



Accounts At A Glance for the year 2020-21

**Principal Accountant General,
Arunachal Pradesh
Itanagar**



**GOVERNMENT OF
ARUNACHAL PRADESH**

Preface

I am happy to present the twenty-first issue of our annual publication, '**ACCOUNTS AT A GLANCE**' for the financial year 2020-21, which provides a broad overview of the Government activities, as reflected in the Finance Accounts and Appropriation Accounts for the year.

Finance Accounts are summary Statements of Accounts of the State under the Consolidated Fund, Contingency Fund and Public Account of the State. Appropriation Accounts record Grant-wise expenditure against the provisions approved by the State Legislature and have explanations for the variations between actual expenditure and funds allocated.

Finance and Appropriation Accounts are prepared annually by my Office under the guidance and direction of the Comptroller & Auditor General of India in accordance with the requirements contained in the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971, for being laid before the State Legislature.

We look forward to any feedback from readers, which would help us in improving the publication.



Place : Itanagar
Date : 28 April 2022

(CHERRING ANGRUP BODH)
PRINCIPAL ACCOUNTANT GENERAL

Our Vision, Mission and Core Values

VISION

(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)

We strive to be a global leader and initiator of national and international best practices in Public Sector Auditing and Accounting and recognized for independent, credible, balanced and timely reporting on Public Finance and Governance.

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders: the Legislature, the Executive and the Public, that public funds are being used efficiently and for intended purposes.

MISSION

(Our mission enunciates our current role and describes what we are doing today.)

CORE VALUES

(Our core values are the guiding beacons for all that we do and give us benchmarks for assessing our performance.)

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

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Chapter I

Overview

1.1 Introduction

The Principal Accountant General, Arunachal Pradesh collates, classifies, compiles Accounts data rendered by multiple agencies, and prepares Accounts of the Government of Arunachal Pradesh. The compilation is done from the initial Accounts rendered by 29 District Treasuries/Sub Treasuries, 51 Public Works Divisions, 24 Urban Development & Housing Divisions, 28 Water Resources Divisions, 32 Public Health Engineering Divisions, 21 Department of Hydro Power Divisions, 32 Power Divisions, 28 Rural Works Divisions and 48 Forest Divisions and advices of the Reserve Bank of India. Every month, a Monthly Civil Account is presented by the Office of the Principal Accountant General to the Government of Arunachal Pradesh. The Principal Accountant General also prepares, annually, Finance Accounts and Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General, Arunachal Pradesh, and certification by the Comptroller and Auditor General of India.

1.2 Structure of Accounts

1.2.1 Government Accounts are kept in three parts:

Diagram 1: Structure of Government Accounts

Part 1 CONSOLIDATED FUND

All revenues received by the Government, including Tax/non-Tax revenue, Loans raised and repayment of Loans given (including Interest thereon) form the Consolidated Fund.

All expenditure and disbursements of the Government, including release of Loans and repayments of Loans taken (and Interest thereon), are met from this fund.

Contingency Fund is in the nature of an Imprest, intended to meet unforeseen expenditure, not provided in the Budget, pending authorization by the Legislature. Such expenditure is subsequently recouped from the Consolidated Fund.

The corpus of this fund for the Government of Arunachal Pradesh is ₹0.05 crore.

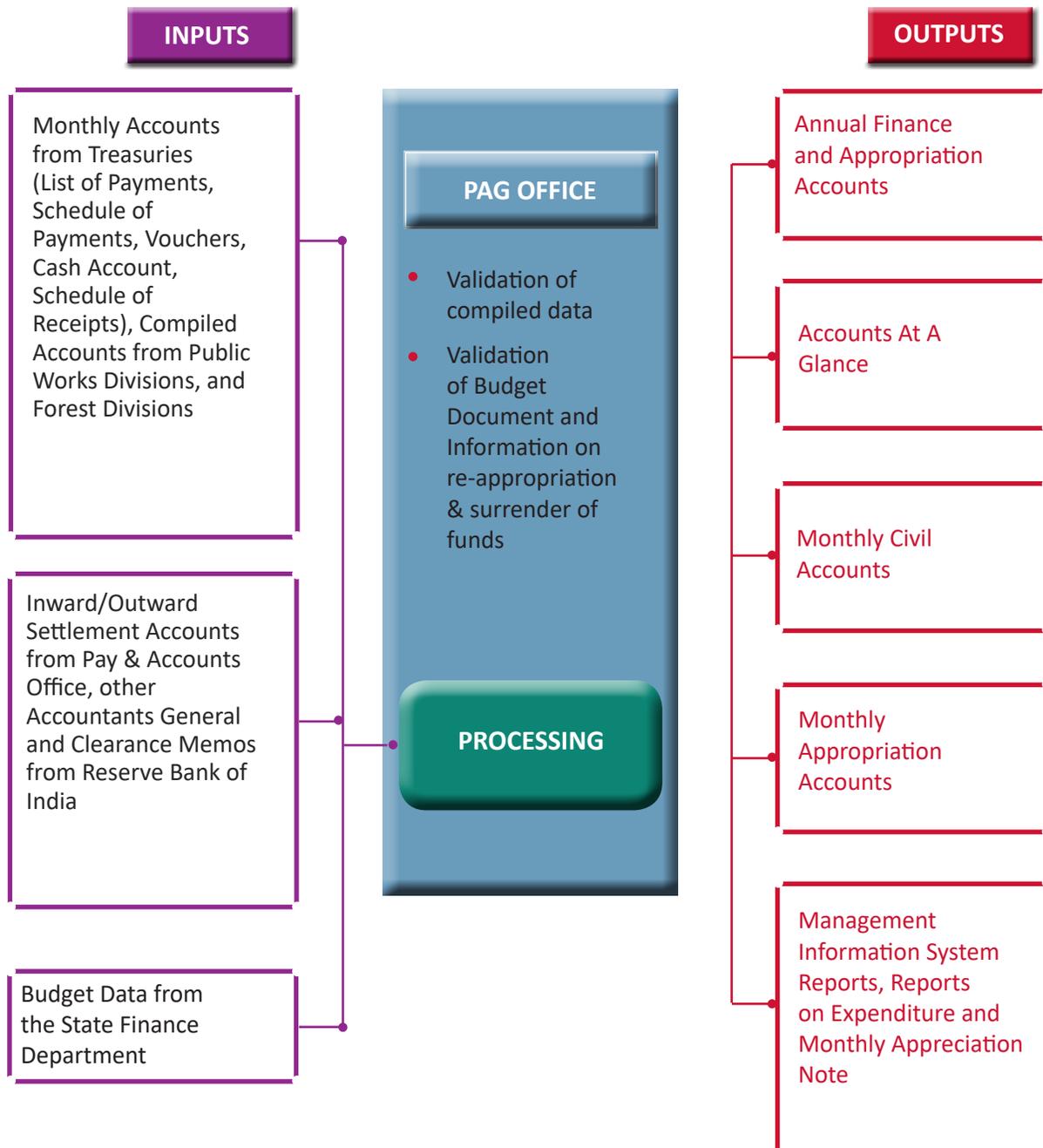
Part 2 CONTINGENCY FUND

Part 3 PUBLIC ACCOUNT

In Public Account, transactions relating to Debt (other than those included in Part-1), 'Deposits', 'Advances' [*in respect of which Government incurs a liability to pay money received or has a claim to recover amounts paid, together with repayments of the former (Debt and Deposits) and recoveries of the latter (Advances)*], 'Remittances' and 'Suspense' (*embracing all merely adjusting Heads under which shall appear such transactions as remittances of cash between Treasuries and currency chests and transfer between different accounting circles*) shall be recorded. Initial debits or credits of such Heads will be eventually cleared by corresponding receipts or payments, either within the same Circle or in another Account Circle or by booking to the final Heads of Accounts.

1.2.2 Compilation of Accounts

Diagram 2: Flow diagram for Accounts Compilation



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

Finance Accounts depict receipts and disbursements of the Government for the year, together with financial results disclosed by Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the Accounts. Finance Accounts have been prepared in two Volumes, in a new format since 2014-15, to make them more comprehensive and informative. Volume-I of the Finance Accounts contains the Certificate of the Comptroller and Auditor General of India, summarized Statements, overall receipts and disbursements and 'Notes to Accounts', containing a summary of significant Accounting Policies, quality of Accounts and other items. Volume-II contains Detailed Statements (Part-I) and Appendices (Part -II).

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various Schemes/Programmes. This year, the Government of India directly released ₹ 483.79 crore to such Agencies. Since these funds are not routed through the State Budget, they are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

1.3.2 Financial Highlights of 2020-21

The following Table provides details of actual financial results *vis-à-vis* Budget Estimates for 2020-21:

Table 1: Highlights of Accounts

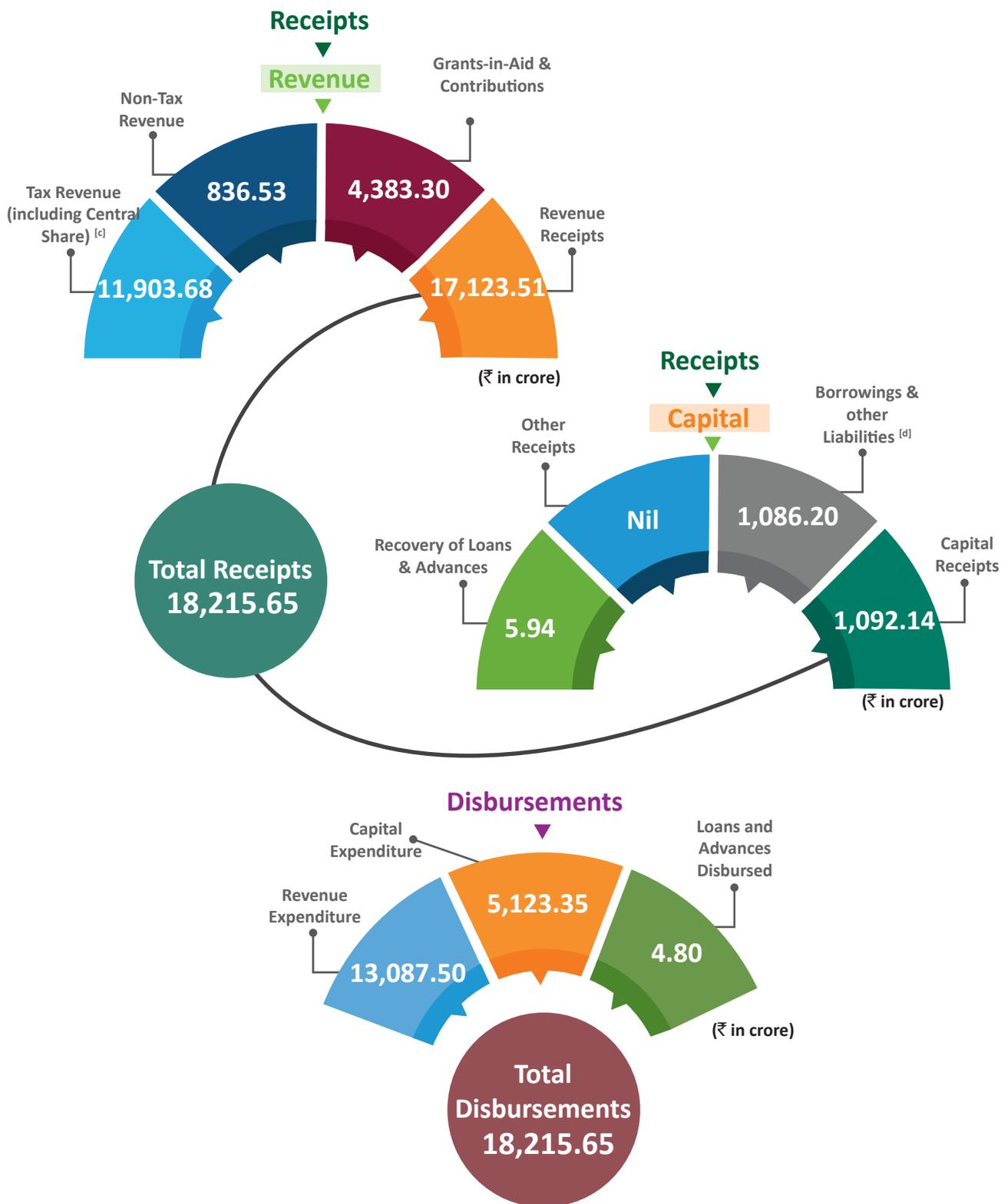
Sl. No.	Component	Budget Estimate (₹ In crore)	Actuals (₹ in crore)	Percentage of Actuals to BE	Percentage of Actuals to GSDP#
1.	Tax Revenue (incl. Central Share) ^(a)	15,117.59	11,903.68	78.74	38.63
2.	Non-Tax Revenue	600.00	836.53	139.42	2.91
3.	Grants-in-Aid & Contributions	4,877.00	4,383.30	89.88	15.26
4.	Revenue Receipts (1+2+3)	20,594.59	17,123.51	83.15	59.62
5.	Recovery of Loans & Advances	10.00	5.94	59.40	0.02
6.	Other Receipts	0.00	0.00	0.00	0.00
7.	Borrowings & Other Liabilities ^(b)	731.39	1,086.20	148.51	3.78
8.	Capital Receipts (5 + 6 + 7)	741.39	1,092.14	147.31	3.80
9.	Total Receipts (4+8)	21,335.98	18,215.65	85.38	63.42
10.	Revenue Expenditure	14,207.60	13,087.50	92.12	45.57
11.	Expenditure on Interest Payments and Servicing of Debt (<i>out of Revenue Expenditure</i>)	710.74	992.84	139.69	3.46
12.	Capital Expenditure	7,119.74	5,123.35	71.96	17.84
13.	Loans & Advances Disbursed	8.64	4.80	56.25	0.02
14.	Total Expenditure (10+12+13)	21,335.98	18,215.65	85.38	63.42
15.	Revenue Surplus (+)/Deficit (-) {4 – 10}	6,386.99	4,036.01	63.19	14.05
16.	Fiscal Surplus (+)/Deficit (-) (4+5+6-14)	-731.39	-1,086.20	148.51	-3.78

GSDP figure (₹ 28,721.36 crore) on current prices is taken from Department of Economics & Statistics, Government of Arunachal Pradesh, in June 2021, as the same was not available on the website of Ministry of Statistics and Programme Implementation, Govt. of India.

(a) Includes share of Net (Tax) proceeds assigned to the State amounting to ₹ 10,472.58 crore. (State Government Own Tax receipts were ₹ 1,431.10 crore, which was 4.98 per cent of GSDP).

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

Diagram 3: Receipts and Disbursements in 2020-21



^(c) Includes share of net (tax) proceed assigned to the state amounting to ₹ 10,472.58 crore. (State Government Own Tax receipts were ₹ 1,431.10 crore which was 4.98 per cent of GSDP)

^(d) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursement) of Public Account + Net of opening and closing balance.

1.3.3 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as 'charged' on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be 'voted'. Appropriation Accounts supplement the Finance Accounts. The Budget of the Arunachal Pradesh has 04 Charged Appropriations, 78 voted Grants and 02 charged and voted Grants. The purpose of Appropriation Accounts is to indicate the extent to which Actual Expenditure complied with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.4 Efficiency on Budget Preparation

At the end of the year, Actual Expenditure of the Government of Arunachal Pradesh against the Budget approved by the Legislature, showed Net Savings of ₹ 6,926.75 crore (27.06 *per cent* of Estimates) and under-estimation of ₹ 198.91 crore on reduction of expenditure. Certain Grants related to Directorate of Accounts, Secondary Education, Roads & Bridges, Secretariat Economic Services, Town Planning Department, Social Justice, Empowerment and Tribal Affairs, Rural Works Department, Agriculture and Public Health Engineering showed substantial savings.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to maintain liquidity by making good the deficiency in the agreed minimum cash balance (₹ 0.26 crore), which the State Government is required to maintain with the RBI. During 2020-21, the Government of Arunachal Pradesh did not resort to OD facilities or WMA.

1.4.2 Fund Flow Statement

The State had a Revenue Surplus of ₹ 4,036.01 crore and Fiscal Deficit of ₹ 1,086.20 crore, representing 14.05 *per cent* and 3.78 *per cent* of the Gross State Domestic Product (GSDP) respectively. Around 41.68 *per cent* of Revenue Receipts (₹ 17,123.51 crore) of the State Government was spent on Committed Expenditure like Salaries (₹ 5,058.48 crore), Interest Payment and Servicing of Debt (₹ 992.84 crore) and Pension (₹ 1,085.32 crore).

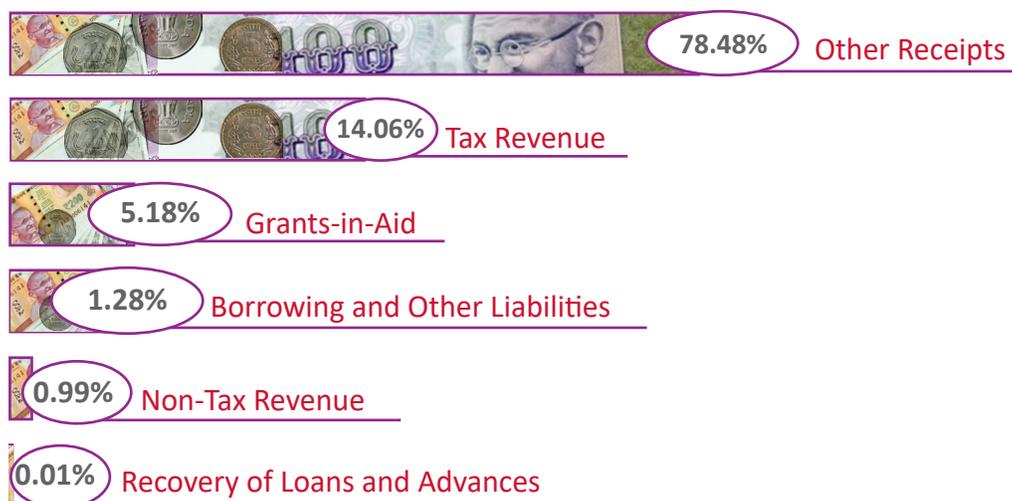
Table 2: Sources and Application of Funds

(₹ in crore)

	PARTICULARS	AMOUNT
 SOURCES	Opening Cash Balance as on 1 April 2020	256.96
	Revenue Receipts	17,123.51
	Capital Receipts	-
	Recovery of Loans and Advances	5.94
	Public Debt	1,516.06
	Small Savings Provident Funds, etc.	749.47
	Reserves Fund and Sinking Funds	340.58
	Deposits Received	292.04
	Civil Advances Repaid	44.31
	Suspense Account	61,243.94
	Remittances	3,096.12
	Contingency Fund	...
	Total	84,668.93
	 APPLICATION	Revenue Expenditure	13,087.50
Capital Expenditure		5,123.35
Loans Given		4.80
Repayment of Public Debt (incl. Ways and Means Advances)		259.49
Appropriation to Contingency Fund		...
<i>Small Savings, Provident Funds etc.</i>		533.57
Reserves Fund and Sinking Funds		539.68
Deposits Repaid		340.83
Civil Advances Given		49.26
Suspense Account		61,560.40
Remittances		3,163.04
Closing Cash Balance as on 31 March 2021		7.01
Total		84,668.93

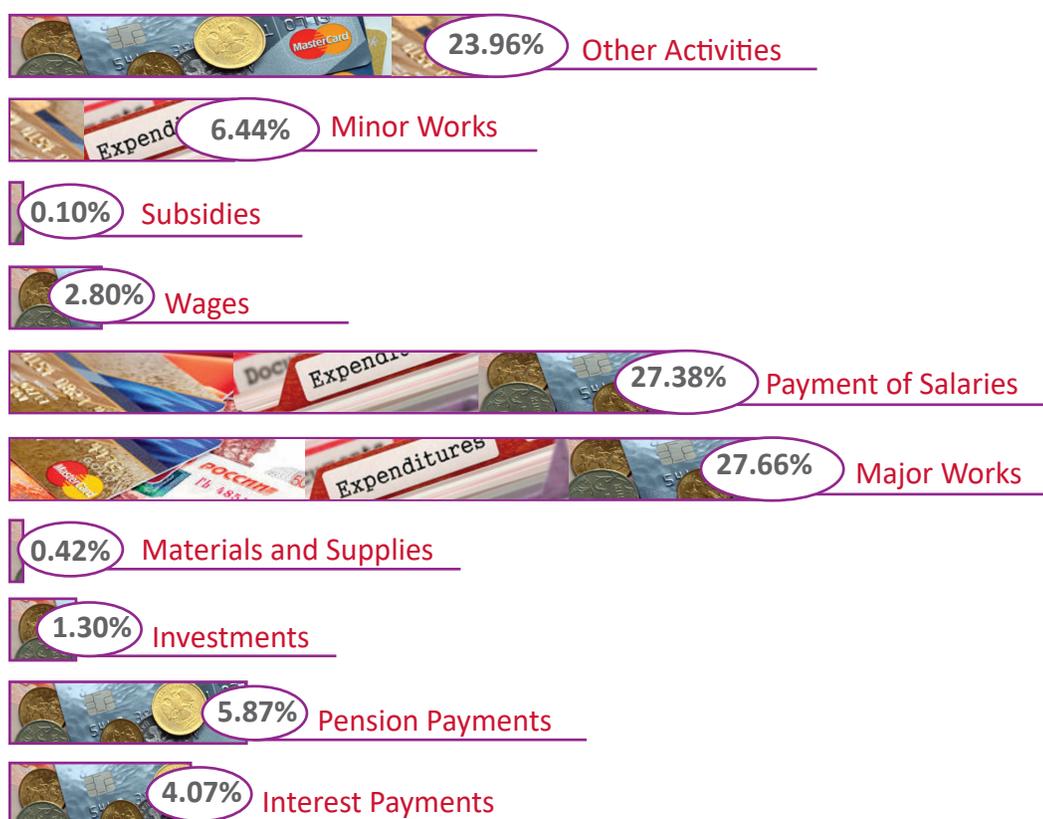
1.4.3 Where the ₹ came from? (in percentage)

Diagram 4: Actual Receipts



1.4.4 Where the ₹ went? (in percentage)^[*]

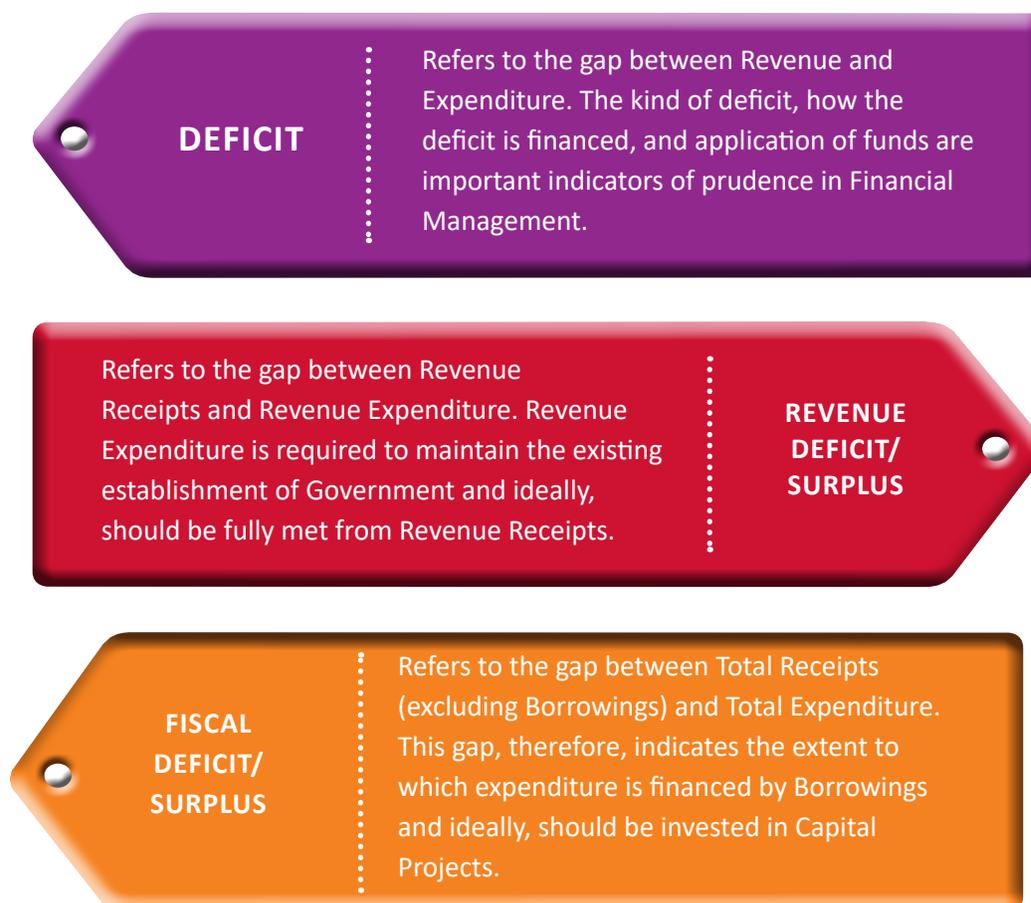
Diagram 5: Actual Expenditure



During 2020-21, Revenue Surplus of ₹ 4,036.01 crore and Fiscal Deficit of ₹ 1,086.20 crore represent 14.05 *per cent* and 3.78 *per cent* of the Gross State Domestic Product (GSDP) respectively. Fiscal Deficit constituted 5.96 *per cent* of Total Expenditure.

[*] For actual figures refer to Statement 4(b) of Finance Accounts (Vol-I).

Diagram 6: What do the Deficits and Surplus indicate?



1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Government of Arunachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2006. As per this Act, (as amended in April 2018) the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2020-21 against fiscal targets laid down in the Act and rules framed there under, were as follows:

Table 3: Target and Achievements as per Accounts

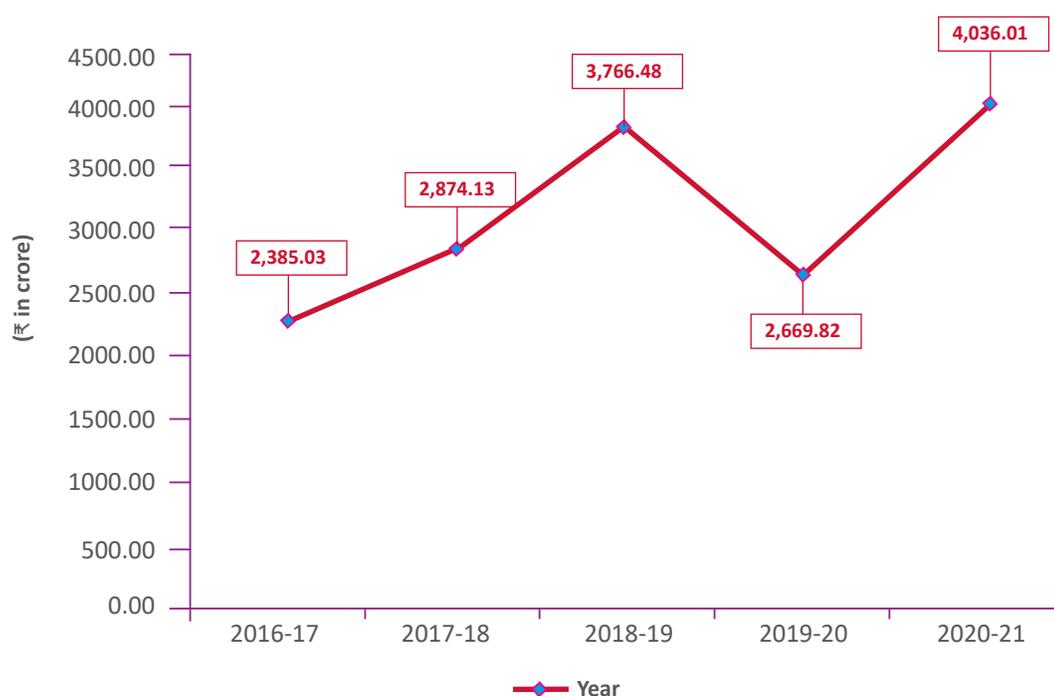
Sl. No.	Financial Parameter	Actuals (₹ In crore)	Ratio to GSDP*	
			Target	Achievement
1.	Revenue Surplus	4,036.01	19.43	14.05 (not achieved)
2.	Fiscal Deficit	1,086.20	2.28	3.78 (not achieved)
3.	Debt and other Obligations	13,696.61	36.67	47.69 (not achieved)

* GDP figure (₹ 28,721.36 crore) on current prices is taken from Department of Economics & Statistics, Government of Arunachal Pradesh, in June 2021, as the same was not available on the website of Ministry of Statistics and Programme Implementation, Govt. of India.

The State Government made disclosures to the Legislature, as required under the Arunachal Pradesh Fiscal Responsibility & Budget Management Rules, 2006 (as amended in April 2018).

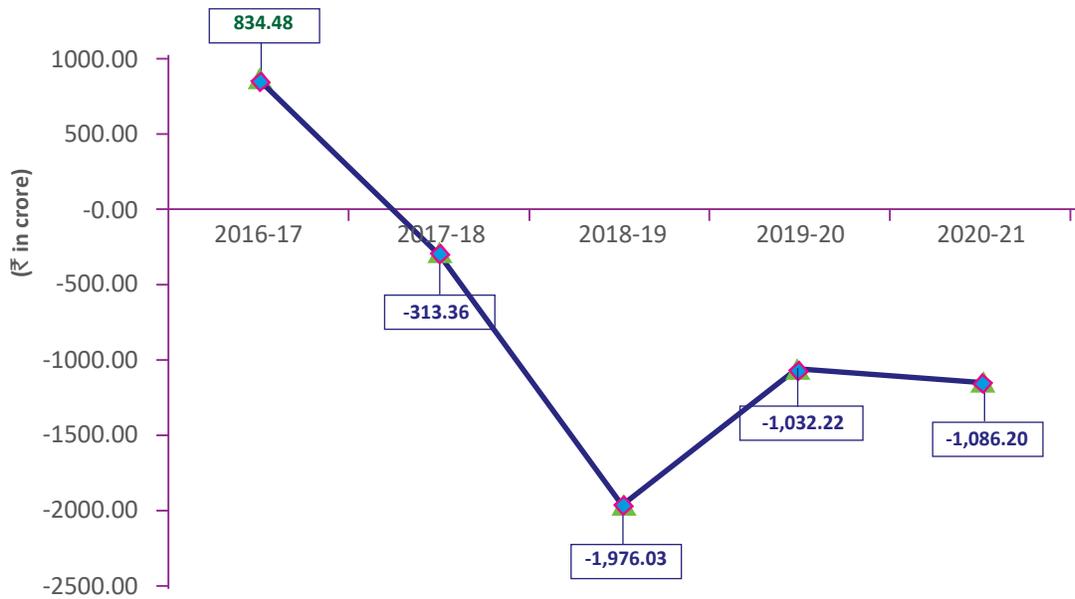
The State Government had Revenue Surplus of ₹ 2,669.82 crore in 2019-20 and ₹ 4,036.01 crore in 2020-21, which was not as per the target of FRBM Act. Fiscal Deficit increased by ₹ 53.98 crore from ₹ 1,032.22 crore in 2019-20 to ₹ 1,086.20 crore in the current year and was 3.78 per cent of GSDP, which was more than the FRMB Act target of 2.28 per cent. Against the target of reducing outstanding debt to 36.67 per cent of GSDP by 2020-21, outstanding Debt stood at ₹ 13,696.61 crore as on 31 March 2021, being 47.69 per cent of GSDP, which was above the target.

1.5.1 Trend of Revenue Deficit/ Surplus

Graph 1: Trend of Revenue Deficit(-)/ Surplus(+)

1.5.2 Trend of Fiscal Deficit/ Surplus

Graph 2: Trend of Fiscal Deficit(-)/ Surplus(+)



1.5.3 Proportion of Borrowed Funds spent on Capital Expenditure

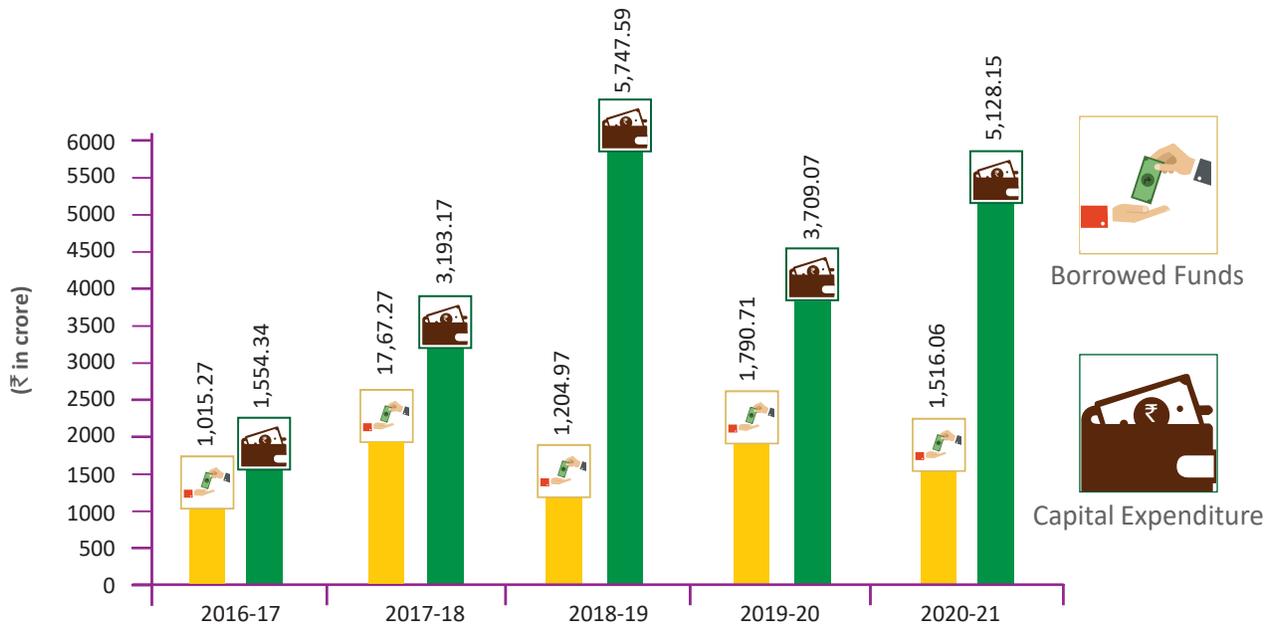
Table 4: Borrowed Funds and Capital Expenditure

(₹ in crore)

Year	Borrowed Funds	Capital Expenditure [#]
2016-17	1,015.27	1,554.34
2017-18	1,767.27	3,193.17
2018-19	1,204.97	5,747.59
2019-20	1,790.71	3,709.07
2020-21	1,516.06	5,128.15

[#] Capital Expenditure includes Loans and Advances Disbursed.

Graph 3: Borrowed Funds and Capital Expenditure



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus, it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government fully utilized its borrowings of the current year (₹ 1,516.06 crore) for creation of Capital Assets.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2020-21 were ₹ 18,215.65 crore.

2.2 Revenue Receipts

Revenue Receipts of the Government comprise of three components - *Tax Revenue*, *Non-tax Revenue* and *Grants-in-Aid* received from the Union Government.

Diagram 7: Revenue Receipts

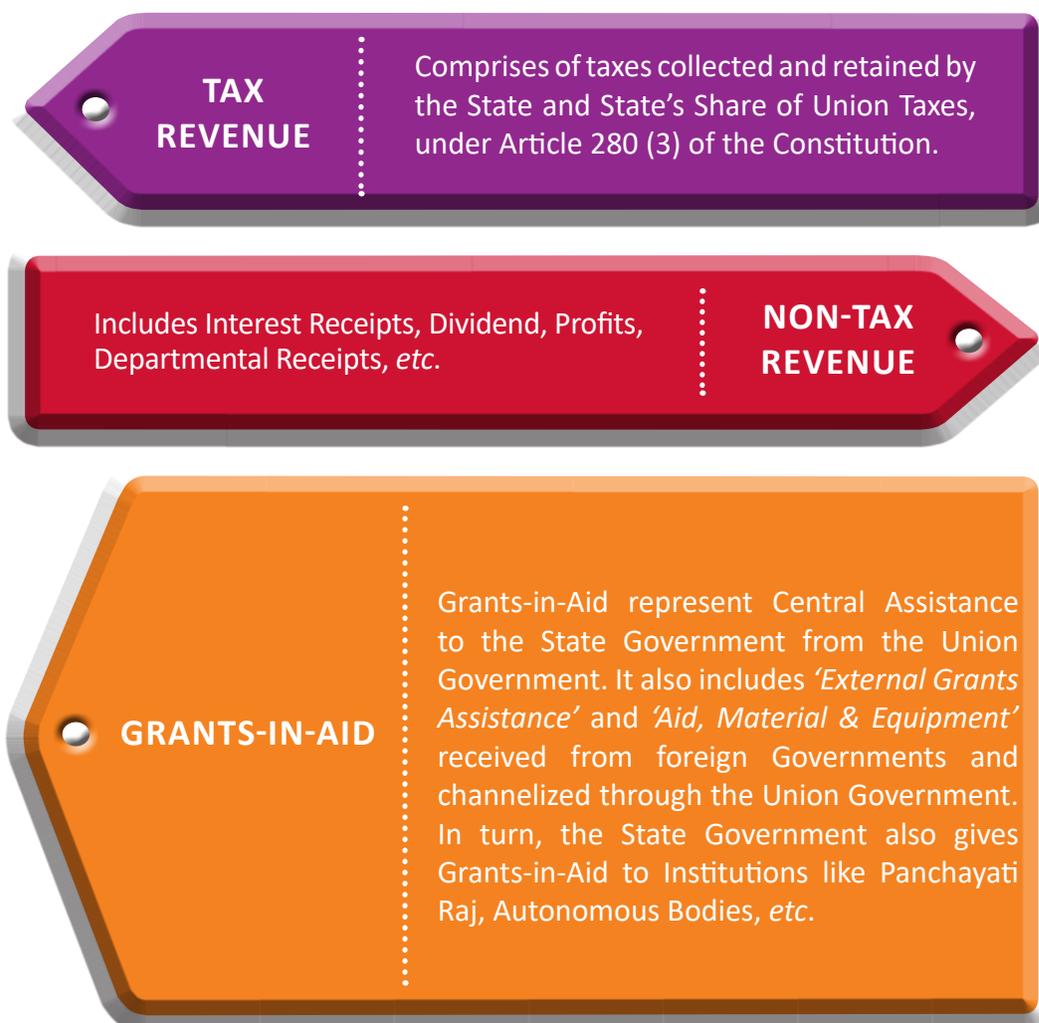


Chart 1 : Revenue Receipts



2.2.1 Revenue Receipts Components (2020-21)

Table 5: Revenue Receipts Components (2020-21)

(₹ in crore)		
Components	Actuals (₹ in crore)	Per cent to Revenue Receipts
A. Tax Revenue^[*]	11,903.68	69
Goods and Services Tax	4,011.44	23
Taxes on Income and Expenditure	6,335.98	37
Taxes on Property, Capital and Other Transactions	17.99	-
Taxes on Commodities and Services	1,538.27	9
B. Non-Tax Revenue	836.53	5
Interest Receipts, Dividends and Profits	34.12	1
General Services	391.10	2
Social Services	47.32	-
Economic Services	363.99	2
C. Grants-in-Aid and Contributions	4,383.30	26
Total Revenue Receipts	17,123.51	100

* Includes share of net proceeds assigned to State (received from the Government of India).

2.2.2 Trend of Revenue Receipts

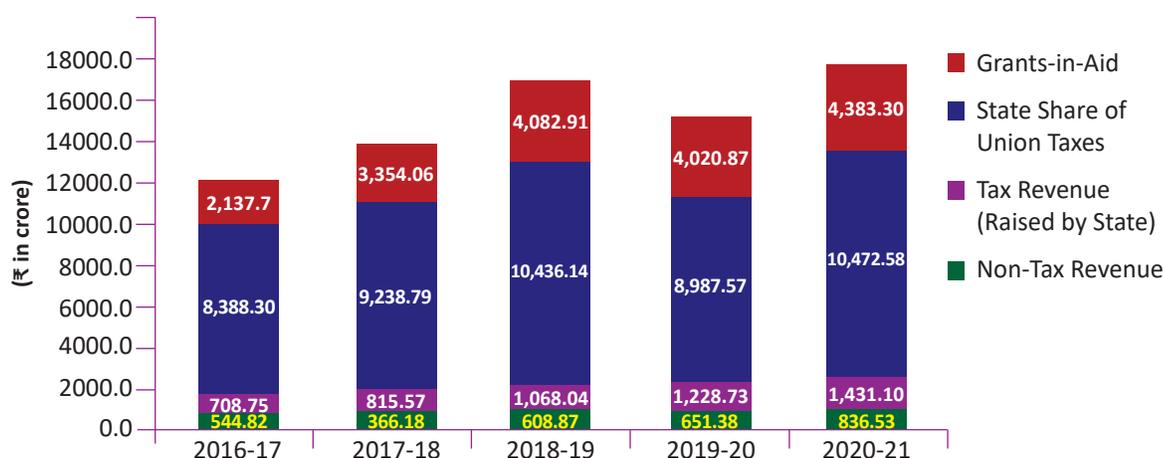
Table 6: Trend of Revenue Receipts

(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Tax Revenues (Raised by the State)	708.75	815.57	1,068.04	1,228.73	1,431.10
State Share of Union Taxes/Duties	8388.30	9238.79	10,436.14	8,987.57	10,472.58
Non-Tax Revenue	544.82	366.18	608.87	651.38	836.53
Grants-in-Aid	2,137.70	3,354.06	4,082.91	4,020.87	4,383.30
Total Revenue Receipts	11,779.57	13,774.60	16,195.96	14,888.55	17,123.51
GSDP	19,845.64	22,503.33	24,510.84	27,377.06	28,721.36

Note: GSDP (Gross State Domestic Product) Figures for 2020-21 at current prices, as intimated by Department of Economics & Statistics, Government of Arunachal Pradesh (June 2021)

Though GSDP increased by 4.91 *per cent* in 2020-21, compared to the previous year, increase in Revenue Receipts was 15.01 *per cent*. Total Tax Revenue (including State share of Union Taxes) increased by 16.52 *per cent*, Non-Tax Revenue increased by 28.42 *per cent* and Grants-in-Aid increased by 9.01 *per cent*, compared to the previous year.

Graph 4: Trend of Components of Revenue Receipts



2.3 Tax Revenue

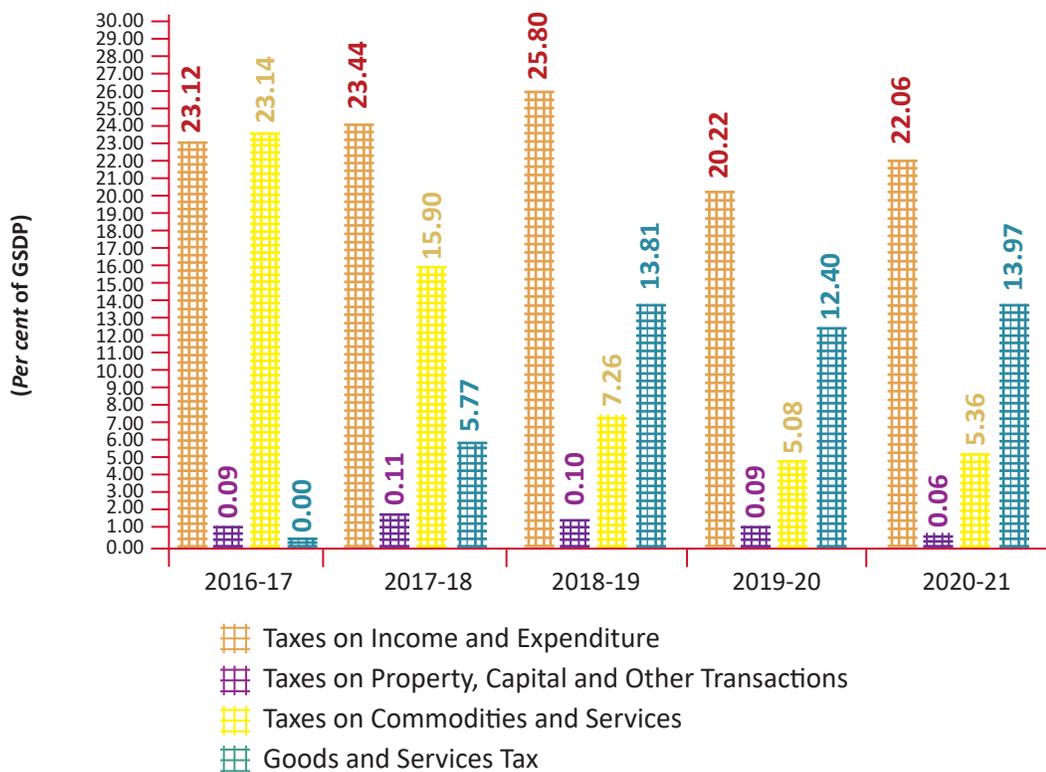
Table 7: Tax Revenue

(₹ in crore)

Sector-wise Tax Revenue					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
a. Goods and Services Tax	-	1,283.21	3,381.62	3,351.86	4,011.44
b. Taxes on Income and Expenditure	4,538.40	5,212.04	6,319.33	5,465.66	6,335.98
c. Taxes on Property, Capital and other Transaction	17.65	23.66	25.08	24.24	17.99
d. Taxes on Commodities and Services other than Goods and Services Tax	4,541.00	3,535.45	1,778.15	1,374.54	1,538.27
Total Tax Revenue	9,097.05	10,054.36	11,504.18	10,216.30	11,903.68
GSDP	19,845.64	22,503.33	24,510.84	27,377.06	28,721.36

The increase in total Tax Revenue during 2020-21 was mainly attributable to increase in allocation of State Share from the Government of India.

Graph 5: Trend of Major Taxes in Proportion to GSDP



2.4. State's own Revenue Collection and State's share of Union Taxes

Table 8: State's Revenue Collection and State's share of Union Taxes

Year	Tax Revenue (₹ in crore)	State share of Union Taxes (₹ in crore)	State's Own Tax Revenue	
			Amount (₹ in crore)	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2016-17	9,097.05	8,388.30	708.75	3.57
2017-18	10,054.36	9,238.79	815.57	3.62
2018-19	11,504.18	10,436.14	1,068.04	4.36
2019-20	10,216.30	8,987.57	1,228.73	4.49
2020-21	11,903.68	10,472.58	1,431.10	4.98

The proportion of State's Own Revenue to GSDP (4.98 per cent) was lower than the target of 7.42 per cent, as recommended by the FRBM Act, 2006 of the State Government.

2.5. Trend in State Share of Union Taxes over the past five years

Table 9: Trend in State Share of Union Taxes over the past five years

Major Head Description	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Goods & Services Tax	-	1,059.48	2,780.62	2,550.31	3,152.15
Corporation Tax	2,677.52	2,825.84	3,628.32	3,064.45	3,130.39
Taxes on Income other than Corporation Tax	1,860.88	2,386.20	2,672.11	2,401.21	3,205.59
Other Taxes on Income and Expenditure	-	-	18.90	--	--
Taxes on Wealth	6.13	-0.08	1.34	0.13	--
Customs	1,151.76	931.30	739.56	569.70	582.90
Union Excise Duties	1,315.22	973.50	491.48	396.08	355.91
Service Tax	1,376.76	1,062.55	98.42	--	39.53
Other Taxes and Duties on Commodities & Services	0.03	-	5.39	5.69	6.11
Total State Share of Union Taxes	8,388.30	9,238.79	10,436.14	8,987.57	10,472.58
Total Tax Revenue	9,097.05	10,054.36	11,504.18	10,216.30	11,903.68
Percentage of Union Taxes to Total Tax Revenue	92.21%	91.89%	90.72%	87.97%	87.98%

2.6. Cost of Tax Collection

Table 10: A. Taxes on Property, Capital and Other Transactions

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Collection	17.65	23.66	25.08	24.24	17.99
Expenditure on Collection	16.91	19.13	249.70	70.81	66.61
Cost of Tax Collection	95.81%	80.85%	995.61%	292.12%	370.26%

Table 10: B. Taxes on Commodities and Services

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Collection	4,541.00	3,535.45	1,778.15	1,374.54	1,538.27
Expenditure on Collection	23.47	30.26	31.85	23.32	26.24
Cost of Tax Collection	0.52%	0.86%	1.79%	1.70%	1.71%

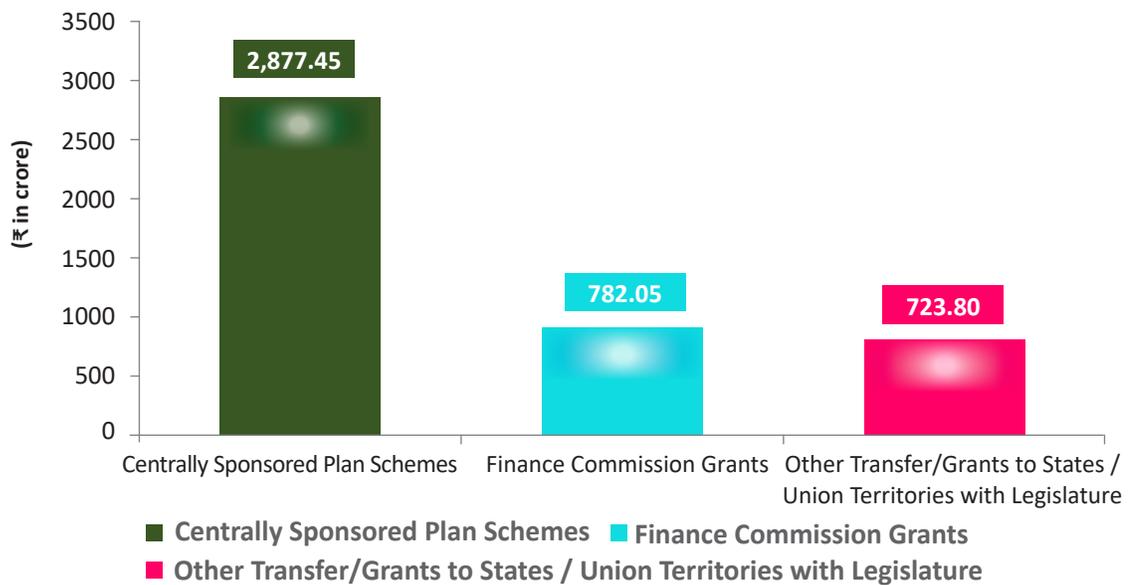
Taxes on Commodities and Services form a major portion of Tax Revenue. Tax collection efficiency of Taxes on Property, Capital and Other Transactions requires improvement.

2.7 Grants-in-Aid

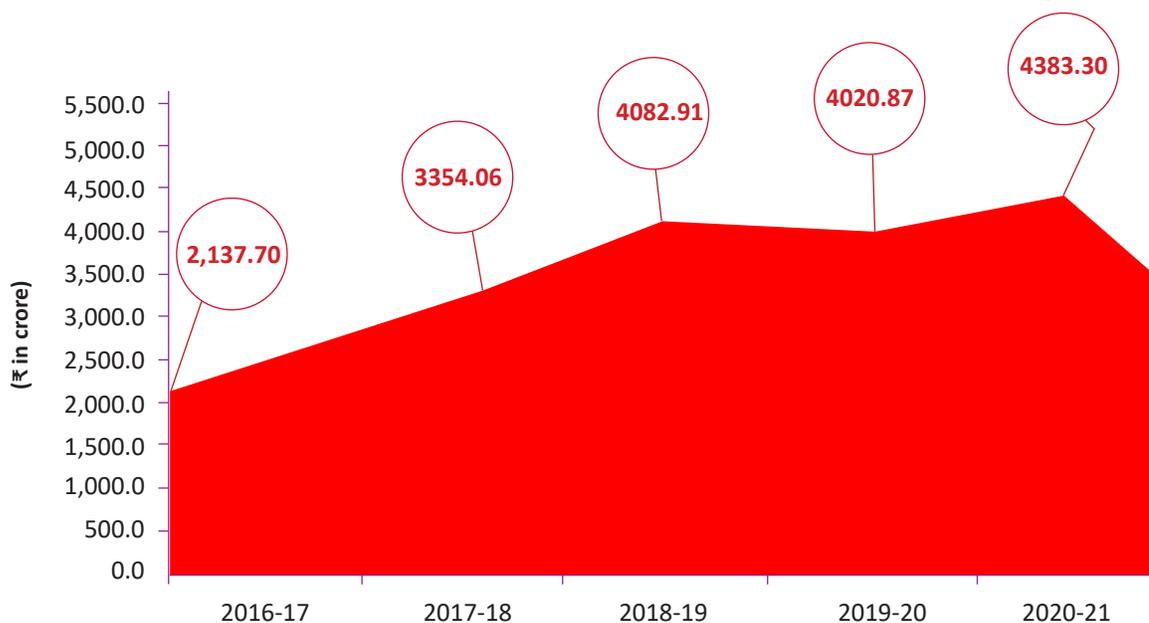
Grants-in-Aid represent assistance from the Government of India and comprise of Grants for Centrally Sponsored Schemes, Finance Commission Grants and Other Transfer/Grants to States.

Total receipts during 2020-21 under Grants-in-Aid were ₹ 4,383.30 crore, as shown below:

Graph 6: Grants-in-Aid



Graph 7: Trend of Grants-in-Aid



2.8 Public Debt

Table 11: Trend of Public Debt over the past five years

(₹ in crore)

Description	2016-17	2017-18	2018-19	2019-20	2020-21
Internal Debt	1,015.27	1,767.27	1,204.97	1,790.71	1,283.09
Central Loans	-	-	-	-	232.97
Total Public Debt	1,015.27	1,767.27	1,204.97	1,790.71	1,516.06

During 2020-21 Public Debt saw a significant decrease by ₹ 274.65 crore, compared to the previous year and Internal Debt was financed from various sources like Special Securities (NSSF), Market Loans, Loans from Financial Institutions and other Loans.

Chapter III

Expenditure

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet day-to-day expenses for running an Organization. Capital Expenditure is used to create permanent assets, enhance the utility of such assets or reduce permanent liabilities.

In Government Accounts, Expenditure at the top level is classified into three Sectors: *General Services*, *Social Services* and *Economic Services*. Significant areas of expenditure covered under these Sectors are mentioned in the Table below:

Diagram 8: Three Sectors of Government Accounts



3.2 Revenue Expenditure

Shortfall of Revenue Expenditure against Budget Estimates as per Appropriation Accounts during the past five years, is given below:

Table 12: Revenue Expenditure

(₹ in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
Budget Estimates	12,114.46	12,976.01	10,255.66	13,406.78	14,207.60
Actuals	9,394.54	10,900.47	12,429.48	12,218.73	13,087.50
Gap	2,719.92	2,075.54	(-)2,173.82	1,188.05	1,120.10
Percentage of variation – Actual against BE	22.45	16.00	(-)21.20	8.86	7.88

(Source: Appropriation Accounts of respective years)

Compounding the less (16.85 *per cent*) of Revenue Receipts against Budget Estimates, the State Government was able to generate surplus revenue in terms of the FRBM Act.

Nearly 54.53 *per cent* of total Revenue Expenditure was spent on Committed Expenditure (Salaries, Pensions and Interest Payment). Revenue Expenditure increased by 7.11 *per cent* from ₹ 12,218.73 crore in 2019-20 to ₹ 13,087.50 crore in 2020-21.

The position of committed and uncommitted Revenue Expenditure over the last five years, is given in the Table below:

Table 13: Committed and Uncommitted Revenue Expenditure

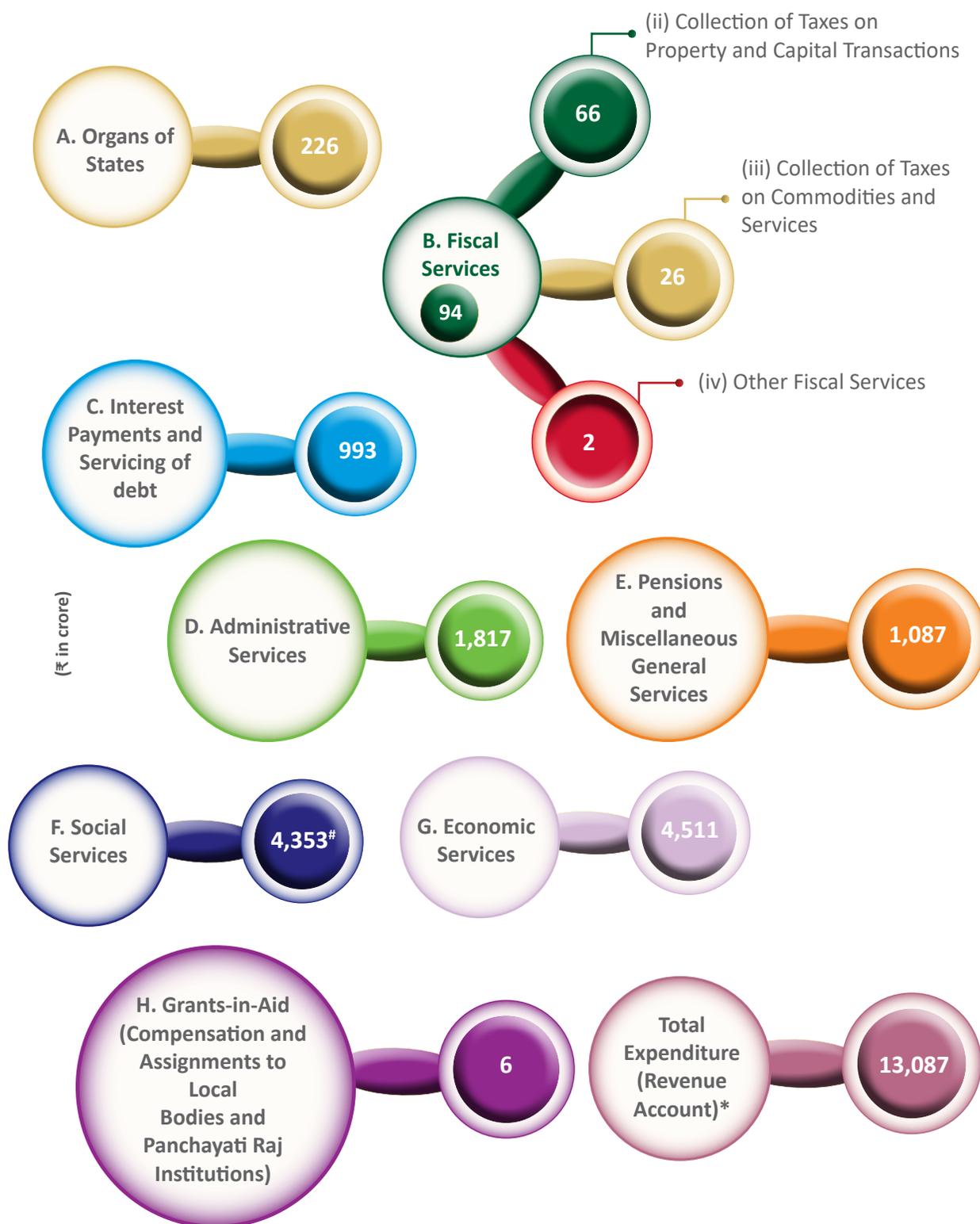
(₹ in crore)					
Component	2016-17	2017-18	2018-19	2019-20	2020-21
Total Revenue Expenditure	9,394.54	10,900.47	12,429.48	12,218.73	13,087.50
Committed Revenue Expenditure [#]	4,606.69	5,825.94	5,792.96	6,654.08	7,136.64
Percentage of committed Revenue Expenditure to total Revenue Expenditure	49	53	47	54	55
Uncommitted Revenue Expenditure	4,787.85	5,074.53	6,636.52	5,564.65	5,950.86

[#] Committed Revenue Expenditure includes expenditure on Salaries, Interest Payments and Pensions.

It can be seen that the uncommitted Revenue Expenditure available for implementation of various Schemes increased by 24.29 *per cent* from ₹ 4,787.85 crore in 2016-17 to ₹ 5,950.86 crore in 2020-21. Total Revenue Expenditure increased by 39.31 *per cent* from ₹ 9,394.54 crore in 2016-17 to ₹ 13,087.50 crore in 2020-21. However, committed Revenue Expenditure increased slightly by 7.25 *per cent* from ₹ 6,654.08 crore in 2019-20 to ₹ 7,136.64 crore during 2020-21.

3.2.1 Sectoral distribution of Revenue Expenditure (2020-21)

Diagram 9: Sectoral distribution of Revenue Expenditure



[#] Excludes Compensation and Assignments to Local Bodies and Panchayati Raj Institutions

* (Net, after deducting recoveries)

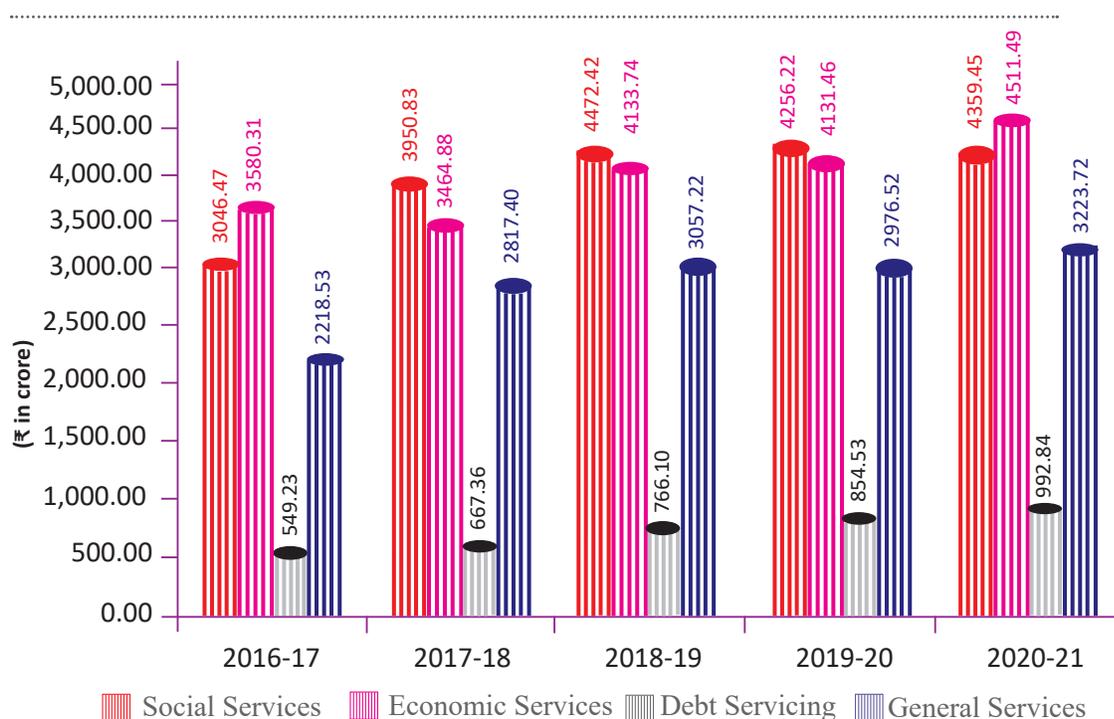
3.2.2 Major Components of Revenue Expenditure 2016-17 to 2020-21

Table 14: Major Components of Revenue Expenditure

Components	2016-17	2017-18	2018-19	2019-20	2020-21
Social Services	3,046.47	3,950.83	4,472.42	4,256.22	4,359.45
Economic Services	3,580.31	3,464.88	4,133.74	4,131.46	4,511.49
Debt Servicing	549.23	667.36	766.10	854.53	992.84
General Services* (excl. Expenditure on Debt Servicing)	2,218.53	2,817.40	3,057.22	2,976.52	3,223.72

* General Services excludes MH 2048 (Appropriation for reduction or avoidance of Debt) and MH 2049 (Interest Payments)

Graph 8: Trend of Major Components of Revenue Expenditure



3.3 Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements for 2020-21 amounting to ₹ 5,123.35 crore (17.84 per cent of GSDP) were less than Budget Estimates by ₹ 1,996.39 crore. Growth in Capital Expenditure has not kept pace with the steady growth of GSDP during 2016-17 and 2019-20.

This can be seen in the Table below:

Table 15: Capital Expenditure

(₹ in crore)						
Sl. No.	Components	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Budget (B.E.)	3,467.22	4,105.11	7,877.86	8,006.72	7,119.74
2.	Actual Expenditure ^(#)	1,544.01	3,188.10	5,727.43	3,693.05	5,123.35
3.	Percentage of Actual Exp. To B.E.	44.51	7.77	72.70	46.12	71.96
4.	Yearly growth in Capital Expenditure	(-)22.54%	106.56%	79.65%	(-)35.52%	38.73%
5.	GSDP	19,845.64	22,503.33	24,510.84	27,377.06	28,721.36
6.	Yearly growth in GSDP (in per cent)	7.22%	13.39%	8.92%	11.69%	4.91%

^(#) Does not include Expenditure on Loans & Advances

3.3.1 Sectoral distribution of Capital Expenditure

Table 16: Sectoral distribution of Capital Expenditure

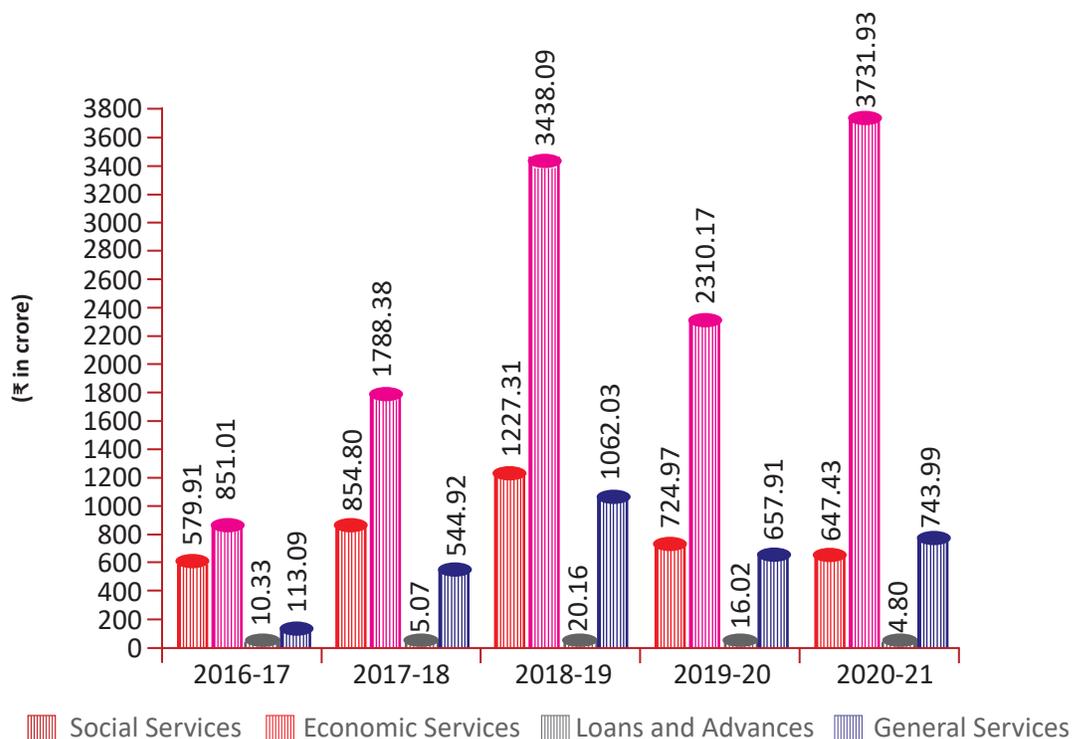
(₹ in crore)			
Sl. No.	Components	Amount	Percentage
1.	General Services: Police, Land Revenue; etc.	743.99	14.51
2.	Social Services: Education, Health & Family Welfare, Water Supply, Welfare of SC/ST, etc.	647.43	12.62
3.	Economic Services: Agriculture, Rural Development, Irrigation, Energy, Industries, Co-operation, Transport, etc.	3,731.93	72.77
4.	Loans & Advances Disbursed	4.80	0.10
TOTAL		5,128.15	100

3.3.2 Sectoral distribution of Capital Expenditure over the past five years

Table 17: Sectoral distribution of Capital Expenditure over the past five years

(₹ in crore)						
Sl. No.	Sector	2016-17	2017-18	2018-19	2019-20	2020-21
1.	General Services	113.09	544.92	1,062.03	657.91	743.99
2.	Social Services	579.91	854.80	1,227.31	724.97	647.43
3.	Economic Services	851.01	1,788.38	3,438.09	2,310.17	3,731.93
4.	Loans & Advances	10.33	5.07	20.16	16.02	4.80
TOTAL		1,554.34	3,193.17	5,747.59	3,709.07	5,128.15

Graph 9: Trend of Sectoral Distribution of Capital Expenditure



3.3.3 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

Table 18: Sectoral Distribution of Capital and Revenue Expenditure

			(₹ in crore)				
Sl. No.	Sector		2016-17	2017-18	2018-19	2019-20	2020-21
(A)	General Services	Capital	113.09	544.92	1,062.03	657.91	743.99
		Revenue	2,767.76	3,484.76	3,823.32	3,831.05	4,216.56
(B)	Social Services	Capital	579.91	854.80	1,227.31	724.97	647.43
		Revenue	3,046.47	3,950.83	4,472.42	4,256.22	4,359.45
(C)	Economic Service	Capital	851.01	1,788.38	3,438.09	2,310.17	3,731.93
		Revenue	3,580.31	3,464.88	4,133.74	4,131.46	4,511.49
(D)	Grants-in-Aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	1,279.07	1,566.88	1,869.45	1,332.05	2,183.36

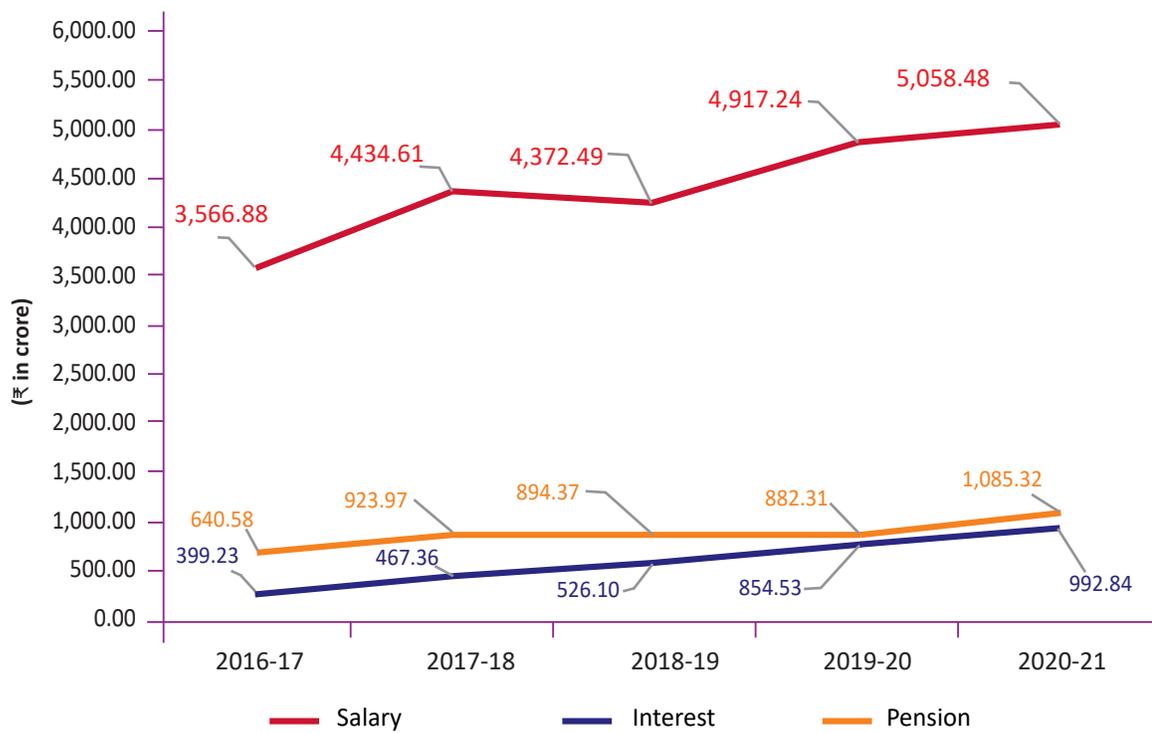
^(#) Not Applicable.

^(*) Revenue Expenditure under GS, SS and ES includes Expenditure of GIA.

3.4 Committed Expenditure

Expenditure on Salaries and Interest payments showed increase while expenditure on Pensions showed increase in 2020-21 over the previous year.

Graph 10: Trend of Committed Expenditure



The trend of Committed Expenditure, compared to Revenue Receipts and Revenue Expenditure over the past five years, is depicted in the Table below:

Table 19: Committed Expenditure, compared to Revenue Receipts and Revenue Expenditure

(₹ in crore)					
Component	2016-17	2017-18	2018-19	2019-20	2020-21
Committed Expenditure	4,606.69	5,825.94	5,792.96	6,654.08	7,136.64
Revenue Expenditure	9,394.54	10,900.47	12,429.48	12,218.73	13,087.50
Revenue Receipts	11,779.57	13,774.60	16,195.96	14,888.55	17,123.51
Percentage of Committed Expenditure to Revenue Receipts	39	42	36	45	42
Percentage of Committed Expenditure to Revenue Expenditure	49	53	47	54	55

Committed Expenditure increased by 54.92 per cent from 2016-17 to 2020-21 while Revenue Expenditure registered the growth of 39.31 per cent during the same period, leaving the Government with less flexibility in development spending.

Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2020-21

Table 20: Summary of Appropriation Accounts

(₹ in crore)

Sl. No.	Nature of Expenditure	Original grant	Supplementary grant	Re-appropriation	Total	Actual Expenditure	Savings (-) Excesses(+)
1.	Revenue						
	Voted	13,214.79	1,599.95	...	14,814.74	12,267.28	(-)2,547.46
	Charged	992.81	64.52	...	1,057.33	1,019.13	(-)38.20
2.	Capital						
	Voted	7,119.75	2,023.79	...	9,143.54	5,123.35	(-)4,020.19
	Charged	--	...	...	...	...	...
3.	Public Debt						
	Charged	544.39	32.16	...	576.55	259.49	(-)317.06
4.	Loans and Advances						
	Voted	8.64	0.00 [#]	...	8.64	4.80	(-)3.84
	Charged	...	...	...	...	...	...
	Total	21,880.38	3,720.42	...	25,600.80	18,674.05	(-)6,926.75

[#] ₹ 10,000/- only

4.2 Trend of Savings/Excess during the past five years

Table 21: Trend of Savings/Excess

(₹ in crore)

Year	Savings(-)/Excess(+)				Total
	Revenue	Capital	Public Debt	Loans and Advances	
2016-17	(-)2,518.52	(-)1,902.21	(-)201.70	(-)157.04	(-)4,779.47
2017-18	(-)2,056.61	(-)3,267.08	(-)18.93	(-)272.24	(-)5,614.86
2018-19	(-)1,274.10	(-)6,599.76	(-)266.55	(-)237.60	(-)8,378.01
2019-20	(-)1,997.47	(-)4,970.50	(-)233.57	(-)4.16	(-)7,205.70
2020-21	(-)2,585.66	(-)4,020.19	(-)317.06	(-)3.84	(-)6,926.75

4.3 Significant Savings

Substantial Savings under a Grant indicates either non-implementation or slow implementation of certain Schemes/Programmes.

Some Grants with persistent and significant net Savings in the last five years are given below:

Table 22: Substantial Savings

(₹ in crore)

Grant No.	Nomenclature	2016-17	2017-18	2018-19	2019-20	2020-21
REVENUE						
6	District Administration	174.36	9.48	11.82	156.27	76.78
15	Health & Family Welfare	182.36	101.70	259.20	227.52	66.09
23	Forest	47.65	17.97	6.96	35.87	240.95
24	Agriculture	10.30	17.19	97.08	103.30	12.33
27	Panchayat	69.18	62.76	1.36	117.06	7.93
38	Water Resources Department	59.98	18.72	23.63	50.37	5.04
CAPITAL						
32	Roads & Bridges	333.89	303.64	774.79	185.07	351.85
34	Power	69.67	287.96	54.04	85.33	58.22
38	Water Resources	85.34	1.34	167.06	9.53	44.64
50	Secretariat Economic Services	635.98	359.74	2,996.47	3,025.42	2,389.91
56	Tourism	17.32	95.58	22.05	14.33	29.47
57	Urban Development	75.87	113.45	52.03	28.06	39.59

Persistent huge savings under Roads & Bridges, District Administration, Secretariat Economic Services and Health and Family Welfare were on account of Schemes, which though approved by the Legislature, were given lesser priority during implementation. This could be attributed to either increased Budget estimation or the desire of the Government to keep its Fiscal Deficit below the ceiling.

During 2020-21, Supplementary Grants of ₹ 585.09 crore (3.13 per cent of Total Expenditure of ₹ 18,674.05 crore) proved to be unnecessary. In some cases, (Original Budget above ₹ 60 crore), there were significant Savings at the end of the year, even against original allocations. A few instances are given below:

Table 23:

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
6	Directorate of Accounts	Revenue	1,209.28	0.01	225.50
13	Rural Works Department	Revenue	261.88	0.01	166.96
14	Secondary Education	Revenue	496.28	0.01	352.44
15	Roads and Bridges	Revenue	690.58	0.01	557.64
24	Agriculture	Capital	109.50	0.01	4.80
26	Roads and Bridges	Capital	950.00	291.77	889.93
27	Secretariat Economic Services	Capital	2,827.41	0.01	437.50
42	Town Planning Department	Revenue	177.81	100.55	108.50
59	Social Justice, Empowerment and Tribal Affairs	Revenue	179.86	0.01	11.47
83	Public Health Engineering	Capital	279.30	39.38	224.55

An instance where there was excess expenditure at the end of the year even after supplementary allocations were made is given below:

Table 24: Excess Expenditure

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
25	Relief, Rehabilitation and Re-settlement	Revenue	300.94	23.89	333.69

There were no cases, where funds were allocated directly, by-passing the Legislature, i.e., through Re-appropriation instead of Original/Supplementary Budget.

Chapter V

Assets and Liabilities

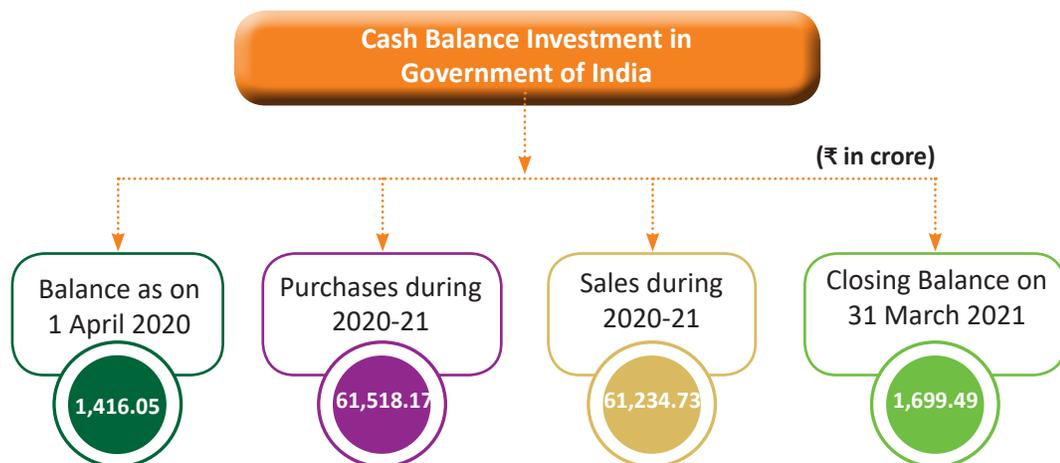
5.1 Assets

The existing form of Accounts do not easily depict the valuation of Government Assets like Land, Buildings, etc., except during the year of acquisition/purchase. Similarly, while the Accounts presented the impact of Liabilities that arose in the current year, they did not depict the overall impact of Liabilities to future generations, except to a limited extent, as shown by the rate of Interest and period of existing loans.

Total Investment as Share Capital in Public Sector Undertakings (PSUs) stood at ₹ 250.93 crore at the end of 2020-21. Nominal dividend/interest of ₹ 13,005/- only were received on Investment during 2020-21.

Cash Balance with RBI stood at ₹ 256.96 crore on 1st April 2020 and decreased to ₹ 7.01 crore at the end of March 2021. In addition, the Government invested ₹ 61,518.17 crore on 170 occasions in 14-day Treasury Bills and rediscounted Treasury Bills worth ₹ 61,234.73 crore on 270 occasions during 2020-21. The Investment position during 2020-21 is depicted in the Table below:

Table 25: Cash Balance Investment



5.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be, from time to time as fixed by the State Legislature.

Details of Public Debt and total Liabilities of the State Government were as under:

Table 26: Public Debt and Total Liabilities

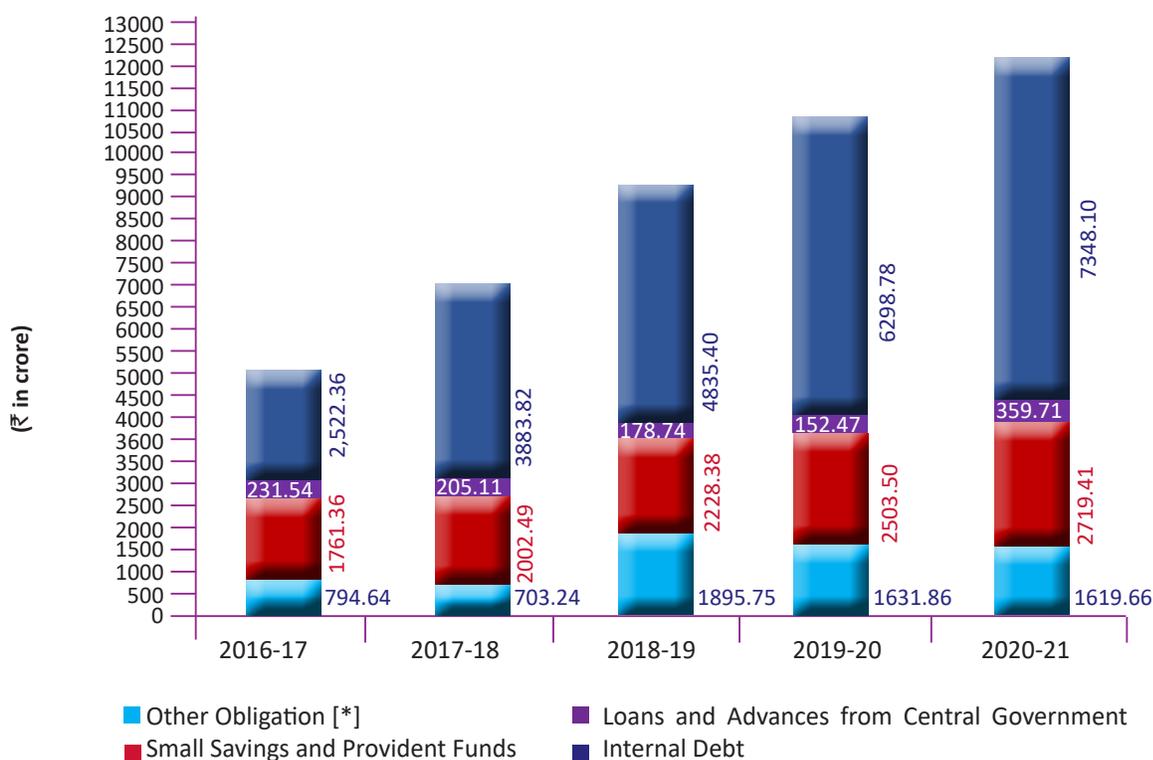
Year	Public Debt (₹ in crore)	Percentage to GSDP	Public Account ^(*) (₹ in crore)	Percentage to GSDP	Total Liabilities (₹ in crore)	Percentage to GSDP
2016-17	2,753.90	13.88	1,851.63	9.33	4,605.53	23.21
2017-18	4,088.93	18.17	1,904.78	8.46	5,993.71	26.63
2018-19	5,014.14	20.46	2,045.34	8.34	7,059.48	28.80
2019-20	6,451.24	23.56	3,831.86	14.00	10,283.10	37.56
2020-21	7,707.81	26.84	3,794.91	13.21	11,502.72	40.05

(*) Excludes suspense and remittances balances.

Note: Figures are progressive balance to end of the year.

During 2020-21 Public Debt and other Liabilities showed a net increase of ₹ 1,219.62 crore (11.86 per cent) over the previous year.

Graph 13: Trend in Government Liabilities



[*] Non-Interest bearing Obligations such as Deposits of Local Funds, Other earmarked Funds, etc.

5.3 Guarantees

In addition to raising Loans directly, State Governments also guarantee Loans raised by Statutory Corporations, Government Companies/Corporations, Co-operative Societies, etc., from the market and Financial Institutions for implementation of various Schemes/ Programmes. Such Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default in payment of Loans/Capital and payment of Interest thereon raised by Statutory Corporations, Government Companies/Corporations, Cooperative Societies, etc., to whom the Guarantee was extended and are projected outside the State Budget. The position of Guarantees by the State Government for re-payment of Loans (payment of Principal and Interest thereon) raised by Statutory Corporations, Government Companies and Corporations, Co-operative Societies etc., for the last five years is given below:

Table 27: Guarantees

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as the end of the year	
		Principal	Interest
2016-17	2.00	0.97	0.01
2017-18	2.00	0.97	0.04
2018-19	2.00	0.97	0.07
2019-20	2.00	0.97	0.10
2020-21	2.00	0.97	0.11

Note: Details are available at Statement No: 20 of Finance Accounts, which are based on information received from the Finance Department.

Chapter VI

Other Items

6.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan Schemes/Programmes, which are projected outside the State Budget. Such Loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, Loan repayments appear in Government Accounts, resulting in irreconcilable Adverse Balances and under-statement of Liabilities in Government Accounts. As on 31st March 2021, there was no Adverse Balance in respect of Arunachal Pradesh.

6.2 Loans and Advances given by the State Government

The total Loans & Advances made by the State Government during the year 2020-21 was ₹ 4.80 crore. Out of this, Loans & Advances to Government Corporations/Companies, Non-Government Institutions and Local Bodies amounted to ₹ 0.95 crore. During 2020-21, ₹ 5.94 crore was received towards repayment of Loans & Advances, out of which ₹ 3.12 crore related to repayment of Loans to Government Servants. Effective steps to recover outstanding Loans would help the Government improving its fiscal position.

6.3 Financial Assistance to Local Bodies and Others

Grants-in-Aid given to Local Bodies, Autonomous Bodies, etc., increased from ₹ 1,279.07 crore in 2016-17 to ₹ 2,183.36 crore in 2020-21. Grants to Zilla Parishads (Panchayati Raj Institutions) and Municipalities/Municipal Councils (₹ 199.90 crore) represent 9.16 *per cent* of total Grants given during the year.

Details of Grants-in-Aid Given in the last 5 years, are as under:

Table 28: Financial Assistance to Local Bodies and Others

(₹ in crore)

Sl. No.	Name of Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Zilla Parishads	-	-	133.47	0.01	116.39
2.	Municipalities	3.37	1.92	16.24	7.97	83.51
3.	Other Urban Local Bodies	52.04	131.71	-	-	-
4.	Government Companies	-	6.76	-	-	5.18
5.	Statutory Corporations	-	-	-	-	-
6.	Universities	-	-	-	-	-
7.	Development Authorities	42.07	29.29	29.38	19.07	27.78
8.	Co-operative Institutions	-	-	-	-	-
9.	Other Autonomous Bodies	-	12.50	-	-	-
10.	Non-Government Organizations	5.28	1.00	-	-	-
11.	Grants for which classification of Institution is not available	1,176.31	1,383.70	1,690.36	1,305.00	1,950.50
	Total	1,279.07	1,279.07	1,566.88	1,332.05	2,183.36

Details of Grants-in-Aid Given for Creation of Assets in the last 5 years, are as under:

Table 29: Grants-in-Aid Given for Creation of Assets

(₹ in crore)

Sl. No.	Name of Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Zilla Parishads	-	-	-	-	0.01
2.	Municipalities	-	-	-	-	7.97
3.	Other Urban Local Bodies	-	50.00	-	-	-
4.	Government Companies	-	-	-	-	-
5.	Statutory Corporations	-	-	-	-	-
6.	Universities	-	-	-	-	-
7.	Development Authorities	16.96	-	-	-	19.07
8.	Other Autonomous Bodies	1.00	5.00	-	-	-
9.	Non-Government Organizations	0.80	-	-	-	-
10.	Grants for which classification of Institution is not available	150.04	113.33	300.58	112.47	1,305.00
	Total	168.80	168.33	300.58	112.47	1,332.05

6.4 Cash Balance and Investment of Cash Balance

Table 30: Cash Balance and Investment of Cash Balance

(₹ in crore)			
Component	As on 1 st April 2020	As on 31 st March 2021	Net Increase (+)/ (-) Decrease
Cash Balances	256.96	7.01	(-) 249.95
Investments from Cash Balance (<i>Gov Treasury Bills</i>)	1,416.05	1,699.49	(+) 283.44
Investment from Earmarked Fund Balances	1,345.73	1,686.31	(+) 340.58
(a) <i>Sinking Fund</i>	1,344.16	1,684.11	(+) 339.95
(b) <i>Guarantee Redemption Fund</i>	1.57	2.20	(+) 0.63
(c) <i>Other Funds</i>	-	-	-
Interest Realized during the year	59.22	32.37	(-) 26.85

The State Government had a positive Closing Cash Balance as on 31st March 2021. Interest Receipts on investment of cash balance decreased by 45.34 *per cent* from ₹ 59.22 crore in 2019-20 to ₹ 32.37 crore in 2020-21.

6.5 Reconciliation of Accounts

Accuracy and reliability of Accounts, among other things, depend on timely reconciliation of figures available with Departments and figures appearing in the Accounts compiled by the Principal Accountant General. This exercise is to be conducted by respective Heads of Departments. Reconciliation of Accounts of many Departments was in arrears. In 2020-21, Expenditure of ₹ 18,194.35 crore (99.91 *per cent* of Total Expenditure) and Receipts of ₹ 17,123.51 crore (100 *per cent* of Total Receipts) was reconciled by the State Government. The status of Reconciliation of Accounts in respect of Chief Controlling Officers (CCOs) of different Departments is given below:

Table 31: Reconciliation of Accounts

Particulars	No. of CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
Expenditure	84	99.91 %	-	0.09 %
Receipts	84	100 %	-	0 %

6.6 Submission of Accounts by Accounts Rendering Units

Finance Accounts, 2020-21 present transactions of the Government of Arunachal Pradesh from 1st April 2020 to 31st March, 2021. Accounts of Receipts and Expenditure of the Government of Arunachal Pradesh were compiled, based on initial Accounts rendered by 29 District Treasuries/ Sub Treasuries, 216 Public Works Divisions, 48 Forest Divisions and advices of the Reserve Bank of India. Delay in rendition of Monthly Accounts by the 29 Treasuries/Sub-Treasuries to the office of the Principal Accountant General ranged from one day to 121 days.

6.7 Unadjusted Abstract Contingent (AC) Bills

Under Rule No. 308-312 of the Central Treasury Rules, Drawing & Disbursing Officers are authorized to draw sums of money by preparing Abstract Contingency (AC) Bills by debiting service heads. They are required to present Detailed countersigned Contingency (DCC) Bills containing vouchers in support of final expenditure to the accountant General. As on 31 March 2021, DCC Bills for 06 (Six) AC Bills amounting to ₹ 30,000/- were not received. Prolonged non-submission DCC Bills renders the expenditure under Ac Bills opaque.

Details of AC bills outstanding as on 31 March 2021 are given below:

Table 32: Unadjusted AC Bills

(₹ in crore)		
Year	No. of unadjusted AC Bills	Amount
2020-21	06	0.00 ^[#]
Total	06	0.00^[#]

Note: There were no pending DC Bills prior to 2020-21

^[#] ₹ 30,000/- only

The only defaulting department which have not submitted DC bills is Secretariat Administration (₹ 30,000/-).

6.8 Status of Suspense and Remittances Balances

Finance Accounts reflect Net Balances under Suspense and Remittance Heads. Outstanding balances under the Heads are worked out, aggregating outstanding Debit and Credit balances separately under various Heads. Significant Suspense items shown as gross Debit and Credit balances under Major Head-**8658-Suspense Account** and **8782-Remittances** for the last three years, were as under:

Table 33: Major Head 8658 Suspense and Remittances Balances

Minor Head	2018-19		2019-20		2020-21	
	Dr	Cr	Dr	Cr	Dr	Cr
101 – Pay and Accounts Office Suspense	52.60	0.05	68.48	0.05	74.41	0.05
102 – Suspense Accounts (Civil)	162.37	23.10	38.06	7.19	36.56	7.19
107 – Cash Settlement Suspense Account	24.03	4.82	24.03	4.82	24.03	4.82
109 – Reserve Bank Suspense - Headquarters	(-)16.57	(-)5.43	(-)16.58	(-)5.19	(-)16.44	(-)5.19
110 – Reserve Bank Suspense - Central Accounts Office	1833.37	1,520.70	1,920.18	779.44	1,948.35	779.51
112 – Tax Deducted at Source (TDS) Suspense	--	7.04	--	6.86	--	7.95

Table 33: Major Head 8782 Suspense and Remittances Balances

(₹ in crore)

Major Head	2018-19		2019-20		2020-21	
	Dr	Cr	Dr	Cr	Dr	Cr
102 – Public Works Remittances	44,063.88	45,306.20	48,251.15	48,555.65	51,344.53	51,581.95
103 – Forest Remittances	1,728.87	1,738.30	1,773.73	1,772.79	1,843.35	1,842.62
105 – Reserve Bank of India Remittances	144.91	474.63	592.89	503.75	592.89	503.75

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

6.9 Status of Outstanding Utilization Certificates (UCs)

Under Rule 238 of the General Financial Rules, read with Rule 16.9 of the Manual of Standing Orders (A&E) Vol-I, Utilization Certificates (UCs) in respect of Grants provided for specific purposes should be obtained by Departmental Officers from Grantees, and after verification, should be forwarded to the Principal Accountant General within 12 months of closure of the Financial Year, unless specified otherwise. UCs outstanding beyond the specified period indicate absence of assurance on utilization of Grants for intended purposes. Further, to the extent of non-receipt of UCs, Expenditure shown in the Accounts cannot be treated as final or confirmed that the amount was expended for the purpose it was sanctioned.

Details of outstanding UCs as on 31 March 2021 are given below:

Table 34: Outstanding Utilization Certificates (UCs)

(₹ in crore)

Year	Number of UCs Outstanding	Amount
2018-19	5	1.67
2019-20	66	146.45
2020-21	188	765.50
Total	259	913.62

Note: UCs for 2020-21 are due for submission in 2021-22.

Major defaulting Departments that had not submitted UCs are Rural Development Department (₹ 212.29 crore, 23.24 per cent), Health & Family Welfare Department (₹ 209.50 crore, 22.93 per cent), Education Department (₹ 199.25 crore, 21.81 per cent), Information Technology Department (₹ 83.04 crore, 9.09 per cent), Relief & Rehabilitation Department (₹ 50.38 crore, 5.51 per cent). Delayed submission/non-submission of UCs impedes the assurance that funds were utilized for intended purposes.

6.10 Commitments on account of Incomplete Capital Works

A total expenditure of ₹ 515.94 crore was incurred by the State Government up to 2020-21 on 41 incomplete Projects, each involving ₹ 5 crore and above, against original Estimated Cost of ₹ 791.54 crore as detailed in Appendix-IX in Volume-II of the Finance Accounts. A summarized view on commitments on account of 'Incomplete Capital Works' is shown below:

Table 35: Commitments on account of Incomplete Capital Works

(₹ in crore)						
Sl. No.	Category of works (No. of Works)	Estimated Cost of Works	Expenditure during the year	Progressive Expenditure to the end of the year	Pending Payments	Estimated Cost after revision
1.	Irrigation & Water Supply Works (07)	108.32	38.87	59.15	Not Available	Not Available
2.	Building Works (07)	93.15	5.72	67.20	Not Available	Not Available
3.	Road & Bridge Works (27)	590.07	68.07	389.59	Not Available	Not Available
	Total	791.54	112.66	515.94		

6.11 New Pension Scheme

The State Government employees recruited on or after 1 January 2008 are covered under the National Pension System (NPS) which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 per cent of his/her basic pay and dearness allowance, and 10 per cent of basic pay and dearness allowance is contributed by the State Government; and the entire amount is to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

During the year 2020-21, total contribution to Defined Contribution Pension Scheme was ₹ 207.06 crore (Employees contribution ₹ 98.73 crore and Government contribution ₹ 108.33 crore including 47.64 crore pertaining to previous years). The contribution to NPS is to be transferred to the Major Head 8342-Other Deposits-117-Defined Contribution Pension scheme for Government Employees' and henceforth to be transferred to the NSDL/Trustee bank from this Major Head. This procedure has not been followed by the State Government. The entire contribution of ₹ 207.06 crore was credited in the Saving & Current Bank Accounts opened in the name of 'DIRECTOR OF ACCOUNTS AND TREASURIES, Government of Arunachal Pradesh'.

During the year 2020-21, ₹ 246.10 crore was transferred to NSDL/Trustee Bank from the Saving Account of DAT (Director of Accounts and Treasuries). The balance amount of ₹ 98.19 crore lying in the Bank Account of DAT is yet to be transferred to NSDL. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme.

6.12 Personal Deposit Accounts

PD accounts enable designated Drawing Officers to incur expenditure for specific purposes pertaining to a scheme; by debiting the service heads in the Consolidated Fund of the State and crediting the Personal Deposits under the Major Head 8443-Civil Deposits and the Minor Head 106-Personal Deposits. Administrators of PD accounts are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Consolidated Fund.

During 2020-21 an amount of ₹ 0.15 crore was transferred from the Consolidated Fund of the State to these PD Accounts and no amount was credited through challans. The total amount of ₹ 0.15 crore was transferred in March 2021 from the Consolidated Fund of the State. No amount was transferred on the last working day of March 2021.

In terms of Rule 623 of Central Treasury Rules, the Administrator of Personal Deposit Account shall make necessary verification and reconciliation of the balances with the Treasury and shall furnish a certificate to the Treasury Officer on or before 31 March every year. The Treasury officer shall verify the said certificate with treasury record and send a report of verification of such balances to the Accountant General by 31 March every year.

The sole Administrator of Personal Deposit Accounts had reconciled and verified balances with the treasury figures and 01 annual verification certificate was furnished to the Treasury officer for onward submission to Accountant General office.

Details of PD accounts as on 31 March 2021 are given below:

Table 36: Details of PD Accounts as on 31st March 2021

(₹ in crore)

Opening Balance as on April-2020		Addition during the year 2020-21		Closed/Withdrawal during the year 2020-21		Closing Balance as on 31 March 2021	
Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
Nil	Nil	01	0.15	01	0.15	Nil	Nil

Rule 623 (c) of Central Treasury Rules, states that the Administrator shall maintain detailed account of the scheme/projects for which it has been opened. However, if any PD Account is not operated upon for a period of 3 (three) years and there is reason to believe that the need for such deposit accounts has ceased, the same shall be closed. Inspection of 7 (seven) treasuries conducted during 2020-21 in respect of transactions for the year 2015-16 to 2020-21 revealed that no PD accounts of any operators remained operative for more than a year.

6.13 Investment

The State Government invests in Equities and Shares of Statutory Corporations, Government Companies, Joint-Stock Companies and Co-operative Institutions. It has its holdings in 05 Government Companies and 156 Co-operative Banks, Societies, etc.

In 2020-21, Government of Arunachal Pradesh made no additional investment. Total amount invested up to 31st March 2021 was ₹ 250.93 crore, out of which ₹ 190.53 crore was related to one entity - *Arunachal Pradesh State Co-operative Apex Bank Ltd., Naharlagun.*

6.14 Status of Reserve Funds

(A) Interest bearing Reserve Funds

There were two Interest bearing Reserve Funds. The total accumulated balance at the end of 31 March, 2021 in these 2 interest bearing Reserve Funds was ₹ 1,392.43 crore.

6.14.1 State Disaster Response Fund

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head-‘8121 General & Other Reserve Funds’ which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. During the year 2020-21, no amount was received by the State Government as Central Government’s share. The State Government’s share during the year was Nil; and hence no amount has been transferred by the State Government to the Fund under Major Head 8121-122 SDRF. The State received ₹ 59.34 crore from the Central Government towards NDRF. The amount received under NDRF was neither transferred to ‘MH 8121 General & Other Reserve Funds’ nor expended from the Consolidated Fund. This has resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent. An expenditure of ₹ 0.20 crore was also done directly from the State Disaster Response Fund Account MH 8121-122 and the balance lying under the Fund as at the end of 31 March 2021 was ₹ 2.62 crore.

The contributions to the State Disaster Response Fund, expenditure and the balance therein are as under:

Table 37: State Disaster Response Fund

(₹ in crore)						
Opening balance (01 April 2020)	Contribution by Centre	State Share	Total receipts during the year	Expenditure from the Fund	Balance in the fund	Invested by RBI/ State Government during the year
2.82	Nil	Nil	Nil	0.20	2.62	Nil

Moreover, in terms of guidelines on constitution and administration of the State Disaster Mitigation Fund (under Major Head-‘8121 General & Other Reserve Funds’ which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. During the year 2020-21, the State Government received ₹ 250.00 crore as Central Government’s share. The State Government’s share during the year was ₹ 28.00 crore.

Contrary to the fund account guidelines, the State Government has not yet set up SDMF to transferred the amount of shares from Central and State Governments and parked ₹ 309.50 crore (which includes ₹ 250.00 crore as Central Government’s share, ₹ 28.00 crore as State Government’s share *plus* ₹ 31.50 crore of Central & State share

of 2019-20 pertaining to SDRF) in the Savings bank account (SBI) of the Department of Disaster Management by debiting the expenditure from MH 2245-05-101 instead of transferring to the respective Fund Accounts under Public Account. Transferring previous year's shares amount of ₹ 31.50 crore, from Central and State Governments, in year 2020-21 has understated Revenue Surplus and overstated Fiscal Deficit to that extent.

6.14.2 State Compensatory Afforestation Fund

In compliance with the instructions issued by the Ministry of Environment and Forests, Government of India's vide their letter No. 5-1/2009-FC dated 28 April, 2009 and Guidelines of 2 July 2009, the State Governments are required to establish the State Compensatory Afforestation Fund for amounts received from user agencies and utilization of monies collected for undertaking Compensatory Afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto.

The monies received by the State Governments from the user agencies need to be credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Account of the State at Minor head level below the Major Head 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act, 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Funds in Public Account of State and balance 10 *per cent* to be credited into the National Fund on yearly basis provided that, the credit of 10 *per cent* Central share of funds should be ensured on monthly basis so that the same is transferred to the National Fund.

The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' under '8336-Civil Deposits' and 'State Compensatory Afforestation Fund' under 8121- General and other Reserve Funds will be as per the rate declared by the Central Government on year to year basis.

₹ 1,588.72 crore was booked under "MH 8121-129-State Compensatory Afforestation Fund" first time in 2019-20 when Ministry of Environment, Forest & Climate Change, Government of India, transferred an amount of ₹ 1,588.72 crore from National Compensatory Afforestation Fund, as the share of Arunachal Pradesh state.

The State Government however, has not adopted the 2 July 2009 guidelines. State Government has not provided any information on the user charges collected so far. During the year 2020-21, no amount was transferred to State Compensatory Afforestation Fund under Major Head '8121-General and Other Reserve Fund'. During the year 2020-21, ₹ 198.91 crore was expended from the Fund and the total balance in the State Compensatory Afforestation Fund as on 31 March 2021 was ₹ 1,389.81 crore.

(B) Non-Interest bearing Reserve Funds

There were 2 Non-interest bearing Reserve Funds earmarked for specific purposes, out of which one fund was inactive from 2008-09. The total accumulated balance

at the end of 31 March, 2021 in these 2 non-interest bearing Reserve Funds was ₹ 1,686.29 crore.

6.14.3 Consolidated Sinking Fund

The Government of Arunachal Pradesh set up the Consolidated Sinking Fund for amortization of loans in 2007. According to the guidelines of the Fund, States shall contribute a minimum of 0.5 per cent of their outstanding liabilities (Public Debt + Other liabilities) as at the end of the previous year to the Consolidated Sinking Fund. Following are the transactions in the Fund.

Table 38: Consolidated Sinking Fund

(₹ in crore)

Opening balance as on 01 April 2020	Additions to the Fund (Contribution and interest)		Payments out of the Fund	Total balance in the Fund	Amount invested by RBI during the year	Closing balance as on 31 March 2021
	Required contribution (0.5 per cent of the outstanding liabilities as on 31 March 2020)	Contribution and interest added during the year				
1,344.15	60.66	339.95	Nil	1,684.09	339.95	1,684.09

6.14.4 Guarantee Redemption Fund

The State Government constituted the Guarantee Redemption Fund in 2016 vide notification No. FIN/EA-108/2013 dated 4th January 2016 that is administered by RBI. The latest amendment to the Fund notification issued by the State Government, effective from the year 2017-18, stipulates that the State Government shall initially contribute a minimum of 1 per cent and thereafter at the rate of 0.5 per cent of outstanding guarantees at the end of the previous year to achieve a minimum level of 3 per cent in next five years. The Fund shall be gradually increased to a desirable level of 5 per cent.

The total accumulation of the Fund was ₹ 2.20 crore as on 31 March 2021. The entire amount has been invested by RBI. The details are as under:

Table 39: Guarantee Redemption Fund

(₹ in crore)

Opening balance (01 April 2020)	Additions to the Fund (contribution and interest)			Payments out of the Fund	Total balance in the Fund	Required balance in the Fund (2.5% of the Total outstanding Guarantees as on 31 March 2020)	Amount invested by RBI during the year 2020-21	Closing balance (31 March 2021)
	Required contribution (0.5 % of Total outstanding Guarantees as on 31 March 2020)	Actuals during 2020-21						
		Contribution	Interest					
1.57	0.01	0.50	0.13	Nil	2.20	0.03	0.63	2.20

Transactions in the Fund are depicted in Statements 21 and 22.

6.15 Accounting of Building and Other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act. Accordingly, the Government of Arunachal Pradesh have framed Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 1998 under the Act and have constituted Arunachal Pradesh Building & Other Construction Workers Welfare Board. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

During the year 2020-21, the Government collected ₹ 19.29 crore as Labour Cess under Major Head 0230-00-101 and no amount was transferred to the Building and Other Construction Workers Welfare Board. The un-transferred amount for the year 2020-21 under the Major Head 0230-00-101 was ₹ 19.29 crore and the accumulated un-transferred amount till the end of March, 2021 was ₹ 109.41 crore.

6.16 Bookings under Minor Head 800-Other Expenditure and 800-Other Receipts

The Minor Head 800-Other Expenditure/800-Other Receipts is to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head 800 should be discouraged, since it renders the accounts opaque.

During the year 2020-21, ₹ 7,377.89 crore under 86 Major Heads of accounts, constituting 40.51 *per cent* of the total Revenue and Capital expenditure (₹ 18,210.85 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Similarly, ₹ 909.84 crore under 18 Major Heads of Account, constituting 5.31 *per cent* of the total Revenue Receipts (₹ 17,123.51 crore) was classified under 800-Other Receipts in the accounts.

6.17 Interest Adjustment

Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Account.

Details of these Funds/Deposits and interest paid by the Government during the year 2020-21 are given below:

Table 40: Interest Adjustment

(₹ in crore)				
Funds/Deposits	Balance on 1 April, 2020	Basis for calculation of interest	Interest due	Interest paid
Defined Contribution Pension Scheme for Government Employees.	23.62	Interest calculated as per the rate of interest notified by the Government/ payable to General Provident Fund (7.1 per cent).	1.68	Nil
State Compensatory Afforestation Fund.	1,588.72	Interest calculated at the rate of 4.06 per cent, taking average Ways and Means interest rate for the year 2020-21.	64.50	Nil
State Disaster Response Fund (SDRF).	2.82	Interest calculated at the rate of 4.06 per cent, taking average Ways and Means interest rate for the year 2020-21.	0.11	Nil
Civil Deposit bearing interest (excluding MH- 8342).	15.17	Interest calculated at the rate of 4.06 per cent, taking average Ways and Means interest rate for the year 2020-21.	0.62	Nil

Non-payment of the interest ₹ 66.91 crore has resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit by ₹ 66.91 crore.

6.18 Expenditure on Ecology and Environment

The National Environment Policy, 2006 is intended to mainstream environmental concerns in all developmental activities. The Budget and Expenditure data relating to “Environment”, “Waste Management”, “Prevention and Control of Pollution”, “Environment Research and Education”, “Environmental Protection” etc. are compiled from the vouchers/budget documents etc. rendered by the State Government.

The expenditure incurred by the State Government towards environment is depicted in the Finance Accounts upto the level of Minor Head under various functional head of accounts. During the year 2020-21, the Government of Arunachal Pradesh incurred ₹ 1.66 crore against the budget allocation of ₹ 3.33 crore under Major Head 3435 - Ecology and Environment. The expenditure incurred during 2020-21 of ₹ 1.66 crore was 0.01 per cent of Revenue Expenditure.

6.19 Unspent amount lying in the Bank Accounts of DDOs

Drawing and Disbursing officers (DDOs) are required to withdraw money from the Government Account/Consolidated Fund for making payment on behalf of the Government. Information received from the 2 (two) DDOs (out of 2) revealed that ₹ 242.29 crore was lying in the Savings/Current Bank Account of DDOs as on 31 March 2021.

The PAG/AG (A&E) has requested the Government to close all the Savings/Current Bank accounts of DDOs and to follow the prescribed procedure of Treasury Rules, Receipts and Payments Rules etc. for drawal of money from Government Accounts. Amounts in Savings/Current Bank Accounts being operated by the 2 (two) DDOs are as follows: -

Table 41: Unspent amount lying in the Bank Accounts of DDOs

		(₹ in crore)
Sl. No.	Drawing and Disbursing Officers	Amount
1.	Director, Disaster Management, Government of Arunachal Pradesh, Itanagar.	157.68
2.	Director of Accounts and Treasuries, Government of Arunachal Pradesh, Itanagar.	84.61
Total		242.29

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

6.20 Restructuring of Centrally Sponsored Schemes (CSSs)/ Additional Central Assistance (ACA) excluding Block Grants

Consequent to the merger of Plan/Non-Plan, the Central Assistance released is now classified as Central Assistance/Share under Centrally Sponsored Schemes.

Central Assistance/Share under Centrally Sponsored Schemes of the Government of Arunachal Pradesh in 2020-21 of ₹ 4,319.18 crore was depicted in the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA), and Clearance Memos from RBI, CAS, Nagpur and supporting sanction orders from the respective Ministries were received for the same amount of ₹ 4,319.18 crore (excluding direct transfer to the beneficiaries through PFMS portal by the Central Ministries/Departments). The same have been appropriately booked in the accounts of the State Government under MH 1601 Grants-in-Aid from the Central Government.

The total expenditure booked under Centrally Sponsored Schemes is ₹ 4,632.62 crore (Revenue Expenditure ₹ 2,118.89 crore and Capital Expenditure ₹ 2,513.73 crore), which includes expenditure out of Central Assistance and State share for Centrally Sponsored Schemes.

6.21 MH 8670 Cheques and Bills

Credit balance under MH 8670 Cheques and Bills indicates cheques issued but remaining un-encashed. The opening balance as on 01 April 2020 was ₹ 0.04 crore (Credit). During 2020-21, no cheques were issued, leaving a closing balance of ₹ 0.04 crore (Credit) as on 31 March 2021. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads,

which has not resulted in any cash outflow to the Government of Arunachal Pradesh till 31 March 2021.

6.22 Central Road Fund (CRF)

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

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

6.23 Impact on Revenue deficit and Fiscal deficit

The impact on the Revenue Deficit and Fiscal Deficit of the Government of Arunachal Pradesh as brought out in the preceding paras is tabulated below:

Para Number	Item	Impact on Revenue Surplus		Impact on Fiscal Deficit	
		Overstatement (₹ in crore)	Understatement (₹ in crore)	Overstatement (₹ in crore)	Understatement (₹ in crore)
2(vii)	Non-payment of interest liability on Reserve Funds and Deposits bearing interest	66.91	...	...	66.91
4(ii) (A) (a)	Non-transfer of NDRF to Public Account	59.34	...	...	59.34
4(ii) (A) (a)	Transfer of previous year's share amount of SDRF	...	31.50	31.50	...
4(vi)	Non-Transfer of Cess to APF & OCWWB	19.29	...	...	19.29
	Total (Net) Impact	114.04 (Overstatement)		114.04 (Understatement)	