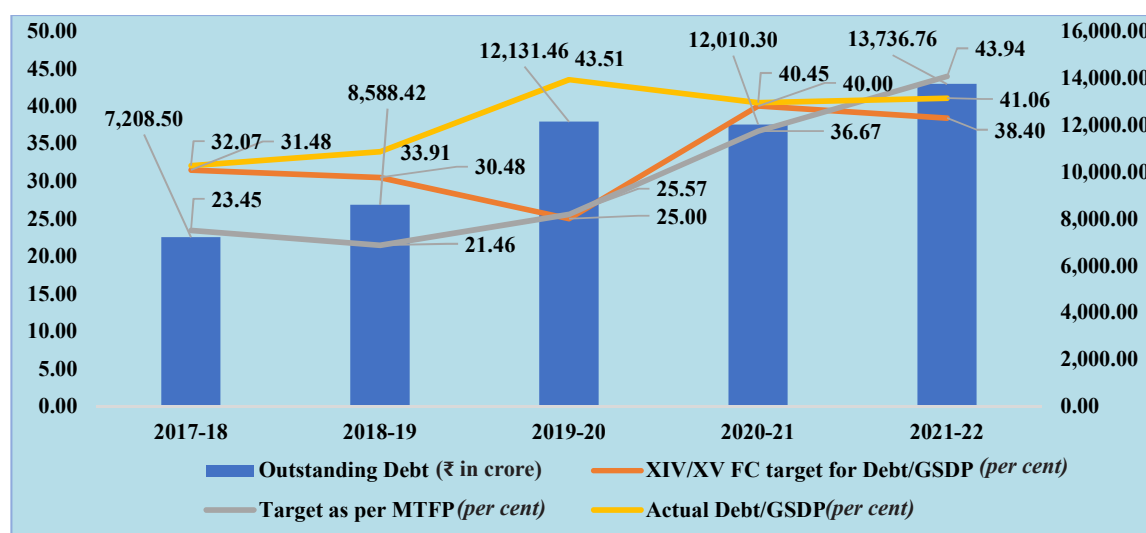
¹³ 0.50 *per cent* of the total Outstanding Liabilities of ₹12,010.30 crore of State Government as on 31 March 2021

2.10.1 Debt profile: Component

Components of 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.

The Total Outstanding Debt of the State Government at end of the year was ₹13,736.76 crore. Trend of Outstanding Debt and ratio of Debt to GSDP for past five-year period from 2017-18 to 2021-22 in given in **Chart 2.17**.

Chart 2.17: Trend of Total Outstanding Debt and its percentage to GSDP



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

The percentage of debt to GSDP was ranged between 32.07 and 43.51 per cent during the five-year period from 2017-18 to 2021-22. The Debt-GSDP ratio is excess from XIV/XV FC recommendations and target set in the MTFP throughout the period (2017-18 to 2021-22) which indicates that State Government fails to rein the Debt-GSDP ratio under its own target.

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 2017-22 are given in **Table 2.45**.

Table 2.45: Trend of the outstanding Debt

		(₹ in crore)				
Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Debt		7,208.50	8,588.42	12,131.46	12,010.30	13,736.76
Public Debt	Internal Debt	3,883.82	4,835.39	6,298.77	7,348.10	8,130.52
	Loans from GoI	205.11	178.75	152.47	359.71	705.3
Public Account Liabilities		3,119.57	3,574.28	5680.22	4,302.49	4,900.94
Rate of growth of outstanding debt over previous year (percentage)		28.15	19.14	41.25	(-1.00)	14.37
Gross State Domestic Product (GSDP)		22,474.78	25,330.84	27,884.63	29,694.61	33,459.15
Debt/GSDP (<i>per cent</i>)		32.07	33.90	43.51	40.45	41.06
Total Debt Receipts		2,908.33	2,528.62	4,595.82	2,898.15	3,568.92
Total Debt Repayments		1,792.28	1,674.80	1,667.31	2,085.34	2,620.08
Total Debt Receipts Available		1,116.05	853.82	2,928.51	812.81	948.84
Debt Repayments/ Debt Receipts (percentage)		61.63	66.23	36.28	71.95	73.41

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

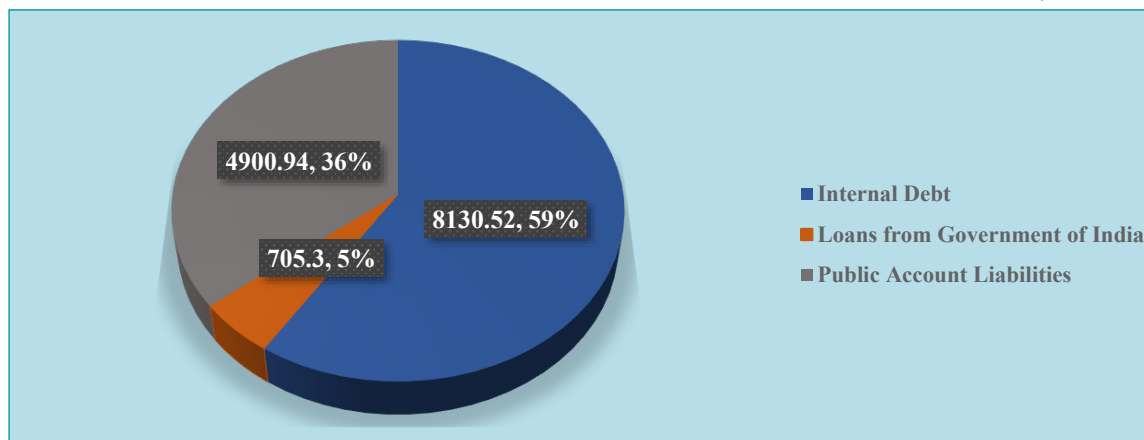
As could be seen from the **Table 2.45**, State utilises a higher proportion of the borrowings towards Debt repayment, yet a significant Total Debt is still to be paid. Outstanding Debt is increasing faster (except 2020-21) than the growth of GSDP. There had been an increase in the Debt to GSDP ratio in four out of five years and stood at 41.06 *per cent* during 2021-22. During 2019-20, Outstanding Debt registered highest rate of growth.

Outstanding Debt increased by ₹6,528.26 crore (90.56 *per cent*) from ₹7,208.50 crore in 2017-18 to ₹13,736.76 crore in 2021-22. During 2021-22, there had been increased in Outstanding Debt by ₹1,726.46 crore (14.37 *per cent*) over the previous year (₹12,010.30 crore) due to increase in Internal Debt by ₹782.42 crore, Public Account Liabilities by ₹598.45 crore and Loans and Advances by ₹345.59 crore. During the current year, the Outstanding Internal Debt (₹8,130.52 crore) increased by ₹782.42 crore (10.65 *per cent*) over the previous year (₹7,348.10 crore) due to increase in market loans by ₹530.34 crore (10 *per cent*), loans from financial institutions by ₹144.84 crore (15 *per cent*) and Special Securities issued to National Small Savings Fund by ₹110.03 crore (8 *per cent*). During the current year, the outstanding loans (₹705.30 crore) from GoI, increased by ₹345.59 crore (96.07 *per cent*) over the previous year mainly due to increase in other loans for State/ Union territory with legislature schemes by ₹371.19 crore (159 *per cent*). During the current year, public accounts liabilities (₹4,900.94 crore) increased by ₹598.45 crore (13.91 *per cent*) over the previous year (₹4,302.49 crore) mainly due to increase in liabilities in respect of small savings provident funds by ₹243.46 crore and reserve funds bearing interest by ₹389.68 crore and offset by decrease in Deposits not bearing interest by ₹36.27 crore.

The total outstanding debt of the State Government at the end of 2021-22 was ₹13,736.76 crore. Component-wise break-up of debt is shown below in **Chart 2.18**.

Chart 2.18: Break-up of outstanding Debt as on 31 March 2022

(₹ in crore)

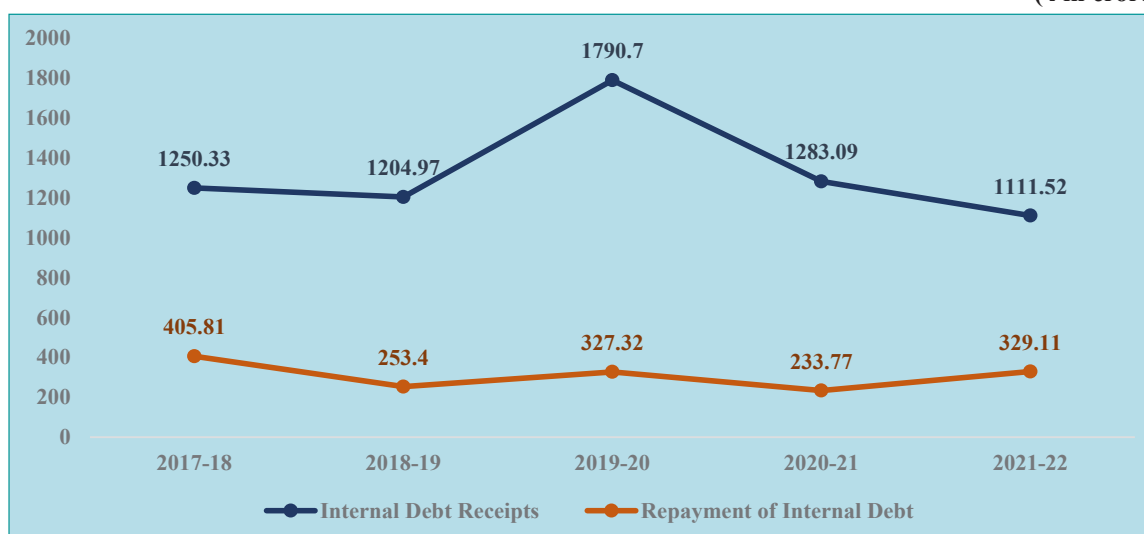


Source: Finance Accounts, 2021-22

Internal debt, which is primarily Market Borrowings through issue of State Development Loans (SDLs), accounts for 59.00 per cent of the total outstanding debt. The comparative trend of internal debt and repaid is given in **Chart 2.19**.

Chart 2.19: Trend of Internal Debt and repaid for the period 2017-22

(₹ in crore)



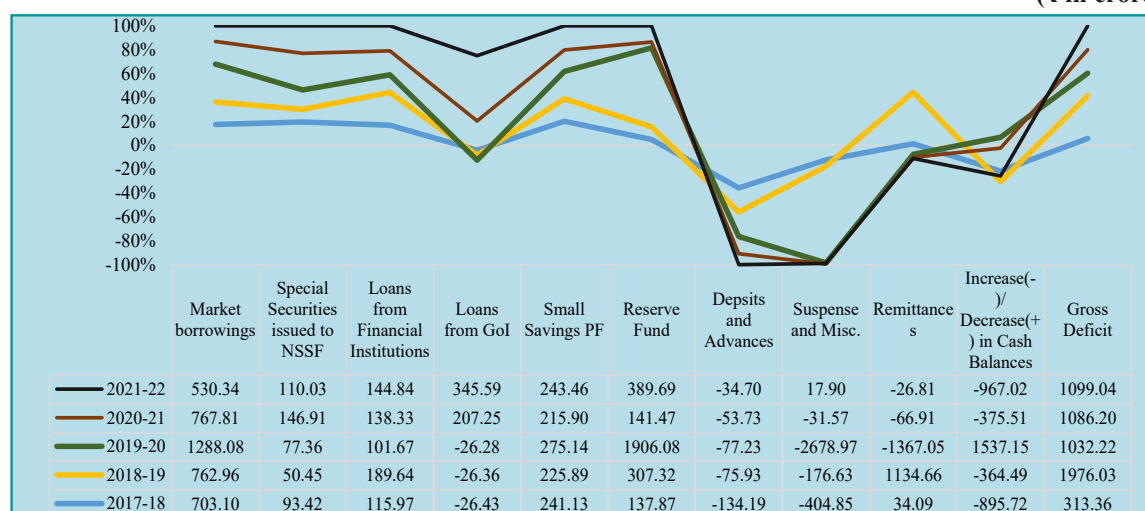
Source: Finance Accounts of respective year

During 2021-22, Internal Debt receipts was less than the previous year whereas repayment of Internal Debt was more than the previous year due to which, the gap between Internal Debt taken and repaid has been reduced in 2021-22.

The trend of the component wise debt of the state over a period of last five years is given in the **Chart 2.20**.

Chart 2.20: Details of component wise debt for the period from 2017-22

₹ in crore)



Source: Finance Accounts of respective year

2.10.1.1 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 2017-18 to 2021-22.

The financing pattern of fiscal deficit has undergone a compositional shift as reflected below in Table 2.46.

Table 2.46: Components of Fiscal Deficit and its financing pattern

₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Decomposition of Fiscal Deficit						
Fiscal Deficit (-)/ Surplus (+)		(-) 313.36	(-) 1,976.03	(-) 1,032.22	(-) 1,086.20	(-) 1,099.04
1	Revenue Surplus	2,874.13	3,766.48	2,669.82	4,036.01	5,385.00
2	Net Capital Expenditure	(-) 3,188.10	(-) 5,727.43	(-) 3,693.05	(-)5,123.35	(-) 6,488.33
3	Net Loans and Advances	0.61	(-) 15.08	(-) 8.99	1.14	4.29
Financing pattern of Fiscal Deficit						
1	Market Borrowings	703.1	762.96	1,288.08	767.81	530.34
2	Other Loans	(-) 6.85	4.16	(-) 3.73	(-)3.73	(-) 2.78
3	Loans from GoI	(-) 26.43	(-) 26.36	(-) 26.28	207.25	345.58
4	Special Securities issued to NSSF	93.42	50.45	77.36	146.91	110.03
5	Loans from Financial Institutions	115.97	189.64	101.67	138.33	144.84
6	Small Savings, PF, etc.	241.13	225.89	275.14	215.9	243.46
7	Reserve Funds	137.87	307.32	1,906.08	141.47	733.02

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
8	Deposits and Advances	(-) 134.19	(-) 75.93	(-) 77.23	(-) 53.73	(-) 29.63
9	Suspense and Miscellaneous	(-) 404.85	(-) 176.63	(-) 2,678.97	-31.58	17.91
10	Remittances	34.09	1,134.66	(-) 1,367.05	(-) 66.92	(-) 26.71
11	Increase (-)/ Decrease (+) in cash balances	(-) 895.72	(-) 364.49	1,537.15	(-) 375.51	(-) 967.02
12	Increase/ Decrease in WMAs, Overdraft	455.82	(-) 55.64	0.00	0.00	0.00
Overall Deficit (1 to 11) (-)		313.36	1,976.03	1,032.22	1,086.20	1,099.04

Source: Finance Accounts of respective year

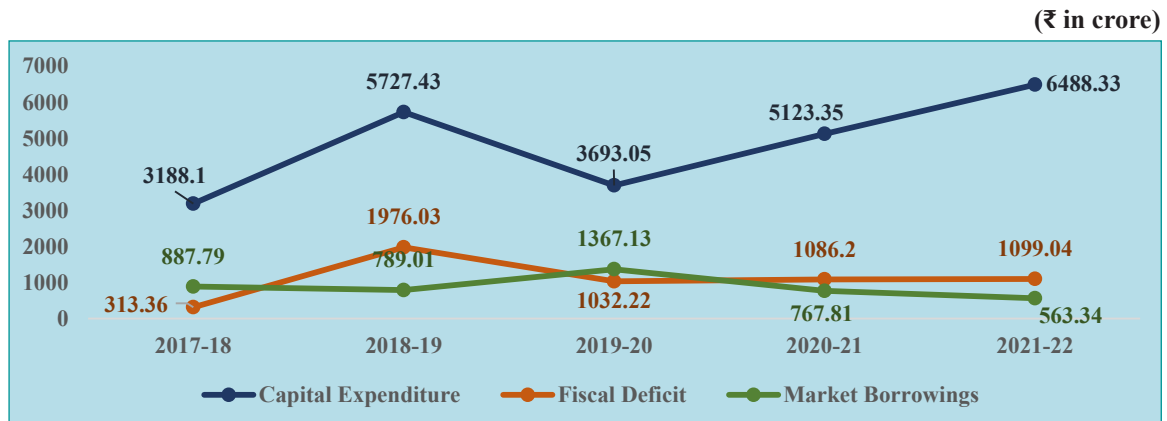
The components of fiscal deficit consisted of Revenue Surplus, Net Loans and Advances and Net Capital Expenditure. Since the State is Revenue Surplus from 2017-18 itself, the surplus on revenue account were utilised to finance Capital Expenditure. During the year 2017-22, Revenue Surplus could finance only 65.76 to 90.15 *per cent* of Capital Expenditure due to the huge increase in Revenue Expenditure.

Table 2.47: Receipts and Disbursements under components financing the Fiscal Deficit
(₹ in crore)

Particulars	Receipt	Disbursement	Net
Market Borrowings	563.34	33.00	530.34
Loans from GoI	371.19	25.61	345.58
Special Securities issued to NSSF	253.04	143.01	110.03
Loans from Financial Institutions	295.15	150.31	144.84
Other loans	0.00	2.78	(-) 2.78
Small Savings, PF, etc.	666.99	423.53	243.46
Deposits and Advances	681.81	711.44	-29.63
Suspense and Miscellaneous	(-) 12.57	(-) 30.48	17.91
Remittances	5101.79	5128.5	(-) 26.71
Reserve Fund	975.31	242.29	733.02
Overall Deficit			2,066.06
Increase/ Decrease in cash balance			(-) 967.02
Gross Fiscal Deficit			1,099.04

Source: Finance Accounts, 2021-22

In 2021-22, there was increased market borrowings, Loans from GoI, Reserve fund and Small Savings, Provident Fund, etc., which was partly offset by decrease in Deposits and Advances and Remittances. Further, it was noticed that 48.25 *per cent* of the fiscal deficit was financed from Market Borrowings. Comparative trend of Capital Expenditure, Fiscal Deficit and Market Borrowings for the period 2017-18 to 2021-22 is given in **Chart 2.21**.

Chart 2.21: Trend of Capital Expenditure, Fiscal Deficit, and Market Borrowings

Source: Finance Accounts of respective year

Ideally, market borrowings should be utilized for creation of Assets through Capital Expenditure. As could be seen from the above Chart, market borrowings were lesser than Capital Expenditure for the past five years indicating that market borrowing could have been fully utilized for creation of Assets through Capital Expenditure.

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 2.48** shows the debt sustainability of the State according to these indicators for the five-year period from 2017-22.

Table 2.48: Debt Sustainability: Indicators and Trends

Indicators of Debt sustainability	2017-18	2018-19	2019-20	2020-21	2021-22
Debt/GSDP (<i>per cent</i>)	32.07	33.91	43.51	40.45	41.06
Fiscal Deficit/ Surplus to GSDP (<i>per cent</i>)	(-) 1.39	(-) 7.80	(-) 3.70	(-) 3.66	(-) 3.28
Interest Payments/ Revenue Receipts Ratio	3.39	3.24	4.13	4.39	3.66
Rate of growth of outstanding Debt (<i>per cent</i>)	28.15	19.14	41.25	(-) 1.00	14.37
Rate of growth of Revenue Receipts (<i>per cent</i>)	16.94	17.58	(-) 8.07	15.01	23.99
Rate of growth of GSDP (<i>per cent</i>)	12.93	12.71	10.08	6.49	12.68
Interest payment	467.36	526.10	614.53	752.34	777.62
Average interest rate on Outstanding Debt (<i>per cent</i>)	7.28	6.66	5.93	4.76	6.04
Available Debt as a percentage of Debt Receipts	38.37	33.77	63.72	28.05	26.59
Debt Stabilisation (Quantum spread + Primary Deficit)	471.82	(-) 1,013.82	448.02	(-) 123.99	476.06

Source: Finance Accounts of the respective year

As can be seen from above **Table 2.48**, Outstanding Debt to GSDP increased from 32.07 *per cent* in 2017-18 to 41.06 *per cent* in 2021-22. The outstanding Debt increased by 14.37 *per cent* over the previous year, at higher rate than the growth of GSDP, which grew by 12.68 *per cent*. In the past the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts. However, last two year from 2020-21 to 2021-22, rate of growth of Revenue Receipts is higher than that of Outstanding Debt. The Average interest rate of Outstanding Debt has been hovering around 4.76 *per cent* to 7.28 *per cent*. During the current year, Interest Rate increased by 1.28 points from 4.76 *per cent* in 2020-21 to 6.04 *per cent* in 2021-22. The burden of Interest Payment ranged from 3.24 to 4.39 *per cent* of the Revenue Receipts.

During the five-year period 2017-18 to 2021-22, 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 the GoI. As per **Statement 17** of the Finance Accounts for the year 2021-22, the maturity profile of public debt is given in **Table 2.49**.

Table 2.49: Maturity Profile of Public Debt

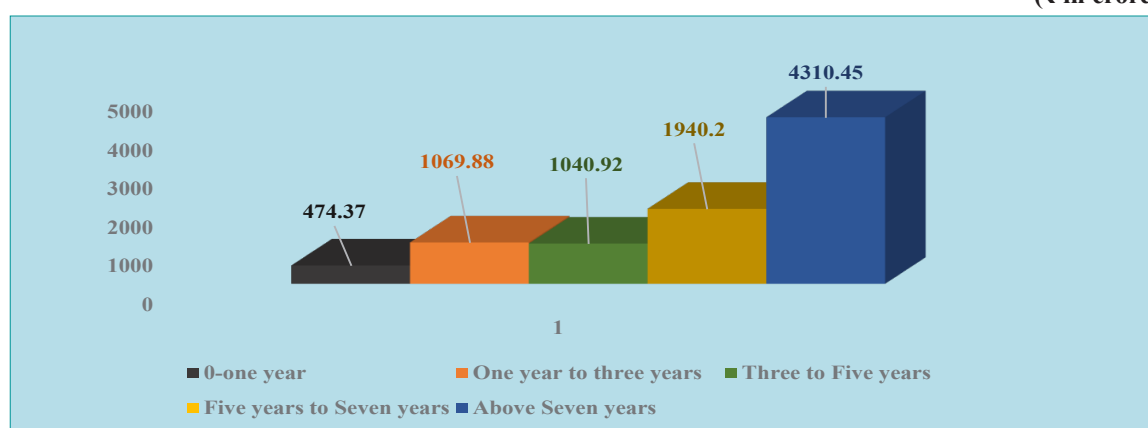
(₹ in crore)

Date maturity	Maturity Profile	Amount			Per cent
		Internal Debt	Loans & Advances from GoI	Total	
2022-23	0 to One year	448.98	25.39	474.37	5.37
2023-24 & 2024-25	Over One year to three years	1,019.1	50.78	1,069.88	12.11
2025-26 & 2016-27	Over three years to five years	1,039.28	1.64	1,040.92	11.78
2027-28 & 2028-29	Over five years to seven years	1,940.03	0.17	1,940.2	21.96
2028-29 onwards	Above seven years	3,683.13	627.32	4,310.45	48.78
Total		8,130.52	705.30	8,835.82	100

Source: Finance Accounts, 2021-22

Chart 2.22: Maturity Profile of Public Debt

(₹ in crore)



Source: Finance Accounts, 2021-22

The maturity profile of outstanding stock of Public Debt as on 31 March 2022 indicates that out of the outstanding Public Debt of ₹8,835.82 crore, 51.22 per cent (₹4,525.37 crore) is payable within the next seven years while the remaining 48.78 per cent (₹4,310.45 crore) is in the maturity bracket of more than seven years. Of the total outstanding Public Debt, the Internal Debt consisting of Market Borrowings, Loans from NABARD and Special Securities issued to NSSF of Central Government constituted 92.02 per cent (₹8,130.52 crore). Details of repayment of principal and Interest on Outstanding debt stock in next 10 years on the present public debt liabilities is given in **Table 2.50**.

Table 2.50: Details of repayment of Public debt and Interest

(₹ in crore)

Year	Repayment of				
	Public Debt		Interest ¹⁴ payment on		Total
	Internal Debt	Loans from GoI	Internal Debt	Loans from GoI	
2022-23	448.98	25.39	498.40	28.95	1,001.73
2023-24	476.49	25.39	469.19	27.40	998.48
2024-25	542.61	25.39	435.93	25.84	1,029.77

¹⁴ Interest Payment calculated on average of interest rate for the five year period from 2017-18 to 2021-22, i.e. at the rate of 6.13 per cent

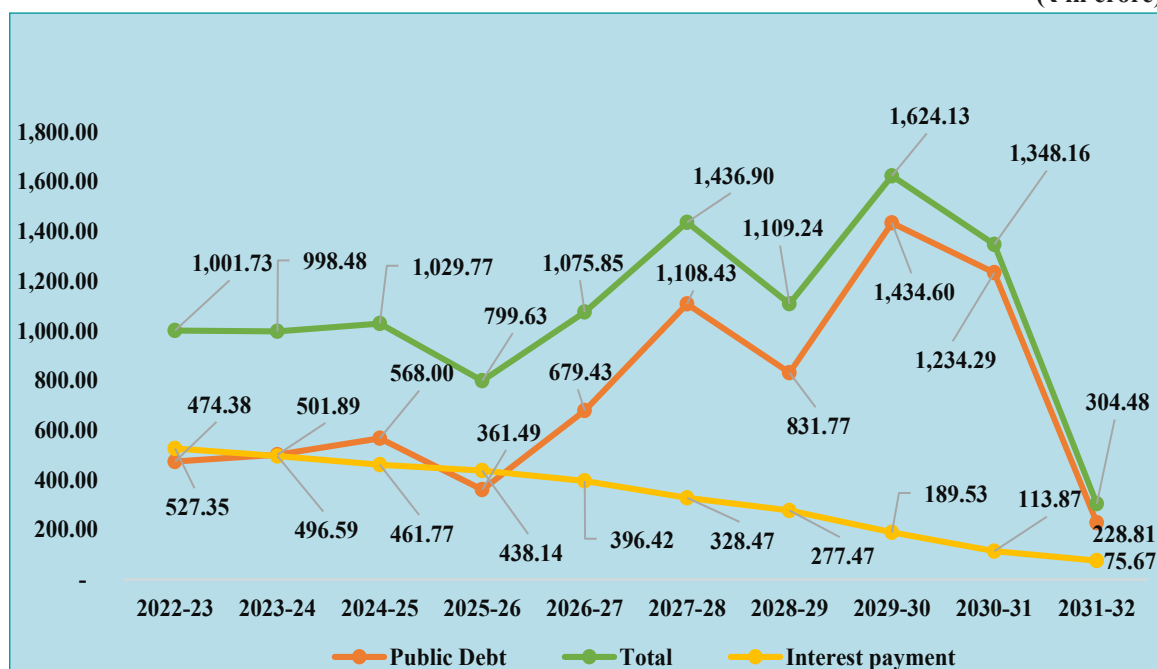
Year	Repayment of				Total
	Public Debt		Interest ¹⁴ payment on		
	Internal Debt	Loans from GoI	Internal Debt	Loans from GoI	
2025-26	360.13	1.36	413.85	24.28	799.63
2026-27	679.15	0.28	372.22	24.20	1,075.85
2027-28	1,108.27	0.16	304.28	24.18	1,436.90
2028-29	831.76	0.01	253.30	24.17	1,109.24
2029-30	1,434.59	0.01	165.36	24.17	1,624.13
2030-31	1,234.28	0.01	89.70	24.17	1,348.16
2031-32	228.81	-	75.67	-	304.48

Source: Finance Accounts, 2021-22

The productive utilisation of the public debt can lead to Capital formation, increase in GSDP and hence increased employment generation and overall growth of the economy. But if the funds are not utilised properly, then the increasing amount of Public debt and the corresponding increase in interest payment is a serious issue to worry because the increase of burden of interest payment will reduce the available resources for other necessary expenditure such as expenditure on Economic and Social sector which play important roles in development of the State.

Expenditure on Debt repayment (Principal component) as well as Interest thereon is a committed liability of the State government. As on 31 March 2022, the State accumulated debt of 8,835.82 crore. The State will repay 84.01 *per cent* of this accumulated debt before 31 March 2032. Trends of repayment of Public Debt and interest payments on available present Public Liabilities of the State for the next ten years is given in **Chart 2.23**.

Chart 2.23: Trends of repayment of Public debt and Interest payment for next 10 years
(₹ in crore)



Source: Finance Accounts, 2021-22

Interest due on the present debt liability will decrease uniformly over the next 10 years. Outstanding debt as on 31 March 2022 will mature and create a Debt repayment liability. This liability increases and reaches a peak in 2029-30 and drops sharply in 2031-32. With respect to the present Debt liability, the repayment obligation (Principal *plus* Interest) on State government will be maximum in 2029-30. The State should plan in advance for reducing other committed expenditure and enhancing the revenue collection capacity to meet this obligation.

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 2.51** presents the trend of utilisation of borrowed funds for repayment of earlier borrowings, Capital Expenditure and Revenue Expenditure.

Table 2.51: Details of utilisation 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)
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
2020-21	1,516.06	259.49	5,123.35	1.14	NA
2021-22	1,482.71	354.71	6,488.33	4.29	NA

Source: Finance Accounts of the respective year

It can be seen from the above **Table 2.51** that the State Government utilised total borrowings for repayment of earlier principal and Capital Expenditure during the period 2021-22 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. State Government was able to maintain a minimum cash balance with RBI during the year 2021-22.

The Cash Balances and Investments made by the State Government out of Cash Balances during 2021-22 are shown in **Table 2.52**.

Table 2.52: Cash Balances and Investment of Cash Balances

(₹ in crore)

Particulars	Opening balance on 01 April 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank	7.01	(-) 2,063.52
Deposits with other Banks	0.00	0.00
Remittances in transit-Local	0.00	0.00
Total (A)	7.01	(-) 2,063.52
B. Investments held in Cash Balance investment accounts	1,699.49	4,392.63
(a) Total (A+B)	1,706.50	2,329.11
(b) Other Cash Balances and Investments		
Cash with departmental officers	(-) 3.49	(-) 2.40
Permanent advances for contingent expenditure with department officers	0.01	0.01
Investment of earmarked funds	1,686.31	2,029.63
Total (b)	1,682.83	2,027.24
Total (a) + (b)	3,389.33	4,356.35
Interest realised	32.37	44.68

Source: Finance Accounts, 2021-22

Cash Balances of the State Government increased by ₹967.02 crore from ₹3,389.33 crore in 2020-21 to ₹4,356.35 crore in 2021-22. There was a net difference of ₹1,331.54 crore (Credit) at the end of accounting year 2021-22 between the General Cash Balance as worked out by the Accountant General ₹2,063.52 crore (Credit) and that reported by the RBI ₹731.98 crore (Debit). This difference was mainly due to misclassification of transactions by bank/ treasuries.

As of 31 March 2022, the State Government invested ₹1,699.49 crore in GoI Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. During 2021-22, Interest of ₹44.68 crore was earned on investment of Cash Balances.

Table 2.53 shows the year-wise Cash Balance Investment with interest earned during the last five years.

Table 2.53: Details of Cash Balance Investment with interest earned during the last five years

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
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
2021-22	1,699.49	4,392.63	2,693.14	44.68

Source: Finance Accounts of the respective year

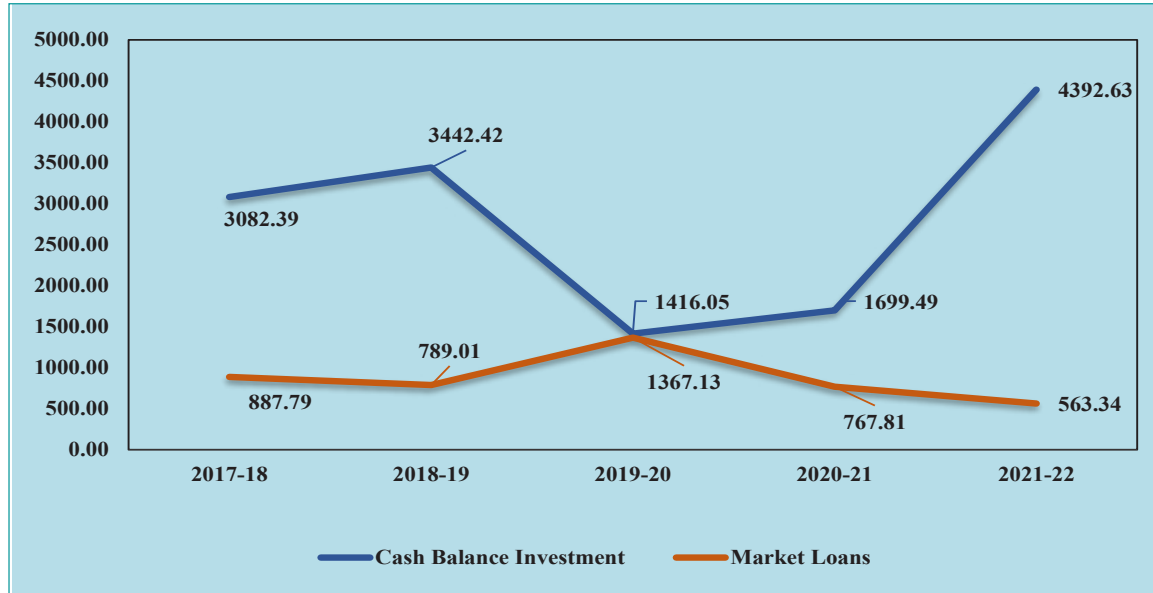
The trend analysis of the Cash Balance Investment of the State Government during 2017-22 revealed that investment increased significantly during 2021-22. Cash Balance

Investment of the State Government increased by ₹2,693.14 during 2021-22 over the previous year.

Chart 2.24 compares the balances available in the Cash Balance Investment Accounts and the Market Loans taken by the State during the period 2017-22.

Chart 2.24: Market Loans vis-à-vis Cash Balance Investment

(₹ in crore)



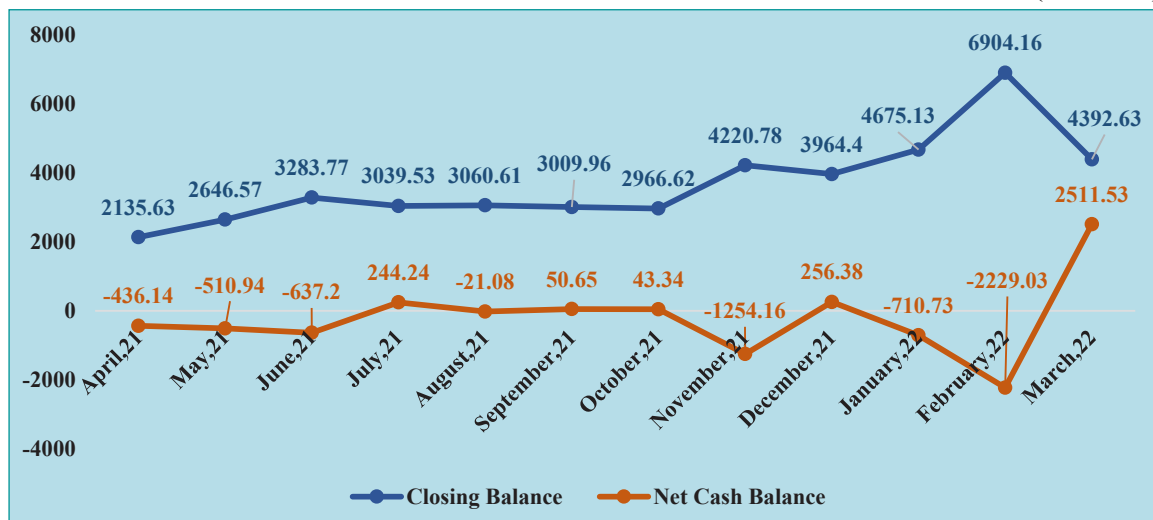
Source: Finance Accounts of the respective year

As could be seen from **Chart 2.24**, it is not desirable that State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use.

Chart 2.25 compares the month-wise movement Cash Balances and net Cash Balance Investments during the year.

Chart 2.25: Month-wise movement Cash Balances and Investments

(₹ in crore)



Source: Monthly Civil Accounts, 2021-22

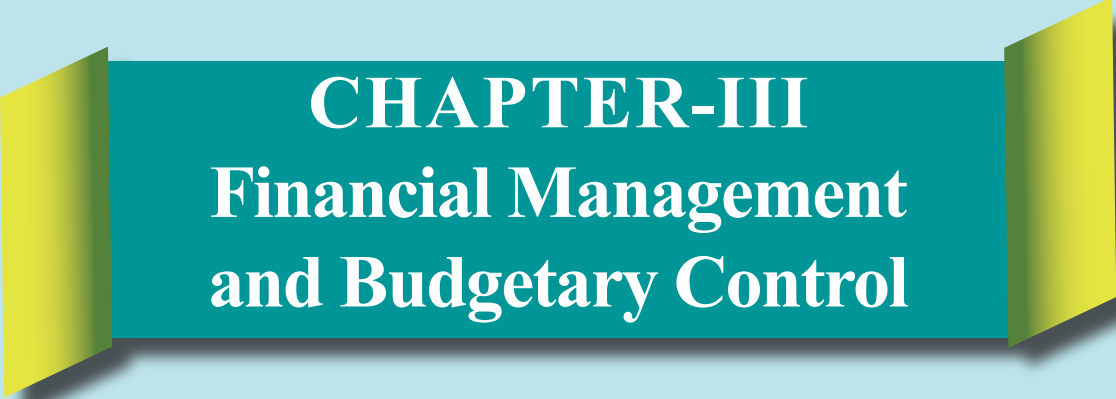
2.12 Conclusion

- The State had revenue surplus consistently during the period 2017-18 to 2021-22 and the revenue receipts increased during the current year. The State has done well to augment its own resources by expanding its tax base. However, the State's own resources constituted only around 11 *per cent* of the total revenue receipts during 2021-22, indicating heavy dependence of the State on funds from the Government of India, which contributed ₹18,817.18 crore (89 *per cent*) of the total revenue receipts of ₹21,231.64 crore in 2021-22.
- Both Revenue and Capital Expenditure increased by ₹2,769.14 crore (21.08 *per cent*) and ₹1,364.98 crore (26.64 *per cent*) respectively over the previous year. Revenue expenditure, which was in the nature of current consumption, accounted for around 71 *per cent* of the State's Total Expenditure during 2021-22, leaving only 29 *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 un-authorised 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 have a comprehensive database of its investment in capital projects in past having relevant information such as approved cost, the status of these projects, details of completion time of the projects and liabilities arising out of inordinate delays in completion of these projects.
- The State did not have a comprehensive database 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.
- During the year 2021-22, there was increase in the Revenue Expenditure when compared with the previous year. The committed expenditure was about 47 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 29.05 *per cent* of the Total expenditure.
- In the three years from 2017-18 to 2019-20, the debt grew at a significantly faster rate than the Revenue Receipts whereas from 2020-21 to 2021-22, Revenue Receipts has been growing faster than outstanding debt.
- The maturity profile of outstanding stock of Public Debt as on 31 March 2022 indicates that out of the outstanding Public Debt of ₹8,835.82 crore, 51.22 *per cent* (₹4,525.37 crore) is payable within the next seven years while the remaining 48.78 *per cent* (₹4,310.45 crore) is in the maturity bracket of more than seven years.

- During 2021-22 the State Government has provided budgetary support ₹11.32 crore to three SPSEs in the form of Grants/Subsidy. The recipients of the budgetary assistance were Arunachal Police housing and Welfare Corporation Limited (₹2.06 crore), Arunachal Pradesh Forest Corporation Limited (₹2.78 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹6.48 crore).
- During 2021-22, out of six working SPSEs, three SPSEs earned profits (₹5.83 crore) as per their latest finalised accounts. Further, the accumulated losses (₹34.53 crore) of three working SPSEs had completely eroded their paid-up capital (₹9.70 crore).

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 to reduce dependency on GoI.
- 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 future liability on the State exchequer as well as to provide an assurance to the employees 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 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.
- Accumulation huge losses by three out of six 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.



CHAPTER-III
Financial Management
and Budgetary Control

Chapter III : Financial Management and Budgetary Control

3.1 Introduction

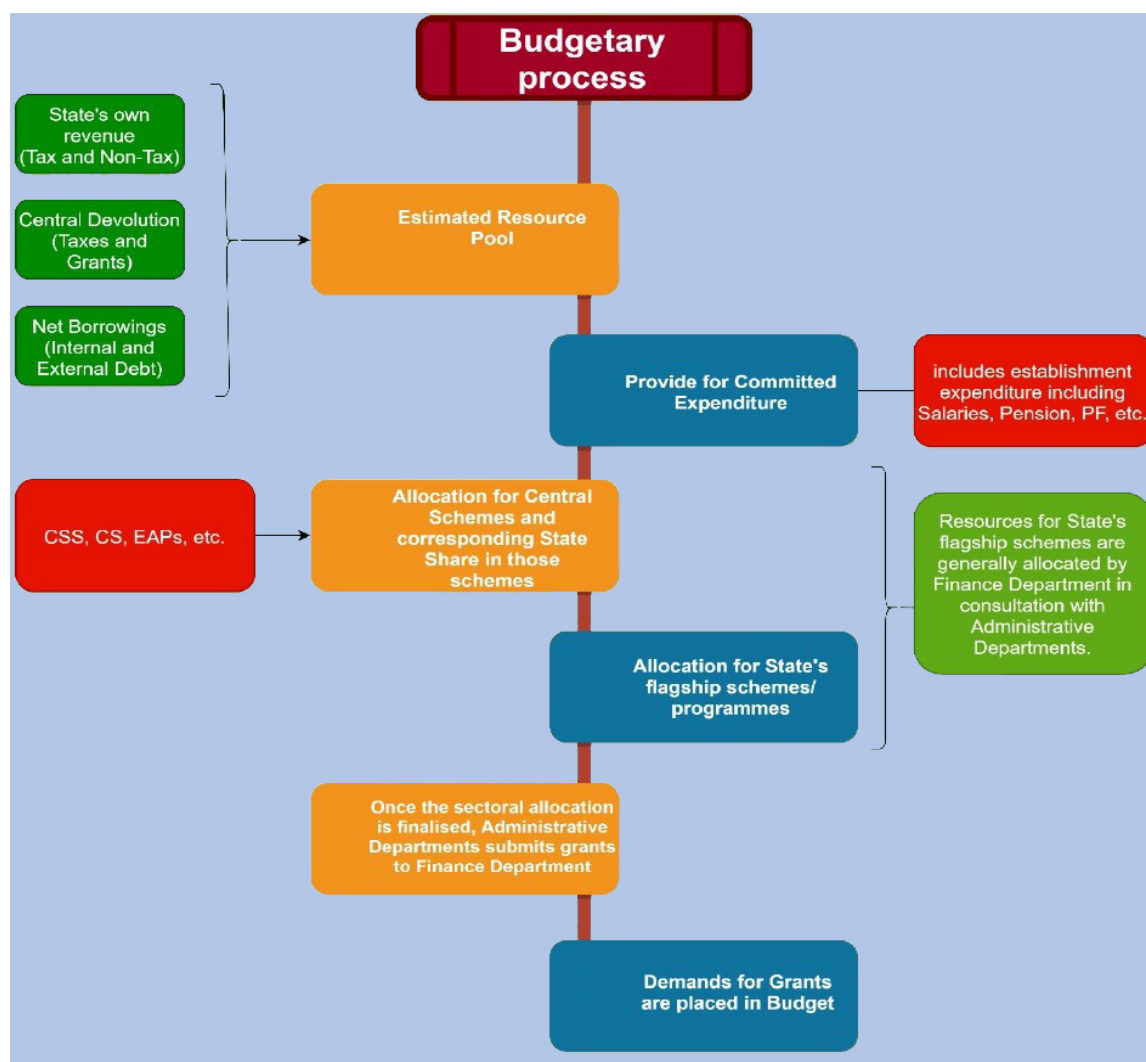
An effective financial management ensures that the decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of resources. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget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

3.2 Budget Preparation Process

The Government of Arunachal Pradesh (GoAP) has not yet prepared a Budget Manual, detailing the processes involved in budget formulation exercise, the roles and responsibilities of the persons entrusted with the preparation and implementation of budget, the timelines for preparation and submission of budgetary estimates and requirements for supplementary budget, the process for seeking re-appropriations within Grants, assessment of savings and surrenders *etc.* and the monitoring mechanisms 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, 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 83 Demands for Grants. Normally, every Department has one Demand for a Grant to ensure that corresponding to each Demand for a Grant a 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 were 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 (both units being within the same Grant/ Appropriation) during the year. The Budgetary process of the State Government is depicted in **Chart 3.1**.



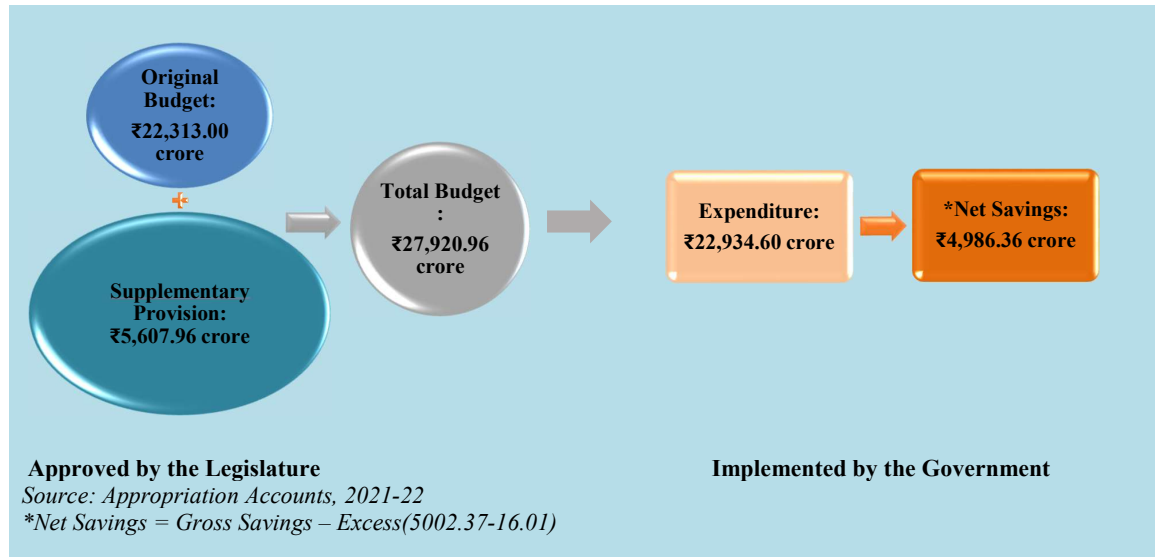
3.3 Annual Budget 2021-22

The annual Appropriation Accounts compare the actual expenditure, voted and charged of the Government for each financial year with the amount of voted Grants and charged Appropriation 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 show 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 the 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.

The Comptroller and Auditor General of India's audit of appropriations seek to ascertain whether the expenditures actually incurred under various grants are within the authorisation given under the Appropriation Act and that the expenditures required to be charged under the provisions of the Constitution are so charged. It also ascertains whether the expenditure incurred by the State Government is in conformity with the laws, relevant rules, regulations and instructions.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditures and savings during the year 2021-22 is given in Chart 3.2.

Chart 3.2 Summary of Budget and Expenditure of Arunachal Pradesh for 2021-22



The budget provision (₹27,920.96 crore) for the year 2021-22 was more than the budget provision approved by the Legislature in the previous year (₹25,600.80 crore) by ₹2,320.16 crore. The savings in the current year was 88.92 *per cent* of the Supplementary Provision indicating that most of the Supplementary provision was unnecessary and could have been limited to the 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 ₹4,986.36 crore, constituting about 17.86 *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 (₹22,934.60 crore) during the year 2021-22 was excess of the actual expenditure (₹18,674.05 crore) of the previous year by ₹4,260.55 crore.

The Supplementary Grant of ₹5,607.96 crore taken on 14 March 2022 was not required as the total expenditure as on February 2022 was only ₹13,882.11 crore (as per monthly civil accounts submitted by the Treasuries) leaving ₹8,430.89 crore with the State Government for the remaining 17 days. With the Supplementary Grant, total funds available with the State Government were ₹14,038.85 crore which was equal to 101.13 *per cent* of the expenditure incurred during the first 11 months of the financial year. This is indicative of 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 their further bifurcation into voted/ charged for the year 2021-22 is given in **Table 3.1**.

Table 3.1: Budget provision, actual disbursement and savings/excess during the financial year 2021-22

(₹ In crore)

Budget Provision		Disbursement		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
26,186.51	1,734.45	21,568.13	1,366.46	4,634.38	367.99	16.01	0.00

Source: Appropriation Accounts, 2021-22

There was an overall savings of ₹5,002.37 crore offset by excess of ₹16.01 crore during the year 2021-22 resulting in net savings of ₹4,986.36 crore which was 17.86 per cent of total Grants/Appropriations and 21.74 per cent of the total expenditure.

These savings may be seen in context of budget provisions on the expenditure side being ₹27,920.96 crore during the year 2021-22 against the estimated Receipts of ₹ 21,679.37 crore. 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 2021-22 along with the trend analysis during the last five years is given in **Table 3.2**.

Table 3.2: Year-wise details of disbursement

(₹ In crore)

Year	Disbursement		Savings(-)/ Excess (+)	
	Voted	Charged	Voted	Charged
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
2021-22	21,568.13	1,366.46	(-) 4,634.38	(-) 367.99

Source: Appropriation Accounts of the respective year

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 most of the share from GoI released in last quarter of the financial year leaving very few working months, late provision supplementary grants, Lump-sum provision of budget and over estimation of the expenditure side, indicating that the expenditure was estimated without assessment of the availability of the resources to meet the expenditure.

As against the total savings of ₹5,002.37 crore during the year 2021-22, ₹3,421.06 crore (68.39 per cent) occurred in 11 Grants/ Appropriations (details in **Table 3.7**) indicating serious weakness in the budget formulation in these Grants/ Appropriations. During the

year 2021-22, 21 schemes encompassing 15 departments (**details in Appendix 3.8**) could not be implemented due to the non/late receipt of authorisation from the Finance Department and non-sanction of the schemes, resulting in a savings of ₹736.32 crore constituting 3.21 *per cent* of the total expenditure made during the year. In the earlier years also, there were 102 schemes under 54 departments which could not be implemented due to short release of share in union taxes/ duties.

Gross savings of ₹5,002.37 crore in 81 Grants and two appropriations under Revenue Section and 45 Grants under Capital Section were offset to the extent of ₹ 16.01 crores by excess expenditure in nine Grants under Capital and Revenue 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 ₹279.92 crore was incurred on eight schemes under six 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 2021-22

(₹ In crore)

Sl. No.	Number and Name of Grants/ Appropriation	Head of Accounts	Expenditure	Name of Schemes/ Sub Heads
1	7-Accounts and Treasuries	2235-60-104-01	0.27	Deposit Linked Insurance Scheme
2	24-Agriculture	04-4415-80-800-02	0.004	Creation of Assets under Budget Announcement/ State Development Schemes
3	25-Disaster Management	08-2245-02-800-04	59.34	National Disaster Response Fund (NDRF)
4	25-Disaster Management	08-2245-05-101-01	111.11	State Disaster Response Fund (SDRF)
5	65-Department for Development of Tirap, Changlang and Longding Districts	4575-03-800-01	0.50	Development of Tirap and Changlang District
6	75-Higher and Technical Education	2202-03-107-04	90.19	Stipend to Post-Matric/ Post Graduate Level of Education
7	76-Elementary Education	04-2202-01-800-14	6.58	Chief Minister Samast Shiksha Yojana
8	76-Elementary Education	04-4402-01-800-31	11.93	Chief Minister Samast Shiksha Yojana
Total			279.92	-

Source: Appropriation Accounts, 2021-22

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

3.4.2 Supplementary Provision

The General Financial Rules permit 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 provision of ₹5,607.96 crore in 69 Grants/Appropriations for the year 2021-22 on 14 March 2022 leaving few working days to departments to utilise the fund. Audit analysis of utilisation of the supplementary allocations showed that a provision of only ₹3,878.32 crore was required in 63 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 provision 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 ₹1,729.64 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.

3.4.2.1 Unnecessary or Excessive Supplementary Provision

Supplementary provision aggregating ₹94.02 crore (₹10.00 lakh or more in each case) obtained in 12 Grants during 2021-22 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. The position of the grants is given in **Table 3.4** where the total supplementary provision of more than ₹10.00 crore was obtained in each of the items and was later found unnecessary.

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	14-Secondary Education	468.49	12.43	445.01	23.48
2	26-Rural Works	291.81	10.75	272.90	18.91
Capital Voted					
3	14-Secondary Education	62.10	23.37	46.12	15.98
4	47-Administration of Justice	37.44	25.15	34.95	2.49
Total		859.84	71.7	798.98	60.86

Source: Appropriation Accounts, 2021-22

In Grant No.47-Administration of Justice, against one sub-head (2014-114-‘Advocate General’), the original provision was ₹0.61 crore against which the actual expenditure was ₹0.78 crore. However, the Department obtained supplementary grants for ₹1.07 crore, which is much higher than the required amount (₹0.17 crore). It was stated that this was due to the non-submission of professional fee bills in time. Further against another sub-head (4059-800- ‘Construction of Court Building’), there was no original provision, but the Department obtained supplementary grants of ₹4.54 crore and till the end of the financial year the actual expenditure was only 1.03 crore, that led to savings of ₹3.51 crore. It was stated that savings were due to the non-finalization of specifications for the construction of the court building. All these types of poor budget formulation show the neutrality of the Department towards a realistic budget formulation.

Under Grant No. 02-Governor, in one sub-head (2012-800-‘Repairs/ Maintenance of Official Residence of Governor’), the original provision was ₹0.07 crore against which no expenditure was incurred. However, during the year, the Department obtained supplementary grants for ₹0.20 crore and the entire supplementary grant proved unnecessary as no expenditure was incurred against the sub head.

These types of the unrealistic budgets should be scrutinised by the Finance Department (Budget), Government of Arunachal Pradesh before approval of supplementary grants to the concerned departments. However, the occurrence of such cases every year implies that Budget Division is not paying enough attention to avoiding unrealistic budget formulation.

3.4.2.2 Excessive or Inadequate Supplementary Provision

During 2021-22, excessive or inadequate Supplementary Provisions (of ₹ one crore and above) were made in 64 cases. Details of these 64 cases, where the deviation from actual requirement ranged between one to more than 100 *per cent* of the Supplementary Provisions, are in **Appendix 3.3**. Ranged wise Summarised position of excessive or inadequate Supplementary Provisions is given in **Table 3.5**.

Table 3.5: Range of excessive or inadequate Supplementary provisions

(₹ In crore)

Range of Supplementary Provisions (excess/ less)	Details of Supplementary Provisions				
	Total	Excess (+)	Number of Cases	Less (-)	Number of Cases
0-20 per cent	1,892.59	154.86	14	11.63	2
21-40 per cent	925.88	286.06	18	-	-
41-60 per cent	2,325.61	1,104.54	12	-	-
61-80 per cent	109.32	82.76	2	-	-
More than 81 per cent	110.94	884.62	16	-	-
Total	5,364.34	2,512.84	62	11.63	2

Source: Appropriation Accounts, 2021-22

Further, Supplementary Provisions aggregating ₹5,364.34 crore under 62 cases proved excessive by ₹2,512.84 crore under 62 cases and inadequate by ₹11.63 crore under two cases.

3.4.3 Error in Classification of Expenditure

Rule 84 of General Financial Rules, 2017 stipulates that significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital Expenditure. 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. Capital and Revenue expenditure shall be shown separately in the Accounts.

- As per Detailed Appropriation Accounts for the year 2021-22, the State Government, however, incorrectly made budget provision of ₹178.16 crore for construction of district roads and Anti Erosion work along Mechang river of Yuibu under Revenue Section instead of booking the same under Capital section, which had the impact of overstating the Revenue expenditure and understating the Revenue surplus.
- Further the State Government incorrectly made budget provision of ₹49.74 crore for the Maintenance of Works under Capital Section instead of booking the same under Revenue Section, which had the impact of understating the Revenue expenditure and overstating the Revenue Surplus as details given in **Table 3.6**.

Table 3.6: Misclassification of Expenditure

(₹ In crore)

Sl. No.	Grant No. and Name	Classification	Scheme Name	Expenditure Amount	Correct specific classification to be used	Where booked	Where to be booked
1	32-Roads and Bridges	3054-04-800-01	Construction of District Roads	171.40	5054-04-337	Revenue	Capital
2	38-Water Resource Department	2711-01-103-01	Anti-Erosion Work along Mechang river of Yuibu	6.76	4711-01-103	Revenue	Capital
3	59-Public Health Engineering	07-4215-01-800-02	Maintenance of Works	49.74	2215-02-800	Capital	Revenue

Source: Detailed Appropriation Accounts, 2021-22

The Government while issuing sanctions for implementation of the schemes did not strictly adhere to the Government Accounting Rules, 1990 with regard to the 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 to rectify the misclassification.

Observations in this regard have been made in previous reports of CAG of India. However, the State Government has not taken any corrective measures to control the reoccurrence of the misclassifications.

3.4.4 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. However, it was noticed that in as many as 79 cases as details in **Appendix 3.4**, the re-appropriation was not made after realistic assessment as the expenditure was less/more than the final appropriated amount. The re-appropriation proved inadequate as the expenditure finally was more than the total grant available in eight cases by ₹62.21 crore.

Similarly, re-appropriation was injudicious in 71 cases as the expenditure fell short of the available grant proving the entire re-appropriation unnecessary.

3.4.5 Appropriation vis-à-vis Allocative Priorities

For preparing the budget, the estimating authorities are expected to assess their receipt and expenditure requirements with good care. They are required to be judicious to avoid any imprecise 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 the appropriation audit showed that cases of significant savings (exceeded ₹ one crore in each case) aggregating to ₹838.57 crore in 14 cases (Revenue) and to ₹2,853.16 crore in 21 cases (Capital) and together amounting to more than 20 per cent of the total provisions, details of which are given in **Appendix 3.5**. Such huge savings indicate that the budget estimates are not prepared realistically. In 34 such cases, reasons for appropriation have not been appropriately explained in the Appropriation Accounts.

Against the net savings of ₹4,986.36 crore, savings of ₹3,421.05 crore (68.61 per cent), exceeding ₹50.00 crore in each case, occurred in eleven Grants/ Appropriations as shown in **Table 3.7**.

Table 3.7: List of Grants with Savings of ₹50.00 crore and more

(₹ In crore)

Sl. No.	Number and Name of the Grant	Total Grant	Actual Expenditure	Details of Savings		Reasons for Savings
				Amount	Per cent	
Revenue-Voted						
1	23-Forests	751.46	546.30	205.15	27.30	The amount of monitoring and supervision @12%, Contingency charges and cost overhead under compensatory Afforestation could not be utilised due to procedural and technical reason
2	25-Relief, Rehabilitation and Re-settlement	302.64	190.62	112.02	37.01	Reasons for saving have not been intimated.
3	27-Panchayat	330.76	259.93	70.83	21.41	Due to incurring of expenditure as per release by the Ministry of Finance, Government of India and sanction received from the Finance Department (Budget), Government of Arunachal Pradesh.
4	31-Public Works	438.89	312.87	126.02	28.71	Due to non-filling up of vacant posts
5	32-Roads and Bridges	901.52	696.48	205.04	22.74	Due to non-filling up of vacant posts.
Total		2,725.27	2,006.21	719.06		
Capital -Voted						
6	32-Roads and Bridges	1,315.51	931.33	384.18	29.20	Due to non-completion of physical works.
7	34-Power	422.78	333.18	89.60	21.19	Due incurring expenditure as per work done and LOC authorization received from the Finance Department (Budget), Government of Arunachal Pradesh.
8	48-Horticulture	80.00	0.00	80.00	100.00	Reasons for saving have not been intimated.
9	50-Secretariat Economic Services	2,689.65	922.32	1,767.33	65.71	Due to non-implementation of the scheme within March 2022

Sl. No.	Number and Name of the Grant	Total Grant	Actual Expenditure	Details of Savings		Reasons for Savings
				Amount	Per cent	
10	59-Public Health Engineering	428.80	330.45	98.34	22.93	Non-release of funds by Government of India and non-receipt of budgetary support and LOC authorisation from the Finance Department, Govt. of Arunachal Pradesh.
Total		4,936.74	2,517.29	2,419.45		
Capital-Charged						
11	97-Public Debt	637.25	354.71	282.55	44.34	Reasons for saving have not been intimated.
Total		637.25	354.71	282.55		

Source: Appropriation Accounts, 2021-22

It was found that:

- Under the Grant No. 97-Public Debt, there was substantial savings of ₹312.00 crore under sub head 6003-110- Repayment of Advances Taken for RBI under Ways and Means. However, no part of the available savings was anticipated for surrender during the year. There was savings of ₹14.63 crore under 2049 01-123-01-Interest Payment on NSSF, which indicates that the preparation of BEs lacked due diligence, as interest liability can be estimated with near accuracy.
- Under Grant 32-Roads and Bridges, an original provision of ₹202.32 crore was made and also a supplementary grant of ₹573.71 crore was provided for the creation of assets under Budget Announcement/ State Development Schemes without giving any details of projects to be taken up from the provision. However, only ₹423.07 crore was utilised and ₹352.96 crore was the saving and the reason for the savings has not been intimated.
- Under the Grant 50-Secretariat Economic Services, an amount of ₹2,180.93 crore was provided for the Creation of an Asset, Scheme under CSS, RIDF, NLCPR, SIDF, and District Innovation Fund and the whole amount was re-appropriated without assigning any reason resulting in non-creation of envisaged infrastructure in the BEs.

Government in reply stated (October 2022) that savings were due to most of the share from GoI released in the month of March leaving few days to department to utilise the funds.

3.4.6 Persistent Savings

During the last five years, 14 Grants as shown in **Table 3.8** can be observed where persistent savings of more than ₹ one crore in each case existed and the saving exceeded the total provision by 10 *per cent* or more.

Table 3.8: List of Grants where persistent savings occurred during 2017-18 to 2021-22**(₹ In crore)**

Sl. No.	No. and Name of Grant	Amount of Savings				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Voted						
1	56-Tourism	42.16(54.04)	10.44(19.51)	18.99(31.03)	23.22(56.43)	14.80(30.26)
2	68-Town Planning Department	199.43(83.27)	4.62(11.47)	29.67(53.43)	169.85(61.02)	24.38(10.61)
3	71-Department of Tawang and West Kameng	3.03(70.63)	6.10(71.76)	3.78(54.55)	18.74(87.61)	2.59(41.84)
Capital Voted						
4	15-Health & Family Welfare	82.76(66.49)	377.09(87.64)	114.23(68.98)	38.70(80.79)	5.54(21.13)
5	16-Art and Culture	9.36(52.55)	6.10(45.19)	2.38(41.03)	1.69(84.50)	1.86(21.34)
6	22-Food and Civil supplies	13.40(61.54)	13.62(49.54)	1.72(49.71)	2.07(69)	1.60(37.59)
7	24-Agriculture	5.83(71.53)	221.05(96.13)	6.26(65.62)	104.70(95.62)	8.13(31.55)
8	34-Power	287.96(59.41)	56.04(16.73)	85.32(39.31)	58.22(27.57)	89.60(21.19)
9	40-Housing	40.30(59.61)	9.50(26.13)	32.51(72.24)	18.75(47.40)	14.60(36.98)
10	45-Civil Aviation	5.25(59.35)	20.32(52.78)	43.97(84.72)	19.13(31)	8.71(11.87)
11	47-Administration of justice	4.39(41.74)	5.18(34.08)	8.33(53.88)	18.71(76.88)	27.64(44.15)
12	48-Horticulture	2.00(100)	61.50(100)	17.77(88.85)	15.88(77.09)	80.00(100.00)
13	50-Secretariat Economic Services	359.74(98.03)	2,996.46(82.55)	3,025.42(88.01)	2,389.91(84.53)	1767.33(65.71)
14	56-Tourism	95.58(75.43)	22.02(17.90)	14.33(91.57)	29.47(84.13)	4.90(10.74)

Source: Appropriation Accounts of respective year

Figures in parentheses indicate percentage of savings to total provision

Analysis of the reasons for the savings during 2021-22 showed that:

- Under Tourism, SADA had savings of ₹11.80 crore, due to the late receipt of finance concurrence from the Finance Department, GoAP and saving of ₹3.00 crore under Establishment Expenses due to non-finalisation of MACP and DA in time.
- Under Town Planning Department the substantial saving of ₹22.29 crore under schemes for Urban Local Bodies (ULBs) was due to non-sanction of the schemes by the Finance, Planning and Investment Departments.
- Under the Department of Tawang and West Kameng, there was a total budget provision of ₹6.20 crore, out of which expenditure was ₹3.60 crore and savings was ₹2.59 crore. Out of which the Department has surrendered ₹2.55 crore.
- Under Health and Family Welfare Department, savings of ₹5.54 crore under Creation of Assets under Budget Announcement/State Development Schemes was due to the late receipt of DPR/estimates which resulted into delay in sanction of the schemes and also due to the non-receipt of expenditure authorisation for LOC to executing agencies.

- Under Art and Cultural Affairs, the reasons for savings under Creation of Assets under Budget Announcement/ State Development Schemes have not been intimated.
- The Savings of ₹89.60 crore occurred under Power Department, out of which, reasons for ₹52.13 crore savings under '4801-01-800-26-Creation of assets under Budget Announcement/ State Development Schemes' and ₹16.37 crore under '4801-05-800-20-Schemes under NLCPR' due to non-receipt of LOC authorisation from the Finance Department (Budget), Government of Arunachal Pradesh. Specific reasons for savings of ₹21.06 crore under '4801-05-052-02-Shifting of electric poles from Right of Way (RoW) of Trans Arunachal Highways' has not been intimated.
- The savings of ₹14.60 crore under Housing, were due to the non-completion of work.
- The savings of ₹8.71 crore under Civil Aviation was due to the late receipt of Administrative approval and expenditure sanction from the Finance Department, GoAP.
- The savings of ₹27.64 crore occurred under Administration of Justice Department, out of which, ₹24.13 crore savings under one sub head 'Creation of assets under Budget Announcement/State Development Schemes' was due to non-finalization of design and drawings by PWD Western Zone for vulnerable Witness Deposition Centers at Yupia and Tezu. Savings of ₹2.80 crore under '4070-800-24-creation of assets' was due to non-receipt of LOC authorization by the Finance Department, GoAP.
- The huge savings of ₹56.71 crore under Secretariat Economic Services, under one sub head '01-Special Assistance for Capital Expenditure' was due to the non-implementation of some of the scheme/projects by the March 2022 and in another sub head '18-Scheme under BADP' there was excess expenditure of ₹4.62 crore out of the total provision ₹38.07 crore. This indicated lack of proper assessment at the time of making budget estimates. Out of total savings of ₹1,769.64 crore, ₹1,701.07 crore only was anticipated and surrendered in March 2022.
- The savings of ₹4.90 crore occurred under Tourism Department, out of which, ₹0.94 crore savings under one sub head '03-Creation of Assets under Budget Announcement/ State Development Schemes' was due to the late receipt of concurrence from the Finance Department, GoAP. Out of total savings ₹19.71 crore, ₹3.97 crore only was anticipated and surrendered in March 2022.
- In many cases, the expenditure could not be incurred due to the non-receipt of financial concurrence and expenditure authorisation from the Finance Department which could be due to the daily cash management issues, primarily arising out of the mismatch between the receipts and expenditure.

The trend of persistent savings has been 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.

3.4.7 Substantial Surrenders

Substantial surrenders¹ were made in respect of 120 sub-heads under 39 Grants/Appropriations, as detailed in **Appendix 3.6**. Out of the Original provision amounting to ₹6,300.18 crore in these 39 Grants/ appropriations, ₹5,986.90 crore was surrendered which included 100 per cent surrender in 75 sub-heads (₹4,104.32 crore). Further, audit scrutiny found that in one sub head '01-Creation of Assets' under Grant no. 74-Social Justice, Empowerment and Tribal Affairs, there was surrender more than the Original provision (148 per cent) due to the supplementary grant amounting of ₹109.23 crore.

3.4.8 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 2021-22, out of the total savings of ₹4,801.69 crore under 59 Grants, Savings (₹One crore and above in each case) of ₹2,057.63 crore (42.85 per cent) remained to be surrendered, as detailed in **Appendix 3.7**. Further, out of the above, there were saving (₹10.00 crore and above in each case) of ₹1,526.94 crore (31.80 per cent) under 20 Grants but no part of the savings was surrendered by the concerned departments as shown in **Table 3.9**.

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	Section	Total Provision	Expenditure	Savings
Revenue-Voted					
1	1-Legislative Assembly	Revenue-voted	104.34	92.43	11.91
2	14-Secondary Education	Revenue-voted	480.92	445.01	35.91
3	15-Health and Family Welfare	Revenue-voted	1,221.56	1,193.11	28.44
4	25-Relief, Rehabilitation and Re-settlement	Revenue-voted	302.64	190.62	112.02
5	28-Animal Husbandry and Veterinary	Revenue-voted	211.37	199.23	12.15
6	42-Rural Development	Revenue-voted	458.91	417.34	41.57
7	56-Tourism	Revenue-voted	48.92	34.11	14.80
8	59-Public Health Engineering	Revenue-voted	1,122.23	960.26	161.98
9	68-Town Planning Department	Revenue-voted	229.93	205.54	24.38
10	76-Elementary Education	Revenue-voted	1,500.35	1,471.36	28.99
Capital-Voted					
11	14-Secondary Education	Capital-voted	85.47	46.12	39.35
12	26-Rural Works	Capital-voted	1,699.38	1,663.35	36.04
13	31-Public Works	Capital-voted	462.77	434.66	28.11
14	32-Roads and Bridges	Capital-voted	1,315.51	931.33	384.18
15	34-Power	Capital-voted	422.78	333.18	89.60
16	38-Water Resource Department	Capital-voted	160.10	147.76	12.34

¹ Cases where 50 per cent and more of original provisions was surrendered

Sl. No.	Number and Name of the Grant	Section	Total Provision	Expenditure	Savings
17	40-Housing	Capital-voted	39.48	24.88	14.60
18	47-Administration of Justice	Capital-voted	62.59	34.95	27.64
19	57-Urban Development	Capital-voted	189.08	174.16	14.93
20	59-Public Health Engineering	Capital-voted	428.80	330.45	98.34
21	74-Social Justice, Empowerment and Tribal Affairs	Capital-voted	322.26	310.69	11.57
22	76-Elementary Education	Capital-voted	78.59	63.04	15.55
Capital-Charged					
23	97-Public Debt	Capital-charged	637.25	354.71	282.55

Source: Appropriation Accounts, 2021-22

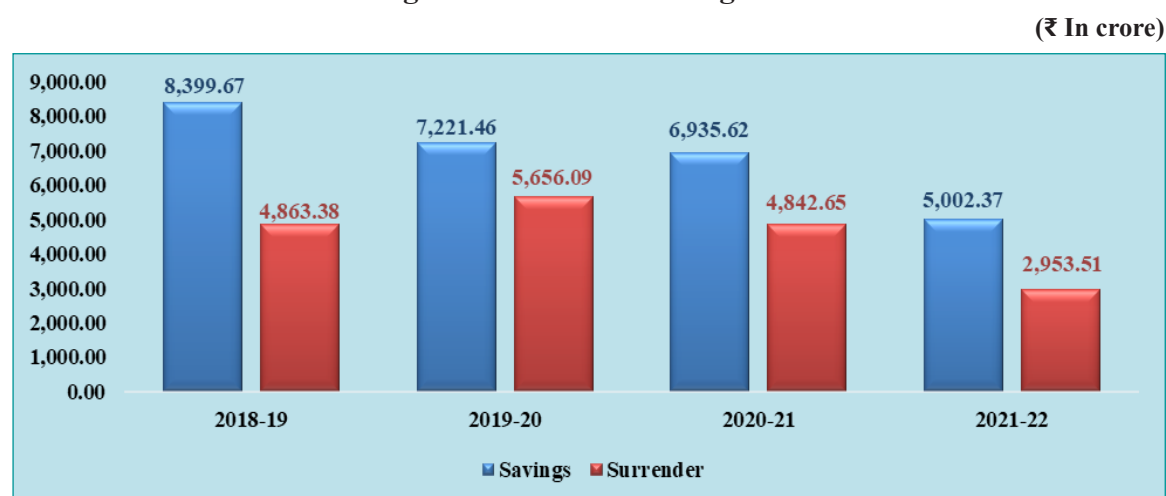
The non-surrender of the savings by the Controlling Officers was partly attributed to the non-release of funds by the Finance Department.

3.4.9 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. The Finance Department shall communicate acceptance of such surrenders before the close of financial year.

However, during 2021-22, against the gross savings of ₹5,002.37 crore, various departments of GoAP surrendered ₹2,953.51 crore (59.04 per cent), but the entire amount was surrendered on the last day of the financial year thus making it impossible to utilise these savings for other purposes. It was 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 3.3.

Chart 3.3: Savings and surrender during 2018-19 to 2021-22



Source: Appropriation Accounts of the respective year

The prescribed date for the surrender of anticipated savings for salary and wages was 20 February 2022 and it was 21 March 2022 for other object heads. However, in 140 cases

(details in **Appendix 3.7**), the anticipated savings were not surrendered by the prescribed date.

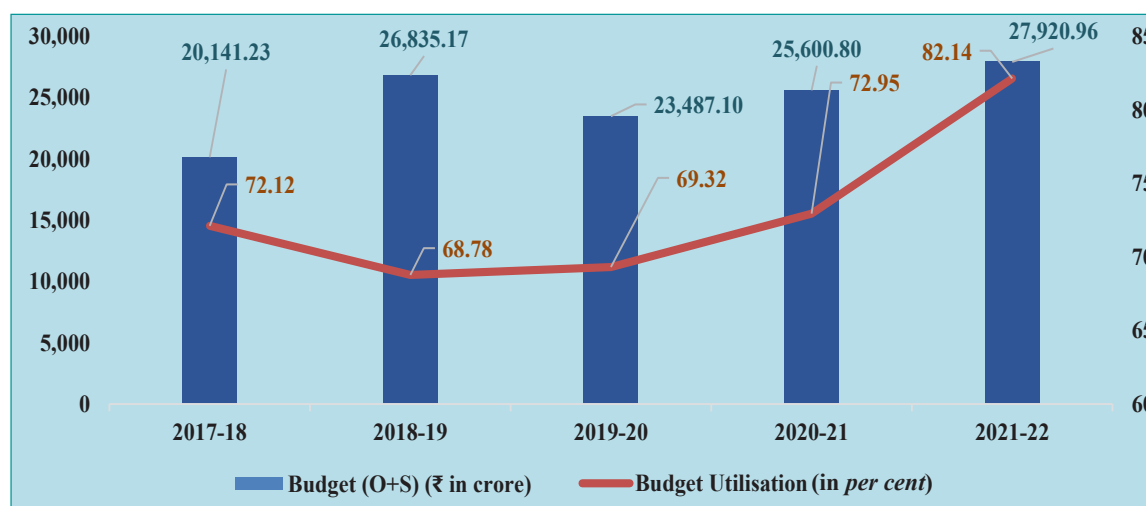
Non-compliance with the rules stated above not only deprives other needy Departments of resources, but also defeats the very objective of achieving efficiency in budget management, which may be an impediment to the speedy development of State.

3.4.10 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 3.4**, utilisation of budget stood between 69 and 82 *per cent* during the period 2017-18 to 2021-22 with inter year variation. The utilisation increased from 73 *per cent* in 2020-21 to 82 *per cent* in 2021-22.

Chart 3.4: Budget Utilisation during 2017-18 to 2021-22



Source: Appropriation Accounts of the respective year

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 2021-22, a provision of ₹736.32 crore (Original, Supplementary *plus* Re-appropriation) for maintenance work, Centrally Sponsored Schemes (CSS), Schemes under Budget Announcement, *etc.*, under 15 grants for 21 schemes as detailed in **Appendix 3.8** 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 ₹5.00 crore in each case was not utilised are indicated in **Table 3.10**.

Table 3.10: Savings of entire budget provision during 2021-22

(₹ In crore)

Sl. No.	Grant No. and Name	Head of Accounts and Purpose	Original	Supplementary	Re-appropriation	Total	Savings
1	25-Disaster Management	05-2245-05-101-02 “State Disaster Response Mitigation Funder-Covid-19”	3.79	277.77	0.00	281.56	281.56
2	28-AH & V and Dairy	03-2403-101-14-National Animal Reporting System	0.00	1.00	6.99	7.99	7.99
3	33-North Eastern Areas	09-4552-16-337-02 “Upgradation of Mirem Mikong Jonai Road”	13.75	0.00	(-) 8.35	5.40	5.40
4	34-Power	08-4801-05-052-02 “Shifting of Electric poles from Trans Arunachal Highways”	0.00	21.06	0.00	21.06	21.06
5	57-Urban Development	07-4217-60-51-16 “C/o RCC Bridges”	0.00	6.68	0.00	6.68	6.68
6	75-Higher and Technical Education	2202-03-800-04 “Regular Camping Programme”	71.15	13.17	5.87	90.19	90.19
7	97-Public Debt	6003-110-01 “Repayment of Ways and Means Advances”	312.00	0.00	0.00	312.00	312.00
Total			400.69	319.68	4.51	724.88	724.88

Source: Detailed Appropriation Accounts, 2021-22

In the above cases, during the year the savings ranged between ₹5.00 crore and ₹312.00 crore. This was due to non-release of funds by the Finance Department, GoAP.

3.4.11 Injudicious surrender

In six grants, there was an injudicious surrender of ₹19.52 crore as the Departments made surrendered in excess of savings within the grant. However, Government did not explain the reason for the difference between savings and surrender amounts as depicted in **Table 3.11**.

Table 3.11: Surrender in excess of savings

(₹ In crore)

Sl. No.	Grant No and Name	Nature of Grant	Total Provision	Actual Expenditure	Savings	Surrender	Excess Surrender
1	11-Social Welfare	Capital-voted	4.59	4.95	0.00	1.14	1.14
2	19-Industries	Capital-voted	23.65	21.77	1.88	1.94	0.06
3	30-State Transport	Capital-voted	18.13	18.05	0.08	0.64	0.56
4	38-Water Resource Department	Revenue-voted	470.99	400.14	70.85	88.46	17.61
5	58-Stationery and Printing	Revenue-voted	12.42	11.95	0.47	0.49	0.02
6	70-Administrative Training Institute	Capital-voted	3.87	4.24	0.00	0.12	0.12
Total			533.65	461.10	73.27	92.79	19.52

Source: Appropriation Accounts, 2021-22

3.4.12 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, 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 the regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of the discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

3.4.12.1 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 ₹3,204.41 crore from 1986-87 to 2020-21 (*Appendix 3.9*) was yet to be regularised. During the current year 2021- 22, in seven Grants, expenditure of ₹426.53 crore exceeded the approved provisions of ₹410.62 crore by ₹16.01 crore. In respect of Sub-Head level, an expenditure of ₹2,811.47 crore exceeded the approved provisions of ₹2,427.50 crore (*Appendix 3.10*). 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 regularise of excess expenditure is in contravention of constitutional provisions and defeats the objective of ensuring accountability over utilisation of public money.

3.4.13 Missing/ Incomplete Explanation for Variation from Budget

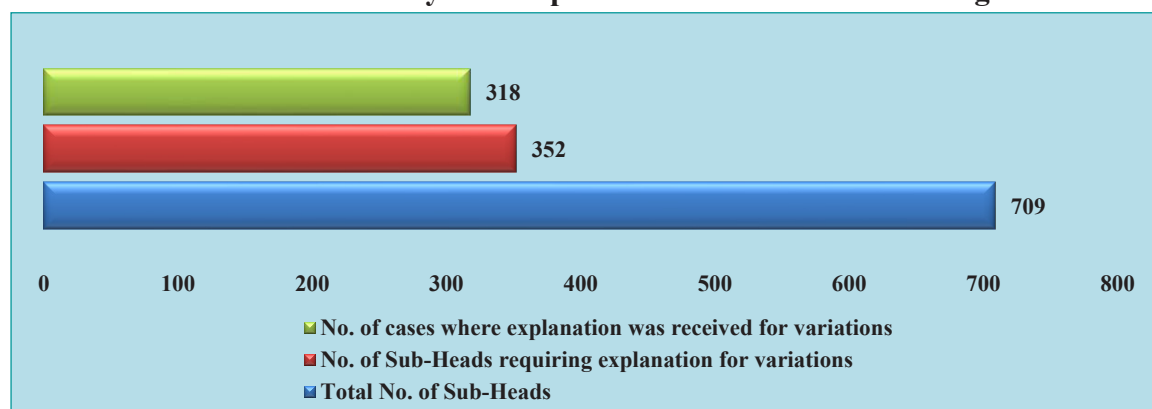
Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which, such variation at the Sub-Head/ Sub-Sub-Head level (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 2021-22 and an analysis of the underlying accounting data revealed that out of the 83 Grants/ Appropriations, reasons for variation were required in respect of 83 Grants/ Appropriations. However, in respect of seven Grants/ Appropriations, reasons were not furnished by the Controlling Officers of Government Departments. In terms of 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, are given in **Chart 3.5**.

Chart 3.5: Summary of unexplained variations vis-à-vis budget



Source: Detailed Appropriation Accounts, 2021-22

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 ₹4,052.46 crore for Schemes under Budget Announcements/ State Development scheme under 53 grants in Capital Section and ₹3,050.70 crore under 10 Grants in Revenue Section as detailed in *Appendix 3.11 (Part A & B)*.

Further, it was observed that in respect of 10 Grants/Appropriations, the whole budget provision was lumpsum due to non-submission of Budget proposal to Finance Department by the concerned Departments are given in **Table 3.12**.

Table 3.12: Details of lumpsum budget provision

(₹ In crore)

Sl. No.	Number and Name of the Grant	Section	Revenue Section				Capital Section			
			Provision	Expenditure	Saving	Excess	Provision	Expenditure	Saving	Excess
1	1-Legislative Assembly	Voted	8.68	92.43	11.91	0.00	0.00	0.00	0.00	0.00
		Charged	0.77	0.48	0.29	0.00	0.00	0.00	0.00	0.00
2	25-Disaster Management	Voted	298.76	190.62	112.02	0.00	0.00	0.00	0.00	0.00
3	26-Rural Works	Voted	291.81	272.90	29.67	0.00	1,593.00	1,663.35	36.03	0.00
4	31-Public Works	Voted	438.89	312.87	126.02	0.00	100.99	434.66	28.11	0.00
5	34-Power	Voted	1,024.49	1,180.91	175.52	0.00	144.00	333.18	89.60	0.00
6	35-Information and Public Relations	Voted	52.70	42.97	9.73	0.00	4.00	7.84	0.46	0.00
7	56-Tourism	Voted	32.01	34.11	14.80	0.00	45.66	40.76	25.78	0.00
8	59-Public Health Engineering	Voted	727.46	960.26	161.98	0.00	250.00	330.45	98.34	0.00
9	65-Department for Development of Tirap, Changlang and Longding Districts	Voted	1.42	0.87	0.56	0.00	50.00	52.44	0.00	2.44
10	66-Hydro Power Development	Voted	173.71	199.27	24.08	0.00	91.00	97.51	6.76	0.00
Total			3,050.70	3,287.69	666.57	0.00	2,278.65	2,960.20	285.09	2.44

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

As can be seen from the **Table 3.12**, budget provision amounting to ₹3,050.70 crore under Revenue section and ₹2,278.65 crore under Capital section were given to 10 Grants/Appropriation was Lum sum. There were savings in each of these grants aggregating to ₹951.66 crore (₹666.57 crore under Revenue section *plus* ₹285.09 crore under Capital section) and an excess expenditure of ₹2.44 crore in one Grant (65-Department for Development of Tirap, Changlang and Longding Districts). 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 holds the balance of achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanisms weak scheme implementation capacities/weak internal control lead to sub-optimal allocation among various development needs. Excessive savings in some departments deprive another 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 2021-22 against 83 Grants/Appropriations (80 Grants and 03 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 ²	Savings (-)/ Excess (+)	Details of Surrender ³		
	Original	Supplementary				Amount	Per cent	
Voted	I – Revenue	14,248.75	2,727.56	16,976.31	15,077.18	(-)1,904.77	1,086.47	6.40
	II – Capital	6,328.05	2,875.15	9,203.20	6,488.40	(-)2,725.18	1,831.14	19.90
	III - Loans & Advances	7.00	0.00	7.00	2.56	(-)4.44	2.50	35.71
Total Voted	20,583.80	5,602.71	26,186.51	21,568.14	4,634.39	2,920.11	11.15	
Charged	IV – Revenue	1,095.57	1.62	1,097.19	1,011.75	(-)85.44	33.40	3.04
	VI - Public Debt- Repayment	633.63	3.63	637.26	354.71	(-)282.55	0.00	0.00
Total Charged	1,729.20	5.25	1734.45	1,366.46	367.99	33.40	2.08	
Grand Total	22,313.00	5,607.96	27,920.96	22,934.60	5,002.38	2,953.51	18.92	

Source: Appropriation Accounts, 2021-22

As can be seen from the **Table 3.13**, the overall savings from total grants and appropriations was of ₹5,002.38 crore which was equal to 89.20 *per cent* of the supplementary budget of ₹5,607.96 crore obtained during the year. This indicates that a proper analysis was not done before budget formulation.

² These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue Expenditure (₹24,228.66 lakh) and Capital Outlay (₹6.89 lakh)

³ Entire amount was surrendered on 31 March 2022

The original budget of the State during the year 2021-22, was more than the previous year budget by ₹432.63 crore, the increase in Revenue section was ₹1,136.72 crore and the decrease in Capital section was ₹704.10 crore. Substantial savings of ₹3,012.17 crore in Capital section of the budget constituting over 43.27 *per cent* of the original budget of Capital section indicate that the funds meant for the infrastructure in the State could not be spent.

The Savings of ₹5,002.38 crore during the year was 89.20 *per cent* of total Supplementary amount provided in 2021-22, indicating that most of the part of the supplementary budget of ₹5,607.96 crore was unnecessary and it could have been restricted to only token provision wherever necessary.

The Actual Expenditure of ₹22,934.60 crore during 2021-22 which was ₹621.60 crore more than the Original Budget (₹22,313.00 crore) indicating that Supplementary Budget of ₹5,607.96 crore was unnecessary by ₹4,986.36 crore and it could have been restricted to only token provision wherever necessary.

3.6.3 Inaccuracy in the preparation of Revised Estimates

According to the Appendix below Rule 52(3) of General Financial Rules 2017 in preparing the Revised Estimates, while the 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 the 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 2021-22 under expenditure heads of accounts are given in **Appendix 3.12**.

Wide variations ranging from 11.55 to 100 *per cent* and in monetary term from ₹1.28 crore to ₹771.05 crore under Expenditure heads between the budget provisions and actuals particularly with reference to revised estimates are indicative of aberrations in estimation as detailed in **Appendix 3.12**. Further, the details of some cases of variation more the 50 *per cent* are given in **Table 3.14**.

Table 3.14: Variation between revised estimated and actual

(₹ In crore)

Sl. No.	Number and Name of Head of Accounts	Budget Estimate	Revised Estimate	Actual Expenditure	Variation Shortfall (-)/ Excess (+)	Variation Shortfall (-)/ Excess (+) (In per cent)
1	2029 - Land Records	73.39	42.35	19.15	23.20	(-) 54.79
2	2406 - Forestry and Wildlife	744.53	711.55	300.53	411.01	(-) 57.76
3	2435 - Other Agricultural Programmes	2.50	3.14	0.65	2.49	(-) 79.16
4	2552 - North Eastern Areas	7.45	5.82	2.35	3.48	(-) 59.71
5	2801 - Power	1,165.06	1,538.99	767.94	771.05	(-) 50.10
6	2852 - Industries	20.55	12.33	5.84	6.49	(-) 52.64
7	4205 - Capital Outlay on Education, Sports & Arts and Culture	0.50	2.19	0.00	2.19	(-) 100.00

Source: Annual Financial Statement 2021-22 & 2022-23 and Finance Accounts, 2021-22

As can be seen from the **Table 3.14**, there are seven such heads of account which variation between the revised estimates and the actuals during 2021-22 under expenditure heads of accounts is more than 50 *per cent*, 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 11 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 (2021-22) 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 2021-22 were 42, of which 40 schemes were under Category A and two 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, Rural Development *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 76, provision of ₹36.41 crore for Creation of Capital Assets (KGV B-Type II), against the Major Head 2202-01-88(03)-

11-01-35 was shown in the Gender Budget but no provision existed against the said head in the regular budget. Similarly, in Demand No. 11, against the head of account 2235-02-103-01-00-29, 31-GIA for Grants in Aid to Arunachal Pradesh State Commission for Women, an amount of ₹2.50 crore was shown in the Gender Budget but in regular budget there was only provision of 0.50 crore. 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 14 departments involving ₹313.31 crore with a target to benefit 1.53 lakh women. The Gender Budget constituted 1.12 *per cent* of total budget for the year 2021- 22. Gender Budget during the year was just 4.40 *per cent* than the previous year, which is very low. The year wise allocations in the gender budget document are detailed in **Table 3.15**.

Table 3.15: Gender budgetary allocations during 2017-18 to 2021-22

(₹ In crore)

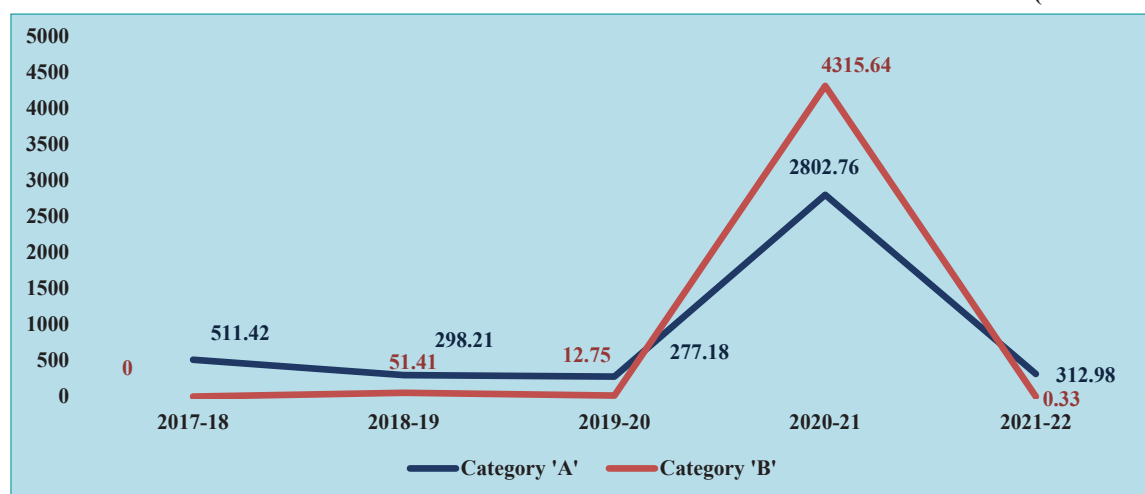
Year	Expenditure			Demands Covered	No. of targeted beneficiaries
	Category 'A' ⁴	Category 'B' ⁵	Total		
2017-18	511.42	0.00	511.42	14	4,40,655
2018-19	298.21	51.41	349.62	14	2,91,377
2019-20	277.18	12.75	289.93	14	6,62,432
2020-21	2,802.76	4,315.64	7,118.40	13	2,38,708
2021-22	312.98	0.33	313.31	14	1,52,613

Source: Gender Budgets of the respective year

The trend of Gender Budgetary allocations under Category 'A' and Category 'B' during 2017-18 to 2021-22 is shown in **Chart 3.6**.

Chart 3.6: Gender Budgetary allocations under Category 'A' and Category 'B'

(₹ In crore)



Source: Gender Budgets of the respective year

As seen from the above **Chart 3.6**, it was observed that there was substantial decrease in budgetary allocation under Category 'A' from ₹2802.76 crore in 2020-21 to ₹312.98 crore

⁴ Budgetary allocation to schemes designed covering 100 *per cent* women beneficiaries

⁵ Budgetary allocations to scheme designed for covering at least 30 *per cent* women beneficiaries

in 2021-22 and under Category 'B' from ₹4,315.64 crore in 2020-21 to ₹0.33 crore in 2021-22.

Further analysis revealed that a performance report for the year 2020-21 (Allocated ₹7,118.40 crore against 13 departments) was required to be incorporated in the Gender Budget of 2021-22 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 2021-22 due to which the actual achievement of schemes for benefit of women could not be analysed.

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. Some instances of the implementation of the budget announcements are discussed hereunder.

- In the Budget speech, the announcement was made for the infrastructure development of secondary and higher schools under Mission Shiksha. An amount of ₹51.00 crore was proposed in the Budget speech however, the same was not provided in the Original Budget, showing a mismatch between the Budget and Budget Speech. Further, Government allocated ₹0.01 crore for the infrastructure development of ME school in Sangram in the Supplementary Budget and ₹0.42 crore through re-appropriation and the department incurred ₹0.43 crore.
- An amount of ₹160.00 crore was announced in the Budget speech to Health Department to consolidate and strengthen the health system. The government provided ₹12.15 crore in Original Budget and ₹14.06 crore in Supplementary Grant. Out of ₹26.21 crore, Department incurred ₹20.67 crore only due to late receipt of DPR/ Estimates from the executing agencies.
- In the budget speech, government proposed to launch the 'Border Village Illumination Programme' with aim to establish small and micro hydel in remote border areas which can be used local grid or off grid mode and proposed to allocate ₹40.00 crore. Government instead of providing the budget separately with details of expenditure, made a lump sum provision in contravention of the rules amounting to ₹91.00 crore in capital section. The department incurred ₹84.93 crore. Further, ₹0.54 crore was withdrawn through re-appropriation where details of schemes were not mentioned. The remaining amount of ₹5.53 crore was not utilised due to non-completion of works and non-receipt of authorisation from the Finance Department. Due to lumpsum provision for implementation of the schemes announced in the budget could not be traced indicating lack of transparency.

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 the reasons for re-appropriations made during 2021-22 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 50-Secretariat Economics Services has been examined in detail and some significant observations follow.

The budget provision, expenditure incurred and savings/ Excess under the Grant 50-Secretariat Economics Services 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		Revenue	Capital
	Revenue	Capital (O+S)	Revenue	Capital	Excess (+)	Excess (+)
	(O+S)				Savings (-)	Savings (-)
1	2	3	4	5	6	7
2017-18	27.44	749.02	27.68	389.28	(+) 0.24	359.74
2018-19	102.47	3,629.83	43.14	633.36	59.33	2,996.47
2019-20	54.41	3,437.46	45.99	412.05	8.42	3,025.41
2020-21	400.98	2,827.41	59.22	437.5	341.76	2,389.91
2021-22	109.99	2,689.65	107.67	922.32	2.32	1,767.33
Total	695.29	13,333.37	283.7	2,794.51	411.59	10,538.86

Source: Appropriation Accounts of the respective year

There were savings ranging between ₹8.42 crore and ₹341.76 crore under Revenue Section and ₹3.59 crore and ₹3,025.41 crore under Capital Section during the period from 2017-18 to 2021- 22. Total savings under Revenue Section was ₹411.59 crore. There were huge savings of ₹10,538.86 crore during 2017-22 under Capital section.

During 2021-22, there was significant savings of ₹1,767.33 crore under Capital Section. The details of Savings under Capital section during 2021-22 is given in **Table 3.17**.

Table 3.17: Details of Savings under Capital Section

(₹ In crore)

Head of Accounts	Nature of Expenditure	Original	Re-appropriation	Total Provision	Actual Expenditure	Savings
08-4070-796-01	Special Assistance for Capital Expenditure	50.00	227.50	277.50	220.79	56.71
03-4070-800-13	Scheme under CSS	700.00	(-) 700.00	0.00	0.00	0.00
03-4070-800-18	Scheme under BADP	120.72	(-) 82.65	38.07	42.69	(+) 4.62
04-4070-800-14	Scheme under infrastructure Development Fund	70.00	(-) 70.00	0.00	0.00	0.00
04-4070-800-16	Scheme under RIDF	250.00	(-) 250.00	0.00	0.00	0.00
04-4070-800-19	Scheme under MLA LAD/Untied Fund	330.00	196.00	526.00	519.05	6.95
04-4070-800-24	Creation of Assests under BA/SDS	948.93	(-) 801.93	147.00	139.78	7.22
05-4070-800-11	District Innovation Fund	25.00	(-) 25.00	0.00	0.00	0.00
07-4070-800-15	Scheme under NLCPR	195.00	(-) 195.00	0.00	0.00	0.00
Total		2,689.65	(-) 1701.08	988.57	922.31	66.26

Source: Appropriation Accounts, 2021-22

The savings under Capital Section against above scheme were mainly due to non-implementation of scheme as on 31 March 2022. Under BADP, Original provision was 120.72 crore and withdrawal of 82.65 crore through re-appropriation resulted in excess expenditure of 4.62 crore which indicates injudicious Re-appropriation.

3.7.2 Unnecessary/ Injudicious Re-appropriation

It was noticed that the actual expenditure under the grant (both under Revenue and Capital Sections) were not close to the budget estimates during the 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 2017-18 to 2021-22

(₹ In crore)

Particulars	Year-wise Savings(-)/ Excess(+)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue	(+) 0.24	(-) 59.33	(-) 8.42	(-) 341.76	(-) 2.32
Capital	(-) 359.74	(-) 2,996.47	(-) 3,025.41	(-) 2,389.91	(-) 1,767.33

Source: Appropriation Accounts of respective year

It was noticed in the budget for 2021-22, in four sub-head of Capital Section, the Re-appropriation of ₹461.08 crore proved unnecessary as the department failed to utilised total provision in respect of three Sub-Head resulted in huge savings of under three Sub heads and excess expenditure of ₹4.62 crore in one Sub-head.

3.7.3 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 ₹948.93 crore provided for creation of assets under Budget

Announcements/ State Development Scheme under Capital section of the grant in the budget which constitutes 35.28 *per cent* of the total budget under capital section without giving any details of the assets to be created with the proposed provision. 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. Due to lumpsum provisions, the actual execution of the schemes also suffered as ₹139.78 crore was the actual Capital Expenditure against the lumpsum provision of ₹948.93 crore and the whole amount was classified under Minor Head 800-Other Expenditure. Classification of funds under Minor Head 800, affects the transparency in financial reporting and distorts the proper analysis of allocative priorities and quality of expenditure. Thus, The State Finance Department needs to be more vigilant towards lumpsum provisioning and stop this incorrect practice.

3.7.4 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 2021-22, Audit observed that a supplementary provision of ₹0.21 crore was obtained in one sub-head '3451-090-01 establishment expenses' which was totally unnecessary as total expenditure (₹6.10 crore) was less than the original budget provision of ₹7.24 crore. 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.

3.8 Conclusion

- Against the total budget provision of ₹27,920.96 crore, Departments incurred an expenditure of ₹22,934.60 crore during 2021-22, resulting in overall savings of ₹4,986.36 crore, which stood at 17.86 *per cent* of total grants and appropriations. This shows poor financial management by the State.
- These savings may be seen in context of budget provisions on the expenditure side being ₹27,920.96 crore during the year 2021-22 against the estimated Receipts of ₹ 21,679.37 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.
- The Supplementary Grant of ₹5,607.96 crore taken on 14 March 2022 was not required as the total expenditure as on February 2022 was only ₹13,882.11 crore (as per monthly civil accounts submitted by the Treasuries) leaving ₹8,430.89 crore with the State Government for the remaining 17 days. With the Supplementary Grant, total funds available with the State Government were ₹14,038.85 crore

which was equal to 101.13 *per cent* of the expenditure incurred during the first 11 months of the financial year. This is indicative of poor financial management.

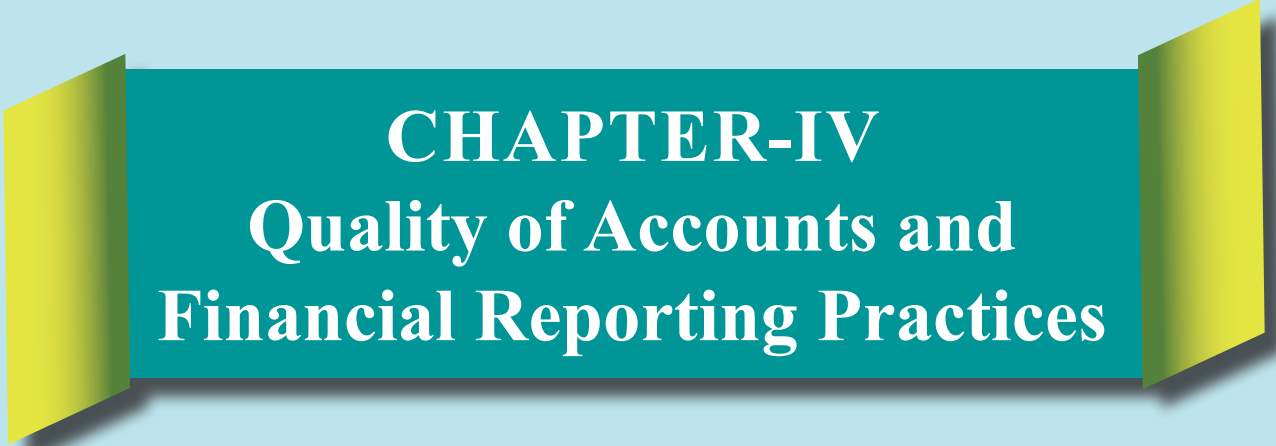
- In four Grants, Departments incurred an expenditure of ₹272.92 crore during 2021-22, without any budget provision, Supplementary Demands or re-appropriation orders, which is in violation of financial regulations and without the authority of the Legislature.
- During 2021-22, Supplementary grants of ₹94.02 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. Further, in respect of 64 cases, Supplementary provisions aggregating ₹5,421.07 crore proved excessive by ₹2,512.84 crore under 62 cases and inadequate by ₹11.63 crore under two cases.
- There was misclassification of ₹227.90 crore towards Revenue expenditure as Capital Expenditure and *vice-versa*.
- In 79 cases, 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 eight cases by ₹62.21 crore. Similarly, re-appropriation was injudicious in 71 cases as the expenditure fell short of the available grant proving the entire re-appropriation unnecessary.
- In 59 cases, savings (₹one crore or above in each case) during 2021-22 was ₹2,057.63 crore. Out of these, there were savings of ₹10 crore and above under 20 Grants however no part of the savings was surrendered by the concerned department. Further, there were persistent savings in 13 Grants during the last five years 2017-22, indicating lack of systemic and closer budget review by the Government.
- Savings during the year accounted for about one-fifth 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.
- Non-compliance with the rules stated not only deprives other needy Departments of resources, but also defeats the very objective of achieving efficiency in budget management, which may be an impediment to the speedy development of State as in respect of 140 cases, anticipated savings were not surrendered by the prescribed date.
- During 2021-22, there was excess over provisions in 16 Grants/ Appropriations amounting to ₹16.01 crore. In addition, excess expenditure amounting to ₹3,204.41 crore pertaining to the years from 1986-87 to 2020-21, 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 2020-21 (Allocated ₹7,118.40 crore against 13 departments) was required to be incorporated in the Gender Budget of 2021-22 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 2021-22 due to which the actual achievement of schemes for benefit of women could not be analysed.
- There were delays in submission of the BEs in respect of receipts and expenditures by 10 department for the year 2021-22 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 assessing actual needs of the departments.

3.9 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.
- 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.



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 directive during the current year.

4.2 Parking of Funds Outside the Government Accounts

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.

Further, in terms of guidelines on constitution and administration of the State Disaster Response Fund the fund should be booked under Major Head- '8121 General and Other Reserve Funds' which is in interest bearing section. Further, the Central and State Government are required to contribute the fund in proportion of 90:10. During the year 2021-22, State Governments received ₹200.00 crore as Central Government's share. Contrary to the account guidelines, the State Government parked ₹111.11 crore (Central share ₹100.00 crore and State share ₹11.11 crore) in the Savings bank account (SBI) of the Department of Disaster Management by debiting the expenditure from Major head 2245. There was no transfer to Public Account under Major Head 8121-122 which is violation of accounting guidelines. While the State received funds in SDRF as detailed above, the State did not receive any fund from the GoI towards National Disaster Response Fund (NDRF).

Audit recommended 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.

4.2.1 Un-spent amount lying in the bank account of Single Nodal Agency (SNA)

In accordance with the directions of the Ministry of Finance, Government of India, funds received by the State Government under Centrally Sponsored Schemes are tied funds which should be transferred by the State Government to the concerned SNA bank account within a period of 21 days of its receipt. In compliance with GoI's directions, the State Government has transferred CSS funds to SNA bank accounts.

As on 31 March 2022, an amount of ₹268.32 crore, including both Central and State shares, were parked in SNA bank accounts of 22 schemes as detailed in **Appendix 4.1**. Details of schemes where ₹10.00 crore and above lying unspent in SNA bank accounts are given below in the **Table 4.1**.

Table 4.1: Details of Schemes Rs. 10.00 crore and above parked in SNA bank accounts

(₹ in crore)

Controller Name	Scheme Name	Centre Share	State Share	Total release	Total Expenditure	Unspent Amount
Environment and Forests	Green India Mission-National Afforestation Programme	13.43	1.34	14.78	0.00	14.78
Health and Family Welfare	Human Resources for Health and Medical Education	17.60	0.00	17.60	1.55	16.05
Ministry of Housing and Urban Affairs	Other Items of State/ UT Component-Pmay Urban	18.92	2.11	21.03	2.68	18.35
	Mission for Development of 100 Smart Cities	0.00	24.50	24.50	2.07	22.43
Rural Development	Pradhan Mantri Awas Yojna (Pmay)- Rural	0.00	10.47	10.47	0.15	10.32
School Education and Literacy	Samagra Shiksha	173.30	140.82	314.12	260.98	53.14
Tribal Affairs	Post Matric Scholarship-Tribal	48.70	5.41	54.12	0.02	54.10
Water Resources	Har Khet Ko Pani	98.71	10.97	109.67	64.50	45.17

Source: Finance Accounts, 2021-22

Parking of fund in SNA bank accounts resulted in understatement of Revenue surplus and overstatement of Fiscal Deficit to that extent.

4.3 Non-discharge of interest liability in respect of interest-bearing Reserve Funds and Deposits

Funds in Public Account under Reserve and Deposits sections are of two categories viz., interest bearing and not bearing interest. State Government is therefore, required to pay interest on un-invested balances lying under Reserve Funds and Deposits bearing interest. During the year 2021-22. The State Government did not discharge interest liability of ₹57.37 crore in respect of balances lying as on 1 April 2021 in the interest-bearing Reserve Funds and Deposits, as shown in Table 4.2.

Table 4.2: Details of interest-bearing Reserve Funds and Deposits

(₹ in crore)

Funds/ Deposits	Balance On 1 April, 2021	Basis for calculation of interest	Interest due	Interest paid	Interest short paid
Defined Contribution Pension Scheme for Government Employees	13.58	Interest calculated as per the rate of interest notified by the Government/ payable to General Provident Fund (7.1 per cent)	0.96	Nil	0.96
State Compensatory Afforestation Fund	13,89.81	Interest calculated at the rate of 4.00 per cent, taking average Ways and Means interest rate for the year 2021-22	55.59	Nil	55.59
State Disaster Response Fund (SDRF)	2.62	Interest calculated at the rate of 4.00 per cent, taking average Ways and Means interest rate for the year 2021-22	0.10	Nil	0.10
Civil Deposit bearing interest (excluding MH- 8342)	18.07	Interest calculated at the rate of 4.00 per cent, taking average Ways and Means interest rate for the year 2021-22	0.72	Nil	0.72
Total			57.37	Nil	57.37

Source: Finance Accounts, 2021-22

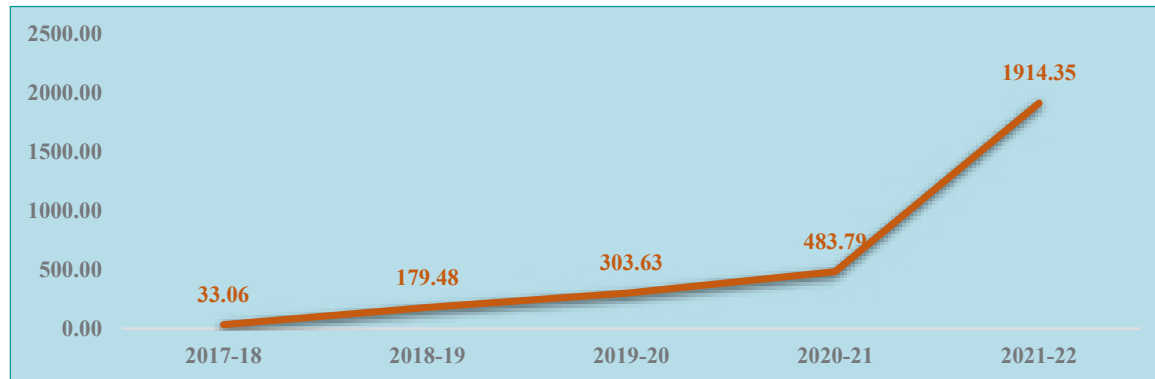
Thus, the undischarged liability of interest in the current year increases the burden on the Government's Revenue Expenditure at a future date.

4.4 Funds transferred directly to State Implementing Agencies

From 2015-16 onwards, it has been decided by Government of India (GoI) to release all assistance related to the Centrally Sponsored Schemes/ Additional Central Assistance to the State Government and not to directly to implementing Agencies. Contrary to this decision, GoI transferred an amount of ₹2,914.31 crore directly to State Implementing Agencies in the State during 2017-18 to 2021-22.

Details of direct transfer of funds to the implementing agencies during the period from 2017-18 to 2021-22 is given in **Chart 4.1**.

Chart 4.1: Funds transferred directly to implement agencies during 2017-18 to 2021-22
(₹ in crore)



Source: Finance Accounts of respective year

The GoI has been transferring the quantum funds directly to the Implementing Agencies in the State for implementing various schemes/ programmes in Social and Economic Sectors. During 2021-22, GoI transferred ₹1,914.35 crore which is an increase of ₹1,881.29 crore from ₹33.06 crore in 2017-18 (an increase of 5,690.53 per cent in preceding five years) and an increase of ₹1,430.56 crore from ₹483.79 crore in 2020-21 (an increase of 295.70 per cent over previous year). Details of all such direct transfers are available in **Appendix-VI** of the Finance Accounts. Some of the major transfers (₹10.00 crore and above in each case) to State implementing agencies are shown in **Table 4.3**.

Table 4.3 Major transfers directly made to Implementing Agencies in the State

(₹ in crore)			
Sl. No.	Name of the Scheme/ Programme	Implementing Units	Funds released
1	Organic value chain development of NE Region	Arunachal Pradesh Agriculture marketing Board	27.76
2	National AIDS Control Programme III	Arunachal Pradesh AIDS Control Society	12.88
3	North East Road Sector Development Scheme	Public Works Department Government of Arunachal Pradesh	20.00
4	Swadesh Darshan	Arunachal Tourist Society	15.11
5.	Pradhan Mantri Kishan Samman Nidhi (PM-KIShan)	Director of Agriculture, Government of Arunachal Pradesh	56.51

Sl. No.	Name of the Scheme/ Programme	Implementing Units	Funds released
6	Solar Power-Offgrid	Arunachal Pradesh Energy Development Agency	10.54
7	Mahatma Gandhi National Rural Guarantee Program	Society for Rural Development Arunachal Pradesh	328.14
8	Official Development Assistance for Sustainable Development Goals (EAP component)	SPV-Aspirational-Namsai	12.01
9	Jal Jeevan Mission (JJM)/ National Rural Drinking Water Mission	Public Health Engineering Department, Government of Arunachal Pradesh	1,302.15
Total			1,785.10

Source: Finance Accounts, 2021-22

Direct releases were more prominent in respect of Mahatma Gandhi National Rural Guarantee Program (₹328.14 crore) and Jal Jeevan Mission/ National Rural Drinking Water Mission (₹1,302.15 crore) which constitutes 17.14 per cent and 62.08 per cent of total directly transferred amount during the year 2021-22.

As these funds are not routed through the Consolidated fund of the State, the Annual Accounts does not capture the flow of such funds. Thus, the State's receipts and expenditure as well as other fiscal variables and parameters derived from them do not present the complete picture to that extent.

4.5 Delay in submission of Utilisation Certificates

Rules 238 of General Financial Rules, 2017 envisages that grants are 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 175 UCs in respect of grants aggregating ₹550.46 crore have not been submitted to the Accountant General (Accounts) as on 31 March 2022.

The year-wise details of pending UCs and amounts involved are given in *Appendix 4.2 (A)* and **Table 4.4**.

Table 4.4: Year-wise breakup of pending UCs

Year	Number of UCs	Amount
2017-18	02	0.29
2018-19	25	32.93
2019-20	58	51.15
2020-21	90	466.09
Total	175	550.46

Source: Finance Accounts, 2021-22

It is a matter of concern that the Departmental authorities have not yet explained as to how an amount of ₹550.46 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, Details

in **Appendix 4.2 (B)**. 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 due for submission of year up to 2020-21 is given in **Table 4.5**.

Table 4.5: The Department-wise break up of Outstanding UCs, due for submission of UCs

Name of the Departments	Number of UCs pending	(₹ in crore)
		Amount
Civil Supplies and Consumer Affairs	16	0.86
District Administration	3	1.04
Education	16	19.44
Health and Family Welfare	11	68.75
Industries	1	0.45
Information and Public Relation	20	20.57
Relief and Rehabilitation	20	10.92
Rural Development and Panchayati Raj	6	294.42
Science and Technology	7	3.07
Secretariat Administration	1	2.50
Social Welfare, Women and Child Development	46	7.71
Sports and Youth Affairs	9	2.67
Urban Development Municipal Administration and Govt. Estates	6	93.49
Tourism	7	10.65
Planning Programme Implementation Economics and	1	7.21
Home (Police)	3	3.36
Finance	1	2.35
Culture Affairs	1	1.00
Total	175	550.46

Source: Finance Accounts, 2021-22

Department wise analysis of the above table are as follows:

- There are 16 No. of UCs amounting to ₹19.44 crore which were not submitted as on 31 March 2022 for Education Department. These involved for Implementation of Vocational Education, Integrated Scheme for School Education: Samagra Shiksha Abhiyan, Oriented Camps of AP, NCC Cadets.
- As of March 2022, there are 11 No. of UCs amounting to ₹68.75 crore due for submission under Health and Family Welfare. Most of the UCs pertaining to C/O 200 Bedded RK Mission Hospital Itanagar and procurement of 2 DG set, Implementation of Human Resources for Health and Medical Education, Arunachal Pradesh Tele Emergency & Critical Care Services, Grant for AYUSH.
- There are six No. of UCs amounting to ₹294.42 crore in respect of Rural Development and Panchayati Raj due for submission as on 31 March 2022 which were involved for

Grants to Local Bodies, Rastriya Gram Swaraj Abhiyan, and Mobility Honorarium to Panchayati Raj/ Interim Committee Members.

- Under Public and Information Relation Department, there were 20 No. of UCs amounting to ₹20.57 crore due for submission as of March 2022. These UCs pertained to various Schemes/ Programmes viz; Establishment of State Data Centre, Development of Mobile Application for Tourists, Development of Website for The Dept. of Labour and Employment, Cloud Service for One Year under Revised Allocation, E-Office Cloud Hosting Charges to NICSI, Installation of Video Display at Chief Secretary Conference Hall.
- There were six No. of UCs amounting to ₹93.49 crore in respect of Urban Development and Town Planning due for submission as of March 2022. These involved for implementation for AMRUT, Basic Grant Instalment towards XIV Finance Commission.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the intended purpose. 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 concerned persons accountable for submission of UCs in a timely manner.

4.6 Opaqueness in Accounts

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 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.

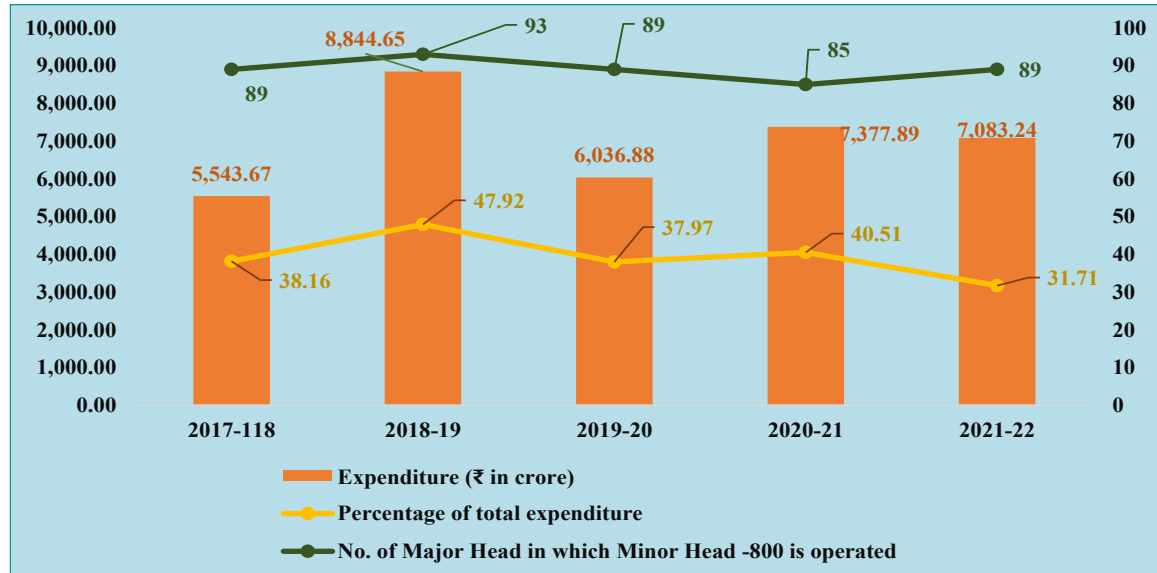
4.6.1 Use of Minor Head 800-Other Expenditure

Government of Arunachal Pradesh has operated this Minor Head extensively during the five-year period from 2017-18 to 2021-22. The quantum of expenditure booked under this Minor Head, when seen in percentage terms, showed a decreasing trend from 2018-19 to 2021-22 as can be seen from the **Chart 4.2**. This *percentage* declined from 47.92 *per cent* of total expenditure in 2018-19 to 31.71 *per cent* in 2021-22. The use of Minor Head 800, when seen in absolute terms, has increased significantly by ₹1,539.57 crore from ₹5,543.67 crore in 2017- 18 to ₹7,083.24 crore in 2021-22. During the year 2021-22, use of Minor Head-800- Other Expenditure decreased by ₹294.65 crore over the previous year (₹7,377.89 crore).

During 2021-22, the State Government booked an expenditure of ₹7,083.24 crore under Minor Head 800 against 89 Major Heads, constituting 31.71 *per cent* of the Total Expenditure (Revenue and Capital Expenditure).

The extent of operation of Minor Head 800 Other Expenditure, as a percentage of Total Expenditure during 2017-22 is given **Chart 4.2**.

Chart: 4.2: Operation of Minor Head 800-Other Expenditure during 2017-18 to 2021-22



Source: Finance Accounts of the respective year

- In respect of 26 Major head involving an expenditure of ₹844.57 crore, the entire provision was booked under Minor Head 800- Other Expenditure during 2021-22, is shown in **Appendix 4.3**.
- During the current year, in respect of 16 Major head amounting to ₹2,507.90 crore is shown in **Appendix 4.4**, substantial proportion *i.e.*, 50 per cent and more was classified under Minor Head 800- Other Expenditure. Details of such Major Heads where the expenditure was more than 50.00 crore and more than 50 per cent of expenditure was classified under Minor Head 800-Other Expenditure are shown in **Table 4.6**.

Table 4.6: Major Heads where the expenditure was more than 50.00 crore classified under Minor Head 800-Other Expenditure

(₹ in crore)				
Major Head	Details of Major head	TE	Booked under MH-800	Percentage
2217	Urban Development	380.85	204.27	54.00
3451	Secretariat-Economic Services	107.67	88.55	82.00
4059	Capital Outlay on Public Works	435.70	386.73	89.00
4070	Capital Outlay on Other Administrative Services	977.51	756.72	77.00
4202	Capital Outlay on Education, Sports, Art and Culture	281.09	257.56	92.00
4235	Capital Outlay on Social Security and Welfare	315.26	237.71	75.00
4801	Capital Outlay on Power Projects	430.69	363.19	84.00

Source: Finance Accounts, 2021-22

- Similarly, in respect of 15 transactions with an aggregate expenditure of ₹1,331.19 crore, the entire provision was booked under Minor Head 800-Other Expenditure for the last three continuous financial years, details of which are given in **Appendix 4.5**.
- Large proportion of classification of expenditure under Minor Head 800-Other Expenditure for last three -year continuous financial year were found to be related to Capital Expenditure on Water Supply and Sanitation (₹808.07 crore) and Capital Expenditure on other Special Areas Programmes (₹126.07 crore).

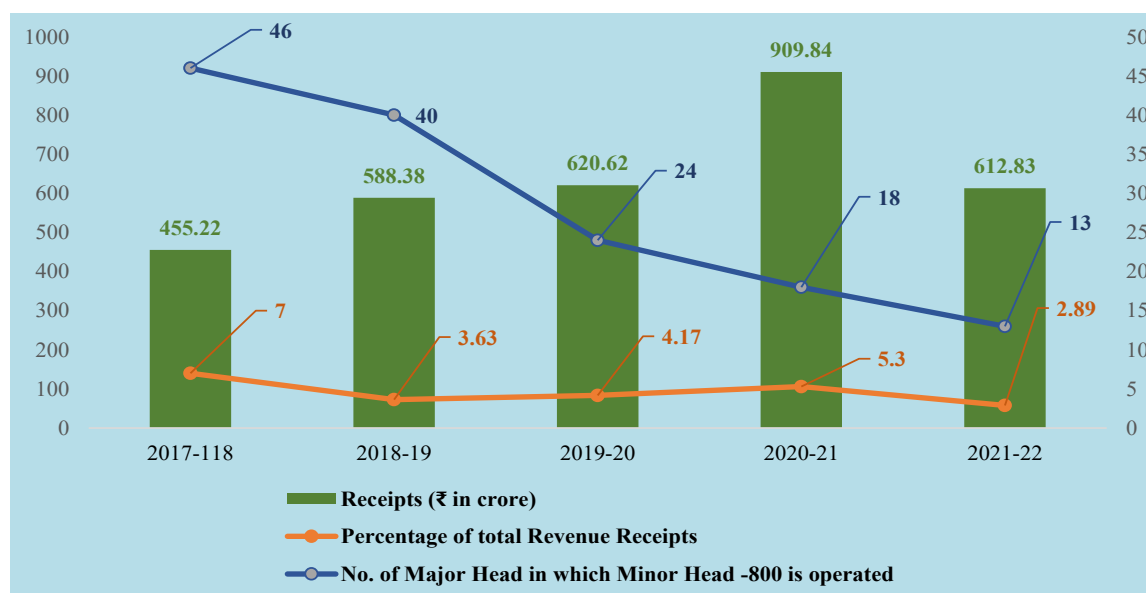
4.6.2 Use of Minor Head 800-Other Receipts

Similarly, Government of Arunachal Pradesh has operated this Minor Head extensively during the five-year period 2017-18 to 2021-22. In monetary term, Receipts classified under Minor Head showed an increasing trend from 2017-18 to 2021-22 and stood at ₹612.83 crore as can be seen from the **Chart 4.3**. During the year 2021-22, Revenue receipt classified as 800- Other Receipts decreased significantly by ₹297.01 crore over the previous year.

During 2021-22, the State Government classified an amount of ₹612.83 crore under Minor Head 800 against 13 Major Heads, constituting 2.89 per cent of the total Receipts.

The extent of operation of Minor Head 800 Other Receipts, as a percentage of Total Revenue Receipts during 2017-22 is given **Chart 4.3**.

Chart: 4.3: Operation of Minor Head 800-Other Receipts during 2017-18 to 2021-22



Source: Finance Accounts of respective year

- in respect of 12 transactions, amounting to ₹2,046.74 crore, which were booked under Minor Head 800-Other Receipts for the last three years continuous financial years, details are given in **Table 4.7**. Major proportion of classification of Receipt under Minor Head 800-Other Expenditure for last three-year continuous financial year were Public Works (₹104.25 crore), Other Administrative Services (₹494.09 crore), State Excise (₹498.91 crore) and Power (₹875.58 crore).

Table 4.7: booked under Minor Head 800-Other Receipts for the last three years continuous financial years

(₹ in crore)

		2019-20		2020-21		2021-22		2019-22	
Major Head	Description	Total Receipts	800 Other Receipt	Total Receipts	800 Other Receipt	Total Receipts	800 Other Receipt	Total Receipt	800 Other Receipt
39	State Excise	144.97	144.97	238.02	238.02	115.92	115.92	498.91	498.91
49	Interest Receipts	62.49	3.27	34.12	1.75	47.21	2.53	143.82	7.55
56	Jails	0.20	0.20	0.02	0.02	0.00	0.00	0.22	0.22
59	Public Works	7.74	7.38	17.33	14.79	83.66	82.08	108.73	104.25
70	Other Administrative Services	129.79	127.23	367.29	366.66	18.56	0.20	515.64	494.09
235	Social Security and Welfare	0.13	0.13	0.15	0.15	0.22	0.22	0.5	0.5
702	Minor Irrigation	0.33	0.33	0.37	0.37	1.09	1.09	1.79	1.79
801	Power	247.95	247.95	243.28	243.28	384.35	384.35	875.58	875.58
1054	Roads and Bridges	0.05	0.05	0.09	0.09	0.36	0.36	0.5	0.5
1055	Road Transport	18.51	18.51	10.01	10.01	18.54	18.54	47.06	47.06
1275	Other Communication Services	5.08	5.08	2.74	2.74	4.48	4.48	12.3	12.3
1456	Civil Supplies	0.60	0.60	0.58	0.58	2.81	2.81	3.99	3.99
Total		617.84	555.7	914	878.46	677.2	612.58	2,209.04	2,046.74

Source: Finance Accounts of respective year

- In respect of 10 Major head amounting to ₹528.00 crore, the entire provision was classified under Minor Head 800-Other Receipt during the year 2021-22 as shown in **Table 4.8**. The Power Sector alone classified ₹384.35 crore under Minor Head 800 during the current year.

Table 4.8: the entire provision was classified under Minor Head 800-Other Receipt

(₹ in crore)

Major Head	Description	Total Receipts under the Major Head	800-Other Receipt	Percentage to Total Receipt under the Major Head
39	State Excise	115.92	115.92	100
56	Jails	0.00	0.00	100
235	Social Security and Welfare	0.22	0.22	100
702	Minor Irrigation	1.09	1.09	100
801	Power	384.35	384.35	100
852	Industries	0.23	0.23	100
1054	Roads and Bridges	0.36	0.36	100
1055	Road Transport	18.54	18.54	100
1275	Other Communication Services	4.48	4.48	100
1456	Civil Supplies	2.81	2.81	100
Total		528	528	100

Source: Finance Accounts, 2021-22

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

4.6.3 Use of omnibus Minor Head-800 despite availability of specific Minor Heads

The Minor Head-800 was operated despite availability of specific Minor Head in the following cases.

Table 4.9: Use of Minor Head 800-Other Expenditure despite availability of specific Minor Head

Sl. No.	Classification under Minor Head-800	Description of Sub-head used	Related specific Minor Head to be used	Description related specific Minor Head	Amount (₹ in crore)
1	04-5054-04-800-02	C/o Rural Roads	04-5054-04-337-02	Road works	135.24
2	03-5054-800-03	Schemes under Central Road fund	03-5054-337-03	Road Works	112.49
3	5054-04-800-76	C/o Motorable bridge over siyum river to connect left Bankat Paya	5054-04-101-76	Bridges	1.71
4	2711-01-800-02	Restoration of flood protection work	2711-01-101-02	Civil works	34.99
5	03-4059-80-800-04	C/o Court Building	03-4059-80-051-04	Construction	1.03
6	08-4217-03-800-04	Smart City Mission in Arunachal Pradesh	08-4217-03-051-04	Smart City Mission in Arunachal Pradesh	0.66
7	3054-04-800-01	C/o District Roads	5054-04-337-01	Road Works	171.40

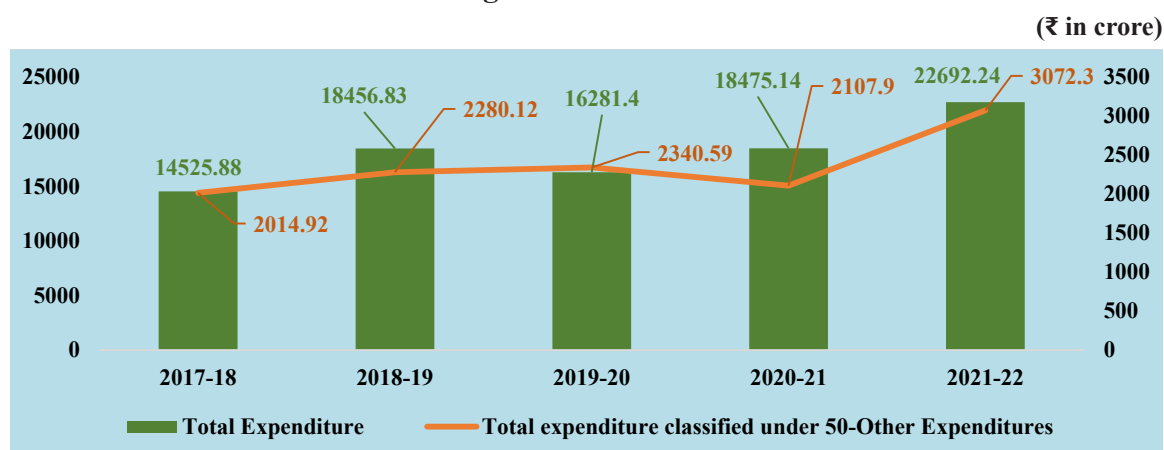
Source: Finance Accounts, 2021-22

Classification of expenditure under omnibus Minor Head-800, despite availability of specific Minor Heads for expenditure of ₹457.52 crore by four departments, shows laxity in correct depiction of Expenditure in Accounts.

4.6.4 Classification of huge amount as Other Charges under Detailed Head-50

Even at detailed head level, expenditure was classified as Other Charges making it difficult to identify the nature/ form/ object of the expenditure. Detailed of expenditure classified as Other Charges during 2017-18 to 2021-22 is shown in **Chart 4.4**.

Chart 4.4: Detailed of expenditure classified as Other Charges during 2017-18 to 2021-22



Source: Finance Accounts of the respective year

During the year 2021-22, the expenditure under Detailed head 50- Other charges amounting to ₹3,072.30 crore (13.54 *per cent*) which includes ₹ 2,699.97 crore under Revenue section and ₹372.33 crore under Capital Section. Thus, classification of large amount under the Other Charges affects transparency in financial reporting.

4.7 Outstanding balance 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 4.10**.

Table 4.10: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 – Suspense						
101 – PAO suspense	68.48	0.05	74.41	0.05	52.53	0.05
Net	Dr. 68.43		Dr. 74.36		Dr. 52.48	
102 – Suspense Account-Civil	38.06	7.19	36.56	7.19	29.33	1.46
Net	Dr. 30.87		Dr. 29.27		Dr. 27.87	
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	(-) 16.58	(-) 5.19	(-) 16.44	(-) 5.19	(-) 16.49	(-) 5.19
Net	Dr. (-) 11.39		Dr. (-) 11.25		Dr. (-) 11.30	
110 – Reserve Bank Suspense – CAO	1,920.18	779.44	1,948.35	779.51	1,947.04	772.71
Net	Dr. 1,140.74		Dr. 1,168.84		Dr. 1,174.33	
112 – Tax Deducted at Source (TDS) Suspense	--	6.86	-	7.95	--	7.9
Net	Cr. 6.86		Cr. 7.95		Cr. 7.90	
113 – Provident Fund Suspense	0.25	---	0.25	-	0.25	-

Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Net	Dr. 0.25		Dr. 0.25		Dr. 0.25	
121 – Additional Dearness Allowance Deposit Suspense Account (New)	0.01	0.08	0.07	0.08	0.07	0.08
Net	Cr. 0.07		Cr. 0.01		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	5,487.32	5,117.33	51,344.53	51,581.95	401.35	600.80
Net	Dr. 369.99		Cr. 237.42		Cr. 199.45	
103 – Forest Remittances	1,773.73	1,772.79	1843.35	1842.62	15.90	25.89
Net	Dr. 0.94		Dr. 0.73		Dr. 9.99	
105- Reserve Bank of India Remittances	592.89	503.75	592.89	503.75	592.89	504.2
Net	Dr. 89.14		Dr. 89.14		Dr. 88.69	

Source: Finance Accounts of respective year

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 Outstanding Balance under this suspense head as on 1 April 2021 was ₹ 74.36 crore (debit) which 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.

During the year 2021-22, the Outstanding Balance under this head reduced by ₹ 21.88 crore (Debit) from ₹ 74.36 crore (Debit) in 2020-21 to ₹ 52.48 crore (Debit) in 2021-22 due to clearance of suspense balances in respect of Ministry of Surface Transport, Regional Office, Guwahati and Central Pensions Accounting Office, New Delhi.

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 Balances under this head as 31 March 2022, was ₹ 29.87 crore (Debit) which was mainly in respect of Net Debit balance of Treasury Suspense (₹ 23.75 crore) and 4.27 crore under Objection book suspense. Figures depicted in the accounts, did not reflect the correct amounts due to non-clearance of balances under this suspense head and this balances also had the impact of understating of the revenue expenditure and overstating the Revenue surplus by ₹29.87 crore.

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 net outstanding balances under this head as on 31 March 2022 was ₹1,174.33 crore with ₹1,947.04 crore (Debit) and ₹772.71 crore (Credit). This was due to unadjusted advices received from Reserve Bank of India for want of complete classification. 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 ₹199.45 crore (Credit) were lying unadjusted as on 31 March 2022. Details of unadjusted remittances are shown as under:

Head of Account	Net Balance (₹ in crore)		Pending from	Reasons for pending	Impact of clearance of Outstanding Balances on Cash Balance
Remittances into Treasuries	Dr.	351.49	Prior to 2001-02	Non-adjustment of transactions by Public Works Division	On clearance increase in cash balances
Public Works Chques	Cr.	552.98	Prior to 2001-02	Outstanding credits due to non-receipt of debits through treasury accounts against cheques issued by Division	On clearance decrease in cash balances
Other Remittances	Dr.	2.04	2006-07	Due to non-adjustment of transaction by PWD	On clearance increase in cash balances
Cr.		199.45			

Source: Finance Accounts, 2021-22

It can be seen from the table above, there was non adjustment of the Debits and 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 Accounts

It is necessary to carry out periodic and frequent reconciliation of accounts to provide accuracy and consistency in financial accounts. Reconciliation and verification of figures enables the Chief Controlling Officers (CCOs) to exercise effective control over budget and expenditure. It also ensures accuracy of the accounts. Financial Rules stipulate that expenditure recorded in the books of CCOs of Department is to be reconciled with the books of the Principal Accountant General (Accountants) every month/ quarter as shown in Table 4.11.

Table 4.11: Status of Reconciliation of receipts and expenditure figures

Years	Total No. of Controlling Officer	Fully Reconciled	Partially Reconciled	Not Reconciled	Percentage of amount reconciled
Expenditure					
2017-18	80	79	01	00	98.80
2018-19	83	82	01	00	98.80
2019-20	84	75	09	00	89.30
2020-21	84	82	02	00	97.60
2021-22	83	81	02	00	99.65

Source: Finance Accounts of respective year

Non-reconciliation of Account impacts the assurance that all expenditures have been taken into the final Head of Account properly. Failure to exercise this check, resulted in expenditure without budget provision, misclassification of expenditure and excess expenditure against budget provision, **(details discussed in para 3.4.1, 3.4.3 and 3.4.12.1)** and raising concerns over accuracy of Account. It is also a reflection of weak internal controls within the Government.

4.9 Reconciliation of Cash Balances

There should be no difference between the Cash Balances of the State as per the books of Accounts of the Accountant General (Accounts) and Cash Balance as reported by the Reserve Bank of India (RBI). Details of Cash Balances as per Reserve Bank of India and books of Accounts of the Accountant General (Accounts) and their differences are given in Table 4.12.

Table 4.12: Details of year-wise Cash Balance

(₹ in crore)

Year	Cash Balance as per RBI	Cash Balance as per Accountant General (Accounts)	Net Balances	Reasons for differences
2017-18	Dr.22.11	Cr.7.44	Dr.14.67	Misclassification by/ Treasury
2018-19	Dr.329.83	Cr.316.60	Dr.13.23	
2019-20	Cr.231.55	Dr.256.96	Dr.25.41	
2020-21	Dr.20.00	Dr.7.01	Dr.27.01	
2021-22	Dr.731.98	Cr.2,063.52	Cr.1,331.54	
Total	Dr. 872.37	Cr. 2,123.59	Cr.1,251.22	

Source: Finance Accounts of respective year

As on 31 March 2022, there was a difference of ₹1,331.54 crore (Credit), between the Cash Balance of the State Government, as per the books of Accounts of the 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 ₹731.98 crore (Debit) and Accountant General's figure is ₹2063.52 crore (Credit). This difference is mainly due to misclassification and incorrect reporting by Bank/ Treasury which 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 to ensure that there are no delays in reporting the transactions by the Agency Banks. However, such reconciliation was not being done, due to which there was a huge difference of ₹1,331.54 crore (Credit) and the penalty leviable on the Agency banks for not adhering to the timelines for settlement could be ascertained.

4.10 Central Road Fund

As per extant accounting procedure under Central Road Fund (CRF), the Central grants received are to be booked under '1601-108-Grants for Central Road Fund'. On the expenditure side of the budget, an equivalent amount is provided under Major Head 3054 Road and Bridges-797-Transfer to Reserve Fund/ Deposits Accounts. Further, this amount is credited to the Public Account under Major Head 8449-Other Deposits-103-Subventions from CRF. Expenditure on the prescribed road work is accounted for either in revenue or capital section under Major Head 3054 or 5054, as the case may be, as deduct refund and debit to Major head 8449-103.

It was observed that the State Government received GoI grants of ₹128.33 crore in 2021-22 and booked it under Major Head 1601-108- Grants from CRF. However, no corresponding budget provision was made under 3054-797-Transfer to Reserve fund/ Deposit account under Central Assistance, and the amount was not transferred to the Public Account under Major Head 8449-103. This is in violation of the Fund accounting procedure.

It was further noticed that expenditure of ₹112.49 was shown under Major Head 5054-Capital Expenditure on Roads and Bridges under Minor Head 800-Schemes under CRF in 2021-22. There is no assurance of correctness of booking of the entire CRF expenditure only for Capital Works and none under revenue or maintenance head. This would also have an effect on the extent of Revenue Deficit/ Surplus of the State, which is not quantifiable.

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 2021, the State Government was yet to transfer Cess amounting to ₹109.41 crore to the Board. During the year, another ₹18.27 crore was collected as labour Cess by the State Government. State Government had not transferred any amount to the Board during 2021-22, leaving a balance of ₹127.68 crore yet to be transferred to the Board as on 31 March 2022.

As at end of 2021-22, a total of 44,093 workers were registered with the Board. Details of amount collected and actual expenditure incurred during the period from 2017-18 to 2021-22 are shown in **Table 4.13**.

Table 4.13: Statement of Cess Collection and Expenditure incurred (2017-18 to 2021-22)

(₹ in crore)

Year	Opening Balance	Addition during the year		Total Fund Available	Actual Expenditure	Closing Balance
		Cess Collected during the year	Other income*			
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
2021-22	6.98	77.53	0.93	85.44	81.97	3.47

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 **Table 4.13**, out of the total available fund of ₹85.44 crore, the APBOCWB expended ₹81.97 crore, leaving a balance of ₹3.47 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 2021-22 revealed that out of the total expenditure of ₹81.97 crore, an expenditure of ₹7.78 crore (9.49 per cent of the total expenditure) was incurred towards administrative expenses by the Board in contravention of the rules *ibid*.

The remaining expenditure of ₹74.19 crore was incurred by the Board mainly on Educational Benefits (₹0.98 crore) to 241 children of the beneficiaries *i.e.* building and other construction workers, Normal Death Benefits and Accidental Death Benefits (₹1.24 crore) to 272 beneficiaries, , Maternity Benefits (₹0.008 crore) to 53 beneficiaries, Medical Benefits (₹0.01 crore) to 23 beneficiaries and Marriage Benefits (₹0.03 crore) to 27 Beneficiaries.

4.12 Compliance with Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, three Indian Government Accounting Standards (IGAS) have notified to enhance accountability mechanisms. Compliance to these Accounting Standards by Government of Arunachal Pradesh for the year 2021-22 and deficiencies therein are detailed in **Table 4.14**.

Table 4.14: Compliance with IGAS

IGAS	Essence of IGAS	Compliance by the State Government	Deficiencies notified in Compliance
IGAS 1 Guarantees given by Government Disclosure required	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked discharged and outstanding at the end of the year	Partially Complied	The Government does not follow commitment accounting and the commitments are neither recorded nor the liability against commitment recognised in accounts.
IGAS 2 Accounting and Classification of Grants-in-Aid	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	Fully Complied	--
IGAS 3 Loans and Advances made by the Government	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.

Non-compliance with the IGAS fully, would impact the objective of financial statements to present a true and fair view of the financial position.

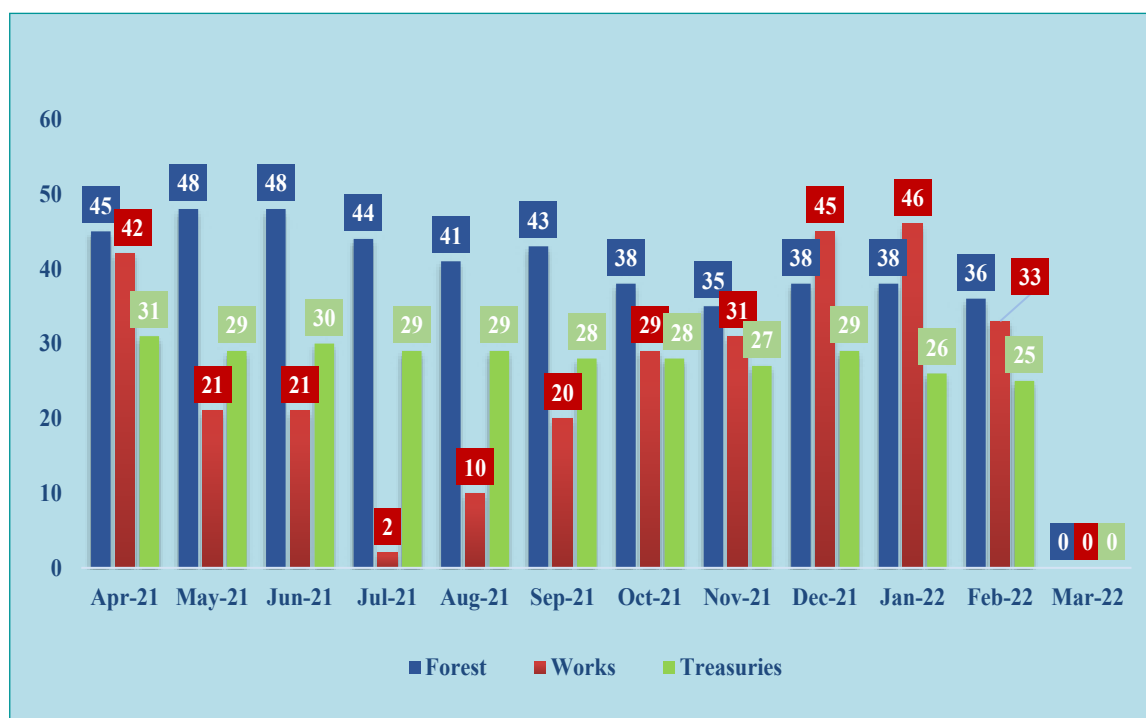
4.13 Timeliness and Quality of Accounts

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.

In Arunachal Pradesh, the Principal Accountant General is required to compile the accounts of the State Government, from the initial accounts rendered by the 31 District Treasuries/ Sub-treasuries, 222 Public Works Divisions and 48 Forest Divisions, apart from the RBI advices.

During the financial year 2021-22, 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 **Chart 4.5**.

Chart 4.5: Month-wise delays in rendition of accounts (in days)



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

As can be seen from the **Chart 4.5** above, during the year 2021-22, 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 throughout the year 2021-22, except for March 2022. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Principal Accountant General to the State Government were incomplete in all the months, except for the month of March 2022. 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 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.

4.14 Submission of Accounts by SPSEs

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 2022, as discussed below.

4.15 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 4.15**.

Table 4.15: Position relating to finalisation of accounts of working SPSEs

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Number of Working SPSEs/ other companies	5	6	6	6	6
2.	Number of accounts finalised during the year	2	2	2	3	5
3.	Number of accounts in arrears	38	42	46	49	50
4.	Number of working SPSEs with arrears in accounts	5	6	6	6	6
5.	Extent of arrears (numbers in years)	1 to 18	1 to 19	1 to 20	1 to 21	1 to 22

Source: As per latest finalised accounts of SPSEs

As can be observed from the **Table 4.15**, the number of accounts in arrears has shown an increasing trend during the last five-year period from 2017-18 to 2021-22. Out of the total 50 accounts in arrears as on 30 September 2022, 38 Accounts pertained to two SPSEs viz., Arunachal Pradesh Mineral Development and Trading Corporation Limited (22 Accounts) and Arunachal Pradesh Forest Corporation Limited (16 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 failed 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 2021-22 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. Further, Principal Accountant General had written letter to Principal Secretary (Finance), Government of Arunachal Pradesh and Secretary, Legislative Assembly Arunachal Pradesh on 05 April 2022 for submission of annual accounts.

Arunachal Pradesh Industrial Development and Financial Corporation Limited (up to 2020-21), Hydro Power Development Corporation of Arunachal Pradesh Limited (up to 2013-14) and Arunachal Pradesh Donyi Polo Hotel Corporation Limited (up to 2020-21) submitted their annual accounts as on 30 September 2022.

4.16 Submission of Annual Accounts by Autonomous Bodies

Audit of Accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Section 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971”.

There were four Autonomous Bodies coming under the audit purview as per Section 19 or 20 of the CAG’s DPC Act, which were required to submit their Annual Accounts to CAG before 30 June every year. There was a delay in submission of Annual Accounts by such ABs to Audit ranging from one to nine years as of September 2022. Details of arrears in accounts submission by ABs is given in **Table 4.16**.

Table 4.16: Details of Arrears of Accounts

Sl. No.	Name of the State Autonomous Bodes/Authorities	Accounts pending since	No. of Accounts pending as of September 2022
1	Arunachal Pradesh State Legal Services Authority	2021-22	01
2	Arunachal Pradesh Building and Other Construction Workers Welfare Board	2020-21	02
3	Arunachal Pradesh State Electricity Regulatory commission	2018-19	4
4	Arunachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority	2013-14	9
Total			16

Source: Information furnished by the Commercial wing of the Pr. Accountant General, AP

As can be seen from the above table, the Annual Accounts of four ABs (16 Accounts) were not submitted to audit as of September 2022. Nine Accounts of CAMPA were pending from 2013-14 onwards. The State Forest Department which have the responsibility to oversee the activities of CAMPA, did not take effective actions to clear the huge arrears in submission of accounts.

Delays in the submission of accounts to audit reflect weak internal controls and inadequate monitoring by the State Government in addition to the lack of accountability from these Autonomous/authorities for the funds released by the State Government, It may also make the system vulnerable to fraud and leakage of public money.

4.17 *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 (303 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.

4.18 Discussion of SFAR by the PAC

No Public Accounts Committee was held during the year to discuss the Paragraph of the State Finances Audit Report.

4.19 Conclusion

- 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.
- Non-submission of UCs by Departments for funds drawn for specific developmental programmes/ projects and non-submission of accounts by Autonomous, Development Bodies and Authorities was violative of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.
- 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.
- As on 30 September 2022, all six SPSEs had total arrears of 50 Accounts ranging from 1 to 22 Accounts. The highest pendency of accounts pertained to Arunachal Pradesh Mineral Development and Trading Corporation Limited (22 Accounts) and Arunachal Pradesh Forest Corporation Limited (16 Accounts).

4.20 Recommendations

- The Finance Department should, in consultation with the Principal Accountant General, 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
- The Government may ensure timely submission of Utilisation Certificates by the departments in respect of the grants released for specific purposes.

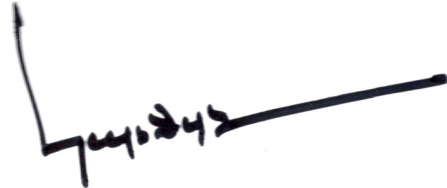
- Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.
- The Administrative Departments, which have the responsibility to oversee 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 GSDP for the year 2021-22 could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.

Itanagar
The 13 February 2023



(C. ANGRUP BODH)
Principal Accountant General,
Arunachal Pradesh

Countersigned



New Delhi
The 13 February 2023

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India



APPENDICES

Appendices

APPENDIX 1.1

Part – A

Layout of Finance Accounts (Reference: Paragraph-1.1; Page 1)

The Finance Accounts (Revised format introduced from 2015-16) have been divided into two Volumes-I and II. Volume I represent 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 Investments 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 Investments 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 Account Transactions
Statement No. 22	Detailed Statement on Investments of Earmarked Funds
VOLUME-II (Part- II Appendices)	
I	Comparative Expenditure on Salary
II	Comparative Expenditure on Subsidy
III	Grants-in-Aid/ Assistance given by the State Government (Institution-wise and Scheme-wise)
IV	Detailed of Externally Aided Projects

V	Plan Scheme Expenditure A. Central Schemes (Centrally Sponsored Schemes and Central Plan Schemes) B. State Plan Schemes
VI	Direct Transfer of Central Scheme funds to Implementing Agencies in the State (Fund routed outside State Budgets) (Unaudited Figures)
VII	Acceptance and Reconciliation of Balances (as depicted in Statement 18 and 21)
VIII	Financial results of Irrigation Schemes
IX	Commitments of the Government-List of Incomplete Capital Works
X	Maintenance Expenditure with segregation of Salary and Non-salary portion
XI	Major policy Decisions of the Government during the year or New schemes proposed in the Budget
XII	Committed Liabilities of the Government
XIII	Re-organisation of the States-items for which allocation of balances between/among the States 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	$\text{Interest Received} [(\text{Opening Balance} + \text{Closing Balance of Loans \& Advances})/2] * 100$

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
Revenue Deficit/ Surplus	Revenue Receipts – Revenue Expenditure
Fiscal Deficit/ Surplus	Revenue Expenditure + Capital Expenditure + Net Loans & 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. $CAGR = ((\text{Ending Value}/\text{Beginning Value})^{(1/\text{period})}) - 1$
Core Public Goods and Merit Goods	<p>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, <i>e.g.</i> enforcement of law & order, security and protection of rights; pollution free air and other environmental goods, road infrastructure, <i>etc.</i></p> <p>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, <i>etc.</i></p>

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	7,96,000
	Female	7,52,000
	Total	15,48,000
3.	Density of Population (as per 2011 Census) (All India Average = 418 persons per sq. km.)	18 persons per sq. km.
4.	Population Below Poverty Line (All India Average = 21.92 %)	34.67 %
5.	Population Growth (2012 to 2022) (All India average = 12.12%)	10.65 %
6.	Literacy (as per 2011 Census) (All India Average = 73 %)	65.40 %
7.	Infant Mortality (per 1000 live births) (All India Average = 28 per 1000 live births)	21
8.	Gross State Domestic Product (GSDP)	33,459.15 crore
9.	GSDP ² CAGR (2012-13 to 2021-22)	11.51%

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

B. Financial Data								
Particulars	CAGR 2012-13 to 2015-16		CAGR 2016-17 to 2019-20		CAGR 2019-20 to 2020-21		CAGR 2020-21 to 2021-22	
	NE&H States	Arunachal Pradesh	NE&H States	Arunachal Pradesh	NE&H States	Arunachal Pradesh	NE&H States	Arunachal Pradesh
Revenue Receipts	11.51	22.35	7.21	8.12	6.95	15.01	18.08	23.99
Own Tax Revenue	10.22	19.13	7.75	20.13	2.92	16.47	19.62	14.58
Non-Tax Revenue	7.16	11.32	10.88	6.14	(-)14.65	28.42	2.90	(-) 7.39
State's shares in Union Taxes & Duties	27.22	94.75	0.89	2.33	(-)11.34	16.52	46.49	39.83
GIA from GoI	3.98	(-)15.34	11.29	23.44	24.94	9.01	6.08	(-) 4.79
Total Receipts	13.89	22.77	10.17	9.24	13.43	11.74	14.07	21.86
Revenue Expenditure	12.17	20.44	9.82	9.16	3.60	7.11	13.86	21.08
Capital Outlay	7.70	18.22	7.10	33.73	10.37	38.73	28.31	26.64
Disbursement of Loans & Advances	(-)6.61	48.67	(-) 35.21	15.75	(-) 45.35	(-)70.04	70.92	(-) 46.67
Total Expenditure	11.47	20.03	9.40	13.31	4.58	14.36	16.14	22.63
Revenue Expenditure on Education	12.98	22.60	10.63	9.72	3.13	(-) 13.13	8.28	45.41
Revenue Expenditure on Health & Family Welfare	18.35	23.56	14.10	10.90	15.46	(-) 1.63	18.04	45.06
Revenue Expenditure on Salaries & Wages	10.67	13.65	12.41	11.30	0.24	2.87	7.53	20.59
Revenue Expenditure on Pension	16.34	18.86	16.28	11.26	11.38	23.18	25.75	25.31
Revenue Expenditure on Subsidies	25.71	43.75	7.26	(-)56.88	8.74	4,362.50	0.22	(-)100.00

Source: State Finances Audit Report 2021-22 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 2022**

(Reference: Paragraph-1.8; Page- 11)

(₹ in crore)

As on 31 March 2021	Liabilities		As on 31 March 2022
	Internal Debt		
	-	Market Loans not bearing interest	-
	5,063.83	Market Loans bearing interest	5,594.17
	0.41	Loans from LIC	0.31
	868.53	Loans from NABARD	1,021.48
7,348.10	117.14	Loans from other Institutions	106.34
	-	Ways and Means and Advances	-
	1,298.19	Special Securities issued to National Small Savings Fund of the Central Government	1,408.22
	-	Overdraft from Reserve Bank of India	-
		Other Loans	-
	Loans and Advances from Central Government		
	35.36	Non-Plan Loans	35.07
	49.19	Loans for State Plan Schemes	25.53
359.71	(-)5.81	Loans for Central Plan Schemes	(-)6.70
	11.53	Loans for Centrally Sponsored Plan Schemes	11.53
	36.47	Loans for Special Schemes	35.71
	232.97	Other loans for States	604.16
0.05	Contingency Fund		0.05
2,719.41	Small Savings, Provident Funds, etc.		2,962.88
190.53	Deposits		155.83
(-)1,292.34	Suspense and Miscellaneous Balances		(-)1,274.43
3,078.86	Reserve Funds		3,811.87
	Surplus on Government Account		
29,364.33	25,328.32	(i) Revenue Surplus as on 31 March 2021	29,364.33
	4,036.01	(ii) Revenue Surplus during the year	5,385.00
41,768.65	Total		49,241.35

Assets				
37,922.50	Gross Capital Expenditure on Fixed Assets			44,410.84
	250.93	Investment in Shares of Companies, Corporations, Co-operatives, etc.	251.13	
	37,671.57	Other Capital Expenditure	44,159.71	
95.85	Loans & Advances			91.56
	10.00	Loans for Power Projects	10.00	
	72.74	Other Development Loans	68.99	
	13.11	Loans to Government Servants and Miscellaneous Loans	12.57	
507.58	Civil Advances			502.51
(-)146.61	Remittance Balances			(-) 119.91
Suspense and Miscellaneous Balances				
3,389.33	Cash			4,356.35
	-	Cash in Treasuries and Local Remittances		
	7.01	Deposits with Reserve Bank and other Banks	(-)2,063.52	
	(-)3.49	Departmental Cash Balance	(-)2.40	
	0.01	Permanent Advances	0.01	
	1,699.49	Cash Balance Investments	4,392.63	
	1,686.31	Investment of Earmarked Funds	2,029.63	
41,768.65	Total			49,241.35

Source: Finance Accounts of respective year

APPENDIX 1.3

Fiscal Responsibility and Budget Management Act, 2006

(Reference: Paragraph-1.10; Page-15)

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 2021-22, Government of Arunachal Pradesh had amended FRBM Act with the following revised target:

- The normal limit of net borrowing of State Government for the financial 2021-22 to 2025-26 to be fixed and maintained at four *per cent* of GSDP in 2021-22, 3.5 *per cent* in 2022-23 and three *per cent* of GSDP from 2023-24 to 2025-26.
- Government of Arunachal Pradesh did not include target of Revenue surplus and ratio of Outstanding Debt to GSDP in ammended FRBM.

❖ Fiscal Policy Statements

As prescribed in the Act, the State incorporated the following statements in the Budget for the year 2021-22.

- 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 2022, the rolling targets for fiscal indicators for 2021-22 were as under:

Revenue Surplus as <i>percentage</i> of GSDP-	21.80
Fiscal Deficit as <i>percentage</i> of GSDP-	2.19
Gross Own Tax Revenue as <i>percentage</i> of GSDP	10.43
Total outstanding liabilities at the end of the year (<i>in crore</i>)-	11,585.88
Liabilities as <i>percentage</i> of GSDP for the year-	43.94

- 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 2021-22

(Reference: Paragraph-2.4; Page- 20)

(₹ in crore)

Receipts			Disbursements		
2020-21		2021-22	2020-21		2021-22
Section – A: Revenue					
I - Revenue Receipts			I - Revenue Expenditure		
1,431.10	Own Tax Revenue	1,639.79	4,216.56	General Services	4,833.96
836.53	Non-tax Revenue	774.67	4,359.45	Social Services	5,760.02
10,472.58	State Share of Union Taxes	14,643.90	1,584.61	Education, Sports, Arts & Culture	2,315.07
2,877.45	Grants for Centrally Sponsored Schemes	3,220.05	928.95	Health & Family Welfare	1,347.52
782.05	Finance Commission Grants	439.69	1,161.97	Water Supply, Sanitation, Housing & Urban Development	1,384.72
723.80	Other Grants to State With Legislature	513.54	39.83	Information & Broadcasting	42.96
			27.41	Labour & Welfare	57.67
			585.82	Social Welfare & Nutrition	569.53
			30.87	Others	42.55
			4,511.49	Economic Services	5,252.66
			831.91	Agriculture & Allied Activities	1,238.96
			1,123.93	Rural Development	673.81
			14.87	Special Areas Programme	3.30
			367.44	Irrigation & Flood Control	400.14
			1,066.86	Energy	1,380.18
			96.50	Industries & Minerals	124.04
			771.79	Transport	1,037.29
			17.47	Communications	48.08
			40.35	Science, Technology and Environment	82.49
			180.37	General Economic Services	264.37
17,123.51	Total Receipts	21,231.64	13,087.50	Total Disbursements	15,846.64
	II - Revenue Deficit carried over to Section - B		4,036.01	II - Revenue Surplus carried over to Section - B	

Receipts			Disbursements		
2020-21		2021-22	2020-21		2021-22
Section – B					
3,013.82	III - Opening Cash Balance, including Permanent Advances and Cash Balance Investment	3,389.33	-	III - Opening Overdraft from RBI	-
-	IV - Miscellaneous Capital Receipts	-	5,123.35	IV - Capital Expenditure	6,488.33

Receipts			Disbursements		
			743.99	General Services	1,618.39
			647.43	Social Services	1,350.29
			65.11	Education, Sports, Arts & Culture	281.09
			10.61	Health & Family Welfare	24.83
			350.31	Water Supply, Sanitation, Housing & Urban Development	715.30
			219.29	Social Welfare & Nutrition	315.26
			2.12	Information & Broadcasting	7.38
			0.00	Others	6.43
			3,731.93	Economic Services	3,519.65
			20.44	Agriculture and Allied Activities	44.79
			34.59	Rural Development Programme	37.00
			147.18	Special Areas Programme	110.11
			171.34	Irrigation & Flood Control	147.76
			172.70	Energy	430.69
			11.44	Industry & Minerals	26.36
			3,166.97	Transport	2,677.89
			0.00	Science, Technology and Environment	0.00
			7.27	General Economic Services	45.05

2020-21	Receipts			2020-21	Disbursements		
5.94	V - Recoveries of Loans & Advances		6.85	4.80	V - Loans & Advances Disbursed		2.56
	from Power Projects	-			to Power Projects		
	from Govt. Servants	3.10		3.85	to Govt. Servants	2.56	
	from Others	3.75		0.95	to Others	-	
4,036.01	VI - Revenue Surplus brought down		5,385.00	-	VI - Revenue Deficit brought down		-

1,516.06	VII - Public Debt Receipts		1,482.71	259.49	VII - Repayment of Public Debt		354.71
2020-21	Receipts			2020-21	Disbursements		
1,283.09	Internal Debt other than Ways & Means Advances and Overdraft	1,111.52		233.77	Internal Debt other than Ways & Means Advances and Overdraft	329.11	
-	Net transactions under Ways & Means Advances, incl. Overdraft	--		-	Net transactions under Ways & Means Advances incl. Overdraft	-	-
232.97	Loans and Advances from Central Govt.	371.19		25.72	Repayment of Loans & Advances to Central Govt.	25.60	
4,523.68	VIII- Public Account Receipts		7,413.34	4,318.54	VIII - Public Account Disbursements		6,475.28
749.47	Small Savings & Provident Funds	666.99		533.57	Small Savings & Provident Funds	423.53	
340.58	Reserve funds	975.31		199.11	Reserve Funds	242.29	
1.16	Suspense & Miscellaneous	(-)12.57		32.74	Suspense & Miscellaneous	(-)30.48	
3,096.12	Remittances	5,101.80		3,163.03	Remittances	5,128.50	
336.35	Deposits & Advances	681.81		390.09	Deposits & Advances	711.44	
-	XI - Earmarked Funds		--	3,389.33	XI - Closing Cash Balance		4,356.35
				--	Cash in Treasuries and Local Remittances	--	
				7.01	Deposits with Reserve Bank and other Banks	(-)2063.52	
				(-)3.49	Departmental Cash Balance incl. Permanent Advances	(-)2.40	
				3,385.80	Cash Balance Investment and Investment of Earmarked Funds	6,422.27	
13,095.51	TOTAL		17,677.23	13,095.51	TOTAL		17,677.23

Source: Finance Accounts of respective year

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-1.7 and 2.5.1.1; Page- 10 and 23)

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
PART A (RECEIPTS)					
1. Revenue Receipts	13,774.60	16,195.96	14,888.55	17,123.51	21,231.64
(a) Own Tax Revenue	815.57 (6)	1,068.04(7)	1,228.73(8)	1,431.10(8)	1,639.79(8)
<i>Goods and Service Tax</i>	223.73 (27)	601.00(56)	801.55(65)	859.29(60)	1,131.00(69)
<i>Taxes on Sales, Trade, etc.</i>	285.13 (35)	268.74(25)	219.82(18)	283.09(20)	324.61(20)
<i>State Excise</i>	122.61 (15)	136.73(13)	144.97(12)	238.02(16)	115.92(7)
<i>Taxes on Vehicles</i>	31.40 (4)	32.43(3)	38.12(3)	32.71(2)	48.94(3)
<i>Stamp and Registration Fees</i>	10.42 (1)	9.16(1)	8.14(1)	10.47(1)	12.48(1)
<i>Land Revenue</i>	13.32 (2)	14.58(1)	15.97(1)	7.52(1)	6.83
<i>Taxes on Goods and Passengers</i>	128.96 (16)	5.40(1)	0.16 (0)	0.00	0.01
(b) Non-Tax Revenue	366.18 (3)	608.87(4)	651.38(4)	836.53(5)	774.67(4)
(c) State Share in Union Taxes and Duties	9,238.79 (67)	10,436.14(64)	8,987.57(61)	10,472.58(61)	14,643.90(69)
(d) Grants-in-Aid from GoI	3,354.06 (24)	4,082.91(25)	4,020.87(27)	4,383.30(26)	4173.28(20)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	5.68	5.08	7.03	5.94	6.85
4. Total Revenue and Non-Debt Capital Receipts (1+2+3)	13,780.28	16,201.04	14,895.58	17,129.45	21,238.49
5. Public Debt Receipts	1,767.27	1,204.97	1,790.70	1,516.06	1,482.71
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,250.33	1,204.97	1,790.70	1,283.09	1,111.52
Net Transactions under Ways and Means Advances and Overdrafts	516.94*	-	-	-	-
Loans & Advances from GoI	-	-	-	232.97	371.19
6. Total receipts in the Consolidated Fund (4+5)	15,547.55	17,406.01	16,686.28	18,645.51	22,721.20
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts Receipts	5,435.37	7,411.96	3,434.93	4,523.68	7,413.34
9. Total Receipts of Government (6+7+8)	20,982.92	24,817.98	20,121.21	23,169.19	30,134.54
PART B (EXPENDITURE/ DISBURSEMENTS)					
10. Revenue Expenditure	10,900.47	12,429.48	12,218.73	13,087.50	15,846.64
<i>Plan</i>	10,900.47	12,429.48	12,218.73	13,087.50	15,846.64
<i>Non-Plan</i>					

	2017-18	2018-19	2019-20	2020-21	2021-22
General Services (including Interest Payments)	3,484.76 (32)	3,823.32(31)	3,831.05	4,216.56	4,833.96
Social Services	3,950.83 (36)	4,472.42(36)	4,256.22	4,359.45	5,760.02
Economic Services	3,464.88 (32)	4,133.74(33)	4,131.46	4,511.49	5,252.66
11. Capital Expenditure	3,188.10	5,727.43	3,693.05	5,123.35	6,488.33
<i>Plan</i>	<i>3,188.10</i>	<i>5,727.43</i>			
<i>Non-Plan</i>			3,693.05	5,123.35	6,488.33
General Services	544.92(17)	1,062.03(19)	657.91	743.99	1,618.39
Social Services	854.80 (27)	1,227.31(21)	724.97	647.43	1,350.29
Economic Services	1,788.38 (56)	3,438.09(60)	2,310.17	3,731.93	3,519.65
12. Disbursement of Loans and Advances	5.07	20.16	16.02	4.80	2.56
13. Total of Revenue Expenditure, Capital Expenditure and Disbursement of Loans and Advances (10+11+12)	14,093.64	18,177.07	15,927.80	18,215.65	22,337.53
14. Repayments of Public Debt	432.24	279.76	353.60	259.49	354.71
Internal Debt (including Ways and Means Advances and Overdrafts)	405.81	253.40	327.32	233.77	329.11
Loans and Advances from GoI	26.43	26.36	26.28	25.72	25.60
15. Appropriation to Contingency Fund	-NIL	-NIL	-NIL	NIL	NIL
16. Total Disbursement out of Consolidated Fund (13+14+15)	14,525.88	18,456.83	16,281.40	18,475.14	22,692.24
17. Contingency Fund Disbursements	-	-	-	-	-
18. Public Account Disbursements	5,561.32	5,996.65	5,376.96	4,318.54	6,475.28
19. Total Disbursements by the State (16+17+18)	20,087.20	24,453.48	21,658.36	22,793.68	29,167.52
PART C (DEFICIT/ SURPLUS)					
20. Revenue Deficit (-)/ Surplus (+) {1-10}	2,874.13	3,766.48	2,669.82	4,036.01	5,385.00
21. Fiscal Deficit (-)/ Surplus (+) {4-13}	(-)313.36	(-)1,976.03	(-)1,032.22	(-)1,086.20	(-)1,099.04
22. Primary Deficit (-)/ Surplus (+) {21+23}	154.00	(-) 1,449.93	(-)417.69	(-)333.86	(-)321.42
PART D (OTHER DATA)					
23. Interest Payments (included in Revenue Expenditure)	467.36	526.10	614.53	752.34	777.62
24. Financial Assistance to Local Bodies, etc.	37.37	54.63	238.25	139.52	219.88

	2017-18	2018-19	2019-20	2020-21	2021-22
25. Ways and Means Advances/ Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) ³	22,474.77	25,330.83	27,884.65	29,694.61	33,459.15
28. Outstanding Fiscal liabilities (year-end)	7,208.50	8,588.42	12,131.46	12,010.30	13,736.76
29. Outstanding guarantees (year-end)	0.97	0.97	0.97	0.97	5.97
30. Maximum Amount Guaranteed (year-end)	2.00	2.00	2.00	2.00	7.00
31. Number of incomplete projects	123	135	101	80	83
32. Capital blocked in incomplete projects	1,319.61	1,195.16	846.98	741.64	665.93
PART - E (FISCAL HEALTH INDICATORS) {per cent}					
I Resource Mobilisation					
33. Own Tax Revenue/ GSDP	3.63	4.22	4.41	4.82	4.90
34. Own Non-Tax Revenue/ GSDP	1.63	2.40	2.34	2.82	2.32
35. Central Transfers/ GSDP	56.03	57.32	46.65	50.03	56.24
II Expenditure Management					
36. Total Expenditure ⁴ / GSDP	62.71	71.76	57.12	61.34	66.76
37. Total Expenditure/ Revenue Receipts	102.32	112.23	106.98	106.38	105.21
38. Revenue Expenditure/ Total Expenditure	77.34	68.38	76.71	71.85	70.94
39. Expenditure on Social Services/ Total Expenditure	34.10	31.36	31.27	27.49	31.83
40. Expenditure on Economic Services/ Total Expenditure	37.29	41.74	40.54	45.26	39.34
41. Capital Expenditure/ Total Expenditure	22.62	31.51	23.19	28.13	29.05
42. Capital Expenditure on Social and Economic Services/ Total Expenditure	18.75	25.67	19.06	24.04	21.80
III Management of Fiscal Imbalances					
43. Revenue Surplus/ GSDP	12.79	14.87	9.57	13.59	16.09
44. Fiscal Deficit (-) or Surplus (+)/ GSDP	(-) 1.39	(-) 7.80	(-) 3.70	(-)3.66	(-)3.28
45. Primary Deficit (-) or Surplus (+)/ GSDP	0.69	(-) 5.72	(-) 1.50	(-)1.12	(-)0.96
46. Revenue Surplus/ Fiscal Surplus	(-) 917.20	(-)190.61	(-)258.65	(-)371.57	(-)489.97

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

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

	2017-18	2018-19	2019-20	2020-21	2021-22
IV Management of Fiscal Liabilities					
47. Fiscal Liabilities/ GSDP	32.07	33.91	43.51	40.45	41.06
48. Fiscal Liabilities/ RR	52.33	53.03	81.48	70.14	64.70
49. Primary Deficit <i>vis-à-vis</i> Quantum Spread	471.82	(-)1,013.82	448.02	(-)123.99	476.06
50. Debt Redemption (Principal + Interest)/ Total Debt Receipts	130.11	61.63	66.23	71.95	73.41
V Other Fiscal Health Indicators					
51. Balance from Current Revenue (₹ in crore)	3,382.16	-	-	-	
52. Financial Assets/ Liabilities (ratio)	1.12	1.13	1.08	1.11	1.12

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

Source: Finance Accounts of respective year

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

APPENDIX 2.3

**Summarised financial results of SPSEs
(all Government companies) as per their latest accounts finalised as on 30 September 2022**
(Reference: Paragraphs-2.7.4 and 2.7.6; Page- 58)

{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) ^v	Percentage return on capital employed	Long Term Borrowings
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation								
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A. Working Government Companies														
FINANCING														
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	2021-22	2022-23	(-2.46)	0.22	0.19	6.30	-	4.20	(-) 25.39	4.56	(-) 1.83	(-)40.13	25.75
Total of the Sector				(-2.46)	0.22	0.19	6.30	-	4.20	(-) 25.39	4.56	(-) 1.83	(-)40.13	25.75
MINING														
2.	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														
3.	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.

^v 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.

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**	Earning before Interest & Tax (EBIT) ^v	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															
4.	Arunachal Police Housing and Welfare Corporation Limited	2019-20	2021-22	2.69	-	0.42	2.27	2.48	-	0.02	31.39	31.41	2.27	7.23	Nil
Total of the Sector				2.69	-	0.42	2.27	2.48	-	0.02	31.39	31.41	2.27	7.23	Nil
POWER															
5	Hydro Power Development Corporation of Arunachal Pradesh Limited	2013-14	2022-23	0.11	-	0.09	0.02	Nil*	-	12.45**	1.53	13.98	0.02	0.14	Nil
Total of the Sector				0.11	-	0.08	0.02	Nil	-	12.45	1.53	13.98	0.02	0.14	Nil
SERVICE															
6	Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	2022-23	(-) 1.05	-	0.04	(-) 1.09	0.91	-	1.00	(-) 4.56	(-) 3.56	(-) 1.09	Not workable	Nil
Total of the Sector				(-) 1.05	-	0.04	(-) 1.09	0.91	-	1.00	(-) 4.56	(-) 3.56	(-) 1.09	Not workable	Nil
Total of A				3.50	0.98	0.93	2.41	10.42	-	24.30	(-) 3.42	51.44	3.39	6.59	30.56
B. Non-Working Government Companies															
CEMENT															
7.	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)				3.50	0.98	0.93	2.41	10.42	-	24.54	(-) 6.08	50.48	3.39	6.72	32.02

* The Revenue/ income of the Company (serial no. A5 above) during the year comprised 'Other Income' only (viz. Interest Income on FDRs: ₹ 1.11 crore).
 ** Including 'Share application money pending allotment' amounting to ₹ 7.45 crore.

APPENDIX 3.1**Cases where Supplementary Provision was required***(Reference: Paragraph-3.4.2; Page- 86)***(₹ in crore)**

Sl. No.	Grant No and Name	Section	Original budget	Actual expenditure	Supplementary required
1	1-Legislative Assembly	Revenue-voted	86.85	92.43	5.58
2	3-Council of Ministers	Revenue-voted	17.89	20.30	2.40
3	4-Election	Revenue-voted	23.02	25.67	2.65
4	5-Secretariat Administration	Revenue-voted	164.92	229.78	64.86
5	6-District Administration	Capital-voted	1.00	1.10	0.10
6	8-Police	Revenue-voted	1,036.96	1145.16	108.20
7	8-Police	Capital-voted	106.37	192.74	86.36
8	9-Motor Garages	Revenue-voted	19.10	36.35	17.25
9	11-Social Welfare	Revenue-voted	235.25	273.77	38.52
10	11-Social Welfare	Capital-voted	4.59	4.95	0.36
11	15-Health and Family Welfare	Revenue-voted	1025.43	1193.11	167.68
12	15-Health and Family Welfare	Capital-voted	12.16	20.67	8.52
13	16-Art and Cultural Affairs	Revenue-voted	9.65	12.58	2.93
14	16-Art and Cultural Affairs	Capital-voted	3.30	6.85	3.54
15	17-Gazetteer	Revenue-voted	1.54	2.77	1.23
16	18-Research	Revenue-voted	15.29	15.70	0.42
17	20-Labour	Revenue-voted	8.58	10.12	1.54
18	21-Directorate of Sports	Revenue-voted	23.49	24.76	1.27
19	21-Directorate of Sports	Capital-voted	15.04	89.84	74.80
20	22-Food and Civil Supplies	Revenue-voted	144.19	192.34	48.14
21	24-Agriculture	Revenue-voted	308.62	311.74	3.13
22	24-Agriculture	Capital-voted	3.65	17.63	13.98
23	26-Rural Works	Capital-voted	1593.00	1663.35	70.35
24	28-Animal Husbandry and Veterinary	Revenue-voted	171.28	199.23	27.94
25	29-Co-operation	Capital-voted	1.01	6.01	5.00
26	30-State Transport	Revenue-voted	115.02	147.97	32.95
27	31-Public Works	Capital-voted	100.99	434.66	333.67
28	32-Roads and Bridges	Revenue-voted	564.33	696.48	132.15
29	32-Roads and Bridges	Capital-voted	402.32	931.33	529.01
30	34-Power	Revenue-voted	1024.49	1180.91	156.42
31	34-Power	Capital-voted	144.00	333.18	189.18
32	35-Information and Public Relations	Capital-voted	4.00	7.39	3.39
33	37-Legal Metrology and Consumer Affairs	Capital-voted	0.00	0.68	0.68
34	38-Water Resource Department	Revenue-voted	379.16	400.14	20.98

Sl. No.	Grant No and Name	Section	Original budget	Actual expenditure	Supplementary required
35	38-Water Resource Department	Capital-voted	32.08	147.76	115.68
36	40-Housing	Capital-voted	4.24	24.88	20.64
37	41-Land Management	Capital-voted	1.03	2.03	1.00
38	42-Rural Development	Revenue-voted	307.67	417.34	109.67
39	42-Rural Development	Capital-voted	1.00	37.00	36.00
40	43-Fisheries	Revenue-voted	31.17	32.95	1.78
41	43-Fisheries	Capital-voted	12.70	17.64	4.94
42	45-Civil Aviation	Revenue-voted	45.06	55.35	10.29
43	45-Civil Aviation	Capital-voted	42.90	64.67	21.78
44	46-State Public Service Commission	Revenue-voted	5.00	14.00	9.00
45	48-Horticulture	Revenue-voted	84.48	169.45	84.96
46	50-Secretariat Economic Services	Revenue-voted	81.73	107.67	25.94
47	51-Directorate of Library	Capital-voted	0.50	1.94	1.44
48	52-Sports and Youth Services	Revenue-voted	20.62	21.82	1.20
49	53-Fire Protection and Control	Revenue-voted	25.94	31.15	5.21
50	54-State Tax and Excise	Revenue-voted	27.10	30.84	3.73
51	54-State Tax and Excise	Capital-voted	1.05	1.40	0.35
52	55-State Lotteries	Revenue-voted	1.30	1.44	0.13
53	56-Tourism	Revenue-voted	32.01	34.11	2.10
54	57-Urban Development	Revenue-voted	142.37	175.31	32.94
55	57-Urban Development	Capital-voted	35.00	174.16	139.16
56	59-Public Health Engineering	Revenue-voted	727.46	960.26	232.80
57	59-Public Health Engineering	Capital-voted	250.00	330.45	80.45
58	60-Textile and Handicraft	Revenue-voted	57.00	61.78	4.78
59	61-Geology and Mining	Revenue-voted	21.47	23.71	2.23
60	61-Geology and Mining	Capital-voted	1.33	1.38	0.05
61	62-Directorate of Transport	Revenue-voted	5.16	6.26	1.10
62	63-Protocol Department	Revenue-voted	3.24	3.44	0.19
63	65-Department of Tirap, Changlang and Longding	Capital-voted	50.00	52.44	2.44
64	66-Hydro Power Development	Revenue-voted	173.71	199.27	25.56
65	66-Hydro Power Development	Capital-voted	91.00	97.51	6.51
66	67-State Information Commission	Revenue-voted	3.59	4.03	0.44
67	68-Town Planning Department	Capital-voted	30.61	185.81	155.21
68	69-Parliamentary Affairs Department	Revenue-voted	1.70	2.10	0.41
69	70-Administrative Training Institute	Capital-voted	3.87	4.24	0.37
70	71-Department of Tawang and West Kameng	Capital-voted	10.10	12.43	2.33
71	72-Directorate of Prison	Revenue-voted	15.29	18.07	2.77

Sl. No.	Grant No and Name	Section	Original budget	Actual expenditure	Supplementary required
72	73-Information Technology	Revenue-voted	39.43	51.07	11.63
73	74-Social Justice, Empowerment and Tribal Affairs	Capital-voted	203.84	310.69	106.85
74	75-Higher and Technical Education	Revenue-voted	197.53	283.87	86.34
75	75-Higher and Technical Education	Capital-voted	23.15	41.83	18.68
76	76-Elementary Education	Revenue-voted	1252.27	1471.36	219.10
77	76-Elementary Education	Capital-voted	29.33	63.04	33.71
78	78-Political Department	Revenue-voted	1.77	2.77	1.00
79	79-Department of Skill Development and Entrepreneur	Revenue-voted	32.14	46.55	14.41
80	79-Department of Skill Development and Entrepreneur	Capital-voted	0.00	6.05	6.05
81	80 Directorate of Medical Education, Training and Research	Revenue-voted	71.38	122.16	50.78
82	80 Directorate of Medical Education, Training and Research	Capital-voted	0.00	4.15	4.15
83	81-Directorate of Family Welfare	Revenue-voted	16.03	32.25	16.22
84	82-Department of Indigenous Affairs	Capital-voted	5.70	14.30	8.60
Total			12,019.55	15,897.87	3,878.32

Source: Appropriation Accounts, 2021-22

APPENDIX 3.2

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

(Reference: Paragraph-3.4.2.1; Page-86)

(₹ in crore)

Sl. No.	Grant No and Name	Original	Supplementary	Actual Expenditure	Savings out of Provisions
Revenue-Voted					
1	6-District Administration	407.30	2.75	393.85	13.45
2	14-Secondary Education	468.49	12.43	445.01	23.48
3	19-Industries	47.50	1.51	39.63	7.86
4	25-Relief, Rehabilitation and Re-settlement	298.76	3.88	190.62	108.14
5	26-Rural Works	291.81	10.75	272.90	18.91
6	47-Administration of Justice	27.26	3.74	26.53	0.73
7	68-Town Planning Department	226.01	3.92	205.54	20.47
Sub Total		1767.12	38.99	1574.08	193.03
Revenue-Charged					
8	2-Governor	8.65	1.62	8.24	0.41
Sub Total		8.65	1.62	8.24	0.41
Capital-Voted					
9	14-Secondary Education	62.10	23.37	46.12	15.98
10	22-Food and Civil Supplies	3.00	1.26	2.66	0.34
11	47-Administration of Justice	37.44	25.15	34.95	2.49
Sub Total		102.54	49.78	83.74	18.80
Capital-Charged					
12	97-Public Debt	633.63	3.63	354.71	278.92
Sub Total		633.63	3.63	354.71	278.92
Grand Total		2,511.93	94.02	2,020.77	491.16

Source: Appropriation Accounts, 2021-22

APPENDIX 3.3

Details of Excessive/ Inadequate Supplementary Provision (₹ One crore and above)

(Reference: Paragraph-3.4.2.2; Page-87)

(₹ in crore)

Sl. No.	Number and Name of Grant	Details of budget provision			Expenditure	Supplementary
		Original	Supplementary	Total		Excess (+)/ Less (-)
Revenue-Voted						
1	1-Legislative Assembly	86.85	17.49	104.34	92.43	11.91
2	4-Election	23.02	4.03	27.05	25.67	1.38
3	5-Secretariat Administration	164.92	66.15	231.07	229.78	1.28
4	6-District Administration	407.3	2.75	410.05	393.85	16.2
5	8-Police	1036.96	155.51	1192.47	1145.16	47.31
6	9-Motor Garages	19.1	20.68	39.77	36.35	3.42
7	11-Social Welfare	235.25	40.6	275.85	273.77	2.08
8	14-Secondary Education	468.49	12.43	480.92	445.01	35.91
9	15-Health and Family Welfare	1025.43	196.13	1221.56	1193.11	28.44
10	19-Industries	47.5	1.51	49.01	39.63	9.37
11	20-Labour	8.58	2.86	11.43	10.12	1.32
12	21-Directorate of Sports	23.49	2.45	25.93	24.76	1.17
13	23-Forests	751.45	0.01	751.46	546.3	205.15
14	24-Agriculture	308.62	5.03	313.65	311.74	1.9
15	25-Relief, Rehabilitation and Re-settlement	298.76	3.88	302.64	190.62	112.02
16	26-Rural Works	291.81	10.75	302.56	272.9	29.67
17	27-Panchayat	330.75	0.01	330.76	259.93	70.83
18	28-Animal Husbandry and Veterinary	171.28	40.09	211.37	199.23	12.15
19	30-State Transport	115.02	39.85	154.87	147.97	6.9
20	32-Roads and Bridges	564.33	337.18	901.52	696.48	205.04
21	34-Power	1024.49	331.94	1356.43	1180.91	175.52
22	38-Water Resource Department	379.16	91.83	470.99	400.14	70.85
23	42-Rural Development	307.67	151.24	458.91	417.34	41.57

Sl. No.	Number and Name of Grant	Details of budget provision			Expenditure	Supplementary
		Original	Supplementary	Total		Excess (+)/ Less (-)
24	43-Fisheries	31.17	3.89	35.06	32.95	2.11
25	45-Civil Aviation	45.06	13.71	58.77	55.35	3.42
26	47-Administration of Justice	27.26	3.74	31	26.53	4.47
27	48-Horticulture	84.48	79.33	163.82	169.45	(-) 5.63
28	50-Secretariat Economic Services	81.73	28.26	109.99	107.67	2.32
29	53-Fire Protection and Control	25.94	6.67	32.61	31.15	1.46
30	54-State Tax and Excise	27.1	5.08	32.18	30.84	1.35
31	56-Tourism	32.01	16.9	48.92	34.11	14.8
32	57-Urban Development	142.37	62.38	204.75	175.31	29.44
33	59-Public Health Engineering	727.46	394.78	1122.23	960.26	161.98
34	66-Hydro Power Development	173.71	49.64	223.35	199.27	24.08
35	68-Town Planning Department	226.01	3.92	229.93	205.54	24.38
36	75-Higher and Technical Education	197.53	95.26	292.79	283.87	8.91
37	76-Elementary Education	1252.27	248.09	1500.35	1471.36	28.99
38	79-Department of Skill Development and Entrepreneur	32.14	18.28	50.42	46.55	3.87
Total		11,196.47	2,564.33	13,760.78	12,363.41	1397.34
Revenue-Charged						
39	2-Governor	8.65	1.62	10.27	8.24	2.03
Total		8.65	1.62	10.27	8.24	2.03
Capital-Voted						
40	8-Police	106.37	80.36	186.74	192.74	(-) 6
41	14-Secondary Education	62.1	23.37	85.47	46.12	39.35
42	15-Health and Family Welfare	12.16	14.06	26.21	20.67	5.54
43	16-Art and Cultural Affairs	3.3	5.4	8.7	6.85	1.86
44	21-Directorate of Sports	15.04	75.87	90.91	89.84	1.07

Sl. No.	Number and Name of Grant	Details of budget provision			Expenditure	Supplementary
		Original	Supplementary	Total		Excess (+)/ Less (-)
45	22-Food and Civil Supplies	3	1.26	4.26	2.66	1.6
46	24-Agriculture	3.65	22.11	25.76	17.63	8.13
47	26-Rural Works	1593	106.38	1699.38	1663.35	36.04
48	31-Public Works	100.99	361.78	462.77	434.66	28.11
49	32-Roads and Bridges	402.32	913.19	1315.51	931.33	384.18
50	33-North Eastern Areas	66.3	0.01	66.31	57.66	8.65
51	34-Power	144	278.78	422.78	333.18	89.6
52	38-Water Resource Department	32.08	128.02	160.1	147.76	12.34
53	40-Housing	4.24	35.24	39.48	24.88	14.6
54	43-Fisheries	12.7	6.46	19.16	17.64	1.52
55	45-Civil Aviation	42.9	30.49	73.39	64.67	8.71
56	47-Administration of Justice	37.44	25.15	62.59	34.95	27.64
57	57-Urban Development	35	154.08	189.08	174.16	14.93
58	59-Public Health Engineering	250	178.8	428.8	330.45	98.34
59	66-Hydro Power Development	91	13.26	104.26	97.51	6.76
60	68-Town Planning Department	30.61	159.71	190.32	185.81	4.5
61	74-Social Justice, Empowerment and Tribal Affairs	203.84	118.42	322.26	310.69	11.57
62	76-Elementary Education	29.33	49.26	78.59	63.04	15.55
63	82-Department of Indigenous Affairs	5.7	13.3	19	14.3	4.7
Total		3287.07	2794.76	6081.83	5262.55	825.29
Capital-Voted						
64	97-Public Debt	633.63	3.63	637.25	354.71	282.55
Total		633.63	3.63	637.25	354.71	282.55

Source: Appropriation Accounts, 2021-22

APPENDIX 3.4

Injudicious Re-appropriation resulted in Savings/ Excess of over ₹ One crore*(Reference: Paragraph-3.4.4; Page-89)***(₹ in crore)**

Sl. No.	Number and Name of Grant	Head of Account	Total Provision	Reappropriation (+)	Reappropriation (-)	Saving (-)	Excess (+)
1	1-Legislative Assembly	2011-02-101-01	23.27	0.82	0.00	4.35	0.00
		2011-02-101-02	21.59	0.00	8.30	2.83	0.00
		2011-02-103-01	57.47	7.48	0.00	4.72	0.00
2	6-District Administration	2053-093-01	234.57	0.00	5.10	4.09	0.00
		2053-094-01	141.38	0.00	24.14	2.55	0.00
3	7-Accounts and Treasuries	2071-01-117-01	90.88	19.12	0.00	1.10	0.00
4	8-Home Department	2055-104-01	174.20	0.03	0.00	1.19	0.00
		2055-104-02	346.73	11.01	0.00	15.79	0.00
		2055-109-01	450.41	0.74	0.00	2.58	0.00
		2055-114-01	61.68	24.20	0.00	4.17	0.00
		2055-117-01	44.49	34.56	0.00	3.82	0.00
		04-2055-800-07	13.97	8.24	0.00	6.55	0.00
5	11-Women and Child Development	04-4235-02-800-13	4.59	0.00	1.14	0.00	1.50
6	13-Audit and Pension	2071-01-101-01	734.02	0.00	35.24	65.24	0.00
		2071-01-102-01	163.19	104.39	0.00	36.35	0.00
		2071-01-104-01	213.89	172.39	0.00	38.93	0.00
		2071-01-105-01	367.45	0.00	334.26	4.95	0.00
		2071-01-111-01	21.45	0.00	7.28	1.52	0.00
7	14-Secondary Education	2202-02-109-07	343.39	4.36	0.00	5.39	0.00
		2202-04-001-01	12.32	0.00	0.14	1.02	0.00
		04-2202-02-800-17	87.61	2.39	0.00	29.36	0.00
		04-4202-01-800-32	13.46	62.10	0.00	39.34	0.00
8	15-Health Services	2210-03-110-01	476.74	11.70	0.00	1.44	0.00
9	18-Research	04-4202-04-800-09	6.68	0.00	0.79	1.15	0.00
10	23-Environment and Forests	08-2406-04-103-01	400.00	0.00	140.14	17.58	0.00
		04-4406-01-800-03	12.00	0.00	7.40	1.28	0.00
11	24-Agriculture	2401-115-03	0.20	6.67	0.00	2.24	0.00
		2401-800-96	96.35	0.00	14.95	0.00	6.49
		03-2408-01-800-01	4.11	4.50	0.00	2.27	0.00
		2435-01-101-01	2.50	0.64	0.00	2.49	0.00

Sl. No.	Number and Name of Grant	Head of Account	Total Provision	Reappropriation (+)	Reappropriation (-)	Saving (-)	Excess (+)
12	25-Disaster Management	05-2245-05-101-02	278.00	277.77	0.00	281.56	0.00
13	26-Rural Works	03-5054-04-337-09	0.00	1229.36	0.00	0.00	19.42
		03-5054-05-800-02	1500.00	81.34	0.00	1.73	0.00
		04-5054-04-800-03	93.00	189.30	0.00	48.29	0.00
14	27-Panchayati Raj	05-2515-102-06	0.00	3.79	0.00	36.25	0.00
15	28-Animal Husbandry, Veterinary and Dairy Development	2403-101-01	52.87	1.19	0.00	1.43	0.00
		03-2403-101-14	1.00	6.99	0.00	7.99	0.00
16	30-State Transport Services	3055-001-03	23.56	0.00	4.97	5.04	0.00
17	32-Roads and Bridges	3054-04-001-01	391.89	0.00	130.19	3.81	0.00
		3054-04-800-01	231.31	0.00	37.85	22.05	0.00
		03-5054-04-800-03	200.00	0.00	85.00	2.51	0.00
18	33-North Eastern Areas	09-2552-20-103-01	0.00	3.47	0.00	3.47	0.00
		09-4552-16-337-02	13.75	0.00	8.35	5.40	0.00
19	34-Power	2801-05-001-01	556.68	0.00	90.26	8.71	0.00
		2810-800-06	18.66	1.16	0.00	1.74	0.00
20	35-Information and Public Relations	2220-60-001-01	21.20	0.00	0.86	1.11	0.00
21	38-Water Resource Department	2702-80-001-01	229.74	0.00	88.58	1.81	0.00
		03-2702-80-005-02	27.89	118.52	0.00	4.21	0.00
		04-4711-01-800-10	111.11	13.15	0.00	8.09	0.00
22	39-Loans to Government Servants	7610-201-01	6.00	0.00	2.00	1.75	0.00
23	40-Housing	2216-05-001-01	35.14	8.54	0.00	4.59	0.00
24	41-Land Management	2029-103-01	23.39	0.00	0.18	1.56	0.00
25	42-Rural Development	03-2501-06-800-04	9.02	13.41	0.00	14.95	0.00
26	45-Civil Aviation	3275-800-01	50.37	0.84	0.00	3.14	0.00

Sl. No.	Number and Name of Grant	Head of Account	Total Provision	Reappropriation (+)	Reappropriation (-)	Saving (-)	Excess (+)
27	47-Law, Legislative and Justice	2014-105-03	16.97	0.00	0.40	2.40	0.00
28	48-Horticulture	2401-001-01	34.29	0.02	0.00	0.00	3.72
		2401-119-01	2.86	2.86	0.00	0.00	4.00
29	50-Planning & Investment	03-4070-800-18	120.72	0.00	82.65	0.00	4.62
		04-4070-800-19	330.00	196.00	0.00	6.95	0.00
		04-4070-800-24	948.93	801.93	0.00	7.22	0.00
		08-4070-76-01	50.00	227.50	0.00	56.71	0.00
30	53-Fire Protection and Control	2070-108-01	32.58	0.00	0.00	1.46	0.00
31	56-Tourism Department	04-5452-80-800-03	45.66	0.00	3.97	21.82	0.00
32	59-Public Health Engineering	2215-01-102-01	427.46	214.12	0.00	152.88	0.00
		04-2215-01-102-07	39.81	2.50	0.00	1.03	0.00
33	60-Textile and Handicraft	04-4851-800-07	9.00	0.00	4.00	1.80	0.00
34	66-Hydro Power Development	04-4801-01-800-26	91.00	0.54	0.00	5.53	0.00
35	68-Town Planning Department	03-2217-80-191-05	3.92	60.56	0.00	1.98	0.00
		05-2217-03-800-03	168.00	0.00	46.40	22.29	0.00
		03-4217-03-01	67.87	28.08	0.00	2.20	0.00
36	75-Higher and Technical Education	2202-03-103-01	85.49	3.92	0.00	8.19	0.00
		2202-03-800-04	84.32	5.87	0.00	90.19	0.00
37	76-Elementary Education	2202-01-111-01	231.80	111.49	0.00	9.71	0.00
		03-2202-01-800-11	425.00	113.92	0.00	19.46	0.00
		04-2202-01-800-19	112.12	22.80	0.00	3.99	0.00
38	79-Department of Skill Development and Entrepreneur	04-2230-03-800-16	10.63	1.17	0.00	1.57	0.00
39	97-Public Debt	2049-01-101-01	364.77	30.75	0.00	0.00	14.54
		2049-01-200-03	52.67	4.79	0.00	8.07	0.00
		6003-105-01	127.91	6.37	0.00	0.00	7.91

Source: Appropriation Accounts, 2021-22

APPENDIX 3.5**Statement of Various Grant/Appropriation where Savings were more than ₹ One crore and more than 20 per cent of the Total Provision***(Reference: Paragraph-3.4.5; Page-89)***(₹ in crore)**

Sl. No.	Grant No and Name	Total Grant	Actual Expenditure	Saving	Percentage
Revenue-Voted					
1	23-Forests	751.46	546.30	205.15	27.30
2	25-Relief, Rehabilitation and Re-settlement	302.64	190.62	112.02	37.01
3	27-Panchayat	330.76	259.93	70.83	21.41
4	31-Public Works	438.89	312.87	126.02	28.71
5	32-Roads and Bridges	901.52	696.48	205.04	22.74
6	33-North Eastern Areas	7.45	2.35	5.11	68.53
7	40-Housing	56.74	43.61	13.13	23.15
8	41-Land Management	78.80	42.41	36.39	46.18
9	44-Attached offices of the Secretariat Administration	12.72	9.77	2.95	23.18
10	56-Tourism	48.92	34.11	14.80	30.26
11	71-Department of Tawang and West Kameng	6.20	3.60	2.59	41.84
12	74-Social Justice, Empowerment and Tribal Affairs	129.58	99.69	29.89	23.07
13	82-Department of Indigenous Affairs	32.75	23.01	9.74	29.74
Total		3,098.42	2,264.76	833.66	
Revenue-Charged					
14	12-Social Security and Welfare	8.11	3.20	4.91	60.55
Total		8.11	3.20	4.91	60.55
Capital -Voted					
15	14-Secondary Education	85.47	46.12	39.35	46.04
16	15-Health and Family Welfare	26.21	20.67	5.54	21.13
17	16-Art and Cultural Affairs	8.70	6.85	1.86	21.34
18	18-Research	6.68	4.74	1.94	29.10
19	22-Food and Civil Supplies	4.26	2.66	1.60	37.59
20	23-Forests	12.00	3.33	8.68	72.29
21	24-Agriculture	25.76	17.63	8.13	31.55
22	28-Animal Husbandry and Veterinary	16.09	0.25	15.84	98.45
23	32-Roads and Bridges	1315.51	931.33	384.18	29.20
24	34-Power	422.78	333.18	89.60	21.19
25	39-Loans to Government Servants	7.00	2.56	4.44	63.39
26	40-Housing	39.48	24.88	14.60	36.98
27	47-Administration of Justice	62.59	34.95	27.64	44.15
28	48-Horticulture	80.00	0.00	80.00	100.00
29	50-Secretariat Economic Services	2,689.65	922.32	1,767.33	65.71

Sl. No.	Grant No and Name	Total Grant	Actual Expenditure	Saving	Percentage
30	59-Public Health Engineering	428.80	330.45	98.34	22.93
31	60-Textile and Handicraft	9.00	3.20	5.80	64.44
32	62-Directorate of Transport	3.50	0.50	3.00	85.72
33	72-Directorate of Prison	20.00	11.95	8.05	40.26
34	82-Department of Indigenous Affairs	19.00	14.30	4.70	24.74
Total		5,282.48	2,711.88	2,570.61	956.21
Capital-Charged					
35	97-Public Debt	637.25	354.71	282.55	44.34
Total		637.25	354.71	282.55	44.34

Source: Appropriation Accounts, 2021-22

APPENDIX 3.6

Cases of Substantial Surrenders (50 per cent and above of Total Provisions)
made during the Year 2021-22

(Reference: Paragraph-3.4.7; Page-94)

(₹ in crore)

Sl. No.	Number and Name of Grants/ Appropriation	Head of Accounts	Original	Details of Surrender Amount	Per cent
1	3-General Administration Department	2013-101-02	0.15	0.15	100.00
		2013-102-02	0.08	0.08	100.00
		2013-106-01	2.23	1.67	74.92
		2013-106-02	2.23	1.52	67.94
2	6-District Administration Department	2053-101-03	0.04	0.03	67.50
3	7-Accounts and Treasuries	2049-03-117-01	14.36	13.76	95.82
		2054-800-05	7.12	7.12	100.00
4	8-Home Department	2055-104-03	20.12	11.01	54.74
		2055-117-01	44.49	34.56	77.67
		03-2055-109-01	0.74	0.74	100.00
		03-2055-115-01	5.20	4.18	80.33
		03-2055-800-06	4.06	4.06	100.00
		4055-800-06	30.00	30.00	100.00
5	11-Women and Child Development	03-2235-02-800-30	0.50	0.50	100.00
		08-2235-02-103-02	1.00	1.00	100.00
		08-2235-02-800-29	0.50	0.47	93.16
		04-2236-02-800-01	0.49	0.49	100.00
		08-2236-02-101-06	0.01	0.01	100.00
6	12-Social Security and Welfare	2235-60-800-02	5.15	4.60	89.22
		2235-60-800-03	0.30	0.30	100.00
7	13-Audit and Pension	2047-103-01	6.29	4.23	67.35
		2071-01-105-01	367.45	334.26	90.97
8	14-Secondary Education	2202-04-200-04	2.00	2.00	100.00
		2204-102-01	0.12	0.12	100.00
		2204-800-11	5.36	4.96	92.54
		4202-01-600-04	62.10	62.10	100.00
9	19-Industries	2852-80-800-08	15.00	9.16	61.06
		04-2852-80-800-10	5.55	5.55	100.00
10	23-Environment and Forests	2406-01-070-03	0.01	0.01	100.00
		2406-01-101-01	5.41	3.75	69.44
		2406-01-102-01	32.37	24.12	74.52
		2406-01-105-01	15.94	9.19	57.65
		2406-02-110-05	1.50	1.50	100.00
		2406-02-110-27	0.70	0.70	100.00
		3435-03-101-02	0.01	0.01	100.00
		3435-60-800-11	3.65	2.35	64.38
		04-4406-01-800-03	12.00	7.40	61.67

Sl. No.	Number and Name of Grants/ Appropriation	Head of Accounts	Original	Details of Surrender Amount	Per cent
11	24-Agriculture	2401-800-45	26.52	26.52	100.00
		2401-800-54	2.27	2.27	100.00
		2401-800-55	10.25	10.25	100.00
		2401-800-57	7.64	7.64	100.00
		2401-800-61	18.00	18.00	100.00
		2401-800-94	0.58	0.50	86.59
12	25-Disaster Management	05-2245-05-101-01	278.00	278.00	100.00
13	26-Rural Works	2402-103-02	0.32	0.27	84.49
		2402-800-02	0.46	0.46	100.00
		03-5054-05-800-02	1500.00	1500.00	100.00
14	27-Panchayati Raj	2015-109-01	1.54	1.46	94.80
		05-2515-001-03	286.00	286.00	100.00
15	28-Animal Husbandry, Veterinary and Dairy Development	2404-800-03	19.37	19.00	98.09
		04-4403-800-15	8.59	8.34	97.09
		04-4404-800-05	7.50	7.50	100.00
16	33-North Eastern Areas	09-2552-01-800-14	3.00	3.00	100.00
		09-2552-01-800-16	0.70	0.70	100.00
		09-2552-06-800-62	1.75	1.75	100.00
		09-2552-13-800-03	0.80	0.80	100.00
		09-2552-20-800-02	1.20	1.20	100.00
		09-4552-03-800-02	0.65	0.65	100.00
		09-4552-03-800-03	0.25	0.25	100.00
		09-4552-05-800-02	0.10	0.10	100.00
		09-4552-07-800-09	0.30	0.30	100.00
		09-4552-07-800-12	0.50	0.50	100.00
		09-4552-07-800-16	2.00	2.00	100.00
		09-4552-12-800-07	1.20	1.20	100.00
		09-4552-15-800-06	4.00	4.00	100.00
		09-4552-15-800-08	1.00	1.00	100.00
		09-4552-16-337-02	13.75	8.35	60.73
		09-4552-16-800-02	3.00	3.00	100.00
		09-4552-16-800-03	5.00	3.90	78.00
		09-4552-19-800-06	1.50	1.50	100.00
09-4552-22-800-04	3.00	2.25	74.87		
17	34-Power	2801-05-800-02	104.07	74.24	71.34
18	36-Statistics	03-3454-02-800-05	2.00	1.85	92.25
		08-3454-01-800-01	3.06	1.62	52.84
		08-3454-01-800-02	0.14	0.14	100.00
		08-3454-02-800-02	0.50	0.50	100.00
		08-3454-02-800-06	0.44	0.44	100.00

Sl. No.	Number and Name of Grants/ Appropriation	Head of Accounts	Original	Details of Surrender Amount	Per cent
19	37-Legal Metrology and Consumer Affairs	04-3475-800-02	1.00	0.58	58.00
20	38-Water Resource Department	2702-80-052-02	2.50	2.50	100.00
		03-2702-80-800-04	1.00	1.00	100.00
		03-2702-80-800-14	110.85	110.85	100.00
		04-4711-01-800-02	13.15	13.15	100.00
21	39-Loans to Government Servants	7610-204-01	1.00	0.50	50.00
22	41-Land Management	2029-800-03	50.00	30.85	61.70
		2506-800-08	3.07	3.07	100.00
23	42-Rural Development	03-2505-01-702-02	20.00	20.00	100.00
		03-2505-01-800-03	9.00	5.84	64.83
24	48-Horticulture	03-2401-108-04	0.50	0.50	100.00
		04-4401-800-07	80.00	80.00	100.00
25	50-Secretariat Economic Services	03-4070-800-13	700.00	700.00	100.00
		03-4070-800-18	120.72	82.65	68.47
		04-4070-800-14	70.00	70.00	100.00
		04-4070-800-16	250.00	250.00	100.00
		04-4070-800-24	948.93	801.93	84.51
		05-4070-800-11	25.00	25.00	100.00
		07-4070-800-15	195.00	195.00	100.00
26	52-Sports and Youth Services	08-2204-103-02	1.00	1.00	100.00
27	57-Urban Development	2217-80-800-10	5.24	5.24	100.00
28	59-Public Health Engineering	03-2215-01-800-18	200.00	200.00	100.00
		03-2215-01-800-23	50.00	50.00	100.00
29	60-Textile and Handicraft	03-2851-103-02	2.00	2.00	100.00
30	62-Transport	04-5055-800-03	3.30	3.00	90.92
31	68-Town Planning Department	2217-80-001-02	0.10	0.10	100.00
		2217-80-800-11	10.00	8.80	87.95
		08-2217-03-800-01	10.00	10.00	100.00
		08-4217-03-800-04	30.00	29.34	97.80
32	72-Prison	2056-800-06	1.48	1.38	93.22
33	74-Social Justice, Empowerment and Tribal Affairs	08-2235-02-101-01	2.50	2.50	100.00
		08-2235-02-200-05	0.30	0.30	100.00
		08-2235-02-800-12	109.73	109.10	99.43
		08-2235-60-102-02	12.00	12.00	100.00
		04-4235-02-800-13	53.84	49.63	92.18
		08-4235-02-800-01	80.00	118.45	148.06

Sl. No.	Number and Name of Grants/ Appropriation	Head of Accounts	Original	Details of Surrender Amount	Per cent
34	75-Higher and Technical Education	03-2202-03-800-11	7.00	7.00	100.00
35	76-Elementary Education	2202-01-800-14	36.74	32.74	89.11
36	79-Department of Skill Development and Entrepreneur	03-2230-03-001-02	0.56	0.56	100.00
		03-2230-03-800-07	3.44	3.44	100.00
37	80-Medical Education, Training and Research	03-2210-05-105-02	63.00	63.00	100.00
38	81-Family Welfare	2211-800-03	15.00	10.71	71.37
39	97-Public Debt	2049-01-200-06	6.06	4.13	68.18
Total			6,300.18	5,986.90	

Source: Appropriation Accounts, 2021-22

APPENDIX 3.7

Details of Savings of ₹ One Crore and above not surrendered
(Reference: Paragraph-3.4.8 and 3.4.9; Page-94 and 95)

(₹ in crore)

Sl. No.	Grant No. and Name	Section	Saving	Surrender	Saving to be Surrender
1	1-Legislative Assembly	Revenue-voted	11.91	0.00	11.91
3	2-Governor	Revenue-charged	2.03	0.14	1.89
5	4-Election	Revenue-voted	1.38	0.00	1.38
6	5-Secretariat Administration	Revenue-voted	1.28	1.20	0.08
7	6-District Administration	Revenue-voted	16.20	7.18	9.02
9	7-Treasury and Accounts Administration	Revenue-voted	2.25	1.32	0.93
10	8-Police	Revenue-voted	47.31	10.43	36.88
12	9-Motor Garages	Revenue-voted	3.42	0.00	3.42
14	11-Social Welfare	Revenue-voted	2.08	0.00	2.08
17	13-Directorate of Accounts	Revenue-voted	247.47	100.39	147.08
18	14-Secondary Education	Revenue-voted	35.91	0.00	35.91
19	14-Secondary Education	Capital-voted	39.35	0.00	39.35
20	15-Health and Family Welfare	Revenue-voted	28.44	0.00	28.44
21	15-Health and Family Welfare	Capital-voted	5.54	0.00	5.54
23	16-Art and Cultural Affairs	Capital-voted	1.86	0.00	1.86
26	18-Research	Capital-voted	1.94	0.79	1.15
27	19-Industries	Revenue-voted	9.37	6.49	2.89
29	20-Labour	Revenue-voted	1.32	0.00	1.32
30	21-Directorate of Sports	Revenue-voted	1.17	0.00	1.17
31	21-Directorate of Sports	Capital-voted	1.07	0.00	1.07
33	22-Food and Civil Supplies	Capital-voted	1.60	0.00	1.60
34	23-Forests	Revenue-voted	205.15	187.55	17.60
35	23-Forests	Capital-voted	8.68	7.40	1.28
36	24-Agriculture	Revenue-voted	1.90	0.00	1.90
37	24-Agriculture	Capital-voted	8.13	0.00	8.13
38	25-Relief, Rehabilitation and Re-settlement	Revenue-voted	112.02	0.00	112.02
39	26-Rural Works	Revenue-voted	29.67	29.10	0.57
40	26-Rural Works	Capital-voted	36.04	0.00	36.04
41	27-Panchayat	Revenue-voted	70.83	34.53	36.30
42	28-Animal Husbandry and Veterinary	Revenue-voted	12.15	0.00	12.15
46	30-State Transport	Revenue-voted	6.90	0.00	6.90
48	31-Public Works	Revenue-voted	126.02	119.18	6.83
49	31-Public Works	Capital-voted	28.11	0.00	28.11
50	32-Roads and Bridges	Revenue-voted	205.04	178.35	26.68
51	32-Roads and Bridges	Capital-voted	384.18	0.00	384.18
52	33-North Eastern Areas	Revenue-voted	5.11	1.64	3.47

Sl. No.	Grant No. and Name	Section	Saving	Surrender	Saving to be Surrender
53	33-North Eastern Areas	Capital-voted	8.65	3.14	5.51
54	34-Power	Revenue-voted	175.52	164.50	11.02
55	34-Power	Capital-voted	89.60	0.00	89.60
56	35-Information and Public Relations	Revenue-voted	9.73	8.26	1.47
58	36-Statistics	Revenue-voted	2.02	1.81	0.22
63	38-Water Resource Department	Capital-voted	12.34	0.00	12.34
64	39-Loans to Government Servants	Capital-voted	4.44	2.50	1.94
65	40-Housing	Revenue-voted	13.13	8.54	4.59
66	40-Housing	Capital-voted	14.60	0.00	14.60
67	41-Land Management	Revenue-voted	36.39	34.16	2.23
69	42-Rural Development	Revenue-voted	41.57	0.00	41.57
71	43-Fisheries	Revenue-voted	2.11	0.00	2.11
72	43-Fisheries	Capital-voted	1.52	0.00	1.52
74	45-Civil Aviation	Revenue-voted	3.42	0.00	3.42
75	45-Civil Aviation	Capital-voted	8.71	0.00	8.71
77	46-State Public Service Commission	Revenue-charged	1.43	1.43	0.01
78	47-Administration of Justice	Revenue-voted	4.47	0.00	4.47
79	47-Administration of Justice	Capital-voted	27.64	0.00	27.64
82	49-Science and Technology	Revenue-voted	4.08	4.03	0.05
83	50-Secretariat Economic Services	Revenue-voted	2.32	0.00	2.32
84	50-Secretariat Economic Services	Capital-voted	1,767.33	1,701.07	66.26
88	53-Fire Protection and Control	Revenue-voted	1.46	0.00	1.46
90	54-State Tax and Excise	Revenue-voted	1.35	0.00	1.35
93	56-Tourism	Revenue-voted	14.80	0.00	14.80
94	56-Tourism	Capital-voted	4.90	3.97	0.94
95	57-Urban Development	Revenue-voted	29.44	28.74	0.70
96	57-Urban Development	Capital-voted	14.93	0.00	14.93
99	59-Public Health Engineering	Revenue-voted	161.98	0.00	161.98
100	59-Public Health Engineering	Capital-voted	98.34	0.00	98.34
102	60-Textile and Handicraft	Capital-voted	5.80	4.00	1.80
111	66-Hydro Power Development	Revenue-voted	24.08	24.03	0.05
112	66-Hydro Power Development	Capital-voted	6.76	0.00	6.76
114	68-Town Planning Department	Revenue-voted	24.38	0.00	24.38
115	68-Town Planning Department	Capital-voted	4.50	0.00	4.50
119	71-Department of Tawang and West Kameng	Revenue-voted	2.59	2.55	0.04
124	74-Social Justice, Empowerment and Tribal Affairs	Revenue-voted	29.89	29.31	0.59
125	74-Social Justice, Empowerment and Tribal Affairs	Capital-voted	11.57	0.00	11.57

Sl. No.	Grant No. and Name	Section	Saving	Surrender	Saving to be Surrender
126	75-Higher and Technical Education	Revenue-voted	8.91	0.00	8.91
128	76-Elementary Education	Revenue-voted	28.99	0.00	28.99
129	76-Elementary Education	Capital-voted	15.55	0.00	15.55
130	77-Gauhati High Court, Itanagar Permanent	Revenue-charged	1.97	1.67	0.31
132	79-Department of Skill Development and Entrepreneur	Revenue-voted	3.87	0.00	3.87
137	82-Department of Indigenous Affairs	Revenue-voted	9.74	9.51	0.23
138	82-Department of Indigenous Affairs	Capital-voted	4.70	0.00	4.70
139	97-Public Debt	Revenue-charged	74.81	25.19	49.62
140	97-Public Debt	Capital-charged	282.55	0.00	282.55

Source: Appropriation Accounts, 2021-22

APPENDIX 3.8

Un-utilised Provision of Fund during 2021-22
(Reference: Paragraph-3.3.2 and 3.4.10; Page- 84 and 96)

(₹ in crore)

Sl. No.	Grant No. and Name	Head of Accounts	Original	Supplementary	Re-appropriation	Total	Savings
1	2-Governor	2012-03-800-03	0.01	0.06	0.00	0.07	0.07
		2012-03-800-04	0.07	0.21	0.00	0.27	0.27
		2012-03-800-09	0.02	0.00	0.06	0.08	0.08
2	9-Secretariat Transport	04-3055-003-01	0.00	3.00	0.00	3.00	3.00
3	11-Women and Child Development	03-2236-02-800-02	0.00	0.04	0.00	0.04	0.04
4	25-Disaster Management	05-2245-05-101-02	3.79	277.77	0.00	281.56	281.56
5	28-AH &V and Dairy	03-2403-101-14	0.00	1.00	6.99	7.99	7.99
6	33-North Eastern Areas	09-2552-20-103-01	0.00	0.00	3.47	3.47	3.47
		09-4552-16-337-02	13.75	0.00	(-) 8.35	5.40	5.40
		09-4552-18-110-01	0.00	0.00	0.10	0.10	0.10
7	34-Power	08-4801-05-052-02	0.00	21.06	0.00	21.06	21.06
8	38-Water Resources Department	03-2702-80-005-01	0.00	0.52	0.00	0.52	0.52
9	43-Fisheries	2405-800-45	1.00	1.07	0.00	2.07	2.07
10	50-Planning & Investment	03-4070-800-13	700.00	0.00	(-) 700.00	0.00	0.00
11	57-Urban Development	07-4217-60-51-16	0.00	6.68	0.00	6.68	6.68
12	75-Higher and Technical Education	2202-03-800-04	71.15	13.17	5.87	90.19	90.19
13	76-Elementary Education	2202-01-107-03	0.00	0.01	0.00	0.01	0.01
		2202-01-800-17	0.40	0.00	0.00	0.40	0.40
14	79-Skill Development and Entrepreneur	2230-03-800-15	0.00	0.50	0.00	0.50	0.50
15	97-Public Debt	2049-04-106-01	0.90	0.00	0.00	0.90	0.90
		6003-110-01	312.00	0.00	0.00	312.00	312.00
Total			1,103.08	325.10	(-) 691.86	736.32	736.32

Source: Appropriation Accounts, 2021-22

APPENDIX 3.9

Statement showing excess expenditure relating to previous years requiring regularisation

(Reference: Paragraph-3.4.12.1; Page- 98)

(₹ 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.re 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	
2008-09	13	5,9,14,17,29,34,37,43,45,48,56,59 & 65	70.6	
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	
2020-21	1	25	8.87	
TOTAL			3,204.41	

Source: Appropriation Accounts, 2021-22

APPENDIX 3.10

Details of Excess expenditure at Sub-Head level made during 2021-22

(Reference: Paragraph-3.4.12.1; Page-98)

Sl. No.	Number and Name of Grant	Classification	Original	Supplementary	Re-appropriation		Final Appropriation	Actual Expenditure	Excess
					Plus	Minus			
1	6-District Administration Department	2053-094-07	0.64	0.00	1.34	0.00	1.98	2.00	0.02
		2053-101-03	0.10	0.00	0.00	0.01	0.09	0.09	0.00
		04-4070-800-24	1.00	0.00	0.00	0.00	1.00	1.10	0.10
2	7-Accounts and Treasuries	2235-60-104-01	0.00	0.00	0.00	0.00	0.00	0.27	0.27
3	8-Home Department	04-4055-800-09	76.37	2.20	0.00	0.00	78.57	84.69	6.12
4	11-Women and Child Development	04-4235-02-800-13	4.59	0.00	0.00	1.14	3.45	4.95	1.50
5	19-Industries	04-4851-800-07	23.65	0.00	0.00	1.94	21.71	21.77	0.06
6	24-Agriculture	04-2401-800-96	96.35	0.00	0.00	14.95	81.40	87.89	6.49
		04-4415-80-800-02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	25-Disaster Management	08-2245-02-800-04	0.00	0.00	0.00	0.00	0.00	59.34	59.34
		2245-05-101-01	0.00	0.00	0.00	0.00	0.00	111.11	111.11
8	26-Rural Works	03-5054-04-337-09	0.00	0.00	1229.36	0.00	1229.36	1248.78	19.42
9	30 State Transport Services	04-5055-800-03	18.13	0.00	0.00	0.64	17.48	18.05	0.56
10	37-Legal Metrology And Consumer Affairs	04-5475-800-04	0.00	0.58	0.00	0.00	0.58	0.68	0.10
11	41-Land Management	04-4070-800-24	1.03	0.00	0.00	0.00	1.03	2.03	1.00
12	48-Horticulture	2401-001-01	34.29	0.00	0.02	0.00	34.32	38.04	3.72
		2401-119-01	28.19	0.00	2.86	0.00	31.05	35.05	4.00
13	50-Planning & Investment	03-4070-800-18	120.72	0.00	0.00	82.65	38.07	42.69	4.62

State Finances Audit Report for the year ended 31 March 2022

Sl. No.	Number and Name of Grant	Classification	Original	Supplementary	Re-appropriation		Final Appropriation	Actual Expenditure	Excess
					Plus	Minus			
14	58-Printing	2058-103-01	11.42	0.00	0.00	0.49	10.93	10.95	0.02
15	65-Department for Changlang and Longding Districts	4575-03-800-01	0.00	0.00	0.00	0.00	0.00	0.50	0.50
		04-4575-03-800-05	50.00	0.00	0.00	0.00	50.00	51.94	1.94
16	70-Administrative Training Institute	04-4070-800-24	3.87	0.00	0.00	0.12	3.75	4.24	0.49
17	74-Social Justice Empowerment and Tribal Affairs	08-4235-02-800-05	0.00	0.00	167.92	0.00	167.92	168.02	0.09
18	75-Higher and Technical Education	2202-03-800-01	0.00	0.00	0.00	0.00	0.00	90.19	90.19
19	76-Elementary Education	2202-01-800-14	36.74	0.00	0.00	32.74	4.00	13.30	9.30
		04-2202-01-800-14	0.00	0.00	0.00	0.00	0.00	6.58	6.58
		04-4202-01-800-31	0.00	0.00	0.00	0.00	0.00	11.93	11.93
20	97-Public Debt	2049-01-101-01	364.77	0.00	30.75	0.00	395.52	410.06	14.54
		6003-105-01	124.28	3.63	6.37	0.00	134.28	142.19	7.91
		6003-111-06	121.00	0.00	0.00	0.00	121.00	143.02	22.02
Total			1,117.14	6.41	1,438.62	134.68	2,427.50	2,811.47	383.97

Source: Appropriation Accounts, 2021-22

APPENDIX 3.11
Details of Lump Sum Provision for creation of Asset
(Reference: Paragraph-3.5.1; Page- 100)

Sl. No.	Grant No. and Name of the grant	Head of the Accounts	Detail of the Schemes	Original	Supplementary	Re-appropriation		Final Grant	Actual Expenditure
						(+)	(-)		
						Part - A			
1	06- District Administration	04-4070-800-24	Creation of Asset under BA/SDS	1.00	0.00	0.00	0.00	1.00	1.10
2	08-Home Department	04-4055-800-09	Creation of Asset under BA/SDS	76.37	2.20	0.00	0.00	78.57	84.69
3	11-Women and Child Development	04-4235-02-800-13	Creation of Asset under BA/SDS	4.59	0.00	0.00	1.14	3.45	4.95
4	14-Secondary Education	04-4202-01-800-32	Creation of Asset under BA/SDS	0.00	13.46	62.10	0.00	0.00	0.00
5	15-Health Services	04-4210-80-800-12	Creation of Asset under BA/SDS	12.16	14.06	0.00	0.00	26.21	20.67
6	16-Art and Cultural Affairs	04-4202-800-09	Creation of Asset under BA/SDS	3.30	5.40	0.00	0.00	8.70	6.85
7	18-Research	04-4202-04-800-09	Creation of Asset under BA/SDS	6.68	0.00	0.00	0.79	5.89	4.74
8	19-Industries	04-4851-800-07	Creation of Asset under BA/SDS	23.65	0.00	0.00	1.94	21.71	21.77
9	21-Directorate of Sports	04-4202-03-800-31	Creation of Asset under BA/SDS	12.04	74.33	0.00	0.00	86.37	85.30
10	22-Food and Civil Supplies	04-5475-800-04	Creation of Asset under BA/SDS	3.00	1.26	0.00	0.00	4.26	2.66

Part - A									
Sl. No.	Grant No. and Name of the grant	Head of the Accounts	Detail of the Schemes	Original	Supplementary	Re-appropriation (+)	Re-appropriation (-)	Final Grant	Actual Expenditure
11	23-Environment and Forests	04-4406-01-800-03	Creation of Asset under BA/SDS	12.00	0.00	0.00	7.40	4.60	3.33
12	24-Agriculture	04-4435-80-800-04	Creation of Asset under BA/SDS	3.65	21.91	0.00	0.00	25.56	17.43
13	28-AH&V and Dairy Department	04-4403-800-15	Creation of Asset under BA/SDS	8.59	0.00	0.00	8.34	0.25	0.25
14	29-Co-ordination Department	04-4425-800-04	Creation of Asset under BA/SDS	1.01	5.00	0.00	0.00	6.01	6.01
15	30-State Transport Services	04-5055-800-03	Creation of Asset under BA/SDS	18.13	0.00	0.00	0.64	17.48	18.05
16	32-Roads and Bridges	04-5054-80-800-03	Creation of Asset under BA/SDS	202.32	573.71	0.00	0.00	776.03	423.07
17	36-Statistics	04-5475-800-04	Creation of Asset under BA/SDS	1.00	0.00	0.00	0.05	0.95	0.95
18	37-Legal Metrology and Consumer Affairs	04-5475-800-04	Creation of Asset under BA/SDS	0.00	0.58	0.00	0.00	0.58	0.68
19	38-Water Resource Department	04-4702-800-04	Creation of Asset under BA/SDS	2.59	16.73	0.00	0.00	19.32	15.40
		04-4711-01-800-10	Creation of Asset under BA/SDS	16.34	94.77	13.15	0.00	124.26	116.16
20	40-Housing	04-4216-80-800-03	Creation of Asset under BA/SDS	4.24	35.24	0.00	0.00	39.48	24.88
21	41-Land Management	04-4070-800-24	Creation of Asset under BA/SDS	1.03	0.00	0.00	0.00	1.03	2.03
22	42-Rural Development	04-4515-800-09	Creation of Asset under BA/SDS	1.00	36.30	0.00	0.00	37.30	37.00

Part - A									
Sl. No.	Grant No. and Name of the grant	Head of the Accounts	Detail of the Schemes	Original	Supplementary	Re-appropriation		Final Grant	Actual Expenditure
						(+)	(-)		
23	43-Capital Outlay on fisheries	04-4405-800-08	Creation of Asset under BA/SDS	10.20	1.65	0.00	0.00	11.85	11.15
24	45-civil Aviation	04-5053-80-800-04	Creation of Asset under BA/SDS	42.90	30.49	0.00	0.00	73.39	64.67
25	47-Law, Legislative and Justice	04-4070-800-24	Creation of Asset under BA/SDS	37.44	20.61	0.00	0.00	58.05	33.92
26	50-Planning and Investment	04-4070-800-24	Creation of Asset under BA/SDS	948.93	0.00	0.00	801.93	147.01	139.78
27	51-Library	04-4202-04-800-09	Creation of Asset under BA/SDS	0.50	1.69	0.00	0.00	2.19	1.94
28	53-Fire Protection and Control	04-4070-800-24	Creation of Asset under BA/SDS	12.50	0.00	0.00	0.00	12.50	12.50
29	54-Tax & Excise and Narcotics	04-4070-800-24	Creation of Asset under BA/SDS	1.05	0.50	0.00	0.00	1.55	1.40
30	58-Printing	04-4058-800-03	Creation of Asset under BA/SDS	0.50	0.00	0.00	0.00	0.50	0.50
31	60-Textile and Handicraft	04-4851-800-07	Creation of Asset under BA/SDS	9.00	0.00	0.00	4.00	5.00	3.20
32	61-Geology and Mining	04-4853-60-800-04	Creation of Asset under BA/SDS	1.33	0.27	0.00	0.00	1.60	1.38
33	62-Transport	04-5055-800-03	Creation of Asset under BA/SDS	3.30	0.00	0.00	3.00	0.30	0.30
		04-5056-800-03	Creation of Asset under BA/SDS	0.20	0.00	0.00	0.00	0.20	0.20
34	68-Town Planning	04-4217-03-800-05	Creation of Asset under BA/SDS	0.61	0.00	1.26	0.00	1.87	1.56

Part - A									
Sl. No.	Grant No. and Name of the grant	Head of the Accounts	Detail of the Schemes	Original	Supplementary	Re-appropriation (+)	Re-appropriation (-)	Final Grant	Actual Expenditure
35	70-Administrative Training Institute	04-4070-800-24	Creation of Asset under BA/SDS	3.87	0.00	0.00	0.12	3.75	4.24
36	71-Deptt.of Tawang and West Kameng	04-4202-04-800-09	Creation of Asset under BA/SDS	10.10	2.65	0.00	0.00	12.75	12.43
37	72-Prison	04-4055-800-09	Creation of Asset under BA/SDS	20.00	0.00	0.00	8.58	11.43	11.42
38	74-Social Justice Empowerment and Tribal Affairs	02-4225-02-800-13	Creation of Asset under BA/SDS	53.84	0.00	0.00	49.63	4.21	3.50
39	75-Higher and Technical Education	04-4202-01-800-32	Creation of Asset under BA/SDS	23.15	5.71	0.00	0.00	28.86	28.21
40	76-Elementary Education	04-4202-01-800-31	Creation of Asset under BA/SDS	29.33	49.26	0.00	0.00	78.59	51.11
41	79-Skill Development and Entrepreneur	04-4250-800-06	Creation of Asset under BA/SDS	0.00	6.05	0.00	0.00	6.05	6.05
42	80-Medical Education, Training and Research	04-4210-03-200-01	Creation of Asset under BA/SDS	0.00	4.15	0.00	0.00	4.15	4.15
43	82-Indigenous Affairs	04-4202-800-09	Creation of Asset under BA/SDS	5.70	13.30	0.00	0.00	19.00	14.30
Total				1,629.13	1,031.28	76.51	887.56	1,773.81	1,305.90

Part - B													
Sl. No.	Number and Name of the Grant	Section	Revenue Section			Capital Section			Excess	Provision	Expenditure	Savings	Excess
			Provision	Expenditure	Savings	Excess	Provision	Expenditure					
1	1-Legislative Assembly	Voted	8.68	92.43	11.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Charged	0.77	0.48	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	25-Disaster Management	Voted	298.76	190.62	112.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	26-Rural Works	Voted	291.81	272.90	29.67	0.00	0.00	0.00	1,593.00	1,663.35	36.03	0.00	0.00
4	31-Public Works	Voted	438.89	312.87	126.02	0.00	0.00	0.00	100.99	434.66	28.11	0.00	0.00
5	34-Power	Voted	1,024.49	1,180.91	175.52	0.00	0.00	0.00	144.00	333.18	89.60	0.00	0.00
6	35-Information and Public Relations	Voted	52.70	42.97	9.73	0.00	0.00	0.00	4.00	7.84	0.46	0.00	0.00
7	56-Tourism	Voted	32.01	34.11	14.80	0.00	0.00	0.00	45.66	40.76	25.78	0.00	0.00
8	59-Public Health Engineering	Voted	727.46	960.26	161.98	0.00	0.00	0.00	250.00	330.45	98.34	0.00	0.00
9	65-Dept.for Development of Tirap, Changlang and Longding Districts	Voted	1.42	0.87	0.56	0.00	0.00	0.00	50.00	52.44	0.00	2.44	2.44
10	66-Hydro Power Development	Voted	173.71	199.27	24.08	0.00	0.00	0.00	91.00	97.51	6.76	0.00	0.00
Total			3,050.70	3,287.69	666.57	0.00	0.00	0.00	2,278.65	2,960.20	285.09	2.44	2.44

Source: Appropriation Accounts, 2021-22

APPENDIX 3.12

Details of Variation between Budget Estimate and Revised Estimate

(Reference: Paragraph-3.6.3; Page- 102)

(₹ in crore)

Head of Account	Budget Estimate	Revised Estimate	Actuals	Variation Shortfall (-)/ Excess (+)	Variation Shortfall (-)/ Excess (+) (In per cent)
2011	87.61	105.04	92.91	12.13	11.55
2012	8.65	10.27	8.24	2.03	19.74
2014	37.66	39.73	34.96	4.77	12.02
2029	73.39	42.35	19.15	23.20	54.79
2030	1.41	1.64	0.92	0.72	44.02
2048	240.50	240.50	200.50	40.00	16.63
2059	441.43	373.02	317.07	55.95	15.00
2215	727.46	1122.23	960.26	161.98	14.43
2216	56.74	50.51	43.61	6.91	13.68
2217	368.38	434.68	380.85	53.82	12.38
2245	289.00	293.56	181.55	112.01	38.16
2406	744.53	711.55	300.53	411.01	57.76
2435	2.50	3.14	0.65	2.49	79.16
2501	45.00	83.85	55.34	28.51	34.00
2552	7.45	5.82	2.35	3.48	59.71
2702	369.16	429.23	358.38	70.85	16.51
2801	1165.06	1538.99	767.94	771.05	50.10
2852	20.55	12.33	5.84	6.49	52.64
3054	755.01	1110.21	875.78	234.43	21.12
3452	32.01	48.92	34.11	14.80	30.26
4202	155.40	343.79	281.09	62.70	18.24
4205	0.50	2.19	0.00	2.19	100.00
4210	12.16	30.36	24.82	5.54	18.24
4215	250.00	428.80	330.45	98.34	22.93
4216	4.24	39.48	24.88	14.60	36.98
4406	12.00	4.60	3.33	1.28	27.72
4435	3.65	25.76	17.43	8.33	32.33
4702	2.59	19.32	15.40	3.92	20.29
4801	235.00	527.05	430.69	96.36	18.28
4853	1.33	1.60	1.38	0.22	13.75
5053	42.90	73.39	64.67	8.71	11.87
5054	1995.32	3014.90	2594.68	420.22	13.94
5475	4.00	5.79	4.29	1.50	25.93

Source: Appropriation Accounts, 2021-22

APPENDIX 4.1

Details of Department-wise unspent amount lying in SNA Accounts

(Reference: Paragraph-4.2.1; Page- 111)

Controller Name	Scheme Name	Centre Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total release from Treasury to SNA	Total Expenditure	Unspent Amount
Agriculture	Rainfed area development and climate change	1.00	0.11	1.11	0.79	0.32
	Paramparagat Krishi Vikas Yojana	0.00	0.00	0.00	0.00	0.00
	National Project on Soil Health and Fertility	4.16	0.46	4.62	0.50	4.12
Environment and Forests	Forest Fire Prevention and Management Scheme	0.90	0.10	1.00	0.00	1.00
	Project Elephant	0.00	0.18	0.18	0.00	0.18
	Biodiversity Conservation	0.57	0.06	0.63	0.07	0.56
	Green India Mission-National Afforestation Programme	13.43	1.34	14.78	0.00	14.78
	Project Tiger	3.36	1.14	4.49	4.48	0.02
	Integrated Development of Wildlife Habitats	1.99	0.22	2.21	2.02	0.19
Health and Family Welfare	Human Resources for Health and Medical Education	17.60	0.00	17.60	1.55	16.05
Home Affairs	Modernisation of Police Forces	0.00	4.48	4.48	0.00	4.48
		72.60	0.00	72.60	66.69	5.91
		1.15	0.00	1.15	0.00	1.15
Law & Justice	Infrastructure Facilities for Judiciary	0.93	0.10	1.03	0.00	1.03
Ministry of Fisheries Animal Husbandry and Dairying	Livestock Census and Integrated Sample Survey	2.10	0.20	2.30	0.76	1.54

Controller Name	Scheme Name	Centre Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total release from Treasury to SNA	Total Expenditure	Unspent Amount
Ministry of Housing and Urban Affairs	Other Items of State/Ut Component-Pmay Urban	18.92	2.11	21.03	2.68	18.35
	Mission for Development of 100 Smart Cities	0.00	24.50	24.50	2.07	22.43
	Swachh Bharat Mission (Sbm) - Urban	4.10	0.46	4.56	0.29	4.27
Ministry of Skill Development and Entrepreneurship	Strengthening of Infrastructure for Institutional Training	8.32	0.83	9.15	0.00	9.15
Rural Development	Pradhan Mantri Awas Yojna (Pmay)- Rural	0.00	10.47	10.47	0.15	10.32
School Education and Literacy	Samagra Shiksha	173.30	140.82	314.12	260.98	53.14
Tribal Affairs	Post-Matric Scholarship-Tribal	48.70	5.41	54.12	0.02	54.10
Water Resources	Har Khet Ko Pani	98.71	10.97	109.67	64.50	45.17
Women and Child Development	Aganwadi	0.07	0.01	0.08	0.00	0.08
Total		471.91	203.96	6,75.87	407.55	268.32

Source: Finance Accounts, 2021-22

APPENDIX 4.2 (A)

Statement showing details of pendency of the Utilisation Certificate

(Reference: Paragraph 4.5; Page- 114)

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	0	0.00
	2017-18	0	0.00	2017-18	8	70.67	2017-18	5	1.67
	Total	0	0.00	Total	16	93.81	Total	5	1.67
2018-19	Up to 2017-18	5	1.67	Up to 2018-19	0	0.00	Up to 2018-19	5	1.67
	2018-19	0	0.00	2018-19	117	793.48	2018-19	66	146.44
	Total	5	1.67	Total	117	793.48	Total	71	148.12
2019-20	Up to 2017-18	5	1.67	Up to 2017-18	0	0.00	Up to 2017-18	5	1.67
	2018-19	66	146.44	2018-19	0	0.00	2018-19	66	146.44
	2019-20	0	0.00	2019-20	195	773.23	2019-20	188	765.50
Total	71	148.12	Total	195	773.23	Total	259	913.62	
2020-21	Up to 2017-18	5	1.67	Up to 2017-18	0	0.00	Up to 2017-18	5	1.67
	2018-19	66	146.44	2018-19	0	0.00	2018-19	66	146.44
	2019-20	188	765.50	2019-20	0	0.00	2019-20	188	765.50
2020-21*	0	0.00	2020-21	185	1358.48	2020-21	185	1,358.48	
Total	259	913.62	Total	185	1,358.48	Total	444	2,272.10	

State Finances Audit Report for the year ended 31 March 2022

Year	Opening as on 1 April		Accumulation during the year				Clearance during the year				Closing as on 31 March (₹ in crore)				
	Up to 2017-18	5	1.67	Up to 2017-18	0	0.00	Up to 2017-18	03	1.38	Up to 2017-18	02	0.29	Up to 2017-18	2018-19	25
2021-22	2018-19	66	146.44	2018-19	0	0.00	2018-19	41	113.51	2018-19	25	32.93	2019-20	58	51.15
	2019-20	188	765.50	2019-20	0	0.00	2019-20	130	714.35	2019-20	90	466.09	2020-21	90	466.09
	2020-21	185	1,358.48	2020-21	0	0.00	2020-21	95	892.39	2020-21	90	466.09	Total	175	550.46
	Total	444	2,272.10	Total	0	0.00	Total	269	1721.63	Total	175	550.46			

Source: Finance Accounts of respective year

APPENDIX 4.2 (B)

Details of Department-wise pendency of the Utilisation Certificate

(Reference: Paragraph 4.5; Page- 114)

(₹ in crore)

Name of the Departments	No. of UCs pending	Amount	Purpose
Civil Supplies and Consumer Affairs	16	0.86	Perks and Facilities in respect of Chairman and Members of AP State Food Commission
District Administration	3	1.04	Grants for running of Office
Education	15	19.19	Implementation of Vocational Education, Integrated Scheme for School Education: Samagra Shiksha, Oriented Camps of AP, NCC Cadets,
Health and Family Welfare	11	68.75	For C/O 200 Bedded RK Mission Hospital Itanagar and procurement of 2 DG set, Implementation of Human Resources for Health and Medical Education, Arunachal Pradesh Tele Emergency & Critical Care Services, Grant for AYUSH.
Industries	1	0.45	Grant for Arunachal Pradesh Industrial Development and Financial Cooperation Limited.
Information and Public Relation	20	20.57	Establishment of State Data Centre, Development of Mobile Application for Tourists, Development of Website for The Dept. of Labour and Employment, Cloud Service for One Year under Revised Allocation, E-Office Cloud Hosting Charges to NICS, Installation of Video Display at Chief Secretary Conference Hall
Relief and Rehabilitation	20	10.92	implementation of awareness generation activities like Disaster management melas, rallies, Strengthening of District Disaster Management Authority of Hazard Prone District, Chief Minister Relief fund, CM Relief Fund and hiring of Cancer Guest House in Mumbai
Rural Development and Panchayati Raj	6	294.42	Grants to Local Bodies, Rashtriya Gram Swaraj Abhiyan, Mobility Honorarium to Panchayati Raj/ Interim Committee Members
Science and Technology	7	3.07	Strengthening of Biotech Laboratory at Dbt-Apscs&T for Bioresources and Sustainable Development, Kimin E-Office User and Office Expenses

Name of the Departments	No. of UCs pending	Amount	Purpose
Secretariat Administration	1	2.50	Grant for Arunachal Pradesh Staff Selection Board
Social Welfare, Women and Child Development	46	7.71	Social Justice Empowerment, Child Protection, National Creche Scheme, Construction of Juvenile/observation home, Swadhar Greh Scheme, Implementation of Swachchata Action Plan, Implementation of APSCPCR, Implementation of SPRPD Scheme
Sports and Youth Affairs	9	2.67	GIA To 9 State Sports Association, conducting tour-cum trekking Programme, Financial Assistance toward conducting for Annual Calendar Events of Following Ngo's, All Monpa Youth Association Amya
Urban Development Municipal Administration and Govt. Estates	6	93.49	AMRUT, Basic Grant Instalment towards 14 th Finance Commission
Tourism	7	10.65	Implementation of Scheme Credit Linked Subsidy Scheme, District Tourism Promotion Council
Planning Programme Implementation Economics and	1	7.21	Arunachal Pradesh Skill Development Society
Home (Police)	3	3.36	Implement the Emergency Response Support System (ERSS) in three districts of the State
Finance	1	2.35	Project for E-district
Culture Affairs	1	1.00	Grants for promotion of Art and Culture
SADA	1	0.25	One time Corpus Fund
Total	175	550.46	

Source: Finance Accounts, 2021-22

APPENDIX 4.3

**Details of Major Head where entire expenditure was booked under
Minor Head 800-Other Expenditure during 2021-22**

(Reference: Paragraph-4.6.1; Page- 116)

(₹ in crore)

Major Head	Details of Major head	Total Expenditure	Booked under Minor Head-800
Revenue Expenditure Booked under MH 800-Other Expenditure			
2250	Other Social Services	0.04	0.04
2506	Land Reforms	0.73	0.73
2810	New and Renewable Energy	39.05	39.05
2852	Industries	5.84	5.84
3275	Other Communication Services	48.08	48.08
3435	Ecology and Environment	3.49	3.49
Sub-Total		97.23	97.23
Capital Expenditure Booked under 800-Other Expenditure			
4058	Capital Outlay on Stationery and Printing	0.50	0.5
4215	Capital Outlay on Water Supply and Sanitation	330.45	330.45
4216	Capital Outlay on Housing	24.88	24.88
4220	Capital Outlay on Information and Publicity	7.39	7.39
4250	Capital Outlay on other Social Services	6.05	6.05
4403	Capital Outlay on Animal Husbandry	0.25	0.25
4406	Capital Outlay on Forestry and Wild Life	3.33	3.33
4415	Capital Outlay on Agricultural Research and Education	0.00	0
4425	Capital Outlay on Co-operation	6.01	6.01
4435	Capital Outlay on Other Agricultural Programmes	17.43	17.43
4515	Capital Outlay on Other Rural Development Programmes	37.00	37
4575	Capital Outlay on other Special Areas Programmes	52.44	52.44

Major Head	Details of Major head	Total Expenditure	Booked under Minor Head-800
4702	Capital Outlay on Minor Irrigation	15.40	15.4
4711	Capital Outlay on Flood Control Projects	132.36	132.36
4851	Capital Outlay on Village and Small Industries	24.97	24.97
4853	Capital Outlay on Non-ferrous Mining and Metallurgical Industries	1.38	1.38
5053	Capital Outlay on Civil Aviation	64.67	64.67
5055	Capital Outlay on Road Transport	18.34	18.34
5056	Capital Outlay on Inland and Water Transport	0.20	0.2
5475	Capital Outlay on other General Economic Services	4.29	4.29
Sub-Total		747.34	747.34
Grand Total		844.57	844.57

Source: Finance Accounts, 2021-22

APPENDIX 4.4

Details of Major Head where more than 50 per cent of Expenditure booked under 800-Other Expenditure during 2021-22.

(Reference: Paragraph-4.6.1; Page- 116)

(₹ in crore)

Major Head	Details of Major head	Total Expenditure	Booked under Minor Head-800	Percentage
Revenue				
2013	Council of Ministers	26.06	15.05	58.00
2216	Housing	43.61	21.60	50.00
2217	Urban Development	380.85	204.27	54.00
2220	Information and Publicity	42.97	23.74	55.00
2415	Agricultural Research and Education	34.62	30.10	87.00
2711	Flood Control and Drainage	41.76	35.00	84.00
3451	Secretariat-Economic Services	107.67	88.55	82.00
3452	Tourism	34.11	21.22	62.00
Sub-Total		711.65	439.53	
Capital				
4059	Capital Outlay on Public Works	435.70	386.73	89.00
4070	Capital Outlay on Other Administrative Services	977.51	756.72	77.00
4202	Capital Outlay on Education, Sports, Art and Culture	281.09	257.56	92.00
4210	Capital Outlay on Medical and Public Health	24.82	20.67	83.00
4235	Capital Outlay on Social Security and Welfare	315.26	237.71	75.00
4405	Capital Outlay on Fisheries	17.64	14.33	81.00
4552	Capital Outlay on North Eastern Areas	57.66	31.46	55.00
4801	Capital Outlay on Power Projects	430.69	363.19	84.00
Sub-Total		2,540.37	2,068.37	
Grand Total		3,252.02	2,507.90	

Source: Finance Accounts, 2021-22

APPENDIX 4.5

Details of Total expenditure booked under 800-Other Expenditure for the period 2019-22

(Reference: Paragraph-4.6.1; Page- 116)

(₹ in crore)

Major Head	Details of Major head	2019-20	2020-21	2021-22	2019-22
Revenue Expenditure					
2250	Other Social Services	0.05	0.07	0.04	0.16
2506	Land Reforms	1.44	0.72	0.73	2.89
2810	New and Renewable Energy	23.78	22.69	39.05	85.52
3435	Ecology and Environment	2.78	1.66	3.49	7.93
Sub-Total		28.05	25.14	43.31	96.50
Capital Expenditure Booked					
4058	Capital Outlay on Stationery and Printing	2.85	0.11	0.50	3.46
4215	Capital Outlay on Water Supply and Sanitation	253.07	224.55	330.45	808.07
4216	Capital Outlay on Housing	12.49	20.81	24.88	58.18
4220	Capital Outlay on Information and Publicity	4.29	2.12	7.39	13.8
4415	Capital Outlay on Agricultural Research and Education	1.17	0.06	0.00	1.23
4425	Capital Outlay on Co-operation	0.32	0.3	6.01	6.63
4435	Capital Outlay on Other Agricultural Programmes	4.8	4.75	17.43	26.98
4575	Capital Outlay on other Special Areas Programmes	48.26	25.37	52.44	126.07
4702	Capital Outlay on Minor Irrigation	8.05	3.43	15.4	26.88
4851	Capital Outlay on Village and Small Industries	11.72	11.44	24.97	48.13
5053	Capital Outlay on Civil Aviation	8.02	42.57	64.67	115.26
Sub-total					1,234.69
Grand total					1,331.19

Source: Finance Accounts of respective year