SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Social (including Local Governments Audit), Economic, General and Revenue Sector for the year 2022-23

ARUNACHAL PRADESH

Government of Arunachal Pradesh

Report No. 2 of 2025

Civil & Commercial

Report of the
Comptroller and Auditor General of India
On Social (including Local Governments Audit), Economic, General and Revenue Sectors
for the year 2022-23

Government of Arunachal Pradesh
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PREFACE

1. *This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Arunachal Pradesh under Article 151 of the Constitution of India for being laid on the floor of the State Legislature.*

2. *This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Arunachal Pradesh under Social (including Local Governments Audit), Economic, General and Revenue Sectors viz. Labour, Health and Family Welfare, Social Justice, Empowerment and Tribal Affairs, Public Health Engineering & Water Supply, Education, Tourism, Rural Works, Animal Husbandry and Veterinary, Public Works, Hydropower Development, Power, Transport, Tax, Excise & Narcotics and Arunachal Police Housing and Welfare Corporation Limited.*

3. *The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2022-23 as well as those which came to notice in earlier years but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2022-23 have also been included, wherever necessary. The Report has been finalised after considering the response of the Government Departments, wherever received.*

4. *Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

5. *The Report of the Comptroller and Auditor General of India containing the observations on State Finances is presented separately.*

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the Performance Audits and test audit of transactions of various Departments of the Government of Arunachal Pradesh pertaining to Social, Economic, General and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature the significant results of audit.

During 2022-23, the Principal Accountant General, Arunachal Pradesh planned for audit of 128 units out of total 1,390 units, after carrying out risk assessment and keeping in view the available manpower. However, 144 units were actually audited.

This Report contains three Performance Audits (PAs) titled "Development of Tourism Infrastructure in Arunachal Pradesh", "Implementation of Pradhan Mantri Gram Sadak Yojana", and "Collection of Building and Other Construction Workers Welfare Cess and its utilisation" and 14 Compliance Audit Paragraphs which includes four Subject Specific Compliance Audits (SSCAs) on "Public Health Infrastructure and Management of Primary Health Services", "National Social Assistance Program", "Pre and Post-Matric Scholarship Scheme belonging to Scheduled Tribes Students of Arunachal Pradesh" and "Department's Oversight on GST Payments and Return Filing".

The Report has 59 appendices, containing data collected from the departments as well as several sources in support of the audit observations.

A synopsis of the important findings contained in this Report is presented below:

Social Sector

Part-I: Performance and Compliance Audits on Departments under Social Sector

Performance Audit

Collection of Building and Other Construction Workers Welfare Cess and its utilisation

LABOUR DEPARTMENT

A Performance Audit (PA) of the "*Collection of Building and Other Construction Workers Welfare Cess and its utilisation*" in Arunachal Pradesh was carried out covering the period from 2017-18 to 2021-22 involving test check of records of four sampled districts, including two works Departments in each sampled district. The performance audit brought out the following significant findings.

Highlights

- Every employer undertaking construction work, would make an application to the registering officer for registration of the establishment within 60 days from the commencement of the work. Only one establishment was registered in 2017 at Itanagar and no establishment was registered with the Department in any other sampled district and no cess assessment was done during 2017-18 to 2021-22. 24

per cent of the registered labour had other occupations *viz.*, government service, business *etc.* However, department failed to ensure registration of establishments. Despite availability of manpower, the Registering Officer and Assessing Officer did not conduct inspection of the establishments to assess the amount of cess payable by the employer in violation of the extant Rules.

- The State Government was yet to transfer cess amount of ₹127.68 crore to the Board as of March 2022, leaving lesser fund for welfare of Construction Labour.
- The designated Chief Inspector and Inspectors at District level did not conduct any inspection on the construction works at site for ensuring compliance and safety of the labour during 2017-18 to 2021-22.
- The Board entered into agreements with two Training Providers (TPs) who were not empanelled with National Skill Development Corporation (NSDC) or Construction Skill Development Council of India (CSDCI). Differences were noticed between the number of beneficiaries to be trained and the number actually trained, resulting in excess payment to the Training Providers.
- Labour bags, tiffin carriers, face masks and sanitizers were procured at higher rates.
- Out of 381 cases of death benefit provided, there were discrepancies *viz.* mismatch in names, blank registration number, *etc.* in the registration records of 108 deceased registered labour *vis-à-vis* the payment advices provided by the Board.
- The Board incurred ₹8.73 crore against procurement of materials *viz.*, computer items, Xerox machine, Air Conditioner etc. from four suppliers for which the Board paid GST amount of ₹1.20 crore during 2017 to 2021. However, the 165 invoices submitted by the suppliers had hand-written invoice serial numbers.
- Test check of records of 19 sampled projects showed that fund was sanctioned without feasibility study, administrative approval and accord of technical sanction for construction of labour sheds. The completed labour sheds were either lying without utilisation or were unauthorisedly occupied by local residents.
- In absence of an effective monitoring mechanism in the Board, implementation of skill development programmes and construction of labour sheds *etc.* were not implementing effectively.

Recommendations:

- *The State Government may ensure that every establishment be registered and frequent assessment of the labour cess amount payable by the employer to the Board may be conducted.*
- *The Board may ensure that all labour cess amount lying with the State Government account be transferred to the Board on time so that the Board may better implement the welfare schemes for the registered labour in the State.*
- *The Board may ensure that regular inspection and assessment of establishments is conducted at regular interval as per extant Rules.*

- *The Board may ensure that the administrative expenditure be controlled within the admissible limit as per the extant Rules as well as ensure proper accounting of procured materials.*
- *The Board may ensure that all codal formalities in procurement of materials are followed so that labour cess fund may be spent in an effective manner.*
- *The Board may ensure that the beneficiary cards and registration records available with the Board offices are reconciled at the earliest and death benefit provided to only registered labour after cross verification with registration records and beneficiary card records.*
- *The Board may direct the executing agency to recover the payment made for unexecuted portion of work from the contractor and make plan to utilise the created assets.*

Subject Specific Compliance Audit (SSCA)

Public Health Infrastructure and Management of Primary Health Services

HEALTH AND FAMILY WELFARE DEPARTMENT

A Subject Specific Compliance Audit (SSCA) of the "Public Health Infrastructure and Management of Primary Health Services" providing health facilities at village and block levels in Arunachal Pradesh was carried out covering the period from 2017-18 to 2021-22. The SSCA of Public Health Infrastructure and Management of Primary Health Services brought out the following significant findings.

Highlights

- Overall vacancy position of Doctors/Specialists, Nurses, Paramedics and Others in DHs, CHCs and PHCs in the State ranged between 19 to 73 *per cent*. Shortage was highest in nurses cadre.
- Specialist services of Dermatology & Venereology were not available in any of the DHs/GHs. Specialist services of Pediatrics and General Surgery were available in only one CHC (Pediatrics- CHC Doimukh and General Surgery- CHC Ruksin) out of 53 CHCs.
- Shortfall in availability of beds in Maternity and Child Care Wards ranged from 06 to 94 *per cent* for different wards across the 22 DHs/ GHs in the State. Critical care/ ICU was not available in 14 out 22 DHs/ GHs. Out of 371, 29 HWCs were functioning without any Medical Officer/ Community Health Officer (MO/ CHO).
- Budgetary provision on health services in the State during the six-year period 2017-2023 ranged from 4.10 *per cent* of the State budget in 2020-21 to 6.62 *per cent* in 2018-19. In none of the years, did the State Government allocate eight *per cent* of its budget to the health sector, despite being envisaged in NHP 2017. Moreover, the Department did not completely utilise the allocated funds during the six-years period 2017-2023 with savings ranging from ₹34.79 crore in 2021-22 to ₹659.12 crore in 2018-19.

- Asymmetric distribution of doctors in the sampled health facilities was observed with 36 *per cent* excess doctors in CHC Ruksin and a shortfall of 36 to 91 *per cent* doctors in seven other CHCs.
- Due to non-availability of specialist service in CHCs, patients from rural areas had to travel to DHs for better treatment; thereby increasing out of pocket expenses of the patients and burdening resources of the DHs.
- Out of total sanctioned amount of ₹165.69 crore under Emergency Covid Response Plan Fund II, ₹146.11 crore was allotted for improvement of health infrastructure and ₹85.75 crore remained unspent (as of February 2023), indicating slow progress of infrastructure works despite availability of funds.
- As of March 2023, GoI did not release the balance share of ₹28.31 crore (out of ₹48.98 crore) through North East Special Infrastructure Development Scheme, for procurement of hospital equipment to prepare 10 district hospitals to fight COVID-19 due to non-submission of UC for ₹20.67 crore within the stipulated period of six months.
- Major equipment and Hospital items worth ₹22.48 crore and consumables worth ₹12.45 crore procured for management of COVID-19 were lying idle in the central medical store, six district medical stores and in the 19 sampled health facilities as on 02 March 2023 in absence of an effective mechanism to ensure optimum utilisation of the idle items.
- State was lagging behind all-India average in five indicators of SDG-3 (3.2, 3.3, 3.7, 3.8, 3.c).

Recommendations:

- *The Department may consider to take steps to fill the vacancy and rationalise availability of doctors and other cadre across all health facilities in the State.*
- *The Department may submit UCs to GoI timely for subsequent release of installments under central funding.*
- *The Department may monitor regularly progress of health infrastructure works for early completion and ensure efficient utilisation of earmarked funds*
- *The Department may plan to utilise the assets and equipment which were created or procured during pandemic after proper assessment of requirement and thorough planning.*
- *The State Government may take appropriate actions for adequate funding, filling up of medical and paramedical vacant posts, regular monitoring for impact assessment and achieving targets for SDG indicators.*

National Social Assistance Programme

SOCIAL JUSTICE & EMPOWERMENT AND TRIBAL AFFAIRS DEPARTMENT

An SSCA on *"National Social Assistance Programme"* was conducted covering the period from 2017-18 to 2020-21 involving test check of records of State Nodal Office for NSAP cum Social Justice & Empowerment and Tribal Affairs Department (SJETA) and

six sampled District Nodal Offices cum Deputy Director of Integrated Child Development Scheme/ Child Development and Project Officers in selected districts. The SSCA on implementation of Scheme in Arunachal Pradesh brought out the following significant findings.

Highlights

- The Department did not maintain a comprehensive database of eligible beneficiaries. Even the list of population Below Poverty Line (BPL) of the State was not available. As a result, the universe of potential beneficiaries in the State was not identified.
- The number of individual beneficiaries during 2017-18 to 2020-21 was 54,652. Out of 34,485 beneficiaries fixed as cap by the Ministry, only 6,294 beneficiaries' data was uploaded in the NSAP portal, indicating a gap in digitization of the 28,191 beneficiaries (81.75 *per cent*).
- During the period 2017-18 to 2020-21, the Department submitted the proposals for release of funds with a delay ranging between 209 and 575 days.
- Special Verification Teams as required in the guidelines were not constituted in the six sampled districts.
- Out of 75,841 cumulative beneficiaries in six sampled districts, Aadhaar mapping was done for 24,517 beneficiaries (32.33 *per cent*) and Bank account was seeded with Aadhaar for 43,350 beneficiaries (57.16 *per cent*).
- Department incurred an expenditure of ₹135.89 lakh on payment of honorarium to its officers from scheme funds (in violation of Guidelines).
- Pension for all the three sub-schemes (IGNOAPS, IGNDPS and IGNWPS) was paid in lump sum once a year instead of regularly, on monthly basis.
- Out of 75,841 approved cumulative beneficiaries, there were 22,126 cumulative beneficiaries, who were approved by the Sanctioning Authority but were not paid assistance by the Pension Disbursing Authority *i.e.* District Nodal Officer. This resulted in deprivation of pension amounting to ₹31.46 crore.
- In six sampled districts, out of 66,405 cumulative beneficiaries paid assistance by the Pension Disbursing Authority, 18,432 were beneficiaries who were from outside the approved list of beneficiaries.
- Under IGNOAPS, the Department paid pensions to 849 beneficiaries at the lower rate of ₹1,500 per month although they had qualified for higher rate of ₹2,000 per month on attainment of 80 years of age. This resulted in short payment of pension to 849 beneficiaries, amounting to ₹25.72 lakh.
- It was noticed that 263 beneficiaries were paid an excess amount of ₹36.26 lakh due to payment of multiple pensions under different sub-schemes (ranging between two and eight times).
- In six sampled districts, 16 beneficiaries whose names were in the approved list had already died but their names continued to feature in the beneficiary list. During the

period from 2017-18 to 2020-21, these beneficiaries were paid an amount of ₹7.33 lakh in their bank accounts.

- There was poor monitoring of the Scheme both at the State and district Level.

Recommendations:

The Department may

- *fix responsibility on the erring officials for non-updation of beneficiary details in the NSAP Portal and for depriving benefits to the eligible beneficiaries.*
- *take immediate steps to complete the seeding of the bank account of the remaining beneficiaries with Aadhaar at the earliest and fix responsibility on the erring officials for the lapses.*
- *promptly address the grievances pointed out by the beneficiaries and pay pension amount on regular monthly basis.*
- *strengthen the monitoring mechanism so as to ensure that eligible beneficiaries are not deprived of their full entitlement.*
- *strengthen monitoring mechanism to cross verify the eligibility of assistance to a beneficiary at different levels, to avoid duplicity.*

Pre and Post Matric Scholarship Schemes Belonging to Scheduled Tribes Students of Arunachal Pradesh

SOCIAL JUSTICE & EMPOWERMENT AND TRIBAL AFFAIRS AND EDUCATION DEPARTMENTS

An SSCA of *"Pre and Post-Matric Scholarship Schemes Belonging to Scheduled Tribes Students of Arunachal Pradesh"* was conducted covering the period from 2017-18 to 2021-22 involving test check of records of Social Justice & Empowerment and Tribal Affairs Department and Education Department covering 99 institutes (47 for pre-matric and 52 for post-matric) in six selected districts. The SSCA on implementation of Scheme in Arunachal Pradesh brought out the following significant findings.

Highlights

- No database of universe of potential beneficiaries was maintained due to which there was wide variation in estimated number of beneficiaries' *vis-à-vis* actual number of beneficiaries.
- There was no uniformity from year to year in timeline for receipt and processing of applications at institute and state level.
- A total balance amount of ₹1.90 crore (₹1.71 lakh for pre-matric scholarship and ₹1.88 crore for post-matric scholarship) was still lying unutilised in the scheme account maintained by Social Justice & Empowerment and Tribal Affairs (SJETA) Department. The balance fund was still not transferred to the current scheme nodal departments (Secondary Education Department for pre-matric and Higher & Technical Education Department for post-matric).
- There were delays in payment of scholarships to the students ranging from one to 12 months for pre-matric and from three to 13 months for post-matric.

- Parents/ Guardians of 284 beneficiaries (111 beneficiaries of pre-matric and 173 of post-matric) were serving/ retired Government employees, rendering compliance with income threshold doubtful.
- During 2019-20 and 2020-21, an amount of ₹6.00 lakh was disbursed to 22 post-matric beneficiaries whose parental income exceeded the prescribed limit of ₹2.50 lakh per annum.
- An excess payment of ₹10.12 lakh (₹9.75 lakh for pre-matric and ₹0.37 lakh for post matric) was made to 383 students (346 for pre-matric and 37 for post-matric) of 40 institutes (31 for pre-matric and 09 for post-matric) due to disbursement of scholarship at hosteller's rate instead of day scholar's rate.
- During 2018-2021, against the total enrolment of Scheduled Tribes students in 03 institutes being 834, the actual number of beneficiaries was 1,284. Thus, the total number of beneficiaries had exceeded the enrolment by 450 (54 *per cent*), which ranged from 13 (06 *per cent*) to 114 (71 *per cent*) in individual institutes.
- During 2019-2021, 169 beneficiaries availed benefit from multiple schemes *i.e.* a total amount of ₹46.45 lakh from post-matric scholarship scheme and ₹159.36 lakh from other schemes.
- No committee/mechanism had been formed/created at State and district level for periodic review of the progress of the scheme. Further, no Social Audit of the scheme implementation was conducted during 2017-21. No specific outcome indicators were fixed by the State Government for measuring the impact of the scheme.
- Grievances redressal mechanism for the scheme neither existed at District level nor at State level. The department did not redress the issue relating to non-disbursal of scholarship for the approved 4,730 beneficiaries (1,837 for pre-matric and 2,893 for post-matric).

Recommendations:

- *The Department may formulate uniform timelines for processing of applications by institutes, nodal Department and at NSP level.*
- *The database of the beneficiaries may be maintained and updated periodically through proper verification, to ensure that amount is disbursed to the actual beneficiaries.*
- *The Department may take measures to ensure timely release of funds from the State Government to the implementing agencies.*
- *The State Government may fix specific timelines for processing of applications and disbursement of scholarship.*
- *The Department may put in place an effective system of verification of applications to ensure that scholarship is not awarded to ineligible beneficiaries. Further, Aadhaar seeding with bank accounts of beneficiaries may be ensured to avoid fraudulent payment.*

- *The Department may constitute Committees at the State and District level to monitor the implementation of the scheme.*
- *The State Government may designate Grievance Redressal Officers at the State and District levels.*

Compliance Audit Paragraphs

PUBLIC HEALTH ENGINEERING & WATER SUPPLY DEPARTMENT

Public Health Engineering & Water Supply (PHE & WS) Division, Seppa incurred an avoidable expenditure of ₹55.00 lakh on procurement of Galvanized Iron (GI) & Ductile Iron (DI) fittings at higher rates than the contracted rates besides incurring excess expenditure of ₹26.00 lakh over the estimated provision on procurement thereof.

Recommendation:

The State Government may investigate the matter and take appropriate action after fixing the responsibility for procurement of fittings at a rate higher than the contract rate. Further, the State Government may also take action against excess procurement without proper approval of competent authority.

EDUCATION DEPARTMENT

The Deputy Director of School Education (DDSE) unauthorisedly expended ₹1.64 crore on an unapproved work besides paying an amount of ₹19.41 lakh to the contractor without execution of works from the fund allotted for implementation of Chief Minister Samast Shiksha Yojana (CMSSY) in Kurung Kumey District.

Recommendation:

The State Government may take appropriate action to fix responsibilities against concerned officers/officials for diversion of funds to unauthorised works and for making payments without execution of works while initiating recovery of payment made to the contractor without execution of works.

PANCHAYATI RAJ AND TOWN PLANNING DEPARTMENT

Non-appointment of a regular authority to audit the accounts of Local Governments.

Recommendation:

The State Government may appoint a regular DLFA to ensure timely audit of accounts of Local Governments.

Economic Sector

Performance Audit

Development of Tourism Infrastructure in Arunachal Pradesh

TOURISM DEPARTMENT

A Performance Audit of "*Development of Tourism Infrastructure in Arunachal Pradesh*" carried out covering the period from 2017-18 to 2021-22 revealed several deficiencies such as inadequacy in State Tourism Policy, diversion of fund, award of work to ineligible contractors, wasteful expenditure, idling of assets, shortfall in training, *etc*. Significant audit findings are highlighted below:

Highlights

- Though the State Tourism Policy, 2003 emphasised the preparation of a Comprehensive Master Plan, the State Government had not prepared comprehensive master plan for development of high potential tourism areas in Arunachal Pradesh. The Tourism Department in Arunachal Pradesh had executed Tourism Schemes/ Projects on *ad-hoc* basis, without conducting feasibility studies at the ground level.
- Test check showed six projects wherein the project sites were shifted from the approved locations, without obtaining approval of the sanctioning authority i.e. MoT, GoI for shifting of sites.
- Director of Tourism, Itanagar had drawn a total amount of ₹6.17 crore from government account during February 2019 to March 2022 and parked the same in Demand Drafts (DDs) for a period of six months to almost five years indicating the amount was drawn from government accounts without immediate requirement for disbursal to prevent lapse of budget grants which was in violation of Rule No. 100(2) of Central Government Account (Receipt & Payment) Rules, 1983.
- Out of 14 abandoned PIDDC projects, three projects were abandoned after incurring an expenditure of 63 to 94 *per cent* against the agreement amount while the remaining 11 projects were abandoned after an expenditure of 10 to 43.86 *per cent*. Audit observed that neither were the incomplete PIDDC projects taken up under Swadesh Darshan Scheme nor was alternative arrangement provided to complete the projects. The State Government also could not complete the projects from its own resources and total expenditure of ₹14.01 crore incurred on the 14 projects was rendered wasteful.
- A total amount of ₹8.16 crore was paid for the components which were found not executed during joint physical inspections though already shown executed in the concerned MBs. Thus, payment of ₹8.16 crore made without execution of the work was not only irregular but also possibly fraudulent, which needs detailed investigation.
- The 41 assets created at the cost of ₹87.92 crore during the review period had remained non-functional and were lying idle for periods ranging between seven months and 109 months as on 31 March 2023. The Department has not taken action to functionalise the assets created. The conditions of the assets would deteriorate in the near future if not put to use.
- Neither the State Level Monitoring Committee nor the State Steering Committee was constituted to review the physical and financial progress of projects.

Recommendations:

- *The Department may ensure recovery of the short deduction of statutory dues from the concerned firms and impose appropriate penalty against the DDO for such short deduction.*

- *The Department may take steps to revive and complete the abandoned projects and ensure that the assets are put into use after their completion.*
- *The Department may take appropriate steps for operationalisation of the created assets.*

Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY)

RURAL WORKS DEPARTMENT

A PA on *"Implementation of Pradhan Mantri Gram Sadak Yojana"* in Arunachal Pradesh was conducted covering the period from 2017-18 to 2021-22 involving test check of records of Arunachal Rural Development Agency (ARRDA) and Programme Implementing Units (PIUs) in six sampled selected districts. The important findings of the PA are as follows:

Highlights

- Core Network of five districts was prepared and approved by the concerned Executive Engineers of RWD, without the approval of major stakeholders such as Intermediate Panchayats as required under the guidelines.
- During 2018-19, 20 roads worth ₹203.91 crore were sanctioned for upgradation in nine districts. However, these districts had 212 unconnected habitations, which should have been prioritised. Further, only five *per cent* of the State allocation was utilised for upgradation, falling short of the targeted 20 *per cent*. This underutilisation was attributed to non-completion of new connectivity projects in the State.
- Utilisation of funds was satisfactory in the year 2017-18 and 2019-20 only and in the remaining years it was below 80 *per cent* with the least expenditure incurred during 2021-22 (49 *per cent*). Because of the poor utilisation of fund, GoI did not provide funds to the State Government and restricted releases to 76, 77 and 72 *per cent* during 2017-18, 2019-20 and 2021-22 respectively of the projected demand.
- Retention of funds in excess of ₹1.00 crore in Savings Account instead of investing in Fixed Deposit led to loss of interest of ₹6.88 crore. As of June 2023, the bank had credited back interest amount of ₹1.83 crore with shortfall of ₹5.05 crore.
- Programme funds amounting to ₹5,168.21 crore released during 2017-22 were transferred to ARRDA with delays ranging from 13 to 318 days. As a result, the State Government was liable to pay interest of ₹166.86 crore for the delay.
- There was excess expenditure to the extent of ₹6.42 crore in ARRDA over the prescribed ceiling of administrative and travel expenses.
- Department executed 40 works (73 packages) involving total sanctioned cost of ₹864.63 crore, without changing the ownership of land in the name of the Government.
- Due to delay in tendering process, all 49 projects were awarded with delay ranging from 03 to 12 months from the date of sanction by the GoI after accounting for 75 days of tendering time. The delay in the award of work order adversely affected timely completion of projects.

- Absence of definite time schedule for recovering the mobilisation and machinery advances resulted in loss to the Government on account of loss of interest amounting to ₹2.62 crore.
- The DPIUs released ₹52.68 crore to contractors in seven projects without execution of work or with inflated measurement of works.
- During 2017-22, though ARRDA received Maintenance Funds of ₹71.86 crore for roads under Defect Liability Period (DLP) of five years post-construction, it did not prepare any annual maintenance plan. In the absence of maintenance plan, it could utilise only ₹26.39 crore during 2017-22 resulting in short utilisation of funds of ₹45.47 crore.
- District Level Laboratories were not set up in five sampled districts, hence DPIUs in the sampled districts could not ensure execution of quality work through periodic Quality Control Tests.

Recommendations:

- *The State Government may ensure the mutation of the land in the name of the State Government to avoid any land dispute in future*
- *The State Government take up the matter with the Ministry to modify the Standard Bidding Document and adjust the interest on Mobilisation advances appropriately as well as ensure timely recovery of mobilisation and machinery advances*
- *The State Government may ensure fixing responsibility after taking action against erring officials for extending advantage in the form of excess payment to the contractors against incomplete work /without execution of work.*
- *The Department may take up the matter with State Bank of India for early settlement of interest amount and introduce a stringent monitoring system to avoid loss of interest on account of short/ non-investment of funds as per agreement.*
- *The State Government may release programme funds in a timely manner along with interest for the delay*

Compliance Audit Paragraphs

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

District Animal Husbandry & Veterinary Officer, Boleng falsified office records by forging supply orders and Bills for pig feed issued to a firm with invalid GST registration, to misappropriate ₹8.57 crore of public money.

Recommendation:

The State Government may investigate the case to fix responsibility and initiate disciplinary action against the officer(s) responsible for misappropriation of public money and breaching of codal formalities.

PUBLIC WORKS DEPARTMENT

Executive Engineer, Public Works Department (PWD), Hayuliang Division proposed and undertook a major road project without conducting any survey which was later found to be

non-workable, and the department was forced to close the project after incurring expenditure of ₹21.84 crore. The expenditure was proven wasteful as the objective to connect Manchal administrative circle with District headquarter, Hawai remained unachieved. Similarly, in another case due to inability of the Executive Engineer, PWD, Mariyang to closely monitor and timely review the implementation of project in addition to extending undue favor to the contractor, funding to the project was stopped and the project remains incomplete even after nine years from the stipulated date of completion and after spending ₹2.53 crore.

Recommendation:

The State Government may take appropriate action after investigating the cases to fix responsibility against the concerned officers/officials and recover the excess payment made to the contractor.

RURAL WORKS DEPARTMENT

Undue favour was extended to contractor by fabricating MB with fictitious entries and using the same for making payment of ₹2.06 crore to the contractor for work not done. Besides, liquidated damages of ₹92.14 lakh were recoverable from the contractor due to non-completion of work on time as per the contract agreement.

Recommendations:

The State Government may:

- *take appropriate steps to initiate necessary proceedings against the EE after investigating the matter on misappropriation of public money by releasing payments to the contractor on the basis of fictitious entries in the MB without conducting required scrutiny/ verification.*
- *take action against the contractor for claiming of bills without executing works and take steps to recover the amount from the contractor.*

HYDROPOWER DEVELOPMENT DEPARTMENT

Due to selection of project site without carrying out the required survey and investigation, expenditure of ₹9.96 crore incurred on construction of Pakhan Kha Mini Hydel Station (MHS) proved wasteful as project could not be made operational even after lapse of sixteen years from date of sanction, thereby, defeating the objective to provide electricity to twelve villages.

Recommendations:

The State Government may-

- *conduct feasibility assessment to revive the project.*
- *take suitable initiative to electrify the unelectrified villages.*

HYDROPOWER DEVELOPMENT DEPARTMENT

Expenditure of ₹1.14 crore by the Assistant Engineer, Khonsa Sub-Division, Hydropower Development Department on repair and maintenance of two Mini Hydel Stations has been unfruitful as the Government is yet to establish powerlines for evacuation of the power generated.

Recommendation:

The State Government may investigate the matter and fix responsibility on execution of MHSs without ensuring adequate water supply and issue directions to the concerned Department to ensure establishment of powerlines at the earliest for evacuation of the power that can be potentially generated through the two MHSs and to operationlise the two projects.

POWER DEPARTMENT

The Naharlagun Electrical Division wrongly calculated the revised electricity bills of an Industrial Consumer without taking into account minimum charge and surcharge clause. The bills were under-assessed by ₹1.03 crore leading to loss of revenue to the state exchequer.

Recommendation:

The State Government may expedite the recovery of outstanding revenue.

Revenue Sector

Trend of Revenue receipts

The revenue raised by the State Government (₹3,255.22 crore) was 13.68 *per cent* of the total revenue receipts. The balance 86.32 *per cent* of the receipts was from the GoI. The total revenue receipts of the State Government had increased by ₹2,556.50 crore (12.04 *per cent*) over the previous year during 2022-23. The increase was mainly due to rise in the Share of net proceeds of divisible Union taxes and duties by ₹2,045.27 crore (13.96 *per cent*). The Tax and Non-Tax Revenue of State Government increased by ₹597.56 crore (36.44 *per cent*) and ₹243.20 crore (31.39 *per cent*) during the same period. However, the increase was offset by decrease in Grants-in-Aid by ₹329.53 crore (7.89 *per cent*) during the same period.

During 2022-23, out of 178 auditable units, 30 units (16.85 *per cent*) were planned for audit under revenue sector and 22 units (12.35 *per cent*) were actually audited.

Subject Specific Compliance Audit

Department's Oversight on GST Payments and Returns Filing

TAX, EXCISE AND NARCOTICS DEPARTMENT

An SSCA of "*Department's Oversight on GST Payments and Returns Filing*" was conducted to review the scrutiny of returns by the Department and verification of taxpayers' records during the period from July 2017 to March 2018 and functions of selected Range during the period 2017-18 to 2020-21. There were three distinct parts of this SSCA namely – i) Audit of Ranges covering four units ii) Centralized Audit of 94 samples across 12 identified parameters, and iii) Detailed audit of records of 15 sampled taxpayers. The important findings of the SSCA are as follows:

- In the four Ranges, there were 1,184 cases of GSTR 3B non-filers who have not filed returns ranging from 01 to 45 months during the period 2017-18 to 2020-21, but none of the ranges have taken any cognizance of the defaulters. No GSTR-3A was served to the defaulters and no action was initiated to assess the tax liabilities of the defaulters on best judgement basis.

- Only one range officer conducted scrutiny of 15 returns during the period 2017-18 to 2020-21 and recovered revenue of ₹1.15 crore from a taxpayer pertaining to the year 2019-20 & 2020-21, but the remaining three range officers failed to conduct any scrutiny of the returns during this period.
- In the four ranges, out of total 416 cases of cancellation on taxpayers request, in 241 cases the cancellations were delayed ranging from 31 to 681 days from date of application. Further, in 1,417 cases of *suo motu* cancellation, in 873 cases the cancellations were delayed ranging from 30 to 755 days from date of initiation of notice.
- Out of total 416 cases of cancellation on taxpayers' request, in 198 cases the Ranges had cancelled registrations with effect from dates prior to the application dates which ranged between 01 to 1128 days.
- In Centralized Audit, out of 94 sample cases, initial responses were yet to be received for 29 inconsistencies communicated to the Department, which represent a potential risk exposure of ₹26.28 crore.

Recommendations:

The State Government may-

- *strengthen the monitoring mechanism in Ranges to detect non-filers of returns and ensure timely action against defaulters.*
- *ensure the scrutiny of returns in a time bound manner before the cases become time barred.*
- *monitor the status of cancellation of registrations and action taken thereon in consonance with the provisions of the Act and Rules utilising the Management Information System (MIS) of the GST portal.*
- *urgently pursue the 29 inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.*
- *conduct data analysis (as conducted by Audit for Centralised Audit) for GST returns and related data to identify inconsistencies and take necessary steps to enhance taxpayer's compliance.*
- *introduce a module to prompt alerts on mismatches in various returns viz., annual return (GSTR-9), reconciliation statement (GSTR-9C), monthly returns (GSTR-1 and GSTR-3B) etc., to aid the proper officer for identifying and verifying the mismatches*.
- *initiate remedial action for all the compliance deviations brought out in this report before they get time barred.*

Economic Sector (PSEs)

As on 31 March 2023, the State of Arunachal Pradesh had seven SPSEs (six working companies and one non-working company), wherein the investment of the State Government (capital and long-term loans) in seven SPSEs was ₹27.72 crore consisting of ₹19.49 crore (70.31 *per cent*) towards capital and ₹8.23 crore (29.69 *per cent*) towards long-term loans.

The combined investment of State and Other Stakeholders as on 31 March 2023 in SPSEs under various sectors stood at ₹33.33 crore. The combined investment was highest in the Finance Sector SPSEs (₹12.65 crore) followed by Power Sector SPSEs (₹12.45 crore).

As per the information available as on 30 September 2023, six working SPSEs had arrears of total 40 accounts ranging from two to sixteen years. During 2022-23, four working SPSEs finalised total 16 accounts, while remaining two SPSEs *viz.*, Arunachal Pradesh Industrial Development and Financial Corporation Limited and Arunachal Pradesh Donyi Polo Hotels Corporation Limited, did not submit any accounts during the year 2022-23.

As per information furnished by the SPSEs, during 2022-23, the State Government has provided budgetary support of ₹66.71 crore in the form of grants/ subsidy.

As per the latest finalised accounts of SPSEs as on 30 September 2023, the turnover of six working SPSEs stood at ₹12.52 crore. The accumulated loss (₹29.95 crore) of two working SPSEs had completely eroded their paid-up capital (₹5.20 crore) as per the latest finalised accounts. During 2022-23, four working SPSEs incurred overall loss of ₹0.95 crore as per latest finalised accounts.

Compliance Audit Paragraphs

ARUNACHAL POLICE HOUSING AND WELFARE CORPORATION LIMITED

APHWCL did not ensure correct assessment of Advance Income Tax, file Income Tax Return and did not pay Advance Tax on time resulting in avoidable payment of ₹38.75 lakh as interest and fee for the assessment periods between 2016-17 and 2020-21.

Recommendation:

The State Government should monitor the functioning of the Company to ensure better assessment of its tax liability and avoid payment of penalty. The responsibility may be fixed on the officers concerned for inability to ensure compliance to the Income Tax Act (section 208).

Follow up of Audit Observations

During the year 2022-23, two Public Accounts Committee (PAC) meetings were held in July 2022 and November 2022 after a gap of over 11 months (the PAC met earlier in July 2021). During 2022-23, the Committee selected total 110 paras/ sub-paras in respect of three Departments pertaining to the period from 2009-10 to 2014-15 for discussion and dropped 109 paras/ sub-paras. In 2022-23, no Action Taken Notes (ATNs) in respect of any Departments were taken up for discussion by PAC.

As of March 2023, 7,494 Paragraphs pertaining to 1,378 Inspection Reports (IRs), involving ₹8,505.36 crore were outstanding. Out of 1,378 IRs, the first replies to 1,039 IRs have not been received.

Recommendation:

The State Government may ensure that the replies to IRs/ Audit Paragraphs are sent as per prescribed time schedule and losses/ outstanding advances/ overpayments pointed out in audit are recovered in a time bound manner.

CHAPTER – I

INTRODUCTION

CHAPTER – I: INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) has been prepared in seven chapters. Chapter I is Introduction to this Audit Report. Chapters II to VI deal with Social, Economic (other than State Public Sector Enterprises), General, Revenue, Economic (State Public Sector Enterprises) Sectors respectively and Chapter VII deals with Follow up of Audit observations.

This Report relates to matters arising from the test audit of transactions of various departments of the Government of Arunachal Pradesh pertaining to Social, Economic (other than State Public Sector Enterprises), General, Revenue and Economic (State Public Sector Enterprises) Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This chapter in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

1.2 Profile of the Office of the Principal Accountant General, Arunachal Pradesh

Principal Accountant General, Arunachal Pradesh is looking after the functions of both Audit and Accounts in the State. The Entitlement function in Arunachal Pradesh is with the State Government.

The Office of the Principal Accountant General, Arunachal Pradesh conducts audit of the Government Departments, Public Sector Enterprises, Autonomous Bodies and other Institutions[1] under Social, Economic, Revenue and General Sectors, which are spread all over the State as per the mandate of the C&AG. The Principal Accountant General is assisted by two Deputy Accountants General and other staff.

The authority of audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). Under Section 13 of the C&AG's (DPC) Act, the Office of the Principal Accountant General has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Arunachal Pradesh (GoAP). This office conducts audit of revenue receipts of GoAP under Section 16 of the C&AG's (DPC) Act. This office also conducts supplementary audit of the Balance Sheet of all State Government companies under Section 143 (6) (a) of the Companies Act, 2013. This office is responsible

[1] Government funded Non-Governmental Organisations (NGOs) like Rama Krishna Mission, Pui Welfare Society *etc*.

for audit of the accounts of autonomous bodies and authorities falling under Sections 14, 15, 19 (2), 19 (3) and 20 (1) of C&AG's (DPC) Act. The C&AG has prescribed the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2020.

1.3 Planning and conduct of Audit

Audit process commences with the assessment of risk to the departments/ audit units based on the volume and nature of expenditure incurred, criticality/ complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings *etc*. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan for the next year is formulated to conduct audit.

After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are reviewed and either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in C&AG's Audit Report which are submitted to the Governor of Arunachal Pradesh under Article 151 of the Constitution of India for causing them to be laid on the floor of the State Legislature.

Annual Audit Plan for 2022-23 was prepared in such a way that it fitted into the long term and short-term goals of audit in consonance with the overall "Vision and Mission" of the Indian Audit and Accounts Department. It was prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various e-governance initiatives taken by government, flagship programme undertaken by audit units, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience *etc.* were taken into account to the extent possible while formulating the plan. A sector-wise analysis of government spending, investment policy of the government in infrastructure development, industrialisation and socio-economic activities along with due consideration of possible audit impact were taken into account in prioritising audit units for preparing the audit plan.

Considering the availability of resources, focus has been given to areas of high financial risk than to the resources thinly spread out throughout the Government activities. This would have better socio-economic impact and add value to the governance. Out of the total 1,390[2] audit units under the audit jurisdiction of this office, 128 audit units were planned to be covered in audit during 2022-23. However, 144 units were actually audited during 2022-23.

[2] excluding audit units of State Public Sector Enterprises, Autonomous Bodies, Government funded NGOs & Local Governments

1.4 Significant Audit Observations

During the year 2022-23, the State Government had incurred an expenditure of ₹26268.8 crore against the budget provision of ₹32965.08 crore (79.69 *per cent*) under Social (including Local Governments), Economic and General Sectors. Sector-wise expenditure of the State Government during 2022-23 is depicted in the **Chart 1.1** and **1.2**.

Chart 1.1: Sector-wise Budget Allocation 2022-23 (₹ in crore)

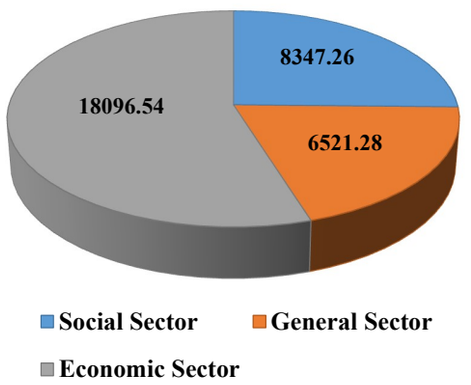
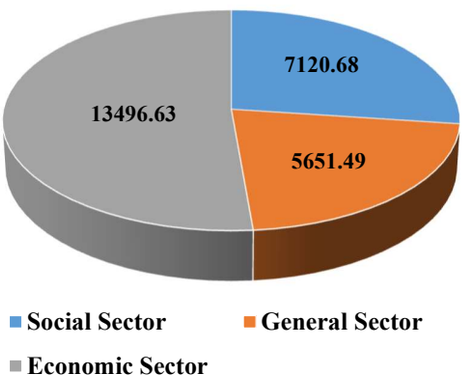


Chart 1.2: Sector-wise expenditure 2022-23 (₹ in crore)



Source: Appropriation Accounts, 2022-23

Out of total expenditure of ₹26268.8 crore during 2022-23, the State Government incurred ₹17606.94 crore (67.03 *per cent*) as revenue expenditure. The remaining ₹8661.84 crore (32.97 *per cent*) was capital expenditure. Out of total revenue expenditure, ₹7019.03 (39.87 *per cent*) crore was incurred on salaries.

The sector wise expenditure incurred on salaries out of total revenue expenditure during 2022-23 is shown in **Table 1.1**.

Table 1.1: Details of sector wise expenditure on salary

(₹ in crore)

Sector	Financial Year 2022-23		
	Revenue Expenditure*	Expenditure on Salary#	Expenditure on Salary (in *per cent)*
Social	5755.75	3118.18	54.16
Economic	6999.74	2285.29	32.65
General	4851.45	1615.56	33.30
Total	**17606.94**	**7019.03**	**39.87**

*Source: *Appropriation Account 2022-23, #Finance Accounts 2022-23*

This Report *inter alia* contains 10 compliance audit paragraphs, four subject specific compliance audit (SSCA) reports *viz*. " Public Health Infrastructure and Management of Primary Health Services", "National Social Assistance Program" and "Pre and Post-Matric Scholarship Schemes belonging to the Scheduled Tribe Students of Arunachal Pradesh" and "Department's Oversight on GST payments and Return Filing" and three performance audit reports *viz.* "Collection of Building and Other Construction Workers Welfare Cess and its utilisation", "Development of Tourism Infrastructure in Arunachal Pradesh" and

"Implementation of Pradhan Mantri Gram Sadak Yojana". These audit findings are based on test check of the transactions of 144 units[3] audited in 2022-23 involving an expenditure of ₹7,284.4 crore[4] in total under Social, Economic, General and Revenue Sectors of the GoAP. Significant audit findings are discussed in the respective Chapters.

[3] Social Sector: 36 units, Economic Sector: 72 units, General Sector: 17 units and Revenue Sector: 19 units during 2022-23.

[4] ₹3438.22 crore under Social Sector; ₹2782.89 crore under Economic Sector and ₹1,063.29 crore under General Sector.

CHAPTER – II

SOCIAL SECTOR

CHAPTER – II

PART-I

PERFORMANCE & COMPLIANCE AUDIT ON DEPARTMENTS UNDER SOCIAL SECTOR

CHAPTER – II: SOCIAL SECTOR

PART I Performance and Compliance Audits on Departments under Social Sector

2.1 Introduction

This Chapter of the Audit Report deals with the audit findings on State Government Departments under the Social Sector.

During the year 2022-23, total budget allocation of the State Government in Departments under Social Sector was ₹8,347.26 crore, against which the actual expenditure was ₹7,120.68 crore (85.31 *per cent*). The Department-wise details of budget allocation and expenditure are given in **Table 2.1**.

Table 2.1: Budget allocation and expenditure under Social Sector

(₹ in crore)

Sl. No	Department	Budget			Expenditure			Expenditure (in *per cent)*
		Revenue	Capital	Total	Revenue	Capital	Total	
1	Art and Culture Affairs	14.67	3.20	17.87	13.89	2.94	16.83	94.18
2	Disaster Management	315.4	0.00	315.40	189.67	0.00	189.67	60.14
3	Education	2996.33	264.00	3260.33	2581.53	208.12	2789.65	85.56
4	Health and Family welfare	1538.99	133.36	1672.35	1480.63	97.46	1578.09	94.36
5	Indigenous Affairs	32.53	20.15	52.68	32.40	17.78	50.18	95.25
6	Information and Public Relations	54.22	5.02	59.23	54.65	4.25	58.90	99.43
7	Karmik and Adhyatmik (Chos-Rig) Affairs	6.28	19.47	25.75	5.85	19.71	25.56	99.26
8	Labour and Employment	12.66	0.30	12.96	10.73	0.30	11.03	85.11
9	Library	18.30	0.35	18.65	14.71	0.35	15.06	80.75
10	Political	3.13	0.00	3.13	2.46	0.00	2.46	78.59
11	Public Health Engineering and Water Supply	870.60	463.87	1334.47	633.97	430.35	1064.32	79.76
12	Research	19.67	2.03	21.70	19.61	1.78	21.39	98.57
13	Skill Development and Entrepreneurship	57.33	4.40	61.73	47.71	3.94	51.65	83.67
14	Social Justice, Empowerment and Tribal Affairs	80.60	174.89	255.49	75.67	159.65	235.32	92.11
15	Social Welfare, Women and Child Development	446.56	5.23	451.79	298.09	4.05	302.14	66.88
16	Sports and Youth Affairs	81.62	53.98	135.60	80.47	35.13	115.60	85.25
17	Town Planning	122.01	195.86	317.87	86.29	195.26	281.55	88.57
18	Urban Development & Housing	144.92	185.34	330.26	127.42	183.86	311.28	94.25
Total		**6815.82**	**1531.45**	**8347.26**	**5755.75**	**1364.93**	**7120.68**	**85.31**

Source: Appropriation Accounts, 2022-23

It could be seen from the **Table 2.1** that:

- During 2022-23, the expenditure incurred by the Departments ranged between 60.14 and 99.43 *per cent* of the allocations.
- The expenditure in all the Departments under this sector was less than their respective budgetary allocations for the year.
- Eight Departments *viz.* Social Justice, Empowerment and Tribal Affairs (92.11 *per cent*), Art and Culture Affairs (94.18 *per cent*), Health and Family Welfare (94.36 *per cent*), Urban Development & Housing (94.25 *per cent*), Indigenous Affairs (95.25 *per cent*), Research (98.57 *per cent*), Karmik and Adhyatmik (Chos-Rig) Affairs (99.26 *per cent*), Information and Public Relations (99.43 *per cent*) incurred expenditure of more than 90 *per cent* of the total budget allocation during 2022-23.
- The Revenue Expenditure in the sector was ₹5,755.75 crore (80.83 *per cent* of the total expenditure).
- The Capital Expenditure in the sector was ₹1,364.93 crore (19.17 *per cent* of the total expenditure).

2.1.1 Planning and Conduct of Audit

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

Audit was conducted in 36 units of 10 Departments involving expenditure of ₹3,438.22 crore during 2022-23 under the Social Sector.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings were issued to the Heads of Departments for taking appropriate corrective measures on the audit findings. The Departments were requested to furnish replies to the audit findings within one month of receipt of IRs. Wherever replies were received, audit findings were reviewed and either settled or further action for compliance was advised. Important audit observations arising out of the IRs were processed for inclusion in the CA&G's Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for causing it to be laid before the State Legislature.

This Chapter contains audit observations on one Performance Audit *viz.* "Collection of Building and Other Construction Workers Welfare Cess and its utilisation", three Subject Specific Compliance Audits *viz.* "Public Health Infrastructure and Management of Primary Health Services", "National Social Assistance Programme and "Pre and Post Matric Scholarship Schemes Belonging to Scheduled Tribes Students of Arunachal Pradesh" along with two compliance audit paragraphs.

Performance Audit

Labour Department

2.2 Collection of Building and Other Construction Workers Welfare Cess and its utilisation

A Performance Audit (PA) of the "*Collection of Building and Other Construction Workers Welfare Cess and its utilisation*" in Arunachal Pradesh was carried out covering the period from 2017-18 to 2021-22 involving test check of records of four sampled districts, including two works Departments in each sampled district. The performance audit brought out the following significant findings.

Highlights

- ***Every employer undertaking construction work, would make an application to the registering officer for registration of the establishment within 60 days from the commencement of the work. Only one establishment was registered in 2017 at Itanagar and no establishment was registered with the Department in any other sampled district and no cess assessment was done during 2017-18 to 2021-22. 24 per cent of the registered labour had other occupations viz., government service, business etc. However, department failed to ensure registration of establishments. Despite availability of manpower, the Registering Officer and Assessing Officer did not conduct inspection of the establishments to assess the amount of cess payable by the employer in violation of the extant Rules.***

  (Paragraph 2.2.3.1 and 2.2.3.2)

- ***The State Government was yet to transfer cess amount of ₹127.68 crore to the Board as of March 2022, leaving lesser fund for welfare of Construction Labour.***

  (Paragraph 2.2.3.4)

- ***The designated Chief Inspector and Inspectors at District level did not conduct any inspection on the construction works at site for ensuring compliance and safety of the labour during 2017-18 to 2021-22.***

  (Paragraph 2.2.3.5)

- ***The Board entered into agreements with two Training Providers (TPs) who were not empanelled with National Skill Development Corporation (NSDC) or Construction Skill Development Council of India (CSDCI). Differences were noticed between the number of beneficiaries to be trained and the number actually trained, resulting in excess payment to the Training Providers.***

  (Paragraph 2.2.5.1 and 2.2.5.2)

- ***Labour bags, tiffin carriers and face masks and sanitizers were procured at higher rates.***

  (Paragraph 2.2.6 and 2.2.7)

- ***Out of 381 cases of death benefit provided, there were discrepancies viz. mismatch in names, blank registration number, etc. in the registration records of 108 deceased registered labour vis-à-vis the payment advices provided by the Board.***

(Paragraph 2.2.11)

- ***The Board incurred ₹8.73 crore against procurement of materials viz., computer items, Xerox machine, Air Conditioner etc. from four suppliers for which the Board paid GST amount of ₹1.20 crore during 2017 to 2021. However, the 165 invoices submitted by the suppliers had hand-written invoice serial numbers.***

(Paragraph 2.2.12)

- ***Test check of records of 19 sampled projects showed that fund was sanctioned without feasibility study, administrative approval and accord of technical sanction for construction of labour sheds. The completed labour sheds were either lying without utilisation or were unauthorisedly occupied by local residents.***

(Paragraph 2.2.13)

- ***In absence of an effective monitoring mechanism in the Board, implementation of skill development programmes and construction of labour sheds etc. were not implementing effectively.***

(Paragraph 2.2.14)

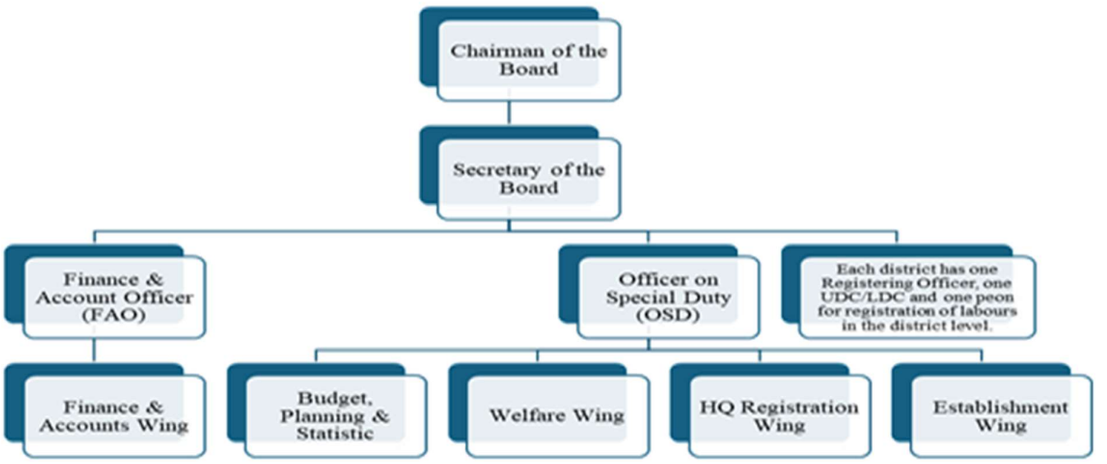
2.2.1 Introduction

Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (the Act) and the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) to regulate the employment and conditions of service and to provide safety, health and welfare measures to building and other construction workers. Accordingly, GoI also framed (March 1998) the Building and Other Construction Workers Welfare Cess Rules, 1998 (Cess Rules). The Ministry of Labour vide its notification dated 26 September 1996, stipulated levy of cess at the rate of one *per cent* of the total cost of construction on the employers. The provisions of the Act apply to "every establishment which employs or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work". Further, the Act has provision for registration of eligible construction workers so that measures for the welfare of the beneficiaries may be taken.

For implementation of the Act in the State, the Government of Arunachal Pradesh constituted the Arunachal Pradesh Building & Other Construction Workers Welfare Board (APB&OCWWB – the Board) on 10 October 2005 under Section 18(1) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996, Government of India (GoI), which started functioning from August 2007.

2.2.1.1 Organisational set up

The organisational structure of the Board is depicted in **Chart 2.1.**



The Board is headed by Chairman[1] and includes other 16[2] members. The Board (Chairman and 16 members of the Board) is the decision-making body for the implementation of policies, programmes and schemes for the registered labour in the State.

2.2.2 Framework Audit

2.2.2.1 Audit Objectives

The audit objectives were to assess whether:

(i) the rules notified by the Government under the Act are consistent with the objectives of both the Central Acts;

(ii) there was an efficient system for registration of establishments and beneficiaries;

(iii) cess assessment, cess collection and transfer of collected cess to the Fund was efficient;

(iv) Government prescribed appropriate health and safety norms and could ensure an environment of compliance to those norms by the employers;

(v) Government implemented transparent and effective system of inspections to check evasion of labour cess and compliance with health and safety norms by employers; and

(vi) administration and utilisation of fund on implementation of welfare schemes by the Board was efficient and effective and as per Act and rules framed by the State Government.

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[1] Minister (Labour) Arunachal Pradesh is the Chairman

[2] One member is a Central Government nominee, five members are State Government representatives, five members are Employers Representatives, and five members are Workers Representatives

2.2.2.2 Audit criteria

The audit findings were benchmarked against criteria derived from the following sources:

(i) Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996.

(ii) State Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 1996.

(iii) Building and Other Construction Workers' Cess Act 1996 and Cess Rules, 1998.

(iv) Resolutions passed by the Board.

(v) National Building Code of India, 2016 titled 'Construction Management, Practices and Safety'.

(vi) Indian Standard Safety Code for Scaffolds and Ladders Part I & II (IS: 3696).

(vii) Central Public Works Department Manual, 2014.

(viii) General Financial Rules, 2005 and 2017.

2.2.2.3 Audit scope and Sampling methodology

The PA of Arunachal Pradesh Building and Other Construction Workers Welfare Board covered a period of five years *i.e.* 2017-18 to 2021-22 and was conducted during August 2022 to April 2023. The Audit scope involved test-check of all relevant records/ documents of Labour Department and the Board.

Further, offices of both these entities in four districts of the State (15 *per cent* of 25 districts) have also been audited. The districts and number of schemes were sampled as per the Performance Audit Guidelines and are depicted below:

Selection of districts and District Labour Offices:

- 7.5 *per cent* districts having maximum amount of benefits under all the welfare schemes subject to minimum of one district and maximum of three districts.
- 7.5 *per cent* districts having maximum contribution to the cess fund subject to minimum of one district and maximum of three districts.

Details of the districts, criteria for their selection and number of registered labour in these districts are shown in **Table 2.2.**

Table 2.2: Selection of Districts

Sl. No.	Criteria No.	District Sampled	No. of registered labour as on 31 March 2022
a.	I	i. Papum Pare (₹346.61 lakh)	10,860
		ii. East Kameng (₹90.56 lakh)	2,743
b.	II	iii. Namsai (₹2,795.33 lakh)	1,791
		iv. West Kameng (₹2,439.01 lakh)	5,887
Total population covered in selection			**21,281**[3]

Source: Records of the Board.

[3] As per record available with the Board during field work

Out of 49,014 registered labour as on 31 March 2022, 43 *per cent* (21,281 in number) have been covered in sample selection. Further, Registering Officers of the Board *i.e.* District Labour Officers, Department of Labour; Works Departments (*i.e.*, PWD, RWD *etc.* Government of Arunachal Pradesh (GoAP) of the sampled districts have also been covered in audit.

Selection of schemes/ component of expenditure

During 2017-18 to 2021-22, the Board implemented 25 model/ other welfare schemes, details are shown in **Table 2.3**.

Table 2.3: Expenditure on model welfare schemes out of labour cess funds in Arunachal Pradesh from 2017-18 to 2021-22

(₹ in lakh)

Sl. No.	Name of the scheme	Year wise expenditure					Total expenditure
		2017-18	2018-19	2019-20	2020-21	2021-22	
(A) Expenditure on Model Welfare Schemes							
1.	Insurance of Registered workers	0.00	11.77	8.55	0.00	2.02	**22.34**
2.	Medical	0.49	1.81	0.80	0.47	1.31	**4.88**
3.	Education	58.55	101.75	87.62	34.65	98.90	**381.47**
4.	Accidental Death Benefit	0.00	0.00	6.06	0.00	0.00	**6.06**
5.	Natural Death Benefit	55.53	73.72	105.56	3.06	123.85	**361.72**
6.	Marriage Assistance	0.20	1.60	2.60	0.00	2.80	**7.20**
7.	Maternity Benefit	0.16	0.19	0.28	0.02	0.77	**1.42**
8.	Medical Camp	350.00	405.00	350.00	800.00	900.00	**2805.00**
9.	Awareness Camp	457.57	432.00	992.00	216.00	540.00	**2637.57**
10.	Accommodation-cum-Labour shed & night shelter	800.00	795.00	537.50	717.50	975.00	**3825.00**
11.	Skill development	0.00	1065.00	840.57	1097.09	204.34	**3207.00**
Total (A)		**1722.50**	**2887.84**	**2931.54**	**2868.79**	**2848.99**	**13259.66**
(B) Expenditure on Other Welfare Schemes							
12.	14 Other Welfare Schemes*	1253.00	3706.00	1195.00	2065.00	4572.00	**12791.00**
Total (B)		**1253.00**	**3706.00**	**1195.00**	**2065.00**	**4572.00**	**12791.00**
Grand Total (A + B)		**2975.50**	**6593.84**	**4126.54**	**4933.79**	**7420.99**	**26050.66**

Source: Records of the Board

** Other Welfare Schemes viz. labour bags, tiffin carrier etc.*

Out of these, audit sampled 10 schemes (includes Sl. No. A and B of **Table 2.3**) by considering the following strata as per Performance Audit Guidelines:

(i) Seven[4] schemes/ component of expenditure with maximum amount of financial assistance;

(ii) Three schemes/ component of expenditure with moderate amount of financial assistance; and

(iii) Two schemes/ component of expenditure having zero beneficiaries, if applicable[5].

[4] Including additional two schemes

[5] Schemes having zero beneficiaries were not available in the State. Thus, two schemes with the lowest expenditure were selected

As per PA Guidelines, 10 schemes were sampled by applying random sampling without replacement using IDEA software. However, two additional schemes [*i.e.,* below serial no. (a) 1 & 4)] were also sampled in audit which was approved by the Statistical Advisor. The list of the sampled schemes is given in **Table 2.4.**

Table 2.4: Twelve Sampled schemes

(₹ in lakh)

Sl. No.	Name of the scheme/ component of expenditure	Year wise expenditure					Total expenditure
		2017-18	2018-19	2019-20	2020-21	2021-22	
(a)	**First strata: Five schemes/ component of expenditure with maximum amount of financial assistance**						
1.	Accommodation-Cum-Labour shed & night shelter	800.00	795.00	537.50	717.50	975.00	3825.00
2.	Skill development	0.00	1065.00	840.57	1097.09	204.34	3207.00
3.	Procurement of labour Tiffin	0.00	0.00	0.00	0.00	1238.53	1238.53
4.	Procurement of labour Bag	0.00	0.00	0.00	0.00	1237.05	1237.05
5.	Procurement of hand sanitizer	0.00	0.00	0.00	0.00	7,39.24	739.24
6.	Contribution to Chief Minister's Relief Fund	300.00	300.00	0.00	0.00	0.00	600.00
7.	Procurement of solar lamp	19.72	0.00	511.56	0.00	0.00	531.28
Total (a)							**11378.10**
(b)	**Second Strata: Three schemes/ component of expenditure with moderate amount of financial assistance**						
1.	Procurement of face mask	0.00	0.00	0.00	0.00	483.37	483.37
2.	COVID-19 Relief	0.00	0.00	0.00	107.48	0.00	107.48
3.	Medical benefit	0.49	1.81	0.80	0.47	1.31	4.88
Total (b)							**595.73**
(c)	**Third strata: Two schemes/ component of expenditure with the lowest expenditure**						
1.	Accidental death	5.05	8.07	7.07	0.00	9.09	29.28
2.	Maternity assistance	0.16	0.19	0.28	0.02	0.77	1.42
Total (c)							**30.70**
Grand Total (a to c)							**12004.53**

Source: Annual Accounts and records of the Board

Out of the total expenditure on welfare schemes of ₹260.52 crore during 2017-18 to 2021-22, the audit criteria covered 46 *per cent* (₹120.05 crore) of the expenditure.

Apart from the above, two audit units in each sampled District with highest expenditure on works amongst all the works related Departments such as Public Works Department (PWD), Public Health Engineering Department (PHED), Rural Development *etc.* were also sampled for audit. Besides Works Departments, Department of Town Planning, GoAP was also sampled to assess whether applicable labour cess was being collected and deposited with the Board while approving building plans.

The Performance Audit commenced with an Entry Conference with the Secretary of the Board on 22 August 2022 wherein the objectives and scope of the performance audit were explained. The examination of records and other evidence in the office of the Secretary of the Board and offices of the Registering Officers of the four sampled districts started from August 2022 and concluded in April 2023. The field audit also surveyed 100 beneficiaries in each of the four sampled districts. Further, the Joint Physical Verification (JPV) of construction of labour shed-cum-night shelters at 17 out of 49 sampled locations state-wide was also conducted during the field audit.

Audit findings were discussed with the Board and other State Departments in the Exit Conference held on 14 June 2023. The replies received from the Board (12 June 2023) and the discussion in the Exit Conference have been suitably incorporated in the report.

2.2.2.4 Selection of beneficiaries for survey in four sampled districts

The details of beneficiary survey of four sampled districts are given in **Table 2.5.**

Table 2.5: Sample details

Sl. No.	Name of the sampled district	Total No. of registered labour	No. of registered labour sampled
1.	Papum Pare	10,860	100
2.	West Kameng	5,887	100
3.	East Kameng	2,743	100
4.	Namsai	1,791	100
Total		**21,281**	**400**

Source: Records of the ROs, the Board

In four sampled districts[6], 400 beneficiaries were surveyed (100 beneficiaries each from the four sampled districts) for beneficiary survey by applying random sampling method without replacement.

2.2.2.5 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by the Labour Department and the Board, GoAP during conduct of this PA.

2.2.3 Audit findings

The findings of the PA are discussed in the succeeding paragraphs.

2.2.3.1 (i) Non-registration of establishments

Section 7 of the BOCW (RECS) Act, 1996 stipulates that every employer undertaking construction work, would make an application to the registering officer for registration of the establishment within 60 days from the commencement of the work. Further, Clause 5 of the Cess Act, 1996 and Clause 7 of the Cess Rules, 1998 stipulate that the Assessing Officer or authority shall assess the amount of cess payable by the employer.

Audit noticed that employers/ contractors did not register their establishments within 60 days from the commencement of the works as per the provisions of the Act.

Further, the office of the Labour Commissioner, Labour Department, GoAP, Itanagar has one Registering Officer and one Assessing Officer at Itanagar (Capital) and has District Labour Officers in each sampled district[7]. However, only one establishment was registered in 2017 at Itanagar and no establishment was registered with the Department

[6] 1. Papum Pare (Itanagar), 2. West Kameng (Bomdila), 3. East Kameng (Seppa), and 4. Namsai (Namsai)
[7] (1) Itanagar, (2) Bomdila, (3) Seppa and (4) Namsai

in any other sampled district and no cess assessment was done during 2017-18 to 2021-22. Despite availability of manpower, the Registering Officer and Assessing Officer did not conduct inspection of the establishments to assess the amount of cess payable by the employer in violation of the extant Rules.

In reply, the Board assured to pursue the matter with the Department for early reply.

Recommendation: The State Government may ensure that every establishment be registered and frequent assessment of the labour cess amount payable by the employer to the Board may be conducted.

(ii) Non-fulfillment of provisions of Model Welfare Schemes

The Model Welfare Scheme guidelines suggested that the State may take up the following measures to strengthen the machinery for registration of establishments, which, inter alia, includes:

- The registration of establishments should be made on-line to make the process of registration quicker and to minimise public interface [Clause B],
- The State Governments should issue directions to all Departments/ State undertakings/ local bodies in their jurisdiction to timely forward a copy of the allotment of work order with regard to construction activity to be carried out, to the relevant registration, cess collection and cess assessment authorities appointed under the BOCW Act by the State [Clause C],
- The state governments should develop a mechanism for regular monitoring of construction activities going on in the state and make use of Geographic Information System (GIS) technology/ mapping *etc.*, for the purpose [Clause D].

Audit noticed that the measures suggested in the Model Welfare Scheme guidelines for strengthening the machinery for registration of establishments were not complied with in the State. Registration of establishments was made offline, the State Government has not issued directions to all Departments/ State undertakings, etc., to forward a copy of work orders to the DLOs/ LO with regard to construction activities to be carried out in their jurisdictions and no mechanism was developed by the State for regular monitoring of construction activities ongoing in the State using GIS technology/ mapping *etc.* Thus, the State did not comply with the suggestions for strengthening the machinery for registration of establishments as per the Model Welfare Scheme guidelines

2.2.3.2 Registration of ineligible beneficiaries

Section 12 of the Act stipulates that those who have completed eighteen years but have not completed sixty years of age and who have been engaged in any building or other construction work for not less than 90 days during the preceding 12 months shall be eligible for registration as a beneficiary. Further, Section 14 stipulates that a building worker who has been registered as a beneficiary under the Act shall cease to be registered labour when he/she attains the age of 60 years or when he/she is not

engaged in building or other construction work for not less than 90 days in a year. Also, it is stipulated that the registered labour is eligible as beneficiary only upto three years which may be extended further after renewal of the registration.

Out of total 49,014 of registered labour in Arunachal Pradesh, 21,281 were sampled in four districts for test check of records. Audit, however observed that the Board did not examine/ check the authenticity of the applications before registration. Thus, audit observed the following:

- Out of 21,281 registered labour, 5,149 (24 *per cent*) registered labour had other occupations *viz.* government employment, business *etc.* Further, out of these 5,149 registered labour, only 4,145 had renewed their registrations**.**
- 2,326 (11 *per cent*) registered labour, out of 21,281 registered labour, did not mention the occupations in the registration records. Further, out of these 2,326 registered labour, only 339 had renewed the registrations.
- Out of 21,281 registered labours, only 13,806 registered labours were building workers. Further, out of these 13,806 registered labours, only 9,834 (71 *per cent*) had renewed their registrations.

Further, audit observed that out of 21,281 registered labour, only 14,318 *(67 per cent)* had renewed their registration as on 31 March 2022 in the four sampled districts.

2.2.3.3 Status of 400 beneficiary survey report

The status of 400 beneficiary survey report in the four sampled districts is shown in **Table 2.6**.

Table 2.6: Beneficiary survey report

Sl. No.	Status of the beneficiary/ Occupation	No.
1.	Construction workers	74
2.	Government employee	151
3.	Anganwadi & ASHA workers	24
4.	MGNREGS workers	11
5.	Private firm employee	41
6.	Weavers	88
7.	Farmers	10
8.	Unemployed	1
Total		**400**

Source: Records of the Registering Officers of the Board

As shown in **Table 2.6** out of 400 beneficiaries surveyed, only 74 beneficiaries *(*18 *per cent*) were found to be engaged in construction works and 326 beneficiaries (82 *per cent*) did not engage in construction works during 2017-18 to 2021-22. Thus, the benefit provided out of labour cess fund to these ineligible beneficiaries during the above period, non-screening of beneficiary and lack of proper records of registered workers was in violation of the extant Rules.

In reply, the Board stated (June 2023) that casual labour working under works Departments *viz.* PWD, RWD*, etc.* were considered as construction workers and thus their registration as beneficiary was accepted by the Board. The Board further stated that as per instructions of the Chairman of the Board farmers, ASHA workers, Anganwadi workers *etc.* were also registered by the Board. However, the Board gave assurance to re-examine the registration records of the beneficiaries and streamline the irregularities as pointed out in audit.

Recommendations: The Board may ensure that the screening of beneficiaries at the time of registration is streamlined as per extant Rules and benefits are provided only to genuine workers engaged in construction works.

2.2.3.4 Cess amount lying with the State Government: ₹127.68 crore

Section 5 (3) of the Cess Rules, 1998 stipulates that the cess collected shall be transferred to the Board within thirty days of its collection. Five-years data of labour cess amount lying with the State Government are shown in **Table 2.7**.

Table 2.7: Year-wise labour cess amount lying with the State Government

Sl. No.	Year	Labour cess amount (₹ in crore)
1.	2017-18	66.95
2.	2018-19	64.14
3.	2019-20	90.12
4.	2020-21	109.41
5.	2021-22	127.68

Source: State Finance Audit Reports

From the above, it was noticed that the State Government was yet to transfer cess amount of ₹127.68 crore to the Board as of March 2022 and this amount had increased from ₹66.95 crore in 2017-18, leaving lesser fund for the welfare of Construction Labour.

The audit finding was brought to the notice of the Finance Department in June 2023 for its response. However, no response was received as of September 2024.

Recommendation: The Board may ensure that all labour cess amount lying with the State Government account be transferred to the Board on time so that the Board may better implement the welfare schemes for the registered labour in the State.

2.2.3.5 Inspection not conducted

Sections 42 & 43 of the Act stipulate that an Inspector may, within the local limits for which he is appointed enter, at all reasonable hours with such assistants (if any) being persons in the service of the Government or any local or other public authority as he thinks fit, any premises or place where building or other construction work is carried on, for the purpose of examining any register or records or notices required to be kept or exhibited by or under the Act, and require the production thereof for inspection *etc*.

Audit noticed that the Deputy Labour Commissioner, GoAP was appointed as Chief Inspector for the whole of Arunachal Pradesh in April 2005 and District Labour Officers were appointed as Inspector in every district in August 2018. However, no assessment or

inspection of the establishments was conducted during 2017-18 to 2021-22. Reason for non-assessment and inspection of the establishments was not found in records.

Audit further observed that the Town Planning Department, GoAP approved 2,218 number of building plans during 2017-18 to 2021-22. However, the designated Chief Inspector and Inspectors at District level did not conduct any inspection on the construction works at site for ensuring compliance and safety of the labour during 2017-18 to 2021-22.

It was also observed that the Town Planning Department has no separate records on number of building plan approved for private and public works, due to which audit could not establish the amount of labour cess to be recovered from private establishments.

In reply, the Department stated (November 2022) that the policy is in initial stage and in order to encourage the people to follow building construction regulations, the Department does not levy labour cess.

The reply of the Department is not tenable as the applicable and admissible Rules/Acts should be adopted from the initial stage of implementation.

Recommendations:

- ***The Board may ensure that regular inspection and assessment of establishments is conducted at regular interval as per extant Rules.***
- ***Town Planning Department may ensure that a separate list of establishments engaged in private and public works be maintained and labour cess be recovered from the eligible private establishments.***

2.2.4 Financial status

The financial status of the Board during 2017-18 to 2021-22 is shown in **Table 2.8**.

Table 2.8: Five years financial status of the Board

(₹ in lakh)

Year	Opening Balance	Receipt			Payment/ Expenditure			Closing Balance	Plan Proposal (Expenditure)	Savings (+)/ Excess (-)
		Cess collection*	Other[8]	Total available funds	Welfare schemes**	Administrative	Total			
1	2	3	4	5=(2+3+4)	6	7	8=(6 + 7)	9=(8 – 5)	10	11=(10 - 8)
2017-18	1579.50	4203.51	160.12	5943.13	2975.38	1031.06	4006.44	1936.69	6677.96	(+) 2671.52
2018-19	1936.69	7061.86	790.34	9788.89	6592.39	1883.03	8475.42	1313.47	8055.47	(-) 419.95
2019-20	1313.47	4267.86	121.76	5703.09	4127.31	742.32	4869.63	833.46	8949.64	(+) 4080.01
2020-21	833.46	5252.31	220.15	6305.92	4932.05	619.31	5551.36	754.57	5149.26	(-) 402.10
2021-22	754.57	7752.76	527.66	9034.99	7424.56	925.30	8349.86	685.13	3583.81	(-) 4766.05
Total	**--**	**28538.30**	**1820.03**	**36776.02**	**26051.69**	**5201.02**	**31252.71**	--	**32416.14**	**(-) 1163.43**

Source: Records furnished by the Board; R&P accounts of the approved Annual Accounts of respective years

* *Cess collected by the Department and deposited into the accounts of the Board*

** *Assistance on Medical, Education, Accidental and Natural Death Benefit, Marriage, Maternity etc.*

[8] Bank interest, registration fees, etc.

From the above, audit observed that the Board had total available funds of ₹367.76 crore and spent ₹312.53 crore during 2017-18 to 2021-22. Out of total expenditure of ₹312.53 crore, the Board spent ₹260.52 crore (83 *per cent*) on welfare schemes for the registered labours and ₹52.01 crore (17 *per cent*) on the administrative expenses.

Further, audit also examined the records of eight works Divisions[9] and checked two works with highest expenditure in each works Division (*i.e.*, 8 x 2 = 16 works) during 2017-18 to 2021-22. Audit observed that in seven works executed by four works Divisions; there was short recovery of labour cess amounting to ₹22.92 lakh as shown in **Table 2.9**.

Table 2.9: Short recovery of labour cess by works Division

Sl. No.	Name of the works divisions	Amount of short recovery (₹ in lakh)
1.	PWD, Bomdila	0.78
2.	PHED, Bomdila	10.00
3.	PWD, Seppa	0.06
4.	PHED, Namsai	12.08
Total		**22.92**

Source: Records of the works Division, Details in ***Appendix-2.1***

Recommendation: The Board may direct the works Departments to recover the short recovery of labour cess and deposit the same into the Board's account.

2.2.4.1 Non-investment of Labour Cess fund

Clause 292 of the Arunachal Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006 stipulates that all moneys belonging to the fund may be invested in the nationalised banks or scheduled banks or in the securities referred to in clauses (a) to (d) of Section 20 of the Indian Trust Act, 1882 (Central Act 2 of 1882).

On test check of annual accounts of the Board, audit noticed that the Board had two saving bank accounts (SBI, Ganga Branch, Itanagar and Canara Bank, Itanagar) and the fund position during 2017-18 to 2021-22 is shown in **Table 2.10.**

Table 2.10: Non-investment of available fund

(₹ in lakh)

Year	Total fund available	Total expenditure	Closing Balance as on March
2017-18	5943.13*	4006.44	1936.69
2018-19	9788.89	8475.42	1313.47
2019-20	5703.09	4869.63	833.46
2020-21	6305.92	5551.36	754.57
2021-22	9034.99	8349.86	685.13
Total	**36776.02**	**31252.71**	**-**

Source: Records of the Board, Itanagar

* *Includes an opening balance of ₹1,579.50 lakh*

[9] Two works Divisions in each selected district and test check of two works with highest expenditure in each Works Division during 2017-18 to 2021-22 = 16 works

It can be seen from **Table 2.10** that the Board had total fund available of ₹367.76 crore (ranging from ₹57.03 crore to ₹97.89 crore), out of which the Board spent ₹312.53 crore (ranging from ₹40.06 crore to ₹84.75 crore). Thus, the Board did not have any effective plan to invest the significant closing balances as per the extant Rules.

In reply, the Board stated (June 2023) that due to a shortage of staff, the fund could not be invested in different investment plans. However, the audit observation was noted for future compliance.

2.2.4.2 Excess administrative expenditure and doubtful procurement of office items

As per Section 24 (3) of the Act no Board shall, in any financial year, incur expenses towards salaries, allowances and other remuneration to its members, officers, other employees and for meeting other administrative expenses exceeding five *per cent* of its total expenses during that financial year.

Scrutiny of records revealed that the Board's total expenditure during 2017-18 to 2021-22 was ₹312.53 crore (***Appendix-2.2***). Out of the total expenditure incurred, the admissible limit on administrative expenses was ₹15.63 crore. However, the Board incurred an amount of ₹52.00 crore on administrative expenses during the above period. Thus, the Board had incurred an excess expenditure of ₹36.37 crore[10] on total administrative expenses during 2017-18 to 2021-22. Audit, further observed that the main reason for excess administrative expenses was significant expenditure of ₹8.86 crore on procurement of computers and peripherals, air conditioners *etc.* as given in **Table 2.11.**

Table 2.11: Details of items procured

Sl. No.	Particulars	Qnty. (in No.)	Expenditure (₹ in lakh)
1.	iPhone, Apple laptop *etc.*.	49	88.48
2.	Air Conditioner	41	69.40
3.	Computer	112	177.47
4.	Xerox machine	59	199.71
5.	Calendar	91,330	350.96
6.	Executive folder	9,640	
7.	Magazine	46,390	
Total			**886.02**

Source: Records of the Board, Itanagar

In reply, the Board stated (June 2023) that administrative expenditure was drastically minimised from 2017-18. Further, it stated that the Board cannot function without sufficient staff and office stationeries and furniture which compelled the Board to incur more than five *per cent* of the total expenditure on administrative expenses.

The reply of the Board was not acceptable as the administrative expenses were not restricted within the permissible limit. Moreover, the reply is silent about the administrative

[10] ₹52.00 crore - ₹15.63 crore

expenditure which includes the procurement of iPhone, Apple laptop, Air conditioner *etc.*

Detailed scrutiny of records pertaining to procurement of items mentioned in **Table 2.11** above revealed that some of these procurements were doubtful and audit could not rule out the possibility of fraud/ misappropriation with regard to procurement of material worth ₹4.95 crore. Audit observed that the bill invoice of the following materials had no serial number and model number as detailed in **Table 2.12.**

Table 2.12: List of material procured with no model number

Sl. No.	Name of the material	Total no. with no specification	Value (₹ in lakh)
1.	iPhone, Apple laptop *etc.*	26	48.18
2.	Air Conditioners (ACs)	41	69.40
3.	Desktop and Laptop	112	177.47
4.	Xerox machine	59	199.71
Total			**494.76**

Source: Records of the Board, Itanagar

It was observed that the bill/ invoices contained only name of items *viz*, laptop, desktop, Air Conditioner and Xerox machine *etc.* and without the details of serial number, model number and specifications *etc.* of the product to confirm actual procurement of the above materials. Thus, procurement of goods without specifications on bill amounting to ₹4.95 crore was irregular and doubtful. Further, the cost of a single AC was ranging from ₹1.35 lakh to ₹1.94 lakh without any accompanying brand name, which was also doubtful.

Audit noticed that each office of Registering Officers had old desktops and there were no working Xerox machines. It was also noticed during joint physical verification that the headquarter office had 23 desktop computers, 04 Xerox machine and 21 Air Conditioners. Further, audit could not establish actual receipt and delivery of the above materials as the Board did not record the receipt and issue of these items in the store ledger. Thus, audit could not establish the actual procurement and distribution of the material due to non-availability of records.

In its reply (June 2023), the Board had accepted the audit observation.

Recommendations:

The Board may-

- ***ensure that the administrative expenditure be controlled within the admissible limit as per the extant Rules.***
- ***ensure proper accounting of procured materials.***

2.2.5 Implementation of Skill Development

2.2.5.1 Selection of non-empanelled Training Providers

Clause 5 (c) of the Guidelines[11] for Recognition of Prior Learning (RPL) of Building and Other Construction Workers (BoCW) Registered with the State Welfare Boards stipulated that the Board shall be responsible in defining the process for selection of Training Providers (TPs) from the list provided by National Skill Development Corporation (NSDC) and Construction Skill Development Council of India (CSDCI), selection of job roles and training content, supervision and monitoring of training, and payments to the TPs, CSDCI and other stakeholders. NSDC shall assist the State Welfare Boards in selection of TPs for project implementation. NSDC and CSDCI shall aim to propose a list of five to ten good performing and affiliated TPs in each State.

The Board made a provision of ₹13.67 crore and ₹18.40 crore in its Annual Budget for the year 2018-19 and 2019-20 respectively for implementation of skill development programme like Carpentry, Plumbing, Driving *etc.* for the registered labour which was approved in its 21st Board meeting (28 April 2018) and 28th Board meeting (20 October 2020). Accordingly, the Board entered into agreements with two TPs who were selected on nomination basis for implementing skill development programmes as shown in **Table 2.13.**

Table 2.13: Details of skill development programs implemented

Sl. No.	Date of agreement	Name of the service provider	Total No. of training courses imparted	Total no. of beneficiary as per agreement	Actual no. of beneficiary imparted training	Agreement amount (₹ in crore)
1.	11 July 2018	M/s Sunita Infotech, Durgapur, West Bengal	13	3,000	2,894	13.67
2.	25 October 2019		12	2,984	2,907	13.40
3.	25 October 2019	M/s GPTI Skill Training Institute-cum-Academy, Itanagar	12	1,086	899	5.00
Total				**7,070**	**6,700**	**32.07**

Source: Records of the Board, Itanagar

However, audit observed that the above TPs are neither empanelled with NSDC nor CSDCI which was in violation of the extant Rules/ Guidelines. The TPs were selected on nomination basis.

On scrutiny of records, audit also observed that the total numbers of trainees/ beneficiaries to be trained as stated in the table above was included in the agreement without survey and assessment.

2.2.5.2 Excess payment made to the service provider/ contractor: ₹4.19 crore

As per the agreement, the service providers were to impart 13 different training courses, *viz.*, plumber, mason *etc.* to 7,070 beneficiaries. However, during scrutiny of individual course wise attendance of the trainees, it was observed that there were differences between the

[11] Guidelines issued by the Ministry of Labour, GoI

number of beneficiaries claimed to have been trained and the actual number of beneficiaries trained, as shown in **Table 2.14.**

Table 2.14: Details of excess payment to service providers

(Amount in ₹)

Sl. No.	Agreement date	Name of the service provider	No. of training courses in which difference was observed	Total no. of beneficiaries to be trained as per agreement	Actual no beneficiaries trained	Shortfall	Excess payment
1.	11 July 2018	M/s Sunita Infotech, Durgapur, West Bengal	9	2,150	1,858	292	1,25,64,422
2.	25 October 2019		2	550	473	77	33,94,391
3.	25 October 2019	M/s GPTI Skill Training Institute-cum-Academy, Itanagar	8	716	60	656	2,58,93,488
Total			**-**	**3,416**	**2,391**	**1,025**	**4,18,52,301**

Source: Records of the Board

Further, audit observed that the third party assessment and certificate issued by the ROs for release of payment had no detailed information on the trainees and number of trainings imparted. However, the Board made a full payment of ₹32.07 crore to the service providers. Thus, the Board extended undue benefit to the service providers and incurred expenditure of ₹4.19 crore out of labour cess fund without actual execution of the job as agreed.

In reply, the Board stated (June 2023) that third party was appointed for shortlisting eligible trainees/ beneficiaries and payment was also released after the assessment given by the third party. However, the Board stated that audit point has been noted for future compliance.

2.2.6 Procurement of Labour Bag and Tiffin Carrier

The Board in its Annual Budget 2021-22 made a provision of ₹25.00 crore for procurement of Labour Bags (₹12.50 crore) and Tiffin Carrier (₹12.50 crore) which was approved by the Board in its 31st Board meeting held on 23 June 2021. Accordingly, Notice Inviting Tender was called on 20 December 2021 for procurement of 29,000 Labour Bags and 41,000 Tiffin carriers and the tender documents were opened on 04 January 2022. The detail of suppliers selected is shown in **Table 2.15.**

Table 2.15: Details of 1st procurement of Labour Bag and Tiffin Carrier

(₹ in crore)

Sl. No.	Name of the selected supplier	Name of the material to be supplied	Total No. of material to be supplied	Cost	Date of payment	Amount paid
1.	M/s Glory Enterprises, Nurjuli	Labour Bag	29,000	12.37	29.03.2022	12.37
2.	M/s Gungming Enterprises, Naharlagun	Tiffin Carrier	41,000	12.38	Do	12.38
Total				**24.75**	**-**	**24.75**

Source: Records of the Board, Itanagar

Accordingly, agreements with the above suppliers were signed on 19 January 2022 for ₹24.75 crore and work orders were issued on 20 January 2022. The suppliers were paid (29 March 2022) an amount of ₹24.75 crore.

From the above and scrutiny of records of the Board, audit observed the following:

2.2.6.1 Purchase of goods out of labour cess fund at exorbitant price: ₹7.60 crore

Rule 144 (vii) of the GFR, 2017 mandates that the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.

Audit observed that the supplier for Tiffin Carrier supplied four rack Tiffin carrier from M/s PNB Kitchen Made in Haryana. Audit examined the cost of similar Tiffin carrier from M/s PNB Kitchen Made's official website and other market price[12] of labour bags and found cost difference, as given in **Table 2.16.**

Table 2.16: Cost difference

(Amount in ₹)

Sl. No.	Name of the goods	Awarded cost per piece	Actual cost/market cost per piece with brand name	Difference
1.	Tiffin carrier	3,020.80	1,892 (M/s PNB)	1,128.80
2.	Labour bag	4,265.70	3,240 (American Tourister)	1,025.70

Source: Records of the Board, Itanagar

The Board expended an excess amount of ₹7.60 crore[13] in procuring Tiffin carriers and labour bags, due to accepting rates higher than the rates shown in the company's own official website. The image of labour bag and Tiffin carrier is shown alongside.



In reply, the Board stated (June 2023) that price of the goods was fixed as per the committee recommendation after market survey to prevent exorbitant rate.

The reply of the Board is not acceptable as there were no records to show that market survey was done. Also, comparative price statement was not prepared.

Recommendation: The Board may specify the details as well as rate of the goods to be procured.

2.2.7 Procurement of face masks and hand sanitizer

The Board, in its Annual Budget for the year 2020-21, provided for procurement of face masks at the cost of ₹4.93 crore and hand sanitizers at the cost of ₹2.44 crore which was approved by the Board in its 28th Board meeting held on 20 October 2020 Accordingly, the

[12] As displayed on the website of the respective manufacturers

[13] (Tiffin carrier - ₹1,128.80 X 41,000 nos. = **₹4,62,80,800**+ Labour bag-₹1,025.70 X 29,000 nos. = **₹2,97,45,300**) = **₹7,60,26,100**

Board entered into agreements with the following suppliers to procure face masks and hand sanitizers as shown in **Table 2.17.**

Table 2.17: Details of 1st procurement of Face mask and Hand Sanitizer

Sl. No.	Name of the supplier	Date of agreement	Name of the material	Total no.	Rate per piece	Agreement amount (₹ in lakh)
1.	M/s H.M Enterprise, North Lakhimpur, Assam	31 March 2021	Face mask	1,67,200	289.10	483.37
2.	M/s Immanuel Enterprises, Itanagar	31 March 2021	Hand Sanitizer	81,100	295.00	239.24
Total						**722.61**

Source: Records of the Board, Itanagar

The above goods were received in June 2021 and full payment of ₹7.23 crore was paid to the suppliers in August 2021.

Over and above the procurement approved by the Board as discussed above, the Chairman on his own directed (18 January 2022) to procure additional face masks and hand sanitizers at the cost of ₹5.00 crore. Reason for procurement was stated as urgent requirement for disbursement. Accordingly, another agreement was entered with M/s Immanuel Enterprises on 19 January 2022 for procurement of additional face masks and hand sanitizers as shown in **Table 2.18.**

Table 2.18: Details of 2nd procurement of Face mask and Hand Sanitizer

Sl. No.	Name of the supplier	Date of agreement	Name of the material	Total no.	Rate per piece	Agreement amount (₹ in lakh)
1.	M/s Immanuel Enterprises, Itanagar	19 January 2022	Face mask	86450	289.10	249.92
			Hand Sanitizer	84770	295.00	2,50.07
Total						**499.99**

Source: Records of the Board, Itanagar

Audit observed that the additional procurement was made with the direction of the Chairman and without approval of the Board.

The Board in its 29th Board meeting held on 09 January 2021 resolved that situation of COVID 19 had normalised and use of COVID 19 preventive equipment were not compulsory. Thus, additional procurement of face mask and hand sanitizer was not required and expenditure of ₹4.99 crore which was made outside the annual budget and without approval of the Board which was unwarranted.

The above goods were received in February 2022 and full payment of ₹4.99 crore was released in March 2022. Details of the total procurement of face masks and hand sanitizers are shown in **Table 2.19**.

Table 2.19: Total procurement of Face mask and Hand Sanitizer

Sl. No.	Name of the material	Total no.	Rate per piece	Agreement amount/ payment (₹ in lakh)
1.	Face mask	2,53,650	289.10	733.29
2.	Hand Sanitizer	1,65,870	295.00	489.31
Total				**1222.60**

Source: Records of the Board, Itanagar

Audit further noticed that out of the above material procured, 1,95,750 number of face masks (value of ₹5.66 crore) and 1,26,364 numbers of hand sanitizers (value of ₹3.73 crore) totally valuing ₹9.39 crore were lying in the store of the Board as of January 2023.

Thus, labour cess fund of ₹9.39 crore was utilised for procurement of face masks and hand sanitizer without proper assessment of requirement.

In reply, the Board stated (June 2023) that subsequent supply order was issued after the decision of the Board as the additional masks and hand sanitizers were necessary for the labour during pandemic to avoid COVID.

The reply of the Board is not acceptable as it is evident from the above that the subsequent procurement was made without proper assessment of actual requirement and without prior approval of the Board.

Recommendations:

The Board may-

- ***ensure that expenditure may be incurred as per annual budget provision.***
- ***assess the actual requirement to avoid purchasing quantities in excess of requirement.***

2.2.7.1 Procurement of goods at exorbitant price from labour cess fund

As per Rule 144 of GFR, 2017, specification of the goods, price of the goods and offer be invited in making public procurement.

Audit observed that the Board did not invite tender and did not provide detailed specifications and price of the goods to be procured. In absence of pre-determined prices and quality of the goods, there was no cost justification with respect to the prevailing market prices while entering into agreement with the suppliers. Further, audit examined the cost of face masks and hand sanitizer and found price differences as shown in **Table 2.20**.

Table 2.20: Price difference

Sl. No.	Name of the goods	Awarded cost per piece	Actual cost/ market cost per piece in open market	Difference
1.	Face masks	289.10	35.00	254.10
2.	Hand sanitizer	295.00 (160 ml per bottle)	80.00	215.00

Source: Records of the Board, Itanagar

From the above, it is clear that the face masks and hand sanitizers were procured at an exorbitant price. Subsequently, labour cess fund of ₹10.01 crore[14] was expended in excess,

[14] (Face Mask-2,53,650 nos. X ₹254.10 = **₹644.52 lakh** & Hand Sanitisers -1,65,870 nos. X ₹215 = **₹356.62 lakh**) = **₹1,001.14 lakh**

on procurement of face masks and hand sanitizers due to inability of the Board to arrive at justified rates of the items based on prudent market survey.

Also, Audit observed that while, as per the agreement the supplier was to supply 500 ML bottles of hand sanitizers, instead they delivered 160 ML bottles which indicated that quantity and price of the material were compromised.

Thus, procurement of goods without following the extant Rules had resulted in excess payment of ₹10.01 crore to the suppliers and also tantamounted to misuse of labour cess fund.

2.2.8 Diversion of labour welfare fund

The main objective of the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 is to provide and monitor social security schemes and welfare measures for the benefit of building and other construction workers. Further, Section 22 (2) of the Act states that the Board may grant loan or subsidy to a local authority or an employer in aid of any scheme approved by the State Government for the purpose connected with the welfare of building workers in any establishment. Audit observed that the Board contributed ₹6.00 crore towards Chief Minister (CM) Relief Fund as detailed in **Table 2.21.**

Table 2.21: Details of contribution of CM Relief Fund

Year	Amount Contributed	Annual Budget provision	Approved by the Board	Date of payment
2017-18	3,00,00,000	2017-18	20th Meeting	29 March 2018
2018-19	3,00,00,000	2018-19	21st Meeting	09 August 2018
Total	**6,00,00,000**	-	-	-

Source: Records of the Board, Itanagar

The above contribution of the welfare fund towards CM Relief Fund was approved by the Board with the condition that the fund shall be given only to registered workers of the Board. The contribution was transferred to CM Relief fund in addition to ₹89.67 crore[15] of welfare fund expended during 2017-18 and 2018-19 for the welfare of registered labour.

In reply, the Board stated that they have stopped further contribution to the CM Relief fund from 2018 and also assured not to contribute to CM Relief fund in future.

2.2.9 Procurement of Solar Lanterns

The Board made a provision in its annual budget 2016-17 to procure 14,780 numbers of Solar lamps at a cost of ₹7.89 crore as the supply of electricity in the State was irregular and even absent in certain parts of the State. The workers cannot afford other sources of lighting in their home which was the main reason behind demand for Solar Lamps. The annual budget 2016-17 was approved by the Board in its 16th Board meeting held on 16 June 2016.

On test check of records of the Board, audit observed the following:

[15] 2017-18: (₹29.75 crore - ₹3.00 crore) and 2018-19: (₹65.92 crore - ₹3.00 crore) = ₹89.67 crore

2.2.9.1 Procurement of goods without call of open tender

As per Rule 161 of the GFR, 2017, Advertised Tender Enquiry should be adopted for procurement of goods of estimated value ₹25 lakh and above. Further, Rule 166 provides that Single Tender Enquiry for procurement from a single source may be resorted to in the following circumstances: (i) It is in the knowledge of the user Department that only a particular firm is the manufacturer of the required goods, (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained and (iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment.

On test check of records, audit observed that the Board prepared (August 2016) Detailed Project Report (DPR) through a Consultant for procurement and distribution of Solar Lanterns to 23,354 registered workers in the State at an estimated cost of ₹12.58 crore. It was observed that the work for supply of 14,780 Solar Lanterns at a cost of ₹7.89 crore was awarded (03 October 2016) to M/s KELTRON, Kolkata (Supplier) based on recommendation made by the Consultant without floating NIT.

Further, the Board decided (February 2017) to procure additional Solar Lanterns as it was insufficient for distribution to all registered workers and the work was awarded to the same supplier (M/s KELTRON, Kolkata) without following tender procedure based on the previous experience with the firm to save time and cost. Subsequently, the work was awarded (17 March 2017) for supply of 18,000 nos. of Solar Lanterns valuing ₹10.81 crore.

From the above, it may be stated that the procurement of Solar Lanterns without call of open tender lacked transparency and economy and was in violation of the extant Rules.

In reply, the Board accepted (June 2023) the audit finding and gave assurance to streamline the procurement process.

Recommendation: The Board may ensure that all codal formalities in procurement of materials are followed so that labour cess fund may be spent in an effective manner.

2.2.9.2 Irregular distribution of Solar Lamps

As per available records, there were 29,829 registered labour in 2017-18. The Board procured 32,780 Solar Lanterns (14,780 in October 2016 and 18,000 in June 2017).

On test check of the store ledger, audit noticed that out of 32,780 Solar Lanterns received during 2016-17, the Board issued 32,689 during 2017-18 leaving a balance of 91 Solar Lanterns. The quantity issued was ranging from 400 to 3,800 numbers at a time; however, there was no record specifying to whom the items were issued. Thus, non-maintenance of proper stock issue records was irregular.

In reply, the Board accepted (June 2023) the audit point and gave assurance to streamline the procurement process.

Recommendation: The Board may ensure maintenance of proper stock register and proper recording of receipt as well as issue of materials.

2.2.10 Records of Welfare kits issued not available

Rule 209 of GFR, 2017 stipulates that a written acknowledgement of the receipt of material issued shall be obtained from the indenting officer or his/ her authorised representative at the time of issue of materials duly signed and dated.

During test check of four sampled Districts, audit noticed that the Registering Officers *viz*. District Labour Officers received welfare kits, *viz.* Blanket, Gumboot, Water Filter during 2017-18 to 2021-22 from the Board. However, the records of issuing of welfare kits valuing ₹9.72 crore were not found, as shown in **Table 2.22.**

Table 2.22: District-wise total value of welfare kits not found in records

Sl. No.	Name of the District	Value of welfare kits - issue records not found (₹ in crore)
1.	Papum Pare	6.26
2.	West Kameng	1.12
3.	East Kameng	1.10
4.	Namsai	1.24
Total		**9.72**

Source: Records of the ROs, the Board

District-wise total value of welfare kits not found in records is shown in ***Appendix-2.3*.**

During beneficiary survey, the matter had been raised with the respective Registering Officers (*i.e.* DLOs) in four sampled districts. Thus, non-maintenance of records pertaining to issue of welfare kits was tantamount to misuse of welfare kits and labour cess fund, which were meant for registered construction workers. Non-maintenance of records was also irregular and violates existing rules and regulations.

In reply, the Board stated (June 2023) that welfare kits were issued to Labour Unions of Districts for distribution based on the number of registered labour in that particular District. The records related to issue of welfare kits to the Districts are available in the headquarters office. Further, the Secretary of the Board stated that most of the staff are contractual/temporary with poor knowledge about record creation and maintenance especially at the district level. The Board is planning to tie up with the concerned Training institute to organise suitable training for the staff on record management, archival, retrieval *etc.*

Recommendation: The Board may direct the Registering Officers to ensure proper record keeping while issuing welfare kits to the registered labour.

2.2.11 Death benefit provided to unregistered labour

Rule 280 (1) of the Arunachal Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rule, 2006 provides that the Board may sanction an amount of ₹15,000 to the nominee/dependents of a member towards death benefit, in case of death (enhanced to ₹50,000 in April 2021). Further, Rule 279 provides that ₹1,000 may be sanctioned for funeral expenses. Accordingly, the Board provided the provision of death benefit in every annual budget during 2017-18 to 2021-22.

On scrutiny of records, audit noticed that there were 352 natural deaths and 29 accidental death cases during 2017-18 to 2021-22 in Arunachal Pradesh on which the Board had spent ₹2.08 crore, as shown in **Table 2.23.**

Table 2.23: Details of normal death cases and benefit provided during 2017-18 to 2021-22

Year	No. of normal death	Normal death benefit paid (Amount in ₹)	No. of accidental death	Accidental death benefit paid (Amount in ₹)
2017-18	56	28,56,000	5	5,05,000
2018-19	46	23,46,000	8	8,07,000
2019-20	88	44,88,000	7	7,07,000
2020-21	39	19,89,000	Nil	Nil
2021-22	123	62,73,000	9	9,09,000
Total	**352**	**1,79,52,000**	**29**	**29,28,000**

Source: Records of the Board, Itanagar

On scrutiny of records of the Board, audit observed that out of 381 cases (*i.e.*, 352 + 29) of death benefit provided, there were discrepancies *viz.* mismatch in names, blank registration number, *etc*. in the registration records of 108 deceased registered labour *vis-à-vis* the payment advices provided by the Board. Thus, audit could not derive an assurance about the end use of death benefit of ₹55.08 lakh by the nominees of the deceased labour. Audit further observed that the Board paid ₹9.09 lakh for insurance of 5,318 labour in 2017-18 to 2018-19 and ₹8.55 lakh was paid in 2019-20 for its renewal for 5,002 labour. However, there were no details of labours who were covered under insurance and the Board had not claimed insurance on any of the deceased registered labour. During a survey of 400 sampled beneficiaries, it was noticed that the beneficiaries lacked awareness regarding insurance claims that could be made in the event of the death of registered labour. Thus, it indicated inefficient implementation of awareness programs despite an expenditure of ₹26.38 crore during the five year period.

In reply, the Board stated (June 2023) that due to the present system of reallocating the deceased/retired registered workers' number to newly applied labour, the difference in registration card and registration records appears as pointed out in audit. The Board gave assurance to correct the present system at the earliest.

The Board further replied that insurance was not claimed as the nominee of the deceased labours did not claim insurance.

Recommendations:

The Board may ensure that the beneficiary cards and registration records available with the Board offices are reconciled at the earliest and death benefit provided to only registered labour after cross verification with registration records and beneficiary card records.

2.2.12 Doubtful expenditure of ₹8.73 crore

Rule 26 (iv) of General Financial Rules (GFR), 2017 stipulates that the controlling Officer, in respect of funds placed at the disposal, is to ensure that an adequate control mechanism is in place in the Department for prevention, detection of error and irregularities in financial proceedings of the subordinate offices and to guard against waste/ loss of public money.

Rule 30 of the Receipt and Payment Rules,1983 stipulates that when a person not in the Government employment claims payment for work done, service rendered or articles supplied, such claims shall, unless there are express orders of the Government to the contrary, be submitted through the Head of the Department or other responsible Government officer under whose immediate order the service was done or the equivalent was given for which payment is demanded. The officer, to whom such a claim is submitted, shall be responsible for completing the necessary formalities and for making the payment with due expedition *etc.*

On test check of records of the Board, audit observed that the Board incurred ₹8.73 crore against procurement of materials *viz.*, computer items, Xerox machine, Air Conditioner *etc.* from four suppliers for which the Board paid GST amount of ₹1.20 crore during 2017 to 2021 as shown in **Table 2.24**.

Table 2.24: Detail of payment made to the suppliers

(₹ in crore)

Sl. No.	Name of the Supplier	Amount paid	Total no. of invoice	GST amount paid
1.	M/s O.T. Enterprises	1.25	5	0.13
2.	M/s Raj Offset	1.86	26	0.20
3.	M/s Gungming Enterprises	3.64	93	0.58
4.	M/s Niya Enterprises	1.98	41	0.29
Total		**8.73**	**165**	**1.20**

Source: Records of the Board, Itanagar

Audit observed that the above 165 invoices (amounting ₹8.73 crore) submitted by the suppliers had hand-written invoice serial numbers.

Further, out of 26 numbers of invoices pertaining to M/s Raj Offset Enterprises, three invoices had no GST numbers. Similarly, none of the invoices pertaining to M/s Gungming Enterprises had GST numbers. Moreover, audit cross examined these details with the GST registration data base and noticed that M/s O.T. Enterprises had no GST registration number till date (December 2023). Thus, payment of GST amount of ₹0.13 crore to M/s O.T. Enterprises was irregular.

It was also observed that the Board did not maintain stock register. Thus, audit could not establish the receipt and issue of the materials.

In reply, the Board stated (June 2023) that the date of sanction of GST registration was earlier than the date of purchase. Thus, the Board claimed no violation of rules occurred.

The reply of the Board was not tenable, as the purchase was made before the supplier actually received GST registration. Further, the GST amount was paid to the supplier without registration in GST portal and the GST number was not mentioned in the invoices.

Recommendations:

The Department may-

- ***investigate the matter of false payment without GST registration and fix responsibilities on delinquent officials of the Board.***
- ***instruct the Board to verify the invoices before making payment to the suppliers.***

- ***also instruct the Board to ensure that printed GST number and serial number are available in the invoices and the supplier has genuine GST registration.***

2.2.13 Construction of labour shed-cum-night shelters

Board had constructed labour-shed-cum-night shelters at 49 locations at a sanctioned amount of ₹40.45 crore by engaging State Government Departments *viz.* PWD, RWD, WRD *etc.* during 2017-18 to 2021-22 as shown in **Table 2.25**.

Table 2.25: Details in construction of labour shed

Year	No. of labour sheds/locations	Total Sanctioned Amount (₹ in lakh)
2017-18	5	800.00
2018-19	21	865.00
2019-20	8	537.50
2020-21	6	767.50
2021-22	9	1075.00
Total	**49**	**4045.00**

Source: Records of the Board, Itanagar

Out of these, audit sampled 19 works at different locations (39 *per cent of works* ***Appendix-2.4{A}***) an expenditure of 23.70 crore out of sanctioned amount of ₹26.95 crore (67 *per cent* of total sanctioned amount of ₹40.45 crore) for examination of records and conducted Joint Physical Verification (JPV) of the buildings along with the officials of the executing agencies.

On scrutiny of records and JPV, audit observed the following:

2.2.13.1 Execution of works without administrative approval, Technical Sanction and feasibility study

i) Rule 129 of the Central Public Works Department Manual, 2014 stipulates that no work should normally be commenced, or any liability thereon incurred until an administrative approval has been obtained, a properly prepared detailed estimate has been technically sanctioned and where necessary expenditure sanction has been accorded and allotment of funds made.

On test check of records of 19 sampled projects, out of 49 projects, audit noticed that administrative approval was not obtained from the competent authority and technical sanction was not accorded, which was in violation of the extant Rules.

ii) Section 3.3 of the Central Public Works Department Manual, 2014 stipulated that before acceptance of any deposit by the Executive Engineer, it is essential that an estimate should be sent to the client Department/ Body/ Institution after fully ascertaining all necessary site details, technical feasibility, topographical details, ownership of land *etc.*

On test check of records of the Board and executing agencies, it was observed that all sampled labour sheds (19 nos.) were executed without conducting feasibility study. Though feasibility study report was not submitted by the executing agencies, the Board released ₹26.95 crore to the executing agencies during 2017-18 to 2021-22. Thus, execution of work in violation of the extant Rules was irregular.

iii) Following are two instances where audit observed that the estimates or Detailed Project Reports (DPRs) used by the executing work Department lacked essential work components necessary to render the labour sheds cum night shelters functional and useful.

a) The Board sanctioned ₹03 crore (09 January 2021) for the construction of labour shed-cum-night shelter at Taliha (about 45 Km from Daporijo township) to the Executive Engineer, RWD, Daporijo Division. On test check, audit noticed that the contractors commenced the work in March 2021 and completed in December 2022 for which ₹2.75crore (92 *per cent* of the sanctioned amount) had been paid to the contractors. However, date of payment was not found on record.



During scrutiny of records and joint physical verification (April 2023) of the building (Photograph is shown alongside), audit noticed that to make the project suitable for accommodation, additional works are required.

After payment (92 *per cent*) made to the contractors, of the balance amount of ₹25 lakh left with the Department, ₹11.43 lakh was for procurement of furniture items as included in DPR.

Essential components such as protection wall, external water connection, approach road and parking lot and kitchen utensils were required but these items of work were not included in the DPR. Hence, remaining amount of ₹25 lakh of the project cost may not be sufficient to complete the project to make it viable. This indicated that the approved DPR/ estimate was inefficient.

b) The Board sanctioned ₹1.50 crore (29 March 2022, 08 September 2022 and 09 September 2022 ₹50 lakh each) for the construction of a labour shed at Kamporijo to the Executive Engineer, RWD, Raga Division. The work was started in March 2022 and completed in October 2022. The Division office had released ₹98.39 lakh to the contractor (May 2022 and November 2022). As of April 2023, the Board was yet to release ₹50 lakh to the Division office and completion certificate was not issued and handing/ taking over was not done.

During scrutiny of records and joint physical verification of the building, audit noticed that important components essential for making the labour shed cum night shelter functional, including external electrification, internal and external water supply connection, boundary wall, protection wall, drainage, furniture and kitchen utensils were not included in the approved estimate.

2.2.13.2 Payment made against forged entries in the Measurement Book (MB) against unexecuted works/work components

Clause 7.1 (4) of the Central Public Works Manual, 2014 stipulates that the payments to contractors and others for the work done or other services rendered are to be made on the basis of measurements recorded in the Measurement Book.

On test check of records and JPV of the projects at site, out of 19 sampled projects, audit noticed in ten projects (eight completed and two incomplete) that though the contractors did not execute work component/ did not supply materials, *viz.*, cement concrete works, tiles, furniture *etc.* having value of ₹2.28 crore ***(Appendix-2.4)***, the executing agencies forged the entries in the Measurement Book as "work done/ completed" and made payment of ₹2.28 crore to the contractors which was irregular and tantamounted to possible fraudulent utilisation of labour cess fund.

Details of the two incomplete projects where full payment had already been made to the contractors are discussed below:

i) The Board sanctioned ₹1.50 crore (₹1.00 crore in January 2021 and ₹0.50 crore in September 2022) for the construction of labour shed-cum-night shelter at Aalo to the Executive Engineer, RWD, Aalo Division. During scrutiny of records and JPV of the building, audit observed that though 98 *per cent* of the payment had been made to contractor, the Division office had completed only the structure portion of the building (Shown in Photo image I).

In reply, the Board stated (June 2023) that they will pursue the matter with the executing agencies.

ii) The Board sanctioned ₹1.50 crore (₹1.00 crore on 10 September 2021 and ₹0.50 crore on 08 September 2022) for the construction of labour shed-cum-night shelter at Basar to the Executive Engineer, Department of Urban Development, Basar. During scrutiny of records and JPV of the labour shed, audit observed that though the building is still incomplete and only structure portion had been completed, the Department has already released ₹1.50 crore to the contractors which was irregular. (Photo Image I & II).



Photo image – I & II (the sanction amount of ₹3.00 crore (₹1.50 crore each) had been incurred before completion)

Recommendation: The Board may direct the executing agency to complete the building within the sanctioned amount.

2.2.13.3 Payment made based on forged entries in the MB before execution of works and non-utilisation of assets created

Clause 30 of the Central Public Works Manual, 2014 stipulates that the payment to the contractor shall be made only on submission of the bill by him. No part payment shall be allowed for incomplete stage.

Audit noticed cases where progress of project and date of payments to the contractors did not match. Instances were also noticed where payment was made to the contractor based on forged entries made in MBs. Some instances are discussed below:

i) The Board sanctioned ₹1.00 crore (21 March 2018) to the Executive Engineer, Rural Works Department (RWD), Bameng for the construction of labour shed-cum-night shelter at Rapung (about 100 KM from Seppa).

Audit noticed that as per records, the building was completed on 31 March 2018 which implies that the building was completed within 10 days of sanction of fund. Further, the building was completed in March 2018 and RWD, Bameng handed over the building to the Board in January 2023 *(i.e.*, five-years after date of completion).

ii) The Board sanctioned ₹1.75 crore (10 September 2021) for the construction of labour shed at Katrijo to the Executive Engineer, RWD, Raga Division.

The division office entered into an agreement (September 2021) with M/s Sunrise Enterprise, Raga and payment of ₹1.75 crore was made to the contractor (December 2021). However, date of commencement and completion of work was not mentioned in MB.

iii) The Board sanctioned ₹ seven crore to Public Works Department (PWD), Bameng Division, GoAP for construction of labour shed-cum-night shelter at following locations (about 45 KM from Seppa), as shown in **Table 2.26.**

Table 2.26: Details of Labour shed at Bameng and Khenewa

(₹ in lakh)

Sl. No.	Location	District	Sanctioned amount	Date of sanction	Amount paid
1.	Bameng	East Kameng	400	19.03.2018	400
2.	Khenewa	-Do-	300	18.07.2018	300
Total					**700**

Source: Records of the Board, Itanagar

On test check of records and JPV, audit observed that the Labour shed at Khenewa was completed (30 March 2021) at the cost of ₹ three crore and handed over to the Board on 04 June 2021. However, the building was lying idle/ unoccupied as of December 2022.

Audit also observed that construction of labour shed at Bameng was in progress up to 90 *per cent* as of December 2018. However, PWD, Bameng Division had made 100 *per cent* (₹4.00 crore) payment to the contractor between July and August 2018. It implied that entries in the MB were forged and payment was made to the contractor before completion of the building.

The labour-shed was shown as completed in the MB, however, the PWD, Bameng Division office was yet to issue completion certificate as of December 2022. Moreover, the PWD Bameng Division was operating the labour shed as Circuit House without handing over the completed building to the Board. Hence, the objective of construction of labour sheds remained unachieved.

In reply, the Board stated (June 2023) that due to shortage of staff, completed labour shed could not be taken over. However, the Board gave assurance to pursue the Department to hand over labour shed at Bameng to the Board.

2.2.13.4 Excess payment of ₹ one crore by PWD Bameng Division

Audit noticed that GoAP sanctioned ₹1.00 crore (13 March 2022) additional fund under SIDF 2021-22 to PWD Bameng for renovation and upgradation of labour shed at Bameng. The PWD Bameng Division awarded (12 April 2022) the work to M/s Neri Engineering, Bameng at a cost of ₹98.50 lakh, out of which the Division office had paid ₹98.12 lakh[16] to the contractor. The items of work, *viz.* Aluminium work, steel work, flooring, finishing, supply of furniture *etc.* which were already covered under the expenditure of ₹ four crore (sanctioned by Board on 19 March 2018) were awarded again with an additional amount of ₹ one crore. Though the contractor did not execute the above works under the sanction amount of ₹ four crore, the division office had made full payment to the contractor. Subsequently, the State Government had to incur an additional amount of ₹ one crore to complete the building due to inability of the division office to monitor and check that the work was completed by the previous contractor within the approved cost.

Thus, due to ineffective monitoring by the executing agency, there was excess payment of ₹one crore.

Recommendation: The Department may fix responsibility on the concerned Executive Engineer for making payment to the contractor without execution of works. The Division may also take action on the Contractor for claiming excess without execution of works and recovered this excess from the contractor and deposit it into the Board's account.

2.2.13.5 Irregularities in Construction of labour shed-cum-night shelter

The Board in its Annual Budget 2017-18 proposed to construct night shelter for construction workers-cum-rest house at Pasighat (East Siang), Jung (Tawang) and Mahadevpur (Namsai) at a cost of ₹Three crore (₹ one crore each). Against these projects, Hydro Power Development Corporation of Arunachal Pradesh (HPDCAP) submitted (15 March 2018) Detailed Project Report (DPR). Accordingly, the Board released ₹Three crore (21 March 2018) to HPDCAP.

Subsequently, HPDCAP issued (28 September 2018) one Letter of Award to Er. Obang Gammeng for construction of labour camp-cum-night shelter at Pasighat at the cost of ₹85.05 lakh. The contractor commenced the work in September 2018 and completed the work in August 2020. The executing department had paid the full amount of ₹85.05 lakh (excluding ₹12.39 lakh for Corporation charges, contingency and quality control *etc.*) to the contractor. Thus, the building[17] at Pasighat was completed with a saving of ₹2.56 lakh[18]. However, saving of ₹2.56 lakh was not refunded to the Board.

Audit also observed that HPDCAP deposited (March 2018) ₹Three crore at Vijaya Bank, Itanagar (Account No: XXXXXXXXXXX0366). Out of which, expenditure of

[16] ₹24.50 lakh on 26 March 2022 and ₹73.62 lakh on 14 February 2023

[17] Presently, the Board was given this building to Bhartiya Mazdoor Sangh on lease rent basis.

[18] ₹85.05 lakh + ₹12.39 lakh = ₹97.44 lakh
Savings = ₹100 lakh - ₹97.44 lakh = ₹2.56 lakh

₹97.44 lakh was incurred against construction of labour shed at Pasighat on August 2018. The remaining two works at Jung and Mahadevpur at a cost of ₹Two crore were not executed[19] and money was also not refunded back to the Board's account. However, the balance in the bank account of Vijaya Bank as of January 2019 was only ₹10.00 lakh. Thus, the executing agency *i.e.* HPDCAP withdrew/ utilised the amount and without constructing the two labour sheds at Jung or Mahadevpur which was irregular.

In reply, the Board stated (June 2023) that matter was being pursued with the MD of HPDCAP for recovery of ₹Two crore for unexecuted labour shed.

Recommendation:

The Board may recover the unspent amount from the HPDCAP.

2.2.13.6 Payment made against deviation of work components / against delivery of inferior quality goods

Clause 4.1.3 (2) of the Central Public Works Department Manual, 2014 stipulates that no deviation from the prescribed scales should normally be made, unless specifically desired by the client Department. In such circumstances specific reference to the deviation should be made in the history sheet of the estimate. Further, Clause 5.3 also stipulates that any change from the provisions in the drawings issued by the Senior Architect that becomes necessary during the execution of the work due to any practical difficulty, shall be brought to the notice of the technical sanctioning authority and Senior Architect, and their approval obtained.

Major instances noticed during audit are discussed below:

i) The Board sanctioned ₹One crore (January 2021) for the construction of labour shed-cum-night shelter at Mechuka to the Executive Engineer, WRD, Mechuka Division. During scrutiny of records and JPV of the building, audit observed the following:

The contractor was to construct four guest rooms with attached toilets, separate dining hall and multipurpose hall. However, during JPV of the building at site, audit noticed that the contractor constructed only three guest rooms with toilet attached and in place of separate dining hall and multipurpose hall only one hall was constructed. Though the contractor deviated from the original drawing without the approval of the competent authority, the Division office did not restrict the payment and full payment was made to the contractor.

The labour shed was completed at the cost of ₹99.00 lakh and handed over (10 February 2023) to the Circle Officer, Mechuka. However, there is no occupancy at present (March 2023).

Recommendation: The Board may direct the executing agency to recover the payment made for unexecuted portion of work from the contractor and make plan to utilise the created assets.

ii) The Board sanctioned ₹30.00 lakh (17 October 2018) for the construction of labour shed-cum-night shelter at Kamle (about One KM from Daporijo township) to the Executive Engineer, PWD, Daporijo. During scrutiny of records and JPV of the building, audit noticed that the labour shed was completed at a cost of ₹29.00 lakh.

[19] till the date of Audit (November 2022)

However, completion certificate was yet to be issued and handing/taking over was yet to be done (April 2023).

The photographic evidence of the building taken during Joint Physical Verification (19 April 2023) is shown below:

	
A view of the building from the front side	**A view of the building from the side corner**

During JPV, it was noticed that the division office constructed half wall of the building (GI sheet roofing) with bamboo and half wall with cement against the approved concrete post. Hence, the division office had compromised the quality of the building. Thus, the division extended undue benefits to the contractors by compromising the quality and quantity of work in utilising government money against construction of labour shed.

Recommendation: The Board may direct the executing agency to recover payment for compromised work portion from the contractor and take over the building from the executing agency at the earliest.

iii) During JPV of the construction site at Pasighat on 26 November 2022, audit team and the official of the HPDCAP noticed deviation in component of work related to boundary wall. As per the schedule of work, 1.90 m high and 84 m long boundary was to be constructed with cement concrete at a cost of ₹6.55 lakh. However, boundary wall was constructed by GI barbed wire in the front side and no boundary wall was constructed in the remaining areas.

A photograph of the boundary wall taken during JPV (13 March 2023) is shown below:



iv) During JPV of Construction of labour shed-cum-night shelter at Bagra village (about 26 Km from Aalo) at a cost of ₹ two crore executed by PWD, Aalo Division, audit observed that the furniture and crockery items had been supplied by the contractor. As per the DPR, the contractor was to supply good quality material of 18 items of furniture and 47 items of crockery items. However, during JPV of the materials, audit noticed that sofa sets (₹50,000/- per set) were made of plastic and mosquito nets (₹2500 to ₹3500 per piece) had loose nettings. Details of inferior quality items supplied are given in ***Appendix-2.5.*** Moreover, the Division office did not maintain the stock register.

The images of the items taken during physical verification (13 March 2023) are shown below:

	
Sofa Set: ₹0.50 lakh per set	**Mosquito net: ₹2,500 & ₹3,500 per piece**

Recommendation: The Board may direct the executing agency to recover the cost of sub-standard quality of material/ goods supplied by the contractor.

2.2.13.7 Unauthorised occupancy and idle expenditure of labour shed

Out of 49 labour sheds sanctioned by the Board, 17 labour sheds were sampled for physical inspection by audit (Out of 19 sample sheds, two sheds to be executed by HPDAC, were not executed). Out of these, 15 labour sheds were completed at a cost of ₹22.95 crore and two were still incomplete. Out of the completed labour sheds, three[20] have been occupied by the local residents. However, the Board has no information about these encroachments.

All the 15 completed labour sheds are difficult to reach and locate as they are in far flung areas where there are no registered construction workers and no water supply and electricity *etc.* All 15 completed labour sheds have no occupancy by the registered construction workers whether permanent or temporary. It was observed that the Board did not ensure conduct of any site feasibility study and availability of registered construction workers and labour shed requirement report *etc.* The Board also did not monitor occupancy of the completed labour shed.

i) Three cases of encroachments on labour sheds and occupancy by local residents are detailed below:

- During physical verification of the project at Rapung executed by RWD, Bameng Division and handed over to the Board in January 2023, audit noticed that the site is located at about 100 KM from Seppa. Further, audit noticed that there were no registered labour from Rapung as of February 2023 and building was occupied by local residents.

[20] 1. Bana (₹20 lakh), 2. Rapung (₹100 lakh) and 3. Likhabali (₹100 lakh)




Photo images of two rooms-half wooden wall of labour shed constructed at the cost of ₹1.00 crore by RWD, Bamengat Rapung (100 KM from Seppa)

- The Board sanctioned ₹One crore (10 September 2021) for construction of labour shed-cum-night shelter at Likhabali (about 157 KM from Itanagar) to the Executive Engineer, WRD, Likhabali Division. During scrutiny of records and JPV of the building, audit noticed that labour shed was completed at a cost of ₹72.00 lakh**.** However, completion certificate and handing/taking over was not prepared (April 2022). Though labour shed was not allotted to any beneficiary, audit noticed that one room on the first floor was already occupied by an unknown person whom the division office could not identify.

- The labour shed-cum-night shelter at Bana (about 25 Km from Seppa). The Board sanctioned ₹20.00 lakh (24 August 2018) to the Executive Engineer, Water Resources Department (WRD), Seppa for the project. Accordingly, WRD, Seppa entered into an agreement (12 September 2018) with M/s S.M. Enterprise, Bana for construction of labour-shed-cum night shelter at Bana at the cost of ₹15.85 lakh.

  During JPV of the project site, audit noticed that the project site was located at the outskirts of Bana[21] and the building was already occupied by the local residents. It was also noticed that the building would be difficult for labour to locate and reach. Further, audit noticed that there are 30 registered labour at Bana, out of which 19 are Government employees and 11 are MNREGA and ALC (Auxiliary Labour Corps) workers of local residence as on February 2023.

In reply, the Board stated (June 2023) that the matters will be taken up with the respective district administration to vacate the occupied labour shed by the local residents.

Recommendation: The Board may take over the completed labour sheds from the executing agency and make suitable plan to utilise the created assets.

ii) Arunachal Pradesh Building and Other Construction Workers Welfare Board sanctioned ₹20.00 lakh (28 September 2018) to the Executive Engineer, Public Works Department (PWD), Seppa for construction of labour shed-cum-night shelter at Richukurung. During physical verification of the project at site, audit noticed that the project site is located at about 70 KM from Seppa. Further, audit noticed that there were no registered labour from Richukurung as of February 2023 and condition of the building was not suitable for human occupancy as there was no water supply, no electricity connection, unusable toilet *etc.* Thus, expenditure of ₹20.00 lakh

[21] Distance between Seppa and Bana is 27 KM (approximately) and Bana to project site is another Five Km (approximately)

from labour cess fund remained idle as it currently did not serve any benefit for the registered labours of the Board due to substandard work and workmanship and wrong site selection executed by PWD, Seppa.

2.2.14 Monitoring of the projects

Section 53, Part-III of the Central Public Works Department Manual, 2014 stipulated the following in monitoring projects:

1. System adopted at site for monitoring progress.
2. Percentage of progress achieved vis-a-vis time given for completion.
3. Steps taken to accelerate progress when shortfall is noticed.
4. Any extension of time required? Was co-ordination amongst various agencies involved in execution of work.
5. Constraints noticed in smooth progress of work and directions if any, received from Executive Engineer/Superintending Engineer/Chief Engineer to overcome them.

During test check of records of the Board, audit noticed that the Board did not effectively monitor implementation of the projects (*viz.,* skill development programme and construction of labour sheds). Thus, despite significant expenditure incurred on the projects, they could not serve the intended purpose for the registered labour.

2.2.15 Conclusion

The registration of labour/ beneficiaries was done without screening the eligibility criteria. The Board made procurement of items under administrative expenses resulting in excess expenditure over the admissible threshold limit under the same head. The Training provider for skill development of labours was paid in excess of actual training imparted and no proper documentation against the claim of imparting trainings was maintained. Further, utilisation of labour cess fund in implementation of various schemes lacked transparency and there were instances where undue benefit was extended to the contractors/ suppliers as the Board did not specify the price of the goods before awarding the supply order. Out of 19 labour sheds sampled in audit, 15 labour sheds had been completed at a cost of ₹22.95 crore. However, audit noticed that none of the completed labour sheds was occupied by the registered labour, indicating that there was no benefit to the construction labour. There was no effective mechanism to monitor the implementation of the projects.

2.2.16 Recommendations

- *The State Government may ensure that every establishment be registered and frequent assessment of the labour cess amount payable by the employer to the Board may be conducted.*

The Department may-

- *investigate the matter of false payment without GST registration and fix responsibilities on delinquent officials of the Board.*
- *instruct the Board to verify the invoices before making payment to the suppliers.*
- *also instruct the Board to ensure that printed GST number and serial number are available in the invoices and the supplier has genuine GST registration.*

- *fix responsibility on the concerned Executive Engineer for making payment to the contractor without execution of works. The Division may also take action on the Contractor for claiming excess without execution of works and recovered this excess from the contractor and deposit it into the Board's account.*

The Board may -

- *ensure that the screening of beneficiaries at the time of registration is streamlined as per extant Rules and benefits are provided only to genuine workers engaged in construction works.*
- *ensure that all labour cess amount lying with the State Government account be transferred to the Board on time so that the Board may better implement the welfare schemes for the registered labour in the State.*
- *ensure that regular inspection and assessment of establishments is conducted at regular interval as per extant Rules.*
- *direct the works Departments to recover the short recovery of labour cess and deposit the same into the Board's account.*
- *ensure that the administrative expenditure be controlled within the admissible limit as per the extant Rules as well as ensure proper accounting of procured materials.*
- *ensure that expenditure may be incurred as per annual budget provision and assess the actual requirement to avoid purchasing quantities in excess of requirement.*
- *ensure that all codal formalities in procurement of materials are followed so that labour cess fund may be spent in an effective manner.*
- *ensure maintenance of proper stock register and proper recording of receipt as well as issue of materials.*
- *direct the Registering Officers to ensure proper record keeping while issuing welfare kits to the registered labour.*
- *ensure that the beneficiary cards and registration records available with the Board offices are reconciled at the earliest and death benefit provided to only registered labour after cross verification with registration records and beneficiary card records.*
- *direct the executing agency to complete the building within the sanctioned amount*
- *recover the unspent amount from the HPDCAP.*
- *direct the executing agency to recover the payment made for unexecuted portion of work from the contractor and make plan to utilise the created assets.*
- *direct the executing agency to recover payment for compromised work portion from the contractor and take over the building from the executing agency at the earliest.*
- *direct the executing agency to recover the cost of sub-standard quality of material/ goods supplied by the contractor.*
- *take over the completed labour sheds from the executing agency and make suitable plan to utilise the created assets.*

Subject Specific Compliance Audit (SSCA)

Health and Family Welfare Department

2.3 Public Health Infrastructure and Management of Primary Health Services

A Subject Specific Compliance Audit (SSCA) of the "Public Health Infrastructure and Management of Primary Health Services" providing health facilities at village and block levels in Arunachal Pradesh was carried out covering the period from 2017-18 to 2021-22. The SSCA of Public Health Infrastructure and Management of Primary Health Services brought out the following significant findings.

Highlights

- ***Overall vacancy position of Doctors/ Specialists, Nurses, Paramedics and Others in DHs, CHCs and PHCs in the State ranged between 19 to 73 per cent. Shortage was highest in nurses cadre.***

(Paragraph 2.3.2.2)

- ***Specialist services of Dermatology & Venereology were not available in any of the DHs/ GHs. Specialist services of Pediatrics and General Surgery were available in only one CHC (Pediatrics- CHC Doimukh and General Surgery- CHC Ruksin) out of 53 CHCs.***

(Paragraph 2.3.2.4)

- ***Shortfall in availability of beds in Maternity and Child Care Wards ranged from 6 to 94 per cent for different wards across the 22 DHs/ GHs in the State. Critical care/ ICU was not available in 14 out 22 DHs/ GHs. Out of 371, 29 HWCs were functioning without any Medical Officer/Community Health Officer (MO/CHO).***

(Paragraph 2.3.2.5, 2.3.2.6 and 2.3.2.9)

- ***Budgetary provision on health services in the State during the six-year period 2017-2023 ranged from 4.10 per cent of the State budget in 2020-21 to 6.62 per cent in 2018-19. In none of the years, did the State Government allocate eight per cent of its budget to the health sector, despite being envisaged in NHP 2017. Moreover, the Department did not completely utilise the allocated funds during the six-years period 2017-2023 with savings ranging from ₹34.79 crore in 2021-22 to ₹659.12 crore in 2018-19.***

(Paragraph 2.3.4.1)

- ***Asymmetric distribution of doctors in the sampled health facilities was observed with 36 per cent excess doctors in CHC Ruksin and a shortfall of 36 to 91 per cent doctors in seven other CHCs.***

(Paragraph 2.3.8)

- ***Due to non-availability of specialist service in CHCs, patients from rural areas had to travel to DHs for better treatment; thereby increasing out of pocket expenses of the patients and burdening resources of the DHs.***

(Paragraph 2.3.9.3)

- ***Out of total sanctioned amount of ₹165.69 crore under Emergency Covid Response Plan Fund II, ₹146.11 crore was allotted for improvement of health infrastructure and ₹85.75 crore remained unspent (as of February 2023), indicating slow progress of infrastructure works despite availability of funds.***

(Paragraph 2.3.21.2)

- ***As of March 2023, GoI did not release the balance share of ₹28.31 crore (out of ₹48.98 crore) through North East Special Infrastructure Development Scheme, for procurement of hospital equipment to prepare 10 district hospitals to fight COVID-19 due to non-submission of UC for ₹20.67 crore within the stipulated period of six months.***

(Paragraph 2.3.21.3)

- ***Major equipment and Hospital items worth ₹22.48 crore and consumables worth ₹12.45 crore procured for management of COVID-19 were lying idle in the central medical store, six district medical stores and in the 19 sampled health facilities as on 02 March 2023 in absence of an effective mechanism to ensure optimum utilisation of the idle items.***

(Paragraph 2.3.21.4)

- ***State was lagging behind all-India average in five indicators of SDG-3 (3.2, 3.3, 3.7, 3.8, 3.c).***

2.3.1 Introduction

The Health and Family Welfare Department is responsible for maintaining and developing the healthcare system in the State and guiding and supervising the Health and Family Welfare programmes in the State. The services offered by the Department are preventive and promotive healthcare services, routine curative and rehabilitation services *etc.* The vast network of Health Sub-Centres (HSC[22]s), Primary Health Centres (PHC[23]s), Urban Primary Health Centres (UPHCs), and Community Health Centres (CHC[24]s) form the primary tier of public healthcare delivery system for rural and urban population respectively. District Hospitals (DH[25]s) serve as the secondary tier for rural and urban population while Tertiary[26] healthcare involves providing advanced and super-speciality services to be provided by medical institutions in urban areas.

A Performance Audit (PA) was conducted to cover the areas of basic health infrastructure facilities in the State focused on sampled District Hospitals which mainly cater to secondary health care services. The findings were reported in the Comptroller and Auditor General's Performance Audit Report on "Select District Hospitals in Arunachal Pradesh" for the year ended 31 March 2019.

The present SSCA covers the primary health care services which provide health facilities

[22] **HSC**s are peripheral healthcare centers which serve a population of 5,000 in plain areas and 3,000 in hilly areas.

[23] **PHC**s form the cornerstone of healthcare in rural areas which serve a population of 30,000 in plain areas and 20,000 in hilly areas.

[24] **CHC**s are referral centers and serve a population of 1,20,000 in plain areas and 80,000 in hilly areas.

[25] **DHs** are equipped with advanced equipment and diagnostic services and intensive care facilities.

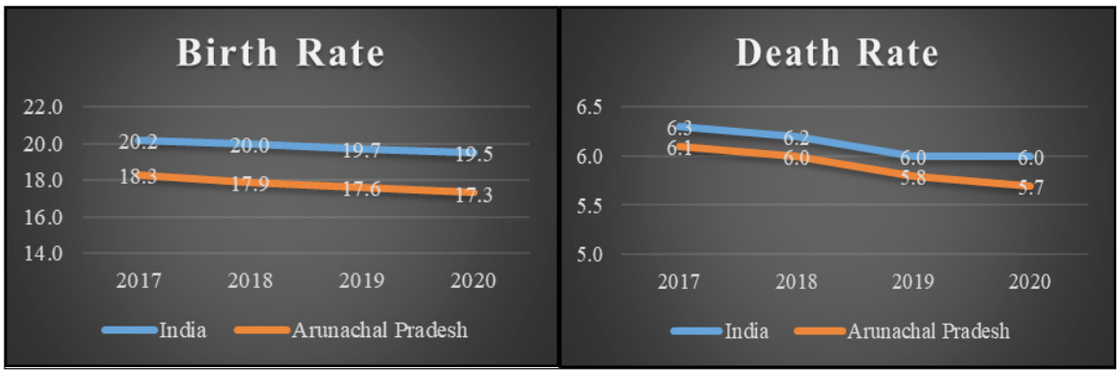
[26] Tertiary healthcare is provided by medical colleges and advanced medical research institutes.

at village and block levels. The SSCA also provides a holistic view of improvement of necessary infrastructure, created for meeting emergency related issues and service delivery by the sampled health institutions for the period 2017-18 to 2021-22.

2.3.1.1 Health Profile of Arunachal Pradesh

Birth Rate and Death Rate: As per Sample Registration System (SRS) statistics, 2017-20 of Registrar General of India, Arunachal Pradesh's score in two main health indicators *viz.* Birth Rate and Death Rate were better than national figures. The graphic comparison between the State and National figures of Birth Rate and Death Rate during 2017-20 is shown in **Chart 2.2. Table 2.27** shows the health profile of the State in terms of various indicators.

Chart 2.2: Comparison of Birth Rate and Death Rate of Arunachal Pradesh with National Average



Source: SRS Bulletin of respective years Registrar General, India

Table 2.27: State's Health Profile in terms of various indicators

Indicator	NFHS-4 (2015-16)		NFHS-5 (2019-21)	
	Arunachal	India	Arunachal	India
Total fertility rate (children per woman)	2.10	2.20	1.80	2.00
Neonatal mortality rate (NNMR)	11.80	29.50	7.70	24.90
Infant mortality rate (IMR)	32.90	40.70	18.80	35.20
Children aged 12-23 months fully vaccinated based on information from vaccination card (in *per cent*)	71.40	71.40	76.40	71.40

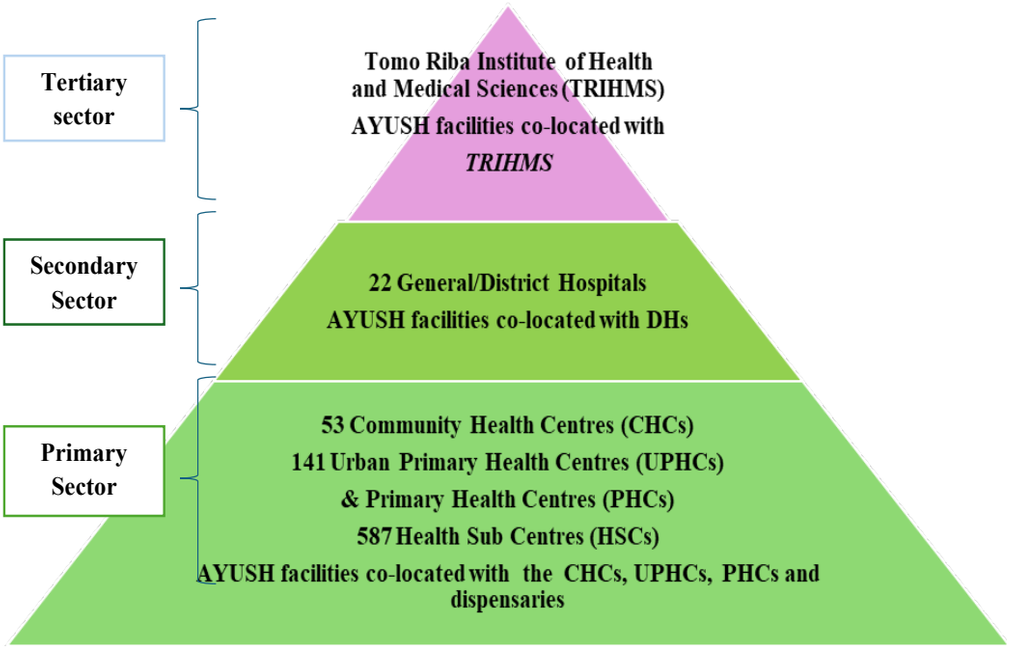
Source: National Family Health Survey 4 and 5

2.3.2 Overview of public healthcare facilities in Arunachal Pradesh

Arunachal Pradesh had a population of 13.84 lakh as per census 2011. To cater to the healthcare services of its citizens at different levels, the State Government established one State Hospital, six General/Zonal Hospitals, 16 District Hospitals (DHs), 53 Community Health Centres (CHCs), 141 Primary/Urban Health Centres (PHCs/UPHCs) and 587 Health Sub-Centres (HSCs). In addition, there are 33 Ayurvedic Dispensaries, 102 Homoeopathic Dispensaries, two Sowa Rigpa, and one Unani for providing AYUSH[27] facilities to the people of the State. The structure of public healthcare facilities in the State is shown in **Chart 2.3.**

[27] AYUSH is an acronym for Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy and are the Indian systems of medical treatment

Chart 2.3: Details of Health Facilities in the State



Source: Departmental records

2.3.2.1 Public Health Care facilities at the District and Primary level

The State has DHs/ GHs in 22 out of 25 districts and two districts, *viz.* Pakke Kessang and Shi-Yomi Districts, have no DHs. The requirement of DH in Papum Pare District was compensated by availability of one State level hospital (TRIHMS) in the district.

District-wise coverage of CHCs, PHCs and SHCs *vis-à-vis* population of the State is given in ***Appendix-2.6.*** The population coverage per PHC in Namsai (23,988) and Changlang (24,704) districts exceeded the prescribed norm of 20,000. Thus, burden of the population on each PHC for providing health services in Namsai and Changlang districts was more than the prescribed norm. Similarly, in case of SHCs, the population coverage per SHC in Tawang (3,332), West Kameng (3,229), Shi Yomi (4,437), Lohit (3,111), Namsai (6,854), Changlang (4,492) and Longding (3,350) districts was in excess of the prescribed norm of 3,000.

2.3.2.2 Availability of Doctors, Nurses and Paramedics in the DHs, CHCs and PHCs in the State

There is one State hospital (TRIHMS), 22 DHs/ GHs[28], 53 CHCs and 141 PHCs in the State. The Department of Health & Family Welfare, GoAP had not notified sanctioned strength for any category of health facilities. Hence, sanctioned strength of the health facilities was worked out based on IPHS norms. Facility-wise sanctioned strength as per IPHS norms is shown in **Table 2.28**.

[28] Six General/ Zonal Hospitals and 16 District Hospitals

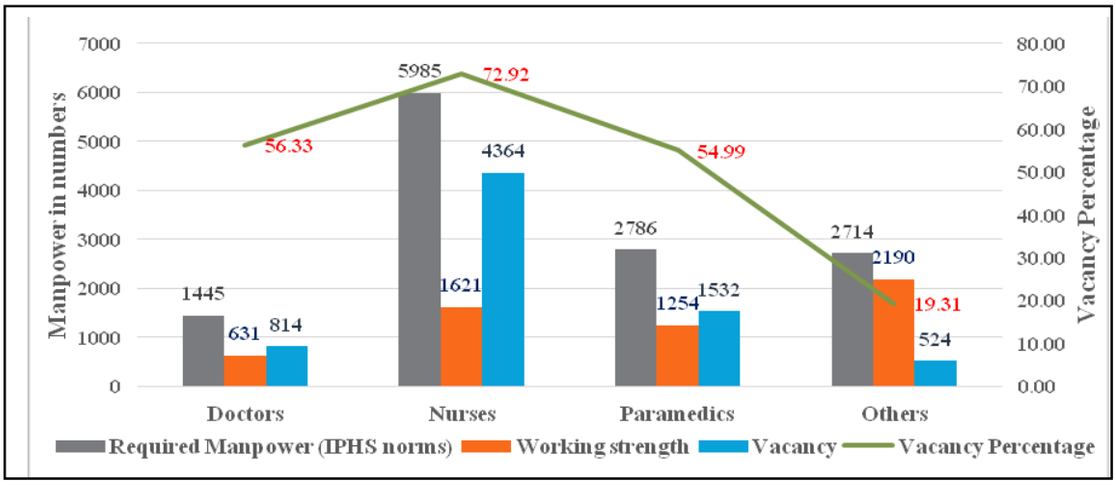
Table 2.28: Sanctioned Strength as per IPHS norms

Type of Health facility	Sanctioned Strength			
	Doctors/Specialists	Nurses	Paramedics	Others
TRIHMS (500 bedded)	61	396	97	149
DH (100 bedded)	30	128	46	50
CHC (30 bedded)	11	47	21	17
PHC	1	2	4	4

Source: Departmental records

The overall sanctioned strength, working strength and vacancy position of Doctors/ Specialists, Nurses, Paramedics and Others in the State is depicted in **Chart 2.4**.

Chart 2.4: Overall sanctioned strength, working strength and vacancy position



Source: Departmental records

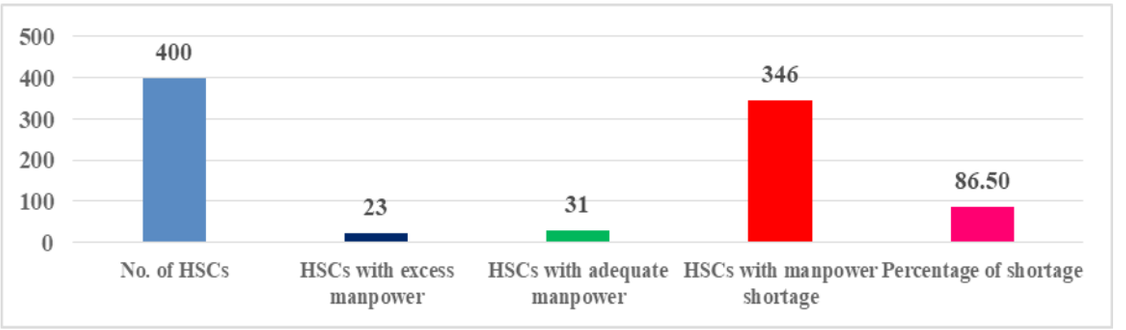
It can be seen from the above graph that overall vacancy position of Doctors/ Specialists, Nurses, Paramedics and Others in DHs, CHCs and PHCs in the State ranged between 19 to 73 *per cent*. Shortage was least for other staff and highest for the nurses.

2.3.2.3 District-wise Manpower Position in HSCs

The total no. of Health Sub-Centers (HSCs) in the State was stated to be 587 by the Directorate of Health Services (DHS). However, out of 587, only 400 HSCs were reporting their status of manpower in the HMIS portal of the State Health Society (SHS). Thus, there was a significant mismatch of data regarding HSCs between the two institutions. HSCs witnessed 87 *per cent* shortages of manpower in the State. District-wise position of manpower in HSCs is given in ***Appendix-2.7***. Availability of HSCs in the District and the number of the HSCs which witnessed shortages of manpower *vis-à-vis* the norms ranged from 54 to 100 *per cent*. Highest shortage was noticed in eight[29] districts (100 *per cent*) with no manpower whereas highest excess of 25 *per cent* was in Tirap district. The overall status of manpower in 400 HSCs is provided in **Chart 2.5**.

[29] Dibang Valley, Kra Daadi, Pakke Kesang, Shi Yomi, Siang, Upper Siang, Upper Subansiri and West Kameng

Chart 2.5: Overall Status of Manpower in HSCs



Source: Departmental records and HMIS Data

The findings of the SSCA are discussed in the succeeding paragraphs.

2.3.2.4 OPD Services in the DHs and CHCs

Outpatient Department is structured as the primary point of communication between the patient and medical professionals. In OPD, patients are examined by OPD doctors and further diagnostic tests are prescribed, where necessary, for evidence-based diagnosis and/ or drugs are prescribed or admission in IPD is advised based on the diagnosis.

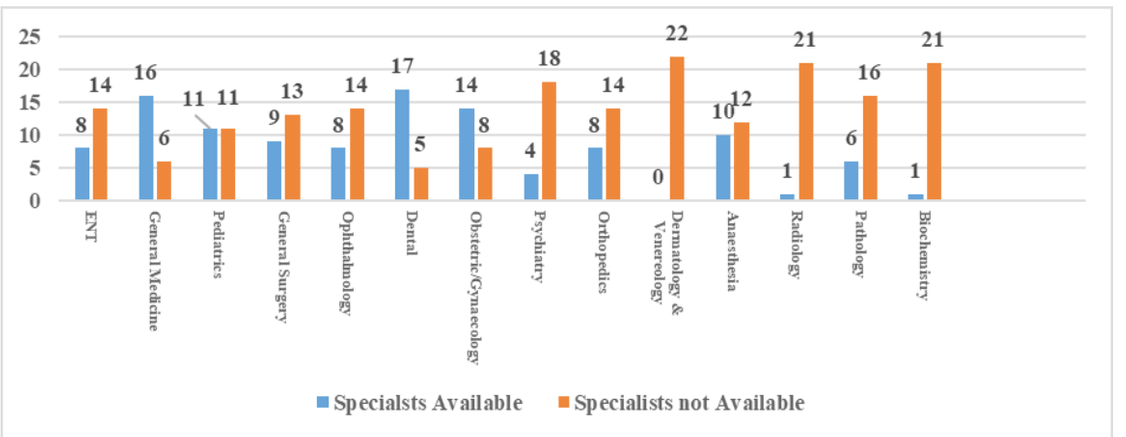
Audit findings pertaining to OPD services in the health facilities are as follows:

(i) Availability of Specialist Services in OPD in DHs

According to IPHS norms, the District Hospitals are supposed to provide the Out Patient Department (OPD) services in General Medicine, General Surgery, Obstetrics & Gynaecology, Paediatrics, Ophthalmology, Otorhinolaryngology (ENT), Orthopedics, Psychiatry, Dental Care *etc*.

Status of availability of specialist services in OPD in 22 DHs in the State is reflected in **Chart 2.6.**

Chart 2.6: Status of availability of specialist services in OPD



Source: Departmental records

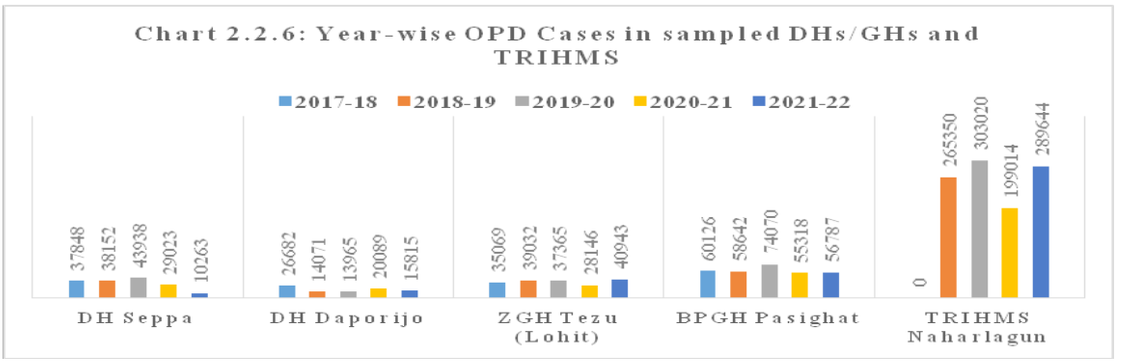
It can be seen from the above graph that specialist services of Dermatology & Venereology were not available in any of the DHs/GHs. Further, specialists of Radiology and Biochemistry were available only in DH, Bomdila. Moreover, 11 to 18 DHs/ GHs in the State did not provide specialist services of Pediatrics (11), Anesthesia (12), Orthopedics (14), Pathology

(16) and Psychiatry (18). However, all the specialist services except Biochemistry were available at the State level hospital in TRIHMS.

(ii) Inadequacy of registration counters in the sampled DHs

The 'waiting time' at the Reception/ Registration counter of a health facility plays a vital role in developing trust in the quality of service of medical treatment or diagnosis and long waiting time in hospital causes dissatisfaction among patients. Assessor's Guidebook estimates the average time required for registration to be 3-5 minutes per patient, which roughly works out to about 20-12 patients/ hour per counter. Year-wise OPD cases for the period 2017-22 of the sampled District Hospitals are shown in **Chart 2.7.**

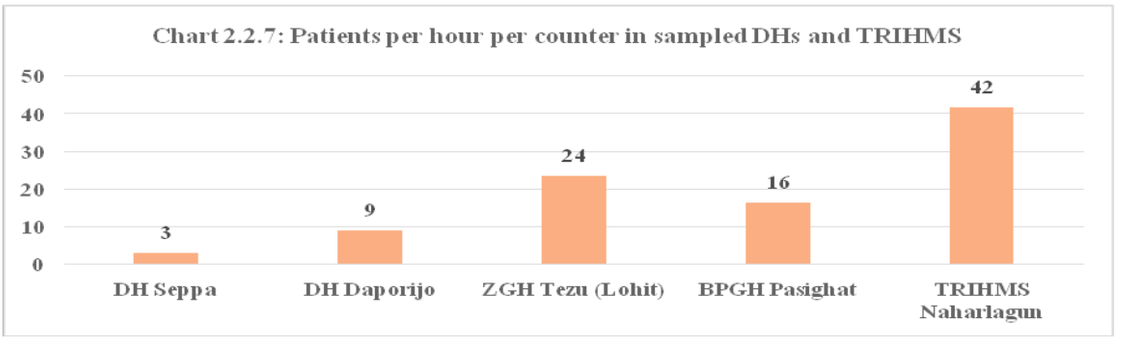
Chart 2.7: Year-wise OPD cases for the period 2017-22 in sampled Hospitals



Source: *Departmental records*

The average time taken by OPD counters in sampled Hospitals to register patients ranged from 3-42 minutes, as indicated in **Chart 2.8.**

Chart 2.8: Average Time (in minutes) required to register patients in sampled Hospitals

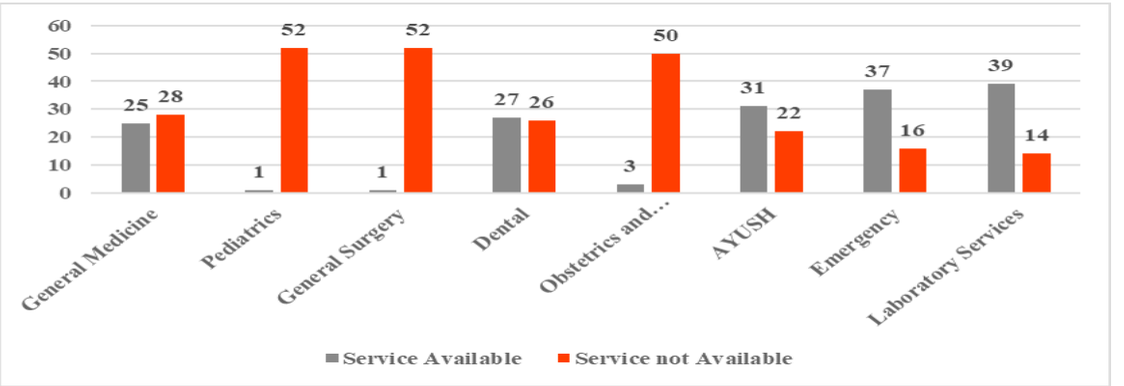


Source: Information furnished by Hospitals

(iii) Availability of Specialist Services in OPD in CHCs

According to IPHS norms (April 2022) the CHCs are supposed to provide the Out Patient Department (OPD) services in General Medicine, General Surgery, Obstetrics & Gynaecology, Paediatrics, Dental Care, AYUSH *etc*. Status of availability of specialists in 53 CHCs of the State is reflected in **Chart 2.9**.

Chart 2.9: Availability of services in 53 sampled CHCs



Source: Departmental records

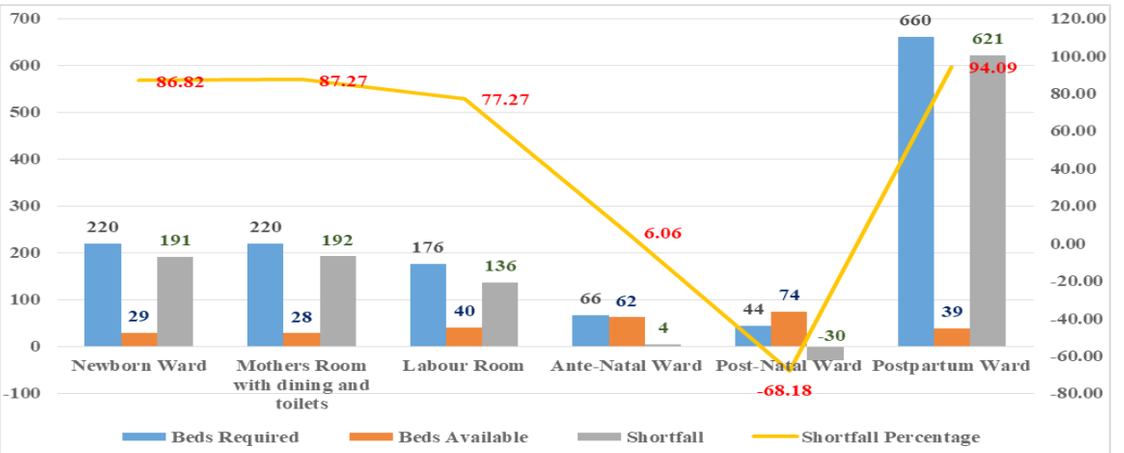
It could be seen from the above graph that specialist services of Pediatrics and General Surgery were available in only one CHC (Pediatrics- CHC Doimukh and General Surgery- CHC Ruksin) out of 53 CHCs. Further, specialist of Obstetrics and Gynaecology was also available in only three CHCs of the State. Moreover, 14 to 28 CHCs in the State did not provide facilities of Laboratory Services (14), Emergency (16), Dental (26) and General Medicine (28).

2.3.2.5 Availability of beds in the District Hospitals in the State

As per IPHS norms, the DHs are classified into five[30] grades from Grade-I to Grade-V District Hospital according to the bed strength of the respective hospitals. In Arunachal Pradesh there were 22 DHs/GHs, out of which only three[31] DHs/GHs had 100 or more beds whereas two[32] DHs had eight beds each which is even lesser than the minimum required beds in CHCs (30 beds) as per IPHS norms.

Requirement and availability of beds in maternal and childcare wards as per IPHS norms in 22 DHs/GHs are shown in **Chart 2.10**.

Chart 2.10: Requirement and availability of Beds



Source: Information furnished by DHs

[30] Grade -I DH with 100 beds, Grade-II with 200 beds, Grade-III with 300 beds, Grade-IV with 400 beds and Grade-V with 500 beds District Hospital

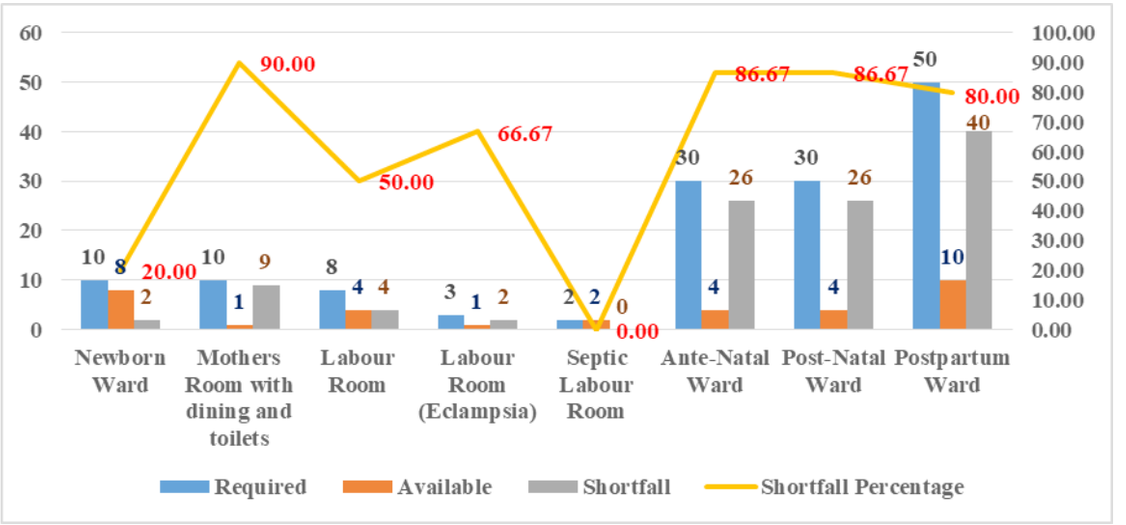
[31] Tawang, Lower Subansiri and Pasighat

[32] Kamle and Siang

Shortfall in availability of beds in Maternity and Child Care Wards ranged from 6 to 94 *per cent* for different wards across the 22 DHs/GHs in the State. However, Post-Natal Wards were in excess by 68.18 *per cent* across the DHs.

Further, in TRIHMS, though there were sufficient Septic Labour Rooms as per IPHS norms, other Maternity and Child Care wards had shortages of beds ranging from 20 to 90 *per cent* as depicted in **Chart 2.11**.

Chart 2.11: Shortage of beds in TRIHMS

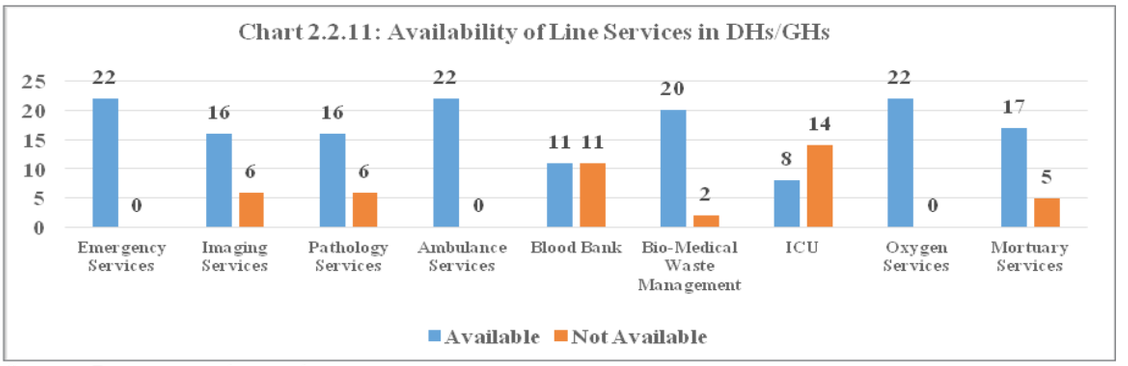


Source: Information furnished by TRIHMS

2.3.2.6 Availability of Line Services in DHs in the State

According to the IPHS norms, the District Hospitals are supposed to provide essential services like emergencies and Critical care/ ICU and line services like Ambulance, Blood Bank, Imaging Services etc. Status of availability of essential and line services in 22 DHs/ GHs in the State is shown in **Chart 2.12**.

Chart 2.12: Status of availability of essential and line services



Source: Departmental records

It can be seen from **Chart 2.12** that services of ambulance, emergency and oxygen were available in all the DHs/GHs. However, Critical care/ ICU was not available in 14 out 22 DHs/GHs. Further, imaging and pathology services were available in 16 DHs of the State. Moreover, the facility of blood bank was not available in 11 DHs whereas the facility of Bio-Medical Waste management and Mortuary was not available in two to five DHs.

However, all the essential and line services were available at the State level hospital in TRIHMS.

2.3.2.7 Availability of Support Services in the sampled District Hospitals

According to the IPHS, the DHs are supposed to provide dietary and laundry support services to the patients admitted in the IPD. All the five sampled DHs were providing these two support services to the IPD patients.

2.3.2.8 Status of Implementation of PMJAY in Arunachal Pradesh

Ayushman Bharat is a flagship health scheme of the Government of India, launched on 23 September 2018 to achieve Universal Health Coverage (UHC) as recommended in the National Health Policy, 2017. Pradhan Mantri Jan Arogya Yojana (PMJAY) aims to provide health insurance cover of ₹5.00 lakh per family per year for secondary and tertiary care hospitalization.

For universal coverage of health services, two programmes were being implemented in the State: PMJAY, a Central Scheme and Chief Minister Arogya Arunachal Yojana (CMAAY), the corresponding State Scheme.

Data on Monthly Per Capita out of Pocket expenditure on health as a share of Monthly per Capital consumption Expenditure was not available with the Department. Further, study or survey was not conducted to compile data.

Due to non-availability of data, Government could not assess the current load of expenses on targeted people and plans to reduce it.

An internal team in place of State Empanelment Committee (SEC) was constituted in the State for implementation of PMJAY. District Implementation Units (DIUs) were set up in 22 districts and formation of DIUs was in process in the remaining three districts *viz.* Lohit, Siang, and East Kameng and ICR (Itanagar Capital Region) in Papum Pare District.

The State had empaneled 62 hospitals (44 public hospitals, 16 GoI hospitals and 02 private hospitals) under PMJAY and 28 private hospitals under CMAAY as of March 2022.

The trends of beneficiary admissions in public hospitals and private hospitals and claims paid to hospitals during 2018-19 to 2021-22 as given by the Department are shown in **Tables 2.29 to 2.32**.

Table 2.29: Number of beneficiaries admitted in public and private hospitals under PMJAY during 2018-19 to 2021-22

Portability/ Non-Portability	Private/ Public Hospital	Number of beneficiaries admitted in public and private hospitals during the financial year(s):				Grand Total
		2018-19	2019-20	2020-21	2021-22	
Portability	Public	9	6	13	18	46
	Private	10	4	2	19	35
Non- Portability	Public	151	1175	156	179	1661
	Private	0	7	1	89	97
Total						**1839**

Source: Departmental records

Table 2.30: Amounts of claim paid to public and private hospitals under PMJAY during 2018-19 to 2021-22

Nature of Hospital	Claims paid during the years (₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	Total
Public	0.07	1.07	0.68	0.29	2.11
Private	0.02	0.09	0.03	0.21	0.35

Source: Departmental records

Table 2.31: Number of beneficiaries admitted in public and private hospitals under CMAAY during 2018-19 to 2021-22

Portability/ Non-Portability	Private/ Public Hospital	Number of beneficiaries admitted in public and private hospitals during the financial year(s):				Grand Total
		2018-19	2019-20	2020-21	2021-22	
Portability	Public	36	60	46	387	529
	Private	27	97	75	266	465
Non- Portability	Public	236	1940	1877	4337	8390
	Private	0	21	143	837	1001
Total						**10385**

Source: Departmental records

Table 2.32: Amounts of claim paid to public and private hospitals under CMAAY during 2018-19 to 2021-22

Nature of Hospital	Claims paid during the years (₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	Total
Public	0.0911948	1.3728052	1.4736528	10.435749	13.37
Private	0.0075	0.3296694	1.0481925	4.6214306	6.01

Source: Departmental records

(i) Implementation of PMJAY and CMAAY

Under PMJAY, ₹4.01 crore was allocated during 2018-19 to 2021-22, out of which ₹2.95 crore was utilised. A total of 4,27,100 beneficiaries were identified to be eligible for benefits under the Scheme in the State based on Socio-Economic Caste Census 2011, out of which 46,503 were verified as of March 2022. A total of 1,749 beneficiaries availed treatment amounting to ₹2.46 crore as of March 2022.

Before CMAAY Scheme, Arunachal Pradesh Chief Minister Universal Health Insurance Scheme (APCMUHIS) was launched in February 2014 on insurance model. Under the scheme, ₹30 crore and ₹50 crore were sanctioned in 2016-17 and 2018-19 respectively. However, only ₹24.91 crore was released to the Society in 2016-17 and no fund was released during 2018-19. As the Scheme was in transition phase from APCMUHIS to CMAAY (from Insurance to Assurance), fund was not deposited into the Society's account. Further, no fund was released during 2020-21.

The Society was designated as State Health Agency and is implementing Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PMJAY) and Ayushman Bharat Digital Mission (ABDM) besides Chief Minister Arogya Arunachal Yojana (CMAAY).

During the period 2018-22, a total of 9,43,358 beneficiaries were identified as target population under the CMAAY scheme in the State. Health Cards were issued to 4,83,243 beneficiaries (till March 2022) and 9,593 beneficiaries availed treatment amounting to ₹19.4 crore.

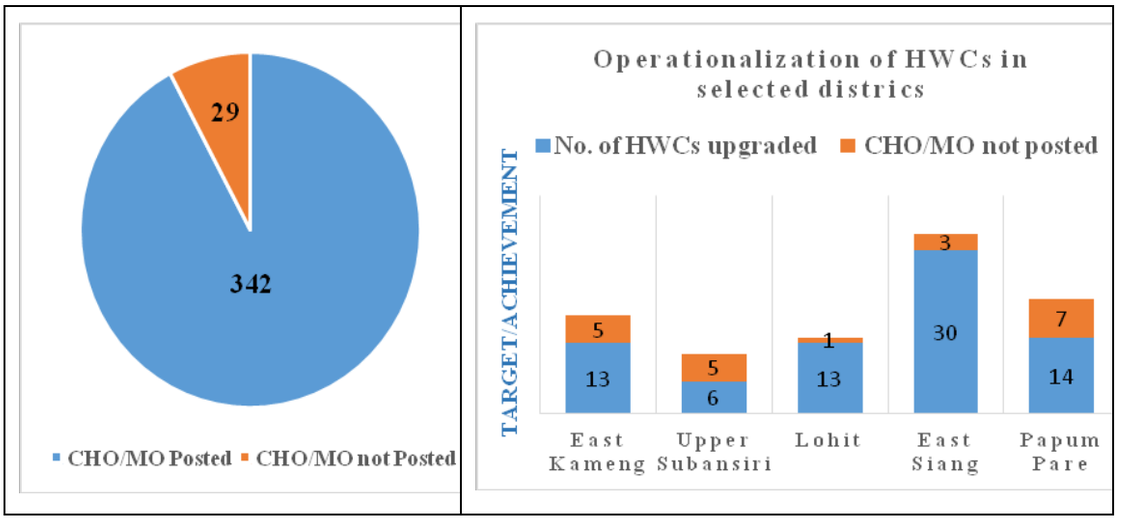
District-wise beneficiaries verified and enrolled under the two schemes till March 2023 are given in ***Appendix-2.8.***

2.3.2.9 Operationalisation of Health and Wellness Centres (HWCs)

In February 2018, the Government of India announced the creation of 1,50,000 Health and Wellness Centres (HWCs) by transforming existing Sub Centres and Primary Health Centres as the base pillar of Ayushman Bharat. These centres would deliver Comprehensive Primary Health Care (CPHC) bringing healthcare closer to the homes of people covering both maternal and child health services and non-communicable diseases, including free essential drugs and diagnostic services.

Out of 371, 29 HWCs were functioning without any Medical Officer/Community Health Officer (MO/CHO) as shown in **Chart 2.13**.

Chart 2.13: Upgradation of Health and Wellness Centre



It can be seen from **Chart 2.13** that Lohit (93 *per cent*) and East Siang (90 *per cent*) districts performed better in operationalization of HWCs. However, percentage of non-operationalization of HWCs ranged from 83 (Upper Subansiri) to 08 (Lohit) *per cent* in the five sampled districts.

2.3.2.10 Medical College in the State

During the period of audit from 2017-18 to 2021-22, the first medical college of the State, namely Tomo Riba Institute of Health and Medical Sciences (TRIHMS) was established in 2017. Academic Session in TRIHMS commenced from 2018-19 with an intake capacity of 50 MBBS students. Shortfall in teaching faculty in the posts of Professor and Assistant Professor was ten and eight respectively. The medical college was yet to be affiliated for any Post-Graduate Course.

2.3.3 Planning for National Health Programmes

As per the Operational Guidelines for Financial Management of NHM, a bottom-up approach for planning and budget is to be followed. The process begins at the block level, which prepares the "Block Health Action Plan" based on input/discussions with the implementing units and sends to the district. These Block Health Action Plans are then aggregated to form an "Integrated District Health Action Plan (IDHAP)" which is further

sent to the State Level. The IDHAPs of all districts are compiled and aggregated at the State level for framing the "State Program Implementation Plan (SPIP)". All SPIPs are reviewed and compiled to estimate the next year's fund requirements for programme activities under NHM.

Scrutiny of records revealed that the State Health Society (SHS) gave instructions to the District Health Societies to prepare IDHAP every year during the period from 2017-18 to 2021-22. However, it was observed that IDHAPs submitted by the districts were not compiled and aggregated in the preparation of SPIP at the State level. It was stated that the SPIPs were prepared by taking inputs directly from the district offices since the proposals of the districts were unrealistic and the districts did not submit their plans on time. However, no such supporting records of consultations with the districts were made available to audit. Thus, the purpose of bottom-up approach planning was defeated due to unrealistic and untimely submission of IDHAPs by the districts during the entire five-year period of 2017-22.

Due to absence of effective bottom-up approach in planning, actual requirements of PHCs and CHCs were not considered by conducting baseline survey of PHCs and CHCs. This was evident from non-availability of dietary (**Paragraph 2.3.15**) and laundry services (**Paragraph 2.3.15**), basic medicines, equipment, ambulance with basic life support (**Paragraph 2.3.18**) at the sampled PHCs and CHCs. Observations pertaining to lack of facilities in the sampled PHCs and CHCs are discussed in the above-mentioned Paragraphs later in the Report.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and assured to take corrective measures for bottom-up approach planning of the National Health Programmes.

2.3.4 Budget allocation and expenditure

The Health and Family Welfare Department, Government of Arunachal Pradesh received funds from two main sources: (i) State budget and (ii) Grants-in-Aid from GoI, under National Health Mission (NHM) with corresponding share of the State Government.

2.3.4.1 Funds under State Budget

National Health Policy (NHP), 2002 envisages that the State Governments has to increase commitment to Health Sector up to eight *per cent* of their budget by 2010, while NHP 2017 envisages raising Public Health Sector spending to more than eight *per cent* of the budget by 2020. The State Government did not frame its own Health Policy but adopted the NHP. The budget allotment and expenditure of the State Government and of the Health and Family Welfare Department during 2017-23 is shown in **Table 2.33.**

Table 2.33: Budget allocation and expenditure during the period 2017-23

(₹ in crore)

Figure	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Budget Allocation	20141.23	26835.17	23487.10	25600.81	27920.97	32965.08	156950.36
Expenditure	14526.37	18457.16	16281.40	18674.05	22934.60	26268.78	117142.36
Outlay on Health	1119.69	1776.74	1506.30	1048.85	1407.13	1672.34	8531.05
Expenditure on Health	935.23	1117.62	1003.40	939.56	1372.34	1578.08	6946.23

Figure	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Savings against Health Allocation	184.46	659.12	502.90	109.29	34.79	94.26	1584.82
Percentage Savings	16.47	37.10	33.39	10.42	2.47	5.64	18.58
Percentage of Outlay on Health to Budget Allocation	5.56	6.62	6.41	4.10	5.04	5.07	5.44
Percentage of Expenditure on Health to Total Expenditure	6.44	6.06	6.16	5.03	5.98	6.01	5.93
GSDP	22474.77	25334.86	30025.23	30945.33	35483.76	39671.24	-
Percentage of Expenditure on Health as compared to GSDP of State	4.16	4.41	3.34	3.04	3.87	3.98	-

Source: Appropriation Accounts and State Finances Audit Report

As can be seen from **Table 2.33**, budgetary outlay on health services in the State during the six-year period 2017-2023 ranged from 4.1 *per cent* of the State budget in 2020-21 to 6.62 *per cent* in 2018-19. In none of the years the State Government allocated 8 *per cent* of its budget to the health sector. Expenditure on health services as percentage of total expenditure ranged from 5.03 *per cent* in 2020-21 to 6.44 *per cent* in 2017-18 and did not reach 08 *per cent* in any of the audit period. The Department did not utilise the allocated funds during the six-years period 2017-2023 with savings of ₹34.79 crore in 2021-22 and ₹659.12 crore in 2018-19. Due to low utilisation of funds, basic health facilities faced significant deficiencies in infrastructure (**Paragraph 2.3.7**), shortage of specialist doctors, nurses, paramedics (**Paragraph 2.3.2.2**), diagnostics (**Paragraph 2.3.9.4**), emergency (**Paragraph 2.3.10.4**) and support services (**Paragraph 2.3.2.7**) *etc.* as observed in the sampled health facilities.

The Department during the Exit Conference (28 February 2023) stated that it was aware of the shortcoming and will take necessary corrective measures.

2.3.4.2 Funds under National Health Mission

Funds under NHM were sanctioned to the State by the GoI in the form of Grants-in-Aid and were released to the Mission Director, NHM, Government of Arunachal Pradesh (GoAP) based on the Approved State Programme Implementation Plans (SPIPs). The year-wise position of receipt of funds and expenditure incurred by the Mission Director, NHM during the five-year period 2017-18 to 2021-22 is shown in **Table 2.34.**

Table 2.34: Receipts and Expenditure by NHM

(₹ in crore)

Year	Opening Balance	Funds received from				Expenditure	Unspent Balance percentage)
		GoI	GoAP	Interest	Total		
2017-18	81.84	191.39	19.52	1.74	294.49	166.83	127.66 (43)
2018-19	127.66	192.54	16.89	2.45	339.54	173.16	166.38 (49)
2019-20	166.38	156.84	28.39	2.18	353.79	223.46	130.33 (37)
2020-21	130.33	221.29	25.31	1.63	378.56	261.01	117.55 (31)
2021-22	117.55	169.31	25.58	0.76	313.20	143.00	170.20 (54)
2022-23	170.20	204.36	22.70	0.89	398.15	390.19	7.96 (2)
Total		**1135.73**	**138.39**	**9.65**	**-**	**1357.65**	-

Source: State Health Society, NHM, GoAP

As can be seen from **Table 2.34**, out of the total funds of ₹1,365.61 crore[33] available during 2017-22, the Mission Director, NHM could utilise ₹1,357.65 crore (99 *per cent*).

2.3.5 Audit objectives

The compliance audit was conducted to ascertain that:

i. primary healthcare infrastructure and services are available and properly managed,

ii. support services in the primary health care facilities are available and adequate,

iii. there was efficient utilisation of assets created for medical emergencies in the State, and

iv. the health and wellbeing conditions of people have been improved as per SDG 3.

2.3.6 Audit Scope and Methodology

The scope of audit involved assessing the functioning of the sampled PHCs/UPHCs and CHCs (***Appendix-2.9***) during 2017-22 and evaluating the outcomes of the selected indicators. Out of 13 CHCs and 42 PHCs in the five Districts[34], nine CHCs and 10 PHCs/ UPHCs (two PHCs/UPHCs and two CHCs from each district) were sampled by adopting Probability Proportional to Size without Replacement (PPSWOR) method for detailed scrutiny. The districts sampled were the same as those sampled in the Performance Audit of Select District Hospitals in Arunachal Pradesh (Report No. 2 of 2020) in order to maintain a holistic view.

Audit was conducted during June to September 2022. The audit examination included scrutiny of records maintained at the Directorate of Health Services (DHS), Directorate of Family Welfare (DFW), office of the Mission Director (MD), National Health Mission (NHM), Arunachal Pradesh, offices of the District Medical Officers (DMOs) and sampled CHCs and PHCs/UPHCs covering two geographical regions *viz.* two districts in the Eastern Region and three districts in the Western Region.

Further, the Districts Hospitals/General Hospitals (DHs) and the State Hospital (TRIHMS) in the sampled districts were also covered to ascertain the status of utilisation of infrastructure created and equipment procured and installed during the COVID pandemic for meeting emergencies in future.

Audit methodology involved scrutiny and analysis of records/ data as per the audit objectives, scope and criteria, evidence gathering by scanning of records, joint physical inspection of various facilities of the sampled health care facilities and by taking photographs, issuing questionnaires/ audit observations, and obtaining replies, *etc.* The audit observations are suitably incorporated in this Report.

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[33] ₹81.84 crore + ₹1,135.73 crore + ₹138.39 crore + ₹9.65 crore

[34] East Kameng- one CHC and eight PHCs, Lohit- two CHCs and four PHCs, Papum Pare- four CHCs and 16 PHCs/ UPHCs, East Siang- two CHCs and nine PHCs/ UPHCs and Upper Subansiri- four CHCs and five PHCs.

Audit findings

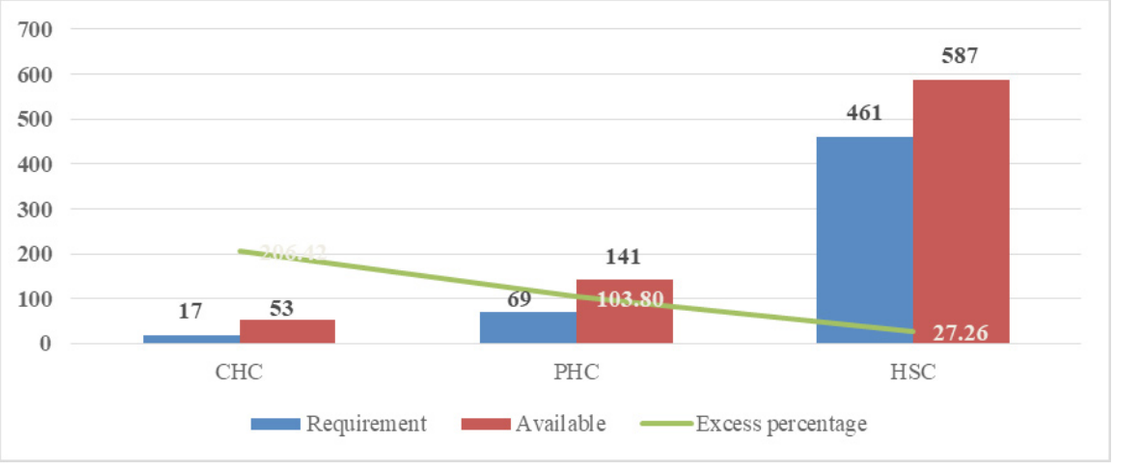
Audit objective 1: Whether primary healthcare infrastructure and services are available and properly managed.

2.3.7 Physical infrastructure

2.3.7.1 Availability of CHCs, PHCs and HSCs

The required number of health facilities as per IPHS norms, their availability and shortfall thereof, against the three categories of healthcare infrastructure as of March 2023 is shown in **Chart 2.14**.

Chart 2.14: Requirement and Availability of CHCs, PHCs & HSCs



Source: Departmental records

As per the norms, the overall availability of CHCs, PHCs and HSCs in the State was in excess of the requirement.

2.3.7.2 Non-availability of Blood Storage facilities

As per Assessor's Guidebook for CHCs, blood storage and transfusion services pertain to essential services that CHC should provide to the needy patients.

Audit noticed that out of the nine sampled CHCs, blood storage and transfusion Services were available in CHC, Ruksin only. The major and minor surgeries including C-section delivery could not be performed due to non-availability of blood storage and transfusion services in the remaining sampled CHCs. Thus, referral of 1,092 (5.98 *per cent*) out of 18,260 patients admitted in IPD in the sampled CHCs during the period 2017-22 to District and State level health care facilities may be attributed to non-availability of blood storage and transfusion Services.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and stated that gap analysis of the health facilities has been conducted. It further stated that deficit in health infrastructure will be strengthened with funding from Health System Strengthening (HSS) component of NHM and from the resource allocation under the 15th Finance Commission.

2.3.8 Availability of services manpower in the sampled health facilities

Availability of manpower *vis-à-vis* IPHS norms in sampled health facilities is discussed below (details are given in ***Appendix-2.10***).

Asymmetric distribution of doctors in the sampled CHCs was noticed with 36 *per cent* excess doctors in CHC Ruksin and a shortfall of 36 to 91 *per cent* doctors in seven other CHCs. Similarly, the deployment of nurses and paramedical staff across the sampled CHCs suffered shortage of 43 to 97 *per cent*.

There was excess deployment of doctors ranging from one to seven in the sampled PHCs. However, no doctor was posted at PHC Bulla Camp. Further, deployment of nurses and paramedical staff across the sampled PHCs suffered shortage of 33 to 67 *per cent* in three PHCs, while Chimpu had 933 *per cent* excess manpower in this category.

The shortage of doctors especially Specialists Doctors and Nurses is an area of concern as the patients are deprived of quality treatment.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and stated that it has framed a Transfer Policy to ensure that the staff is posted rationally according to the sanctioned strength of the health facilities and this is expected to help the situation.

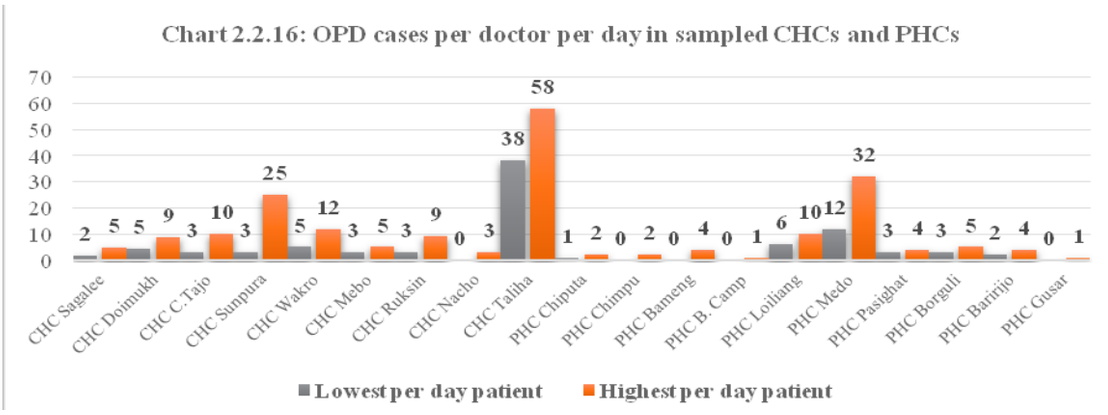
2.3.9 Out-Patient Department Services in PHCs and CHCs

Out-Patient Department (OPD) normally remains integrated with the in-patient services and is staffed by physicians and surgeons who also attend inpatients in the wards. Many patients are examined and given treatment as outpatients before being admitted to the hospital later as inpatients. Audit findings pertaining to OPD services like consultation time and other basic facilities/services are discussed in the following Paragraphs:

2.3.9.1 Patient load in OPD

It was noticed that OPD cases per doctor were low in sampled CHCs and PHCs during 2017-18 to 2021-22 except CHC Sunpura, CHC Taliha and PHC Medo as shown in **Chart 2.15** which indicates that patients preferred higher level of health facilities for treatment. However, patient load was low in seven[35] health facilities despite sufficient or excess doctors as shown in ***Appendix-2.10***.

Chart 2.15: OPD cases per doctor per day in sampled CHCs & PHCs



Source: Records of sampled health facilities

[35] CHCs: Doimukh & Ruksin and PHCs: Bameng, Medo, Pasighat, Chimpu & Chiputa

2.3.9.2 Availability of Basic Services in OPD in sampled PHCs and CHCs

Audit observed that out of 19 sampled health facilities none of them had all required basic facilities like functional AYUSH clinic, DOTS clinic, NCD clinic, geriatric clinic, water, purifier, fire extinguisher *etc*. Due to non-availability of basic facilities, the patients were deprived of quality treatment as envisaged under IPHS norms.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and stated that gap analysis of the health facilities has been conducted. It further stated that deficit in health infrastructure will be strengthened with funding from Health System Strengthening (HSS) component of NHM and from the resource allocation under the 15th Finance Commission. However, the Department could not furnish a copy of the Gap Analysis carried out by them.

2.3.9.3 Availability of Specialists in OPD in sampled CHCs

Availability of specialists as per IPHS norms in sampled health facilities is discussed below (details are given in ***Appendix-2.11***).

- Psychiatrist and Neonatologist were not available in any of the sampled health centres. Pediatrics specialist was available only in CHC, Doimukh.
- The ENT specialist, Dermatologist, Venereologist and Orthopedics were available only in CHC, Sagalee whereas Eye specialist, General Surgeon and Ophthalmologist were available in two CHCs, Sagalee and Ruksin.
- Only three sampled health facilities had Dental and Postpartum specialists.

In absence of medicine specialist in the sampled CHCs, General Duty Medical Officers (GDMOs) were providing the services of medicine treatment to the patients.

Due to non-availability of specialist service in CHCs, patients from rural areas had to travel to DHs for better treatment; thereby increasing out of pocket expenses of the patients and burdening resources of the DHs. It was confirmed that 1,551 (3.96 *per cent*) out of 39,105 patients emergency cases in sampled CHCs during the period 2017-22 were referred to District and State level health care facilities.

The Department during the Exit Conference (28 February 2023) agreed to the audit observation but also added that Arunachal Pradesh Public Service Commission (APPSC) has been approached to fill up the vacancies of Specialists. However, posts could not be filled up due to lack of aspirants.

2.3.9.4 Availability of diagnostic services

As per Assessor Guidebook, the health facilities should provide diagnostic service which covers availability of Laboratory, Radiology and other diagnostics services in the respective Departments.

(i) Free Essential Diagnostic Initiative

The Government of India under the National Health Mission launched (July 2015) the Free Essential Diagnostics Initiative to address high out of pocket expenditure on diagnostics.

In Arunachal Pradesh, the Free Essential Diagnostics Initiative was launched from 2020-21 on PPP model. During the period 2020-22, ₹11.36 crore was incurred on implementation

of the Scheme. The services under the Scheme were launched in TRIHMS, 21 DHs/GHs, 14 CHCs (out of 53) and 25 PHCs/UPHCs (out of 141). However, none of the 587 HSCs was covered under the Scheme. Out of 09 sampled CHCs, only 04 CHCs (Mebo, Ruksin, Doimukh and Sagalee) and out of 10 sampled PHCs, only 04 PHCs/ UPHCs (Banskata, Borguli, Chimpu and Chiputa) were covered under the Scheme.

The Department during the Exit Conference (28 February 2023) accepted the audit observation.

(ii) Availability of Radiology services

The role of radiology is central to the detection, staging and treatment of diseases. Therefore, adequate availability of functional radiology equipment, skilled human resources and consumables are the key requirements for the delivery of quality radiology services. IPHS norms prescribed services of X-ray and Ultrasound for CHCs.

X-ray and Ultrasound facilities were not available in-house in any of the sampled CHCs except at CHC, Wakro. However, the Free Essential Diagnostics Scheme provided ultra-sonography service at CHCs in Sagalee and Mebo.

The Department during the Exit Conference (28 February 2023) accepted the audit observation.

2.3.9.5 Laboratory services in CHCs and PHCs

As per IPHS norms, 33 and 16 types of pathological investigations in respect of CHCs and PHCs respectively are to be carried out under different categories, *viz.*, clinical pathology, pathology, microbiology, serology, biochemistry *etc.*

Audit observed that the complete range of pathological investigations was not available in any of the sampled CHCs and PHCs as shown in ***Appendix-2.12*.** Availability of pathological investigations in the sampled CHCs and PHCs is discussed as below:

- None of the test facilities were available in Chayangtajo, Nacho & Taliha CHCs. Pathology Test for total RBC count was not available in four CHCs (Nacho, Taliha, Sunpura and Doimukh).
- Tests under Stool Analysis were not available in any of the CHCs except Wakro.
- Test facilities under Microbiology services were not available in any of the CHCs except Sagalee. ECG facilities were not available in any of the sampled CHCs.
- Liver function test, Kidney function test and Lipid Profile (Biochemistry) test were not available in any of the sampled CHCs except Sagalee, Mebo and Ruksin CHCs.
- PHCs lacked investigation facility under one or more sub-categories of Clinical Pathology, Serology and Biochemistry.

It was also observed that the in-house laboratory facility did not have National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation. Shortage of paramedics in the sampled CHCs and PHCs as discussed earlier was one of the reasons for non-availability of the services. Non-availability of diagnostic services as prescribed in IPHS norms deprived the patients from availing evidence based health care.

The Department during the Exit Conference (28 February 2023) accepted the audit observation. It was added that gap analysis of the health facilities has been conducted. It was further stated that deficit in health infrastructure will be strengthened with funding from Health System Strengthening (HSS) component of NHM and from the resource allocation under the 15th Finance Commission.

2.3.10 In-Patient Department Services in the PHCs and CHCs

Availability of doctors, nurses, essential drugs/ equipment, dietary services and patient safety along with performance evaluation of IPD services is discussed in the succeeding Paragraphs.

2.3.10.1 Availability of in-patient services in the Primary and Community Health Centres

As per IPHS norms, CHCs should have 30 indoor beds with one Operation theatre, labour room, X-ray, ECG and laboratory facility. Further, as per Assessor's Guidebook, CHCs should also provide specialist care in medicine, surgery, obstetrics, gynaecology, paediatrics, dental and AYUSH which includes availability of OPD consultation, indoor services, surgical procedures and emergency care under different specialties *e.g.* medicine, surgery, pediatrics, *etc.*

Audit observed that in CHCs Chayangtajo, Sunpura and Nacho; separate beds were not available for male and female patients. Only five common beds were available in Chayangtajo and Nacho whereas in Sunpura, seven common beds were available. IPD services were not available in CHC, Taliha. It was observed that availability of beds in none of the CHCs was as per IPHS norms. Further, audit observed that most of the required services were not available in the sampled CHCs as shown in **Table 2.35.**

Table 2.35: Availability of essential IPD services in sampled CHCs

Essential IPD Services	Community Health Centres								
	C. Tajo	Sunpura	Wakro	Nacho	Taliha	Mebo	Ruksin	Sagalee	Doimukh
General Medicine	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No Department wise facility available. All patients were kept under care of GDMOs including deliveries
Burn Ward	No	No	No	No	No	No	No	No	
ENT	No	No	No	No	No	No	No	No	
General Surgery	No	No	No	No	No	No	Yes	No	
Ophthalmology	No	No	No	No	No	No	No	Yes	
Orthopaedics	No	No	No	No	No	No	No	No	
Physiotherapy	No	No	No	No	No	No	No	No	
Accident & trauma	No	No	No	No	No	No	No	Yes	
Psychiatry	No	No	No	No	No	No	No	No	
Dialysis	No	No	No	No	No	No	No	No	
Paediatrics	No	No	No	No	No	No	Yes	No	
Dental	No	No	No	No	No	No	No	Yes	

Source: Joint Physical Verification data

Due to non-availability of all in-patient services, the CHCs could not provide comprehensive health care services to the people and 1,092 (5.98 *per cent*) out of 18,260 patients admitted in IPD in the sampled CHCs during the period 2017-22 were referred to District and State level health care facilities.

The Department during the Exit Conference (28 February 2023) accepted the audit observation. It was added that gap analysis of the health facilities has been conducted. It was further stated that deficit in health infrastructure will be addressed with funding from Health System Strengthening (HSS) component of NHM and from the resource allocation under the 15th Finance Commission.

2.3.10.2 Operation Theatre services

Operation Theatre (OT) is an essential service and as per IPHS norms; an Operation Theatre, surgeon and anaesthetist should be available in CHCs. However, it was observed that OT services were not available in any of the sampled facilities except CHC, Ruskin. Further, OT services for Ophthalmology and ENT along with Heat Ventilation Air Conditioning (HVAC) and Suction in OT were not available in CHC, Ruksin. Details of surgeries done at CHC Ruksin are shown in **Table 2.36.**

Table 2.36: Surgeries conducted in CHC Ruksin

Name of Hospital	Year	General	EYE	C-section deliveries
		No. of Surgeries	No. of Surgeries	No. of Surgeries
CHC Ruksin	2017-18	187	18	30
	2018-19	105	26	57
	2019-20	80	6	73
	2020-21	11	0	17
	2021-22	39	0	21

Source: Departmental records

In the sampled CHCs, No C-section deliveries could be conducted except CHC Ruksin due to lack of OT and patients had to visit higher health facilities for delivery which increased their out-of-pocket expenditure. Further, average annual surgeries performed per surgeon in the sampled CHCs during the period 2017-22 could not be analysed due to surgeries being performed in CHC, Ruksin only.

2.3.10.3 Referral of patients to higher facilities for better treatment

During 2017-22, 1,092 (5.98 *per cent*) out of 18,260 patients admitted in the sampled CHCs, were referred out as detailed in ***Appendix-2.13***.

Audit observed that CHCs; Nacho, Chayangtajo, Wakro and Mebo had referred out 39.65 *per cent*, 18.97 *per cent,* 13.32 *per cent* and 12.60 *per cent* of their patients respectively. Reasons attributed by the CHCs for the referral out of patients were non-availability of facilities, absence of specialised doctors and services as mentioned in **Paragraph 2.3.2.2**.

The Department during the Exit Conference (28 February 2023) accepted the audit observation.

2.3.10.4 Emergency and Trauma Care service

IPHS norms envisage 24x7 operational emergencies with dedicated emergency room in every health facility. Further, emergency cases should be attended in OPD during OPD hours and in inpatient units afterwards. It is recommended to have a separate earmarked emergency area to be located near the entrance of hospital preferably having 4 rooms (one for doctor, one for minor OT, one for plaster/dressing) and one for patient observation (at least four beds). Emergency should have dedicated triage, resuscitation and observation

area and screens shall be available for privacy and disaster management plan should also be put in place.

It was observed that basic emergency facilities were not available in most of the CHCs. The CHCs-wise availability of the equipment/facilities in emergency room is shown in **Table 2.37.**

Table 2.37: Availability of equipment/facilities in emergency room of sampled CHCs

Equipment/Facility	Sagalee	Doimukh	C.Tajo	Sunpura	Wakro	Mebo	Ruksin	Nacho	Taliha
Mobile X-ray	No	No	No	Yes	No	No	No	No	No
Side Labs	No	No	No	Yes	No	No	No	No	No
Plaster Room	No	No	No	Yes		No	No	No	No
Emergency Beds, Duty room for Doctors/Nurses/Paramedic staff	Yes	No	No	Yes	Yes	No	Yes	Yes	No
Separate Waiting area	Yes	Yes	No	Yes	Yes	No	Yes	No	No
Pulse Oximeter	No	No	No	No	No	No	Yes	No	No
ECG	No	No	No	No	No	No	No	No	No
Cardiac Monitor with Defibrillator	No	No	No	No	No	No	No	No	No
Multiparameter Monitor	No	No	No	No	No	No	No	No	No
Ventilator	No	No	No	No	No	No	No	No	No
Stretcher, wheelchair and trolley	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
No. of equipment/facility available	**3**	**2**	**0**	**6**	**3**	**0**	**4**	**2**	**0**

Source: Records of sampled CHCs

It can be seen from **Table 2.37** that none of the equipment/facility for emergency service was available in Chayangtajo, Mebo and Taliha. Further, availability of equipment/facilities ranged from two to six out of eleven in the remaining CHCs.

The Department during the Exit Conference (28 February 2023) accepted the audit observations and reiterated that gap analysis of the health facilities has been conducted. It further stated that deficit in health infrastructure will be strengthened with funding from Health System Strengthening (HSS) component of NHM and from resource allocation under the 15th Finance Commission. However, the Department is yet to furnish copies of the Gap Analysis carried out by them.

2.3.11 Maternal and Child Care

2.3.11.1 Maternal Mortality Rate (MMR)

Maternal Mortality Rate (MMR), Indicator 3.1.1 under SDG-3, refers to the number of women who die from pregnancy related causes while pregnant or within 42 days of pregnancy termination per 1,00,000 live births. MMR is not calculated in the State since annual live birth figure in the State is below 1,00,000.

Target of 100 *per cent* coverage was set against the Indicator 3.1.2 (proportion of births attended by skilled health personnel). As per SDG Index for NER districts 2021-22, six[36] districts had less than 90 *per cent* achievement, Longding had the least at 66.71 *per cent* whereas two districts (Upper Subansiri and West Kameng,) had 100 *per cent* achievement

[36] Longding, Namsai, Changlang, Tirap, Tawang and Lower Subansiri

and twelve districts had above 90 *per cent* achievement. For five[37] districts, the index score was shown as Null.

More institutional births and addressing the shortfall of nurses in these low performing districts can improve the index score.

Performance of various programmes implemented for improvement of the Indicators 3.1.1 and 3.1.2 and related issues are discussed in the succeeding paragraphs:

2.3.11.2 Janani Suraksha Yojana (JSY)

Launched on 12 April 2005, JSY integrates cash assistance with antenatal care during the pregnancy period, institutional care during delivery and immediate post-partum period in a health centre by establishing a system of coordinated care by field level health worker.

The following facilities/ activities were not undertaken for the benefit of the beneficiaries as envisaged in the guidelines:

- 24x7 delivery services were not operational in five[38] PHCs and First Referral Unit (FRU) was not operational for seven[39] PHCs.
- Medical Officers of three[40] CHCs out 19 sampled health facilities prepared a panel of experts agreeing to deliver services to the JSY beneficiary where govt. specialists were not available.
- Empanelment of two accessible private health institutions by District Health Societies/ District Reproductive and Child Health (DRCH) Societies were not done in sampled districts. Process of empanelment of three[41] private hospitals was in process in Papum Pare District.
- As per the Scheme guidelines, ₹500 is to be given to women delivering at home and ₹700 to women for institutional deliveries. Coverage of pregnant women during the period 2017-22 at the State level is shown in **Table 2.38**.

Table 2.38: Coverage of pregnant mothers on delivery under JSY in the State

(₹ in lakh)

Year	Number of institutional deliveries	Number of beneficiaries (institutional deliveries) covered under JSY	Percentage Coverage of institutional deliveries	Amount Paid	Number of Home deliveries	Number of beneficiaries (Home deliveries) covered under JSY	Percentage Coverage of Home deliveries	Amount Paid
2017-18	14139	14531	102.77	101.71	864	1188	137.50	5.94
2018-19	13109	12188	92.97	85.32	597	597	100.00	2.99
2019-20	15355	12020	78.28	84.14	419	136	32.46	0.68
2020-21	13083	13320	101.81	93.24	627	816	130.14	4.08
2021-22	17585	9600	54.59	67.20	848	494	58.25	2.47
Total	**73271**	**61659**	**84.15**	**431.61**	**3355**	**3231**	**96.30**	**16.16**

Source: Information furnished by State Health Society

[37] Kamle, Leparada, Lower Siang, Pakke Kessang and Shi Yomi
[38] Bulla Camp, Gusar, UPHC Pasighat, Chiputa and Chimpu
[39] Bameng, Bulla Camp, Medo, Gusar, Borguli, UPHC Pasighat, Chimpu
[40] CHC Nacho, CHC Taliha, CHC Sagalee
[41] R K Mission Hospital, Heema Hospital, Niba Hospital

It can be seen from **Table 2.38** that during the last five years, 84.15 *per cent* of institutional deliveries and 96.30 *per cent* of home deliveries were covered in the State under JSY Scheme. During 2017-18 and 2020-21, more than 100 *per cent* coverage was due to backlog payments for institutional deliveries and home-based deliveries. Further, reason for less coverage in 2019-20 and 2021-22 was due to faulty or incomplete accounts details of beneficiaries.

Coverage of pregnant women from 2017-18 to 2021-22 in five sampled districts is shown in **Table 2.39.**

Table 2.39: Coverage of pregnant mothers on delivery under JSY in five sampled districts (during 2017-22)

(₹ in lakh)

District	Number of institutional deliveries	Number of beneficiaries covered	Percentage of Coverage	Amount paid	Amount to be paid	Difference in amount paid
A	B	C	D	E	F (CX700)	G (E-F)
East Kameng	4,065	2,665	65.56	18.66	18.66	0.00
Lohit	4,490	2,575	57.35	19.29	18.03	+1.27
Upper Subansiri	3,241	4,301	132.71	28.11	30.11	-2.00
East Siang	10,078	10,078	100.00	13.17	70.55	-57.38
Papum Pare	15,117	2,767	18.30	17.82	19.37	-1.55

Source: Information furnished by District Health Societies

As can be seen from **Table 2.39**, coverage of pregnant women for payment under JSY for institutional deliveries was less in East Kameng, Lohit and Papum Pare districts whereas higher coverage in Upper Subansiri was due to backlog cases of institutional deliveries. It is evident from **Table 2.39** that all the beneficiaries covered under JSY were not paid as per their entitlement in Upper Subansiri, East Siang and Papum Pare districts. The shortfall in the payment to beneficiaries ranged between ₹1.55 lakh to ₹57.38 lakh. Thus, the beneficiaries of JSY in these districts were deprived of their actual entitlement ***(****detailed in* ***Appendix-2.14).***

It was also observed that in Arunachal Pradesh 57.09 *per cent* of pregnant women registered for ANC had institutional delivery in 2021-22. This indicated people's lack of faith in govt. health facilities as they did not complete ANC check-up in govt. health facility and migrated to private facilities for delivery ***(Appendix-2.15).***

Reasons for short coverage of institutional and home deliveries were receipt of lesser number of applications from beneficiaries, non-receipt of report from health facilities, and non-availing of compulsory two ANC checkups and delivery not attended by trained ANM in case of home deliveries.

Less payments to beneficiaries were due to mismatch of beneficiaries' details with account holder name or ANC card name, defunct or invalid account numbers, insufficient funds. Incentive to JSY beneficiaries for 2021-22 was not disbursed in Lohit as remaining balance of ₹7.68 lakh was refunded to the State Health Society due to introduction of new funding system (Single Nodal Agency) and hence, the balance amount was booked and paid in the next year (*i.e.*, 2022-23) as committed liability.

More awareness programmes in rural areas, proper checking of bank account details through passbook and ANC cards along with ensured ANCs and extending institutional delivery services to all will ensure better coverage of JSY scheme.

2.3.11.3 Janani Shishu Suraksha Karyakram (JSSK)

Launched on 01 June 2011, JSSK guidelines stipulate that all expenses related to delivery in a public institution would be borne entirely by the government and no user charges would be levied. Under this initiative, a pregnant woman would be entitled to free transport from home to the government health facility, between facilities, in case she is referred on account of complications, and drop-back home after 48 hours of delivery, Entitlements would include free drugs and consumables, free diagnostics, free blood whenever required, and free diet for the duration of a woman's stay in the facility, expected to be three days in case of a normal delivery and seven in case of a caesarean section.

Audit observations due to non-providing of entitlements to the beneficiaries as per JSSK guidelines are:

1. As per National Family Health Survey (NFHS-5) data, average out-of-pocket expenditure per delivery in a public health facility increased from ₹6,473 (2015-16, NFHS-4) to ₹9,731 (2019-21, NFHS-5) in the State. High out-of-pocket expenses often act as a major barrier for the pregnant women who still deliver at home as well as for sick neonates who die on account of poor access to health facilities. In sampled CHCs and PHCs, though no user charges were levied, unavailability of facilities as discussed in succeeding sub-paras led to out-of-pocket expenses against the provision of the scheme in the State.

2. It was observed that percentage of women discharged within 48 hours in case of institutional deliveries declined from 76.13 *per cent* in 2017-18 to 60 *per cent* in 2021-22 in the State (***Appendix-2.15)***. This indicates that more women availed post-delivery care at health care centres and post-partum care in State had improved.

   The position of institutional deliveries and number of women discharged within 48 hours in sampled health facilities is shown in **Table 2.40**.

Table 2.40: Discharge within 48 hours after delivery in sampled CHCs/ PHCs

Year	No. of delivery	No. of women discharged within 48 hours	Percentage of women discharged within 48 hours
2017-18	558	486	87.10
2018-19	706	604	85.57
2019-20	588	483	82.17
2020-21	579	524	90.53
2021-22	577	524	90.81
Total	**3008**	**2621**	**87.13**

Source: Records of sampled CHCs and PHCs

As can be seen from **Table 2.40**, 87.13 *per cent* of women were discharged within 48 hours of delivery during 2017-18 to 2021-22. Families of pregnant women may be encouraged to get them discharged after 48 hours of delivery for better post-partum care.

3. Percentage of pregnant women availing free medicines increased from 40 *per cent* in 2017-18 to 57 *per cent* in 2021-22. However, the coverage was still very low. Further, during physical verification, non-availability of several essential drugs (*e.g.* Inj Oxytocin and Anti D Immunoglobulin – Inj. Polyclonal Human Ati RhD immunoglobulin 100 mg, 300 mg) was observed in the sampled health facilities.

4. Percentage of pregnant women provided free diagnostics increased from 43 *per cent* in 2017-18 to 59 *per cent* in 2021-22 ***(HMIS data)***, which still was low. Lack of ultrasound and several diagnostic tests was noticed in sampled health facilities except three CHCs (Wakro, Sagalee, and Mebo). This compelled pregnant women to visit District Hospitals or private health facilities thereby increasing out-of-pocket expenses.

5. It was observed that percentage of pregnant women availing free diet facility increased from 59 *per cent* in 2017-18 to 77 *per cent* in 2021-22 ***(HMIS data)***. Free diet services could not be provided in any of the sampled health facilities due to lack of dietary service. Dietary arrangements were made by the families of the pregnant women.

6. Free transport facility was provided to 30 *per cent* of pregnant women in the State during the period due to lack of ambulance in health care centres. Eight out of nineteen sampled health facilities did not have ambulance (**Paragraph 2.3.18**). In absence of ambulance service, transportation was managed by the patients' family.

7. Blood-Storage facility was not available in any of the sampled CHCs except Ruksin. This can endanger the lives of pregnant women at the time of delivery. Due to lack of such facility, pregnant women from rural areas visited District Hospitals before delivery and stayed there till delivery. It ultimately increased out-of-pocket expenditure of the patients' families.

2.3.11.4 Antenatal Care

Lack of proper Antenatal Care **(**ANCs) and anaemia were major causes of maternal deaths and still-births. Timely registration for ANCs, completion of four ANCs, proper immunisation, and providing IFA and Calcium tablets during pregnancy are key to maternal and child health. Coverage of these services in sampled health facilities are shown in **Table 2.41.**

Table 2.41: Coverage of ANC services in sampled CHCs/ PHCs

Maternity Services	2017-18	2018-19	2019-20	2020-21	2021-22	Total	Percentage Coverage
Total No. of Pregnant Women registered for ANC	1912	1759	1732	1647	1548	8598	-
Out of the total ANC registered, No. registered within 1st trimester (within 12 weeks)	866	898	884	820	764	4232	49.22
No. of PW given TT1/ Td1	1074	1229	1119	1244	1199	5865	68.21
No. of PW given TT2/ Td2	825	942	878	989	935	4569	53.14

Maternity Services	2017-18	2018-19	2019-20	2020-21	2021-22	Total	Percentage Coverage
No. of PW given TT Booster/ Td Booster	268	222	228	252	285	1255	14.60
No. of PW provided full course 180 Iron Folic Acid (IFA) tablets	756	949	968	1171	733	4577	53.23
No. of PW provided full course 360 Calcium tablets	539	691	606	607	585	3028	35.22
No. of PW given one Albendazole tablet after 1st trimester	367	345	289	250	307	1558	18.12
No. of PW received four or more ANC check ups	480	631	612	696	447	2866	33.33

Source: Sample Health Facilities' Departmental records

As per the available records in CHCs and PHCs, 8,598 pregnant women were registered for ANCs. Out of these, 49.22 *per cent* women were registered within 1st trimester (within 12 weeks).

Further, 33.33 *per cent* of registered women availed four ANC check-ups and 53.23 *per cent* women were provided full course of 180 Iron Folic Acid (IFA) tablets.

2.3.11.5 Management of Still Births

As per the National Family Health Survey-5[42] (NFHS-5), the rate of stillbirths in India is 0.90 *per cent* of live births. The trend of stillbirths in Arunachal Pradesh is shown in **Table 2.42.**

Table 2.42: Number and rate of stillbirths in the State

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Total number of deliveries	18852	18872	20832	20026	20402
Number of stillbirths	216	252	250	231	290
Percentage of stillbirth with reference to deliveries	1.15	1.34	1.20	1.15	1.42

Source: HMIS data

It can be seen from **Table 2.42** that the rate of stillbirths during 2017-22 in the State ranged from 1.15 to 1.42 *per cent* which was higher than the national average of 0.90 *per cent*.

Out of 3,008 births recorded in sampled CHCs and PHCs during 2017-18 to 2021-22, three cases of stillbirth were reported in PHC Medo (two in 2019-20 and one in 2020-21) and one case was reported in CHC Nacho in 2020-21.

The Department during the Exit Conference (28 February 2023) stated that it was aware of the issues and added that it was partly due to the fact that the places of delivery in some cases were different from the place of ANC registration. However, corrective measures will be taken to reconcile the difference by improving tracking of patients. The Department also explained that the national target of MMR is not applicable to Arunachal Pradesh due to less than one lakh births in a year in the State.

[42] National Family Health Survey-5 data

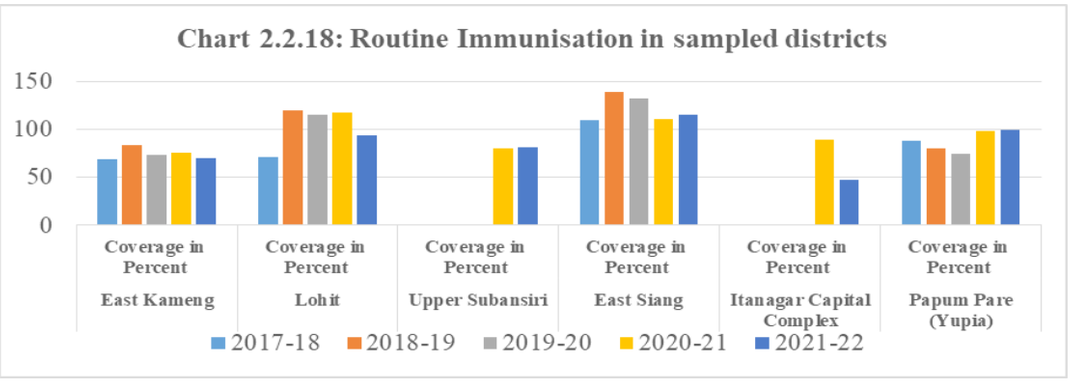
2.3.11.6 Care of Sick New-born children

For operationalisation and infrastructure development of facilities for sick new-born children under NHM, ₹32.54 crore was approved for NBSU (New Born Stabilisation Unit) and NBCC (New Born Care Centre) during 2017-22. Audit observed that equipment like radiant warmer, resuscitator, and laryngoscope set *etc.* and consumables like oxygen cylinder, extractor, sterile gloves *etc*. for new-born childcare were not available as per IPHS norms in sampled PHCs and CHCs**.** It was further observed that out of 10 sampled PHCs, delivery of pregnant women was not conducted in Bulla Camp, Baririjo, Gusar, Pasighat, Chiputa and Chimpu.

2.3.11.7 Immunisation

Target of 90 *per cent* immunisation by 2018 as set by Mission Indradhanush was not achieved by the State. Coverage under Routine Immunisation against the year-wise targets in sampled districts is shown in **Chart 2.16**.

Chart 2.16: Routine Immunisation in Sampled Districts



Source: Information furnished by District Health Societies[43]

As shown in **Chart 2.16**, East Siang was the only district to consistently achieve the target of 90 *per cent* immunization over a span of five years.

During physical verification of the sampled health facilities (PHCs/ CHCs), the following were observed:

(a) In PHC Bameng, freezer did not have power backup due to which effective storage of vaccines was not possible.

(b) In PHC Bulla Camp, East Kameng District, no freezer or ice boxes were available. Thus, routine immunisation was conducted for children on selected days only by bringing vaccines from DH, Seppa.

The Department during the Exit Conference (28 February 2023) stated that it has taken note of the issue and necessary actions will be taken to address the same. Further, Infant Mortality in the State has reduced from 22.9 (NFHS-4) to 12.9 (NFHS-5).

[43] For Upper Subansiri, data available for two years only. For Capital Complex, data available after establishment

2.3.12 Management of drugs

2.3.12.1 Drug storage

The Drugs and Cosmetic Rules, 1945, stipulate parameters for the storage of drugs in stores to maintain the efficacy of the procured drugs before issue to patients. Audit during joint physical verification observed that the norms and parameters prescribed in the said Rules were not adhered to in the sampled health facilities as detailed in ***Appendix-2.16.***

Due to deficiencies noticed in the system of drug storage in the sampled health facilities; the efficacy of drugs distributed to the patients could not be assured. Photographs taken of medical storage during JPV are shown below:

	
Drugs kept on table and drawer in PHC Bulla Camp	No storage for drugs at PHC Gusar

The Department during the Exit Conference (28 February 2023) stated that it was aware of the issues and necessary corrective measures will be taken to address the same.

2.3.13 Conclusion

Sampled CHCs had shortage of doctors except CHC Doimukh and CHC Ruksin. Excess doctors were posted in five sampled PHCs. All sampled CHCs had shortage of nurses and paramedics whereas five PHCs had excess nurses and paramedics. Lack of specialists, diagnostic services, OT and blood storage facilities, OPD and IPD services forced the patients to move to DHs or private facilities incurring out-of-pocket expenditure. Shortfall in availability of facilities as per JSY and JSSK guidelines and ANC coverage (33.33 per cent) was noticed in sampled districts. All nine sampled CHCs lacked necessary equipment in emergency and trauma care. PHC Bulla Camp and PHC Bameng did not have freezer and power backup to store vaccines and children had to depend on DH for routine immunisation.

2.3.14 Recommendations

The Department may-

- ***consider to take steps to fill the vacancy and rationalise availability of doctors and other cadre across all health facilities in the State.***
- ***facilitate the availability of specialists, diagnostic services, and equipment to all health facilities for providing OPD and IPD services as per IPHS norms.***
- ***provide OT and blood storage facilities in the CHCs to reduce the pressure on the District and State Level Hospitals and to mitigate the problems of travelling longer distances and incurring out of pocket expenses.***

- ***instruct the health facilities to check bank account details and ANC cards to extend benefits under JSY for promoting institutional deliveries.***

Audit objective 2: Whether support services in the health care facilities are available and adequate?

2.3.15 Support Services

As per Assessors Guidebook for CHCs, the operational activities of a health facility comprise a wide variety of support services *viz.* management of linens, dietary management, ambulance service, sweeping and cleaning service, hospital security service, *etc*. Further, there should be Standard Operating Procedures (SOPs) for infection control, a Hospital Infection Control Committee (HICC) and infection control practices through pest and rodent control.

- Dietary service was not available in any of the sampled CHCs except Sagalee and Wakro. It was observed that FSSAI registration certificate issued under Food Safety and Standards Act, 2006 was not available in any of the two CHCs having dietary service. Further, there was no system to check the quality of food served to patients. Thus, the IPD patients of the remaining seven CHCs were deprived of nutritious and hygienic food in course of their treatment and were dependent on their own arrangements.
- Laundry services were not available in any of the sampled CHCs except at CHCs in Sagalee, Wakro and Ruksin. However, CHCs in Sagalee, Wakro and Ruksin did not maintain any records pertaining to segregation and disinfection of soiled laundry.
- SOPs for infection control were not available in any of the health centers. HICC was formed only in four[44] sampled health centers and only two[45] health centers had conducted pest and rodent control measures out of the total 19 PHCs/ CHCs checked. Thus, a safe and hygienic environment could not be ensured in absence of HICC in the remaining health facilities.

The Department during the Exit Conference (28 February 2023) stated that it was aware of the issues and necessary corrective measures will be taken to address the same.

2.3.16 Patient safety

2.3.16.1 Disaster management capability of hospitals

National Building Code of India 2016, Part 4, Fire and Life Safety required that fire extinguishers must be installed in every hospital so that safety of the patients/ attendants/ visitors and the hospital staff may be ensured in case of any fire in the hospital premises.

- None of the health facilities had obtained safety clearance from the Fire Department. It was observed that Disaster Management Plan was not formulated for patient safety in 14[46] out of 19 facilities.

[44] Doimukh, Loiliang, Wakro and Ruksin
[45] Ruksin and Taliha
[46] CHCs- Sunpura, Wakro, Nacho, Taliha, Ruksin, Mebo & PHCs- Bameng, Bulla Camp, Loiliang, Medo, Baririjo, Gusar, Borguli, Pasighat (Baskota)

- Provision for fire detection alarm/smoke detector/Fire hydrant/Sand bucket was not available in any of the sampled facilities. Fire extinguishers were also not available in 10[47] out of 19 sampled facilities.
- Disaster management committee was also not constituted in 13[48] out of 19 sampled facilities. Planning for fire prevention was also not available in 15 facilities[49].
- Grievance Redressal Mechanism was also not available in any of the sampled health facilities. The complaint box was not found in any of the sampled facilities.

Due to non-availability of SOP for patients' safety and Grievance Redressal Mechanism, patients' safety and Grievance could not be effectively taken care of.

The Department during the Exit Conference (28 February 2023) accepted the audit observation.

2.3.17 Bio-Medical Waste management

Bio-medical waste (BM waste) is generated during procedures related to diagnosis, treatment and immunisation in the hospitals and its management is an integral part of infection control within the hospital premises. The GoI framed Bio-Medical Waste (Management and Handling) Rules, 1998 under Environment (Protection) Act, 1986, which were superseded by Bio-Medical Waste Management Rules, 2016 (BMW Rules).

Test check of 19 Health Facilities in the state revealed the following non-compliance to the BMW Rules:

Ten[50] out of the 19 sampled health facilities did not obtain authorisation for handling BMW from the State Pollution Control Board (SPCB) as required under BMW Rules.

1. As per BMW Rules, the category-wise quantity of BM wastes generated and their disposal were to be forwarded to SPCB in a prescribed format annually. However, it was observed that only five[51] out of 19 health facilities were submitting annual reports to SPCB.

2. None of the PHCs/ CHCs had the facility to upload monthly and annual records on their website.

3. Segregation of BMW was done only in nine[52] out of 19 health centres in compliance to BMW Rules.

4. Bar- Code System was not established in any of the health facilities for bags or containers containing bio-medical waste to be sent out of the premises.

5. Only three CHCs- Sagalee, Doimukh and Wakro out of 19 sampled health centres had prepared action plan for hospital waste management during the period 2017-22.

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47 CHCs- Chayang Tajo, Nacho, Taliha & PHCs- Bameng, Bulla Camp, Loiliang, Medo, Baririjo, Gusar, Pasighat (Baskota)

48 CHCs- Chayang Tajo, Sunpura, Wakro, Nacho, Taliha, Mebo & PHCs- Bameng, Bulla Camp, Loiliang, Medo, Baririjo, Gusar, Pasighat (Baskota)

49 CHCs- Chayang Tajo, Sunpura, Wakro, Nacho, Taliha, Ruksin, Doimukh & PHCs- Bameng, Bulla Camp, Loiliang, Medo, Baririjo, Gusar, Pasighat (Baskota), Chiputa

50 PHCs- Loiliang, Baririjo, Gusar, Pasighat & Borguli. CHCs- Wakro, Nacho, Taliha, Ruksin & Mebo.

51 CHCs- Ruksin, Doimukh, Sagalee & PHCs- Bameng, Medo

52 PHCs- Chimpu, Loiliang, Pasighat & Borguli. CHCs- Doimukh, Wakro, Mebo, Ruksin &Taliha.

6. As per BMW Rules, Common Bio-Medical Waste Treatment Facilitator (CBMWTF) is responsible for collection and proper disposal of BM waste from the hospitals. Audit however observed that there was no facility of CBMWTF in any of the sampled CHCs/PHCs.

7. Sampled facilities did not have adequate BMW treatment plants such as incinerator, autoclave, shredder and Effluent Treatment Plant (ETP) and it was found during JPV that wastes were not properly disposed of as per standards set under BMW Rules. Photographs taken at UPHC, Baskota, Pasighat and CHC Mebo are given below:



Open Burning at UPHC, Baskota, Pasighat



Burial Pit at CHC Mebo

8. As per BMW Rules, 2016 it is the duty of the occupier to immunize all its health care workers and others involved in handling of bio-medical waste for protection against diseases including Hepatitis B and Tetanus. Out of 19, five health facilities[53] had not immunised their health workers with Tetanus vaccine. Moreover, immunisation against Hepatitis B was not administered by any of the health facilities.

9. Training was not provided to health workers involved in handling of bio medical waste by any of the sampled health facilities except CHCs, Sagalee and Wakro.

The Department during the Exit Conference (28 February 2023) stated that it was aware of the issues and necessary corrective measures will be taken to address the same. It was also added that DPR for the establishment of one CBMWTF at Toru in Papum Pare has been submitted to the State Government.

The Department in its reply (02 March 2023) stated that necessary corrective measures and compliance have been initiated against the audit observations.

2.3.18 Ambulance Service

As per Assessor's Guidebook for PHCs/CHCs; there should be round the clock availability of three running ambulances with well-equipped Basic Life Support (BLS) and it is desirable to have one Advanced Life Support (ALS) ambulance in PHCs/CHCs. The norms also required serviceability and availability of equipment, essential drugs and oxygen cylinder in ambulances on a daily basis. Besides, ambulances should run with fitness, insurance and pollution certificates.

Audit observed that eight[54] out of 19 health facilities did not have ambulances to provide services to the patients in case of emergencies. The remaining health centres had only one ambulance without BLS except CHC, Ruksin which had one ambulance with BLS and

[53] PHCs- Bula Camp, Medo, Pasighat & Gusar. CHC- Doimukh

[54] PHCs- Chiputa, Chimpu, Bula Camp, Loiliang, Pasighat, Baririjo & Gusar and CHC, Taliha

two without BLS. None of the sampled PHCs/ CHCs had Advanced Life Support (ALS) ambulances in their centres. It was also observed that 07 out of 11 health facilities had ambulances with equipment and essential drugs and five were running without oxygen cylinders. Further, 05 health facilities had ambulances whose insurance certificates had expired and 06[55] had ambulances running without fitness and pollution certificates.

Ambulances running without BLS are shown in following pictorial evidence, which was taken during JPV.

	
Ambulance without BLS at CHC Nacho (JPV on 21 September 2022)	Ambulance without BLS at CHC Sunpura (JPV on 31 July 2022)

2.3.18.1 108 Ambulance Services

Under the National Health Mission (NHM), technical and financial support is provided to States/ UTs to strengthen their healthcare systems including support for ambulance services including Dial-108, Basic Life Support (BLS) ambulances. Dial 108 is predominantly an emergency response system, primarily designed to attend to patients of critical care, trauma and accident victims *etc.*

Administrative approval and expenditure sanction of ₹24 crore was accorded for Dial 108 service by GoI under NHM for 2020-21. However, Dial 108 service was launched during 2021-22 (21 June 2021) on PPP model with 90 Basic Life Support ambulances in the State. Out of ₹36.96 crore of the allotted amount during 2020-22, only ₹13.35 crore was incurred on implementation of the Scheme. It was stated that fund allotment of ₹24 crore in 2020-21 could not be utilised since the Scheme was launched in 2021-22. The Scheme covered TRIHMS, 21 DHs/ GHs (out of 22), 41 CHCs (out of 53) and 25 PHCs/UPHCs (out of 141). Out of 19 sampled health facilities, eight CHCs (Chayangtajo, Ruksin, Mebo, Wakro, Doimukh, Sagalee, Nacho and Taliha) and two PHCs (Bameng, and Chimpu) were selected under Dial 108 service. However, during joint physical verification of CHCs and PHCs, it was observed that BLS ambulance service was not available at Chayangtajo, Nacho, Taliha and Chimpu. It may be mentioned here that during the period 2017-2022, 325 patients of the above mentioned four CHC/ PHC were referred to the District Hospitals for emergency treatment. Thus, all 325 emergency referral cases of the four CHCs/ PHCs were deprived of the Dial 108 service during the period 2017-22.

The Department during the Exit Conference (28 February 2023) stated that 30 new Ambulances (under 108 Ambulance Service) have been added to the available fleet of 90 which is expected to improve Ambulance Services in the State.

[55] PHCs- Bameng CHCs- Sagalee, Doimukh, Sunpura, Ruksin & Nacho

2.3.19 Conclusion

Hospital support services, *viz.* ambulance, dietary service, laundry, and linen service, *etc.* were largely unavailable in most of the sampled health facilities. Eight out of nineteen health facilities did not have ambulances to provide services to the patients in case of emergencies. Food Safety and Standards Authority of India (FSSAI) registration certificate was not obtained by any of the two sampled health facilities where dietary service was available. Health care facilities were running without any safety clearance from the Fire Department and posing a major fire threat to the patients. Hospital Infection Control Committee (HICC) was found to have been formed in only four out of the 19 sampled health centres and did not deliver any specific road map and plan to control hospital infection. Sampled Health Facilities were found not adhering to the Bio Medical Waste Management Rules, 2016.

2.3.20 Recommendations

The Department may:

i. direct all health facilities to ensure that the Hospital support services like ambulance, linen, laundry, diet services are available in accordance with standard operational guidelines.

ii. ensure the formation of HICC in each health facility and monitoring of their activities.

iii. instruct all health facilities to ensure immunisation of health workers dealing with hazardous waste.

Audit objective 3: Whether assets created for Emergency related services were utilised efficiently?

2.3.21 Utilisation of Assets

Total pandemic affected cases in the State were 66,891 and there were 296 deaths (as on March 2023).

2.3.21.1 Funds and Utilisation

The status of receipts of funds and expenditure to deal with the pandemic situation in the State during 2019-2022 is shown in **Table 2.43**.

Table 2.43: Receipts and Expenditure of COVID Funds

(₹ in crore)

Financial Year	Name of the Component	Central Share	State Share	Total Funds	Expenditure	Balance
2019-20	ECRP[56]	12.90	0.99	13.89	4.16	9.73
	DHS-MMRKK[57]	0	5.65	5.65	5.65	0
Sub-Total		12.90	6.64	19.54	9.81	9.73
2020-21	SDRF[58]-DHS	0	0.83	0.83	0.83	0
	DHS-MMRKK	0	8.35	8.35	8.35	0
	PM CARES	1.98	0	1.98	1.98	0

[56] ECRP-Emergency Covid Response Plan Fund

[57] MMRKK- Mukhyamantri Rogi Kalyan Kosh

[58] SDRF- State Disaster Response Fund

Financial Year	Name of the Component	Central Share	State Share	Total Funds	Expenditure	Balance
2020-21	ECRP	22.89	0	22.89	27.05	(-)4.16
	NEC[59] Funds	3.25	0	3.25	3.25	0
	MLALAD[60]	0	0.94	0.94	0.94	0
Sub-Total		**28.12**	**10.12**	**38.24**	**42.40**	**(-)4.16**
2021-22	SDRF-DHS	0	17.57	17.57	17.57	0
	DHS-DMOs	0	17.72	17.72	17.72	0
	DHS-MMRKK	0	3.97	3.97	3.97	0
	SDRF-DCs[61]	0	19.28	19.28	19.28	0
	SDRF-TRIHMS	0	29.15	29.15	29.15	0
	DHS-TRIHMS	0	32.92	32.92	32.92	0
	DHS-DoP[62]	0	6.67	6.67	6.67	0
	ECRP-I	22.27	0	22.27	29.01	(-)6.74
	ECRP-II	149.13	16.56	165.69	80.52	85.17
	NESIDS[63]	20.67	0	20.67	20.67	0
Sub-Total		**192.07**	**143.84**	**335.91**	**257.48**	**78.43**
Grand Total		**233.09**	**160.60**	**393.69**	**309.69**	**84.00**

Source: Departmental records, bills and vouchers

During 2019-22, ₹393.69 crore was available with the State for COVID management. Out of which, ₹309.69 crore was utilised and ₹84 crore was remaining (March 2023) with the State Government.

The funds were mainly utilised for medicines, surgical masks, aprons, body bags, face shield covers, N-95 masks, oxygen face masks for adults and paediatrics, PPE Kits, pulse oximeters, oxygen concentrators, ventilators, diet for the patients, patients' transportation, preparing the District Hospitals for COVID-19 *etc.* Detailed position is given in ***Appendix-2.17***.

Apart from the above, the State received 26 Oxygen Plants from PM CARES fund, one from Oil India Limited (OIL), five from UNICEF, three from UNDP and one from Canada as assistance in kind to deal with the COVID-19 situation in the State. Audit observations pertaining to funding for COVID-19 management are given in the succeeding Paragraphs:

2.3.21.2 Funding under Emergency Covid Response Plan Fund

To support preparedness and prevention related functions of the States, GoI launched COVID-19 Emergency Response and Health System Preparedness Financial Package (referred as COVID-19 Package) from the financial year 2019-20 which was intended to build resilient health systems. The Emergency Covid Response Plan II (ECRP II) funds, during 2020-2022 were mainly sanctioned for ramping up health infrastructure with the focus on Paediatric care units. Out of total sanctioned amount of ₹165.69 crore under ECRP-II, ₹146.11 crore was allotted for improvement of health infrastructure and ₹85.75 crore[64]

[59] NEC-North East Council

[60] MLALAD- MLA Local Area Development Fund

[61] DCs- Deputy Commissioners

[62] DoP- Department of Power

[63] NESIDS-North East Special Infrastructure Development Scheme

[64] ECRP-I and ECRP-II funds were lying in the bank account of NHM

remained unspent (as of February 2023). Despite availability of funds, progress of works was slow which resulted in slow pace of expenditure.

The Department during the Exit Conference (28 February 2023) stated that the GoI gave extension to utilise the remaining balance under ECRP II for FY 2021-22 till April 2023. However, the Department could not provide documents showing fund utilisation till April 2023 to Audit.

2.3.21.3 Funding under NESIDS

The Ministry of Development of North Eastern Region (DoNER), GoI through North East Special Infrastructure Development Scheme (NESIDS) released ₹20.67 crore (being the 1st installment of ₹48.98 crore) on 28 May 2020 for procurement of hospital equipment to prepare 10 district hospitals[65] to fight COVID-19. However, the GoAP did not submit Utilisation Certificates (UCs) for ₹20.67 crore within the stipulated six months. Due to this, the GoI did not release the balance share of ₹28.31 crore. Further, the GoAP also did not release its share of ₹4.04 crore.

The Department in its reply (September 2022) stated that UCs have now been submitted to GoI and the remaining amounts of GoI's share and State share are under process of release. Further, the Department during the Exit Conference (28 February 2023) stated that it was aware of the issue and added that necessary steps will be taken to timely submit UCs in future. The Department in its reply (24 March 2023) also stated that submission of UCs was delayed due to process involved in the procurement procedures at various stages by observing laid down codal formalities to obtain a proper vendor rate for each of the items.

2.3.21.4 Verification of Assets Created

The issues related to post-COVID utilisation/ usage of the infrastructure created and the equipment/ kits provisioned during the pandemic require a thorough administrative planning, assessment of gaps in the hospital infrastructure and equipment and dedicated effort to bridge the gap with the additional infrastructure and equipment like ICU beds, ICU machines, Oxygen Concentrators *etc.* created to deal with the situation in the State. Utilisation of assets purchased was examined by audit to ascertain the status of utilisation of infrastructure created and equipment (ventilators, ICU beds and ICU machines/ monitors, Oxygen Plants, Oxygen Concentrators *etc.)* procured, installed during the pandemic for meeting emergencies in future. The DCHCs in East Kameng, Lohit, Upper Subansiri and DCH in East Siang were co-located with the district hospitals whereas DCHC, Midpu and DCH, Chimpu (Itanagar) were situated in separate locations.

Audit noticed that invasive ICU ventilators, ABG machines, defibrillators, ELISHA machine Multipara Monitor, Oxygen Concentrator, ICU beds *etc.* and consumables like N-95 Mask, Protective Gown, Oxygen Mask, Gloves *etc.* were lying idle in the central and six district medical stores and in the sampled health facilities**.** Assessment was not done to identify the gaps in the hospital infrastructure and effectively plan for utilisation of available additional infrastructure and equipment like ICU beds, ICU machines, Oxygen Concentrators due to which the available infrastructure was lying idle without being utilised in the health care facilities which were in need of the same. However, efforts for optimum utilisation of the

[65] Tawang, Bomdila, Ziro, Aalo, Tezu, Namsai, Changlang, Khonsa, Seppa and Yingkiong

COVID infrastructure were neither considered by the Directorate at the State level nor by the district level authorities. The facility-wise value of idle items as noticed in audit is shown in **Table 2.44.**

Table 2.44: Idle items in health facilities

(₹ in crore)

Name of the Facility	Major Equipment and Hospital Items	Consumables
Central Medical Store	3.26	15.17
District Medical Store	0.92	0.58
DCHCs/DCHs	19.08	1.63
PHCs/CHCs	-	0.25
Total	**23.26**	**17.30**

Source: Joint Physical Verification

The Department during the Exit Conference (28 February 2023) stated that the matter of idle stock will be looked into, and the status will be intimated accordingly. The Department in its reply (24 March 2023) stated that various equipment, logistic items and medicines were distributed to various districts and efforts were made to provide maximum items of COVID-19 available in the Central Medical Store. Accordingly, maximum equipment, logistic items and medicines were issued to the districts. It was also added that as the COVID-19 cases declined, the indents coming from the districts also declined. However, it remains a fact that COVID-19 items worth ₹12.80 crore (equipment and hospital items- ₹2.48 crore, consumables- ₹10.32 crore) were still lying idle at the Central Medical Store as on 02 March 2023. The fact, however, remains that equipment and hospital items of ₹22.48 crore and consumables of ₹12.45 crore were still lying idle as of March 2023. Status of verification of assets in sampled DCHCs and DCHs is given in the succeeding Paragraphs:

2.3.21.5 Verification of Oxygen Plants and COVID Wards

The Government of Arunachal Pradesh received 36 Pressure Swing Adsorption (PSA)/ oxygen plants in kind from the PM CARES fund (26), Oil India Limited (01), UNICEF (05), UNDP (03) and Canada (01) during 2021-22. Besides, five PSA plants from NESIDS fund, one PSA plant and one LMO plant from State Budget and one PSA plant from NHM fund were also procured. The PSA plants were installed in TRIHMS (03 units), DCH, Chimpu (01 unit), 22 DHs/GHs (31 units) and seven CHCs (08 units). The LMP oxygen plant was installed at TRIHMS, Naharlagun. Audit verification (during July to September 2022) of oxygen plants and COVID-19 Wards in four DCHCs, two DCHs and TRIHMS in the sampled districts revealed the status of oxygen plants and COVID-19 Wards in the respective health facilities as shown in **Table 2.45.**

Table 2.45: Status of verification of Oxygen Plants and COVID Wards

Sl. No.	Health Facility	Audit findings
1.	DCHC, Seppa	➢ The PSA System remained non-functional since March 2022 due to malfunctioning of one of two compressors and oxygen purity sensor. The matter was reported on the portal of the GoI by the Medical Superintendent (MS). However, it was yet to be resolved till date of audit (07 July 2022). ➢ 40 bedded DCHC was not operational since 07 October 2021 as no patients were admitted. It was stated by the MS that the facility would be converted into Maternity & Child Health (MCH) Ward for fruitful utilisation of the COVID infrastructure.

Sl. No.	Health Facility	Audit findings
2.	DCHC, Tezu	➢ The PSA System remained non-functional due to non-availability of transformer of the requisite capacity since 07 October 2021. Due to delay in release of fund by the DHS for providing transformers and power supply to PSA plants in District Hospitals and CHCs, transformer in the district hospital could not be installed on time. The plant remained non-functional since 07 October 2021 as patients in other wards were provided with the purchased Oxygen Cylinders. ➢ Only one COVID-19 patient was undergoing treatment in the 16 bedded DCHC at the time of verification. Thus, in spite of very less number of COVID-19 patient load, the hospital authorities did not have any specific plans for utilisation of surplus COVID-19 infrastructure.
3.	DCHC, Daporijo	➢ There were five isolation beds each for male and female COVID-19 wards. The beds in Male Ward were found burnt reportedly due to fire caused by short circuit. It was stated by the MS that only two patients were admitted from 23 August 2021 to till date of audit (September 2022) and they were discharged on the same day. The hospital authorities could have planned for utilisation of surplus COVID infrastructure despite no. of COVID-19 patients being on the decreasing trend.
4.	DCH, Pasighat	➢ 50 bedded (General-46 and ICU-4) Dedicated COVID-19 Hospital (DCH), Pasighat functioning in the campus of North East Institute of Folk Medicine (NEIFM), Pasighat from 04 April 2020 till 14 December 2021 was shifted to AYUSH building of the Bakin Pertin General Hospital (BPGH), Pasighat in December 2021. However, the PSA System installed in the campus of NEIFM was not shifted and was lying idle there till date of audit (September 2022). The DCH at its new location was not operational since 18 December 2021 till date of audit as no patients were admitted. However, no steps were taken to utilise the available COVID-19 infrastructure for other medical purposes.
5.	DCH, Chimpu	➢ 210-bedded (General-186, ICU-10 and HDU-14) Dedicated COVID Hospital (DCH), Chimpu was set up at the cost of ₹23.37 crore on 13 August 2020. It was observed that only 18 patients were admitted during March to September 2022. However, efforts were not taken to utilise the surplus infrastructure for other medical purposes despite sharp decline in number of COVID-19 cases. It was stated by the MS that sporadic COVID-19 positive symptomatic cases were being admitted at DCH Chimpu and the State Government instructed to continue the services of DCH in anticipation of flaring up of COVID-19 cases. The reply of the Department had to be seen in light of the fact that COVID-19 positive cases in the State were declining downwards.
6.	DCHC, Midpu	➢ 20-bedded (General-18 and HDU-2) Dedicated COVID Care Health Centre (DCHC), Midpu was set up in seven pre-fabricated containers on 07 August 2020 at the cost of ₹3.45 crore. The DCHC was not operational since 20 September 2021 as no patients were admitted. It was stated by the Nodal Officer that DCHC was not operational mainly due to home isolation protocol of COVID positive cases. However, the matter was not taken up with the Directorate of Health Services for efficient utilisation of the resources available at the DCHC.

Source: Joint Physical verification data and reply furnished by the health facilities

The status of oxygen plants and COVID Wards in the sampled districts is shown in the following photographs, which had been taken during Joint Physical Verification (07 July 2022):

	
Idle oxygen beds at DCHC, Seppa	**Non-functional PSA Plant at DCHC, Seppa.**
	
Burnt Male COVID Beds at DCHC, Daporijo	**Idle HDU beds at DCHC, Midpu**

2.3.21.6 Verification of ICU Wards

ICU services were not available in any of the DHs till 2018-19 as reported in the Performance Audit Report of Select District Hospitals in Arunachal Pradesh for the period 2014-15 to 2018-19. Audit observed that ICU equipment and machineries were provided in all sampled DHs during the period 2019-20 to 2021-22 for dealing with the pandemic. However, ICU facility was not set up in DH, Daporijo despite availability of infrastructure.

Further, during Joint Physical Verification (07 July 2022), it was noticed that ICU beds were kept idle at DHs Seppa (five beds) and Tezu (four beds) as depicted in the photograph below:

	
Two ICU devices were found to be uninstalled at DH, Seppa	Ventilators and ICU beds were found lying idle at ZGHT, Tezu

Medical Superintendents of DHs, Tezu and Seppa stated that non-COVID patients were transferred to other tertiary health care centres since the ICU beds were reserved for COVID-19 patients only. Since, there were no other ICU beds available for non-COVID-19 patients; keeping ICU beds reserved for COVID-19 patients rendered them idle. Similarly,

five ICU beds were also kept idle at BPGH, Pasighat due to non-availability of trained manpower. However, it was observed that demand for providing manpower was not placed to the Directorate of Health Services, GoAP by BPGH, Pasighat despite availability of requisite infrastructure. Thus, ICU services were not provided to the patients in any of the sampled DHs except at TRIHMS despite the availability of ICU infrastructure due to reservation of ICU beds for COVID-19 patients only.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and added that recruitment process for appointment of nursing staff has been initiated and functioning of ICUs in District Hospitals (DHs) will be ensured with appointment of nursing staff.

2.3.21.7 Verification of Oxygen Plants and Equipment Procured under NESIDS

Out of the ten District Hospitals mentioned in **Paragraph 2.3.21.3**, two DHs at Tezu and Seppa were part of the sampled districts. It was observed from records that various equipment worth ₹4.37 crore were provided to DH, Seppa (₹2.18 crore) and DH Tezu (₹2.19 crore) under NESIDS**.** Besides the equipment, ₹1.62 crore was incurred on procurement, installation, and commissioning of PSA Oxygen Plant at DHs Seppa and Tezu. Status of verification of PSA Plants and equipment in DHs, Seppa and Tezu is shown in **Table 2.46**.

Table 2.46: Status of verification of PSA Plants and Equipment in DHs, Seppa and Tezu

Sl. No.	Health Facility	Audit findings
1.	DH, Seppa	Refilling Meter had started malfunctioning immediately after installation of the PSA System on March 2021. One of two compressors was also not working since March 2022.
2.	DH, Tezu	Both the compressors of the PSA oxygen plant were not working due to non-maintenance of the compressors since April 2022. It was also observed that 95 equipment worth ₹56.85 lakh were lying idle. Some of the equipment were kept in open space. It may damage them beyond repair and the chances of being stolen also cannot be ruled out.

Source: *Joint Physical verification data and reply furnished by the health facilities*

The equipment kept idle at DH, Tezu is shown in the following photographs, which had been taken during Joint Physical Verification (27 July 2022).



Solar water heater kept idle in store



Auto clave HP vertical and horizontal kept idle in open space

The malfunctioning of the compressors and the Refilling Meter coupled with absence of uninterrupted power supply was rendering oxygen plants unfruitful. Corrective measures were yet to be taken by the Directorate despite intimation of malfunctioning of the PSA Plants. Thus, non-functioning of the Oxygen Plants indicated that maintenance of the Plants was not carried out by the vendor despite contractual obligations which defeated the purpose of preparing the DHs for fight against the COVID-19 pandemic.

The Department during the Exit Conference (28 February 2023) accepted the audit observation and stated that the equipment procured under NESIDS will be utilised once the construction of the 60 bedded hospital building under construction at Tezu gets completed in April 2023. The Department further confirmed that the two PSA oxygen plants have now started functioning after maintenance.

2.3.22 Conclusion

Significant funds earmarked for dealing with the pandemic situation in the State remained unutilised. Further, GoI did not release 2nd installment of NESIDS fund due to delay in submission of UCs. Progress on ramping up of health infrastructure with the focus on Paediatric care units was slow despite availability of funds. Most of the PSA plants remained non-functional. Assets created during pandemic, were found idle and are to be re-distributed on need basis. The ICU beds were kept idle in the sampled DHs except at TRIHMS in absence of trained manpower/COVID patients.

2.3.23 Recommendations

The Department may-

- ***submit UCs to GoI timely for subsequent release of installments under central funding.***
- ***monitor regularly progress of health infrastructure works for early completion and ensure efficient utilisation of earmarked funds.***
- ***plan to utilise the assets and equipment which were created or procured during pandemic after proper assessment of requirement and thorough planning.***

Audit objective 4: Whether the State spending on health has improved the Health and Well-being conditions of people as per SDG 3?

2.3.24 Introduction

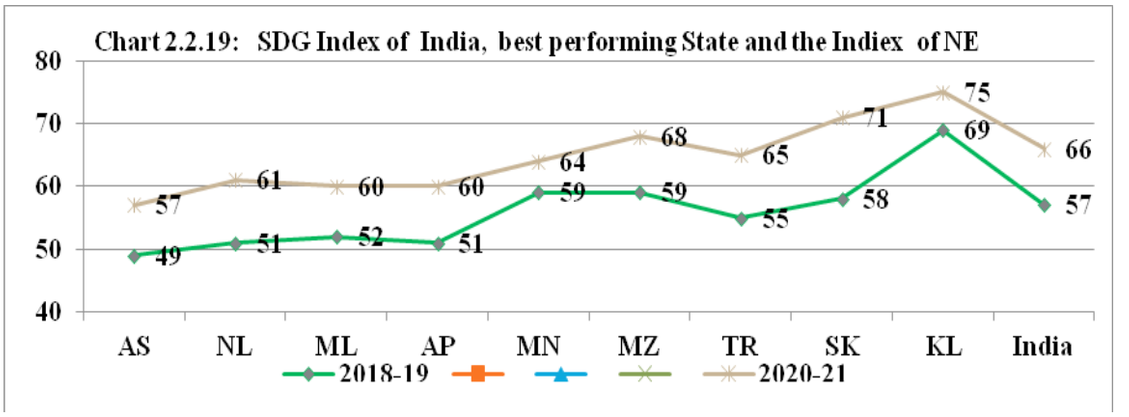
The global indicator framework for Sustainable Development Goals (SDGs) was adopted by the General Assembly of the United Nations in July 2017 and is contained in the Resolution adopted by the General Assembly on Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development.

NITI Aayog, the nodal body mandated to oversee the progress, developed the framework of the SDG India Index and Dashboard back in 2018, to capture the progress made by our States and Union Territories to monitor progress and achievements towards realising the 2030 Agenda.

2.3.24.1 Status of SDGs in India and the North Eastern States

As per the NITI Aayog report on 'SDG India Index and Dashboard of 2021', the progress made on SDGs by the States and the country as a whole is depicted in **Chart 2.17**.

Chart 2.17: SDG Index of India, best performing state and Index of NE

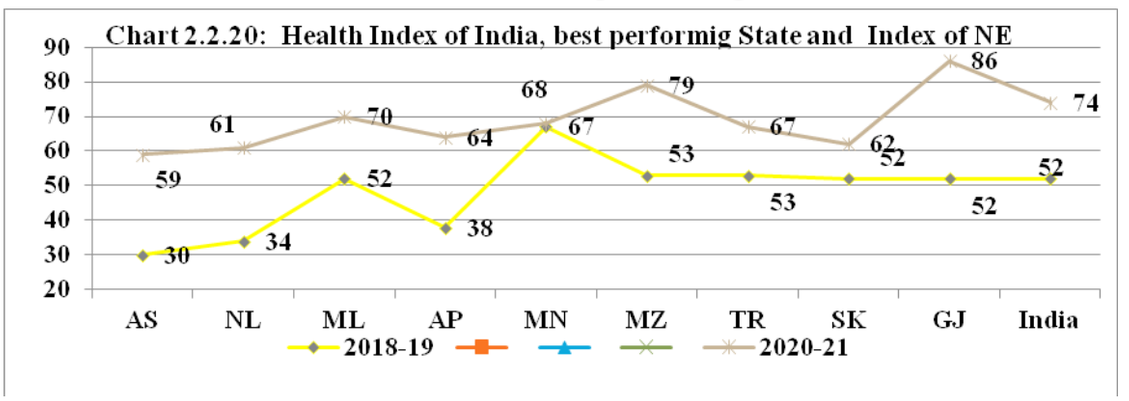


Description of Legends: AS-Assam, NL-Nagaland, ML-Meghalaya, AP- Arunachal Pradesh, MN- Manipur, TR-Tripura, SK-Sikkim, KL-Kerala

It can be seen from **Chart 2.17** that all the States and the country as a whole are gradually moving towards achieving the SDG Goals since all the States have improved their Index positions over the years from 2018 to 2021. Arunachal Pradesh is in the sixth position along with Meghalaya with the score of 60 among the NE States and achieved the 22nd rank in all India level.

The position with respect to SDG Goal 3 on the Health and Well Being conditions of people has been depicted in **Chart 2.18.**

Chart 2.18: Health Index of India, best performing state and Index of NE



Description of Legends: AS-Assam, NL-Nagaland, ML-Meghalaya, AP- Arunachal Pradesh, MN- Manipur, TR-Tripura, SK-Sikkim, KL-Kerala

All the States and the Country as a whole are gradually moving towards achieving the Goal of Health and Well Being conditions of people. Gujarat recorded best performance at Pan India level with score of 86. Arunachal Pradesh with the score of 64 is only above the States of Sikkim (score-62), Nagaland (score-61) and Assam (score-59). Though Arunachal

Pradesh has moved from 38 during 2018-19 to 64 in 2020-21, indicating a substantial improvement, it still has scope for further improvement.

Out of the 10 SDG-3 Health Indicators, the State was lagging behind all India average, in 05 indicators while maternal mortality is not calculated in the State since annual live birth figure in the State is below 1,00,000. Further, under-five mortality for the State is shown as Null which may be shown against the index to indicate the status of childcare ***(****detailed in* ***Appendix-2.18)***. During 2017-22, the State spending on the health sector was low and ranged from 5.03 to 6.44 *per cent* of the State budget as against eight *per cent* of the total budget of the State as envisaged in the National Health Policy (NHP), 2017. Also, the primary and secondary health care facilities in the State were running with acute shortage of manpower in the cadre of doctors, nurses and paramedics during 2017-22.

High-level monitoring committee was not formed in the State. As per the NITI Aayog's report, Department of Planning and Investment is the nodal Department for SDG initiative. Vision Document was not prepared as per NITI Aayog's guidelines. Thus, these underlying factors contributed to low achievement of the targeted indicators.

The Department during the Exit Conference (28 February 2023) stated that it has been in touch with the Planning Department to identify related schemes and indicators to monitor achievement of the SDG-3. It assured that the matter would be followed up closely.

2.3.25 Conclusion

State was lagging in achieving the SDG -3 indicators in five out of the ten targeted areas in comparison to the national achievements against those indicators. Spending on the health sector was not at the desired level as envisaged in the National Health Policy, 2017. Though monitoring mechanism was designed and developed, regular monitoring was not done, due to which impact assessment could not be done. There was lack of effective coordination between the Departments of Health and Planning for identifying specific health indicators requiring immediate attention.

2.3.26 Recommendations

The State Government may take appropriate actions for adequate funding, filling up of medical and paramedical vacant posts, regular monitoring for impact assessment and achieving targets for SDG indicators. The Health Department may coordinate with the Planning and Investment Department for framing State Indicator Framework with targets in alignment with the NITI Aayog's targets and linking of concerned health schemes with the target.

Social Justice & Empowerment and Tribal Affairs Departments

2.4 National Social Assistance Programme (NSAP)

An SSCA on *"National Social Assistance Programme"* was conducted covering the period from 2017-18 to 2020-21 involving test check of records of State Nodal Office for NSAP cum Social Justice & Empowerment and Tribal Affairs Department (SJETA) and six sampled District Nodal Offices cum Deputy Director of Integrated Child Development Scheme/ Child Development and Project Officers in selected districts. The SSCA on implementation of Scheme in Arunachal Pradesh brought out the following significant findings.

Highlights:

- ***The Department did not maintain a comprehensive database of eligible beneficiaries. Even the list of population Below Poverty Line (BPL) of the State was not available. As a result, the universe of potential beneficiaries in the State was not identified.***

(Paragraph 2.4.8.1)

- ***The number of individual beneficiaries during 2017-18 to 2020-21 was 54,652. Out of 34,485 beneficiaries fixed as cap by the Ministry, only 6,294 beneficiaries' data was uploaded in the NSAP portal, indicating a gap in digitization of the 28,191 beneficiaries (81.75 per cent).***

(Paragraph 2.4.8.2)

- ***During the period 2017-18 to 2020-21, the Department submitted the proposals for release of funds with a delay ranging between 209 and 575 days.***

(Paragraph 2.4.8.3)

- ***Special Verification Teams as required in the guidelines were not constituted in the six sampled districts.***

(Paragraph 2.4.8.4)

- ***Out of 75,841 cumulative beneficiaries in six sampled districts, Aadhaar mapping was done for 24,517 beneficiaries (32.33 per cent) and Bank account was seeded with Aadhaar for 43,350 beneficiaries (57.16 per cent).***

(Paragraph 2.4.8.7)

- ***Department incurred an expenditure of ₹1.36 crore on payment of honorarium to its officers from scheme funds (in violation of Guidelines).***

(Paragraph 2.4.9.5)

- ***Pension for all the three sub-schemes (IGNOAPS, IGNDPS and IGNWPS) was paid in lump sum once a year instead of regularly, on monthly basis.***

(Paragraph 2.4.10.1)

- ***Out of 75,841 approved cumulative beneficiaries, there were 22,126 cumulative beneficiaries, who were approved by the Sanctioning Authority but were not paid assistance by the Pension Disbursing Authority i.e. District Nodal Officer. This resulted in deprivation of pension amounting to ₹31.46 crore.***

(Paragraph 2.4.10.2)

- ***In six sampled districts, out of 66,405 cumulative beneficiaries paid assistance by the Pension Disbursing Authority, 18,432 were beneficiaries who were from outside the approved list of beneficiaries.***

(Paragraph 2.4.10.3)

- ***Under IGNOAPS, the Department paid pensions to 849 beneficiaries at the lower rate of ₹1,500 per month although they had qualified for higher rate of ₹2,000 per month on attainment of 80 years of age. This resulted in short payment of pension to 849 beneficiaries, amounting to ₹25.72 lakh.***

(Paragraph 2.4.10.5)

- ***It was noticed that 263 beneficiaries were paid an excess amount of ₹36.26 lakh due to payment of multiple pensions under different sub-schemes (ranging between two and eight times).***

(Paragraph 2.4.10.6)

- ***In six sampled districts, 16 beneficiaries whose names were in the approved list had already died but their names continued to feature in the beneficiary list. During the period from 2017-18 to 2020-21, these beneficiaries were paid an amount of ₹7.33 lakh in their bank accounts.***

(Paragraph 2.4.10.7)

- ***There was poor monitoring of the Scheme both at the State and district Level.***

(Paragraphs 2.4.11)

2.4.1 Introduction

National Social Assistance Programme (NSAP) scheme is being implemented in both rural as well as urban areas in all States. It was introduced on Independence Day, 1995. The Ministry of Rural Development being administering Ministry releases the funds to all States based on annual allocation (sub-scheme-wise). The scheme aims to achieve universal coverage of eligible persons through proactive identification. The scheme also seeks to have automatic convergence with other schemes to provide maximum benefit to the beneficiaries.

The NSAP scheme aims to provide a basic level of financial support to persons who have little or no regular means of subsistence. Central assistance under NSAP is given to States on the basis of estimated number of beneficiaries under each sub-scheme. The States have been strongly urged to provide an additional amount at least equivalent to the assistance provided by the Central Government so that the beneficiaries can get a decent level of assistance.

2.4.2 Organisational arrangements

The Ministry of Rural Development (MoRD), GoI is the nodal Ministry responsible for the overall planning, funding and co-ordination of the NSAP. In Arunachal Pradesh, NSAP is implemented by SJETA. A Commissioner/ Secretary level officer is the administrative head of the SJETA. The Directorate of SJETA is the implementing office for NSAP. At the district level, the Deputy Director/ Child Development Project Officer (CDPO) under Integrated Child Development Services (ICDS) acts as the District Nodal Officer for NSAP.

2.4.3 Audit Objectives

The main objectives of this Subject Specific Compliance Audit (SSCA) were to assess whether:

a) the Scheme was planned efficiently to cover all the eligible and to exclude ineligible beneficiaries;

b) the overall financial Management of the Scheme ensured timely availability and release of funds to the implementing agency for disbursal to the beneficiaries;

c) the scheme was implemented effectively in a timely manner; and

d) effective control mechanisms and robust IT systems existed for monitoring the Scheme.

2.4.4 Scope of Audit and Methodology

This SSCA on the implementation of the NSAP in Arunachal Pradesh covering the period 2017-18 to 2020-21 was carried out during January 2022 to July 2022. The SSCA covered:

- The four sub-schemes of NSAP: (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS); (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS); (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS); and (iv) National Family Benefit Scheme (NFBS).
- Total grant from GoI and GoAP for the period from 2017-18 to 2022-23 was ₹303.22 crore, out of which ₹99.41 crore was allocated to the six sampled districts.
- Out of 25 districts in the State, six districts namely (i) *Changlang, (ii) East Kameng, (iii) East Siang, (iv) Namsai, (v) Papum Pare* and *(vi) West Siang* were sampled.
- Out of Six districts, three districts[66] were sampled as they were the top three districts in the High Risk district list and the remaining three districts [67] were sampled through Probability Proportional to Size Without Replacement (PPSWOR) method with size measure being the total ST population in the districts;
- Twelve blocks[68] (two blocks from each district) out of total 114 blocks in the six districts were sampled through Simple Random Sampling without Replacement (SRSWoR) Method;
- Test-check of records of the office of the Director, SJETA-cum-State Nodal Officer, NSAP and six Deputy Directors, ICDS–cum-District Nodal Officer, NSAP; and
- Out of 54,652 beneficiaries (IGNOAP: 45,284 beneficiaries; IGNWPS: 5,984 beneficiaries; IGNDPS: 2,865 beneficiaries and NFBS: 519 beneficiaries), Audit conducted interaction of 307 beneficiaries (IGNOAPS: 237 beneficiaries; IGNWPS: 55 beneficiaries; IGNDPS: 14 beneficiaries and NFBS: one beneficiary).

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66 Papum Pare, East Siang and West Siang

67 East Kameng, Namsai and Changlang

68 *(i)* Mebo, (*ii*) Ruksin, (*iii*) Balijan, (*iv*) Doimukh, (*v*) Aalo East, (*vi*) Darak, (*vii*) Bameng, (*viii*) Seppa, (*ix*)Diyun, (*x*)Nampong, (*xi*) Chongkham and (*xii*) Namsai

The SSCA commenced with an Entry Conference on 01 November 2021 with the Director, SJETA, where the audit methodology, objectives, criteria, scope *etc.* of the SSCA were explained. An Exit Conference was held with the Secretary of SJETA along with Departmental officials on 23 August 2022 to discuss the audit findings contained in the draft SSCA Report. The views expressed by the Department during the Exit Conference and the formal replies of the Department received were incorporated in the report appropriately.

2.4.5 Audit Criteria

The audit findings were benchmarked against the following criteria:

- NSAP Guidelines of 2014 issued by MoRD, GoI;
- Notifications, orders and circulars on NSAP issued by the MoRD, GoI;
- GoI/State Government orders relating to implementation of the NSAP;
- Physical and financial progress reported by the Department of SJETA, GoAP to the MoRD, GoI through the Utilisation certificates of funds;
- Central/State Government Orders/Instructions for implementing, monitoring or evaluating the scheme; and
- PFMS/ DBT related orders/instructions.

The eligibility criteria and the assistance under the NSAP sub-schemes are shown in **Table 2.47.**

Table 2.47: Details of eligible beneficiaries, amount of pensions, share of the Governments

Sl. No.	Name of the Scheme	Age Group (in years)	Monthly pension (In ₹)	Share of GoI (In ₹)	Share of GoAP (In ₹)
1.	IGNOAPS	60 years to 79 years	1,500.00	200.00	1,300.00
		80 years and above	2,000.00	500.00	1,500.00
2.	IGNWPS	40 years to 79 years	2,000.00	300.00	1,700.00
		80 years and above	2,000.00	500.00	1,500.00
3.	IGNDPS	18 years to 79 years	2,000.00	300.00	1,700.00
		80 years and above	2,000.00	500.00	1,500.00
4.	NFBS	18 years to 59 years of deceased bread winner	20,000.00 (one-time payment)	20,000.00	Nil

Source: Guidelines and other Departmental records.

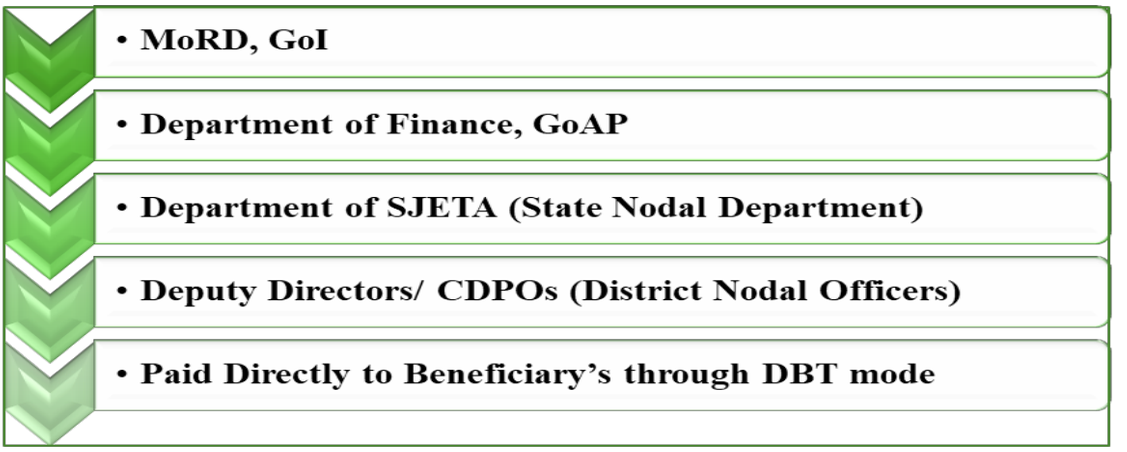
2.4.6 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by the SJETA, GoAP during conduct of this SSCA.

2.4.7 Organisational setup and procedure for disbursement of assistance

The MoRD, GoI released funds to the Department of Finance, GoAP and the State Government sanctioned the same to the implementing Department (SJETA). The implementing Department released the funds to the implementing agencies (ICDS) and the implementing agencies distributed assistance to the beneficiaries by DBT. The procedure adopted by the Departments for disbursement of assistance is depicted in **Chart 2.19**.

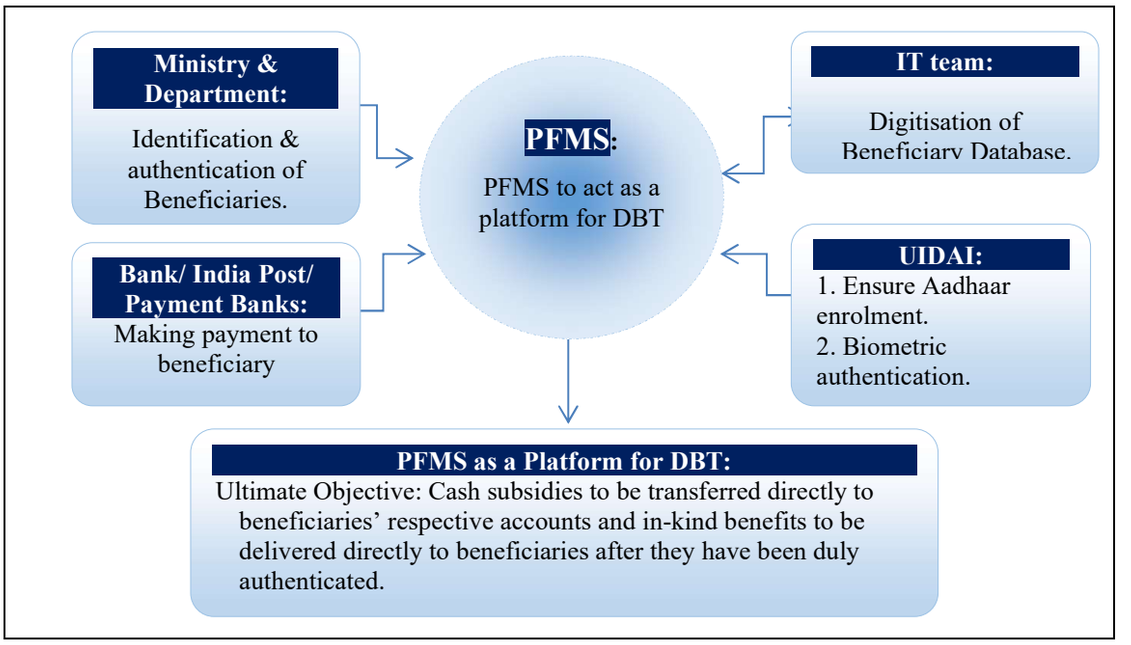
Chart 2.19: Details of procedure adopted by the Department for disbursement of pension



Source: Departmental records

Direct Benefit Transfer (DBT) framework has a multi-stakeholder architecture which capitalises on the competencies of various Departments and institutions to deliver benefits to beneficiaries in a timely and effective manner. The figure below explains how different stakeholders work together to facilitate a holistic environment for successful implementation of DBT system.

Chart 2.20 Framework of DBT



Source: Standard Operating Procedure (SOP) of DBT.

The shares of GoI and the State Government are together deposited into the CDPO's (Nodal Officer) Account by the State Nodal Department (SJETA). The pension was then disbursed directly to the accounts of the approved beneficiaries' from the nodal officer's account.

Audit findings

The findings of the SSCA are discussed in the succeeding paragraphs.

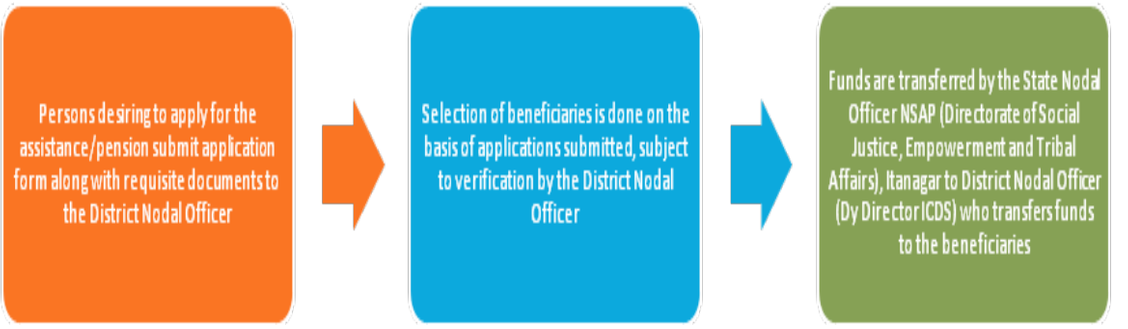
2.4.8 Planning

2.4.8.1 Identification of beneficiaries

Section 3.1.3 of NSAP guidelines envisages that Gram Panchayats/ Municipalities should be given the central role for identification of new beneficiaries. Based on the available BPL list, the beneficiaries should be proactively identified by reaching out to their households. However, if an eligible person's name does not figure in the BPL list, he/she should not be left out. Further, Section 5.2.2 of NSAP Revised Guidelines, 2014 envisages that the States are required to maintain a database of eligible beneficiaries after identification of universe of potential beneficiaries and upload it in the public domain *i.e*. NSAP Portal maintained by MoRD.

It was noticed that in the six sampled districts, the Gram Panchayats/ Municipalities were not involved in the identification of new beneficiaries. Thus, the beneficiaries were not proactively identified by reaching out to their household from the available BPL list. However, the beneficiaries were selected based on applications received from them which are verified by the District Nodal Officer as depicted by **flow Chart 2.21.**

Chart 2.21: Procedure followed for selection of Beneficiaries



Source: Departmetnal records

It was also noticed that the Department did not maintain a comprehensive database of eligible beneficiaries. Further the list of population Below Poverty Line (BPL) of the State was not available. As such the universe of potential beneficiaries in the State was not identified.

The list of beneficiaries who applied under the scheme (as depicted in **Chart 2.21**) was available with the Department. This beneficiary list was maintained manually, and the data of the beneficiaries was only partially uploaded on NSAP-portal as discussed in **Paragraph 2.4.8.2.**

Due to absence of necessary data of potential beneficiaries, complete coverage of eligible beneficiaries in the State could not be determined and the benefits of the scheme had not been extended to the actual beneficiaries in the State. It was noticed that there were 39,336 beneficiaries up to 2017-18, subsequently 11,069 new beneficiaries were included in 2018-19 and 4,247 new beneficiaries were thereafter included in 2019-20.

The Department during the Exit Conference (23 August 2022) and its reply (31 August 2022) stated that a committee comprising 'Deputy Commissioner, Deputy Director (ICDS)/ CDPOs-cum-District Nodal Officer (NSAP) and Zilla Parishad members' already exists at

the District Level for verification and identification of beneficiaries and periodic updation of the beneficiary data. The Department furnished a GoAP notification in support of its claim. However, it was noticed that no district level committee as stated by the Department in the above notification was constituted in any of the sampled districts. The Department in its reply (31 August 2022) stated that Gram Panchayat members will be involved in identification of beneficiaries in future.

Recommendation: The Department may ensure participation of Gram Panchayats/ Municipalities in identification of new beneficiaries in the State.

2.4.8.2 Gap in digitisation of eligible beneficiaries' data

Section 2.3 of NSAP Revised Guidelines, 2014 states that the Ministry provides funds to the States on the basis of State-wise cap fixed on the number of beneficiaries or digitized number of beneficiaries whichever is less. The numerical ceiling for each State/ UT has been fixed taking into account the population figures as per the census of 2001 and the poverty ratio determined by the Planning Commission. However, the ceiling has not been revised after the census of 2011.

The number of individual beneficiaries during 2017-18 to 2020-21 was 54,652. However, the Ministry fixed the cap at 34,485 beneficiaries. Out of 34,485 beneficiaries, data of only 6,294 beneficiaries was uploaded in the NSAP portal. Thus, there was a gap in digitization of the 28,191 beneficiaries (81.75 *per cent*). **Table 2.48** depicts the status of digitization of beneficiaries.

Table 2.48: Status of digitization of beneficiaries

Name of the Sub-scheme under NSAP	Age Group (in years)	Number of beneficiaries approved by the Department (A)	Cap fixed by the Centre (B)	Number of beneficiaries whose data was digitized (C)	Gap in digitization (B-C)
IGNOAPS	60-79 and 80 & above	45,284	29,290	5,894	23,396
IGNWPS	40 and above	5,984	3,565	288	3,277
IGNDPS	18 and above	2,865	1,284	112	1,172
NFBS	18 to 59	519	346	0	346
Total		**54,652**	**34,485**	**6,294**	**28,191**

Source: Guidelines and Management Letter

The Department, during the exit conference (23 August 2022) and in its reply (31 August 2022) stated that from the year 2018-19, the GoI made it mandatory to upload beneficiary details to the NSAP portal and the funding was linked to the completion of the exercise. However, for want of various details about the beneficiaries, most of the data could not be uploaded on the portal. Hence, there was only partial funding for 2018-19 and no funding was received from GoI for 2019-20 and 2020-21. It can be seen from **Table 2.48** above that less digitization of beneficiary data had impacted Central share funding. Thus, the inability of State Nodal Officer (Director, SJETA) to update beneficiary data completely in the NSAP Portal resulted in denial of benefits to the eligible beneficiaries of getting pension in those years.

The Department in its reply (31 August 2022) accepted the Audit observation and stated that steps are being taken to upload beneficiary data in the NSAP portal.

Recommendation: The Department may fix responsibility on the erring officials for depriving benefits to the eligible beneficiaries.

2.4.8.3 Delay in submission of proposals

Sections 4.3 and 4.4 of NSAP Revised Guidelines, 2014 envisage that the first instalment of the Scheme would be released automatically to a State which has taken 2nd instalment of the previous year *i.e.* without any proposal for 1st instalment from the State. For the release of 2nd instalment the State Government sends a proposal to the Central Government with requisite documents/ certificates/ annexures.

It is important to note that the proposal for release of 2nd instalment should be submitted by 15th December. No proposal for release of 2nd instalment would be considered after 15th December, unless there is a justifiable reason for delay.

During the period 2017-18 to 2020-21, the Department submitted the proposals for 2nd instalment with delays ranging from 209 to 575 days from the due date of submission. Details of submission of proposals for 2nd instalment during 2017-18 to 2020-21 are shown in **Table 2.49**.

Table 2.49: Details of submission of proposals for 2nd instalments during 2017-18 to 2022-23

Financial Year and Instalment	Due date of proposal	Actual Date of Proposal	Delay (in Days)
2017-18 - 2nd Instalment	15-12-2017	05-09-2018	264
2018-19 - 2nd Instalment	15-12-2018	19-11-2019	339
2019-20 - 2nd Instalment	15-12-2019	12-07-2021	575
2020-21 - 2nd Instalment	15-12-2020	12-07-2021	209
2021-22- 2nd Instalment	15-12-2021	07-02-2023	419
2022-23 - 2nd Instalment	15-12-2022	not sent	-

Source: Departmental records

Consequently, GoI released (March 2019) the funds for 2017-18 and 2018-19 and no fund was released for remaining two years (2019-20 and 2020-21), thereby depriving the beneficiaries of the benefits of the scheme.

The Department in its reply (31 August 2022) accepted that there were delays in submission of the proposal and stated that in future proposal will be submitted in time. However, it was found that the proposals for 2021-22 were sent on 07 February 2023 after a delay of 419 days and the proposal for 2022-23 is yet to be sent (June 2023). Thus, the Department did not stand by its commitment that it would send the proposals in time.

2.4.8.4 Non-confirmation of existing beneficiaries

Section 3.1.2 of NSAP Revised Guidelines, 2014 envisages annual verification of beneficiaries to confirm the existing beneficiaries. The States may constitute Special Verification Teams for the purpose under an authorised officer. The teams should include representatives of Non-Government Organisations (NGO) of repute which are active in the locality. After the verification, lists of persons proposed to be confirmed or deleted should be published separately.

However, scrutiny of records revealed that 'Special Verification Teams' as required in the guidelines were not constituted in the six sampled districts. Thus, in absence of 'Special Verification Teams' the database of eligible beneficiaries was not confirmed.

During the Exit conference (23 August 2022) and its reply (31 August 2022), the Department accepted the Audit observation and stated that 'Special Verification Team (SVT)' will soon be constituted in every district of the State. However, it was found that after making an assurance to Audit the Department did not constitute any SVT in any of the districts (as on 30 June 2023).

2.4.8.5 Ineffective Information, Education and Communication (IEC) Activities

Section 7.2.1 of NSAP Revised Guidelines, 2014 stipulates wide and continuous publicity about the entitlements under the schemes of NSAP and the procedure for claiming them through posters, brochures, media and other means. Publicity of the scheme and awareness generation plays a key role in letting the beneficiaries know about existence of social security schemes by the State.

Out of total allocation of ₹243.35 crore, an amount of ₹4.39 crore was earmarked as Administrative Expenditure. However, the Department did not provide a separate allocation for IEC activities.

The Department took up awareness generation by broadcasting of advertisement through '*90.80 FM Radio*' on two occasions in October 2018 and May 2020, by incurring ₹1.09 crore. However, reach of the '*90.80 FM Radio*' is limited to the state capital (Itanagar) only and does not cover the whole State.

Besides, Section 3.1.3 states that for identification of new beneficiaries with disability, the State should mandatorily organise camps at convenient localities to which the potential beneficiaries are taken by vehicle free of cost. Disability Certificates should be issued on the spot. However, during Audit of six sampled Districts it was noticed that not even a single camp was organised.

The Department, thus, did not take adequate steps to create awareness about the scheme among the masses. This had resulted in less number of beneficiaries coming forward to avail the benefit of the scheme.

The Department during the Exit conference (23 August 2022) and its reply (31 August 2022) accepted the Audit observation and stated that it will explore options of suitable advertisement media to create State-wide awareness of the scheme among the masses for maximum coverage of the scheme. It was also stated that the '*Guidelines* and *Booklets/ Pamphlet'* will soon be distributed to the district offices.

Recommendation: The Department may separately earmark funds for IEC activities.

2.4.8.6 Beneficiaries deprived due to non-release of Assistance

Section 4.2.1 of NSAP Guidelines states that funds for the schemes would be released to the Consolidated Fund of the State Government in two equal instalments.

During 2017-18 to 2020-21, GoI released both the instalments for 2017-18 and only one instalment for 2018-19. No funds were released for 2019-20 and 2020-21. Further, the State Government did not release its share for the year 2019-20. Besides, no funds were sanctioned under both Central and State share for the year 2021-22.

Due to non-release of funds by GoI and GoAP during these years, 54,133 individual beneficiaries (whose applications were approved) were deprived of assistance amounting to ₹256.75 crore. The details of unpaid assistance are shown in **Table 2.50**.

Table 2.50: Details of unpaid assistance

Sl. No.	Sub-scheme	Beneficiaries	Amount (₹ in lakh)
1.	IGNOAPS	45,284	20,792.64
2.	IGNDPS	2,865	1,585.88
3.	IGNWPS	5,984	3,296.55
Total		**54,133**	**25,675.08**

Source: Departmental records

The year-wise, scheme-wise, beneficiary details are given in ***Appendix-2.19*.**

The Department, during the exit conference (23 August 2022) and its reply (31 August 2022) stated that from the year 2018-19, the GoI made it mandatory to upload beneficiary details to the NSAP portal and the funding was linked to the completion of the exercise. However, for want of various details about the beneficiaries, most of the data could not be uploaded on the portal. Hence, there was only partial funding for 2018-19 and no funding was received from GoI for 2019-20 and 2020-21. The Department also stated that the matter would be taken up with the Nodal Officers in the districts and data would be uploaded in future. Also, the work of uploading was adversely affected by the COVID-19 Pandemic. On non-funding under State share for 2019-20, the Department cited financial constraints of the State Government.

Thus, non-releasing of State share and inability of the Department to upload beneficiary data in the NSAP portal led to beneficiaries being deprived of scheme benefits.

The Department stated that details of 50,338 beneficiaries were uploaded in the NSAP website till June 2023 (as on 30 June 2023).

Recommendation: The Department may fix responsibility on the erring officials for non-updation of beneficiary details in the NSAP Portal.

2.4.8.7 Aadhaar Integration

NSAP emphasises electronic/ IT enabled services for distribution of pension. Section 5.2.12 of NSAP Guidelines envisages Aadhaar based platform for pension disbursement. This platform further enhances efficiency in the sanction, payment and disbursement process. Many States have reached an advanced stage in Aadhaar enrolment of beneficiaries, recognising the fact that this helps in reduction of leakages and duplication. It also provides mobility to the pensioners in case of migration from one place to another. This platform supports financial inclusion also.

Aadhaar-enabled accounts are usually considered secure as UIDAI gets all the verification done before allotting the Aadhaar number. It helps in opening bank account by simplifying the KYC procedure; Beneficiaries will be able to enjoy the direct credit of different Government welfare funds, pensions, scholarships *etc.* Aadhaar enabled Payment System ensures a reduction in Government spending leakages. It also allows residents to access their accounts from anywhere in the country. Aadhaar integration reduces the chances of fraud and protects an individual's financial credentials.

The State Nodal Officer (Director, SJETA) is the responsible authority for Aadhaar integration of beneficiary data. However, it was observed that the State Nodal Officer did not have Aadhaar integration data for the beneficiaries. During Audit of six sampled districts, it was noticed that out of 75,841 cumulative beneficiaries in six sampled districts, Aadhaar mapping was done for 24,517 beneficiaries (32.33 *per cent*) and Bank account was seeded with Aadhaar for 43,350 beneficiaries (57.16 *per cent*). The details are given in ***Appendix-2.20***.

The Department during the Exit conference (23 August 2022) and in its reply (31 August 2022) accepted the observation and stated that it is already following up the matter. The Department stated that the position is expected to improve very soon.

Recommendations:

The Department may take immediate steps to complete the Aadhaar Integration of the remaining beneficiaries at the earliest and fix responsibility on the erring officials for the lapses.

2.4.9 Financial Management

2.4.9.1 Physical and Financial Progress

Central Share of Funds

During 2017-18 to 2022-23, the Central Government sanctioned ₹12.38 crore (1st and 2nd instalments: ₹11.17 crore for 2017-18 and 1st instalment for 2018-19: ₹1.22 crore). There was no sanction of funds under central share for the years 2019-20 to 2022-23. An amount of ₹10.94 crore out of ₹12.38 crore was utilised during 2017-23. As per the ceiling limit there were 2,06,910[69] cumulative beneficiaries of which only 39,564 beneficiaries were provided financial assistance under the scheme.

The ceiling limit for NSAP (central share) was 34,485 beneficiaries (IGNOAPS: 29,290 beneficiaries; IGNWPS: 3,565 beneficiaries; IGNDPS: 1,284 beneficiaries and NFBS: 346 beneficiaries). However, during 2017-18 (Central share) pensions were paid to 39,391 beneficiaries (IGNOAPS: 33,723 beneficiaries; IGNWPS: 3,759 beneficiaries; IGNDPS: 1,563 beneficiaries and NFBS: 346 beneficiaries). The details of funds released by the GoI and expenditure incurred thereagainst are shown in **Table 2.51**.

Table 2.51: Details of funds released by the GoI, beneficiary ceiling and expenditure thereof

(₹ in lakh)

Sl. No.	Sub-schemes	Year	No. of Beneficiaries		Grant	Expenditure		
			Cap	paid	from GoI	Assistance	Administration	Total
1.	IGNOAPS	2017-18	29,290	33,723	865.47	788.01	25.20	813.21
2.	IGNWPS		3,565	3,759	132.19	124.05	3.83	127.88
3.	IGNDPS		1,284	1,563	47.61	42.20	1.37	43.57
4.	NFBS		346	346	71.28	69.20	2.06	71.26
Sub-total			**34,485**	**39,391**	**1,116.55**	**1,023.46**	**32.46**	**1,055.92**

[69] 34,485 beneficiaries' X 6 years

Sl. No.	Sub-schemes	Year	No. of Beneficiaries		Grant	Expenditure		
			Cap	paid	from GoI	Assistance	Administration	Total
1.	IGNOAPS	2018-19	29,290	0	78.47	0.00	2.28	2.28
2.	IGNWPS		3,565	0	5.34	0.00	0.15	0.15
3.	IGNDPS		1,284	0	2.08	0.00	0.06	0.06
4.	NFBS		346	173	35.64	34.60	1.03	35.63
Sub-total			**34,485**	**173**	**121.53**	**34.60**	**3.52**	**38.12**
1.	IGNOAPS	2019-20	29,290	0	0.00	0.00	0.00	0.00
2.	IGNWPS		3,565	0	0.00	0.00	0.00	0.00
3.	IGNDPS		1,284	0	0.00	0.00	0.00	0.00
4.	NFBS		346	0	0.00	0.00	0.00	0.00
Sub-total			**34,485**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
1.	IGNOAPS	2020-21	29,290	0	0.00	0.00	0.00	0.00
2.	IGNWPS		3,565	0	0.00	0.00	0.00	0.00
3.	IGNDPS		1,284	0	0.00	0.00	0.00	0.00
4.	NFBS		346	0	0.00	0.00	0.00	0.00
Sub-total			**34,485**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
1.	IGNOAPS	2021-22	29,290	0	0.00	0.00	0.00	0.00
2.	IGNWPS		3,565	0	0.00	0.00	0.00	0.00
3.	IGNDPS		1,284	0	0.00	0.00	0.00	0.00
4.	NFBS		346	0	0.00	0.00	0.00	0.00
Sub-total			**34,485**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
1.	IGNOAPS	2022-23	29,290	0	0.00	0.00	0.00	0.00
2.	IGNWPS		3,565	0	0.00	0.00	0.00	0.00
3.	IGNDPS		1,284	0	0.00	0.00	0.00	0.00
4.	NFBS		346	0	0.00	0.00	0.00	0.00
Sub-total			**34,485**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total			**2,06,919**	**39,564**	**1,238.08**	**1,058.06**	**35.98**	**1,094.04**

Source: Departmental records

It could be seen from the table above that during 2017-18, GoI released pension with a cap for 34,485 beneficiaries. However, payments were made to 39,391 beneficiaries, resulting in an excess of 4,906 beneficiaries beyond the prescribed ceiling limit. This discrepancy led to a reduction in pension payments, with IGNOAPS and IGNWPS beneficiaries receiving payments for only 11 months, and IGNDPS beneficiaries receiving payments for only nine months.

State Share of Funds

During 2017-18 to 2021-22, the State Government sanctioned ₹230.97 crore (2017-18: ₹76.50 crore, 2018-19: ₹69.46 crore and 2020-21: ₹85.00 crore). No fund was sanctioned for the year 2019-20 and 2021-22. An amount of ₹226.40 crore out of ₹230.97 crore was utilised. During 2017-18 to 2022-23, the Department approved 3,11,119 cumulative beneficiaries of which only 1,34,921 were provided financial assistance under the scheme. During 2022-23, an amount of ₹59.87 crore was sanctioned. The number of approved beneficiaries for 2022-23 is 59,325 ((IGNOAPS-48,722 Beneficiaries, IGNWPS-7,168 Beneficiaries and IGNDPS 3,435 Beneficiaries). The Department stated that expenditure figures were not available as payment process for 2022-23 was still ongoing (September 2024).

Table 2.52: Details of Funds released by GoAP, approved beneficiaries and expenditure thereof

(₹ in lakh)

Sl. No.	Sub-Scheme	Year	No. of Beneficiaries		Grant	Expenditure		
			Approved	paid	from GoAP	Assistance	Administration	Total
1.	IGNOAPS	2017-18	33,678	33,723	6,350.00	5,294.32	161.11	5,455.43
2.	IGNWPS		3,759	3,759	850.00	766.84	23.34	790.18
3.	IGNDPS		1,553	1,563	450.00	318.85	9.70	328.55
4.	NFBS		346	0	0.00	0.00	0.00	0.00
Sub-total			**39,336**	**39,045**	**7,650.00**	**6,380.01**	**194.15**	**6,574.16**
1.	IGNOAPS	2018-19	41,800	36,526	5,462.12	5,734.44	163.85	5,898.29
2.	IGNWPS		5,487	5,257	1,009.62	1,072.43	30.29	1,102.72
3.	IGNDPS		2,599	2,701	475.02	551.00	14.25	565.25
4.	NFBS		173	0	0.00	0.00	0.00	0.00
Sub-total			**50,059**	**44,484**	**6,946.76**	**7,357.87**	**208.39**	**7,566.26**
1.	IGNOAPS	2019-20	45,284	0	0.00	0.00	0.00	0.00
2.	IGNWPS		5,984	0	0.00	0.00	0.00	0.00
3.	IGNDPS		2,865	0	0.00	0.00	0.00	0.00
4.	NFBS		0	0	0.00	0.00	0.00	0.00
Sub-total			**54,133**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
1.	IGNOAPS	2020-21	45,284	42,206	6,626.06	6,625.97	0.00	6,625.97
2.	IGNWPS		5,984	6,209	1,266.64	1,266.64	0.00	1,266.64
3.	IGNDPS		2,865	2,977	607.31	607.31	0.00	607.31
4.	NFBS		0	0	0.00	0.00	0.00	0.00
Sub-total			**54,133**	**51,392**	**8,500.01**	**8,499.92**	**0.00**	**8,499.92**
1.	IGNOAPS	2021-22	45,284	0	0.00	0.00	0.00	0.00
2.	IGNWPS		5,984	0	0.00	0.00	0.00	0.00
3.	IGNDPS		2,865	0	0.00	0.00	0.00	0.00
4.	NFBS		0	0	0.00	0.00	0.00	0.00
			54,133	**0**	**0.00**	**0.00**	**0.00**	**0.00**
1.	IGNOAPS	2022-23	48,722	0	4627.11	-*	-	-
2.	IGNWPS		7,168	0	481.17	-	-	-
3.	IGNDPS		3,435	0	878.58	-	-	-
4.	NFBS		0	0	0.00	-	-	-
Sub-total			**59,325**	**0**	**5986.86**	**0.00**	**0.00**	**-**
Grand Total			**3,11,119**	**1,34,921**	**29,084.00**	**22,238.00**	**403.00**	**22,640.00**

Source: Departmental records
**No funds were expended during the year*

It can be seen from **Tables 2.51 and 2.52**, that total allocation of funds during the period 2017-18 to 2022-23 was ₹303.22 crore (central share: ₹12.38 crore and state share: ₹290.84 crore), out of which ₹237.34 crore (central share: ₹10.94 crore and state share: ₹226.40 crore, excluding expenditure figures for 2022-23) was expended.

2.4.9.2 Inaction of the Department led to less sanction of funds

As per Section 5.2.3 of NSAP Guidelines, Legacy database is required to be uploaded on the NSAP website. For this purpose, legacy data formats for IGNOAPS, IGNWPS and IGNDPS are placed on the NSAP website. The data should be complete in all respects and the mandatory fields must be filled. The data on new pensioners needs to be entered online.

Out of 75,841 cumulative beneficiaries (approved) in the six sampled districts details of 1,137 beneficiaries could not be uploaded at the NSAP portal. The details are given in ***Appendix-2.21***.

As such, Audit concluded that non-fulfilment of beneficiary details resulted in less Digitization, which along with non-submission of UCs in time affected the release of funds Thus, there was a drastic reduction in funds sanctioned by GoI in 2018-19. No funds were sanctioned after that (2019-20, 2020-21, 2021-22 and 2022-23). Details are shown in **Table 2.53.**

Table 2.53: Details of GoI Sanction orders

(₹ in lakh)

Sl. No.	Financial Year	No. of Instalment	Sanction Order No. and Date	Amount
1.	2017-18	1st	J-12012/1/2014-NSAP dated 25-03-2019	558.29
2.		2nd	J-12012/1/2014-NSAP dated 25-03-2019	558.26
Sub Total				**1,116.55**
3.	2018-19	1st	J-12012/1/2014-NSAP dated 25-03-2019	121.53
Sub Total				**121.53**
Grand Total				**1,238.08**

Source: Departmental records

The Department during the Exit Conference (23 August 2022) and its reply (31 August 2022) accepted the Audit observation and stated that from the year 2018-19, the GoI made it mandatory to upload beneficiary details to the NSAP portal and the funding was linked to the completion of the exercise. The Department stated that efforts are being made for uploading beneficiary data in NSAP Portal.

It is evident that the Department did not digitize beneficiary data despite having sufficient time.

Recommendation: Efforts may be made to immediately digitize beneficiary details and Central govt. may be pursued for release of second instalment of 2018-19 and sanction of funds for 2019-20, 2020-21, 2021-22 and 2022-23.

2.4.9.3 Interest liability due to delay in release of fund

According to fund sanction order conditions, the States should transfer the funds to Scheme implementing Departments within three days of receipt of fund, failing which the States will be liable to pay interest at the rate of 12 *per cent* beyond three days from the date of receipt of funds.

On 25 March 2019, the GoI released an amount of ₹12.38 crore, which was sanctioned by the State Government to the implementing Department between 04 December 2019 and 04 January 2020. As a result, there was substantial delay in transferring of funds by the State Government to the implementing agencies ranging from 251 to 265 days. The details are shown in **Table 2.54**.

Table 2.54: Details of receipt and release of GoI's share of fund by GoAP to the implementing Department

(₹ in lakh)

Year	No. of Instalment	Date of release by GoI to GoAP	Due date of release by GoAP	Actual date of release by GoAP	Amount	Delay (in days)	Interest @ 12 *per cent*
2017-18	1st	25.03.2019	28.03.2019	04.12.2019 to 04.01.2020	558.29	251	46.07
	2nd	25.03.2019	28.03.2019	09.12.2019 to 03.01.2020	558.26	256	46.99

Year	No. of Instalment	Date of release by GoI to GoAP	Due date of release by GoAP	Actual date of release by GoAP	Amount	Delay (in days)	Interest @ 12 *per cent*
2018-19	1st	25.03.2019	28.03.2019	18.12.2019	121.53	265	10.59
2019-20	No funds were sanctioned				0.00	-	0.00
2020-21	No funds were sanctioned				0.00	-	0.00
2021-22	No funds were sanctioned				0.00	-	0.00
Total					**1,238.08**	**-**	**103.64**

Source: Departmental records

Delay in transferring of funds resulted in creation of a liability of ₹1.04 crore.

The Department in its reply (08 August 2022) stated that the delay of three to four months was mainly due to process of obtaining budgetary support, finance concurrence, expenditure authorisation and finally crediting funds into the bank Account of the Department. However, no response was received as of September 2024.

Thus, considerable delay on the part of Finance Department in releasing funds to SJETA and also the Department's inability to streamline the disbursement of the benefit resulted in delayed transfer of assistance to the ultimate beneficiaries.

2.4.9.4 Irregularities in Utilisation Certificate

(i) Delay in submission of UCs

As per Section 4.4 of NSAP guidelines, while submitting the proposal for the release of 2nd instalment of a particular year, the State Government needs to furnish Utilisation Certificates (UCs) for State as a whole for the funds received during the previous financial year in the prescribed proforma indicating sub-scheme-wise utilisation. In addition to this, the State also needs to furnish UC for the funds received in 1st instalment during the current financial year in the prescribed proforma.

Under central share the GoI sanctioned ₹11.17 crore and ₹1.21 crore for 2017-18 and 2018-19 respectively. The UCs for 2017-18 and 2018-19 for an amount of ₹11.17 crore and ₹1.21 crore were submitted on 04 June 2020 and 07 October 2021 respectively. The funds for both the years were sanctioned on 25 March 2019. As such, due date for submission of UC was on 31 March 2019. Thus, the UC for 2017-18 was submitted after a delay of more than one year (431 days). Similarly, the UC for 2018-19 was submitted after a delay of more than two and half years. Further, no funding was received for the years 2019-20, 2020-21, 2021-22 and 2022-23. Thus, delay in submission of UCs was one of the reason for non-sanctioning of funds during those years.

(ii) Submission of incorrect UCs

The UCs for 2017-18 and 2018-19 were for an amount of ₹12.38 crore (₹11.17 crore + ₹1.21 crore). However, actual expenditure incurred was ₹10.94 crore (₹10.55 crore and ₹38.12 lakh). The details of expenditure incurred and UCs submitted are shown in **Table 2.55**.

Table 2.55: Details of expenditure *vis-à-vis* submission of UCs

(₹ in lakh)

Sub-schemes	2017-18			2018-19		
	Expenditure as per record	Expenditure as per UC	Difference	Expenditure as per record	Expenditure as per UC	Difference
IGNOAPS	813.21	865.47	-52.26	2.28	78.47	-76.19
IGNWPS	127.88	132.19	-4.31	0.15	5.34	-5.19
IGNDPS	43.57	47.61	-4.04	0.06	2.08	-2.02
NFBS	71.26	71.28	-0.02	35.63	35.64	-0.01
Total	**1,055.92**	**1,116.55**	**-60.63**	**38.12**	**121.53**	**-83.41**

Source: SJETA, GoAP

It could be seen from the table above that incorrect UCs of ₹1.44 crore (₹12.38 crore - ₹10.94 crore) were submitted.

The Department during the exit conference (23 August 2022) stated that delay in submission of UC was partly due to delay in release of funds by the Finance Department. On the issue of incorrect UC, the Department stated that it will look into the matter and take corrective measures, if needed. With respect to the UCs for state share, the Department stated that it will submit the pending UCs, if any, and will also ensure regular submission of UCs in future.

Further, the Department in its reply (31 August 2022) stated that in future, the UCs will be submitted in timely manner and no further delay will be repeated. The Department also added that it will submit all the pending UCs and will also ensure regular submission of UCs in future.

The Department accepted the Audit observation on submission of inflated UCs and stated that the amount of ₹1.44 crore is still parked in State Nodal Agency (SNA) account which will be released to District Nodal Officers on receipt of additional Central share. However, in addition to 2019-20 and 2020-21, Central Share for 2021-22 and 2022-23 was also not sanctioned. Therefore, the amount of ₹1.44 crore is still in SNA account (as on 30 June 2023). Thus, submission of UCs without actual expenditure was against the provisions of the Government financial rules and was fraught with the risk of mis-utilisation of public money. Retention of funds in SNA not only led to expenditure booked under the corresponding heads being inflated without actual outgo, but also resulted in dilution of control over actual expenditure. Besides funds meant for pension disbursement remained parked in the SNA account thereby hampering regular disbursement of pension.

Recommendation: The Department may make efforts to submit the correct UCs to the sanctioning authority and before due date so as to avoid non-release of fund in future.

2.4.9.5 Irregularities in utilisation of Administrative Expenditure Fund

As per Section 7.2 of NSAP guidelines, Eligible items under administrative expenditure include printing and distribution of pension passbooks, printing of application forms, organisation of camps, IEC activities, *etc*.

During 2017-18 to 2020-21, ₹4.39 crore was allotted as administrative expenditure. The details of utilisation of allotted administrative expenditure are shown in **Table 2.56**.

Table 2.56: Details of Administrative expenditure during 2017-18 to 2020-21

(₹ in lakh)

Sl. No.	Particulars	Name of firms	Amount
1.	Printing of Guidelines, Identity Cards and Booklet/Brochure	M/s Baba Enterprises	41.35
2.	Broadcasting of advertisement at Radio at Itanagar 90.8 FM	Tarhuk Samaj	109.40
3.	Stationeries	Various Agencies	151.88
4.	Honorarium (Nodal Officers, CDPOs and Dealing Assistant/ Computer Operator)	Not Applicable	135.89
Total			**438.52**

Source: Departmental records

It could be seen from the table above that the Department incurred an expenditure of ₹1.36 crore on payment of honorarium to 'Nodal Officer, CDPOs and Dealing Assistant/ Computer Operator', which was expended in violation of the guidelines.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that NSAP schemes were implemented through the employees of other Departments *i.e.* Deputy Director-cum-Nodal Officers & CDPOs from Women and Child Development Department (WCD). Hence, honorarium was paid to ensure that the scheme had been implemented effectively.

However, the reply of the Department is not acceptable as Section 7.3.1(A) of NSAP guidelines prohibits payment of honorarium to functionaries already engaged by the government.

2.4.10 Programme Implementation

2.4.10.1 Delay in payment of Pension

As per Section 3.6.3(viii) of the Scheme Guidelines, it is to be ensured that the pension and benefits are disbursed to the beneficiaries preferably on regular monthly basis as far as possible, if not done already it has to be achieved in the shortest possible time.

During Audit of six sampled districts, it was noticed that the pension for all the three sub-schemes (IGNOAPS, IGNDPS and IGNWPS) was never paid on regular monthly basis. All the disbursals were made in lump sum once a year instead of regularly, on monthly basis. Even if the last day of the financial year is taken as the last due date of payment, it was noticed that there were delays in payment of pension ranging from 76 to 1,278 days. The details are shown in **Table 2.57**.

Table 2.57: Details of delay in disbursal of Assistance

Financial Year	Share	Due date of payment	Date of payment to the beneficiaries	Delay (In days)
2017-18	Central	31-03-2018	28-10-2020 to 29-09-2021	942 to 1278
2017-18	State	31-03-2018	15-06-2018 to 30-09-2020	76 to 914
2018-19	Central	31-03-2019	19-07-2021 to 23-07-2021	841 to 845
2018-19	State	31-03-2019	04-12-2019 to 04-11-2020	248 to 584
2019-20	Central	31-03-2020	Not paid	NA
2019-20	State	31-03-2020	Not paid	NA
2020-21	Central	31-03-2021	Not paid	NA
2020-21	State	31-03-2021	15-09-2021 to 31-03-2022	168 to 365

Source: Departmental records

This had affected the scheme objective of providing timely a basic level of financial support to the eligible beneficiaries.

The Department during the Exit conference (23 August 2022) and its reply (31 August 2022) stated that regular monthly disbursement of assistance could not be made because of late receipt of funds from GoI/ GoAP making it not feasible to make monthly disbursement.

2.4.10.2 Non-payment of pension to approved beneficiaries

As per Section 3.1.3 of the Guidelines, it is incumbent on the authorised officials to reach out to potential beneficiaries on an 'out today' approach and provide assistance to get the relevant records. Also, support should be provided to get the requisite certificates from the authorities concerned.

During Audit of six sampled districts, it was noticed that out of 75,841 approved cumulative beneficiaries, there were 22,126 cumulative beneficiaries (18,363 beneficiaries for IGNOAPS, 2,430 beneficiaries for IGNWPS and 1,333 beneficiaries for IGNDPS) who were approved by the Sanctioning Authority but were not paid assistance by the Pension Disbursing Authority *i.e.* District Nodal Officer. This had resulted in deprivation of pension amounting to ₹31.46 crore.

The Department during the exit conference (23 August 2022) stated that it will collect information from the District Nodal Officers and examine the matter and take appropriate action. However, in its reply (31 August 2022) the Department accepted the Audit observation and stated that such cases had occurred because the approved beneficiaries (22,126 numbers) could not submit their documents like 'Aadhaar, Death Certificate, Disability Certificate, Birth Certificate, BPL Certificate, Bank Account *etc.*' which are mandatory in PFMS mode of payment. Therefore, they could not be paid. However, it was also stated that those beneficiaries who have not been paid pension will be paid on submission of the required documents.

The reply of the Department is not acceptable as Section 3.1.3. of the Guidelines clearly state that it is the duty of the Department to arrange the relevant documents for the beneficiaries. However, the Department did not arrange the relevant documents of 22,126 cumulative beneficiaries which resulted in them being deprived of pension amounting to ₹31.46 crore.

2.4.10.3 Unauthorised expenditure

As per Section 3.2.1 of the Scheme Guidelines, every state shall designate "Sanctioning Authority" at the appropriate level. The Sanctioning Authority will convey approval to the applicant in the form of a Sanction Order. Once a beneficiary is sanctioned approval, his/ her name continues to remain in the approved list unless it is deleted due to death / migration / above BPL or any other ineligibility condition specified in the Guidelines. The Sanctioning Authority for NSAP in Arunachal Pradesh is the Director, SJETA, GoAP.

The sanctioning and issue of sanction order is done by "Sanctioning Authority" and disbursement is done by the "Pension Disbursing Authority (PDA)". The "Pension Disbursing Authority (PDA)" is the District Nodal Officer.

During Audit of six sampled districts, it was noticed that out of the 66,405 cumulative beneficiaries paid assistance, 18,432 beneficiaries (IGNOAPS-15,567: IGNWPS-1,745 and IGNDPS-1,120) were from outside the approved list, for whom sanction was not accorded by the competent authority but were paid assistance.

This resulted in unauthorised expenditure amounting to ₹25.72 crore. The details are shown in ***Appendix-2.22.***

The Department during the exit conference (23 August 2022) stated that it will collect information from the District Nodal Officers and examine the matter and take appropriate action. In its reply (31 August 2022), the Department accepted the Audit observation and stated that both the cases above are connected. It was stated that since the beneficiaries were disqualified for want of records, therefore, the assistance was paid to beneficiaries from outside the approved list (18,005 numbers). It was stated that the beneficiaries out of approved list are also genuine and needy (Old aged, disabled or widowed persons) who could submit the required documents.

However, the reply of the Department is not acceptable as payment of assistance to beneficiaries from outside the approved list, by depriving genuine beneficiaries who were approved by the competent authority, is highly irregular.

2.4.10.4 Overpayment of pension

For IGNOAPS, the eligible age is 60 years and the pension is ₹200 per month. After attaining the age of 80 years, the beneficiary will get ₹500 per month. Further, GoAP provides an additional assistance of ₹1,300 per month upto 79 years and ₹1,500 per month for those beneficiaries who have attained the age of 80 years and above. Thus, the total pension receivable (both Central and State share) under IGNOAPS is ₹1,500 per month (60 to 79 Years) and ₹2,000 per month (80 years and above).

During Audit of six sampled districts it was noticed that the Department paid pension to 17 beneficiaries in the 60 to 79 years age group at the rate payable to beneficiaries aged 80 years and above. Thus, the total payment of ₹41,700 (₹3,300 for Central share + ₹36,400 for State share) to the beneficiaries was irregular. The details are shown in ***Appendix-2.23***.

The Department during the Exit conference (23 August 2022) and its reply (31 August 2022) accepted the audit observation and stated that it will introduce necessary internal controls to ensure that such irregularities do not occur in future.

2.4.10.5 Short payment of pension

During Audit of six sampled districts it was noticed that under IGNOAPS, the Department paid pensions to 849 beneficiaries (187 Beneficiaries from Central share + 662 Beneficiaries from State share) at the rate of ₹1,500 per month although they had qualified for higher rate of ₹2,000 per month on attainment of 80 years of age.

This resulted in short payment of pension to 849 beneficiaries amounting to ₹25.72 lakh (₹ 9.93 lakh for Central share + ₹15.79 lakh for State share). The details are shown in ***Appendix-2.24 (A & B).***

The Department during the exit conference (23 August 2022) stated that it will look into the matter and take corrective measures, if needed. It was also added that once uploading of data is completed, the internal control mechanism will be strengthened and closely monitored.

Recommendation: The Department may strengthen the monitoring mechanism so as to ensure that eligible beneficiaries are not deprived of their full entitlement.

2.4.10.6 Payment of more than one pension to a beneficiary

During Audit of six sampled districts it was noticed that 263 beneficiaries were paid multiple pensions under different sub-schemes. If the lesser amount[70] is taken, an excess payment of ₹36.26 lakh was noticed. These beneficiaries were given pension multiple times (ranging between two and eight times). These beneficiaries were identified based on the similarity in the '*Names of the beneficiaries, Bank Account Number, IFSC Code* and *Aadhaar Card Number*'. The details are shown in ***Appendix-2.25*.**

While accepting the facts, the Department stated (31 August 2022) that the discrepancy occurred due to non-updation of data, hence, periodical updation of beneficiary data would be made. The Department also stated that it would direct the District Nodal Officers to carry out strict verification so that such cases do not occur in future.

However, Audit scrutiny revealed that Department had not taken (07 June 2023) any action with regard to payment of multiple pensions. Thus, the Department reiterated its earlier reply that it would direct the District Nodal Officers to carry out strict verification so that such cases do not occur in future (05 July 2023) and no action was taken to effect recovery of the excess payment of pension.

Recommendation: The Department may strengthen monitoring mechanism to cross verify the eligibility of assistance to a beneficiary at different levels, to avoid duplicity.

2.4.10.7 Payment of pension after death of beneficiary

As per Section 5.2.9 of NSAP guidelines, a pensioner's pension may be discontinued due to death /migration /crossing BPL or any other reason and the pension payment should be stopped accordingly. Further, Gram Panchayats/ Municipalities shall report every case of death of pensioner to the designated Sanctioning Authority. Non-reporting of death leads to continuation of pension even after the death of the beneficiary leading to irregular payment of pension.

Audit noticed that the Department did not involve the Gram Panchayats/ Municipalities and Local NGOs in any way. Therefore, there was no mechanism/procedure for reporting of death cases. As such even a single case of death was not reported.

During Audit of six sampled districts it was noticed that 16 beneficiaries whose names were in the approved list had already died but their names continued to feature in the beneficiary list. During the period from 2017-18 to 2020-21, these beneficiaries were paid an amount of ₹7.33 lakh in their bank accounts. Their death was reported to the Audit team

[70] Under Central Share IGNOAPS beneficiaries were paid ₹2,200 per annum, IGNWPS and IGNDPS beneficiaries were paid ₹3,300 and ₹2,700 per annum respectively. Under State Share IGNOAPS beneficiaries were paid ₹15,600 per annum, IGNWPS and IGNDPS beneficiaries were paid ₹20,400 per annum

by the fellow beneficiaries. However, the death certificates or the exact date of death could not be ascertained. The details are shown in ***Appendix-2.26.***

Out of 54,652 individual beneficiaries, survey was done for only 307 beneficiaries. Thus, the cases of dead beneficiaries getting financial assistance may be much higher. The State Government should verify such cases and take necessary action to remove cases of dead beneficiaries.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that the matter will be taken very seriously and it will instruct the District Nodal Officers to strictly check and update the beneficiary data. It was also stated that, such negligence will not occur in future.

2.4.10.8 Cash payment of Assistance

As per Sections 4.5.2 and 4.5.4 of NSAP guidelines, to ensure efficiency and regular transfer, payment into the bank account/ post office account or through electronic money order is preferred. Payment of assistance in cash to beneficiaries should be adopted only if other modes are not workable after following measures prescribed in the NSAP guidelines. Payment will be disbursed in public meetings on a specific day which is widely publicised. The list of beneficiaries must be displayed at the place of disbursement for information of general public. The name of the beneficiary should be announced in the Gram Sabha/ Ward Committee/ Area Sabha meetings in the presence of all members. Further, the cash disbursement process should be verified specifically in Social Audit.

Audit noticed that for year 2018-19, the 'District Nodal Officer, Upper Subansiri' paid an amount of ₹10.00 lakh to 50 beneficiaries in cash under NFBS. It was directly distributed to the beneficiaries after obtaining an Actual Payee Receipt. However, none of the measures prescribed above were followed. It was also noticed that biometric authentication of the beneficiary was not obtained while making payments in cash.

Thus, payment of assistance in cash without following the prescribed procedure not only resulted in violation of Guidelines but also raised doubts as to on whether the beneficiaries actually received the assistance as claimed by the Department.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that the concerned District Nodal Officer will be asked to explain the reason(s) behind cash payment. Further, it was also stated that such cases will not occur in future. Thus, non-conduct of periodic review of the scheme by the nodal Department resulted in the above lapse.

2.4.10.9 Inclusion of ineligible beneficiary (Over/under age, income group, *etc.*)

The eligibility criteria under various sub-schemes of NSAP is shown in **Table 2.58**.

Table 2.58: Eligibility criteria under various sub-schemes of NSAP

Sl. No.	Name of the Sub-scheme	Eligibility criteria (Age)
1.	IGNOAPS	BPL and 60 years and above
2.	IGNWPS	BPL widow and 40 years and above
3.	IGNDPS	BPL, 18 years and above and disability percentage 80 *per cent* and above
4.	NFBS	BPL, Death of sole-breadwinner at the age between 18 to 59 years

Source: Departmental records

Under IGNOAPS and IGNWPS Central share was paid for 11 months, and under IGNDPS it was paid for 09 months (for 2017-18). After that no assistance was provided in the following years. Further, State share was paid for three years (2017-18, 2018-19 and 2020-21). However, it was not paid for the year 2019-20. During Audit of six sampled districts, the following observations were noted:

- Under IGNOAPS, 482 persons below the age of 60 years were provided assistance. This resulted in payment to ineligible beneficiaries amounting to ₹76.96 lakh. Details are shown in **Table 2.59**.

Table 2.59: Details of ineligible payment under IGNOAPS

(in ₹)

Year	No. of beneficiaries less than 60 years under IGNOAPS				
	Beneficiaries	Share	Rate	Months	Amount
2017-18	300	Central	200.00	11	6,60,000.00
2017-18	300	State	1,300.00	12	46,80,000.00
2018-19	120		1,300.00	12	18,72,000.00
2020-21	31		1,300.00	12	4,83,600.00
Total	**482**	**-**	**-**	**-**	**76,95,600.00**

Source: Departmental records

- Under IGNWPS, 163 persons below the age of 40 years were provided assistance. This resulted in payment to ineligible beneficiaries amounting to ₹17.52 lakh. Details are shown in **Table 2.60.**

Table 2.60: Details of ineligible payment under IGNWPS

(in ₹)

Year	No. of beneficiaries less than 40 years under IGNWPS				
	Beneficiaries	Share	Rate	Months	Amount
2017-18	92	Central	300.00	11	3,03,600.00
2017-18	36	State	1,700.00	12	7,34,400.00
2018-19	19		1,700.00	12	3,87,600.00
2020-21	16		1,700.00	12	3,26,400.00
Total	**163**	**-**	**-**	**-**	**17,52,000.00**

Source: Departmental records

- Under IGNDPS, 179 persons below the age of 18 years were provided assistance. This resulted in payment to ineligible beneficiaries' amounting to ₹29.08 lakh. Details are shown in **Table 2.61**.

Table 2.61: Details of payment to ineligible beneficiaries under IGNDPS

(in ₹)

Year	No. of beneficiaries less than 18 years under IGNDPS				
	Beneficiaries	Share	Rate	Months	Amount
2017-18	42	Central	300.00	9	1,13,400.00
2017-18	119	State	1,700.00	12	24,27,600.00
2018-19	10		1,700.00	12	2,04,000.00
2020-21	8		1,700.00	12	1,63,200.00
Total	**179**	**-**	**-**	**-**	**29,08,200.00**

Source: Departmental records

- Under NFBS, the Department disbursed an amount of ₹20,000 per beneficiary under Central share, as one-time assistance to 519 beneficiaries during 2017-18 and 2018-

19. Out of 519 beneficiaries, details of 272 beneficiaries did not have either the name of the bread winner or the age of the deceased. These beneficiaries were paid an amount of ₹54.40[71] lakh, without having the required documents to prove their eligibility.

- During Audit of the six sampled districts it was seen that there were 1,162 approved individual beneficiaries under IGNDPS in these districts. Out of 1,162 beneficiaries, 294 beneficiaries had been declared as disabled with disability level upto 80 *per cent* and above. Further, the Department could not furnish disability certificates for 833 beneficiaries. However, there were 35 beneficiaries whose disability level was below 80 *per cent*. These 35 ineligible beneficiaries were paid ₹17.35 lakh. Details are shown in **Table 2.62**.

Table 2.62: IGNDPS beneficiaries with disability level below 80 *per cent*

(in ₹)

Year	Share	No. of Beneficiaries below 80 *per cent* disability	Rate per month	Years	Months	Total Amount
2017-18	Central	19	300.00	1	11	62,700.00
2017-18	State	19	1,700.00	3	12	11,62,800.00
Sub-total		**19**	**-**	**-**	**-**	**12,25,500.00**
2018-19	State	9	1,700.00	2	12	3,67,200.00
2020-21	State	7	1,700.00	1	12	1,42,800.00
Total		**35**	**-**	**-**	**-**	**17,35,500.00**

Source: Departmental records

A total amount of ₹1.95 crore has been paid to ineligible beneficiaries which could have been utilised for the benefit of deserving eligible beneficiaries.

The Department during Nodal the exit conference (23 August 2022) stated that it is not aware of these inconsistencies and stated that it will look into the matter and take corrective measures, if needed. However, in its reply (31 August 2022) the Department accepted all the Audit findings and assured that the District Officers will be instructed to strictly follow the eligibility criteria during selection of beneficiaries, and it was also stated that no further mistake would be repeated in future.

2.4.10.10 Short sanction and disbursement of assistance under National Family Benefit Scheme

As per Section 2.2 of NSAP guidelines, financial assistance of ₹20,000 is provided to the family of the bereaved household in the event of death of sole breadwinner whilst he/she is more than 18 years and less than 60 years of age. Additionally, Section 2.3.1 of NSAP guidelines strongly urges to provide at least an additional equivalent to the assistance provided by the GoI so that beneficiaries can get a decent level of financial assistance.

During 2017-18 to 2020-21, the GoI allocated an amount of ₹71.28 lakh for 2017-18 and ₹35.64 lakh for 2018-19 under NFBS. However, no allocation of funds was made for the years 2019-20 and 2020-21. It was seen that a total of 519 Beneficiaries were identified (346 Beneficiaries for 2017-18 and 173 Beneficiaries for 2018-19). However, out of

[71] 272 beneficiaries x ₹20,000 per beneficiary

funds amounting to ₹1.07 crore, only ₹72.12 lakh (including ₹3.12 lakh administrative expenditure) was disbursed to 345 beneficiaries. Funds amounting to ₹34.80 lakh, were returned to the State Nodal Officer. Thus, 174 beneficiaries were deprived of benefit of the scheme even though funds were available. The details are given in ***Appendix-2.27.***

Further, it was also seen that the GoAP did not make any contribution towards NFBS. This resulted into short allocation of ₹1.04 crore (₹20,000 x 519 beneficiaries) under NFBS.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that GoAP had decided to provide State share assistance to only three sub-schemes of NSAP, *viz.* IGNOAPS, IGNWPS and IGNDPS. Regarding refund of NFBS Fund by District Nodal Offices, the Department stated that it will be re-disbursed to the identified beneficiaries. The reasons for returning of funds were stated to be due to non-arrangement of relevant documents in time by the beneficiaries. However, the Guidelines clearly state that it is the duty of the Department to arrange relevant documents for beneficiaries.

2.4.10.11 Non-disbursement of assistance in spite of availability of funds

During Audit of six sampled districts, it was noticed that in two Districts (East Siang and Namsai) for the year 2017-18 (under Central share), 538 beneficiaries were not paid assistance in spite of availability of funds amounting to ₹19.75 lakh. The District Nodal Officers were not aware of non-payment of assistance to the beneficiaries. The details are shown in **Table 2.63**.

Table 2.63: Details of the amount yet to be disbursed to the Beneficiaries

(₹ in lakh)

Name of the District	Year	Name of the Components / sub-Schemes	Number of Beneficiary	Amount (yet to be disbursed)
East Siang	2017-18	IGNOAPS 80 & above years	88	4.84
	2017-18	IGNDPS	136	3.67
	2017-18	IGNWPS	274	9.04
Namsai	2017-18	IGNOAPS 80 & above years	40	2.2
Total			**538**	**19.75**

Source: Departmental records

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) accepted the observation and agreed to instruct the District Nodal Officers to disburse the pension as soon as possible.

Recommendation: Steps may be taken to disburse the assistance at the earliest while ensuring that such cases do not occur in future.

2.4.10.12 Idle expenditure

The Department incurred an expenditure of ₹41.35 lakh on printing of Identity cards (1,00,000 Nos), Guidelines (5,000 Nos) and Booklets (7,000 Nos) for NSAP on 15 October 2018. However, during Audit it was noticed that only 23,400 Nos. of Identity cards have been issued till now (as on June 2022). The remaining items valued at ₹35.50 lakh are still lying idle at the Directorate. The details are shown in **Table 2.64**.

Table 2.64: Details of Items lying Idle

Sl. No.	Particulars	No. of copies	Issued	Balance	Rate	Balance Amount (in ₹)
1.	I-Cards	1,00,000	23,400.00	76,600	25.00	19,15,321.72
2.	Guidelines of NSAP	5,000	0.00	5,000	249.99	12,49,974.00
3.	Booklet	7,000	0.00	7,000	55.00	3,84,998.60
Total		**1,12,000.00**	**23,400.00**	**88,600.00**	**-**	**35,50,294.32**

Source: Departmental records

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that the items will soon be distributed to the district offices. However, on being enquired it was found that the Department is yet to distribute the items (as on 30 June 2023).

2.4.11 Monitoring and Evaluation

2.4.11.1 Non-conduct of State Level Committee meetings

As per section 6.1.2 of the Guidelines, the State Level Committee should be headed by the Chief Secretary or Additional Chief Secretary nominated by Chief Secretary and should include (a) Secretaries of Departments concerned such as Finance, Rural Development, Panchayati Raj, Municipal Affairs, Social Welfare, Health, Revenue, Women and Child Development, Minorities, SC, ST, *etc*. (b) two representatives of Banks/Post Office, (c) Four Chairpersons, two each of Zilla Parishad and Municipalities, (d) Collectors from three districts in rotation and (e) four independent experts and representatives of NGOs. This Committee will be responsible for implementation, monitoring and evaluation of the programme and matters concerned therewith. State Committees should meet at least twice a year. Also, a Vigilance & monitoring committee was to be formed at the State and District levels for review of implementation of the programme.

However, it was noticed that from 2017-18 to 2020-21, State Level Committee meeting has not been convened. Further, State Level vigilance & monitoring committee has not been formed.

Instances like (i) non disbursement of pension in time (ii) Idling of funds amounting to ₹6.00 crore, (iii) Non-submission of UC (for State share) (iv) Delayed submission of UC (Central Share) (v) Inflation of UC (Central Share) and (vi) Assistance paid to dead beneficiaries could be attributed to non-monitoring by the State Level Committee.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) stated that there is a State Level Committee with the Chief Secretary as the Chairman. However, it accepted that no meeting has been conducted by the Committee till now. The Department stated that efforts will be made to conduct SLC meeting at the earliest. Besides, the Department also stated that it will consider replacing the members who find it difficult to attend the SLC meeting.

2.4.11.2 Adequacy of monitoring by District Level Committee

As per Section 6.1.3 of NSAP guidelines, District level Committee may be headed by the Chairperson Zilla Parishad / Chief Executive Officer, Zilla Parishad / District Collector and should include (a) District level officials of Departments concerned (b) four representatives

from among Chairpersons of 25 *Gram /Intermediate Panchayats* and Municipalities and (c) four independent experts and representatives of NGOs working in this area. The District Level Committee will be responsible for implementation, monitoring and evaluating the programme within the district and for matters concerned therewith. They should submit their reports to the State Nodal Department on a monthly basis.

However, it was noticed that District Level Committees and District Level Vigilance & monitoring committees were not constituted in any of the six sampled districts.

Non-monitoring by District Level committees resulted in (i) non-constitution of Special Verification Teams for confirmation, addition or deletion of beneficiaries, (ii) Non-involvement of Gram Panchayat/ municipalities & Local NGOs in identification of beneficiaries, (iii) Bonafide beneficiaries being deprived of pension and (iv) non-submission of MPR among others.

The Department during the exit conference (23 August 2022) stated that Vigilance & Monitoring committees will be constituted at District level. Further, the Department in its reply (31 August 2022) stated that a committee comprising 'Deputy Commissioner, Deputy Director (ICDS)/ CDPOs-cum-District Nodal Officer (NSAP) and Zilla Parishad members' has been constituted as District Level Committee for verification, identification of beneficiaries and periodic updation of the beneficiary data. The Department furnished a GoAP notification in support of its claim. However, after scrutiny it was noticed that the document furnished by the Department was a general notification issued by the GoAP for constitution of State Level Committee and District Level Committees.

2.4.11.3 Adequacy of Monitoring through the State Nodal Department

As per Section 6.3 of NSAP guidelines, a nodal Department was to be identified for coordinating with the different implementing Departments for periodic review and submission of physical and financial progress reports under different schemes of NSAP to Government of India. The Monthly/Quarterly Progress Reports have to be furnished online by the State Nodal Department by 15th of every month after obtaining reports from the district and field offices in a regular manner.

However, it was noticed that the State Nodal Department (Social Justice Empowerment and Tribal Affairs) did not have any mechanism for conducting periodic review of the scheme. The State Nodal Department could not obtain Monthly/ Quarterly Progress Reports from the District Nodal Offices (ICDS).

Inadequate monitoring through the State Nodal Department resulted in non-conduct of social Audit, non-formation of Special Verification Team and approved beneficiaries being deprived of pension and at the same time non-approved beneficiaries being paid assistance.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) accepted the observation and stated that it will introduce a system of periodic review of the scheme and also instruct the District Nodal officers to do the same.

2.4.11.4 Weaknesses in Internal Control

Some of the weaknesses noticed in Internal Control during SSCA of NSAP are:

- The Department did not have a Management Information System (MIS) for NSAP in Arunachal Pradesh in violation of Paragraph 5.2 of NSAP Guidelines.
- Social Audit/Internal Audit was not conducted as envisaged in Paragraph 6.10 of NSAP Guidelines.
- The Department did not have any staff of its own at the district level. It was using the personnel of ICDS Department for implementation of the scheme. It was seen that documents submitted during application stage (BPL Card, Disability, Birth & Death Certificate, ST Certificate *etc*.) were not maintained properly. Most of the documents were either lost or damaged. Thus, there was lack of proper maintenance of records.
- Non-involvement of members of Gram Panchayat/Municipalities and representatives of Non-Government Organisations (NGOs) in identification of potential beneficiaries.

The Department during the exit conference (23 August 2022) and its reply (31 August 2022) accepted that monitoring of the scheme needs to be strengthened. Further, the Department agreed to introduce a quarterly MIS. Though no internal audit has been conducted till now, the Department stated that plans are in pipeline to have social audit soon. The Department also agreed to constitute Special Verification Teams.

2.4.12 Outcome of beneficiary Survey

Audit teams conducted survey of 307 beneficiaries (out of 54,652 beneficiaries approved by the Department) belonging to different Schemes of NSAP (IGNOAPS: 237 beneficiaries; IGNWPS: 55 beneficiaries; IGNDPS: 14 beneficiaries and NFBS: one beneficiaries) along with departmental representatives.

Out of 307 beneficiaries interviewed, 135 beneficiaries were from approved list and 172 beneficiaries were from outside the approved list. Further, out of 307 beneficiaries, 180 beneficiaries were paid assistance during 2017-18: 183 beneficiaries were paid assistance during 2018-19 and 193 beneficiaries were paid assistance during 2020-21. No assistance was paid during 2019-20 due to non-sanction of funds. The details are given in ***Appendix-2.28.***

During Beneficiary survey it was noticed that 16 beneficiaries whose names were in the approved list had already died but their names continued to feature in the beneficiary list. Their death was reported to the Audit team by the relatives of the beneficiaries.

287 beneficiaries made a request to increase the amount of pension. One of the grievances pointed out by every beneficiary was to regularise payment of the pensions on either monthly basis or half year basis. They also requested for arrear payment of pension for 2019-20 (State share) and increase the amount of pension.

Under Diyun Block in Changlang District, two Gram Panchayats (GPs) Balupothar and Sompoi were initially selected for Beneficiary survey (by sampling). However, it was noticed that there was not even a single beneficiary in these two GPs. Further, under Nampong block in Changlang district, two GPs (Mossang Putok and Machum Rima) were sampled for Beneficiary survey. The two GPs consisted of ten villages[72]. However, under these ten villages there were total seven beneficiaries of NSAP. Thus, the selection of beneficiaries by the Department was doubtful.

[72] 1. Mossang Putok, 2. Changlai, 3. Lungtang, 4. Tempun I, 5. Tempun II, 6. Kenyam, 7. Machum I, 8. Machum II, 9. Rima and 10. Rima IV

The Department stated (31 August 2022) that it will look into the observations made by Audit very seriously and instruct the District Nodal Officers to update the beneficiary list regularly.

On the request for increase in monthly pension amount, it was stated that the matter is decided by the Central/ State Government and that the Department could not make any comments in this regard.

Recommendation: The Department may promptly address the grievances pointed out by the beneficiaries and pay pension amount on regular monthly basis.

2.4.13 Conclusions and Recommendations

2.4.13.1 Conclusions

The Department did not identify all potential eligible beneficiaries in the State. There was serious gap in digitisation of beneficiary list and data of only 6,294 beneficiaries out of the 54,652 beneficiaries identified in the state could be uploaded in the NSAP portal. Thus no funding had been received for the beneficiaries for whom data was not uploaded since 2018-19 from when the Ministry made uploading mandatory. Gram Panchayats/ Municipalities were not involved in the identification of beneficiaries. There was no Grievance Redressal Mechanism put in place and no Social Audit was conducted during the period covered by audit. Special Verification Teams were not constituted to update the beneficiary status leading to payment of pension to ineligible and deceased beneficiaries. There was deficient evaluation and poor monitoring.

2.4.13.2 Recommendations

- *The Department may ensure participation of Gram Panchayats/ Municipalities in identification of new beneficiaries in the State*
- *The Department may fix responsibility on the erring officials for depriving benefits to the eligible beneficiaries*
- *The Department may separately earmark funds for IEC activities*
- *The Department may fix responsibility on the erring officials for non-updation of beneficiary details in the NSAP Portal*
- *The Department may take immediate steps to complete the seeding of the bank account of the remaining beneficiaries with Aadhaar at the earliest and fix responsibility on the erring officials for the lapses*
- *The Department may make efforts to submit the correct UCs to the sanctioning authority and before due date so as to avoid non-release of fund in future*
- *The Department may strengthen the monitoring mechanism so as to ensure that eligible beneficiaries are not deprived of their full entitlement*
- *The Department may strengthen monitoring mechanism to cross verify the eligibility of assistance to a beneficiary at different levels, to avoid duplicity.*
- *Steps may be taken to disburse the assistance at the earliest while ensuring that such cases do not occur in future*
- *The Department may promptly address the grievances pointed out by the beneficiaries and pay pension amount on regular monthly basis.*

Social Justice, Empowerment & Tribal Affairs and Education Departments

2.5 Pre and Post Matric Scholarship Schemes Belonging to Scheduled Tribes Students of Arunachal Pradesh.

An SSCA of *"Pre and Post-Matric Scholarship Schemes Belonging to Scheduled Tribes Students of Arunachal Pradesh"* was conducted covering the period from 2017-18 to 2021-22 involving test check of records of Social Justice & Empowerment and Tribal Affairs Department and Education Department covering 99 institutes (47 for pre-matric and 52 for post-matric) in six selected districts. The SSCA on implementation of the Scheme in Arunachal Pradesh brought out the following significant findings.

Highlights:

- ***No database of universe of potential beneficiaries was maintained due to which there was wide variation in estimated number of beneficiaries' vis-à-vis actual number of beneficiaries.***

  (Paragraphs 2.5.2.1 and 2.5.6.1)

- ***There was no uniformity from year to year in timeline for receipt and processing of applications at institute and state level.***

  (Paragraphs 2.5.2.2 and 2.5.6.2)

- ***A total balance amount of ₹1.90 crore (₹1.71 lakh for pre-matric scholarship and ₹1.88 crore for post-matric scholarship) was still lying unutilised in the scheme account maintained by Social Justice & Empowerment and Tribal Affairs (SJETA) Department. The balance fund was still not transferred to the current scheme nodal departments (Secondary Education Department for pre-matric and Higher & Technical Education Department for post-matric).***

  (Paragraphs 2.5.3.1 and 2.5.7.1)

- ***There were delays in payment of scholarships to the students ranging from one to 12 months for pre-matric and from three to 13 months for post-matric.***

  (Paragraphs 2.5.4.2 and 2.5.8.2)

- ***Parents/Guardians of 284 beneficiaries (111 beneficiaries of pre-matric and 173 of post-matric) were serving/ retired Government employees, rendering compliance with income threshold doubtful.***

  (Paragraphs 2.5.4.4 and 2.5.8.5)

- ***During 2019-20 and 2020-21, an amount of ₹6.00 lakh was disbursed to 22 post-matric beneficiaries whose parental income exceeded the prescribed limit of ₹2.50 lakh per annum.***

  (Paragraph 2.5.8.4)

- ***An excess payment of ₹10.12 lakh (₹9.75 lakh for pre-matric and ₹0.37 lakh for post matric) was made to 383 students (346 for pre-matric and 37 for post-matric) of 40 institutes (31 for pre-matric and 09 for post-matric) due to disbursement of scholarship at hosteller's rate instead of day scholar's rate.***

  (Paragraphs 2.5.4.5 and 2.5.8.7)

- ***During 2018-2021, against the total enrolment of Scheduled Tribes students in 03 institutes being 834, the actual number of beneficiaries was 1,284. Thus, the total number of beneficiaries had exceeded the enrolment by 450 (54 per cent), which ranged from 13 (06 per cent) to 114 (71 per cent) in individual institutes.***

(Paragraph 2.5.8.6)

- ***During 2019-2021, 169 beneficiaries availed benefit from multiple schemes i.e. a total amount of ₹46.45 lakh from post-matric scholarship scheme and ₹1.59 crore from other schemes.***

(Paragraph 2.5.8.9)

- ***No committee/mechanism had been formed/created at State and district level for periodic review of the progress of the scheme. Further, no Social Audit of the scheme implementation was conducted during 2017-21. No specific outcome indicators were fixed by the State Government for measuring the impact of the scheme.***

(Paragraphs 2.5.5.1 and 2.5.9.1)

- ***Grievances redressal mechanism for the scheme neither existed at District level nor at State level. The Department did not redress the issue relating to non-disbursal of scholarship for the approved 4,730 beneficiaries (1,837 for pre-matric and 2,893 for post-matric).***

(Paragraphs 2.5.5.4 and 2.5.9.4)

2.5.1 Introduction

Government of India (GoI) operates post-matric scholarship schemes *w.e.f.* 1944-45 and pre-matric scholarship schemes *w.e.f.* 2012-13 for students belonging to economically weaker sections among Scheduled Tribes (STs). The objectives are increasing enrolment, arresting dropout rate during education and helping students in completing their education. Pre and Post-Matric Scholarship Schemes for STs are being administered by Ministry of Tribal Affairs (MoTA) and implemented in the States by respective State Government.

Pre-Matric Scholarship Scheme aims to provide/supplement financial assistance to support parents of children belonging to STs for education of their wards studying in class IX and X. On the other hand, Post-Matric Scholarship Scheme aims to provide/supplement financial assistance to support parents of children belonging to STs for education of their wards studying at post-matriculation stage to enable them to complete their education.

ST students whose parents'/ guardians' income from all sources do not exceed ₹2.00 lakh (*w.e.f.* 2012-13) and ₹2.50 lakh (*w.e.f.* 2013-14) per annum respectively were eligible for scholarship under Pre and Post-Matric Scholarship scheme respectively. The income limit for Pre-Matric Scholarship scheme was revised from ₹2.00 lakh to ₹2.50 lakh from April 2020. The award once made was payable from the stage at which it was given to the completion of course subject to good conduct and regularity in attendance in every academic year. As per guidelines, the amount of scholarship was to be paid to beneficiaries through their accounts in post office/ banks.

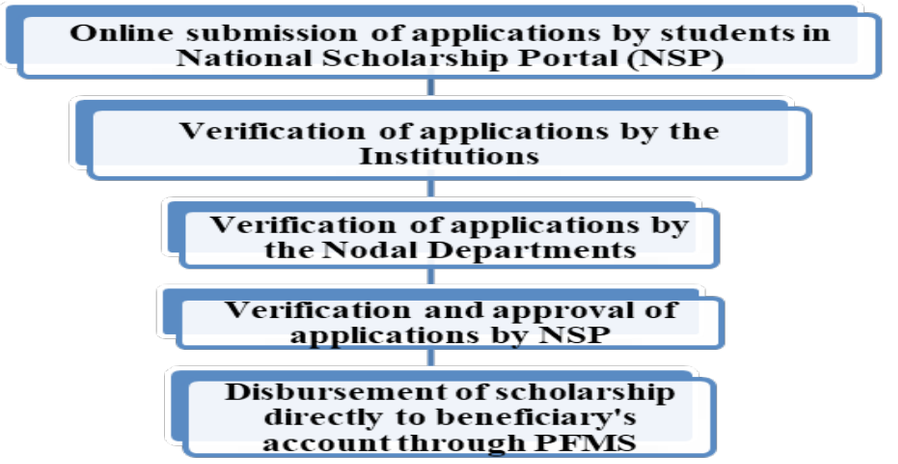
In Arunachal Pradesh Pre-Matric Scholarship Scheme was first implemented during the Academic Session 2015-16 and Post-Matric Scholarship Scheme was first implemented

during the Academic Session 2012-13. From the Academic Session 2015-16 onwards both the schemes were implemented through the National Scholarship Portal (NSP) system. From 2015-16 onwards covering the period covered by the SSCA *i.e.*, 2017-18 to 2021-22 both pre and post-matric scholarship schemes were implemented through PFMS in a full-fledged DBT mechanism.

2.5.1.1 Organisational set-up and procedure for disbursement of scholarship

At the State Level the Schemes are implemented by SJETA up to 2018-19. From 2019-20 onwards the Commissioner in charge of Education, assisted by other officers, exercises overall control over the implementation of the schemes (Pre-Matric scholarship scheme by Secondary Education Department and Post-Matric scholarship scheme by Higher & Technical Education Department). The procedure followed by the Departments for identification and verification of eligible students for pre and post matric scholarships schemes is depicted in **Chart 2.22**.

Chart 2.22: Procedure for disbursement of scholarship



The scholarship amount is disbursed to the beneficiaries' bank account in DBT mode through PFMS.

2.5.1.2 Audit Objectives

The audit objectives were to assess each of the two scholarship schemes, whether:

1) the Scheme was planned efficiently to cover all the eligible beneficiaries and to exclude ineligible beneficiaries?
2) the overall Financial Management of the Scheme ensured timely availability and release of funds to the implementing agency for disbursal to the beneficiaries?
3) the Scheme was implemented effectively in a timely manner?
4) effective Control Mechanisms and robust IT Systems existed for monitoring the Scheme?

2.5.1.3 Scope of Audit and Coverage

The SSCA on the implementation of the Pre and Post Matric scholarship schemes in Arunachal Pradesh covered the period from 2017-18 to 2022-23. During the period, scholarship amounting to ₹491.21 crore (₹6.18 crore for pre-matric and ₹485.03 crore for

post matric) was disbursed to 1,93,264 (22,696 for pre-matric and 1,70,568 for post matric) beneficiaries/students.

- Six districts (*Papum Pare, East Siang, West Siang, East Kameng, Namsai and Changlang*) out of 25 districts in the State were sampled for the SSCA. Three districts[73] were sampled as they were the top three districts in the High-Risk (*i.e.* based on higher expenditure*)* district list and the remaining three districts[74] were sampled through Probability Proportional to Size Without Replacement (PPSWOR) method with size measure being the total ST population in the districts.
- Within the sampled districts 47 institutes for pre-matric scholarship and 52 institutes for post-matric scholarship were sampled through PPSWOR with size measure being the number of targeted beneficiaries/students for pre-matric and value of scholarship for post-matric schemes respectively.
- From the sampled institutes, out of 5,860 and 57,131 pre and post matric scholarship applications respectively, 1,040 applications for pre-matric scholarship and 1,385 for post-matric scholarship were sampled through simple random sampling without replacement (SRSWOR) method for detailed checking.
- Feedback obtained from 375 beneficiaries for pre-matric scholarship and 467 beneficiaries for post-matric was drawn from 86 institutes (41 institutes for pre-matric and 45 institutes for post-matric) chosen through SRSWOR method.

2.5.1.4 Audit Methodology

The SSCA commenced with an 'Entry Conference' held on 16 September 2021 with the Directors and the officials of the Social Justice & Empowerment and Tribal Affairs Department, Secondary Education Department and Higher & Technical Education Department wherein audit objectives, audit scope, audit methodology and audit criteria were discussed.

From January to July 2022, Audit conducted examination of records and analysis of the data of the concerned Departments namely, Social Justice & Empowerment and Tribal Affairs Department, Secondary Education Department and Higher & Technical Education Department collected along with survey of beneficiaries as per sample selection.

The audit evidence was collected through questionnaires and audit memos/queries issued to the Departments[75]. The draft report was issued to the Departments on 03 August 2022. Audit findings were discussed with the Commissioner, Education Department, and officers of concerned Departments at an 'Exit Conference' held on 29 August 2022. The replies received from the Departments and deliberations of the exit conference have been suitably incorporated in the report.

2.5.1.5 Audit Criteria

The audit findings were benchmarked against the following audit criteria:

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[73] Papum Pare, East Siang and West Siang

[74] East Kameng, Namsai and Changlang

[75] Social Justice & Empowerment and Tribal Affairs Department, Secondary Education Department and Higher & Technical Education Department

1) Guidelines of Centrally Sponsored Scheme of Pre-Matric Scholarship for Needy Scheduled Tribe Students Studying in Classes IX & X (Effective from 01 July 2012).

2) Guidelines of Scheme of Post-Matric Scholarship for students belonging to Scheduled Tribes for studies in India (applicable from 01 July 2010).

3) MoTA letter No. 19012/03/2017-Sch/Edu dated 20 December. 2019 regarding increase in the scholarship amount.

4) MoTA letter No 20014/52002-Education dated 23 May 2013 regarding upward revision of income criteria, specifying implementation and monitoring requirements of scheme.

5) Aadhaar linking letter No. 19012/01/2017-Edu/Scho dated 09 June 2017.

6) Central/ State Government Orders/Instructions for implementing, monitoring or evaluating the scheme.

7) PFMS/DBT related orders/instructions.

2.5.1.6 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by SJETA and Education Departments, GoAP during conduct of this SSCA.

Audit Findings on Pre-Matric Scholarship Scheme

The findings of the SSCA on Pre-Matric Scholarship Scheme are discussed in the succeeding paragraphs.

2.5.2 Planning

Pre-Matric Scholarship Scheme was implemented in the State by the Secondary Education Department, Government of Arunachal Pradesh from 2019-20 onwards. The planning, in respect of Pre-Matric Scholarship Scheme for students belonging to STs, involved identification of universe of potential beneficiaries, development of mechanism to cover the potential beneficiaries in the scheme along with mechanism to weed out ineligible/ fraudulent applicants, awareness generation about the scheme, systematic and realistic assessment of requirement of funds for providing effective coverage to all eligible beneficiaries under the scheme *etc.*

Audit scrutiny in this regard led to the following audit observations in respect of planning:

2.5.2.1 Non-identification of universe of potential beneficiaries

The Departments did not maintain any database, of ST students list, potential beneficiaries, successful beneficiaries, drop-outs, *etc.* which could be used to arrive at, estimates for succeeding year. The estimates regarding number of eligible students for scholarship were prepared on *ad-hoc* basis without collecting any data from field offices or conducting any survey regarding eligible students under the schemes. Due to non-identification of universe of beneficiaries, there was wide variation in estimated number of beneficiaries' *vis-à-vis* actual number of beneficiaries as detailed in **Paragraph 2.5.2.3**.

The Department in its reply (29 August 2022) stated that applicants data were filtered through NSP based on predefined criteria as set by State Government and GoI. However, there is no mechanism to find out the universe of potential beneficiaries.

Recommendation: The database of the beneficiaries may be maintained and updated periodically through proper verification, to ensure that amount is disbursed to the actual beneficiaries.

2.5.2.2 Absence of specific timelines for processing of applications and scholarship disbursal

As per Section 11.1 of Pre-Matric Scholarship Scheme Guidelines (2012), the State Government will, at the appropriate time, suitably publicise the Scheme and invite applications by issuing an advertisement in local language, in the leading newspapers of the State and through their respective websites and other media outfits. The applicant should submit their completed application online in NSP before the last date prescribed for receipt of applications. The application including bank account details are verified, processed and approved. Scholarship for the approved beneficiaries is directly transferred to their bank accounts through PFMS. Timeline for processing of applications during 2017-23 is detailed in **Table 2.65.**

Table 2.65: Year wise timeline for processing of applications

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Invitation of online applications	03-10-2017	20-11-2018	04-11-2019	05-11-2020	28-09-2021	30-09-2022
Last date of submission of online application	30-11-2017	31-12-2018	16-12-2019	31-12-2020	30-11-2021	30-12-2022
Last date of verification of application at Institutional level	31-12-2017	10-01-2019	16-12-2019	15-01-2021	10-12-2021	15-01-2023
Last date of verification of application at State level	31-01-2018	31-05-2019	30-12-2019	22-01-2021	15-12-2021	31-01-2023

Source: Records of SJETA and Secondary Education Department

It can be seen from the **Table 2.65** that there was no uniformity from year to year in timeline for receipt and processing of applications at institute and state level. Audit noted that due to non-uniformity in timeline for receipt and processing of applications there were delays in disbursement of scholarship.

The Department in its reply (22 August 2022) stated that they do have timeline for processing and disbursement of scholarship.

The Department reply is not acceptable because timeline for invitation of applications, last date of submission of application and verification of applications by institutes, nodal Department and at NSP level changed every year, thereby promoting unpredictability to the intended beneficiaries about the timeline for processing of the applications.

Recommendation: The Department may formulate uniform timelines for processing of applications by institutes, nodal Department and at NSP level.

2.5.2.3 Shortcomings in preparation of Annual Demand

There was no effective mechanism in the State for preparing Annual Demand on a factual basis. In the absence of database of eligible students, the Department was not able to

ascertain coverage of students. The Department prepared the estimates on *ad-hoc* basis with 20 *per cent* anticipated increase from the previous financial year. During 2017-18 and 2018-19 the estimated number of beneficiaries was not added in the Annual Demand. In the absence of effective mechanism for preparing Annual Demand on factual basis there was variation between estimated number of beneficiaries' and actual number of beneficiaries as well as between fund demanded and actual expenditure as shown in **Table 2.66**.

Table 2.66: Estimated and actual position of beneficiaries and fund demand

Year	Number of beneficiaries			Fund demand (₹ in lakh)		
	Estimated	Actual	Difference	Estimated	Actual expenditure	Difference
Pre-Matric Scholarship Scheme for ST students						
2017-18	-	2255	-	126.07	53.74	72.33
2018-19	-	1846	-	0.00*	45.52	-
2019-20	2142	1979	163	61.59	49.65	11.94
2020-21	5849	5709	140	173.13	182.61	-9.48
2021-22	6800	5812	988	211.10	109.10	102.00
2022-23	6120	5252	868	286.34	177.17	109.17

Source: Records of SJETA and Secondary Education Department)

**No fund was demanded from GoI as the State had previous unspent fund.*

During 2017-18, the difference between the fund demanded and actual expenditure was ₹72.33 lakh (57.37 *per cent*). Due to this wide variation, no fund was demanded during 2018-19. During 2020-21, against the estimated amount of ₹1.73 crore, the actual expenditure of ₹1.83 crore was ₹9.48 lakh (5.48 *per cent)* more than the estimated amount.

There was thus no institutional process for arriving at accurate estimates/plans for scholarships to be granted to eligible students in a particular year.

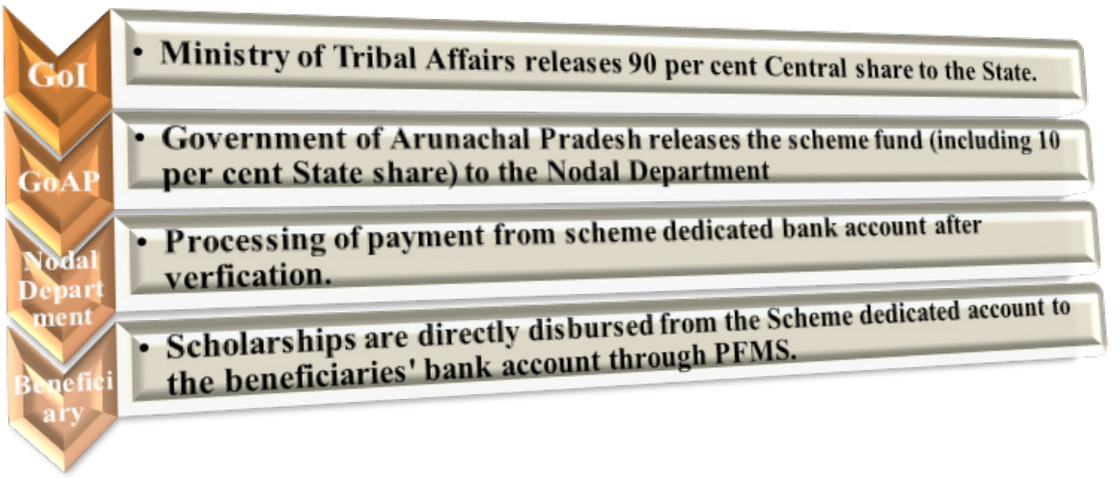
The Department stated (29 August 2022) that the Annual Demand was prepared with reference to the formats and Annexures as fixed by MoTA. The Department also stated that difference between the estimated figure and the actual expenditure was always bound to happen. This was unavoidable.

However, the department did not have a database of eligible students whereby it placed demands on an *adhoc* basis with non-addition of estimated no. of beneficiaries during 2017-18 to 2018-19 leading to flawed demand projection. The claim of the Department with regard to inevitable difference is also not acceptable, as there was huge difference between the estimated amount and the actual expenditure during 2017-18, 2021-22 and 2022-23.

2.5.3 Financial Management

Pre-Matric Scholarship scheme is being executed through Direct Benefit Transfer (DBT) mode, wherein scheme funds are received from GoI and on the basis of its release, state approves its 10 *per cent* share to the State Nodal Department. After obtaining expenditure sanction from the State Finance Department, the fund is deposited to the scheme dedicated bank account through state treasury and disbursed directly to the beneficiaries'/ students' bank account through PFMS. The process of fund flow for scholarship is shown in **Chart 2.23.**

Chart 2.23: Flow of scholarship funds



Source: SJETA and Secondary Education Department

2.5.3.1 Financial Progress

Status of Fund availability and disbursement of scholarship during the period from 2017-18 to 2022-23 is shown in **Table 2.67**.

Table 2.67: Funds availability and disbursement during 2017-23

(₹ in lakh)

Year	Opening Balance	Fund demanded/ Annual demand	Funds received		Total available fund	Total expenditure	Closing balance
			Central Share	State Share			
1	2	3	4	5	6 (=2+4+5)	7	8 (=6-7)
2017-18	0.00	126.07	92.30	0.00	92.30	53.74	38.56
2018-19	38.56	0.00	8.67	0.00	47.23	45.52	1.71
2019-20	0.00	61.59	61.39	0.00	61.39	49.65	11.73
2020-21	11.73	173.13	169.37	18.82	199.92	182.61	17.31
2021-22	17.31	211.10	118.91	13.21	149.43	109.10	40.33
2022-23	40.33	286.34	257.71	28.63	326.67	177.17	149.50
Total	-	**858.23**	**708.35**	**60.66**	**876.97**	**617.79**	-

Source: Government sanction orders and Scheme account statement

Audit observed that during the period 2017-2023:

- The Departments had projected a requirement of ₹8.58 crore, funds of ₹8.77 crore (including balance fund in scheme account) was available. The Department could utilise only ₹6.17 crore which was 70 *per cent* of the funds available with the Departments.
- There was persistent savings ranging from ₹1.71 lakh (four *per cent*) to ₹1.49 crore (46 *per cent*).
- A total balance amount of ₹1.71 lakh was still lying unutilised in the scheme account maintained by SJETA. The balance fund was still not transferred to the present scheme nodal Department (Secondary Education Department).

During the audit period, scholarship could not be disbursed to many beneficiaries, as brought out in **Paragraph 2.5.4.3**. While the Department demanded a total fund of ₹8.58 crore during 2017-23, a total fund of ₹8.76 crore was available. However, they

could utilise only ₹6.17 crore and showed consistent savings during the period. This and the fact that scheme fund was not transferred in time to new nodal Department was indicative of poor financial management depriving the benefits of the scheme to 1,837 approved applications for academic session from 2017-18 to 2022-23.

The Department did not give specific reply for the persistent savings, however, during Exit Conference (29 August 2022), the Department stated that the savings pointed out was nominal which was unavoidable. Regarding unutilised fund of ₹1.71 lakh, the Department (SJETA) in its reply (22 August 2022) stated that the process for transfer of the unspent fund to the current nodal Department (Secondary Education Department) has been initiated.

The reply of the Department is not acceptable because there were extraordinary savings of ₹38.56 lakh (42 *per cent*), ₹11.73 lakh (19 *per cent*), ₹17.31 lakh (nine *per cent*) and ₹1.49 crore (46 *per cent*) during 2017-18, 2019-20, 2020-21 and 2022-23 respectively. Further, although the SJETA claimed to have initiated transfer of the unspent fund of ₹1.71 lakh to the current nodal Department (Secondary Education Department) during September 2021, the fund has not yet been received by the Secondary Education Department till date (October 2022).

2.5.3.2 Shortfall in matching State share

Funds for pre-matric scholarship scheme are shared at the ratio of 90:10 between Centre and State Government from the year 2014-15 onwards for the North-eastern and Special Category States. The position of releases of matching State's shares for pre-matric scholarship scheme during the period 2017-23 is shown in **Table 2.68**.

Table 2.68: State share due and actual releases

(₹ in lakh)

Year	Sanctioned amount	Central Share	State Share	State Share released	Shortfall
2017-18	102.56	92.30	10.26	0.00	10.26
2018-19	9.63	8.67	0.96	0.00	0.96
2019-20	68.21	61.39	6.82	0.00	6.82
2020-21	188.19	169.37	18.82	18.82	0.00
2021-22	132.12	118.91	13.21	13.21	0.00
2022-23	286.34	257.71	28.63	28.63	0.00
Total	**787.05**	**708.35**	**78.70**	**60.66**	**18.04**

Source: Records of SJETA and Secondary Education Department

Audit observed that State's matching share was not released during 2017-18 to 2019-20. Thus, there was a shortfall of matching share amounting to ₹18.04 lakh during 2017-18 to 2019-20. Non-release of State matching share has resulted in deprivation of scheme benefits to eligible beneficiaries.

The Department did not give specific reply for non-release of State's matching share during 2017-18 to 2019-20, however, the Department stated that they have already started demanding State matching share from 2020-21 onwards.

Audit observed that the State Government had released state matching share for the years 2020-21 and 2021-22.

2.5.3.3 Delay in release of funds

Funds were released by GoI directly to State Government, which in turn released to the implementing Departments. Position of release of funds from the State Government to the implementing Departments during 2017-18 to 2022-23 is shown in **Table 2.69**.

Table 2.69: Delay in release of funds

(₹ in lakh)

Year	Scheme	Fund released by GoAP to implementing Departments	Delay in months*
2017-18	Pre-matric	92.30	4
2018-19		8.67	9
2019-20		61.39	11
2020-21		188.19	9 to 12
2021-22		132.12	12
2022-23		286.34	12

Source: Records of SJETA and Secondary Education Department calculated from the end of financial year of admission

GoAP released a total amount of ₹7.69 crore for pre-matric scholarship scheme to the implementing Departments during the years 2017-18 to 2022-23. Audit observed that funds were not released during the same Academic Year/ Financial Year. Delay in release of funds ranged from 04 to 12 months (calculated from the end of financial year of admission).

Due to delay in release of funds to the implementing Departments there was delay in disbursement of scholarship to the beneficiaries/students (as detailed in **Paragraph 2.5.4.2**).

The Department in its reply (29 August 2022) stated that the delay in releasing of funds from the State Government to the implementing agencies was due to cumbersome process of obtaining concurrence of the Finance Department. The opinion of Finance Department had been sought on 05 June 2023. However, no response was received as of September 2024.

Further, there were delays in disbursement of scholarship to some beneficiaries due to bank account issues (Invalid bank details, minor account, accounts of others and account not linked with Aadhaar).

Audit observed that interest amounting to ₹0.94 lakh which was lying in the pre-matric scholarship scheme account maintained by Secondary Education Department was not remitted to the Consolidated Fund of India.

In its reply (29 August 2022), the Department accepted the audit finding and agreed to take up corrective measures and deposit the money to the Consolidated Fund of India.

Recommendation: The Department may take measures to ensure timely release of funds from the State Government to the implementing agencies.

2.5.4 Scheme Implementation

Pre-Matric Scholarship Scheme is being implemented through States which are responsible for inviting applications from students; checking eligibility, verification of applications and disbursement of scholarship to eligible students directly to their bank accounts. The selected students get a monthly scholarship of up to INR 350 for a period of 10 months.

Audit scrutiny aimed to examine whether the scheme was implemented effectively to ensure scholarship disbursement to eligible beneficiaries. Audit observations are discussed in the succeeding paragraphs.

2.5.4.1 Coverage of beneficiaries

Year-wise actual disbursement of pre-matric scholarship during 2017-23 is shown in **Table 2.70**.

Table 2.70: Year-wise actual disbursement of pre-matric scholarship during 2017-23

Year	Total number of applications received	Total number of applications approved	Total number of beneficiaries to whom scholarship disbursed	Total number of beneficiaries to whom scholarship not disbursed
2017-18	3599	3593	2255	1338
2018-19	1885	1885	1846	39
2019-20	2568	2142	1979	163
2020-21	6464	5849	5709	140
2021-22	6541	5812	5705	107
2022-23	5903	5252	5202	50
Total	**26960**	**24533**	**22696**	**1837**

Source: Records of SJETA and Secondary Education Department

During 2017-23 a total number of 26,960 applications for pre-matric scholarship scheme were received of which 2,427 applications were not approved for reasons such as double application, incomplete submission of documents, incorrect bank account details *etc*. While 24,533 (91 *per cent*) of the applications were approved, scholarship was disbursed to 22,696 (84 *per cent*) of the students.

2.5.4.2 Delay in payment of scholarship

There were no specific timelines for payment of scholarship to a student under the scheme. Para 16.2 of pre-matric scholarship scheme guidelines, however, stipulate that the State Government/UT Administration will be expected to ensure timely payment and regular disbursal of scholarship amount to the students through their Bank/ Post office accounts preferably on monthly basis.

During 2017-23 scholarship was not paid during the same Academic Year/ Financial Year. Scholarship was paid only during the next Academic Year/ Financial Year. GoAP did not prescribe timelines for payment of scholarship to a student under the scheme. In the absence of the above, audit noted that there were delays in payment of scholarships to the students ranging from 01 to 12 months, with details in **Table 2.71.**

Table 2.71: Delay in disbursement of scholarship

Year	Scheme	Total number of applications approved	Number of students with delayed receipt of scholarship	Range of delay in months (from the end of financial year of admission)
2017-18	Pre-matric	3593	2255	4 to 11
2018-19		1885	1846	9 to 12
2019-20		2142	1979	11
2020-21		5849	5709	11 to 12
2021-22		5812	5705	1 to 5
2022-23		5252	5202	1 to 6

Source: Records of SJETA and Secondary Education Department

Delay in disbursement of scholarship adversely affects the objectives of the scheme intended to ensure uninterrupted studies of students belonging to vulnerable sections of society and exposes the students to undue hardships.

The Department stated (29 August 2022) that scholarship were disbursed as soon as funds are available and credited to the beneficiaries bank account within a week or two. However, there were delays in disbursement of scholarship to some beneficiaries due to bank account issues (Invalid bank details, minor account, accounts of others and account not linked with Aadhaar (unique biometric identity). The students usually take a lot of time to rectify the issues.

However, the State Government did not fix specific timeline for processing of applications and disbursement of scholarship and was unable to release fund for timely disbursement of scholarship thereby depriving the beneficiaries from availing the benefits of the scheme.

Recommendation: The State Government may fix specific timelines for processing of applications and disbursement of scholarship.

2.5.4.3 Undisbursed scholarships

A successful transaction of payment of scholarship is dependent on such factors as submission of correct information of bank account and other related details by the beneficiary on scholarship portal and/or otherwise and its subsequent verification by the educational institute/Department.

During 2017-23, audit noticed instances of undisbursed scholarships of ₹1.51 crore against 1,837 approved applications due to mismatch of bank details as brought out in **Table 2.72**.

Table 2.72: Undisbursed scholarships

(₹ in lakh)

Period	Total number of approved beneficiaries	Total number of beneficiaries to whom scholarship was disbursed	Total number of beneficiaries to whom scholarship not disbursed	Amount	Current status of scholarship funds	Reasons
2017-18	3593	2255	1338	0.76	Lying in scheme account maintained by SJETA	Bank issues such as inactive/ closed/ dormant/ minor accounts
2018-19	1885	1846	39	0.95		
2019-20	2142	1979	163	11.73	Lying in scheme account maintained by DSE	
2020-21	5849	5709	140	5.58		
2021-22	5812	5705	107	23.02		
2022-23	5252	5202	50	107.45		
Total	**24533**	**22696**	**1837**	**151.22**	--	--

Source: Records of SJETA and Secondary Education Department

The scholarship was still lying undisbursed in the dedicated scheme account maintained by the Departments which resulted in depriving scholarships to 1,837 students whose applications were approved.

The Department in its reply (29 August 2022) stated that scholarship was not disbursed to some beneficiaries due to bank account issues (Invalid bank details, minor account,

accounts of others and account not validated). The students usually take a lot of time to rectify the issues.

The reply is not acceptable as Department could not timely resolve the DBT transaction failure as there was no Grievance Redressal Mechanism thereby depriving scholarship to 1,837 approved applications.

2.5.4.4 Parents/Guardians of the beneficiaries are serving/retired Government employees, rendering compliance with income threshold doubtful

As per Section 4 (ii) of Pre-Matric Scholarship Scheme guidelines, ST students whose parents'/ guardians' income from all sources does not exceed ₹02 lakh (*w.e.f.* 2012-13) per annum were eligible for scholarship under Pre-Matric scheme respectively. The income limit for Pre-Matric Scholarship scheme was revised from ₹2.00 lakh to ₹2.50 lakh from April 2020.

Test check of 1,040 applications pertaining to 47 institutes revealed that the income certificate submitted was shown within the prescribed limit However, during cross verification with institute admission records, audit observed that out of 1,040 beneficiaries, the parents/ guardians of 111 beneficiaries were serving/ retired Government employees, rendering compliance with the income threshold doubtful, as the minimum Govt. salary/pension per annum is ₹3.07 lakh[76].

If the parents/guardians of beneficiaries are serving/retired Government employees, then it is doubtful that the annual income would be less than the maximum limit prescribed in the guidelines.

Thus due to ineffective system of verification of applications, scholarship was awarded to 111 ineligible beneficiaries.

The Department in its reply (29 August 2022) stated that the primary responsibility to identify ST students and verify the Income Certificates and detect such cases of non-compliance lies at the institute level. However, the Department assured that they will look into the matter and take necessary action, if required.

The Department's reply is not acceptable as the responsibility of data verification and approval rests with the nodal department.

Recommendation: The Department may put in place an effective system of verification of applications to ensure that scholarship is not awarded to ineligible beneficiaries.

2.5.4.5 Disbursement of scholarship at higher rates to Day Scholars

As per Paragraph 6 of Pre-Matric scholarship guidelines (2012), Day Scholars were entitled for scholarship at lower rates (₹150.00/month up to 2018-19 and revised to ₹225.00/month from 2019-20 onwards) as compared to Hostellers rates (₹350.00/month up to 2018-19 and revised to ₹525.00/month from 2019-20 onwards).

During 2017-21, pre-matric scholarship amounting to ₹17.06 lakh was disbursed to 346 students from 31 institutes at hostellers' rate. However, as per Unified District Information System for Education (UDISE) data the said 31 institutes did not have hostel facilities, as such the students were to be given scholarship at day scholar's rates. Thus, due to

[76] Minimum basic pay plus Dearness allowance

disbursement of scholarship at higher rates to day scholars in contravention to the scheme guidelines, there was an excess payment of ₹9.75 lakh. ***(Appendix-2.29)***.

No reply was given by the Department regarding disbursement of scholarship at higher rates to day Scholars, however during Exit Conference (29 August 2022), the Department assured that they will look into the matter and take necessary action, if required.

The Department's reply is not relevant as the Department already had UDISE data of institutes not having hostel facilities and could have used the data while verifying the applications.

2.5.4.6 Excess payment of scholarship

As per Para 6 of Pre-Matric scholarship guidelines (2012), Day Scholars were entitled for scholarship at lower rates (₹150.00/month up to 2018-19 and revised to ₹225.00/month from 2019-20 onwards) as compared to Hostellers' rates (₹350.00/month up to 2018-19 and revised to ₹525.00/month from 2019-20 onwards).

In Arunachal Pradesh, educational institutions/hostels were closed from March 2020 to December 2020 due to Covid Pandemic. For the academic session 2020-21, institutions/ hostels were opened only during January 2021 to May 2021 *i.e.* for five months only.

During 2020-21, an amount of ₹20.48 lakh (excluding books and *ad-hoc* grant) pre-matric scholarship was disbursed to 390 students at hostellers' rate for 10 months. Since, hostels were opened for only five months for the academic session 2020-21, the students were entitled for hostellers' rate for five months only and day scholar rate for the remaining five months and the total amount to be disbursed to the students was ₹17.06 lakh instead of ₹20.48 lakh. Details are given in **Table 2.73.**

Table 2.73 Excess payment of pre-matric scholarship

No. of beneficiaries	Rate/month (in ₹)		No. of months entitled for		Amount to be paid (in ₹)	Amount paid (in ₹)	Excess (in ₹)
	Hosteller	Day scholar	Hosteller's rate	Day Scholar rate			
A	B	C	D	E	F= Ax(BxD+CxE)	G= AxBx10	G-F
390	525	350	5	5	1706250.00	2047500.00	341250.00

Source: Records of Secondary Education Department

Thus, due to non-verification of number of months for which the hostels were opened by the Institute Nodal Officers (INO) and State Nodal Officer (SNO) while processing the applications, disbursement of scholarship at hostellers' rates for 10 months instead of five months was made and there was an excess payment of ₹3.41 lakh.

No reply was given by the Department regarding disbursement of scholarship at higher rates to the Hostellers when hostels were closed during Covid-19 pandemic, however during Exit Conference (29 August 2022), the Department assured that they will look into the matter and take necessary action, if required.

The Department's reply is not relevant as the Department already knew that hostel facilities were open for four months during academic session 2020-21 due to Covid-19 pandemic and could have restricted the scholarship amount before disbursement.

2.5.5 Monitoring and Evaluation

Monitoring and Evaluation is used to assess the performance of the scheme and to ensure that the objectives for which the scheme is initiated are achieved. The purpose of monitoring and Evaluation is to improve current and future management of outputs, outcomes and impact.

2.5.5.1 Lack of evaluation and Impact Assessment

No committee/mechanism had been formed/created at State and district level for periodic review of the progress of the scheme. Further, no Social Audit of the scheme implementation was conducted during 2017-21.

No comprehensive evaluation of the schemes was being carried out to assess the outcome or impact of the scheme. Audit observed that evaluation of the scheme had not been carried out by the Department during the period of SSCA. No specific outcome indicators were fixed by the State Government for measuring the impact of the scheme. As a result, effectiveness/outcome of the scheme could not be assessed.

The Department in its reply (29 August 2022) stated that no mechanism or policy exist for monitoring of the scheme and accepted that no comprehensive evaluation of the schemes was carried out and they have not formulated outcome indicators for the scholarship schemes. However, the Department agreed to constitute Committees at State and district level to monitor the implementation of schemes and also agreed to conduct Social Audit of the schemes and stated that the finance Department is working on the preparation of outcome indicators.

Recommendation: The Department may constitute Committees at the State and District level to monitor the implementation of the scheme.

2.5.5.2 Quarterly Progress Reports

The Guidelines of the schemes provide that State Governments and Union Territory Administrations implementing the scheme will furnish data of beneficiaries and expenditure under the scheme, to GoI, regularly in the Quarterly Progress Reports whose pro-forma would be separately prescribed. It was, however, observed that the Departments have not been submitting quarterly progress reports to GoI regularly. Regular submission of QPR would have effectively monitored the implementation of the scheme at any given time and could have prevented the instances of delay in release of fund, delay in disbursement of scholarship and solved cases of failed bank transactions.

The Department in its reply (29 August 2022) stated that various reports are submitted from time to time as per format provided by GoI. The Department also provided information to GoI during periodic video conference. Further, the Department stated that the information was already available in NSP application and accessible to GoI. Hence, submission of QPR periodically was not required.

The reply of the Department is not acceptable because the scheme guidelines specifically emphasise that the State Government should regularly furnish Quarterly Progress Reports. Further, QPR will allow monitoring of the progress of scheme implementation at any given time and rectify any problems like failed transactions rather than having to wait until year-end for an update.

2.5.5.3 Non-displaying school-wise data of students receiving scholarship at district level on the web-site

As per Section 17 (iii) of Pre-Matric Scholarship Scheme guidelines, the states should ensure that an institution-wise list of students, with necessary particulars, for award of scholarships is displayed on the web-site of NIC at District level.

Audit observed that even after lapse of more than six years of implementation of the scheme in the State, institution-wise list of students, with necessary particulars, for award of scholarships was not displayed on the web-site of NIC at District level.

The Department accepted the audit finding and stated (29 August 2022) that district-wise data of schools can be displayed in the Department's website if NSP permits.

The reply is not relevant because the Department has access to NSP data which can be easily extracted and displayed on the web-site of NIC at District level as envisaged in the scheme guidelines. Display of institution-wise list of awardees would have given more publicity of the scheme to the eligible ST students of each district.

2.5.5.4 Grievances Redressal Mechanism at State and District level

The Guidelines of the scheme (July 2012) provide that State will designate Grievance Redressal Officers at the State and District levels to ensure expeditious redressal of grievances of ST students.

Grievances redressal mechanism for the scheme neither existed at District level nor at State level. It was observed that records relating to the actual number of grievances received and addressed were not maintained. Further, out of 24,533 applications approved during 2017-23, scholarship amount was disbursed to 22,696 beneficiaries and scholarship amount for the remaining 1,837 beneficiaries were not disbursed till date. The Department did not redress the issue relating to non-disbursal of scholarship for the approved 1,837 beneficiaries.

The Department in its reply (29 August 2022) stated that the State Nodal Officer is designated for addressing the grievances of students. During Exit Conference (29 August 2022), the Department accepted the audit finding and assured that necessary action will be taken.

Recommendation: The State Government may designate Grievance Redressal Officers at the State and District levels.

Audit Findings on Post-Matric Scholarship Scheme

The findings of the SSCA on Post-Matric Scholarship Scheme are discussed in the succeeding paragraphs.

2.5.6 Planning

Post Matric Scholarship Scheme was implemented in the state by the Higher & Technical Education Department, Government of Arunachal Pradesh from 2019-20 onwards. The planning, in respect of Post-Matric Scholarship Scheme for students belonging to Scheduled Tribes, involved identification of universe of potential beneficiaries, development of mechanism to cover the potential beneficiaries in the scheme along with mechanism to weed out ineligible/ fraudulent applicants, awareness generation about the scheme, systematic and realistic assessment of requirement of funds for providing effective coverage to all eligible beneficiaries under the scheme *etc*.

Audit scrutiny in this regard led to the following audit observations in respect of planning:

2.5.6.1 Non-identification of universe of potential beneficiaries

The Departments had not maintained any database, of ST students list, potential beneficiaries, successful beneficiaries, drop-outs, *etc.* which could be used to arrive at, estimates for succeeding year(s). The estimates regarding number of eligible students for scholarship were prepared on *ad-hoc* basis without collecting any data from field offices or conducting any survey regarding eligible students under the schemes. Due to non-identification of universe of beneficiaries, there was wide variation in estimated number of beneficiaries' *vis-à-vis* actual number of beneficiaries as detailed in **Paragraph 2.5.6.3**.

The Department in its reply (29 August 2022) stated that applications data were filtered through NSP based on pre-defined criteria as set by State Government and GoI. However, there is no mechanism to find out the universe of potential beneficiaries. The Department agreed that at present the database is not maintained.

2.5.6.2 Absence of specific timelines for processing of applications and scholarship disbursal

As per para X of Post-Matric Scholarship scheme guidelines 2010, all State Governments/ UT Administrations will announce in May-June each year the details of the scheme and invite applications by issuing an advertisement in leading newspapers of the State and through their respective websites and other media outfits. The applicant should submit the completed application to the prescribed authority, as mentioned below before the last date prescribed for receipt of applications. The application is verified, processed and sanctioned by the prescribed authority after which the scholarship is granted to the students.

No fixed timelines were prescribed for submission of application, verification of application at institute level, verification of application by the nodal Departments and forwarding it to the National Scholarship Portal (NSP). Timeline for processing of applications during 2017-23 is shown in **Table 2.74**.

Table 2.74: Year wise timeline for processing of applications

	2017-18	2018-19	2019-20	2020-21	2020-22	2022-23
Invitation of online applications	03-10-2017	20-11-2018	10-09-2019	13-10-2020	25-09-2021	20-09-2022
Last date of submission of online application	30-11-2017	31-12-2018	31-10-2019	30-11-2020	31-01-2022	17-01-2023
Last date of verification of application at Institutional level	31-12-2017	10-01-2019	15-11-2019	10-12-2020	10-02-2022	17-01-2023
Last date of verification of application at State level	31-01-2018	31-05-2019	31-01-2020	15-02-2021	15-05-2022	31-01-2023

Source: Records of SJETA and Higher & Technical Education Department

The guidelines stipulate that the scheme must be announced in May-June each year giving the details of the scheme and inviting applications by issuing an advertisement in leading newspapers of the State and through their respective websites and other media outfits. It can, however, be seen from the above that the scheme was announced/applications invited

only during September to November each year during the period 2017-2022. Further, there was no uniformity from year to year in timeline for receipt and processing of applications at institute and State level.

The Government of Arunachal Pradesh (GoAP) did not prescribe timelines for disbursement of scholarship under the scheme. In the absence of the above, audit noted that there were delays ranging from 04 to 13 months in payment of scholarships to the students during the period 2017-2023, as brought out in **Paragraph 2.5.8.2** of this report**.**

The Department in its reply (29 August 2022) stated that the timeline for processing and disbursement of scholarship had been available.

The reply of the Department was not acceptable because in the notification the timeline for invitation of applications, last date of submission of application and verification of applications by institutes, nodal Department and at NSP level changes every year, thereby promoting unpredictability to the intended beneficiaries about the timeline for processing as well as for receiving of scholarship.

2.5.6.3 Shortcomings in preparation of Annual Demand

In the absence of database of eligible students, the Department was not able to ascertain coverage of students. The Department prepared the estimates on *ad-hoc* basis with 20 *per cent* anticipated increase from the previous financial year. During 2017-18 and 2018-19 the estimated number of beneficiaries was not added in the Annual Demand. In the absence of mechanism for preparing their Annual Demand on realistic basis there was variation in estimated number of beneficiaries' and actual number of beneficiaries as well as fund demanded and actual expenditure, as shown in **Table 2.75**.

Table 2.75: Estimated and actual position of beneficiaries and fund demand

Year	Number of beneficiaries			Fund demand (₹ in lakh)		
	Estimated	Actual	Difference	Estimated	Actual expenditure	(+) Excess (-) Short
2017-18	-	13735	-	9288.00	4052.98	-5235.02
2018-19	26000	15596	10404	4900.00	4846.92	-53.08
2019-20	18000	20500	-2500	6000.00	6626.20	+626.20
2020-21	25000	31916	-6916	8200.00	8923.59	+723.59
2021-22	38300	44143	-5843	11715.96	11618.02	-97.94
2022-23	46346	46725	-379	12513.38	12435.67	-77.71

Source: Records of SJETA and Higher & Technical Education Department

During 2017-18, the fund demanded was ₹92.88 crore and the actual expenditure was ₹40.53 crore which was more than ₹52.35 crore (37.27 *per cent*) of actual expenditure. Further, during 2019-20 to 2021-22, the actual number of beneficiaries for post-matric scholarship scheme was more than the estimated beneficiaries by 15,638 (11 *per cent*) and the actual expenditure was more than the estimate by ₹11.74 crore (Three *per cent*).

There was, thus, no institutional process for arriving at accurate estimates/plans for scholarships to be granted to eligible students in a particular year.

The Department stated (25 August 2022) that the Annual Demand was prepared with reference to the formats and Annexures as fixed by MoTA. During Exit Conference (29 August 2022) the Department stated that some amount of difference between estimated figure and actual expenditure was always bound to happen. This was unavoidable.

The reply of the Department is not acceptable due to fact that though Annual Demands were prepared as per formats and Annexure of MoTA, however, the Department did not have a database of eligible students which resulted in making demands on an adhoc basis with non-addition of estimated no. of beneficiaries during 2017-18 to 2018-19 having led to flawed demand projection. Further, the claim of the Department with regards to inevitable difference, is also not acceptable, as during 2019-20 to 2022-23, the actual number of beneficiaries for post-matric scholarship scheme was more than the estimated beneficiaries by 15,638 (11 *per cent*) and the actual expenditure was more than the estimate by ₹11.74 crore (03 *per cent*).

2.5.6.4 Non-review of rates fixed by Fee Fixation/Regulatory Committee

In Post-Matric scholarship scheme the tuition fee as fixed by the state fee regulatory committee is reimbursed. The students are also provided maintenance allowance depending on the type of course.

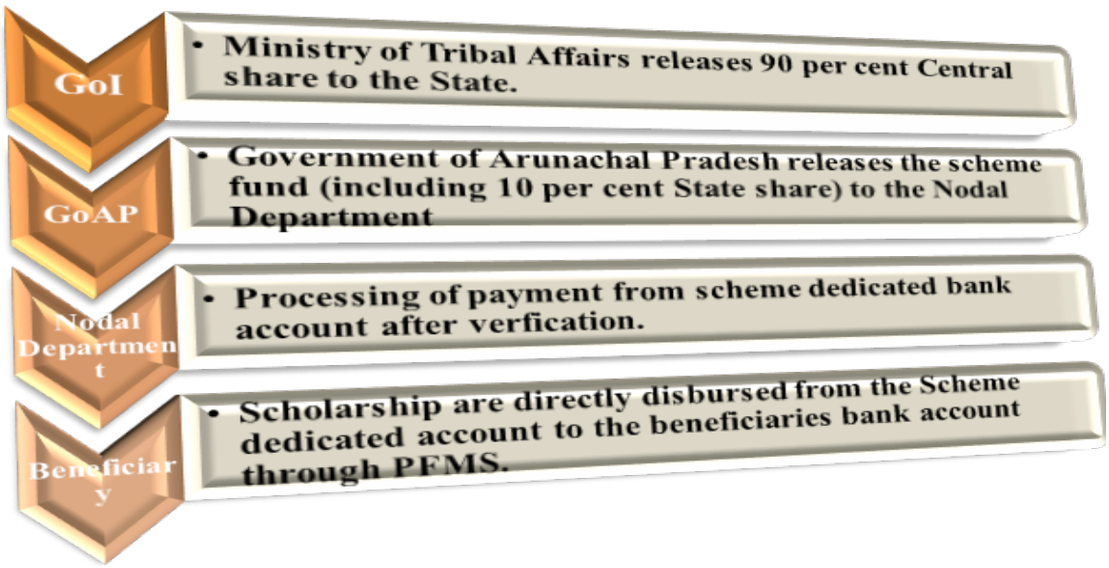
In Arunachal Pradesh the Fee Fixation/Regulatory committee was constituted during October 2017 for review and rationalization of fee structures of courses. Audit observed that even after lapse of more than four years the rates were not reviewed.

The Department in its reply (25 August 2022) stated that the proposal for fee revision is already under submission to the Government.

2.5.7 Financial Management

Post-Matric Scholarship scheme is being executed through Direct Benefit Transfer (DBT) mode, wherein scheme funds are received from GoI and on the basis of its release, state approves its 10 *per cent* share to the state nodal Department. After obtaining expenditure sanction from the State Finance Department, the fund is deposited to the scheme dedicated bank account through state treasury and disbursed directly to the beneficiaries'/ students' bank account through PFMS. The process of fund flow for scholarship is given in **Chart 2.24**.

Chart 2.24: Flow of scholarship funds



Source: SJETA and Higher & Technical Education Department)

2.5.7.1 Financial Progress

Status of Funds availability and disbursement of scholarship during the period from 2017-18 to 2022-23 is shown in **Table 2.76.**

Table 2.76: Funds availability and disbursement during 2017-23

(₹ in lakh)

Year	Opening Balance	Funds received		Total available fund	Total expenditure	Closing Balance
		Central share	State Share			
Post-Matric Scholarship Scheme for ST students						
2017-18	124.60	3657.07	406.34	4188.01	4052.98	135.03
2018-19	135.03	4410.00	490.00	5035.03	4846.92	188.11
2019-20	0.00	6252.96	694.77	6947.73	6626.20	321.53
2020-21	321.53	8117.43	901.94	9340.90	8923.59	417.31
2021-22	417.31	10168.78	1129.86	11715.95	11618.02	97.93
2022-23	97.93	11262.04	1251.34	12611.31	12435.67	175.64
	Total	**43868.28**	**4874.25**	**49838.93**	**48503.38**	

Source: Government sanction orders and Scheme account statement

Audit observed that during the period 2017-23:

- A total balance amount of ₹1.90 crore (₹0.02 crore for pre-matric scholarship and ₹1.88 crore for post-matric scholarship) was still not transferred from Social Justice & Empowerment and Tribal Affairs Department to the Higher and Technical Education Department.
- There was persistent savings ranging between ₹0.98 crore (01 *per cent*) to ₹4.17 crore (4.47 *per cent*) of the total funds available each year during the review period.
- Out of the total fund of ₹498.39 crore available during 2017-23, the actual expenditure was ₹485.03 crore (97 *per cent).*

The Department did not give specific reply for the persistent savings however, during Exit Conference (29 August 2022) the Department stated that the savings pointed out were nominal which was unavoidable.

The reply of the Department was partly acceptable as the savings were not nominal and had increased from ₹1.35 crore (3.22 *per cent*) during 2017-18 to ₹4.17 crore (4.47 *per cent*) during 2020-21.

2.5.7.2 Delay in release of funds

Funds were released by GoI directly to State Government, which in turn released it to the implementing Departments. Position of release of funds from the State Government to the implementing Departments during 2017-18 to 2022-23 was as below in **Table 2.77**.

Table 2.77: Delay in release of funds

(₹ in lakh)

Year	Scheme	Fund released by GoAP to implementing Departments	Delay in months*
2017-18	Post-matric	4063.41	4
2018-19		4900.00	6 to 8
2019-20		6947.73	1 to 3
2020-21		9019.37	2 to 11
2021-22		11298.64	3
2022-23		12513.38	4 to 6

Source: Records of SJETA and Higher & Technical Education Department)

* *Calculated from the end of financial year of admission*

GoAP released a total amount of ₹487.42 crore to the implementing Departments during the year 2017-18 to 2022-23. Audit observed that funds were not released during the same Academic Year/ Financial Year. Delay in release of funds ranged from 01 to 11 months (calculated from the end of financial year of admission). Delay in release of fund is attributed to the fact that the state government has not fixed a specific timeline for processing of application and disbursement of scholarship. Due to delay in release of funds to the implementing Departments there was delay in disbursement of scholarship to the beneficiaries/students (**Paragraph 2.5.8.2**).

During Exit Conference (29 August 2022), the Department accepted the audit finding and assured that they would make efforts in future to expedite disbursement of scholarship. The opinion of Finance Department had been sought on 05 June 2023. However, no response was received as of September 2024.

However, the State Government was unable to release fund for timely disbursement of scholarship thereby depriving the beneficiaries from availing benefits of the scheme timely.

2.5.7.3 Non-accountal of interest income from unspent fund

As per Rule no. 230 of General Financial Rules, 2017 all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases.

Audit observed that during 2019-20 to 2020-21 interest amounting to ₹27.08 lakh was accumulated in the post-matric scholarship scheme account maintained by higher and technical education Department . However, the interest accumulated was deposited in the State Government Account as revenue instead of remitting to the Consolidated Fund of India.

During Exit Conference (29 August 2022), the Department accepted the audit finding and agreed to take up corrective measures and deposit the money to the Consolidated Fund of India.

2.5.8 Scheme Implementation

Post-Matric Scholarship Schemes are being implemented through States/UTs which are responsible for inviting applications from students; checking eligibility, verification of applications and disbursement of scholarship to eligible students directly to their bank accounts. The selected students receive fees for enrolment/ registration, tuition, library, magazine, medical examination, and other such fees. Besides this, students also get up to INR 1,600 per annum as charges for study tours. Audit scrutiny aimed to examine whether the scheme was implemented effectively to ensure scholarship disbursement to eligible beneficiaries. Audit observations are discussed below:

2.5.8.1 Coverage of beneficiaries

Year-wise physical progress during 2017-23 under the scheme is tabulated below in **Table 2.78**.

Table 2.78: Physical progress

Year	Total number of applications received	Total number of applications approved	Total number of beneficiaries to whom scholarship disbursed	Total number of beneficiaries to whom scholarship not disbursed
2017-18	14415	14413	13735	678
2018-19	15757	15757	15596	161
2019-20	21832	20500	19800	700
2020-21	34553	31916	31523	393
2021-22	48079	44143	43638	505
2022-23	54847	46732	46276	456
Total	**189483**	**173461**	**170568**	**2893**

Source: Records of SJETA and Higher & Technical Education Department

During 2017-23 a total number of 1,89,483 applications were received of which 16,022 applications were not approved for reasons such as double application, incomplete submission of documents, incorrect bank account details *etc*. Out of the total applications received, 1,73,461 (92 *per cent*) of the applications were approved and scholarship was disbursed to 1,70,568 (90 *per cent*) students.

2.5.8.2 Delay in payment of scholarship

There were also no specific timelines for payment of scholarship to a student under the scheme. Scheme guidelines, however, stipulate that in order to ensure timely payment of scholarship amount to the beneficiaries, payment of scholarship should be made to beneficiaries through their accounts in post offices/banks.

As pointed out in Para 3.1.3 there was no fixed timeline for processing of applications and disbursement of scholarship. The applications were processed during September of the year of admission in the concerned class to May of the next year. Thus, during 2017-22 scholarship was not paid during the same Academic Year/Financial Year. Scholarship was paid only during the next Academic Year/Financial Year. GoAP did not prescribe timelines for payment of scholarship to a student under the scheme. In the absence of the above, audit noted that there were delays in payment of scholarships to the students ranging from 03 to 13 months and details are tabulated in **Table 2.79**.

Table 2.79: Delay in disbursement of post-matric scholarship

Year	Total number of applications approved	Number of students with delayed receipt of scholarship	Range of delay in months (from the end of financial year of admission)
2017-18	14413	13735	4 to 11
2018-19	15757	15596	6 to 10
2019-20	20500	19800	13
2020-21	31916	31523	3 to 9
2021-22	44143	43638	3 to 8
2022-23	46732	46276	4 to 10

Source: Records of SJETA and Higher & Technical Education Department

Delay in disbursement of scholarship adversely affects the objectives of the scheme intended to ensure uninterrupted studies of students belonging to vulnerable sections of society and exposes the students to undue hardships.

The Department in its reply (25 August 2022) stated that scholarship was disbursed as soon as funds are available and credited to the beneficiaries bank account within a week or two. However, there were delays in disbursement of scholarship to some beneficiaries due to bank account issues (Invalid bank details, minor account, accounts of others and account not linked with Aadhar). The students usually take a lot of time to rectify the issues.

However, the State Government did not fix specific timeline for processing of applications and disbursement of scholarship and was unable to release fund for timely disbursement of scholarship thereby depriving the beneficiaries from availing the benefits of the scheme timely.

2.5.8.3 Undisbursed scholarships

A successful transaction of payment of scholarship is dependent on such factors as submission of correct information of bank account and other related details by the beneficiary on scholarship portal and/or otherwise and its subsequent verification by the educational institute/Department.

During 2017-23, Audit noticed instances of undisbursed scholarships of ₹3.64 crore (₹1.88 crore lying in the scheme bank account maintained by SJETA and ₹1.76 crore lying in the bank account maintained by DH&TE) for 2,893 beneficiaries due to mismatch of bank details as brought out in **Table 2.80**.

Table 2.80: Undisbursed scholarships

(₹ in lakh)

Period	Scheme	Total number of beneficiaries to whom scholarship not disbursed	Amount	Current status of scholarship funds	Reasons
2017-18	Post-Matric	678	135.03	Lying in scheme bank account maintained by SJETA	Bank issues such as inactive/ closed/ dormant/ minor accounts
2018-19		161	53.08		
2019-20		700	321.53	The amount was carried forwarded to the next financial year *i.e.* 2020-21	
2020-21		393	95.78	The amount was carried forwarded to the next financial year *i.e.* 2021-22	
2021-22		505	97.93	The amount was carried forwarded to the next financial year *i.e.* 2022-23	-
2022-23		456	175.64	Lying in scheme bank account maintained by DH&TE	-
Total		**2893**	**363.75**	-	-

Source: Records of SJETA and Higher & Technical Education Department

Audit noted that the amount lying undisbursed in the scheme dedicated bank account was carried forward to the next financial year. Thus, the bank transaction issues of the approved applications were not resolved, instead the fund was adjusted in the next release of fund. The scholarship was still lying undisbursed in the dedicated scheme account maintained by the Departments which resulted in depriving scholarships to 2,893 students.

The Department in its reply (25 August 2022) stated that scholarship was not disbursed to some beneficiaries due to bank account issues (invalid bank details, minor account, accounts of others and validation of accounts). The students usually take a lot of time to rectify the issues. During Exit Conference (29 August 2022), the Department accepted the audit finding and assured that they would take steps for timely disbursal of scholarship.

The reply is not acceptable as most of the disbursement has been due for upto four years which is sufficient time to resolve any bank account related or other issues. Further, the Department did not sort out the inconsistencies timely thereby depriving scholarship to 2,893 approved applications.

2.5.8.4 Acceptance of applications where parental income exceeded the ceiling prescribed

As per post-matric scheme guidelines scholarships are paid to students whose parents'/ guardians' income from all sources does not exceed ₹2.50 lakh per annum.

NSP system rejects applications of students whose parents'/guardians' income from all sources exceeds the prescribed limit. Audit observed that during 2019-20 and 2020-21, the NSP system was not only accepting the 22 post-matric scholarship renewal applications from ineligible students *i.e.* whose parental income was more than the limit prescribed but was also processing these applications for payment of scholarship. An amount of ₹6.00 lakh was disbursed to the 22 students. No such cases were detected in fresh scholarship applications.

No specific reply was given by the Department regarding selection of ineligible beneficiaries, however during Exit Conference (29 August 2022), the Department stated that this is the problem with National Scholarship Portal application. The Department has already conveyed this snag in the application to the GoI for necessary rectification in the application.

The Department's reply is not relevant because the cases of parental income exceeding the prescribed limit could have been detected during verification of applications at institute level and at Department level.

2.5.8.5 Parents/Guardians of the beneficiaries are serving/retired Government employees, rendering compliance with income threshold doubtful

As per Para IV of Post-Matric Scholarship Scheme guidelines, ST students whose parents'/ guardians' income from all sources does not exceed ₹2.50 lakh per annum were eligible for scholarship under Post-Matric scheme respectively. Test check of 2,425 applications pertaining to 99 institutes revealed that the income certificate submitted was shown within the prescribed limit. However, during cross verification with institute admission records, Audit observed that out of 2,425 beneficiaries, the parents/guardians of 173 beneficiaries were serving/retired Government employees, rendering compliance with the income

threshold doubtful, as the minimum Govt. salary/pension per annum is ₹3.07 lakh[77]. If the parents/guardians of beneficiaries are serving/retired Government employees, then it is doubtful that the annual income would be less than the maximum limit prescribed in the guidelines. Thus, due to ineffective system of verification of applications, scholarship was awarded to 173 ineligible beneficiaries.

No specific reply was given by the Department regarding selection of ineligible beneficiaries, however during Exit Conference (29 August 2022), the Department assured that they will look into the matter and take necessary action, if required.

However, the existing system of checking applications was not effective which led to payment of scholarship to ineligible beneficiaries.

2.5.8.6 Number of beneficiaries exceeded the total number of students enrolled in the institute

During data analysis of beneficiaries under Post-Matric scholarship and enrolment data provided by the Department, it was noticed that in three institutes (Donyi Polo B.Ed. college, Daying Ering College of Teachers Education and Vivekananda Kendra College of Teachers Education) the number of beneficiaries exceeded the total number of students enrolled in the institutes. Against the total enrolment of 834 ST students in the institutes during 2018-2021, the total number of beneficiaries was 1,284. The total beneficiaries exceeded the total enrolment by 450 (54 *per cent*) ranging from 13 (06 *per cent*) to 114 (71 *per cent*). **(*Appendix-2.30*)**

The Department in its reply (25 August 2022) and during Exit Conference (29 August 2022) stated that the total intake of students per year for two-years course may be calculated as twice the number of students enrolled and the data for enrolment was only for 1st year of admission and data for subsequent years was excluded. Because of this reason the number of beneficiaries exceeded the total number of students enrolled.

The reply is not acceptable as the student enrolment record provided by the Department revealed that the number of beneficiaries exceeded the total number of students enrolled in the institute.

2.5.8.7 Disbursement of maintenance allowance at higher rates to Day Scholars

As per the rates approved (5 October 2017) by Fee Fixation Committee for post-matric scholarship schemes the Day Scholars belonging to Group V (Class XI-XII/ ITI Courses/ Diploma courses) were entitled for maintenance allowance at lower rates (₹200.00/month) as compared to Hostellers rates (₹300.00/month).

During 2017-21, maintenance allowance amounting to ₹1.11 lakh was disbursed to 37 students of nine institutes at hostellers' rate. However, as per UDISE data the said nine institutes do not have hostel facilities. As such, the students should have been given maintenance allowance at day scholars' rates. It was the responsibility of the Institute Nodal officers and State Nodal officer to verify the details while processing the applications. Thus, due to disbursement of maintenance allowance at higher rates to day scholars in contravention of the rates approved by Fee Fixation Committee, there was an excess payment of ₹0.37 lakh. (***Appendix-2.31***)

[77] Minimum basic pay plus Dearness allowance

The Department in its reply (25 August 2022) stated that it was not possible at the level of State Nodal Officer to verify the hostel facilities at institute level because the Department has no data regarding infrastructure available at institutes. The Department further stated that they will intimate the institutes to verify details before approving the applications.

During Exit Conference (29 August 2022), the Department assured that they will look into the matter and take necessary action, if required.

The Department's reply is not relevant as the Department already had UDISE data of institutes not having hostel facilities and could have used the data while verifying the applications.

2.5.8.8 Excess payment of scholarship

As per the rates approved by Fee Fixation Committee for post-matric scholarship schemes the Day Scholars belonging to Group V (Class XI-XII/ ITI Courses/ Diploma courses) were entitled for maintenance allowance at lower rates (₹200.00/month) as compared to Hostellers' rates (₹300.00/month).

In Arunachal Pradesh, educational institutions/hostels were closed from March 2020 to December 2020 due to Covid-19 pandemic. For the academic session 2020-21, institutions/ hostels were opened only during January 2021 and closed during May 2021 *i.e.* were open for four months only.

Post-matric maintenance allowance amounting to ₹75.13 lakh was disbursed to 1,142 students at hostellers' rate for 10 months. Since, hostels were opened for only four months for the academic session 2020-21; the students were entitled for hostellers' rate for four months only and day scholars' rate for the remaining six months. The total amount of maintenance allowance to be disbursed to the students was ₹57.55 lakh instead of ₹75.13 lakh. Details are shown in **Table 2.81.**

Table 2.81: Excess payment of post-matric scholarship

Group	No. of beneficiaries	Maintenance allowance/month (in ₹)		No. of months entitled for		Amount to be paid (in ₹)	Amount paid (in ₹)	Excess (in ₹)
		Hostellers	Day scholar	Hostellers rate	Day Scholar rate			
	A	B	C	D	E	F= Ax (BxD+CxE)	G	G-F
I	92	1200	550	4	6	745200.00	1104000.00	358800.00
II	560	820	530	4	6	3617600.00	4592000.00	974400.00
III	111	570	300	4	6	452880.00	632700.00	179820.00
IV	59	380	230	4	6	171100.00	224200.00	53100.00
V	320	300	200	4	6	768000.00	960000.00	192000.00
Total	**1142**					**5754780.00**	**7512900.00**	**1758120.00**

Source: Records of SJETA and Higher & Technical Education Department

Thus, due to disbursement of scholarship at hostellers' rates for 10 months, there was an excess payment of ₹17.58 lakh.

The Department in its reply (25 August 2022) stated that there is no provision for disbursing partial scholarships to students. Hence, any student admitted to any course will get the full scholarship amount.

During Exit Conference (29 August 2022), the Department assured that they will look into the matter and take necessary action, if required.

The Department's reply is not relevant as the Department already knew that hostel facilities were open for four months during academic session 2020-21 due to Covid-19 pandemic and could have restricted the scholarship amount before disbursement.

Recommendation: The Department may ensure that disbursement of maintenance allowance and payment of scholarship is in accordance with the rates prescribed.

2.5.8.9 Beneficiaries availing scholarships from more than one scheme

Para III (xii) of Post-Matric scholarship scheme guidelines states that the scholarship holder under this scheme will not hold any other scholarship/stipend. Further Para IX (ii) of the scheme guidelines stipulates that if a student is found to have obtained a scholarship by false statements his/her scholarship will be cancelled forthwith and the amount of the scholarship paid will be recovered, at the discretion of the concerned State Government.

In Arunachal Pradesh, many scholarship schemes *viz*. Junior Research Fellowship, State Stipend Scheme, Post-Matric scholarship scheme *etc.* are implemented under an umbrella scheme in NSP. Ideally, if a student applies in more than one scholarship scheme, his/her application will be rejected by NSP automatically. Audit however observed that many scholarship schemes were not included under the umbrella scheme. As such, many students were availing benefits of more than one scheme.

Out of 52 sampled institutes, it was found that in one sampled institute (Rajiv Gandhi University, Rono hill), 189 scholars who were pursuing M. Phil or PhDs received benefits (₹53.41 lakh) under Post-Matric scholarship scheme.

Scrutiny of records of 189 beneficiaries revealed that 169 beneficiaries[78] were availing scholarship/ fellowship from other schemes *viz.* National Fellowship for Scheduled Tribe students (NFST), Maulana Azad National Fellowship (MANF), National Edibility Test-Junior Research Fellowship (NET-JRF) and Non-NET fellowship. It was observed that during 2019-2021, 169 beneficiaries availed a total amount of ₹46.45 lakh from post-matric scholarship scheme and ₹1.59 crore from other schemes. As per the scheme guidelines the scholarship holder under this scheme will not hold any other scholarship/ stipend. The applications of the students should not have been approved by the INOs and SNOs. Moreover, records made available did not indicate that the scholarship paid was recovered.

The Department in its reply (25 August 2022) stated that it was the responsibility of the Institute Nodal Officer to identify such cases before approving the applications.

During Exit Conference (29 August 2022) the Department accepted the audit finding and assured that they will write to the authorities of Rajiv Gandhi University to ensure that each applicant draws only one scholarship.

[78] 169 received scholarships from two or more schemes, 16 received scholarships in successive years and 01 scholar received scholarship from 03 schemes.

However, the existing system of checking applications was not effective which led to payment of scholarship to beneficiaries who were also availing scholarship from other schemes.

2.5.9 Monitoring and Evaluation

Monitoring and Evaluation is used to assess the performance of the scheme and to ensure that the objectives for which the scheme is initiated are achieved. The purpose of monitoring and Evaluation is to improve current and future management of outputs, outcomes and impact.

2.5.9.1 Lack of evaluation and Impact Assessment

No committee/mechanism had been formed/created at State and district level for periodic review of the progress of the scheme. Further, no Social Audit of the scheme implementation was conducted during 2017-21.

No comprehensive evaluation of the schemes was being carried out to assess the outcome or impact of the scheme. Audit observed that evaluation of the scheme had not been carried out by the Department during the period of SSCA. No specific outcome indicators were fixed by the State Government for measuring the impact of the scheme. As a result, effectiveness/outcome of the scheme could not be assessed.

The Department in its reply (25 August 2022) stated that no mechanism or policy exists for monitoring of the scheme and accepted that no comprehensive evaluation of the schemes was carried out. The Department also added that they did not formulate outcome indicators for the scholarship schemes, while, the Finance Department had been working on the preparation of outcome indicator.

However, even after lapse of more than six years from the implementation of the scheme through NSP in the State, neither comprehensive evaluation of the scheme was carried out nor specific outcome indicators were fixed. Also, no periodic review and social audit was conducted.

2.5.9.2 Quarterly Progress Reports

The Guidelines of the schemes provide that State Governments and Union Territory Administrations implementing the scheme will furnish data of beneficiaries and expenditure under the scheme, to GoI, regularly in the Quarterly Progress Reports (QPR) whose pro-forma would be separately prescribed. It was however observed that the Departments have not been submitting quarterly progress reports to GoI regularly.

The Department in its reply (25 August 2022) stated that various reports are submitted from time to time as per format provided by GoI. The Department also provides information to GoI during periodic video conference. Further during Exit Conference (29 August 2022), the Department stated that the information was already available in NSP application and accessible to GOI. Hence submission of QPR periodically was not required.

The reply is not acceptable because the scheme guidelines specifically emphasize that the State Government should regularly furnish Quarterly Progress Report.

2.5.9.3 Non-displaying school-wise data of students receiving scholarship at district level on the web-site

As per Post-Matric Scholarship Scheme guidelines, the states should ensure that an institution-wise list of awardees, with necessary particulars, for award of scholarships is displayed on the web-site of NIC at District level.

Audit observed that even after lapse of more than six years of implementation of the scheme in the state, institution-wise list of awardees, with necessary particulars, for award of scholarships was not displayed on the web-site of NIC at District level.

The Department in its reply (25 August 2022) stated that district-wise data of schools can be displayed in the Department's website if NSP permits.

During Exit Conference (29 August 2022), the Department accepted the audit finding and assured that necessary action will be taken.

The reply is not relevant because the Department has access to NSP data which can be easily extracted and displayed on the web-site of NIC at District level as envisaged in the scheme guidelines.

2.5.9.4 Grievances Redressal Mechanism at State and District level

The Guidelines of the scheme provide that State will designate Grievance Redressal Officers at the State and District levels to ensure expeditious redressal of grievances of ST students.

Grievances redressal mechanism for the scheme neither existed at District level nor at State level. It was observed that records relating to the actual number of grievances received and addressed were not maintained. Further, out of 1,73,461 applications approved during 2017-23, scholarship amount was disbursed to 1,70,568 beneficiaries and scholarship amount for the remaining 2,893 of beneficiaries were not disbursed till date. The Department did not redress the issue relating to non-disbursal of scholarship for the approved 2,893 beneficiaries.

The Department in its reply (25 August 2022) stated that the State Nodal Officer is designated for addressing the grievances of students. During Exit Conference (29 August 2022), the Department accepted the audit finding and assured that necessary action will be taken.

2.5.10 Conclusion

The schemes for both Pre-Matric and Post-Matric Scholarship for ST were implemented without adequate planning, monitoring and evaluation systems in place. The State neither had any comprehensive database of eligible students nor had prepared any action plans for assessing the estimated number of beneficiaries and their timely coverage. No fixed timeline by GoAP has been prescribed for processing of applications, sanction and disbursal of scholarship and there were delays in payment of scholarship. There was no effective mechanism in the State for preparing Annual Demand on realistic basis.

There were persistent savings during 2017-2022. Due to the inability of the Department to consistently spend the available fund, scholarship was not disbursed to many approved beneficiaries. There was delay in releasing of fund from the State Government to

implementing Departments during 2017-22. Interest accrued in the dedicated account of the scheme was not remitted to the Consolidated Fund of India.

There was delay in disbursement of scholarship to students. Scholarship for 5,994 students (Pre-Matric: 3,557 students and Post-Matric: 2,437 students) was not disbursed despite their applications being approved. The existing system of checking applications was not effective which led to payment of scholarship to ineligible beneficiaries. Scholarship was disbursed to many students at hostellers' rate although the institutes did not have hostel facilities. In three institutes the number of beneficiaries (1,284) exceeded the total number of students enrolled (834) in the institutes. As many as 169 beneficiaries were availing scholarship from multiple schemes.

No committee/mechanism was formed/created at the State and District level for periodic review of the progress of the scheme. Internal/Social audit was absent. Grievance redressal mechanism both at State and District level was also not in place. Overall, there is an immediate requirement of eliminating deficiencies as discussed in the report while implementing recommendations in this report.

2.5.11 Recommendations

- *The Department may formulate uniform timelines for processing of applications by institutes, nodal Department and at NSP level.*
- *The database of the beneficiaries may be maintained and updated periodically through proper verification, to ensure that amount is disbursed to the actual beneficiaries.*
- *The Department may take measures to ensure timely release of funds from the State Government to the implementing agencies*
- *The State Government may fix specific timelines for processing of applications and disbursement of scholarship*
- *The Department may put in place an effective system of verification of applications to ensure that scholarship is not awarded to ineligible beneficiaries. Further, Aadhaar seeding with bank accounts of beneficiaries may be ensured to avoid fraudulent payment.*
- *The Department may constitute Committees at the State and District level to monitor the implementation of the scheme.*
- *The State Government may designate Grievance Redressal Officers at the State and District levels.*
- *The Department may ensure that disbursement of maintenance allowance and payment of scholarship is in accordance with the rates prescribed.*

Compliance Audit Paragraphs

Public Health Engineering & Water Supply Department

2.6 Extra avoidable expenditure

Public Health Engineering & Water Supply (PHE&WS) Division, Seppa incurred an avoidable expenditure of ₹55.00 lakh on procurement of Galvanized Iron (GI) & Ductile Iron (DI) fittings at higher rates than the contracted rates besides incurring excess expenditure of ₹26.00 lakh over the estimated provision on procurement thereof.

Section 2.3.4 of CPWD Work Manual, 2014 stipulates that material deviations that significantly alter the scope of work from the original sanction should not be made without the approval of the authority that accorded administrative approval to the work, even though the cost of the same may be recovered by the savings on other items.

The Project 'Augmentation of water supply project at Seppa Township, (Phase-II)' was sanctioned (March 2019) for ₹15.00 crore under the Rural Infrastructure Development Fund (RIDF) XXIV. 90 *per cent* of the project cost of ₹13.50 crore was funded by NABARD as loan component and the remaining 10 *per cent* amounting to ₹1.50 crore was to be provided by the State Government. The objective of the project was to provide water supply to the Seppa Township with 4.57 million liter per day (MLD) water discharge. Water to the Seppa Town at present is fed by a 2.40 MLD treatment plant. Therefore, augmentation is required for the remaining 2.17 MLD to meet the full requirements of the town.

The Technical Sanction (TS) of the project was accorded by the Chief Engineer, PHE&WS Department, Western Zone for ₹15.00 crore in September 2019. The scope of work and abstract of cost as per TS is given in ***Appendix-2.32***.

The Division invited tender for the components of the work with estimated cost of ₹11.28 crore[79] in September 2019 (including DI & GI fittings worth ₹1.00 crore). The work was awarded (November 2019) to a Naharlagun, Arunachal Pradesh based firm M/s Tama Fabrication Works at tender amount of ₹10.39 crore. The target date of completion of work was December 2021.

Scrutiny (August 2021) of records of the Executive Engineer, PHED&WS, Seppa Division revealed that:

(i) The Division procured only 26 types of DI & GI fittings worth ₹1.26 crore (DI fitting: ₹86.65 lakh + GI fitting: ₹39.62 lakh) against 36 types of fittings provided in the estimate.

(ii) Out of 26 different types of fittings procured, 20 types of fittings were procured from nine different suppliers at rates (₹1.03 crore) higher than the rates quoted (₹0.48 crore) by the firm 'M/s Tama Fabrication Work'. This had resulted in extra avoidable expenditure of ₹0.55 crore (₹1.03 crore - ₹0.48 crore).

Further, the procurement was made from the nine suppliers by splitting into 24 work orders in order to keep the value of each work order within the financial power[80] of the Executive

[79] Excluding procurement cost of DI & GI pipes at ₹3.57 crore

[80] upto 15 lakhs for splitting up subheads

Engineer to avoid necessity of obtaining approval from higher authority. The payment of ₹1.26 crore was released to contractors through 24 first and final bills/ vouchers between March 2020 and March 2021. The DI & GI fittings were entered in Material at Site (MAS) account and shown to have been utilised towards the work. However, the requirement of additional fittings over the technically sanctioned quantity and contracted to be supplied under the agreement was not available on record.

(iii) Against the estimated provision of ₹1.00 crore for DI & GI fittings, the division paid ₹1.26 crore on procurement of the fittings. Thus, the division incurred an excess expenditure of ₹0.26 crore due to payment made at a higher rate.

Thus, the division incurred an extra avoidable expenditure of ₹55.00 lakh on procurement of DI & GI fittings at higher rates than the contracted rates besides an excess expenditure of ₹26.00 lakh also incurred over the estimated provision on procurement.

The Department in its reply stated (April 2022) that due to dispute in ownership of land, the pipelines could not be laid down as per the original survey. The pipeline trajectory was changed from original survey, leading to excess requirement of GI&DI fittings over estimated quantity. Further, in order to overcome local issues, the GI&DI fittings were procured from local contractors instead of original contractor M/s Tama Fabrication Works. The Department also claimed to have made procurements at rates approved by the competent authority. However, no supporting documents were produced evidencing approval of procurement at rates higher than the contracted rates and of quantity in excess of the estimate. The reply of the Department is not acceptable as material deviations (excess procurement of fittings worth ₹26.00 lakh) without documents evidencing approval from the competent authority are irregular and in violation of provisions of CPWD Works Manual. Further, procurement of 20 DI & GI fittings from private suppliers at rates higher than the contract rates, led to an avoidable financial loss of ₹0.55 crore (₹1.03 crore - ₹0.48 crore) to the Government.

The matter was reported to the State Government (November 2022) and reply was not received as of September 2024.

Recommendation: The State Government may investigate the matter and take appropriate action after fixing responsibility for procurement of fittings at a rate higher than the contract rate. The State Government may also take action against excess procurement without proper approval of competent authority.

Education Department

2.7. Unauthorised expenditure and non-execution of works

The Deputy Director of School Education (DDSE) unauthorisedly expended ₹1.64 crore on unapproved works and paid an amount of ₹19.41 lakh to the contractor without execution of works from the fund allotted for implementation of Chief Minister Samast Shiksha Yojana (CMSSY) in Kurung Kumey District.

Rule 26 (ii) of General Financial Rules, 2017 stipulates that controlling officer in respect of funds placed at his disposal are to ensure that the expenditure is incurred for the purpose for which funds have been provided. Rule 28 of Receipt and Payment Rules, 1983 states that no

withdrawal of money may be made from the Government Account except by presentation of bill in support of relevant claim for the purpose. Further, according to Standard Operating Procedure (SOP) No. 5/20 of CPWD works manual 2019, the payments to contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the Measurement Book (M.B.).

The objective of the Chief Minister Samast Shiksha Yojana (CMSSY) is to provide decentralised planning at the district level, provide flexible pool of resources for maintenance of Government schools & colleges, bridge the critical infrastructure gap in technology and to improve the quality of education imparted in schools and colleges by giving flexible funds in the state for procurement of learning materials, computer, sports equipment *etc.* and hiring of faculties of science and mathematics in Government schools. The pool of resources shall provide procurement of furniture, electrical wirings, repairing and maintenance of school/ college buildings, teachers' quarters, hostels, toilets, classrooms, *etc.*

The scheme is to be administered by the State Level Executive Committee (SLEC) headed by the Commissioner (Education Department) at State level. At District level, the District Level Executive Committee (DLEC) chaired by the Deputy Commissioner (DC) is constituted. The DLEC shall draw the annual plan for each district by keeping in view the objectives of balanced distribution of resources and assessment made by it as regards gaps in physical and non-physical infrastructure.

The SLEC is accountable for preparation/ approval of the Annual Action Plan (AAP) for the state under the scheme by collating the District Action Plans prepared by the DLECs as per the guidelines. The SLEC shall furnish the AAP as proposed by the DLEC to the State Government. The scheme/ project for a particular year once approved by the SLEC as recommended in the Annual Action Plan shall not ordinarily be changed except after the recommendation by SLEC on account of operational difficulties and special circumstances. The guideline further states that work under the scheme can be executed by any of the State Government agencies[81].

Scrutiny of the records of the Deputy Director of School Education (DDSE), Kurung Kumey District revealed that an amount of ₹4.60 crore was sanctioned to Kurung Kumey District under CMSSY for the year 2018-19. Out of the amount sanctioned, GoAP released ₹3.45 crore (75 *per cent*) in the 1st Instalment. The details of DLEC proposal as per AAP 2018-19 (out of 1st instalment) are shown in **Table 2.82**.

Table 2.82: Details of DLEC proposal

(₹ in lakh)

DLEC's proposal and SLEC's approval of works	Allocation of Amount
A. Procurement of various items	
Procurement of Electronics, Computer Peripheral, Benches and Wooden Desks	135.94
Sub-Total (A)	**135.94**
B. Hiring of Teachers and Allied Activities	
Hiring of Faculties for Specific Subjects and allied activities	34.00
Sub-Total (B)	**34.00**

[81] Public Works Department (PWD), Rural Works Department (RWD), Public Health Engineering Department (PHED), Water Resources Department (WRD), Urban Development & Housing (UDH) Department

DLEC's proposal and SLEC's approval of works	Allocation of Amount
A. Procurement of various items	
C. Civil Work components	
C/o Teachers Quarters (Bachelors Barrack)	58.80
C/o Toilet Blocks with water connection	78.26
C/o Compound Wall	30.00
C/o ACR (Additional Classroom)	30.00
C/o Kitchen Shed for MDM	33.00
Renovation of Classroom at GUPS, Sango	5.00
C/o Boundary wall at GUPS, Mangdo	30.00
Repair and Maintenance	25.00
Sub-Total (C)	**290.06**
Grand Total (A + B + C)	**460.00**

Source: Annual Action Plan & PFMS payments advice for work orders

Out of the DLEC's proposal, the following works were approved by the SLEC and their actual execution is shown in **Table 2.83**.

Table 2.83: Approval of SLEC proposal *vis-à-vis* actual execution thereagainst

(₹ in lakh)

SLEC's approval of works	Allocation of Amount	Release of fund (75 *per cent*)	Actual execution	Amount
A. Procurement of various items				
Procurement of Electronics, Computer Peripheral, Benches and Wooden Desks	135.94	101.96	Procurement of Electronic, Computer Peripherals, Benches and Wooden Desks	101.96
Sub-Total (A)	**135.94**	**101.96**	**Sub-Total (A)**	**101.96**
B. Hiring of Teachers and Allied Activities				
Hiring of Faculties for Specific Subjects and allied activities	34.00	25.50	Hiring of Faculties for specific subjects	25.50
Sub-Total (B)	**34.00**	**25.50**	**Sub-Total (B)**	**25.50**
C. Civil Work components				
C/o Teachers Quarters (Bachelors Barrack)	58.80	44.10	Renovation and Maintenance	163.54
C/o Toilet Blocks with water connection	78.26	58.69	C/o Boundary Wall	28.95
C/o Compound Wall	30.00	22.50	C/o 2 units of Bachelors Barrack	14.48
C/o ACR (Additional Classroom)	30.00	22.50	C/o Kitchen Shed with store room	4.93
C/o Kitchen Shed for MDM	33.00	24.75		
Renovation of Classroom at GUPS, Sango	5.00	3.75		
C/o Boundary wall at GUPS, Mangdo	30.00	22.50		
Sub-Total (C)	**290.06**	**217.54**	**Sub-Total (C)**	**211.90**
Grand Total (A + B + C)	**460.00**	**345.00**	**Grand Total (A + B + C)**	**339.36**

Source: Annual Action Plan & PFMS payments advice for work orders

It can be seen from the table above that 1st instalment of ₹3.45 crore (75 *per cent* of ₹4.60 crore) was released by GoAP during 2018-19 and the funds were earmarked for civil work components (₹2.18 crore), procurement of various items (₹1.02 crore) and hiring of teachers & allied activities (₹0.25 crore).

Scrutiny of approval of SLEC *vis-à-vis* actual execution of works revealed that-

- The civil work components were executed by Engineering Wing, Education Department, GoAP. Thus, the Department violated the scheme guidelines without engaging the specified State Government agencies.
- The proposal of DLEC on "Repair and Maintenance" for ₹25.00 lakh was not approved by the SLEC on the ground that the proposal was not covered under the guidelines.
- The Department incurred an expenditure of ₹2.12 crore on civil work components against the provision of ₹2.17 crore. The remaining ₹5.65 lakh (₹217.55 lakh - ₹211.90 lakh) of the release was not utilised.
- Out of ₹2.12 crore approved by the SLEC on civil work component, an expenditure of ₹1.64 crore was incurred by the department on 'Renovation and Maintenance work', which was not approved by the SLEC. Thus, the entire expenditure of ₹1.64 crore was incurred without the approval of SLEC and on the items which were not covered under the scheme guidelines.
  - ✓ The works were executed by issuing work orders to various contractors without inviting tender. The payment was released to the contractors through Public Financial Management System (PFMS) without any bills in support of the claim for the works executed.
  - ✓ Scrutiny of Measurement Books (MBs) revealed that quantity of works executed at ₹83.93 lakh was not recorded.
  - ✓ As per Utilisation Certificate (UC) submitted by the Department in September 2019, the fund was shown fully utilised for the purpose for which it was sanctioned. However, the claim of the Department was not true as either the original approved works were not executed or the funds were diverted in execution of unapproved works.

    The Department in their reply stated (April 2022) that the decision to divert the funds was approved by the DLEC in its meeting under the chairmanship of the then DC-cum-chairman of DLEC after the SLEC approved the AAP (2018-19) for the district. The reply of the Department confirms that the DLEC had deviated from the Action Plan without obtaining recommendations from the SLEC, which tantamounted to violating the Scheme guidelines.
- Two works *viz.* "C/o 02 units of Bachelors Barrack" and "C/o kitchen shed with storeroom" amounting to ₹19.41 lakh were not executed by the Department. However, the payment was made to the contractor.

  The Department accepted the facts (April 2022).

Thus, the DDSE unauthorisedly expended ₹1.64 crore on unapproved works and paid ₹19.41 lakh to the contractor without execution of works.

The matter was reported to the State Government in June 2023. However, no reply was received as of September 2024.

Recommendations:

The State Government may take appropriate action to fix responsibility against concerned officers/officials for diversion of funds to un-authorised works and for making payments without execution of works while initiating recovery of payment made to the contractor without execution of works.

CHAPTER – II

PART-II

LOCAL GOVERNMENTS AUDIT

PART II: LOCAL GOVERNMENTS AUDIT

2.8 Introduction

The 73rd and 74th Constitutional Amendment Acts (CAAs) were enacted by the Parliament of India to confer constitutional status to the Local Governments (LGs), *i.e.* Panchayati Raj Institutions/Rural Local Governments (RLGs) and Urban Local Governments (ULGs). These Acts provide a basic framework of decentralisation of powers and authorities to the LGs at different levels. In conformity with these Acts, the Legislative Assembly of Arunachal Pradesh has enacted the Arunachal Pradesh Panchayati Raj Act, 1997 (PRI Act) for RLGs envisaging a 3-tier system of Governance, *i.e.* (i) Gram Panchayat (GP) at village level, (ii) Intermediate Panchayat (IP) at Block/ Sub-division/ Anchal/ Mandal level, and (iii) District/ Zilla Parishad (ZP) at District level for the rural areas. However, the Act was amended in 2018 and the IPs[82] constituted were dissolved as per Article 243B of the Constitution of India. At present (February 2024), the number of Gram Panchayat in the State is 2108 and the number of Zilla Parishads at the District level is 25.

Similarly, in accordance with the provisions of 74th CAA, Arunachal Pradesh enacted the Arunachal Pradesh Municipal Act (APM Act), 2007 and Arunachal Pradesh Municipal Corporation Act (APMC Act), 2019. There are two ULGs in the State, *viz.* Itanagar Municipal Corporation (IMC) and Pasighat Municipal Council (PMC).

2.8.1 Devolution of Funds, Functions and Functionaries (3Fs)

In order to ensure efficient functioning of the LGs in the subjects assigned to them, it is imperative that there is adequate devolution of Funds, Functions and Functionaries (3Fs) to them. The responsibility of devolution of the 3Fs rests with the State government since LG is a State subject. The 73rd CAA provides for devolution of 29 Functions to the PRIs as enumerated in the 11th Schedule of the Constitution. Similarly, 74th CAA provides for devolution of 18 Functions as enumerated in the 12th Schedule of the Constitution to the ULBs.

The Government of Arunachal Pradesh (GoAP) devolved (February 2022) Functions, Functionaries and Funds for 29 subjects listed in the 11th Schedule. The activity-wise mapping of Functionaries corresponding to the Functions was also laid out. For General activities, the Circle Officers and Panchayat Technical Assistants were deployed. For specific activities, Field Level staff of line Departments were deployed in GPs. For ZPs, Additional Deputy Commissioner is the ex-officio Member Secretary and District Officers of the line Departments were deployed as functionaries.

Devolution of Functions in respect of ULGs as specified in the 12th Schedule of the Constitution was effected by GoAP in two[83] phases. The list of Functions devolved is shown in **Table 2.84**.

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[82] IPs or Anchal Samiti act as the link between Gram Panchayat and Zilla Panchayat. Article 243B of the Constitution provides for non-constitution of IPs for states with population not exceeding twenty lakhs.

[83] Eight Functions were devolved in the first phase (August 2013), followed by devolution of five Functions in the second phase (February 2014)

Table 2.84: Status of Devolution of functions specified in the 12th Schedule

Sl. No.	Functions	Status of Devolution
1.	Burials and burial grounds; cremations, cremation grounds	Devolved
2.	Cattle pounds; prevention of cruelty to animals	Devolved
3.	Vital statistics including birth and death registration	Devolved
4.	Planning for economic and social development	Devolved
5.	Slum improvement and upgradation	Devolved
6.	Urban poverty alleviation	Devolved
7.	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Devolved
8.	Urban forestry, protection of the environment and promotion of ecological aspects	Devolved
9.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	Devolved
10.	Promotion of cultural, educational and aesthetic aspects	Devolved
11.	Public amenities including street lighting, parking lots, bus slops and public conveniences	Devolved
12.	Regulation of slaughter houses and tanneries	Devolved
13.	Public health, sanitation conservancy and solid waste management	Devolved partially
14.	Urban planning including town planning	Not Devolved
15.	Regulation of land-use and construction of buildings	Not Devolved
16.	Water supply for domestic, industrial and commercial purposes	Not Devolved
17.	Fire services	Not Devolved
18.	Roads and bridges	Not Devolved

Source: Departmental records

The details of Functions devolved, mapping of activities in respect of the Functions and actual execution of the devolved Functions are given in ***Annexure-2.66***.

In order to execute the Functions devolved, it is essential that there is a simultaneous devolution of Functionaries to the ULGs. However, the GoAP notifications regarding the devolution of Functions did not specify the devolution of Functionaries. Scrutiny of records of the IMC revealed that the Functionaries in respect of devolved Functions were either drawn from other departments on deputation or are on temporary postings. Many of them are ex-officio appointments and staff appointed as contingency. There is no dedicated municipal/municipality service cadre in the state despite there being provisions[84] to this effect in the APM and APMC Acts.

Recommendation: The State Government may constitute the municipal/ municipality cadre of Functionaries as mandated in the APM and APMC Acts to address the issue of devolution of functionaries to the ULGs.

Devolution of Funds to the LGs in the state has been discussed in the following paragraph.

2.8.2 Budget Allocation and Expenditure

Articles 243I and 243Y of the Constitution provide that the Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the LGs and to make

[84] Section 94 of the APMC Act and Section 43 of the APM Act.

recommendations[85] to the Governor. To achieve this, the GoAP incorporated enabling provisions for constitution of State Finance Commission (SFC) in Section 138(1) of the Arunachal Pradesh Panchayat Raj Act and for implementation of recommendations of SFC in Section 73 of Arunachal Pradesh Municipal Act, 2007 and Section 106 of the Arunachal Pradesh Municipal Corporation Act, 2019.

Compliance to Provisions with regard to State Finance Commission

- In compliance of the aforesaid provisions, the 1st SFC was constituted (September 2005) by the GoAP which submitted its report in April 2008. However, the recommendations in the report were not accepted by the Government.
- The 2nd SFC was constituted in August 2012 and it submitted its report in June 2014. The report is yet to be considered by the State Government.
- The State Government is yet to constitute the 3rd SFC which is due from 2019-20.

Thus, the devolution of taxes, duties, tolls and fees to the LGs on the basis of the recommendations of the SFCs in the State as per Article 243Y of the Constitution of India has not been carried out yet.

The details of allocation of budget and expenditure of the LGs in the State for the last three financial years are shown in **Table 2.85**.

Table 2.85: Budget allocation and expenditure of LGs for 2020-21 to 2022-23

(₹ in crore)

Year	Budget Provision			Expenditure			Savings		
	PRIs	ULBs	Total	PRIs	ULBs	Total	PRIs	ULBs	Total
2020-21	662.67	355.91	1018.58	650.24	186.06	836.3	12.43	169.85	182.28
2021-22	330.75	420.24	750.99	259.93	391.35	651.28	70.82	28.89	99.71
2022-23	485.14	317.87	803.01	337.96	281.54	619.5	147.18	36.33	183.51

Source: Appropriation Accounts of the respective years

It could be seen from **Table 2.85** that the budget allocations to LGs exhibited inconsistent trend as the allocation declined by ₹267.59 crore (26.27 *per cent*) in 2021-22 with reference to the year 2020-21 whereas it increased by ₹52.02 crore (6.93 *per cent)* in 2022-23 in comparison to 2021-22.

The decrease in 2021-22 was due to the net effect of decrease in budget allocation to RLGs by ₹331.92 crore and increase in budget allocation to ULGs by ₹64.31 crore. There was decrease in allocation under the head 'Other Rural Development Programme' by ₹327.42 crore and ₹4.50 crore under the head 'Capital Expenditure on Other Rural Development Programme' in respect of PRIs. The increase in 2022-23 was due to net effect of increased allocation to PRIs by ₹154.39 crore primarily under the head 'Other Rural Development Programme' by ₹153.89 crore. The allocation to ULGs, however, reduced by ₹102.36 crore.

[85] For (i) the distribution between the State and the Local Governments of the net proceeds of the taxes, duties, tolls and fees leviable by the State (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Local Governments (iii) the Grants-in-Aid to the Local Governments from the Consolidated Fund of the State

Further, there were consistent savings to the tune of ₹182.28 crore (17.90 *per cent*) in 2020-21, ₹99.71 crore (13.28 *per cent*) in 2021-22 and ₹183.51 crore (22.85 *per cent*) during 2022-23 out of the total budget allocated to the LGs.

The savings in 2020-21 were on account of savings of ₹169.85 crore under the head 'Urban Development' and that of ₹7.93 crore and ₹4.50 crore respectively under 'Other Rural Development Programmes' and 'Capital Outlay on Other Rural Development Programmes'.

In 2021-22, there were savings of ₹70.82 crore under the head 'Other Rural Development Programmes', ₹24.39 crore under the head 'Urban Development and ₹4.50 crore under "Capital Outlay on Urban Development".

In 2022-23, the savings were mainly under 'Urban Development' of ₹35.72 crore and ₹146.68 crore under 'Other Rural Development Programme'. Thus, the LGs were unable to fully utilise the funds allocated to them for development programmes.

Further, own revenue collected by the two ULGs (PMC & IMC) during the last three financial years is given in **Table 2.86**.

Table 2.86: Own Revenue collection of ULGs in the State from 2020-21 to 2022-23

(₹ in lakh)

Year	PMC	IMC	Total Revenue
2020-21	0.05	218.56	218.61
2021-22	0.79	433.00	433.79
2022-23	4.86	515.07	519.93
Total	5.70	1166.63	1172.33

Source: Records of Director of TP & ULGs, IMC &PMC

It would be seen from **Table 2.86** that own revenue collection of the ULGs in the State is cumulatively ₹11.72 crore for the last three financial years with average revenue collection of just ₹1.90 lakh for PMC and ₹3.89 crore for IMC per financial year. In absence of sufficient collection of own revenue, the ULGs in the State are heavily dependent on Central and State Government Grants.

2.8.3 Planning and Conduct of Audit

Audit process starts with the assessment of various risks faced by the LGs based on the expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of internal controls, topicality, newspapers readings, *etc.*

Out of the 25 ZPs, 2108 GPs and 02 ULGs in the State, this office conducted District Centric Audit (DCA) covering Namsai Zilla Parishad and five GPs in it during the year 2021-22. Similarly, two DCAs were conducted during 2022-23 covering two districts (West Kameng and Papumpare) and twelve GPs in each district. The District Inspection Reports (DIRs) were sent to the Chairpersons of Zilla Parishads of the respective Districts and Gram Panchayats and the copies of the same were endorsed to the Secretary, Panchayati Raj Institutions, the Director, Panchayati Raj Institutions and the District Panchayat Development Officer (DPDO) of the Districts for taking appropriate corrective actions.

Compliance Audit Paragraph

2.8.4 Functioning of Director of Local Fund Audit

Non-appointment of a regular authority to audit the accounts of Local Governments

Section 154 (1) of the PRI Act provides that the audit of the accounts of the funds of Gram Panchayat or a Zilla Parishad shall be carried out by the authority as may be prescribed by the Government. Further, Section 93 (1) of the APM Act provides that the municipal accounts as contained in the financial statement, including the accounts of special funds, if any, and the balance sheet shall be examined and audited by an Auditor appointed by the State Government from the panel of professional Chartered Accountants prepared in that behalf by the State. Section 176(3) of the APMC Act provides that the accounts of the Municipal Corporation Fund shall be audited by a separate and independent audit agency.

In Arunachal Pradesh, the aforesaid authority is referred to as Director of Local Fund Audit (DLFA). The State Government entrusted (December 2022) the role of DLFA to the Director (Audit & Pension) till such time as the office of DLFA was established. However, the State Government is yet to create a regular office of the DLFA.

The Department accepted (January 2024) the audit finding and added that the Director (Audit & Pension) has been given the responsibility of DLFA as a temporary measure and the Department is already in touch with the Finance Department for the establishment of Director, Local Fund Audit (DLFA) office. However, non-appointment of a regular DLFA is a serious issue as this may result in dilution of oversight responsibilities by the Government.

Recommendation: The State Government may appoint a regular DLFA to ensure timely audit of accounts of Local Governments.

CHAPTER – III

ECONOMIC SECTOR

CHAPTER – III: ECONOMIC SECTOR

3.1 Introduction

This Chapter of the Audit Report deals with the audit findings on the Departments of the State Government under the Economic Sector.

During 2022-23, total budget allocation of the State Government under the Economic Sector (other than Public Sector Enterprises) was ₹18,096.54 crore, against which the actual expenditure was ₹13,496.63 crore (74.58 *per cent*). Department-wise budget allocations and expenditure incurred are given in **Table 3.1.**

Table 3.1: Budget allocation and expenditure under Economic Sector

(₹ in crore)

Sl. No.	Name of the Department	Budget			Expenditure			Expenditure *(in Per cent)*
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	Agriculture	359.18	118.90	478.08	354.30	3.96	358.26	74.94
2.	Animal Husbandry, Veterinary and Dairy Development	203.67	12.00	215.67	188.17	2.10	190.27	88.22
3.	Civil Aviation	97.50	41.83	139.33	94.05	38.57	132.62	95.18
4.	Co-operation	19.71	1.00	20.71	19.17	1.00	20.17	97.39
5.	Department for Development of Tirap, Changlang and Longding Districts	1.15	50.00	51.15	1.11	44.17	45.28	88.52
6.	Economic and Statistics	29.89	1.00	30.89	29.29	1.00	30.29	98.06
7.	Environment and Forests	798.35	27.64	825.99	506.50	27.64	534.14	64.67
8.	Fisheries	53.31	35.31	88.62	54.13	32.15	86.28	97.36
9.	Food and Civil Supplies	583.60	3.23	586.83	427.34	2.74	430.08	73.29
10.	Geology and Mining	28.28	2.95	31.23	27.97	2.75	30.72	98.37
11.	Horticulture	252.72	0.31	253.03	250.11	0.00	250.11	98.85
12.	Hydro Power Development	470.91	190.59	661.50	284.16	183.70	467.86	70.73
13.	Industries	44.98	23.50	68.48	42.76	23.61	66.37	96.92
14.	Information Technology and Communication	59.00	85.77	144.77	52.91	85.77	138.68	95.79
15.	Legal Metrology and Consumer Affairs	16.43	0.74	17.17	15.75	0.61	16.36	95.28
16.	North Eastern Council	5.05	95.00	100.05	112.73	26.80	139.53	139.46
17.	Panchayati Raj	484.65	0.50	485.15	337.96	0.00	337.96	69.66
18.	Planning and Investment	565.83	2788.11	3353.94	126.19	869.23	995.42	29.68
19.	Power (Electrical)	1360.43	370.70	1731.13	1141.15	360.23	1501.38	86.73
20.	Public Works	1433.63	2556.18	3989.81	1056.63	2362.97	3419.60	85.71
21.	Rural Development	752.04	82.45	834.49	765.78	79.15	844.93	101.25
22.	Rural Works	519.99	2036.34	2556.33	347.37	1985.19	2332.56	91.25

Sl. No.	Name of the Department	Budget			Expenditure			Expenditure *(in Per cent)*
		Revenue	Capital	Total	Revenue	Capital	Total	
23.	Science and Technology	67.09	0.00	67.09	67.04	0.00	67.04	99.93
24.	State Transport	220.54	13.92	234.46	206.11	13.31	219.42	93.59
25.	Textile and Handicrafts	71.90	7.99	79.89	69.53	2.74	72.27	90.46
26.	Tourism	51.71	22.82	74.53	46.82	12.88	59.70	80.10
27.	Trade and Commerce	11.50	0.00	11.50	11.56	0.00	11.56	100.52
28.	Water Resource	620.18	344.54	964.72	363.15	334.62	697.77	72.33
Total		**9183.22**	**8913.32**	**18096.54**	**6999.74**	**6496.89**	**13496.63**	**74.58**

Source: Appropriation Accounts,2022-23.

- During 2022-23, expenditure incurred by the Departments ranged between 29.68 *per cent* and 139.46 *per cent* of the allocations made.
- Thirteen Departments have incurred more than 90 *per cent* but less than 100 *per cent* of the total budget allocation during 2022-23.
- Three Departments have incurred more than 100 *per cent* of the total budget allocation *viz*. North Eastern Council (139.46 *per cent*), Rural Development (101.25 *per cent*) and Trade and Commerce (100.52 *per cent*) during 2022-23.
- The Revenue Expenditure in the sector was ₹6,999.74 crore (51.86 *per cent* of the total expenditure).
- The Capital Expenditure in the sector was ₹6,496.89 crore (48.14 *per cent* of the total expenditure).

3.1.1 Planning and Conduct of Audit

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

Audit was conducted in 72 units of 12Departments involving expenditure of ₹2,782.89 crore (including expenditure of earlier years) respectively during 2022-23 under the Economic Sector.

This Chapter contains audit observations on two Performance Audits*viz.* "Development of Tourism Infrastructure in Arunachal Pradesh" &"Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) in Arunachal Pradesh" and eight compliance audit paragraphs.

Performance Audit

Tourism Department

3.2 Development of Tourism Infrastructure in Arunachal Pradesh

A Performance Audit of "*Development of Tourism Infrastructure in Arunachal Pradesh*" carried out covering the period from 2017-18 to 2021-22 revealed several deficiencies such as inadequacy in State Tourism Policy, diversion of fund, award of work to ineligible contractors, wasteful expenditure, idling of assets, shortfall in training, *etc.* Significant audit findings are highlighted below.

Highlights:

- ***Though the State Tourism Policy, 2003 emphasised the preparation of a Comprehensive Master Plan, the State Government had not prepared comprehensive master plan for development of high potential tourism areas in Arunachal Pradesh. The Tourism Department in Arunachal Pradesh had executed Tourism Schemes/ Projects on ad-hoc basis, without conducting feasibility studies at the ground level.***

  (Paragraph 3.2.7.1)

- ***Test check showed six projects wherein the project sites were shifted from the approved locations, without obtaining approval of the sanctioning authority i.e. MoT, GoI for shifting of sites.***

  (Paragraph 3.2.7.3)

- ***Director of Tourism, Itanagar had drawn a total amount of ₹6.17 crore from government account during February 2019 to March 2022 and parked the same in Demand Drafts (DDs) for a period of six months to almost five years indicating the amount was drawn from government accounts without immediate requirement for disbursal to prevent lapse of budget grants which was in violation of Rule No. 100 (2) of Central Government Account (Receipt & Payment) Rules, 1983.***

  (Paragraph 3.2.8.5)

- ***Out of 14 abandoned PIDDC projects, three projects were abandoned after incurring an expenditure of 63 to 94 per cent against the agreement amount while the remaining 11 projects were abandoned after an expenditure of 10 to 43.86 per cent. Audit observed that neither were the incomplete PIDDC projects taken up under Swadesh Darshan Scheme nor was alternative arrangement provided to complete the projects. The State Government also could not complete the projects from its own resources and total expenditure of ₹14.01 crore incurred on the 14 projects was rendered wasteful.***

  (Paragraph 3.2.9.4)

- ***A total amount of ₹8.16 crore was paid for the components which were found not executed during joint physical inspections though already shown executed in the concerned MBs. Thus, payment of ₹8.16 crore made without execution of the work was not only irregular but also possibly fraudulent, which needs detailed investigation.***

  (Paragraph 3.2.9.4)

- ***The 41 assets created at the cost of ₹87.92 crore during the review period had remained non-functional and were lying idle for periods ranging between seven months and 109 months as on 31 March 2023. The Department has not taken action to functionalise the assets created. The conditions of the assets would deteriorate in the near future if not put to use.***

(Paragraph 3.2.9.5)

- ***Neither the State Level Monitoring Committee nor the State Steering Committee was constituted to review the physical and financial progress of projects.***

(Paragraph 3.2.10)

3.2.1 Introduction

Arunachal Pradesh popularly known as the 'Land of Dawn-lit-Mountains' is India's remotest state and the first Indian soil to greet the rising sun. The State is located on the north-eastern tip of India with its borders touching China, Bhutan and Burma (Myanmar)and is endowed with a dazzling array of flora and fauna. With its numerous turbulent streams, roaring rivers, deep gorges, lofty mountains, snow-clad peaks, thousands of species of flora and fauna and an endless variation of scenic beauty, there is tremendous potential for development of tourism in Arunachal Pradesh especially adventure and eco-tourism. The State has vast potential for offering various attractions to tourists like river rafting, angling, hiking, trekking, mountaineering, hang gliding, snow skiing, *etc.* For wildlife enthusiasts and nature lovers, Arunachal has a number of wildlife sanctuaries, national parks and biosphere reserves and its lushgreen tropical forests teeming with wildlife. Arunachal Pradesh is also famous for the Buddhist Circuit. Some of the places of tourist attractions in the State are Tawang Monastry, Bumla Pass, Talley Valley Wildlife Sanctuary, Pakke Tiger Reserve, Parshuram Kund, Mechuka Lake, Namdapha National Park, *etc.* Arunachal Pradesh ranks fourth in terms of tourist footfall in the eight North Eastern States behind Assam, Sikkim and Meghalaya during the period 2017-2021.

In a bid to promote and develop tourism in the State, the State Government framedits Tourism Policy in 2003. The vision statement of the policy was to develop Tourism Industry as an engine of growth and harness its potential for the benefit of people of Arunachal Pradesh. To realise the vision, the policy laid down the following objectives:

- Sustainable planning for suitable development of tourism.
- Protection of its heritage (natural, cultural as well as traditions and values of the people of the State).
- Reduction of poverty by ensuring revenue capture by the local community.
- Capacity building and creation of mechanisms in support of small and medium enterprises.
- Formulation of strategies that will exploit opportunities and potential of the state.
- Ensuring development policies (including public works and transportation, bus and road networks) that support and promote various attractions of the State.
- Securing involvement of the largest number of stakeholders in decision making and resource allocation and utilisation.

The Government of India (GoI) and the State Government have been funding several tourism projects for creation of infrastructure, brand promotion and human resource development. The infrastructure projects/ schemes implemented during 2017-23 are as follows:

(i) Swadesh Darshan - ₹116.73 crore

(ii) Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD) - ₹4.17 crore

(iii) Product Infrastructure Development at Destinations and Circuits (PIDDC) - ₹119.93 crore

(iv) Projects under North Eastern Councils (NEC) - ₹51.11 crore

(v) State Plan schemes/ projects - ₹83.16 crore

3.2.2 Organisational set-up

The Tourism Department of the Government of Arunachal Pradesh (GoAP) is the nodal agency responsible for development of tourism sector in the State. The Secretary to the GoAP is the administrative head of the Department.

The Director of Tourism is the head of the office who is responsible for all tourism related activities. He is assisted by two Deputy Directors, two Assistant Directors, one District Tourism Officer (DTO), four Tourist Information Officers (TIOs) and a Finance and Accounts Officer at the Directorate level.

The Directorate also had an Engineering Wing[1] till 30 June 2020 which was headed by an Executive Engineer. He was assisted by two Assistant Engineers and four Junior Engineers. Engineering Wing of the Department was closed as per Government policy (2020) and the Engineers who were brought in the Department on deputation were repatriated to their parent Department accordingly.

There are 17 DTOs in the State out of which 14 DTOs are posted in the Districts, one in Headquarters Office and one DTO each at Mohanbari, and New Delhi as RTO (Resident Tourism Officer).The number of TIOs in the State is 16 out of which 11 TIOs are posted in Districts, four in Headquarters Office and one in Guwahati.

3.2.3 Scope and Methodology of Performance audit

The Performance Audit covered the period from 2017-18 to 2021-22. However, projects sanctioned prior to 2017-18 but whose implementations was spilled over to the audit period were also considered for the performance audit. Six[2]districts have been selected based on ***Probability Proportional to Size Without Replacement (PPSWOR)*** method with expenditure as size. Out of 228 projects (Central projects: 125[3] and State projects: 103[4]) implemented in the State at a cost of ₹375.35 crore during the review period, a total of 96[5] projects implemented at a cost of ₹189.64 crore in the six selected districts were covered

[1] Engineering Wing was created on 05 May 2010 by engaging the staff from Engineering department (PWD and Hydro Power Development) which was discontinued *w.e.f.* 01 July 2020.

[2] Tawang, Papum Pare, Lower Subansari, East Siang, Shi Yomi, Lohit.

[3] Implemented at the cost of ₹292.19 crore

[4] Implemented at the cost of ₹83.16 crore

[5] Swadesh Darshan- 21 projects; PRASHAD- 01 project; PIDDC- 43 projects; NEC- 07 projects and State plan schemes/ projects: 24

out of which 72 projects[6] were Central projects whereas 24 projects[7] were State projects as detailed in ***Appendix-3.1***.

The Performance Audit commenced with an 'Entry Conference' with the Secretary, Tourism Department on 18 July 2022 wherein the objectives and the scope of performance audit were discussed. Subsequently, Audit examined records and other evidences in the Directorate of Tourism and offices of the DTOs along with 17 executing agencies of the six selected Districts. Besides, joint physical verifications of sites of 56 projects were conducted in the selected Districts.

The audit findings of Performance Audit were discussed in the 'Exit Conference' with the Secretary, Tourism Department, Deputy Director of Tourism Department, Finance and Accounts Officer of Tourism Department, Executive Engineer of the erstwhile Engineering Wing of Tourism Department, Executive Engineer, Water Resource Department, Yupia and other Departmental officials held on 07 July 2023. The replies from the Department have been incorporated suitably wherever appropriate.

3.2.4 Audit Objectives

The main audit objectives were to examine and assess whether:

- State Tourism Policies and Plans were formulated in line with National Tourism Policy and implemented effectively.
- Funds at the disposal of the State Government were utilised in an economic, efficient and effective manner.
- Implementation of infrastructure development projects funded under various schemes was in conformity with the prescribed codal procedures and whether they were efficiently managed.
- The monitoring and regulatory mechanisms were in place and were effective.

3.2.5 Audit criteria

Audit findings were benchmarked against the criteria derived from the following sources to achieve the audit objectives:

- National Tourism Policy, State Tourism Policy and Plans.
- General Financial Rules, 2005 and 2017.
- CPWD Works Manual.
- Guidelines, Circulars, and various Orders issued by the Ministry of Tourism, GoI/ State Government.
- Prescribed monitoring mechanism.

3.2.6 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by the Tourism Department, GoAP during conduct of this PA.

[6] Implemented at the cost of ₹162.70 crore
[7] Implemented at the cost of ₹26.94 crore

Audit Findings

Results of the Performance Audit are discussed in succeeding paragraphs.

3.2.7 Tourism Policy and Plans

Arunachal Pradesh has 12 tourist circuits, *viz*., (i) Tezpur-Bhalukpong-Bomdila-Tawang, (ii) Itanagar-Ziro-Daporijo-Aalo-Pasighat, (iii) Pasighat-Jengging-Yingkiong-Tuting, (iv) Tinsukia-Tezu-Hayuliang, (v) Margherita-Miao-Namdhapa-Vijoynagar, (vi) Dibrugarh-Deomali-Hakanjuri-Khonsa, (vii) Dibrugarh-Kanubari-Longding, Tezpur-Seijosa-Bhalukpong, (viii) Ziro-Palin-Nyapin-Sangram-Koloriang, (ix) Doimukh-Sagalee-Pake Kessang-Seppa, (x) Aalo-Mechuka, (xi) Daporijo-Taliha-Siyum-Nacho and (xii) Jairampur-Manmao-Nampong-Pangsau Pass.

All 96 sampled projects were included under the following Circuits *viz.* (i) Tezpur-Bhalukpong-Bomdila-Tawang, (ii)Itanagar-Ziro-Daporijo-Aalo-Pasighat, (iii) Pasighat-Jengging-Yingkiong-Tuting and (iv)Aalo-Mechuka.

Audit observed that the Tourism Department emphasised the development of tourism infrastructure based on circuit-wise attraction of tourists in the State. However, there were gaps in policy framed by the State Government as discussed below.

The National Tourism Policy, 2002 laid down the current tourism scenario in the country *vis-à-vis* strengths, weaknesses, opportunities, threats (SWOT) and its achievements, prospects and development goals.

The GoAP adopted the Tourism Policy in 2003 with a vision statement to develop tourism industry as an engine of growth and to harness its potential for the benefit of its people. Audit, however, noticed that the State Tourism Policy, 2003 only brought out in general the objectives and strategies for promoting tourism in the State, without specifying the present scenario *vis-à-vis* the achievements, strengths, weaknesses, opportunities, threats *i.e.* SWOT analysis[8] and target and specific areas for future growth projection. Thus, the State Tourism Policy was framed not in line with the National Tourism Policy.

Moreover, as per the State Industrial Policy (SIP), 2008 the State Government identified tourism sector as one of the thrust areas which had huge potential for growth in the State. In order to promote tourism potential of the State, SIP emphasises creation of an investment friendly environment in the State, making Arunachal Pradesh a preferred destination for outside investors, promote handloom and handicrafts, encourage local entreprenuers to set up enterprises based on locally available raw materials, *etc.* Though SIP has emphasised on promotion and marketing of tourism sector of the State, no such activities could be undertaken due to non-constitution of Arunachal Tourism and Marketing and Promotion Board (ATMPB) by Tourism Department as discussed under **Paragraph 3.2.9.10**.

While accepting the audit observation, the State Government stated (June 2023) that preparation of the Comprehensive State Tourism Policy is under process for the implementation of tourism projects in the State.

[8] SWOT analysis is a strategic planning and strategic management technique used to help a person or organization identify Strengths, Weaknesses, Opportunities, and Threats related to project planning.

3.2.7.1 Non preparation of Comprehensive Master Plan

State Tourism Policy, 2003 laid specific emphasis on preparation of a Comprehensive Master Plan for development of high potential tourism areas.

Audit, however, noticed that the State Government had not prepared comprehensive master plan for development of high potential tourism areas in Arunachal Pradesh. The Tourism Department in Arunachal Pradesh had executed Tourism Schemes/ Projects on an *adhoc* basis, without conducting feasibility studies at the ground level. Thus, Tourism Schemes/ Projects were implemented without any integrated tourism development plan, training needs analysis and formulation of marketing strategy/plan as discussed under **Paragraphs 3.2.9.7.**

While accepting the audit observation, the State Government stated (June 2023) that preparation of Tourism Master Plan is under process.

3.2.7.2 Delinked Projects

PIDDC was a centally sponsored scheme which was delinked/ closed in 2015 and the responsibility to monitor and provide necessary funds for completion of these PIDDC projects was given to the State Government. After the delinking of PIDDC projects, Swadesh Darshan Scheme-1 (SDS-1) was launched in 2015.

Scrutiny of records revealed that out of 43 sampled PIDDC projects which were delinked in 2015 just after the release of first instalment by Ministry of Tourism (MoT), GoI, 25 projects were completed during the review period with additional funds from the State's own resources (as discussed under **Paragraph 3.2.8.3**). Out of the 18 incomplete projects[9], 14 projects were abandoned after incurring an expenditure of 10 to 94 *per cent* of the agreement amount as discussed under **Paragraph 3.2.9.4.** The role of District Tourism Promotion Council(DTPC) was to prepare feasibility studies and recommend projects to the Directorate of Tourism but no such feasibility studies were carried out and no recommendation for completion of the abandoned projects was made due to which the expenditure of ₹13.65 crore incurred on the abandoned projects was wasteful as discussed under **Paragraph 3.2.9.4.** This also reflects that there was lack of prioritization of projects and monitoring on the overall planning and implementation of the tourism infrastructure development projects at the Directorate level.

Also, since the launch of SDS-1, 40 projects have been sanctioned and executed by incurring an expenditure of ₹116.73 crore. However, the scheme guidelines highlighting the scheme's objectives, planning strategy, implementation procedure, monitoring mechanism and outcome of the scheme have not been finalised till date (June 2023). Thus, the Tourism Department has been implementing 40 projects under SDS-1on *adhoc* basis without any scheme guidelines which had resulted in various irregularities, *inter alia*, delays in completion of the projects as discussed under **Paragraph 3.2.9.4**, change of project sites after the projects were sanctioned as discussed under **Paragraph 3.2.7.3**, idling of completed projects as discussed in **Paragraph 3.2.9.5,** *etc.*

[9] In four out of 18 projects, no expenditure was found incurred.

The State Government stated (June 2023) that District Tourism Promotion Council (DTPC) is responsible for the planning, implementation, and oversight of district tourism infrastructure within their respective districts. The DTPC provides the Directorate of Tourism with all project feasibility reports, project recommendations, and project completion reports.

The reply of the State Government is not acceptable as it lacked plans for completing abandoned projects. DTPC did not conduct feasibility studies orprovide recommendations to Directorate of Tourism, indicating inaction on the part of DTPC and Directorate of Tourism to undertake the abandoned projects so that the projects could be completed and gainfully utilised.

3.2.7.3 Absence of feasibility study

Audit observed that the sites of six projects were shifted from the approved locations as detailed in **Table 3.2**.

Table 3.2: Change of site

Sl. No.	Name of the project	Original site	New site	Distance	Sanction Date	Status
1.	Development of Jamcharche Park at Lumla under Swadesh Darshan	Jamcharche	Buri	45 km	03.03.2015	Ongoing, already delayed by 73 months
2.	Development of Infrastructure at Bumla Pass under Swadesh Darshan	Bumla Pass	Mangma Gyalam	10 km	03.03.2015	Completed in February 2020 after a delay of 34 months
3.	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh (NEC)	Hutu Village	Chiputa village	2 km	11.12.2015	Completed in May 2019 after a delay of 17 months
4.	Construction of Festival Ground at Mechuka {State Annual Development Programme (SADA)}	Near ITBP Camp in Mechuka	Near DC Office in Mechuka	500 m	22.02.2017	Ongoing, already delayed by 46 months
5.	Development of Heritage Site at Pemazilling, Mechuka (PIDDC)	Pemaziling	Shegang	500 m	28.11.2014	Completed in March 2017, after a delay of more than threemonths
6.	Mega Festival cum Multipurpose ground with parking facilities and approach road, Tawang NEC	Festival Ground, Tawang	In circuit House & nearby	1 km	21.03.2016	Ongoing for want of funds, already indicating a delay 49 months.

Source: Departmental records

While the sites for Sl. No. 4 and 6 were changed due to land (site) disputes with Sashastra Seema Bal, SSB, Tawang and Indo-Tibetan Border Police, ITBP, Mechuka respectively, the site for Sl. No. 5 was shifted due to claim of ownership of the land by different individuals. The sites for Sl. No. 1 and 3 were changed due to objection from the landowners while the site for Sl. No. 2 was changed due to objection by Indian Army due to security reasons. The shifting of sites indicates that feasibility studies of the site were not properly conducted and availability of land free from encumbrance was not ensured before the sanction of the

project. The Department has not obtained approval of the sanctioning authority *i.e.* MoT, GoI for shifting of sites.

Further, another project "Operation of Toy Train in Tawang" was sanctioned in March 2022 under State Plan but the amount of ₹4.37 crore drawn against the project in March 2022 was surrendered to State Government in September 2022 as the project was found not feasible at the site. This also indicates that proper feasibility study was not carried out before the proposal and sanction of the project.

The State Government stated (June 2023) that they would look into the matter and if needed, ex-post facto approvals will be obtained for the deviations.

However, the State Government had not furnished any *ex-post facto* approval as of July 2023.

Besides, the project "Development of Tawang Walk Through" under Swadesh Darshan, sanctioned in March 2015 at a cost of ₹18.36 crore was initially implemented by Tourism Department. After incurring an expenditure of ₹4.26 crore, the project was handed over to EE, PWD, Tawang in February 2018. After taking over the project, the EE, PWD, Tawang went through the Master Plan and related drawings prepared by Tourism Department and found the size of the site small *vis-à-vis* the Master Plan and drawings. So EE, PWD, Tawang prepared a new Master Plan and drawing as per the site conditions. Due to the changes in the drawings, the bill of quantities was altered and changes were effected in the specification of work. Accordingly, the Division prepared revised estimates for an amount of ₹9.00 crore and an expenditure of ₹7.83 crore had been incurred till date (November 2022) indicating a delay in completion by more than six years. This indicates that proper site survey and investigation were not carried out by Tourism Department before preparation of the DPR and execution of work.

The State Government stated (June 2023) that they would review the matter and if needed, necessary measures will be taken to ensure that DPRs are prepared only after carrying out all the necessary formalities.

3.2.7.4 Public Private Partnership

The State Tourism Policy, 2003 envisaged establishment of contact with domestic private sector agencies in the field of hospitality, travel agents, tour operators, *etc.* Public Private Partnerships (PPP) will be treated as an essential ingredient of the policy for the development and encouragement of structures and delivery mechanisms.

Audit, however, observed that the Department issued a circular communicating a guideline for leasing out tourism infrastructure under PPP Mode in January 2014, however, the Department had not framed a comprehensive PPP policy as of June 2023.Out of the 50 completed projects only nine projects were leased out (as discussed under **Paragraph 3.2.9.5**). Therefore, though the Department felt the need for involving private parties in operation of various assets already created, State Government had not yet formulated a policy in this regard.

The State Government stated (June 2023) that they are already working on the preparation of a comprehensive PPP policy/ guidelines for the State.

For promotion and marketing of tourism potential in the State, "Arunachal Tourism and Marketing and Promotion Board"was to be constituted which is discussed under **Paragraph 3.2.9.10.**

3.2.8 Financial Management

The Ministry of Tourism (MoT), GoI extended financial assistance to the State Government for augmentation of tourist infrastructure facilities through three schemes *viz.*, PIDDC, Swadesh Darshan and PRASHAD during the review period. The Tourism Department of the State Government had also been receiving funds from the North Eastern Council (NEC), GoI. Besides, there were various State schemes and projects funded by the State Government for promotion and development of tourism industry in the State.

3.2.8.1 Budget Provision and actual expenditure

Position of the budget provision and actual expenditure under revenue and capital section for the period 2017-23, is shown in **Table 3.3**.

Table 3.3: Budget and Expenditure

(₹ in crore)

Year	Budget Provision			Actual Expenditure			Saving (-)/ Excess (+) (*Per cent*)	
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital
2017-18	38.12	140.81	178.93	36.35	39.91	76.26	(-) 1.77 (4.65)	(-) 100.90 (71.66)
2018-19	54.15	126.89	181.04	43.81	104.89	148.71	(-) 10.34 (19.09)	(-) 22.00 (17.34)
2019-20	46.71	16.73	63.44	42.21	3.19	45.40	(-) 4.50 (9.63)	(-) 13.54 (80.92)
2020-21	20.72	25.81	46.53	17.93	11.92	29.85	(-) 2.79 (13.47)	(-) 13.89 (53.81)
2021-22	48.92	64.10	113.01	34.11	42.28	76.39	(-) 14.81 (30.27)	(-) 21.82 (34.04)
2022-23	51.71	34.58	86.29	46.82	24.64	71.46	(-) 4.89 (9.45)	(-) 9.94 (28.74)
Total	**260.33**	**408.94**	**669.25**	**221.23**	**212.12**	**433.35**	**(-) 39.10 (15.02)**	**(-) 196.80 (48.13)**

Source: Detailed Appropriation Accounts

It can be seen from the above table that against the total budgetary provision of ₹669.25 crore during 2017-23, the actual expenditure was ₹433.35 crore indicating an overall saving of ₹235.90 crore (35.25 *per cent*). While the savings in revenue section ranged between 4.65 and 30.27 *per cent* during 2017-23, the savings in capital section were as high as 80.92 *per cent*. The savings under capital section are indicative of underutilisation of allocated funds for creation of assets which affected the development of tourist infrastructure in the State. The underutilisation of funds under capital section was basically due to non-receipt/ late receipt of finance concurrence/ expenditure authorisation from Finance Department.

The State Government stated (June 2023) that they were aware of the issue, and they have been making efforts and closely monitoring the utilisation of the fund and lately there has been significant improvement in this regard.

The claim of significant improvement is found to be factually incorrect as the savings under revenue and capital section as per appropriation accounts of the Department during 2021-23 were still substantial as reflected in **Table 3.3**.

The matter has been referred to Finance Department (June 2023) and the reply was awaited as of September 2024.

3.2.8.2 Delay in release of fund

MoT, GoI while sanctioning and releasing funds for various infrastructure projects under PIDDC reiterated that the funds released by the GoI to the State Government should not be kept unutilised for more than six months. In case the funds cannot be utilised, the same have to be surrendered to Central Government or their formal approval taken to transfer/ adjust the amount against other centrally funded projects.

Scrutiny of records revealed that:

- MoT, GoI had released a total of ₹25.20 crore during March 2013 to December 2014, to the State Government.
- The State Government released the same to implementing agency during January 2014 to February 2017 after a delay ranging between 03 months to 29 months.
- Even when funds were not utilised within the stipulated period of six months, they were neither surrendered to MoT, GoI, nor intimated to the GoI as required under the prevailing instructions.

Further, in case of projects funded by the NEC, funds released were to be transferred to the implementing agency by the State Government within a period of one month. Scrutiny of records revealed that:

- Against NEC's share of ₹39.94 crore for seven projects, an amount of ₹39.36 crore had been released to the State Government in 21 instalments between March 2010 and February 2022.
- The State Government had released the same amount to the implementing agencies between July 2010 and February 2023 after a delay ranging between 02 months 15 days to 54 months 24 days.

Therefore, lack of timely release of funds by the State Government to the implementing agency would adversely affect timely completion of infrastructure projects.

The State Government accepted (June 2023) the audit finding.

3.2.8.3 Inability of the Tourism Department to utilise the sanction

Against the sanctioned amount of ₹101.50 crore for 43 sampled PIDDC projects, ₹25.20 crore was released during March 2013 to December 2014 while the remaining sanctioned amount of ₹76.30 crore was not released by MoT, GoI as the scheme was delinked by GoI in 2015. In an effort to revive the projects, the State Government sanctioned and released an amount of ₹41.41 crore from State's own resources during 2018-19 out of which an amount of ₹36.04 crore was incurred while the remaining amount of ₹5.37 crore was not utilised resulting in lapse of fund to the same extent, when 18 projects were still incomplete. Therefore, inability of the Department to utilise the sanctioned amount coupled with non-release or sanction of fund thereafter rendered the infrastructure so created wasteful as discussed under **Paragraph 3.2.9.4.**

The State Government in its reply stated (June 2023) that the matter would be reviewed. However, no responses have been received as of September 2024.

3.2.8.4 Submission of Utilisation Certificates

Timely submission of Utilisation Certificates (UCs) of funds received is required for subsequent release of instalments by funding agencies.

Utilisation Certificates under NEC scheme

As per the sanction order of NEC projects, the State Government will furnish the certificate of the actual utilisation of the grant within twelve months from the date of closure of accounts.

Audit observed that–

- The Department has furnished UCs amounting to ₹12.22 crore of seven instalments to audit.
- UCs for three out of the seven instalments were found submitted in time.
- UCs for the remaining four instalments were submitted after a delay ranging between 03 and 33 months due to delay in release of fund by State Government coupled with slow progress of work which subsequently led to delay in utilisation of fund.

Utilisation Certificates under PIDDC scheme

Under PIDDC Scheme, funds released by the GoI to the State Government should not be kept unutilised for more than six months.

Audit observed that –

- Out of UCs submitted amounting to ₹17.70 crore for 11 projects, UCs of ₹5.71 crore in respect of five projects were submitted after a delay ranging between 06 and 12 months respectively as the utilisation of fund was delayed due to delay in release of fund by State Government.
- For the remaining amount of ₹11.98 crore (six projects), the Department had submitted the UCs to MoT one month to 19 months before they actually received fund from the State Government which indicates that the submitted UCs did not reflect the actual utilisation of fund. Thus, there was incorrect reporting of utilisation of funds to the higher authority, before their actual utilisation.

The State Government stated (June 2023) that the delay was partly due to the closure of Engineering Wing of Tourism Department and repatriation of the technical staff to their parent Departments. Also, the delay was partly attributed to the Covid pandemic.

The reply of the State Government is not acceptable due to the fact that Covid pandemic started in March 2020 and Engineering Wing of Tourism Department was closed in June 2020 while the due date of submission of most of the UCs was September 2018. The shortfall/ delay in submission of UCs indicates inability of the State Government to utilise funds in time resulting in delay in completion of projects..

3.2.8.5 Drawal of money without immediate requirement for disbursal

Rule No. 100 (2) of Central Government Account (Receipt & Payment) Rules, 1983 states that "No money shall be withdrawn from government account unless it is required for

immediate disbursal. It is not permissible to draw money from Government Account in anticipation of demands or to prevent the lapse of budget grants".

Scrutiny of records revealed that the Director of Tourism, Itanagar had drawn a total amount of ₹6.17 crore from government account during February 2019 to March 2022 and parked the same in Demand Drafts (DDs) as detailed in ***Appendix-3.2***. Audit observed that, for the DDs at Sl. no. 1 to 9 of ***Appendix-3.2***, the amounts were drawn from government account on the strength of Running Account (RA) bills prepared on the basis of measurement of work done as recorded in measurement books. Out of ₹6.17 crore, DDs amounting to ₹31 lakh (Sl. no. 7 to 9 of ***Appendix-3.2***) were disbursed to the concerned contractors during February to July 2023 after more than two to four years since the drawal of money from government account. DDs amounting to ₹1.49 crore (Sl. no. 1 to 6 of ***Appendix-3.2***) were still lying undisbursed as of November 2023 though the monies were already drawn from government account almost four to five years back. The Department stated that the DDs will be disbursed as and when the executions of the works are completed. This indicates that monies were drawn from government account on the basis of fictitious measurement and bills prepared for the works/ components which were not yet executed. The same was corroborated during joint physical verification of one[10] of the sampled project, wherein, the items shown executed as per the MB and bills were found actually not executed as discussed under **Paragraph 3.2.9.4**.

The remaining DD amount of ₹4.37 crore (Sl. no. 10 of ***Appendix-3.2***) was drawn from government account in March 2022 on the strength of abstract of the estimated cost but was surrendered to State Government in September 2022 as the project was found not feasible. This also indicates that money was drawn from government account without actual execution of work.

Therefore, parking of government money in the form of DDs drawn in favour of the contractors for a period of six months to almost five years indicated that the amount was drawn from government account without immediate requirement for disbursal to prevent the lapse of budget grants which was in violation of the extant rules. Besides, drawal of money from government account and parking of the same in the bank for six months to almost five years tantamounted to blockade of government money to the same extent.

The State Government stated (June 2023) that this was done purposely to avoid the lapse of fund. However, this cannot reoccur since now funds are kept under SNA in PFMS.

Recommendation: The Department may ensure that money is not withdrawn from government accounts to prevent the lapse of budgetary grants unless it is required for immediate disbursal.

3.2.8.6 Diversion of fund

Rule 26 (ii) of General Financial Rules (GFR), 2005 and GFR 2017 stipulates that the Controlling Officer in respect of funds placed at his disposal should ensure that the expenditure is incurred for the purpose for which funds have been provided.

[10] Construction of Tourist Resort at Sidhartha Vihar near Gompa, Itanagar.

As per the sanction orders issued by the MoT, GoI, funds had to be utilised for the purpose for which they were released. During the period from March 2016 to June 2020, audit noticed instances of deviation/diversion of funds for purposes other than the purpose for which they were released as shown in **Table 3.4.**

Table 3.4: Diversion of fund

(₹ in lakh)

Sl. No.	Name of projects	Name of the work which is outside the scope of the work/ diverted to	Amount utilised on the work which is outside the scope of the work	Date of issue of work order	Date of payment
1.	Development of Wayside Amenities under Itanagar-Ziro-Daporijo-Aalo-Mechuka Circuits	Renovation of Tourist Lodge at Daporijo	18.91	28.10.2015	30.03.2016
2.	Destination Development at Mariyang Dr. Ering Wild Life Sanctuary and Borguli	Renovation of Tourist Lodge at Talo Gego	12.99	17.06.2016	19.03.2017
3.	State Insititute of Hotel Management (Construction of Coumpound Wall, Water Supply & Electricity Connection)	Storm Water Drain at Tapo Nallah	3.76	NA	28.03.2018
4.	'Chief Minister's Advance Skill Certificate Course (CMSACC)'	Transferred to Eastern and Western Army Divisions of Indian Army of Arunachal Pradesh for conducting training on various Adventure Sports.	14.00	NA	09.06.2020
5.	Organisation/ Creation of Mega Trekking Route in collaboration with NIMAS	Certificate course in adventure tourism	70.00	NA	28.03.2020
Total			**119.66**	**-**	**-**

Source: Departmental records

The expenditure of ₹1.20 crore was incurred on works which were outside the scope of the above projects without the approval of the sanctioning authority. Thus, non-utilisation of the funds for the purpose for which they were sanctioned was in violation of orders *ibid* and tantamounted to diversion of funds to the same extent.

The State Government stated (June 2023) that diversions were unavoidable because of the unforeseen and unavoidable circumstances, however, they would obtain ex-post facto sanctions in respect of the works at Sl.no. 1 to 3. Department clarified that they already have approvals of the competent authority w.r.t. the works at Sl.no.4 to 5 and the relevant records will be produced to audit.

However, the *ex-post facto* sanctions for diversion of fund in respect of works at Sl. No. 1 to 3 along with the approval of the competent authority *w.r.t.* the works at Sl. No. 4 and 5 could not be produced till date (September 2024).

Recommendation: The Department may ensure that the fund is utilised only for the purpose for which it was sanctioned.

3.2.8.7 Short recovery of statutory dues

Building & Other Construction Workers Welfare Cess (BOCWW Cess) is levied @ one *per cent* on the cost of construction incurred by an employer as per the provisions of sections 3(1) and 3(3) of the Building & Other Construction Workers Welfare Cess Act, 1996.

Clause 30 (2) Receipt and Payment Rules, 1983 stipulates that income tax is required to be deducted at source at the rate of two *per cent* in all cases of payment to contractors and sub-contractors exceeding ₹10,000 in terms of the provisions of Section 194-C of the Income Tax Act, 1961 (43 of 1961).

Value added tax (VAT) as per Arunachal Pradesh Goods and Tax Act 2005, was applicable in the State till July 2017. Under Simplified Accounting Method for Works Contract, a contractor can opt for VAT @ four *per cent* of the value of the contract work instead of 12.5 *per cent* on 75 *per cent* of the value of the work done.

As per section 194 (c) and 201 (1A) of Income Tax Act 1961, the Drawing and Disbursing Officer (DDO) is responsible for deducting income tax failing which he shall be liable to pay simple interest at one per cent for every month or part of the month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted. Also, failure to deduct VAT shall invite a penalty as per sub-section (10) of section 47A of APGT Act 2005, equal to a sum not exceeding twice the amount deductible besides tax deductible but not so deducted.

Scrutiny of records in the Directorate of Tourism pertaining to execution of tourism infrastructure revealed that for works worth ₹94.56 crore shown executed and paid[11] under Swadesh Darshan, there was short recovery/ deduction of statutory dues such as labour cess, income tax and VAT as detailed in **Table 3.5**.

Table 3.5: Short recovery of statutory dues

(₹ in lakh)

	Income Tax	Labour Cess	VAT till July 2017	Total
To be deducted	181.99	94.56	247.76	524.32
Actual deduction	152.16	82.13	210.89	445.18
Short deduction	29.83	12.43	36.87	**79.14**

Source: Departmental records

It could be seen from the above table that against the required deduction of statutory dues amounting to ₹5.24 crore, an amount of ₹4.45 crore only was found deducted resulting in short deduction of ₹79.14 lakh. The short deduction was due to non-consideration of the adjusted amount of mobilisation advance while deducting the statutory dues. Thus, undue benefit was extended to the concerned firms. This also indicates ineffective monitoring of the deduction/ recovery of statutory dues by the Department.

The State Government stated (June 2023) that they have not deducted tax on recovery amount of Mobilisation Advance (MA) and the short amount of ₹79.14 lakh will be recovered from the concerned projects after release of the last and final instalment from GoI.

[11] After adjusting mobilisation advance of ₹12.43 crore

Statutory dues should have been deducted from the recovered amount of MA as they are recovered from the value of work done (bill amount) which is due to be paid to the contractor. Thus, non-deduction of the required amount of statutory dues by the Drawing and Disbursing Officer (DDO) of Tourism Department indicated non-compliance to financial rules which had resulted in short deduction of ₹79.14 lakh.

Recommendations:

The Department mayensure recovery of the short deduction of statutory dues from the concerned firms and impose appropriate penalty against the DDO for such short deduction.

3.2.9 Implementation

3.2.9.1 Status of the projects

During the review period, the Tourism Department, GoAP was implementing two central sector schemes (Swadesh Darshan and PRASHAD), two centrally sponsored schemes (NEC and PIDDC) and State Plan schemes/ projects for augmentation and development of tourism infrastructure in Arunachal Pradesh. The details of the number of projects under the concerned schemes along with the expenditure involved *vis-à-vis* the sampled projects is shown in**Table 3.6**.

Table 3.6: Details of schemes under Tourism Department

(₹ in crore)

Sl. No.	Schemes	Overall projects for the State		Sampled projects				
		No. of projects	Expenditure	No. of projects	Expenditure	No. of projects		
						Completed	Abandoned	Ongoing
1.	Swadesh Darshan	40	116.73	21	65.66	14	0	7
2.	PIDDC	75	119.93	43	56.42	25	18	0
3.	PRASHAD	1	4.17	1	4.17	0	0	1
4.	NEC	9	51.11	7	36.45	4	1	2
5.	State Plan	103	83.16	24	26.94	20	2	2
Total		**228**	**375.35**	**96**	**189.64**	**63**	**21**	**12**

Source: Departmental records

Number of projects implemented in the sampled districts and their status alongwith notable tourist destinations are shown in **Table 3.7**.

Table 3.7: Sampled district-wise status of projects and notable tourist destinations

Sl. No.	Districts	Total no. of projects	No. of sampled projects	Status of the sampled projects			Notable tourist Destination in the districts
				Completed	Ongoing	Abandoned	
1	East Siang	11	11	5	1	5	Dying Ering Wildlife Sanctuary, Mouling National Park, Sirki waterfall, Dangoria Baba Mandir *etc.*
2	Lohit	2	2	1	1	0	Parashuram Kund, View point at Tohangam, Kamlang wildlife sanctuary *etc.*

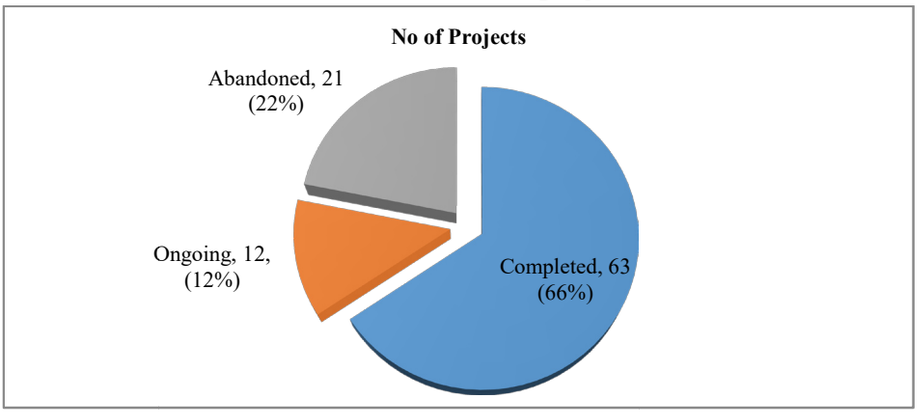
Sl. No.	Districts	Total no. of projects	No. of sampled projects	Status of the sampled projects			Notable tourist Destination in the districts
				Completed	Ongoing	Abandoned	
3	Lower Subansiri	32	16	11	1	4	Shivalinga at Kardo, Tally Valley wild life sanctuary, Siikhe lake, Seeh lake *etc.*
4	Papum Pare	29	21	12	5	4	Ganga Lake, Gompa, Ita fort, Bodum Langne *etc.*
5	Shi Yomi	19	17	16	1	0	Siko Dido water fall, Neh Pemashubu, Monasteries, Mechuka *etc.*
6	Tawang	35	29	18	3	8	Sela Pass, Bumla Pass, Madhuri Lake, Nuranang waterfall, Tawang War Memorial, Monastery *etc.*
Total		**128**	**96**	**63**	**12**	**21**	**-**

Source: Departmental records

The 96 sampled projects consisted of 79 original works which involved construction of Tourist Lodge, Amusement Park, Wayside Amenities/ Cafeteria, Adventure Tourism Camping-cum-Recreation Site, River Rafting Centre, Picnic Spots, Trekking Trails, Children's Park, Amphitheatre, Wellness Resort, Modern Luxury Tent Village, Museum, Eco-log Hut, Meditation Centre, Development of Hot Springs, Lake, Waterfall/ Viewing Gallery and Eco-Park Cultural Village. The remaining 17 sampled projects pertained to subsidiary/ peripheral works such as construction of Boundary wall, Protection/ Retaining Wall, Approach Road, Railings Welcome Gate *etc.*

Out of the 96 sampled projects, 63 projects were completed and another 12 projects were ongoing as of March 2023 while the remaining 21 projects were abandoned during the review period as depicted in **Chart 3.1.**

Chart 3.1: Status of projects



Source: Departmental records

Scrutiny of records pertaining to implementation of the projects revealed the following:

3.2.9.2 Non adherence to guidelines/rules

(i) Non-quantification of State Government contribution in DPR

As per clause 7 of PIDDC guidelines, the State Government contribution towards land, rehabilitation package, operation and maintenance (O&M), and external infrastructure like

water supply, electricity and roads should be quantified in the DPR. Also, clause 12 of PIDDC guidelines stipulates that the sustainable maintenance plan for the assets to be created must be built into the project proposal for this purpose.

Scrutiny of records revealed that, in 13 (out of 43 sampled) projects of PIDDC scheme, the State Government contributions were not quantified in the DPR nor was a sustainable maintenance plan envisaged in the project proposal. The projects were sanctioned based on the DPR submitted to MoT. The sites were donated by private individuals to Tourism Department free of cost but the Department had not mutated the land in favour of Tourism Department, GoAP (as discussed under **Paragraph 3.2.9.4)** due to which the execution of a project was obstructed by the land owner as discussed in **Paragraph 3.2.9.4**. As the State Government contributions were not quantified in the DPR, absence of road connectivity, water supply and electricity were noticed in some projects due to non-release of fund by the State Government for execution of the same rendering the infrastructure so created idle as discussed under **Paragraph 3.2.9.5**. As much as 41 projects have remained idle for 07 to 109 months without any maintenance work due to absence of sustainable maintenance plan.

The State Government stated (June 2023) that the components were missed inadvertently. The State Government also added that order was issued to include all the necessary components in DPR.

(ii) Execution of work on work order basis without inviting tender

As per CPWD Manual 2014, Para 14.1, tenders should be called for all works costing more than ₹50,000/-. In urgent cases, or when the interest of the work so demands, or where it is more expedient to do so, works may be awarded without call of tenders after approval of the competent authority. As per CVC Manual 2017, Para 9.9.2 (i) & (ix), the cardinal principle of public procurement is to procure materials/ services/ works of the specified quality, at the most competitive prices and, in a fair, just and transparent manner. The award of any public contract must be through a transparent, fair and competitive process, ensuring at the same time, economy and efficiency of the procurement process.

Scrutiny of records revealed that five projects[12] costing between ₹10.00 lakh and ₹3.46 crore were awarded to contractors on nomination basis without inviting tenders or quotations. Therefore, transparency, fairness and competitive pricing were not ensured in respect of the five works. No approval was found obtained for awarding the work without call of tenders in violation of the above extant rules. By awarding the work without call of tender, Performance Guarantee was not obtained from the contractors to ensure proper performance of the work and Security Deposit of 2.50 *per cent* was not deducted from the bills to secure execution of the work as intended.

The State Government stated (June 2023) that, in Arunachal Pradesh, competitive bidding is required only for works exceeding ₹50.00 lakh. In all the cases exceeding ₹50 lakh, approval of the competent authority was taken.

[12] (1) Beautification of Sela Lake in Tawang, (2) Maintenance of Tourist Lodge, Tezu, (3) C/o Hump WW-II Museum at Pasighat, (4) C/o 6th Dalai Lama Museum at Kushanthang and (5) Supply & Installation of DG Set at Tourist Lodge, Tawang.

The Department furnished the Arunachal Pradesh District Based Entrepreneurship and Professional (Incentive, Development and Promotional) Amendment Act, 2020, to support their claim.

The reply of the State Government is not acceptable as all fiveworks mentioned were commenced prior to the introductionof the Act rendering it inapplicable to these specific cases.

3.2.9.3 Contract Management

(i) Consequences of Performance Guarantee not being obtained

As per Clause 1 of the Standard Bidding Document ofCPWD contracts (applicable for all projects in the State), the contractor shall submit an irrevocable Performance Guarantee (PG) of five *per cent* of the tender amount in addition to other deposits mentioned elsewhere in the contract for proper performance of the contract agreement. As per clause 21.1 of CPWD Manual 2014, letter of commencement of work shall be issued to the contractor only after he submits the performance guarantee in the acceptable form.

Scrutiny of records revealed that 73 out of the 96 sampled projects sanctioned at a cost of ₹268.56 crore were executed on contract basis after inviting tenders out of which PG in respect of only three projects was obtained from the contractors. The successful tenderers in respect of the remaining 70 projects had not deposited performance guarantee amounting to₹10.18 crore nor did the Tourism Department insist that the contractors submit the same. Without obtaining PG from the contractors, the Department had issued letter of commencement of work to the contractors in violation of the extant rules.

The State Government accepted (June 2023) the audit findings and stated that the internal control mechanism would be strengthened to ensure PG is regularly obtained in all works in future.

Thus, desired guarantee of the projects was not ensured by obtaining PG from the contractors though works were awarded after calling tenders. Due to non-collection of Performance Guarantee, there was no scope of: (i) recovering the outstanding mobilisation advance, (ii) rectifying the execution of work below specification (as discussed under **Paragraph 3.2.9.4**), (iii) recovering the excess payment (as discussed under **Paragraph 3.2.9.4**) and (iv) completing projects for which payment was made without actual execution of work (as discussed under **Paragraph 3.2.9.4**).

(ii) Non-submission of Programme Chart (PERT/CPM/BAR CHART)

As per Clause 1 of the Standard Bidding Document of CPWD contracts (applicable for all projects in the State), the contractor shall prepare an integrated programme chart showing clearly all activities from the start of work to completion and submit the same to Engineer-in-charge within 10 days of award of the contract. A recovery of ₹2,500/- (for works costing upto ₹20.00 crore) or ₹5,000/- (for works costing above ₹20.00 crore) shall be made on per day basis in case of delay in submission of the programme chart. The programme chart should include descriptive note explaining sequence of the various activities, Network (PERT/CPM/BAR CHART) and programme of procurement of materials.

Scrutiny of records revealed that in 73 projects executed through NIT, no programme chart was submitted by the contractor though the execution of the work commenced between May 2015 and July 2021. All the 73 projects were under execution for a period of 18 days to 2,467 days. In absence of the programme chart,the activities taken up under the projects, from the start of work to completion, would not have been systematically planned and programmed.

Further, a total recovery of ₹15.31 crore should have been made from the concerned contractors for non-submission of programme chart as detailed in ***Appendix-3.3***. However, no such recovery was made from the contractors nor were the contractors insisted to submit the programme chart.

The State Government stated (June 2023) that they have noted the audit findings and necessary corrective measures will be taken.

The reply of the State Government did not provide an assurance about recovery of ₹15.31 crore from the concerned contractors for non-submission of programme chart as required under the provisions of the contract.

Recommendation: The Department mayrecover the sum due on account of non-submission of programme chart from the contractors.

(iii) Loss of Government money due to non-recovery of mobilisation advance andinterest thereon

As per Clause 10 B (ii) of CPWD contracts (applicable for all projects in the State), Mobilisation Advance (MA) not exceeding 10 *per cent* of the tender value may be given if requested by the contractor in writing within one month of the order to commence the work. Such advance shall be in two or more instalments while the first instalment shall be released by the engineer in charge to the contractor on a request made by the contractor. The second and subsequent instalment shall be released by the engineer in charge only after the contractor furnishes a proof of the satisfactory utilisation of the earlier instalment. Before any instalment of advance is released, the contractor shall execute a bank guarantee bond from a scheduled bank for the amount equal to 110 *per cent* of the amount of advance and valid for the contract period. Further, Clause 32.5 of CPWD Manual, 2014 provides that the MA limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract.

Scrutiny of records revealed that in 32 out of 73 projects executed through NIT, Tourism Department paid a total amount of ₹12.41 crore as mobilisation advance against the agreement amount of ₹124.09 crore to the contactors between February 2015 and March 2018 without obtaining a Bank Guarantee bond as detailed in ***Appendix-3.4.*** The advances were also released in one installment in contravention to the extant rules.

Audit, further, observed that:

- The Principal amount of MA for 27 projects amounting to ₹10.27 crore was shown recovered between March 2017 and May 2019 but no interest amounting to ₹1.16 crore was recovered as of March 2023.

  Out of 27 projects, three projects (Interest due: ₹16 lakh) were abandoned, 17 projects (Interest due: ₹71 lakh) were completed and remaining seven projects (Interest due: ₹71 lakh) are ongoing.

- In the other five projects, MA amounting to ₹2.13 crore was paid between July 2016 and March 2018. However, neither the principal amount nor the interest amount of ₹1.20 crore was found recovered as of March 2023.

  Out of the five projects, four projects (Principal amount: ₹87 lakh, Interest due: ₹57 lakh) were abandoned and the remaining one project (Principal amount: ₹1.26 crore, Interest due: ₹63 lakh) was ongoing.

While the amount due against ongoing projects could be recovered from the contractor's next bill, there is no scope of recovering the amount due against abandoned and completed projects as neither security money of the contractors is lying with the Department nor are there any pending bills to be paid. Besides, there are no other ongoing works of the concerned contractors in the Department.

Thus, the amount due against the eight ongoing projects which stood recoverable from the contractors' next bill as of March 2023 was ₹2.60 crore (Principal amount: ₹1.26 crore, Interest: ₹1.34 crore). And the total amount of ₹2.31 crore (Principal amount: ₹87 lakh, Interest: ₹1.44 crore) due against seven abandoned and 17 completed projects stood as a loss to the State Exchequer as there was no scope of its recovery from the contractors.

The State Government stated (June 2023) that it was a serious issue and will enquire into the matterand appropriate measure will also be taken if necessary.

Due to failureof the Tourism Department in enforcing contractual obligations, the State Government had suffered a loss of ₹2.31 crore while recovery of another ₹2.60 crore from eight ongoing projects is yet to be made as on end of April 2024.

Recommendation: The Department may initiate measures to recover the outstanding mobilisation advance from the contractors of the abandoned and completed projects and also, ensure recovery of the outstanding mobilisation advance from the ongoing projects.

(iv) Non-deduction of Security Deposit

As per Clause 1A of the Standard Bidding Document of CPWD contracts, the person whose tender may be accepted shall permit government at the time of making any payment to him for work done under the contract to deduct a sum at the rate of 2.5 *per cent* of the gross amount of each running and final bill till the sum deducted will amount to Security Deposit of 2.5 *per cent* of the tendered value of the work.

Scrutiny of records revealed that in 69 out of the 73 sampled projects executed through NIT, an expenditure of ₹163.74 crore was incurred against the agreement amount of ₹227.80 crore. The security deposit required to be deducted was ₹4.09 crore. However, only an amount of ₹1.06 crore was found deducted resulting in shortfall in deduction of security deposit amounting to ₹3.03 crore. The shortfall was basically due to non-deduction of required security deposit (₹3.03 crore) by Tourism Department for the 66 projects initially implemented by them by incurring an expenditure of ₹121.29 crore. Therefore, due to non/short deduction of security deposit, a sufficient level of protection to the State Government was not ensured for any failure of the contractor to comply with their obligations under the contract.

The State Government agreed (June 2023) to the audit findings and added that they would strengthen the internal control mechanism to stop its recurrence.

3.2.9.4 Execution of works

(i) Non-obtaining of Land Possession Certificate/ Ownership of land

As per clause 2.3.2 of the Manual on Policies and procedure for Procurement of Works, 2006, Ministry of Finance, there should be clear indication about the availability of land required for completion of the whole project. The land shall be made available free of all encumbrances.

Scrutiny of records revealed that out of the 96 sampled projects, 79 projects pertained to original work (Tourist Lodge, Wayside Amenities, Eco-log hut *etc.*) and the remaining 17 projects were peripheral/ additional work on the existing structures (Retaining wall, approach road railings *etc.*).Audit observed that:

- While the district administration certified the availability of land in the DPR of all the 79 original works, Gift Deed was found executed in respect of only 10 projects.
- Though Gift Deed was found executed between the land donor and Tourism Department in respect of 10 projects, no land possession certificate or mutation of the land in the name of Tourism Department, GoAP was obtained from district administration for all the 79 original works/ projects.

In absence of the land possession certificate or mutation, the indisputable title of land on which tourism infrastructure were constructed was not ensured due to which there was change of project sites without the approval of the competent authority in respect of six projects (**Paragraph 3.2.7.3**), execution of a project in private land, delay in completion of work by more than 11 years due to obstruction of execution of work by the land donor.

The State Government stated (June 2023) that according to their policy the project is only sanctioned after LPC/Gift Deed etc. are provided.

The reply of the State Government is not acceptable as land possession certificate or mutation of the land in the name of Tourism Department, GoAP was not obtained from the district administration for all the 79 original works/ projects. Thus, the State Government had not ensured indisputable title of land to avoid any dispute in future.

(ii) Commencement of work before sanction of the project

Rule 139 (iii) of GFR, 2017 stipulates that no work shall be undertaken before issue of administrative approval and expenditure sanction by the competent authority on the basis of estimates framed.

Scrutiny of records revealed that in two of the sampled projects (State Projects), execution of the work was found as having commenced before administrative approval and expenditure sanction was accorded by the competent authority as detailed in **Table 3.8**.

Table 3.8: Details of commencement of work before sanction

Sl. No.	Name of the Project	Agreement amount (₹ in lakh)	Date of			
			sanction	agreement	start	completion
1.	Wayside Amenities at Tajgi Yarda under Tajgi Village, Lower Subansari	95.93	06-03-19	28.02.19	26.02.19	20-03-2019
2.	C/o VIth Dalai Lama Museum at Kushing Thang at Tawang	200 (sanction amount)	22.02.17	Work order basis	10-02-17	03-03-2017

Source: Departmental records

It could be seen from the above table that the execution of the two works was shown as having commenced before according administrative approval and expenditure sanction in violation of GFR. Resultantly, the works were shown completed within 09 and 14 days of the sanctioned date.

The State Government stated (June 2023)that this was due to the typographical mistake.

The reply of the State Government is not acceptable as the dates of commencement indicated in **Table3.8** are as per the concerned MBs and the reply furnished by the Department.

(iii) Award of work to ineligible contractor

As per Arunachal Pradesh District based Entrepreneurs and Professionals (Incentive, Development and Promotional) Act, 2015, the contractors must be registered under the Arunachal Pradesh Contractors Enlistment Rules, 2008 in the appropriate class of category and the registration must be valid on the date of participation of tender. The enlistment order assigned the limit of financial eligibility upto which the contractor could participate in the tender.

Scrutiny of records revealed that while tender for two projects (C/o Convention Centre at Ziro and Joram top to Hubu Putu mountain nature trail under Swadesh Darshan) was invited on 20 May 2016, the validity of registration of the contractor (M/s SPN Construction) to whom the two projects were awarded, had expired on 31 March 2016. The contractor had not renewed the registration when NIT for the work was invited. Moreover, the registration of the contractor was not issued under the Arunachal Pradesh Contractors Enlistment Rules, 2008 but was found issued by the Assam Government. Therefore, the two projects were awarded to ineligible contractors.

Recommendation: The Department may initiate action against the concerned officials after fixing responsibility for award of work to ineligible contractors.

(iv) Undue favour to four contractors

As per clause 4 (ii) (e) of the "The Arunachal Pradesh District based Entrepreneurs and Professionals (Incentive, Development and Promotional) Act, 2015", in the larger interest of the public and equitable distribution of developmental works amongst the eligible contractors and also to ensure effective management and quality of works, a contractor shall be allowed to have only two works in hand in any Department under GoAP at a time for which he shall make a declaration to be executed in an Affidavit that he is not

engaged in more than any two tenders works under the State Government. He shall also, for participation in any tender be required to submit completion certificate issued by the Engineer-in-charge duly countersigned by the concerned Superintendent Engineer (SE) and Chief Engineer (CE).

Scrutiny of records revealed that the contractors participating in the tenders called by Tourism Department, GoAP for execution of various infrastructure development projects had not submitted the Affidavits declaring that the contractor is not engaged in more than any two tender works under the State Government. The Department had neither insisted upon the contractors to submit the same. In absence of such declaration/ affidavit, audit observed that four contractors were awarded more than two works at a time. The summarised position is shown in **Table 3.9**.

Table 3.9: Details of award of more than two works to contractors

(₹ in lakh)

Sl. No.	Name of the firm	No. of works awarded	Period of award	Cost of the works ranged between	Total amount
1.	M/s Brand Eagles	5	May 2015 to December 2016	595.27 to 2178.70	7253.29
2.	M/s SPN Constructions	4	May 2016 to July 2016	276.72 to 855.34	1950.63
3.	M/s SB Enterprises	5	March 2018	27.73 to 475.93	1572.92
4.	M/s Sedi Allied Agency	3	May 2016	171.65 to 715.56	1220.64

Source: Departmental records

The above four contractors were awarded three to five works at a time in violation of the Act *ibid* resulting in extension of undue advantage/ favour to the four contractors, thereby, depriving the other eligible contractors of equitable distribution of developmental works.

Thus, the Department could not ensure award of not more than two works to contractors at a time which resulted in award of excess work to four contractors which tantamount to extension of undue favour and in-equitable distribution of developmental works amongst the contractors.

The State Government stated (June 2023) that all these cases were finalised based on competitive biddings. However, in future, the Department would obtain relaxation for such deviations from the competent authority.

(v) Execution of wayside amenities in private land

The GoI sanctioned an amount of ₹3.43 crore for Development of Integrated Tourist Centre at Tarajuli Maj rubber garden, Papum Pare under "Development of Tourist Circuit in Itanagar-Ziro-Daporijo-Aalo-Pasighat Circuit in Arunachal Pradesh" in September 2014 out of which an expenditure of ₹3.06 crore (94 *per cent*) was incurred till February 2019 against the agreement cost of ₹3.25 crore.

During scrutiny of records it was observed that cafeteria, two cottages and boundary wall were shown constructed but there was no proof of the site being donated by the landowner nor was there any evidence of Deeds of Agreement having been executed between the landowner and the Department. No land allotment of the site was also obtained in the name of the Tourism Department, GoAP. This indicates that the project was executed in a private land. During physical verification audit observed that the project was lying deep inside a

private rubber garden with security gate and the project was found partially completed and not functional.

Thus, due to execution of the project on a private land without any record of land being donated to the State Government, there is a possible risk of the asset being taken over by the landowner. Also, execution of the project deep inside a private garden with security gate will make it inconvenient for the tourists to access the spot implying that easy accessibility of site was not considered during project formulation.

The State Government stated (June 2023) that they have ownership documents/LPC for the property and assured to furnish copy of the same.

On examination of the copy of LPC provided to audit, it was observed that the land was still in the name of the land donor and not mutated to Tourism Department, GoAP.

Recommendation: The Department may ensure the mutation of the land in the name of the State Government and acquire the assets created under the project after its completion.

(vi) Delay in completion of works

Completion of projects in a timely manner is necessary to deliver the intended benefits. Scrutiny of records revealed that there were instances of timely completion, delays in completion and abandonment of works with respect to 96 sampled projects during the review period. The summarised position of the status of the projects is discussed below:

- Only 21 out of 96 sampled projects (21.87 *per cent*) were completed within the stipulated date of completion.
- 42 projects (43.75 *per cent*) were completed after a delay of more than one month seven days to 69 months 20 days. 14 out of the 42 projects were completed after a delay ranging between 01 month and 12 months while another 14 projects were completed after a delay of 12 months to 24 months. Another 12 projects were completed after a delay of 24 months to 48 months and the remaining two projects were completed after a delay of 58 months and 70 months respectively.
- 12 projects (12.5 *per cent*) were ongoing which were already behind schedule in their completion ranging from 3 months to 73 months. Out of the 12 projects, 10 projects had already suffered delays ranging from 31 months to 73 months while the other two projects faced a delay of 03 months and 20 months respectively.
- 21 projects (21.87 *per cent*) were abandoned without completion. In respect of four projects, there was already a delay of 06 months 07 days to 19 months 10 days on the date of last payment made to the contractor.

Though there were delays in completion of projects to the extent of more than five years, no penalty or compensation for delay in completion of projects has ever been recovered from the contractors (as discussed under **Paragraph 3.2.9.3**).

The delays in completion of projects were attributed to award of work to ineligible contractors, delay in release of funds by the State Government (as discussed under **Paragraph 3.2.8.2**), non-ensuring of availability of land *etc.*

Due to delay in completion of projects, the intended facilities could not be made available for tourist related activities in time.

The State Government stated (June 2023) that the delays are due to non-receipt of funding in time and despite the efforts they have made, they are yet to receive the required funding for completion of the works pointed out by audit. Department added that they would continue their efforts in this regard.

Audit, however, observed that delay in release of fund was not the only factor responsible for delay in completion of projects. The other factors *viz.* award of work to ineligible contractors, non-ensuring of land availability before the sanction of the project *etc.*, were also responsible for delay in completion of projects.

(vii) Works shown completed within 10 to 20 days with fictitious entry in MB

Scrutiny of records revealed that against the stipulated period of completion of 03 months to 12 months against seven[13] sampled projects (SADA), works were shown completed within 10 days to 20 days.

As per the measurement book based on which the bills were prepared for the projects shown above, items such as RCC works, flooring, roofing, *etc.*, were shown executed. On joint physical verification of four out of the seven projects, deficiencies were noticed which are detailed in **Table 3.10**.

Table 3.10: Details of deficiencies observed during JPV

Sl. No.	Name of project	Cost of the project (₹ in lakh)	Audit observation during physical verification
1.	Wayside Amenities from Aalo to Mechuka (SADA)	490.00	Wooden floor was found constructed though CC floor was shown constructed on record and no tiles were found laid though payment was made for the same as discussed under **Paragraph 3.2.9.4.** The structure was not painted, and MS pipe railing was not found executed though payment was made.
2.	Wayside Amenities at Deten under Silluk, East Siang (SADA)	70.00	Furniture and CC Parking were found not executed though payment was made as discussed under **Paragraph 3.2.9.4.**
3.	Wayside Amenities at Peni Village	70.00	Furniture and CC Parking were found not executed though payment was made as discussed under **Paragraph 3.2.9.4.**
4.	Approach Road, Protection Wall and Security Fencing at TFC, Ziro	25.00	Less quantity of Security fencing was found executed though payment for the full quantity was made. No RRM was found executed though payment was made.

Source: Joint Physical Verification of the projects

[13] 1) Wayside Amenities from Aalo to Mechuka, 2) Wayside Amenities at Deten under Silluk, East Siang, 3) Wayside Amenities at Peni Village, 4) Protection Wall and Development of Rafting Centre at Sangdupota, 5) C/o Retaining Wall of Tourist Lodge, Peil Village, 6) Approach Road, Protection Wall and Security Fencing at TFC, Ziro and 7) C/o Staging Hut with Porter Track at Neh-Saram in Mechuka

It could be seen from the above that works were not executed as per specification and payment was made in full without execution or partial execution though shown as executed in full quantity as per specification. This indicates that measurement recorded in the MB was not based on actual execution but was fictitious.

The State Government stated (June 2023) that structures for the project in TFC, Ziro were demolished during execution of highway. As for the remaining 03 projects, the Secretary stated it was a serious issue and he would investigate the matter and take necessary action.

Recommendation: The Department may take action after fixing responsibility against the concerned officials, for the fictitious entries in MBs.

(viii) Excess payment due to errors in the bills and fictitious entry in MB

Rule 26 (iv) of General Financial Rules (GFR) 2005 and 2017 stipulate that the Controlling Officer, in respect of funds placed at the disposal, is to ensure that an adequate control mechanism is in place in the Department for prevention, detection of errors and irregularities in financial proceedings of the subordinate offices and to guard against waste/ loss of public money.

Scrutiny of records revealed that there were instances of excess payment due to erroneous summation in the bills of three projects as detailed in **Table 3.11**.

Table 3.11: Details of excess payment due to erroneous summation in bills

(₹ in lakh)

Sl. No.	Name of the project	Total amount of work done as per RA bills	Total amount paid	Excess payment	Date of payment
1.	Tawang Walk Through	783.43	786.44	3.01	28.08.2021
2.	C/o Heritage site at Pemaziling under PIDDC	475.93	482.39	6.46	23.03.2015
3.	Wayside Amenities at Basar	41.43	42.53	2.09	06.08.2015
Total		**1300.79**	**1311.36**	**11.56**	**-**

Source: Departmental records

Audit observed that the sum of all the value of the items shown executed as per the RA bill of the project at Sl. No. 1 was ₹7.83 crore which was however worked out by the Department as ₹7.86 crore and the same had been paid to the contractor. Similarly, against the actual sum of ₹4.76 crore and ₹41.43 lakh in respect of the RA bills of the projects at Sl. No. 2 and 3 respectively, the amount worked out and paid by the Department to the contractors were ₹4.82 crore and ₹42.53 lakh respectively. Thus, due to erroneous summation in the bills of the three projects, the Department paid a total amount of ₹13.11 crore against the requirement of ₹13.01 crore resulting in excess payment of ₹11 lakh.

On further scrutiny of records, instances of excess payment for the quantity not executed though already shown executed in the MBs were also noticed in audit as detailed in **Table 3.12**.

Table 3.12: Details of excess payment for quantity not executed

(₹ in lakh)

Sl. No.	Project name	Items of work shown executed	Qnty. executed as per RA bills/ MBs	Qnty. actually found executed	Excess qnty. shown executed	Excess amount paid
1.	Development of Infrastructure at Tuting Gompa	Boundary wall	663 m	100 m	563 m	70.24
2.	Eco-Tourism Lodge at Ziro	Fencing	300 m	100 m	200 m	2.71
3.	Convention centre at Ziro	Solar street light	8 nos	4 nos	4 nos	2.73
4.	Craft bazaar with amphitheatre at Ziro	Approach Road	538.35 m	150 m	513.10 m	65.39
		Solar street light	16 nos	6 nos	10 nos	5.11
5.	Development of Kardo Hill	Pathways	285.80 m	120 m	165.80 m	8.85
		Fencing	314.65 m	100 m	214.65 m	27.75
		Solar street light	18 nos	6 nos	12 nos	10.22
Total						**193.00**

Source: Departmental records

It could be seen from the above **Table 3.12** that the entries made in the MBs were fictitious and not based on facts. The total amount required to be paid as per actual quantity executed was ₹69.00 lakh against which an amount of ₹2.62 crore was paid resulting in excess payment of ₹1.93 crore.

Further, in another[14] project *viz.*'C/o Tourist resort Building, Site development, Retaining wall, Pavement, Parking area, Boundary wall, Illumination and Approach road' was shown completed in March 2017 as per the MB, while the whole agreement amount of ₹2.72 crore was drawn from government account in March 2019.Out of which a total amount of ₹2.20 crore was already paid to the contractor and the remaining amount of ₹52.00 lakh is still lying with the Directorate of Tourism in the form of Demand Draft indicating drawal of money from government account without immediate requirement as discussed under **Paragraph 3.2.8.5.**

Audit observed that works worth ₹1.34 crore[15] were not actually found constructed. This also indicates fictitious entry of MB without verifying the ground reality. Therefore, the actual amount that should have been paid to the contractor was ₹1.38 crore (₹2.72 crore – ₹1.34 crore). Thus, payment of ₹2.20 crore to the contractor had resulted in excess payment of ₹0.82 crore.

Following photographic evidence had been taken during Joint Physical Verification conducted on 21 October 2022, which proves that the building and approach road were incomplete.

[14] Construction of Tourist Resort at Sidhartha Vihar near Gompa, Itanagar under PIDDC (Development of Itanagar-Doimukh-Sagalee-Circuit).

[15] [CC approach road – ₹04.00lakh, Illumination – ₹13.00lakh, Parking area – ₹04.00lakh, Pavement – ₹04.00lakh, Electrification – ₹09.00lakh, Furniture – ₹18.00lakh, Septic Tank – ₹02.00lakh and Tourist Lodge Building (Roofing, tiles, sanitary works *etc.*) – ₹79.00lakh].



Tourist Lodge at Siddhartha near Gompa



Approach road to Tourist Lodge at Siddhartha

Therefore, while the excess payment due to erroneous summation was ₹11.56 lakh, the excess payment due to fictitious entry in the MB was ₹2.75 crore (₹1.93 crore + ₹0.82 crore).

Thus, payment of excess amount due to erroneous summation as well as for the quantity not executed is tantamount to extension of undue benefits to the contractors to the same extent. This indicates the absence of adequate control mechanism in the Department to detect and prevent errors and irregularities in financial proceedings in order to avoid waste/ loss of public money.

*The State Government stated (June 2023) that less quantities were executed; to meet up the higher cost of construction materials (for works at Sl. No.1 of **Table-3.12**), eight street lights were installed but stolen (for works at Sl. No.3 of **Table-3.12**), the amount saved was used for construction of protection/ retaining wall (for works at Sl. No.2, 4 & 5 of **Table 3.12**). W.r.t. the Tourist Lodge at Siddhartha, the Department stated that they are exploring ways and means to complete the project.*

The reply (June 2023) of the State Government confirmed the fact that payments were released without actual measurement and different works were actually executed instead of the original works. With regard to stolen streetlamps, first information report (FIR) about the theft could not be provided to audit.

(ix) Doubtful execution of work

Scrutiny of records revealed that some components of one project were shown executed twice (one as agreement work and the other on work order basis) and paid for as detailed in **Table 3.13.**

Table 3.13: Details of components shown executed twice

(₹ in lakh)

Sl. No.	Name of the project	Items of work executed twice	Agreement amount executed	Required quantity in the BOQ executed	Amount paid on work order basis	Quantity executed on work order basis
1	Development of Eco-Tourism Circuit at Loki-Partung-Taluaak in East Siang (PIDDC)	Docking pier with retaining wall	72.59	190 m	67.74	177.30 m
		Approach Road	10.40	215 m	10.40	215 m
		Tourist Pathway	3.85	95 m	3.85	95 m
		Electrification	22.44	3 log huts, 1 Tourist Reception Centre	59.99	-
Total			**109.28**	**-**	**141.98**	**-**

Source: Departmental records

It could be seen from the above that the three items of work were executed and completed in all aspects as per the agreement at a cost of ₹1.09 crore. But it was also found that the same items were executed again Departmentally on work order basis at a cost of ₹1.42 crore. This indicates that there was double payment for the same items of work worth ₹1.09 crore. As works were already completed as per agreement, the actual execution of the items at a cost of ₹1.42 crore on work order basis is not free from doubt.

The State Government stated (June 2023) that the first work was done on agreement basis on receipt of first instalment of 20 per cent only during 2013 and subsequently the scheme was delinked. By the time the second instalment was received during 2018, the structure was washed out by flood. So, the structure was again constructed on work order basis as it was not the fault of the contractor but destructed under natural calamity.

The reply of the State Government is not acceptable as the same items of works were executed twice without the approval of the competent authority and no flood damage report (FDR) in respect of the project could be made available to audit.

(x) Wasteful Expenditure

Scrutiny of records revealed that a total of 21 projects were found abandoned as detailed in ***Appendix-3.5*** out of which 15 projects (14 PIDDC and 1 NEC) were abandoned after incurring an expenditure of ₹16.48 crore (43.40 *per cent*) against the agreement cost of ₹37.98 crore while the remaining six projects were abandoned without incurring any expenditure. Audit observed that the 14 projects were abandoned after delinking of PIDDC scheme by MoT, GoI in 2015 with the launching of Swadesh Darshan Scheme in the same year while one NEC project was abandoned due to land dispute with Assam.

Out of the 14 abandoned PIDDC projects, three projects were abandoned after incurring an expenditure of 63 to 94 *per cent* against the tendered amount while the remaining 11 projects were abandoned after an expenditure of 10 to 43.86 *per cent*. Audit observed that neither were the incomplete PIDDC projects were found considered and taken up under Swadesh Darshan Scheme nor was alternative arrangement provided to complete the projects. The State Government also could not complete the projects from its own resources. Thus, total expenditure of ₹14.01 crore incurred on the 14 projects was rendered wasteful.

Some of the photographs of abandoned projects along with audit findings noticed during joint physical verifications of sites are shown on the next page.

Audit findings	Photographs
1. Dev. of Picnic Spot/ Childrens Play at Lekhi Village An expenditure of ₹48.32 lakh (Boundary Wall –₹25.09 lakh, Site Development – ₹23.23 lakh) was incurred against the agreement cost of ₹2.44 crore. The project was incomplete and abandoned. The land donated for the children park has been re-occupied by the donor. The site was overgrown with grasses. Even the boundary wall constructed has been dismantled by the land owner. As per interaction with one of the villager, the land owner has sold the land to other individuals and one of his uncles was the buyer.	 Joint Physical Verification was conducted on 22 October 2022
2. Tourist Hut at Borguli An expenditure of ₹19.50 lakh (Site Development – ₹11.77 lakh, Site Clearance – 0.81 lakh, Chain linked Fencing – ₹6.81 lakh) was incurred against the agreement cost of ₹95.31 lakh. During joint Physical verification, it was found to be washed away by flood as shown in the photograph beside. It was informed by the land donor that the incident happened during rainy season while the work was underway.	 Joint Physical Verification was conducted on 25 January 2023
3. Tourist Lodge at Silluk An expenditure of ₹2.09 crore (Lodge – ₹1.90 crore, Boundary Wall with MS Gate – ₹18.51 lakh) was incurred against the agreement cost of ₹3.33 crore. There was no road connectivity to the project site. The lodge was partially completed but boundary wall and MS Gate were not found constructed though ₹18.51 lakh was incurred against the same. The structure was in dilapidated condition and lying idle. As no effort was made to complete the projects, the expenditure so incurred remains wasteful.	 Joint Physical Verification was conducted on 26 January 2023

4.**Development of integrated tourist centre at Tarajuli Maj rubber garden** An expenditure of ₹3.06 crore (Cafeteria-₹64 lakh, site development-₹23 lakh, two cottages-₹2.02 crore, boundary wall- ₹17 lakh). The project was lying deep inside a private rubber garden with security gates which will make it inaccessible to tourists. A cafeteria with two additional rooms was constructed but the two cottages shown as completed could not be seen. The entire project was executed on a private land without any record of handing over of land in the name of the State Government as discussed under **Paragraph 3.2.9.4.**	 Joint Physical Verification was conducted on 31 October 2022

Thus, due to non-arrangement of alternative means to complete the delinked projects and ineffective effort by the State Government to complete these works from its own resources, as many as 14 projects stood abandoned and the expenditure of ₹14.01 crore already incurred on the projects became wasteful and did not fulfilled the intended purpose.

The State Government stated (June 2023) that these projects were lying incomplete for want of funds. However, now, they have received ₹8.86 crore from NEC for completing the incomplete projects.

The reply of the State Government stating that ₹8.86 crore was already received from NEC for completing the incomplete projects could not be substantiated with documentary evidences as the same could not be made available to audit.

Recommendation: The Department may take steps to revive and complete the abandoned projects and ensure that the assets are put into use after their completion.

(xi) Payment made without execution of work

Scrutiny of records revealed that in 25 out of 96 sampled projects, a total amount of ₹8.16 crore was paid for the components which were found actually not executed during joint physical inspections as detailed in ***Appendix-3.6*** though already shown as executed in the concerned MBs. Thus, payment of ₹8.16 crore made without execution of the work was not only irregular but also fraudulent.

Fraudulent payment against one project was as high as ₹4.15 crore which is elaborated below as a case study.

Case Study

Development of Tawang Walk Through under Swadesh Darshan (Development of Bhalukpong-Bomdila-Tawang, Arunachal Pradesh)

The project was sanctioned on 30-03-2015 at an estimated cost of ₹18.36 crore. After inviting the tender on 24-05-2016, work was awarded to M/s Brand Eagles on 23-06-2016 at the cost of ₹18.25 crore. Total expenditure against the project till the date of audit was ₹12.11 crore and the work was under progress.

Scrutiny of records revealed that the project was initially implemented by the erstwhile Engineering Wing of Tourism Department which incurred an expenditure of ₹4.26 crore (₹4.15 crore on construction of Shopping Complex and ₹11 lakh on site development) on the basis of the measurement recorded in the MB. The project was then handed over to EE, PWD, Tawang in February 2018 which had incurred further expenditure of ₹7.83 crore. During Joint physical verification of site, it was noticed that there was no shopping complex constructed by the erstwhile Engineering Wing of Tourism Department. All the structures found at site were constructed by EE, PWD, Tawang out of the expenditure of ₹7.83 crore. This implies that measurement recorded in the concerned MB by Tourism Department was not based on actual measurement at site but fictitious. Thus, payment of ₹4.15 crore to the contractor by the erstwhile Engineering Wing of Tourism Department without executing the shopping complex was fraudulent.

In reply, the State Government stated (June 2023)that the details of works already executed by the erstwhile Engineering Wing of Tourism Department and handed over to PWD, Tawang in February 2018 are (i) Site Development (Earthwork) – 8123.49 cum (ii) RRM retaining wall – 1766.54 cum (iii) RCC Retaining Wall (06 m height – 14.90 m and 4 m height – 7.89 m), Storm Drain (New Drain – 251 m and Extension of existing Drain – 130 m) and 4 numbers of Food Court (excavation work, RCC foundation/ footing, Plinth Beams and RCC columns). The Department further stated that payment was made for the above works.

Audit, however, observed that payment was made against the bill prepared for execution of shopping complex. Therefore, payment made against the bill prepared not based on the items of work actually executed at site was fraudulent.

The matter needs to be investigated and necessary action may be taken after fixing responsibilities against the concerned officers.

3.2.9.5 Idling of assets

Proper utilisation of the available asset is a pre-requisite to providing better facilities to the tourists and also for better upkeep of the assets. The Department after completion of projects should either utilise the assets departmentally or lease out to private parties for running and maintenance of assets.

During the review period, the Department completed 63 projects at a cost of ₹118.60 crore out of which 50[16] projects (₹107.95 crore) pertain to original work (Tourist Lodge, Wayside

[16] Out of 50 projects, 41 projects were lying idle (discussed under this paragraph) and 09 projects were leased out (discussed under this paragraph with sub heading – Leased out projects).

Amenities, Eco-log hut *etc.*) and remaining 13 projects (₹10.65 crore) were subsidiary/ peripheral works (Retaining wall, approach road railings *etc.*). There was no effective mechanism put in place for management of the facilities as soon as they were created due to which 41 projects costing ₹87.92 crore (as detailed in ***Appendix-3.7***) out of 50 completed projects (original works) had neither been leased out nor manned and run by the Department thereby depriving the tourists visiting the districts of the benefits from the newly created facilities. Thus, the assets were non-functional and were lying idle for the period ranging between 07 and 109 months as on 31 March 2023.

The 41 idle projects were concentrated in five out of six sampled districts and the tourist footfall in these five sampled districts *vis-à-vis* number of projects and tourists destinations is shown in **Table 3.14**.

Table 3.14: Tourist footfall *vis-à-vis* number of projects and tourist destination

Sl. No.	District	Total footfalls during 2017-21		No. of idle Projects	Name of Tourist Destinations	Expenditure incurred on idle projects (₹ in lakh)
		Domestic	Foreign			
1.	Tawang	158581	2009	06	Lhou, Mukto, Kushanthang, Sela Pass Jang, Tawang Town, Zemithang, Lumpo, Geshila	1079.23
2.	Lower Subansiri	75191	3786	09	Ziro, Joram Top & Kardo Hill	2644.31
3.	East Siang	71436	807	04	Maryland Lake at 10th Mile & Pasighat Town	808.33
4.	Papum Pare	84810	1648	08	Bodum Langne, Ramghat & Dariya Falls	1866.85
5.	Shi-Yomi	12345	635	14	Pemaziling & Shegang	2392.82
Total		**402363**	**8885**	**41**	**-**	**8791.54**

Source: Departmental records

Thus, domestic tourists and foreign tourists were deprived of the facilities out of the 41 assets created with an expenditure of ₹87.92 crore during 2017 to 2021. On the other hand, 27 assets created in respect of four sampled districts (Sl. No. 1 to 4) were lying idle.

Conditions of some of the idle projects noticed during joint physical inspection of sites are discussed below:

Audit findings	Photographs
C/o Tourist lodge near Pamluk Village in Lower Subansiri was sanctioned in July 2012 under NEC and completed in March 2017 at the cost of ₹2.71crore. The building was being used as storage and accommodation of the road construction workers without the knowledge of the concerned DTO. The asset was not yet leased out and has been lying idle for a period of 6 years as of March 2023.	 Joint Physical Verification was conducted on 03 February 2023

Audit findings	Photographs
C/o Tourist resort at Taalo Gego in Lower Subansiri was sanctioned in February 2014 under PIDDC and completed in April 2017 at the cost of ₹91.96 lakh. The building was occupied by road construction workers without the knowledge of the concerned DTO. The asset was not yet leased out and has been lying idle for a period of 5 years and 11 months as of March 2023.	 Joint Physical Verification was conducted on 06 February 2023
C/o Cafeteria cum Picnic spot at Ramghat in Papum Parewas sanctioned in March 2013 under PIDDC and completed in March 2017 at the cost of ₹3.81 crore. The building was non-functional and overgrown with weeds and all the structures buildings were in dilapidated condition. The internal electrification and sanitary fittings were found damaged and stolen as the buildings were left abandoned and unlocked. The asset was not yet been leased out and has been lying idle for a period of 6 years.	 Joint Physical Verification was conducted on 02 November 2022
Dev. of Bodum Langne trekking trails (Base Camp) was sanctioned in March 2013 under PIDDC and completed in March 2017 at the cost of ₹3.62 crore. The compound was overgrown with weeds and left unattended. As per the estimate, the building was to have six storeys while the executed building was only of two storeys. Even the trekkers' trek was overgrown with weeds indicating that it is rarely visited. The asset was not yet leased out and has been lying idle for a period of six years.	 Joint Physical Verification was conducted on 04 November 2022

Audit findings	Photographs
C/o Tourist Lodge at Lhou was sanctioned in September 2013 under PIDDC and completed in February 2017 at the cost of ₹1.40 crore. There was no road connecting the Lodge with the main road**.** The lodge is not yet leased out and there was no record of any tourist putting up in the lodge and hence no revenue was earned out of it. The asset was lying idle for more than six years.	 Joint Physical Verification was conducted on 17 November 2022
Development of Sela Lake was sanctioned in March 2015 under Swadesh Darshan and completed in December 2021 at the cost of ₹2.06 crore. Internal electrification was found not yet joint with external electric supply. The asset is yet to be leased out and has been lying idle for more than one year and three months.	 Joint Physical Verification was conducted on 20 November 2022
Infrastructure development at Partung was sanctioned in September 2013 under PIDDC and completed in April 2017 at the cost of ₹1.64 crore. The condition of the road towards the site was appalling. Moreover, the site is inaccessible as it is surrounded by water**.** The asset is yet to be leased out and has been lying idle for more than 6 years.	 Joint Physical Verification was conducted on 24 January 2023
C/o Tourist Lodge and Rejuvenation of Maryland Lake at 10th mile Oyan Circle was sanctioned in September 2017 under NEC and completed in August 2022 at the cost of ₹4.95 crore. Though the structures were completed, they were not yet handed over to Tourism Department. There was shortfall in supply of refrigerators, water filters and TV set. The asset has been lying idle for seven months.	 Joint Physical Verification was conducted on 28 January 2023

Audit findings	Photographs
Development of Heritage Site at Pemazilling Mechuka, was sanctioned in November 2014 under PIDDC and completed in March 2017 at the cost of ₹4.82 crore. The structures were not yet handed over to Tourism Department and were lying idle for more than six years. During JPV (July 2023), sanitary fittings were missing/stolen, floors were littered with cattle dung, one building also had developed serious crack and roof leakage was noticed in another unit. In another two units the false ceiling was coming off and glasses are yet to be fitted in the wooden windows.	 Joint Physical Verification was conducted on 16 January 2023
Destination Development at Mechuka Wellness Resort at Shegang (Organic Farming Traditional SPA)was sanctioned in September 2013 under PIDDC and completed in March 2017 at the cost of ₹4.51 crore. Footpath, Furniture and Internal electrification were not found though it was shown to have been executed**.** The structures were not yet handed over to Tourism Department and were lying idle for more than six years.	 Joint Physical Verification was conducted on 16 January 2023

Therefore, the expenditure of ₹87.92 crore incurred on 41 assets created during the review period was rendered wasteful and the objectives of the projects have remained unfulfilled as of March 2023. The Department has not taken action to functionalise the asets created. The conditions of the assets would deteriorate in the near future if not put into use.

The State Government accepted the audit findings and stated (June 2023) that they were aware of the issue, and they are already taking necessary action to lease out the completed projects and also to complete the incomplete projects.

Recommendation: The Department may take appropriate steps for operationalisation of the created assets.

(i) Partial completion of completed projects

Out of the 50 completed projects shown completed, 34 projects were physically inspected out of which in 20 projects, certain components *viz.* supplying of furniture, pathways, solar lighting *etc.*, were found not executed but paid as discussed under **Paragraph 3.2.9.4.** In

two other projects, some components required to be executed as per the estimates were found not executed and not paid at all though shown completed**.**Thus, components in as many as 22projects recorded as completed were actually not completed in totality resulting in partial completion of projects.

The State Government accepted the audit finding and stated (June 2023) that the left-out components will be completed by the contractors before leasing out the assets under the supervision of respective DTOs.

(ii) Leased out projects

Scrutiny of records revealed that nine projects were shown leased out during October 2019 to September 2022 to10 lessees (as one of the project consisted of construction of two cafeterias at two different locations) as detailed in ***Appendix-3.8***. Out of the required security deposit of ₹16.00 lakh to be collected from the 10 lessees, only ₹9.00 lakh was found collected. Only seven lessees have paid the annual rent while there was no evidence of rent payment by the remaining three lessees. In five out of the seven lessees, annual rent of only ₹1.03 lakh was found collected against the requirement of ₹1.97 lakh for the period from the date of leasing to 31 March 2023 resulting in shortfall in collection of rent amounting to ₹0.94 lakh. Thus, there was also shortfall in collection of security deposit and rent indicating lapses in enforcing the contractual provisions.

During Joint Physical Verification (JPV) of sites of seven out of the nine projects leased out, audit observed that only three were operational *i.e.*, the lessee has been running the Cafeteria/ Tourist lodge. But in the remaining four projects, the lessee has not operationalised the leased structures as could be seen from the photographs below:



Tourist Spot at Zemithang
(Cafeteria) (JPV conducing on15 November 2022)



Development of Thingbu Hot Spring
(JPV conducing on19 November 2022)



Tourist Infrastructure in PT TSO Lake
(JPV conducted on16 November 2022)



Cafeteria at Bumla Pass
(JPV conducted on16 November 2022)

The four lessees had not deposited the required security amount of ₹1.00 lakh each and annual rent in respect of three out of the four projects amounting to ₹3.49 lakh was yet to be collected. This indicates lack of monitoring of timely collection of revenue by the Department from leased out assets. Also due to inability of the Department to monitor and ensure that tourists receivebenefits from facilities out of the leased out assets, four leased out assets remained non-functional.

The State Government stated (June 2023) that they have noted the audit findings. They will review it and revert with their response.

However, further responses of the State Government were not received as of September2024.

Recommendation: The Department may strictly enforce the contractual provisions and ensure the functioning of the leased out assets to provide services to the visiting tourists.

(iii) Projects with no road connectivity

During joint physical verification of sites, audit observed that five projects executed at a cost of ₹8.07 crore have no road connectivity to the project sites and conditions of the project observed during the inspection are discussed in **Table 3.15.**

Table 3.15: Details of projects with no road connectivity

Sl. No.	Name of the project	Audit observation during joint physical verification of sites.
1	C/o Tourist Lodge at Lhou under Dev. of Bhalukpong-Bomdila-Tawang Circuits in Arunachal Pradesh (PIDDC)	The work was shown completed on 20-02-2017 at the cost of ₹1.40 crore. The distance between the main road and the lodge was about 50 m but there was no road connectivity. Parking and road work were not found constructed though shown constructed at the cost of ₹9.35 lakh and ₹6.99 lakh respectively. The lodge is not yet leased out and there was no record of any tourist putting up in the lodge or the lodge having earned any revenue.
2	Eco-Tourism Circuit at Loki-Partung-Taluaak in East Siang (PIDDC)	An amount of ₹3.14 crore was incurred till 11-02-2019 against the agreement cost of ₹7.15 crore. The site is situated in a river island of Siang river but neither connected by bridge nor ferry service was available to reach the site. The approach road to the river was also in bad condition.
3	Infrastructure Development at Partung under Destination Development at Mariyang, Dr. Daying Ering Wildlife Sanctuary and Borguli (PIDDC)	The work was shown completed on 12-05-2017 at the cost of ₹1.79 crore. The site is situated in a river island of Siang river but neither connected by bridge nor was ferry service available to reach the site. The road to the river was also in bad condition. The project is not yet leased out and is non-functional.
4	Development of Tourist Picnic Spot at Dariya Falls (SADA)	The work was shown completed on 20-03-2019 at the cost of ₹95.86 lakh. Except for porter track, there was no road connectivity from main road to the project site for a length of about 1 km. The structures (Picnic Hut, Welcome gate) were found to be in dilapidated/appalling and idle condition with overgrown vegetation all around indicating the site was rarely visited by tourists.
5	Wayside Amenities at Deten, Silluk (SADA)	The work was shown completed on 20 March 2019 at the cost of ₹66.93 lakh. There was no road connectivity from main road to the project site for a length of about 200 m. The cafeteria is not yet leased out and non-functional.

Source: Departmental records

It could be seen from the table above that due to absence of road connectivity and ineffective action of the Department to lease out the projects, most of the structures remained non-functional and idle as evident from the following photographs.

Tourist lodge at Lhou



No road connectivity to Eco-Tourism Circuit at Loki-Partung-Taluaak
(JPV conducted on 24 January 2023)

Pathway to the Tourist lodge at Lhou



The road to Wayside Amenities at Deten
(JPV conducted on 26 January 2023)



Picnic hut at Dariya Falls
(JPV conducted on 28 October 2022)



Welcome gate at Picnic Spot at Dariya Falls
(JPV conducted on 28 October 2022)

The State Government assured (June 2023) that necessary steps will be taken to complete all the required components. It added that they will also explore the possibility of leasing it on 'as is where is' basis.

Thus, the assets have been lying idle for the past four to six years without serving the purpose for which they was sanctioned due to absence of road connectivity rendering the expenditure of ₹8.07 crore infructuous.

(iv) Projects with no water supply and electricity

Scrutiny of records revealed that 13 projects were completed at a cost of ₹46.83 crore during March 2017 to February 2020 after a delay of 04 to 35 months as detailed in ***Appendix-3.9.*** It was, however, seen in audit that no provision was made in the DPR for external electrical connection and external water supply connection. No additional fund was sought for execution of these items of works and hence, no additional fund was provided as of March 2023. In absence of these basic amenities, the assets were non-functional and have been lying idle for more than three years to six years.

The State Government assured (June 2023) that necessary steps will be taken to complete all the required components. The Department added that they will also explore the possibility of leasing it on 'as is where is' basis.

Thus, the entire expenditure of ₹48.46 crore made on destination development has remained unfruitful due to absence of external water supply and electricity.

Recommendation: The Department may take steps to connect the completed projects with external water supply and electricity so that the assets could be operationalised at earliest.

3.2.9.6 Maintenance of assets

As per PIDDC guidelines, the infrastructure and assets created will be maintained and managed by the State/UT Governments or their agencies with no financial commitment to GoI. Terms and conditions of the sanction order of NEC stipulate that recurring expenditure after completion of the project shall be borne by the State Government. Swadesh Darshan guidelines also provide that operation and maintenance of the facilities and assets created under the Scheme on sustainable basis will be essential. The operation and maintenance plan will be part of the DPR and will be evaluated at the time of approval. As per the DPR, the State Government will manage and maintain the assets created under the Scheme.

Scrutiny of records revealed that 50 original works were shown as completed at a cost of ₹107.95 crore {as discussed under **Paragraph 3.2.9.5** out of which 41 projects costing ₹87.92 crore have been lying idle since the last seven months to 109 months (09 years)}. The assets were neither maintained by the Department nor leased out to private individuals. Out of 41 projects, 40 Projects were completed three to nine years ago. Neither had the State Government sanctioned maintenance fund for these projects not had it leased them nor had the Tourism Department assessed the fund requirement for maintenance.

The State Government stated (June 2023) that they will look into the matter and take necessary corrective action.

Thus, the State Government did not ensure sustainability of the assets so created.

3.2.9.7 Capacity Building Programmes

(i) Non-functional State Institute of Hotel Management, Catering Technology & Applied Nutrition, Banderdewa

With a view to foster and facilitate professional education and training specific to tourism, food production and hospitality industry, MoT sanctioned (February 2008) construction of "*Institute of Hotel Management, Catering Technology & Applied Nutrition"* at *Banderdewa (*Papum Pare District*)*at a cost of ₹14.33 crore (Central share ₹10.00 crore: State share ₹4.33 crore) with the condition that: (i) the State Government shall transfer, free of cost, a plot of land measuring atleast five acres, and (ii) NCHMCT norms in construction should be followed. The Institute was to conduct one Bachelor Degree Course with intake capacity of 120 trainees/students, one Post Graduate Diploma Course and three Certificate Courses with intake capacity of 40 trainees in each course. The project was scheduled to be completed by February 2011.

The project was initially executed by EE, RWD, Poma by awarding the work to the land donor without inviting tender in violation of GFR/ CPWD norms. An expenditure of ₹11.63 crore was incurred till February 2014. The corresponding physical progress of work is shown in **Table 3.16.**

Table 3.16: Details of physical progress

Sl. No.	Particulars	Status
1.	Academic Block	Completed
2.	Type-II Qtr 4 unit	Completed
3.	Type-III Qtr 6 unit	85 *per cent* completed
4.	Type-IV Qtr 4 unit	Completed
5.	Type-V Qtr 1 unit	Completed
6.	120 bedded boys hostel	86 *per cent* completed
7.	60 bedded girls hostel	85 *per cent* completed

Source: Departmental records

However, NCHMCT space norms were not followed for the construction of the building. As against the approved built up area of 5,200 sqm. for the academic block, the construction was undertaken for 1,600 sqm. which is totally inadequate for running of the SIHM. Though GoI had instructed the State Government for rectification/ modification of the buildings, no action in this regard was found taken by the executing agency or by the State Government.

Audit observed that after the project was sanctioned by MOT, GoI, the Department of RWD prepared a DPR based on which the State Government accorded administrative approval and expenditure sanction in March 2009. As per the DPR, the plinth area for the academic block was 2,907 sqm. against the requirement of 5,200 sq.m. as per NCHMCT norms. Thus, the DPR was not prepared as per requirement of NCHMCT. Even during execution of the project, the provisions of the DPR were not followed as only 1,600 sqm. plinth area of the academic block was executed.

After February 2014, no work had been executed by RWD Department. With a view to rectification/ modification of buildings and completion of the project, the State Government sanctioned a total amount of ₹5.70 crore in February 2017 for the following components as detailed in **Table 3.17**.

Table 3.17: Details of sanction

(₹ in lakh)

Sl. No.	Components	Date of sanction	Amount	Firm
1	Compound wall at SIHM	22-02-2017	50.00	M/s Payu Enterprise
2	Approach road and main gate at SIHM	22-02-2017	50.00	M/s Payu Enterprise
3	Water supply & electricity connection at SIHM	22-02-2017	50.00	M/s TZT Trade agency
4	SIHM Meeting Building norms of NCHM&CT	22-02-2017	320.00	Not yet alloted
5	Liability of Retaining Wall at SIHM	22-02-2017	100.00	M/s Nunu Enterprise
	Total		**570.00**	

Source: Departmental records

Due to slow pace of progress of the work and for not undertaking any rectification work, the Tourism Department changed the implementing agency from RWD to WRD in 2017 but there was no handing and taking over of the projects. In fact, records made available did not indicate any communication etween RWD Department and WRD Department.

The above five components were awarded to various contractors except for the component at Sl. No.4 as indicated in the table above. Even Technical Sanction against SIHM Meeting Building norms of NCHM&CT (₹3.20 crore) was not yet accorded and no tender for the same was invited yet.

The expenditure incurred in WRD, Yupia division was ₹1.53 crore against the sanctioned amount of ₹5.70 crore. The expenditure was incurred against liability payment (₹0.99 crore), Approach road and main gate (₹0.50 crore) and the remaining amount of ₹0.04 crore was found diverted to another work**.** Though main gate was not found constructed during joint physical verification of sites, payment of ₹two lakh was made against it,indicating payment made without execution of work.

Audit observed that the Department had not obtained mutation of the land in the name of the State Government. The Department had also not executed any agreement or set any terms and conditions with the land donor at the time of acquiring the land. As such, the work could not proceed further due to the objection of the land donor on the ground that land was donated by him and the contract work should be awarded to him. Till date, restructuring/ reorientation of the building to meet NCHMCT norms, water supply to SIHM, Compound Wall to SHM at the cost of ₹3.20 crore, ₹0.50 crore and ₹0.50 crore respectively remained unexecuted.

During Joint physical inspections of sites, audit observed that the condition of the constructed buildings was seen deteriorating due to prolonged halting of the execution of work. Some of the window panes were broken while the railing of the staircase and first floor were found missing and stolen. The campus is overgrown with grasses and the building structures were all covered with shrubs and bushes as could be seen from the photographs taken during JPV conducted on 31 October 2022, as shown below:



SIHMCT&AN buildings, Banderdewa

Even after a lapse of 11 years from its scheduled date of completion, the construction of the Institute was yet to be completed, despite incurring an expenditure of ₹13.16 crore. Moreover, total amount of ₹17.33 crore was released which was ₹3.00 crore in excess of the original estimate. The Department had also not yet firmed up any plans for recruitment of faculty (permanent/guest), arrangements for internship/on the job training, manner of selection of students and facilities for placements as of March 2023. Thus, the envisaged benefits to the tourism, food production and hospitality industry have not accrued.

The State Government stated (June 2023) that the matter will be taken up with the District Administration to provide security at site to ensure unhindered completion of the project. The State Government also added that an FIR would be filed, if needed.

(ii) Implementation of Hunar Se Rozgaar Tak Scheme

A special training initiative, namely "Hunar Se Rozgaar Tak (HSRT)" for creation of employable skills amongst the youth belonging to economically weaker strata of the society was launched in 2009-10. The basic objective of the scheme was to reduce, through this initiative, the skill gap that affected the hospitality and tourism sector. The programme was to be financed by MoT based on the number of persons trained. The State Government was to make conscious effort to facilitate employment of the passed out candidates from this programme.

Audit observed that a total amount of ₹1.14 crore was incurred for training of 889 participants during 2017-23 as shown in **Table 3.18**.

Table 3.18 : Target and achievement under HSR

(₹ in lakh)

Sl. No.	Year	Target to be trained	Trained	Placement	Expenditure
1.	2017-18	600	259	69	61.65
2.	2018-19	190	120	30	31.09
3.	2019-20	150	127	25	5.79
4.	2020-21	270	304	45	16.04
5.	2021-22	0	0	0	0
6.	2022-23	180	79	0	0
Total		**1390**	**889**	**169**	**114.56**

Source: Departmental records

It could be seen from the above that only 889 candidates were trained against the target of 1,390 candidates resulting in shortfall of 501 candidates constituting 36.04 *per cent*. No training was conducted in 2021-22 reportedly due to covid pandemic. As against 889 persons trained, employment opportunity was created for only 169 persons (19 *per cent*). This is indicative of inadequate effort made by the Department to facilitate placement to the remaining 720 (81 *per cent*) persons who completed their training.

The State Government stated (June 2023) that trained candidates were assisted by the Department to get employment and those who voluntarily inform the department after managing to get employment are recorded.

The reply of the State Government indicates absence of proper mechanism to ensure employment to the trained candidates.

(iii) Training

As envisaged in the State Tourism Policy of 2003, under capacity building programme, the Department, in order to create awareness and for promoting programmes and strategies of tourism development among the local people of the State, was to organise training programmes for the hoteliers, trainee police personnel, tour operators and tourist guides, *etc.*

Audit observed that during the period 2017-22, the Department organised 12 training programmes. Against the target of training 3,550 participants, 3,530 trainees were imparted training by spending ₹2.75 crore in various courses such as Sensitisation of Police Personnel for safety and security of tourist, workshop for Tour Operators & Hoteliers, Paragliding Training cum Competition, *etc.*Apart from such trainings which are conducted depending upon availability of funds and at irregular intervals, the Department has not brought out any regular training programme in the form of training calendar. There was also no professional training institute in the State. In absence of any professional training institute and any studies on training programmes conducted, the impact on tourism scenario of the State could not be ascertained in audit.

The State Government stated (June 2023) that on the basis of the availability of fund and training needs, an action plan would be prepared and trainings would be conducted accordingly with the approval of competent authority.

Thus, trainings were conducted depending upon availability of funds without bringing out any regular training programme in the form of training calendar.

(iv) Chief Minister's Advance Skill Certificate Course

The State Govt. in the Budget announcement dated 08 July 2019 planned to start a new scholarship scheme 'Chief Minister's Advance Skill Certificate Course (CMSACC)' to train potential unemployed youths at National Institute for Mountaineering and Allied Sports (NIMAS) Dirang as river guides/ Trekking guides/ Life Guards/ in Paragliding/ Mountain terrain biking with a budget allocation of ₹75.00 lakh for 250 beneficiaries.

The State Government accorded administrative approval and expenditure sanction in January 2020 for an amount of ₹75.00 lakh only for CMASCC during 2019-20.

Audit observed that no guidelines for implementation of the project were framed. The Director of Tourism allocated an amount of ₹14.00 lakh to the Eastern and Western Army Divisions of Indian Army of Arunachal Pradesh for conducting training on various Adventure Sports in June 2020.₹50.00 lakh was separately transferred to NIMAS Dirang on 12-03-2021 for conducting training courses. As the fund was meant for CMASCC to train potential unemployed youths at NIMAS to acquire certificate on advanced skill, transferring of ₹14.00 lakh to the Eastern and Western Army Divisions of Indian Army tantamounted to diversion of fund as discussed under **Paragraph 3.2.8.6.**

Out of ₹50.00 lakh transferred to NIMAS, only 125 beneficiaries were trained against the target of 250 beneficiaries resulting in shortfall in providing training to 125 beneficiaries.

The State Government stated (June 2023) that ₹Seven lakh each were provided to the Eastern and Western Divisions of Indian Army for the training of local youths in adventure

sports as Indian army of these divisions is the best option for providing adventure training to local youths of these remote regions.

The reply of the State Government is not acceptable as the amount was sanctioned for providing advanced skill certificate course to unemployed youths at NIMAS and the Department had not obtained prior approval of the State Government for transferring of ₹Seven lakh each to Eastern and Western Divisions of Indian Army. Thus, due to absence of guidelines for implementation of the scheme coupled with diversion of fund amounting to ₹14.00 lakh, there was shortfall in coverage of 125 beneficiaries in imparting advanced skill training.

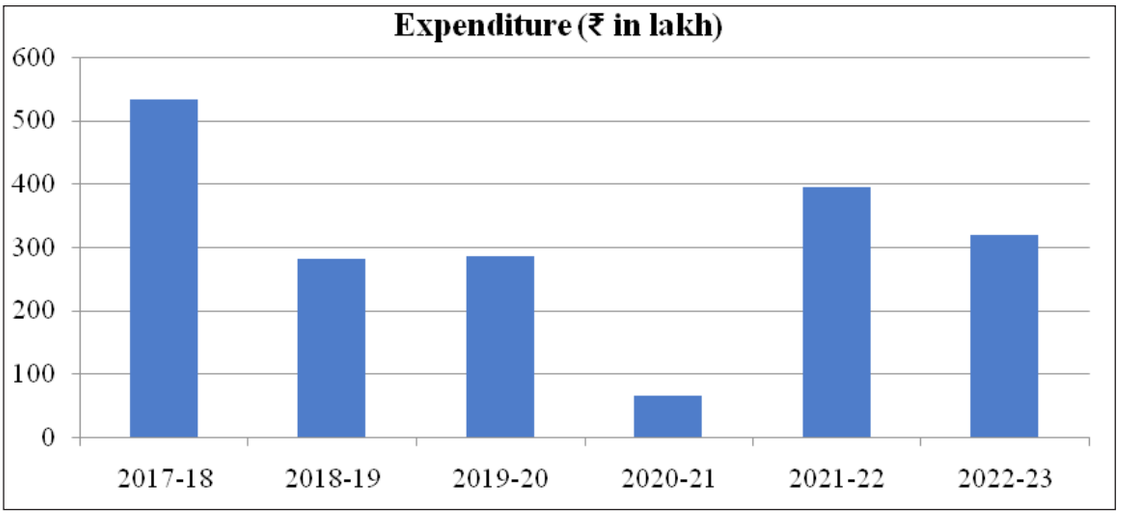
3.2.9.8 Advertisement and publicity

The Tourism Policy 2003 envisaged the State Government's role to develop literature for dissemination of information about the State through guidebooks, first person endorsements, especially celebrities, maps, proper signage, brochures and booklets. Besides, one of the major activities entrusted to Tourism Department was promotion of Arunachal Pradesh as tourist destination through advertisement and publicity. For advertisement and publicity, the Department also identified the brand line "**Gateway to Serenity**".

The Department has an official website www.arunachaltourism.com. The web site contains information on the State's history, people, geography, tourist destinations, accommodations, the procedure of obtaining Inner Line Permit and Restricted Area Permit on tourist arrivals, *etc.* Audit, however, noticed that information on banks/ATMs, medical facilities, important helpline numbers in case of emergency and Tourist Information Offices are not provided in the website which are essential information for tourists. It was, however, noteworthy to see that the DoT, GoAP have provided links to Facebook, Twitter, Flicker and YouTube for the benefit of tourists.

During the review period (2017-23), the Department had incurred an expenditure of ₹18.78 crore on advertisement and publicity. Audit observed that there was no consistency in expenditure on advertisement and publicity as evident from the pattern of expenditure during 2017-23 as depicted in **Chart 3.2**.

Chart 3.2: Year-wise expenditure on advertisement and publicity



Out of ₹18.78 crore, an amount of ₹7.60 crore was incurred on participation in International and international events like International Tourism Bourse, World Travel Market, and International Tourism Mart during the period under review. The Department did not plan any calendar of events for participation in international and domestic events. As such, the Department participated in such events only on receipt of invitations from the concerned ministries/organisers, *etc.*

No information and relevant data on number of visitors to the stall, participation in presentations, business generated by participating hoteliers, travel agents, tour operators, voluntary information from the visiting tourists, *etc.* were collected and analysed by the Department for reference.

The remaining amount of ₹11.19 crore was incurred on various advertisements and publicity like advertisement in local magazines, printing of brochure, coffee table books, travel guide booklets, *etc.*, While no assessment was carried out to assess the impact of such advertisement, the brochures/ guidebook also lacked detailed information like facilities available in between the tourist spots.

3.2.9.9 Tourist footfall

Tourism has a positive impact on local economy in terms of income generation and employment creation. It is linked with a chain of economic activities starting from major infrastructure development to local transport network where local people facilitate last mile connectivity. The increase in arrival of tourists benefits varied sectors of the economy.

The trend of foreign and domestic tourist arrivals in the State and its percentage as compared to tourist trends in the North Eastern Region (NER) during 2017-21 is shown in **Table 3.19**.

Table 3.19: Details of tourist arrivals

Year	Foreign Tourist arrival			Domestic tourist arrival		
	NER	Arunachal Pradesh	Percentage of arrival to NER	NER	Arunachal Pradesh	Percentage of arrival to NER
2017	168786	4612	2.73	9546639	213600	2.24
2018	249014	5279	2.12	9761821	273840	2.81
2019	369743	3747	1.01	9565372	264522	2.77
2020	66291	971	1.46	1870264	42978	2.30
2021	13849	10	0.07	2516541	50710	2.02
Total	**867683**	**14619**	**1.68**	**33260637**	**845650**	**2.54**

Source: Departmental records

As indicated above, tourist arrivals in the State had increased in 2018 but had shown a decreasing trend since 2019 in respect of foreign tourists arrivals. The domestic tourist footfalls indicate a decreasing trend in 2019 and 2020 but increased slightly in 2021. During 2017-21, the percentages of foreign and domestic tourist footfalls in the State *vis-à-vis* other North Eastern States were 1.68 *per cent* and 2.54 *per cent* respectively.

In respect of the tourists arriving in the eight North Eastern States, Arunachal Pradesh ranked fourth behind Assam, Sikkim and Meghalaya in terms of tourist footfall during the period 2017-21.

Details of tourist footfall in the six sampled districts for the period 2017-21 are shown in **Table 3.20**.

Table 3.20:Tourist footfalls in the six sampled districts

Sl. No.	District	Total footfall during 2017-21	
		Domestic	Foreign
1.	Tawang	158581	2009
2.	Lohit	90660	1004
3.	Lower Subansiri	75191	3786
4.	East Siang	71436	807
5.	Papum Pare	84810	1648
6.	Shi-Yomi	12345	635

Source: Departmental records

It could be seen from the above table that domestic tourist footfall ranged between 12,345 and 1,58,581 while foreign tourist footfalls ranged between 635 and 3,786 in the six sampled districts during the period 2017-21. While Tawang District has the highest domestic footfall, Lower Subansiri District has the highest foreign tourist footfall among the sampled districts.

The State Government stated (June 2023) that it was factual and hence no comments were offered.

Recommendation: The Department may evolve strategies to successfully attract a larger section of tourists of both domestic and foreign categories arriving in India.

3.2.9.10 Promotional Activities

*"Arunachal Tourism and Marketing and Promotion Board" was to be set up*for marketing tourism potential of the State but no such board was constituted as on March 2023. In absence of the promotion board, Tourism Department has been looking after the promotional activities. Audit observed that 41 completed projects had remained idle and as much as four out of nine leased out projects had also remained non-operational as discussed under **Paragraph 3.2.9.5.** This reflects inefficiency of the Tourism Department in carrying out promotional activities and marketing the tourist potential of the State.

Recommendation: The Department needs to evolve adequate mechanism for promoting tourist potential of the State.

3.2.10 Monitoring

To execute projects economically and efficiently as well as to watch the physical and financial progress of the projects, an effective monitoring mechanism is a pre-requisite. The following deficiencies were noticed in audit.

3.2.10.1 State Level Monitoring Committee

As per PIDDC guidelines, State level Monitoring Committee would be set up under the Chairmanship of the respective Secretary (Tourism) of the State. This committee will monitor the physical and financial progress of the sanctioned projects and submit the reports to the Ministry on regular basis (quarterly as per sanction order). The Committee will be responsible for completion of projects within the stipulated period.

Also, as per Clause 8.4 of Swadesh Darshan Scheme-2 guidelines of 2020, the meeting of the State Steering Committee shall be held periodically and not less than once in a quarter to review the progress and provide necessary guidance. Further, as per Clause 7.2.2, the Committee is also to review operation and maintenance plans of the facilities being created for sustainability.

Audit observed that neither the State Level Monitoring Committee nor the State Steering Committee was constituted to monitor physical and financial progress of projects due to which the physical and financial progress of the sanctioned projects had not been reviewed and necessary guidance had not been provided with aberration in implementation of projects during the review period.

Due to absence of such monitoring mechanism, audit noticed inordinate delays in execution of projects as discussed under **Paragraph3.2.9.4.** 41 completed projects were not made functional and were lying idle despite lapse of three years to nine years since the date of completion.

The State Government stated (June 2023) that State Steering Committee was constituted during 2022-23 and recently held one meeting. Also, the State Government assured to furnish the relevant documents.

However, the State Government did not furnish relevant records as of September 2024.

3.2.10.2 Destination Management Committee

As per Clause 8.3& 7.4.2 of Swadesh Darshan Schemes-2 guidelines 2020, the Destination Management Committees (DMCs) at district level will periodically review the progress of implementation of projectson ground and resolve bottlenecks in implementation. As per Clause 8.1 of Swadesh Darshan guidelines 2020, all proceedings of the review meetings at various levels will also be uploaded on the portal.

Audit, however, observed that DMC were not constituted till date (March 2023)due to which the progress of implementation of project on ground had not been reviewed to resolve bottlenecks in implementation. As such, delay in completion of projects, execution of work below specification, payment without execution of work and idling of assets (as discussed under **Paragraph 3.2.9.5**) had remained unaddressed.

The State Government stated (June 2023) that based on their proposals, the GoI was expected to approve 02 circuit destinations after which DMCs will be constituted.

The reply of the State Government was not acceptable as approval of circuit destination was not precondition for constitution of DMC. Thus, even after a lapse of three years, the DMCs were yet to be constituted.

3.2.10.3 Department-wise monitoring committee

As per NEC guidelines (Paragraph 24.3) the State Governments should constitute Department wise monitoring committees to oversee implementation of NEC projects. The committees may review the progress of implementation on quarterly basis.

Audit observed that no such monitoring committee was formed under the Tourism Department in the State. In absence of monitoring committee, the implementation of the projects was devoid of monitoring, resulting in delays in completion of projects**.** and wasteful expenditure due to abandonment of one project as discussed under **Paragraph 3.2.9.4.**

The State Government stated (June 2023) that since NEC projects are completed, no action was desired now.

The reply confirms that the Department had executed NEC projects without the monitoring committee.

3.2.10.4 Internal Control Mechanism

Internal controls provide reasonable assurance to the management as to whether financial interests and assets of the organization were safeguarded, and whether reliable information on the functioning of the organization were available to facilitate necessary interventions when called for.

Some of the weaknesses of internal control mechanism observed in audit are mentioned below.

- No Asset Registers were maintained at the Directorate. No periodical physical verification of stock or assets was carriedout.
- There is no system of internal audit in the Department of Tourism.
- No activity report was prepared by DoT during the period 2017-23 explaining details of activities; schemes and projects undertaken by the Department.

Thus, the internal control arrangement was not adequate to ensure efficient functioning of the Department/field offices.Instances of loss of government money due to non-recovery of outstanding mobilisation advance (**Paragraph 3.2.9.3**), excess payment, payment without execution of work (**Paragraph 3.2.9.4**), non-adherence to guidelines or rules (**Paragraph 3.2.9.2**) and non-enforcement of contractual obligations on the contractors (**Paragraph 3.2.9.3**) as discussed previously were also indicative of weak internal control mechanism.

Thus, it was observed that no effective monitoring mechanisms were put in place. Lack of adequate and effective monitoring could be partially attributed to poor outcome of tourism infrastructure projects in the state.

The State Government stated (June 2023) that the audit findings were noted and necessary action would be taken.

3.2.11 Impact assessment

Audit observed that despite creation of infrastructure worth ₹107.95 crore (50 projects) during the review period, 41 projects worth ₹87.82 crore (81.35 *per cent*) were lying idle. Even four out of the nine leased out projects (constructed at a cost of ₹4.40 crore) were non-operational. Percentage of foreign and domestic tourist arrival in the State were only 2.74 *per cent* (23,768 foreign tourist) and 4.98 *per cent* (16,57,866 domestic tourist)

respectively as compared to NER region. It is evident from the fact stated above that tourism infrastructure so created did not have a desirable impact on overall development of tourism sector in the State.

The State Government stated (June 2023) that the audit findings were noted and necessary action would be taken.

3.2.12 Conclusion

Tourism infrastructure projects were implemented on ad-hoc basis without formulating comprehensive master plan. There were delays in release of GoI's share to implementing agencies by State Government. Submission of UCs to MoT before the release of fund by the State Government to implementing agency was also noticed. Money was drawn from government account without immediate requirement for disbursal and found parked in Demand Draft. Funds were also found diverted to works which are outside the sanctioned scope of projects. Non-adherence to guidelines/ codal formalities and weak contract management had resulted in short deduction of statutory dues, avoidable expenditure, non-obtaining of performance guarantee, non-recovery of principal amount and interest on MA and shortfall in deduction of security deposit.

No land possession certificate or mutation of the land in the name of Tourism Department, GoAP for the project site was obtained from district administration. There were instances of change of site from the approved locations without the approval of the competent authority, award of work to ineligible contractors and extension of undue favour to contractors. Delays in completion of the projects were also noticed.

There was excess payment due to erroneous summation and fictitious entry in the MB. Expenditure incurred again on items of a project already executed through agreement was doubtful. The expenditure incurred against abandoned projects was wasteful. Payments were also made for works not executed.

Majority of the completed projects have remained idle for the past three to nine years. In respect of the tourists arriving in the eight North Eastern States, Arunachal Pradesh ranked fourth during the period 2017-21. The monitoring mechanisms for implementation of tourism infrastructure were ineffective though put in place. Therefore, the implementation of tourism infrastructure under various schemes was not effective.

3.2.13 Recommendations

- *The Department may ensure that money is not withdrawn from government accounts to prevent the lapse of budgetary grants unless it is required for immediate disbursal.*
- *The Department may ensure that the fund is utilised only for the purpose for which it was sanctioned.*
- *The Department may ensure recovery of the short deduction of statutory dues from the concerned firms and impose appropriate penalty against the DDO for such short deduction.*
- *The Department may recover the sum due on account of non-submission of programme chart from the contractors.*

- *The Department may initiate measures to recover the outstanding mobilisation advance from the contractors of the abandoned and completed projects and also, ensure recovery of the outstanding mobilisation advance from the ongoing projects.*
- *The Department may initiate action against the concerned officials after fixing responsibility for award of work to ineligible contractors.*
- *The Department may ensure the mutation of the land in the name of the State Government and acquire the assets created under the project after its completion.*
- *The Department may take action after fixing responsibility against the concerned officials, for the fictitious entries in MBs.*
- *The Department may take steps to revive and complete the abandoned projects and ensure that the assets are put into use after their completion.*
- *The Department may take appropriate steps for operationalisation of the created assets.*
- *The Department may strictly enforce the contractual provisions and ensure the functioning of the leased out assets to provide services to the visiting tourists.*
- *The Department may take steps to connect the completed projects with external water supply and electricity so that the assets could be operationalised at the earliest.*
- *The Department may evolve strategies to successfully attract a larger section of tourists of both domestic and foreign categories arriving in India.*
- *The Department needs to evolve adequate mechanism for promoting tourist potential of the State.*

Rural Works Department

3.3 Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) in Arunachal Pradesh

A PA on "Implementation of Pradhan Mantri Gram Sadak Yojana" in Arunachal Pradesh was conducted covering the period from 2017-18 to 2021-22 involving test check of records of Arunachal Rural Development Agency (ARRDA) and Programme Implementing Units (PIUs) in six sampled selected districts. The important findings of the PA are highlighted below.

Highlights:

- ***Core Network of five districts was prepared and approved by the concerned Executive Engineers of RWD, without the approval of major stakeholders such as Intermediate Panchayats as required under the guidelines.***

(Paragraph 3.3.4.1)

- ***During 2018-19, 20 roads worth ₹203.91 crore were sanctioned for upgradation in nine districts. However, these districts had 212 unconnected habitations, which should have been prioritised. Further, only five per cent of the State allocation***

was utilised for upgradation, falling short of the targeted 20 per cent. This underutilisation was attributed to non-completion of new connectivity projects in the State.

(Paragraph 3.3.4.2)

- ***Utilisation of funds was satisfactory in the year 2017-18 and 2019-20 only and in the remaining years it was below 80 per cent with the least expenditure incurred during 2021-22 (49 per cent). Because of the poor utilisation of fund, GoI did not provide funds to the State Government and restricted releases to 76, 77 and 72 per cent during 2017-18, 2019-20 and 2021-22 respectively of the projected demand.***

(Paragraph 3.3.5.1)

- ***Retention of funds in excess of ₹1.00 crore in Savings Account instead of investing in Fixed Deposit led to loss of interest of ₹6.88 crore. As of June 2023, the bank had credited back interest amount of ₹1.83 crore with shortfall of ₹5.05 crore.***

(Paragraph 3.3.5.4)

- ***Programme funds amounting to ₹5,168.21 crore released during 2017-22 were transferred to ARRDA with delays ranging from 13 to 318 days. As a result, the State Government was liable to pay interest of ₹166.86 crore for the delay.***

(Paragraph 3.3.5.5)

- ***There was excess expenditure to the extent of ₹6.42 crore in ARRDA over the prescribed ceiling of administrative and travel expenses.***

(Paragraph 3.3.5.8)

- ***Due to delay in tendering process, all 49 projects were awarded with delay ranging from 03 to 12 months from the date of sanction by the GoI after accounting for 75 days of tendering time. The delay in the award of work order adversely affected timely completion of projects.***

(Paragraph 3.3.6.3)

- ***Absence of definite time schedule for recovering the mobilisation and machinery advances resulted in loss to the Government on account of loss of interest amounting to ₹2.62 crore.***

(Paragraph 3.3.6.4)

- ***The DPIUs released ₹52.68 crore to contractors in seven projects without execution of work or with inflated measurement of works.***

(Paragraph 3.3.6.6)

- ***During 2017-22, though ARRDA received Maintenance Funds of ₹71.86 crore for roads under Defect Liability Period (DLP) of five years post-construction, it did not prepare any annual maintenance plan. In the absence of maintenance plan,***

it could utilise only ₹26.39 crore during 2017-22 resulting in short utilisation of funds of ₹45.47 crore.

(Paragraph 3.3.6.7)

- ***District Level Laboratories were not set up in five sampled districts, hence DPIUs in the sampled districts could not ensure execution of quality work through periodic Quality Control Tests.***

(Paragraph 3.3.6.8)

3.3.1 Introduction

Rural Road Connectivity and its sustained availability is a key component of Rural Development as it assures continuing access to economic and social services and thereby generates sustained increase in agricultural incomes and productive employment opportunities. It is a vital ingredient in ensuring sustainable poverty reduction which demands a permanent rural connectivity, encompassing a high level of quality of construction followed by continuous post-construction maintenance of the road asset and in fact the entire network.

The Government of India (GoI), acknowledging the expected socio-economic benefits to the rural population from rural roads and with a view to imparting greater thrust to the ongoing efforts, announced a Programme called Pradhan Mantri Gram Sadak Yojana (referred as PMGSY-I hereinafter) on 25 December 2000 to provide all-weather access to eligible unconnected habitations as a strategy for poverty alleviation. Under the scheme rural connectivity was to be provided, by way of a single all-weather road, to the eligible unconnected habitations of designated population size (500+ in plain areas and 250+ in North-Eastern States, Himalayan States and Himalayan Union Territories as per 2001 census). The roads were to be provided with necessary culverts and cross drainage structures to make them motorable throughout the year. Besides, upgradation of existing rural roads was also to be taken up as a second priority work.

The mandate of PMGSY has been subsequently widened to include new interventions. PMGSY-II was launched in the year 2013, with a target to upgrade 50,000 Kms of the existing rural road network to improve its overall efficiency as a provider of transportation services for people, goods and services. PMGSY-III was launched in the year 2019 for consolidation of 1,25,000 Km through routes and Major Rural Links connecting habitations, *inter-alia*, to Gramin Agricultural Markets (GrAMs), Higher Secondary Schools and Hospitals.

Projects under PMGSY-I and II are being implemented from the year 2000-01 and 2019-20 respectively in Arunachal Pradesh. Since, the State did not fullfill eligibility conditons of PMGSY-III, no projects under PMGSY-III, have been approved in the State till March 2022 and thus the State lost opportunity to avail benefit of upgradation of roads under the scheme.

The status of connectivity of habitations during audit period in the State *vis-à-vis* in the sampled districts is depicted in **Tables 3.21** and **3.22.**

Table 3.21 Status of Connectivity of habitations

Year (Upto)	Sanctioned habitations				Status of habitations connected during the audit period			
	1000+	500+	250+	Total	1000+	500+	250+	Total
2017-18	49	126	467	642	47	116	260	423
2018-19	49	126	466	641	49	119	325	493
2019-20	49	126	466	641	49	121	344	514
2020-21	49	126	466	641	49	123	356	528
2021-22	49	126	466	641	49	123	385	557

Source: OMMAS data

Table 3.22: Status of Connectivity of habitations in sampled districts

Sampled district	Sanctioned habitations				Status of habitations connected during the audit period			
	1000+	500+	250+	Total	1000+	500+	250+	Total
Papumpare	0	1	19	20	0	1	18	19
East Kameng	1	3	10	14	1	3	8	12
Lower Siang	0	5	8	13	0	5	7	12
Kurung Kumey	0	1	4	5	0	1	4	5
Upper Siang	0	7	24	31	0	7	23	30
West Siang	0	4	18	22	0	4	18	22
Total				**105**	**Total**			**100**

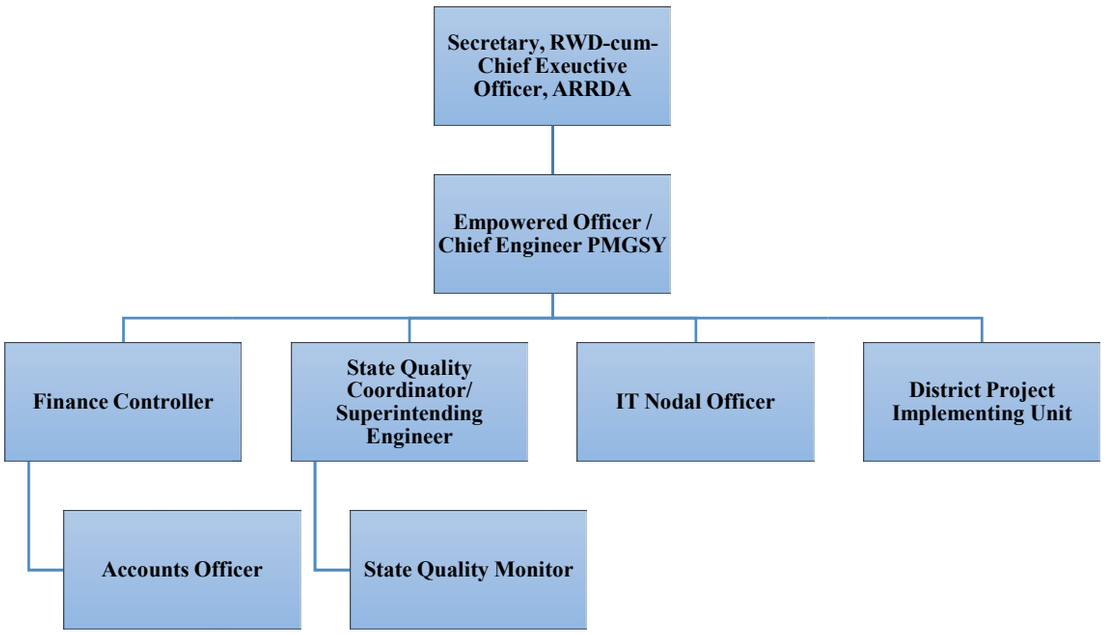
Source: OMMAS data

PMGSY envisaged providing all-weather roads to all unconnected habitations by the end of 2007. However, even after lapse of more than 15 years after the target year, the desired objectives could not be fully achieved in Arunachal Pradesh.

3.3.2 Organisational Setup

The Secretary, Rural Works Department (RWD), Government of Arunachal Pradesh (GoAP) is responsible for implementing the scheme and is the Chief Executive Officer (CEO) of Arunachal Rural Roads Development Agency (ARRDA) a body registered under the Cooperative Societies Act, 1860 to oversee and monitor implementation of PMGSY in the State. He is assisted by the Chief Engineer, PMGSY who is vested with executive responsibilities as the Empowered Officer for overseeing the ARRDA. He is further assisted by seven Superintending Engineers and Executive Engineers, who function as Programme Implementing Units (PIUs). Organogram for implementation of PMGSY Programme is shown in **Chart 3.3**.

Chart 3.3: Organisational Structure



Source: Departmental records

3.3.3 Audit Approach

3.3.3.1 Audit Objectives

The objectives of the Performance audit are to ascertain whether:

- The systems and procedures in place for identification/preparation of Core Network as well as District Rural Road Plan were adequate and conformed to the programme provisions;
- The road works were executed economically, efficiently and effectively;
- The allocation and release of funds under PMGSY were adequate and there was timely release to ensure optimum utilisation of funds; and
- The existing monitoring system and quality control mechanism were adequate and effective for achieving the desired objective.

3.3.3.2 Audit Criteria

The main sources of audit criteria are the following:

- Guidelines of Programme PMGSY-I, PMGSY-II, PMGSY-III and subsequent amendments issued by the Ministry of Rural Development, Department of Rural Development;
- Operational Manual, Accounts Manual, Rural Road Manual, *etc.* of PMGSY;
- Annual Reports/Instructions/Guidelines issued by National Rural Infrastructure Development Agency (NRIDA);
- Periodical reports/returns prescribed by state governments;
- General Financial Rules 2017;

- Circulars/instructions issued by the Department of Rural Development, GoI; and
- Reports of National and State Quality Monitors and National Level Monitors.

3.3.3.3 Audit Sample

The following statistical framework was used for selection of sample:

Stage I:Sample of Districts

As on March 2022, the State has 25 of districts which as per administrative convenience, are divided in two Zones namely Eastern Zone and Western Zone. For the purpose of performance audit, three districts from each zone and altogether six districts (25 *per cent*) have been selected through Probability Proportional to Size Without Replacement (PPSWOR) method with size measure as PMGSY expenditure during the last five years 2017-22. From Eastern Zone districts namely West Siang, Upper Siang, Lower Siang were selected whereas from Western zone East Kameng, Kurung Kumey, Papumpare were selected. The map of the State along with six sampled districts is shown in the picture.

Arunachal Pradesh Map and selected sampled districts



Source: Departmental records

Stage II: Sample of projects in selected Districts

A total of 217 road packages (Roads 149 and Bridges 68) with sanctioned cost of ₹2,213.36 crore were executed in the sampled districts during 2017-22, out of which 73 road packages (Roads[17] 40 and Bridges 33) valued ₹864.63 crore were scrutinised. These 73 packages included 63[18] New Connectivity projects and 10[19] Upgradation projects under PMGSY-I & II.

Apart from scrutiny of records, physical inspections of roads along with Departmental representatives were also conducted and photographic evidence taken wherever felt necessary to substantiate audit findings.

[17] Roads ₹734.41 crore and Bridges ₹130.22 crore
[18] New Connectivity: ₹767.71 crore
[19] Up-gradation: ₹96.92 crore

3.3.3.4 Audit Scope and methodology

Performance audit of PMGSY was conducted during July-December 2022 covering five-year period 2017-22. Audit methodology involved examination of records of Arunachal Rural Development Agency (ARRDA) and Programme Implementing Units (PIUs) in the six sampled districts. An entry conference was held on 16 August 2021 with the Secretary, RWD-cum-CEO, ARRDA and other Departmental officials wherein the audit scope, objectives, criteria, methodology were discussed.

At the end of the performance audit, the report was shared with the State Government and major audit findings were discussed with the Secretary, RWD-cum-CEO, ARRDA and other Department officials in the Exit Conference held on 06 June 2023. Replies and views of the Department have been incorporated at appropriate places in the Report.

3.3.3.5 Acknowledgement

The Office of the Principal Accountant General, Arunachal Pradesh acknowledges the co-operation and assistance provided by the Rural Works Department, GoAP during conduct of this PA.

Audit findings

The audit findings are brought out in the succeeding paragraphs.

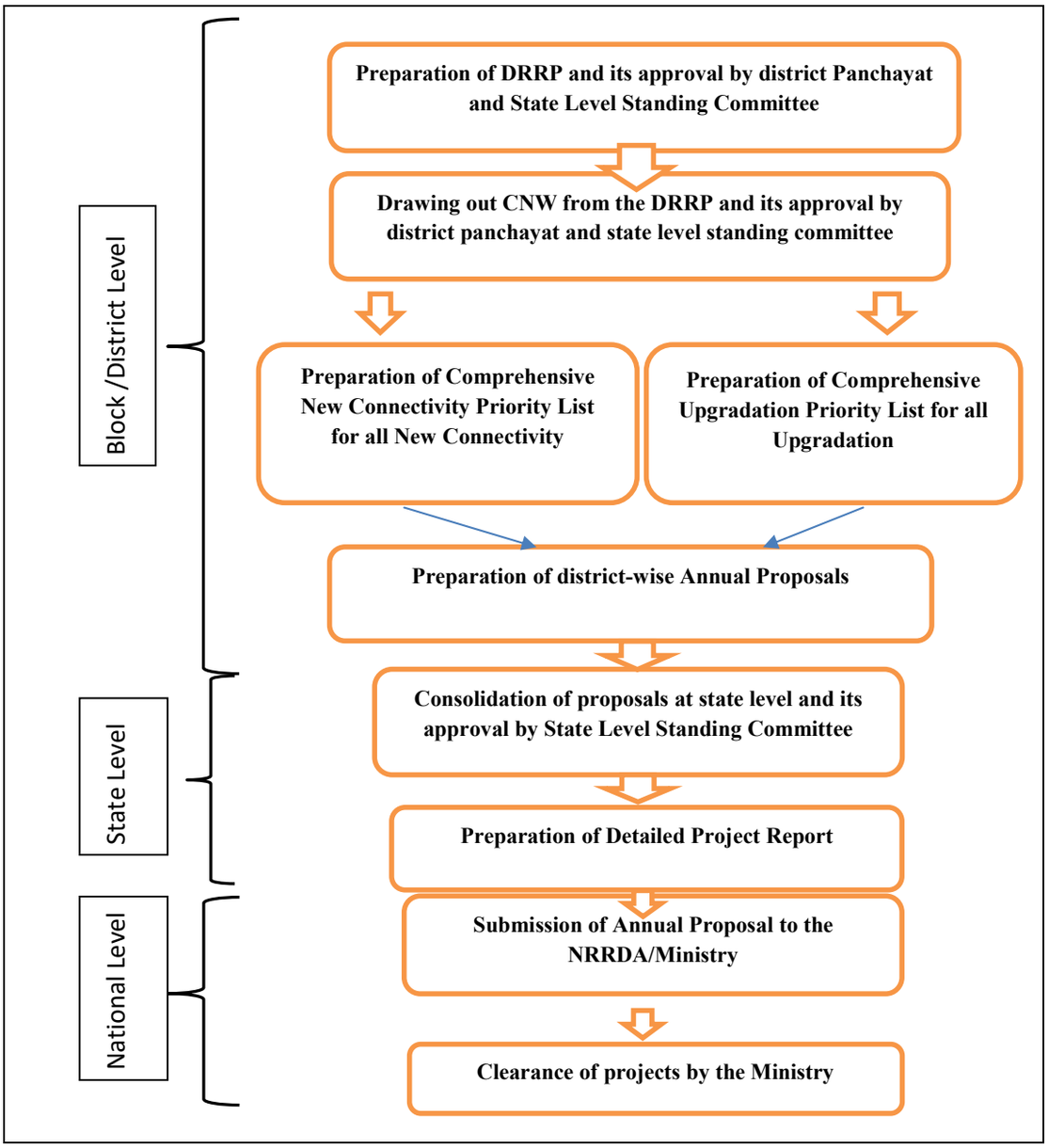
3.3.4 Planning

Proper planning is imperative to achieve the objectives of the programme in a systematic and cost-effective manner. The programme has been implemented in the model of decentralized network planning for rural roads. In planning, special emphasis should be accorded for Identification of Core Network and District Rural Road Plan as discussed in succeedding paragraphs.

3.3.4.1 Identification of Core Network and preparation of District Rural Road Plan

The State, after conducting a detailed survey was required to prepare a master plan for rural roads called the District Rural Road Plan (DRRP). Based on the position of connectivity of habitations in the DRRP, the Core Network (CNW) indicating the shortest single connectivity was to be prepared. Comprehensive New Connectivity Priority List (CNCPL) for all new connectivity and a Comprehensive Upgradation Priority List (CUPL)/ Comprehensive Upgradation cum Consolidation Priority List (CUCPL) for all upgradation works were to be drawn out from CNW. This planning exercise was to be carried out with full involvement of public representatives. The DRRP and CNW were the basis for the planning exercise under PMGSY. Identification and preparation of CNW is shown in **Chart 3.4**.

Chart 3.4: Planning process



Source: Operational Manual of PMGSY

The DRRP was envisaged to be a compendium of the existing and proposed road network system in the district. The plan was to clearly identify the proposed roads for connecting the habitations not connected with all-weather roads in an economic and efficient manner. It was also envisaged that the DRRP shall be prepared at two levels – block and district. Block-wise Road plans shall be based on the priorities spelt out by the District Panchayat. After the block-wise master plans were approved by the Intermediate Level (Block) Panchayat, they were to be forwarded to the District Planning Committee (DPC) for integration into the DRRP. This would be placed before the District Panchayat or District Rural Development Agency (DRDA) where the District Panchayats did not exist, for consideration and approval. The approved DRRP, thereafter was to be submitted to ARRDA for the approval of the State Level Standing

Committee (SLSC) which would form the basis for selection of road works under the PMGSY through the CNW.

Deficiencies observed in audit are discussed in succeeding paragraphs:

(i) Non-preparation of District Rural Road Plans

As per Para 4.2 of PMGSY Guidelines, the State, after conducting a detailed survey was required to prepare a master plan for rural roads called the District Rural Road Plan (DRRP).

Though all six sampled districts claimed to have prepared DRRPs, none could produce the vital record to audit for examination stating that the records pertained to very old period (before 2005). In the absence of records, audit could not ascertain whether the DRRPs had been prepared in accordance with the guidelines and whether CNWs and priority lists (CNCPL and CUPL/CUCPL) were drawn from DRRPs.

The State Government stated(June 2023) that both DRRP and CNW were prepared at the beginning of the PMGSY programme and were the basis of selection of projects. However, due to poor maintenance of records, the records could not be furnished.

(ii) Non approving of Core Network by Intermediate Panchayat

Based on the position of connectivity of habitations in the DRRP, the Core Network (CNW) indicating the shortest single connectivity was to be prepared. The CNW shall be approved by all levels *viz.* Intermediate Panchayat, District Panchayat and SLSC.

Audit scrutiny of records revealed that CNWs of the five districts[20] were prepared and approved by the concerned Executive Engineers of RWD, without the approval of major stakeholders such as Intermediate Panchayats as required under the guidelines. It indicated that people of affected habitations were not taken into consideration while preparing CNWs.

While accepting the audit findings; the Department stated (June 2023) that CNWs were prepared and approval was obtained in accordance with the guidelines. Reply of the State Government is not acceptable as approval of iIntermediate Panchyat was not obtained as mandated under scheme guidelines.

(iii) Preparation of Comprehensive New Connectivity Priority List (CNCPL)/ Comprehensive Upgradation Priority List (CUPL)

Once the CNW was ready, the State was required to prepare CNCPL at block and district level of all proposed road links, grouping them in the order of priority based on population size *i.e.*, 1000+ habitations first, 500+ habitations second and 250+ habitations last. Likewise, a CUPL was prepared for prioritising the upgradation of roads. In order to manage the rural road network for upgradation and maintenance planning, the State had to carry out, every two years, a pavement condition survey of all through routes. The survey would yield a Pavement Condition Index (PCI) on a scale of one to five. Based on the PCI, a CUPL would be prepared. CUPL would be prepared in respect of those districts which were likely to complete new connectivity to eligible habitations within the next one year. The CUPL would be verified on sample basis through the State Technical Agencies (STA)

[20] East Kameng, Kurung Kumey, Papumpare, West Siang and Lower Siang

and the National Quality Monitor (NQM). The CUPL was to be placed before the District Panchayat for its approval.

Audit noticed that:

- CNCPL/ CUPL were not prepared at block level in six sampled districts.
- CUPL was prepared without conducting PCI survey every two years as required.
- Neither did STA verify CUPL of any sample district nor was it verified by NQM as required under the guidelines.

Thus, the department not only did not follow a bottom-up approach but also did not exercise due diligence while scurinizing projects.

The Department in its reply stated (June 2023) that CNCPL was prepared block-wise and submitted to MoRD during January 2005. Regarding CUPL, it stated that the data is auto generated in OMMAS.

The reply of the Department is not acceptable,as auto-generation of data in OMMAS is contingent upon manual feeding or uploading of data into the database. Further, the Department's reply was silent on the PCI survey, which is essential for preparing CUPL. Thus, non-conduct of regular biennial surveys renders the generated data historical and outdated, resulting in inaccurate reports.

3.3.4.2 Selection of work without observing priority

Paragraph 6.11 of Scheme Guidelines (PMGSY-I) provides that the order of priority and CNCPL/CUPL will be the twin basis for making proposals. Where road works of a higher order of priority still remain to be taken up, road works of a lower order of priority will not be taken up in the same district except if it is not feasible to execute the road works for reasons of non-availability of land *etc.* While finalising the district proposal, the District Panchayat shall record and communicate the reason in each such case that a higher priority road is left out and lower priority road is proposed.

Audit observed that without observing the above, 34 roads of lower priority were given precedence over roads of higher priority. Such instances were high in Papumpare, East Kameng, Lower Siang, Upper Siang, West Siang and Kurung Kumey District where lower priority roads were taken up as detailed in **Table 3.23**.

Table 3.23: Details of roads not accorded priority

Sl. No.	Name of District	Name of Block	Rank of CNCPL selected for execution	Rank of CNCPL which were ignored	No. of Road which were ignored
1	Papumpare	Balijan	42	3, 21 & 35	3
		Doimukh	46	23, 29 & 45	3
		Sagalee	44	7, 24 & 41	3
		Mengio	40	34	1
Total					**10**
2	East Kameng	Bana	20	3 and 16	2
		Seppa	47	17, 34 & 41	3
		Bameng	48	46	1
		Chayangtajo	73	55 and 66	2
Total					**8**

Sl. No.	Name of District	Name of Block	Rank of CNCPL selected for execution	Rank of CNCPL which were ignored	No. of Road which were ignored
3	Lower Siang	Likabali	21	13 and 15	2
Total					**2**
4	Upper Siang	Yingkiong	10	9	1
		Tuting	25	21	1
Total					**2**
5	West Siang	Along West	22	10	1
		Along East	17	11	1
		Liromoba	33	30	1
Total					**3**
6	Kurung Kumey	Sangram	32	6 & 9	2
		Damin	35	7 & 24	2
		Nyapin	44	33 & 40	2
		Koloriang	45	8, 30 & 40	3
Total					**9**
Grand Total					**34**

Source: Departmental records

While accepting the facts, the Department stated (June 2023) that if proposals were chosen priority wise, then only a few districts could have been benefited leaving remaining districts unattended. It also added that weightage was also given for the border district having international boundary. Proposal of MP/ MLAs were also considered while according priority to the projects.

The reply of the Department is not acceptable as it did not adhere to the scheme guidelines. It also did not furnish relevant records of proposals of MP/ MLAs and weightage accorded to the border districts which were considered for taking up roads with lower priority in violation of the scheme guidelines.

(i) Upgradation Without Ensuring New Connectivity

As per paragraph 3.3.3 of Operation Manual of PMGSY, CUPL was to be prepared only in those districts where no new connectivity is required to be taken up in view of existing connectivity of the habitations. Further, paragraph 1.6.2 of Operational Manual states that Upgradation of existing rural roads is not central to the programme. However, the programme will permit upgradation of existing rural roads to the prescribed standards in those Districts where all habitations of the designated population size have been provided all-weather connectivity. The provision for upgradation cannot exceed 20 *per cent* of the State's allocation as long as unconnected habitations still exist in the State.

Audit observed that during 2018-19, 20 roads worth ₹203.91 crore were sanctioned for upgradation in nine districts. However, these districts had 212 unconnected habitations, which should have been prioritised. Further, only five[21] *per cent* of the State allocation was utilised for upgradation, falling short of the targeted 20 *per cent*. This underutilisation was attributed to non-completion of new connectivity projects in the State.

[21] Out of total 354 no. of road projects sanctioned under PMGSY-I, 334 no. of projects were sanctioned under New connectivity and remaining 20 no. of projects were sanctioned under Upgradation.

The Department in its reply citied paragraph 1.6.2 of Operational Manual to justify that upgradation works can be taken up in districts still having unconnected habitations.

The Department reply is not acceptable as the said paragraph states that upgradation can only be undertaken after achieving 100 *per cent* connectivity to all eligible habitations. Contrary to this, it was found that a significant number of eligible yet unconnected habitations still exist in these districts.

3.3.4.3 Inadmissible works

According to Paragraph 3.3.3(i) of Operation Manual of PMGSY, only Through Routes (TRs) were eligible to be taken up for upgradation under the scheme.

Scrutiny of records, however, revealed that out of 94 road packages sanctioned under upgradation during 2017-22 in 23 districts, 13 No. of Link Routes measuring 90.24 km (***Appendix-3.10***) were upgraded at a cost of ₹70.07 crore from PMGSY funds in violation of scheme guidelines.

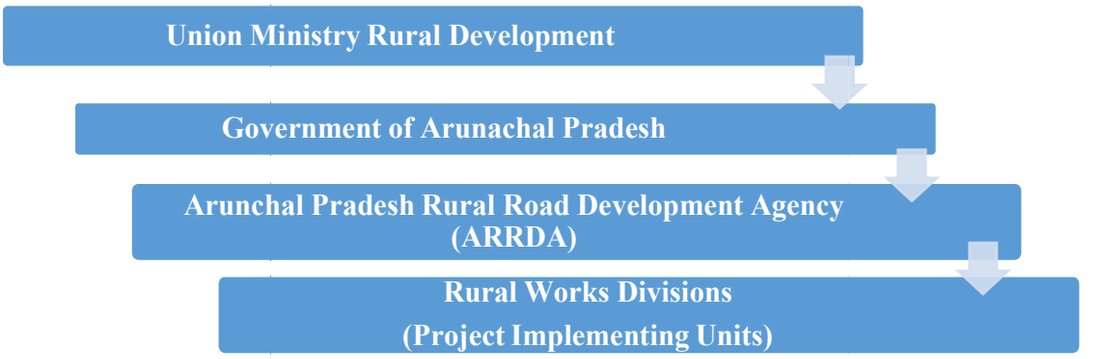
The State Government quoting Paragraph 1.6.2 of Operation Manual replied in Exit Conference that upgradation is allowed in case of Link Routes. The reply of the Department is not acceptable as upgradation of Link Routes is not permissible as per the Operational Manual.

3.3.5 Fund Management

PMGSY was initially 100 *per cent* Centrally Sponsored Scheme. However, from the year 2015-16, the funding pattern was modified to 60:40 between the Centre and States for all States except for special category states *i.e.*, eight North Eastern and three Himalayan States for which the ratio was fixed at 90:10.

Being a special category state Arunachal Pradesh would receive 90 *per cent* funds from Centre and had to contribute 10 *per cent* for implementation of the scheme. The State Government was required to transfer the funds received from GoI along with its share to Arunachal Pradesh Rural Road Development Agency (ARRDA) within three working days after the receipt of funds. The fund flow under PMGSY is shownin **Chart 3.5**.

Chart 3.5: Fund flow of PMGSY



Source: OMMASPortal

The ARRDA maintained three separate accounts for meeting programme expenditure, administrative expenditure and maintenance expenditure under PMGSY as given under:

- **Programme fund account:** The programme expenses related to construction of new connectivity and upgradation works were met through this account.
- **Administrative fund account:** Two *per cent* of programme fund is kept in the account to meet the administrative and travel expenses of PIUs and ARRDA.
- **Maintenance Fund Account:** Maintenance fund for service contracts was budgeted by the State Government and placed at the disposal of the ARDDA under Maintenance Account within the stipulated time *i.e.*, 50 *per cent* by 31 May and remaining 50 *per cent* by 30 November of each financial year.

The financial performance during 2017-22 under PMGSY is discussed in subsequent paragraphs.

3.3.5.1 Allotment and expenditure

The position of release of fund and expenditure under the scheme during the period 2017-18 to 2021-22is as follows:

Table 3.24: Receipt and Expenditure of PMGSY Fund

(₹ in crore)

Year	Opening balance	State Government proposal for funds	Receipt of Share		Interest	Other	Total	Expenditure Utilisation (in *per cent*)	Closing balance
			GoI	State					
2017-18	7.58	450	342.63	34.26	1.05	29.58	415.10	395.93 (95)	19.17 (05)
2018-19	19.17	1500	1234.60	138.75	5.26	89.59	1487.37	1067.07 (72)	420.30 (28)
2019-20	420.30	1000	774.04	86.01	12.16	307.68	1600.19	1483.33 (93)	116.86 (07)
2020-21	116.86	1500	1448.36	172.89	2.66	88.00	1828.77	1442.61 (79)	386.16 (21)
2021-22	386.16	1500	1084.32	879.36	3.05	55.96	2408.85	1233.53 (51)	1175.32(49)
Total							**7740.28**	**5622.47 (73)**	

Source: Departmental records

From **Table 3.24**, it can be seen that against the total available funds of ₹7,740.28 crore during 2017-22, an expenditure of ₹5,622.47 crore was incurred leaving an unspent balance of ₹1,175.32 crore as of March 2022 with overall utilisation of 73 *per cent*.

Further, during 2017-22, the State Government could not spend the available funds, resulting in significant closing balance ranging between 05 and 49 *per cent*. This was mainly due to delay in taking up the works, non-execution of contracts and slow progress of works, which are discussed in **Paragraphs 3.3.6.4**.Utilisation of funds was satisfactory in the year 2017-18 and 2019-20 only and in the remaining years it was below 80 *per cent* with the least expenditure incurred during 2021-22 (49 *per cent*). Because of the poor utilisation of fund, GoI did not provide funds to the State Government and restricted releases to 76, 77 and 72 *per cent* during 2017-18, 2019-20 and 2021-22 respectively of the projected demand.

Accepting the audit finding, the Department stated (June 2023) that fund utilisation and scheme execution was adversely affected due to Covid-19 pandemic. It further added that it would monitor programme implementation more closely to ensure better utilisation of funds.

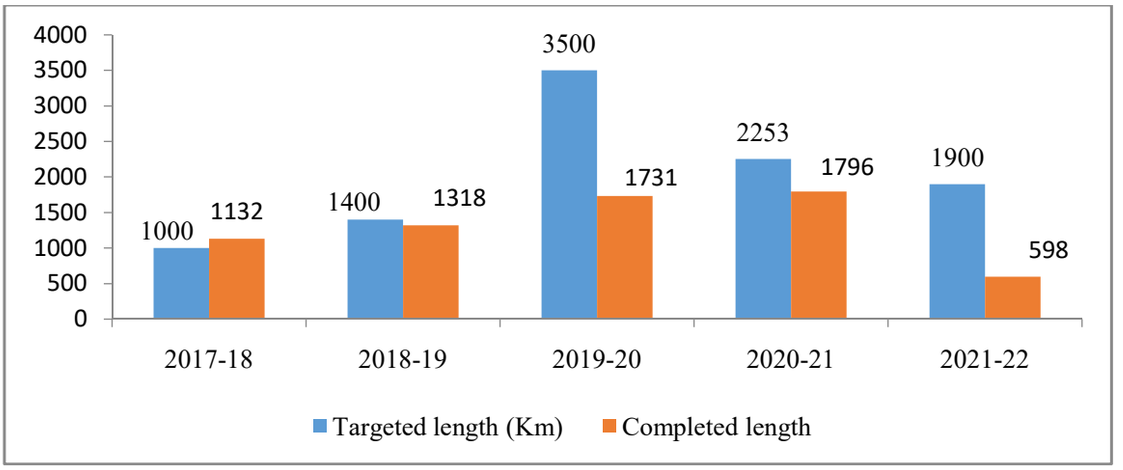
3.3.5.2 Achievement during the last five years

At the end of March 2022, 1,214 roads covering 12,063 Km were completed against 1,625 roads sanctioned (length 14,384 Km) during the last 22 years (2000-22). With coverage of 84 *per cent* in completion of road length, there was a shortfall of 411 roads (length 2,321 Km). During 2017-22, against the sanction of 392 roads for new connectivity and 107 roads for upgradation, 130 new roads (33 *per cent*) were constructed and 57 (53 *per cent*) roads were upgraded by spending ₹3,198 crore.

No New Connectivity projects were sanctioned from 2019-20 onwards and no project for Upgradation was sanctioned from 2020-21 onwards.

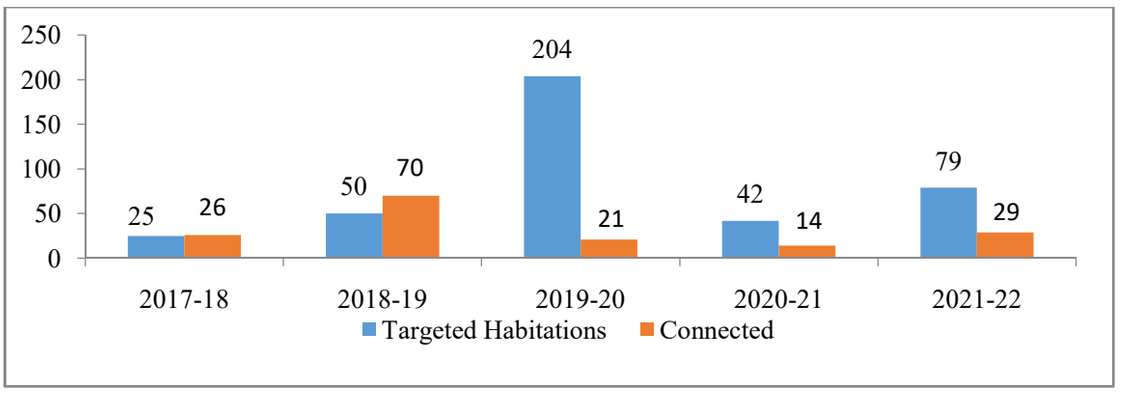
Apart from the above Government of India also fixed physical targets for achieving habitation connectivity and completion of length. Year-wise targets and achievement of length of road is shown in **Chart 3.6** and year-wise targets and achievement of habitation connectivity during 2017-2022 is shown in **Chart 3.7**.

Chart 3.6: Targets and achievement of length of road



Source: Departmental records

Chart 3.7: Targets and achievement of habitation connectivity



Source: Departmental records

As could be seen from **Charts 3.6** and **3.7**, initially there was slightly over achievement in length of road in 2017-18 and habitation connectivity during 2017-18 and 2018-19 due to completion of spill over works. In subsequent years 2019-20 to 2021-22, there was

short achievement of length and habitation connectivity against the target due to Covid-19 pendemic.

3.3.5.3 Special allocation of funds not availed

Under PMGSY, a special allocation of up to five *per cent* of the annual allocation from the rural roads share of the Diesel Cess would be made available to districts sharing international borders. The Department was required to forward proposal to GoI to avail the special allocation.

Audit observed that due to non-submission of proposals to avail additional funds for border sharing district roads to GoI, the benefits under Diesel Cess were not availed by the State though it was eligible to get an amount of ₹79[22] crore. This resulted in loss to the State Government to that extent.

Accepting the audit finding, the Department stated (June 2023) that no separate proposal was submitted for availing the special allocation as it contended that the State gotallocation amounting to 24 times the diesel cess, which maybe lost if the State submitted a separate proposal for the same.

The reply is not acceptable as the diesel cess is over and above the annual allocations towards rural roads.

3.3.5.4 Loss of interest due to fixation of high ceiling to convert unspent funds into fixed deposit

Paragraph 13.1.5 of PMGSY Operation Manual (February 2005) provides that all the funds over and above ₹50 lakh in the programme and administrative expenses fund of the ARRDA shall be maintained by the bank as fixed deposit. Scrutiny of records revealed that the ARRDA, NRIDA and SBI Bank entered into an agreement in September 2014, according to which any amount in excess of ₹1.00 crore (instead of ₹50 lakh) would be automatically invested in Fixed Deposits. It was further noticed that the anomaly was not corrected till March 2021 when ARRDA signed a new agreement with the Bank and this limit came down from ₹One crore to ₹50 lakh. It was noticed from the accounts that funds in excess of ₹1.00 crore remained idle and were not invested by the bank and therefore could not earn interest. As per report of Chartered Accountant appointed to compute loss of interest, there was loss of interest of total ₹6.88 crore due to non-investment, short investment in last 10 years (2010-11 to 2019-20). The report was forwarded to bank (August 2021) and till July 2022, the bank had not made any credit of the interest. Further, the loss of interest could have been more had it been calculated at the rate of ₹50 lakh. Thus, retention of funds in excess of ₹50 lakh in Savings Account instead of transferring the same to Fixed Deposit led to loss of interest of ₹6.88 crore.

Accepting the audit findings, the Department stated (June 2023) that it had taken up the matter with the State Bank of India (SBI) to credit full amount of ₹6.88 crore and as of June 2023, it had credited back interest amount of ₹1.83 crore with shortfall of ₹5.05 crore. However, non-adherence to the instructions of PMGSY Operational Manual while entering into agreement with SBI led to loss of interest of ₹5.05 crore.

[22] Five *per cent* of Central Share of ₹1,577.23 crore during 2017-2019

Recommendation:

The Department may take up the matter with State Bank of India for early settlement of interest amount and introduce a stringent monitoring system to avoid loss of interest on account of short/ non-investment of funds as per agreement.

3.3.5.5 Delay in transfer of funds by State Government

As per the programme guidelines (as modified from time to time), from 2014-15 onwards, funds are released to the State Consolidated Fund with directions to transfer these funds to SRRDA's account within three days from the date of its receipt failing which the state government is liable to pay interest at 12 *per cent* per annum to SRRDA for the period of delay beyond the specified period.

Audit observed that programme funds amounting to ₹5,168.21 crore released during 2017-22 were transferred to ARRDA with delays ranging from 13 to 318 days. As a result, the State Government was liable to pay interest of ₹166.86 crore for the delay. Similarly, there were delays ranging from 47 to 243 days in the release of administrative funds to ARRDA whereby it was to pay interest of ₹2.29 crore. Thus, the State Government was to pay total interest of ₹169.14 crore for the delay in release of funds. The State Government; however, did not pay anything for the delay in release of funds to the ARRDA till date.

The Department stated (June 2023) that the observation pertains to Finance Department. The matter has been taken up with the Finance Department and the response had not been received from the Finance Department (September 2024).

Recommendation: The State Government may release programme funds in a timely manner along with interest for the delay.

3.3.5.6 Diversion of funds

Rule 26 of General Financial Rules, 2017; says that it is the duty and responsibility of a controlling officer in respect of funds placed at his disposal; to ensure that the expenditure is incurred for the purpose for which funds have been provided. Further, State Government while according administrative approval and expenditure sanction stipulated that the funds should be utilised within specified time and strictly for the purpose for which it has been sanctioned. No diversion of funds is allowed.

Contrary to the rules, ARRDA diverted funds of ₹2.80 crore from Programme Funds to Administrative Expense fund and Maintenance Fund between 2017-18 and 2019-20. Similarly, during 2018-19 and 2019-20, Maintenance Fund of ₹2.50 crore was diverted to Administrative Funds. Thus, total funds of ₹5.30 crore were diverted without obtaining approval of GoI. No reasons were stated for the diversion of funds. Diversion of funds from intended purposes reflected poor fund management besides reducing the fund availability for the desired purposes.

Accepting the audit finding, the State Government replied in Exit Conference that diversion of funds was carried out due to unavoidable reasons. And the Department assured to monitor it closely in future. The reply of the Department is, however, silent about the approval from NRIDA i.e., the apex agency forsuch diversion of fund.

3.3.5.7 Inadmissible administrative expenditure

As per Sl. No. 12.2 (i) of PMGSY Guidelines and Paragraph 1.4.2 of administrative fund manual; Administrative expenses shall, in addition to usual office expenses, include all expenses incurred in relation to the operation of the OMMAS computers and their maintenance, including internet charges and data entry costs. Amount paid on account of outsourcing of execution and management related functions may also be paid out of administrative expenses within the limits prescribed. However, expenditure on purchase of vehicles, payment of salaries & wages and purchase or construction of buildings is not permissible. The expenditure on payment of salary and purchase of vehicles can be incurred if the State Government provides separate funds for the purpose.

Audit observed that though the State Government did not provide any separate funds the Department incurred an expenditure of ₹7.74 crore during 2017-22 towards inadmissible items such as staff salary (₹5.38 crore) and purchase of vehicles (₹2.36 crore)which were not covered under the programme.

In the Exit Conference, the State Government stated (June 2023) that vehicle purchase is permitted under administrative fund. It also justified payment of staff salary under administrative fund as per accounts manual of PMGSY. The reply of the State Government is not acceptable as Accounts Manual for administrative fund strictly prohibited expenditure on purchase of vehicles, payment of salaries & wages and purchase or construction of buildings, rather the expenditure could have been incurred through the release of separate funds from the State Government.

3.3.5.8 Excess expenditure on administrative and travel expenses

As per Sl. No. 12.2 (ii) of PMGSY guidelines, all staff cost would be borne by the State Government. However, the administrative and travel expenses for PIUs were 01 *per cent* and 0.50 *per cent* respectively while for SRRDA it was 0.25 *per cent* of annual allocation subject to a maximum of ₹75.00 lakh which was enhanced in October 2018 to 100 lakh.

Audit observed that in six sampled districts, excess expenditure of ₹4.21 crore[23] and ₹1.60 lakh[24] was incurred by PIUs/DPIUs under administration and travelling expenses respectively during the period 2017-22. Similarly, against the maximum limit of ₹4.75 crore[25] for ARRDA, it incurred an expenditure of ₹11.17 crore. Thus, there was excess expenditure to the extent of ₹6.42 crore in ARRDA over the prescribed ceiling of administrative and travel expense. Admitting the audit finding, the Department stated (June 2023) that these kinds of unavoidable expenditure were incurred because of urgency and stated that the same will be monitored closely in future.

The reply of the Department about urgency being the reason for excess expenditure is not acceptable as there was excess expenditure consistently, during the five-years period 2017-2022.

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[23] Excess administrative expenditure Papum Pare -₹4.20 crore and East Kameng ₹1.98 lakh
[24] Excess Travel expenditure Papum Pare-₹1.60 lakh
[25] ₹0.75 crore in 2017-18 and ₹1.00 crore each from 2018-19 to 2021-22

Recommendations:

- ***The State Government may initiate disciplinary action against the concerned officer(s)/ officials(s) of ARRDA after investigating the matter on incurring excess administrative and travel expenses above the permitted limit set out in the Guidelines.***
- ***The Department maymonitor the expenditure on administration and travelling expense of PIU and ARRDA so as to restrict them within the permissible limit.***

3.3.6 Programme Implementation

For the effective implementation of projects, Paragraph 4.1 of PMGSY guidelines envisaged formulation of project proposals by involving District Panchayats through consultation and discussion with the community for the approval of State Level Screening Committee (SLSC). The DPIU, after ensuring land availability, would prepare a DPR for each road which will be vetted by the State Technical Agency (STA). After vetting, STA would make confirmatory entry in the On-line Monitoring, Management and Accounting System (OMMAS) software. ARRDA would then, consolidate all the proposals received and send them to NRIDA for consideration of the Empowered Committee. On fulfilling all the programme requirements, the Ministry of Rural Development (MoRD) would accord sanction to the projects.

Audit observations on implementation of the projects are discussed below:

3.3.6.1 Ownership of land not obtained

As per Paragraph 4.3.5 of Operations Manual of PMGSY, State Government would lay down guidelines for voluntary donation or otherwise to ensure availability of land for construction of rural roads. Details of land made available should be reflected in local land records to avoid any dispute in future. Voluntary donations should be documented through agreements with a copy forwarded to local revenue officials for making necessary changes in ownership/possession of land.

Audit observed that DPIUs in six districts; had no records of ownership of land for all test checked 40 works (73 packages). DPRs of the projects only recorded that the land belongs to the community and no compensation payments were required. However, no documentation through agreement was made to take ownership of the land as required under the guidelines.

In absence of documentary evidence on the details of ownership from local land records, the availability of land for the projects could not be verified in audit. Thus, the Department executed 40 works (73 packages) involving total sanctioned cost of ₹864.63 crore, without changing the ownership of land in the name of the Government.

Accepting the audit finding, the State Government replied in Exit Conference that the matter of ownership of the land will be taken up with the Government for notification of all the PMGSY roads.

Recommendation: The State Government may ensure the mutation of the land in the name of the State Government to avoid any land dispute in future.

3.3.6.2 Less construction of cross drainages

The primary focus of PMGSY is to provide all-weather road connectivity, which is negotiable in all seasons of the year. This implies that the roadbed shall be drained effectively by adequate Cross Drainage(CD) structures such as Culverts, Minor Bridges and Causeways.

Physical inspection of 35 road projects revealed that 25 numbers of CDs in respect of three road projects were found short constructed at site as shown in **Table 3.25**.

Table 3.25: Construction of less cross drainages

Sl. No.	Package No.	Name of the road	No. of CDs as per DPR	Actual execution (in no.)	Less execution (in no.)
1.	AR/12/07/027	Road from Pidi Rime to Gedimesi (Full Stage) along with LSB Span 36 m on Sei River	128	114	14
2.	AR/13/04/027	Tuting to Singha (Mankota to Singha)	114	106	08
3.	AR12/04/026	Road from Ringi to Yachungi Garu	19	16	03
Total			**261**	**236**	**25**

Source: Departmental records

It would be seen from the above that PIUs did not execute 25 no. of culverts valued at ₹1.86 crore but were allowed payment for execution. Short construction of CDs might have adverse impact on longevity of roads due to poor drainage of water. Further, vital records *viz.* progress report, MBs and bills passed for payment were fabricated as they showed execution of CDs as per the DPR, in contrast to the findings during physical inspection, which indicated an undue advantage to the contractors.

The Department stated (June 2023) that variations in numbers occurred to meet span requirement.

The reply of the department was silent on the fabrication of records and the undue advantage to the contractors.

Recommendations:The Department may:

(i) investigate the matter and fix responsibilities against the defaulting official(s) for fabricating vital records.

(ii) take action against the contractors for submitting false bills and early action may be taken to recover the excess amount from the contractors.

3.3.6.3 Tendering process

As per Paragraph 11 of PMGSY guidelines, a well-established procedure for tendering, through competitive bidding, would be followed for all projects. Only the projects scrutinised by the STA and cleared by MoRD will be tendered, as such, no changes shall be made in the work without the prior approval of NRIDA. For this purpose, GoI has prescribed a Standard Bidding Document (SBD) laying down conditions such as time frame for award of tender, eligibility of contractors, collection of security before execution of works, *etc.* The deficiencies in tendering process noticed in audit are discussed in the succeeding paragraphs.

(i) Delay in award of tender

Paragraph 13.2 of PMGSY guidelines prescribed an average tendering time of 75 days, from the date of clearance of the project by the Ministry. This would include technical sanction and all other activities required to be completed before the award of work.

Audit scrutiny of 73 test-checked packages in the six sampled districts revealed substantial delays in tendering process of 49 projects as detailed in **Table 3.26.**

Table 3.26: Delay in award of tender

Delay in tender				
Delay in months	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Total**
No. of projects	21	24	4	49

Source: Departmental records

Due to delay in tendering process, all 49 projects were awarded with delay ranging from 03 to 12 months from the date of sanction by the GoI after accounting for 75 days of tendering time. The delay in the award of work order adversely affected timely completion of projects as discussed in subsequent paragraph.

Accepting the audit findings, the State Government in Exit Conference stated (June 2023) that it was aware of the delay and taking necessary action to contain the same.

(ii) Non-release of tender premium by the State Government

According to Paragraph 11.5 of PMGSY guidelines of the scheme and GoI's order (January 2008), the State Government was to bear the cost of tender premium resulting from execution of contract agreement at a cost higher than the cost approved by GoI.

Audit scrutiny of records revealed that seven works sanctioned during 2017-22 were awarded by three[26] DPIUs at higher cost in comparison to the cost approved by GoI (MoRD plus State Share) as shown in **Table 3.27**.

Table 3.27: Non-release of tender premium

(₹ in lakh)

Sl. No.	Name of work	Sanction amount	Amount of work order	Excess
(1)	**(2)**	**(3)**	**(4)**	**(5=4-3)**
1.	Jido to Palling Length 34.95 km	4,812.45	5,215.45	403.00
2.	Seppa Chayangtajo road to Jejudada (Stage-II)	467.90	528.08	60.18
3.	Chayangtajo-Yangfo road to Killo (Stage-II)	530.53	575.53	45.00
4.	Pakoti to Tallang-I (TRACK-33), Stage-II	723.17	756.38	33.21
5.	Kurung Bridge	372.00	420.24	48.24
6.	Walling Bridge	310.00	341.04	31.04
7.	Wachi Bridge	310.00	342.62	32.62
Total				**653.29**

Source: Departmental records

As could be seen from the above, there was an excess cost of ₹6.54 crore over the approved cost which should have been borne by the State Government as tender premium. Contrary to guidelines, the State Government did not bear ₹6.54 crore as tender premium cost and

[26] East Kameng, Upper Siang and Kurung Kumey

met the excess expenditure from PMGSY funds received from GoI affecting the availability of funds for execution of other projects as well as their timely execution.

The State Government did not furnish any reply in Exit Conference (June 2023).

Recommendation*: *The State Government may apart from obtaining approval of NRIDA; recoup tender premium amount to ARRDA so that other projectsare not affected due to lesser availability of funds.

(iii) Not inviting tenders separately

Tenders for PMGSY projects in the State are either invited at the level of Superintendent Engineer (Project with construction cost up to ₹10.00 crore) or Chief Engineer level (project cost above ₹10.00 crore) depending on cost of projects. Further, Paragraph 7.6 (vii) of PMGSY guidelines provide that separate DPRs will require to be prepared if length of the bridgeexceeds 15 meter. These works will be tendered separately.

Audit noticed that SE/ CE office did not invite tenders separately for 18 no. of Long Span Bridges (LSBs) with total sanctioned cost of ₹57.75 crore but clubbed them with seven related road projects and invited tenders as a single project in violation of the guidelines. As a result, out of 18 LSBs, only six could be completed till December 2022, therefore inviting tenders along with road project was not justified. No reasons for not inviting tenders separately were available in records produced to Audit. Had the execution of LSBs been carried out separately by inviting separate tenders, LSBs could have been completed much earlier.

The State Government in Exit Conference stated (June 2023) that tenders were not invited separately for LSBs purposely because separate contracts for road and bridges lead to complication later in execution and monitoring. The reply of the Department is not acceptable as complications in execution and monitoring cannot arise if site requirements are duly ascertained beforehand and reflected in the DPRs.. Moreover, 12 projects got delayed and could not be completed within the stipulated time due to inviting and awarding LSBs packages with road projects.

(iv) Non forfeiture of earnest money of ₹1.07 crore

Rule 225 (vi) of General Financial Rules, 2017 provides that Contract document, where necessary, should be executed within 21 days of the issue of letter of acceptance. Non-fulfilment of this condition of executing a contract by the Contractor or Supplier would constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit. Further, Paragraph 16.6 of Standard Bid Document provides that the Bid Security may be forfeited: (a) if the Bidder withdraws the Bid after bid opening (technical qualification bid) during the period of Bid validity; in the case of a successful Bidder, if the Bidder fails within the specified time limit to (i) sign the Agreement; and/or (ii) furnish the required Performance Security.

Audit noticed that four lowest bidders in two sampled districts[27] who were declared successful in the tendering process and awarded work orders; withdrew their bids and did

[27] Papumpare (1, 2 and 3) and Lower Siang (4)

not sign the agreement. However, DPIUs did not forfeit their earnest money of ₹1.07 crore as required under the rules. Details are shown in **Table 3.28**.

Table 3.28: Non-forfeiture of earnest money from defaulters

Sl. No.	Package No.	Name of work	Earnest money (₹ in lakh)	Date of award of work to L1
1	AR/07/01/PIIT04	Hollongi Charali to Balijan HQ	15.50	27.10.2020
2	AR/07/01/PIIT04C	C/o 48-meter-Long Span Bridge (LSB) over river Lenka for the road from Hollongi Charali to Lenka HQ	9.17	10.11.2020
3	AR/07/01/01/PIIT01	Road from Defra to Balijan	80.00	12.11.2020
4	AR21AR1302004	Road NH-52 to Deepa	2.74	31.10.2020
Total			**107.41**	

Source: Departmental records

No reasons were cited by the DPIUs for non-forfeiture of earnest money of defaulting bidders. Thus, the Department allowed undue benefit to the defaulting contractor by not forfeiting their earnest money of ₹1.07 crore which also led to revenue loss to the government.

While acccepting the audit findings, the State Government in Exit Conference stated (June 2023) that it will look into the matter.

Recommendation: The State Government may issue necessary instructions to the PIUs for forfeiture of earnest money in cases of withdrawl of bids by the successful contractors.

3.3.6.4 *Execution of works*

(i) Grant of mobilisation/machinery advances

Operations manual of PMGSY as well as clause 45 of the GCC prescribes that mobilisation advance (up to five *per cent* of contract value[28]) to mobilise resources on the works site within 10 days from the commencement of work and machinery advance (upto 10 per cent of contract value) for procurement of machinery and equipment are admissible to the contractor. The advance shall be paid by the Employer against submission by the Contractor of an unconditional Bank Guarantee in the prescribed format by a commercial bank acceptable to the Employer in an amount equal to 110 *per cent* of the amount of the advance payment. The Bank Guarantee shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor. The Contractor is to use the advance payment only to pay for Equipment, plant and Mobilization expenses required specifically for execution of the Works. The Contractor shall demonstrate that the advance payment has been used in this way by supplying copies of invoices or other documents to the Engineer.

[28] Contract value is construction cost excluding maintenance cost

Audit observed that:

i. Two Executive Engineers[29] (EEs) paid excess mobilisation advance of ₹10.81 crore to contractors over and above the prescribed limit in 14 no. of road projects for which interest of ₹2.62[30] crore stood recoverable from the contractors.

ii. In 12 no. of projects the EE[31] did not obtain any bank guarantee from the contractor to secure advance granted to them.

iii. In three projects[32], bank guarantee submitted against mobilisation/machinery advance expired before recovery of mobilisation advance and EEs did not ask for renewal.

iv. In one project[33], EE paid machinery advance of ₹5.00 crore though invoice of purchase of equipment were in the name of an unknown firm.

Besides, terms of Standard Bidding Document (SBD) provided for recovery of mobilisation advance on proportionate basis from the bills of the contractors. This implied that recovery of advance was not time based but linked with the progress of work, which was inconsistent with Central Vigilance Commission (CVC) guidelines issued in April 2007. Moreover, there was no provision of interest on grant of mobilisation advance in SBD as per the CPWD Manual. Due to this deficiency in the contract terms, contractors were allowed to retain mobilisation advance of ₹10.78 crore in seven delayed works even beyond the original stipulated date of completion (***Appendix-3.11***). Absence of definite time schedule for recovering the advances resulted in loss to the Government on account of loss of interest amounting to ₹2.62 crore. The Department, on its part, did not compel contractors to execute works expeditiously. Thus, contractors were given undue benefits by granting mobilisation and machinery advances.

Accepting the audit finding, the State Government in Exit Conference stated (June 2023) that it will look into the matter.

Recommendations:

The State Government maytake up the matter with the Ministry to modify the Standard Bidding Document and adjust the interest on Mobilisation advances appropriately as well as ensure timely recovery of mobilisation and machinery advances.

(ii) Excess expenditure of ₹5.28 crore

Paragraph 11.2 of PMGSY says that all the projects scrutinised by the STA and cleared by the Ministry, will be tendered as such, and no changes shall be made in the work without the prior approval of NRRDA. Further, Paragarph 11.5 says that in case there is material change in the scope of work or quantities, prior approval of NRIDA shall be obtained. Data change in OMMAS in such cases would be made with NRRDA"s authorisation.

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[29] EE RWD Sagalee 12 projects and EE RWD Yingkiong two projects

[30] Interest calculated on excess amount of mobilisation advance at the rate of 7.90 *per cent* (GPF Rate) per annum upto August 2022.

[31] EE RWD Sagalee -12 projects

[32] EE RWD Aalo (Road from Pidi Rime to Gedimesi) EE Yingkiong (Road from Jido to Palling HQ) and EE Laaying Yangte (Road from Damin to Tarbu)

[33] EE RWD Laaying Yangte

Audit scrutiny of records of six works executed during 2017-22 in four sampled districts revealed that DPIUs had incurred excess expenditure of ₹5.28 crore in excess of approved quantity *viz.* Earth work, Formation cutting, RCC, Protection work, *etc.* (*Details of work wise excess is shown in* ***Appendix-3.12***). Out of total of ₹5.28 crore, expenditure of ₹3.32 crore in one project[34] was not only excess but also unauthorised as the items on which expenditure was incurred, were beyond the scope of work. The DPIUs however did not obtain any prior approval of NRIDA for the change in scope of work or quanitities nor did they change data in OMMMAS. Further, excess expenditure of ₹5.28 crore may result into short availability of funds for approved items of the work and therefore affect their execution. The DPIUs did not state any reasons for the excess expenditure.

The Department stated that there was no unauthorised payment and attributed excess expenditure on variations in the project works as per site requirements. However, the Department did not furnish any specific reasons for variations which led to excess expenditure. Moreover, records made available did not indicate that approval from NRIDA, for variations occurred and excess expenditure incurred in the project, was obtained.

Recommendation: The Department may obtain expost facto approval of NRIDA on the material change in the scope of work and also change data in OMMAS with NRIDA authorisation.

(iii) Non-provisioning of drainage in Detailed Project Report

As per Paragraph 5.9 of Operational Manual (OM) of PMGSY, one of the very important reasons for a very rapid loss in the level of serviceability of most of the rural roads in the country is the lack of attention to appropriate drainage. Ensuring proper drainage during the design life is considered one of the most essential pre-requisites for a satisfactory performance of the road during its service life. It is mandatory under PMGSY to have a drainage plan prepared for each rural road project.

Audit scrutiny of records revealed that construction of three road projects costing ₹47.70 crore was taken up in two sampled districts without provision of drain which is necessary to make the roads serviceable in all-weather. Details of road projects are shown below in **Table 3.29**.

Table 3.29: Details of Road having no-provision of CC Drain

Package No.	Name of the Road	Length of Road	Sanctioned cost (₹ in lakh)
AR/12/07/064	Road from BRO Road to Ruying 5.00 km	5 Km	473.69
AR/12/06/005	Road from New Minmang to Durpai	14 Km	1318.86
AR/12/06/012	Road from Likabali Along BRO Road to Kangku 30km	30 Km	2977.8
Total		**49**	**4770.35**

Source: Departmental records

State Technical Agency (STA) was required to ensure that the specifications in DPR were adequate and based on site conditions. However, STA did not advise the DPIUs to make a provision for drains. There were no provisions for drains in the DPRs of the road projects resulting in preparation of faulty DPRs. As of December 2022, DPIUs based on faulty

[34] Road from 12 Km point of Domdila-Laching road to Doka (Seppa) (Stage-I)

DPRs; had incurred total expenditure of ₹46.15 crore on construction of 49 Km roads wherein no drains were constructed.

Thus, due to non-provision of drainage work, the division could not ensure the longevity and serviceability of road for the designed period of 10 years.

Accepting the audit finding, the State Government in Exit Conference stated (June 2023) that it will look into the matter.

Recommendation: The Department may make necessary provision of adequate number of CDs in the estimate of road projects for proper drainage to ensure longevity and serviceability of roads.

(iv) Delay in execution of work

According to Paragraph 13.1 of the guidelines, the road projects sanctioned were to be executed by PIUs and completed within a period of 12 months from the date of issue of the work order which includes rainy season. In case the period for execution is likely to be adversely affected by monsoon or other seasonal factors, the time period for execution may be suitably determined while approving the work programme but shall not exceed 12 calendar months in any case.

Following is the status of completion of projects in the State:

Table 3.30: Delay in completion of work

No. of work sanctioned by MoRD during 2017- 22	No. of work taken for execution	No. of work completed beyond stipulated period	
		With a delay upto 12 months	With delay of more than 12 months
388	388	63	287

Source: Departmental records

It would be seen from the above that 350 out of total 388 projects sanctioned during the period 2017-22; involving sanctioned cost of ₹4,861.23 crore, got delayed and could not be completed within the stipulated period. As it can be seen 63 projects were delayed by one year whereas 287 were delayed by more than one year from the stipulated date of completion.

(v) Delay in completion of works in sampled districts

Audit examination of sampled packages in six districts revealed that in contravention of the PMGSY guidelines, 34 packages out of 73 test-checked were completed with delays ranging from 02 to 28 months as shown in **Table 3.31.**

Table 3.31: Delay in completion of work (Completed works)

Delay in months	2 to 12	13 to 20	21 to 28
Number of works	20	9	5

Source: Departmental records

Reasons for the delay were mainly delay in tendering and slow execution of works by the contractors.

In addition, 38 packages (21 roads and 17 bridges) out of 73 packages were in progress with delay ranging from 2 to 28 months as detailed in **Table 3.32**.

Table 3.32: Delay in completion of work (ongoing works)

Delay in months	2 to 12	13 to 20	21 to 28
Number of works	6	9	23

Source: Departmental records

As of December 2022, an expenditure of ₹460.09 crore had already been incurred for execution of these ongoing works. Reasons for non-completion of the works were mainly delay in tendering process and slow execution by contractor (18 packages), interstate boundary issue (02 packages) and land dispute (01 package).

Thus, due to delay in completion of 38 projects, 98 habitations having a population of 13,903 would be deprived of all-weather road till completion of the works.

Accepting the audit findings, the State Government in Exit Conference stated (June 2023) that it was aware of the delay and are taking necessary action for expediting the projects. In-fact a proposal for constitution of Project Monitoring Unit (PMU) is under consideration for expediting the process and monitoring of the execution.

Recommendations:

The Department maytake appropriate steps to avoid abnormal delay in execution of works.

(vi) Release of performance guarantee before expiry of defect liability period

As per the conditions of contract, the PIUs are to obtain Performance Security (PS) before signing agreement with the firm. Further, PIUs are to deduct Security Deposit (SD) for each running bill. Both PS and SD are to deduct to the extent of 10 *per cent* of agreement value of work. After completion of work to satisfaction of the Department, five *per cent* amount is released and the balance amount is to be released to the contractor after the five-year period fixed for routine maintenance (defect liability period) is over and the Engineer has certified that the contractor has satisfactorily carried out the routine maintenance work. The GoI, however, reduced (November 2020) retention of security to the extent of three *percent* of the value of agreement due to economic slowdown for Covid-19.

Audit scrutiny of test checked projects revealed that DPIUs in sampled districts released PS and SD amounting to ₹1.14 crore and ₹3.15 crore respectively to contractors before completion of work/defect liability period of five-years as shown in **Table 3.33.**

Table 3.33: Release of Performance Security before end of defect liability period

Sl. No.	Name of work	Date of completion	Date of release	Amount released before completion of work/expiry of defect liability period	
				PS	SD
1.	Road from Pidi Rime to Gadimesi	work in progress	September 2022	14.61	124.46
2.	Road from Ringi to Yachugi Garu	May 2022	May 2022	-	32.92
3.	Likabali Along BRO Road to Kangku 30 Km	work in progress	February 2022	-	120.90
4.	PWD road Sagalee Sakinag 14 Km point to Apop Sango (Stage-II)	June 2021	January 2021	10.31	-

Sl. No.	Name of work	Date of completion	Date of release	Amount released before completion of work/expiry of defect liability period	
				PS	SD
5.	Domdila-Laching road to Doka (Stage-I) Length 40.00 km	work in progress	June 2021	95.32	223.96
6.	T01-2 point 5 km point of Seppa Chayangtajo road to Jejudada (Stage-II)	January 2021	January 2021	2.81	26.40
7.	Road from Pakoti to Tallang-I (TRACK-33), Stage-II (14.60km)	June-2021	August 2021	-	58.56
8.	Road from Richikrong HQ to Kampu (Stage-II)	February-2022	February 2022	5.86	5.85
Total				**114.31**	**314.77**

Source: Departmental records

It would be seen that from the above that DPIUs released PS and SD in four projects (Sl. No. 2, 4, 6, 7 and 8) well before completion of five years defect liability period, whereas in case of four projects (Sl. No.1, 3and 5) these were released even before completion of works.

Release of PS & SD before the expiry of defect liability period of five-years would be putting the maintenance work at risk and was an undue financial benefit extended to the contractor.

Accepting the audit finding, the Department assured that necessary control will be introduced to ensure better compliance in future.

(vii) Last mile connectivity not achieved

The intended benefit of the programme can only be achieved if the targeted habitations are provided with last mile connectivity by way of an all-weather road with necessary Culverts/CD/Bridges to make it operational throughout the year.

Audit noticed that this was not achieved in some cases as given below:

Case study 5

The road from Yazali-Sakiang road 40 km point to Pilla (Full Stage) was awarded under package no. AR/07/03/024 by DPIU Sagalee in June 2019. The work was targeted to be completed by Jan 2021 at awarded cost of ₹46.50 crore to connect five habitations through all-weather road. Completion of road was however delayed due to slow implementation of road project and as of September 2022 was still in progress. Audit however noticed that DPIU had executed road work till Arung village only and not upto Nypong village which is approximately 7 km away. DPIUs did not give any reasons for not executing work till Nypong which is one of the five habitations targeted to be provided all weather connectivity.

Thus, due to non-execution of the road till Nypong village, the people of the habitation remained deprived of the scheme benefit of providing all weather connectivity.

Case study 6

The upgradation of road from Hollongi-Charali to Balijan was awarded in November 2020 at a cost of ₹6.89 crore. The work was stipulated to be completed in November 2021, got delayed by nine months due to slow execution by the implementing agency and as of August 2022 was still in progress. Four Long Span Bridges (LSBs) with total cost of ₹22.33 crore were also sanctioned alongside the road. Audit noticed that though all the LSBs have been constructed, approach roads to the bridges were not yet constructed and therefore could not be used. Pictures of bridges without approach roads are depicted below:



48 m long span Bridge over river Balijan



96 m Span Bridge over river Mugoli (Magoni)



72 m Span Bridge over river Tengabari



48 m long span Bridge over river Lenka

Without approach roads, bridges sanctioned at a cost of ₹22.33 crore could not provide necessary connectivity.

Thus, despite expenditure of ₹19.08 crore on construction of four bridges, road connectivity through approach roads to seven habitations was yet to be provided.

The State Government in Exit Conference accepted the audit finding and stated (June 2023) that corrective measures will be taken.

3.3.6.5 Miscellaneous

(i) Non-deduction of statutory dues

As per Geology and Mining Department, GoAP's order No. DGM/REV/MM/2021/2012/103-157 dated 17 April 2013, the Department shall deduct Royalty on Minor minerals from the contractor's bill before making payment to him. The royalty is to be deducted on the basis of Theoretical Consumption (TC) statement prepared by the Division on account of usage of various minor minerals such as sand, shingles, boulders, aggregate *etc.* in the road construction work.

It is seen that DPIU at Sagalee division executed one project "Road from PWD road Sagalee Sakinag 14 Km point to Apop Sango (Stage-II)". The project was sanctioned in October 2018 and completed in June 2021 at a total expenditure of ₹3.72 crore. The DPIU was to deduct an amount of ₹0.31 crore on the basis of TC against the project work. It was however observed that royalty had not been deducted from the contractor and full payment was released. No reasons were furnished for non-deduction of the royalty.

The State Government in Exit Conference stated (June 2023) that it will look into the matter and take corrective measures.

3.3.6.6 Joint Physical Verification of projects

To assess the implementation of PMGSY, Joint Physical Verifications of 35 roads having sanctioned cost of ₹718.72 crore out of 40 sampled road projects in six sampled districts

were carried out by audit teams along with staff of the implementing agencies.

Deficiencies noticed on the basis of JPV are discussed in succeeding paras:

(i) Payment without execution/inflated measurement of works

Audit scrutiny of records as well as Physical Inspection of seven projects out of 35 road projects revealed instances where figures in records *viz.* progress report, bills, MBs, *etc.*; were manufactured and inflated by the DPIUs to make payment in excess of the work actually executed. This led to undue benefit to the concerned contractors at the cost of public money. The details of deficiencies found during physical inspection in respect of seven projects are discussed in succeeding paragraphs.

(i) In project "BRTF Road to Sipe" in sampled district Kurung Kumey, PIU had shown completion of Black topping work of 15 km out of 26 km, construction of 64 nos. of Cross Drainages (CD) and Minor bridges in records at A total expenditure of ₹32.40 crore (*i.e.*, 96 *per cent* of agreement value of ₹33.70 crore) till December 2022. Further, PIU had also shown completion of all three Long Span Bridges (LSBS).

During joint physical verification of the project, it was noticed that construction of 25 nos. of CD structures and construction of one LSB (Span- 60 m over Kurung river) was completed. The Black topping work had not commenced.

Thus, PIU inflated physical progress and made excess payment of ₹20.37 crore (Black Topping (BT) ₹8.12 crore, CD ₹6.05 crore and LSBs ₹6.20 crore) to the contractor.

(ii) Out of 31.80 Km Road, under "Road from Damin to Tarbu (Full Stage) along with LSBs" in sampled district Kurung Kumey, PIU had shown completion of Granualar Sub Base (GSB) and Water Bound Macdum (WBM) work for entire length of road and Surface Course (Black Topping) for 11 Km in the OMMAS portal. During joint physical verification it was noticed that GSB work was executed insix km, WBM work in two Km and BT work was executed for less than one Km (0.8 Km).

The PIU had shown construction of 67 no. of culverts, however, only 15 number of culverts could be located during joint physical verification.

Similarly, as per MBs, out of three bridges,construction of one bridge (Span-80 m over Kumey River) and foundation work of other two LSBs were shown as completed. However, during physical verification, one LSB was found completed whereas foundation work of second LSB was found to have just commenced. The construction work of third LSB was yet to commence. Further, it was noticed that the division paid ₹2.33 crore to the contractor in advance for super structure materials for third LSB but the materials were not delivered at site.

(iii) In project "Road from BRTF road to Langro" the PIU had claimed completion of 23 km road at an expenditure of ₹17.24 crore till December 2022. However, joint physical verification of the project revealed that only 11.00 km (*i.e.* 48 *per cent* of 23 km) of Black Topping (BT) work was executed on the ground level. This had resulted in excess payment of ₹1.49 crore to the contractor for unexecuted BT work of 12 Km.

(iv) In project "Road from Likabali Along BRO Road to Kangku" in sampled district Lower Siang, PIU claimed that 25.50 km road was completed at an expenditure of₹29.56 crore. Joint physical verification of the project, however, revealed that BT work was executed upto 13.00 km (*i.e.* 51 *per cent* of 25.50 km) on the ground level. No work like GSB, WBM were found executed in 5.5 Km. Thus, PIU inflated records and made excess payment of ₹4.81 crore for the unexecuted items like GSB, WBM and BT.

Besides, PIU claimed completion of five LSBs including one LSB (Span-2x50 m) over Ngopi river. Audit, however, noticed that the bridge had not yet been completed as depicted in the following pictures:



Incomplete bridge (Span 2 x 50 m) over River Ngopi at 15.80 Km chainage with Abutment under construction

The PIU, however, released almost full payment of ₹7.08 crore to the contractor, out of the agreement amount of ₹7.10 crore, before completion of bridge.

(v) Similarly, in project "Road from New Minmang to Durpai" in sampled district Lower Siang, PIU had shown completion of BT work for 14 km out of 26 km, construction of 56 no. cross drainages and Minor bridges for a total expenditure of ₹13.20 crore (*i.e.*, 100 *per cent* of agreement value) till December 2022.

Further, PIU also showed all three LSBs as completed at an expenditure of ₹4.58 crore. During joint physical verification of the project, construction of 22 number of CD structures and one LSB (Span- 35 m over Durpai river) were found completed. It was seen that BT work was completed for 2.50 km.

Photographic evidence of incomplete LSBs over Champak and Minmang rivers, taken during JPV (conducted on 15 October 2022), are depicted below:



Incomplete LSBs at Champak and Minmang river respectively with Abutment under construction

Thus, PIU inflated records and made excess payment of ₹7.82 crore (BT ₹1.84 crore, CD ₹3.41 crore and LSBs ₹2.56 crore) to the contractor.

(vi) In upgradation project "NH-52 to Deepa" in sampled district Lower Siang, PIU claimed construction of 60 m long RRM wall valued at ₹10.84 lakh and also recorded this in MB. Physical verification of project site revealed execution of no such work. On these being pointed out, the Department replied that the work will be taken up soon. Thus, PIU had inflated records to make payment to the contractor.

(vii) In project "Seppa-Pakoti road to Hamba Pinda" in sampled district East Kameng, PIU, Seppa had shown execution of BT work of 14 Kms road out of 15 Km and execution of CC drain for 2,250m and accordingly released full payment to contractor. Jointphysical verification of project revealed execution of Black topping work for 9.2 km and CC drain for length of 1,000 m only at ground level. Thus, the PIU inflated physical progress and made excess payment of ₹79.15 lakh (BT ₹54.14 lakh and CC drain ₹25.01 lakh) against the unexecuted portion of work.

Thus, ₹52.68 crore was paid to contractors in seven projects without execution of work or with inflated measurement of works.

While accepting audit findings, the State Government in Exit Conference stated (June 2023) that it is serious matter. The Secretary, RWD assured to look into the matter and further assured to take necessary remedial measures.

Recommendations:

(i) The State Government may ensure fixing responsibility after taking action against erring officials for extending advantage in the form of excess payment to the contractors against incomplete work /without execution of work.

(ii) The Department maytake appropriate action against the contractors for claiming false bills as well as steps to recover the excess payment made to the contractors.

(ii) Poor construction of road works

Audit came across instances of poor construction of work and lack of maintenance resulting into roads in deplorable conditions as discussed below:

1. The road from Ringi to Yachungi Garu was completed in February 2022 at a cost of ₹4.61 crore. Though the road was completed only eight months ago, it started deteriorating and developed potholes between chainage 0.10 km to 2.60 km as shown below:



Road in deteriorated condition within eight months of construction

2. The road from T01-2 point five km point of Seppa Chayangtajo road to Jejudada (Stage-II) was completed in December 2020 at the expenditure of ₹5.28 crore. Physical

verification revealed that the black topping including WBM-III wearied off at many places and the road developed many potholes causing immense trouble to the daily commuters as depicted in pictures below:



Road from T01-2 point 5 km point of Seppa Chayangtajo road to Jejudada in deplorable conditions

Though road was completed almost 21 months ago, however no maintenance of road was taken up by the contractor.

3. The road from Likabali Along BRO Road to Kangku 30 km (Full Stage) in Lower Siang was claimed to have been completed at a total cost of ₹29.06 crore. Physical verification revealed that the work is still ongoing and wasfar from completion. Audit also noticed the road in deplorable condition due to damage to culverts and erosion due to poor workmanship as depicted in below pictures:



Road in deplorable condition due to damage to culverts and erosion for poor workmanship

4. The road from Liromoba village to Rise (Stage-II) was completed at a cost of ₹4.48 crore in September 2022. Audit during physical verification noticed damage to retaining wall alongside road. The damage to retaining wall has posed a threat to road as depicted below in the picture:



Damage to retaining wall posing threat to road

PIU stated that maintenance of retaining wall would be taken up soon.

Thus, PMGSY roads were found as having deteriorated, due to non-provision of concrete drainages, insufficient culverts, retaining walls *etc.*

All these road projects fell within defect liablity period of five years under maintenance; however, the department officials neither monitored poor condition of roads nor did they take any action to set right the damaged roads.

Accepting the audit findings, the Department stated (June 2023) that it will strengthen quality control and monitoring mechanism to contain such incidence in future.

(iii) No plantation alongside road

Paragraph 21.2 of Guidelines of PMGSY provide that planting of fruit bearing and other suitable trees, on both sides of the roads would be taken up by the State Governments / Panchayats from their own funds or through convergence with other rural development programmes including MGNREGA. CAMPA/ Mineral cess funds may also be utilised for this purpose.

Joint physical verification of 15 completed roads revealed that plantation alongside road was not taken up in any project except one road project.



Lone project "Road from NH-52 to Dipa" with plantation on both side





Road from Richikrong HQ to Kampu without any plantation

PIUs only stated that no funds for the purpose were provided, however they did not explore other schemed for plantation through convergence of schemes.

The State Government while accepting the audit findings in the Exit Conference, stated (June 2023) that it had contacted Rural Development Department for convergence of MGNREGS with PMGSY for labour component for plantation of trees, however, with partial success. It further assured to intensify its efforts to make it more successful.

Recommendation: The State Government may take immediate steps with Rural Development Department for plantation alongside PMGSY roads.

3.3.6.7 Maintenance of PMGSY roads

(i) Non-utilisation of maintenance fund by State

Maintenance helps in preserving the pavement surface, and irregularmaintenance of roads may lead to deterioration of the road at a faster rate than usual. Maintenance of rural roads constructed under Pradhan Mantri Gram Sadak Yojana (PMGSY) is the responsibility of the State Government. As per programme guidelines, State Governments are required to undertake maintenance of the road works constructed/upgraded under PMGSY. Para 1.2 of Maintenance fund manual of PMGSY states that the maintenance of PMGSY roads for a period of five years was to be done by the contractor every year after completion of road as per contract with the Department. Funds for maintenance purpose were to be provided by State Government from its own resources and placed at the disposal of ARRDA in a separate Maintenance Account. In order to ensure the sustainability of

assets created under the scheme and to provide traffic worthy road, the Department was required to prepare an Annual Maintenance Plan (AMP) and utilise funds allocated for the purpose.

Scrutiny revealed that during 2017-22, though ARRDA received Maintenance Funds of ₹71.86 crore for roads under Defect Liability Period (DLP) of five years post-construction, it did not prepare any annual maintenance plan. In the absence of maintenance plan, it could utilise only ₹26.39 crore during 2017-22 resulting in short utilisation of funds of ₹45.47 crore as shown in **Table 3.34**.

Table 3.34: Non-utilisation of maintenance fund

(₹ in crore)

Year	Maintenance fund received	Expenditure incurred under routine maintenance	Short utilisation of fund
2017-22	71.86	26.39	45.47

Source: OMMAS records

The audit observation was confirmed by National Quality Monitors (NQMs)who found that out of 137 road works, 105 works were not maintained at all and 21 works were poorly maintained during 2017-22.

Thus, in absence of maintenance plan the funds could not be utilised during the period.

While accepting the facts, the State Government in Exit Conference stated (June 2023) that action was intiated for utilisation of funds.

(ii) Absence of zonal maintenance contracts

For ensuring adequate maintenance, all PMGSY roads were to be covered by five years maintenance contract, to be entered into along with the construction contract, with the same contractor in accordance with the standard bidding document. The State Government was also required to prepare annual maintenance plan following sound asset management practices for ensuring maintenance of PMGSY roads after the five years contract period. On expiry of five years post construction maintenance, PMGSY roads were required to be placed under zonal maintenance contracts consisting of five-year maintenance including renewal as per cycle. The State Government was to make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the ARRDA in the Maintenance Account.

However, it was noticed in audit that State Government did not envisage or prepare any zonal maintenance contracts as of March 2022. Thus, the maintenance of roads was not effectively ensured. Reasons for not complying with the guidelines on zonal maintenance contract were not furnished to audit.

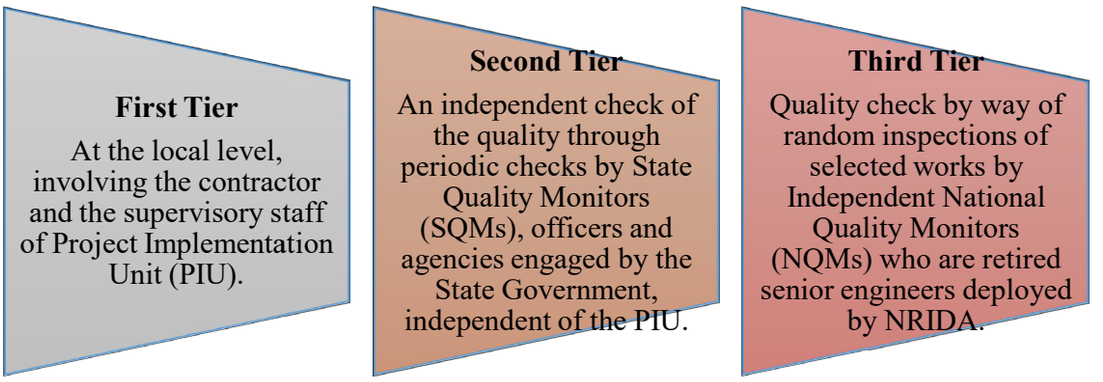
Accepting the audit finding, the State Government in the Exit Conference stated (June 2023) that the proposal for zonal maintenance of roads is under consideration and the Department is already in correspondence with the Government for funding.

3.3.6.8 *Quality Control*

Since large investments are being made in rural roads, it is desirable that good quality roads meeting the laid-down standards and specifications for durable assets shall be

constructed. Online Management, Monitoring and Accounting System (OMMAS) developed for PMGSY is the chief mechanism for monitoring the programme. A three-tier quality mechanism was institutionalized under PMGSY for maintaining high standard of roads as shown in **Chart 3.8**.

Chart 3.8: Three tier quality control mechanism



(i) Non-establishment of district level Quality Control Laboratories

Paragraph 11.7 of OM provides that the States are required to establish (or cause the Contractor to establish) Field Level Quality Control Laboratories (FLQCL) and District Level Laboratories (DLL) as per provisions of the Rural Road Manual. The laboratories are required to be provided with quipment and trained staff.

Audit observed that though Field Level Quality Control Laboratories were set up by the contractors in their respective road projects, District Level Laboratories were not set up in five sampled districts. Further, one district namely Papumpare[35] wherein DLL was established; was found to be non-functional for want of requisite power connection (Three Phase Line). Therefore, equipment and machinery procured for tests in laboratory were lying idle as depicted in pictures that follow:



Equipment lying idle in District level laboratory at DPIU Poma Yupia for want of requisite power connection

Thus, in the absence of DLL, DPIUs in the sampled districts could not ensure execution of quality work through periodic Quality Control Tests.

Accepting the audit finding, the State Government during Exit Conference stated (June 2023) that necessary action will be taken to rectify the gaps. It further assured to make defunct laboratory at Papumpare functional.

[35] RWD Poma Division

(ii) Non/Improper maintenance of quality control registers

Paragraph 11.4.3 of the OM envisages that for quality control on material and work management at site, the PIU is to ensure that quality control registers (QCRs) were maintained for each of the road works for recording all tests conducted. The register is to be maintained in two parts, *viz.*, Part-I for record of the tests conducted was to be kept at site of the work and Part-II containing the abstract of the tests. Non-conformance reports are to be maintained by the Assistant Engineers (AEs).

Audit observed that QCR Part-I registers were maintained for all test checked packages except five[36] number of packages which could not be furnished. However, Part-II registers were not maintained by the Assistant Engineers in sampled DPIUs which indicated that prescribed quality controls were not followed during 2017-22. Prescribed monthly returns were not submitted by the Assistant Engineers to the Executive Engineers in all test-checked divisions.

The State Government during Exit Conference stated (June 2023) that QCR registers part-2 are maintained in most AE offices and assured to furnish copy thereof. However, the Department did not furnishrelevant copies as of July 2023.

(iii) Second Tier/Third Tier quality mechanism

The details of inspections conducted by NQM and SQM in the State are shown in **Table 3.35.**

Table 3.35: Road works inspected by NQM and SQM during 2017-22

Agency	Total no. of roads required to be inspected	Out of which total no. of roads:		Number of road works graded as:			Action Taken Reports (ATRs) pending
		Inspected	Not inspected	Satisfactory (In *per cent*)	Unsatisfactory *(Inper cent*)	Satisfactory but Requiring Improvement (SRI) (In *per cent*)	
1	**2**	**3**	**4**	**5***	**6****	**7*****	**8**
SQM	2896	2824	72	2315 (82)	111 (4)	398 (14)	-
NQM	988	523	465	425 (81)	37 (7)	61 (12)	39
Total	**3884**	**3347**	**537**	**2740 (82)**	**148 (4)**	**459 (14)**	**39**

Source: Records of OMMAS

* Percentage = {(Col.5/Col.3)*100}

** Percentage = {(Col.6/Col.3)*100}

*** Percentage = {(Col.7/Col.3)*100}

From the above it may be seen that NQM conducted 523 inspections while SQM conducted 2,824 inspections of road projects in the State during 2017-2022. Out of these 607 works were graded as unsatisfactory or SRI. DPIUs had not submitted ATRs on 39 (40 *per cent*) out of 98 (37 + 61) works. There were 537 works which were not inspected by NQM/SQM even once during the same period indicating shortfall in inspections.

[36] C/o 48-meter span Bridge over river Lenka, Bridge over river Tengabari, C/o 96 meter Span Bridge over river Mugoli (Magoni), C/o 48 meter span Bridge over river Balijan for the road from Hollongi Charali to Balijan HQ and Road from 12 Km point of Domdila-Laching road to Doka (Stage-I)

Similarly, in sampled districts, NQM made 215 inspections while SQM made 1,071 inspections during 2017-22. Out of 1,286 inspectionsof 1286 works conducted, 211 works were graded as unsatisfactory or SRI and remaining were graded as satisfactory. NQM did not conduct inspection of 177 works and SQM did not take up inspections of 19 works.

Thus, there was shortfall of 537 inspections by NQM and SQM resulting in deficiencies/ defects which were not pointed out by NQM/ SQM. The Department also did not furnish records of action taken report (ATR) on works graded as unsatisfactory or SRI.

Accepting the audit finding of shorfall in inspection by NQM, the State Government during Exit Conference stated (June 2023) that it can not reply for NQM. However, it attributed the shortfalls in inspection by SQM to the Covid epidemic and added that it is aware of the shortfall and accordingly is taking appropriate measures. It was also assured that appropriate action on the findings of NQM and SQM inspections will be taken.

3.3.7 Conclusion

The execution of road work suffered due to non-organisation of transect walk and non-obtaining of encumbrance free land for projects. There were instances of selection of ineligible works, outside CNCPL/CUPL. Implementing agencies did not obtain insurance cover of the work to ensure risk coverage, thereby giving undue benefit to the contractors. Substantial amount of mobilisation/ equipment advances remained unrecovered from the contractors. Tendering procedure was deficient and works were awarded after inordinate delay. Project management was weak and there were unexpected delays. There were seven number of cases wherein excess payment was made without completion of work. Maintenance funds were not utilised. Roads constructed under the programme were not properly maintained. The monitoring mechanism was weak as the SLSC meetings were not held. Impact assessment was not carried out as envisaged which indicated weak internal control mechanism.

3.3.8 Recommendations

The State Government may:

- *initiate disciplinary action against the concerned officer(s)/ officials(s) of ARRDA after investigating the matter on incurring excess administrative and travel expenses above the permitted limit set out in the Guidelines.*
- *ensure the mutation of the land in the name of the State Government to avoid any land dispute in future*
- *apart from obtaining approval of NRIDA; recoup tender premium amount to ARRDA so that other projects are not affected due to lesser availability of funds.*
- *issue necessary instructions to the PIUs for forfeiture of earnest money in cases of withdrawl of bids by the successful contractors.*
- *take up the matter with the Ministry to modify the Standard Bidding Document and adjust the interest on Mobilisation advances appropriately as well as ensure timely recovery of mobilisation and machinery advances.*

- *ensure fixing responsibility after taking action against erring officials for extending advantage in the form of excess payment to the contractors against incomplete work /without execution of work.*
- *take immediate steps with Rural Development Department for plantation alongside PMGSY roads*
- *release programme funds in a timely manner along with interest for the delay.*

The Department may:

- *take up the matter with State Bank of India for early settlement of interest amount and introduce a stringent monitoring system to avoid loss of interest on account of short/ non-investment of funds as per agreement.*
- *monitor the expenditure on administration and travelling expense of PIU and ARRDA so as to restrict them within the permissible limit.*
- *investigate the matter and fix responsibilities against the defaulting official(s) for fabricating vital records*
- *take action against the contractors for submitting false bills and early action may be taken to recover the excess amount from the contractors*
- *obtain expost facto approval of NRIDA on the material change in the scope of work and also change data in OMMAS with NRIDA authorisation.*
- *make necessary provision of adequate number of CDs in the estimate of road projects for proper drainage to ensure longevity and serviceability of roads.*
- *take appropriate steps to avoid abnormal delay in execution of works.*
- *take appropriate action against the contractors for claiming false bills as well as steps to recover the excess payment made to the contractors*

Compliance Audit Paragraphs

Animal Husbandry and Veterinary Department

3.4 Misappropriation of Public Money

District Animal Husbandry & Veterinary Officer, Boleng falsified office records by forging supply orders and bills for pig feed issued to a firm with invalid GST registration to misappropriate ₹8.57 crore of public money.

Rule 149(viii) of General Financial Rules (GFR), 2017 envisages that demand of goods shall not be divided into small quantities to avoid the necessity of obtaining sanction of higher authorities. Rule 158 of GFR states that the Departments shall procure goods giving wide publicity and by following standard method *viz*. Advertised Tender Enquiry (for procurement of goods above ₹25.00 lakh), Limited Tender Enquiry (for procurement upto ₹25.00 lakh), Two Stage Bidding (for procurement of high value goods) and single tender enquiry (if only a particular firm is manufacturing required goods).

Delegation of Financial Power Rules issued (February 2016) by the GoAP delegates sanctioning power upto ₹30,000 to Category 'A'(DC's *etc.*) and ₹20,000 to category 'B' (ADCs (Ind) *etc.*) in respect of contingent expenditure (non-recurring).

Rules 208 and 209 of GFR,2017 provide that all stores received should be examined, counted, measured/weighed, when delivery is taken, and these should be taken into stock by a responsible Government Officer who should see that requisite quality and quantities are correct. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

Scrutiny (August 2021) of records of the District Animal Husbandry & Veterinary Officer (DAH&VO), Boleng showed that an expenditure of ₹8.57 crore had been incurred on procurement of 57,187 bags of 'Pig Feeds Finisher Ration' during 2018-19 to 2020-21. Out of ₹8.57 crore, pig feed worth ₹58.80 lakh[37] was procured under Arun Pig Development Scheme (APDS).

The year-wise expenditure incurred, and quantity of pig feeds procured from the supplier are detailed in **Table 3.36**.

Table 3.36: Details of pig feeds procured

Supplier	Year	No of Bills	No of Sub-vouchers	Quantity (in bags)	Amount (₹ in lakh)
M/s T.K. Enterprises, Lumla, Tawang	2018-19	51	1,786	19,136	254.51
	2019-20	101	3,467	32570	495.28
	2020-21	23	783	5481	106.88
Total		**175**	**6,036**	**57,187**	**856.67**

Source: Departmental Records and Central Audit for vouchers of 2018-19

[37] The expenditure in respect of APD Scheme (state plan) was charged to Other Expenses under Major Head 2403 while the remaining expenditure was booked under Office Expenses of the minor head 001 (Direction & Administration) under the same major head.

Audit observed that-

- The pig feeds were procured from a Tawang based firm[38] by issuing total 6,036 orders in violation of GFR.
- The payments were released to the supplier through 175 bills between February 2019 and January 2021. The bills were divided into 6,036 sub-vouchers in order to keep value of each sub-voucher within the financial power of the DAH&VO[39] (category B) to avoid the necessity of obtaining sanction of the higher authorities.
- DAH&VO, Boleng had procured a total of 13,15,301 Kg (57,187 bags x 23 Kg) of pig feeds worth ₹8.57 crore from the firm between 2018-19 and 2020-21. However, Audit found that the stock account of the pig feeds procured was not maintained and no certificate was appended as per the GFR.

Thus, non-maintenance of stock accounts raised serious concern over the authenticity of the procurement and utilisation of such huge quantity of pig feeds.

- It was also found that there was only one pig breeding farm (Pig Breeding Farm at Jomlo Village) with capacity of 22 pigs under the administrative control of DAH&VO, Boleng. According to the APD Scheme, the requirement of pig feed per day was 1.5 Kg per pig per day. Hence, the maximum requirement of pig feeds for the farm with capacity of 22 pigs should be 29,205[40] Kg.Thus, the procurement of 13,15,301 Kg was doubtful.
- The GST number[41] mentioned in the bills of M/S T.K Enterprises, Lumla, Tawang had only 14 digits. Audit cross-checked the registration number of the firm on GST Portal and revealed that the number was in fact invalid.

Thus, DAH&VO, Boleng falsified office records by forging 6,036 sub-vouchers for pig feed issued to a firm with invalid GST registration number and misappropriated ₹8.57 crore of public money during 2018-19 to 2020-21.

The Departmentin its reply stated (September 2022) that the correct GST registration number of the firm M/s T.K. Enterprises, Lumla is '12AYKPG9572D1ZG'. However, 3rd digit 'A' has been mistakenly left out from the bills/ invoice due to typing error. Further, the fund was being received at the fag end of the financial year. Therefore, standard procedures for procurement of pig feeds could not be followed. With regards to procurement of huge quantity of pig feeds, it was accepted that there were only 22 pigs under administrative control of the Department all of which succumbed (August 2020) to a disease outbreak. However, the pig feeds were distributed to the farmers/ beneficiaries in the district. The Department further stated that being a new establishment with inefficient staff, the stock and issue records of pig feeds could not be maintained.

The reply of the Department is not acceptable as typing errors in GST registration number of firm cannot be committed consistently in 6,036sub-vouchers in multiple years from

[38] M/s T.K Enterprises, Lumla, Tawang

[39] ₹20,000 in respect of contingent non-recurring expenditure

[40] 1.50 kg/ day x 22 pigs x 885 days (till August 2020 when all the pigs succumbed to disease outbreak)

[41] Goods and Services Tax (GST) number is a unique 15 digits' alphanumeric number assigned to a firm registered under GST Act

2018-19 to 2020-21. Further, verification of the corrected GST registration number shows that the firm dealt with Limestone and Iron & Steel bars only. The Department's claim regarding distribution of pig feeds to beneficiaries/ farmers in the district was also not supported by beneficiary-wise details of quantity issued, beneficiaries' acknowledgment, *etc.* Further, no stock register was maintained for accounting of procured pig feeds.

The matter was reported (13 June 2022) to the State Government. However, the reply was awaited (September 2024).

Recommendations:

The State Government mayinvestigate the case to fix responsibility and initiate disciplinary action against the officer(s) responsible for misappropriation of public money and breaching codal formalities.

Public Works Department (PWD)

3.5 Wasteful Expenditure

ExecutiveEngineer, Public Works Department (PWD), Hayuliang Divisionproposed and undertook a major road project without conducting any survey which was later found to be non-workable and the Department was forced to close the project after incurring expenditure of ₹21.84 crore. The expenditure was proven wasteful as the objective to connect Manchal administrative circle with District headquarter, Hawai remained unachieved. Similarly, in another case, due to inability of the Executive Engineer, PWD, Mariyang to closely monitor and timely review the implementation of project in addition to extending undue favor to contractor, funding to the project was stopped and the project remains incompleteeven after nine years from the stipulated date of completion and after spending ₹2.53 crore.

Paragraph 4.1 of Non Lapseable Central Pool of Resources (NLCPR) Guidelines, 2004 stipulates that the baseline data/survey report should be prepared before formulation of a project. It is essential that the baseline surveys be undertaken in case of large, beneficiary-oriented projects to assess success of project. Paragraph 8.6 of Guidelines states that the State Government shall ensure release of fund to the implementing agency within 15 days from the date of release by the Government of India (GoI).

Paragraph 9.1 and 9.2 of the NLCPR guidelines stipulate that the State Government shall quarterly report the progress made in each NLCPR funded project to the Ministry of Development of North Eastern Region (DoNER), GoI. The Chief Secretary of the State shall hold quarterly meeting to review the progress of implementation of the ongoing projects. NLCPR guidelines further state that the State Government shall ensure release of fund to the implementing agency within 15 days from the date of release by GoI. Further, if the project could not be completed within the targeted date, as given in the DPR of the State Government plus six months, DoNER would stop funding.

Further, Section 2.1(ii) of CPWD Manual, 2014 stipulates that no work should be commenced or any liability thereon incurred until an administrative approval has been obtained, and a properly prepared detailed estimate has been technically sanctioned.

Cases of wasteful expenditure on projects executed by Public Works Department are discussed below:

3.5.1 Construction of Road from Hawai District headquarter to Manchal Administrative Circle (55.77 Km)

The project 'Construction of Road from Hawai District headquarter to Manchal Administrative Circle (55.77 Km)' was approved by the Ministry of Development of North Eastern Region (DoNER), GoI during 2008-09 under NLCPR. The objective of project was to connect Manchal Administrative Circle with the District Headquarter, Hawai and provide benefit to 4,012 habitants of 79 villages. Manchal is a remote administrative Headquarters in Anjaw District and unconnected with the rest of the country till date.

DoNER accorded administrative approval and expenditure sanction of ₹32.53 crore for Phase-I in October 2008 and ₹33.31 crore for Phase-II in December 2013. The project cost was to be shared between GoI and State Government on 90 *per cent* (₹29.27 for phase I and ₹29.97 for phase II)and 10 *per cent* (₹3.25 for phase I and ₹3.33 for phase II) basis. The scope of work as per the original sanction is detailed in **Table 3.37**.

Table 3.37: Scope of work and abstract of cost

(₹ in crore)

Sl. No.	Phase-I		Phase-II	
	Provision	**Amount**	**Provisions**	**Amount**
1.	Formation cutting 55.77 Km	16.33	RCC Bridge 10.0 mtr Span 4 nos	5.31
2.	Slab Culvert 1.5 Mtr Span 112 Nos	3.56	RCC Bridge 15.0 mtr Span 9 nos	12.79
3.	Slab Culvert 2.0 Mtr Span 80 Nos	4.27	RCC Bridge 30.0 mtr Span 7 nos	15.21
4.	Slab Culvert 4.0 Mtr Span 45 Nos	5.67		
5.	Slab Culvert 6.0 Mtr Span 20 Nos	2.70		
Total		**32.53**	**-**	**33.31**

Source: Departmental Records

The GoI released first instalment of central share of ₹10.24 crore for Phase-I in November 2008 and ₹11.99 crore for Phase-II in December 2013. The same was released by the State Government in February 2009 and March 2014 with delay of two months but its own share to the extent of 10 *per cent* was not released. Delays in release of fund in violation of NLCPR guideline requiring the release of funds by the State Government to the Implementing Agency within 15 days of date of release by the GoI resulted in delay in utilisation of fund which in turn affected the progress of work.

Scrutiny of records (May 2021) of the Executive Engineer (EE), PWD, Hayuliang Division revealed that against the approved total road length of 55.77 Km under Phase-I, the Division invited tender for only 20 Km (Chainage 0 to 20 Km) road work in December 2008. The work was awarded to M/sSangrila Trade Agency, Bhalukpong for construction of 18 Km road work (2.00 km to 20.00 km) in March 2009 at a negotiated amount of ₹8.38 crore. The road work from 0.00 to 2.00 km was executed on piecemeal work order basis by engaging local contractors.

The Technical Sanction (TS) for the 20 Km road work was accorded by Chief Engineer (Eastern Zone) on 01 November 2012 *i.e.,* after 31 months from the commencement of work. The contractor had completed the work till chainage 14.73 Km. as of January

2014, and no further progress has been made on the work since then. The Division conducted a survey of the project in June 2015 and determined that the road length required to connect Manchal Circle was only 31.60 Km instead of 55.77 Km. as stated in the Detailed Project Report (DPR). Thus, the division prepared revisedDPR and initiated the work without conducting the required survey and without obtaining TS from the competent authority.

Phase-II of the project was sanctioned for construction of 20 long span bridges. The Division floated tender for construction of five bridges (10.00 Mtr Span 01 nos, 15.00 Mtr Span 03 nos and 45 Mtr Span 01 no.) in August 2014 on *'Turnkey basis'*. The original sanction did not provide for any bridge with 45 mtr span. The work was awarded to firm M/s SR Enterprises, Tawang in December 2014 at an agreement cost of ₹9.71 crore. Audit observed that the division neither had prepared DPR nor obtained TS for the Phase-II. The work was commenced without finalising layout plan, sub-soil investigation (SSI) and ascertaining actual length of bridges resulting in changes later in agreed scope of work from five bridges (10.00 Mtr Span 01 nos, 15.00 Mtr Span 03 nos and 45 Mtr Span 01 no) tosix bridges (10.00 Mtr span 04 nos and 15.00 Mtr Span 02 nos) during execution of work. The target date of completion of work was June 2016. However, due to delay in finalisation of layout plan and change in scope of work, the work was delayed by five years from the scheduled date and could not be completed till September 2024.

In a review meeting held on 05 December 2017, the GoAP closed the project on 'as is where is' basis as there was no longer any scope for completion within the sanctioned cost. However, no approval was obtained from the Administering ministry[42] of NLCPR. The total fund released towards the project was ₹24.71 crore[43] out of which ₹21.84 crore[44] has been utilised as on 31 December 2021 and as per progress reports of the division, total expenditure of ₹11.52 crore[45] and ₹13.19 crore has been incurred on Phase I and Phase II of the project respectively. Out of the expenditure of ₹13.19 crore shown as incurred under Phase II, an amount of ₹2.87 crore was parked in Deposit Part-V.

Thus, the Department proposed and undertook a major road project without conducting proper survey as evident from the fact that the actual road length was later found to be only 31.60 km as against 55.77 km stated in the DPR and the number and length of bridges changed during the course of execution of the project. The project was ultimately found to be not workable and the Department was forced to close the project after incurring expenditure of ₹21.84 crore (Phase I ₹11.52 crore + Phase II ₹10.32 crore). The expenditure proved wasteful as the objective to connect Manchal administrative circle with District headquarter, Hawai remained unachieved.

The matter was reported to the Department in June 2021 and the State Government in June 2022. The State Government in its reply stated (August 2022) that the road survey of the project was physically carried out for complete road length and L-Section of the road

[42] Ministry of Development of North Eastern Region

[43] Phase-I: central share ₹10.24 crore, state share ₹1.28 crore, Phase-II: central share ₹11.99. crore, state share ₹1.20 crore.

[44] Phase-I: ₹11.52 crore, Phase-II: ₹10.32 crore

[45] ₹8.05 crore agreement work + ₹3.12 crore for 0 to 2.00 km FC on work order basis +₹0.35 crore maintenance work

were finalised for 55.77 km. The formation cutting of the work could not be continued beyond 14.73 km due to critical landslide in July 2014. The project was non-workable hence proposed for closure. The completed stretch of 14.73 Km road is being utilised by seven villages situated alongside the completed road.

The claim of the Government regarding road survey could not be accepted.If the survey was conducted physically and determined as 55.77 km. then there was no requirement of a second survey, however the revised requirement was fixed as 31.60 km. instead of 55.77 km. Further, if the work could not be continued beyond 14.73 km. due to critical landslide in July 2014, then there should have been no requirement of a revised DPR, which wasprepared.

3.5.2 Construction of Motorable Steel Arch Bridge (Span 90 Mtr) over river Yamne at Reglat

The Ministry of DoNER accorded (February 2010) administrative approval and expenditure sanction of ₹6.34crore for the project 'Construction of Motorable Steel Arch Bridge (Span 90 Mtr) over river Yamne at Reglat' under NLCPR. The project cost was to be shared between GoI and State Government on 90 *per cent* (₹5.71 crore) and 10 *per cent* (₹0.63 crore) basis respectively. Scope of work included approach road (₹79 lakh), Sub-structure (₹50 lakh) and Superstructure (₹4.31 crore). The objective of the project was to connect both the banks of Yamne River and reduce the distance to Yingkiong District headquarters by 40.00 km.

Ministry of DoNER released (February 2010) 1st instalment of its share of ₹2.28 crore to the State Government, in turn the same was released to the implementing agency only on 28 March 2011 with a delay of one year. The total fund released against project till date was ₹2.92 crore[46]. However, evidence of release of state share of ₹25 lakh was not produced to audit.

Tender for the work was invited by the Department in July 2010. The work was awarded in February 2011 to a Kolkata based firm 'M/s DK Engineering & Construction Pvt. Ltd.' at a negotiated amount of ₹Five crore. The formal agreement (turnkey basis) was signed between the Department and firm on 08 April 2011 after eight months from NIT date or 14 months after the receipt of 1st instalment from DoNER in violation of NLCPR guideline which states that the work must be awarded within three months of its sanction without waiting for the release of funds from the State Government to implementing agency. The reason for delay was not on record. Further, since the agreement was signed only after release of fund to the implementing agency, further delay was observed in execution of the contract.

The formal work order was issued to the contractor on 08 April 2011 and stipulated date of completion of project as per the agreement was 21 months (08 January2013).As of March 2015, an expenditure of ₹2.53[47] crore was incurred on the project.

Scrutiny of records (January 2021) of the Executive Engineer, PWD Mariyang Division

[46] Central Share ₹2.28 crore in February 2010, State Share ₹0.25 crore in 2014-15 and ₹0.38 crore in 2016-17.

[47] Bridge work: ₹77.59 lakh (+) Approach Road: ₹87.61 lakh (+) Contingency: ₹8.99 lakh (+) Mobilisation Advance: ₹36.00 lakh (+) Advance made for superstructure: ₹43.15 lakh = ₹253.34 lakh

revealed that during review of progress of work on 18 October 2012, the Division noted that the work had not commenced since the issue of the work order even after lapse of 18 months despite payment of interest free Mobilisation Advance (MA) of ₹49.99 lakh. Audit noted that the contractor commenced the work only in January 2014 after a lapse of three years from the issue of work order. However, due to delays and unresponsiveness of the contractor, the Division declared (February 2016) that the firm was not competent to complete the work technically as well as financially.

According to the payment schedule fixed in the contract, 10 *per cent* of contract value was to be released to the contractor after completion of Substructure, 45 *per cent* after fabrication of Superstructure, 60 *per cent* after delivery of fabricated components of Superstructure at site, 90 *per cent* after complete erection of bridge and 100 *per cent* after load testing and commissioning. It was however noticed that the Division paid ₹1.21 crore (24 *per cent* of contract value) to the contractor as of March 2015 based on five RA bills though only 40 *per cent* of the Substructure and 25 *per cent* of the Superstructure was completed.

Out of ₹1.21 crore paid to the contractor, ₹43.15 lakh was paid as advance towards superstructure and ₹49.99 lakh as interest free Mobilisation Advance (MA).

It was observed that the Division extended undue favour to the contractor by providing interest free MA of ₹49.99 lakh in October 2011 beyond the T&C of contract and also in violation of CPWD Manual[48]. Out of MA paid, ₹13.99 lakh had been recovered from the contractor leaving outstanding balance of ₹36.00 lakh as of March 2021.

Thus, an amount of ₹79.15 lakh (MA ₹36.00 lakh + advance for superstructure ₹43.15 lakh) was due from the contractor. However, without taking any substantive action to recover the amount, the Division terminated the contract in December 2020 unilaterally as the contractor could not complete the work despite repeated efforts of the Division. The Bank Guarantee could not be invoked after its expiry leaving no scope for the Division to recover the outstanding amount. The Division had only Security Deposit of ₹9.94 lakh which was deducted from the running account bills. Thus, total outstanding amount of ₹69.21 lakh (₹79.15 lakh – ₹9.94 lakh) was overpaid to the contractor. Status of incomplete project can be seen in the following photographs:



The project was completely abandoned and there was no progress after March 2015

[48] CPWD Manual, stipulates 10 *per cent* simple interest onMA

Since, the project could not be completed by the stipulated date, DoNER closed further funding of the project and as such it would create a burden on the State exchequer to complete the project. However, no such proposal has been initiated even after nine years of the project being defunded.

It is pointed out that the project was reviewed by the Division on 18October 2012 *i.e.*, after 18 months of the issue of work order whereas it was required to be done on quarterly basis. The objective of the project was to reduce distance to Yingkiong District headquarters by 40 km for people who in the absence of a permanent bridge over the river are forced to use foot suspension bridge (FSB). The objective remained unachieved till date thereby denying the intended benefits to the people and the project remains incomplete after spending ₹2.53 crore from the exchequer.

Thus, due to inability of the Division to closely monitor and timely review the implementation of project in addition to the undue favour extended to the contractor, the funding to the project was stopped and expenditure of ₹2.53 crore was rendered wasteful.

The Department accepted (June 2022) the audit observation and stated that the project site has become redundant and the project had to be closed. With regards to the excess payment of ₹79.15 lakh to the contractor also, the Department accepted the audit finding and stated that the matter will be raised before the Dispute Review Expert (DRE) for recovery.

The matter was reported (June 2022) to the State Government. However, the reply was awaited (September 2024).

Recommendation:

The State Government maytake appropriate action after investigating the cases to fix responsibility against the concerned officers/officials and recover the excess payment made to the contractor.

Rural Works Department

3.6 Undue Favour to Contractor

Undue favour was extended to contractor by fabricating MB with fictitious entries and using the same for making payment of ₹2.06 crore to the contractor for work not done. Besides, liquidated damages of₹92.14 lakh were recoverable from the contractor due to non-completion of work on time as per the contract agreement.

Paragraph 5.12.1 of CPWD Works Manual, 2019 (SOP NO. 5/20) states that payments to the contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the Measurement Book (MB). Further, Paragraph 5.17.2 of the Manual stipulates that before a work is declared as completed in all respects for release of final payment, the work shall be inspected by the Technical Section Authority.

As per the contract agreement, failure on the part of contractor to complete the work on time would invite liquidated damage of one *per cent* of the initial contract price per week up to maximum limit of 10 *per cent* of the initial contract price.

Scrutiny (July 2021) of records of the Executive Engineer, Rural Works Department (RWD), Tawang Division revealed that an amount of ₹10.00 crore was sanctioned[49] by the Department of Education, GoAP for implementation of the project "**Construction of Government college, Tawang (Phase-II)**" under the State Annual Development Agenda(SADA) with the objective of creating an institution where the students from the locality can undertake undergraduate courses after 12th grade. The students from the locality were compelled to leave the district to pursue undergraduate courses. The RWD, Tawang undertook it as a Deposit work of the Department of Education. The technical sanction for an amount of ₹9.70 crore was accorded (March 2018)[50] by the Superintending Engineer, RWD Rupa Circle. The General abstract of cost for the work is detailed in **Table 3.38**.

Table 3.38: Scope of work and abstract of cost

Sl. No.	Sub-head of item of work	Amount (in ₹)
1.	Administrative Building Block (G+2)	34579003.26
2.	Academic Building Block (G+1, F/Floor partly)	50117121.97
3.	RCC Drain (2.0 mtr wide & 2.0 mtr height)	5803189.13
4.	RRM Retaining walls (height – 3.0 mtr)	2571821.50
Sub-total		**93071135.86**
5.	**Add:** 3 *per cent* consultancy services for architectural plan, design & drawing	3000000.00
6.	**Add:** 1 *per cent* labour cess	930711.36
Total		**97001847.22**

Source:Departmental Records.

The work was awarded to M/s. Alliance Trading Co., Lemberdung, Tawang through tendering process at a total cost of ₹9.21 crore scheduled for completion on 23 September 2019.

As per Monthly Progress Report (MPR), the work was shown as completed by October 2020. MB also indicated that the work was completed as per the specifications and payment of ₹9.21 crore (100 *per cent*) was released to the contractor through five Running Account bills between March 2018 and March 2020. However, during joint physical verification (14 July 2021) with the concerned Junior Engineer of the Department it was found that the work was not actually completed yet. Photographs of the incomplete buildings are shown below:



Front view of Administrative building block



Front view of Academic building block

[49] Order No. ED/HE/PLG-717/2017 dated 16.02.2018
[50] RWC/R/SADA/SIDF/TWG-12/2017-18 dated



Interiors of Administrative building block



Interiors of Academic building block

Further scrutiny revealed that items of works worth ₹2.06 crore were found not completed in contradiction to the Departmental records wherein all works were shown as completed. Items of works with their value, not executed by contractor but paid for, are shown in **Table 3.39**.

Table 3.39: Items of work for which payment was released but not executed by the contractor

Sl. No.	Items of work	Amount (in ₹)
1.	Aluminium works	9363637.03
2.	Steel work	1265580.83
3.	Roofing works	148879.09
4.	Finishing works	1897832.78
5.	Sanitary works	1171154.91
6.	Internal water supply fitting works	151961.10
7.	Miscellaneous works	6558624.30
Total		**20557670.04**

Source: Departmental Records.

Hence, audit found that the measurements recorded in the MB were fabricated with fictitious entries which were used for payment of ₹2.06 crore to the contractor. Inspection of work before release of final payment as required under CPWD Manual, was not done.

Further, the work remained incomplete after a lapse of 21 months from the scheduled completion date as of July 2021. Hence, the contractor was liable to pay a sum of ₹92.14 lakh (@10 *per cent*) as liquidated damages as per the terms of contract. However, same was not recovered from the contractor till date.

Consequently, the objective of the scheme to create an institute for undergraduate courses so that students from the district do not have to leave their district for such courses was not met.

The Department confirmed (July 2021) the list of incomplete works as tabulated above, however, it offered no comments on fabrication of MB with fictitious entries and using the same for extending undue benefit to the contractor instead of recovering liquidated damages as per contract. Further, the reply was also silent about recovery effected from the contractor, if any, for payment released without execution of work.

The matter was forwarded (May 2022) to the State Government andthe reply was awaited (September 2024).

Recommendations:

The State Government may:

(i) take appropriate steps to initiate necessary proceedings against the EE after investigating the matter on misappropriation of public money by releasing payments to the contractor on the basis of fictitious entries in the MB without conducting required scrutiny/ verification.

(ii) take action against the contractor for claiming bills without executing work and take steps to recover the amount from the contractor.

Hydropower Development Department

3.7 Wasteful Expenditure

Expenditure of ₹9.96 crore incurred on construction of Pakhan Kha Mini Hydel Station (MHS) was rendered idle as the project could not be made operational even after lapse of sixteen years from date of sanction, thereby, affecting the objective to provide electricity to twelve villages.

As per Central Electricity Authority (CEA)'s guidelines for the formulation of Detailed Project Reports (DPR) for the Hydroelectric Schemes,their acceptance and examination for concurrence stipulates that after signing Memorandum of Agreement (MOA) with the State Government, the developer shall carry out the topographical survey & geological surface mapping of the project and submit the proposed layout of the project and detailed investigation plans to CEA for appraisal and finalisation.

The project 'C/o Pakhan Kha Mini Hydel Station (2 X 250 KW)' was sanctioned[51](May 2006) for ₹5.24 crore under Pradhan Mantri's (PM's) package. The project was to be constructed at the perennial river Pakhan Kha at Devepuri village in Changlang district, Arunachal Pradesh. The objective of the project was to electrify 12 villages in Changlang district having population of approximately 2,000 people.

Scrutiny of records of the Executive Engineer, Bordumsa Hydropower Division (January 2018) and Assistant Engineer (Independent), Hydro Power Sub-Division, Khonsa (June 2021) revealed that the execution[52] of the project had commenced in 2009-10. The target date for completion of the project was March 2012. Due to flood damages sustained by the project, the channel alignment was disturbed, and the project site was no more appropriate for the project. An expenditure of ₹5.22 crorehad been incurred out of the sanctioned amount of ₹5.24 crore. To revive the project, a revised estimate for ₹11.03 crore was prepared by the Bordumsa Hydropower Division during 2013-14 where a new site downstream was identified. There was no provision for any survey in the revised estimate. The Department conceded (July 2018) that due to the

[51] *Vide* Sanction No. PWRS/HPD/W-1393/2006/1413-21 dated 08/05/2006

[52] Civil work components of project were executed by Bordumsa Hydro Power Division and Electrical & Mechanical (E&M) components were executed by the Khonsa Electrical/Mechanical Division

shortage of time, proper survey could not be done and the DPRs were prepared on the basis of preliminary survey. However, even copy of the preliminary survey was not furnished to audit. The revised estimate was sanctioned[53] (March 2016) by the GoAP, Department of Power.

Audit observed that the total expenditure incurred (₹5.22 crore of the original sanction and ₹4.74 crore of the revised sanction) on the project till date was ₹9.96 crore[54]. Out of this, ₹5.96 crore was incurred by Bordumsa Hydropower Division on Civil work components and restoration works during 2009-10 to 2016-17 and ₹4.00 crore[55] was incurred on Electrical & Mechanical (E&M) components by the Khonsa Sub Division. Audit observed that the project remained non-operational till the date of audit (June 2021).

A Joint Physical Verification (JPV) conducted in January 2018 by Audit along with the officers of Bordumsa Hydro Power Division revealed that due to the diversion of river upstream, no water was available for the project. Also, JPV found no traces of any structure at the intake point as depicted below:



Intake Point



Upstream River

When the JPV findings were sent to the Khonsa Hydro Power Sub Division in June 2021, the Department stated (September 2021) that the project will be revived by diverting water from the nearest available source. However, copies of any official proposal in this regard were not furnished in support of their reply. Moreover, 61 *per cent* of sanctioned amount had already been utilised leaving meagre amount to revive the project.

Thus, in absence of the required survey while reviving the project, an expenditure of ₹9.96 crore was totally incurred on the project, which was rendered idle as the project could not be made operational even after sixteen years from the date of sanction. Also, no structures were found at the intake point during JPV. Thus, the intended objective for providing electrification to the populace could not be achieved.

The State Government, while accepting the audit finding, stated (June 2022) that due to incessant rainfall and cloud burst (August 2016), heavy damage was caused at project site leading to non-completion of project. There is no progress of work since March 2017 and water discharge of river has also been drastically reduced. Thus, there is no scope to

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53 Vide order No. PWRS/HPD/EST-77/2016-17 dated 29 March 2016

54 Civil component ₹572.39 lakh + Electrical Mechanical components ₹400.50 lakh+ FDR work ₹23.16 lakh

55 ₹321.33 lakh + ₹79.17 lakh = ₹400.50 lakh

revive the project. The civil components of the project *viz.* Penstock pipe, Sluice valve, Expansion joint, *etc.* worth ₹1.83 crore and E&M components such as Turbines, Main valve, Governors, *etc.* worth ₹2.44 crore will be shifted and re-utilised in nearby project.

The Departments' reply is not acceptable as the project was revived without required survey and feasibility assessment, hence the project could not be completed and made operational even after incurring ₹ 4.74 crore, affecting achievement of theintended objective. Moreover, the Department's plan to shift and utilise the work components worth ₹4.27 crore (₹1.83 crore + ₹2.44 crore) in other projects had not been intimated. Thus, despite overall expenditure of ₹9.96 crore on the project, the intended benefits are yet to be achieved.

Recommendations:

The State Government may-

(i) conduct feasibility assessment to revive the project.

(ii) take suitable measures to electrify the unelectrified villages.

3.8 Unfruitful Expenditure

Expenditure of ₹1.14 crore bytheAssistant Engineer,Khonsa Sub-Division, Hydropower Development Department on repair and maintenance of two Mini Hydel Stations has been rendered unfruitfulas the Government is yet to establish powerlines for evacuation of the power generated.

Rule 21 of the General Financial Rules, 2017 states that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of his own money.

Scrutiny of records (May-June 2021) of the Assistant Engineer (Independent), Khonsa Hydro Power Sub-Division revealed that two Mini Hydel Stations (MHSs) *viz.,*Sumhok MHS (2x50 KW) and Tahin MHS (2x50 KW) were commissioned by the Department in 2010 and 2012 respectively. Audit observed that due to the non-availability of sufficient discharge of water at source, the Sumhok MHS (2x50 KW) and Tahin MHS could not generate power since 2012 and 2014 respectively.

Audit further observed that Khonsa Hydro Power Sub-Division had incurred ₹1.14 crore (₹88 lakh on Sumhok MHS and ₹26 lakh on Tahin MHS) towards repair and maintenance work during 2017 to 2021. The expenditure was mainly incurred on repairing of power and spillway channel and electro-mechanical components *viz.,*Bearing M22323K for cross flow turbine, AVAR for synchronized operation of the units, *etc.*

Thus, there was no reasonable prospect to operationalise these MHS as sufficient discharge was not available at source and the two MHS were non-operational since 2012 and 2014 respectively. Despite knowing the facts,the Division had incurred (between January 2017 and November 2019) an expenditure of ₹1.14 crore on repair and maintenance work, which became unfruitful.

The Department replied (June 2022) that the two MHSs had been completed and tested successfully. The reply also noted that no additional expenditure had been incurred on operationalisation of the two MHSs.

However, joint physical verification revealed (May 2023) that the Sumhok MHS had only one of the two units (50 KW) operational as the water supply channel to the second unit was destroyed in 2020 by flood. The Division claimed that Tahin MHS was made operational during June 2022. However, during JPV it was found non-operative. The Division stated that water supply channel had developed multiple cracks due to the fire lit for the Jhum cultivation during March 2022.

However, the Government is yet to establish powerlines for evacuation of power, renderingthe expenditure of ₹1.14 crore on repair and maintenance of MHSs unfruitful.

The matter was forwarded to the State Government (May 2023). However, the reply was awaited (September 2024).

Recommendation: The State Government may investigate the matter and fix responsibility on execution of MHSs without ensuring adequate water supply and issue directions to the concerned Department to ensure establishment of powerlines at the earliest for evacuation of power that can be potentially generated through the two MHSs and to operationlise the two projects.

3.9 Loss of Revenue

The Naharlagun Electrical Division wrongly calculated the revised electricity bills of an Industrial Consumer without taking into account minimum charge and surcharge clause. The bills were under-assessed by ₹1.03 crore leading to loss of revenue to the state exchequer.

Rule 12 of the GFR, 2017 states that amounts due to Government shall not be left outstanding without sufficient reasons.

Section 49 of Electricity Act, 2003 stipulates that the authority may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them.

The Power Department, GoAP (GoAP) entered into agreement with an industrial consumer, M/s SMS Smelters Limited on 27 March 2004 for supply of power at nominal voltage of 132 Kilo Volt (KV) at 50 Hertz (Hz). As per agreement, the Department shall supply power to the tune of 35 Mega Watt (MW) at nominal voltage of 132 KV at 50 Hz for industrial purpose[56] on round the clock basis.

Clause 7.1 (iv) of the agreement states that a minimum charge of ₹50,000/- per MW of the contract power or part thereof shall be payable by the consumer on monthly basis. It may be mentioned that a consumer shall have to pay the minimum charge calculated on the sanctioned connected load if the energy charge amount payable is below the minimum charge in a month and the consumer shall continue to pay minimum charge as long as the assets are in place and not being dismantled after disconnection owing to default or after

[56] Industrial purpose refers to manufacturing, processing or assembly of materials to finished products or by-products.

permanent disconnection. The minimum charge was abolished from 01April 2016 through tariff order 2016-17.

Clause 8.1 of the agreement stipulates that the energy bills shall be payable within 21 days from the date of billing to avail rebate wherever applicable. If the amount of the bill inclusive of the arrears, if any, is not received in full within 21 days of due date specified thereon, a surcharge of 18 *per cent* per annum on the bill amount shall be levied. The rate of surcharge was subsequently revised to 02 *per cent* per month after enforcement of Tariff regulation issued by APSERC from 01 April 2013.

The Chief Engineer, Western Electrical Zone, Power Department, GoAP, amended[57] load sanction order in favor of M/s SMS Smelters Limited from 35 MW to 25 MW in 2006. Further, the Department accorded (July 2010) 18 MW Load Sanction to M/s Shree Salasar Industries[58] by transferring 18 MW load out of 25 MW allotted to industrial consumer M/s SMS Smelters Limited (sister concern 'M/s Shree Salasar industries'). However, the Department did not execute any agreement with the industrial consumer. As such, the transfer of 18 MW load was in violation of the agreement with 'M/s SMS Smelters Limited'.

Scrutiny (July 2022) of records of the Executive Engineer (EE), Naharlagun Electrical Division revealed that the firm (consumer) M/s Shree Salasar Industries consistently defaulted in payment of electricity bills in full against the allocated load sanction. In view of revision of rates of surcharge by ASPERC from existing 1.5to 2 *per cent* per month, the Department re-calculated (March 2021& July 2022) outstanding electricity bills of the firm retrospectively from the date of issue of first bill (November 2010) to June 2022 incorporating the revised rate of surcharge. The Department worked out total revised outstanding bill as of June 2022 as ₹2.17 crore and served demand notices on the consumer for clearance of the same.

Audit observed that the Department did not take into account the minimum charge clause (applicable till March 2016) in calculation of bill amounts for the months in which the total energy charge was below the stipulated charge as per the agreement. Audit further observed that the Department also did not levy surcharge as applicable on payments not realised in full within 21 days of the due date specified. Audit worked out the revised outstanding bill amount as of July 2022 after taking into account the relevant clauses of the contract and revised rate of surcharge as ₹2.17 crore. Thus, the Department under-assessed the outstanding bill amount as on July 2022 by ₹1.03 crore (₹3.20 crore - ₹2.17 crore).

Thus, faulty calculation of revised energy bills of the consumer[59] resulted in loss of revenue amounting to ₹1.03 crore to the state exchequer besides leading to extension of undue favour to the consumer to that extent.

The matter was forwarded to the State Government (May 2023). However, the reply was awaited (September 2024).

Recommendations:

The State Government mayexpedite the recovery of outstanding revenue .

[57] Vide notification number CE(P)/WEZ-P-SALE-II/SIN/05-06 dated 18 January 2006
[58] Sister concern of M/s SMS Smelters Limited
[59] M/s Salasar industries

CHAPTER – IV

GENERAL SECTOR

CHAPTER – IV: GENERAL SECTOR

4.1 Introduction

This Chapter of the Audit Report deals with the findings of Audit of the State Government Departments/ units pertaining to the General Sector.

During 2022-23, total budget allocation of the State Government in the Departments under General Sector was ₹6,521.28 crore against which actual expenditure incurred was ₹5,651.49 crore (86.66 *per cent)*. The Department-wise details of Budget Allocations and Expenditure incurred are shown in **Table 4.1**.

Table 4.1: Budget allocation and expenditure under General Sector

(₹ in crore)

Sl. No.	Name of the Department	Budget			Expenditure			Expenditure (in *Per cent)*
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	Administrative Training Institute	10.71	7.71	18.42	5.88	7.71	13.59	73.78
2.	Arunachal Pradesh Information Commission	6.72	0.00	6.72	6.44	0.00	6.44	95.83
3.	Arunachal Pradesh Public Service Commission and Staff Selection Board	31.26	0.00	31.26	27.16	0.00	27.16	86.88
4.	District Administration	469.68	0.75	470.43	416.51	0.75	417.26	88.70
5.	Election	29.84	0.00	29.84	29.06	0.00	29.06	97.39
6.	Finance	3002.56	805.66	3808.22	2616.50	553.48	3169.98	83.24
7.	Fire and Emergency Services	34.17	12.25	46.42	32.35	12.25	44.60	96.08
8.	Gazetteer	2.71	0.00	2.71	2.07	0.00	2.07	76.38
9.	General Administration	26.80	0.00	26.80	26.45	0.00	26.45	98.69
10.	Governor Secretariat	12.20	0.00	12.20	8.60	0.00	8.60	70.49
11.	Home	1233.64	157.63	1391.27	1194.17	141.78	1335.95	96.02
12.	Land Management	59.21	1.40	60.61	31.01	1.40	32.41	53.47
13.	Law and Justice	43.90	64.31	108.21	43.77	63.56	107.33	99.19
14.	Legislative Assembly	99.11	6.39	105.50	73.97	5.57	79.54	75.39
15.	Parliamentary Affairs	1.88	0.00	1.88	1.80	0.00	1.80	95.74
16.	Printing	14.13	0.43	14.56	12.99	0.43	13.42	92.17
17.	Prison	25.32	12.71	38.03	25.28	12.67	37.95	99.79
18.	Protocol	3.56	0.00	3.56	3.47	0.00	3.47	97.47
19.	Secretariat Administration	269.44	0.00	269.44	246.85	0.00	246.85	91.62
20.	Secretariat Transport	36.50	0.00	36.50	9.30	0.00	9.30	25.48
21.	State Lotteries	1.52	0.00	1.52	1.20	0.00	1.20	78.95
22.	Tax, Excise and Narcotics	36.74	0.44	37.18	36.62	0.44	37.06	99.68
Total		**5451.60**	**1069.68**	**6521.28**	**4851.45**	**800.04**	**5651.49**	**86.66**

Source: Appropriation Accounts 2022-23

It could be seen from **Table 4.1** that:

- The expenditure incurred by the Departments in the year 2022-23 ranged between 25.48 and 99.79 *per cent* of the allocations made.
- Twelve Departments incurred more than 90 *per cent* of total budget allocation *viz.*, Prison (99.79 *per cent*), Tax, Excise & Narcotics (99.68 *per cent*), Law & Justice (99.19 *per cent*), General Administration (98.69 *per cent*), Protocol (97.47 *per cent*), Election (97.39 *per cent*), Fire and Emergency Services (96.08 *per cent*), Home (96.02 *per cent*), Arunachal Pradesh Information Commission (95.83 *per cent*), Parliamentary Affairs (95.74 *per cent*), Printing (92.17 *per cent*), Secretariat Administration (91.62 *per cent*), during the year 2022-23.
- The Revenue expenditure in the sector was ₹4,851.45 crore (85.84 *per cent* of the total expenditure).
- The Capital expenditure in the sector was ₹800.04 crore (14.16 *per cent* of the total expenditure).

4.1.1 Planning and Conduct of Audit

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

Audit was conducted in 17 units of six Departments involving an expenditure of ₹1,063.29 crore (including expenditure of earlier years) during 2022-23 under the General Sector.

After completion of audit of each unit, Inspection Reports containing audit findings were issued to the Heads of Departments for taking appropriate remedial measures on the audit findings. The Departments were requested to furnish replies to the audit findings within one month of the receipt of Inspection Reports. Wherever replies were received, audit findings were reviewed and either settled or further action for compliance was advised. Important audit observations arising out of the Inspection Reports were processed for inclusion in C&AG's Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India, for laying before the State Legislature.

CHAPTER – V
REVENUE SECTOR

CHAPTER – V: REVENUE SECTOR

5.1 Introduction

5.1.1 Trend of Revenue Receipts

Tax and non-tax revenue raised by the Government of Arunachal Pradesh (GoAP) during 2022-23, the share of net proceeds of Taxes assigned to States, Grants-in-Aid received from the Government of India (GoI) during the year and corresponding figures for the preceding four years are shown in **Table 5.1**.

Table 5.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue raised by the State Government						
1.	Tax revenue	1068.04	1228.73	1431.10	1639.79	2237.35
	Non-Tax revenue	608.87	651.38	836.53	774.67	1017.87
Total		**1676.91**	**1880.11**	**2267.63**	**2414.46**	**3255.22**
Revenue Receipts from the GoI						
2.	Share of net proceeds of Taxes assigned to States	10436.14	8987.57	10472.58	14643.90	16689.17
	Grants-in-Aid	4082.91	4020.87	4383.30	4173.28	3843.75
Total		**14519.05**	**13008.44**	**14855.88**	**18817.18**	**20532.92**
3.	Total revenue receipts of the State Government (1 + 2)	16195.96	14888.55	17123.51	21231.64	23788.14
4.	**Percentage (1 w.r.t 3)**	**10.35**	**12.63**	**13.24**	**11.38**	**13.68**

Source: Finance Accounts of the respective years

Table 5.1 reveals that during 2022-23, revenue raised by the State Government (₹3,255.22 crore) was 13.68*per cent* of the total revenue receipts. The balance 86.32 *per cent* of the receipts was from GoI. The total revenue receipts of the State Government had increased during 2022-23 by ₹2,556.50 crore (12.04 *per cent*) over the previous year The increase was mainly due to rise in the Share of net proceeds of divisible Union taxes and duties by ₹2,045.27 crore (13.96 *per cent*). The Tax and Non-Tax Revenue of State Government increased by ₹597.56 crore (36.44 *per cent*) and ₹243.20 crore (31.39 *per cent*) during the same period. However, the increase was offset by decrease in Grants-in-Aid by ₹329.53 crore (7.90 *per cent*) during the same period.

Details of tax revenue raised against Budget Estimate (BE) during 2018-19 to 2022-23 are shown in **Table 5.2**.

Table 5.2: Details of Tax Revenue

(₹ in crore)

Head of Revenue	2018-19		2019-20		2020-21		2021-22		2022-23		Percentage Increase (+)/ Decrease (-) in 2022-23 over 2021-22	
	BE	Actual	BE	Actual	BE	Actual*	BE	Actual	BE	Actual*	BE	Actual
StateGoods and Services Tax	382.08	601.00	393.06	801.55	324.00	859.29	474.28	1131.00	521.71	1607.05	10.00	(+)42.09
Land Revenue	7.79	14.58	16.12	15.97	15.00	7.52	16.00	6.83	17.60	47.67	10.00	(+)597.95
Stamps and Registration Fees	6.14	9.16	12.60	8.14	7.00	10.47	10.00	12.48	11.00	17.82	10.00	42.79
State Excise	130.96	136.73	208.36	144.97	157.00	238.02	230.12	115.92	253.13	280.87	10.00	142.30
Taxes on Sales, Trade, *etc.*	374.73	268.74	311.44	219.82	270.00	283.09	394.90	324.61	434.39	221.82	10.00	(-)31.67
Taxes on Vehicles	29.59	32.43	38.00	38.12	33.00	32.71	27.00	48.94	29.70	62.11	10.00	26.91
Taxes on goods and passenger	0	5.40	-	0.16	0	-	-	0.01	-	0.01	-	-
Total	**931.29**	**1068.04**	**979.58**	**1228.73**	**482.00**	**1431.10**	**1152.30**	**1639.79**	**1267.53**	**2237.35**	**10.00**	**36.44**

Source: Annual Financial Statements of the respective year, published by GoAP
** Finance Accounts Volume I and II of Government of Arunachal Pradesh of the respective year published by the Office of the Principal Accountant General, Arunachal Pradesh*

The increase of tax revenue by ₹597.56 crore (36.44 *per cent*) in 2022-23 as compared to the previous year was mainly on account of increase in contribution of State Goods and Services Tax (SGST) by ₹476.05 crore, State Excise by ₹164.95 crore and Land Revenue by ₹40.84 crore. However, the increase was offset by decrease in Taxes on Sales, Trade etc. by ₹102.79 crore.

Details of non-tax revenue raised against BE from 2018-19 is shown in **Table 5.3**.

Table 5.3: Details of Non-Tax Revenue

(₹ in crore)

Head of Revenue	2018-19		2019-20		2020-21		2021-22		2022-23		Percentage Increase (+)/ Decrease (-) in 2022-23 over 2021-22	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Power	340.50	287.08	442.37	247.95	286.00	243.28	350.00	384.35	385.00	532.84	10.00	38.63
Interest Receipts	92.26	88.01	118.84	62.49	98.84	34.12	-	47.21	-	93.13	-	97.27
Forestry & Wild Life	33.15	14.72	66.26	6.52	20.00	8.68	45.00	15.15	49.50	9.28	10.00	(-)38.79
Public works	13.50	11.02	31.30	7.74	15.00	17.33	19.00	33.18	20.90	64.48	10.00	94.33
Miscellaneous General Services	94.63	12.49	37.26	12.78	15.00	0.01	21.00	9.22	23.10	9.32	10.00	1.08
Other Administrative Services	18.75	25.48	35.64	129.79	25.00	367.29	26.07	83.66	28.68	25.42	10.01	(-)69.62
Police	16.10	3.62	14.86	4.27	5.00	3.94	11.00	7.96	12.10	8.77	10.00	10.18
Medical & Public Health	1.02	25.42	5.23	21.23	10.00	5.73	6.80	4.75	7.48	3.52	10.00	(-)25.89
Co-operation	1.49	0.83	5.80	0.71	1.00	1.27	3.00	0.60	3.30	0.65	10.00	8.33
Other Non-Tax Receipts	188.60	140.20	292.44	157.90	124.16	154.88	368.13	188.59	404.94	270.46	10.00	43.42
Total	**800.00**	**608.87**	**1050.00**	**651.38**	**600.00**	**836.53**	**850.00**	**774.67**	**935.00**	**1017.87**	**10.00**	**31.39**

Source:Annual Financial Statements of the respective year, published by GoAP
* *Finance Accounts Volume I and II of Government of Arunachal Pradesh of the respective year published by the Office of the Principal Accountant General, Arunachal Pradesh*

During 2022-23, there was increase in collection of non-tax revenue by ₹243.20 crore (*31.39per cent*) over the previous year. The increase was mainly on account of increase in receipts under Power by ₹148.49 crore, Other Non-Tax receipts by ₹81.88 crore, interest receipts by ₹45.92 crore and Public works by ₹31.30 crore. However, the increase was offset by decrease in receipts under Other Administrative Services by ₹58.24 crore, Forestry & Wild Life by ₹5.88 crore and Medical & Public Health by ₹1.23 crore.

5.1.2 Analysis of arrears of revenue

The arrears of revenue indicate delayed realisation of revenue due to the Government. The arrears of revenue as at the end of the year were furnished (August 2023) by the Tax, Excise & Narcotics Department in respect of 23 Superintendents of Tax (STs) out of total 28 STs as of March 2023. However, the Department could not furnish arrears of revenue as at the end of the year (March 2022) and collections of arrears of revenue during the year 2022-23. As such, promptness of the Department to realise outstanding arrears of revenue and actual realisation during the year could not be assessed. The details of arrears of revenue as of March 2023are in **Table 5.4**.

Table 5.4: Details of outstanding revenue

(₹ in crore)

Head of Revenue	Amount outstanding as on 01 April 2022	Collection of arrear of revenue during 2022-23	Total amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023
0040- Taxes on Sales, Trade *etc.*	247.92*	NA	11.63	10.93
0039- State Excise	NA	NA	0.66	0.56
0006-SGST	NA	NA	0.23	0.00
0040- VAT	NA	NA	84.75	1362.00
Total	**NA**	**NA**	**97.27**	**1373.49**

Source: Information furnished by the State Government

* *Information as per State Finances Audit Report for the year ended 31 March 2022 published by the Office of the Principal Accountant General, Arunachal Pradesh*

It is evident from **Table 5.4** that recovery of ₹1,373.49 crore was pending for more than five years. Clearance of arrears of such magnitude requires focused efforts by all Departments concerned and a push for coordination with other departments such as banks, police department and quasi-judicial/ judicial bodies involved in the process of recovery before expiry of the statutory time limit for such recovery.

5.1.3 Arrears in Assessments

Timely assessment is important for ensuring better tax compliance and increasing the collection efficiency. The details of the assessments made were called for from the department to assess whether there were any arrears in making the assessments. The Department furnished (August 2023) arrears of assessment in respect of 23 out of 28 STs for 2022-23 as detailed in **Table 5.5.**

Table 5.5: Details of arrear of assessments of revenue

Head of Revenue	Opening Balance	New cases due for assessment during 2022-23	Total assessments due	Cases disposed of during 2022-23		Balance at the end of the year
				Number	Percentage	
0040- Taxes on Sales, Trade *etc.*	446*$	4	450	4	0.89	446
0039- State Excise	7	4	11	4	36.36	7
0006-SGST	4	4	8	4	50.00	4
0040-VAT	73	24	97	16	16.49	81
Total	**530**	**36#**	**566**	**28**	**4.95**	**538**

Source: Data furnished by the State Government
**Information as per State Finances Audit Report for the year ended 31 March 2022 published by the Office of the Principal Accountant General, Arunachal Pradesh*
$ Information received from 25 Superintendents out of 28 STs.
 # Information received from 23 Superintendents out of 28 STs.

As can be seen from **Table 5.5**, the Departments could complete the assessment of only 4.95 *per cent* of the cases leading to addition to the arrears. Since the assessments have to be completed within the timeframe stipulated in the tax laws, delays in completing assessments are fraught with the risk of foregoing revenue. Pendency in assessment may result in non/ short realisation of Government revenues and further accumulation in arrears of revenue.

5.1.4 Evasion of tax detected by the Department

The evasion of tax detected by the Tax, Excise & Narcotics Department, cases finalised and demands for additional tax raised are important indicators 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 are given in **Table 5.6**.

Table 5.6: Details of evasion of Tax detected

(₹ in crore)

Head of Revenue	Cases pending as on 01 April 2022	Cases detected during 2022-23	Total	Number of cases in which assessment completed and additional demand raised		Number of cases pending for finalisation as on 31 March 2023
				Number	Amount	
1	**2**	**3**	**4 (2+3)**	**5**	**6**	**7 (4-5)**
0039- State Excise	01	03	04	0	0	04
0040-Taxes on Sales, Trade *etc.*	105*	0	105	0	0	105
0042-Taxes on Goods and Passengers	59	5	64	5	0.016	59
Total	**165**	**8**	**173**	**05**	**0.016**	**168**

Source: Information furnished by the State Government
**Information as per State Finances Audit Report for the year ended 31 March 2022 published by the Office of the Principal Accountant General, Arunachal Pradesh*

The inability to complete the assessments in a timely manner, coupled with weak monitoring mechanism, contributed to delay in assessment of cases. During 2022-23, out of 173 cases, only five cases (2.89*per cent*) were cleared leaving a pendency of 168 cases.

5.1.5 Pendency of Refund Cases

The pendency of refund cases furnished by the Tax, Excise& Narcotics Department is detailed in **Table 5.7.**

Table 5.7: Details of refund cases in 2022-23

(₹ in crore)

Sl. No	Particulars	SGST		VAT	
		Number	Amount	Number	Amount
1.	Claims outstanding at the beginning of the year	135*	10.63	1	0.23
2.	Claims received during the year	8	1.65	1	1.56
3.	Refund made/ rejected during the year	5	0.20	0	0.00
4.	Balance outstanding at the end of year	138	12.48	2	1.79

Source: Information furnished by the State Government

* *Information as per State Finances Audit Report for the year ended 31 March 2022 published by the Office of the Principal Accountant General, Arunachal Pradesh*

It is evident from **Table 5.7** that the Department could not even clear the refund cases which got added during the current year, leading to addition to the arrears. The Department cleared five refund cases out of total 143 cases pending during 2022-23 leaving pendency of 138 cases.

5.1.6 Response of the Government/ Departments towards Audit

The Principal Accountant General, Arunachal Pradesh, conducts periodical inspection of Government Departments to test-check transactions and verify maintenance of important accounts and other records, as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspections and not settled on the spot, which are issued to the Heads of Offices inspected, with copies to the next higher authorities for taking prompt corrective action. Heads of Offices are required to take appropriate actions on the audit observations contained in the IRs, and report compliance to the Principal Accountant General, Arunachal Pradesh within one month from the date of issue of IRs. Serious financial irregularities are reported to the Heads of Departments and the Government.

Inspection Reports issued upto March 2023 disclosed that for Revenue Receipts 1,665 paragraphs involving ₹6,598.10 crore relating to 453 IRs remained outstanding at the end of March 2023 along with corresponding figures for the preceding years. The details are shown in **Table 5.8.**

Table 5.8: Details of pending Inspection Reports

Particulars	March 2019	March 2020	March 2021	March 2022	March 2023
Number of IR pending	379	400	414	434	453
Number of outstanding Audit Observations	1,332	1,456	1,526	1,607	1665
Total amount involved (₹ in crore)	**6,307.87**	**6,348.86**	**6,414.14**	**6,489.63**	**6598.10**

Source: Monthly Progress Report maintained by the Office of the PrincipalAccountant General, Arunachal Pradesh

Department-wise details of the IRs and audit observations outstanding as on 31 March 2023 and amounts involved are shown in **Table 5.9.**

Table 5.9: Department-wise details of IRs and Audit Observations

(₹ in crore)

Sl. No.	Department	Nature of receipts	No of outstanding		Money value involved
			IRs	Audit Observations	
1.	Sales Tax	Taxes on Sales, Trade *etc.*	124	609	348.89
2.	Excise	State Excise	78	202	21.28
3.	Land Management	Land Revenue	42	189	5648.59
4.	Transport	Taxes on Motor Vehicle	65	249	54.60
5.	State Lottery	Lottery	06	21	187.62
6.	Geology & Mining	Non-ferrous Mining & Metallurgical Industries	28	79	159.55
7.	Environment & Forest & Wild Life	Forestry & Wild Life	110	316	177.57
Total			**453**	**1665**	**6598.10**

Source: Monthly Progress Reportmaintained by the Office of the Principal Accountant General, Arunachal Pradesh

Audit did not even receive first replies within one month from the date of issue of IRs from 19 Heads of Offices for 19 IRs issued during 2022-23. The large pendency of IRs due to the non-receipt of replies indicated that Heads of Offices and Departments did not initiate necessary actions to rectify the defects, omissions and irregularities pointed out in IRs.

Recommendation: The Government may introduce an effective system for ensuring prompt and appropriate response to audit observations.

5.1.7 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of IRs and Paragraphs in the IRs. However, no Departmental Audit Committee meeting for Revenue Sector was held during 2022-23. As can be seen from Para 5.1.6, there is large pendency of IRs. In view of this, the Government may ensure holding of regular Audit Committee meetings to expedite clearance and settlement of outstanding audit observations.

5.1.8 Response of Departments to Draft Audit Paragraphs

The Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India are forwarded by the Principal Accountant General, Arunachal Pradesh to the Principal Secretaries/ Secretaries of concerned Departments, drawing their attention to audit findings and requesting them to send responses within four weeks. The reply of the Department/ Government is incorporated in the respective paragraph.

5.1.9 Follow-up on Audit Reports

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the

PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 113 paragraphs (including two performance audits& two Subject Specific Compliance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Arunachal Pradesh for the years 2008-09 to 2020-22 were placed before the State Legislative Assembly between 03 September 2010 and 04 September 2023. The action taken explanatory notes from the concerned departments on these paragraphs were not furnished within the specified time.

As of March 2023, the PAC has discussed 53 selected paragraphs under Revenue Sector from three departments pertaining to the Audit Reports for the years from 2008-09 to 2016-17. Out of 53 paragraphs, 44 paragraphs were settled by the PAC and the remaining nine paragraphs were recommended for further examination.

5.1.10 Analysis of mechanism for dealing with issues raised by Audit

To analyse the system of addressing issues highlighted in Inspection Reports/ Audit Reports by the Department/ Government, action taken on Paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one department is evaluated and included in this Audit Report.

The succeeding paragraph 5.1.10.1 discusses the performance of the State Transport Department under revenue head 0041 and cases detected during the course of local audit during the years 2013-14 to 2022-23.

5.1.10.1 Position of Inspection Reports

The summarised position of the Inspection Reports issued during the last 10 years (2013-14 to 2022-23) to various offices under the administrative control of the State Transport Department as on 31 March 2023 is shown in **Table 5.10**.

Table: 5.10 Position of Inspection Reports

(₹ in lakh)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para	Money value	IRs	Para	Money value	IRs	Paras	Money value	IRs	Para	Money value
2013-14	39	105	750.23	0	0	0	0	0	0	39	105	750.23
2014-15	39	105	750.23	0	0	0	1	5	15.56	38	100	734.67
2015-16	38	100	734.67	3	16	164.88	0	0	0	41	116	899.55
2016-17	41	116	899.55	8	58	264.33	0	9	178.65	49	165	820.35
2017-18	49	165	820.35	1	11	3.60	0	0	0	50	176	823.95
2018-19	50	176	823.95	0	0	0	0	11	105.24	50	165	718.71
2019-20	50	165	718.71	6	42	907.89	0	0	0	56	207	1626.60
2020-21	56	207	1626.60	3	14	1389.64	1	2	0.03	58	219	3016.21
2021-22	58	219	3016.21	2	13	124.40	0	9	41.74	60	223	3098.87
2022-23	60	223	3098.87	5	32	2360.18	0	9	510.84	65	246	4948.21

Source: Monthly Progress Report maintained by the Office of the Principal Accountant General, Arunachal Pradesh

It is evident from the above table that against 39 outstanding IRs with 105 paragraphs at the beginning of 2013-14, the number of outstanding IRs remained at 65 with 246 paragraphs at the end of 2022-23.

5.1.10.2 Recovery of Accepted Cases

The position of Compliance Audit Paragraphs included in Audit Reports of the last 10 years, those accepted by the respective department and amounts recovered are mentioned in the following **Table 5.11**.

Table 5.11: Status of recovery from accepted Paragraphs in Audit Reports during the period from 2011-12 to 2020-22

Sl. No.	Year	No. of Paragraphs included	Money value of Paragraphs *(₹ in crore)*	Amount recovered during the year	Cumulative position of recovery of accepted cases as 31 March 2022
1.	2011-12	22	5.71	Nil	Nil
2.	2012-13	07	2.31	Nil	Nil
3.	2013-14	12	6.94	Nil	Nil
4.	2014-15	06	1.43	Nil	Nil
5.	2015-16	07	12.78	Nil	Nil
6.	2016-17	05	2.25	0.01	0.01
7.	2017-18	05	5.69	0.002	0.002
8.	2018-19	08	72.61	Nil	Nil
9.	2019-20	05	6.35	Nil	Nil
10.	2020-22	04	4.82	Nil	Nil
Total		**81**	**120.89**	**0.012**	**0.012**

Source: Report of the C&AG of India on Social, Economic, General and Revenue Sectors of the respective years.

From **Table 5.11** it can be seen that there were negligible recoveries even in accepted cases during the last 10 years. Recoveries of accepted cases were to be pursued as arrears recoverable from the concerned parties. No effective mechanism for pursuance of the accepted cases was put in place by the Department/ Government. Further, arrear cases, including accepted audit observations, were not available with the office of the Commissioner, Tax, Excise& Narcotics Department. In the absence of a suitable mechanism, the department could not monitor recoveries of accepted cases.

Recommendation: The Department may take immediate action to pursue and monitor prompt recovery of dues involved in accepted cases.

5.2 Audit Planning and Result of Audit

The Unit offices under various Departments are categorised into high, medium and low risk units, according to their revenue position, past trends of audit observations and other parameters. An Annual Audit Plan is prepared on the basis of risk analysis, which includes critical issues in Government Revenues and Tax Administration, *i.e.* Budget Speech, White paper on State Finance, Reports of the Finance Commission (Central and State), recommendation of the Taxation Reforms Committee, Statistical analysis of the revenue earnings, factors of the tax administration, audit coverage *etc.*During 2022-23, out of 178 auditable units, 30 units (16.85 *per cent*) were planned for audit under revenue sector and 19 units (10.67 *per cent*) were actually audited.

5.3 Coverage of this Chapter

This chapter contains one Subject Specific Compliance Audit (SSCA) report *viz*. 'Department's Oversight on GST Payments and Return Filing'.

Subject Specific Compliance Audit (SSCA)

Tax, Excise and Narcotics Department

5.4 Department's Oversight on GST Payments and Returns Filing

5.4.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 01 July 2017, is a destination-based consumption tax on the supply of goods or services or both levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST)/Union Territory GST (UTGST) are levied on intra state supplies, and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the Arunachal Pradesh GST (APGST) Act, 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with rule 99 of APGST Rules, 2017 stipulate that the proper officer may scrutinize the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Department of Tax, Excise and Narcotics, Government of Arunachal Pradesh in this new tax regime.

5.4.2 Audit Objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's oversight on GST Payments and Returns filing' was taken up with the following audit objectives to seek an assurance on:

i. Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

ii. Whether the scrutiny procedures, internal audit and other compliance functions of the Ranges were adequate and effective.

5.4.3 Audit methodology and Scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018. Through data analysis a set of 12 deviations were identified across the domains of input tax credit (ITC), discharge of tax liability, registration and returns filing. Such deviations were followed up through a ***Centralised Audit*** (Limited Audit)[1], whereby these deviations were communicated to the relevant State Departmental field formations (Ranges) and action taken by the jurisdictional formations on the identified deviations was ascertained without involving field visits. The centralised audit was supplemented by a ***Detailed Audit*** involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the back-end system of State tax Department i.e. GSTN-boweb (Back Office Web) as much as feasible to examine data/documents relating to taxpayers (*viz.,* registration, tax payment, returns and other Departmental functions). The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the Departmental formation such as scrutiny of returns were also reviewed in selected Ranges.

The review of the scrutiny of returns by the Department and verification of taxpayers' records covered the period from July 2017 to March 2018, while the audit of the functions of selected Range covered the period from 2017-18 to 2020-21. The SSCA covered only the State administered taxpayers. The field audit was conducted from August 2022 to November 2022.

Entry conference of this SSCA was held on 03 March 2022 with the Commissioner, Department of Tax, Excise and Narcotics, Government of Arunachal Pradesh along with the officers of the Department wherein the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 01 May 2023 with the Commissioner, Department of Tax, Excise and Narcotics, Government of Arunachal Pradeshalong with the officers of the Department in which the audit findings were discussed. Response of the Department was obtained and incorporated suitably in the relevant paragraphs.

5.4.4 Audit Sample

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of Ranges for evaluating the compliance functions of the Ranges.

There were *three* distinct parts of this SSCA as under:

[1] Centralised Audit did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements etc.

(i) Part I- Audit of Ranges

Four Ranges[2]with jurisdiction over the selected sample of cases for Detailed Audit were considered as the sample of Range for evaluation of their oversight functions.

(ii) Part II–Centralised Audit

The sample for Centralised Audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 94 cases were selected for Centralised Audit under this SSCA.

(iii) Part III-Detailed audit

It was conducted by accessing taxpayers' records through Ranges for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for Detailed Audit was selected on the basis of risk parameters such as Excess ITC, Tax Liability mismatch, Disproportionate exempted turnover tototal turnover and Irregular ITC reversal.The 15 taxpayers selected for Detailed Audit comprised Large[3], Medium[4] and Small[5] strata taxpayers as well as taxpayers selected randomly.

The details of sample for centralised audit, detailed audit and audit of Ranges selected for this SSCA are brought out in ***Appendix-5.1***.

5.4.5 Audit Criteria

The source of audit criteria comprised the provisions contained in the APGST Act, IGST Act and Rules made thereunder.In addition, the notifications and circulars issued by state tax department relating to filing of returns, rates of tax on goods and services, payment of tax, availing and utilizing ITC, scrutiny of returns and oversight of tax compliance also formed part of the audit criteria.

5.4.6 Audit Findings

The audit findings are categorised into the following three categories:

- Oversight on Range functions– Audit of Ranges
- Centralised Audit (Limited Audit)
- Detailed Audit

5.4.6.1 Oversight on Range functions - Audit of Ranges

The role of Ranges is to provide oversight for ensuring compliance by taxpayers in respect of accuracy of the taxable value declared, calculation and payment of tax liabilities, filing of returns etc. For evaluating the functions of the Ranges, the audit areas include

(i) Action on non-filers (ii) Effectiveness of scrutiny and (iii) Cancellation of registration.

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[2] Pasighat, Tawang, Zone-I Naharlagun, Zone-II Itanagar

[3] First strata comprise large taxpayers – top 2.0 *per cent* of taxpayers based on turnover.

[4] Second strata comprise medium taxpayers – next 8.0 *per cent* of taxpayers based on turnover.

[5] Third strata comprise small taxpayers – remaining 90 *per cent* of taxpayers.

(i) Lack of action on non-filers

Section 46 of the APGST Act, 2017 read with Rule 68 of APGST Rules, 2017 stipulates issue of a notice in Form GSTR-3A requiring filing of return within fifteen days if the taxpayer had failed to file the return within the due date. Further, Section 62 of APGST Act, 2017 read with Rule 100 of APGST Rules, 2017 stipulates that in case the taxpayer fails to file the returns even after such notice, the proper officers may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13.

Filing of returns is related to payment of tax as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

On independent examination of the MIS COMP 01 GSTR-3B -Non-filers report of SSOID on non-filers of returns and comparison with non-filers identified by the range offices, it is noticed that there were 1184 cases of GSTR 3B non-filers who have not filed returns ranging from 01 to 45 months during the period 2017-18 to 2020-21 as detailed in **Table 5.12.**

Table 5.12

Sl. No.	Range	No. of defaulters of GSTR 3B	Delay in months	
			Minimum	Maximum
1.	Pasighat	120	1	45
2.	Tawang	38	2	45
3.	Zone-I	478	1	45
4.	Zone-II	548	1	45
Total		**1184**	**1**	**45**

Source: GST portal

None of the ranges have taken any cognizance of the defaulters. On enquiry about the system followed to identify the cases, the range officers revealed that during years 2017-18 to 2020-21 no system was followed for the detection of defaulters of GSTR-3Bs and as a result no GSTR-3A was served to the defaulters and no action was initiated to assess the tax liabilities of the defaulters on best judgementbasis.

The Department stated (May 2023) that it will look into the matter and take necessary corrective measures to address the issue.

(ii) Effectiveness of scrutiny

As per Section 61 of the APGST Act, 2017, various returns filed by taxpayers have to be scrutinised by the proper officer to verify the correctness of the returns, and suitable action should be taken on any discrepancies or inconsistencies reflected in the returns. The Proper officer designated for this purpose is the Range officer.

Further, Rule 99 of APGST Rules, 2017, envisages procedure for scrutiny of returns which included issuance of notices by the proper officer for intimating discrepancies in Form GST ASMT-10, wherever required, reply of taxpayer in ASMT-11, order of acceptance in ASMT-12 and initiation of action under Sections 73/74.

From the information obtained from the four range officers, it was noticed that only one range officer i.e. Superintendent of Tax, Excise and Narcotics, Zone-I had conducted scrutiny of only 15 returns during the period 2017-18 to 2020-21. Further, it was also noticed that the range office recovered revenue of ₹1.15 crore from a taxpayer pertaining to the year 2019-20 & 2020-21 as detailed in **Table 5.13.**

Table 5.13: Details of scrutiny of returns

Year	Scrutiny of returns					
	Number of Taxpayers whose returns were scrutinised	Number of returns scrutinised	Number of repeated Taxpayers	Number of cases where ASMT-10 were issued	Cases where discrepancy accepted by Taxpayer	
					Number	Amount recovered *(₹ in crore)*
2017-18	NIL	NIL	NIL	41[6]	NIL	0
2018-19	3	3	NIL	1	NIL	0
2019-20	3	3	NIL	2	1	0.98
2020-21	9	9	NIL	3	1	0.17

Source: GST Portal & Range records

However, the remaining three range officers did not conduct any scrutiny of the returns during this period. No reasons were found on record for conducting scrutiny of suchfew returns or for non-conducting of scrutiny of returns despite having access to the MIS reports from the GST portal. In the absence of scrutiny of taxpayers by the range officers, possibility of non-detection of tax evaders and incorrect returns cannot be ruled out.

The Department stated (May 2023) that the Range Officers have not been able to carry out scrutiny of the returns mainly due to lack of proficiency in the Back Office system. It was also stated that the department had recently organised training for the staff and the position would improve in the near future.

Recommendations:

The Department may-

- ***strengthen the monitoring mechanism in Ranges to detect non-filers of returns and ensure timely action against defaulters.***
- ***ensure the scrutiny of returns in a time bound manner before the cases become time barred.***

(iii) Cancellation of registration

Delay in cancellations

Section 29 of the APGST Act, 2017, read with Rule 20 of the APGST Rules, 2017 allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation,

[6] All the 41 ASMT-10 were issued by the Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun in respect of refund cases and transitional credit cases pointed out by audit during the year 2017-18.

change of PAN, non-commencement of business within the stipulated time-period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the occurrence of the event warranting the cancellation.

Section 29(2) of the APGST Act, 2017 allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, wilful misstatement or suppression of facts.

As per Rule 22 of the APGST Rules, 2017 the cancellation order in form REG-19 has to be issued within 30 days from the date of application (taxpayers request) or date of reply to REG-17 in case of *suo moto* cancellation.

i) From the data obtained from GSTN MIS report 1.18 - List of Suo Moto Cancellation and Cancellation on Application in respect of the four ranges it was noticed that out of total 416 cases of cancellation on taxpayers request in 241 cases the cancellations were delayed ranging from 31 to 681 days from date of application. Further, out of 1,417 cases of *suo-moto* cancellation in the range it was noticed that in 873 cases the cancellations were delayed ranging from 30 to 755 days from date of initiation of notice (date of receipt of reply to REG-17 is not reflected in the report). The details of delay in cancellation of registration are detailed in **Table 5.14.**

Table 5.14: Delay in cancellation

Range	*Suo motu* cancellation			Cancellation on taxpayer's request		
	Total No cancellations	No. of cases of delay in cancellation	Range of delay (in days)	Total No cancellations	No. of cases of delay in cancellation	Range of delay (in days)
Pasighat	112	81	39 to 406	59	42	31 to 681
Tawang	23	4	47 to 208	23	9	39 to 466
Zone-I	742	439	30 to 410	180	139	31 to 473
Zone-II	540	349	33 to 755	154	51	33 to 537
Total	**1417**	**873**	**30 to 755**	**416**	**241**	**31 to 681**

Delay in cancellation of registrations is fraught with the risk of filing of GSTR-1 (for outward supplies) to facilitate other party to claim ITC and non-filing of corresponding GSTR-3B (relating to sales) to evade tax liability by the taxpayers. Some such cases were noticed in the four ranges as detailed in **Table 5.15.**

Table 5.15: Filing of returns after cancellation

Range	No. of taxpayers filing GSTR-1 after cancellation	No. of taxpayers filing GSTR-3B after cancellation
Pasighat	12	12
Tawang	0	1
Zone-I	16	13
Zone-II	6	6

The matter was intimated to the Department inOctober 2022 and November 2022. The Department replied (May 2023) that during 2017-18 and the early years of GST the system was still in the nascent stage and the system has many technical/connectivity issues. However, now the system is being streamlined.

ii) Further, from the report generatedfrom GSTN portal vide SSOID it was also noticed that the four range offices had taken suo-moto cognizance in 1417 cases for cancellation and 416 cases on request of taxpayers during 2017-18 to 2020-21 as detailed below. The details of suo moto cancellation and cancellation on taxpayers request is also furnished in **Table 5.16.**

Table 5.16: Details of cancellation

Sl. No.	Range	Cancellation as per MIS report			Cancellation data furnished by the Range Officer			Show cause notice issued cases[7]	Cancellation order REG-19 issued cases
		Suo motu cancellation	Cancellation on taxpayer's application	Total	*Suo motu* cancellation	Cancellation on taxpayer's application	Total		
1	Pasighat	112	59	171	Data not furnished	Data not furnished	Data not furnished	6	NIL
2	Tawang	23	23	46	Data not furnished	Data not furnished	Data not furnished	0	NIL
3	Zone-I	742	180	922	94	156	250	12	NIL
4	Zone-II	540	154	694	1075	153	1228	19	NIL
Total		**1417**	**416**	**1833**	**1169**	**309**	**1478**	**37**	**NIL**

Source: GST Portal

Table 5.16 indicates that:

a) Two of the range officers, namely i) Superintendent of Tax, Excise and Narcotics, Pasighat & ii) Superintendent of Tax, Excise and Narcotics, Tawang did not furnish the details of cancellation.

b) There was a huge variation[8] between the cancellation data obtained from the GSTN portal byAudit and the data furnished by the range officers.

c) Out of total 416 cases of cancellation requests received from taxpayers by the range officers REG-17 was issued in only 37 cases.

d) The range officers did not produce any copies/details of the REG-19 cancellation orders.

The Department stated (May 2023) that many of the issues pointed out by audit are due to problem in the GST application. It further stated that the matter will be looked into and necessary corrective action will be taken.

[7] The show cause notice issued cases pertains to Cancellation on taxpayer's application.

[8]

Range	Variation between MIS data and Range record	
	Suo-moto cancellation	Cancellation on taxpayer's application
Zone-I	648	24
Zone-II	(-)535	1

Cancellation of registration from dates prior to the application date

Rule 20 of the APGST Rules, 2017provides that the taxpayer applying for cancellation of registration shall submit the application in FORM GST REG-16 on the common portal within a period of 30 days of the "occurrence of the event warranting the cancellation". The circular also specifies that the order for cancellation should be issued in FORM GST REG-19 with the effective date of cancellation being the same as the date from which the applicant has sought cancellation in FORM GST REG-16. In any case the effective date should not be a date earlier than the date of application for the same.

Audit scrutiny of the data obtained from GSTN MIS report 1.18 - List of Suo Moto Cancellation and Cancellation on Application in respect of the four Range Offices revealed that out of total 416 cases of cancellation at taxpayers' request, in 198 cases the Range had cancelled registrations with effect from dates prior to the application dates which ranged between 01 to 1128 days. In all 198 cases the date of cancellation was based on the requested date of the taxpayer which was prior to the date of application. The details are given in ***Appendix-5.2.***

The cases were reported to the Department in October 2022 and November 2022. The Department replied (May 2023) that the matter will be looked into and if required, corrective measures would be taken.

Non-furnishing of details of REG-20

Rule 22(1) of the APGST Rules, 2017 stipulates thatwhere the proper officer has reasons to believe that the registration of a person is liableto be cancelled under Section 29, he shall issue a notice to such person in FORM GSTREG-17, requiring him to show cause, within a period of seven working days from thedate of the service of such notice, as to why his registration shall not be cancelled. Sub-section (2) further states that reply to the show cause notice issued under sub-rule (1) shall be furnished in FORMREG–18 within the period specified in the said sub-rule. Also, as per sub-section (4) where the reply furnished under sub-rule (2) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in FORM GST REG-20.

From the GSTN MIS report 1.18 - List of *Suo Motu* Cancellation and Cancellation on Application it is seen that the four Range Offices had taken suo-moto cognizance in 1417 cases for cancellation. However, when Audit test-checked the status of 235 of these 1417 taxpayers from GST Portal it was noticed that 57 were active as on date (*i.e.*filing returns). This suggests that in 57 cases proceedings were dropped on the basis of the response from the taxpayer. But as none of the range officers furnished any details of the replies of taxpayers to REG-17 nor produced REG-20s issued by them hence in the absence of any details it was not possible to check due diligence exercised by the Range officers for dropping the proceedings. The details are in **Table 5.17.**

Table 5.17: Details of cancelled taxpayers who were filing returns

Range	Total No of *suo motu* cancellation	No. of taxpayers whose status test-checked	No. of taxpayers who were active and filing returns
Pasighat	112	112	21
Tawang	23	23	4
Zone-I	742	50	10
Zone-II	540	50	22
Total	**1417**	**235**	**57**

Source: GST Portal

The matter was intimated to the Department in October 2022 and November 2022. The Department replied (May 2023) that in case of *suo-moto* cancellation by the system the REG-20 is also generated by the system which cannot be retrieved by the user.

Non-conducting follow-up action on non-filing of GSTR -10

Section 45 of the APGST Act, 2017 read with Rule 81 of APGST Rules, 2017 stipulates that any person whose registration was cancelled should file final return in form GSTR-10 within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The last date for furnishing of GSTR-10 by those taxpayers whose registration has been cancelled on or before 30.09.2018 was extended till 31.12.2018 vide notification No. 45/2018–State Tax dated the 26th October, 2018.

Section 46 of the APGST Act read with rule 68 of the APGST Rules, 2017 requires issuance of a notice in FORM GSTR-3A to a registered person who fails to furnish return under section 39 or section 44 or section 45. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in form ASMT-13 under Section 62 of the APGST Act read with Rule 100 of the APGST Rules shall have to be issued to determine the liability of the taxpayer under sub-section (5) of Section 29 (i.e., debit ITC equivalent to inputs, and inputs contained in semi-finished and finished goods held in stock or capital goods or the output tax payable on such goods whichever is higher). If the taxpayer files the final return within 30 days from the issue of order ASMT-13, then the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue.

Out of 1417 *suo motu* cancellations during 2017-18 to 2020-21, it was noticed that only in 17 cases was GSTR 10 filed and out of 416 cases of cancellations on taxpayer's request, only in 41 cases GSTR 10 was filed. The details are shown in **Table 5.18.**

Table 5.18: Details of GSTR 10 filed by cancelled taxpayers

Range	*Suo motu* cancellation		Cancellation on taxpayer's request	
	Total no of cancellation order issued	No. of GSTR 10 filed	Total no of cancellation order issued	No. of GSTR 10 filed
Pasighat	112	1	59	11
Tawang	23	1	23	4
Zone-I	742	5	177	6
Zone-II	540	10	154	20
Total	**1417**	**17**	**416**	**41**

Source: GST Portal

It was informed by the Range officers that there were no information/reports available with them to track the filing of GSTR -10. In the absence of such a mechanism, no recovery proceedings were initiated by the four ranges.

The Department stated (May 2023) that the matter will be looked into and necessary corrective measures will be taken under intimation to audit.

Recommendation: The Department may monitor the status of cancellation of registrations and action taken thereon in consonance with the provisions of the Act and Rules utilising the Management Information System (MIS) of the GST portal.

5.4.7 Inconsistencies in GST returns - Centralised audit

Audit analysed GST returns data pertaining to 2017-18 as made available by GSTN. Rule-based deviations, and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 12 parameters, which can be broadly categorized into two domains - ITC and Tax payments.

Out of the 12 prescribed GST returns,[9] the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

- GSTR-1: monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-6: monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-8: monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: annual audit form for all taxpayers having a turnover above ₹5 crores in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.

[9] GSTR-1, GSTR-3B, GSTR-4 (taxpayers under the Composition scheme), GSTR-5 (non-resident taxable person), GSTR-5A (Non-resident OIDAR service providers), GSTR-6 (Input service distributor), GSTR-7 (taxpayers deducting TDS), GSTR-8 (E-commerce operator), GSTR-9 (Annual Return), GSTR-10 (Final return), GSTR-11 (person having UIN and claiming a refund), CMP-08, and ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1 / 5, ISD details from GSTR-6, details from GSTR-7 and GSTR- 8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

5.4.7.1 Audit findings based on Data Analysis

The data analysis pertaining to Arunachal Pradesh on the 12 identified parameters and extent of deviations/inconsistencies observed are summarised in **Table 5.19**.

Table 5.19: Summary of data analysis and extent of mismatches (centralised audit)

Sl No	Parameter	Algorithms used	Number of deviations/ mismatches	Amount of deviation/ mismatches *(₹ in crore)*
1.	Short payment of interest on delayed payments	Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR- 3B vis-a-vis interest paid in GSTR-3B Table 6.1.	10	8.66
2.	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Positive figure in GSTR-9C Table 12F.	10	0.80
3.	ISD credit incorrectly availed by the recipients	ISD received in GSTR-9 Table 6G or GSTR-3B Table 4(A) (4) of the recipients was compared with ITC transferred in GSTR-6 of the distributor.	4	0.02
4.	Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried the business without discharging tax.	2	0.03
5.	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Negative figure in GSTR-9C Table 9R.	10	12.76
6.	Mismatch in availing of ITC under Reverse Charge Mechanism[10] (RCM)	RCM liability declared in GSTR-9 Table 4G was compared with ITC availed in GSTR-9 Table (6C+6D+6F). In cases where GSTR-9 was not available, RCM liability in GSTR-3B Table 3.1(d) was compared with GSTR-3B Table {4(A)(2) + 4(A)(3)}.	9	0.49
7.	Mismatch in availing of ITC under RCM without payment	In cases where GSTR-9 was filed, the RCM payments in Table 4G were compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d) were compared with GSTR-3B 4(A)(2) and 4A(3).	5	0.002

[10] In Reverse Charge Mechanism the liability to pay tax is fixed on the recipient of supply of goods or services or both instead of the supplier or provider for certain notified categories of goods or services or both

Sl No	Parameter	Algorithms used	Number of deviations/ mismatches	Amount of deviation/ mismatches *(₹ in crore)*
8.	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	Negative figure in GSTR-9C Table 7G.	4	6.41
9.	Mismatch in availing of ITC	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B {Table 4A(5)} (accrued on domestic supplies) considering the reversal in Table 4(B)(2) but including the ITC availed in subsequent year 2018-19 from Table 8(C) of GSTR-9.	10	4.15
10.	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Negative figure in GSTR-9C Table 5R.	10	208.64
11.	Unsettled liabilities	Greater of tax liability between GSTR1 (Table 4 to 11) and GSTR-9 (Table 4N, 10 & 11) was compared with tax paid details declared in Tables 9 and 14 of GSTR-9. In cases where GSTR-9 was not available, tax paid details declared in Table 3.1(a)[11] and 3.1(b)[12] in GSTR-3B were compared with GSTR-1 liability. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were duly considered.	10	32.01
12.	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Positive figure in GSTR-9C Table 14T.	10	69.97
	Total		**94**	**343.94**

5.4.7.2 Summary of deficiencies noticed during Centralized audit

Non-submission of reply by the department

Audit selected a sample of 94 cases from amongst the top deviations /inconsistencies in each of the 12 parameters for the year 2017-2018. The audit queries were issued to the respective Ranges between April 2022 to November 2022 without further scrutiny of taxpayer's records. The audit check in these cases was limited to verifying the Department's action on the identified deviations/mismatches.

Out of 94 inconsistencies, initial responses of 29 inconsistencies were yet to be received (May 2023) involving mismatch amounting to ₹26.28 crore[13] as detailed in **Table 5.20**.

[11] Outward taxable supplies (other than zero-rated, nil rated and exempted)

[12] Outward taxable supplies (zero-rated)

[13] The mismatch amount is inclusive of unreconciled turnover (TO) in table 5R of GSTR 9C in one case of ₹3.55 crore and unreconciled taxable turnover (TTO) in table 7G of GSTR 9C in two cases totaling ₹4.45 crore.

Table 5.20: Reply not received

(₹ in crore)

Audit Dimension	Sample		Department Reply not received		Percentage	
	Number	Amount of mismatch	Number	Amount	Number	Amount
1	2	3	4	5	6	7
Short payment of interest on delayed payments	10	8.66	3	6.25	30.00	72.17
Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	10	0.80	4	0.30	40.00	37.50
ISD credit incorrectly availed by the recipients	4	0.02	4	0.02	100.00	100.00
Cases where GSTR-3B not filed but GSTR1 or GSTR-2A available	2	0.0258	1	0.0002	50.00	0.78
Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	10	12.76	1	2.97	10.00	23.28
Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	9	0.49	3	0.02	33.33	4.08
Mismatch in availing of ITC under RCM without payment	5	0.002	2	0.00001	40.00	0.50
Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	4	6.41	2	4.45	50.00	69.42
Mismatch in availing of ITC	10	4.15	4	1.75	40.00	42.17
Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	10	208.64	1	3.55	10.00	1.70
Unsettled liabilities	10	32.01	4	6.97	40.00	21.77
Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	10	69.97	0	0.00	-	-
Total	**94**	**343.94**	**29**	**26.28**	**30.85**	**7.64**

Considering the overall rate of conversion of inconsistencies into compliance deviations as brought out in the next paragraph, the Department is required to expedite verification of these cases as a priority. Details of these cases are listed in ***Appendix-5.3***.

Table 5.21: Top ten cases in terms of money value where response is yet to be received

Sl. No	GSTIN	Name of the taxpayer	Jurisdiction Range	Mismatch amount (₹ in crore)
1	12AAACM9786A1ZM	M.G.Contractors Private Limited	Khonsa	6.00
2	12ATTPD0313P1ZQ	Brand Eagles	Tawang	5.61
3	12AKNPB9493R1ZD	M/s KangkimBorang	Pasighat	3.55[14]
4	12AAGCS4032F1ZV	Shree Gautam Construction Co. Limited	-do-	3.55[15]
5	12AACFB3337K1ZT	M/s Badri Rai & Company	Khonsa	0.91[16]
6	12ADEPT9187E2ZA	Reniya Enterprises	Zone-II, Itanagar	0.52

[14] Taxable Turnover in Table 7G of GSTR-9C
[15] Turnover in Table 5R of GSTR-9C
[16] Taxable Turnover in Table 7G of GSTR-9C

Sl. No	GSTIN	Name of the taxpayer	Jurisdiction Range	Mismatch amount (₹ in crore)
7	12AFQPT2028E1ZL	M/s Taro Tagia Construction	-do-	0.51
8	12AADCC8088Q1Z3	M/s Chennai Network Infrastructure Limited	-do-	0.50
9	12CRPPM4207D1Z3	M/s Darang Enterprise	Pasighat	0.48
10	12AACCB3413B1ZP	M/s Bhartia Infra Project Limited	-do-	0.39

Recommendation: The Department may urgently pursue the inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.

5.4.7.3 Result of Centralised audit

Based on responses received from the Department to the Audit Queries, the extent to which each of the 12 parameters translated into compliance deviations is summarised in **Table 5.22.**

Table 5.22: Summary of deficiencies (Centralised audit)

(₹ in crore)

Audit Dimension	Cases where reply received		Department reply accepted by Audit		Compliance deviations							
					Recovery made or SCN issued		ASMT-10/ Notice/ DRC-01A issued		Department's reply not acceptable to Audit (Rebuttal)		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No	Amt.	No	Amt.
1	2	3	4	5	6	7	8	9	10	11	12	13
Short payment of interest on delayed payments	7	2.41	0	0.00	0	0.00	6[17]	2.33	1	0.08	7	2.41
Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	6	0.50	2	0.28	0	0.00	1	0.05	3	0.17	4	0.22
ISD credit incorrectly availed by the recipients	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	1	0.0256	0	0.00	0	0.00	1	0.0256	0	0.00	1	0.0256
Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	9	9.79	3	0.66	1	7.88	5	1.25	0	0.00	6	9.13
Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	6	0.47	1	0.30	0	0.000	3	0.16	2	0.01	5	0.17

[17] Out of the six cases, one case amounting to ₹0.97 crore is under investigation by the Director General of GST Intelligence (DGGI), Guwahati and another case amounting ₹0.20 crore is under recovery by the Department.

Audit Dimension	Cases where reply received		Department reply accepted by Audit		Compliance deviations							
					Recovery made or SCN issued		ASMT-10/ Notice/ DRC-01A issued		Department's reply not acceptable to Audit (Rebuttal)		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No	Amt.	No	Amt.
Mismatch in availing of ITC under RCM without payment	3	0.002	0	0.00	0	0.00	3	0.002	0	0.00	3	0.002
Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	2	-[18]	0	0.00	0	0.00	1	-	1	-	2	-
Mismatch in availing of ITC	6	2.40	0	0.00	0	0.00	4	1.86	2	0.54	6	2.40
Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	9	-[19]	3	-	0	0.00	5	-	1	-	6	-
Unsettled liabilities	6	25.04	2	21.78	0	0.00	3	2.70	1	0.56	4	3.26
Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	10	69.97	6	59.89	0	0.00	4	10.08	0	0.00	4	10.08
Total	**65**	**110.61**	**17[20]**	**82.91**	**1**	**7.88[21]**	**36[22]**	**18.46**	**11**	**1.36**	**48**	**27.70**

[18] Total unreconciled taxable turnover (TTO) in table 7G of GSTR-9C in the four cases is ₹6.41 crore out of which Department's reply in respect of mismatched TTO of ₹1.95 crore in two cases is received and in both cases compliance deviations have been observed.

[19] Total unreconciled turnover (TO) in table 5R of GSTR-9C in the 10 cases is ₹208.64 crore out of which Department's reply in respect of mismatched TO of ₹205.09 crore in nine cases is received, in three cases involving mismatched TO of ₹27.03 crore, valid explanations were provided by the Department and the compliance deviations in the remaining six cases involving mismatches of ₹178.06 crore have been observed.

[20] All of the 17 cases amounting to ₹82.91 crore accepted by audit based on other valid explanation given by Department.

[21] Recovery of ₹7.88 crore deposited vide DRC-03 on 17/09/2022 pertains to interest on late payment of tax of ₹21.22 crore under the dimension mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C).

[22] Out of 36 cases, the Department issued notices in four cases for ₹1.33 crore, issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 32 cases for ₹17.13 crore

Summary of Central Audit

Audit noticed deviations from the provisions of the APGST Act in 65 cases (Column No. 2) involving a short levy/mis-match of ₹110.61 crore (Column No. 3), constituting 69.15 *per cent* of the 94 inconsistencies/mis-matches in data, for which the Department provided responses. The Department has accepted the audit observations or initiated action in 37 cases (Column Nos. 6 and 8) with monetary effect of ₹26.34 crore (Column Nos. 7 and 9). Out of these cases the Department has recovered ₹7.88 crore in one case, issued notices in four cases for ₹1.33 crore, issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 32 cases for ₹17.13 crore.

In 17 cases (Column No. 4), constituting 18.09 *per cent*, where the Department's reply was acceptable to Audit and had valid explanations.

In the remaining 11 cases (Column No. 10) of ₹1.36 crore (Column No. 11), constituting 11.70 *per cent*, the Department's reply was not acceptable to audit. Out of these 11 cases, in six cases amounting to ₹0.97 crore audit called for additional reply from the Department and in remaining five cases, audit recommended for recovery amounting to ₹0.39 crore.

Table 5.23: Top case for each dimension of Centralized audit (for compliance deviation pertaining to cases of recovery, ASMT-10, SCN issued and under correspondence with Department/taxpayer)

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Jurisdictional range	Mismatch (₹in crore)	Action taken
1	Short payment of interest on delayed payments	12AACCT8781G1Z8	M/S T.K. Engineering Consortium Private Limited	Zone-I	0.97	Result of investigation of DGGI, Guwahati is awaited from the Department.
2	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	12AAACM9786A1ZM	M.G.Contractors Private Limited	Khonsa	0.15	Reply sought from the Department.
3	ISD credit incorrectly availed by the recipients	12AAJCS4414Q1Z3	Techno Electric & Engineering Company Limited	Bhalukpong	0.009	Reply sought from the Department.
4	Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	12AZGPD8594F1ZD	Tamar Doyom and Brothers	Daporijo	0.0256	Notice issued by the Department
5	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	12AAPCS2430L1ZB	Sky One Airways Private Limited	Zone-I	0.58	ASMT-10 issued by the Department

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Jurisdictional range	Mismatch (₹in crore)	Action taken
6	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	12BCHPM5663D1ZT	Landmarks	Namsai	0.15	ASMT-10 issued by the Department
7	Mismatch in availing of ITC under RCM without payment	12BNUPG4859H1ZN	M/s T.T. Enterprises	Zone-I	0.002	ASMT-10 issued by the Department
8	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	12BFJPG4525B1Z4	Arunachal Ayush Agency	Zone-I	1.92	ASMT-10 issued by the Department
9	Mismatch in availing of ITC	12AAACN7396R1ZS	M/s Navayuga Engineering Co. Ltd.	Tezu	0.74	Notice issued by the Department
10	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	12ADCPM4505H1Z2	Jugal Kishore Mahanta	Likabali	94.93	Additional reply sought from the Department
11	Unsettled liabilities	12AACCS8560Q1ZV	Sushee Infra & Mining Ltd	Zone-I	21.22	ASMT-10 issued by the Department
12	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	12ACNPH3544D1Z1	Surya Enterprises	Zone-I	2.96	ASMT-10 issued by the Department

Illustrative cases resulting from centralized audit are given below:

Dimension - Short payment of interest on delayed payments

Section 50 of APGST Act, 2017, stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made thereunder but fails to pay the tax or any part thereof to the Government within the period prescribed should, for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Audit observed that in case of taxpayer, M/s T.K. Engineering Consortium Private Limited having GSTIN 12AACCT8781G1Z8under Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun, the GSTR-3B return pertaining to the month of March 2018 involving tax liability amounting to ₹3.27 crore, was filed with delay. This resulted in short payment of interest amounting to ₹0.97 crore which was communicated (May 2022) to the

Department. The Department forwarded the reply of the taxpayer in September 2022who stated that he was already under investigation by the Director General of GST Intelligence (DGGI), Guwahati for the period 2017-18 including the matter of non-payment of interest. The Department stated (May 2023) that as the taxpayer is under investigation and all the records are with the DGGI, Guwahati hence the matter will be taken up with the DGGI for records.

Dimension - Mismatch in ITC availed between annual return and financialstatements (Table 12F of GSTR-9C)

Table 12F of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited annual financial statement/ books of accounts.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of APGST Rules, 2017, in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the annual return with the financial statements.

Unreconciled ITC of ₹0.15 crore declared in Table 12F of GSTR-9C, being ITC availed in GST returns mismatching witheligible ITC based on financial statements, in case of M.G. Contractors Private Limited having GSTIN 12AAACM9786A1ZMunder Superintendent of Tax, Excise and Narcotics, Khonsawas noticed and communicated to the Department (May 2022). Reminder was also issued to the Department. Further progress in this regard was awaited (October 2023).

Dimension - ISD credit incorrectly availed by the recipients

To analyse whether the ITC availed by the taxpayer is in excess of the amount transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in their GSTR-6. The methodology adopted was to compare Table 6G[23] of GSTR-9 or Table 4A(4)[24] of GSTR-3B of the recipient taxpayers under the jurisdiction of this State with the sum of Table 5A[25], Table 8A[26], and Table 9A[27] of GSTR-6 of the respective ISD.

In case of taxpayer Techno Electric & Engineering Company Limited having GSTIN 12AAJCS4414Q1Z3 under Superintendent of Tax, Excise and Narcotics, Bhalukpong audit observed that the ITC availed in table 6G of GSTR-9 was ₹0.021 crore and the ITC transferred by the ISD in table (5A+8A+9A) of GSTR-6 was ₹0.012 crore. This resulted in excess availment of ITC transferred by the ISD amounting to ₹0.009 crore, which was communicated to the Department (June 2022). Further progress in this regard was awaited (October 2023).

[23] ITC received from ISD
[24] Inward supplies from ISD
[25] Distribution of the amounts of eligible ITC for the tax period
[26] Mismatch of ITC reclaimed and distributed
[27] Redistribution of ITC distributed to a wrong recipient

Dimension - Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available

At the data level, Audit attempted to identify those taxpayers who have not filed GSTR-3B but have filed GSTR-1 or whose GSTR-2A was available. GSTR-3B return is the only instrument through which the liability is offset, and ITC is availed. The very availability of GSTR-1 and 2A and non-filing of GSTR-3B indicates that the taxpayers had undertaken/ carried on the business during the period but have not discharged their tax liability.

Audit observed that in case of taxpayer Tamar Doyom and Brothers having GSTIN 12AZGPD8594F1ZD under Superintendent of Tax, Excise and Narcotics, Daporijo, the returns (GSTR-3B) pertaining to 2017-2018 involved tax liability amounting to ₹0.0256 crore were not filed by the taxpayer. This resulted in non-discharge of liability of ₹0.0256 crore, which was communicated (May 2022) to the Department. In response, the Department stated (August 2022) that notice has been issued to taxpayer. Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of APGST Rules, 2017, in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the annual return (GSTR-9) and the books of accounts. Table 9 of the GSTR-9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per annual return. Theunreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of CGST/SGST/IGST. There can also be situations wherein supplies/tax declared are reduced through amendments (net of debitnotes/credit notes) for the transactions of 2017-18 carried out in the subsequent year during the period from April toSeptember 2018.

Unreconciled payment of tax declared in Table 9R of GSTR-9C, amounting to ₹0.58 crore in case of the taxpayer Sky One Airways Private Limited having GSTIN 12AAPCS2430L1ZB under Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun was communicated to the Department (May 2022). In response, the Department stated (August 2022) that ASMT-10 has been issued. Reminder was also issued to the Department. Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in availing of ITC under Reverse Charge Mechanism

In reverse charge mechanism (RCM), the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the APGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of IGST Act, 2017.

GSTR-9 is an annual return to be filed once for each financial year by the registered taxpayers who were regular taxpayers, including special economic zone (SEZ) units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed or demand created, *etc.*

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to monthly return GSTR-3B and annual return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR3B Table 3.1(d)[28] with ITC availed in GSTR-9 Table 6C[29], 6D[30] and 6F[31]. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in Table 3.1(d) was compared with the ITC availed part of Table 4A(2)[32] and 4A(3)[33].

Audit observed that in case of taxpayer M/s Landmarks having GSTIN 12BCHPM5663D1ZT under Superintendent of Tax, Excise and Narcotics, Namsai the ITC available in table 3.1(d) of GSTR-3B was NIL and the ITC availed in Table 6C, 6D and 6F of GSTR-9 was ₹0.15 crore resulting in mismatch of ITC availed amounting to ₹0.15 crore which was communicated to the Department (May 2022).

In response, the Department stated (June 2022) that ASMT-10 has been issued to concerned taxpayer. Reminder was also issued to the Department. Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in availing of ITC under RCM without payment

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR-3B and annual return GSTR-9 to check whether the tax has been discharged fully on the activities/transactions under RCM. In cases where GSTR-9 was filed, the RCM payments in Table 4G[34] were compared with ITC availed in Table 6C, 6D and 6F. In the cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d)[35] were compared with GSTR-3B 4A(2) and 4A(3).

Audit observed that in case of taxpayer T.T. Enterprises having GSTIN 12BNUPG4859H1ZN under Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun, the RCM payments in table 3.1(d) of GSTR-3B were NIL but the ITC available in GSTR-3B 4A(2) and 4A(3) was ₹0.002 crore resulting in mismatch in availing of ITC under RCM without payment amounting to ₹0.002 crore which was communicated to the Department (May 2022).

In response, the Department stated (August 2022) that ASMT-10 has been issued to the concerned dealer. Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)

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[28] Inward supplies (liable to reverse charge)
[29] Inward supplies received from unregistered persons liable to reverse charge
[30] Inward supplies received from registered persons liable to reverse charge
[31] Import of services
[32] Import of services
[33] Inward supplies liable to reverse charge (other than Import of Goods and Services)
[34] Inward supplies on which tax is to be paid on reverse charge basis
[35] Inward supplies (liable to reverse charge)

Table 7G of GSTR-9C captures the unreconciled taxable turnover between the annual return GSTR-9 and that declared in the financial statement for the year after the requisite adjustments.

Audit query on unreconciled taxable turnover in Table 7G of GSTR-9C, amounting to ₹1.92 crore was issued in respect of taxpayer, Arunachal Ayush Agency having GSTIN 12BFJPG4525B1Z4 under Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun and communicated to the Department (May 2022). In response, the Department stated (August 2022)that ASMT-10 has been issued.Reminderwas also issued to the Department. Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in availing of ITC

GSTR-2A is a purchase related dynamic tax return that is automatically generated for each transaction/ business by the GST portal, whereas GSTR-3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilization, relevant data were extracted from GSTR-3B and GSTR-2A for the year 2017-18 and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A(5)[36] considering the reversals in Table 4B(2)[37] but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR-9.

Audit observed that in case of taxpayer M/s Navayuga Engineering Co. Ltd. having GSTIN 12AAACN7396R1ZSunder Superintendent of Tax, Excise and Narcotics, Tezu the ITC available as per GSTR-2A was ₹5.87 crore and the ITC availed in table 4A (5) of GSTR-3B was ₹6.61 crore. This resulted in mismatch of ITC availed amounting to ₹0.74 crore which was communicated to the Department (May 2022).

The Department issued notice to the taxpayer (May 2022). The reply of the taxpayer was received in June 2022 wherein the taxpayer stated that the GSTR-2A in GSTN database was not up-to-date which has resulted in mismatch in ITC available between GSTR-2A and GSTR-3B. The taxpayer stated that as per the recent GSTR-2A available, the total mismatch is ₹ 0.23 crore. The taxpayer also stated that he is in possession of the invoices of the ITC. But, the documents enquired for the same were not provided.

Further progress in this regard was awaited (October 2023).

Dimension - Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of APGST Rules, 2017, in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the annual

[36] all other eligible ITC

[37] other ITC reversed

return *vis-à-vis* in *the financ*ial statements. The unreconciled amount in the cases where the turnover declared in GSTR-9 is less than what was declared in the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

Table 5R of GSTR-9C captures unreconciled turnover between the annual return GSTR-9 and that declared in the financial statements for the year after the requisite adjustments.

Audit query on unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹94.92 crore was issued in respect of taxpayer, Jugal Kishore Mahanta having GSTIN 12ADCPM4505H1Z2 under Superintendent of Tax, Excise and Narcotics, Likabali and communicated to the Department (May 2022). The Range office forwarded the reply of the taxpayer in July 2022. The taxpayer claimed that the difference in turnover has occurred as the annual turnover declared in Table 5P includes turnover of his branch in Assam amounting to ₹94.92 crore and the reasons are also mentioned in Table 6 of GSTR 9C. The taxpayer also furnished his consolidated balance sheet and consolidated profit and loss account for 2017-18. However, Audit could not segregate the turnover of Arunachal and Assam branch from the financial statements and hence called for the GSTR 9 of GSTR 9C of the Assam Branch for 2017-18 from the Superintendent in September 2022. The Range Officer issued notice to the taxpayer in September 2022.

Further progress in this regard was awaited (October 2023).

Dimension - Unsettled liabilities

GSTR-1 depicts the monthly details of outward supplies of Goods or Services. These details were also assessed by the taxpayer and mentioned in annual return GSTR-9 in the relevant columns. Further, taxable value and tax paid thereof are also shown in GSTR-3B.

To analyse the undischarged tax liability, relevant data were extracted from GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR-9. Where GSTR-9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and 9 were also considered for this purpose.

For the algorithm, tables 4 to 11 of GSTR-1 and tables 4N, 10 and 11 of GSTR-9 were considered. The greater of the tax liability between GSTR-1 and GSTR-9 was compared with the tax paid declared in tables 9 and 14 of GSTR-9 to identify the short payment of tax. In the case of GSTR-3B, tables 3.1(a)[38] and 3.1(b)[39] were taken into account.

Unsettled liabilities, amounting to ₹21.22 crore were noticed in case of taxpayer Sushee Infra & Mining Ltd having GSTIN 12AACCS8560Q1ZVunder Superintendent of Tax, Excise and Narcotics, Zone-II, Itanagar, which was communicated to the Department (May 2022). In response, the Department forwarded the reply of the taxpayer (September 2022). The taxpayer stated that the outward GST liability declared in GSTR-9 of 2017-18 has

[38] Outward taxable supplies (other than zero rated, nil rated and exempted).
[39] Outward taxable supplies (Zero rated).

been paid through different DRC-03. Audit noticed that the payment of GST of ₹21.27 crore for 2017-18 was belatedly deposited through four DRC-03 between 27/05/2020 and 20/10/2020. Audit also calculated the interest on the delayed payments of tax at ₹8.05 crore. It was noticed that the taxpayer deposited interest of ₹7.88 crore through DRC-03[40] in September 2022.

The Department replied (May 2023) that the concerned Range Officer has already issued notice to the taxpayer and the case will be followed to its logical conclusion.

Further progress in this regard was awaited (October 2023).

Dimension - Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)

Table 14T of GSTR-9C reconciles ITC declared in annual return (GSTR9) with ITC availed on expenses as per audited annual financial statement/ books of accounts.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of APGST Rules, 2017, in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the annual return with the expenses reported in the financial statements.

Unreconciled ITC of ₹2.48 crore declared in Table 14T of GSTR-9C, being ITC availed in GST returns mismatching witheligible ITC based on expenses reported in financial statements, in case ofSurya Enterprises having GSTIN 12ACNPH3544D1Z1under Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun, was noticed and communicated to the Department (May 2022). In response, the Department stated (August 2022) that ASMT-10 has been issued. Reminder was also issued to the Department. Further progress in this regard was awaited (October 2023).

5.4.7.4 Analysis of causative factors

Considering the Department's response to 65 cases out of the sample of 94 data deviations/inconsistencies, the factors that caused the data deviations/inconsistencies are as follows:

Deviations from GST law and rules:

Out of the 94 deviations summarized in Table 11above, the Department has accepted the audit observations or initiated examination in 65 cases with short levy/mismatch of ₹110.61 crore. Out of these cases, the Department issued notices in four cases for ₹1.33 crore, issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 32 cases for ₹17.13 crore. The top five accepted cases and illustrative cases are featured below:

[40] ARN: AD1209220000205 dated 17/09/2022.

Table 5.24: Top five cases accepted or action initiated by the Department

Sl. No	GSTIN	Name of the taxpayer	Jurisdictional range	Dimension	Tax (₹ in crore)	Action taken
1	12ADDPL5211G1Z7	M.L. Enterprises	Aalo	Short payment of interest on delayed payments	0.20 crore	The department has issued notice (September 2022) to the taxpayer to deposit the interest.
2	12ABSFS7939P1Z4	Satyam Steel & Alloys	Banderdewa	-do-	0.08 crore	The department stated (May 2023) that it will issue notice to the taxpayer to deposit the interest.
3	12CYNPK5384A1ZJ	L.K. Hub	Longding	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	0.02 crore	The Department stated (May 2023) that the audit findings have been noted and necessary steps will be taken. Final action was awaited in Audit.
4	12AANFK3761D1ZK	M/s Kamlang Construction Products	Namsai	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	0.01 crore	The department stated (May 2023) that the taxpayer is willing to make payment but tracking of the case could not be done because of technical glitch. Final action was awaited in Audit.
5	12AACFN7495C1ZF	Namdang Veneer & Saw Industries	Commissioner of Tax, Excise & Narcotics, Itanagar	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	0.005 crore	The Department stated (May 2023)that the accounting of RCM should have been done by the system itself but it has not happened. Final action was awaited in Audit.

Short payment of interest on delayed payments -M.L. Enterprises (GSTIN: 12ADDPL5211G1Z7) - ₹0.20 crore

Section 50 of APGST Act, 2017, stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made thereunder but fails to pay the tax or any part thereof to the Government within the period prescribed should, for the period for which the tax or any part thereof remains unpaid, shall pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Audit observed that in case of taxpayer, M.L. Enterprises having GSTIN 12ADDPL5211G1Z7 under Superintendent of Tax, Excise and Narcotics, Aalo, the GSTR-3B return pertaining to the month of February 2018 involving tax liability amounting to ₹1.24 crore, was filed with delay. This resulted in short payment of interest amounting to ₹0.20 crore which was communicated (May 2022) to the Department. The Department issued ASMT-10 (May 2022) to the dealer and notice for payment of dues was issued in September 2022. Final action was awaited in Audit (October 2023).

Short payment of interest on delayed payments - Satyam Steel & Alloys (GSTIN: 12ABSFS7939P1Z4) - ₹ 0.08 crore

Audit observed that in case of taxpayer, Satyam Steel & Alloys having GSTIN 12ABSFS7939P1Z4 under Superintendent of Tax, Excise and Narcotics, Banderdewa the returns (GSTR-3B) pertaining to the months of July 2017 to March 2018 were filed with delay. This resulted in a short payment of interest amounting to ₹0.08 crore which was communicated (April 2022) to the Department. The Department forwarded the reply of the taxpayer (October 2022). The taxpayer claimed that the delay was only of some days in the initial months due to complex structure of GSTR return filing on the portal and also due to various technical glitches on the portal. However, the reply of the taxpayer is not satisfactory as there was delay in filing of GSTR-3B returns for all the nine months (77 days to 166 days) of the financial year 2017-18.

The Department stated (May 2023) that the notice will be issued to the taxpayer and the recovery will be monitored from the Commissionerate level. Final action was awaited in Audit. (October 2023).

Mismatch in ITC availed between annual return and financial statements (Table12F of GSTR-9C) - L.K. Hub (GSTIN: 12CYNPK5384A1ZJ) - ₹ 0.02 crore

Table 12F of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited annual financial statement/ books of accounts.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of APGST Rules, 2017, in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the annual return with the financial statements.

Unreconciled ITC of ₹0.02 crore declared in Table 12F of GSTR-9C, being ITC availed in GST returns mismatching witheligible ITC based on financial statements, in case of L.K. Hub having GSTIN 12CYNPK5384A1ZJ under Superintendent of Tax, Excise and Narcotics, Longdingwas noticed and communicated to the Department (May 2022). In response, the Department forwarded the reply of the taxpayer (August 2022). The taxpayer stated that the excess ITC of ₹0.02 crore (CGST ₹0.01 crore and SGST ₹0.01 crore) was mistakenly claimed in GSTR-3B but did not mention the period during which it was claimed. Further, the taxpayer also stated that he had reversed the same during the months from April 2018toSeptember2018, butaudit observed from the GSTR-3Bs filed during

these months that there was no reversal of ITC.Audit finding was intimated Range Officer in August 2022.

The Department stated (May 2023) that the audit findings have been noted and necessary steps will be taken. Final action was awaited in Audit (October 2023).

Mismatch in availing of ITC under Reverse Charge Mechanism (RCM) - M/s Kamlang Construction Products (GSTIN: 12AANFK3761D1ZK) - ₹0.01 crore

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to monthly return GSTR-3B and annual return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR-3B Table 3.1(d) with ITC availed in GSTR-9 Table 6C, 6D and 6F. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in Table 3.1(d) was compared with the ITC availed part of Table 4A (2) and 4A (3).

Audit observed that in case of taxpayer M/s Kamlang Construction Products having GSTIN 12AANFK3761D1ZK under Superintendent of Tax, Excise and Narcotics, Namsai exhibited excess availing of ITC under Reverse Charge Mechanism (RCM) to the tune of ₹0.59 lakh and the matter was communicated to the Department (May 2022). In response, the Department forwarded the reply of taxpayer (July 2022). The taxpayer admitted to excess claim of ITC amounting to ₹0.50 lakh by mistake but stated that the balance ₹0.09 lakh was availed as import of services in GSTR-3B. However, after scrutiny of returns/ documents furnished by the taxpayer audit observed that ITC of ₹0.09 lakh availed as import of services in GSTR-3B is not admissible as it pertained to insurance on personal motor vehicle. Thus, the taxpayer is liable to pay ₹0.59 lakh (₹0.50 lakh+ ₹0.09 lakh) as excess claim of ITC which was intimated to the Department in October 2022 to recover the outstanding dues of ₹0.59 lakh.

The Department stated (May 2023) that the taxpayer is willing to make payment but tracking of the case could not be done because of technical glitch. However, system will be fixed and necessary corrective action will be taken and results intimated to Audit.Final action was awaited in Audit (October 2023).

Mismatch in availing of ITC under RCM - Namdang Veneer & Saw Industries (GSTIN: 12AACFN7495C1ZF) - ₹0.005 crore

Audit observed that in case of taxpayer Namdang Veneer & Saw Industries having GSTIN 12AACFN7495C1ZF under the jurisdiction of the Superintendent of Tax, Excise and Narcotics, Changlang exhibited excess availing of ITC under Reverse Charge Mechanism (RCM) to the tune of ₹0.54 lakh and the matter was communicated to the Department (May 2022).In response, the Department forwarded the replies of the taxpayer (May 2022 and October 2022)wherein it was stated that the excess availing of ITC under RCM occurred due to clerical error during filing of GSTR-3B in the Financial Year 2017-18 which was detected by him in 2018-19. He also stated that he has paid the balance tax amount in the GSTR-3B of July 2018. However, when audit checked the GSTR-3B it was noticed that

the taxpayer has recorded his payment of CGST ₹0.27 lakh and SGST ₹0.27 lakh in Table 6.1(A) which is meant for payments of tax other than reverse charge. As such, Audit could not verify whether the payment actually relates to the excess ITC availed by the taxpayer.

The Department stated (May 2023) that the accounting of RCM should have been done by the system itself but it has not happened and further stated that it will look into the matter and take necessary corrective action. Final action was awaited in Audit (October 2023).

Recommendation: The Department may conduct data analysis (as conducted by Audit for Centralised Audit) for GST returns and related data to identify inconsistencies and take necessary steps to enhance taxpayer's compliance.

5.4.8 Detailed audit of GST returns

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-State data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 15 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of the GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Desk review was carried out in CAG field audit office. Based on desk review results, detailed audit was conducted in the field formations (Range Offices) by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices etc. to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the field formations (Range Offices). Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments.

5.4.8.1 Scope limitation (non-production of records)

The Department provided access through the GST portal application-the back-end system of the State Tax Department (boweb) to Audit in its premises.

Audit teams downloaded various returns of selected samples of taxpayers for verification of returns. Although, no granular records relating to the taxpayers were provided by the Department.

The details of non- production of records are summarized in the following paragraphs:

Non-production: During the desk review of taxpayers' records available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Table 12 and 14 of GSTR-9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR-9 and the declarations in Table 5, Table 7 and Table 9 of GSTR-9C. However, in 15 sampled casespertaining to 04 range offices[41], the Department did not produce the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies etc. required for examining the causative factors for mismatches of ITC and tax liability. Audit requisitioned these granular records of the taxpayers through the respective ranges. The jurisdiction-wise non- production of records is summarized in **Table 5.25**. The case-wise listing of non-production is given in ***Appendix-5.4***.

Table 5.25: Non-production of records

(₹ in crore)

Jurisdictional formation	Sample	Non-production	
	Number of tax-payers	Number of taxpayers	Amount of mismatches
Zone-I	5	5	25.79
Zone-II	7	7	27.27
Pasighat	2	2	5.15
Tawang	1	1	0.01
Total	**15**	**15**	**58.22**

The granular records were not produced in 100 *per cent* of cases, as a result the identified risks relating to mismatches/deviations of ₹58.22 crore could not be examined in detail by Audit.

Audit observations were issued to the four range officers in October 2022 and November 2022, but no replies have been received (October 2023).

5.4.8.2 Mismatch relating to Input Tax Credit

Input Tax Credit means the Goods and Services Tax paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Section 16 and 17 of the APGST Act, 2017 prescribe the eligibility and conditions to avail ITC. Credit of CGST cannot be used for payment of SGST/UTGST and credit of SGST/UTGST cannot be utilised for payment of CGST. Rule 36 to 45 of the APGST Rules, 2017 prescribes the procedures for availing and reversal of ITC.

[41] i) Superintendent of Tax, Excise & Narcotics, Pasighat
ii) Superintendent of Tax, Excise & Narcotics, Tawang
iii) Superintendent of Tax, Excise & Narcotics, Zone-I
iv) Superintendent of Tax, Excise & Narcotics, Zone-II

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers and noticed mismatches of input tax credit among returns. Audit could not examine mismatches in detail since relevant granular records were not produced by the Department.

The details of mismatches in input tax credit noticed by Audit are given in **Table 5.26**.

Table 5.26: Mismatch in input tax credit claimed by taxpayers

Sl. No	Parameter	No. of cases	No. of range offices	Amount of mismatch (₹ in crore)	Remarks
1	**Mismatch between ITC availed in GSTR-9/3B and ITC availed in GSTR-2A:** To analyse, the data were extracted from GSTR-9/GSTR-3B and GSTR-2A, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer and compared the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A(5) considering the reversals in Table 4B(2) but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR-9.	14	3	28.36	The cases were pointed out to the Department in October 2022 and November 2022. The Department replied (May 2023) that the matter is being followed-up. Final action is awaited (October 2023).
2	**Mismatch of ITC due to claiming after limitation period:** To analyse, the data were extracted from GSTR-9/GSTR-3B to verify if the ITC was claimed before the limitation periodas per Section 16(4) i.e. the due date of furnishing of the return under Section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.	1	1	0.64	On this being pointed out in audit (January 2023), the Department replied (May 2023) that the taxpayer could not be traced till date but the matter is being followed-up. Final action is awaited (October 2023).

5.4.8.3 Mismatches relating to discharge of tax liability

The taxable event in the case of GST is supply of goods and/or services. Section 9 of the APGST Act, 2017 is the charging section authorising levy and collection of tax called State/Centre Goods and Services Tax on all intra-state supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act ibid and at such rates not exceeding 20 *per cent* under each Act, *i.e.*, CGST Act and APGST Act. Section 5 of the IGST vests levy and collection of integrated GST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, a cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles etc. Section 9(3) and 9(4) of the APGST Act, 2017 and Sections 5(3) and 5(4) of the Integrated GST Act, 2017 provide for reverse charge levy of tax on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

Audit findings and mismatches noticed related to discharge of tax liabilities are discussed below.

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2017-18 and noticed mismatch in discharge of tax liability by comparing the tax liability furnished in the returns. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches are given in **Table 5.27.**

Table 5.27: Mismatch related to discharge of tax liability

Sl. No	Parameter	No. of cases	No. of range offices	Amount of mismatch (₹ in crore)	Remarks
1.	**Mismatch of tax payable between GSTR-1 and GSTR-3B or GSTR-9:** Tax liability of GSTR-1 was not matching with the tax liability declared in GSTR-3B or GSTR-9	7	3	12.89	The cases were pointed out to the Department in October 2022 and November 2022. The Department replied (May 2023) that the matter is being followed-up. Final action is awaited (October 2023).
2.	**Mis-match of differential tax payable:** Differential tax declared in Table 10 of GSTR-9 of 2017-18 were matched with payment in GSTR-3B/GSTR-9 of subsequent year 2018-19.	1	1	7.36	Audit reported the matter of the Department in November 2022. The Department stated (May 2023) that the taxpayer furnished replies to the notice, however, the reply given is not relevant to the audit findings. Hence, department has asked the taxpayer to revise their reply. Final Result is awaited (October 2023).

5.4.8.4 Mismatch between turnover/tax paid declared in Annual Return and Financial Statement/Books of Account

Mismatches between turnover/tax paid declared in Annual Return and Financial Statement/ Books of Account were detected from the GSTR-9C of the taxpayers. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches are given in **Table 5.28.**

Table 5.28: Mismatch related to turnover/tax paid declared in Annual Return and Financial Statement/Books of Account

Sl. No	Parameter	No. of cases	No. of range offices	Amount of mismatch (₹ in crore)	Remarks
1.	**Mismatch in taxable turnover between Annual return and Financial Statements (Table 7G of Form 9C):** Negative figure was detected in Table 7G of Form GSTR-9C of 2017-18	2	2	-[42]	The cases were pointed out to the Department in October 2022 and November 2022. The Department replied (May 2023) that the matter is being followed-up. Final action is awaited (October 2023).
2.	**Mismatch in tax paid between books of accounts and Annual Return (Table 9R of Form 9C):** Negative figure was detected in Table 9R of Form GSTR-9C of 2017-18.	3	3	0.41	The cases were pointed out to the Department in October 2022 and November 2022. The Department replied (May 2023) that the matter is being followed-up. Final action is awaited (October 2023).

5.4.8.5 Non-payment of interest on delayed payment of Tax

Section 50 (1) of APGST Act 2017 states that every person who is liable to pay tax in accordance with the provisions of this Act or the rules made there under, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.

During detailed audit (August 2022 to October 2022), scrutiny of data of returns filing in respect of 15 taxpayers under the four range offices revealed that there were five taxpayers who had filed 13 GSTR-3B returns belatedly after a delay of 01 to 369 days from the expiry of due dates. In these returns, these taxpayers made total payment of GST amounting to ₹2.11 crore from their cash ledger. However, the taxpayers did not pay interest on delayed payment of tax which amounted to ₹0.04 crore as detailed in ***Appendix-5.5***. The four range officers also did not issue SCN to the five taxpayers for the default in payment of the interest.

The matter was communicated to the Department in November 2022 to take action against the taxpayers.

The Department stated (May 2023) that in some cases they have already issued notice to the taxpayer and in the remaining cases notice will be issued.

5.4.8.6 Discrepancy of in the Electronic Credit Ledger of taxpayer

As per Section 16(1) of APGST Act 2017, every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or

[42] Total unreconciled taxable turnover (TO) in table 7G of GSTR-9C in 2 cases was ₹8.56 crore.

both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

Scrutiny of data (September 2022) extracted from GSTR-3B summary for 2017-18 from GSTN portal in respect of the taxpayer M/s Carlsberg India Private Limited (GSTIN: 12AAJCS8454J1Z1) under the jurisdiction of Superintendent of Tax, Excise and Narcotics, Zone-I, Naharlagun revealed that the taxpayer availed total ITC of ₹3.50 crore during the year. It was also observed from the return that the taxpayer reversed total ITC of ₹3.50 crore during the year.

However, when Audit accessed the Electronic Credit Ledger (ECL) for the year 2017-18 from GST portal it was noticed that the ECL from the months July 2017 to January 2018 was not available in the system. Further, no debit entry of ITC reversal was recorded against the GSTR-3Bsof February 2018 and March 2018.Due to the non-availability of the taxpayer's ECL in the system, Audit could not verify the ITC reversal of ₹3.50 crore and the claims of the taxpayer remain uncertain. The range officer also did not detect the discrepancy in the ECL. The matter was intimated to the Department in November 2022.

The Department stated (May 2023) that the Range Officer has issued notice to the taxpayer but the taxpayer has asked for time to respond to the notices.

5.4.8.7 Non-filing of ITC 04 return by the taxpayer

As per Rule 45(3) of the APGST Rules 2017, the details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in FORM GST ITC-04 furnished for that period on or before the twenty-fifth day of the month succeeding the said quarter.

Scrutiny of returns (September 2022) summary for 2017-18 obtained from GSTN portal revealed that a taxpayer Carlsberg India Private Limited (GSTIN: 12AAJCS8454J1Z1) registered under the jurisdiction of Superintendent of Tax, Excise and Narcotics, Zone-I, Itanagar submitted one ITC 04 return for the tax period (quarter) July-September 2017 on 12 August 2019. As per the return it was noticed that the taxpayer had sent inputs totalling taxable value ₹4.97 crore to a job worker NEFA Breweries Private Limited (GSTIN: 12AAECN3747J1ZH) during the quarter. From the return it was observed that the inputs were received within the tax period but the ITC 04 did not capture the exact date of receipt back of the finished goods. The taxpayer also did not submit the ITC 04s for the next two quarters of 2017-18 *i.e*. October 2017- December 2017 and January 2018 – March 2018. The Range also did not furnish the books of accounts of the taxpayer for 2017-18 which were called for by Audit.

The Department was intimated in November 2022.

The Department stated (May 2023) that the Range Officer has issued notice to the taxpayer but the taxpayer has asked for time to respond to the notices.

5.4.8.8 Discrepancy between invoice value and ITC declared in return

As per Section 61(1) of the APGST Act 2017, the proper officer may scrutinize the return and related particulars furnished by the registered person to verify the correctness of the return and inform him of the discrepancies noticed, if any, in such manner as may be prescribed and seek his explanation thereto, (2) In case the explanation is found acceptable, the registered person shall be informed accordingly and no further action shall be taken in this regard (3) In case no satisfactory explanation is furnished within a period of thirty days of being informed by the proper officer or such further period as may be permitted by him or where the registered person, after accepting the discrepancies, fails to take the corrective measure in his return for the month in which the discrepancy is accepted, the proper officer may initiate appropriate action including those under section 65 or section 66 or section 67, or proceed to determine the tax and other dues under section 73 or section 74.

Scrutiny (August 2022) of purchaseledger of the taxpayer Shyama Power India Limited (GSTIN: 12AAHCS6024L1ZD) for the month of March 2018 furnished by the Superintendent of Tax, Excise and Narcotics, Zone-II, Itanagar revealed that the taxpayer's total ITC was ₹1.42 crore on his purchases during the month:

Table 5.29: Details of ITC as per purchase ledger

(₹ in crore)

IGST	CGST	SGST	Total
1.22	0.10	0.10	1.42

However, as per GSTR-3B of March 2018 filed in June 2018 the taxpayer declared total ITC of ₹2.36 crore (excluding reverse charge and ISD) which resulted in mismatch of ITC to the tune of ₹0.95 crore during the month as detailed below:

Table 5.30: Details of excess availing of ITC

(₹ in crore)

Details	IGST	CGST	SGST	Total
ITC as per GSTR 3B	1.94	0.21	0.21	2.36
ITC as per purchase ledger	1.22	0.10	0.10	1.42
Mismatch in ITC	**0.72**	**0.11**	**0.11**	**0.94**

It was also noticed that the taxpayer had declared un-reconciled ITC of ₹0.96 crore in Table 12F of GSTR-9C for 2017-18. The taxpayer stated in Table 13 of the GSTR-9C that the unreconciled amount of ₹0.96 crore is due to reversal of ITC made in subsequent Financial Year. However, the taxpayer has declared NIL reversal of ITC in GSTR-9 of 2018-19 which contradicts his claim.

Audit pointed out the discrepancy to the Department in November 2022 and requested to clarify from the taxpayer the reason for the excess availing of ITC of ₹0.95 crore during March 2018 and its subsequent adjustment.

The Department stated (May 2023) that notice has been issued to the taxpayer. Final action is awaited (October 2023).

5.4.8.9 Discrepancy between taxable turnover and tax payable as per GSTR-3B and invoices of outward supplies

As detailed in previous para, Section 61(1) of the APGST Act 2017, empowers the proper officer to scrutinize the return and related particulars furnished by the registered person and if necessary, take appropriate action including those under section 65 or section 66 or section 67, or proceed to determine the tax and other dues under section 73 or section 74.

Audit called (August 2022) for invoices of three months[43] of the taxpayer M/s Puna Hinda (GSTIN: 12ABMPH5685D1ZQ) under the jurisdiction of Superintendent of Tax, Excise and Narcotics, Zone-II, Itanagar for detailed scrutiny, and the taxpayer furnished four (04) Nos. of sales invoice issued during the three months. It was noticed that there were variations between the taxable value and tax liability as per GSTR-3Bs of the months and the invoices produced to audit. The taxable value of outward supply did not match in any of the three months whereas the tax payable was matching only in Feb 2017.Further, in the GSTR-3B of November 2017 the taxpayer declared IGST payable of ₹0.22 crore which was paid through Input Tax Credit (ITC) of IGST vide Electronic Credit Ledger (ECL) debit entry dated 20/12/2017[44] but there was no IGST payable as per the invoice issued in November 2017[45]. Similarly, tax of ₹0.12 crore (CGST ₹0.06 crore and SGST ₹0.06 crore) was payable as per the same outward supply invoice but no payment was made as per ECL. The details are given in ***Appendix-5.6.***

The undischarged tax liability of ₹0.12 crore was communicated to the Department in November 2022.

The Department stated (May 2023) that the taxpayer would be contacted to send reply to the audit observation.

5.4.8.10 Discrepancy in opening balance in electronic credit ledger

As per Section 16(1) of the APGST Act 2017, every registered person shall, subject to such conditions and restrictions as may be prescribed and, in the manner, specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

The Electronic Credit Ledger (ECL) (August 2022) of the taxpayer Vodafone Mobile Services Limited (GSTIN: 12AAACS4457Q1Z1) under the jurisdiction of Superintendent of Tax, Excise and Narcotics, Zone-II, Itanagar had an opening balance of CGST of ₹487.84 crore on 1st July 2017. During the subsequent period the taxpayer credited CGST ITC amounting to ₹2.86 crore[46] and debited CGST ITC amounting to ₹0.87 lakh

[43] November 2017, February 2018 & March 2018
[44] ECL reference no. DI1212170001190
[45] Invoice no. GST/01 dated 15/11/2017
[46] Transitional CENVAT Credit: ₹2.76 crore + ITC accrued through inputs: ₹0.10 crore

leaving a balance of CGST to the tune of ₹489.83 crore on 19/09/2017. It was also noticed that CGST amounting to ₹490.59 crore was reversed on 14/10/2017 (reference No. AA2408172028362) as Reversal of Incorrect Opening Balance leaving a negative closing balance of ₹0.76 crore. The details are shown in ***Appendix-5.7***.

Audit could not ascertain whether the incorrect opening balance of CGST of ₹487.84 crore from the ECLwas due to mistake on the part of the taxpayer or a system error.

The matter was reported to the range officer in January 2023.

The Department stated (May 2023)that it will take necessary action in the matter. Final result is awaited (October 2023).

5.4.8.11 Ineligible ITC on invoices pertaining to different place of supply

Section 42(1) of the APGST Act 2017 stipulates that the details of every inward supply furnished by a registered person (hereafter in thissection referred to as the "recipient") for atax period shall, in such manner and withinsuch time as may be prescribed, be matched– (a) with the corresponding details of outward supply furnished by the corresponding registered person (hereafter in this section referred to as the "supplier") in his valid return for the same tax period orany preceding tax period. Further, rule 59 (3) of the APGST Rules 2017 stipulates that the details of outward supplies furnished by the supplier shall be made available electronically to the concerned registered persons (recipients) in Part-A of FORM GSTR-2A, in FORM GSTR-4A and inFORM GSTR-6A through the common portal after the due date of filing of FORM GSTR-1.

Scrutiny of GSTR-2As (August 2022 to October 2022) of selected months of 15 sample taxpayers registered under the jurisdiction of four range offices[47] revealed that in case of four taxpayers their returns reflected supplies made to other states[48]. There were 19 such inward supply invoices and the total taxable value of the supplies amounted to ₹0.08 crore and the GST on the same is ₹0.01 crore.As the place of supply is in a different state than that of the four taxpayers' principal place of business, the taxpayer is not eligible to claim the ITC totalling ₹0.01 crore which is detailed in ***Appendix-5.8***.

The matter was reported to the range officers in January 2023.

The Department stated (May 2023) that they have issued notice to the taxpayers but reply is still awaited.

5.4.8.12 Non-amendment of registration certificate by the taxpayer

Section 28(1) of the APGST Act 2017 states that every registered person and a person to whoma Unique Identity Number (UIN) has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, in such form and manner and within suchperiod as may be prescribed. Sub-section (2)

[47] i) Superintendent of Tax, Excise & Narcotics, Pasighat
ii) Superintendent of Tax, Excise & Narcotics, Tawang
iii) Superintendent of Tax, Excise & Narcotics, Zone-I
iv) Superintendent of Tax, Excise & Narcotics, Zone-II

[48] Assam, Bihar, Uttarakhand & West Bengal

further states that the proper officer may, on the basis of information furnished under sub-section(1) or as ascertained by him, approve or reject amendments in the registration particulars in such manner and withinsuch period as may be prescribed.

Scrutiny of the registration certificate (REG-06) of two taxpayers[49] (August 2022) under the jurisdiction of the Superintendent of Tax, Excise and Narcotics, Zone-II, Itanagaralong with their invoices for 2017-18 revealed that the taxpayers were primarily supplying goods and services which were not declared by them in their REG-06 as detailed in ***Appendix-5.9***.

However, the taxpayers did notamend their registration certificates to include these goods & services and as such, their registration certificates were inadequate as on date. The range officer also did not detect the same as he had not conducted scrutiny of returns for FY 2017-18.

The matter was reported to the range officer in October 2022.

The Department stated (May 2023) that they have issued notice to the taxpayers but reply is still awaited.

5.4.8.13 Registration of taxpayer in wrong jurisdiction

As per Section 22(1) of APGST Act 2017, every supplier shall be liable to be registered under this Act in the State or Union Territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees.

During the detailed audit (October 2022) of the taxpayer M/s Soletanche Bachy (GSTIN: 12AAPCS3515G1ZI) in the jurisdiction of the Superintendent of Tax, Excise and Narcotics, Tawang, it was noticed from the registration certificate REG-06 that the principal place of business of the taxpayer is not in that jurisdiction. It was noticed from REG-06 that the principal place of business of the taxpayer falls under the jurisdiction of the Superintendent of Tax, Excise and Narcotics, Ziro. When the records of the taxpayer pertaining to FY 2017-18 were called for, the range office, Tawang was unable to produce the documents due to non-existence of the taxpayer's business under his jurisdiction.

The matter was communicated to the Department in October 2022, however, no reply has been received as on date (March 2023).

The Department stated (May 2023) that they will look into the matter and take necessary corrective measures and results will be intimated to Audit.

[49] i) M/s Maria Enterprises (GSTIN: 12AFNPN6435Q3ZS)
ii) M/s Puna Hinda (GSTIN:12ABMPH5685D1ZQ)

Recommendations:

The Department may:

- ***introduce a module to prompt alerts on mismatches in various returns viz., annual return (GSTR-9), reconciliation statement (GSTR-9C), monthly returns (GSTR-1 and GSTR-3B) etc., to aid the proper officer for identifying and verifying the mismatches.***
- ***initiate remedial action for all the compliance deviations brought out in this report before they get time barred.***

5.4.9 Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2017-18. The SSCA entailed assessing the oversight functions of State Jurisdictional formation at two levels – at the data level through global data queries and at the functional level with a deeper detailed audit both of the Ranges and of the GST returns, which involved accessing taxpayer records. The audit sample therefore comprised four Ranges, 94 high value inconsistencies across 12 parameters selected through global queries and 15 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2017-18.

A review of the functions of four Ranges disclosed that there were deficiencies in oversight functions of Ranges such as monitoring of return filing, scrutiny of returns and cancellation of registration.

Further, out of the 94 high value data inconsistencies identified by Audit the Department responded to 65 cases. Of these, 48 cases constituting 73.85 per cent, turned out to be compliance deficiencies with a revenue implication of ₹27.70crore. The Department has not responded to 29 cases of inconsistencies, which have an identified risk exposure of ₹26.28 crore[50].

Detailed audit of GST returns also suggested significant non-compliance. At the outset, essential records such as financial statements, and granular records such as supplementary financial ledgers, invoices, agreement copies *etc.*were not produced, which constituted a significant scope limitation. These cases represent potential risk exposure towards identified mismatches in ITC availment and tax payments. Out of the 15 cases that were audited either

[50] The potential risk amount is inclusive of unreconciled turnover (TO) in table 5R of GSTR 9C in one case of ₹3.55 crore and unreconciled taxable turnover (TTO) in table 7G of GSTR 9C in two cases totaling ₹4.45 crore.

fully or partially, Audit observed 28 compliance deficiencies consisting of mismatches of ₹49.66 crore.

Considering the significant rate of compliance deficiencies, the Department must initiate remedial measures before they get time barred. From a systemic perspective, the Department needs to strengthen the effective oversight on return filing, scrutiny of returns and cancellation of registrations. The Department may also consider introducing validation controls in GST returns to improve taxpayer compliance and to facilitate scrutiny of returns.

5.4.10 Summary of recommendations

The State Government may-

- *strengthen the monitoring mechanism in Ranges to detect non-filers of returns and ensure timely action against defaulters.*
- *ensure the scrutiny of returns in a time bound manner before the cases become time barred.*
- *monitor the status of cancellation of registrations and action taken thereon in consonance with the provisions of the Act and Rules utilising the Management Information System (MIS) of the GST portal.*
- *urgently pursue the 29 inconsistencies and deviations pointed out by Audit, for which responses have not been provided and intimate the results to Audit.*
- *conduct data analysis (as conducted by Audit for Centralised Audit) for GST returns and related data to identify inconsistencies and take necessary steps to enhance taxpayer's compliance.*
- *introduce a module to prompt alerts on mismatches in various returns viz., annual return (GSTR-9), reconciliation statement (GSTR-9C), monthly returns (GSTR-1 and GSTR-3B) etc., to aid the proper officer for identifying and verifying the mismatches.*
- *initiate remedial action for all the compliance deviations brought out in this report before they get time barred.*

CHAPTER – VI
ECONOMIC SECTOR
(STATE PUBLIC SECTOR ENTERPRISES)

CHAPTER – VI: ECONOMIC SECTOR (STATE PUBLIC SECTOR ENTERPRISES)

6.1 Functioning of State Public Sector Enterprises

6.1.1 Introduction

As of 31 March 2023, there were seven ***(Appendix 6.1)*** State Public Sector Enterprises (SPSEs) in Arunachal Pradesh as detailed in **Table 6.1**.

Table 6.1: Total number of SPSEs as on 31 March 2023

Type of SPSEs	Working SPSEs	Non-working SPSEs	Total
Government Companies[1]	6	1	7

Source: Records of PAG, Arunachal Pradesh

None of these Companies were listed on the stock exchange which means that the shares of the SPSEs cannot be traded in the stock exchange. During the year 2022-23, no other SPSE was added to the audit jurisdiction of the Principal Accountant General, Arunachal Pradesh. No existing SPSE was closed down during this period.

6.1.2 Investment in SPSEs

6.1.2.1 State Government's investment in SPSEs

The State's investment in SPSEs was by way of share capital/loans and special financial support by way of grants/subsidies as and when required.

During the last five years from 2018-19 to 2022-23, the investment of the State Government in the form of Equity capital in seven SPSEs remained constant whereas long-term loans decreased by ₹0.15 crore in the year 2022-23. The total investment of State Government in its SPSEs as on 31 March 2023 was ₹27.72 crore[2] as per details given in **Table 6.2**.

Table 6.2: Comparative figures of State's investment in SPSEs during 2018-19 and 2022-23

(₹ in crore)

Form of investment	2018-19	2022-23
Equity Capital	19.49	19.49
Long term Loans	8.38	8.23
Total	**27.87**	**27.72**

Source: Investment figures as provided by the SPSEs

The State Government investment as on 31 March 2023 consisted of 70.31 *per cent* towards capital and 29.69 *per cent* in long-term loans.

[1] Government Companies include other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

[2] Investment figures are provisional and as per the information provided by the SPSEs as none of the seven SPSEs had finalised their accounts for 2022-23 as of 30 September 2023

During the year 2022-23, out of six working SPSEs, five SPSEs incurred losses (₹4.70 crore) while one SPSE (*Arunachal Police Housing and Welfare Corporation Limited)* earned profit (₹3.75 crore) as per their latest finalised accounts as on 30 September 2023 ***(Appendix 6.1)***. However, the profit making SPSE had not declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the SPSEs.

The return on State Government's investment (historical value) in SPSEs during 2022-23 worked out to (-)1.09 *per cent* ***(Appendix 6.2)***. The losses of two[3] working SPSEs (₹29.95 crore) had completely eroded the State's investment in their paid-up capital (₹5.20 crore), as per their latest finalised accounts (September 2023) ***(Appendix 6.1)***.

6.1.2.2 Total Sector-wise investment in SPSEs

Total investment of State Government and Other Stakeholders (Central Government, holding companies, Banks, Financial Institutions, *etc.*) in SPSEs under various sectors at the end of 31 March 2019 and 31 March 2023 has been shown in **Table 6.3**.

Table 6.3: Sector-wise investment in SPSEs as on 31 March 2023

(₹ in crore)

Name of Sector	Government Companies	
	2018-19	2022-23
Finance	12.65	12.65
Power	12.45	12.45
Agriculture & Allied	4.50	4.50
Service	0.99	0.99
Manufacturing	0.24	0.24
Infrastructure	0.02	0.02
Miscellaneous	2.63	2.48
Total	**33.48**	**33.33**

Source: Information received from SPSEs

As can be noticed from **Table 6.3**, the combined investment of 'State Government and Other Stakeholders' remained constant in six sectors during the last five-years while a negligible decrease (₹0.15 crore) had been noticed in one sector (Miscellaneous) during the said period. During this period, the thrust of investment was in Finance and Power sectors, which constituted around 38 *per cent* (Finance sector) and 37 *per cent* (Power[4] sector) of the total investment during 2018-19 to 2022-23.

6.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of SPSEs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the SPSEs concerned should carry out reconciliation of differences. The position in this regard as of 31 March 2023 is shown in **Table 6.4**.

[3] Arunachal Pradesh Industrial Development and Financial Corporation Limited and Arunachal Pradesh Donyi Polo Hotel Corporation Limited

[4] Power sector consists of only one PSE (Hydro Power Development Corporation of Arunachal Pradesh Limited)

Table 6.4: Variation between Finance Accounts and records of SPSEs

(₹ in crore)

Outstanding in respect of:	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference
Equity	9.00	19.49	10.49
Loans	36.25[5]	8.23	28.02
Guarantee	2.00	2.00[6]	-

Source: As per the State Finance Accounts, 2022-23 and information furnished by SPSEs

As can be seen from **Table 6.4** above, there were significant differences in the figures of 'equity' (₹10.49 crore) and 'loans' (₹28.02 crore), which were pending reconciliation for more than ten years.

Though the Principal Secretary, Finance Department, Government of Arunachal Pradesh (GoAP) as well as the Management of the SPSEs concerned were appraised regularly about the differences impressing upon the need for early reconciliation of these differences, no significant progress was noticed in this regard.

Recommendation: The State Government/ Administrative Departments and the SPSEs concerned may take concrete steps to reconcile the differences in a time-bound manner.

6.1.4 Special support and guarantees to SPSEs during the year

State Government provides financial support to SPSEs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/ subsidies in respect of SPSEs for the last four years ended 2022-23 have been summarised in **Table 6.5**.

Table 6.5: Details of budgetary support to SPSEs

(₹ in crore)

Sl. No.	Particulars	2019-20		2020-21		2021-22		2022-23	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1.	Equity Capital Outgo from budget	-	-	-	-	-	-	-	-
2.	Loans given from budget	-	-	-	-	-	-	-	-
3.	Grants/subsidy* from budget	2	4.79	3	7.45	6	16.96	6	23.52
Total Outgo		**2**	**4.79**	**3**	**7.45**	**6**	**16.96**	**6**	**23.52**
4.	Guarantees issued	-	-	-	-	-	-	-	-
5.	Guarantee Commitment (Cumulative)	1	2.00	1	2.00	1	2.00	1	2.00

Source: Information furnished by the SPSEs

**Represents revenue grants/subsidy; no capital grant/subsidy was provided during last four years*

[5] Represents Loan provided to 'public sector and other Enterprises' in four sectors viz., Agriculture & Allied (₹20.00 crore); Power (₹10.00 crore); Non-ferrous Mining (₹0.15 crore) and Industrial Financing (₹6.10 crore). SPSE-wise details of loans were not available in the State Finance Accounts, 2022-23.

[6] Pertained to Arunachal Pradesh Industrial Development and Financial Corporation Limited

It can be noticed from **Table 6.5** that the State Government had not provided any equity capital or loans from the State budget to the SPSEs during the last four years. However, the budgetary support provided by the State Government to SPSEs during 2022-23 in the form of grants/subsidy was highest during the last four years. Two SPSE[7] had received grants continuously during the last four years while one SPSE[8] had received grants during the last three years. No guarantee was issued to any of the SPSEs during last four years (2019-23). However, the guarantee commitment of State Government remained outstanding at ₹Two crore against one SPSE (Arunachal Pradesh Industrial Development and Financial Corporation Limited) during the last four-years.

6.1.5 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 01 April 2014 is governed by the Companies Act, 2013 (Act) while that in respect of financial years which commenced earlier than 01 April 2014 continued to be governed by the Companies Act, 1956. The new Act has specified increased regulatory framework, wider Management responsibility and higher professional accountability.

6.1.5.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the Comptroller & Auditor General of India (CAG), conduct the audit of the financial statements of a Government Company. In addition, CAG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

6.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSEs through its administrative departments. The Government appoints Chief Executives and Directors on the Board of these SPSEs.

The State Legislature also monitors the accounting and utilization of Government investment in the SPSEs. For this purpose, the Annual Reports of the State Government Companies together with the Statutory Auditors' Report and comments of the CAG thereon are required to be placed before the Legislature under Section 394 of the Act. The Audit Reports of CAG are submitted to the State Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

6.1.6 Arrears in finalisation of Accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year (i.e. by 30 September) in accordance with the provisions of Section 96(1) read with Section 129 (2) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act. As per the Act (Section 99), the

[7] Arunachal Pradesh Forest Corporation Limited (2019-20: ₹2.61 crore, 2020-21: ₹2.66 crore, 2021-22: ₹2.78 crore and 2022-23: ₹4.07 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (2019-20: ₹2.18 crore, 2020-21: ₹2.73 crore, 2021-22: ₹6.48 crore and 2022-23: ₹3.03 crore)

[8] Arunachal Police Housing & Welfare Corporation Limited (2020-21: ₹2.06 crore, 2021-22: ₹2.31 crore and 2022-23: ₹2.45 crore)

defaulting company and every officer of such company who is at default shall be punishable with fine which may extend up to ₹1.00 lakh and in the case of a continuing default, with a further fine which may extend upto ₹5,000 for every day during which such default continues.

Moreover, timely finalisation of accounts is important for the State Government to assess the financial health of the SPSEs and avoid possibilities of any financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provisions of the Companies Act, 2013.

Table 6.6 provides the details of progress made by working SPSEs in finalisation of accounts as of 30 September 2023.

Table 6.6: Position relating to finalisation of accounts of working SPSEs

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Number of Working SPSEs	6	6	6	6	6
2.	Number of accounts finalised during the year	2	2	3	5	16
3.	Number of accounts in arrears	42	46	49	50	40
4.	Number of Working SPSEs with arrears in accounts	6	6	6	6	6
5.	Extent of arrears (numbers in years)	1 to 19	1 to 20	1 to 21	1 to 22	2 to 16

Source: Information received from SPSEs

As can be observed from **Table 6.6** above, the number of accounts in arrears had shown an increasing trend during the period from 2018-19 to 2021-22 but decreased in 2022-23 due to finalisation of 16 accounts by SPSEs during 2022-23 (October 2022 to September 2023), which was highest during the last five years. Out of the total 40 accounts in arrears as on 30 September 2023, 26 Accounts (65 *per cent*) pertained to two SPSEs *viz*., Arunachal Pradesh Mineral Development and Trading Corporation Limited (16 Accounts) and Arunachal Pradesh Forest Corporation Limited (10 Accounts). The earliest Accounts pending finalisation since 2007-08 belong to Arunachal Pradesh Mineral Development and Trading Corporation Limited.

The Principal Accountant General, Arunachal Pradesh has been regularly pursuing the issue with the Chief Secretary, GoAP and the Administrative Departments concerned for liquidating the arrears of the accounts of SPSEs. However, the State Government and the SPSEs concerned were yet to effectively address the issue to clear pendency of accounts of the SPSEs in a time bound manner.

6.1.7 Investment by State Government in SPSEs whose accounts are in arrears

The State Government provided budgetary support aggregating to ₹66.71 crore by way of grants to six SPSEs during the years for which the accounts of these SPSEs had not been finalised as detailed in **Table 6.7**.

Table 6.7: Investment by State Government in SPSEs having accounts in arrears as on 30 September 2023

(₹ in crore)

Sl. No.	Name of SPSE	Accounts finalised upto	Accounts pending finalisation	Investment by State Government during the period of accounts in arrears		
				Equity	Loans	Grants
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	2021-22 to 2022-23	-	-	10.66
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	2006-07	2007-08 to 2022-23	-	-	9.45
3.	Arunachal Pradesh Forest Corporation Limited	2012-13	2013-14 to 2022-23	-	-	14.63
4.	Arunachal Police Housing & Welfare Corporation Limited	2020-21	2021-22 to 2022-23	-	-	4.76
5.	Hydro Power Development Corporation of Arunachal Pradesh Limited	2014-15	2015-16 to 2022-23	-	-	19.79
6.	Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	2021-22 to 2022-23	-	-	7.42
Total						**66.71**

Source: Information furnished by SPSE

In the absence of accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested, was achieved or not.

Recommendations:

The State Government may consider to take punitive action against company heads responsible for arrears of accounts.

6.1.8 Performance of SPSEs as per their latest finalised accounts

The financial position and working results of working Government Companies as per their latest finalised accounts as on 30 September 2023 are detailed in ***Appendix 6.1.*** **Table 6.8** provides the comparative details of working SPSEs turnover and State GDP for a period of five years ending 2022-23.

Table 6.8: Details of working SPSEs turnover *vis-a-vis* State GDP

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Turnover	10.68	11.82	11.67	10.42	12.52
State GDP	25,334.86	30,025.23	30,945.33	35,483.76	39,671.24
Percentage of Turnover to State GDP	0.04	0.04	0.04	0.03	0.03

Source: Turnover- latest finalised accounts of SPSEs as of September of respective year; GSDP- Data furnished by Economic advisor

As could be noticed from **Table 6.8** above, the contribution of SPSEs to the GSDP of the State was negligible during the last five years (2018-19 to 2022-23). Further, the contribution of SPSEs-turnover to GSDP remained static at 0.04 *per cent* during 2018-19 to 2020-21 but reduced thereafter to 0.03 *per cent* during 2021-22 and 2022-23. However, there was constant growth in State GDP during all the five years under reference.

The major contributors to SPSEs-turnover during 2022-23 were Arunachal Pradesh Industrial Development and Financial Corporation Limited (₹6.30 crore) and Arunachal Pradesh Police Housing and Welfare Corporation Limited (₹3.97 crore) (***Appendix 6.1)***.

6.1.8.1 *Key parameters*

Some other key parameters of the performance of working SPSEs during the last four years (2019-20 to 2022-23) as per their latest finalised accounts as on 30 September of the respective year are shown in **Table 6.9**.

Table 6.9: Key Parameters of working SPSEs

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23
Debt	30.04	30.22	30.56	25.76
Turnover*	11.82	11.67	10.42	12.52
Debt/ Turnover Ratio (DTR)	2.54:1	2.59:1	2.93:1	2.06:1
Interest Payments	0.76	0.98	0.98	0.22
Accumulated Profit (+)/Losses (-)	(+) 7.51	(-) 0.37	(-) 3.42	(+) 20.36

* *Turnover- latest finalised accounts of SPSEs as of September of respective year*

(i) Debt-Turnover Ratio

A low Debt-to-Turnover Ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal having too much of debt against the income of SPSEs from core activities.

It could be noticed from **Table 6.9** above that during 2022-23, the DTR of working SPSEs had improved to 2.06:1 as compared to previous three years. This indicated a better position of the SPSEs to manage debt servicing and repayments as compared to previous three years (2019-20 to 2021-22).

(ii) SPSE Debt

It can be noticed from **Table 6.9** above that the total borrowings of the working SPSEs have recorded a decrease of ₹4.28 crore during the last four-years (upto 2022-23) from ₹30.04 crore (2019-20) to ₹25.76 crore (2022-23). Analysis revealed that more than 99.96 *per cent* (₹25.75 crore) of working SPSE-borrowings (₹25.76 crore) as on 31 March 2023 pertained to one SPSE (Arunachal Pradesh Industrial Development and Financial Corporation Limited), significant portion (₹25.17 crore[9]) of which was payable against the Loans availed by this SPSE from the State Government. However, four out of six working

[9] Principal: ₹7.13 crore; Interest: ₹18.04 crore.

SPSEs did not have any outstanding long term loans as on 31 March 2023. The only non-working SPSE (Parasuram Cement Limited) in the State had outstanding long-term debts of ₹1.46 crore as per its latest finalised Accounts (2008-09).

6.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated profit of six working SPSEs as per their latest finalised accounts as on 30 September 2023 were ₹24.65 crore and ₹20.36 crore respectively (***Appendix 6.1***).

The Return on Equity[10] (RoE) in respect of one[11] out of six working SPSEs was 10.67 *per cent* while three SPSEs[12] had negative RoE as per their latest finalised accounts. The accumulated losses (₹29.95 crore) of remaining two[13] working SPSEs had completely eroded their capital (₹5.20 crore) as per their latest finalised accounts. The RoE of these two SPSEs was not workable due to complete erosion of their equity capital. The details of erosion of paid-up capital of the said two SPSEs are shown in **Table 6.10**.

Table 6.10: SPSUs with primary erosion of paid-up capital as on 30 September 2023

(₹ in crore)

Name of SPSU	Latest finalised accounts	Paid-up capital	Accumulated losses
Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	4.20	25.39
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	1.00	4.56
Total		**5.20**	**29.95**

Source: Latest finalised accounts of the SPSUs

Accumulation of huge losses of these SPSEs had eroded public wealth, which is a cause of serious concern.

Recommendation: The State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

The overall position of the net profits/losses earned by working SPSEs during 2018-19 to 2022-23 as per their latest finalised accounts is depicted in **Chart 6.1**.

[10] ROE = (Net Profit after taxes *minus* preference dividend) ÷ Shareholders' Fund; where, Shareholders' Fund = Paid up Share Capital *plus* Free Reserves and Surplus *minus* Accumulated Loss *minus* Deferred Revenue Expenditure.

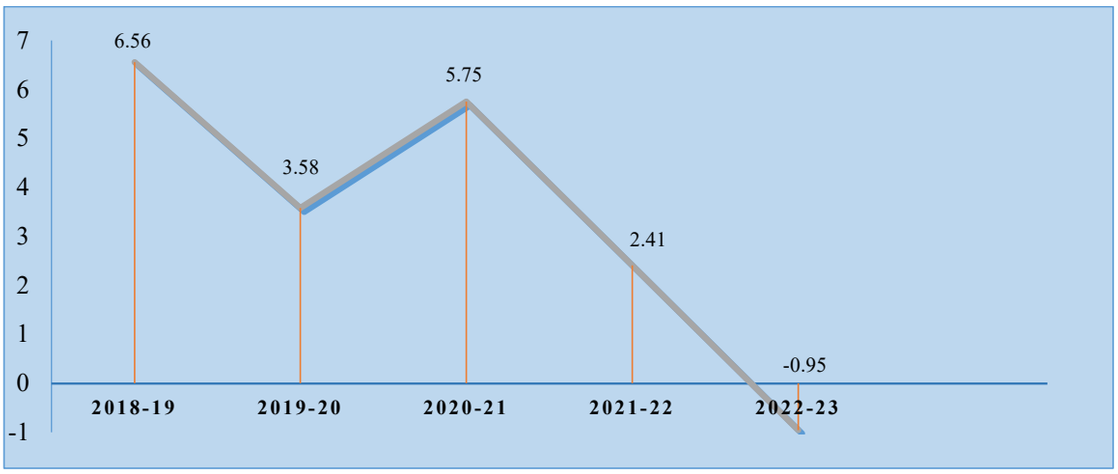
[11] Serial number A4 of ***Appendix 6.1.***

[12] Serial number A2, A3 & A5 of ***Appendix 6.1.***

[13] Sl. No. A1 and A6 of ***Appendix 6.1.***

Chart 6.1: Profit of working SPSEs

(₹ in crore)



Source: Compiled based on latest finalised accounts of SPSEs

During 2022-23, there was a decrease of around 139 *per cent* (₹3.36 crore) in the overall profits which turned into overall losses of ₹0.95 crore of the working SPSEs as compared to the previous year (2021-22).

During the year 2022-23, out of six working SPSEs, one SPSE[14] earned profit of ₹3.75 crore, while the remaining five SPSEs incurred an overall loss of ₹4.70 crore. The details of major contributors to profits and losses of working SPSEs are shown in **Table 6.11.**

Table 6.11: Major contributors to profits and losses of working SPSEs

(₹ in crore)

Name of SPSE	Latest finalised accounts	Profit (+)/ loss (-)
Arunachal Police Housing and Welfare Corporation Limited	2020-21	(+) 3.75
Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	(-) 2.05
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	(-) 1.09

Source: Latest finalised Accounts of working SPSEs

The State Government has not formulated any dividend policy to make it mandatory for SPSEs to pay a minimum return on the paid-up equity share capital contributed by the State Government. The SPSE *(Arunachal Police Housing and Welfare Corporation Limited)*, which earned profit (₹3.75 crore) during 2022-23, had not declared any dividend.

6.1.9 Rate of Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency of an entity with which equity and similar non-interest bearing capital have been deployed, after adjusting them for their time value. To determine the RORR, the investment of State Government in the form of equity, interest free loans and revenue grants/ subsidies in the SPSEs for

[14] Sl. No. A4 of ***Appendix 6.1.***

operational and management expenses *less* disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'Profit After Tax' (PAT) earned by SPSEs by the sum of the PV of the investment.

During 2022-23, out of six working SPSEs, one SPSE earned profit (₹3.75 crore), while the remaining five SPSEs incurred loss (₹4.70 crore) as per their latest finalised accounts (***Appendix-6.1***). Based on the historical value of investment, the Return for 2022-23 on State Government investment worked out to (-)1.09 *per cent* as against the RORR of (-)0.42 *per cent* on the investment at present value as shown in ***Appendix-6.2*.** The difference in the percentage of return was on account of the adjustment made in the investment amount for the time value of money.

6.1.10 Impact of Audit Comments on Annual Accounts of SPSEs

During October 2022 to September 2023, four working companies[15] had forwarded 16 audited accounts to the Principal Accountant General, Arunachal Pradesh. Non-Review Certificates (NRCs) were issued in respect of 14 accounts of four companies while supplementary audit was carried out in respect of two accounts of two companies. The audit reports of statutory auditors appointed by C&AG indicate that the quality of maintenance of accounts needed to be improved substantially.

The details of aggregate money value of the comments of statutory auditors and C&AG are shown in **Table 6.12**.

Table 6.12: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	3.71	-	-	-	-
2.	Increase in loss	1	0.61	-	-	11	26.19

Source: As per latest finalised annual accounts of SPSEs

During the year 2022-23, the statutory auditors had given adverse certificate for one year Accounts of one company[16] and qualified certificates for remaining 15 Accounts of four companies, which commonly highlight instances of non-compliance to Accounting Standards, improper maintenance of records and accounting errors, *etc*. No disclaimers were issued by the C&AG or statutory auditors on any of the accounts during the year.

[15] Arunachal Pradesh Mineral Development and Trading Corporation Limited (seven Accounts); Arunachal Pradesh Forest Corporation Limited (seven Accounts), Arunachal Police Housing and Welfare Corporation Limited (one Account) and Hydro Power Development Corporation of Arunachal Pradesh Limited (one Account)

[16] Arunachal Pradesh Forest Corporation Limited for the financial statement of the year 2012-13

Compliance Audit Paragraph

Arunachal Police Housing & Welfare Corporation Limited

6.2 Avoidable Loss

APHWCL did not ensure correct assessment of Advance Income Tax, file Income Tax Return and did not pay Advance Tax on time resulting in avoidable payment of ₹38.75 lakh as interest and fee for the assessment periods between 2016-17 and 2020-21.

Section 234 (A) of the Income Tax Act, 1961 provides that where the return of income for any assessment year under sub-section (1) or sub-section (4) of section 139, or in response to a notice under sub-section (1) of section 142, is furnished after the due date, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month or part of a month comprised in the period commencing on the date immediately following the due date.

Section 234 (B) of the Act stipulates that an assessee who is liable to pay advance tax under section 208 has failed to pay such tax or, where the advance tax paid by such assessee under the provisions of section 210 is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent*.

Section 234 (C) of the Act, an assessee who is liable to pay Advance Income Tax (AIT) under section 208 has failed to pay such tax on due date then the assessee shall also be liable to pay simple interest at the rate of one *per cent* on the amount of the shortfall from the tax due on the returned income.

Under Section 234 (F) of the Act**,** without prejudice to the provisions of this Act, where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of the said section, he shall pay, by way of a fee, a sum of five thousand rupees.

Scrutiny of records (April 2022) of the Managing Director, Arunachal Police Housing and Welfare Corporation Limited (APHWCL) revealed that the Corporation did not assess correct amount of AIT and delayed filing of Income Tax Return (ITR) and payment of Advance Taxes. The ITR acknowledgement of the Company for the last five Financial Years (FY) *i.e.* 2015-16 to 2019-20 and corresponding Assessment Year (AY) showed that the corporation had paid interest amounting to ₹38.75 lakh as shown in **Table 6.13**.

6.13: Details of penalty/ interest paid due to late filing of IT returns

(Amount in ₹)

AY	Due date of filing	Actual Date of Filing	Interest paid for default/deferment			Fees for default u/s 234F	Total
			u/s 234A	u/s 234B	u/s 234C		
a	b	c	d	e	f	g	i (d+e+f+g)
2016-17	05-08-2016	12-08-2017	5,39,658	9,89,373	0	0	15,29,031
2017-18	07-11-2017	22-03-2018	1,25,685	4,71,780	2,02,443	0	7,99,908
2018-19	30-09-2018	28-09-2018	0	35,832	57,472	0	93,304

AY	Due date of filing	Actual Date of Filing	Interest paid for default/deferment			Fees for default u/s 234F	Total
			u/s 234A	u/s 234B	u/s 234C		
a	b	c	d	e	f	g	i (d+e+f+g)
2019-20	30-09-2019	25-06-2020	1,37,997	2,29,995	49,832	10,000	4,27,824
2020-21	30-11-2020	25-05-2021	2,42,228	4,84,456	2,88,746	10,000	10,25,430
Total			**10,45,568**	**22,11,436**	**5,98,493**	**20,000**	**38,75,497**

Source: APHWCL's ITR acknowledgement for assessment years 2016-17 to 2020-21

The Managing Director (MD), APHWCL delayed filing of income tax return on the due date prescribed by Income Tax Department, Government of India (GoI). Thus, the MD could not ensure compliance of the provision under section 208 of the IT Act despite the company having tax liability in excess of ₹10000 on profits made by it. Due to the delay, interest of ₹10.46 lakh for the period of five years from FY 2015-16 to 2019-20 (AY 2016-17 to 2020-21) was paid under Section 234(A) of the IT Act, 1961.

Further, the Corporation did not assess correct amount of AIT for the financial years 2015-16 to 2019-20 and delayed the payment of the AIT. Due to the incorrect assessment, interest of ₹22.11 lakh was paid under Section 234(B) and interest of ₹5.98 lakh was paid due to delay in payment of AIT under Section 234(C).

Further, an additional fee of ₹0.20 lakh for default in furnishing return of income was paid during AY 2019-20 and 2020-21 under section 234 (F).

Thus, the APHWCL paid a total amount of ₹38.75 lakh towards interest payment and fees due to the delays in filing income tax returns and non-payment of AIT for the assessment period 2016-17 to 2020-21.

The matter was reported to the Government in July 2022. In response, the Government stated (August 2022) that advance tax was required to be paid before 15th of March under Section 210 of IT Act. However, the company received uncertain amount of fund for next financial year after 15th of March of every year. So, last moment fund received and interest income generated thereon was the reason for wrong assessment of AIT. Further, late filing of return was due to administrative and other factors. The delay in submission of Audit Reports by the statuary auditors led to delay in filing of ITR. For the year 2019-20, filing of ITR was delayed due to late appointment of statutory auditors.

The reply is not acceptable since the company has consistently underestimated its tax liability during the last five years. Besides, the company did not produce any document to show that the issue of delayed receipt of funds and administrative/other factors leading to delayed filing of returns were brought to the notice of Government for resolution during the period. Further, only 90 *per cent* of total tax of financial year was required to be paid before 15th of March under Section 210 of IT Act. The MD of the company overlooked the liability to pay AIT and did not ensure compliance to section 208 of

the IT Act leading to avoidable burden on the Company's account by way of penalty on delayed tax payments. The company should have made better assessment of its tax liability and avoided paying significant amount of penalty. With regards to late filing of ITR, the reply is also not acceptable as it is the responsibility of the Company to ensure timely receipt of their audit reports.

Recommendation: The State Government should monitor the functioning of the Company to ensure better assessment of its tax liability and avoid payment of penalty. The responsibility may be fixed on the officers concerned for inability to ensure compliance to the Income Tax Act (section 208).

CHAPTER – VII
FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER – VII:
FOLLOW UP OF AUDIT OBSERVATIONS

7.1 Follow-up action on Audit Reports

As per instructions issued by the Finance Department (June 1996), concerned Administrative Departments are required to prepare *suo motu* Explanatory Note on the Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Notes (ATNs)' to the Assembly Secretariat with a copy to the Principal Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

Further, as regards submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2020-22, it was noticed that the concerned Administrative Departments did not comply with the timeframe. As of December 2023, *suo motu* Explanatory Notes on 247 Paragraphs of the Audit Reports were outstanding from various Departments as detailed in ***Appendix-7.1***.

During the year 2022-23, two Public Accounts Committee (PAC) meetings were held in July 2022 and November 2022 after a gap of over 11 months (the PAC met earlier in July 2021). During 2022-23, the Committee selected total 110 paras/ sub-paras in respect of three Departments pertaining to the period from 2009-10 to 2014-15 for discussion in the meetings. The concerned Departments furnished their replies against the paras to the office of the Principal Accountant General and the same were examined and vetted by this office. The detailed para-wise comments of the office of the Principal Accountant General against the replies furnished by the Departments were forwarded to the State Legislative Assembly. The details of outcomes of PAC meetings held during 2022-23 are shown in ***Appendix-7.2***. The details of outstanding paras to be discussed in PAC/ COPU as of March 2023 are shown in ***Appendix-7.3***.

The Administrative Departments were also required to take suitable action on the recommendations made in the PAC/ CoPU Reports presented to the State Legislature. The PAC specified time frame for submission of the ATNs as one month up to the 68th Report. Review of Reports of the PAC containing recommendations on 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature revealed that four Departments furnished ATNs in respect of five Paragraphs for the period between 1988-99 and 1996-97. The PAC recommended dropping four out of five Paragraphs. Thus, there are 90 outstanding Paragraphs against which Departments had not furnished any ATNs to the PAC as of March 2023 as shown in ***Appendix-7.4***.

7.2 Audit Committee Meeting

Audit Committee Meeting was held in June 2022 for discussion and settlement of Outstanding Inspection Reports (IRs) of the Urban Development and Housing Department wherein 226 audit observations were discussed. Out of the 226 audit observations discussed, 151 were settled.

Recommendation: ***The State Government may consider constituting a committee headed by the Chief Secretary to monitor the response of Departments to audit observations in a time bound manner for clearance of outstanding IRs.***

7.3 Response to Audit Observations

As of March 2023, 7,494 Paragraphs pertaining to 1,378 Inspection Reports (IRs), involving ₹8,505.36 crore were outstanding. Out of 1,378 IRs, the first replies to 1,039 IRs have not been received.

Principal Accountant General periodically conducts inspection of the Government Departments to test-check their transactions and to verify maintenance of important accounting and other records as per the prescribed rules and procedures. The important irregularities detected during inspections are not settled on the spot, they are included in the Inspection Reports (IRs) that are issued to concerned Heads of Offices, with a copy to the next higher authority and the Government. As of March 2023, 7,494 Paragraphs relating to 1,378 IRs pertaining to 640 offices of 71 Departments remained outstanding. Even initial replies, which were required to be received from the Heads of Offices within one month from the date of issue were not received from 612 offices for 1,350 IRs issued between 1991-92 and 2022-23. A review of outstanding IRs in three Departments indicated serious irregularities. The details of observations noticed during 2022-23 are given in **Table 7.1**.

Table: 7.1: Details of review of outstanding IRs in three Departments

(₹ in lakh)

Sl. No.	Nature of irregularities	Food & Civil Supply		Planning		Urban Development & Housing	
		No. of Paragraphs	Amount	No. of Paragraph	Amount	No. of Paragraphs	Amount
1.	Unfruitful Expenditure/ Wasteful Expenditure	0	0	0	0	3	1549.99
2.	Idle Investment	0	0	0	0	1	1168.49
3.	Excess Expenditure	0	0	2	74.77	0	0
4.	Unauthorized Expenditure	0	0	1	40.18	1	146.42
5.	Doubtful Expenditure	1	0.95	0	0	2	34.84
6.	Irregular/ Inadmissible expenditure	1	2.98	6	891.77	2	117.94
7.	Unauthorized Expenditure	0	0	1	40.18	1	146.42
Total		**3**	**6.57**	**9**	**1006.7**	**11**	**3017.68**

Source: Monthly progress report, March 2023

Commissioners/ Secretaries of the concerned Departments were informed regarding the position through half-yearly reports.

Recommendation: ***The State Government may ensure that the replies to IRs/ Audit Paragraphs are sent as per prescribed time schedule and losses/ outstanding advances/ overpayments pointed out in audit are recovered in a time bound manner.***



Itanagar
Dated: 11 August 2025

(VANLAL CHHUANGA)
Principal Accountant General
Arunachal Pradesh

Countersigned



New Delhi
Dated: 26 August 2025

(K SANJAY MURTHY)
Comptroller and Auditor General of India

APPENDICES

Appendix-2.1
Compiled data of labour cess collected by the works division (four sampled districts)

(Reference: Paragraph-2.2.4; Page-18)

Sl. No.	Name of the works division	Name of the work	Agreement amount (₹ in crore)	Vr.No.	Date of payment	Bill amount	L.Cess recovered and remitted	Short recovery
I	PWD, Bomdila	Road from Upper Dzong to Sanchipam, West Kameng	1000 lakh	1	27.12.2021	2876946	25687	3082
				2	27.12.2021	3523054	31456	3775
				287	12.03.2022	22651831	202248	24270
				410	28.03.2020	2046392	0	20464
		Total (I)				**31098223**	**259391**	**51591**
		RCC Hostel for 100 boarders for GGRL Institute, Bomdila	328 lakh	34	Feb-22	2066889	18454	2215
				33	Do	13913111	124403	14728
				94	Mar-22	65012	580	70
				93	Do	6728174	60073	7209
				218	Do	234000	2089	251
				219	Do	356550	3183	383
				220	Do	473500	4228	507
				221	Do	414550	3701	445
				222	Do	499915	4464	535
Total (II)						**24751701**	**221175**	**26342**
Grand Total (I)								**77933**
II	PHED, Bomdila	Augmentation of water supply to Bhalukpong town	1982 lakh	2	20-10-2020	24116635	0	241166
				3	Do	22672340	0	226723
				6	29-03-2022	12886176	0	128862
				4	Do	14540331	0	145403
				2	Do	22655546	0	226555
		Total (I)				**96871028**	**0**	**968710**
		Augumentation of WS to Seppa Township under RIDF (Ph-I)	642 lakh	66		41081776	379107	31711
Total (II)						**41081776**	**379107**	**31711**
Grand Total (II)								**1000421**

Sl. No.	Name of the works division	Name of the work	Agreement amount (₹ in crore)	Vr.No.	Date of payment	Bill amount	L.Cess recovered and remitted	Short recovery
III	PWD, Seppa	Ring Road at Seppa	1000 lakh	131	Mar-20	616786	0	6168
Total						**616786**	**0**	**6168**
Grand Total (III)								**6168**
IV	PHED, Namsai	Augmentation of WS at Lekang Admin HQ	500 lakh	121	23.11.2016 & 30.12.2018	49999925	336672	163327
Total (I)						**49999925**	**336672**	**163327**
		LWS to chongkham & Enroute Habitations (Supply)	3000 lakh	371	27.02.2018 & 26.03.2021	252693000	1481818	1045112
Total (II)						**252693000**	**1481818**	**1045112**
Grand Total (IV)								**1208439**
Grand Total (I to IV)								**2292962**

(Source: Departmental records)

Appendix-2.2
Statement showing excess expenditure on administrative expenses

(Reference: Paragraph-2.2.4.2; Page-19)

Year	Total expenditure (Excluding closing balances of cash & bank)	Administrative expenses	05 *per cent* expenditure to be incurred on administrative expenses	Excess expenditure	Excess (in *per cent*)
	(₹ in crore)				
2017-18	40.06	10.31	2.00	8.31	*415*
2018-19	84.76	18.83	4.24	14.59	*344*
2019-20	48.7	7.42	2.44	4.99	*205*
2020-21	55.51	6.19	2.78	3.41	*123*
2021-22	83.49	9.25	4.17	5.08	*122*
Total	**312.52**	**52**	**15.63**	**36.37**	

(Source: Extracted from the annual accounts of the Board)

Appendix-2.3

Statement showing welfare kits received and issued in four sampled districts

(Reference: Paragraph-2.2.10; Page-28)

Sl. No.	Name of the item	(1) Papumpare				(2) West Kameng				(3) East Kameng				(4) Namsai			
		Received	Issued	Balance	Amount	Received	Issued	Balance	Amount	Received	Issued	Balance	Amount	Received	Issued	Balance	Amount
1	LED TV	3385	1438	1947	29569089	0	0	0	0	0	0	0	0	320	297	23	349301
2	Gumboot	1400	0	1400	639800	935	628	307	140299	1140	0	1140	520980	200	135	65	29705
3	Water filter	10654	2346	8308	24209512	4392	3081	1311	3821041	0	0	0	0	500	151	349	1016986
4	Water filter candle	16342	0	16342	8220026	960	0	960	483705	0	0	0	0	1000	93	907	456221
5	Mosquito net	0	0	0	0	200	0	200	420000	850	0	850	1785000	1220	715	505	1060500
6	Rain coat	0	0	0	0	720	496	224	5895568	840	0	840	2210880	1040	533	507	1334424
7	Face mask	0	0	0	0	9600	8100	1500	433650	1000	0	1000	289100	0	0	0	0
8	Blanket	0	0	0	0	0	0	0	0	7938	0	7938	2916137	1326	1098	228	753312
9	Solar lamp	0	0	0	0	0	0	0	0	552	0	552	2946024	20	0	20	106740
10	Hand Sanitizer	0	0	0	0	0	0	0	0	1036	0	1036	305620	0	0	0	0
11	Radio	0	0	0	0	0	0	0	0	0	0	0	0	500	362	138	7324852
Total (1)					**62638427**	**Total (2)**			**11194263**	**Total (3)**			**10973741**	**Total (4)**			**12432041**
Grand Total (1 to 4)																	**97238472**

(Source: Stock Register of 4 selected district of RO's)

Appendix-2.4

Statement showing execution of work without call of open tender (C/o of labour shed)

(Reference: Paragraphs-2.2.13, 2.2.13.2; Pages-31 and 33)

(A) Details of sampled 19 works executed: ***(₹ in lakh)***

Sl. No.	Name of executing agency	Location	Date of sanction	Sanction amount	No. of WO issued	No. of contractor engaged	Payment made to the contractor	Payment made against unexecuted work	Status of the building	Cost of completed labour shed
1	EE, PWD, Bameng	Bameng, East Kameng	21-03-2018	50000000*	97	3	514.15	105.96	Completed/ Operated as circuit house by PWD Bameng Division.	50000000
2	EE, RWD, Bameng	Rapung, Lada Circle	21-03-2018	10000000	25	2	96.99	0.00	Completed/ Occupied by local residence	10000000
3	MD, HPDCAP, Itanagar	Pasighat, East Siang	21-03-2018	10000000	Tender	1	85.05	5.73	Completed/ Occupied by BMS	10000000
4	MD, HPDCAP, Itanagar	Jang, Tawang	21-03-2018	10000000	NA	NA	0.00	0.00	NA	0
5	MD, HPDCAP, Itanagar	Mahadevpur, Namsai	21-03-2018	10000000	NA	NA	0.00	0.00	NA	0
6	EE, PWD, Bameng	Khenewa, East Kameng	22-07-2018	30000000	114	18	299.99	39.26	Completed/ Not occupied	30000000
7	EE, WRD, Seppa	Bana, East Kameng	24-08-2018	2000000	Tender	1	15.84	0.00	Completed/ Occupied by local residence	2000000
8	EE, PWD, Seppa	Richikurung, East Kameng	28-09-2018	2000000	6	1	19.42	3.51	Completed/ Not occupied	2000000
9	EE, PWD, Daporijo	Daporijo, Upper Subansiri	29-10-2018	3000000	10	6	29.00	0.00	Completed/ Not occupied	3000000
10	EE, RWD, Daporijo	Taliha, Upper Subansiri	09-01-2021	30000000	7	2	274.60	0.81	Completed/ Not occupied	30000000
11	EE, WRD, Aalo	Mechukha, Shi-Yomi	09-01-2021	10000000	31	1	99.00	2.84	Completed/ Not occupied	10000000
12	EE, RWD, Aalo	Aalo, West Siang	09-01-2021	15000000*	28	1	146.53	54.23	Incomplete	0
13	EE, RWD, Daporijo	Daporijo, Upper Subansiri	13-09-2021	12500000	25	1	122.07	0.00	Completed/ Not occupied	12500000
14	EE, UD &Housing, Basar	Basar, Lepa-Rada	13-09-2021	15000000*	46	11	150.00	13.66	Incomplete	0
15	EE, RWD, Raga	Katrijo, Kamle	13-09-2021	17500000	Tender	1	175.00	0.28	Completed/ Temporarily occupied by PMGSY	17500000
16	EE, WRD, Likhabali	Likabali, West Siang	13-09-2021	10000000	16	1	72.00	0.00	Completed/ Occupied by unknown person	10000000
17	EE, PWD, Aalo	Bagra, West Siang	30-03-2022	20000000	Tender	1	97.25	1.81	Completed/ Not occupied	20000000
18	EE, PWD, Daporijo	Daporijo, Upper Subansiri	30-03-2022	7500000	15	1	75.00	0.00	Completed/ Not occupied	7500000
19	EE, RWD, Raga	Katrijo, Kamle	30-03-2022	15000000*	26	2	98.39	0.00	Completed/ Not occupied	15000000
Total				**279500000****	**-**	**-**	**2370.28**	**228.09**	-	**229500000**

(Source: Sanction order, Paid Vouchers, Agreement, etc., of the selected projects of the executing agencies)

** Sl. No. 1- Additional ₹100 lakh was sanctioned under SIDF*

Sl. No. 12 & 14 - The Board sanctioned additional ₹50 lakh each

Sl. No. 19 - The Board sanctioned additional ₹100 lakh.

** **₹269500000 = ₹279500000 (-) ₹10000000 (included in Sl. No. 1)**

(B) Awarded projects without call of Tender, out of 19 sampled projects shown in (A):

Sl. No.	Name of executing agency	Location	Date of sanction	Sanction amount	No. of WO issued	No. of contractor engaged	Payment made to the contractor	Payment made against unexecuted work	Status of the building	Cost of completed labour shed
1	EE, PWD, Bameng	Bameng, East Kameng	21-03-2018	50000000	97	3	514.15	105.96	Completed/ Operated as circuit house by PWD Bameng Division.	50000000
2	EE, RWD, Bameng	Rapung, Lada Circle	21-03-2018	10000000	25	2	96.99	0.00	Completed/ Occupied by local residence	10000000
3	EE, PWD, Bameng	Khenewa, East Kameng	22-07-2018	30000000	114	18	299.99	39.26	Completed/ Not occupied	30000000
4	EE, PWD, Seppa	Richikurung, East Kameng	28-09-2018	2000000	6	1	19.42	3.51	Completed/ Not occupied	2000000
5	EE, PWD, Daporijo	Daporijo, Upper Subansiri	29-10-2018	3000000	10	6	29.00	0.00	Completed/ Not occupied	3000000
6	EE, RWD, Daporijo	Taliha, Upper Subansiri	09-01-2021	30000000	7	2	274.60	0.81	Completed/ Not occupied	30000000
7	EE, WRD, Aalo	Mechukha, Shi-Yomi	09-01-2021	10000000	31	1	99.00	2.84	Completed/ Not occupied	10000000
8	EE, RWD, Aalo	Aalo, West Siang	09-01-2021	15000000	28	1	146.53	54.23	Incomplete	0
9	EE, RWD, Daporijo	Daporijo, Upper Subansiri	13-09-2021	12500000	25	1	122.07	0.00	Completed/ Not occupied	12500000
10	EE, UD & Housing, Basar	Basar, Lepa-Rada	13-09-2021	15000000	46	11	150.00	13.66	Incomplete	0
11	EE, WRD, Likhabali	Likabali, West Siang	13-09-2021	10000000	16	1	72.00	0.00	Completed/ Occupied by unknown person	10000000
12	EE, PWD, Daporijo	Daporijo, Upper Subansiri	30-03-2022	7500000	15	1	75.00	0.00	Completed/ Not occupied	7500000
13	EE, RWD, Raga	Katrijo, Kamle	30-03-2022	15000000	26	2	98.39	0.00	Completed/ Not occupied	15000000
Total				**279500000**	-	-	**2370.28**	**228.09**	-	**229500000**

(Source: Sanction order, Paid Vouchers, Agreement, etc., of the selected projects of the executing agencies)

Appendix-2.5

Statement showing payment details in c/o labour shed-cum-night shelter at Daporijo executed by RWD, Daporijo Division

(Reference: Paragraph-2.2.13.6; Page-37)

Sanctioned cost: 125 lakh
Cost: ₹125 lakh (DPR amount-work done without tender)
Date of sanction: 10-09-2021
Name of the contractor: M/s Yolu Enterprise

Sl. No.	Name of the work	WO No. & Date	MB No. & Page	Vr. No.	Date of payment	Bill Amount
1	Providing and fixing sand cast iron, carriage, *etc.*	NA	909/17 to 18	NA	NA	480000
2	Loading and unloading, carriage	NA	909/19	NA	NA	380000
3	Earth work, RCC, *etc.*	NA	3003/13 to 14	NA	NA	494731
4	RCC work	NA	3003/12	NA	NA	495500
5	Site development, earth work, *etc.*	NA	3003/10 to 11	NA	NA	495988
6	Carriage charge	NA	3003/24	NA	NA	478245
7	Carriage charge	NA	3003/23	NA	NA	478245
8	RCC work, Plastering, carrying	NA	3003/22	NA	NA	491122
9	Brick work, RCC	NA	3003/21	NA	NA	497177
10	Brick work, RCC	NA	3003/20	NA	NA	497177
11	Brick work, RCC	NA	3003/19	NA	NA	497177
12	RCC work, Plastering, carrying	NA	3003/18	NA	NA	491122
13	Brick work	NA	3003/17	NA	NA	499662
14	RCC, brick work	NA	3003/15 to 16	NA	NA	498960
15	Earth work, P/L of CC, *etc.*	NA	NA/1	NA	NA	497880
16	Centring and shuttering, brick work	NA	NA/2	NA	NA	497345
17	Brick work, RCC	NA	NA/3	NA	NA	497177
18	RCC, plastering, carrying	NA	NA/4	NA	NA	491122
19	Carriage charge	NA	NA/5	NA	NA	478245
20	Wood work, Providing and fixing of panel, *etc.*	NA	909/9 to 10	NA	NA	498600
21	RCC, centring and shuttering work	NA	909/11	NA	NA	499173
22	Centring and shuttering, floor, *etc.*	NA	909/12	NA	NA	496785
23	Priming coat, white washing, *etc.*	NA	909/15 to 16	NA	NA	498391
24	Centring and shuttering, fan, door, *etc.*	NA	909/13 & 20	NA	NA	488934
25	Plaster, Priming coat	NA	909/14 & 20	NA	NA	488022
Total						**12206780**

(Source: Paid Voucher, MB, etc: RWD, Daporijo)

Appendix-2.6
Statement showing district-wise population per CHC/PHC/HSC

(Reference: Paragraph-2.3.2.1; Page-45)

District Name	Population as per 2011 census	No. of CHCs	No. of persons per CHC	No. of PHCs	No. of persons per PHC	No. of SHCs	No. of persons per SHC
Tawang	49977	2	24989	6	8330	15	3332
West Kameng	83947	5	16789	5	16789	26	3229
East Kameng	63332	1	63332	9	7037	41	1545
Pakke Kessang	15358	2	7679	3	5119	8	1920
Papum Pare	176573	4	44143	18	9810	59	2993
Upper Subansiri	79030	4	19758	8	9879	49	1613
Lower Subansiri	67751	2	33876	5	13550	24	2823
Kamle	19697	1	19697	4	4924	22	895
Kurung Kumey	57529	2	28765	6	9588	31	1856
Kra Daadi	34547	0	NA	9	3839	28	1234
West Siang	52520	2	26260	6	8753	24	2188
Lower Siang	22630	1	22630	5	4526	12	1886
Lepa-Rada	20152	0	NA	2	10076	17	1185
Shi Yomi	13310	1	13310	2	6655	3	4437
Siang	31920	2	15960	7	4560	28	1140
East Siang	70958	2	35479	10	7096	17	4174
Upper Siang	35320	4	8830	2	17660	12	2943
Lower Dibang Valley	54080	4	13520	4	13520	19	2846
Dibang Valley	8004	0	NA	1	8004	11	728
Lohit	49776	2	24888	4	12444	16	3111
Namsai	95950	2	47975	4	23988	14	6854
Anjaw	21167	2	10584	5	4233	42	504
Changlang	148226	5	29645	6	24704	33	4492
Tirap	55022	1	55022	7	7860	19	2896
Longding	56953	2	28477	3	18984	17	3350
Total	**1383729**	**53**	**591606**	**141**	**261929**	**587**	**64172**

(Source: Departmental records)

Appendix-2.7
Statement showing district-wise manpower of Health Sub Centres (HSCs)

(Reference: Paragraph-2.3.2.3; Page-46)

Sl. No	Name of the District	No. of HSCs in the District	No. of HSCs with adequate Manpower(%)	No. of HSCs with excess manpower (%)	No. of HSCs without adequate manpower (%)
1	Changlang	26	1 (3.85)	0	25 (96.15)
2	Dibang Valley	8	0	0	8 (100.00)
3	East Kameng	17	0	2 (11.76)	15 (88.24)
4	Anjaw	10	1 (10.00)	0	9 (90.00)
5	East Siang	17	1 (5.88)	4 (23.53)	12 (70.59)
6	Kamle	20	6 (30.00)	1 (5.00)	13 (65.00)
7	Kra Daadi	10	0	0	10 (100.00)
8	Kurung Kumey	14	1 (7.14)	0	13 (92.86)
9	Leparada	12	3 (25.00)	0	9 (75.00)
10	Lohit	15	1 (6.67)	0	14 (93.33)
11	Longding	9	1 (11.11)	0	8 (88.89)
12	Lower Dibang Valley	13	4 (30.77)	2 (15.38)	7 (53.85)
13	Lower Siang	6	1 (16.67)	0	5 (83.33)
14	Lower Subansiri	23	2 (8.70)	4 (17.39)	17 (73.91)
15	Namsai	15	0	1 (6.67)	14 (93.33)
16	Pakke Kessang	13	0	0 (0.00)	13 (100.00)
17	Papum Pare	40	4 (10.00)	5 (12.50)	31 (77.50)
18	Shi Yomi	3	0	0	3 (100.00)
19	Siang	27	0	0	27 (100.00)
20	Tawang	13	1 (7.69)	1 (7.69)	11 (84.62)
21	Tirap	12	2 (16.67)	3 (25.00)	7 (58.33)
22	Upper Siang	14	0 (0.00)	0	14 (100.00)
23	Upper Subansiri	26	0	0	26 (100.00)
24	West Kameng	22	0	0	22 (100.00)
25	West Siang	15	2 (13.33)	0	13 (86.67)

(Source: HMIS Portal)

Appendix-2.8

Statement showing beneficiaries verified under AB-PMJAY and CMAAY schemes in Arunachal Pradesh till March 2023

(Reference: Paragraph-2.3.2.8(i); Page-53)

Sl. No.	Districts	AB-PMJAY		CMAAY	
		Families	Individuals	Families	Individuals
1	Anjaw	992	3076	1659	7007
2	Changlang	2756	10200	6803	30224
3	Dibang Valley	151	297	958	3626
4	East Kameng	1811	2215	6540	28681
5	East Siang	1665	5806	9425	40133
6	Kamle	40	100	1326	5749
7	Kra Daadi	585	1380	2302	10144
8	Kurung Kumey	257	340	3475	15233
9	Leparada	361	1450	957	3671
10	Lohit	1507	5541	2314	9644
11	Longding	733	2375	4250	19856
12	Lower Dibang Valley	1221	4849	4716	20197
13	Lower Siang	228	1051	5004	20791
14	Lower Subansiri	492	1548	7612	32043
15	Namsai	2270	7983	3702	16018
16	Pakke Kessang	341	840	1017	4010
17	Papum Pare	1405	3951	19446	81662
18	Shi Yomi	146	442	634	2652
19	Siang	719	3008	4120	17383
20	Tawang	2339	7203	6109	25035
21	Tirap	1160	4524	3851	17555
22	Upper Siang	1445	4670	4933	21570
23	Upper Subansiri	1670	4593	9429	42261
24	West Kameng	1526	5187	8299	32239
25	West Siang	849	1562	9447	41865
Total		**26669**	**84191**	**128328**	**549249**

(Source: Information furnished by State Health Agency, CMAA Society)

Appendix-2.9
Statement showing sampled CHCs and PHCs

(Reference: Paragraph-2.3.6; Page-56)

Region	Selected District	Sampled PHCs/UPHCs	Sampled CHCs
Eastern Region	Lohit District	PHC Loiliang and PHC Medo	CHC Sunpura and CHC Wakro
	East Siang District	PHC Borguli and UPHC Banskata	CHC Ruksin and CHC Mebo
Western Region	East Kameng District	PHC Bameng and PHC Bulla Camp	CHC Chayang Tajo
	Papum Pare District	PHC Chiputa and PHC Chimpu	CHC Doimukh and CHC Sagalee
	Upper Subansiri District	PHC Baririjo and PHC Gusar	CHC Nacho and CHC Taliha

(Source: Departmental Records)

Appendix-2.10
Statement showing Shortage of manpower in sampled CHCs and Availability of manpower in sampled PHCs

(Reference: Paragraphs-2.3.8 and 2.3.9.1; Page-58)

Shortage of manpower in sampled CHCs

Name of the CHC	Doctors			Nurses and Paramedical		
	IPHS norms	Person in position	Vacancy percentage	IPHS norms	Person in position	Vacancy percentage
C.Tajo	11	2	82	68	6	91
Sunpura	11	1	91	68	7	90
Wakro	11	2	82	68	7	90
Nacho	11	1	91	68	2	97
Taliha	11	1	91	68	5	93
Mebo	11	7	36	68	21	69
Ruksin	11	15	(-)36	68	17	75
Sagalee	11	5	55	68	15	78
Doimukh	11	11	0	68	39	43

(Source: Records of sampled CHCs)

Availability of manpower in sampled PHCs

Name of the PHC	Doctors				Nurses and Paramedics			
	IPHS norms	Person in position	Excess (-)/ Shortage (+)	Vacancy percentage	IPHS norms	Person in position	Excess (-)/ Shortage (+)	Vacancy percentage
Bameng	1	2	(-)1	-100	6	6	-	0
B. Camp	1	0	(+)1	100	6	3	(+)3	50
Loiliang	1	1	-	0	6	10	(-)4	-67
Medo	1	2	(-)1	-100	6	4	(+)2	33
Baririjo	1	1	-	0	6	2	(+)4	67
Gusar	1	1	-	0	6	6	-	0
Pasighat	1	3	(-)2	-200	6	12	(-)6	-100
Borguli	1	1	-	0	6	9	(-)3	-50
Chimpu	1	5	(-)4	-400	6	62	(-)56	-933
Chiputa	1	8	(-)7	-700	6	11	(-)5	-83

(Source: Records of sampled PHCs)

Appendix-2.11
Statement showing availability of specialists in OPD in sampled CHCs

(Reference: Paragraph-2.3.9.3; Page-59)

Availability of specialist in OPD	No. of facilities in which specialist available (Name of Health Centre)	No. of facilities in which specialist not available (Name of Health Centre)
ENT	1 (Sagalee)	8 (Sunpura, Wakro, Ruksin, Mebo, Chayang Tajo, Doimukh, Nacho, Taliha)
General Medicine	9 (all sampled CHCs)	-
Eye	2 (Sagalee, Ruksin)	7 (Sunpura, Wakro, Mebo, Chayang Tajo, Doimukh, Nacho, Taliha)
Surgical		
Ophthalmic		
Dental	3 (Sagalee, Doimukh, Ruksin)	6 (Sunpura, Wakro, Mebo, Chayang Tajo, Nacho, Taliha)
Obstetric	2 (Doimukh, Ruksin)	7 (Sunpura, Wakro, Mebo, Chayang Tajo, Sagalee, Nacho, Taliha)
Gynecology		
Postpartum Unit	3 (Sagalee, Doimukh, Wakro)	6 (Sunpura, Ruksin, Mebo, Chayang Tajo, Nacho, Taliha)
Pediatrics	1 (Doimukh)	8 (Sunpura, Wakro, Ruksin, Mebo, Chayang Tajo, Sagalee, Nacho, Taliha)
Dermatology & venereology	1 (Sagalee)	8 (Sunpura, Wakro, Ruksin, Mebo, Chayang Tajo, Doimukh, Nacho, Taliha)
Orthopedic		
ENT		
Psychiatry	NA	9 (all sampled CHCs)
Neonatology		

(Source: Departmental Records)

Appendix-2.12

Statement showing pathological investigation facilities in sampled CHCs/PHCs

(Reference: Paragraph-2.3.9.5; Page-60)

Pathological investigation facilities in sampled CHCs

Specialty	Service required as per norms	Availability of services in sampled CHCs								
		Sagalee	Doimukh	C.Tajo	Sunpura	Wakro	Mebo	Ruksin	Nacho	Taliha
Clinical Pathology	**18**	11	6	0	8	11	15	14	0	0
Pathology	**1**	0	0	0	0	0	0	0	0	0
Microbiology	**2**	1	0	0	0	0	0	0	0	0
Serology	**3**	3	2	0	3	3	3	3	0	0
Biochemistry	**5**	4	1	0	1	1	5	5	0	0
Cardiac Investigations	**1**	0	0	0	0	0	0	0	0	0
Ophthalmology	**3**	3	1	0	0	1	0	1	0	0
Total	**33**	**22**	**10**	**0**	**12**	**16**	**23**	**23**	**0**	**0**
Per cent		**67**	**30**	**0**	**36**	**48**	**70**	**70**	**0**	**0**

(Source: Departmental Records)

Pathological investigation facilities in sampled PHCs

Specialty	Service required as per norms	Availability of services in sampled Primary Health Centres (PHCs)									
		Chiputa	Chimpu	Bameng	B. Camp	Loiliang	Medo	Pasighat	Borguli	Baririjo	Gusar
Clinical Pathology	11	5	5	4	0	3	5	8	5	0	0
Serology	4	3	4	3	1	1	2	1	1	0	0
Biochemistry	1	1	1	1	0	1	1	0	1	0	0
Total	**16**	**9**	**10**	**8**	**1**	**5**	**8**	**9**	**7**	**0**	**0**
Per cent		**56**	**63**	**50**	**6**	**31**	**50**	**56**	**44**	**0**	**0**

(Source: Departmental Records)

Appendix-2.13
Statement showing Details of Inpatient Department referral cases from Community Health Centres

(Reference: Paragraph-2.3.10.3; Page-62)

2017-18	Chayangtajo	Sunpura	Wakro	Nacho	Taliha	Mebo	Ruksin	Sagalee	Doimukh
Number of patients admitted in IPD	70	179	763	NA	0	318	695	111	1578
Total Referral cases	9	0	55	NA	0	14	13	0	44
2018-19									
Number of patients admitted in IPD	63	137	845	57	0	267	1177	292	1987
Total Referral cases	8	0	58	13	0	16	40	0	56
2019-20									
Number of patients admitted in IPD	51	267	268	60	0	193	650	469	1336
Total Referral cases	10	3	107	23	0	24	29	0	8
2020-21									
Number of patients admitted in IPD	34	140	473	50	0	134	458	854	1164
Total Referral cases	8	19	83	11	0	49	14	62	49
2021-22									
Number of patients admitted in IPD	35	86	496	60	0	112	438	564	1329
Total Referral cases	13	4	76	43	0	26	7	84	14
Total Nos. of patient admitted in IPD during 2017-22	**253**	**809**	**2845**	**227**	**0**	**1024**	**3418**	**2290**	**7394**
Total Referral cases during 2017-22	**48**	**26**	**379**	**90**	**0**	**129**	**103**	**146**	**171**
% of referred out of IPD	**18.97**	**3.21**	**13.32**	**39.65**	**0.00**	**12.60**	**3.01**	**6.38**	**2.31**

(Source: Records of sampled CHCs)

Appendix-2.14

Statement on Coverage of Janani Suraksha Yojana (Payment to mothers on delivery) in sampled districts

(Reference: Paragraph-2.3.11.2; Page-65)

(Amount in ₹)

Districts	Year	Number of institutional deliveries	Number of beneficiaries (institutional deliveries) covered under JSY	Percentage Coverage of institutional deliveries	Amount Paid	Number of Home deliveries	Number of beneficiaries (Home deliveries) covered under JSY	Percentage Coverage of home deliveries	Amount Paid
East Kameng	2017-18	701	680	97.00	476000	97	40	41.24	20000
	2018-19	635	523	82.36	366100	46	50	108.70	250000
	2019-20	911	344	37.76	240800	73	0	0.00	0
	2020-21	890	569	63.93	398300	33	0	0.00	0
	2021-22	928	549	59.16	384300	49	0	0.00	0
Total		**4065**	**2665**	**65.56**	**1865500**	**298**	**90**	**30.20**	**270000**
Lohit	2017-18	651	871	133.79	637900	44	46	104.55	23000
	2018-19	763	678	88.86	491500	37	17	45.95	8500
	2019-20	847	520	61.39	391200	16	6	37.50	3000
	2020-21	1239	382	30.83	310100	19	2	10.53	0
	2021-22	990	124	12.53	98400	91	0	0.00	0
Total		**4490**	**2575**	**57.35**	**1929100**	**207**	**71**	**34.30**	**34500**
Upper Subansiri	2017-18	564	549	97.34	504800	16	0	0.00	0
	2018-19	565	1067	188.85	835000	7	0	0.00	0
	2019-20	634	1685	265.77	1032500	6	0	0.00	0
	2020-21	780	707	90.64	243400	1	0	0.00	0
	2021-22	698	293	41.98	195400	7	0	0.00	0
Total		**3241**	**4301**	**132.71**	**2811100**	**37**	**0**	**0.00**	**0**
East Siang	2017-18	2250	2250	100.00	228300	N/A	N/A	N/A	6000
	2018-19	1929	1929	100.00	228300	N/A	N/A	N/A	0
	2019-20	2166	2166	100.00	257600	N/A	N/A	N/A	0
	2020-21	1849	1849	100.00	224400	N/A	N/A	N/A	0
	2021-22	1884	1884	100.00	378100	N/A	N/A	N/A	0
Total		**10078**	**10078**	**100.00**	**1316700**	**0**	**0**	**0**	**6000**
Papum Pare	2017-18	2301	818	35.55	522900	4	4	100.00	2000
	2018-19	3080	579	18.80	381500	14	12	85.71	6000
	2019-20	3131	546	17.44	363100	4	2	50.00	1000
	2020-21	2881	480	16.66	317700	26	5	19.23	2500
	2021-22	3724	344	9.24	196700	17	0	0.00	0
G.Total		**15117**	**2767**	**18.30**	**1781900**	**65**	**23**	**35.38**	**11500**

(Source: Information furnished from District Health Societies of sampled districts)

Appendix-2.15
Statement showing Performance against JSSK Guidelines in Arunachal Pradesh

(Reference: Paragraphs-2.3.11.2 and 2.3.11.3; Pages-65 and 66)

Year	Total number of pregnant women registered for ANC	Number of Institutional Deliveries conducted (Including C-Sections)	pregnant women registered under ANC having institutional delivery (in *per cent)*	Out of total institutional deliveries number of women discharged within 48 hours of delivery	Women discharged before 48 hours in institutional deliveries (in *per cent)*	Number of Pregnant Women provided - Free Medicine under JSSK	Pregnant women provided free medicine (in *per cent)*	Number of Pregnant Women provided - Free Diet under JSSK	Pregnant Women provided - Free Diet under JSSK (in *per cent)*	No. of Pregnant Women provided - Free Diagnostics under JSSK	Pregnant Women provided - Free Diagnostics under JSSK (in *per cent)*	Number of Pregnant Women provided - Free Home to facility transport under JSSK	Pregnant Women provided - Free Home to facility transport under JSSK (in *per cent)*
2017-18	32373	17010	52.54	12950	76.13	12872	39.76	10041	59.03	13902	42.94	4534	26.65
2018-19	32159	16984	52.81	12100	71.24	15437	48.00	10927	64.34	15226	47.35	5008	29.49
2019-20	30162	18718	62.06	12290	65.66	16434	54.49	11666	62.33	17007	56.39	6773	36.18
2020-21	32403	18260	56.35	11194	61.30	16528	51.01	11900	65.17	17600	54.32	5806	31.80
2021-22	32392	18491	57.09	11093	59.99	18462	57.00	14327	77.48	19166	59.17	5459	29.52

(Source: HMIS Data)

Appendix-2.16
Statement showing deficiencies in storage of drugs

(Reference: Paragraph-2.3.12.1; Page-70)

Parameters	Deficiencies observed during JPV
Availability of air-conditioned pharmacy, maintenance of temperature control and ventilation in pharmacy, adequate illumination inside drug store to avoid loss of efficacy and shelf-life of the drugs.	Air-conditioned pharmacy was not available in any of the sampled CHCs/PHCs. Out of 19 CHCs/PHCs, four facilities namely Bulla Camp, Chayangtajo, Baririjo and Gusar had no temperature control and ventilation in Pharmacy. Fans were used for temperature control in rest of the facilities. Chiputa, Bulla camp, Baririjo and Gusar had no adequate illumination inside the drug store. Thus, loss of efficacy and shelf-life of the drugs cannot be ruled out.
Availability of labelled shelves/racks/ floor pallet, Storage of drugs above the floor, away from walls, water & heat, drugs including poison kept under lock & key.	Bulla Camp, Medo, Pasighat, Baririjo and Nacho had no labelled shelves/racks. Floor Pallet was also not available to ensure storage of drugs above the floor in any of the facilities however; storage of drugs was away from wall. Drugs were not kept under lock & key in Pasighat and Gusar.
Availability of cold room/refrigerators/ deep freezers in pharmacy/drug stores, functional temperature monitoring device in freezers, maintenance of temperature chart of deep freezers, availability of power back up for the cold chain maintenance/pharmacy	Cold room was not available in any of facilities. However, refrigerators/deep freezers were used for storage of vaccine. Functional temperature monitoring device in freezers was not available in Bulla camp, Medo and Gusar. Out of 19 facilities; 9 facilities[1] had no power back up for the cold chain maintenance/pharmacy.
Drug store/pharmacy has system of inventory management, drug store has any inventory management software, pharmacy records are labeled and indexed.	Borguli, Baririjo, Gusar & Taliha had no system of inventory management. Drugs and Vaccine Distribution Management System (DVDMS) inventory management software was used in all health facilities except Chayangtajo, Borguli, Baririjo, Gusar, Taliha& Nacho. Pharmacy records were not labelled and indexed in Bulla Camp, Pasighat and Gusar health centres.
Expired drugs stored separatelyand maintained records of disposal of expired drugs to avoid contamination with general medicines.	Expired drugs were stored separately; however, none of the facilities had maintained records relating to disposal of expired drugs.

Appendix-2.17
Statement showing Details of Receipts and Expenditure of COVID Funds

(Reference: Paragraph-2.3.21.1; Page-76)

(₹ in crore)

Financial Year	Name of the Component	Total Funds	Expenditure	Balance	Heads of Expenditure
2019-22	ECRP	224.74	140.74	84.00	Funded by GoI through ECRP (NHM) for diagnostics, drugs and supplies, equipment/facilities for patient care, ramping up health infrastructure, HR, surveillance & mobility support, IT systems, IEC/BCC, training & misc.
2019-22	DHS-MMRKK	17.97	17.97	0	Funded by GoAP through DHS to DMOs for procurement of medicines, equipment, stationeries, POL items etc.
2020-22	SDRF-DHS	18.40	18.40	0	Funded by GoAP through SDRF to DHS for procurement of Rapid Antigen Test- RAT Kits and management of COVID.
2020-21	PM CARES	1.98	1.98	0	Funded by GoI through PM CARES for management of COVID in the districts.
2020-21	NEC Funds	3.25	3.25	0	Funded by GoI through NEC for setting up of a BSL-2 COVID testing Virology Laboratory at TRIHMS
2020-21	MLALAD	0.94	0.94	0	Funded by public representatives of the concerned districts through MLALAD for management of COVID in the districts.
2021-22	SDRF-DCs	19.28	19.28	0	Funded by GoAP through SDRF to DCs for clearance liabilities COVID activities in the districts for the year 2020-21 and 2021-22.
2021-22	SDRF-TRIHMS	29.15	29.15	0	Funded by GoAP through SDRF to TRIHMS for clearance of pending liabilities of COVID-19.
2021-22	DHS-DMOs	17.72	17.72	0	Funded by GoAP through DHS to DMOs for clearance of pending liabilities towards expenditure incurred on surveillance, containment and treatment of patients admitted in dedicated COVID care health facilities in all districts.
2021-22	DHS-TRIHMS	32.92	32.92	0	Funded by GoAP through DHS to TRIHMS for operational expenditure of DCH, Chimpu, TRIHMS and RT-PCR Laboratory.
2021-22	DHS-DoP	6.67	6.67	0	Funded by GoAP through DHS to Department of Power for providing transformers and power supply to PSA Plants in District Hospitals and CHCs
2021-22	NESIDS	20.67	20.67	0	Funded by GoI through NESIDS for procurement of hospital equipment to prepare 10 district hospitals (Tawang, Bomdila, Ziro, Aalo, Tezu, Namsai, Changlang, Khonsa, Seppa and Yingkiong) to fight COVID.
Total		**393.69**	**309.69**	**84.00**	

(Source: Departmental Records)

Appendix-2.18
Statement showing status of achievement SDG-3 in the State *vis-à-vis* all India achievement

(Reference: Paragraph-2.3.24.1; Page-84)

Sl. No.	SDG Indicators	Targets	Achievement at		Remarks
			All India	State	
1.	Maternal Mortality Ratio (per 1,00,000 live births)	70	113	Null	Maternal mortality is not calculated in the state since annual live birth figure is below 1,00,000.
2.	Under 5 mortality rate (per 1,000 live births)	25	36	Null	Data not available. State should maintain the data to assess the performance against the indicator.
3.	Percentage of children in the age group 9-11 months fully immunized	100	91	68	State's performance is below the national performance. Better immunization coverage is required to improve indicator.
4.	Total case notification rate of Tuberculosis per 1,00,000 population	242	177	182	State's performance is below the national performance. TB causes most deaths among communicable diseases in the state. State's strategy to end TB by 2025 must be implemented efficiently to improve indicator.
5.	HIV incidence per 1,000 uninfected population	0	0.05	0.05	State's performance is equal to the national performance. HIV positive cases have increased since 2017-18. Awareness programmes through IEC/ BCC (Information Education and Communication/ Behaviour Change Communication) activities should be focused as the disease can only be prevented, not cured.
6.	Suicide rate (per 1,00,000 population)	3.5	10.4	7.4	State's performance is better than the national performance.
7.	Death rate due to road traffic accidents (per 1,00,000 population)	5.81	11.56	7.23	State's performance is better than the national performance.
8.	Percentage of institutional deliveries out of the total deliveries reported	100	94.40	89.6	State's performance can be linked with the lapses in following of JSY and JSSK guidelines in terms of providing facilities to pregnant women. Improvement in maternal services with better incentivisation will improve indicator.
9.	Monthly per capita out-of-pocket expenditure on health as a share of Monthly Per capita Consumption Expenditure (MPCE)	7.83	13	17	State's performance can be linked with lack of specialists, diagnostic services and OT services in CHCs, causing the patients to visit higher public health facilities or private health facilities.
10.	Total physicians, nurses and midwives per 10,000 population	45	37	22	State's performance against this indicator is linked to the shortage of application receipt for vacant posts of specialist doctors Hiring of contractual nurses by State Govt. along with now running State Medical and Nursing colleges, conditions will improve.

(Source: Departmental Records)

Appendix-2.19
Statement showing details of beneficiaries deprived under IGNOAPS/ IGNDPS/ IGNWPS

(Reference: Paragraph-2.4.8.6, Page-94)

A. Details of beneficiaries deprived under the sub-scheme IGNOAPS								
Year	No. of Approved Beneficiaries deprived		Rate		Month	Amount (in ₹)		
	60 to 79 Years	80 Years and above	60 to 79 Years	80 Years and above		60 to 79 Years	80 Years and above	Total
Central Share								
2017-18	32,325	1,353	200	300	1	64,65,000.00	4,05,900.00	68,70,900.00
2018-19	40,277	1,523			12	9,66,64,800.00	54,82,800.00	10,21,47,600.00
2019-20	43,620	1,664				10,46,88,000.00	59,90,400.00	11,06,78,400.00
2020-21	43,620					10,46,88,000.00	59,90,400.00	11,06,78,400.00
2021-22	43,620	1,664				10,46,88,000.00	59,90,400.00	11,06,78,400.00
Sub-total (Central Share)								**44,10,53,700.00**
State Share								
2019-20	43,620	1,664	1,500.00	1,700.00	12	78,51,60,000.00	3,39,45,600.00	81,91,05,600.00
2020-21	43,620	1,664	1,500.00	1,700.00	12	78,51,60,000.00	3,39,45,600.00	81,91,05,600.00
Sub-total (State Share)								**1,63,82,11,200.00**
Grand Total (Central and State Share)								**2,07,92,64,900.00**

B. Details of Beneficiaries deprived under the IGNDPS				
Year	No. of Approved Beneficiaries deprived	Rate	Month	Amount in ₹
Central Share				
2017-18	1,553	300	3	13,97,700.00
2018-19	2,599		12	93,56,400.00
2019-20	2,865			1,03,14,000.00
2020-21				1,03,14,000.00
2021-22				1,03,14,000.00
Sub-total (Central Share)				**4,16,96,100.00**
State Share				
2019-20	2,865	1,700	12	5,84,46,000.00
2020-21	2,865	1,700	12	5,84,46,000.00
Sub-total (State Share)				**11,68,92,000.00**
Grand Total (Central and State Share)				**15,85,88,100.00**

C. Details of beneficiaries deprived under the sub-scheme IGNWPS				
Central Share				
2017-18	3,759	300	1	11,27,700.00
2018-19	5,487		12	1,97,53,200.00
2019-20	5,984			2,15,42,400.00
2020-21				2,15,42,400.00
2021-22				2,15,42,400.00
Sub-total (Central Share)				**8,55,08,100.00**
State Share				
2019-20	5,984	1,700	12	12,20,73,600.00
2021-22				12,20,73,600.00
Sub-total (State Share				**24,41,47,200.00**
Grand Total (Central and State Share)				**32,96,55,300.00**

(Source: Departmental records)

Appendix-2.20
Aadhaar Integration data for beneficiaries in six sampled districts

(Reference: Paragraph-2.4.8.7, Page-95)

Name of District	Name of Sub-scheme	No. of Beneficiaries during				No. of Beneficiaries with Aadhaar mapping				No. of Beneficiaries with bank account seeded with Aadhaar			
		2017-18	2018-19	2019-20	2020-21	2017-18	2018-19	2019-20	2020-21	2017-18	2018-19	2019-20	2020-21
Changlang	IGNOAPS	2,480	2,513	2,513	2,513	0	0	0	0	2,481	2,514	0	2,514
	IGNWPS	300	344	344	344	0	0	0	0	310	354	0	354
	IGNDPS	154	261	261	261	0	0	0	0	155	262	0	262
	NFBS	0	0	0	0	0	0	0	0	0	0	0	0
East Kameng	IGNOAPS	1,326	1,487	1,915	1,915	0	0	0	0	1,123	1,279	0	1,402
	IGNWPS	211	488	538	538	0	0	0	0	205	482	0	464
	IGNDPS	84	184	232	232	0	0	0	0	71	171	0	170
	NFBS	58	0	0	0	0	0	0	0	0	0	0	0
East Siang	IGNOAPS	2,852	2,938	3,166	3,166	0	0	0	0	0	2,037	0	1,909
	IGNWPS	274	305	362	362	0	0	0	0	0	223	0	251
	IGNDPS	136	200	212	212	0	0	0	0	0	132	0	135
	NFBS	22	26	0	0	0	0	0	0	0	0	0	0
Namsai	IGNOAPS	884	960	960	960	0	0	0	0	844	844	917	1,030
	IGNWPS	49	99	99	99	0	0	0	0	49	99	126	144
	IGNDPS	5	14	14	14	0	0	0	0	5	14	14	30
	NFBS	0	0	0	0	0	0	0	0	0	0	0	0
Papum Pare	IGNOAPS	3,084	3,166	3,265	3,265	2,435	3,161	0	3,042	1,334	1,684	0	1,681
	IGNWPS	366	397	422	422	316	381	0	412	218	261	0	281
	IGNDPS	182	257	272	272	96	246	0	265	50	148	0	154
	NFBS	0	50	0	0	0	0	0	0	0	0	0	0
West Siang	IGNOAPS	4247	4265	4533	4533	4,247	4,512	0	3,637	4,247	4,512	0	3,637
	IGNWPS	339	619	619	619	325	605	0	351	325	605	0	351
	IGNDPS	108	205	222	222	108	205	0	169	108	205	0	169
	NFBS	4	0	0	0	4	0	0	0	4	0	0	0
Total		**17,165**	**18,778**	**19,949**	**19,949**	**7,531**	**9,110**	**0**	**7,876**	**11,529**	**15,826**	**1,057**	**14,938**
Grand Total					**75,841**				**24,517**				**43,350**
Percentage									**32.33**				**57.16**

(Source: Departmental records)

Appendix-2.21
Beneficiaries whose details could not be uploaded at the NSAP portal

(Reference: Paragraph-2.4.9.2, Page-97)

Name of the District	Year	Age	Guardian Name	Village	Caste	Aadhaar	Grand Total
Changlang	2017-18	0	12	0	134	28	174
	2018-19	0	47	0	109	2	158
	2019-20	0	0	0	0	0	0
	2020-21	0	46	0	133	30	209
West Siang	2017-18	1	0	0	200	35	236
	2018-19	0	0	0	0	0	0
	2019-20	0	0	0	0	0	0
	2020-21	0	0	0	0	0	0
East Kameng	2017-18	1	0	0	0	9	10
	2018-19	1	0	0	0	8	9
	2019-20	0	0	0	0	0	0
	2020-21	0	0	0	0	8	8
Namsai	2017-18	4	2	0	34	4	44
	2018-19	4	2	0	60	3	69
	2019-20	0	0	0	0	0	0
	2020-21	4	0	1	61	3	69
Papum Pare	2017-18	2	0	0	0	0	2
	2018-19	1	0	0	0	0	1
	2019-20	0	0	0	0	0	0
	2020-21	2	0	2	0	0	4
East Siang	2017-18	0	0	0	0	42	42
	2018-19	0	0	0	0	46	46
	2019-20	0	0	0	0	0	0
	2020-21	0	0	0	0	56	56
Total		**20**	**109**	**3**	**731**	**274**	**1,137**

(Source: Departmental records)

Appendix-2.22
Details of beneficiaries from outside the approved list paid assistances

(Reference: Paragraph-2.4.10.3, Page-103)

Sub-scheme	Year	Shares	No. of beneficiaries approved by Sanctioning authority but not paid	Total Amount (in ₹)
IGNOAPS	2017-18 to 2020-21	Central	2,924.00	71,25,800.00
		State	12,643.00	19,91,24,400.00
IGNDPS		Central	170.00	4,59,000.00
		State	950.00	1,93,80,000.00
IGNWPS		Central	264.00	8,71,200.00
		State	1,481.00	3,02,12,400.00
Total			**18,432.00**	**25,71,72,800.00**

(Source: Departmental records)

Appendix-2.23
Details of beneficiaries who were paid higher rate of pension

(Reference: Paragraph-2.4.10.4, Page-103)

Sl. No.	Year	Name of			Father Name	Age	Share	Amount Paid	Amount to be paid	Excess
		District	Village	Beneficiary						
1.	2017-18	Namsai	Gunanagar	Cheya Moungkang	Late Thiwa Moungkang	63	State	18,000.00	15,600.00	2,400.00
2.	2017-18	Namsai	Dadum jona	An Tayeng	Dhaneswar Tayeng	77		18,000.00	15,600.00	2,400.00
3.	2017-18	Namsai	Manfaiseng	ngta Manpang	Soi Manpang	71		18,000.00	15,600.00	2,400.00
4.	2017-18	Namsai	Nampong	Seng Mannow	Gangadhar Mannow	73		18,000.00	15,600.00	2,400.00
5.	2018-19	Namsai	Gunanagar	Cheya Moungkang	Late Thiwa Moungkang	63		18,000.00	15,600.00	2,400.00
6.	2018-19	Namsai	Dadum jona	An Tayeng	Dhaneswar Tayeng	77		18,000.00	15,600.00	2,400.00
7.	2020-21	Namsai	Manfaiseng	Ingta Manpang	Soi Manpang	71		18,000.00	15,600.00	2,400.00
8.	2018-19	Namsai	Nampong	Seng Mannow	Gangadhar Mannow	73		18,000.00	15,600.00	2,400.00
9.	2020-21	Namsai	Gunanagar	Cheya Moungkang	Late Thiwa Moungkang	63		18,000.00	15,600.00	2,400.00
10.	2018-19	Namsai	Manfaiseng	Ingta Manpang	Soi Manpang	71		18,000.00	15,600.00	2,400.00
11.	2020-21	Namsai	Nampong	Seng Mannow	Gangadhar Mannow	73		18,000.00	15,600.00	2,400.00
12.	2017-18	Papumpare	Apop	Nabam Tania	S/o Lt. Nabam Tar	67		18,000.00	15,600.00	2,400.00
13.	2017-18	Papumpare	Apop	Nabam Tania	S/o Lt. Nabam Tar	67	Central	5,500.00	2,200.00	3,300.00
14.	2018-19	Papumpare	Apop	Nabam Tania	S/o Lt. Nabam Tar	67	State	18,000.00	15,600.00	2,400.00
15.	2018-19	Papumpare	Ramghat	Nabam Rangke	Nabam Hadam	60		18,000.00	15,600.00	2,400.00
16.	2018-19	Papumpare	Byate	Panye Yalo	Panye Nikter	60		18,000.00	15,600.00	2,400.00
17.	2020-21	Papumpare	Apop	Nabam Tania	S/o Lt. Nabam Tar	67		18,000.00	15,600.00	2,400.00
Total								**2,93,500.00**	**2,51,800.00**	**41,700.00**

(Source: Departmental records)

Appendix-2.24
Details of short payment of pension
(Reference: Paragraph-2.4.10.5, Page-103)

A								
Sl No	**Year**	**Districts**	**No. of beneficiaries**	**Amount to be paid per beneficiary**	**Total amount (4 x 5)**	**Actually paid per beneficiary**	**Total paid (4 x 7)**	**Short Payment (6-8)**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	2017-18	Changlang	1	5,500.00	5,500.00	2,200.00	2,200.00	3,300.00
2	2017-18	East Kameng	30	5,500.00	1,65,000.00	2,200.00	2,200.00	1,62,800.00
3	2017-18	East Siang	69	5,500.00	3,79,500.00	2,200.00	2,200.00	3,77,300.00
4	2017-18	Namsai	39	5,500.00	2,14,500.00	2,200.00	2,200.00	2,12,300.00
5	2017-18	Papumpare	37	5,500.00	2,03,500.00	2,200.00	2,200.00	2,01,300.00
6	2017-18	West Siang	7	5,500.00	38,500.00	2,200.00	2,200.00	36,300.00
Total			**187**	**-**	**10,06,500.00**	**-**	**13,200.00**	**9,93,300.00**
B								
Sl No	**Year**	**Districts**	**No. of beneficiaries**	**Amoun to be paid per beneficiary**	**Total amount (4 x 5)**	**Actually paid per beneficiary**	**Total paid (4 x 7)**	**Short Payment (6-8)**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	2017-18	Changlang	6	18,000.00	108000	15,600.00	93,600.00	14,400.00
2	2017-18	East Kameng	45	18,000.00	810000	15,600.00	7,02,000.00	1,08,000.00
3	2017-18	East Siang	288	18,000.00	5184000	15,600.00	44,92,800.00	6,91,200.00
4	2017-18	Namsai	123	18,000.00	2214000	15,600.00	19,18,800.00	2,95,200.00
5	2017-18	Papumpare	159	18,000.00	2862000	15,600.00	24,80,400.00	3,81,600.00
6	2017-18	West Siang	37	18,000.00	666000	15,600.00	5,77,200.00	88,800.00
Total			**662**	**-**	**1,18,44,006.00**	**93,607.00**	**1,02,64,808.00**	**15,79,209.00**

(Source: Departmental records)

Appendix-2.25
Details of multiple payment of pension under different sub-schemes
(Reference: Paragraph-2.4.10.6, Page-104)

Districts	Year	No. of Beneficiaries claiming more than one Pension												Total No. of Beneficiaries	Grand Total
		IGNOAPS & IGNWPS	Lesser Rate	Amount	IGNOAPS & IGNDPS	Lesser Rate	Amount	IGNWPS & IGNDPS	Lesser Rate	Amount	IGNOAPS IGNWPS & IGNDPS	Lesser Rate	Amount		
P/pare	2017-18 SS	14	15600	218400	9	15600	140400	1	20400	20400	1	36000	36000	25	415200
P/pare	2017-18 CS	6	2200	13200	6	2200	13200	0	3300	0	0	0	0	12	26400
P/pare	2018-19 SS	3	15600	46800	4	15600	62400	0	20400	0	0	0	0	7	109200
P/pare	2020-21 SS	2	15600	31200	7	15600	109200	2	20400	0	0	0	0	22	140400
Changlang	2017-18 SS	3	15600	46800	0	15600	0	0	20400	0	0	0	0	3	46800
Changlang	2017-18 CS	1	2200	2200	0	2200	0	0	3300	0	0	0	0	1	2200
Changlang	2018-19 SS	3	15600	46800	2	15600	31200	0	20400	0	0	0	0	5	78000
Changlang	2020-21 SS	2	15600	31200	0	15600	0	0	20400	0	0	0	0	2	31200
Namsai	2017-18 SS	4	15600	62400	0	15600	0	0	20400	0	0	0	0	4	62400
Namsai	2017-18 CS	3	2200	6600	0	2200	0	0	3300	0	0	0	0	3	6600
Namsai	2018-19 SS	8	15600	124800	0	15600	0	0	20400	0	0	0	0	8	124800
Namsai	2020-21 SS	1	15600	15600	0	15600	0	0	20400	0	0	0	0	1	15600
E/Kameng	2017-18 CS	2	2200	4400	0	2200	0	0	3300	0	0	0	0	2	4400
E/Kameng	2017-18 SS	15	15600	234000	5	15600	78000	5	20400	102000	0	0	0	25	414000
E/Kameng	2018-19 SS	26	15600	405600	1	15600	15600	0	20400	0	1	36000	36000	28	457200
E/Kameng	2020-21 SS	7	15600	109200	0	15600	0	0	20400	0	0	0	0	7	109200
E/Siang	2017-18 CS	0	2200	0	0	2200	0	0	3300	0	0	0	0	0	0
E/Siang	2017-18 SS	12	15600	187200	1	15600	15600	0	20400	0	0	0	0	13	202800
E/Siang	2018-19 SS	2	15600	31200	4	15600	62400	0	20400	0	0	0	0	6	93600
E/Siang	2020-21 SS	9	15600	140400	3	15600	46800	0	20400	0	0	0	0	12	187200
W/Siang	2017-18 CS	8	2200	17600	0	2200	0	0	3300	0	0	0	0	8	17600
W/Siang	2017-18 SS	55	15600	858000	4	15600	62400	1	20400	20400	0	0	0	60	940800
W/Siang	2018-19 SS	0	15600	0	1	15600	15600	0	20400	0	0	0	0	1	15600
W/Siang	2020-21 SS	7	15600	109200	1	15600	15600	0	20400	0	0	0	0	8	124800
Grand Total		**193**			**48**			**9**			**2**			**263**	**3626000**

(Source: Departmental records)

Appendix-2.26
Details of deceased beneficiaries paid pension

(Reference: Paragraph-2.4.10.7, Page-105)

Districts	Sl. No.	First Name	Name of Father/ Husband	Name of Scheme	Remarks	Paid or not in 2017-18	Paid or not in 2018-19	Paid or not in 2019-20	Amount Paid in 2017-18	Amount Paid in 2018-19	Amount Paid in 2020-21	Total
Papumpare	1.	Shri Nabam Tana	S/o Lt. Nabam Talar	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	2.	Smti Nguri Radha	w/o Lt. Nguri Ando	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	3.	Smti Ngri Moju	w/o Lt. Ngri Tashi	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	4.	Chukhu Chaya	w/o Chukhu Nitin	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	5.	Dukhum Takhi	s/o Lt. Dukhum Tong	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	6.	Smti Nabam Yajir	w/o Nabam Tapio	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	7.	Gyamar Taram	s/o Lt. Gyamar	IGNOAPS	expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	8.	Smti Taba Yaku	w/o Lt. Taba Sutum	IGNOAPS	expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	9.	Smti Techi Yamin	w/o Lt. Techi Dodum	IGNOAPS	expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	10.	Smti Tana Mayo	W/O TANA TACH	IGNOAPS	expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	11.	Taba Tagar	s/o Taba Naniya	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	12.	Chukhu Kiga	w/o Lt. Chukhu Kak	IGNOAPS	Expired	Not Paid	Paid	Paid	0	15,600	15,600	31,200
Papumpare	13.	Pai Holli	s/o Lt. Pai Tahang	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Papumpare	14.	Ningee Kemeju	s/o Lt. Ningee	IGNOAPS	Expired	Paid	Paid	Paid	17,800	15,600	15,600	49,000
Changlang	15.	Takhing	Minglung Mossang	IGNOAPS	Expired	Paid SS	Not Paid	Not Paid	15,600	0	0	15,600
Changlang	16.	Ikashy namchoom	#Not Available	IGNOAPS	Expired	paid	paid	Not Paid	17,800	15,600	15,600	49,000
Total									**2,64,800**	**2,34,000**	**2,34,000**	**7,32,800**

(Source: Departmental records)

Appendix-2.27
Details of beneficiaries under NFBS

(Reference: Paragraph-2.4.10.10, Page-108)

Sl No.	Year	Name of District	No. of Beneficiary	Rate	Amount	Beneficiaries				Total	If not paid where is the money (Bank Account)	Remark
						Paid	Amount	Not Paid	Amount			
1.	2017-18	Anjaw	50	20000	1000000	49	980000	1	20000	1000000	Nodal Officer, Anjaw	Partly Paid
2.	2017-18	Dibang Valley	4	20000	80000	4	80000	0	0	80000	NA	Paid in full
3.	2017-18	East Kameng	58	20000	1160000	58	1160000	0	0	1160000	NA	Paid in full
4.	2017-18	East Siang	22	20000	440000	22	440000	0	0	440000	NA	Paid in full
5.	2017-18	Kurung Kumey	3	20000	60000	0	0	3	60000	60000	Director, SJETA	Returned
6.	2017-18	Tawang	23	20000	460000	23	460000	0	0	460000	NA	Paid in full
7.	2017-18	Tirap	37	20000	740000	8	160000	29	580000	740000	Director, SJETA	Partly Paid
8.	2017-18	Upper Subansiri	127	20000	2540000	127	2540000	0	0	2540000	NA	Fifty Beneficiaries paid in Cash
9.	2017-18	West Kameng	18	20000	360000	0	0	18	360000	360000	Nodal Officer, Bomdila	Returned
10.	2017-18	West Siang	4	20000	80000	0	0	4	80000	80000	Director, SJETA	Returned
	2017-18	Admin Expenditure (2017-18)			208000		208000			208000		
11.	2018-19	East Siang	26	20000	520000	0	0	26	520000	520000	Director, SJETA	All Returned
12.	2018-19	Kurung Kumey	15	20000	300000	0	0	15	300000	300000	Director, SJETA	All Returned
13.	2018-19	Lohit	61	20000	1220000	53	1060000	8	160000	1220000	Director, SJETA	Partly Paid
14.	2018-19	Papum Pare	50	20000	1000000	0	0	50	1000000	1000000	Director, SJETA	All Returned
15.	2018-19	Tirap	20	20000	400000	0	0	20	400000	400000	Director, SJETA	All Returned
16.	2018-19	Upper Subansiri	1	20000	20000	1	20000	0	0	20000	NA	Fully Paid
	2018-19	Admin Expenditure (2018-19)			104000		104000			104000		
Total			**519**		**10692000**	**345**	**7212000**	**174**	**3480000**	**10692000**		

(Source: Departmental records)

Appendix-2.28
Details of Beneficiary Survey

(Reference: Paragraph-2.4.12, Page-111)

District	Scheme	Approved beneficiaries	Beneficiaries Covered	Beneficiaries out of approved list	Beneficiaries actually paid		
					2017-18	2018-19	2020-21
1	2	4	3	5 (3 - 4)	6	7	8
Changlang	IGNOAPS	9	17	8	15	15	15
Changlang	IGNWPS	1	2	1	1	1	1
Changlang	IGNDPS	1	0	-1	0	0	0
East Kameng	IGNOAPS	8	26	18	4	5	8
East Kameng	IGNWPS	7	18	11	5	7	7
East Kameng	IGNDPS	3	6	3	3	3	3
East Kameng	NFBS	1	1	0	1	0	0
East Siang	IGNOAPS	18	66	48	18	18	17
East Siang	IGNWPS	4	5	1	3	4	3
East Siang	IGNDPS	0	1	1	0	0	0
Namsai	IGNOAPS	27	48	21	40	41	42
Namsai	IGNWPS	1	5	4	4	4	5
Namsai	IGNDPS	0	2	2	2	2	2
Papum Pare	IGNOAPS	47	55	8	43	43	43
Papum Pare	IGNWPS	6	12	6	10	10	11
Papum Pare	IGNDPS	2	4	2	2	2	2
West Siang	IGNOAPS	0	25	25	26	28	28
West Siang	IGNWPS	0	13	13	3	0	6
West Siang	IGNDPS	0	1	1	0	0	0
Total		**135**	**307**	**172**	**180**	**183**	**193**

(Source: Departmental records)

Appendix-2.29
Disbursement of scholarship at higher rates to Day Scholars

(Reference: Paragraph-2.5.4.5, Page-126)

Sl. No.	Year	Name of the District	Name of Institute	No. of beneficiaries	Rate/month (Day Scholar)	Rate/month (Hosteller)	Difference	Number of months	Entitled	Amount Paid	Difference	Excess Amount
				I	II	III	IV=III-II	V	VI=IIxV	VII=IIIxV	VIII=V-IV	IX= IxVIII
1	2017-18	Lower Subansiri	Private (Pvt.) Hill Queen Education	1	150	350	200	10	1500	3500	2000	2000
2	2017-18		Pvt. Padi Lailang Memorial school	5	150	350	200	10	1500	3500	2000	10000
3	2017-18		Pvt. School Blue pine	1	150	350	200	10	1500	3500	2000	2000
4	2017-18	Papumpare	Garden Dew School	2	150	350	200	10	1500	3500	2000	4000
5	2017-18		Government(Govt.) Secondary School, Banderdewa	1	150	350	200	10	1500	3500	2000	2000
6	2017-18		Govt. Sec. School, Chimpu	1	150	350	200	10	1500	3500	2000	2000
7	2017-18		Govt. Sec. School, Nirjuli	1	150	350	200	10	1500	3500	2000	2000
8	2017-18		Govt. Sec. School, Pachin	1	150	350	200	10	1500	3500	2000	2000
9	2017-18		Gyan Ganga Vidyapith	1	150	350	200	10	1500	3500	2000	2000
10	2017-18		JNK School	2	150	350	200	10	1500	3500	2000	4000
11	2017-18		Saint Francis D'assisi School	1	150	350	200	10	1500	3500	2000	2000
12	2017-18		Vivekananda Kendra Vidyalaya (VKV), Sher	2	150	350	200	10	1500	3500	2000	4000
13	2017-18		VKV, Itanagar	4	150	350	200	10	1500	3500	2000	8000
14	2018-19	Lower Subansiri	Pvt. Padi Lailang Memorial school	7	150	350	200	10	1500	3500	2000	14000
15	2018-19	Papumpare	Garden Dew School	1	150	350	200	10	1500	3500	2000	2000
16	2018-19		Good Shepherd school	7	150	350	200	10	1500	3500	2000	14000
17	2018-19	Papumpare	Govt. Hr. Sec. School Ganga	1	150	350	200	10	1500	3500	2000	2000
18	2018-19		Govt. Sec. School, G-Sector	2	150	350	200	10	1500	3500	2000	4000
19	2018-19		Saint Francis D'assisi School	1	150	350	200	10	1500	3500	2000	2000
20	2018-19		VKV, Sher	7	150	350	200	10	1500	3500	2000	14000
21	2018-19		VKV, Itanagar	6	150	350	200	10	1500	3500	2000	12000
22	2018-19		VKV, PTC Banderdewa	8	150	350	200	10	1500	3500	2000	16000
23	2019-20	Lower Dibang Valley	Intaya Public School, Ezengo	1	225	525	300	10	2250	5250	3000	3000
24	2019-20	Lower Subansiri	Pvt. Hill Queen Education	4	225	525	300	10	2250	5250	3000	12000
25	2019-20		Pvt. Padi Lailang Memorial school	1	225	525	300	10	2250	5250	3000	3000

Sl. No.	Year	Name of the District	Name of Institute	No. of beneficiaries	Rate/month (Day Scholar)	Rate/month (Hosteller)	Difference	Number of months	Entitled	Amount Paid	Difference	Excess Amount
				I	II	III	IV=III-II	V	VI=IIxV	VII=IIIxV	VIII=V-IV	IX= IxVIII
26	2019-20	Papumpare	Donyi Polo Mission School	1	225	525	300	10	2250	5250	3000	3000
27	2019-20		Garden Dew School	10	225	525	300	10	2250	5250	3000	30000
28	2019-20		Global Academy	1	225	525	300	10	2250	5250	3000	3000
29	2019-20		Good Shepherd school	13	225	525	300	10	2250	5250	3000	39000
30	2019-20		Govt. Hr. Sec. School, Kimin	1	225	525	300	10	2250	5250	3000	3000
31	2019-20		Govt. Hr. Sec. School, Naharlagun	1	225	525	300	10	2250	5250	3000	3000
32	2019-20		Govt. Hr. Sec. School, Arunodaya	1	225	525	300	10	2250	5250	3000	3000
33	2019-20		JNK School	7	225	525	300	10	2250	5250	3000	21000
34	2019-20	Papumpare	Saint Francis D'assisi School	5	225	525	300	10	2250	5250	3000	15000
35	2019-20		VKV, Sher	2	225	525	300	10	2250	5250	3000	6000
36	2019-20		VKV, Itanagar	7	225	525	300	10	2250	5250	3000	21000
37	2019-20		VKV, PTC Banderdewa	4	225	525	300	10	2250	5250	3000	12000
38	2020-21	Lower Dibang Valley	Intaya Public School, Ezengo	1	225	525	300	10	2250	5250	3000	3000
39	2020-21	Lower Subansiri	Govt. Hr. Sec. School, Hija	2	225	525	300	10	2250	5250	3000	6000
40	2020-21		Govt. Sec. School, Pitapool	1	225	525	300	10	2250	5250	3000	3000
41	2020-21		Pvt. Padi Lailang Memorial school	4	225	525	300	10	2250	5250	3000	12000
42	2020-21	Papumpare	Gardew Dew School	2	225	525	300	10	2250	5250	3000	6000
43	2020-21		Global Academy	1	225	525	300	10	2250	5250	3000	3000
44	2020-21		Good Shepherd school	5	225	525	300	10	2250	5250	3000	15000
45	2020-21		Govt. Sec. School, Mani	2	225	525	300	10	2250	5250	3000	6000
46	2020-21		Govt. Hr. Sec. School, Nirjuli	1	225	525	300	10	2250	5250	3000	3000
47	2020-21		JNK School	2	225	525	300	10	2250	5250	3000	6000
48	2020-21		Saint Francis D'assisi School	3	225	525	300	10	2250	5250	3000	9000
49	2020-21		VKV, Itanagar	4	225	525	300	10	2250	5250	3000	12000
50	2020-21		VKV, PTC Banderdewa	12	225	525	300	10	2250	5250	3000	36000
51	2020-21	Tawang	Govt. Hr. Sec. School, Lumla	74	225	525	300	10	2250	5250	3000	222000
52	2020-21	Upper Siang	Govt. Hr. Sec. School, Mariyang	35	225	525	300	10	2250	5250	3000	105000
53	2020-21	Upper Subansiri	Govt. Hr. Sec. School, Daporijo	74	225	525	300	10	2250	5250	3000	222000
54	2020-21	Upper Subansiri	Govt. Hr. Sec. School, Sikarijo	1	225	525	300	10	2250	5250	3000	3000
Total				**346**	-	-	-	-	-	-	-	**975000**

(Source: Records of Secondary Education Department and NSP data)

Appendix-2.30
Number of beneficiaries exceeding the total number of enrolments

(Reference: Paragraph-2.5.8.6, Page-137)

Sl. No.	Name of Institute	Enrolment	No. of beneficiaries	Excess beneficiaries (*per cent*)	Enrolment	No. of beneficiaries	Excess beneficiaries (*per cent*)	Enrolment	No. of beneficiaries	Excess beneficiaries (*per cent*)
1	Donyi Polo B.ed. College, Itanagar	103	201	98 (95)	161	275	114 (71)	201	214	13 (6)
2	Daying Ering College of Teachers Education, Pasighat	No. of beneficiaries did not exceed the total enrolment during 2017-18 and 2018-19			93	121	28 (30)	90	156	66 (73)
3	Vivekananda Kendra College of Teachers Education, Nirjuli				88	168	80 (91)	98	149	51 (52)
Total enrolment		**834**	**Total Beneficiaries**		**1284**	**Excess beneficiaries (per cent)**		**450 (54)**		

(Source: Records of Higher and Technical Education Department and NSP data)

Appendix-2.31
Disbursement of scholarship at higher rates to Day Scholars

(Reference: Paragraph-2.5.8.7, Page-137)

Sl. No.	Year	District	Name of Institute	No. of beneficiaries	Maintenance Allowance/ month (Day Scholar)	Maintenance Allowance /month (Hosteller)	Difference	Number of months	Entitled	Amount Paid	Difference	Total Excess Amount
				I	II	III	IV=III-II	V	VI=IIxV	VII=IIIxV	VIII=V-IV	IX= IxVIII
1	2018-19	Lower Dibang Valley	Intaya Public School, Ezengo	3	200	300	100	10	2000	3000	1000	3000
2	2018-19	Papumpare	Kendriya Vidyalaya-2	2	200	300	100	10	2000	3000	1000	2000
3	2018-19	Papumpare	VKV, Itanagar	8	200	300	100	10	2000	3000	1000	8000
4	2020-21	East Kameng	Govt. Hr. Sec. School, B-line	1	200	300	300	10	2000	3000	1000	1000
5	2020-21	Papumpare	Global Academy	1	200	300	100	10	2000	3000	1000	1000
6	2020-21	Papumpare	Good Shepherd school	2	200	300	300	10	2000	3000	1000	2000
7	2020-21	Papumpare	Gyan Ganga Vidyapith	5	200	300	300	10	2000	3000	1000	5000
8	2020-21	Papumpare	VKV, Itanagar	1	200	300	300	10	2000	3000	1000	1000
9	2020-21	Papumpare	Kendriya Vidyalaya-2	1	200	300	300	10	2000	3000	1000	1000
10	2020-21	Upper Siang	Govt. Hr. Sec. School, Mariyang	2	200	300	300	10	2000	3000	1000	2000
11	2020-21	Upper Subansiri	Govt. Hr. Sec. School, Daporijo	11	200	300	300	10	2000	3000	1000	11000
Total				**37**								**37000**

(Source: Records of Higher and Technical Education Department and NSP data)

Appendix-2.32
Statement showing scope of work and abstract of cost as per Technical Sanction

(Reference: Paragraph-2.6, Page-143)

Sl. No.	Items of Work	Unit	Quantity	Rate	Amount (in ₹)
1.	Procurement of DI (K-7) & GI Pipes	Job	1	3,56,68,582.00	3,56,68,582.00
2.	Laying, fitting, fixing, i/c Trenching and re-filling of DI &GI Pipes	Job	1	1,13,16,123.75	1,13,16,123.75
3.	Transportation and Carriage of DI & GI Pipes	Job	1	34,75,946.00	34,75,946.00
4.	Construction of RCC Aerator	Job	1	4,65,370.00	4,65,370.00
5.	Construction of Parshall flume with channel	Job	1	5,07,519.00	5,07,519.00
6.	Construction of RCC Sedimentation-cum-Coagulation Tank	Job	1	20,09,220.00	20,09,220.00
7.	Construction of RCC flush mixing tank	Job	1	1,77,293.00	1,77,293.00
8.	Construction of RCC Clariflocculator	Job	1	51,60,012.00	51,60,012.00
9.	Construction of Rapid Sand Filter house	Job	1	70,82,000.00	70,82,000.00
10.	Construction of RCC Circular sludge pit	Job	1	10,34,333.00	10,34,333.00
11.	Construction of Pump house	Job	1	14,13,000.00	14,13,000.00
12.	Construction of RRC Zonal Tanks:	Job	1	46,78,488.23	46,78,488.23
13.	Construction of Sludge disposal system	Job	1	6,91,023.00	6,91,023.00
14.	Construction of Inspection chamber	Job	1	1,45,641.00	1,45,641.00
15.	Construction of Compound Wall around WTP & Zonal Tank	Mtrs	410	19,717.00	80,83,970.00
16.	Construction of Chain-link fencing around pre-sedimentation Tank	Mtrs	100	3,111.70	3,11,170.00
17.	Procurement of DI fittings and T&P	Job	1	75,61,450.00	75,61,450.00
18.	Procurement of GI fittings	Job	1	24,71,930.00	24,71,930.00
19.	Electrification works	Job	1	22,81,800.00	22,81,800.00
20.	Construction of RCC Anchor Block	Job	1	47,29,700.00	47,29,700.00
21.	Construction of RCC T-Beam for Bridging D.I Sub-main	Nos	260	19,396.00	50,42,960.00
22.	Construction of Saddle block of Height:	Job	1	45,72,365.00	45,72,365.00
23.	Construction of Pre-fabricated suspension bridge over pacha river (Span 80 mtrs)	Nos	2	54,65,806.00	1,09,31,612.00
24.	Formation cutting for Laying of DI & GI pipe Mains	Job	1	61,40,349.00	61,40,349.00
25.	Construction of CC footpath and beautification of WTP	Job	1	28,77,980.00	28,77,980.00
26.	Construction of Retaining/Protection wall at upstream and downstream of Head-work and at WTP	Mtrs	300	15,887.00	47,66,100.00
27.	Construction of Value Chamber	Nos	16	66,959.00	10,71,344.00
28.	Carriage of cement, steel, chain link, A/post and bricks	Job	1	1,53,40,096.00	1,53,40,096.00
Total					**15,00,07,376.98**

(Source: Departmental records)

Appendix-3.1
Scope & Methodology -List of Projects
(Reference: Paragraph-3.2.3; Page-160)

(₹ in lakh)

Sl. No.	S.Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure	Scheme
1	1	C/o Tourism Amusement Park at Dollungmukh	320.82	11-06-2015	253.79	NEC
2	2	C/o Tourist Lodge near Pamluk Village under Kamporijo Circle, Raga Sub-Division, Ziro Division, Lower Subansiri District	277.16	06-07-2012	277.16	NEC
3	3	Beautification of Sela Lake in Tawang	345.66	22-03-2010	345.66	NEC
4	4	C/o Mega Festival cum Multipurpose Ground with parking Facilities and Approach Road at Tawang - Revised on 25-11-21	1257.18	21-03-2016	870.37	NEC
5	5	C/o Tourist Lodge and rejuvenation of Maryland Lake at 10th Mile, Oyan Circle	520.00	21-09-2017	494.57	NEC
6	6	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh	366.60	11-12-2015	355.84	NEC
7	7	Wayside Amenities at Tago Putu, Yazali	1350.00	21-09-2017	1047.75	NEC
8		**Development of Tourist Circuit in Itanagar-Ziro-Daporijo-Aalo-Pasighat**				
	8	Development of Tourist Resort at Deli-di-rijo, Daporijo	239.64	30-09-2014	223.13	PIDDC
	9	River Rafting at Dumporijo	198.65	30-09-2014	34.13	PIDDC
	10	Development of Integrated Tourist Centre at Tarajuli Maj Rubber Garden	343.52	30-09-2014	306.12	PIDDC
9	11	Development of Bodum Langne (Snake Stone) Trekking Trails	404.13	31-03-2013	404.13	PIDDC
10	12	C/o Cafeteria cum Picnic Spot at Ramghat under Papumpare	393.42	31-03-2013	393.42	PIDDC
11		**Development of Tourist Circuit in Ziro-Kurung Kumey**				
	13	C/o Tourist Resort at Taalo-Gego in Lower Subansiri	106.15	28-02-2014	91.97	PIDDC
	14	C/o Tourist Lodge at Yaap Hoguin in Kurung Kumey	106.15	28-02-2014	9.16	PIDDC
	15	C/o Tourist Lodge at Sarli in Kurung Kumey	301.94	28-02-2014	27.67	PIDDC
	16	C/o Tourist Lodge at Lumdang	301.94	28-02-2014	224.12	PIDDC
12		**Mega Tourist Destination at Tawang**				
	17	Children's Park and ampitheatre at Tawang	267.60	11-09-2013	0.00	PIDDC
	18	Guest House & Tourist Lodge Complex at Kalawang, Tawang	547.69	11-09-2013	0.00	PIDDC
	19	Tawang Monastery Restaurant Complex at Tawang	106.31	11-09-2013	109.03	PIDDC
	20	Development of Tsechu Hot Springs	352.78	11-09-2013	0.00	PIDDC
	21	Dormitory of Complex at Bang Jang	494.08	11-09-2013	0.00	PIDDC
	22	Development of Waterfall/ Viewing Gallery at Jang	548.23	11-09-2013	501.49	PIDDC

Sl. No.	S.Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure	Scheme
13		**Development of Bhalukpong-Bomdila-Tawang Circuits in Arunachal Pradesh**				
	23	C/o Tourist Lodge at Lhou and Mukto at Tawang	268.69	30-09-2013	265.39	PIDDC
	24	C/o Meditation Centre at Zemithang	139.15	30-09-2013	136.37	PIDDC
	25	C/o Tourist Resort at Damko Village under Kalaktang	175.69	30-09-2013	31.51	PIDDC
	26	Improvement and Beautification of Hot Spring at Dirang	149.83	30-09-2013	27.01	PIDDC
14		**Development of Itanagar-Doimukh-Sagalee-Circuits**				
	27	C/o Tourist Lodge at Parang	125.89	30-09-2013	19.06	PIDDC
	28	Development of Picnic Spot/Childrens Play at Lekhi	246.77	30-09-2013	48.32	PIDDC
	29	C/o Tourist Resort at Siddhartha Vihar	275.86	30-09-2013	271.87	PIDDC
	30	C/o Wayside Amenities at Lumdang	66.26	30-09-2013	64.32	PIDDC
15		**Development of Wayside Amenities under Itanagar-Ziro-Daporijo-Aalo-Mechuka Circuits**				
	31	C/o Cafeteria at Nirjuli	69.22	31-03-2013	58.27	PIDDC
	32	Wayside Amenities at Basar	69.22	31-03-2013	68.45	PIDDC
	33	Wayside Amenities at Dumporijo	69.22	31-03-2013	53.53	PIDDC
	34	Wayside Amenities at Tabarijo	69.22	31-03-2013	67.23	PIDDC
	35	Wayside Amenities at Baririjo	69.22	31-03-2013	53.09	PIDDC
	36	Wayside Amenities at Tatlipik	69.22	31-03-2013	53.00	PIDDC
	37	Wayside Amenities at Ragi-Doke-Yomcha	69.22	31-03-2013	63.61	PIDDC
	38	Wayside Amenities at Tode	69.22	31-03-2013	49.77	PIDDC
	39	Wayside Amenities at Maro	69.22	31-03-2013	65.90	PIDDC
	40	Wayside Amenities at Yapu	69.22	31-03-2013	55.37	PIDDC
	41	Wayside Amenities at Ego	69.22	31-03-2013	47.69	PIDDC
16	42	Heritage Site at Pemaziling, Mechuka	500.00	28-11-2014	482.39	PIDDC
17	43	Eco-Tourism Circuit at Loki-Partung-Taluaak in East Siang	791.31	30-09-2013	313.81	PIDDC
18		**Destination Development at Mariyang, Dr. Daying Ering Wild Life Sanctuary and Borguli**				
	44	Tourist Lodge at Mariyang	193.98	30-09-2013	31.01	PIDDC
	45	Infrastructure Development at Partung	177.05	30-09-2013	164.11	PIDDC
	46	Tourist Hut at Borguli	100.71	30-09-2013	19.50	PIDDC

Sl. No.	S.Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure	Scheme
19		**Development of Tourist Circuit in Pasighat-Jengging-Yingkiong-Tuting Circuit**				
	47	Tourist Lodge at Silluk, East Siang	341.53	30-09-2014	208.81	PIDDC
	48	Adventure Rafting Axis at Siang River, Yingkiong	331.97	30-09-2014	64.40	PIDDC
	49	C/o Boundary Wall at Tuting Gompa	85.87	30-09-2014	82.72	PIDDC
20	50	Destination Development at Mechuka Wellness Resort at Shegang	500.00	30-09-2013	451.08	PIDDC
21	51	Approach Road to Tourist Lodge, Huto	30.00	09-01-2019	28.75	SADA
22	52	C/o Railings & Welcome Gate at Basudeva Mandir, Nari	40.00	07-12-2018	38.15	SADA
23	53	Beautification of Mechuka Township & other tourist spots	200.00	08-02-2018	183.02	SADA
24	54	Infrastructure Development of Eco-Tourism Centre at Jote	200.00	11-03-2018	191.93	SADA
25	55	Maintenance of Tourist Lodge, Tezu	20.00	07-12-2018	20.00	SADA
26	56	Staging Hut & Porter Track, Neh Saram	30.00	12-02-2018	27.31	SADA
27	57	Water Supply & External Electrification of Tourist Lodge, Huto	50.00	17-12-2018	48.68	SADA
28	58	C/o Approach Road, Protection Wall and Security Fencing at TFC Ziro	25.00	10-01-2019	24.26	SADA
29	59	Retaining Wall of Tourist Lodge at Peil Village	50.00	04-03-2019	48.00	SADA
30	60	Development of Tourist Picnic Spot at Dariya Falls	100.00	19-12-2018	95.87	SADA
31	61	Eco-Tourism Lodge at Ziro	200.00	23-03-2018	200.00	SADA
32	62	C/o Modern Luxury Tent Village at Mechuka	450.00	08-02-2018	423.44	SADA
33	63	Protection wall & Rafting centre at Sangdupota	100.00	18-01-2019	95.82	SADA
34	64	C/o Wayside Amenities Aalo to Mechuka	490.00	14-02-2018	458.27	SADA
35	65	Wayside Amenities at Deten under Silluk	70.00	02-01-2019	66.93	SADA
36	66	Development of Wayside Amenities at Peni Village	70.00	15-01-2019	67.21	SADA
37	67	Wayside Amenities at Tajgi Yarda	100.00	06-03-2019	95.93	SADA
38	68	C/o Hump WW-II Museum at Pasighat	100.00	19-03-2021	100.00	SADA
39	69	C/o Festival Ground at Mechuka	500.00	22-02-2017	266.75	SADA
40	70	C/o 6th Dalai Lama Museum at Kushanthang	200.00	22-02-2017	200.00	SADA
41	71	Supply & Installation of DG Set at Tourist Lodge, Tawang	10.00	16-12-2018	10.00	SADA
42	72	Infrastructure Development of Rope-Way, Tawang	42.00	20-03-2020	0.00	SADA
43	73	C/o Changing room for traditional photo shoot facility, Tawang	10.00	22-01-2020	0.00	SADA
44	74	External Water Supply/electrical connection for Cafeteria at Sela, Tawang	3.50	22-03-2021	3.50	SADA

Sl. No.	S.Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure	Scheme
45	75	Construction of Cafeteria, Public utilities and Parking facilities at Sarong Monastery	247.20	30-03-2015	236.66	Swadesh Darshan (SD)
46	76	Development of Jamecharche Park at Lumla	652.69	30-03-2015	279.79	SD
47	77	Development of Tourist Spot at Lumpo and Zemithang	99.79	30-03-2015	74.64	SD
48	78	Development of Tawang Walk Through	1835.88	30-03-2015	1209.75	SD
49	79	Development of Sela Lake	331.22	30-03-2015	205.74	SD
50	80	Eco Log Hut at Jung	622.59	30-03-2015	557.55	SD
51	81	Development of Thingbu Hot Spring	147.02	30-03-2015	117.62	SD
52	82	Wayside amenity at Geshila road near Thongning Gompa and Development of Geshila Peak	203.37	30-03-2015	162.70	SD
53	83	Development of Tourist Infrastructure in PT TSO Lake	201.17	30-03-2015	168.68	SD
54	84	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	87.45	30-03-2015	79.35	SD
55	85	Trekking Trail from Geshila road to PT TSO via Khromten and Thespa Gompa	200.55	30-03-2015	168.16	SD
56	86	Ethnically Themed Eco Log Hut at Grenkha Hot Spring	110.69	30-03-2015	99.00	SD
57	87	SH: Development of rafting centre at Sangdupota	354.46	29-12-2015	332.04	SD
58	88	SH: Gera lake Taraso	91.48	29-12-2015	85.69	SD
59	89	SH: Festival ground, Doimukh	106.24	29-12-2015	92.11	SD
60	90	SH: Wayside amenities at Kola camp	119.24	29-12-2015	107.88	SD
61	91	SH: Development of Eco-park-cultural village at new Sagalee	825.95	29-12-2015	676.92	SD
62	92	SH: Joram top to Hubu Putu mountain nature trail	871.67	29-12-2015	804.28	SD
63	93	SH: Convention centre at Ziro	523.49	29-12-2015	443.83	SD
64	94	SH: Craft bazaar with amphitheatre at Ziro	503.54	29-12-2015	435.94	SD
65	95	SH: Development of Kardo Hill	228.11	29-12-2015	227.99	SD
66	96	Development of Parashuram Kund, Lohit District	3787.74	05-01-2021	417.00	PRASHAD
Total			**29623.66**	**-**	**18964.23**	**-**

(Source: Departmental Records)

Appendix-3.2
Statement showing drawal of money without immediate requirement for disbursal

(Reference: Paragraph-3.2.8.5; Page-168)

(Amount in ₹)

Sl. No.	Amount deposited for DD	Date of DD	Firm	Scheme/ projects	Remarks
1	1374392	12-03-2019	M/s JP Enterprises	Tourist lodge at Sidhartha Vihar near Gompa at Itanagar (PIDDC)	DD is still lying with the Department already indicating a delay of 56 months as of November 2023.
2	3831434	11-03-2019	M/s JP Enterprises	Tourist lodge at Sidhartha Vihar near Gompa at Itanagar (PIDDC)	DD is still lying with the Department already indicating a delay of 56 months as of November 2023.
3	5241487	13-02-2019	HB Enterprises	Development of Integrated Tourist Centre at Tarajuli Maj Rubber Garden (PIDDC)	DD is still lying with the Department already indicating a delay of 57 months as of November 2023.
4	3119682	13-01-2020	M/s Hill Engineering	Tourist Lodge at Lumdung (PIDDC)	DD is still lying with the Department already indicating a delay of 46 months as of November 2023.
5	773102	02-03-2019	M/s Toko Radh	Wayside Amenities at Nirjuli (PIDDC)	DD is still lying with the Department already indicating a delay of 56 months as of November 2023.
6	515401	02-03-2019	M/s Toko Radh	Wayside Amenities at Nirjuli (PIDDC)	DD is still lying with the Department already indicating a delay of 56 months as of November 2023.
7	1616952	09-12-2020	M/s Tari Hai	C/o Tourist Lodge at Baririjo (PIDDC)	Paid on 28-03-2023 after 27 months since the drawal from government account.
8	74180	17-03-2019	M/s YC Enterprises	Tourist Lodge at Liromoba, West Siang District	Paid on 18-07-2023 after 52 months since the drawal from government account.
9	1447119	06-04-2019	M/s KB Enterprises	C/o Rural TFC at Jirdin Village, West Siang	Paid on 03-02-2023 after 46 months since the drawal from government account.
10	43700000	31-03-2022	FA&CAO/ NF Railway Malegaon	Operation of Toy Train at Tawang	Surrendered/ deposited to Govt. account of 27-09-2022.
Total	**61693749**	-	-	-	-

(Source: Departmental Records)

Appendix-3.3
Statement showing non-submission of Programme Chart
(Reference: Paragraph-3.2.9.3(ii); Page-175)

(Amount in ₹)

Sl. No.	Name of the Project	Date of Sanction	Due Date of Completion	Status	Date of Completion	No of days under execution	Rate	Amount due
1	C/o Tourism Amusement Park at Dollungmukh	11-06-2015	02-05-2018	Abandoned	19-03-2017	321	2500	802500
2	River Rafting at Dumporijo	30-09-2014	08-07-2018	Abandoned	26-09-2016	80	2500	200000
3	Development of Integrated Tourist Centre at Tarajuli Maj Rubber Garden	30-09-2014	08-08-2018	Abandoned	11-02-2019	917	2500	2292500
4	C/o Tourist Lodge at Yaap Hoguin in Kurung Kumey	28-02-2014	17-06-2018	Abandoned	02-03-2017	258	2500	645000
5	C/o Tourist Lodge at Sarli in Kurung Kumey	28-02-2014	02-05-2018	Abandoned	20-07-2016	79	2500	197500
6	C/o Tourist Lodge at Lumdang	28-02-2014	25-07-2018	Abandoned	11-02-2019	931	2500	2327500
7	Children's Park and ampitheatre at Tawang	11-09-2013	NA	Abandoned	NA	0	2500	0
8	Guest House & Lodge Complex at Kalawang, Tawang	11-09-2013	NA	Abandoned	NA	0	2500	0
9	Development of Tsechu Hot Springs	11-09-2013	NA	Abandoned	NA	0	2500	0
10	Dormitory of Complex at Bang Jang	11-09-2013	NA	Abandoned	NA	0	2500	0
11	C/o Tourist Resort at Damko Village under Kalaktang	30-09-2013	22-05-2017	Abandoned	14-10-2015	144	2500	360000
12	Improvement and Beautification of Hot Spring at Dirang	30-09-2013	22-05-2017	Abandoned	30-03-2016	312	2500	780000
13	C/o Tourist Lodge at Parang	30-09-2013	22-05-2017	Abandoned	01-02-2016	254	2500	635000
14	Development of Picnic Spot/Childrens Play at Lekhi	30-09-2013	22-05-2017	Abandoned	19-08-2015	88	2500	220000
15	Eco-Tourism Circuit at Loki-Partung-Taluaak in East Siang	30-09-2013	18-05-2017	Abandoned	11-02-2019	1309	2500	3272500
16	Tourist Lodge at Mariyang	30-09-2013	09-10-2017	Abandoned	21-03-2017	528	2500	1320000
17	Tourist Hut at Borguli	30-09-2013	09-10-2017	Abandoned	21-03-2017	528	2500	1320000
18	Tourist Lodge at Silluk, East Siang	30-09-2014	12-05-2018	Abandoned	06-02-2019	1014	2500	2535000
19	Adventure Rafting Axis at Siang River, Yingkiong	30-09-2014	12-05-2018	Abandoned	27-10-2016	182	2500	455000
20	C/o Mega Festival cum Multipurpose Ground with parking Facilities and Approach Road at Tawang - Revised on 25-11-21	21-03-2016	14-12-2018	Ongoing	31-03-2023	2298	2500	5745000
21	Wayside Amenities at Tago Putu, Yazali	21-09-2017	18-02-2020	Ongoing	31-03-2023	1866	2500	4665000
22	C/o Festival Ground at Mechuka	22-02-2017	29-05-2019	Ongoing	31-03-2023	1947	2500	4867500
23	Development of Jamecharche Park at Lumla	30-03-2015	27-12-2018	Ongoing	31-03-2023	2467	2500	6167500
24	Development of Tawang Walk Through	30-03-2015	27-12-2018	Ongoing	31-03-2023	2467	2500	6167500
25	SH: Development of rafting centre at Sangdupota	29-12-2015	11-03-2019	Ongoing	31-03-2023	2391	2500	5977500
26	SH: Gera lake Taraso	29-12-2015	11-03-2019	Ongoing	31-03-2023	2391	2500	5977500

Sl. No.	Name of the Project	Date of Sanction	Due Date of Completion	Status	Date of Completion	No of days under execution	Rate	Amount due
27	SH: Festival ground, Doimukh	29-12-2015	11-03-2019	Ongoing	31-03-2023	2391	2500	5977500
28	SH: Wayside amenities at Kola camp	29-12-2015	11-03-2019	Ongoing	31-03-2023	2391	2500	5977500
29	SH: Development of Eco-park-cultural village at new Sagalee	29-12-2015	11-03-2019	Ongoing	31-03-2023	2391	2500	5977500
30	SH: Joram top to Hubu Putu mountain nature trail	29-12-2015	18-01-2019	Ongoing	17-10-2019	1185	2500	2962500
31	Development of Parashuram Kund, Lohit District	05-01-2021	15-07-2023	Ongoing	31-03-2023	623	5000	3115000
32	C/o Tourist Lodge and rejuvenation of Maryland Lake at 10th Mile, Oyan Circle	21-09-2017	19-02-2020	Completed	30-08-2022	1653	2500	4132500
33	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh	11-12-2015	11-07-2018	Completed	28-05-2019	1050	2500	2625000
34	Development of Tourist Resort at Deli-di-rijo, Daporijo	30-09-2014	08-08-2018	Completed	28-11-2018	842	2500	2105000
35	C/o Tourist Resort at Taalo-Gego in Lower Subansiri	28-02-2014	16-06-2018	Completed	01-09-2019	1174	2500	2935000
36	Tawang Monastery Restaurant Complex at Tawang	11-09-2013	22-05-2017	Completed	27-02-2017	646	2500	1615000
37	Development of Waterfall/ Viewing Gallery at Jang	11-09-2013	22-05-2017	Completed	27-02-2017	646	2500	1615000
38	C/o Tourist Lodge at Lhou and Mukto at Tawang	30-09-2013	22-05-2017	Completed	20-02-2017	639	2500	1597500
39	C/o Meditation Centre at Zemithang	30-09-2013	22-05-2017	Completed	20-01-2017	608	2500	1520000
40	C/o Tourist Resort at Siddhartha Vihar	30-09-2013	22-05-2017	Completed	22-03-2017	669	2500	1672500
41	C/o Wayside Amenities at Lumdang	30-09-2013	22-05-2017	Completed	15-12-2016	572	2500	1430000
42	Heritage Site at Pemaziling, Mechuka	28-11-2014	15-08-2018	Completed	22-03-2017	218	2500	545000
43	Infrastructure Development at Partung	30-09-2013	09-10-2017	Completed	21-04-2017	559	2500	1397500
44	C/o Boundary Wall at Tuting Gompa	30-09-2014	10-06-2018	Completed	18-04-2017	312	2500	780000
45	Destination Development at Mechuka Wellness Resort at Shegang (Organic Farming Traditional SPA)	30-09-2013	18-05-2017	Completed	22-03-2017	673	2500	1682500
46	Approach Road to Tourist Lodge, Huto	09-01-2019	26-08-2019	Completed	20-03-2019	21	2500	52500
47	C/o Railings & Welcome Gate at Basudeva Mandir, Nari	07-12-2018	27-02-2020	Completed	20-03-2019	21	2500	52500
48	Beautification of Mechuka Township & other tourist spots	08-02-2018	16-03-2010	Completed	19-03-2019	368	2500	920000
49	Infrastructure Development of Eco-Tourism Centre at Jote	11-01-2019	02-09-2019	Completed	20-03-2021	749	2500	1872500
50	Staging Hut & Porter Track, Neh Saram	12-02-2018	16-06-2019	Completed	19-03-2019	358	2500	895000
51	Water Supply & External Electrification of Lodge, Huto	17-12-2018	27-08-2019	Completed	20-03-2019	21	2500	52500
52	C/o Approach Road, Protection Wall and Security Fencing at TFC Ziro	10-01-2019	01-06-2019	Completed	20-03-2019	18	2500	45000
53	Retaining Wall of Tourist Lodge at Peil Village	04-03-2019	26-08-2019	Completed	20-03-2019	21	2500	52500
54	Development of Tourist Picnic Spot at Dariya Falls	19-12-2018	27-08-2018	Completed	20-03-2019	385	2500	962500

Sl. No.	Name of the Project	Date of Sanction	Due Date of Completion	Status	Date of Completion	No of days under execution	Rate	Amount due
55	C/o Modern Luxury Tent Village at Mechuka	08-02-2018	18-03-2019	Completed	21-03-2019	367	2500	917500
56	Protection wall & Rafting centre at Sangdupota	18-01-2019	27-08-2019	Completed	20-03-2019	20	2500	50000
57	C/o Wayside Amenities Aalo to Mechuka	14-02-2018	15-03-2019	Completed	19-03-2019	368	2500	920000
58	Wayside Amenities at Deten under Silluk	02-01-2019	01-09-2019	Completed	20-03-2019	18	2500	45000
59	Development of Wayside Amenities at Peni Village	15-01-2019	27-08-2019	Completed	20-03-2019	20	2500	50000
60	Wayside Amenities at Tajgi Yarda	06-03-2019	27-08-2018	Completed	20-03-2019	385	2500	962500
61	Construction of Cafeteria, Public utilities and Parking facilities at Sarong Monastery	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
62	Development of Tourist Spot at Lumpo and Zemithang	30-03-2015	27-12-2018	Completed	04-02-2020	1316	2500	3290000
63	Development of Sela Lake	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
64	Eco Log Hut at Jung	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
65	Development of Thingbu Hot Spring	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
66	Wayside amenity at Geshila road near Thongning Gompa and Development of Geshila Peak	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
67	Development of Tourist Infrastructure in PT TSO Lake	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
68	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
69	Trekking Trail from Geshila road to PT TSO via Khromten and Thespa Gompa	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
70	Ethnically Themed Eco Log Hut at Grenkha Hot Spring	30-03-2015	27-01-2019	Completed	04-02-2020	1286	2500	3215000
71	SH: Convention centre at Ziro	29-12-2015	17-01-2019	Completed	08-11-2018	843	2500	2107500
72	SH: Craft bazaar with amphitheatre at Ziro	29-12-2015	18-01-2019	Completed	29-12-2018	893	2500	2232500
73	SH: Development of Kardo Hill	29-12-2015	17-01-2019	Completed	09-11-2018	844	2500	2110000
Total								**153117500**

(Source: Departmental records) Note: For Abandoned Projects the date of last payment is taken as date of completion for the purpose of calculation of due amount.

Appendix-3.4

Statement showing loss of Government's money due to non-recovery of mobilisation advance and its interest

(Reference: Paragraph-3.2.9.3(iii); Page-175)

(₹ in lakh)

Sl. No.	Name of the Project	Agreement Amount	Date of Award of Work	MA paid	Date of payment	MA recovered	Date of recovery	MA due	Days between payment & recovery	Interest due @10% SI	Total due	Status
1	C/o Tourism Amusement Park at Dollungmukh	309.69	02-05-2016	30.97	18-10-2016	30.97	10-03-2017	0.00	143.00	1.21	1.21	Abandoned
2	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh	355.84	15-07-2016	35.58	18-10-2016	35.58	28-05-2019	0.00	952.00	9.28	9.28	Completed
3	Wayside Amenities at Tago Putu, Yazali	1257.59	23-02-2018	125.76	21-03-2018	0.00	31-03-2023	125.76	1836.00	63.26	189.02	Ongoing
4	Development of Tourist Resort at Deli-di-rijo, Daporijo	223.13	01-08-2016	22.31	26-09-2016	22.31	11-02-2019	0.00	868.00	5.31	5.31	Completed
5	River Rafting at Dumporijo	184.28	NA	18.43	26-09-2016	0.00	31-03-2023	18.43	2377.00	12.00	30.43	Abandoned
6	Development of Integrated Tourist Centre at Tarajuli Maj Rubber Garden	325.58	NA	32.26	26-09-2016	32.26	11-02-2019	0.00	868.00	7.67	7.67	Abandoned
7	C/o Tourist Lodge at Yaap Hoguin in Kurung Kumey	91.63	NA	9.16	02-03-2017	0.00	31-03-2023	9.16	2220.00	5.57	14.73	Abandoned
8	C/o Tourist Lodge at Sarli in Kurung Kumey	276.72	NA	27.67	20-07-2016	0.00	31-03-2023	27.67	2445.00	18.54	46.21	Abandoned
9	Heritage Site at Pemaziling, Mechuka	475.93	NA	47.59	23-02-2015	47.59	23-03-2019	0.00	1489.00	19.41	19.41	Completed
10	Tourist Lodge at Silluk, East Siang	333.43	10-05-2016	33.34	27-10-2016	33.34	06-02-2019	0.00	832.00	7.60	7.60	Abandoned
11	Adventure Rafting Axis at Siang River, Yingkiong	321.16	10-05-2016	32.12	27-10-2016	0.00	31-03-2023	32.12	2346.00	20.64	52.76	Abandoned
12	Construction of Cafeteria, Public utilities and Parking facilities at Sarong Monastery	247.55	23-06-2016	24.76	18-10-2016	24.76	20-09-2017	0.00	337.00	2.29	2.29	Completed
13	Development of Jamecharche Park at Lumla	644.53	28-07-2015	64.45	18-10-2016	64.45	20-09-2017	0.00	337.00	5.95	5.95	Ongoing
14	Development of Tourist Spot at Lumpo and Zemithang	99.78	28-07-2015	9.98	18-10-2016	9.98	20-09-2017	0.00	337.00	0.92	0.92	Completed
15	Development of Tawang Walk Through	1825.08	23-06-2016	182.51	18-10-2016	182.51	20-09-2017	0.00	337.00	16.85	16.85	Ongoing
16	Development of Sela Lake	331.01	23-06-2016	33.10	18-10-2016	33.10	20-09-2017	0.00	337.00	3.06	3.06	Completed
17	Eco Log Hut at Jung	618.35	23-06-2016	61.83	18-10-2016	61.83	20-09-2017	0.00	337.00	5.71	5.71	Completed
18	Development of Thingbu Hot Spring	145.00	23-06-2016	14.50	18-10-2016	14.50	20-09-2017	0.00	337.00	1.34	1.34	Completed
19	Wayside amenity at Geshila road near Thongning Gompa and Development of Geshila Peak	196.14	23-06-2016	19.61	18-10-2016	19.61	20-09-2017	0.00	337.00	1.81	1.81	Completed
20	Development of Tourist Infrastructure in PT TSO Lake	199.21	23-06-2016	19.92	18-10-2016	19.92	20-09-2017	0.00	337.00	1.84	1.84	Completed
21	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	88.22	23-06-2016	8.82	18-10-2016	8.82	20-09-2017	0.00	337.00	0.81	0.81	Completed

Sl. No.	Name of the Project	Agreement Amount	Date of Award of Work	MA paid	Date of payment	MA recovered	Date of recovery	MA due	Days between payment & recovery	Interest due @10% SI	Total due	Status
22	Trekking Trail from Geshila road to PT TSO via Khromten and Thespa Gompa	197.91	23-06-2016	19.79	18-10-2016	19.79	20-09-2017	0.00	337.00	1.83	1.83	Completed
23	Ethnically Themed Eco Log Hut at Grenkha Hot Spring	109.93	23-06-2016	10.99	18-10-2016	10.99	20-09-2017	0.00	337.00	1.01	1.01	Completed
24	SH: Development of rafting centre at Sangdupota	345.45	09-08-2016	34.54	15-09-2016	34.54	10-01-2017	0.00	117.00	1.11	1.11	Ongoing
25	SH: Gera lake Taraso	88.62	09-08-2016	8.86	15-09-2016	8.86	21-06-2017	0.00	279.00	0.68	0.68	Ongoing
26	SH: Festival ground, Doimukh	103.84	12-08-2016	10.38	15-09-2016	10.38	21-06-2017	0.00	279.00	0.79	0.79	Ongoing
27	SH: Wayside amenities at Kola camp	116.09	09-08-2016	11.61	15-09-2016	11.61	10-01-2017	0.00	117.00	0.37	0.37	Ongoing
28	SH: Development of Eco-park-cultural village at new Sagalee	801.27	09-08-2016	80.13	15-09-2016	80.13	23-02-2017	0.00	161.00	3.53	3.53	Ongoing
29	SH: Joram top to Hubu Putu mountain nature trail	855.34	28-06-2016	85.53	15-09-2016	85.53	21-06-2017	0.00	279.00	6.54	6.54	Completed
30	SH: Convention centre at Ziro	508.88	28-06-2016	50.89	15-09-2016	50.89	21-06-2017	0.00	279.00	3.89	3.89	Completed
31	SH: Craft bazaar with amphitheatre at Ziro	503.39	28-06-2016	50.34	15-09-2016	50.34	21-06-2017	0.00	279.00	3.85	3.85	Completed
32	SH: Development of Kardo Hill	228.02	28-06-2016	22.80	15-09-2016	22.80	11-07-2017	0.00	299.00	1.87	1.87	Completed
Total		**12408.57**	-	**1240.55**	-	**1027.41**	-	**213.14**	-	**236.54**	**499.68**	

(Source: Departmental Records) Note: Date of recovery has been taken as 31-03-2023 for MA not recovered projects for the purpose of calculation of interest amount.

Appendix-3.5
Statement showing list of Wasteful Expenditure due to abandoned projects
(Reference: Paragraph-3.2.9.4(x); Page-185)

(₹ in lakh)

Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Agreement Amount	Scheme	Expenditure	*Per cent*
A. Works under PIDCC projects							
(i) Works with Zero Expenditure							
1	Children's Park and ampitheatre at Tawang	267.6	11-09-2013	266.27	PIDDC	0	0
2	Guest House & Tourist Lodge Complex at Kalawang, Tawang	547.69	11-09-2013	527.49	PIDDC	0	0
3	Development of Tsechu Hot Springs	352.78	11-09-2013	298.01	PIDDC	0	0
4	Dormitory of Complex at Bang Jang	494.08	11-09-2013	476.41	PIDDC	0	0
Sub total		**1662.15**	**-**	**1568.18**	**-**	**0**	-
(ii) Works within 50 *per cent* of Expenditure on Agreed Amount							
5	C/o Tourist Lodge at Parang	125.89	30-09-2013	119.56	PIDDC	19.06	15.94
6	Tourist Lodge at Mariyang	193.98	30-09-2013	188.13	PIDDC	31.01	16.48
7	River Rafting at Dumporijo	198.65	30-09-2014	184.28	PIDDC	34.13	18.52
8	C/o Tourist Lodge at Yaap Hoguin in Kurung Kumey	106.15	28-02-2014	91.63	PIDDC	18.32	19.99
9	C/o Tourist Resort at Damko Village under Kalaktang	175.69	30-09-2013	167.61	PIDDC	31.51	18.80
10	Improvement and Beautification of Hot Spring at Dirang	149.83	30-09-2013	143.71	PIDDC	27.01	18.79
11	C/o Tourist Lodge at Sarli in Kurung Kumey	301.94	28-02-2014	276.72	PIDDC	55.34	20.00
12	Tourist Hut at Borguli	100.71	30-09-2013	NA*	PIDDC	19.50	19.36
13	Adventure Rafting Axis at Siang River, Yingkiong	331.97	30-09-2014	321.16	PIDDC	64.40	20.05
14	Development of Picnic Spot/Childrens Play at Lekhi	246.77	30-09-2013	243.68	PIDDC	48.32	19.83
15	Eco-Tourism Circuit at Loki-Partung-Taluaak in East Siang	791.31	30-09-2013	715.56	PIDDC	313.81	43.86
Sub total		**2722.89**	**-**	**2452.04**	**-**	**662.41**	-

Sl. No.	Name of the Project	Sanctioned Amount	Date of Sanction	Agreement Amount	Scheme	Expenditure	*Per cent*
(iii) Works with more than 50 *per cent* of the Expenditure on Agreed Amount							
16	Tourist Lodge at Silluk, East Siang	341.53	30-09-2014	333.43	PIDDC	208.81	62.62
17	C/o Tourist Lodge at Lumdang	301.94	28-02-2014	276.63	PIDDC	224.12	81.02
18	Development of Integrated Tourist Centre at Tarajuli Maj Rubber Garden	343.52	30-09-2014	325.58	PIDDC	306.12	94.02
Sub total		**986.99**	**-**	**935.64**	**-**	739.05	-
Total (A)		**5372.03**	**-**	**4955.86**	**-**	**1401.46**	-
B. Works other than PIDDC projects							
19	C/o Tourism Amusement Park at Dollungmukh	320.82	11-06-2015	309.69	NEC	247.14	79.80
20	Infrastructure Development of Rope-Way, Tawang	42.00	20-03-2020	NA*	SADA	0	0
21	C/o Changing room for traditional photo shoot facility, Tawang	10.00	22-01-2020	NA*	SADA	0	0
Total (B)		**372.82**	**-**	**309.69**	**-**	**247.14**	-
Grand Total (A + B)		**5744.85**	**-**	**5265.55**	**-**	**1648.6**	-

(Source: Departmental Records) * Expenditure is calculated on Sanctioned Amount

Appendix-3.6
Statement showing payment made without execution of work

(Reference: Paragraph-3.2.9.4(xi); Page-187)

Sl. No.	Project name	Items of work shown executed	Amount paid *(₹ in lakh)*
1	Destination Development at Mechuka Wellness Resort at Shegang	CC Footpath	6.53
		Providing Furniture	18.34
2	Tourist Lodge at Silluk, East Siang	Boundary wall and MS gate	18.51
3	Development of Heritage Site at Pemazilling Mechuka, West Siang	Furniture of Budget Accommodation	4.76
		Construction of Footpath Pavement	8.55
		Construction of Parking Area	4.78
		Solar Light Campus	9.57
		Plantation of Aesthetic Plant	1.51
4	Tourist Resort at Taalo Gego in Lower Subansiri	Internal Footpath	2.89
		Illumination	3.00
		Furniture	3.16
5	Tourist Lodge at Lhou	Approach Road	7.32
		Parking	9.35
6	C/o Tourist Lodge and rejuvenation of Maryland Lake at 10th Mile, Oyan Circle	4 refrigerator	1.39
		Water filter	0.35
		TV Set	2.46
7	Development of Tourist Picnic Spot at Dariya Falls	Site Development	31.59
8	C/o Modern Luxury Tent Village at Mechuka	Garden Lights	7.67
9	C/o Wayside Amenities Aalo to Mechuka	Tiles	26.13
10	Wayside Amenities at Deten under Silluk	CC Parking	2.00
		Furniture	3.00
11	Development of Wayside Amenities at Peni Village	Furniture	3.61
		Parking	1.96
12	Wayside Amenities at Tajgi Yarda	Furniture	2.75
		Public Utility	4.37
		Parking	3.48
13	C/o Hump WW-II Museum at Pasighat	Creation of Website *etc.*	9.44
		Cloud based central server *etc.*	9.79
		Digitisation of data *etc.*	9.50
		Touch screen interface *etc.*	9.74
		Digitisation Software *etc.*	9.71
		Printing transport of graphic panels *etc.*	9.69
14	Development of Jamecharche Park at Lumla	Approach Road	17.75
		Ornamental Gate	2.62
15	Development of Tourist Spot at Lumpo and Zemithang	Furniture	8.34
16	Development of Tawang Walk Through	Shopping Complex	415.57
17	Development of Thingbu Hot Spring	Furniture	10.11

Sl. No.	Project name	Items of work shown executed	Amount paid *(₹ in lakh)*
18	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	Furniture	8.01
19	SH: Development of rafting centre at Sangdupota	First aid centre cum changing room	21.37
		Parking	8.52
20	SH: Wayside amenities at Kola camp	Tiles	4.39
21	SH: Development of Eco-park-cultural village at new Sagalee	Tiles	37.75
22	SH: Joram top to Hubu Putu mountain nature trail	Drainage	2.03
23	Convention centre at Ziro	Tiles	5.60
		Landscaping	20.24
24	Craft bazaar with amphitheatre at Ziro	Tiles	1.93
25	Development of Kardo Hill	Furniture	5.14
Total			**816.27**

(Source: Departmental Records)

Appendix-3.7
Statement showing idling of assets
(Reference: Paragraph-3.2.9.5; Page-189)

(₹ in lakh)

Sl. No.	Name of the District	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure incurred	Date of completion	Idle as on 31-03-2023 (Months)
1	1. Tawang	Tawang Monastery Restaurant Complex at Tawang	106.31	11-09-2013	109.03	27-02-2017	74.10
2		C/o Tourist Lodge at Lhou and Mukto at Tawang	268.69	30-09-2013	265.39	20-02-2017	74.33
3		C/o Meditation Centre at Zemithang	139.15	30-09-2013	136.37	20-01-2017	75.37
4		C/o 6th Dalai Lama Museum at Kushanthang	200.00	22-02-2017	200.00	03-03-2017	73.97
5		Development of Sela Lake	331.22	30-03-2015	205.74	04-02-2020	38.37
6		Wayside amenity at Geshila road near Thongning Gompa and Development of Geshila Peak	203.37	30-03-2015	162.70	04-02-2020	38.37
6	**Sub-Total (1)**		**1248.74**	**-**	**1079.23**	-	**374.51**
7	2. Lower Subansiri	C/o Tourist Lodge near Pamluk Village under Kamporijo Circle, Raga Sub-Division, Ziro Division, Lower Subansiri District, Arunachal Pradesh	277.16	06-07-2012	277.16	10-03-2017	73.73
8		C/o Tourist Resort at Taalo-Gego in Lower Subansiri	106.15	28-02-2014	91.97	01-09-2019	43.57
9		Eco-Tourism Lodge at Ziro	200.00	23-03-2018	200.00	19-03-2018	61.27
10		Development of Wayside Amenities at Peni Village	70.00	15-01-2019	67.21	20-03-2019	49.07
11		Wayside Amenities at Tajgi Yarda	100.00	06-03-2019	95.93	20-03-2019	49.07
12		SH: Joram top to Hubu Putu mountain nature trail	871.67	29-12-2015	804.28	17-10-2019	42.03
13		SH: Convention centre at Ziro	523.49	29-12-2015	443.83	08-11-2018	53.47
14		SH: Craft bazaar with amphitheatre at Ziro	503.54	29-12-2015	435.94	29-12-2018	51.77
15		SH: Development of Kardo Hill	228.11	29-12-2015	227.99	09-11-2018	53.43
9	**Sub-Total (2)**		**2880.12**	-	**2644.31**	-	**477.41**
16	3. East Siang	C/o Tourist Lodge and rejuvenation of Maryland Lake at 10th Mile, Oyan Circle	520.00	21-09-2017	494.57	30-08-2022	7.10
17		Infrastructure Development at Partung	177.05	30-09-2013	164.11	21-04-2017	72.33
18		C/o Boundary Wall at Tuting Gompa	85.87	30-09-2014	82.72	18-04-2017	72.43
19		Wayside Amenities at Deten under Silluk	70.00	02-01-2019	66.93	20-03-2019	49.07
4	**Sub-Total (3)**		**852.92**	-	**808.33**	-	**200.93**

Sl. No.	Name of the District	Name of the Project	Sanctioned Amount	Date of Sanction	Expenditure incurred	Date of completion	Idle as on 31-03-2023 (Months)
20	**4. Papum Pare**	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh	366.60	11-12-2015	355.84	28-05-2019	46.77
21		Development of Tourist Resort at Deli-di-rijo, Daporijo	239.64	30-09-2014	223.13	28-11-2018	52.80
22		Development of Bodum Langne (Snake Stone) Trekking Trails	404.13	31-03-2013	404.13	19-03-2017	73.43
23		C/o Cafeteria cum Picnic Spot at Ramghat under Papum Pare	393.42	31-03-2013	393.42	20-03-2017	73.40
24	**4. Papum Pare**	C/o Tourist Resort at Siddhartha Vihar	275.86	30-09-2013	271.87	22-03-2017	73.33
25		C/o Wayside Amenities at Lumdang	66.26	30-09-2013	64.32	15-12-2016	76.57
26		C/o Cafeteria at Nirjuli	69.22	31-03-2013	58.27	29-09-2015	91.33
27		Development of Tourist Picnic Spot at Dariya Falls	100.00	19-12-2018	95.87	20-03-2019	49.07
8	**Sub-Total (4)**		**1915.13**	**-**	**1866.85**	**-**	**536.70**
28	**5. Shi-Yomi**	Wayside Amenities at Basar	69.22	31-03-2013	68.45	15-03-2015	97.93
29		Wayside Amenities at Dumporijo	69.22	31-03-2013	53.53	20-05-2015	95.73
30		Wayside Amenities at Tabarijo	69.22	31-03-2013	67.23	20-05-2015	95.73
31		Wayside Amenities at Baririjo	69.22	31-03-2013	53.09	20-05-2015	95.73
32		Wayside Amenities at Tatlipik	69.22	31-03-2013	53.00	20-05-2015	95.73
33		Wayside Amenities at Ragi-Doke-Yomcha	69.22	31-03-2013	63.61	15-03-2015	97.93
34		Wayside Amenities at Tode	69.22	31-03-2013	49.77	06-05-2015	96.20
35		Wayside Amenities at Maro	69.22	31-03-2013	65.90	20-05-2015	95.73
36		Wayside Amenities at Yapu	69.22	31-03-2013	55.37	15-04-2014	109.07
37		Wayside Amenities at Ego	69.22	31-03-2013	47.69	03-01-2015	100.30
38		Heritage Site at Pemaziling, Mechuka	500.00	28-11-2014	482.39	22-03-2017	73.33
39		Destination Development at Mechuka Wellness Resort at Shegang (Organic Farming Traditional SPA)	500.00	30-09-2013	451.08	22-03-2017	73.33
40		C/o Modern Luxury Tent Village at Mechuka	450.00	08-02-2018	423.44	21-03-2019	49.03
41		C/o Wayside Amenities Aalo to Mechuka	490.00	14-02-2018	458.27	19-03-2019	49.10
14	**Sub-Total (5)**		**2632.20**	**-**	**2392.82**	**-**	**1224.87**
41	**Grand Total (1 to 5)**				**8791.54**	-	-

(Source: Departmental Records)

Appendix-3.8
Statement showing leased out projects
(Reference: Paragraph-3.2.9.5(ii); Page-193)

Sl. No.	Name of the Project	Expenditure	Date of Completion	Date of lease	Lease Amount/ Year	Name of lessee	SD collected	Rent due as on 31.03.2023	Rent Amount Paid
1	Development of Waterfall/ Viewing Gallery at Jang	501.49	27-02-2017	01-10-2022	420000.00	Shri Lhakpa Gombu	5.00	NA	NA
2	Construction of Cafeteria, Public utilities and Parking facilities at Sarong Monastery	236.66	04-02-2020	01-09-2019	12060.00	Shri Dondup Tsering	NA	36180	24361
3	Tourist Spot at Zemithang (Cafeteria)	74.64	04-02-2020	28-01-2021	12000.00	Shri Kuncheok Tsering	NA	24000	12000
	Tourist Spot at Lumpo (Cafeteria)			11-07-2022	6000.00	Shri Nawang Chota	NA	6000	6000
4	Eco Log Hut at Jung	557.55	04-02-2020	01-09-2022	100000.00	Shri Tsering Gombu	2.00	NA	304000
5	Development of Thingbu Hot Spring	117.62	04-02-2020	11-07-2022	27000.00	Smt. Tashi Tsomu	NA	NA	NA
6	Development of Tourist Infrastructure in PT TSO Lake	168.68	04-02-2020	15-10-2019	108000.00	Shri Jumpa Tsering	NA	324000	NA
7	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	79.35	04-02-2020	15-10-2019	13400.00	Shri Tenzen Rekdup	NA	40200	27068.00
8	Trekking Trail from Geshila road to PT TSO via Khromten and Thespa Gompa	168.16	04-02-2020	15-10-2019	7200.00	Shri Pema Pauntso	NA	21600	14544.00
9	Ethnically Themed Eco Log Hut at Grenkha Hot Spring	99.00	04-02-2020	16-12-2019	25000.00	Shri Yontan	2.00	75000	25000.00
Total							**9.00**		**412973.00**

(Source: Departmental Records)

Appendix-3.9
Statement showing list of projects with no external water supply and electricity

(Reference: Paragraph-3.2.9.5(iv); Page-195)

(₹ in lakh)

Sl. No.	Name of Projects	Expenditure	Date of Completion	Delay in months	Idle in months
1	Construction of Adventure Tourism Camping-cum-Recreation Site at Huto in Doimukh	355.84	28-05-2019	17.80	46.77
2	Development of Bodum Langne (Snake Stone) Trekking Trails	404.13	19-03-2017	24.00	73.43
3	C/o Cafeteria cum Picnic Spot at Ramghat under Papumpare	393.42	20-03-2017	24.03	73.40
4	C/o Tourist Resort at Siddhartha Vihar	271.87	22-03-2017	18.00	73.33
5	Heritage Site at Pemaziling, Mechuka	482.39	22-03-2017	3.83	73.33
6	Infrastructure Development at Partung	164.11	21-04-2017	19.00	72.33
7	Destination Development at Mechuka Wellness Resort at Shegang (Organic Farming Traditional SPA)	451.08	22-03-2017	18.00	73.33
8	Development of Tourist Infrastructure in PT TSO Lake	168.68	04-02-2020	34.73	38.37
9	Construction of Cafeteria at Bumla Pass and Pier in Gritsand Tso Lake	79.35	04-02-2020	34.73	38.37
10	SH: Joram top to Hubu Putu mountain nature trail	804.28	17-10-2019	15.87	42.03
11	SH: Convention centre at Ziro	443.83	08-11-2018	4.43	53.47
12	SH: Craft bazaar with amphitheatre at Ziro	435.94	29-12-2018	6.13	51.77
13	SH: Development of Kardo Hill	227.99	09-11-2018	4.47	53.43
Total		**4682.91**	-	-	-

(Source: Departmental Records)

Appendix-3.10
Statement showing details of ineligible works which were upgraded

(Reference: Paragraph 3.3.4.3; Page-218)

(Length in km and cost in lakh)

Sl. No.	District Name	Total no. of Upgradation works executed			Link routes on which upgradation works executed		
		No. of road	Cost	Road Length	No. of road	Cost	Length (*Per cent* to col. 5)
1	2	3	4	5	6	7	8
1	Changlang	1	351.92	3.700	0	0	0
2	Dibang Valley	9	4695.38	51.81	0	0	0
3	East Siang	3	781.20	17.51	0	0	0
4	Kamale	4	5945.16	74.32	1	3,137.23	44.82 (60)
5	KraDaadi	3	2249.47	27	0	0	0
6	KurungKumey	2	5052.42	62	0	0	0
7	LepaRada	7	3567.34	38.5	3	1064.58	10 (26)
8	Lohit	2	901.12	15.64	0	0	0
9	Longding	3	1337.20	13.7	2	1136.43	11.60 (85)
10	Lower Dibang Valley	5	2964.23	41.37	1	62.19	2.00 (5)
11	**Lower Siang**	3	322.61	7.56	1	123.55	2.31 (30)
12	Lower Subansiri	6	7051.65	77.64	0	0	0
13	Namsai	6	786.04	20.17	0	0	0
14	Pakkekessang	1	867.33	15.600	0	0	0
15	**Papum Pare**	12	11845.92	132.62	3	551.34	7.50 (6)
16	Shi Yomi	1	371.64	7.18	0	0	0
17	Siang	3	3136.76	46.22	0	0	0
18	Tawang	7	2247.46	36.89	1	259.57	3.01 (8)
19	Tirap	3	1833.72	36.00	1	672.28	9.00 (25)
20	Upper Siang	2	483.24	11.02	0	0	0
21	Upper Subansiri	5	6033.87	57.37	0	0	0
22	West Kameng	2	395.95	8.22	0	0	0
23	West Siang	4	1721.34	21.05	0	0	0
	Total	**94**	**64,942.96**	**823.09**	**13**	**7007.17**	**90.24 (11)**

(Source: Departmental Records)

Appendix-3.11
Statement showing details showing grant of excess mobilisation advance/ equipment advance

(Reference: Paragraph-3.3.6.4(i); Page-229)

(₹ in lakh)

Sl. No.	Name of Work	Package No.	Date of agreement	Agreement Cost	Scheduled date of completion	Advance eligibility @ 5% or 10% of agreement cost	Mobilisation Advance paid	Excess Amount of Mobilisation Advance Paid	Upto August 2022 recovered	Amount unrecovered till August 2022	Interest On Excess Amount (9) Till August 2022#
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9=8-7))	(10)	(11)	(12)
Mobilisation Advance											
1	L022-Road from Mengio HQ Sakiang to Tapo (Stage-I)	AR703034	22-12-2018	1763.5	23-06-2020	88.18	264.52	176.35	164.52	100	50.69
2	L027-Road from 8km point of Sagalee to Seppa BRTF road to Upper Gai (Full Stage)	AR0704/072	03-06-2019	2184	27-01-2021	109.2	195	85.8	132.22	62.78	21.08
3	L036-Road from 5km point of Sagalee Karoi road to Deb Village	AR0704/010	09-03-2019	1299.46	30-11-2020	64.97	115	50.03	115	0	12.25
4	T02-Road from Pinte to Sakiang (Up Gradation)	AR0703028	27-05-2019	1412.18	26-11-2020	70.61	126	55.39	63	63	13.42
5	L024-Road from Yazali Sakiang road 40km point to Pilla (Full Stage)	AR0703024	28-06-2019	4223.18	05-01-2021	211.16	422	210.84	124	298	50.84
6	L022-Road from Mengio HQ Sakiang to Tapo (Stage-II)	AR0703/034	27-05-2019	1019.24	26-11-2020	50.96	101.92	50.96	101.92	0	11.56
7	T01-Road from 4500km point of Sagalee road to Nakap (Totpu) (Full Stage)	AR0704071	12-08-2019	514.18	11-08-2020	25.71	95	69.29	40	55	15.72

Sl. No.	Name of Work	Package No.	Date of agreement	Agreement Cost	Scheduled date of completion	Advance eligibility @ 5% or 10% of agreement cost	Mobilisation Advance paid	Excess Amount of Mobilisation Advance Paid	Upto August 2022 recovered	Amount unrecovered till August 2022	Interest On Excess Amount (9) Till August 2022#
8	Road from BRTF road Sagalee Pakke Kessang 1300km point to Khyate Village (Full Stage)	AR704026	04-07-2019	2335.4	19-01-2021	116.77	208.41	91.64	208.41	0	20.79
9	L030 Road from Leporiang to Sango (Stage-II)	AR0704060	09-03-2019	773.63	26-05-2020	38.68	69.2	30.52	69.2	0	7.47
10	L041-25 km point of Pappu Yupia Potin Road to Dakte Hoj	AR0704/007	09-03-2019	348.07	26-05-2020	17.4	69.59	52.19	69.59	0	12.78
11	L025-Road from PWD road Sagalee sakiang 14km point to Appop Sango	AR0704001	27-05-2019	412.64	30-06-2020	20.63	37.1	16.47	37.1	0	4.03
12	Nimte to Longpak (Full Stage)	AR0704035	09-03-2019	650.36	26-05-2020	32.52	59.3	26.78	59.3	0	6.56
Equipment/machinery Advance											
13	Road from Jido to Bishing	AR/13/04/022	09-08-2019	4308.81	08-08-2021	430.88	550	119.12	350	200	23.87
14	Road from Jido to Palling	AR/13/94/039	22-07-2019	7543.41	10-08-2021	754.34	800	45.66	500	300	10.81
Total						**2032.01**	**3113.04**	**1081.04**	**2034.26**	**1078.78**	**261.85**

(Source: Departmental Records)

#: Interest calculated at the rate of 7.9 per cent (GPF Interest Rate for the year 2019-20) annually upto August 2022

Appendix-3.12
Statement showing details of excess expenditure executed in excess or beyond the scope of work

(Reference: Paragraph-3.3.6.4(ii); Page-230)

Sl. No.	Item	Quantity (in cum)			Rate	Excess Expenditure
		BoQ	DPR	Difference		
	C/o Bridge over river Tengabari for the road from Hollongi Charali to Balijan (Poma) HQ					
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) =(5)x(6)
1	Earthwork	110.5	22.1	88.4	185.15	16367.26
2	Proving and laying of wire created boulder structure	124.5	24.9	99.6	2069.98	206170.01
3	Construction of embankment	495	99	396	282.63	111921.48
4	Providing and laying pitching on slopes	20	4	16	1563.1	25009.6
					Sub-total (i)	**359468.35**
	Road from 12 Km point of Domdila-Laching road to Doka (Seppa) (Stage-I)					
1	Back filling behind the abutment wing wall and return wall	5162.29	5111.69	50.6	776	39265.6
2	Plain/reinforced cement concrete in superstructure (ii) RCC grade M20	268.98	28.17	240.81	7467	1798128
3	Providing steel RSJs/built up steel section. (A) steel section	273.36	101.36	172	158057	27185804
4	Supplying, fitting and placing TMT bar reinforcement in foundation complete 1203	21.16	6.64	14.52	66915	971605.8
5	Supplying, fitting and placing TMT bar reinforcement in substructure complete 1202	38	12.5	25.5	73115	1864433
6	Providing and laying of an electrometric expansion joint complete instruction	29.2	9.4	19.8	14584	288763.2
7	RCC M25 grade approach slab 1211	23.58	8.28	15.3	11723	179361.9
8	Providing and laying Pitching on slopes laid over boulder	629.03	230.51	398.52	1300	518076
9	Providing and laying filter material underneath earth pitching in slopes…. Boulder	314.51	115.25	199.26	1618	322402.7
					Sub-total (ii)	**33167840**
	Road from 8 km Point of Sagalee to Seppa BRTF road to Upper Gai (Excess due to executed excess quantity)					
1	Excavation in Soil in Hilly area by Manual Means	38885.16	39856.71	971.55	200	194310
2	Excavation in Soil in Hilly area by Mechanical Means	90732.04	92998.99	2266.95	153	346843.4
					Sub-total (iii)	**541153.4**

Sl. No.	Item	Quantity (in cum)			Rate	Excess Expenditure
		BoQ	DPR	Difference		
	Road from Ringi to Yachungi Garu					
1	Excavation in soil in hilly areas by mechanical means	37083.26	44478.42	7395.16	39.52	292257
2	Excavation in hilly areas in ordinary rock not requiring blasting by mechanical means	25847.59	33507.73	7660.14	208.71	1598748
					Sub-total (iv)	**1891005**
	Road from Damin to Tarbu (Full Stage) along with LSBs					
1	Earthwork in excavation in soil in hilly area	562801.1	597672	34870.89	193.9	6761466
2	Excavation in ordinary rock	30480.22	39343.64	8863.42	301.43	2671701
2	Excavation in *hard rock* in hilly area requiring blasting	42742.66	54336.8	11594.14	508.79	5898982
					Sub-total (v)	**15332149**
	Road from NH-52 to Deepa					
1	Earthwork in excavation of foundation of structure approved mat	611	1629.42	1,018.42	236.69	241050.30j
2	Providing concrete for plain/reinforced concrete in open foundations)	54	219.45	165.45	6,059.56	1002571.17
					Sub-total (vi)	**1243621.47**
	Road from 8 km Point of Sagalee to Seppa BRTF road to Upper Gai (Excess due to adopted higher rate)					
Sl. No.	**Item**	**Quantity executed as per 5th RA bill (in cum)**	**Rate as per**			**Excess payment**
			BOQ	**RA bill**	**Difference**	
1	Providing weepholes in stone masonry	541.44	326	902.4	576.40	312086
					Sub-total (vii)	**312086**
Total (sub-total i to vii)						**52847323.22**

(Source: Departmental Records)

Appendix-5.1
Details of sample for centralised audit, detailed audit and audit of Ranges selected for the SSCA

(Reference: Paragraph-5.4.4, Page-273)

SAMPLE FOR CENTRALISED AUDIT

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
1	Short payment of interest on delayed payments	M.L. Enterprises	12ADDPL5211G1Z7	Aalo	0.20
2	Short payment of interest on delayed payments	Satyam Steel & Alloys	12ABSFS7939P1Z4	Banderdewa	0.08
3	Short payment of interest on delayed payments	M.G.Contractors Private Limited	12AAACM9786A1ZM	Khonsa	6.00
4	Short payment of interest on delayed payments	Poddar Construction Company	12ACJPP7277R1ZQ	Pangin	0.08
5	Short payment of interest on delayed payments	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	Pasighat	0.17
6	Short payment of interest on delayed payments	M/S Assam Arunachal Agency	12AEJPN0232N3ZL	Zone-I	0.08
7	Short payment of interest on delayed payments	Sky One Airways Private Limited	12AAPCS2430L1ZB	Zone-I	0.86
8	Short payment of interest on delayed payments	M K Roy & Bros Projects Limited	12AADCM1386R1Z4	Zone-I	0.12
9	Short payment of interest on delayed payments	Soma Enterprise Limited	12AACCS8242F1ZN	Zone-I	0.11
10	Short payment of interest on delayed payments	M/S T.K. Engineering Consortium Private Limited	12AACCT8781G1Z8	Zone-I	0.97
11	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Satyam Steel & Alloys	12ABSFS7939P1Z4	Banderdewa	0.13
12	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	M.G.Contractors Private Limited	12AAACM9786A1ZM	Khonsa	0.15
13	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	L.K. Hub	12CYNPK5384A1ZJ	Longding	0.02
14	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Neccon Power & Infra Limited	12AABCN1603J1Z1	Pasighat	0.04
15	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	Pasighat	0.02
16	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	M K Roy & Bros Projects Limited	12AADCM1386R1Z4	Zone-I	0.05

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
17	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Iconic Automobiles	12ASXPK2898K2ZW	Zone-I	0.02
18	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Oriflame India Private Limited	12AAACO0256B7Z5	Zone-II	0.09
19	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	M/S Navayuga Engineering Co. Ltd.	12AAACN7396R1ZS	Tezu	0.23
20	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	Arunachal Times Publications Pvt Ltd	12AABCA6755C1Z6	Zone II	0.04
21	ISD credit incorrectly availed by the recipients	Techno Electric & Engineering Company Limited, Bhalukpong	12AAJCS4414Q1Z3	Bhalukpong	0.01
22	ISD credit incorrectly availed by the recipients	Vodafone	12AAACB2100P1Z8	Zone-II	0.00
23	ISD credit incorrectly availed by the recipients	Reliance Jio	12AABCI6363G2ZT	Zone-II	0.01
24	ISD credit incorrectly availed by the recipients	Indian Oil Corporation Limityed (Assam Oil Division)	12AAACI1681G1ZO	Zone-I	0.00
25	Cases where GSTR-3B not filed but GSTR1 or GSTR-2A available	Hotel Tashi Yangtse, grocery, Cloth	12AELPL9937Q1ZN	Bhalukpong	0.0002
26	Cases where GSTR-3B not filed but GSTR1 or GSTR-2A available	Tamar Doyom and Brothers	12AZGPD8594F1ZD	Daporijo	0.0256
27	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Mega Electricals	12AAOFM6040N1Z2	Bomdila	0.25
28	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	M.G.Contractors Private Limited	12AAACM9786A1ZM	Khonsa	2.97
29	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Sky One Airways Private Limited	12AAPCS2430L1ZB	Zone-I	0.58
30	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	MS North East Engineering and Construction Agency	12AFDPT9484K1ZV	Zone-I	0.23
31	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Arunachal Pradesh Rural Bank	12AACAA1528J1Z9	Zone-I	0.14
32	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Global Vectra Helicorp Limited	12AADCA9318F1Z1	Zone-I	0.06

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
33	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Sushee Infra & Mining Ltd	12AACCS8560Q1ZV	Zone-II	7.88
34	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Kei Industries Limited	12AAACK0251C1ZI	Changlang	0.56
35	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Mamkee Publishers	12AGEPD4738L1ZJ	Zone-I	0.01
36	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	Tama Fabrication Works	12ADJPT0724E1ZX	Zone-I	0.09
37	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Namdang Veneer & Saw Industries	12AACFN7495C1ZF	Changlang	0.005
38	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	M/S B.R. Enterprises	12CHFPP6105D1ZU	Daporijo	0.005
39	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Landmarks	12BCHPM5663D1ZT	Namsai	0.146
40	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	M/S Kamlang Construction Products	12AANFK3761D1ZK	Namsai	0.006
41	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Sky One Airways Private Limited	12AAPCS2430L1ZB	Zone-I	0.009
42	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	A.P. Agency	12AGAPL5016F1Z3	Zone-I	0.002
43	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Chandana Varieties Shop	12ALKPR6121N1ZV	Zone-II	0.005
44	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Marthina Patanjali	12BZZPR1827F1Z1	Zone-II	0.009
45	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Airplaza Retail Holdings Private Limited	12AAICA7614B1Z9	Zone II	0.299
46	Mismatch in availing of ITC under RCM without payment	Neccon Power & Infra Limited	12AABCN1603J1Z1	Pasighat	0.0000003
47	Mismatch in availing of ITC under RCM without payment	M/S 2 D Enterprise	12AYHPP6289K1ZV	Zone-I	0.0003788
48	Mismatch in availing of ITC under RCM without payment	M/S T.T. Enterprises	12BNUPG4859H1ZN	Zone-I	0.0018363
49	Mismatch in availing of ITC under RCM without payment	M/S Tashi Shop	12ABWPY2859A1ZB	Zone-I	0.0001213

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
50	Mismatch in availing of ITC under RCM without payment	M/S Orbital Computers	12ABNPH0837Q1ZE	Zone-II	0.0000114
51	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	M/S Badri Rai & Company	12AACFB3337K1ZT	Khonsa	0.91
52	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	L.K. Hub	12CYNPK5384A1ZJ	Longding	0.04
53	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	M/s Kangkim Borang	12AKNPB9493R1ZD	Pasighat	3.55
54	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	Arunachal Ayush Agency	12BFJPG4525B1Z4	Zone-I	1.92
55	Mismatch in availing of ITC	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	Pasighat	0.39
56	Mismatch in availing of ITC	M/S Darang Enterprise	12CRPPM4207D1Z3	Pasighat	0.48
57	Mismatch in availing of ITC	M/S Frontier Associates	12ATTPD0313P2ZP	Tawang	0.38
58	Mismatch in availing of ITC	M/S Navayuga Engineering Co. Ltd.	12AAACN7396R1ZS	Tezu	0.74
59	Mismatch in availing of ITC	M/S Suman Construction	12AHVPB2682D1ZK	Zone-I	0.26
60	Mismatch in availing of ITC	Kaushal Sharma	12ANGPS5127H1Z3	Zone-I	0.29
61	Mismatch in availing of ITC	M/S Neni Motors	12AFSPT4175N4ZL	Zone-I	0.51
62	Mismatch in availing of ITC	Airplaza Retail Holdings Pvt. Ltd	12AAICA7614B1Z9	Zone II	0.32
63	Mismatch in availing of ITC	M/S Chennai Network Infrastructure Limited	12AADCC8088Q1Z3	Zone II	0.50
64	Mismatch in availing of ITC	M/S Itanagar Hardware Store	12AOFPJ0920D1ZS	Zone II	0.28
65	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Jugal Kishore Mahanta	12ADCPM4505H1Z2	Likabali	94.93
66	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Shree Gautam Construction Co. Limited	12AAGCS4032F1ZV	Pasighat	3.55
67	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Soma Enterprise Limited	12AACCS8242F1ZN	Zone-I	60.23
68	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	SMS Smelters Ltd	12AABCN7147D1ZV	Zone-I	9.82
69	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	MS North East Engineering and Construction Agency	12AFDPT9484K1ZV	Zone-I	9.29

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
70	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Karngam Enterprise	12ACHPL6705E2ZZ	Zone-I	1.12
71	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Frontier Drug	12ACHPL6705E3ZY	Zone-I	2.67
72	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Aien Meren Industries	12AAFPZ0231M1ZQ	Changlang	21.51
73	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Mamkee Publishers	12AGEPD4738L1ZJ	Zone I	4.15
74	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	NHPC Limited	12AAACN0149C2Z9	Zone II	1.38
75	Unsettled liabilities	Brand Eagles	12ATTPD0313P1ZQ	Tawang	5.6132322
76	Unsettled liabilities	Iconic Automobiles	12ASXPK2898K2ZW	Zone-I	0.5639397
77	Unsettled liabilities	S.P. Construction	12AMQPK6976R1ZZ	Zone-I	1.5566534
78	Unsettled liabilities	M/S Lokam Yasi Carriage & Construction Associates	12ACIPL1961F1ZX	Zone-I	0.759293
79	Unsettled liabilities	Sonu Enterprises	12AECPT1019C1Z8	Zone-I	0.3788557
80	Unsettled liabilities	M/S Taro Tagia Construction	12AFQPT2028E1ZL	Zone-II	0.5050934
81	Unsettled liabilities	GPT Infraprojects Limited	12AAACT9793J1ZX	Zone-II	0.334877
82	Unsettled liabilities	Reniya Enterprises	12ADEPT9187E2ZA	Zone-II	0.5205487
83	Unsettled liabilities	Sushee Infra & Mining Ltd	12AACCS8560Q1ZV	Zone-II	21.221822
84	Unsettled liabilities	Kei Industries Limited	12AAACK0251C1ZI	Changlang	0.556055
85	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Surya Enterprises	12ACNPH3544D1Z1	Zone-I	2.96
86	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Sunrise Enterprises	12BVNPK7346C1ZO	Zone-I	2.53
87	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Nabam Tullon LLP	12AALFN0776H1ZA	Zone-I	2.48

Sl. No.	Deviation Subject	Taxpayer	GSTIN	Zone/Region	Amount (in crore)
88	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Raj Steel	12ALHPT4392A1ZA	Zone-I	2.11
89	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Satyam Steel & Alloys	12ABSFS7939P1Z4	Banderdewa	4.40
90	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Iconic Automobiles	12ASXPK2898K2ZW	Zone I	38.22
91	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Calcom Cement India Limited	12AACCC5142J1Z1	Zone I	8.30
92	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	Ave Maria Earth Movers	12ADKPT2805P2Z6	Zone I	4.81
93	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	RTM Earthmovers	12AGUPH3713K1ZC	Zone I	2.24
94	Reconciliation between ITC declared in annual return with expenses and in financial statement (Table 14T of GSTR-9C)	State Bank of India	12AAACS8577K3ZY	Zone II	1.92

(Source: Audit Sample of taxpayers)

Sample for Detailed Audit				
Sl No.	**Category**	**GSTIN**	**Dealer**	**Range**
1	Detailed	12AAACK8316L1ZL	Knr Construction Limited	Pasighat
2	Detailed	12AAECA1203A1ZY	A2z Infra Engineering Limited	Pasighat
3	Detailed	12AAPCS3515G1ZI	Soletanche Bachy	Tawang
4	Detailed	12AAACH0968B1Z7	Hindustan Construction Company Limited	Zone I Naharlagun
5	Detailed	12AAACT4119L1ZJ	Tata Projects Limited	Zone I Naharlagun
6	Detailed	12AADCS4145A2Z1	Sarada Projects Limited	Zone I Naharlagun
7	Detailed	12AHJPB9391H2ZB	M/S Swastik System	Zone I Naharlagun
8	Detailed	12AAJCS8454J1Z1	Carlsberg India Private Limited	Zone I Naharlagun
9	Detailed	12AFNPN6435Q3ZS	M/S Maria Enterprises	Zone II Itanagar
10	Detailed	12AAACS4457Q1Z1	Vodafone Mobile Services Limited	Zone II Itanagar
11	Detailed	12AAHCS6024L1ZD	Shyama Power India Ltd	Zone II Itanagar
12	Detailed	12ABMPH5685D1ZQ	M/S Puna Hinda	Zone II Itanagar
13	Detailed	12AABCD7169H1ZR	Reliance Corporate It Park Limited	Zone II Itanagar
14	Detailed	12AACCE4248H1ZZ	Energy Efficiency Services Limited	Zone II Itanagar
15	Detailed	12AAQCS4458M1ZS	M/S Sushee Ivrcl Arunachal Highways Limited	Zone II Itanagar

Sample for Range Audit		
Sl No.	**Category**	**Range**
1	Range	Pasighat
2	Range	Tawang
3	Range	Zone I Naharlagun
4	Range	Zone II Itanagar

(Source: Audit Sample of taxpayers)

Appendix-5.2
Cancellation of registration from dates prior to the application date

(Reference: Paragraph-5.4.6.1(iii), Page-278)

Range	Cancellation on taxpayer's request		
	Total No cancellations	No. of cancellation of registration from dates prior to the application date	Range of discrepancy (in days)
Pasighat	59	33	1 to 449
Tawang	23	19	1 to 343
Zone-I	177	75	1 to 489
Zone-II	154	71	1 to 1128
Total	**413**	**198**	**1 to 1128**

(Source: GST Portal)

Appendix-5.3
Statement showing Details of Cases
(Reference: Paragraph-5.4.7.2, Page-283)

Sl No.	Range	Deviation	Taxpayer	GSTIN	Issue date	OBS No	Amount (₹ In Crore)
1	**Pasighat**	Mismatch in availing of ITC under RCM without payment	Neccon Power & Infra Limited	12AABCN1603J1Z1	02-05-2022	**479375**	0.0000003
2	**Zone II**	Mismatch in availing of ITC under RCM without payment	M/S Orbital Computers	12ABNPH0837Q1ZE	02-05-2022	**479490**	0.00001
3	**Bhalukpong**	Cases where GSTR-3B not filed but GSTR1 or GSTR-2A available	Hotel Tashi Yangtse, grocery, Cloth	12AELPL9937Q1ZN	29-04-2022	**479294**	0.0009
4	**Pasighat**	Mismatch in availing of ITC	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	02-05-2022	**479365**	0.39
5	**Pasighat**	Mismatch in availing of ITC	M/S Darang Enterprise	12CRPPM4207D1Z3	02-05-2022	**479365**	0.48
6	**Zone II**	Mismatch in availing of ITC	M/S Chennai Network Infrastructure Limited	12AADCC8088Q1Z3	02-05-2022	**479483**	0.50
7	**Tawang**	Mismatch in availing of ITC	M/S Frontier Associates	12ATTPD0313P2ZP	02-05-2022	**479392**	0.38
8	**Daporijo**	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	M/S B.R. Enterprises	12CHFPP6105D1ZU	02-05-2022	**479300**	0.005
9	**Zone II**	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Chandana Varieties Shop	12ALKPR6121N1ZV	02-05-2022	**479486**	0.005
10	**Zone II**	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	Marthina Patanjali	12BZZPR1827F1Z1	02-05-2022	**479486**	0.009
11	**Bhalukpong**	ISD credit incorrectly availed by the recipients	Techno Electric & Engineering Company Limited, Bhalukpong	12AAJCS4414Q1Z3	17-06-2022	**481403**	0.009
12	**Zone-I**	ISD credit incorrectly availed by the recipients	Indian Oil Corporation Limityed (Assam Oil Division)	12AAACI1681G1ZO	15-11-2022	**502663**	0.001
13	**Zone II**	ISD credit incorrectly availed by the recipients	Vodafone	12AAACB2100P1Z8	17-06-2022	**490410**	0.000002
14	**Zone II**	ISD credit incorrectly availed by the recipients	Reliance Jio	12AABCI6363G2ZT	17-06-2022	**490410**	0.01
15	**Khonsa**	Mismatch in ITC availed between annual return and financial statements(Table 12F of GSTR-9C)	M.G.Contractors Private Limited	12AAACM9786A1ZM	02-05-2022	**479315**	0.15

Sl No.	Range	Deviation	Taxpayer	GSTIN	Issue date	OBS No	Amount (₹ In Crore)
16	**Pasighat**	Mismatch in ITC availed between annual return and financial statements(Table 12F of GSTR-9C)	Neccon Power & Infra Limited	12AABCN1603J1Z1	02-05-2022	**479385**	0.02
17	**Pasighat**	Mismatch in ITC availed between annual return and financial statements(Table 12F of GSTR-9C)	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	02-05-2022	**479385**	0.02
18	**Zone II**	Mismatch in ITC availed between annual return and financial statements(Table 12F of GSTR-9C)	Oriflame India Private Limited	12AAACO0256B7Z5	02-05-2022	**479496**	0.09
19	**Khonsa**	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	M.G.Contractors Private Limited	12AAACM9786A1ZM	02-05-2022	**479311**	2.97
20	**Khonsa**	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	M/S Badri Rai & Company	12AACFB3337K1ZT	02-05-2022	**479309**	0.91
21	**Pasighat**	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	M/s Kangkim Borang	12AKNPB9493R1ZD	02-05-2022	**479383**	3.55
22	**Pasighat**	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	Shree Gautam Construction Co. Limited	12AAGCS4032F1ZV	02-05-2022	**479378**	3.55
23	**Khonsa**	Short payment of interest on delayed payments	M.G.Contractors Private Limited	12AAACM9786A1ZM	17-06-2022 and 02-05-2022	**479321**	6.00
24	**Pangin**	Short payment of interest on delayed payments	Poddar Construction Company	12ACJPP7277R1ZQ	17-06-2022 and 02-05-2022	**479357**	0.08
25	**Pasighat**	Short payment of interest on delayed payments	M/S Bhartia Infra Project Limited	12AACCB3413B1ZP	17-06-2022	**479389**	0.17
26	**Tawang**	Unsettled liabilities	Brand Eagles	12ATTPD0313P1ZQ	02-05-2022	**479396**	5.61
27	**Zone II**	Unsettled liabilities	M/S Taro Tagia Construction	12AFQPT2028E1ZL	02-05-2022	**479502**	0.51
28	**Zone II**	Unsettled liabilities	GPT Infraprojects Limited	12AAACT9793J1ZX	02-05-2022	**479502**	0.33
29	**Zone II**	Unsettled liabilities	Reniya Enterprises	12ADEPT9187E2ZA	02-05-2022	**479502**	0.52
			Total				**26.27**

(Source: Taxpayers returns data from GST portal)

Appendix-5.4
Details of non-production of records of taxpayer

(Reference: Paragraph-5.4.8.1, Page-298)

Sl No.	Name of dealers	GSTIN	Jurisdictional Range	Records not produced to Audit
1	A2Z INFRA ENGINEERING LIMITED	12AAECA1203A1ZY	Superintendent of Tax, Excise & Narcotics, Pasighat	1. Balance Sheet 2. Profit & Loss Account 3. Notes on Account 4. Director's report 5. Income Statement 6. Cash Flow Statement, etc. 7. Audited books of accounts and financial statements and other related records pertaining to the financial year 2017-18 for business activities in Arunachal Pradesh maintained u/s 35(1) of APGST Act 2017. 8. Purchase and sales invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
2	KNR CONSTRUCTIONS LIMITED	12AAACK8316L1ZL	Superintendent of Tax, Excise & Narcotics, Pasighat	1. Balance Sheet 2. Profit & Loss Account 3. Notes on Account 4. Director's report 5. Income Statement 6. Cash Flow Statement, etc. 7. Audited books of accounts and financial statements and other related records pertaining to the financial year 2017-18 for business activities in Arunachal Pradesh maintained u/s 35(1) of APGST Act 2017. 8. Purchase and sales invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.

Sl No.	Name of dealers	GSTIN	Jurisdictional Range	Records not produced to Audit
3	M/s SOLETANCHE BACHY	12AAPCS3515G1ZI	Superintendent of Tax, Excise & Narcotics, Tawang	1. Balance Sheet 2. Profit & Loss Account 3. Notes on Account 4. Director's report 5. Income Statement 6. Cash Flow Statement, etc. 7. Audited books of accounts and financial statements and other related records pertaining to the financial year 2017-18 for business activities in Arunachal Pradesh maintained u/s 35(1) of APGST Act 2017. 8. Purchase and sales invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
4	HINDUSTAN CONSTRUCTION COMPANY LIMITED	12AAACH0968B1Z7	Superintendent of Tax, Excise & Narcotics, Zone-I, Naharlagun	1. Books of Accounts for FY 2017-18. 2. Invoices of selected months relating to FY2017-18 for business in Arunachal Pradesh.
5	Tata project limited	12AAACT4119L1ZJ	Superintendent of Tax, Excise & Narcotics, Zone-I, Naharlagun	1. Financial Statements for 2017-18 & 2018-19. 2. Books of Accounts for FY 2017-18. 3. Invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
6	Sarda project limited	12AADCS4145A2Z1	Superintendent of Tax, Excise & Narcotics, Zone-I, Naharlagun	1. Books of Accounts for FY 2017-18 for business in Arunachal Pradesh.
7	M/s Swastik system	12AHJPB9391H2ZB	Superintendent of Tax, Excise & Narcotics, Zone-I, Naharlagun	1. Books of Accounts for FY 2017-18. 2. Invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
8	Carlsberg India Private limited	12AAJCS8454J1Z1	Superintendent of Tax, Excise & Narcotics, Zone-I, Naharlagun	1. Financial Statements for 2017-18 & 2018-19. 2. Books of Accounts for FY 2017-18 3. Invoices of selected months relating to FY2017-18 for business in Arunachal Pradesh.

Sl No.	Name of dealers	GSTIN	Jurisdictional Range	Records not produced to Audit
9	VODAFONE MOBILE SERVICE LIMITED	12AAACS4457Q1Z1	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. Financial Statements for 2017-18 & 2018-19. Books of Accounts for FY 2017-18 2. Invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
10	RELIANCE CORPORATE IT PARK LIMITED	12AABCD7169H1ZR	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. Complete Books of Accounts for FY 2017-18. 2. Complete invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
11	ENERGY EFFICIENCY SERVICE LIMITED	12AACCE4248H1ZZ	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. Invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
12	M/S SHYAMA POWER LIMITED	12AAHCS6024L1ZD	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. Books of Accounts for FY 2017-18. 2. Director's Report. 3. Sales register for the year 2017-18.
13	M/S SUSHEE IVRCL ARUNACHAL HIGHWAYS LIMITED	12AAQCS4458M1ZS	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. Books of Accounts for FY 2017-18. 2. Invoices of selected months relating to FY 2017-18 for business in Arunachal Pradesh.
14	M/s Puna Hinda	12ABMPH5685D1ZQ	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. GSTR 9C for FY 2017-18 & 2018-19. 2. Books of Accounts for FY 2017-18.
15	M/s Maria Enterprises	12AFNPN6435Q3ZS	Superintendent of Tax, Excise & Narcotics, Zone-II, Itanagar	1. GSTR 9 for FY 2017-18. GSTR 9C for FY 2017-18 & 2018-19. 2. Financial Statements for 2017-18 & 2018-19. 3. Books of Accounts for FY 2017-18.

(Source: Audit Sample of taxpayers)

Appendix-5.5
Details of interest due on delayed payment of tax by taxpayer

(Reference: Paragraph-5.4.8.5, Page-301)

Sl No.	Range office	Taxpayer Name	GSTIN	No. of GSTR 3Bs delayed	Net Tax Liability paid in cash (Rs in lakh)				Interest due @ 18% p.a. (Rs in lakh)			
					IGST	CGST	SGST	Total	IGST	CGST	SGST	Total
1	ST, Pasighat	KNR CONSTRUCTIONS LIMITED	12AAACK8316L1ZL	2	1.01	1.41	1.41	3.83	0.03	0.05	0.05	0.12
2	ST, Tawang	SOLETANCHE BACHY	12AAPCS3515G1ZI	4	0.00	58.83	58.83	117.66	0.00	0.72	0.72	1.44
3	ST, Zone-I, Naharlagun	SARADA PROJECTS LIMITED	12AADCS4145A2Z1	5	0.00	23.74	38.50	62.24	0.00	0.41	0.61	1.02
4		M/S SWASTIK SYSTEM	12AHJPB9391H2ZB	1	0.00	1.44	15.76	17.20	0.00	0.02	0.23	0.25
5	ST, Zone-II, Itanagar	ENERGY EFFICIENCY SERVICES LIMITED	12AACCE4248H1ZZ	1	0.00	0.66	9.12	9.77	0.00	0.11	1.52	1.63
Total				**13**	**1.01**	**86.08**	**123.62**	**210.70**	**0.03**	**1.31**	**3.13**	**4.46**
Total (in crore)					**0.01**	**0.86**	**1.24**	**2.11**	**0.0003**	**0.01**	**0.03**	**0.04**

(Source: Taxpayers returns from GST portal)

Appendix-5.6
Statement showing details of discrepancy of M/s Puna Hinda (GSTIN: XXXXXXXXXXXD1ZQ)

(Reference: Paragraph-5.4.8.9, Page-304)

(₹ in crore)

Month	Details as per GSTR 3B				As per invoice produced to Audit			
	Total Taxable Value (₹)	IGST	CGST	SGST	Total Taxable Value (₹)	IGST	CGST	SGST
Nov 17	1.08	0.22	0.00	0.00	0.95	0.00	0.06	0.06
Feb 18	3.24	0.00	0.30	0.30	5.03	0.00	0.30	0.30
March 18	13.62	0.00	0.82	0.82	12.52	0.00	0.75	0.75
Total	17.94	0.22	1.12	1.12	18.50	0.00	1.11	1.11

(Source: Taxpayers returns from GST portal & Department's invoice)

Appendix-5.7
Statement showing incorrect opening balance in electronic credit ledger

(Reference: Paragraph-5.4.8.10, Page-305)

Sl. No	Date	Reference No.	Tax Period	Description	Transaction Type			Credit / Debit				Balance Available			
						Integrated Tax	Central Tax	State Tax	Cess	Total	Integrated Tax	Central Tax	State Tax	Cess	Total
-	-	-	-	Opening Balance	-	-	-	-	-	-	0	4878397878	0	0	4878397878
1	26-08-17	AA2408172028362	Jun-17	Distribution of transitional cenvat credit	Credit	0	27566436	0	0	27566436	0	4905964314	0	0	4905964314
2	26-08-17	DI1208170000386	Jul-17	Other than reverse charge	Debit	0	3736121	0	0	3736121	0	4902228193	0	0	4902228193
3	19-09-17	AA120817002653H	Aug-17	ITC accrued through – Inputs	Credit	3110623	968768	968768	0	5048159	3110623	4903196961	968768	0	4907276352
4	19-09-17	DI1209170000196	Aug-17	Other than reverse charge	Debit	3109251	4919959	968768	0	8997978	1372	4898277002	0	0	4898278374
5	14-10-17	AA2408172028362	Jun-17	Reversal of Incorrect Opening Balance	Credit	0	-4905964314	0	0	-4905964314	1372	-7687312	0	0	-7685940
6	14-10-17	AA2408172028362	Jun-17	Re-Credit of TRAN-1 distributed credit	Credit	0	27566436	0	0	27566436	1372	19879124	0	0	19880496

(Source:Electronic credit ledger from GST portal)

Appendix-5.8
Statement showing details of ineligible ITC

(Reference: Paragraph-5.4.8.11, Page-305)

Sl. No.	GSTIN	Legal name of taxpayer	Month of GSTR 2A test checked	No. of ineligible invoices	Place of supply	Total invoice value of ineligible supplies	Total taxable value of ineligible supplies	IGST (₹)	CGST (₹)	SGST (₹)	Total ineligible ITC (₹ in lakh)
1	12AAHCS6024L1ZD	SHYAMA POWER INDIA LIMITED	Sep-17, Nov-17 & Mar-18	6	Assam, Bihar & West Bengal	722058.60	687008.00	21955.00	6294.80	6294.80	34544.60
2	12ABMPH5685D1ZQ	M/S PUNA HINDA	Nov-17, Feb-18 & Mar-18	2	Assam	63988.00	50259.00	1358.50	2839.61	2839.61	7037.72
3	12AAACH0968B1Z7	HINDUSTAN CONSTRUCTION COMPANY LIMITED	Oct-17, Nov-17 & Mar-18	9	Uttarakhand, Assam & West Bengal	101445.52	83885.00	13850.82	572.36	572.36	14995.54
4	12AAACK8316L1ZL	KNR CONSTRUCTIONS LIMITED	Sep-17, Feb-18 & Mar-18	2	Assam	2478.00	2216.00	0.00	224.24	224.24	448.48
Total				**19**		**889970.12**	**823368.00**	**37164.32**	**9931.01**	**9931.01**	**57026.34**
Total (₹ in crore)						0.09	0.08	**0.004**	**0.001**	**0.001**	0.01

(Source: GSTR 2A downloaded from GST portal)

Appendix-5.9
Details of items as per registration certificates and invoice

(Reference: Paragraph-5.4.8.12, Page-306)

TRADE NAME	GSTIN	Declared in REG-06			As per invoice		
		HSN CODE	DESCRIPTION	CATEGORY	HSN CODE	DESCRIPTION	CATEGORY
M/s Maria Enterprises	12AFNPN6435Q3ZS	i) 24022050; ii) 94036000	i) Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes - cigarettes, containing tobacco: filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres. ii) Other furniture and parts thereof -Other wooden furniture	Goods	i) 3401 ii) 1101 iii) 1902 iv) 2202 v) 1905	i) Savlon ii) Atta iii) Cashew iv) BN Guava v) MM Butter, Marie Light	Goods
M/s Puna Hinda	12ABMPH5685D1ZQ	i) 68109100 ii) 68109910 iii) 25171090 iv) 98010011	I) articles of cement, of concrete or of artificial stone, whether or not reinforced other articles prefabricated structural components for building or civil engineering ii) articles of cement, of concrete or of artificial stone, whether or not reinforced other articles other concrete boulder iii) pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for roadmetalling or for railway or other ballast, shingle and flint, whether or not heat-treated; macadam of slag, dross or similar industrial waste, whether or not incorporating the materials cited in the first part of the heading; tarred macadam; granules,chippings and powder, of stones of heading 2515 or2516, whether or not heat-treated pebbles, gravel,broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated: other iv) for industrial plant project	Goods	i) 9954	i) Construction services	Services

(Source: Taxpayers Registration Certificate from GST portal & Department's invoice)

APPENDIX – 6.1

Summarised financial position and working results of SPSEs (all Government companies) as per their latest accounts as on 30 September 2023

(Reference: Paragraph-6.1.1, 6.1.2.1, 6.1.8, 6.1.8.2, 6.1.9, Page-309, 310, 314, 316, 318, 318)

(Figures in Columns (5) to (12) are **₹ in crore)**

Sl. No.	Sector / Name of Company	Period of Accounts	Year in which accounts finalised	Paid-up capital[2]	Loans outstanding at the end of year	Accumulated profit (+)/ loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed[3]	Earnings before Interest & Tax (EBIT)[4]	Percentage return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A. **WORKING GOVERNMENT COMPANIES**													
FINANCE													
1.	Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	2022-23	4.20	25.75	(-) 25.39	6.30	(-) 2.05	-	4.56	(-) 1.83	(-) 40.13	5
Total of the Sector				**4.20**	**25.75**	**(-) 25.39**	**6.30**	**(-) 2.05**	**-**	**4.56**	**(-) 1.83**	**(-) 40.13**	**5**
MISCELLANEOUS													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	2006-07	2022-23	2.48	0.01	1.13	-	(-) 0.23	-	3.62	(-) 0.23	(-) 6.35	15
Total of the Sector				**2.48**	**0.01**	**1.13**	**-**	**(-) 0.23**	**-**	**3.62**	**(-) 0.23**	**(-) 6.35**	**15**
AGRICULTURE													
3.	Arunachal Pradesh Forest Corporation Limited	2012-13	2022-23	4.50	-	12.93	1.34	(-) 0.92[5]	-	17.43	(-) 0.92	(-) 5.28	56
Total of the Sector				**4.50**	**-**	**12.93**	**1.34**	**(-) 0.92**	**-**	**17.43**	**(-) 0.92**	**(-) 5.28**	**56**
INFRASTRUCURE													
4.	Arunachal Police Housing and Welfare Corporation Limited	2020-21	2022-23	0.02	-	35.14	3.97	3.75	-	35.16	3.75	10.67	30

Sl. No.	Sector / Name of Company	Period of Accounts	Year in which accounts finalised	Paid-up capital[2]	Loans outstanding at the end of year	Accumulated profit (+)/ loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed[3]	Earnings before Interest & Tax (EBIT)[4]	Percentage return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total of the Sector				**0.02**	**-**	**35.14**	**3.97**	**3.75**	**-**	**35.16**	**3.75**	**10.67**	**30**
POWER													
5	Hydro Power Development Corporation of Arunachal Pradesh Limited	2014-15	2022-23	12.45	-	1.11	Nil[6]	(-) 0.41	-	13.56	(-) 0.41	(-) 3.02	67
Total of the Sector				**12.45**	**-**	**1.11**	**Nil**	**(-) 0.41**	**-**	**13.56**	**(-) 0.41**	**(-) 3.02**	**67**
SERVICE													
6	Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	2022-23	1.00	-	(-) 4.56	0.91	(-) 1.09	-	(-) 3.56	(-) 1.09	Not workable	0
Total of the Sector				**1.00**	**-**	**(-) 4.56**	**0.91**	**(-) 1.09**	**-**	**(-) 3.56**	**(-) 1.09**	**-**	**0**
Total of A				**24.65**	**25.76**	**20.36**	**12.52**	**(-) 0.95**	**-**	**70.77**	**(-) 0.73**	**(-) 1.03**	**173**
B. **NON-WORKING GOVERNMENT COMPANIES**													
MANUFACTURING													
7.	Parasuram Cement Limited	2008-09	2013-14	0.24	1.46	(-) 2.66	-	Nil[7]	-	(-) 0.96	-	-	-
Total of the Sector				**0.24**	**1.46**	**(-) 2.66**	**-**	**Nil**	**-**	**(-) 0.96**	**-**	**-**	**-**
Total of B				**0.24**	**1.46**	**(-) 2.66**	**-**	**Nil**	**-**	**(-) 0.96**	**-**	**-**	**-**
GRAND TOTAL (A+B)				**24.89**	**27.22**	**17.70**	**12.52**	**(-) 0.95**	**-**	**69.81**	**(-) 0.73**	**(-) 1.05**	**173**

Appendix-6.2
Statement showing rate of Real Return on Government Investment

(Reference: Paragraph-6.1.2.1, 6.1.9, Page-310, 318)

(Figures under column B to I and K to M '₹ in crore')

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/subsidies given by the State Government for operational and administrative expenses	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest *(per cent)*	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning/ profit after tax (PAT*) for the year
A	B	C	D	E	F	G	H (C+D+E+F-G)	I (B+H)	J	K {Ix(1+J/100)}	L (IxJ/100)	M
Upto 1999-2000	8.42	0.18	0.39	-	0.35	-	0.92	9.34	12.45	10.50	1.16	7.35
2000-01	10.50	0.37	-	-	-	-	0.37	10.87	12.23	12.20	1.33	4.42
2001-02	12.20	0.17	-	-	-	-	0.17	12.37	11.52	13.80	1.43	2.66
2002-03	13.80	0.05	-	-	-	-	0.05	13.85	10.94	15.36	1.51	-0.39
2003-04	15.36	-	-	-	-	-	-	15.36	9.50	16.82	1.46	-0.39
2004-05	16.82	0.05	0.15	-	-	-	0.20	17.02	9.30	18.61	1.58	-6.40
2005-06	18.61	0.12	-	-	1.45	-	1.57	20.18	9.13	22.02	1.84	-5.03
2006-07	22.02	0.10	-	-	1.53	-	1.63	23.65	8.99	25.77	2.13	-4.04
2007-08	25.77	0.03	-	-	0.73	-	0.76	26.53	8.82	28.87	2.34	-4.93
2008-09	28.87	5.00	-	-	-	-	5.00	33.87	8.67	36.81	2.94	2.80
2009-10	36.81	2.50	-	-	-	-	2.50	39.31	8.50	42.65	3.34	-2.56
2010-11	42.65	-	-	-	-	-	-	42.65	8.29	46.19	3.54	-3.82
2011-12	46.19	2.50	-	-	-	-	2.50	48.69	8.09	52.63	3.94	-6.04
2012-13	52.63	-	-	-	7.46	-	7.46	60.09	7.83	64.79	4.70	-5.59
2013-14	64.79	-	-	-	0.70	-	0.70	65.49	8.09	70.79	5.30	7.60
2014-15	70.79	-	-	-	-	-	-	70.79	8.02	76.47	5.68	6.64
2015-16	76.47	-	-	-	-	-	-	76.47	8.35	82.85	6.38	6.68
2016-17	82.85	-	-	-	1.24	-	1.24	84.09	8.52	91.26	7.16	6.52

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/subsidies given by the State Government for operational and administrative expenses	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest *(per cent)*	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning/ profit after tax (PAT*) for the year
A	B	C	D	E	F	G	H (C+D+E+F-G)	I (B+H)	J	K {Ix(1+J/100)}	L (IxJ/100)	M
2017-18	91.26	-	-	-	5.55	-	5.55	96.81	8.30	104.84	8.03	7.53
2018-19	104.84	-	-	-	9.88	-	9.88	114.72	8.54	124.52	9.80	6.56
2019-20	124.52	-	-	-	4.79	-	4.79	129.31	8.54	140.35	11.04	3.58
2020-21	140.35	-	-	-	7.33	-	7.33	147.68	8.05	159.57	11.89	5.75
2021-22	159.57	-	-	-	11.32	-	11.32	170.89	8.05	184.65	13.76	2.41
2022-23	184.65	-	-	-	23.52	-	23.52	208.17	8.01	**224.84**	16.67	-0.95
Total		**11.07**	**0.54**		**75.85**		**87.46**					

Year	Total earnings (PAT*)	Total Investment by the State Government as per total of column H above (₹ in crore)	Return on State Government Investment based on historical value	Present value of State Government investment at the end of 2022-23 as per column K above (₹ in crore)	Rate of Real return on State Government investment considering the present value of investments *(per cent)*
	A	B	C= (A/B)x100	D	E= (A/D)x100
2022-23	**-0.95**	**87.46**	**-1.09**	**224.84**	**-0.42**

**PAT represent profit after tax of PSUs as per their latest finalised accounts as on 30 September of respective years*

Appendix 7.1
Statement showing details of Explanatory Notes on Paragraphs of Audit Report pending as on March 2023

(Reference: Paragraph-7.1; Page-323

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which *suo moto* explanatory notes are awaited	Department
2008-09	03 September 2010	1.1	Horticulture
		1.2	Planning
		2.1	Industries
		2.3, 2.4	Agriculture
		4.3	State Excise
		5.7	Geology and Mining
		4.7, 4.8	Land Management
		4.9, 4.10	State Lottery
		4.20, 4.21, 4.22, 5.2	Transport
		5.4, 5.5	Power
		5.8	Forest.
2009-10	24 March 2011	2.12	Rural Development
		2.4, 2.5, 2.9, 2.14	Public Works
		3.1	Public Eng.& Water Supply
		4.2, 4.4, 4.5	State Excise
		4.7	Geology & Mining
		4.10, 4.11	State Lottery
		5.2	Hydro Power Development
		5.3, 5.4	Power
2010-11	27 September 2012	1.1	Education
		2.5	Rural Works
		2.8	Science & Technology.
		2.10	Health & Family Welfare
		2.11	Education
		4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.6, 4.2.8, 4.2.9	Taxation
		4.2.13, 4.2.14	Transport
		4.2.16, 4.2.17, 4.2.18	State Excise
		4.2.19	Land Management
		5.2, 5.3, 5.4	Power
		5.5	Finance
2011-12	23 September 2013	1.2	Health & Family Welfare
		1.5	Social Welfare, Women & Child Development
		1.6	Education
		2.3	Tourism
		3.2	Secretariat General Administration
		3.3, 5.2.23	Land Management
		4.2, 4.3	Power
		4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.2.21, 4.2.22	State Excise

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which *suo moto* explanatory notes are awaited	Department
2012-13	26 September 2014	1.5	Education
		2.2	Public Works
		2.3	Science and Technology
		2.8	Horticulture
		3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9	Taxation
		4.2, 4.3	Hydro Power Department
2013-14	21 July 2015	1.3	Public Health Engineering & Water Supply
		1.4	Education
		1.5	Rural Development
		2.3, 2.4, 2.5, 2.6, 2.7	Public Works
		2.8, 2.9	Water Resources
		2.10	Horticulture
		3.2	Geology and Mining
		3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10	Taxation
		3.11, 3.12, 3.13, 3.14	State Excise
		4.2,4.3	Hydro Power Development
		4.4	Power
2014-15	10 March 2017	1.2	Industry Department
		1.3	Urban Development and Housing
		2.2	Tourism
		2.3,2.4,2.5	Rural works
		2.6,2.7,2.8,2.9,2.10,2.11	Public works
		2.12	Water Resources
		3.2	APPSC
		4.2,4.3,4.4,4.5,4.6	Taxation
		4.7,4.8	Transport
		4.9,4.10	State Excise
		5.2	Power
		5.3	APID & FCL
2015-16	14 October 2017	1.2, 1.4	Health
		1.6	Rural Development
		2.2	Water Resources
		2.3, 2.4, 2.5	Public Works
		3.2	General Administration
		3.3	District Administration
		4.4, 4.5, 4.6, 4.7, 4.8, 4.9	Taxation
		4.11	State Excise
		5.2	State Transport
		5.3	APMDTCL
2016-17	21 February 2019	2.3	Public Works Department
		2.2, 2.4	Water Resources Department
		2.5	Hydro Power Development
		2.6	Agriculture
		3.4	Planning
		4.2,4.3,4.4,4.5,4.6	Tax and Excise
		4.7,4.8,4.9	Transport
		5.2	Home
		5.3	Arunachal Pradesh Forest Corporation

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which *suo moto* explanatory notes are awaited	Department
2017-18	07 January 2020	2.1	Urban Development & Housing Department
		2.2, 2.3	PWD
		2.4	Horticulture Department
		2.5, 2.6	Power Department
		2.7	Agriculture Department
		2.8, 2.9	Planning Department
		2.10.1	Revenue Receipt
		2.10.2, 2.10.3, 2.10.4	Taxation Department
		2.10.5	State Excise Department
2018-19	27 August 2021	2.2	Sports and Youth Affairs
		2.3	Food & Civil Supplies
		2.4, 2.5	Public Health Engineering Department
		3.2, 3.3, 3.4, 3.5, 3.6, 3.10	Public Works Department
		3.7	Hydropower
		3.8	Power
		3.9	Rural Works Department
		4.2	Planning Department
		5.4.1, 5.4.2, 5.5, 5.6, 5.7	Tax and Excise
		5.8, 5.9, 5.10	Transport Department
		PA on Select District Hospital	Health and Family Welfare
2019-20	06 September 2022	2.2	Public Health Engineering and Water Supply
		2.3	Urban Development and Housing
		3.2	Horticulture Department
		3.3	Rural Development Department
		3.4, 3.5, 3.6, 3.7, 3.8	Public Works Department
		3.9	Hydro Power Development Department
		5.4	Geology and Mining Department
		5.5	Land Management
		5.6, 5.7, 5.8	Tax and Excise
2020-22	04 September 2023	2.2	Urban Development and Housing
		2.3	Public Health Engineering and Water Supply
		3.2, 3.7	Power Department
		3.3	Agriculture Department
		3.4	Public Work Department
		3.5	Rural Works Department
		3.6	Fisheries Department
		3.8	Tourism Department
		3.9	Industry Department
		3.10	State Council of Science and Technology
		4.2, 4.3, 4.4, 4.5	Planning Department
		5.4, 5.5, 5.6, 5.7, 5.8	Tax & Excise Department
		5.9	Land Management Department
		6.1	SPSUs
Total		**247**	

Source: Records furnished by the Department and State Legislature

Appendix - 7.2
Details of outcomes of Public Accounts Committee (PAC) meeting held during 2022-23

(Reference: Paragraph-7.1; Page-323)

Sl. No	Date on PAC held	Department	Year of Audit Reports	No. of Para/sub-para discussed	Dropped	Deferred
1	08-July-22	Hydropower	2012-13	6	6	0
2	30-Nov-22	Geology & Mining	2009-10	1	0	1
		Health & Family Welfare	2018-19	103	103	0
Total				**110**	**109**	**1**

Source: Information furnished by the State Legislature

Appendix-7.3
Statement showing details of outstanding paras to be discussed in PAC/ CoPU as of March 2023

(Reference: Paragraph-7.1; Page-323)

Year of Audit Report	Total Paras	Total Reviews	Total	No. DP Dropped	No. of PA/TA Dropped	Total No. of paras Dropped	Pending Paras	Pending PA/TA	Total out-standing DP/PA/TA
2008-09	37	4	41	27	2	29	10	2	12
2009-10	38	4	42	31	2	33	7	2	9
2010-11	34	3	37	11	3	14	23	0	23
2011-12	35	3	38	5	0	5	30	3	33
2012-13	23	3	26	9	1	10	14	2	16
2013-14	24	3	27	0	0	0	23	3	26
2014-15	22	3	25	0	0	0	22	3	25
2015-16	20	3	23	4	1	5	16	2	18
2016-17	21	1	22	9	1	10	12	0	12
2017-18	14	0	14	0	0	0	14	0	14
2018-19	22	1	23	0	0	0	22	1	23
2019-20	13	02	15	0	0	0	13	02	15
2020-22	18	04	22	0	0	0	18	04	22
Total	**321**	**34**	**355**	**96**	**10**	**106**	**224**	**24**	**248**

Source: Quarterly MIS Report

Appendix-7.4
Status of outstanding Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) as on March 2023

(Reference: Paragraph-7.1; Page-323)

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph Number	Total Paragraphs		
1986-87	3.1, 3.2, 3.3, 3.7, 3.8, 3.9, 3.10, 3.11, 4.3, 5.2, 7.2 and 7.3	12	27th, 36th, 37th, 40th, 42nd, 44th and 49th Report	08 September 1994, 27 September 1996, 10 November 1998, 24 March 2000, 21 September 2001, 03 March 2003
1987-88	3.1, 3.4, 3.5, 3.6, 3.7, 3.9 and 5.1	07	27th, 36th, 37th, 40thand 42th Report	08 September 1994, 27 September 1996, 10 November 1998 and 24tMarch 2000
1988-89	3.1, 3.3, 3.4, 3.10, 3.11, 3.14, 4.5, 4.8, 5.5 and 5.6	10	37th, 38th 40th, 42nd and 45th	27 September 1996, 10 November 1998, 24 March 2000 and 03 March 2003
1989-90	5.2	01	44th Report	21 September 2001
1990-91	3.4, 3.8, 3.9, 7.3 and 7.5	05	39th, 44th, 45th and 48th	06 March 1997, 21st September 2001, 19th March 2002 and 3rd March 2003
1991-92	3.1 and 5(b)	02	39th, 44th, 45th and 48th	06 March 1997, 21 September 2001, 19 March 2002 03 March 2003
1992-93	3.3, 3.4, 4.3, 4.4 and 5.1	05	39th and 44th Report	06 March 1997 and 21 September 2001
1993-94	4.6, 4.7 and 7.2	03	48th Report	19th March 2002
1994-95	3.3, 3.4, 3.5, 3.6, 4.3 and 4.10	06	45th and 46th Report	19 March 2002 and 03 March 2003
1995-96	3.2 to 3.6 and 3.11, 3.7	07	46th Report and 60th Report	19 March 2002 and 27 September 2012
1996-97	3.13, 4.10 to 4.14 and 4.16, 4.3.6 (ii), 4.3.6 (iii), 4.3.7	10	48th Report, 57thReport 60th Report	19 March 2002 and 27 September 2012
1997-98	4.6, 5.1 and 5.4	03	48th, 51st Report	19 March 2002 and 21 March 2006
1998-99	3.6,3.4.8,4.3	03	51st Report, 57th Report	21 March 2006 and 27 September 2012
1999-00	3.9	01	57th Report	27 September 2012
2000-01	6.11	01	60th Report	27 September 2012
2001-02	3.4, 3.1.13, 3.1.14, 3.1.15, 3.1.16, 3.1.17 & 3.1.38 to 3.1.40	09	57th Report 60th Report	27 September 2012

Year of Report	Particulars of paragraph on which recommendation were made by the PAC but ATNs are awaited		PAC Report in which recommendations were made	Date of presentation of the Report of the PAC to the State Legislature
	Paragraph Number	Total Paragraphs		
2005-06	3.2.16.1	1	66th Report	07 July 2015
2006-07	6.3, 6.4.1 & 6.4.2	3		
2009-10	2.10	1		
Total		**90**	**16**	**--**

Source: Information furnished by the State Legislature

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