



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
ON
SOCIAL, ECONOMIC, GENERAL AND REVENUE SECTORS
FOR THE YEAR ENDED 31 MARCH 2022**



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

GOVERNMENT OF ARUNACHAL PRADESH
(Report No. 2 of 2023)

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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 compliance audit of the Departments of the Government of Arunachal Pradesh under Social, Economic, General and Revenue Sectors including Urban Development and Housing Department, Public Health Engineering and Water Supply Departments, Public Works Department, Rural Works Department, Tourism Department, Power Department, Planning Department, Fisheries Department, Industry Department, State Council of Science and Technology, Animal Husbandry and Veterinary Department, Land Management Department, Tax and Excise Department and State Public Sector Undertakings.*
3. *The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2020-21 and 2021-22, as well as those which came to notice in earlier years, but could not be reported in the previous Reports. Matters relating to the period subsequent to 2020-21 and 2021-22 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.*

OVERVIEW

OVERVIEW

Chapter-I: Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the test audit of transactions of various departments of the Government of Arunachal Pradesh pertaining to Social, General, Economic 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 2020-21, out of the total 1,216 audit units (excluding local bodies) under the audit jurisdiction of this office, 141 audit units were planned to be covered in audit. However, 119 units were actually audited during 2020-21. Similarly, out of total 1,296 auditable units during 2021-22, 129 audit units were planned and out of which 156 audit units were actually audited. This Report inter alia contains 18 compliance audit paragraphs, two subject specific compliance audit (SSCA) reports viz. “Goods and Service Tax (GST) Refunds in Tax Department, Government of Arunachal Pradesh” and “Transitional Credits under GST in Taxes Department, Government of Arunachal Pradesh” and two performance audit reports viz. “Implementation of the ‘Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)’ in Arunachal Pradesh” and “Implementation of ‘Deen Dayal Upadhyay Gram Jyoti Yojna (DDUGJY) and Saughagya’ scheme in Arunachal Pradesh”. A synopsis of the important findings contained in this Report is presented in this Overview.

Chapter-II: Social Sector

Compliance Audit Paragraphs

Urban Development & Housing Department

The Executive Engineer, Urban Development & Housing Department, Anni Division extended undue benefit to a Contractor by payment of ₹34.54 lakh without any actual execution of the work. Protection wall of ₹22.98 lakh meant for Burial cum Cremation Ground was actually constructed at Executive Engineer residence.

Recommendations:

The State Government may-

- (i) initiate disciplinary action after investigating the matter against the defaulting officers including Executive Engineer of Anini Division for making payment without ensuring work done and diverting the project fund.***
- (ii) take action against the contractor for claiming of bills without executing works and also take steps to black listed the contractor for such false claiming.***
- (iii) recover the excess amount from the contractor with penalty.***

(Paragraph 2.2)

Public Health Engineering & Water Supply Department

Inadequate planning led to two water supply projects executed (March 2019 and 2020) in Taliha Sub-Division of Upper Subansiri District, and expected to deliver 20,130 liters of water per day to villagers for 17 years, being non-functional and expenditure thereon of ₹1.50 crore was rendered wasteful.

Recommendations:

The State Government may-

- (i) *initiate disciplinary action after investigating the matter against the concerned Executive Engineer and fix the responsibility for above mentioned lapses and violation of GFR due to which water has dried up within two to three years of implementation.*
- (ii) *take steps to revive the project, if feasible.*

(Paragraph 2.3)

Chapter-III: Economic Sector

Power Department

Performance Audit on Deen Dayal Upadhyaya Gram Joyti Yojana (DDUGJY) and Saubhagya scheme in Arunachal Pradesh

A Performance Audit of the Implementation of Deen Dayal Upadhyaya Gram Joyti Yojana and Saubhagya scheme in Arunachal Pradesh carried out covering the period from 2014-15 to 2020-21, revealed several deficiencies in implementation of programme/schemes which are highlighted below:

As against 2,00,210 rural households (2011 census) in 16 districts of the state, access to electricity has now increased from 1,38,775 (69 per cent) (March 2015) to 1,51,739 (75.79 per cent) (March 2021) after the implementation of DDUGJY scheme. However, the Department failed to ensure providing power to non-BPL rural households which were left out and was to be taken up under Saubhagya scheme which was launched in October 2017. Against 0.81 lakh un-electrified rural households in the State (October 2017), 0.41 lakh rural households were declared electrified as on 31 December 2018 under Saubhagya scheme and 0.40 lakh rural households remained un-electrified.

The DPRs of DDUGJY projects were prepared without conducting actual field survey despite lapses pointed by REC, 478 UEVs for electrification through on-grid mode included PEVs and depopulated/uninhabited villages. Execution of works without proper survey, resulted in unfruitful and wasteful expenditure amounting to ₹4.14 crore. Further, out of 1,058 village sanctioned for off-grid mode, only 543 was electrified mainly due to inclusion of electrified and partially electrified villages and overlapping of 111 villages with on-grid mode resulting in inflated number of UEVs and sanctioned cost to the extent of ₹109.8 crore. The DPRs for Saubhagya projects were submitted without field survey resulting in surplus quantities of

material which remains unutilised at Lower Dibang Valley costing ₹0.35 crore and procurement of additional materials at Papum Pare costing ₹3.01 crore. Against the sanctioned cost of ₹418.93 crore for DDUGJY scheme, an amount of ₹276.65 crore had been released and ₹260.77 crore was spent as on 31 March 2021. There was huge savings for DDG/off-grid projects mainly due to substantial reduction of quantities on account of lesser households.

Further, against the sanctioned amount of ₹615.45 crore under Saubhagya scheme, ₹340.38 crore (both central and state) had been released and the entire amount was spent as on 31 March 2021.

There was delay in availing Corporate Liquid Term Deposit (CLTD) facility for DDUGJY scheme fund for more than 11 months from the date of receipt of funds (1st tranche) which had resulted in loss of interest to the extent of ₹0.57 crore. Similarly, the CLTD facility was not availed from the Bank in respect of Saubhagya funds due to which there was a loss of interest amounting to ₹1.74 crore. Non-adherence of bid instructions and CVC guidelines in the tender process led to litigation which not only delayed in award of work ranging from five to 291 days but also resulted in avoidable expenditure of ₹0.94 crore in Papum Pare project. Though completion of two out of 16 projects was delayed by seven to 744 days due to inordinate delay by the contractor, the department failed to levy liquidated damages amounting to ₹1.80 crore. The DT meters installed under DDUGJY were not being used for energy accounting, auditing and checking of energy losses at DTR level by the Electrical Divisions (DoP) resulting in unproductive and wasteful expenditure of ₹3.57 crore. Further, in Lower Dibang Valley and Papum Pare projects, service connections were not released in 29 villages (1,007 HHs) as such creation of LT infrastructures costing ₹11.41 crore has become redundant, besides, non-achievement of the scheme objective. Defective transformers, energy meters and inverters were not replaced within the warranty period under Saubhagya scheme. In East Siang and Papum Pare, the Division failed to replace the defective transformers and meters (142 cases) resulting in unfruitful expenditure of ₹0.11 crore. APEDA also failed to repair/ replace defective inverters (154 cases) in four districts resulting in unfruitful expenditure of ₹0.59 crore.

There was execution of erection works without call of tenders and issue of work orders at higher rates under Saubhagya scheme in Papum Pare which resulted in avoidable expenditure of ₹1.47 crore. Further, in Kurung Kumey and East Siang, tender rate of DDUGJY was adopted instead of department approved rate resulting in avoidable expenditure of ₹3.33 crore. The rate of transportation of materials adopted by three Divisions *viz.* Kurung Kumey, East Siang and Papum Pare were also higher than approved rate of district administration which resulted in avoidable expenditure of ₹1.71 crore. Similarly, APEDA adopted higher rate for transportation of SPV equipment resulting excess expenditure of ₹0.31 crore. Complete verification of infrastructures and BPL HHs connections released as per quality assurance guidelines was not carried out by APDA/DoP in all the four sampled projects of DDUGJY. Similarly, 100 per cent HHs connections and pre-dispatch inspection of all the materials to be utilised under Saubhagya were not carried out by APDA/DoP. Large numbers of defects were observed by REC Quality Mentoring (RQM), *i.e.* 7,556 defects in

487 villages, out of which 73.80 per cent of defects, however, rectified as on 15 January 2021.

There was monitoring mechanism ineffective due to the fact that only one SLSC meeting was held during the last five years from 2014-15 to 2019-20 and DPRs of both DDUGJY and Saubhagya were submitting to REC without consultation and recommended by SLSC. Further, out of 69 numbers of DEC meetings to be held in four sampled Districts during the period 2015-20, only three meetings were conducted and out of 50 numbers of meetings to be held by DISHA committees, only four meetings were conducted.

Recommendations:

- *The Department should ensure that DPRs are prepared only after detailed field survey so as to include only eligible villages/habitations/households in DPRs in order to avoid wasteful expenditure and procurement of surplus materials.*
- *The process of project approval, award of work and the compliance should be closely monitored to ensure that any hindrances are timely detected and appropriate corrective measures be taken.*
- *All the bid parameters should be reflected in the NIT and appropriate control should be introduced to ensure that bid evaluation process is transparent and fair.*
- *The features of distribution transformer meters which enable energy accounting, auditing and checking of energy losses should be put to use.*
- *Appropriate control should be ensured that the supplier/PIA complies with their liability during the warranty period.*

(Paragraph 3.2)

Agriculture Department

Performance Audit on ‘Pradhan Mantri – Kisan Samman Nidhi (PM-KISAN) Yojana’ in Arunachal Pradesh

A Performance Audit of the implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) in Arunachal Pradesh carried out covering the period from 2019-20 to 2020-21, revealed several deficiencies in implementation of programme/schemes which are highlighted below:

There was no duly approved alternate mechanism for identification of beneficiaries as per the guidelines developed in Arunachal Pradesh hampering proper implementation of the scheme. Thus, in the absence of approved mechanism for eligibility of farmers, the sole criteria for eligibility was self-declaration forms, due to which many ineligible beneficiaries were extended the benefits of the scheme. The State Nodal Department could not provide justification or basis for determining potential beneficiaries in the state. Due to this, more than the total available beneficiaries registered in two of the four sampled districts. Further, coverage of the scheme and beneficiaries yet to be registered could not be determined.

Self-registration process was not properly implemented in the state leading to undue rejections and 90 per cent of registration attempts pending of validation. A total of 373 beneficiaries were registered without verification of appropriate authorities and benefits of ₹28.22 lakh has already been extended to the unverified beneficiaries. A total benefits amounting to ₹46.98 lakh has been extended to 572 ineligible beneficiaries.

There was excess disbursement of ₹95.00 lakh from PFMS linked scheme accounts for which the state nodal department could not justify. The State Project Monitoring Unit did not undertake any activity and there was severe shortage in coverage of “five per cent physical verification” to be undertaken as per scheme guidelines.

Recommendations:

- *Proper alternate mechanism duly approved by Ministry as stipulated in the guidelines for identification of eligible beneficiaries should be developed.*
- *Efforts should be made to strengthen the verification process so as to ensure that eligible beneficiaries are registered promptly and ineligible beneficiaries are rejected.*
- *The Self Registration system should have control embedded to ensure that applications are complete with respect to the supporting documents are approved timely and ineligible applicants are rejected by the system.*
- *Mandatory five per cent physical verifications should be completed timely and actionable findings should be acted upon.*
- *The State level Project Monitoring Unit should take more active role in monitoring of the scheme.*

(Paragraph 3.3)

Compliance Audit Paragraphs

Public Works Department

Expenditure of ₹45.55 crore on two road projects, which intended to connect 13 villages in East Siang and nine villages in West Siang District, was wasted as the intended habitats remained unconnected due to faulty planning, non-conduct of baseline survey and feasibility assessment.

Recommendation:

The State Government may fix responsibility after taking necessary action against the concerned Executive Engineer for improper planning of the project, releasing payment without ensuring work done and misreporting the status of work.

(Paragraph 3.4)

Rural Works Department (RWD)

Expenditure of ₹115.48 lakh on construction of a Shopping Complex with identified objectives to create better marketing facilities under Hawaii Division was unfruitful as the

execution of the project was marred with improper planning leading to inordinate delays. The facility remained un-electrified leading to the Complex being unutilised even after lapse of over eight years.

Recommendation:

The State Government may take appropriate action to lease out the building to market welfare associations/ self-help group and utilise the asset for which it was created.

(Paragraph 3.5)

Fisheries Department

Improper planning and inadequate monitoring/supervision led to some components of the project 'Reclamation of Borbeel with introduction of Pen & Cage culture and backup facilities, Development of Potential area for commercial fish farming/ integrated farming with back up infrastructure at Namsai and Mahadevpur' incomplete despite an expenditure of ₹5.83 crore and the objectives related to the project could not be achieved.

Recommendations:

The State Government may-

- (i) take appropriate action against the concerned officers after fixing the responsibility for execution of work without collaborating with co-operative societies/PPP and payment of work without ensuring actual execution of work done.***
- (ii) take steps to operationalise the scheme by allocating maintenance fund in order to achieve intended objective of the programme.***

(Paragraph 3.6)

Power Department

Excess fund (₹79.42 lakh) obtained from POWERGRID by inflating estimate were irregularly utilised outside the scope of the agreement.

Recommendation:

The State Government may take appropriate action against the concerned Executive Engineer of Power Department after fixing the responsibility for diverting the project fund.

(Paragraph 3.7)

Tourism Department

Implementation of project without need assessment coupled with delays in release of funds resulted in its completion with a delay of over five years of the stipulated time of its completion and after an expenditure of ₹3.81 crore. Besides, fraudulent payment of ₹58.11 lakh was made to contractor based on falsified MBs without ascertaining actual execution of work. Also, the project remained idle from the date of its completion.

Recommendations:

The State Government may-

- *expedite to lease out the project to generate revenue.*
- *fix the responsibility of the concerned Executive Engineer for irregular payment to contractor on basis of falsified MBs without ascertaining actual execution of work.*
- *take appropriate steps to initiate criminal proceedings against the erring official/officer for falsification of records.*

(Paragraph 3.8)

Industry Department

The Director of Industry procured industrial equipment in March 2017 for the Industrial Safety and Hygiene Laboratory without ascertaining its requirement and availability of trained staff for its operation. As a result, the equipment has not been installed for five years leading to wasted expenditure of ₹1.20 crore on its procurement.

Recommendations:

The Department may explore possibilities to utilise idle items as early as possible. Action may also be taken against delinquent officer for procurement of items without assessing actual requirement.

(Paragraph 3.9)

State Council of Science and Technology

The State Council of Science and Technology granted Mobilisation advance of ₹1.40 crore (68 per cent of contract amount) to contractor beyond the permissible limit of 10 per cent. There was no provision for charging interest which led to undue financial benefit to contractor and loss of ₹59.22 lakh to the Government.

Recommendations:

The Department may take initiative to realise outstanding interest on mobilisation advances as per norms and deposit into the Government account.

(Paragraph 3.10)

Chapter-IV: General Sector

Compliance Audit Paragraphs

Planning Department

Absence of internal controls led to fraudulent payment (March 2019) of ₹45.00 lakh to Urban Development & Housing, Ziro Division without execution of a work as the same work was subsequently executed by PWD, Ziro at the cost (March 2020) of ₹45.00 lakh.

Recommendation:

The State Government may further investigate and take appropriate action against the delinquent officer after fixing the responsibility for payment of work without ensuring work done and misappropriating the project fund.

(Paragraph 4.2)

Expenditure on food items of ₹69.00 lakh meant for 35 camps were spent towards organising only 26 camps (74 per cent). Out of the above, the related payment of ₹42.50 lakh shown to be paid on food items to two doubtful firms through suspected fake bills.

Recommendation:

The State Government may investigate the case and after fixing the responsibility appropriate disciplinary action may be taken against the officers and suppliers concerned.

(Paragraph 4.3)

Suspected misappropriation of ₹50.00 lakh of public money from the Government Accounts was made using falsified records by furnishing bogus bills and scanned copy of Sanction Order.

Recommendation:

The State Government must take appropriate disciplinary/vigilance/ criminal action, after investigation, against the officers in DPO, Raga and DTO Ziro involved in the suspected misappropriation. The internal controls may be strengthened to contain reoccurrence of such irregularities in addition to recovering interest on the misappropriated public money from the delinquent officers.

(Paragraph 4.4)

Tampering of the Government Notification was resorted for manipulating the Envelop SE (laminated) rate of ₹399.90 per piece in place of ₹399.90 per 100 pieces. This led to suspected fraudulent payment of ₹39.59 lakh to the contractor.

Recommendation:

The Department should investigate the matter and initiate vigilance/ disciplinary action against the officers involved.

(Paragraph 4.5)

Chapter-V: Revenue Sector

Trend of Revenue receipts

The total revenue receipts of the State Government was increased by ₹2,234.96 crore (15.01 per cent) over the previous year during 2020-21. The increase was mainly due to rise

in the Share of net proceeds of divisible Union taxes and duties by ₹1,485.01 crore (16.52 *per cent*) and Grant-in-aid by ₹362.43 crore (9.01 *per cent*). The Tax and Non-Tax Revenue of State Government increased by ₹202.37 crore (16.47 *per cent*) and ₹185.15 crore (28.42 *per cent*) during the same period.

Similarly, during 2021-22, the total revenue receipts of the State Government was increased by ₹4,108.51 crore (23.99 *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 ₹4,171.32 crore (39.83 *per cent*). The tax revenue of State Government was also increased by ₹208.69 crore (14.58 *per cent*). However, the increase was offset by decrease in Grants-in-Aid by ₹210.02 crore (4.79 *per cent*) and decrease in non-tax revenue of the State Government by ₹61.86 crore (7.39 *per cent*) during the same period.

(Paragraph 5.1.1)

During 2020-21, out of 161 auditable units, 25 units (15.53 *per cent*) were planned for audit under revenue sector and 19 units (11.80 *per cent*) were actually audited. Similarly, during 2021-22, out of 178 auditable units, 16 units (8.99 *per cent*) were planned for audit under revenue sector and 19 units (10.67 *per cent*) were actually audited.

(Paragraph 5.2)

Subject Specific Compliance Audit (SSCA)

SSCA on Transitional Credits under Goods and Service Tax (GST) in Department of Taxes, Government of Arunachal Pradesh

A Subject Specific Compliance Audit on Transitional Credits under Goods and Service Tax (GST) in Department of Taxes, Government of Arunachal Pradesh was carried out covering period from July 2017 to March 2020.

Audit observed that only the genuine and eligible claims of transitional credit were carried forward to the GST regime the Department of Tax and Excise was required to verify the legacy returns of the taxpayers along with the TRAN-1s and other supporting documents. However, audit of the 67 sample cases of transitional credit revealed that out of the 47 claims under the jurisdiction of State, only 17 claims (36.17 *per cent*) have been verified by the department till date and 30 claims (63.83 *per cent*) still remain unverified even after the expiry of more than one year from the last date of submissions of TRAN-1s returns *i.e.* 31 March 2020.

Due to the lack of effective mechanism to verify the TRAN-1s, taxpayers managed to avail transitional credit against ineligible input tax credit of VAT regime. Audit detected 31 such cases (total deficiency ₹1.08 crore) which were intimated to the department for further action at their end.

Recommendations:

- *The Department may take steps to verify the discrepancies pointed out by Audit and other irregular cases in the State to ensure that only genuine and eligible ITC claims are carried over to GST regime.*
- *Steps may also be taken to complete verification and ex-post-facto validation of GST claims of taxpayers.*
- *The Department may consider organising more training programmes on GST (backend applications) for the Jurisdictional Officers.*
- *The Department should consider introducing a monthly/ quarterly MIS from the Jurisdictional Officers/districts with regard to verification of transitional credit claims.*
- *The Department may take steps to recover the undue claim of transitional credit paid to taxpayers.*

(Paragraph 5.4)

**SSCA on Goods and Service Tax (GST) Refunds in Department of Taxes,
Government of Arunachal Pradesh**

A Subject Specific Compliance Audit on Goods and Service Tax (GST) Refunds in Department of Taxes, Government of Arunachal Pradesh was carried out covering period from July 2017 to July 2020.

During the SSCA, the refund data pertaining to the period from July 2017 to July 2020 made available by GSTN was analysed and risk based sample of 27 cases totaling ₹2.11 crore was extracted for detailed audit. Out of the 27 cases, 21 cases of total refund value ₹1.83 crore pertained to pre-automation period *i.e.* before 26 September 2019 and 6 cases of total refund value ₹28.47 lakh pertained to the post-automation of refund process.

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime.

However, audit of 27 sample cases of refund revealed that the department not only did not comply with the provisions of the Act and Rules but also failed to ensure timely settlement of the refund claims. It was noticed that the Assessing Officers issued acknowledgement (RFD-02) in respect of only 6 cases and no acknowledgement was issued in the remaining 21 cases. Further, out of the 27 sample cases only 6 refund claims pertaining to post-automation period were settled by the Assessing Officers and the remaining 21 cases were yet to be settled till date of audit. The Assessing Officers also failed to maintain the required registers for the pre-automation refund claims. Moreover, no post-audit of the sanctioned refunds was carried out by the Department.

Recommendations:

- *The Department may strengthen the monitoring mechanism to ensure that the Jurisdictional Officers comply with the provisions of the APGST Act & Rules 2017 and timely process the refund cases.*
- *The Department may consider organizing more trainings on GST (backend applications) for the Jurisdictional Officers.*
- *The deficiencies noticed in the applications should be taken up with GSTN for embedding appropriate controls in the application.*
- *The Department should consider introducing a monthly/quarterly MIS from the Jurisdictional Officers/districts that captures number and time taken by them in processing of refund applications i.e. number of cases pending for more than a year, more than 6 months, more than a month, etc.*
- *The Department may take necessary steps to provide internet connectivity in the remaining districts for smooth administration of GST in the entire State.*

*(Paragraph 5.5)***Compliance Audit Paragraphs****Tax & Excise Department**

The Assessing Authority failed to detect short-deposit of excise duty of ₹12.76 lakh by a wholesale vendor of IMFL which resulted in short-realisation of revenue.

Recommendation:

The Government should prepare a charter of duties for excise officers clearly defining their duties and roles in order to strengthen the internal control in the department. Recovery of outstanding tax amount may also be expedited and necessary action and penalty may be imposed on the supplier for wilful alteration of applicable excise rate.

(Paragraph 5.6)

The Assessing Authority failed to detect concealment of total turnover declared by a dealer in VAT return (FF-01) resulting in evasion of tax of ₹4.58 lakh for which an equal penalty and interest ₹2.57 lakh is also leviable.

Recommendation:

The Government may fix responsibility on concerned ST for negligence and tax suppression. Action may also be taken to recover outstanding tax, penalty and upto date interest from the dealer.

(Paragraph 5.7)

The Assessing Authority failed to detect concealment of taxable turnover of ₹1.37 crore by a dealer and evasion of Value Added Tax (VAT) of ₹27.38 lakh for which an equal penalty and interest ₹8.61 lakh is also leviable.

Recommendation:

The Government may expedite to recover outstanding tax amount after fixing responsibility on the concerned assessing officer for non-assessment of tax return.

(Paragraph 5.8)

Land Management Department

Non realization of Annual Lease Rent/ Land Revenue amounting to ₹2.57 crore (from Central Government, Central Government Undertakings and Private Individuals) resulted in the land revenue outstanding related to last 39 years.

Recommendation:

The Government may expedite the recovery of outstanding land revenue by taking appropriate action in accordance to Section 60 of Arunachal Pradesh Land Settlement and Records Act, 2000. The responsibility may also be fixed on the concerned officer for not issuing notice of demand and arrears of revenue on time.

(Paragraph 5.9)

Chapter-VI: Economic Sector (PSUs)

As of 31 March 2022, there were seven PSUs (all Government Companies) in Arunachal Pradesh. None of these Companies are listed on the Stock Exchange. During the year 2020-21 and 2021-22, no SPSU was added to the audit jurisdiction of Principal Accountant General, Arunachal Pradesh. No existing SPSU was closed down during the year.

(Paragraph 6.1.1)

Investment in SPSU

As of 31 March 2022, the State's investment in the seven PSUs was ₹27.87 crore, comprising 69.93 *per cent* towards capital and 30.07 *per cent* in long-term loans, which remained constant during last five years. The thrust of investment was mainly in the Finance and Power sectors, which had around 38 and 37 *per cent* of the total investment respectively, as on 31 March 2022.

(Paragraph 6.1.2)

Rate of Real Return on Government Investment

During 2021-22, out of six working SPSUs, three SPSUs earned profit (₹5.83 crore), while the remaining three SPSUs incurred loss (₹3.42 crore) as per their latest finalised accounts. Based on the historical value of investment, the Return for 2021-22 on State Government investment worked out to 3.76 *per cent* as against the RORR of 1.31 *per cent* on the investment at present value. The difference in the percentage of return was on account of the adjustment made in the investment amount for the time value of money.

(Paragraph 6.1.9)

Compliance Audit Paragraphs

Arunachal Police Housing and Welfare Corporation Ltd (APH&WCL)

APH&WCL failed to scrupulously comply with the statutory provisions on Corporate Social Responsibility activities as specified in Schedule VII of the Companies Act, 2013 despite a lapse of over six years.

Recommendation:

The State Government may direct AP&WCL to incur expenditure under CSR in accordance with provision of Company Act 2013.

(Paragraph 6.2)

Chapter VII Follow up of Audit Observations

During the period 2020-21 and 2021-22, two Public Accounts Committee (PAC) meetings were held in February 2021 and July 2021 after a gap of over thirteen months (the PAC met earlier in January 2020). During 2020-21, the Committee selected total 116 paras/ sub-paras in respect of eight Departments pertaining to the period from 2008-09 to 2016-17 for discussion and dropped 103 para/ sub paras. In 2021-22, the Committee has selected five Action Taken Notes (ATNs) in respect of four Departments pertaining to the period 1988-89 to 1996-97 for discussion and dropped four ATNs.

(Paragraph 7.1)

As of March 2022, 6,606 Paragraphs pertaining to 1,247 Inspection Reports (IRs), involving ₹7,889.43 crore were outstanding. Out of 1,247 IRs, the first replies to 935 IRs have not been received.

Recommendation:

The State Government may ensure 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.

(Paragraph 7.3)

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 Undertakings), General, Revenue, Economic (State Public Sector Undertakings) 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 Public Sector Undertakings), General, Revenue and Economic (Public Sector Undertakings) 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 both the functions of 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 Undertakings, Autonomous Bodies and other Institutions¹ 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 one Deputy Accountant General and other staffs.

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

¹ Government funded Non-Governmental Organisations like Rama Krishna Mission, Pui Welfare Society *etc.*

of the Balance Sheet of all State Government companies under Section 143 (6) (a) of the Companies Act, 2013. This office is responsible 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 prescribe the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

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 table of the State Legislature.

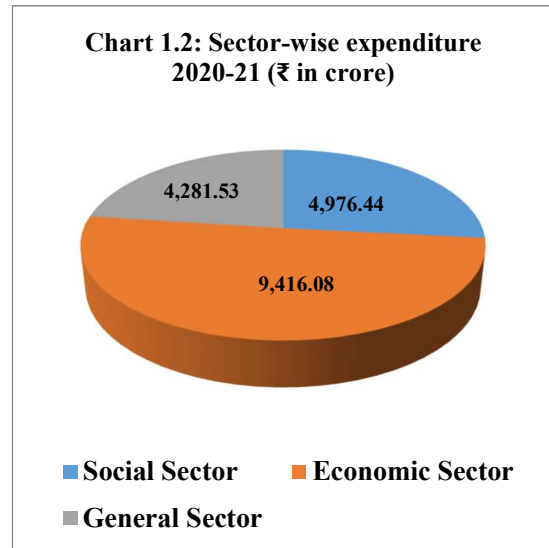
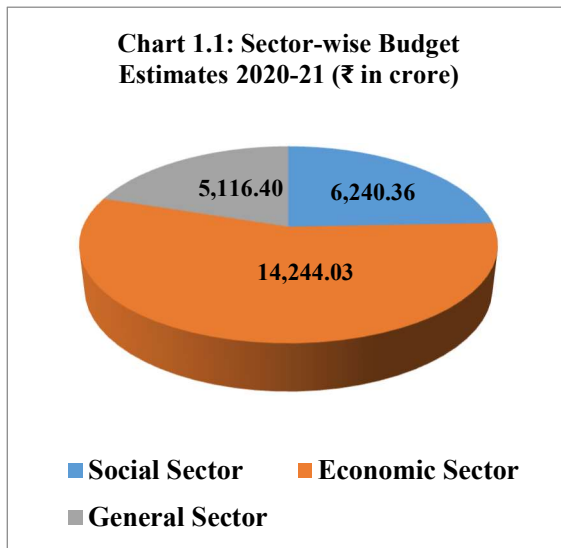
Annual Audit Plan for 2020-21 and 2021-22 were prepared in such a way that they fitted into the long term and short-term goals of audit in consonance with the overall "Vision and Mission" of the Indian Audit and Accounts Department. They were prepared after carrying out risk assessment and keeping in 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 auditees, 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 auditee 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 1,216 audit units (excluding local bodies) under the audit jurisdiction of this office, 141 audit units were planned to be covered in audit during 2020-21. However, 119 units were actually audited during 2020-21. Similarly, out of

total 1,296 auditable units during 2021-22, 129 audit units were planned and out of which 156 audit units were actually audited.

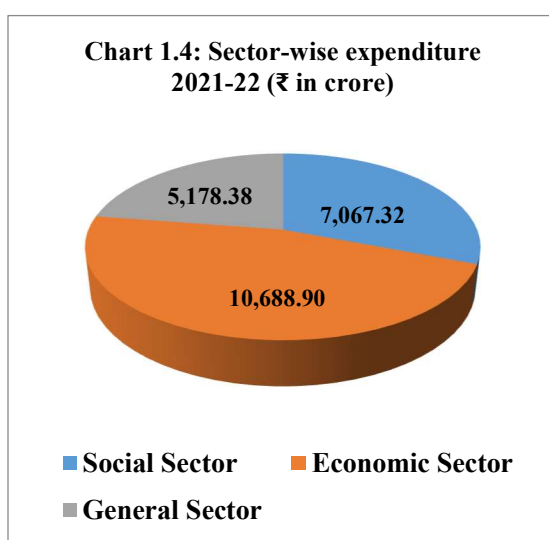
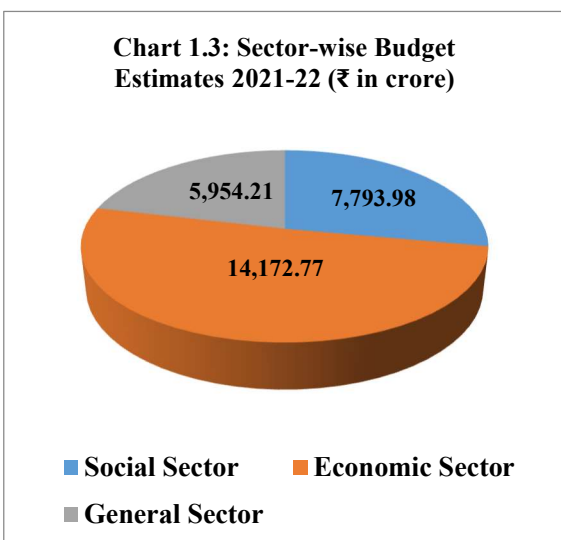
1.4 Significant Audit Observations

During the year 2020-21, the State Government had incurred an expenditure of ₹18,674.05 crore against the budget provision of ₹25,600.80 crore (72.94 *per cent*) under Social, Economic and General Sectors. Sector-wise expenditure of the State Government during 2020-21 is depicted in the **Chart 1.1** and **1.2**.



(Source: Appropriation Accounts, 2020-21)

During the year 2021-22, the State Government had incurred an expenditure of ₹22,934.60 crore against the budget provision of ₹27,920.96 crore (82.14 *per cent*) under the Social, Economic and General Sector. Sector-wise expenditure of the State Government during 2020-21 is depicted in the **Chart 1.3** and **1.4**.



(Source: Appropriation Accounts, 2021-22)

Out of total expenditure of ₹18,674.05 crore during 2020-21, the State Government incurred ₹13,286.41 crore (71.15 *per cent*) as revenue expenditure. The remaining

₹5,387.64 crore was capital expenditure (28.85 per cent). Out of total revenue expenditure, ₹5,058.48 crore (38.07 per cent) was incurred on salaries.

Similarly, out of total expenditure of ₹22,934.60 crore during 2021-22, the State Government incurred ₹16,088.93 crore as revenue expenditure (70.15 per cent). The remaining ₹6,845.67 crore was capital expenditure (29.85 per cent). Out of total revenue expenditure, ₹5,568.44 crore (34.61 per cent) was incurred on salaries. The sector wise expenditure incurred on salaries out of total revenue expenditure during 2020-21 and 2021-22 was depicted in **Table 1.1**.

Table 1.1: Details of sector wise expenditure on salary

(₹ in crore)

Sector	2020-21			2021-22		
	Revenue expenditure	Salary expenditure	Salary Expenditure (in per cent)	Revenue expenditure	Salary expenditure	Salary Expenditure (in per cent)
Social	4,329.01	1,998.28	46.16	5717.03	2190.79	38.32
General	3,940.23	1,341.12	34.04	4559.71	1,489.91	32.68
Economic	5,017.16	1,719.08	34.26	5812.19	1887.74	32.48
Total	13,286.41	5,058.48	38.07	16,088.93	5,568.44	34.61

(Source: Appropriation Accounts, 2020-21 and 2021-22)

This Report *inter alia* contains 18 compliance audit paragraphs, two subject specific compliance audit (SSCA) reports viz. “Goods and Service Tax (GST) Refunds in Tax Department, Government of Arunachal Pradesh” and “Transitional Credits under GST in Taxes Department, Government of Arunachal Pradesh” and two performance audit reports viz. “Implementation of the Pradhan Mantri Kisan Samman Nidhi in Arunachal Pradesh” and “Implementation of the Deen Dayal Upadhyaya Gram Jyoti Yojana in Arunachal Pradesh”. These audit findings are based on test check of the transactions of 119 units² audited in 2020-21 and 156 units³ audited in 2021-22 involving an expenditure of total ₹8,302.12 crore⁴ in 2020-21 and ₹6,886.67 crore⁵ in 2021-22 under Social, Economic, General and Revenue Sectors of the GoAP. Significant audit findings are discussed in the respective succeeding Chapters.

² Social Sector: 32 units, Economic Sector: 56 units, General Sector: 12 units and Revenue Sector: 19 units during 2020-21.

³ Social Sector: 41 units, Economic sector: 73 units, General Sector: 23 units and Revenue Sector: 19 units during 2021-22.

⁴ ₹3,133.68 crore under Social Sector; ₹4,155.84 crore under Economic Sector and ₹1,012.60 crore under General Sector.

⁵ ₹2,486.12 crore under Social Sector, ₹2,728.24 crore under Economic Sector and ₹1,672.31 crore under General Sector.

CHAPTER – II

SOCIAL SECTOR

CHAPTER – II: 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 2020-21, total budget allocation of the State Government in Departments under Social Sector was ₹6,240.36 crore, against which the actual expenditure was ₹4,976.44 crore (79.75 *per cent*) whereas the budget allocation during 2021-22 was ₹7,793.98 crore against which ₹7,067.32 crore (90.68 *per cent*) was actually incurred. 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

Sl. No.	Department	2020-21		Expenditure (in per cent)	2021-22		Expenditure (in per cent)
		Budget	Expenditure		Budget	Expenditure	
1.	Social Welfare, Women and Child Development	265.02	239.97	90.55	288.62	281.95	97.69
2.	Education	1948.33	1566.63	80.41	2480.59	2351.23	94.79
3.	Health and Family Welfare	1048.85	939.56	89.58	1407.13	1372.35	97.53
4.	Art and Cultural Affairs	14.51	8.54	58.87	21.66	19.42	89.66
5.	Research	18.18	13.04	71.70	22.70	20.44	90.03
6.	Labour and Employment	10.79	8.48	78.63	11.43	10.12	88.49
7.	Sports and Youth Affairs	101.24	35.13	34.70	138.88	136.42	98.23
8.	Relief, Rehabilitation and Re-settlement	324.83	333.69	102.73	302.64	190.62	62.99
9.	Information and Public Relations	61.59	41.95	68.11	60.54	50.35	83.17
10.	Library	15.48	12.05	77.87	16.25	15.30	94.14
11.	Urban Development and Housing	310.78	216.31	69.60	490.05	417.95	85.29
12.	Public Health Engineering	1254.94	1109.90	88.44	1551.03	1290.71	83.22
13.	Town Planning	355.91	186.06	52.28	420.24	391.36	93.13
14.	Karmik and Adhyatmik Affairs	28.95	9.07	31.32	18.95	16.03	84.64
15.	Social Justice, Empowerment and Tribal Affairs	406.64	230.66	56.72	451.85	410.38	90.82
16.	Skill Development and Entrepreneurship	45.04	18.86	41.87	56.47	52.60	93.15
17.	Department of Indigenous Affairs	27.32	5.25	19.24	51.75	37.31	72.09
18.	Political	1.96	1.28	65.21	3.20	2.77	86.54
Total		6240.36	4976.44	79.75	7793.98	7067.32	90.68

(Source: Appropriation Accounts, 2020-21 and 2021-22)

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

- During 2020-21, the expenditure incurred by the Departments ranged between 19.24 and 102.73 *per cent* of the allocations whereas during 2021-22, the expenditure ranged between 62.99 and 98.23 *per cent* of allocation made.
- Two Departments have incurred more than 90 *per cent* of total budget allocation viz. Relief, Rehabilitation and Re-settlement (102.73 *per cent*) and Social Welfare, Women and Child Development (90.55 *per cent*) during 2020-21.
- Nine Departments have incurred more than 90 *per cent* of total budget allocation viz. Sports and Youth Affairs (98.23 *per cent*), Social Welfare, Women and Child Development (97.69 *per cent*), Health and Family Welfare (97.53 *per cent*) Education (94.79 *per cent*), Library (94.14 *per cent*), Skill Development and Entrepreneurship (93.15 *per cent*) Town Planning (93.13 *per cent*) Social Justice, Empowerment and Tribal Affairs (90.82 *per cent*) and Research (90.03 *per cent*) during 2021-22.
- The Relief, Rehabilitation and Re-settlement Department incurred 102.73 *per cent* of allocation made during 2020-21.

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 32 units of eight Departments and 41 units of six Departments involving expenditure of ₹3,133.68 crore and ₹2,486.12 crore (including expenditure of earlier years) respectively during 2020-21 and 2021-22 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 laying before the State Legislature.

Major observations noticed in Audit, pertaining to the Social Sector during 2020-21 and 2021-22 are discussed in subsequent paragraphs of this Chapter.

Compliance Audit Paragraphs

Urban Development and Housing Department

2.2 Excess payment and diversion of funds

Executive Engineer, Urban Development and Housing Department, Anni Division extended undue benefit to a Contractor by payment of ₹34.54 lakh without any actual execution of the work. Protection wall of ₹22.98 lakh meant for Burial cum Cremation Ground was actually constructed at Executive Engineer residence.

The Ministry of Housing and Urban Poverty Alleviation (HUPA⁶), Government of India (GoI) introduced (2001-02) a Centrally Sponsored Scheme (CSS) '*10 per cent lumpsum provision for the benefit of North-Eastern Region including Sikkim*'. The objective of the scheme was to ensure speedy development in urban area under the North-Eastern Region by increasing new projects/ schemes in the Region. The funding pattern under the project was to be shared in the ratio 90:10 between the GoI and the Government of Arunachal Pradesh (GoAP).

Paragraph 15(i) of the scheme guidelines (2001-02) states that a Committee should be constituted under the Chairpersonship of District Magistrate/ Deputy Commissioner for overall supervision, direction and monitoring of the projects sanctioned.

The Ministry of HUPA, GoI conveyed sanction (July 2013) of ₹4.64 crore for the work 'Construction of Burial Cum Cremation Ground at Anini' under the scheme. The project *inter alia* included provision for construction of 175 mtrs protection wall with of height of four meters on the backside of the burial cum cremation ground.

The Administrative approval and expenditure sanction of ₹4.63 crore was accorded (December 2013) for the project. The Technical Sanction (TS) of the project was accorded by the Chief Engineer, Urban Development & Housing (UD&H) Department at cost of ₹4.50 crore. The provision of protection wall length was revised from 175 mtrs, 4 mtrs height (₹1.11 crore) in original estimate to 211 mtrs, 4 mtrs height (₹1.21 crore) in TS Estimate.

Scrutiny of records (July 2021) of the Executive Engineer, UD&H, Anini Division revealed the followings:

- Division floated (January 2014) Notice Inviting Tender (NIT) for the work and the work was awarded (September 2014) to firm M/s Dagmo Riba at agreement amount of ₹4.50 crore. The stipulated period of completion of the project was March 2016. However, as per bills/ vouchers and Quarterly Progress Report (QOR), the work was completed in June 2018 with delay of more than two years from the stipulated date.

⁶ Merged with Ministry of Housing and Urban Affairs of Government of India in 2017

- The work construction of 211 mtrs protection wall 4.00 mtrs height was awarded to the Contractor for an agreement amount of ₹1.21 crore. The work was completed and payment of ₹1.21 crore released to the Contractor for construction of 211 mtrs protection wall with 4.00 mtrs height (844 sqmtr) @ ₹14,365.82 per sqmtrs. In measurement books, the height of wall was also measured as 4.00 mtrs. Audit during (July 2021 and October 2021) Joint Physical Verifications (JPV) of the work along with Division's Officers found that out of the approved 211 mtrs protection wall of 4.00 mtrs height, only 89 mtrs of height 4.00 mtr (356 sqmtr) protection wall was executed at parking place of Burial campus. Thus, there was a short execution/ below specification of work of 122 sqmtr (211 sqmtr *minus* 89 sqmtr) for which full payment was made.

Again, the short executed work of 122 sqmtr, was deviated from the agreement as discussed in **Table 2.2**.

Table 2.2: Details of deviated work executed by the Contractor

Sl. No.	Location	Length (mtr)	Height (mtr)	Quantity (sqmtr) ⁷
1.	On the way to ground	15.00	1.50	22.50
2.	Left side of entrance gate	13.00	2.50	32.50
3.	100 mtr from location 2	37.00	2.50	92.50
4.	Residence of EE, UD&H, Anini	40.00	2.50	100.00
Total		105.00	--	247.50

(Source: JPV dated 02.10.2021)

Thus, the Contractor had constructed only a total of 194 mtr (89 mtr + 105 mtr) Protection Wall of varying heights. The actual quantity of protection wall constructed was only 603.50 sqmtr. However, the payment of ₹1.21 crore was released for construction of the entire 844 sqmtr (211 mtr x 4 mtr) of wall. Thus, ₹34.54 lakh was paid for the wall of 240.50 sqmtr that was never constructed and payment was released to the Contractor on the basis of fictitious measurement recorded in MBs.

- Besides, the work was meant for the Burial-Cum-Cremation Ground, Anini. However, audit found that 100.00 sqmts (Sl. No. 4. above) of protection wall worth ₹22.98 lakh was constructed at the residence of Executive Engineer, leading to an unauthorised diversion of funds. Photos of the wall are as follows:

⁷ Thicknesses of walls were not considered and area of wall profile has been worked out for quantitative purpose.

	
<i>40.00 mtr Protection wall was executed at E.E Residence instead of project site</i>	<i>Protection Wall had height of 1.50 mtr at location 1 (inclusive of 0.50 mtr foundation work).</i>

Due to the failure of the Department to properly specify the actual requirement of wall and non-constitution of committee for overall supervision, direction and monitoring of the projects sanctioned, the EE, UD&H, Anini Division constructed the walls at different specifications at different locations and paid an excess amount of ₹34.54 lakh to the Contractor without execution of work. Besides, an amount of ₹22.98 lakh meant for protection of burial ground was diverted to EE residence.

In response, the Department accepted the audit finding and stated (October 2021 & February 2022) that the matter would be reviewed, and corrective measure would be taken.

Recommendations:

The State Government may-

- (i) initiate disciplinary action after investigating the matter against the defaulting officers including Executive Engineer of Anini Division for making payment without ensuring work done and diverting the project fund.***
- (ii) take action against the contractor for claiming of bills without executing works and also take steps to black listed the contractor for such false claiming.***
- (iii) recover the excess amount from the contractor with penalty.***

Public Health Engineering and Water Supply Department

2.3 Wasteful expenditure of ₹150.00 lakh

Inadequate planning led to two water supply projects executed (March 2019 and 2020) in Taliha Sub-Division of Upper Subansiri District, and expected to deliver 20,130 liters of water per day to villagers for 17 years, being non-functional and expenditure thereon of ₹1.50 crore was rendered wasteful.

The Government of Arunachal Pradesh (GoAP) sanctioned two projects namely ‘Providing Water Supply at Lingruk Riamukh Village’ and ‘Providing Water Supply at Bibe Riamukh Village’ in Taliha Sub-Division of Upper Subansiri District under State Annual Development Agenda (SADA) in December 2017 and January 2019 respectively. The sanction cost of each project was ₹75.00 lakh. Both projects were sanctioned to provide water supply for the same area. Project-I was to provide water

supply to 122 souls of Lingruk Riamuk Village. Further, due to migration of people from nearby villages, there was a rapid growth in population and as a result the amenities provided in the past had become inadequate. Thus, the Department implemented Project-II in 2018-19 to serve 224 targeted souls. The estimates of both projects *inter alia* included similar scope of work as detailed in **Table 2.3**.

Table 2.3: Scope of Project-I and Project-II

Sl. No.	Provisions as per estimates	
	Project-I	Project-II
1.	Drop inlet headwork	Drop inlet headwork
2.	Pre-sedimentation tank	Pre-sedimentation tank
3.	Sedimentation tank	Sedimentation tank
4.	Slow sand filter	Slow sand filter
5.	Clear water reservoir	Clear water reservoir
6.	Public stand post	Public stand post
7.	Chainlink fencing	Chainlink fencing
8.	Main pipe laying	
9.	Storage Tank	

(Source: Departmental records)

The water source of Project-I was perennial ‘Suke Siko’ stream having water discharge 0.0098 Cumec⁸ in monsoon and 0.0083 Cumec in lean seasons. The detail of water source for Project-II was not provided in the estimate. As per estimates, Project-I was designed to deliver 6,710 liters water (122 souls x 55 LPCD capacity⁹) per day and Project-II was designed to deliver 13,420 liters water (244 souls x 55 LPCD capacity) per day for next fifteen years.

Scrutiny of records (March 2021) of the Executive Engineer (EE), PHE&WS, Kodukha Division revealed the following:

- It was observed that the Division has executed the both the projects by issue of 38 work orders to 14 local Contractors and 56 work orders to 22 local Contractors for Project-I and Project-II respectively. The EE issued work orders to local Contractors keeping value of each work order within his financial power¹⁰ in order to avoid the necessity of obtaining the sanction of higher authority. The practice is irregular and in contravention to the provision provided in Rule 157 of General Financial Rule (GFR) 2017 which states that demand for goods/ services should not be divided into small quantities to make piecemeal to avoid the necessity of obtaining the sanction of higher authority.
- Section 2.1 (2) of CPWD Works Manual 2014 stipulates that no work should be commenced, or any liability thereon incurred until an administrative approval has been obtained.

⁸ Rate of flow of water in Cubic Meter per Second

⁹ According to guideline of Jal Jeevan Mission (JJM)⁹, the minimum water requirement in rural areas for every household is 55 litres per capita per day (LPCD). Government of India has restructured and subsumed the ongoing National Rural Drinking Water Programme (NRDWP) into Jal Jeevan Mission (JJM) to provide Functional Household Tap Connection (FHTC) to every rural household, *i.e.* Har Ghar Nal Se Jal (HGNSJ) by 2024.

¹⁰ EE’s delegation of financial powers’ was ₹Eight lakh for execution of Minor Works as per the CPWD Works Manual, 2014

- The administrative approval and expenditure sanction for the Project-I was accorded on 28 December 2017. However, the work orders for the project were issued between 02 March 2017 and 20 December 2017 *i.e.* prior to sanction of the project. As per the records, a payment of ₹24.00 lakh for the work was also made during March 2017. Thus, the Division initiated the work and incurred the liability without approval from the Government.
- As per bills/ vouchers and Monthly Progress Report (MPR), the Project-I was completed in March 2018 and Project-II in March 2019 by incurring sanctioned amounts as detailed in **Table 2.4**.

Table 2.4: Details of completion of project

(₹ in lakh)						
Sl. No.	Name of Project	Sanctioned Amount	Expenditure incurred	Bills/ vouchers	Contractors engage	Date of completion
1.	Providing Water Supply at Lingruk Riamukh Village	75.00	75.00	38	14	March 2018
2.	Providing Water Supply at Bibe Riamukh Village	75.00	75.00	56	22	March 2019
Total		150.00	150.00	--	--	--

(Source: Departmental records)

Audit Team along with the departmental officials conducted (March 2021) Joint Physical Verification (JPV) of both projects, and found that there was no supply of water in the Water Treatment Plant (WTP) and pipelines of the project were also found disconnected at the worksite of first project. In the 2nd project, there was no supply of water in the WTP and Headwork was found filled with silt and without flow of water. The two projects were located in the same area and adjacent to each other. Photographs of worksite of the first project¹¹ taken during the site inspection are shown below:



Status of Slow Filtration Tank and Storage Tank of project-I

The condition of the second project found during the site inspection can be seen from the photographs below:

¹¹ Providing Water Supply at Lingruk Riamukh Village

	
<i>Villagers were making their own arrangement of water by using PVC pipe as the Water Supply Project-II was not functional</i>	<i>Empty Storage Tank of the Project-II</i>

Since, there was no supply of water in the WTP and Headwork was found filled with silt without flow of water, it is evident that the Division implemented the project without proper planning viz. analysing actual water discharge data of source and 6,710 litter per day water discharge capacity of Project-I and 13,420 liters per day of Project-II as recorded in estimate was proven to be incorrect.

It was further noticed that the Department executed the Project-I prior to its sanction, by issue of work orders to local Contractor and without analyzing actual water discharge data. The projects which were designed for a period of 17 years were found (March 2021) non-functional within two and three years of completion and the objective of providing water supply to the habitation was not achieved. Thus, the expenditure of ₹150.00 lakh incurred on the projects became wasteful.

In reply, the site-engineer stated (March 2021) that due to the construction of road, the pipelines had been disconnected and the projects became non-functional. He also stated that the villagers had collected the pipes and kept them in their custody for future use in the project. The Department would look into matter and make the project functional at the earliest possible time.

The reply of the Department is not acceptable as the villagers and locals during Joint Physical Verification stated (March 2021) that they did not get any supply of water from both projects. The villagers also expressed their difficulties in managing water due to non-availability of water supply in the village.

The matter was reported to the State Government in September 2021. The reply is awaited as of February 2023.

Recommendations:

The State Government may-

- (i) initiate disciplinary action after investigating the matter against the concerned Executive Engineer and fix the responsibility for above mentioned lapses and violation of GFR due to which water has dried up within two to three years of implementation.*
- (ii) take steps to revive the project, if feasible.*



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 2020-21, total budget allocation of the State Government under the Economic Sector (other than Public Sector Undertakings) was ₹14,244.03 crore, against which the actual expenditure was ₹9,416.08 crore (66.11 *per cent*) whereas during 2021-22 total budget allocation was ₹14,172.77 crore, against which the actual expenditure was ₹10,688.90 crore (75.42 *per cent*). Department-wise budget allocations and expenditure incurred are given in the **Table 3.1**.

Table 3.1: Budget allocation and expenditure under Economic Sector

Sl. No.	Department	(₹ in crore)					
		2020-21		Expenditure (in <i>per cent</i>)	2021-22		Expenditure (in <i>per cent</i>)
		Budget	Expenditure		Budget	Expenditure	
1.	Industries	70.53	39.48	55.97	72.66	61.41	84.52
2.	Food and Civil Supplies	159.15	66.67	41.89	197.52	195.00	98.72
3.	Forests	701.03	443.50	63.26	763.46	549.63	71.99
4.	Agriculture	348.65	231.62	66.43	339.41	329.38	97.05
5.	Rural Works	2671.59	2397.04	89.72	2001.95	1936.25	96.72
6.	Panchayats	662.68	650.25	98.12	330.76	259.93	78.59
7.	Animal Husbandry and Veterinary	193.04	168.08	87.07	227.46	199.48	87.70
8.	Co-operation	20.80	17.67	84.95	24.01	23.46	97.72
9.	State Transport	149.91	119.82	79.93	183.07	172.78	94.38
10.	Public Works	2703.03	2089.78	77.31	3192.45	2435.36	76.28
11.	Power	1205.37	1062.64	88.16	1779.21	1514.10	85.10
12.	Economic and Statistics	28.20	27.52	97.59	29.83	27.75	93.05
13.	Legal Metrology and Consumer Affairs	12.30	10.58	86.08	12.79	12.02	93.94
14.	Water Resource Department	588.45	538.78	91.56	631.09	547.90	86.82
15.	Rural Development	614.84	537.30	87.39	496.21	454.34	91.56
16.	Fisheries	50.37	28.17	55.93	54.22	50.59	93.30
17.	Civil Aviation	104.74	64.06	61.16	132.16	120.03	90.82
18.	Horticulture	201.27	92.39	45.91	243.82	169.45	69.50
19.	Science and Technology	26.75	20.57	76.91	32.02	27.94	87.26
20.	Planning	3228.39	496.72	15.39	2799.64	1030.00	36.79
21.	Tourism	76.18	23.50	30.84	94.58	74.87	79.16
22.	Textile and Handicraft	60.87	47.09	77.37	71.65	64.98	90.69
23.	Geology and Mining	21.69	17.36	80.03	25.73	25.09	97.52
24.	Trade and Commerce	4.97	4.09	82.24	6.96	6.04	86.79

Sl. No.	Department	2020-21		Expenditure (in per cent)	2021-22		Expenditure (in per cent)
		Budget	Expenditure		Budget	Expenditure	
25.	Department of Tirap, Changlang and Longding	67.96	26.36	38.78	51.42	53.31	103.67
26.	Hydro Power Department	228.62	176.92	77.39	327.62	296.78	90.59
27.	Information Technology	42.67	18.12	42.46	51.09	51.07	99.95
Total		14244.03	9416.08	66.11	14172.77	10688.90	75.42

(Source: Appropriation Accounts, 2020-21 and 2021-22)

It could be seen from the **Table 3.1** that:

- During 2020-21, expenditure incurred by the Departments ranged between 15.39 per cent and 98.12 per cent of the allocations made whereas during 2021-22 the expenditure ranged between 36.79 per cent and 103.67 per cent.
- Three Departments have incurred more than 90 per cent of total budget allocation viz. Economic and Statistics (97.59 per cent), Panchayat (98.12 per cent) and Water Resource Department (91.56 per cent) during 2020-21.
- Fifteen Departments have incurred more than 90 per cent of total budget allocation during 2021-22.
- During 2020-21, the expenditure in all the Departments under this sector was less than their respective budgetary allocations for the year whereas during 2021-22 Department of Tirap, Changlang and Longding affairs incurred 103.67 per cent of budget allocation made.

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 56 units of ten Departments and 73 units of 13 Departments involving expenditure of ₹4,155.84 crore and ₹2,728.24 crore (including expenditure of earlier years) respectively during 2020-21 and 2021-22 under the Economic Sector.

Major findings detected in Audit during 2020-21 and 2021-22 pertaining to the Economic Sector (*other than State Public Sector Undertakings*), are discussed in subsequent paragraphs of this Chapter.

Performance Audit

Department of Power

3.2 Implementation of ‘Deen Dayal Upadhyay Gram Joyti Yojana (DDUGJY) and Saubhagya’ scheme in Arunachal Pradesh

Highlights

A Performance Audit (PA) of the “Implementation of Deen Dayal Upadhyay Gram Joyti Yojana and Saubhagya scheme in Arunachal Pradesh” was conducted covering the period from 2014-15 to 2020-21 involving test check of records of projects taken up in four¹² districts. The important findings of the PA on implementation of Scheme in Arunachal Pradesh are as follows:

- **DDUGJY scheme:** *As against 2,00,210 rural households (2011 census) in 16 districts of the state, access to electricity has now increased from 1,38,775 (69 per cent) (March 2015) to 1,51,739 (75.79 per cent) (March 2021) after the implementation of DDUGJY scheme.*

Saubhagya Scheme: Against 0.81 lakh un-electrified rural households in the State (October 2017), 0.41 lakh rural households were declared electrified as on 31 December 2018 under Saubhagya scheme and 0.40 lakh rural households remained un-electrified defeating the scheme objective of 100 per cent household electrification of all un-electrified households in rural areas of the State.

(Paragraphs 3.2.1.1, 3.2.16.4 and 3.2.13)

- *The DPRs of DDUGJY projects were prepared without conducting actual field survey despite lapses pointed by REC, 478 UEVs for electrification through on-grid mode included PEVs and depopulated/uninhabited villages. Execution of works without proper survey resulted in unfruitful and wasteful expenditure amounting to ₹4.14 crore.*

Further, out of 1,058 villages sanctioned for off-grid mode, only 543 were electrified mainly due to inclusion of electrified and partially electrified villages and overlapping of 111 villages with on-grid mode resulting in inflated number of UEVs and sanctioned cost to the extent of ₹109.80 crore.

(Paragraph 3.2.14.1)

- *The DPRs for Saubhagya projects were submitted without field survey resulting in surplus quantities of material which remains unutilised at Lower Dibang Valley costing ₹0.35 crore and procurement of additional materials at Papum Pare costing ₹3.01 crore.*

{Paragraphs 3.2.14.1 and 3.2.16.7 (ii) (iv)}

¹² Papum Pare, East Siang, Kurung Kumey and Lower Dibang Valley

- *Against the sanctioned cost of ₹418.93 crore for DDUGJY scheme, an amount of ₹276.65 crore had been released and ₹260.77 crore was spent as on 31 March 2021. There were huge savings for DDG/off-grid projects mainly due to substantial reduction of quantities on account of lesser households. Further, against the sanctioned amount of ₹615.45 crore under Saubhagya scheme, ₹340.38 crore (both central and state) had been released and the entire amount was spent as on 31 March 2021.*

{Paragraphs 3.2.15.1 and 3.2.15 (B)}

- *Delay in availing Corporate Liquid Term Deposit (CLTD) facility for DDUGJY scheme fund for more than 11 months from the date of receipt of funds (1st tranche) had resulted in loss of interest to the extent of ₹0.57 crore. Similarly, the CLTD facility was not availed from the Bank in respect of Saubhagya funds due to which there was a loss of interest amounting to ₹1.74 crore.*

(Paragraphs 3.2.15.4 and 3.2.15.9)

- *Non-adherence to bid instructions and CVC guidelines in the tender process led to litigation which not only delayed in award of work ranging from 5 to 291 days but also resulted in avoidable expenditure of ₹0.94 crore in Pupum Pare project. Though completion of 2 out of 16 projects was delayed by 7 to 744 days due to inordinate delay by the contractor, the department failed to levy liquidated damages amounting to ₹1.80 crore.*

{Paragraphs 3.2.16.1, 3.2.16.2 and 3.2.16.3 (i)}

- *The DT meters installed under DDUGJY were not being used for energy accounting, auditing and checking of energy losses at DTR level by the Electrical Divisions (DoP) resulting in unproductive and wasteful expenditure of ₹3.57 crore. Further, in Lower Dibang Valley and Papum Pare projects, service connections were not released in 29 villages (1,007 HHs) as such creation of LT infrastructures costing ₹11.41 crore has become redundant besides, non-achievement of the scheme objective.*

(Paragraph 3.2.16.3 (ii) (iv))

- *Defective transformers, energy meters and inverters were not replaced within the warranty period under Saubhagya scheme. In East Siang and Papum Pare, the Division failed to replace the defective transformers and meters (142 cases) resulting in unfruitful expenditure of ₹0.11 crore. APEDA also failed to repair/replace defective inverters (154 cases) in four districts resulting in unfruitful expenditure of ₹0.59 crore.*

(Paragraphs 3.2.16.7 (v) and 3.2.16.8)

- *Execution of erection works without call of tenders and issue of works orders at higher rates under Saubhagya scheme in Papum Pare had resulted in avoidable expenditure of ₹1.47 crore. Further, in Kurung Kumey and East Siang tender rate of DDUGJY was adopted instead of department approved*

rate resulting in avoidable expenditure of ₹3.33 crore.

The rate of transportation of materials adopted by three Divisions viz. Kurung Kumey, East Siang and Papum Pare were also higher than approved rate of district administration which resulted in avoidable expenditure of ₹1.71 crore. Similarly, APEDA adopted higher rate for transportation of SPV equipment resulting excess expenditure of ₹0.31 crore.

(Paragraphs 3.2.16.7 (vi), (vii) and 3.2.16.7)

- *Complete verification of infrastructures and BPL HHs connections released as per quality assurance guidelines was not carried out by APDA/DoP in all the four sampled projects of DDUGJY. Similarly, 100 per cent HHs connections and pre-dispatch inspection of all the materials to be utilised under Saubhagya were not carried out by APDA/DoP. Large numbers of defects were observed by REC Quality Mentoring (RQM), i.e. 7,556 defects in 487 villages, out of which 73.80 per cent of defects were, however, rectified as on 15 January 2021.*

(Paragraphs 3.2.17 and 3.2.17.4)

- *Monitoring mechanism was ineffective due to the fact that only one SLSC meeting was held during the last five years from 2014-15 to 2019-20 and DPRs of both DDUGJY and Saubhagya were submitting to REC without consultation and recommended by SLSC. Further, out of 69 numbers of DEC meetings to be held in four sampled Districts during the period 2015-20, only three meetings were conducted and out of 50 numbers of meetings to be held by DISHA committees, only four meetings were conducted.*

(Paragraphs 3.2.18.3 and 3.2.18.4)

3.2.1 Introduction

3.2.1.1 Deen Dayal Upadhaya Gram Jyoti Yojana

The Ministry of Power (MoP), Government of India (GoI) launched (March 2005) the Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY) under the Tenth Five Year Plan (Xth FYP 2002-07) with an objective of electrifying all villages¹³ and all Rural Households (RHHs) with free of cost access to electricity and electricity connections to the Below Poverty Line (BPL) families.

The Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY) was launched in Arunachal Pradesh in December 2014 by subsuming the targets laid down under the erstwhile RGGVY under XIIth FYP, as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to the DDUGJY with two additional objectives, viz., separation of agriculture and non-agriculture feeders, and strengthening and augmentation of sub-transmission and distribution infrastructure in

¹³ A village is considered electrified if basic infrastructure such as transformers and lines are provided in the inhabited locality, electricity is provided in public places like schools, panchayat offices, community/Government health centres /dispensaries etc. As per the XIIth FYP, un-electrified villages with population above 100 were considered.

the rural areas including metering at the distribution transformers, and at the feeders and consumers' end.

The DDUGJY scheme was implemented in 16 districts¹⁴ in Arunachal Pradesh with a total sanctioned cost of ₹418.93 crore¹⁵. It was found that ₹276.65 crore had been released by REC and out of which ₹260.77 crore was spent as on 31 March 2021. Against the sanctioned target for electrification of 1,536 un-electrified villages¹⁶, the state has electrified 1,028 villages (31 March 2021).

As per 2011 Census data, out of the total rural households of 2,00,210 in 16 districts of the state, 1,38,775 (69 *per cent*) had access to electricity (March 2015) prior to implementation of DDUGJY scheme. As against this, access to electricity in rural households has now increased to 1,51,739 (75.79 *per cent*) (March 2021).

3.2.1.2 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Main focus of the rural electrification up to 2017 was electrification of villages. However, village electrification did not result in electrification of all the HHs, as the village was considered electrified even on the electrification of 10 *per cent* HHs as per the then adopted definition. Hence, the Government of India launched Saubhagya scheme (October 2017) with the scope for:

- Providing last mile connectivity and electricity connections to all un-electrified HHs in rural areas;
- Providing Solar Photovoltaic (SPV) based standalone system for un-electrified HHs located in remote and inaccessible villages / habitations, where grid extension was not feasible or cost effective; and
- Providing last mile connectivity and electricity connections to all the remaining economically poor un-electrified HHs in urban areas.

The total un-electrified households in Arunachal Pradesh as on 10 October 2017 was 0.84 lakh HHs¹⁷ out of which 0.53 lakh HHs¹⁸ were sanctioned for electrification under Saubhagya for both rural and urban. Against the above sanctioned, 0.46 lakh HHs¹⁹ (86.79 *per cent*) were electrified up to 31 December 2018.

For electrification of 0.47 lakh households in the state, MoP sanctioned a total amount of ₹615.45 crore, out of which ₹340.38 crore was released up to March 2021 and the entire amount has been spent.

¹⁴ Tawang, East Kameng, West Kameng, Papum Pare, Lower Subansiri, Upper Subansiri, Kurung Kumey, East Siang, West Siang, Upper Siang, Dibang Valley, Lower Dibang Valley, Lohit, Anjaw, Changlang and Tirap.

¹⁵ On-grid: ₹267.20 crore and Off-grid/DDG: ₹151.73 crore

¹⁶ On-grid: 478 UEVs and Off-grid/DDG: 1058 UEVs

¹⁷ RHHs- 0.81 lakh, UHHs- 0.03 lakh

¹⁸ RHHs (Grid)- 0.41 lakh, RHHs (off-Grid)- 0.05 lakh and UHHs (Grid)- 0.07 lakh

¹⁹ RHHs (Grid)- 0.35 lakh, RHHs (off-Grid)- 0.05 lakh and UHHs (Grid)- 0.06 lakh

3.2.2 Funding pattern

As per the funding mechanism of DDUGJY as well as Saubhagya schemes, GoI's contribution was 85 *per cent* of the cost as capital subsidy through REC, and state had contribution of 15 *per cent*. GoI also provided capital subsidy to the state through REC for releasing free connections to below poverty line (BPL) consumers.

3.2.3 Role of major stakeholders

The roles of different levels of entities in formulation, approval and implementation of the scheme are shown in **Table 3.2:**

Table 3.2: Roles of various entities in the scheme

Level	Roles
Ministry of Power, GoI	- To set up Monitoring Committee²⁰ (MC) responsible for: ➤ Sanction of the projects, monitoring and review of implementation of the schemes. ➤ Formulation of scheme guidelines. - Appointment of REC (February 2013) as Nodal Agency for implementation of the scheme.
Rural Electrification Corporation (REC)	- Responsible for implementation of scheme. - Scrutiny and approval of DPRs. - Monitoring of scheme. - Release of funds on behalf of GoI.
Government of Arunachal Pradesh (GoAP)	- Setting up of State Level Committee to examine DPRs prepared by the implementing agency. - Provide support on policy issues on distribution of power in the state. - To provide required land for substations and facilitate in obtaining other statutory clearances (Right of Way, forest <i>etc.</i>).
State Level Standing Committee(SLSC)	- Recommending DPR for approval of MC after vetting the physical works covered under the project and ensuring adequacy of upstream network, commensurate with the proposed distribution network and availability of adequate power supply to cater to the load demand of the project area. - Ensuring that there is no duplication / overlapping of works with any other GoI scheme. - Monitoring progress, quality control and resolve issues relating to implementation of sanctioned projects.
Department of Power (DoP)	- Preparing DPRs after actual survey. - To submit DPRs for the approval of state Government and subsequent approval by the GoI through REC. - To execute works of electrification as per the approved DPRs and guidelines.

²⁰ MC constituted of Secretary (Power) as Chairman, representatives from Ministry of Power, Ministry of Finance, Ministry of Rural Development, Ministry of Agriculture, Central Electricity Authority and Planning Commission and Chairman & Managing Director, REC who shall be the Member Secretary & Convener of the Committee

3.2.4 Scheme implementation

A tripartite agreement was entered into (July 2016) among REC, Government of Arunachal Pradesh (GoAP) and Arunachal Power Development Agency (APDA) for implementation of projects under DDUGJY Scheme. The GoAP has entrusted the responsibility for implementation of the projects in the state to APDA and authorized REC to release the funds directly to APDA.

For implementation of Saubhagya Scheme (on-grid and off-grid), tripartite agreement was entered (September 2018) among REC, APDA and REC Power Distribution Company Limited (RECPDCL) wherein, RECPDCL was engaged for procurement of key materials of distribution network infrastructure for household electrification works.

As per the Scheme Guidelines, projects were to be implemented on turnkey basis. The Department of Power (DoP) awarded works to the contractors selected through open tenders for supply and erection of DDUGJY works on turnkey basis while erection works for Saubhagya scheme were departmentally executed by the DoP. APDA is responsible for implementation of both the Schemes and it has nominated State Nodal Officers²¹ (SNO) from the Department of Power and the Executive Engineers of 16 Electrical Divisions were designated as Project Implementing Officers. Off-grid projects were implemented through Arunachal Pradesh Energy Development Agency (APEDA)²².

3.2.5 Organizational Setup

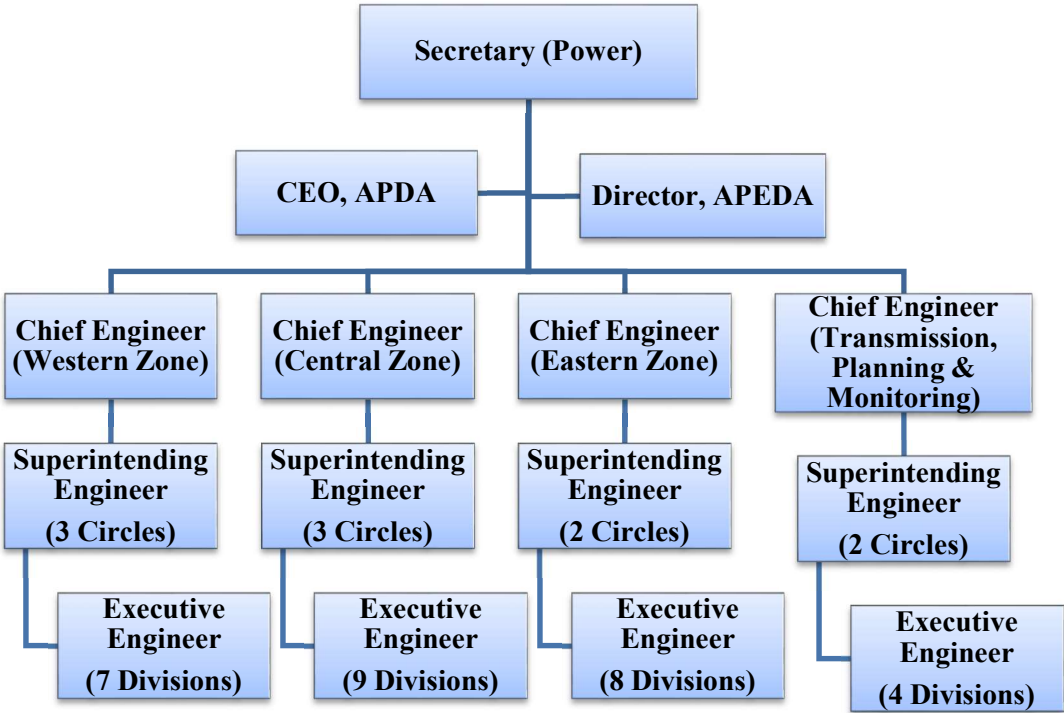
The Department of Power (DoP), Government of Arunachal Pradesh is headed by a Secretary (Power) who is also the Chairman-cum-Chief Executive Officer of APDA. APEDA is responsible for off-grid projects and headed by the Director. The DoP looks after the day-to-day operations of transmission and distribution of power as well as execution of projects relating to power system in the state. The DoP has four Chief Engineers assisted by the Superintending Engineers and Executive Engineers posted at the head office and field offices.

An organisational structure of the Department is depicted in **Chart 3.1**.

²¹ Superintending Engineer, Tezu Electrical Circle as SNO for DDUGJY scheme and Chief Engineer, Central Electrical Zone, DoP as SNO for Saubhagya scheme

²² APEDA is the state nodal agency for implementation of solar projects in Arunachal Pradesh

Chart 3.1: Organisational structure of the Department



3.2.6 Audit objective

The Performance Audit was undertaken to ascertain as to whether:

- i) electrification of villages and households were carried out as per the scheme objective in an economical, efficient and effective manner in all stages of project implementation viz., planning, execution, financial control and monitoring.
- ii) households connected with power were in a position to use it and derive the benefits of development.

3.2.7 Audit criteria

The main sources of audit criteria for the performance audit were:

- Electricity Act 2003;
- DDUGJY/Saubhagya office memoranda and guidelines issued by GoI/REC;
- Instructions/circulars/orders issued by GoI/REC/GoAP;
- Tripartite agreement among REC, GoAP and APDA/RECPDCL;
- Sanctions orders and Utilisation Certificates;
- DPRs and Contract Agreements; and
- Applicable General Financial Rules, CVC guidelines, etc.

3.2.8 Audit Scope

The Performance Audit on “Implementation of DDUGJY and Saubhagya Scheme in Arunachal Pradesh” was conducted covering the period from 2014-15 to 2020-21. Audit examined records of two nodal agencies i.e. APDA and APEDA, Chief

Engineers (EEZ/CEZ) of DoP, Superintending Engineer (E) of Tezu and Naharlagun Circle and four Executive Engineers (E) of the selected projects *viz.* Papum Pare, Kurung Kumey, East Siang and Lower Dibang Valley.

3.2.9 Sampling

Out of 16 DDUGJY projects in the state, 25 *per cent* of the projects *i.e.* four projects were selected. The project sample comprised of ‘High risk’ stratum limited to five *per cent* of the projects which had high project costs and ‘Others’ stratum consisting of the remaining projects. While 100 *per cent* of the projects under ‘High risk’ stratum was taken up for audit, 20 *per cent* sample was drawn for the ‘Others’ stratum using Simple Random Sampling without Replacement (SRSWOR) method using IDEA Software.

In each identified project, Blocks and villages were selected by using SRSWOR. Two²³ Blocks were selected from each of the projects. From each selected block, based on village-wise average HH power consumption data for 2019-20, to 20 *per cent* villages with nil or low average HH power consumption were treated as ‘High Risk’ and selected for audit and 10 *per cent* of the remaining villages were selected using SRSWOR.

A minimum of five villages²⁴ from each selected Block were selected for beneficiary surveys, covering ten beneficiaries including a minimum of five BPL beneficiaries from each selected village.

Records at APDA, DoP and respective PIUs of the selected projects were scrutinized, and beneficiary surveys were carried out by Audit in the selected villages.

In all, four projects with seven blocks, 25 villages and 1,014 RHHs including 497 BPL HHs were selected and test checked in audit.

3.2.10 Methodology

Audit began with holding of an ‘Entry Conference’ (January 2021) with the Commissioner (Power), GoAP and the Officers of the APDA/DoP wherein audit objectives, scope, criteria, etc. of the PA was discussed. Audit methodologies included issue of questionnaires, queries, collection of available data and analysis thereof, examination of records maintained by APDA, DoP and APEDA. The audit findings were discussed with the Chief Engineers of DoP, Member Secretary of APDA, Director of APEDA and other departmental officials in the Exit Conference (December 2021). Replies of the departments wherever relevant have been incorporated in the report.

²³ In East Siang projects only one SAGY village in Pasighat Block was taken up under the scheme, the same was selected.

²⁴ In those blocks having less than five villages, all villages were selected.

3.2.11 Acknowledgement

The Audit team acknowledges the cooperation and assistance extended by APDA as well as officials of the DoP and APEDA during the conduct of the Performance Audit.

Audit findings

Audit findings are discussed in the succeeding paragraphs:

3.2.12 Electrification of Villages under DDUGJY

The status of village electrification, as on 31 December 2014, prior to the launch of the DDUGJY scheme and number of Un-electrified Village (UEV)/Partially Electrified Village (PEV) sanctioned under DDUGJY scheme in the state is detailed in **Table 3.3:**

Table 3.3: Status of village electrification under DDUGJY

Total Villages as per 2011 census	Number of UEV as on December 2014 (prior to taking up of DDUGJY)	Number of PEV as on December 2014	Number of UEV Sanctioned under DDUGJY scheme	Number of PEV Sanctioned under DDUGJY	Number of UEV electrified as on 31 March 2021	Number of PEV electrified as on 31 March 2021
5,589	1,731	-	478 (on-grid) 1,058 (off-grid)	-	384 (on-grid) 543 (off-grid)	101 (on-grid) 0 (off-grid)

(Source: Records of APDA and APEDA)

It can be noticed from **Table 3.3** that the sanctioned coverage was lesser than the number of un-electrified villages as on December 2014 due to inclusion of uninhabited and non-existing villages. During May 2016, the Monitoring Committee (MC) approved 478 UEVs for the state Arunachal Pradesh, it was, however, noticed that 101 PEVs were included and these were not depicted in the DPR. No proper assessment was made to identify the PEVs to be electrified before taking up the scheme. Out of 478 on-grid villages, 18 villages²⁵ were dropped and additional 25 UEVs were approved by MC (05 December 2017) within the sanctioned outlay for the state. As on 31 March 2021, only 485 villages were covered under on-grid mode which included 384 UEVs and 101 PEVs.

The actual coverage of off-grid mode was only 543 mainly due to overlapping of villages with on-grid mode and inclusion of partially electrified villages in the approved DPR as discussed in the succeeding **Paragraph 3.2.14.1(b)**.

The audit finding was brought to the notice of the Department (November 2021), however, the Department did not offer any comment.

3.2.13 Household Electrification under Saubhagya

As per Saubhagya scheme guidelines (Paragraph 2.1 Chapter II), the household electrification was envisaged to be achieved for all households in the country through

²⁵ eight villages shifted to off-grid mode and three villages un-inhabited/Electrified and seven villages under Tirap not executed

two means viz. (i) providing last mile connectivity to households through grid and (ii) providing connections through Stand-alone Photo Voltaic (SPV) Systems in remote and inaccessible areas not feasible to be connected with grid.

The details of rural household electrification under Saubhagya from 11 October 2017 to 31 December 2018 are tabulated in **Table 3.4**.

Table 3.4: Details of electrification of Rural Households

(RHH in lakh)

Total HHs as on 10 October 2017 as per (as per MoP)	Electrified HHs as on 10 October 2017	Balance Un-electrified RHHs as on 10 October 2017	RHHs Progress from 10 October 2017 to 31 December 2018 (when saturation was reported by States)	Additional RHHs electrified from 01 January 2019 Onwards due to Special campaign till 31 March 2020	Total Progress	Balance Un-electrified RHHs	RHHs Electrification (in per cent)
1	2	3	4	5	6=4+5	7=3-6	8
2.32	1.51	0.81	0.41	Nil	0.41	0.40	50.62

(Source: Records of APDA and APEDA)

The total un-electrified rural households in the state as on 10 October 2017 was 0.81 lakh households of which 0.41 lakh households were declared electrified from 10 October 2017 to 31 December 2018.

It was noticed that there was a shortfall in actual achievement against the sanctioned target under the Scheme as detailed in **Table 3.5**.

Table 3.5: Status of electrified households as on 31 December 2018

Number of HHs to be provided electricity connections as per approved guidelines of MoP	Number of HHs proposed to be electrified as per DPRs prepared by state	Number of HHs sanctioned for providing connections by MC	Number of HHs actually electrified under Saubhagya scheme	HHs electrified against sanctioned (in per cent)
Rural Grid	81,000	40,665	35,532	87
Urban Grid	2,620	6,742	4,645	69
Rural off-Grid	NA	5,398	5,398	100
Total	83,620	52,805	45,575	86

(Source: Records of APDA and APEDA)

Against the target for electrification of 0.53 lakh households for both rural and urban through grid and off-grid mode, 0.46 lakh households (*i.e.*, 86.79 per cent) were electrified up to 31 December 2018. The actual electrification of rural households was only 0.41 lakh households and out of total number of rural households (0.81 lakh) to be provided electricity connections, 0.40 lakh rural households remains un-electrified despite reporting saturation. Thus, non-electrification of the remaining households (0.40 lakh) would defeat the scheme objective of 100 per cent household electrification.

The audit finding was brought to the notice of the Department (November 2021), however, the Department did not offer any comment.

3.2.14 Planning

A. Deficiencies in Planning under DDUGJY scheme

3.2.14.1 Preparation of Detailed Project Reports without detailed field survey

DDUGJY guidelines (Para 1 (ii) of Chapter II) envisaged that based on the broad scope of work validated by the Nodal Agency at 1st Stage, the PIAs would formulate district/circle/zone-wise DPRs based on detailed field survey for various items of work. Audit observed that DPRs for on-grid projects covering 478 UEVs and off-grid/Decentralised Distributed Generation (DDG) projects covering 1,058 villages were prepared without detailed field survey as discussed below:

a) On-grid projects

APDA submitted NAD (February 2015) covering 2292 UEVs. However, on sample inspection of 168 villages by REC (April 2015), it was found that only 36 villages were un-electrified and the remaining villages were either partially electrified (109 villages) or require off-grid (19 villages) or not found (4 villages). REC requested APDA to review the status of the UEVs and submit DPR on the basis of actual field survey as it felt that the actual number of UEVs may be substantially lower than the proposed by APDA. It was however observed that without conducting actual field survey, APDA on 16 June 2015 submitted a revised 1731 number of UEVs based on census 2011 and village electrification taken up till erstwhile RGGVY scheme.

During August 2015, APDA submitted DPR covering 478 UEVs (on-grid) at the cost of ₹199.22 crore which was approved by the Monitoring Committee (MC). It however included partially electrified villages and places with no habitations as it can be noticed from four sample projects discussed below:

- i) In Lower Dibang Valley, one village (Chipuano) was found de-populated during execution of works and three²⁶ partially electrified villages of Hunli-Kronli Block were included in the DPR despite absence of grid power supply since last five years. During a joint physical verification (April 2021), it was found that no service connections were released and power supply was not available. Thus, the infrastructure created amounting to ₹46.96 lakh remains (December 2021) unfruitful besides exposing to wear and tear and theft of transformers.
- ii) In Papum Pare, one village (Yasumso) was found de-populated during the execution of work and three²⁷ villages under Balijan Block were converted to off-grid as the actual requirement were more than the sanctioned parameters. However, only one village (Dawaso) was electrified and remaining two villages were left un-electrified depriving electricity to about 28 BPL households. It was

²⁶ Treni (Cen-266082), Akungo (Cen-266081) and Elungo (Cen-266085)

²⁷ Habia (Cen-262401), Pume (Cen-262405) and Dawaso (Cen-262402)

further noticed that three²⁸ villages were shifted/ re-habilitated (December 2020) to another location after works were completed due to construction of Greenfield Airport at Holongi. This has resulted in wasteful expenditure amounting to ₹1.84 crore.

- iii) In East Siang project (SAGY) the line has not been charged in two habitations (Darang Eda & Rimeng) under Pasighat Block due to non-availability of beneficiaries. Non-utilisation of the infrastructures created in these two habitations amounting to ₹1.83 crore remains (December 2021) unfruitful.

During exit conference (December 2021), the Department stated that though the divisional officers did not physically visit the villages, they are well acquainted and aware of the status of power connection in their jurisdictions. However, inclusion of de-populated villages happened because of incorrect information in the Census 2011.

The Department further stated that the power supply line to villages under Hunli-Kronli block was damaged due to highway construction/cutting and it will be restored after completion of Highway through hydel source. In Balijan Block, the Airport came up after electrification work was completed, hence it was unavoidable. Further, the habitations under Pasighat Block were now being electrified and village electrification certificate was obtained from Gram Panchayat.

The reply is not acceptable as no detailed field survey was conducted despite lapses pointed out by REC. Consequently, the Department failed to consider the reliability of the grid lines in Hunli-Kronli block where households' electrification (three BPL) could have been transferred to off-grid mode. In Balijan Block, the works in three villages was carried out ignoring the fact that the site was proposed for construction of Greenfield Airport and complaint received from the public (September 2017) for erection of poles by the Department. Further, electrification certificate submitted by the DoP for the two habitations under Pasighat showed that it was electrified during January 2018. The lines were however found lying idle during joint physical verification (May 2021) without providing service connections to the intended beneficiaries.

Recommendation: The State Government should ensure that DPRs prepared by the Department are based on actual field survey in order to avoid any wasteful expenditure. Necessary steps may also be taken to utilise the materials remaining unutilised in de-populated habitations.

b) Off-grid (DDG) projects

APEDA submitted DPRs for 1000 DDG projects/UEVs to REC based on survey conducted through a private firm and the same was approved by MC (December 2015). It was however observed that 111 villages covered under on-grid projects were overlapping each other.

²⁸ Chakma Block-II (Cen-262290), Chakma Block-III (Cen-262295) and Chakma Block-V (Cen-262296)

The MC further approved and sanctioned 206 DDG projects/UEVs (April 2015/ December 2017/ March 2018) which were transferred from on-grid mode including left out UEVs. Out of the total 1,206 projects, Solar Energy Corporation of India (SECI) awarded for electrification of 895 villages across 16 districts of the state. However, the actual DDG projects/ UEVs executed were only 543 villages.

The huge variation in sanctioned and actual execution of the projects was mainly due to overlapping of DDG projects with on-grid mode, inclusion of electrified and partially electrified villages, *etc.* Thus, the above points out to the lack of detailed field survey in consultation with APDA/ DOP, thereby inflating the number of UEVs and sanctioned cost to the extent of ₹109.84 crore²⁹. APEDA also failed to electrify the left-out villages which could not be electrified through on-grid mode as discussed in the preceding **Paragraph 3.2.14.1 (a)**.

During exit conference (December 2021), APEDA stated that on-grid villages were included in off-grid mode because it was not economical and feasible to electrify through on-grid mode. Further it took considerable time to review and reclassify the villages as some of the villages included were partially electrified and some did not meet the parameters specified for off-grid mode.

The reply is not acceptable as APEDA did not conduct detailed field survey in consultation with the Department of Power/APDA thereby including as many as 111 villages which were already approved under on-grid mode.

3.2.14.2 Non-consultation with the public representatives

DDUGJY guidelines (Paragraph 1(ii) of Chapter II) stipulated that DPRs would be consulted with public representatives including Member of Parliament, and the PIA would furnish a certificate to this effect while submitting the DPRs to the Nodal Agency. Further, the DPRs shall be recommended by State Level Standing Committee (SLSC) headed by the Chief Secretary of the State before submitting to REC. The SLSC shall ensure that there is no duplication of works while recommending the projects to REC.

Audit observed that in out of four sampled projects, consultation with public representative including member of parliament and certificate was not done in two project (Papum Pare and East Siang) while preparing DPRs. Consultation with public representative relating to off-grid/DDG projects were also not taken. Further, DPRs of both on-grid and off-grid/DDG projects were submitted without any consultation and recommendation from SLSC. Consequently, the SLSC failed to review the DPRs and also point out the loopholes in inclusion of PEVs, uninhabited villages and duplication/overlapping of UEVs as discussed in preceding **Paragraph 3.2.14.1**.

The Department while accepting the audit findings stated (December 2021) that they will comply to the guidelines in future.

²⁹ Total sanctioned cost (₹151.73 crore) – Total awarded project cost by SECI (₹41.89 crore)

3.2.14.3 Non-inclusion of signboard component in DPRs

Ministry of Power intimated (28 April 2016) that display of works being carried out under the scheme in the form of sign board is a proactive measure to ensure transparency and accountability and also to create adequate awareness for the programme so that people can benefit maximum. The pro-active disclosure also helps in monitoring of works by the public at large, who are the ultimate beneficiaries of the programme. The expenditure on sign board may be borne out of contingencies inbuilt in the estimate of the works.

REC circulated (05 July 2016) the template of signboards along with specifications to implementing agencies of the State and requested them to ensure installation of such signboards in villages being electrified under the scheme. The matter had also been discussed in the Review, Planning and Monitoring (RPM) meetings held in July and August 2016 wherein it was emphasized to expedite the work of installation of signboards in villages.

Audit observed that Arunachal Pradesh had not considered the signboard component in all the 16 DPRs. Due to non-inclusion of signboard component in DPRs, in out of 25 villages surveyed under four sampled projects, signboards were not found installed in 20 villages. Thus, it lacks transparency and accountability and also in creating awareness to the people to avail maximum benefit from the programme.

The Department during exit conference (December 2021) stated that inclusion of signboard in DPR was not required as per scheme guidelines. It was further stated that since the instruction was separately issued by REC after the execution of contracts, the department could not insist for installation of signboard by contractors as it was outside the purview of contract.

The reply is not acceptable as the instruction was issued (July 2016) by REC before the award of works (September 2016 to February 2017) and there was huge savings from the scheme funds to cover the cost.

3.2.14.4 Non-formation of dedicated team for implementation of projects

DDUGJY guidelines (Paragraph 10 of Chapter II) prescribed that a Project Implementation Agency (PIA) would create a dedicated team for implementation of the projects and such details including necessary manpower and requisite infrastructure like office, logistics *etc.*, planned to be put in place to ensure smooth implementation, monitoring and redressal of grievances of public and public representatives of the project areas, be included in the DPRs. Audit noticed that DPRs in all the 16 projects did not contain these details. Delays in completion of the projects as pointed out in **Paragraph 3.2.16.1** were also partly attributable to non-formation of dedicated team to closely monitor the execution of projects.

The Department while accepting the audit findings stated (December 2021) stated that they will deploy dedicated teams in future for such schemes.

3.2.14.5 Plan wise project wise details of enabling activities

As per Paragraph 16 (Chapter-IV) of DDUGJY guidelines a provision of 0.5 *per cent* of the total project cost was kept for enabling activities like awareness creation, capacity building, quality monitoring of works, *etc.* Audit however observed that in 16 projects of the State no provisions were kept while preparing DPRs and awareness activities were not carried out to disseminate proper knowledge about the scheme to the public besides, it lacks monitoring from the public at large.

The Department while accepting the audit finding stated (December 2021) that the state Government has separately carried out awareness activities. The Department however, did not furnish any supporting document to audit in spite of the assurance given in the meeting.

3.2.14.6 Non-inclusion of works for Segregation of Agricultural and non-agricultural feeders

DDUGJY guidelines (Paragraph 1.2 of Chapter-I) envisage that providing continuous power supply to non-agricultural consumers and regulated power supply to agricultural consumers would be possible by separating agricultural and non-agricultural feeders.

It was observed that the works for segregation of agricultural and non-agricultural feeders was not taken up in the state of Arunachal Pradesh as there is no large scale dependence on electricity for agricultural irrigation.

The Department stated (December 2021) that due to peculiar geographical feature of the state, the scheme component has very little relevance for the state. The Department though furnished Need Assessment Document including this component to REC, however, REC did not agree to the Department's proposal.

3.2.14.7 Non-inclusion of works for Strengthening and augmentation of sub-transmission and distribution infrastructure

DDUGJY guidelines (Paragraph 1.3 of Chapter-I) envisage that strengthening and augmentation of sub-transmission and distribution infrastructure along with adequate metering arrangements is an essential component to ensure reliable and quality power supply in rural areas and to complete the process of village electrification.

The works for strengthening and augmentation of sub-transmission and distribution infrastructure was not considered in the DPR, however, the DoP later has taken up the works (2020-21) in three districts³⁰ at a cost of ₹142.74 crore from the savings of the scheme fund as discussed in **Paragraph 3.2.14.1 (b)**. The component of above additional work includes laying of 33 KV line (197.25 ckm), 11 KV (139.57 ckm), LT line (16.5 ckm) and four new 33/11 KV Substations.

Audit observed that the Department while preparing DPRs failed to consider works

³⁰ Tawang, West Kameng and Namsai

for strengthening of sub-transmission and distribution system in those places where 33KV/11KV infrastructures are required and grid line connectivity was not available. Instance case at Honli-Kronli Block under Lower Dibang Valley, the power supply was not available due to absence of 33 KV Transmission and Distribution lines despite creation of LT infrastructures as discussed in **Paragraph 3.2.14.1 (a)**. Thus, the Department failed to ensure reliable power supply to all the rural households besides, non-achievement of the scheme objectives.

The Department during exit conference (December 2021) stated that at present they are busy with electrification of Un-electrified/Partially Electrified Villages. Hence, this component of the scheme would be implemented later.

The reply is not acceptable as the Department failed to identify and include the requirement for strengthening and augmentation of sub-transmission and distribution infrastructures in the DPRs.

B. Inadequacies in Planning under Saubhagya scheme

3.2.14.8 Non-conducting of detailed field survey and identification of beneficiaries before preparation of DPR

Saubhagya guidelines (Para 8.6 of Chapter-II) stipulated that while implementation of the projects, implementing agencies shall carry out field survey for identification of beneficiaries and village wise/habitation wise details of households. Based on the broad scope of work all eligible entities would formulate DPRs based on detailed field survey.

Audit observed that APDA submitted DPRs without field survey. In four test checked projects/districts huge quantities of materials supplied were unutilised due to lack of assessment of actual requirement as pointed out in **Paragraph 3.2.16.7 (ii) (iv)**.

3.2.14.9 Delay in submission of DPRs on Saubhagya DPR portal

As per Saubhagya guidelines (Para 11 of Chapter-II), DPRs were to be submitted by 6 November 2017. Audit observed that DPRs of Saubhagya projects were submitted after delay ranging from 209 to 418 days. The delay in submission of DPR led to paucity of time for tendering works in respect of procurement of key materials of distribution network infrastructures which resulted in the work being awarded to RECPDCL on nomination basis by the PIA as pointed out in the **Paragraph 3.2.16.7 (i)**.

The Department during exit conference (December 2021) stated that the delay was unavoidable because information was required to be collected from the Divisions/Districts which are remotely located and poorly connected virtually.

The reply is not tenable as the district-wise DPRs were to be submitted through online mode to REC within one month from the date of sanction of the scheme, whereas, it took a considerable time of more than 06 to 13 months.

3.2.14.10 Execution of Communication Plan

As per (Paragraph 2 of Chapter-III) of Saubhagya guidelines, the Communication campaign, while factoring specifics of the state, shall be executed at:

- (a) National Level
- (b) State Level (Focus States)
- (c) Local Cluster Level

Communication programme at the State and local levels shall be taken up by the State Governments/ PIA and the cost should be included in the DPRs as part of project cost to be approved by the Ministry of Power/Monitoring Committee.

Audit observed that APDA did not keep provisions for such expenditure due to which no outdoor campaign activities for the scheme was conducted in the state. In the absence of such programmes, adequate information was not provided about the scheme and its benefits to the target population about the scheme and to encourage them for availing electricity connections.

The Department while accepting the audit finding stated (December 2021) that the Government has separately carried out awareness activities. However, no supporting documents were furnished despite assurance given in the exit conference to submit by 01 January 2022.

C. Inadequacies in Planning of Solar Photovoltaic (SPV) under Saubhagya Scheme (Off-grid)

Under the Saubhagya Scheme provision for providing SPV based standalone system was made for un-electrified households located in remote and inaccessible villages/habitants where grid extension was not feasible or cost effective. Details of SPV system installed under the Scheme are detailed in **Table 3.6**.

Table 3.6: Status of electrification of off-grid households as on 31 March 2021

Number of HHs proposed to be electrified through SPVs as per DPRs	Number of HHs sanctioned for providing electricity connections through SPVs	Number of HHs actually electrified through SPV under Saubhagya Scheme
(In numbers)		
5,398	5,398	5,398

(Source: Records of APEDA)

3.2.14.11 Non-conducting of detailed field survey and identification of beneficiaries before preparation of DPR for electrification through SPVs

As per Saubhagya guidelines (Paragraph 8.6 of Chapter-II), implementing agencies shall carry out field survey for identification of beneficiaries and village wise/habitation wise details of HHs while implementing the projects. Based on the broad scope of work all eligible entities would formulate DPRs based on detailed field survey. Audit observed that APEDA submitted DPRs without field survey. Thus, in

the absence of field survey, APEDA could not ensure to cover all the left out un-electrified households under off-grid mode.

Further, as illustrated at **Table 3.4** of **Paragraph 3.2.13**, there are 0.40 lakh RHHs which remained un-electrified in Arunachal Pradesh.

During exit conference (December 2021) APEDA stated that though the project officers did not physically visit the villages, they being a local or working there, are well aware of the status of power connectivity in their jurisdiction.

The reply is not tenable as APEDA has no proper records on the number of households to be covered under off-grid in the state and DPRs were prepared without consulting with the Department of Power.

3.2.14.12 Submission of DPRs without approval of State Level Standing Committee

As per Saubhagya guidelines DPRs were to be approved by the State Level Standing Committee before sending to REC/ MOP. However, DPRs in respect of SPV projects were submitted to REC without the approval of SLSC. Thus, audit observed that in the absence of oversight by SLSC, APEDA had submitted the DPRs to REC/MOP without conducting field survey.

3.2.15 Financial Management

A. Inadequacies in Financial Management under DDUGJY

3.2.15.1 Release of funds of DDUGJY (on-grid and DDG/Off-grid)

Amount sanctioned to the states, amount released to the states and actual expenditure till 31 March 2020 in DDUGJY was as detailed in the **Table 3.7**:

Table 3.7: Details of DDUGJY funds received and utilised

Year	Amount sanctioned (₹ in crore)			Amount released (₹ in crore)			Actual expenditure incurred (₹ in crore)		
	DDUGJY (On-grid)	DDG (Off-grid)	Total	DDUGJY (On-grid)	DDG (Off-grid)	Total	DDUGJY (On-grid)	DDG (Off-grid)	Total
2015-16	0	111.89	111.89	0	0	0	0	0	0
2016-17	267.20	39.84	307.04	47.98	0	47.98	0	0	0
2017-18	0	0	0	105.63 ³¹	24.14	129.77	53.05	0	53.05
2018-19	0	0	0	30.14	9.79	39.93	82.35	31.95	114.3
2019-20	0	0	0	58.71	0	58.71	62.98	1.88	64.86
2020-21	0	0	0	0.26	0	0.26	28.56	0	28.56
Total	267.20	151.73	418.93	242.72	33.93	276.65	226.94	33.83	260.77

(Source: Records of APDA and APEDA)

For implementation of DDG (off-grid) under DDUGJY scheme in Arunachal Pradesh, a tripartite agreement was signed (01 March 2017) among REC, Government of Arunachal Pradesh (GoAP) and Solar Energy Corporation of India Limited (SECI).

³¹ Including State share of ₹48.98 crore

SECI was entrusted the responsibility for implementation of the projects in identified areas involving system planning, design and engineering, procurement and to construct/implement/commission DDG projects on behalf of GoAP.

It was noticed that out of the sanctioned amount of ₹151.73 crore, SECI awarded DDG projects at a total cost of ₹41.89 crore. This was mainly due to substantial reduction in quantities³² of the off-grid system to be executed since actual numbers of households were found to be much lesser as discussed in **Paragraph 3.2.14.1 (b)**.

3.2.15.2 Delay in release of funds

DDUGJY guidelines (Paragraph 7 of Chapter IV) stipulated that utilization certificates (UC) should be provided in the prescribed format latest by 30th April of the succeeding year. Audit observed that in respect of 15 projects, UCs for 2nd tranche had been submitted by PIAs (March 2020), however, funds for 3rd tranche (90 *per cent*) of grants have not been released till date (December 2021) resulting in delay of the projects closure.

The Department during exit conference (December 2021) stated that subsequent installments were released based on financial progress and REC did not insist for inclusion of UCs.

The reply of the Department is not tenable as all the works were completed and at the end of March 2021 only six projects have been approved for closure.

3.2.15.3 Non-providing of Audited Accounts relating to receipts of funds

DDUGJY guidelines (Para 7 of Chapter IV) stipulated that PIA will ensure audit of funds received from REC and expenditure incurred against that during the financial year by an Independent Chartered Accountant and furnish a report to REC latest by 30 June of succeeding year. Audit observed that the audited accounts of DDUGJY funds of the respective PIUs of 15 projects for year 2017-18 and 2018-19 were conducted only in the month of March 2020. Further, the funds were parked in APDA account before being disbursed to the concerned PIUs, however, audit of APDA account has not been carried out violating the scheme guidelines.

The Department during exit conference (December 2021) stated that all the Audit Reports have been submitted to REC and the Audit of APDA is already under progress. No supporting documents were however furnished to Audit (November 2022) despite assurance given in the exit conference to reply on or before 01 January 2022.

3.2.15.4 Non-maintenance of bank accounts with CLTD facility

DDUGJY guidelines (Para 2.3.2 of Chapter IV) stipulated that PIA shall open a separate dedicated bank account in a nationalized bank and the nature of the account

³² Quantities to be executed: 13,179 nos. of Solar Home Lighting System and 4,184 nos. of Solar Street Light, Actual: 6,834 nos. of Solar Home Lighting System and 1,012 nos. of Solar Street Light

shall be current account with Corporate Liquid Term Deposit (CLTD) facility.

APDA maintained a separate account for DDUGJY fund received from REC at Vijaya Bank, now Bank of Baroda (880100301000749). It was, however, observed that CLTD (Auto-sweep) facility was availed after a delay of more than 11 months (17 March 2018) from the date of receipt of funds (1st tranche), thereby sustained a loss of interest³³ to the extent of ₹0.57 crore during the period from 31 March 2017 to 28 February 2018.

During exit conference (December 2021) APDA stated that instruction was given to the bank to provide CLTD facility while opening the bank account, however, it was not done by the bank. Later, when Department noticed this, they requested the bank and CLTD facility was provided.

The reply is not tenable as APDA failed to ensure that the bank account was opened with CLTD facility as per scheme guidelines. Moreover, it took a considerable time of about 12 months to avail the CLTD facility from the Bank.

3.2.15.5 Non-remittance of interest earned on DDUGJY grants

DDUGJY guidelines (Paragraph 6.3 of Chapter IV) required that interest earned on DDUGJY capital subsidy/grant should be remitted to Ministry of Power's bank account on quarterly basis. Audit observed that there was a delay ranging from 70 to 893 days in remitting interest earned by PIAs to the account of MOP. APDA earned interest of ₹4.95 crore during the period from 2017-18 to 2020-21, however, only ₹2.86 crore was remitted to the Ministry of Power, GoI on 09 September 2020, retaining an amount of ₹2.00 crore in its account in violation of the scheme guidelines.

The APDA while accepting the audit finding stated (December 2021) that they have transferred a total of ₹3.32 crore to the Ministry of Power, GoI and interest earned on state share would be transferred to the State Government.

The reply is not acceptable as there was no provision in the guidelines for remittance of interest earned to the State Government and APDA failed to remit the interest on quarterly basis.

3.2.15.6 Irregularities in payment

- Papum Pare project covers three³⁴ Electrical Divisions wherein, Executive Engineer, Naharlagun Electrical Division is the Project Implementing Officer for DDUGJY scheme. A total number of 14,921 consumer meters were sanctioned under Papum Pare district/project and the bills for supply and installation of the consumer meters amounting to ₹445.33 lakh under three Divisions of Papum Pare project was made against Naharlagun Electrical Division. It was however noticed that an excess amount ₹50.13 lakh was drawn (3rd RAB) by Sagalee Electrical Division (1,756 nos.) and Capital Electrical

³³ Interest at the rate of four *per cent* per annum.

³⁴ Naharlagun Electrical Division, Capital Electrical Division and Sagalee Electrical Division

Division (17 nos.) towards consumer meters which were already billed against Naharlagun Electrical Division.

- As per Arunachal Pradesh Goods Tax (Amendment) Act, 2005 (11 April 2007) any person responsible for paying sale price was liable to deduct the amount of tax at the time of payment to the work Contractor at 12.5 per cent on taxable turnover of the works contract.

In East Siang projects, the contractor had raised ₹25.25 lakh for VAT towards supply items (prior to GST). Audit however noticed that the Electrical Division, Pasighat had neither deducted VAT at source nor obtained payment challan of entry tax/VAT amounting to ₹25.25 lakh while making payment to the contractor.

No reply was furnished by the Department/APDA despite assurance given during the exit conference (December 2021) to submit by 01 January 2022.

Recommendation: The State Government may take action against the concerned officers for extra payments released to the contractors and also recover the amount from the contractor.

B Inadequacies in Financial Management under Saubhagya

The funds sanctioned under Saubhagya scheme vis-à-vis amount released is detailed in Table 3.8.

Table 3.8: Details of Saubhagya fund as on 31 March 2021

(₹ in crore)			
Proposed by the State	Amount Sanctioned by MoP	Amount released	State share released
666.66	615.45	282.15*	58.23

*includes ₹198.79 crore paid directly by REC to RECPDCL.

The MoP initially sanctioned (July 2018) an amount of ₹323.32 crore against the proposed project cost of ₹666.66 crore. Thereafter, the Ministry sanctioned (October 2018) an additional amount of ₹292.13 crore for creating additional infrastructure for electrification of remaining un-electrified in the State within the targeted timelines i.e. 31 December 2018.

The MoP and the State Government had released an amount of ₹340.38 crore³⁵ between July 2018 and July 2020 and PIA had utilized the entire fund released till the date of audit.

3.2.15.7 Non-providing of Utilisation Certificates (UCs)

Guidelines stipulated that utilisation certificates should be provided in the prescribed format latest by 30 April of succeeding year. Audit observed that in respect of 16 projects UC had not been submitted by the PIA as of 30 April 2020. Non-submission of UC on time would deprive the department of further release of fund from REC/MOP.

³⁵ MoP: ₹282.15 crore and State Government: ₹58.23 crore

The Department during exit conference (December 2021) stated that they have submitted UCs to REC. However, copies of UC submitted were not furnished to audit (November 2022) despite assurance given in the exit conference to submit by 01 January 2022.

3.2.15.8 Non-providing of Audited Accounts relating to receipts of funds

As per Saubhagya scheme guidelines (Paragraph 6.1 of Chapter-V), utility will ensure audit of funds received by the utility from REC and expenditure incurred there against during the financial year by an Independent Chartered Accountant and furnish a report to REC latest by 30th June of succeeding year. REC shall consider release of further funds on the receipt of audited report and certificate from Chartered Accountant. Audit observed that PIAs had not submitted the Audit reports to REC in respect of 16 projects. Non-submission of audited Accounts would deprive the department of further release of fund from REC/MOP besides, violation of scheme guidelines

The Department during exit conference stated (December 2021) that all the audit reports have been submitted to REC. However, no supporting documents were furnished to audit (November 2022) despite assurance given in the exit conference to submit by 01 January 2022.

3.2.15.9 Non-maintenance of separate dedicated bank accounts with CLTD facility

As per scheme guidelines, PIA shall open a separate dedicated bank account in a nationalised bank and the nature of the account shall be current account with Corporate Liquid Term Deposit facility. Audit observed that APDA had opened a current account (65450200001460) with Vijaya Bank (now Bank of Baroda), however, no CLTD facility was availed from the Bank due to which there was a loss of interest amounting to ₹1.74 crore³⁶.

The Department during exit conference (December 2021) stated that instruction was given to the bank for CLTD facility while opening the bank account, however, it was not done by the bank.

The reply of the Department is not tenable as it failed to ensure that the bank account was opened with CLTD facility as per the guidelines. Further, no interest was accrued on Saubhagya scheme. The Department also did not furnish any documents to audit in support of their reply (November 2022).

3.2.16 Implementation

A. Inadequacies in Project Implementation under DDUGJY

3.2.16.1 Time taken in award and completion of Projects

DDUGJY guidelines (Paragraph 8 of Chapter II) stipulated that the works were to be awarded within six months from the date of communication of approval by MC.

³⁶ Interest calculated at the rate of four *per cent* per annum.

Further, as per Paragraph 9 of Chapter II, the projects under the scheme shall be completed within a period of 24 months from the date of issue of Letter of Award (LOA) by the utility/department, in case of turnkey implementation. For execution on partial turnkey/departmental basis, approved by the monitoring committee, project needs to be completed within 30 months (24 months for implementation and six months for placement of awards for supply and services *i.e.* erection) from date of communication of the approval of the Monitoring Committee.

It was observed that out of 16 projects, 13 projects were awarded after six months with a delay ranging between 5 to 291 days mainly due to litigations as discussed in succeeding **Paragraph 3.2.16.3 (i)**. Though the works were awarded after the settlement of the court cases, in out of 16 projects executed, completion of two projects were delayed by 21 and 744 days. The delays in completion were due to delay in inspection and receipt of materials and inordinate delay by the contractor despite time extension. Further, there was no dedicated team for implementation of the projects coupled with lack of monitoring by the respective district committees to oversee timely completion of the projects. One project was not implemented due to the litigation (Detailed in **Appendix-3.1**).

During exit conference (December 2021), the Department stated that the delay in completion of works was partly due to the litigation cases in tendering process.

The reply is not acceptable as the works were awarded after settlement of the court cases except Tirap district. Further, in case of Papum Pare there was inordinate delay in execution of works by the contractor.

3.2.16.2 Time overrun and non-imposition of liquidated damage

As per Clause 21.2 of General Condition of Contract (Volume-I: Section-IV), if Contractor fails to comply with the time for completion for the whole of the facilities, then the Contractor shall pay to the Employer (DoP) a sum equivalent to half *per cent* for each week or part thereof subject to the limit of five *per cent* of the Contract Price as liquidated damages for such default. The Employer may, without prejudice to any other method of recovery, deduct the amount of such damages from any monies due or to become due to the Contractor.

In out of 15 projects executed, completion of one project *i.e.* Papum Pare project was delayed by 744 days. Audit however observed that a Liquidated Damage (LD) amounting to ₹1.80 crore was not levied on the contractor as per the contract agreement despite non-completion of works within the scheduled time.

In the Exit Conference, the Department stated (December 2021) that the delay also occurred because the department could not settle the contractor's bill timely. Hence, it was not possible to impose LD.

The reply is not acceptable as the work was inordinately delayed by the contractor despite time extension given in two occasion up to 30 September 2018. As against the completion time of three months (March 2017) from the date of award (December 2016) for procurement, inspection and dispatch of all the materials, it took

three to seven months (June 2017 to October 2017). Contrary to Department's reply, during meeting (October 2018) held with the contractor it was decided to impose liquidated damage as per provision of the agreement in case of failure to complete within 30 November 2018. Moreover, there was no provision in the agreement necessitating the works to be delayed for want of running bills in time.

3.2.16.3 Observations pertaining to deficiencies in award and execution of contracts

(i) Violation in award of contracts

As per Clause 13.2 of the Instruction to Bidders (ITB), the bid security shall, at the bidder's option, be in the form of a closed bank draft/pay orders/bank guarantee from a reputed public sector bank or scheduled commercial banks. Further, Clause 22.4 and 24 provided that the employer's determination of a bid's responsiveness is to be based on the contents of the bid itself without recourse to extrinsic evidence. The employer (Department of Power) would carry out detailed evaluation of bids including independent verification of Bid Security from the issuing bank. On receipt of certification from the issuing bank, eligibility of the bidder shall be decided for opening of the price bids.

Further, the Central Vigilance Commission had advised³⁷ that whatever pre-qualification, evaluation/exclusion criteria, etc., which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per evaluation/exclusion criteria leaving no room for complaints, as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organisations for submitting various clarifications and presentations.

Examination of records in sampled projects revealed the following:

- a) In East Siang project, out of seven bidders, four were rejected by the Department due to conflict in submission of Bid Security. Two rejected bidders filed writ petition against the rejection order and a judgment was passed by the Court to set aside the bid rejection order and directed the Tender Opening Board to give opportunity to participate in the tender. Audit observed that rejection of the bids was arbitrary as it was based on the ground that bid securities were submitted in the form of Bank Guarantees instead of Demand Draft or Fixed Deposit which was contrary to the ITB. Thus, timely award of work was delayed as it took considerable time of five months to settle the matter in court which could have been avoided had the Department evaluated and accepted bids based on equity and fairness as per CVC guidelines and ITB.

³⁷ CVC Order No. 33/7/03 dated 09 July 2003

The Department stated (December 2021) that they will look into the matter and would take remedial measures.

- b) In Papum Pare project, out of eight bidders two bidders qualified (30 May 2016), however, L1 bidder³⁸ was rejected based on complaint filed by L2 bidder³⁹ that the bid security (FDR) submitted was not issued from the bidder's bank account. A writ petition was filed by L1 against the decision of the Department with a contention that only valid bid security was to be submitted and no restrictions were placed as far as the source is concerned and the Tender Evaluation Committee was ordered by the Court (24 January 2017) to revisit and take appropriate decision. During the intervening period, the execution of agreement with L2 bidder was kept in abeyance. However, L1 withdrew (May 2017) the tender and the work was executed by L2. Thus, it not only took considerable time to commence the work but also resulted in avoidable expenditure to the extent of ₹0.94 crore⁴⁰.

The Department during exit conference (December 2021) stated that the rejection of the BG was based on the past experience of the Department, however, in future suitable clause would be incorporated in NIT.

(ii) Unfruitful/infructuous expenditure on installation of meters

Installation of meters at Sub-stations or Distribution Transformers (DTRs) is important to ensure seamless accounting, auditing of energy and checking of commercial losses at different levels including the villages electrified under the Scheme. In three selected projects (Kurung Kumey, East Siang and Papum Pare), 710 DTR meters were installed. However, none of these DTR meters installed were used for energy accounting, auditing and checking of energy losses at DTR level by the Electrical Divisions (DoP). Thus, expenditure incurred on installation of DTR meters valuing ₹3.57 crore⁴¹ was not productive and hence, wasteful.

The Department during exit conference (December 2021) stated that they will look into the audit findings and take necessary action, if necessary.

(iii) Non-operation of DTRs

- a. As per scheme guidelines (Paragraph 2(v) of Chapter-II), works already sanctioned under other scheme of the GoI shall not be eligible for coverage under DDUGJY scheme. During the beneficiary survey it was noticed that transformers (16 KVA) installed in five⁴² villages under Dambuk Block of Lower Dibang Valley project were not in operation since the date of installation (August 2018) as power supply was provided through another transformer (100 KVA) at Bizari sanctioned

³⁸ M/s ECI Engineering & Construction Co. Ltd., Hyderabad

³⁹ M/s Absolute Projects (India) Ltd., New Delhi

⁴⁰ ₹48.30 crore (tender amount of L1) – ₹47.36 crore (tender amount of L2) = ₹0.94 crore

⁴¹ Kurung Kumey- ₹1.28 crore (261 DT meters), East Siang- ₹1.03 crore (203 DT meters) & Papum Pare- ₹1.26 crore (246 DT meters)

⁴² Tipo, Keara-Ah-Chimu, Gandhi-Lasum, Agam and Gamyoing

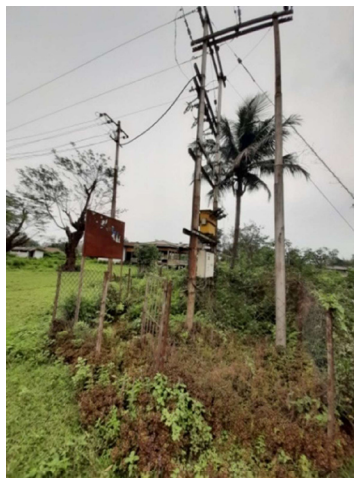
(March 2016) under NEC funded project. Audit observed that the villages were located within the vicinity of Bizari, as such installation of transformers overlapping to another scheme proved that no detailed survey and assessment were made before taking up the project. Thus, it tantamount to execution of ineligible work which resulted transformers obsolete leading to uneconomical and wasteful expenditure of ₹22.10 lakh.

The Department during exit conference (December 2021) stated that 16 KVA transformers could not be used for want of required manpower. However, the requisite manpower has now been arranged and transformers are put to use.

The reply is not tenable as the 100 KVA transformer is sufficient to cater power supply to all these villages who are mainly domestic consumers and unused transformers were exposed to wear and tear and theft. Further, no supporting documents were furnished to audit.



DTR (16 KVA) at Tipo kept idle/not charged



DTR (16 KVA) at Keera-Ah (Chimu) kept idle/not charged



DTR (100KVA) at Par Lichi left unattended and not put to operation.

b. DTR installed at Par Lichi in Kimin Block of Papum Pare projects was not charged and put into operation since installation. The DTR (100 KVA) was installed despite having only two households and the remaining households were partially electrified. Thus, installation of 100 KVA DTR was unwarranted and resulted in wasteful expenditure of ₹8.25 lakh.

No reply was furnished by the Department/APDA despite the assurance given during the exit conference (December 2021) to submit by 01 January 2022.

(iv) Redundancy of rural electricity infrastructure

In Lower Dibang Valley district, out of 65 villages sanctioned to be electrified,

24 UEVs⁴³ with 623 rural Hhs (including 97 BPL Hhs) were not provided service connections even though LT infrastructures were created. The service connections were instead released in other villages which were not covered by DPRs. There was also no evidence of any service connection released to the other consumers other than BPL. Thus, the rural electrification infrastructures created in 24 villages by spending ₹7.57 crore has become redundant besides, non-achievement of the scheme objectives.

Similarly, in Papum Pare district, out of 119 villages sanctioned to be electrified, five villages (384 Hhs) including three⁴⁴ UEVs and two⁴⁵ partially electrified villages under Doimukh Block were not provided any service connections. Thus, rural electrification infrastructures created by spending ₹3.84 crore remains redundant.

No reply was furnished by the Department/APDA despite assurance given during the exit conference (December 2021) to submit by 01 January 2022.

Recommendation: *The State Government may take appropriate disciplinary/vigilance/ criminal action after investigation, on the concerned officers for fraudulent way of implementing of the programme viz. creation of electricity infrastructures without actual requirement as per the scheme guidelines.*

(v) Non-maintenance of records of beneficiaries

In Papum Pare district, a total number of 14,921 consumer meters⁴⁶ were sanctioned for new connection and replacement of various types of consumer meters. As per closure report all the meters were installed by incurring ₹4.45 crore. However, list of beneficiaries/consumers provided with meters were not available on record as such audit could not ascertain the veracity of the meters installed.

Similarly, in East Siang district, 4296 meters⁴⁷ were sanctioned for new connection/replacement of domestic and commercial purpose and the closure report showed that all the meters were installed by incurring ₹1.09 crore. However, list of beneficiaries/consumers were not available in record as such audit could not ascertain the veracity of the meters installed under the scheme.

No reply was furnished by the Department/APDA despite assurance given during the exit conference (December 2021) to submit by 01 January 2022.

Recommendation: *The State Government may investigate whether all the meters were delivered and installed and take appropriate action against the concerned officers.*

⁴³ i) Ehili Brwa, ii) Mekong, iii) Tetong, iv) Mobuk, v) Akungo, vi) Treni, vii) Elungo, viii) Moruk, ix) Balngo, x) Daran, xi) Bulukang, xii) Kolom Basti, xiii) Ajiwuya, xiv) Keraa Ati, xv) Kundil, xvi) Ahmboli (Ichli), xvii) Anuboli, xviii) Injo Palu, xix) Ebranli, xx) Angali, xxi) Rateng, xxii) Zilung, xxiii) Kojejanggo, and xxiv) Lakhow

⁴⁴ (i) Yijo Hapa; (ii) Richi; and (iii) Daria Puru

⁴⁵ (i) Deriya & (ii) Emchi

⁴⁶ Replacement: 5,539 meters and New installation: 9,382 meters

⁴⁷ Replacement: 2,901 meters and New installation: 1,395 meters

3.2.16.4 Non-connection of other non-BPL consumers/APL households

In the DPRs of 16 projects, 8,588 non-BPL/APL households were proposed for service connections, however, it was noticed that only 1360 connections were provided in four⁴⁸ projects as per closure reports. Thus, 7,228 households were left out and the Department/APDA failed to ensure providing power to all the rural households.

The Department during exit conference stated (December 2021) that no sanction was accorded for release of service connections to non-BPL/APL households.

The reply is not acceptable as the Department had proposed in the DPRs to electrify all the rural households including both BPL and non-BPL/APL consumers. Further, Saubhagya scheme was launched (October 2017) for universal household electrification and any un-electrified households not found eligible as per SECC data would also be provided electricity connection. For release of connection an amount of ₹500 per household would be recovered by the Department in ten installment (₹50 each) alongwith electricity bill.

Thus, the un-electrified non-BPL/APL households would have been taken up under Saubhagya scheme and accordingly service connections are provided by recovering the required amount from the consumer.

B. Inadequacies in Implementation of Household Electrification under Saubhagya

As per CCEA approval, work of electrification of 3.31 crore un-electrified households in the country was required to be completed by 31 March 2019 under Saubhagya scheme. Arunachal Pradesh had reported saturation of 40,177 household upto 31 March 2019 as detailed in **Table 3.9**.

Table 3.9: Details of households left un-electrified upto 31 March 2021

Sanctioned Cost (₹ in crore)	Sanctioned connection (in numbers)		HHs electrified up to 31 March 2019 (in numbers)		Remaining HHs to be electrified after 31 March 2019 (in numbers)	
	Rural Grid	Urban Grid	Rural Grid	Urban Grid	Rural Grid	Urban Grid
615.45	40,665	6,742	35,532	4,645	5,133	2,097

(Source: Records of APEDA and APDA)

From the table above, it can be seen that out of the total HHs required to be provided connection, 7,230 HHs were not actually provided connection up to March 2019. Reasons for the same were not found on record.

⁴⁸ Tawang (182 Hhs), East Siang (36 Hhs), West Siang (162 Hhs) and Changlang (980 Hhs)

3.2.16.5 Inclusion of works already executed before the kick start date (11 October 2017) of Saubhagya

Saubhagya guidelines (Paragraph 3.1 of Chapter-II) stipulated that expenditure incurred by the eligible entities for the electricity connections released with effect from 11 October 2017 would be entitled for funding under the scheme.

Audit observed that the Department had included 107 households in four sampled districts electrified before 11 October 2017 under Saubhagya to claim the benefit of central subsidy. Thus, inclusion of such HHs would defeat the scheme's objective of providing electricity to unelectrified HHs. No reply was furnished by the Department (November 2022).

3.2.16.6 Delay in submission of closure project by PIAs

As per the Saubhagya guidelines (Para 10 of Chapter-V), project completion report was required to be submitted by PIA to REC within one year of the completion of project. The works of household electrification in the state under Saubhagya scheme were completed upto 31 March 2020, but closure reports covering 40,177 households were not submitted by the State till March 2021. Thus, non-submission of project completion report would deprive the department of the release of final tranche of grant component from REC/MOP. No reply was furnished by the Department (November 2022).

3.2.16.7 Observations pertaining to Contract Audit under Saubhagya Scheme

Audit observed following irregularities in the implementation of contracts:

(i) Deficiencies in tripartite agreement

As per Saubhagya guidelines (Para 8.3 of Chapter-II), all contracts would be between the States/Power department and contractor/supplier, and REC would not be a party to such contracts. Further, CVC through its Circular (11 July 2018) prescribed that the award of contracts on nomination basis without adequate justification amounts to a restrictive practice eliminating competition, fairness, and equity except in such cases as during natural calamities and emergencies declared by the Government.

It was, however, observed that APDA entered into agreement (14 September 2018) with REC and RECPDCL, wherein, RECPDCL was entrusted on nomination basis to provide services for procurement of materials with service charges amounting to ₹ 4.75 crore⁴⁹ in contrary to the CVC and scheme guidelines.

As per the agreement RECPDCL, was to procure and supply key materials of distribution network infrastructures upto the store locations as decided mutually through suppliers appointed via competitive bidding. The supplies were to be completed within 60 days (October 2018) of the award of contracts to the suppliers/vendors.

⁴⁹ two per cent of the cost of materials procured including taxes

Test check in four sampled Districts revealed that materials such as poles and conductors were supplied with a delay upto three months (January 2019). In this connection, RECPDCL had levied LD amounting to ₹7.19 crore from its vendors for delay in supply of materials, however, the amount recovered was neither transferred to APDA nor adjusted in the scheme fund till date (August 2021) due to lack of enabling provisions in the contract agreement between APDA and RECPDCL.

The Department while accepting (December 2021) the audit finding assured that the enabling provisions would be made as part of contract in future.

Recommendation: The State Government should ensure thorough vetting of agreements/contracts to prevent undue benefit to contractors and to safeguard its interest at large.

(ii) Un-utilised materials booked under the Scheme

As per Saubhagya guidelines (Paragraph 6 of Chapter-II), the project cost approved by the MC or Award cost of the project, whichever is less, shall be the eligible cost for determining the Grant under the scheme. In case, the bill of quantities for various items of works as approved by the MC is reduced during implementation of projects due to any reason whatsoever, the eligible project cost shall be reduced in proportion to actual executed bill of quantities and un-utilised material/equipment should not be booked in expenditure under the scheme.

Audit observed that in respect of one District (Lower Dibang Valley) the work was completed during March 2019 and materials valued ₹0.35 crore remained un-utilised, however, the said expenditure was booked/charged under the scheme contrary to the scheme guidelines.

The Department while accepting the audit finding stated (December 2021) that the un-utilised materials pointed out by Audit are physically in possession of the Department and they would take necessary action to account for the same. Un-utilised material is lying in the open and open to risk of damage and theft.

Recommendation: The State Government may take appropriate steps to store the un-utilised material safely and draw up a plan to speedily utilise the un-utilised material/ equipment for electrification works within the Division or the same may be transferred to other needy Divisions.

Un-utilised materials observed during physical verification



ACSR Conductor (Squirrel) and LT Pin Insulators lying unutilized at Roing Divisional Store

(iii) Non-accounting of materials issued against erection work

In three out of the four sampled Districts, Audit observed that materials such as poles, ACSR conductors, LT stay sets and transformers issued for erection works were not entirely utilised. Despite non-utilisation of the same, the surplus materials were neither returned to divisional store nor to other needy divisions. Thus, materials valued ₹3.24 crore⁵⁰ issued against erection works remains unaccounted and doubtful.

The Department while accepting the audit finding stated (December 2021) that the unutilized materials pointed out by Audit are physically in possession of the Department and they would take necessary action to account for the same.

Recommendation: *The State Government may look into the matter and fix responsibility against the concerned officers and ensure that all the materials issued/utilized/un-utilized by the Divisions are accounted.*

(iv) Procurement of extra materials at higher rates

In Papum Pare District, the Division had undertaken additional infrastructure works such as 11 KV lines, LT lines and Distribution transformers and had procured additional items such as poles, conductors, transformers, etc., amounting to ₹1.52 crore without approval from the sanctioning authority. The actual cost of the items as per the RECPDCL rates was only ₹0.65 crore. Thus, the division not only incurred excess expenditure on procurement of extra items but also extended undue benefit to the contractor amounting to ₹0.87 crore (₹1.52 crore - ₹0.65 crore) as detailed in Table 3.10.

⁵⁰ Lower Dibang Valley- ₹0.74 crore, East Siang- ₹1.17 crore and Papum Pare- ₹1.33 crore

Table 3.10: Details of excess amount on procurement of extra items

(₹ in crore)

Sl. No.	Name of Items	No of items procured by the Department	Procurement rates	Total procurement value	RECPDCL unit rates	Total value as per RECPDCL rates	Excess Amount (5-7)
1	2	3	4	5	6	7	8
1.	9 meter pole	274	19404	5316696	9164	2510936	2805760
2.	7.5 meter pole	179	13860	2480940	6612	1183548	1297392
3.	10 meter pole	16	21168	338688	9860	157760	180928
4.	ACSR Weasel	72.18	48940.80	3532546.94	19500	1407510	2125036.94
5.	ACSR Squirrel	28.54	32500	927550	13000	371020	556530
6.	16 KVA DT 3 Phase	4	100551	402204	40500	162000	240204
7.	25 KVA DT	1	114821	114821	49500	49500	65321
8.	63 KVA DT	5	264333	1321665	88000	440000	881665
9.	HT Stay set	66	3071.21	202699.86	938.75	61957.50	140742.36
10.	11 KV GOAB switch	15	21275	319125	7800	117000	202125
11.	11 KV DO Fuse Unit	13	10925	142025	3200	41600	100425
12.	LT Pin insulator	722	100.80	72777.60	15.50	11191	61586.60
Total				15171738.40	248090.25	6514022.50	8657715.90

(Source: Departmental records)

The Department stated (December 2021) that reply will be furnished. However, no reply was furnished to audit (November 2022) despite assurance given in the exit conference to submit by 01 January 2022.

Recommendation: The State Government may initiate action against the concerned officers responsible for awarding the works at higher rates without approval from competent authority. Further, ensure that no works are to be executed by the field offices/Divisions without prior approval from the sanctioning authority.

(v) Non-replacement of defective transformers and energy meters

As per the guarantee certificate furnished by the suppliers, the transformers were covered under warranty/guarantee for a period ranging between 30 to 60 months from the date of dispatch of material and receipt at store respectively and the defective materials would be replaced free of cost.

In two sampled districts, nine transformers failed during the warranty period, however, the Divisions did not take any steps to repair or replace the defective transformers from the suppliers. Thus, the divisions not only failed to replace the defective transformers but also resulted in unfruitful expenditure of ₹0.05 crore⁵¹.

⁵¹ East Siang- ₹0.02 crore and Papum Pare- ₹0.03 crore

As per agreement between the Department of Power and the contractor,⁵² a guarantee period of five years would remain for energy meter and the contractor have to replace any failure of the meters as and when reported. Audit observed that 142 numbers of energy meters out of 3,269 numbers were defective, of which 75 numbers were found defective on the date of installation itself (December 2018). No steps were taken by the Division to replace the defective meters resulting in unfruitful expenditure of ₹0.06 crore.

The Department stated (December 2021) that reply will be furnished, however, no reply was furnished to audit (November 2022) despite assurance given in the exit conference to submit by 01 January 2022.

Recommendation: *The State Government should ensure that the contractor/supplier complies with their defect liability during the warranty period so as to avoid any losses.*

(vi) Execution of erection work without call of tender and issue of work orders at higher rates.

Paragraph 8.3 of Saubhagya guidelines required that all works sanctioned under the scheme shall be awarded by the concerned utilities through e-tendering. Audit, however, observed the following deficiencies in execution of erection work:

- a) In the four sampled districts, the erection works were executed by the Divisions/PIUs through various contractors by issuing work orders amounting to ₹28.24 crore⁵³ without call of tender contrary to the scheme guidelines. The PIUs had also violated the delegation of financial power provided in CPWD Works Manual, 2014 wherein, the PIU had exceeded the annual limit of ₹50.00 lakh in respect of award of work order during the period 2018-19.
- b) In two districts, the Divisions (DoP) adopted DDUGJY tendered rate instead of the departmental approved rates while issuing work orders to the contractors. Audit observed that awarded rates were on the higher side compared to the departmental approved rates which had resulted in avoidable expenditure of ₹ 3.33 crore⁵⁴.
- c) In one district (Papum Pare) the Division had adopted rates which were on the higher side as compared to departmental approved rates for similar nature of works executed by the Division. Thus, adoption of different rates of similar works at higher rate had resulted in avoidable expenditure of ₹1.47 crore.
- d) Out of the four sampled Districts, three Districts had carried out excess work for erection/installation of items such as poles, transformer, stay sets, *etc.* beyond the scope of work and quantities actually procured from the contractors, however, reason for such extra expenditure was not found on record. Thus,

⁵² M/s P.N Associates, Naharlagun

⁵³ Kurung Kumey- ₹6.95 crore, Lower Dibang Valley- ₹4.49 crore, East Siang- ₹9.49 crore and Papum Pare- ₹7.31 crore

⁵⁴ Kurung Kumey- ₹1.26 crore and East Siang- ₹2.07 crore

execution of work amounting to ₹0.86 crore⁵⁵ beyond the scope of work and quantities actually procured was irregular and doubtful.

The Department while accepting the audit findings stated (December 2021) that the constraint in the implementation of Saubhagya scheme was of very limited time (three months) given by the Ministry of Power due to which competitive bidding could not be followed.

Recommendation: The State Government should ensure that all the works are awarded through open tenders as per the extant rules and the lowest possible rates are adopted.

(vii) Adoption of higher rates on transportation of materials from base store to work sites

As per Administrative Approval (Clause 4) issued by APDA, the Divisions/PIUs were to adopt either the prevailing rates of District Administration or Arunachal Pradesh Schedule of Rates of Public Works Department /or that of any works department, whichever is lower for transportation of materials from base camps to work sites, as well as, for loading and unloading of the materials through carriage contractors.

In three sampled districts, the prevailing rates of District Administration were the lowest. Audit observed that the PIUs/Divisions had adopted the rates approved by Superintending Engineer, Circle-I, Naharlagun (September 2018) and Chief Engineer (Power), Central Electrical Zone (March 2019) which were on the higher side compared to the rate approved by the District Administration. Thus, adoption of higher rates for transportation of materials by the PIUs had resulted in avoidable expenditure of ₹1.72 crore⁵⁶, besides extending undue benefit to the contractors.

The Department during exit conference (December 2021) stated that because of time constraint in completion of the Scheme and the nature of work involving movement of heavy materials like supply of poles, conductors, transformers, etc, the transportation rate per kilogram were higher compared to District Administration rate which is for civil supply items.

The reply is not tenable as clear instructions were given to all the divisions to adopt the prevailing rate, whichever is lower. Moreover, no rate quotations were obtained from the transport service providers.

Recommendation: The State Government may initiate action against the concerned officers responsible for awarding works at higher rates and extending undue benefit to the contractors. Further, ensure that the orders issued by the Government are strictly adhered by the Department.

⁵⁵ Lower Dibang Valley- ₹0.70 crore, East Siang- ₹0.10 crore and Papum Pare- ₹0.06 crore

⁵⁶ Kurung Kumey District- ₹0.19 crore, East Siang District- ₹0.72 crore and Papum Pare District- ₹ 0.81 crore

C. Inadequacies in Implementation of Solar Photovoltaic (SPV)

3.2.16.8 Non-rectification of defective components covered under warranty period

REC Power Distribution Company Limited (RECPDCL) issued (October 2018) a Purchase Order to M/s Rajasthan Electronics & Instruments Limited, Jaipur (contractor) for an amount of ₹21.86 crore for design, manufacturing and delivery of 5,398 solar home lighting systems in Arunachal Pradesh under Saubhagya Scheme.

As per terms and conditions of the Purchase Order, the systems had a warranty period of five years. Further, during the warranty period, RECPDCL shall take up with the appointed supplier for replacement or rectification of any material having manufacturing defects.

Audit observed that 154 cases of defective inverters were reported by four⁵⁷ districts during the warranty period, however, in contrary to the terms and conditions, APEDA had offered the repair works to its AMC contractor⁵⁸ instead of reporting the matter to RECPDCL. Till date (August 2021) no repairs/replacement works were done resulting in unfruitful expenditure of ₹0.60 crore (Unit price of ₹38,650.50 x 154 units).

APEDA stated (14 December 2021) that the AMC contractor was recommended by RECPDCL and they had written to RECPDCL for correcting the defects noticed but the supplier refused to do the necessary repair/replacement.

The reply is not tenable as APEDA is to ensure that the defects were repaired or replaced within the warranty period as per terms and conditions. Moreover, copy of the correspondences for rectification of defects was not furnished despite assurance given in the exit conference to submit by 01 January 2022.

3.2.16.9 Excess expenditure incurred against mechanical transportation

For mechanical transportation of systems from District Headquarters up to last road head for executing the works under Saubhagya (off-grid) scheme, APEDA had approved rate of ₹750 per set.

Examination of records, however, revealed that the Project Officers (POs) in 10 districts had adopted different rates which were beyond the approved rate for transportation of 4,922 SPV sets. Thus, adoption of higher rates by the POs had resulted in excess expenditure of ₹0.31 crore⁵⁹ towards mechanical transportation of the SPV sets.

APEDA stated (December 2021) that approved rates fixed was on approximate basis since the time window allowed was too little to look for competitive rates and the projects were to be completed timely.

⁵⁷ East Kameng District (124 nos.), Anjaw District (26 nos.), Lohit District (03 nos.) and West Siang District (01 no.)

⁵⁸ M/s Indian Power System, New Delhi

⁵⁹ Transportation cost as per approved rate (4,922 x 750= ₹36.92 lakh) – actual expenditure incurred by PIO (₹67.96 lakh)

The reply is not tenable as the Project Officers were required to execute the work at the rate approved by APEDA (₹750). Moreover, no quotations were obtained from the transport service providers.

3.2.16.10 Delay in submission of closure report by Discoms/ PIAs

As per the Saubhagya guidelines (Paragraph 10 of Chapter-V), project completion report was required to be submitted by PIA to REC within one year of the completion of project. The works of HHs electrification through SPV in the state was completed upto 31 March 2020, and closure reports in respect of 15 projects covering 5,398 HHs were submitted (August 2021) by APEDA. Thus, closures of the projects have been delayed and yet to be approved (December 2021).

3.2.17 Quality Assurance Mechanism

3.2.17.1 Non-adherence of quality assurance guidelines by PIA/turnkey contractors and REC under DDUGJY

As per DDUGJY quality mechanism, 100 *per cent* villages with all infrastructures were required to be verified for quality, 100 *per cent* verification of BPL HHs connections released, 100 *per cent* verification of materials utilised under the scheme, 100 *per cent* verification of works done in Metering and SAGY. Audit observed that in four sampled projects complete verification as per the above requirements was not carried out by the PIA. Thus, due to non-adherence to the above-mentioned guidelines, the quality of materials/equipment supplied at site and execution of works carried out under the scheme could not be verified and address the defects timely.

The Department during exit conference (December 2021) stated that all the inspections were carried out and inspection reports were attached with the RA bills and no copies were retained in the office.

The reply is not acceptable as supporting documents for only four projects of Tezu Circle were furnished despite assurance given in the exit conference to reply by 01 January 2022. Further, RA bills were test checked during audit, however, no such reports were found to be attached with the said bills.

3.2.17.2 Ineffective/ deficient Quality Assurance Mechanism under Saubhagya

Saubhagya Projects shall have a single tier Quality Assurance Mechanism (QAM). The single tier QAM shall exclude the in-house process quality checks followed by the PIA during the physical execution of the project. The PIA shall be solely responsible and accountable for assuring quality in Saubhagya works. PIA shall formulate a detailed comprehensive Quality Assurance (QA) plan for the works to be carried out under the scheme with an objective to create quality infrastructure works. The QA and Inspection Plans shall be integral part of the contract agreement with turnkey contractor or equipment supplier and erection agency as the case may be in case of turnkey/partial turnkey/or departmental execution of works. PIA has to ensure that the quality of materials/equipment's supplied at site and execution of works carried out at field under scheme is in accordance to Manufacturing Quality Plan

(MQP)/ Guaranteed Technical Particulars (GTP) and Field Quality Plan (FQP)/ Approved Drawings/ Data Sheets respectively.

As per Saubhagya Guidelines (Paragraph 1 of Chapter-IV), Monitoring mechanism as followed in DDUGJY shall be followed, including the institutional mechanism of District Development Coordination and Monitoring Committee(DISHA).

Audit observed that:

- In four sampled districts, DISHA committees did not conduct meetings at regular intervals. Out of 12 meetings to be held in four sample districts, only two meetings were conducted. Further, DISHA committees did not discuss/oversee the Saubhagya projects in their meetings due to which the Committee failed to monitor the implementation aspect of the scheme as was evident from the procurement of extra materials without prior approval, non-accounting of materials, non-rectification of defects, *etc.* as discussed in **Paragraph 3.2.16.7.**

The Department while accepting the audit finding stated (December 2021) that due to very little time allotted by the Government for the scheme, it was not possible to maintain the required frequency of the meetings.

- In 16 districts, PIA did not prepare comprehensive QA plan and it was not made integral part of the contract agreement with turnkey contractors. Thus, in the absence of QA plan, in one sampled district (Papum Pare) defective supplies of materials was observed indicating that PIA did not ensure the quality of material/equipment supplied.

The Department while accepting the audit finding stated (December 2021) that due to the very little time allotted for implementation of the scheme, it was not possible to prepare QA Plan.

3.2.17.3 Observations on quality checks to be ensured by PIA/turnkey contractors

Audit observed following deficiencies in the quality checks

(i) By PIAs:

- (a) Pre-dispatch inspection of all the materials to be utilised under Saubhagya was not carried out by APDA/DoP in Arunachal Pradesh.
- (b) 100 *per cent* verification of HHs connections released under Saubhagya was not carried out by APDA/DoP in Arunachal Pradesh.

Thus, audit observed that failure to conduct inspections by the PIA resulted in the supply of defective transformers and energy meters as pointed out in the preceding **Paragraph 3.2.16.7 (v).**

The Department stated (December 2021) that pre-dispatch inspections were conducted by RECPDCL. However, due to the very limited time given for the implementation of the scheme, it was not possible for other inspections.

The reply is not tenable as the Department had to ensure that necessary inspections were carried out as per scheme guidelines. Non-adherence to the guidelines for quality check resulted in the failure of the Department to replace defective transformers, energy meters and defective inverters as pointed out in **Paragraphs 3.2.16.7(v) and 3.2.16.8**. Further, no other inspections were carried out even after completion of the works.

3.2.17.4 Defects under DDUGJY and Saubhagya

The status of inspections, defects observed by RQM and compliance of defects by PIA in respect of DDUGJY and Saubhagya are shown in **Table 3.11**:

Table 3.11: Details of defects under DDUGJY and Saubhagya

DDUGJY		SAUBHAGYA	
Village Inspection	Inspection done by RQM as on 15 January 2021	Households Inspection	Inspection done by RQM as on 31 March 2021
UEV	332	Households to be done Inspection	9928
IEV	152	Households actually done	6438
SAGY	3		
Total	487	-	-
Defect observed	7556	Defect observed	1559
Defect Rectified	5578	Defect Rectified	941
Percentage of compliance (in per cent)	73.80	Percentage of compliance (in per cent)	60.34

(Source: RQM Report (DDUGJY) and Data as per Sakshya portal (Saubhagya))

It can be seen from the above that a large number of defects were observed by RQM, i.e. 7,556 defects in 487 villages. Only 73.80 per cent of defects pointed out by RQM were, however, rectified as on 15 January 2021, indicating that the objective of conducting the quality monitoring was not achieved under DDUGJY.

Similarly, under Saubhagya Scheme, it can be seen from the table above that out of 9,928 HHs, only 64.85 per cent inspection was carried out. Further, the compliance and rectification of defects pointed out by RQMs was only 60.34 per cent, indicating inadequacies in inspection as well as resolving the defects. Thus, failure to rectify the defects has rendered the installed infrastructure wasteful and has also defeated the objectives of the schemes.

The Department stated (December 2021) that they have taken the necessary action. However, copy of the latest compliance report was not furnished despite assurance given in the exit conference to submit by 01 January 2022.

3.2.18 Monitoring

3.2.18.1 Improper maintenance of Management Information System (MIS)

PIUs were to prepare and submit Management Information System through the web portal maintained by REC.

Audit observed that MIS in respect of DDUGJY prepared by PIUs of four sampled projects did not contain details pertaining to financial progress of the projects. Further, the MIS in respect of Saubhagya scheme prepared by DoP also did not contain details pertaining to financial progress of the projects required by Saubhagya guidelines.

Thus, due to deficiencies in the data provided by the PIUs, the stakeholders were deprived from monitoring the implementation of the schemes.

The Department while accepting the audit finding had assured (December 2021) to take corrective measures.

3.2.18.2 Discrepancies in the maintenance of Dashboard

The updated progress of implementation of DDUGJY and Saubhagya Scheme are being reflected at the Dashboards of MOP. Audit noticed inadequacies in the progress reflected on the dash board *vis-à-vis* actual progress as per the records of the APDA which are highlighted in **Table 3.12**.

Table 3.12: Details of discrepancies in dashboards

Particulars	As per the project closure report	DDUGJY dashboard	Difference
11 KV line (Km)	1,016.13	11,482	10,465.87
LT line (Km)	585.48	4,824	4,238.52
DTR (Nos.)	537.00	5,083	4,546.00
Sub-station (Nos.)	537.00	22	515.00

(Source: MoP Dashboard and Closure Report)

It can be seen from the **Table 3.12** that the DDUGJY dashboard showed an excess of 10,465.87 Kms. of 11 KV line, 4,238.52 Kms. of LT line, 4,546 numbers of Distribution Transformer respectively. Further, in respect of Sub-station, the figures in the dashboard showed a deficit of 515 Sub-stations. It reflects on the poor data quality and unreliability in addition to complicating the management decisions that are based on these data.

Similarly, under Saubhagya scheme, the records of APDA/ DoP showed that 40,177 HHs were electrified under the scheme, however, Saubhagya dashboard showed a total of 47,089 HHs with excess depiction of 6,912 HHs. Further scrutiny in four sampled districts/PIUs revealed that there were variations wherein, the dashboards showed 13,835 HHs⁶⁰ as against the actual number of 11,560 HHs⁶¹ with an excess of 2,275 HHs, indicating lack of data integrity.

The Department while accepting the audit finding stated (December 2021) that they will reconcile with REC and take corrective measure to sort out the differences in the figures.

⁶⁰ East Siang- 3,647 HHs, Lower Dibang Valley- 2,788 HHs, Kurung Kumey- 3,793 HHs & Papum Pare- 3,607 HHs
⁶¹ East Siang- 3,440 HHs, Lower Dibang Valley- 2,350 HHs, Kurung Kumey- 2,441 HHs & Papum Pare- 3,329 HHs

Recommendation: *The State Government may ensure that data provided by the PIUs/PIA on the dashboard were verified and certified by the field officers in order to avoid dissemination of incorrect information to the users.*

3.2.18.3 Ineffective State Level Standing Committee (SLSC)

The responsibility of SLSC as one of the stakeholders in implementation of the scheme was to examine and recommend the projects/ DPRs before submitting to REC. Audit, however, observed that Projects/DPRs were not recommended by SLSC before submitting to REC. Only one SLSC meeting was held during the last five years. Thus, due to lack of monitoring by SLSC before sending the DPRs has also resulted in inclusion of uninhabited, PEVs and duplication/overlapping of projects as discussed in the preceding **Paragraph 3.2.14.1**.

The Department while accepting (December 2021) the audit finding assured to comply with the requirement in future.

3.2.18.4 Non-formations of required teams/ committees for implementation/ monitoring of the scheme by PIAs

MoP directed (April 2015) states/ UTs to notify a 'District Electricity Committee' (DEC) to review and monitor the implementation of all central schemes. It was also stated that the Committee would meet at least once in three months at the District Headquarters and the Committee should be consulted in preparation of DPRs and monitor the implementation of DDUGJY. Similarly, DDUGJY guidelines stipulated that the implementation of the scheme in the particular district shall be reviewed periodically (once in every quarter) during meeting of District Vigilance and Monitoring Committee (DVMC) under the supervision of District Development Coordination and Monitoring Committee (DISHA).

Audit observed that out of 69 numbers of DEC meetings to be held in four sampled Districts during the period 2015-20, only three meetings were conducted. Further, out of 50 numbers of meetings to be held by DISHA committees, only two meetings were conducted. Moreover, it did not discuss, oversee the DDUGJY as well as Saubhagya projects in DISHA meetings. The above indicated lack of monitoring by the district committees in timely execution of the projects and also avoid wasteful expenditure where there were no beneficiaries as pointed out in **Paragraph 3.2.16.1** and **3.2.16.3**.

The Department while accepting the audit finding stated (December 2021) that meetings could not be held as required because members like MP, MLA are too busy with other public engagements and assured to take corrective measures.

3.2.19 Beneficiary survey

Audit conducted beneficiary survey of 185 HHs in 25 villages to derive the level of benefits from the development of rural electrification infrastructures. Summarised findings of the beneficiary survey are discussed below:

1. As per scheme guidelines, the electricity connection included provision of service line cable, energy meter, single point wiring, LED lamp, erection of pole. The survey, however, revealed that LED lamps in 38 cases and energy meters in 34 cases were not provided.
2. Households surveyed indicated that in case of 118 (63.78 *per cent*) households, there was no increase in income after electrification of village, shops, use of electricity pump sets, *etc.* The expenditure has also not decreased in 89 (48.11 *per cent*) cases after electrification.
3. Out of 185 households surveyed, only 113 (61.08 *per cent*) stated that they were using additional gadgets like TV, fridge, fan *etc.*
4. Out of 185 households surveyed, 22 (11.89 *per cent*) were notable to get the benefit of extended hours of Study in evening/night due to non-availability of continuous power at the night.
5. 122 (65.95 *per cent*) households reported that the power supply was erratic and largely depends on the grid supply as it remains cut off for more than a week during rainy season.
6. Households surveyed disclosed that in case of 127 (68.65 *per cent*) households, street lights were either not installed or were non-functional resulting in no significant improvement in mobility/security at night.

3.2.20 Conclusion

The State took up project works for electrification of un-electrified villages and last mile connectivity of households under DDUGJY and Saubhagya scheme respectively, however, the state could not achieve universal electrification to all households as on 31 March 2021. The implementation of the scheme was deficient due to the fact that no detailed field survey was conducted before preparation of DPRs despite lapses pointed out by REC. Lack of field survey has led to inclusion of electrified/partially electrified, uninhabited villages and overlapping of UEVs in the DPRs thereby inflating the project cost and also resulting in wasteful and redundancy of projects. It also resulted in huge quantities of surplus materials which remained un-utilized under Saubhagya scheme.

There were lapses in compliance of scheme guidelines in submission of UCs, audited financial statements, opening of bank account with CLTD facility. Non-compliance of guidelines, NIT/bid instructions has led to litigations and delay in timely award of works. The infrastructures such as distribution transformers, DT meters were not put to use as intended resulting in unproductive and wasteful expenditure. In as many as 29 villages, service connections were not released despite creation of electricity infrastructures. Erection works for Saubhagya projects were executed without call of tender and adopting higher rates resulting in avoidable and extra expenditure.

Monitoring mechanism was ineffective due the fact that the only one SLSC meeting was held during the last five years and the DPRs of both DDUGJY and Saubhagya

were submitting to REC without consultation and recommended by SLSC. Further, project execution was also not properly monitored by DEC/DISHA committees. Complete verification of infrastructures created and HHs connections released as per quality assurance guidelines were not carried out in both the schemes by APDA/DoP.

The beneficiary survey revealed that the basic accessories like LED lamps and Energy Meters were not provided in various cases and the power supply was erratic and remains cut-off for more than a week during rainy days. Street lights were either not installed or were non-functional resulting in no significant improvement in mobility/security at night.

3.2.21 Recommendations

- The Department should ensure that DPRs are prepared only after detailed field survey so as to include only eligible villages/habitations/households in DPRs in order to avoid wasteful expenditure and procurement of surplus materials.
- Necessary steps may also be taken to utilise the materials remaining unutilized in de-populated habitations.
- The process of project approval, award of work and the compliance should be closely monitored to ensure that any hindrances are timely detected and appropriate corrective measures be taken.
- All the bid parameters should be reflected in the NIT and appropriate control should be introduced to ensure that bid evaluation process is transparent and fair.
- The features of distribution transformer meters which enable energy accounting, auditing and checking of energy losses should be put to use.
- Appropriate control should be ensured that the supplier/PIA complies with their liability during the warranty period.

Performance Audit

Agriculture Department

3.3 Implementation of 'Pradhan Mantri – Kisan Samman Nidhi (PM-KISAN) Yojana' in Arunachal Pradesh

Highlights

A Performance Audit (PA) of the implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Arunachal Pradesh was conducted covering the period from 2019-20 to 2020-21 involving test check of records of Directorate of Agriculture and its offices in four districts. The important findings of the PA on implementation of Scheme are as follows:

- *Duly approved alternate mechanism for identification of beneficiaries as per the guidelines was not developed in Arunachal Pradesh hampering proper implementation of the scheme. Thus, in the absence of approved mechanism for*

eligibility of farmers, the sole criteria for eligibility was self-declaration forms, due to which many ineligible beneficiaries were extended the benefits of the scheme.

(Paragraph 3.3.7.1)

- *The State Nodal Department could not provide justification or basis for determining potential beneficiaries in the state. Due to this, more than the total available beneficiaries registered in two of the four sampled districts. Further, coverage of the scheme and beneficiaries yet to be registered could not be determined.*

(Paragraph 3.3.7.2)

- *Self-registration process was not properly implemented in the state leading to undue rejections and 90 per cent of registration attempts pending of validation.*

(Paragraph 3.3.8.1)

- *A total of 373 beneficiaries were registered without verification of appropriate authorities and benefits of ₹28.22 lakh has already been extended to the unverified beneficiaries.*

(Paragraph 3.3.9.2)

- *A total benefits amounting to ₹46.98 lakh has been extended to 572 ineligible beneficiaries.*

(Paragraphs 3.3.9.5 & 3.3.10.2)

- *There was excess disbursement of ₹95.00 lakh from PFMS linked scheme account for which the state nodal department could not justify.*

(Paragraph 3.3.10.3)

- *The State Project Monitoring Unit did not undertake any activity and there was severe shortage in coverage of “five per cent physical verification” to be undertaken as per scheme guidelines.*

(Paragraph 3.3.11.1 & 3.3.11.2)

3.3.1 Introduction

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme was launched in February 2019 and aims to provide income support and risk mitigation for farmers. Under this scheme, eligible farmers get income support for meeting expenses related to agriculture and allied activities, as well as for domestic needs.

PM-KISAN is a central sector scheme with 100 per cent GoI funding, operated under Direct Benefit Transfer (DBT) mode. Under the scheme, income support of ₹6,000 per annum is provided to all eligible farmer families across the country with specified exclusions⁶², in three equal instalments of ₹2,000 every four months. The

⁶² All Institutional Land holders; and Farmer families in which one or more of its members belong to following categories:

i. Former and present holders of constitutional posts

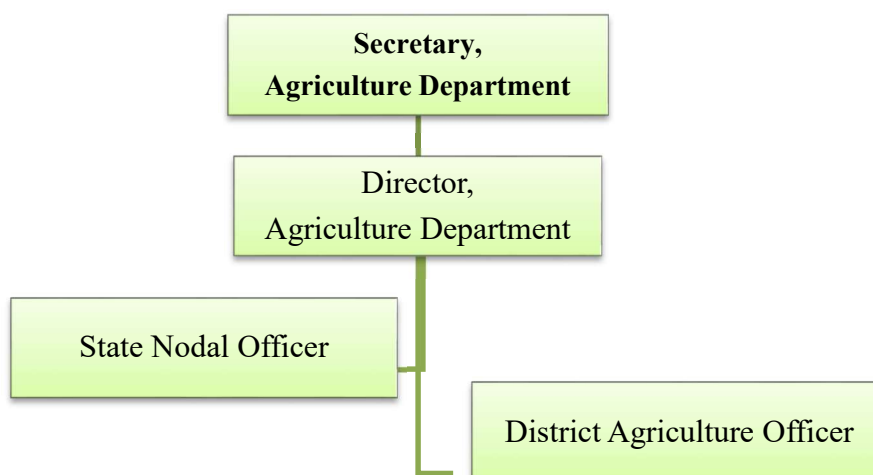
PM-KISAN scheme aims to provide income support to all eligible farmers' families for supplementing their financial needs to meet both their farm related and domestic requirements.

Initially, the scheme was for small and marginal farmers with landholdings up to two hectares, but was expanded *w.e.f.* 01 June 2019 to all farmer families irrespective of the size of the landholding. Farmers falling in certain specified categories denoting better economic status are not covered under the scheme. The scheme has been in operation from the last quarter of 2018-19.

3.3.2 Organisational Set up

In Arunachal Pradesh, PM-KISAN scheme is implemented through the Department of Agriculture, Government of Arunachal Pradesh as the Nodal Department. Under the Department, a state nodal officer at the rank of Agriculture Development Officer at the Directorate of Agriculture has been appointed. **Chart 3.2** illustrates the organisational set-up of implementation of PM-KISAN.

Chart-3.2: Organisational set-up of implementation of PM-KISAN



State Bank of India, Naharlagun Branch has been identified as the sponsoring bank for the scheme.

- ii. Former and present Ministers/ State Ministers and former/ present Members of Lok Sabha/ Rajya Sabha/ State Legislative Assemblies/ State Legislative Councils, former and present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats
- iii. All serving or retired officers and employees of Central/ State Government Ministries / Offices/ Departments and its field units Central or State PSEs and Attached offices/ Autonomous Institutions under Government as well as regular employees of the Local Bodies (Excluding Multi-Tasking Staff (MTS)/ Class IV/ Group D employees)
- iv. All superannuated/ retired pensioners whose monthly pension is ₹10,000 or more (Excluding MTS/ Class IV/ Group D employees)
- v. All Persons who paid Income Tax in last assessment year
- vi. Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices
- vii. Non-resident Indians (NRIs) in terms of the provisions of the Income Tax Act, 1961

3.3.3 Audit Objectives

The audit objectives of the Performance Audit on implementation of PM-KISAN were to assess the following:

- 1. Efficiency and effectiveness of the system put in place for identification and verification of beneficiaries, importantly the identification of beneficiaries by the State Government.
- 2. Financial Management of the scheme including processing of payments to beneficiaries, DBT, refunds, and their accounting.
- 3. Efficiency and effectiveness of the monitoring mechanisms for the scheme.

3.3.4 Audit Scope and Methodology

The Performance Audit on implementation of PM-KISAN was conducted covering the period from 2018-19 to 2020-21. Audit examined records of the nodal department *i.e.* Department of Agriculture, Government of Arunachal and selected Directories.

Entry Conference for the Performance Audit was held with the Director, Department of Agriculture on 12 August 2020 wherein the objectives and scope of the performance audit were discussed. Subsequently, audit examined records and other evidences in the Directorate of Agriculture and District Agriculture Officers (DAOs) of the four selected districts. Besides, beneficiary survey of beneficiaries was conducted in the sampled districts. Audit findings were discussed with the Director, Agriculture Department and other departmental officers in the Exit Conference held on 24 November 2021. The replies of the department received in the Exit Conference were suitably incorporated in the report in appropriate places.

3.3.5 Sampling

For the conduct of the Performance Audit, a total of four districts out of 25 districts (16 *per cent*) were selected through Stratified Random Sampling Process taking saturation level as the criteria for stratification. From the four selected districts, a total of eight blocks (two Blocks from each of the four selected districts) were selected for the audit. From each of the eight selected Blocks, a total of 48 villages (six villages from each of the selected blocks) were selected for the purpose of the audit. Selection of both the blocks and villages were done through Simple Random Sampling method. In addition, 1,440 beneficiaries (30 beneficiaries from each of the 48 selected villages) were selected through Simple Random Sampling for verification of beneficiary records. The overall sample size for the audit was shown in **Table 3.13**.

Table 3.13: Details of coverage of audit

Number of Districts	Number of Blocks (02 from each selected districts)	Number of villages (06 villages from each selected block)	Number of beneficiaries for verification (30 from each selected villages)
4 ⁶³	8	48	1,440

(Source: Departmental records)

⁶³ 1. Lower Subansiri 2. West Siang 3. East Siang 4. Namsai

3.3.6 Audit Criteria

The sources for audit criteria included the following:

1. Appraisal of Expenditure Finance Commission, relevant Cabinet Notes and proposals for the scheme.
2. Operational Guidelines of the scheme.
3. Guidelines and Standard Operating Procedures on fund transfer, refund mechanism, reimbursement of expenses, *etc.* pertaining to the scheme.
4. Correspondence and instructions issued by the Ministry of Agriculture.
5. Minutes of the Monitoring Committee meetings at District, State and Apex level.
6. Instructions/ decisions of Project Monitoring Units set up at State and District level.

Acknowledgement

The Audit team acknowledges the cooperation and assistance extended by the Directorate of Agriculture and State Nodal Officer during the conduct of the Performance Audit.

3.3.7 Beneficiary identification

3.3.7.1 Beneficiary identification mechanism in absence of land records

As per Paragraph 3 of the PM-KISAN Operational guidelines, existing land-ownership system was to be used for identification of beneficiaries. Paragraph 5.5 of the guidelines provided that exception was made in the case of North Eastern States where land ownership was community based and may not be possible to assess the quantum of land holding farmers. In such states, an alternate implementation mechanism for eligibility of the farmers was to be developed and approved by the Committee of Union Ministers of Ministry of Development of North East Region (DoNER), Ministry of Land Resources, Union Agriculture Minister and concerned State Chief Minister or their Ministerial representative, based on the proposal by the concerned state.

Scrutiny of records revealed that for implementation of the scheme, the Arunachal Pradesh Government devised (08 February 2019) a self-declaration format for the purpose of beneficiary identification and instruction was issued to state administrative units to expedite collection and registration of beneficiaries for the same. The self-declaration of the farmers was to be certified as genuine by the district level administrative authorities. However, approval of Committee of Union Ministers of Ministry of DoNER, the Ministry of Rural Development (Department of Land Resources), the Union Agriculture Minister and the concerned State Chief Minister for adoption of beneficiary identification as required by the guidelines was not obtained. Hence, duly approved alternate mechanism for identification of beneficiaries as per the guidelines was not developed in Arunachal Pradesh hampering proper implementation of the scheme. Thus, due to absence of an alternate implementation mechanism in the State, the income support extended to the genuine

farmers could not be verified in audit. As a result, many ineligible beneficiaries were extended the benefits of the scheme, as discussed in **Paragraph 3.3.8**.

The Department accepted the findings and stated (November 2021) that due approval for the mechanism for eligibility developed in the State was not obtained due to shortage of time as the scheme was implemented in a short notice. However, steps are being taken to get the same approved by competent authority. The reply is not tenable as many ineligible beneficiaries had already availed the scheme benefits in absence of approved mechanism.

3.3.7.2 Irregularities in determination of potential beneficiaries in the state

As per the Agriculture Census 2015-16 which was taken to determine the quantum of benefits to be given in the state, there were 1,10,300 individual operational holdings of cultivable land in Arunachal Pradesh with operating area of 3,76,300 hectares. This was taken as the baseline for determining the potential beneficiaries under PM KISAN. Information obtained from the Department of Agriculture (Nodal department) shows that the potential beneficiary in the state was 1,15,252 as on February 2019. The Department was unable to provide justification or basis for determining the potential beneficiary number in the State and stated that the potential beneficiaries were indicated by the GoI.

The status of potential beneficiaries reported were verified in the four sampled districts and discrepancies in the number of potential beneficiaries declared by the state authorities were noticed during field audit which is provided in **Table 3.14**.

Table 3.14: Status of beneficiaries’ registration in test checked districts

District	Potential Beneficiaries reported in PMKISAN portal	Beneficiaries registered till March 2021	Achievement (In per cent)
West Siang	11,547	3,785	32.78
Lower Subansiri	10,339	6,567	63.52
Namsai	6,534	7,475	114.40
East Siang	4,202	4,722	112.38

(Source: PM-KISAN portal and data obtained from district nodal officers)

In West Siang District, the District Nodal Officer reported (April 2021) that the actual number of potential beneficiaries in the District was 6,000 (2020-21) after the breakup of the District for creation of new districts. However, the same have not been updated in the PM-KISAN portal till April 2021. In East Siang and Namsai Districts, the actual registration has already exceeded the reported number of potential beneficiary. Thus, it was clear that the potential beneficiary was not determined in a proper manner. In this situation, ascertaining whether all eligible and needy farmers were covered and numbers needed to be covered for the successful implementation of the scheme was not ensured. District Agriculture Officers did not take any exercise to rectify the actual number of potential beneficiaries.

In reply, the department stated (November 2021) that the higher number of potential beneficiaries as against the Agriculture Census 2015-16 figures can be attributed to

increase in population which also leads to increase in operational land holding. The reply is not tenable as increase in population will not necessarily lead to increase in land holdings. Moreover, there was shortfall ranging from 32 to 63 *per cent* in two test checked districts. In any case, the potential beneficiaries were not based on actual data as opposed to properly enumerated figures given in the Agricultural Census which led to the incongruities pointed out above.

3.3.7.3 Shortfall/ Delay in collection/ uploading of beneficiary data

As on the date of launch of the scheme (February 2019), the State Government was already in the process of creation of database of farmers and data of 6,431 small and marginal farmers had already been collected. In the departmental farmers database, most of the requisite attributes and parameters required under PM-KISAN had already been collected and only needed modification and addition as per the scheme requirement. As of March 2019, the Department uploaded the names of 18,503 beneficiaries. But only data pertaining to only 1,824 beneficiaries have been accepted by the portal. Despite having existing database of 6,431 farmers, the department was able to provide requisite data pertaining to only 1,824 beneficiaries towards the first instalment benefit under the scheme (last trimester instalment of 2018-19).

Thus there was huge shortfall in identification of beneficiaries against the total potential beneficiary of 1,15,252 farmers and 4,607 beneficiaries (6,431 – 1,824) were not paid the first instalment in time.

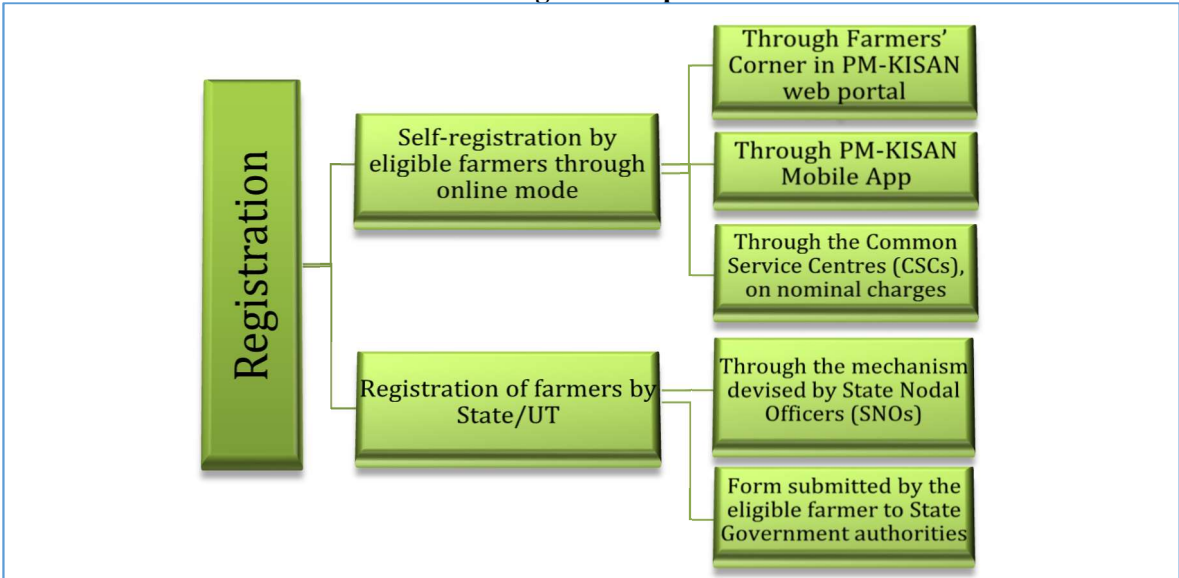
The Department stated (November 2021) that certain beneficiaries were left out from receiving benefits of the first instalment due to issues that might have arisen at GoI/ PFMS level and not due to poor quality of data by the Department. However, the fact remains that only 1,824 beneficiaries were benefited despite having existing database of 6,431 farmers.

3.3.8 Beneficiary registration

3.3.8.1 Registration Processing Mechanism – Self Registration

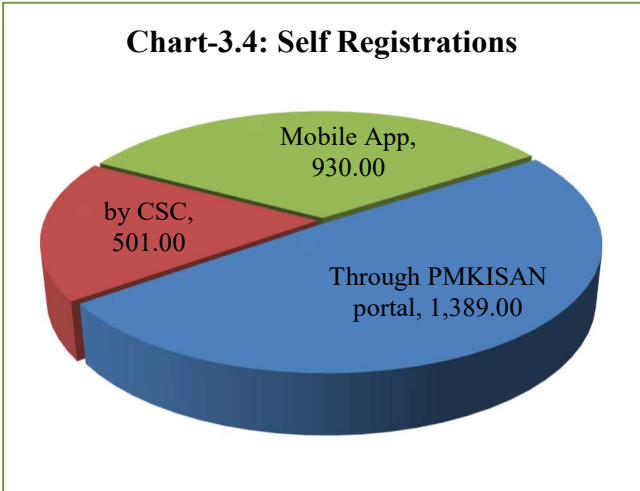
As per para 9.4(a) of the PM-KISAN scheme guideline, if a State / UT has village / district wise list of farmers, they may upload the same in a pre-defined format and with the help of local NIC State Unit. The eligible beneficiaries can also register themselves through online mode via the PM-KISAN web portal, PM-KISAN mobile app or through Common Service Centres (CSCs). The method of registration process for the scheme is as shown in **Chart-3.3**.

Chart-3.3: Registration process



(Source: PM KISAN revised Guidelines)

Chart-3.4: Self Registrations



In Arunachal Pradesh, 98,006 beneficiaries have been registered by the State Nodal Department *i.e.* Agriculture Department through a process devised for this purpose. From the data obtained from the portal, it was noticed that 2,820 beneficiaries had registered through self-registration mode till March 2021.

Out of the 2,820 beneficiaries who registered themselves, only 228 (*eight per cent*) has been approved and 74 beneficiary's registrations have been rejected. Till date, registration of 2,518 beneficiaries remained pending for approval. Thus, there was huge delay in the validation of self-registered beneficiaries. Further, from the rejected 74 applications, 55 registration attempts have been rejected due to land record details not provided and the remaining 19 registrations have been rejected without assigning any reasons. Arunachal Pradesh being a non-land record State, it was not understood as to how non-provision of land record details was cause for rejection of registration. This shows that the self-registration process was not properly implemented in the state leading to undue rejections and *89.29 per cent* of self-registration attempts pending for validation and approval. Thus, the convenience of self-registration could not be availed by 2,518 potential beneficiaries.

In reply, the department stated (November 2021) that the reason for slow pace of approval of self-registration was due to incomplete/ wrong information. Cases of applicants providing random numbers to bypass the mandatory checks *i.e.* land details

were observed. The reply is not tenable as any self-registration attempt with wrong credentials should have been rejected and not kept pending. Further, there is no system of land records in the State and as such wrong or random land details cannot be cause for rejection as long as other details are correct and certified.

3.3.8.2 Non-authentication of beneficiaries record with Aadhaar card

Paragraph 6.1 of the Scheme guideline, states that the States shall prepare database of eligible beneficiary land holder farmer families in the villages capturing the Name, Age, Gender, Category (SC/ST), Aadhaar Number, Bank Account Number and the Mobile Number of the beneficiaries. To ensure this, the registration details of farmers are being processed via a number of validation checks viz. Aadhaar authentications so that registered farmer should be in accordance with the Aadhaar details.

Scrutiny of records of the nodal department i.e. the Director of Agriculture, GoAP revealed that as of February 2020, a total of 2,949 beneficiaries were rejected due to failed online Aadhaar authentication. Director of Agriculture Department issued instructions (14 February 2020) to District Agriculture Officers to perform necessary online correction of Aadhaar failure cases on priority basis and submit Action Taken Report (ATR) by 24 February 2020. However, as of March 2021, corrective measures have been taken by the State Government for only 940 and 2,009 beneficiaries who had been rejected remain pending for correction as shown in **Table 3.15**.

Table 3.15: Status of Aadhar authentication in the State as of March 2021

Total No. of applications	Total No. of applications accepted	Total rejected pending for correction	Total ineligible applications	Invalid Aadhaar
99,550	97,134	2,009	391	16

(Source: Data obtained from PMKISAN portal through state nodal department).

Further, record of any action taken against these 2,009 rejections were not intimated as of February 2023. Thus, due to non-authentication of Aadhaar number by the department, 2009 beneficiaries were denied the scheme benefits.

The department stated (November 2021) that Aadhaar authentication is an on-going process and hence the remaining authentication will be done in due course. However, no justification for slow progress of authentication was provided.

Recommendation: *The State Government may expedite the process for validation and Aadhaar authentication so as to ensure that eligible farmers may not be deprived from the scheme benefit.*

3.3.8.3 Non-maintenance of beneficiary details by the State

The State has not prepared any list of beneficiaries for the purpose of the scheme. Applications are collected and verified beneficiaries are directly uploaded to the PM-KISAN portal. Besides the portal data maintained by the Ministry of Agriculture, GoI, the State Government does not have any independent record of beneficiaries nor achievement under the scheme. The State Government should maintain/have access to comprehensive database of beneficiary farmers for the purpose of monitoring and

more effective implementation of schemes to ensure that the benefits of the schemes have reached intended beneficiaries.

In reply, the Department stated (November 2021) that list of beneficiaries was maintained at district level. The State Nodal Officer does not have a consolidated list of beneficiaries which reflects on weak monitoring of the scheme.

3.3.9 Audit findings of beneficiary record verification

Records of 1,440 sample selected beneficiaries from the four selected Districts were verified and the following observations are made on the validation and registration process of beneficiaries.

3.3.9.1 Non-uniformity in process for validation of beneficiaries

Paragraph 5.5 of the scheme guideline states that in some of the North Eastern States, the land ownership rights are community based and it might not be possible to assess the quantum of land holder farmers. In such States an alternate implementation mechanism for eligibility of the farmers will be developed and approved by the Committee of Union Ministers of Ministry of Development of North East Region (DoNER), the Ministry of Rural Development (Department of Land Resources), the Union Agriculture Minister and the concerned State Chief Ministers or their Ministerial representatives, based on the proposal by the concerned North Eastern States.

In Arunachal Pradesh no such proposal was sent to the committee for the approval. As per the mechanism notified by the state nodal department (February 2019), the self-declarations furnished by the beneficiaries were to be certified by the Deputy Commissioner or his representatives. In the four sampled District, it was found that different authorities ranging from Additional Deputy Commissioners to Gaon Buras (GBs) certified the eligibility of the beneficiaries. Thus, there was no uniformity in the process of validation of beneficiary adopted in the State.

In absence of uniformity in process for validation of beneficiaries, several deficiencies were observed in implementation of scheme *viz.* scheme benefit extended to more than one member of same family, government employees, *etc.* as discussed in succeeding paragraphs.

The Department stated (November 2021) that all certifications are done by Deputy Commissioners or his representatives. However, there was no uniformity as certifications were done by different authorities in each of the districts covered in the audit.

3.3.9.2 Registering farmer names without verification

During test check of records of four sampled Districts, it was observed that 373 beneficiaries (26 *per cent*) were registered without verification from the appropriate authorities, *i.e.* District Administration or their representatives. Benefits availed by these beneficiaries was cross verified and found that 1,411 instalments

amounting to ₹28.22 lakh has already been paid to 364 beneficiaries. The detail of the beneficiaries and number of instalment paid is given in **Appendix-3.2**.

In reply, the Department stated (November 2021) instances of non-verification were due to huge paperwork and work load which is not tenable as the sole criteria for eligibility was the certification of the administration.

3.3.9.3 Certification of beneficiaries without supporting documents

For the validation of the beneficiaries, certification of eligibility was given on the basis of supporting documents submitted along with application forms. In the four sampled Districts, out of the total 1,440 beneficiaries covered, it was noticed that 148 beneficiaries (10 *per cent*) had not submitted any supporting documents *viz.*, Aadhaar card, Voter ID, Bank Account details *etc.* and the department and administration had verified the self-declaration form of the applicant without necessary supporting documents. Thus, in the absence of documents of the 148 beneficiaries, audit could not ascertain whether the beneficiaries were genuine farmers or not.

In reply, the Department stated (November 2021) that the said application forms and documents could not be provided due to decentralised registration from different locations by different designated officers and also due to large volume of records. The reply is not tenable as records should be properly maintained irrespective of location of registration.

3.3.9.4 Beneficiary application forms unavailable

In the four sampled Districts, application forms of 324 registered beneficiaries (22 *per cent*) were not found on record. Due to unavailability of application forms, it was not clear as to how their eligibility was ensured and audit could not ascertain the existence of such beneficiaries.

In reply, the Department claimed (November 2021) that the filled up application forms proving eligibility could not be provided in East Siang due to transfer of officers which is not tenable as proper records should be maintained irrespective of transfer of officials. Thus, the veracity of these 324 beneficiaries could not be ascertained and the possibility of ineligible beneficiaries extended scheme benefits could not be ruled out.

3.3.9.5 Selection of ineligible/fraudulent beneficiaries

I. Benefit extended to more than one family member

Para 3 of the Scheme guideline defines landholder farmer's family as "a family comprising of husband, wife and minor children who owns cultivable land as per land records of the concerned State/ UT.

It was observed that the department registered more than one family member of 225 households in three sampled districts for availing benefits under the scheme. A

cross verification of benefit payment revealed that a total amount of ₹20.20 lakh has been paid to the additional family members of 214 beneficiaries as detailed in *Appendix-3.3*. Extending benefits to more than one family member without establishing land ownership was irregular and against the scheme guideline.

In reply, the Department stated (November 2021) that the family members noted were already staying separately at their own households with individual operational holding of cultivable land. However, the reply was not tenable as above state beneficiaries had submitted the same ration card mentioning family member along with their application forms. The department further stated that instructions have been issued to ascertain eligibility of the beneficiaries pointed out by audit.

II. Selection of government servant as beneficiaries

Para 4.1 (III) of PM-KISAN guidelines states that service personnel should be excluded under the scheme. Out of the 1,440 beneficiary records verified in four sampled District, it was noticed that benefits under the scheme was granted to 10 beneficiaries (0.70 *per cent*) in three sampled districts who were either into business activities or were service personnel. The district authorities could not produce any other evidence of their eligibility. Hence, the scheme benefit was extended to 10 ineligible beneficiaries and a total of ₹1.02 lakh in 51 instalments (ranged between 3 and 6 instalments each) have been paid to the ineligible beneficiaries as detailed in *Appendix-3.4*.

In reply, the department stated (November 2021) that payment of scheme benefits to one beneficiary who was found to be in government service has been stopped and recovery will be initiated. The department also claimed that the remaining beneficiaries are not ineligible just by virtue of being businessmen. The reply is not tenable as the scheme benefits are meant for farmers and this eligibility factor has not been established.

3.3.9.6 Denial of benefits to beneficiaries

During test check of records of four sampled Districts, it was noticed that out of 32,283 potential beneficiaries, 26 farmers had submitted applications forms to the Department for availing the benefit of the scheme. However, despite submission of forms as early as March 2019, the names of the farmers were still not registered as detailed in *Appendix-3.5*. Reasons for neither the rejection of application nor ineligibility were found on record. Due to non-inclusion of the above prospective beneficiaries, they were denied the intended financial benefit of the scheme whereas the department intentionally extended scheme benefit to ineligible farmers.

In reply, the department stated (November 2021) that the listed farmers were not registered due to various reasons like non-matching of farmers credentials in Aadhaar and Bank AC *etc.* However, the reply is not tenable as no such mismatch was found in the application forms and documents.

3.3.9.7 Improper maintenance of beneficiary records

In the absence of land records which was the primary criteria for beneficiary identification, the State Government devised (February 2019) a format for application to be submitted by farmers along with self-declaration to be verified by district administrative authority which was to form the basis for eligibility and registration.

Against audit requisition for beneficiary application records in the four sampled District, only one district, West Siang District was able to provide village-wise records. The remaining three Districts were not able to furnish village-wise records of beneficiary applications and self-declarations. No independent list of farmer's application received, nor verified and registered was found on record. In absence of the above, it was clear that applications as and when received was certified and uploaded without proper record keeping. This was highly irregular, as these records form the sole basis of ascertaining the eligibility of beneficiaries.

A total of 1,440 beneficiaries were selected for beneficiary verification. However, due to unavailability of systematic records, audit was not able to trace records pertaining to 277 selected beneficiaries (19 *per cent*). The shortfall in sample was made up with available records. Due to this, the eligibility of the 277 beneficiaries could not be vouchsafed in audit.

In reply, the department accepted that audit findings and stated (November 2021) that a village-wise record has now been compiled.

3.3.10 Installment disbursement

3.3.10.1 Status of Direct Benefit Transfer (DBT) under the scheme

The Department reported (April 2021) that till date a total number of 98,234 beneficiaries have been identified and registered under the scheme which constitutes 85 *per cent* of the reported 1,15,252 potential eligible beneficiaries in the State. Till date a total of ₹86.50 crore⁶⁴ have been disbursed to the beneficiaries in the State through Direct Benefit Transfer (DBT). According to DBT data, 4,934 beneficiaries (5.02 *per cent*) out of the total 98,234 were registered between February 2019 and March 2021. As such, 4,934 beneficiaries availed ₹86.50 crore through PFMS as DBT in the scheme.

3.3.10.2 Benefits availed by the ineligible beneficiaries

As per the data of PM-KISAN portal obtained from the Department, benefits amounting to ₹22.76 lakh were extended to 348 ineligible farmers in 14 districts which have not been recovered till date of audit. Out of 348 ineligible beneficiaries, 11 beneficiaries were still getting the benefit despite being declared ineligible by the district nodal officers. There were 37 income tax paying individuals out of

⁶⁴ Through 4,32,505 installments of ₹2,000 each

348 beneficiaries who were given the benefit of the scheme to the tune of ₹2.84 lakh. Thus, a total of ₹22.76 lakh was extended to ineligible beneficiaries in the state.

In reply, the department stated (November 2021) that the state nodal officer has still not been informed of the 11 beneficiaries that have been declared ineligible by the district nodal offices. Due to this, stop payment has not been made yet.

Recommendations:

The State Government should-

- undertake verification of the beneficiaries and recoveries wherever applicable from ineligible beneficiaries to be initiated.
- encourage effective measures to ensure that no ineligible farmers are brought under the schemes and scheme benefit strictly extended to eligible farmers.
- ensure synchronisation between district and state nodal office so as to provide the required information at earliest.

3.3.10.3 Fund administration

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme being executed through Direct Benefit Transfer (DBT) mode, scheme funds are received in the PFMS linked account of the State Nodal Agency (SNA) and disbursed directly to the beneficiaries. The details of funds received and disbursed under the scheme as of March 2021 are as shown in **Table 3.16**:

Table 3.16: Amount received and disbursed under the scheme during 2018-21

(₹ in lakh)

Year	PM KISAN Amount received	Interest earned	Additional amount given by the State Government	Total amount available	PM KISAN Amount disbursed	Top-Up disbursed	Total Amount disbursed	Closing bank balance
2018-19	-	-	-	-	-	-	-	-
2019-20	2,841.24	0.32	-	2,841.56	2,841.24	-	2,841.24	0.32
2020-21	5,808.86	2.30	720.64	6,531.80	5,808.86	720.44	6,529.30	2.50
Total	8,650.10	2.62	720.64	9,373.36	8,650.10	720.44	9,370.54	2.82

(Source: Bank Statement of PFMS linked scheme account)

From the bank statement, it was found that a total of ₹86.50 crore of scheme benefits has been received and disbursed to the beneficiaries. However, from the database obtained from the Ministry, it was found that 4,27,741 instalment benefits were successfully paid to beneficiary accounts. The total successful payment according to the database was only ₹85.55 crore (4,27,741 benefit instalment @ ₹2,000 per instalment). No case of refund received back to the scheme account was found. Thus, the purpose for which the remaining amount of ₹0.95 crore was utilised could not be ascertained in audit.

In reply, the Department stated (November 2021) that they were unaware and could not ascertain the discrepancy and action on this issue will be initiated urgently.

3.3.10.4 Non-utilisation of administrative expenses

During the period from 2018-19 to 2020-21, the state nodal department has received ₹0.97 lakh as administrative charges for the scheme against ₹10.77 lakh (0.125 *per cent* of ₹86.50 crore). As on March 2021, the amount remained unutilised.

The Department stated (November 2021) that the administrative charges could not be utilised as it was too less for effective distribution and productive fund application. The amount needs to be enhanced as a higher expense was involved for data collection in far-flung remote and inaccessible areas of the State. The reply of the department is not acceptable as fund may have been utilised on awareness purpose of the scheme as more concerted efforts are required to create better awareness among the farming community on the coverage and benefits of the schemes.

3.3.11 Monitoring mechanisms for the scheme

3.3.11.1 Monitoring of the program or working of State level PMU

Para 8 of the scheme guidelines states that a Project Monitoring Unit (PMU) at Central level is tasked with the responsibility of overall monitoring of the scheme. On the lines of the Central level, states should set up PMU's at state level for overall monitoring of the scheme in the state. The State level Project Monitoring Unit (PMU) consisting of departmental officers was constituted on 13 March 2019. Till date no activity has been undertaken towards monitoring of the scheme by the PMU.

Further, the Department of Agriculture received 75 grievances from 16 districts, however the Department is yet to resolve the 74 grievances. In absence of effective monitoring and grievances redressal mechanism in the state, the programme could not be properly implemented.

3.3.11.2 Five *per cent* physical verification of beneficiaries

As per Section 10.5 of the scheme guidelines, State Governments should ensure checking for around five *per cent* of the beneficiary for the eligibility during the year.

Scrutiny of records and data obtained from PMKISAN portal revealed that no physical verification as stipulated in the guidelines was conducted during the year 2019-20. During 2020-21 it was reported that physical verification of 3,357 beneficiaries was conducted in 22 districts out of total 98,272 beneficiaries in the State. Out of this, the verification process was completed for only 1,799 beneficiaries and verification of the remaining 1,558 beneficiaries have not been completed till date (March 2021). The total percentage of physical verification initiated in the districts ranged between 1.30 and 4.60 *per cent* in 22 districts of the State, which was less than the recommended five *per cent* envisaged in the guidelines and the actual completed verification was also much lesser than stipulated.

Further, in the four sampled district, a total physical verification 697 beneficiaries was reported as undertaken as per the portal data. However, during field audit it was found that the number of physical verification reported as completed in the portal for the year 2020-21 was not as per actual achievement.

Table 3.17: Status of five per cent physical verification in test checked districts

Name of the District	Total Beneficiaries	5 per cent verification to be carried out	Physical verification conducted as per database (in per cent)	Actual verification conducted	Difference
East Siang	4,722	236	63 (1.30)	0	236
Lower Subansiri	6,567	328	239 (3.60)	204	124
West Siang	4,105	205	157 (3.80)	0	205
Namsai	7,465	373	238 (3.20)	0	373
Total	22,859	1,143	697	204	938

(Source: Physical verification in test checked Districts)

Report of the physical verification process was found only in Lower Subansiri district wherein 204 beneficiaries out of 239 target beneficiaries was completed. No physical verification was under taken in the other three districts viz., Namsai, West Siang and East Siang. During the physical verification undertaken in Lower Subansiri District for the year 2019-20, it was reported that one beneficiary was deceased and six beneficiaries enlisted under the scheme from Yachuli-I Block could not be found and were non-existent. Hence, action taken against this finding was yet to be taken by the district.

Thus, the data uploaded to PM-KISAN portal for physical verification was not as per actual achievement. In addition to the huge shortfall in the actual physical verification undertaken no corrective measures was also taken against the findings of the verification process.

In reply, the Department accepted the findings and stated (November 2021) that progress is being made in the ongoing verification process.

3.3.12 Conclusion

The mechanism for identification of eligible beneficiaries under PMKISAN has not been approved by the Committee of Union Ministers of Ministry of Development of North East Region (DoNER), Ministry of Land Resources, Union Agriculture Minister and concerned State Chief Minister or their Ministerial representative as per the scheme guidelines.

The total potential beneficiaries in the state were also not worked out properly leading to cases where more beneficiaries than the projected potential in the districts have been registered. Also, the coverage of the scheme and quantum of beneficiaries still to be registered in the districts could not be determined.

The self-registration process for convenience of beneficiaries has not been properly implemented in the state. Due to non-uniformity and irregularities in the beneficiary identification process, 940⁶⁵ ineligible beneficiaries were extended scheme benefits to

⁶⁵ 10 Business/Service Person, 364 Beneficiaries without verification, 214 beneficiaries whose family members also received benefits and 311 beneficiaries rejected by portal due to other reasons.

the tune of ₹72.20 lakh while beneficiaries who were deemed eligible were not registered and hence denied the scheme benefits.

The District nodal offices did not maintain beneficiary records properly due to which records pertaining to 277 beneficiaries out of 1,440 sampled beneficiaries could not be traced. The department was also unaware of the excess disbursement of ₹95.00 lakh.

The state PMU although constituted as per guidelines has not undertaken any activity.

3.3.13 Recommendations

The following recommendations are made:

- Proper alternate mechanism duly approved by Ministry as stipulated in the guidelines for identification of eligible beneficiaries should be developed.
- Efforts should be made to strengthen the verification process so as to ensure that eligible beneficiaries are registered promptly and ineligible beneficiaries are rejected.
- The Self Registration system should have control embedded to ensure that applications are complete with respect to the supporting documents are approved timely and ineligible applicants are rejected by the system.
- Mandatory five *per cent* physical verifications should be completed timely and actionable findings should be acted upon.
- The State level Project Monitoring Unit should take more active role in monitoring of the scheme.

Compliance Audit Paragraphs

Public Works Department (PWD)

3.4: Wasteful Expenditure

Expenditure of ₹45.55 crore on two road projects, which intended to connect 13 villages in East Siang and nine villages in West Siang District, was wasted as the intended habitats remained unconnected due to faulty planning, non-conduct of baseline survey and feasibility assessment.

Paragraph 4.1 (v) (a) of Non Lapse-able Central Pool of Resources (NLCPR) guidelines 2009 stipulates that the Detailed Project Reports (DPRs) would be prepared properly by the State Department concerned as per generic structure given in Annexure II. The Annexure-II provides 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.

Further, according to paragraph 7.1 of the guidelines, once the project is approved by the Ministry of Development of North Eastern Region (DoNER) the State Government should ensure that the tender has been called on competitive basis by giving wide publicity in print media & website *etc.* and the works have been awarded within three months of its sanction, even without waiting for the release of funds from State Government to implementing agency.

Ministry of DoNER, Government of India (GoI) accorded (September 2013) administrative and financial approval for two projects as detailed in **Table 3.18**. The project cost was to be shared between GoI (DONER) and GoAP in the ratio of 90:10.

Table 3.18: Details of road projects sanctioned under MDONER

(₹ in crore)			
Sl. No.	Name of Project	Amount of estimated Cost	Length of the proposed road (in Km)
1.	Project-I: Construction of road from Yembung- Yemsing road to Tarak Village (Phase-I)	28.18	15.85
2.	Project-II: Construction of road from Yemsing to Mirem (15 Km upto WBM level)	18.31	15.00

(Source: Departmental records)

Chief Engineer, Central Zone-B, PWD accorded Technical sanction of Project-I during February 2014 and for Project-II in May 2015. The reason for delays in according TS *i.e.* after five months and 20 months respectively after sanction of Project-I and Project-II was not available on records.

The proposed 15.85 Km road under Project-I was intended to connect Yemsing and Tarak village by providing connectivity to 13 villages in East Siang and nine villages in West Siang District enroute. Whereas, proposed Project-II was vital District Road aimed to connect similarly to East Siang and West Siang District by providing

connectivity to 13 villages in East Siang and 9 villages in West Siang District enroute. The scope of work and abstract of cost as per original sanction were detailed in **Appendix-3.6.**

Scrutiny of records (February 2020) of the Executive Engineer, PWD, Boleng Division revealed substantial delay in completion and improper execution of the project which are discussed in succeeding paragraphs:

- **Project-I:** The GoI sanctioned the project in September 2013 and stipulated date of completion was August 2016. The GoI released⁶⁶ central share ₹25.35 crore between September 2013 and February 2018. However, the same was released⁶⁷ by State Government between March 2014 and March 2019 with delay of three months to six months. The corresponding state share of ₹2.81 crore was also released⁶⁸ with delay of five months to 38 months. Further, Intimation for Bid (IFB) was approved by the Chief Engineer, PWD, Central Zone-B in June 2014. However, the Division floated Notice Inviting Tender (NIT) in August 2014. The work was awarded (January 2016) to Naharlagun based firm M/s NT Agency on *Turn Key* contract at agreement amount of ₹28.16 crore with delay of more than three years from the stipulated date.

Project-II: Similarly, the stipulated date of completion of the Project-II was August 2016. The GoI released⁶⁹ total central share ₹15.66 crore against sanction cost (central share) of ₹16.48 crore between September 2013 and October 2018. However, the same was released⁷⁰ by State Government with delay of four to five months. The corresponding state share ₹1.83 crore was also released⁷¹ after four to 38 months. The delay in release of fund by the State Government to implementing agency attributed to delay in completion of project. The Division floated (October 2015) Notice Inviting Tender (NIT) of the project and the work was awarded (December 2016) to a Naharlagun, Arunachal Pradesh based firm M/s N.T Agency, at tender amount of ₹17.39 crore with delay of three years from the stipulated date. The reason for delays was not available on records.

Thus, due to delay in release of funds, delay in NIT and award of work, the projects were delayed in completion. As per work completion certificate, the project-I and Project-II were completed respectively in March 2018 and October 2018 with delay of 19 and 31 months from the stipulated date of their completion and payment of ₹28.16 crore (vide voucher No.76 of March 2019) and ₹17.39 crore (vide voucher No.79 of March 2019) respectively made for the same.

⁶⁶ ₹10.15 crore in September 2013, ₹10.13 crore in September 2017 and ₹5.07 crore in December 2018.

⁶⁷ ₹10.14 crore in March 2014, ₹10.13 crore in March 2018 and ₹5.06 crore in March 2019.

⁶⁸ ₹1.01 crore in November 2016 and ₹1.80 crore in March 2018.

⁶⁹ 1st installment ₹6.59 crore in September 2013, 2nd installment ₹5.93 crore in November 2017 and 3rd installment ₹3.13 crore in October 2018

⁷⁰ Release order for 1st installment was not made available, 2nd installment ₹5.93 crore in March 2018 and 3rd installment ₹3.13 crore in March 2019

⁷¹ 1st installment ₹0.66 crore in November 2016 and 2nd installment ₹1.17 crore in March 2018

- **Project-I:** Audit conducted (February 2020) a Joint Physical Verification of the road with department officers/ officials and found that road was motorable only upto chainage 7.20 Km and the road beyond that was not accessible. The block point of the work under **Project-I** is as depicted in the following photographs:



As the road works beyond chainage 7.20 Km was not accessible, components of works executed upto this point was verified and the following shortfall were found:

- i. Upto this point, *i.e.* Chainage 7.20 Km, total 30 culverts of various span (1.50 mtr to 6.0 mtr) were required to be constructed as per the estimate. However, only 17 culverts were found during the site verification. Thus, 13 culverts (30 - 17) having estimated cost of ₹1.50 crore were not executed.
- ii. Similarly, there was provision of ₹2.36 crore for 649.00 RMT retaining/ breast wall (3 mtr to 5 mtr height) till 7.20 Km. However, only 82.60 RMT of retaining wall breast wall was found executed during site verification. Thus, 566.40 RMT (649.00 RMT – 82.60 RMT) retaining wall provisioned for ₹2.12 crore was not executed.

Project-II: JPV in case of Project-II revealed that road was not motorable beyond the chainage 4.20 Km and was inaccessible. The block point of the work was as depicted in the following photograph:



Chainage 4.200 Km: Road was not accessible beyond 4.20 km

The road works stated to be constructed beyond chainage 4.20 Km was not accessible and thus, the components of works executed upto this point was verified and the following shortfall was found:

- i. Upto this point, *i.e.* chainage 4.200 Km, total 18 culverts of various span (1.50 mtr to 6.0 mtr) were required to be constructed as per the estimate. However, only 10 culverts were found during site verification. Thus, 8 culverts (18 - 10) with provisions for ₹0.68 crore were not executed.
- ii. Similarly, there was provision of ₹0.65 crore for 170.00 RMT retaining/breast wall (3 mtr to 4 mtr height) till 4.20 Km. However, no retaining wall breast wall was found executed during site verification. Thus, 170.00 RMT (120.00 RMT + 50 RMT) retaining wall with an estimated cost of ₹0.65 crore was not executed.

Thus, execution of project worth ₹4.95 crore (Project-I: ₹1.50 crore + ₹2.12 crore and Project-II: ₹0.68 crore + ₹0.65 crore) was doubtful. Further, the division executed the work without undertaking feasibility assessment and baseline survey which resulted in preparation of unrealistic DPR and the projects remaining incomplete as the targeted habitations under the connectivity projects remains unconnected. As per completion certificate and Quarterly Progress Report (QPR) of March 2019, the both works were completed in all respect achieving 100 *per cent* intended objective. Thus, the department also misreported in QPR March 2019 as 100 *per cent* physical achievement of project whereas the projects was not motorable beyond 7.20 Km (Project-I) and 4.20 Km (Project-II).

In reply (November 2020), the department stated that the portion of road was washed at chainage 7.20 Km and 4.30 Km due to intense rain and flash flood during 2019-20. Further, it was stated that as per site condition some items of work, which was initially supposed to be executed within 7.20 km in Project-I and 4.20 within Project-II, were shifted respectively beyond 7.20 km and 4.20 Km as per actual site condition.

The reply was not acceptable as audit re-inspected the roads (May 2021) and roads were still not accessible beyond 7.20 Km (Project-I) and 4.20 Km (Project-II) and Project-II and target habitations remained unconnected. Further, there was no specific

approval of competent authority for the deviation of work related to the components approved for the chainage upto 7.20 Km (Project-I) and 4.20 Km (Project-II). Besides, the Division could not produce records supporting execution of work worth ₹4.95 crore (Project-I: ₹3.62 crore and Project-II: ₹ 1.33 crore) beyond 7.20 km and 4.20 Km in respect of Project-I and Project-II.

Due to improper planning and irregularities in execution of work, the department failed to provide road connectivity to target habitation. Thus, objective of project could not be achieved and entire expenditure ₹28.16 crore was wasted as the targeted habitation remained unconnected.

Recommendation: *The State Government may fix responsibility after taking necessary action against the concerned Executive Engineer for improper planning of the project, releasing payment without ensuring work done and misreporting the status of work.*

Rural Works Department (RWD)

3.5 Unfruitful expenditure

Expenditure of ₹115.48 lakh on construction of a Shopping Complex with identified objectives to create better marketing facilities under Hawaii Division was unfruitful as the execution of the project was marred with improper planning leading to inordinate delays. The facility remained un-electrified leading to the Complex being unutilised even after lapse of over 8 years.

With a view to promote local products and boosting socio-economic development of the local populace, the Government of Arunachal Pradesh sanctioned (January 2013) a project 'Construction of Shopping Complex at Hawaii at Chawba site' estimated at a cost of ₹130.50 lakh under Special Plan Assistance (SPA) scheme.

As per Detailed Project Reports (DPRs) of the work, lack of adequate infrastructure was among of the major reasons of distress sales in the rural markets. Rural artisans did not have wherewithal to connect themselves to the market as they lacked adequate capacity, market intelligence and negotiation skills. Setting up of the shopping complex in Hawaii Township was imperative for catering to the needs of the township and nearby villages. The project was thus envisaged with the objective of extending the following benefits:

- i. Creation of better marketing facilities
- ii. Enabling the rural poor to sell their products throughout the year
- iii. Promotion of hygienic conditions in and around the market area
- iv. Quality and hygienic produce is available to the buyers
- v. Ensure stable market and reasonable prices

Scrutiny of records (February 2019) of the Executive Engineer, RWD, Hawaii Division revealed that the completion of the project was substantially delayed, and the

shopping complex was found unutilized for three years since its completion as discussed in the following paragraphs:

- The Division invited tender for the work in August 2013 and the work was awarded (September 2013) to firm, 'M/s Jasvit Construction (P) Ltd.' for an agreement amount of ₹ 1.15 crore. The stipulated period of the completion of the project was September 2014. The execution of work commenced in September 2013 and as per records, the work was completed in March 2018. The work was completed with delays of more than three years from the stipulated date. The reason for delays was not, however, available on records. Payment of ₹115.47 lakh (vide voucher No.30 of March 2018) was made to the contractor.
- Audit along with the Executive Engineer, RWD, Hawaii during (30 April 2021) Joint Physical Verification (JPV) of the project found that the building remained unutilised as on date of inspection for more than three years since its completion, i.e. March 2018. Besides, despite expenditure on the components related to the electrification, the building was not found electrified, and window glasses were also found broken as depicted in the photographs:



It was observed that apart from the project report, there was no requisition/demand from the District Administration or any other client Department for establishment of the shopping complex. Records were also silent about the Department which would administer or operate the shopping complex. The District Administration directed (February 2021) the District Medical Officer (DMO), Hawaii to take over the building for its use. However, the DMO did not take over the building.

Thus, the Division could not complete the project on time. The project which was to be completed in September 2014 was completed in March 2018 with delays of more than three years from the stipulated date. The Division also failed to establish a mechanism for utilization of the project for the purpose it was built for and the related benefits which were intended to be delivered since August 2014 were not delivered till date (November 2022).

The matter was reported to the State Government (September 2021), however no reply from the Government has been received.

Recommendations: *The State Government may take appropriate action to lease out the building to market welfare associations/ self-help group and utilise the asset for which it was created.*

Fisheries Department

3.6 Wasteful expenditure

Improper planning and inadequate monitoring/supervision led to some components of the project ‘Reclamation of Borbeel with introduction of Pen & Cage culture and backup facilities, Development of Potential area for commercial fish farming/ integrated farming with back up infrastructure at Namsai and Mahadevpur’ incomplete despite an expenditure of ₹ 5.83 crore and the objectives related to the project could not be achieved.

The Ministry of Agriculture and Farmer Welfare, Animal Husbandry, Dairying and Fishery Department, Government of India (GoI) launched National Mission for Protein Supplements (NMPS) programme under Centrally Sponsored Scheme, Rastriya Krishi Vikas Yojna (RKVY) during 2012-13. The objective of the scheme was to develop fishery sectors of the states.

According to Para 1 (Reservoir of Fisheries Development) of the NMPS Guidelines 2012-13, projects may be implemented through the Fishermen Cooperative Societies by the State Fisheries Departments or through Public Private Partnership (PPP) on 50:50 cost sharing basis wherever feasible. The Department of Fisheries of the respective States would be the nodal agency for implementation.

Further, Annexure-II (monitoring of the scheme) guidelines, provided that the State Government shall monitor the implementation of project under the Scheme. Quarterly/Annual progress reports indicating parameters of monitoring in terms of physical and financial targets and achievements shall be furnished periodically in proforma as prescribed by State Government.

The GoI earmarked (June 2012) an allocation of central assistance of ₹5.84 crore (released between July 2013 and February 2014) for the project ‘Reclamation of Borbeel with introduction of Pen & Cage culture and back up facilities, Development of Potential area for commercial fish farming/ integrated farming with back up infrastructure at Namsai and Mahadevpur, in Arunachal Pradesh’. The project intended to increase fish production, generate revenue and improve socio-economic conditions of the State. The project *inter alia* included fifteen sub-components. The details of sub-components and mode of implementation were in **Table 3.19**

Table 3.19: Details of sub-components and mode of implementation of the programme

Sl. No.	Particulars/ Sub-Scheme	Implementing Department	Mode of Implementation	Sanction amount (in ₹)
1.	Construction of Borbeel cage and shed for cage culture at Borbeel fishery	Fisheries	Contract agreement/ work order	1,41,80,000.00
2.	Pen culture at ponds fishery, Construction of new	Fisheries	Work order	10,45,000.00

Sl. No.	Particulars/ Sub-Scheme	Implementing Department	Mode of Implementation	Sanction amount (in ₹)
3.	New ponds at Government Fish Seed Farm, Lathao	Fisheries	Contract agreement/ work order	24,97,000.00
4.	Renovation/ Repairing of Government Fish seed farm, Lathao	Fisheries	Contract agreement/ work order	24,97,000.00
5.	Reclamation of Borbeel Fishery	Fisheries	Contract agreement/ work order	1,84,96,000.00
6.	Commercial Fish ponds 30 Ha	Fisheries	Work order	72,00,000.00
7.	Magur culture 40 units	Fisheries	Work order	30,40,000.00
8.	Paddy cum fish culture	Fisheries	Work order	3,00,000.00
9.	Installation of portable fiberglass reinforced plastics (FRP) hatchery	Fisheries	Work order	18,20,000.00
10.	Marketing and transportation	Fisheries	Work order	13,61,400.00
11.	Construction of Ice plant for making the Ice cube at Namsai	Water Resource Deptt.	Work order	21,29,000.00
12.	Providing of bore oil for lifting sufficient fresh water for fish seed farm Lathao with pipe line fitting of electric motor and safety room	Water Resource Deptt.	Work order	4,00,000.00
13.	Construction of fish market at Namsai with hygienic condition proper drainage slab fitting tiles and compartment system.	Water Resource Deptt.	Work order	15,50,000.00
14.	Construction of fish market at Mahadevpur with hygienic condition proper drainage slab fitting tiles and compartment system.	Water Resource Deptt.	Work order	15,50,000.00
15.	Construction of landing ground with shed at bank of the Borbeel fishery.	Water Resource Deptt.	Work order	3,74,200.00
Total				5,84,00,000.00

(Source: Departmental records)

Scrutiny of records (August 2021) of the Assistant Director of Fisheries (ADF), Namsai, the implementing agency revealed the following:

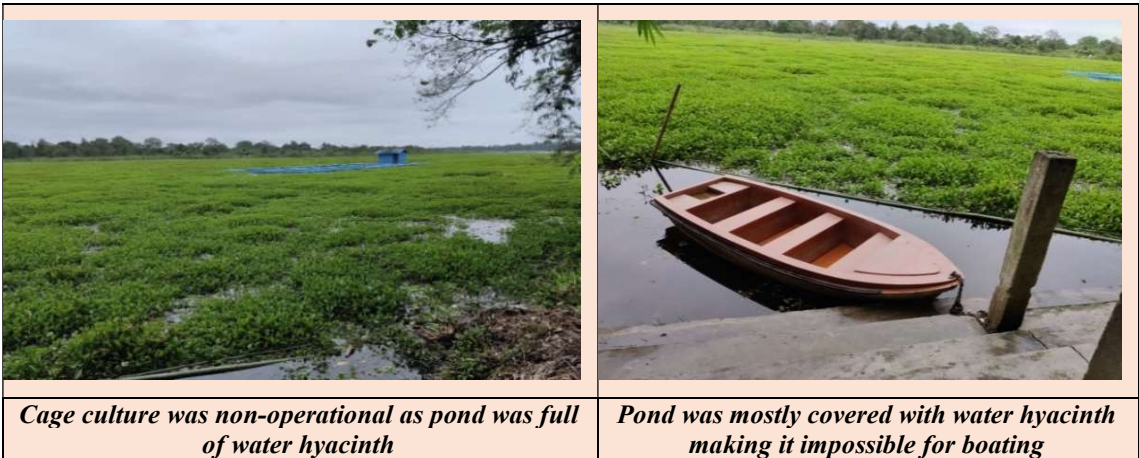
- The State Government released total sanctioned amount in March 2015 *i.e.* after a delay of almost three years. The reason for delay in release of funds by State Government was not available on record. The delay in release of funds resulted in delay of completion of the Project and the project was completed in March 2019 with delay of three years from the stipulated date.
- The State Government did not constitute Fisheries Cooperative Societies nor did it enter into any PPP for implementation of the programme unlike as envisaged under the scheme guidelines. The Detail Project Report (DPR) of the project also did not provide mechanism for operationalisation of the project post implementation. The implementation of the programme without any mechanism to operationalise it post implementation was not in order and affected revenue generation as discussed in subsequent paragraphs.
- The work commenced in January 2016 and as per bills/ vouchers and progress reports, the project was completed in March 2019 after incurring a total

expenditure of ₹5.84 crore. Further scrutiny of records and Joint Physical Verification (JPV) of project (19 August 2021) revealed the following:

(i) Construction of cage and shed for cage culture at Borbeel Fishery:

This sub-scheme was sanctioned at estimated cost of ₹1.42 crore. The sanctioned cost comprised of ₹79.50 lakh capital components (construction of 24 cages: ₹73.42 lakh and construction of permanent type shed: ₹6.07 lakh) and recurring expenditure related to the fish culture etc. of for 24 months at ₹62.30 lakh⁷². The capital components were executed by the firm M/s Gaurav Career & Enterprises on agreement basis. As per the related bills/ vouchers, the work was completed in March 2019 with total expenditure of ₹1.36 crore.

Audit, however, observed that against provision of 24 cages, the contractor constructed only 20 cages at a cost of ₹65.86 lakh in July 2017⁷³. However, only 16 floating cages were found at the site during the JPV. Thus, though paid for, four cages amounting to ₹13.17 lakh were not constructed. Further, entire pond, right from the landing ground to the Cage culture was found to be filled with water hyacinth making it impossible to ply boats, which may be seen in photographs below:



(Source: JPV dated 19 August 2021)

Due to absence of any provision of sustainable operation and maintenance of the project, the Department did not carry out maintenance of the project since its completion, leading to development of the hyacinth.

Further, the target annual revenue from the above sub-component of the project as per DPR was ₹22.80 lakh. However, no revenue was generated since its completion. Similarly, sub-component ‘Reclamation of Borbeel Fishery’ was also targeted to generate annual revenue of ₹8.48 lakh. The sub-component was completed in March 2019 after incurring ₹1.84 crore against sanctioned cost of ₹1.85 crore.

⁷² Amount sanctioned for Cost of fish fingerling’s ₹8.00 lakh, Fish feed ₹42.00 lakh, Engagement of 09 men power for 24 months ₹9.60 lakh, other miscellaneous items viz. fish net, lab equipment etc. ₹2.70 lakh

⁷³ Vide voucher No. 01 of March 2019.

However, the department failed to achieve intended objectives as detailed in **Table 3.20**.

Table 3.20: Revenue target and achievement

(₹ in lakh)				
Sl. No	Sub-component	Revenue Target (per year)	Revenue generated	Per cent (%)
1.	Reclamation of Borbeel Fishery	8.48	0.05	0.58
2.	Construction of cage and shed for cage culture at Borbeel Fishery	22.80	0.00	0.00

(Source: Departmental records)

Thus, it is indicative of the fact that due to failure of the department to establish partnership model to run the programme after implementation, the resources created under the scheme remained idle since its completion without achieving intended objective.

(ii) C/o Ice plant for making Ice Cubes:

Provision of ₹21.29 lakh was made in the estimate for the sub-component ‘construction of Ice plant for preserving fishes’. The provision included ₹8.79 lakh for RCC building having 45 Sqm plinth areas and ₹12.50 lakh for installation of Ice machines. The work was executed by Water Resource Department, Tezu Division on work order basis. The project was completed by incurring total sanctioned cost of ₹21.29 lakh through five FF bills in March 2019. The machineries were procured (March 2019)⁷⁴ at cost of ₹9.15 lakh. It was, however, observed during JPV that machineries required for making of Ice Cubes were not installed as evident from the image below.

Figure: Image showing non-installation of machinery at the Ice Cube Site:



(Source: Joint Physical Verification during August 2021)

⁷⁴ Vide Voucher. No. 107 of March 2019

Thus, the total sanctioned cost of ₹21.29 lakh was paid without actual execution of work. Thus, due to Department's failure in monitoring and supervision over execution, the sub-component of project was not completed as per approved specification and failed to achieve the intended objectives.

Similarly, other sub-schemes viz. 'C/o Pen Culture at Borbeel Fishery, 'Nursery Pond at Government Fish Seed farm, Lathao, Installation of Portable FRP hatchery, C/o Market shed at Namsai and Mahadevpur were also inspected during JPV. It was observed that none of the sub-components were operational as given in *Appendix-3.7*.

In response to the above, the Department accepted (March 2022) and stated that reclamation of Borbeel Fishery was executed during 2019-20. The entire area was free from the hyacinth till 2020. However, due to non-allocation of fund for operation and maintenance, the project was re-infested. Regarding short execution of cage culture, the department stated that due to cost escalation, only 20 cages were procured. Out of which only sixteen were installed by the contractor. As pointed out by the audit, contractor has been directed to install remaining four cages at earliest. The machineries for making ice cube were procured just before pandemic and could not be installed due to non-availability of technician. It was assured that the machineries would be installed at the earliest.

Thus, due to improper execution of project by the Department without collaborating with co-operative societies/ private partner to operationalize the programme post implementation, the project failed to achieve its intended objectives. The Department also failed to monitor and supervise execution of work and payments were released without ascertaining the actual completion of project. The entire expenditure of ₹583.62 lakh, was thus, proven to be wasteful as intended objective could not be achieved.

Recommendations:

The State Government may-

- (i) take appropriate action against the concerned officers after fixing the responsibility for execution of work without collaborating with co-operative societies/PPP and payment of work without ensuring actual execution of work done.*
- (ii) take steps to operationalise the scheme by allocating maintenance fund in order to achieve intended objective of the programme.*

Power Department

3.7 Mis-utilisation of fund

Excess funds (₹79.42 lakh) obtained from POWERGRID by inflating estimates were irregularly utilised outside the scope of the agreement.

Central Public Works Department (CPWD) Works Manual 2014, vide Section 2.5.2 (2) stipulate that if subsequent to the issuance of technical sanction,

material structural alterations are contemplated, the orders of the authority which sanctioned the estimate technically should be obtained, even if no additional expenditure is involved on account of such alterations.

Further, Section 20.4.3.2 of the Manual states that acceptance of tenders at justified rates with allowable variations up to 5 per cent over the justified rates may be ignored. Variations up to 10 per cent may be allowed for peculiar situations and in special circumstances. Reasons for doing so shall be placed on records.

In order to execute a work for Power Grid Corporation of India Limited (POWERGRID), Power Department (DoP), Government of Arunachal Pradesh signed (02 May 2017) a Memorandum of Understanding (MoU) with POWERGRID for execution of work 'Construction of 33 KV Double Circuit Transmission line from 132/33 KV Tezu (POWERGRID) to 33/11 KV Tezu (DoP) Substation including associated 33 KV line bays at 33/11/KV Tezu (DoP) Substation'. The Technical Sanction (TS) of the project for ₹507.96 lakh was accorded (July 2017) by the Superintending Engineer (E), Electrical Circle-VII, Tezu. As per the TS, the scope of work included Construction of six 33 KV D/C Lines and two 33 KV Bays.

Scrutiny (December 2019) of related records of Executive Engineer (E.E), Namsai Electrical Division (NamED) revealed the following:

- The Division invited Notice Inviting Tender (NIT) of project on 15 May 2017. The NIT was called for work costing ₹457.84 lakh whereas the according the Technical Sanction the actual cost of work was ₹507.96 for the same components of work. The contract was awarded (July 2017) to M/s Gaurav Electricals, Tinsukia at the cost of ₹485.12 lakh. Thus, it is indicative of the fact that out of total fund of ₹507.96 lakh provided by POWERGRID, NIT was called for only ₹457.84 lakh and the work was awarded to the Contractor at ₹485.12 lakh below the Technical Sanction of ₹507.96 lakh.
- The Division revised (October 2017) the agreement with Contractor and reduced the scope of work by ₹66.29 lakh in respect of four items as detailed in **Table: 3.21**

Table 3.21: Revision of original contract

Sl. No.	Item	Rate	Original contract		Revised scope:	
			Quantity	Amount	Quantity	Amount
1.	90 KN Disc Insulator	1,505	4,320	65,01,600	1,000	15,05,000
2.	Disc Insulator Kits	1,160	1,440	16,70,400	900	10,44,000
3.	Control Panel	5,94,850	2	11,89,700	1	5,94,850
4.	Relay Panel	4,10,990	2	8,21,980	1	4,10,990
Total			5,764	1,01,83,680	1,902	35,54,840

(Source: Departmental records)

The Division reduced the original agreement quantity of work by ₹66.29 lakh (₹101.84 lakh - ₹35.55 lakh) without approval of the competent authority.

The estimate prepared for technical sanction was much above the norms. As per standards norms, for erection of 240 Steel Tubular Poles, only 1,000 numbers of Disc

Insulators and 900 numbers of Insulator Kits were required. Similarly, for 500 MVA Power Transformer, only one Control Panel and one Relay Panel were required. However, Division included 4,320 Disc insulators, 1,440 Insulator Kits, two Control Panels and two Relay Panels and later on minimised these items. As a result, awarded cost of the Project was reduced by ₹66.29 lakh.

Audit observed that out of this amount of ₹89.13 lakh, ₹79.42 lakh was incurred on works which were not in the scope of the agreement as given in **Table 3.22:**

Table 3.22: Details of expenditure incurred

Sl. No.	Particulars	Period	Expenditure (₹ in lakh)
1.	Procurement of two numbers of vehicles	February 2018	23.39
2.	Two work orders issued to M/s Gaurav Electricals – (Jungle clearance and repair and maintenance of vehicles)	February 2018	9.98
3.	14 work orders to six contractors for procurement of electrical items	February and March 2018	46.05
Total			79.42

(Source: Departmental records)

Thus, the Division prepared the estimate at escalated cost and obtained fund of ₹507.96 lakh from POWERGRID and in turn the savings of ₹79.42 lakh of project fund was utilised outside the scope of the agreement in gross violation of CPWD Works Manual.

In reply, the Department stated (March 2020) that during final survey it was found that Right-Of-Way (ROW) was not acceptable as deep forest and huge river span (wide) through which construction could not be carried out. Accordingly, new ROW was found safer which resulted in minus deviation of the length thereby reducing overall expenses on the same work. Further, the Department has stated that procurement of two inspection vehicles was very much required as since there was savings as per LOA. Repeated jungle cutting was required during the process of survey and execution of work. Some electrical items goods were procured which were necessary for the urgent completion of construction of 33KV line as per the direction of Honourable Minister, (Agriculture, Horticulture, Animal Husbandry & Veterinary etc.) and Deputy Commissioner of Lohit District.

It is evident that the Department included longer ROW in original estimate and reduced scope of work during execution of work. The minimised cost of project was utilised on items totally outside the scope of agreement viz. procurement of vehicles (₹23.39 lakh) and repair and maintenance work (₹56.03 lakh). Besides, the Division curtailed scope of the work and procured electrical items without obtaining approval from the higher authority. The inspection vehicles were also procured without obtaining approval from the Finance



Transmission line passes through road side

Department. Thus, procurement of inspection vehicles, other electrical items not in scope of work is tantamount to mis-utilisation of fund.

The matter was referred to the Government in July 2021. However, reply is awaited as on February 2023.

Recommendations: *The State Government may take appropriate action against the concerned Executive Engineer of Power Department after fixing the responsibility for diverting the project fund.*

Tourism Department

3.8 Fraudulent payment, delay in execution of work and idle expenditure

Implementation of project without need assessment coupled with delays in release of funds resulted in its completion with a delay of over five years of the stipulated time of its completion and after an expenditure of ₹3.81 crore. Besides, fraudulent payment of ₹58.11 lakh was made to contractor based on falsified MBs without ascertaining actual execution of work. Also, the project remained idle from the date of its completion.

Section 7.1 (4) of CPWD Works Manual 2014 states that 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 (MB). Section 7.2 (2) states that MB should be considered as very important accounts records and maintained very carefully and accurately as these may have to be produced as evidence in a court of law, if and when required.

Further, according to Section 30.1.A of said Manual, the measurements of complete work shall be recorded, and test checked by JE/AE/EE. The measurements should be checked 100 per cent by JE/AE and at least 10 per cent by EE. A certificate will also be recorded by JE & AE that work has been executed strictly as per terms and conditions and no part payment shall be allowed for incomplete stage.

The Ministry of Tourism, Government of India (GoI) approved the project 'Construction of Cafeteria cum Picnic Spot at Ramghat, Papum pare District' at sanction amount of ₹393.42 lakh in March 2013. The project was sanctioned under the Central Financial Assistance (CFA), a 100 per cent Central Sponsored Scheme (CSS). The objective of project was to open new source of revenue to the Government and bring long term benefit/ avenue to the local inhabitants. The project was a sustainable and holistic approach to economic development and was to be run by the State Agency through private entrepreneurship. The scope of work and its abstract of cost are provided in **Table 3.23**.

Table 3.23: Scope of work provided in estimate

Sl. No.	Items	Unit	Quantity	Rate	Amount (in ₹)
1.	Cottage	Each	4.00	41,19,962.00	1,64,79,848.00
2.	Cafeteria	Each	1.00	34,33,857.00	34,33,857.00
3.	Picnic Hut	Each	1.00	18,89,212.00	18,89,212.00
4.	Boundary Wall	Each	1.00	51,72,954.00	51,72,954.00
5.	Public Utility Building	Each	1.00	9,83,596.00	9,83,596.00
6.	Internal Foot Path	Each	1.00	23,16,223.62	23,16,223.62
7.	Site Development	Each	1.00	38,58,310.00	38,58,310.00
8.	Illumination	Each	1.00	18,69,700.00	18,69,700.00
9.	Solid Waste Management	Each	1.00	10,80,000.00	10,80,000.00
Add 2 per cent for Architecture					7,41,674.01
Add 1 per cent Labour Cess					3,70,837.01
Add 3 per cent contingencies					11,45,886.35
Total					3,93,42,097.99

(Source: Departmental records.)

Scrutiny of records (January 2021) of Tourism Department (Implementing agency) revealed the followings:

- According to terms and condition (clause 7 & 10) stipulated in the project sanction order, the State Government will not keep central assistance unutilised for more than six months and next installment will be released on receipt of Utilisation Certificates (UCs).

The GoI released first installment of ₹78.68 lakh (20 per cent of sanction amount) in August 2013. However, in contravention to guidelines the same was released to the implementing agency by the State Government in February 2014 after six months. The UC was also submitted in May 2014 with delay of three months. Due to delay in release of fund and delay in submission of UC, no subsequent fund was released by the GoI. The State Government reviewed (August 2018) the project and decided to complete the project from own resource as no subsequent central assistance was released. The State Government released (06 November 2018) ₹3.02 crore from State Annual Development Agenda (SADA). The stipulated period for completion of project was March 2015. The project was completed in March 2020 with delay of five years.

- The execution of work was commenced in September 2013 and as per bills/ vouchers and completion certificate, the work was completed in March 2020 after incurring total expenditure of ₹3.81 crore⁷⁵. Audit found (January 2021) in Joint Physical Verification (JPV) of the project that it was not in use and lying idle since its completion in March 2020. The thick vegetation had grown all around the construction and no electrification work was executed as depicted in the photographs.

⁷⁵ Total ₹3.81 crore was released (₹0.79 crore by GoI in August 2013 and ₹3.02 crore by GoAP in November 2018) against sanction cost of ₹3.93 crore.

	
Asset was idle and abandoned since completion	Electrification work was not found executed

The Department had incurred an amount of ₹45.51 lakh on electrification work⁷⁶ which was also recorded in MBs without actual electrification work. Thus, payment of ₹45.51 lakh was released to Contractor on the basis of falsified MBs. Similarly, ₹30.09 lakh was incurred on the construction of 800.00 sqm. (160.00 mtrs length x 5.00 mtrs width) approach road @ ₹3,750 per sqm with the road width of 5.00 mtrs recorded in MBs. The width of approach road was actually measured as 2.85 mtrs to 2.90 mtrs during the JPV. The Contractor executed only 464.00 sqm (160.00 mtrs length x 2.90 mtrs width) approach road. However, payment of ₹30.00 lakh was released for 800 sqm approach road which led to payment of ₹12.60 lakh released to the Contractor without execution of 336 sqm (800.00 sqm - 464.00 sqm) approach road. Hence, the contractor was paid fraudulently an amount of ₹58.11 lakh (₹45.51 lakh *plus* ₹12.60 lakh) by falsifying the records.

Thus, due to delay in release of fund by the State Government, the State Government lost out the 100 *per cent* Central Funding under CSS and had to incur ₹3.02 crore out of state resources and the project was delayed by five years from stipulated date. Further, the Tourism Department executed the project without assessing necessity resulting to idle expenditure of ₹3.81 crore and project which was intended to generate revenue in March 2015 could not be utilised. Besides, E.E released ₹58.11 lakh (₹45.51 lakh + ₹12.60 lakh) on the basis of fictitious measurement recorded in MB without verifying actual execution of work.

On being pointed out, the State Government accepted and stated (February 2022) that the project was sanctioned during 2012-13 and completed in 2020. The cost escalation was also a factor for adjustment in some component of the Project. The incomplete portion of work has been re-executed by the Contractor. The Department further stated that leasing out of the building was delayed due to pandemic which is expected to be completed very soon.

The audit re-conducted (February and November 2022) JPV and observed that the electrification work, which was claimed to have been executed, was damaged. The site was overgrown with weeds and building was in dilapidated condition. The

⁷⁶ Bill No. 179 and Voucher No. 08 of March 2019

sanitary and kitchen fittings in the cottages were missing, tiles were broken. Besides, the Department could not lease out the project even post-pandemic and the asset remained idle as on February 2023 *i.e.* even after 35 months from date of its completion and the intended objectives to generate revenue therefrom was yet to be achieved.

Recommendations:

The State Government may-

- *expedite to lease out the project to generate revenue.*
- *fix the responsibility of the concerned Executive Engineer for irregular payment to contractor on basis of falsified MBs without ascertaining actual execution of work.*
- *take appropriate steps to initiate criminal proceedings against the erring official/ officer for falsification of records.*

Department of Industries

3.9 Unfruitful expenditure

The Director of Industry procured industrial equipment in March 2017 for the Industrial Safety and Hygiene Laboratory without ascertaining its requirement and availability of trained staff for its operation. As a result, the equipment has not been installed for five years leading to wasted expenditure of ₹1.20 crore on its procurement.

According to Rule 21 of General Financial Rules 2017, every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy.

The Government of Arunachal Pradesh accorded expenditure sanction of ₹150.00 lakh in March 2017 for the implementation of the work “*Up-gradation and modernization of Industrial Safety and Hygiene Laboratory at Directorate of Industries, Itanagar*”. The Action Plan prepared (August 2015) by the Director cum Chief Inspector of Factories and Boilers, Department of Industries for obtaining the Technical sanction, having provision of ₹120.00 lakh for procurement of different kinds of testing equipment. However, the specifications in terms of quantity, type, quality *etc.* of the equipment to be procured were not specified in the Action Plan.

Scrutiny of the records of the Director of Industries (August 2021) revealed that an expenditure of ₹119.84 lakh was incurred towards procurement of various equipment pertaining to the Industrial Safety and Hygiene Laboratory from a firm⁷⁷ during March 2017 as detailed in **Table 3.24**.

⁷⁷ M/s Gollo Enterprises, Itanagar

Table 3.24: Details of items procured.

Sl. No.	Description of items	Quantity (No.)	Amount (₹ in lakh)
1.	Sound level meter	1	7.28
2.	Sound calibrator	1	7.80
3.	Noise Dosimeter	1	5.72
4.	Personal Dust Sampler	1	5.46
5.	Air Flow Calibrator	1	4.94
6.	Area heat stress monitor	1	7.54
7.	Personal heat stress monitor	1	11.96
8.	Particulate and air quality monitoring	1	14.56
9.	Human vibration meter	1	13.78
10.	Portable benzene monitor	1	10.66
11.	Radiation meter	1	4.94
12.	Multi gas detector	1	13.00
13.	Anemometer	1	4.94
14.	Lux meter	1	5.06
15.	Carry case	1	2.18
Total			1,19.84

(Source: Departmental records)

The equipment was received and entered in the Stock Register on 05 May 2017. However, no records relating to the issuing of these equipment were found by Audit. The physical verification of Departmental stores (August 2021) revealed that all these items procured were still lying idle there even after four years of procurement as depicted in the photograph given below:



The Department claimed (August 2021) that two items, namely Sound Level Meter and Easy View Big Digital Luxmeter were being utilized. However, no evidence for their usage was made available to audit nor these items were shown as issued from the Stock Register. The Department also stated that since Arunachal Pradesh is at an infant stage of industrialization with very few industries and factories, use of these equipment was not felt necessary. Besides, there was shortage of technicians to

operate the equipment The State Government stated (May 2022) that a proposal has been submitted to the State government for creation of 3 technician posts required for operating the equipment.

The Department accepted (May 2022) that there was remote probability of using this equipment due to poor state of industrialization in the State; despite that the equipment was procured and proposal for sanction of three posts of technicians for using this equipment were made five years after the procurement. The equipment remained unutilised as on date (January 2023) and an unproductive liability for future.

Thus, the Department procured the industrial equipment for the Industrial Safety and Hygiene Laboratory without ascertaining its actual requirement. The laboratory had no technicians/ trained staff to operationalize the equipment. As a result, the Department was unable to put the equipment into use and the expenditure ₹119.84 lakh incurred has been wasted.

Recommendation: The Department may explore possibilities to utilise idle items as early as possible. Action may also be taken against delinquent officer for procurement of items without assessing actual requirement.

State Council of Science and Technology

3.10 Undue benefit to contractor

The State Council of Science and Technology granted Mobilisation advance of ₹1.40 crore (68 per cent of contract amount) to contractor beyond the permissible limit of 10 per cent. There was no provision for charging interest which led to undue financial benefit to contractor and loss of ₹59.22 lakh to the Government.

Section 32.5 of CPWD Works Manual 2014 provides that in respect of certain specialized and capital-intensive works with estimate cost put to tender of ₹2.00 crores and above, provision of mobilisation advance may be kept in the tender documents. The Mobilisation advance limited to ten per cent of the tendered amount at ten per cent simple interest can be sanctioned to the Contractors on specific request as per terms of the contract.

Scrutiny of records of the Director cum Member Secretary, State Council of Science and Technology (May 2021) revealed that the Department awarded (October 2016) the project “Installation of Siru Rijo (2x50 KW) MHP at Gantak in West Siang District” to a Contractor, (M/s. T. Gangkak Enterprises, Aalo) for the tendered amount of ₹2.05 crore through a contract. No provision for mobilisation advance or its recovery was kept in the terms of the contract. It was however, observed that an advance of ₹140.00 lakh (₹120.00 lakh on 27-October-2016 and ₹20.00 lakh on 02 Feb 2017) was granted by the Department to the Contractor. The advances were recovered on 01 February 2021 but due to non-inclusion of relevant clause regarding

mobilisation advances, recovery of interest on the advance could not be enforced on the contractor as detailed in **Table 3.25**.

Table 3.25: Details of outstanding interest on mobilisation advance

Sl. No.	Mobilisation advance (₹ in lakh)	Date of advance	Date of Recovery	Outstanding period (in days)	Amount of interest not realised (₹ in lakh) ⁷⁸
1.	120.00	27.10.2016	01.02.2021	1558	51.22
2.	20.00	02.02.2017	01.02.2021	1460	8.00
Total	140.00	--	--	--	59.22

(Source: Departmental records)

The advance of ₹140 lakh was given to the Contractor, though the contract agreement did not have any provision for extending advance to the Contractor. Further, the advance (68 per cent of contract amount) is beyond the permissible limit of 10 per cent and the same was given without keeping any provision for charging interest contrary to what is stipulated in the CPWD Works Manual. Thus, the Department extended undue financial benefit to the contractor and led to loss of ₹59.22 lakh to the Government.

The Department stated (April 2022) that the advance of ₹140.00 lakh was granted against bank guarantees and was done on the recommendation of the Project Implementing authority of the project. The fact that the advance was granted against bank guarantee or recommended by Project Implementing authority does not justify violation of extant rules i.e. CPWD Works Manual.

Recommendations:

The State Government may-

- (i) *take appropriate action against the concerned officers after fixing the responsibility for extending an undue advantage to the contractor.*
- (ii) *initiate proceedings to realise outstanding interest on mobilisation advances as per norms and deposit into the Government account.*

⁷⁸ Calculated @ ten per cent simple interest for the period mobilization advance remained outstanding.

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 2020-21, total budget allocation of the State Government in the Departments under General Sector was ₹5,116.40 crore against which actual expenditure incurred was ₹4,281.53 crore (83.68 *per cent*), whereas during 2021-22, the total budget allocation was ₹5,954.21 crore against which actual expenditure was ₹5178.38 crore (86.97 *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	Department	2020-21		Expenditure in <i>per cent</i>	2021-22		Expenditure in <i>per cent</i>
		Budget	Expenditure		Budget	Expenditure	
1.	Legislative Assembly	140.57	130.73	93.00	125.66	113.21	90.09
2.	Governor	9.67	7.08	73.19	10.27	8.24	80.26
3.	Election	26.35	24.93	94.62	27.05	25.67	94.90
4.	Secretariat Administration	218.79	213.72	97.68	287.00	279.33	97.33
5.	District Administration	398.83	322.05	80.75	411.05	394.95	96.08
6.	Finance	2954.75	2374.41	80.36	3350.34	2738.83	81.75
7.	Home	1153.82	1047.78	90.81	1462.43	1411.56	96.52
8.	Gazetter	1.29	1.26	97.33	2.87	2.77	96.78
9.	Land Management	77.31	67.55	87.38	79.83	44.45	55.67
10.	Public Service Commission	14.20	10.49	73.87	29.23	27.80	95.09
11.	Law & Justice	59.83	36.60	61.18	103.99	69.91	67.23
12.	State Tax and Excise	29.00	26.39	91.01	33.74	32.23	95.55
13.	State Lotteries	1.82	1.50	82.54	1.48	1.44	97.39
14.	Printing	13.25	10.98	82.88	12.92	12.45	96.35
15.	State Information Commission	3.78	2.01	53.25	5.02	4.03	80.18
16.	Parliamentary Affairs Department	1.57	1.50	95.17	2.20	2.10	95.80
17.	Administrative Training Institute	11.58	2.54	21.94	9.15	9.42	102.90
Total		5116.40	4281.53	83.68	5954.21	5178.38	86.97

(Source: Appropriation Accounts 2020-21 and 2021-22)

It could be seen from the **Table 4.1** that:

- During 2020-21, the expenditure incurred by the Departments ranged between 21.94 and 97.68 *per cent* of the allocations made, whereas during 2021-22 the expenditure ranged between 55.67 and 102.90 *per cent*.

- Seven Departments have incurred more than 90 *per cent* of total budget allocation viz. Secretariat Administration (97.68 *per cent*), Gazetteer (97.33 *per cent*), Parliamentary Affairs (95.17 *per cent*), Election (94.62 *per cent*), Legislative Assembly (93.00 *per cent*), State Tax and Excise (91.01 *per cent*) and Home (90.81 *per cent*) during 2020-21.
- During 2021-22, twelve Departments have incurred more than 90 *per cent* of total budget allocation.
- During 2020-21, the expenditure in all the Departments under this sector was less than their respective budgetary allocations for the year whereas during 2021-22 Administrative Training Institute Department has incurred 102.90 *per cent* of budget allocation.

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 12 units of two Departments and 23 units of seven Departments involving expenditure of ₹1,012.60 crore and ₹1,672.31 crore respectively (including expenditure of earlier years) during 2020-21 and 2021-22 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.

Compliance Audit Paragraph

Planning Department

4.2 Fake expenditure

Absence of internal controls led to fraudulent payment (March 2019) of ₹ 45.00 lakh to Urban Development & Housing, Ziro Division without execution of a work as the same work was subsequently executed by PWD, Ziro at the cost (March 2020) of ₹ 45.00 lakh.

Planning Department, Government of Arunachal Pradesh allocated (January 2019) an amount of ₹ 45.00 lakh to the Deputy Commissioner, Lower Subansiri District, Ziro for '*Renovation of Auditorium of Government Dani Kuniya Higher Secondary School, Ziro*' under Untied Fund. The Deputy Commissioner (DC) accorded administrative approval and expenditure sanction and placed (February 2019) the fund with Public Works Department (PWD), Ziro Division for execution of the work.

However, scrutiny of records (February 2021) of the District Planning Officer (DPO), Ziro revealed that the work was shown as executed (March 2019) by another Department, *i.e.*, Urban Development & Housing, Ziro Division. Records showed that the Executive Engineer, Urban Development & Housing, Ziro Division issued 10 work orders for execution of the work and submitted bills⁷⁹. Name of contractor who executed the work was not mentioned in the work orders and bills submitted by the Division. Further, vital information like work order no., MB reference, date of commencement, date of completion, date of measurement are not found on the body of the bills. Despite the discrepancies, the DPO, Ziro passed an amount of ₹ 45.00 lakh in March 2019 for execution of the work and the amount was paid to the Executive Engineer, Urban Development & Housing in a bank draft vide No. 93010 dated 19 March 2019.

Further scrutiny revealed that Planning Department, Government of Arunachal Pradesh again allocated (22 October 2019) an amount of ₹ 45.00 lakh for execution of the same work, *i.e.*, '*Renovation of Auditorium of Government Dani Kuniya Higher Secondary School, Ziro*'. The Divisional Commissioner (West), Yachuli placed (March 2020) the fund with PWD, Ziro Division for execution of the work. During March 2020, the Executive Engineer, PWD Ziro Division submitted 13 nos of FF bills⁸⁰ for the work. The work was shown as executed by '*M/s EMR Enterprises & Consultant*' during January 2020 to March 2020. The bills were checked and the DPO, Ziro passed the bills worth ₹ 45.00 lakh vide bank draft No.552918 dated 29 March 2020. Both times expenditure was booked under same head '*Major head-4070 Capital outlay, Sub Major Head-00, Minor Head-800, Sub head-19 Untied fund, Detailed Head-00, Object Head-53 Major work, Demand No.50*'

⁷⁹ Vide No. 06/Untied/2018-19/1 to 10

⁸⁰ 18/Untied/Ziro/2019-20/1 to 13

Audit along with officials from executing Departments⁸¹ conducted (July 2021) Joint Physical Verification (JPV) and found that the work was actually executed by PW Department not by the UD&H Department. The official from the UD & Housing Department stated that he was unaware of the work executed by the Department. The Principal of the School, who accompanied the joint inspection team, also stated that the work was executed by the PWD.

It is thus evident from records and JPV that two Departments of the Government of Arunachal Pradesh prepared bills worth ₹45.00 lakh in each case for the same work. The UD & Housing Department did not execute any renovation work of the auditorium and fabricated the records by submitting fake bills worth ₹45.00 lakh for the work which was never executed. The DPO, Ziro passed the bills without verifying genuineness of bills viz. checking contractor name, MBs reference, period of execution, etc. in body of bills.

Thus, due to sanction of same work twice by Planning Department, falsification of records by UD&H, Ziro and negligence of DPO, Ziro misappropriation of ₹45.00 lakh from Government account could not be ruled out.

The matter was reported to the State Government (September 2021), however no reply from the Government has been received.

Recommendations:

The State Government may-

- (i) *investigate the matter and take appropriate action against the delinquent officer after fixing the responsibility for such criminal offense by means of misappropriation of the project fund.*
- (ii) *refer the cases to CVC for further investigation.*

4.3 Doubtful expenditure

Expenditure on food items of ₹69.00 lakh meant for 35 camps were spent towards organising only 26 camps (74 per cent). Out of the above, the related payment of ₹42.50 lakh shown to be paid on food items to two doubtful firms through suspected fake bills.

The Government of Arunachal Pradesh (GoAP) introduced State Sponsored Scheme 'Sarkar Aap Ke Dwar (SAKD)' in 2018-19. Under the Scheme, the Deputy Commissioner (DC) of Districts shall conduct Jan Sunvai Sammelan/Camps in different location of the districts by travelling with the entire team of district level officers to resolve public grievance on the spot. The objective of the scheme is to provide service delivery of the Government to the citizens at their doorstep.

⁸¹ PWD and UD & Housing

As per scheme guideline, the participating line Department shall bear all the cost of transportation, advertisement, *etc.* in organizing camps. However, Uniforms, Stall, Banner, *etc.* will be provided by the DC. The refreshment for the camps will also be provided by the DC subject to limit between ₹0.50 lakh to ₹2.00 lakh per camp.

The Planning Department, GoAP accorded administrative approval and expenditure sanction of ₹49.00 lakh for organising 25 SAKD camps during 2018-19 and ₹20.00 lakh for organising ten SAKD camps during 2019-20 in Lower Subansiri District @ ₹2.00 lakh per camp. The fund was placed with the DC, Lower Subansiri District, Ziro. The expenditure was to be incurred on refreshments and other contingency items in accordance with scheme guideline.

Scrutiny of records (February 2021) of the District Planning Officer (DPO), Ziro revealed that the entire allotted amount was incurred and Utilisation Certificates (UCs) was submitted to the Director Planning, GoAP stating that the fund was utilised as per terms and condition of the sanction. However, audit observed that against 35 projected SAKD camps, only 26⁸² camps/ programmes (74.28 *per cent*) were conducted in the District during the period 2018-19 to 2019-20 though entire sanctioned amount was spent. The DC did not monitor and supervise implementation of SAKD scheme in District due to which only 26 SAKD camps were organised against target of 35 camps with shortfall of 25.72 *per cent* as detailed in **Table 4.2**.

Table 4.2: Details of fund sanctioned and SAKD camps organised

Sl. No.	Fund Allotment Order	Amount (₹ in lakh)	Date of submission of UC	Total camps to be organised (@ ₹2.00 lakh per camp)	Camps actually organised
1.	PD(M)/SAKD/2018-19/834-43 Dt. 27 September 2018	25.00	09 January 2019	25	18
2.	PD(M)/SAKD/2018-19/584-89 Dt. 29 March 2019	24.00	02 July 2019		
3.	PD(M)/SAKD/2018-19/884-105 Dt. 04 November 2019	20.00	24 April 2020	10	08
Total		69.00		35	26

(Source: Departmental records.)

Audit further observed that out of total expenditure of ₹69.00 lakh, ₹65.30 lakh was incurred on refreshments/ food items. The DPO, Ziro did not maintain details of expenditure incurred on each camp/ programme. Thus, camp wise expenditure incurred could not be ascertained in audit. As per bills/ vouchers, the Department engaged three firms for supply of refreshment/ food items. The firms were selected on nomination basis without observing transparency and market competitiveness as required under norms. The Department neither invited quotation for supply/ arrangement of the food items nor conducted any market survey before selection of the firms. The supply orders were also not available on record. The payments were released to firms between October 2018 and January 2020 as detailed in **Table 4.3**.

⁸² 18 camps in 2018-19 and 08 camps in 2019-20

Table 4.3: Details of expenditure incurred

				(₹ in lakh)
Sl. No.	Supplier	No of bills/ vouchers	Refreshment provided (packet)	Amount
1.	M/s Aroti Enterprises, Koloriang	56	6,900	25.00
2.	Zimin Ziro Hotel	60	8,835	22.80
3.	M/s R.S. Enterprises, Itanagar	42	7,000	17.50
Total		158	22,735	65.30

(Source: Departmental records.)

As evident from above, the payment of ₹65.30 lakh was released to three firms through 158 vouchers keeping value of each sanction within financial power of DC⁸³ in order to avoid necessity of obtaining approval from higher authority.

Further, audit observed following irregularities in the bills pertaining to two firms, namely, (i) *M/s Aroti Enterprises* and (ii) *M/s R.S. Enterprises*:

- i. Firm '*M/s Aroti Enterprises*' had submitted 56 bills amounting to ₹25.00 lakh on 05 October 2018. The bills were passed by DPO, Ziro on same day, i.e. 05 October 2018. Audit observed that during 2018-19, 18 SAKD camps were organised between September and February 2019. Thus, bills were passed and payment was released to firm when only one camp/ programme was conducted as on October 2018 during 2018-19.
- ii. Firm '*M/s R.S. Enterprises*' had submitted 49 bills amounting to ₹17.50 lakh on 27 January 2020. The bills were passed by the DPO, Ziro on 27 January 2020. Audit observed that during 2019-20 eight SAKD camps were organised between February and March 2020. However, the bills were passed and payment released to firm in January 2020 prior to the organizing of SAKD camps.
- iii. The bills/ invoices of the two firms did not have references of supply orders, invoices number & date. The registration details of firms (GST/ VAT registration number) were also not available on their bills/ invoices. Moreover, unlike other firm *M/s Zimin Ziro Hotel*, the GST provision (five *per cent* on food items) was not included in these two suppliers' bills. Thus, legitimacy of bills submitted in favor of aforementioned two firms is highly doubtful.

Audit ascertained registration details of firms from Tax Department and it was found that one firm *M/s R.S Enterprises, Itanagar* did not exist. Whereas, other firm *M/s M/s Aroti Enterprises, Koloriang* dealt in hardware, electric goods, building material business instead of food & catering work. Thus, the expenditure of ₹42.50 lakh (*M/s Aroti Enterprises, Koloriang-₹25.00 lakh + M/s R.S. Enterprises, Itanagar-₹17.50 lakh*) shown to have been incurred on arrangement of food items by the two firms was not genuine.

⁸³ The financial power of DC as per order dated 22 February 2016 is ₹0.35 lakh for contingent expenditure.

The matter was reported to the Government in September 2021. The State Government stated (March 2022) that audit observation has been noted and Departmental enquiry will be carried out under intimation to audit. However, no action was taken by the State Government as on November 2022.

Recommendation: The State Government may investigate the case and after fixing the responsibility appropriate disciplinary action may be taken against the officers and suppliers concerned.

4.4 Falsification of records and suspected misappropriation of Public money

Suspected misappropriation of ₹50.00 lakh of public money from the Government Accounts was made using falsified records by furnishing bogus bills and scanned copy of Sanction Order.

Rule 21 of General Financial Rule 2017 states that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety and enforce financial order and strict economy and see that all relevant financial rules and regulations are observed.

Further, Rule 177 of Central Treasury Rule states that the bill, cheque or other document presented as a claim for money shall be received and examined and then laid before the Treasury Officer who will sign the order for payment at the foot of the bill if the claim is admissible, the authority good, the signature and countersignature, where necessary, genuine and in order and the receipt a legal quittance.

Paragraph 4 (b) of the Office Memorandum⁸⁴ issued (02 January 2014) by the Department of Personal and Training, Government of India (GoI) states that suspension may be desirable of a Government Servant in the circumstances of corruption, embezzlement or misappropriation of Government Money, possession of disproportionate assets, misuse of official powers for personal gain.

Scrutiny (July 2021) of vouchers pertaining to DPO, Kamle District, Raga for March 2020 revealed that the project '*Improvement and upgradation of existing and overloaded sub-station under Raga*' was approved (13 January 2020⁸⁵) for ₹50.00 lakh under 'Untied fund' by the Planning Department Government of Arunachal Pradesh. The fund was earmarked (January 2013) to the District Planning Officer (DPO), Kamle District, Raga. It was observed that the DPO, Ziro had submitted single bill⁸⁶ amounting to ₹50.00 lakh on 03 March 2020 in favor of M/s. Jamo Jaggo Associates, Naharlagun. The bill was passed by the District Treasury Officer (DTO), Ziro and money was withdrawn (06 March 2020⁸⁷) from the Government account.

⁸⁴ Applicable in Arunachal Pradesh as State specific service rule were not formulated.

⁸⁵ Sanction order No. DCW/ (AP)/ UF/ Scheme/22/ (Pt 01)/ 2019-20/ 352-64 dated 13 January 2020

⁸⁶ Vide Bill No 8 dated 03.03.2020.

⁸⁷ vide Treasury Voucher (TV) No.9 of March 2020

Audit further observed that the DPO, Raga had again submitted five bills amounting to ₹50.00 lakh in favor of same contractor M/s. Jamo Jaggo Associates, Naharlagun for the same work '*Improvement and upgradation of existing and overloaded sub-station under Raga*' on 12 March 2020 (Bill No. 18 dated 12 March 2020). The Department enclosed duplicate copy of original sanction order dated 13 January 2020 along-with bills. The DTO Ziro did not perform his duty sincerely before passing for payment. The bill was passed on 13 March 2020⁸⁸ and money was withdrawn from the Government Account.

To verify the veracity of the sanction order, audit obtained (August 2021) details of total sanctioned fund under 'Untied Fund' from the Director of Planning, Government of Arunachal Pradesh for Kamle District during 2019-20. It was found that only one project '*Improvement and upgradation of existing and overloaded sub-station under Raga*' amounting to ₹50.00 lakh was sanctioned by the Government of Arunachal Pradesh during 2019-20 under Untied Fund scheme in Kamle District.

Thus, the DPO, Raga submitted false bills and duplicate copy of the original sanction order, and the DTO, Ziro passed the bill without carrying out necessary scrutiny of bills and veracity of sanction order leading to the misappropriation of public money amounting to ₹50.00 lakh.

The Department accepted and stated (September 2022) that overdrawn amount ₹50.00 lakh has been recovered and deposited to the Government account⁸⁹. However, the reply is silent about the disciplinary/criminal action initiated against the officer for misappropriation of public money. Also, no applicable interest⁹⁰ on misappropriated public money was recovered from the officer.

Recommendation: The State Government must take appropriate disciplinary/vigilance/ criminal action, after investigation, against the officers in DPO, Raga and DTO Ziro involved in the suspected misappropriation. The internal controls may be strengthened to contain reoccurrence of such irregularities in addition to recovering interest on the misappropriated public money from the delinquent officers.

⁸⁸ vide TV No.18 dated 13 March 2020

⁸⁹ Vide treasury challan No.8697 dated 10 March 2022.

⁹⁰ Recovery from the Government servant for the losses by misappropriation of Government money shall be recovered at bank rate as fixed by RBI.

4.5 Excess payment of ₹39.59 lakh to contractor

Tampering of the Government Notification was resorted for manipulating the Envelop SE (laminated) rate of ₹399.90 per piece in place of ₹399.90 per 100 pieces. This led to suspected fraudulent payment of ₹39.59 lakh to the contractor.

Rule 21 of General Financial Rules, 2017 states that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety and enforce financial order and strict economy and see that all relevant financial rules and regulations are observed.

Paragraph 4 (b) of the Office Memorandum⁹¹ issued (02 January 2014) by the Department of Personal and Training, Government of India (GoI) states that suspension may be desirable of a Government Servant in the circumstances of corruption, embezzlement or misappropriation of Government Money, possession of disproportionate assets, misuse of official powers for personal gain.

The Government of Arunachal Pradesh, Secretariat Administration Department *vide* Notification No. NT-13/2004 dated 28 September 2015 had approved rates of all categories of store items for use in Arunachal Pradesh Civil Secretariat, Itanagar. As per notification, the approved rate of 'Envelop SE-7 (laminated)' was ₹399.90 per 100 pieces.

Scrutiny of records (February 2021) of Director of Planning, Civil Secretariat, Itanagar revealed that the Department had procured 10,000 (ten thousand) pieces of Envelopes SE-7 (laminated) from a private supplier M/s. Home Decora, E Sector, Itanagar during the year 2019-20. The basis of selection of firm was not available on record. The supply order was issued to the supplier in June 2019 and as per supplier's bills and invoice the material was delivered in February 2020 and ₹47.18 lakh was released to the supplier in March 2020. Audit observed that the rate adopted by the Department was ₹399.90 per piece instead of ₹399.90 per 100 pieces as approved by the Government of Arunachal Pradesh. Thus, the Department had adopted 9,922 *per cent* higher rate than the approved rate resulting into excess payment of ₹39.59 lakh to the supplier as detailed in **Appendix-4.1**.

In reply, the Department (October 2021) furnished a copy of notification dated 28 September 2015 which has rate of ₹399.90 per piece. Since, the same Government notification had two different rates for Envelop SE-7 (laminated), Audit obtained original copy of Government notification dated 28 September 2015 from the Secretariat Administration Department, which had issued this Notification and it was found that approved rate of Envelop SE-7 (laminated) was ₹399.90 per 100 pieces. The snapshot of original and tampered Government notification is provided below.

⁹¹ Applicable in Arunachal Pradesh as State specific service rule were not formulated.

Image: Snapshot showing original and tampered Government notification rates for the envelop

Original Government Notification					Tampered Government Notification				
	(Cello / Prestige)					(Cello / Prestige)			
44	Electric tube (20 watts) Bajaj	Piece	62.00		44	Electric tube (20 watts) Bajaj	Piece	62.00	
45	Electric tube (40 watts) Bajaj	Piece	62.00		45	Electric tube (40 watts) Bajaj	Piece	62.00	
46	Electronic choke (Bajaj)	Piece	278.00		46	Electronic choke (Bajaj)	Piece	278.00	
47	Emergency light (BPL / Cello)	Piece	2361.00		47	Emergency light (BPL / Cello)	Piece	2361.00	
48	Engagement pad (2015-16)	Piece	57.90		48	Engagement pad (2015-16)	Piece	57.90	
49	Envelope SE-5 (75 gsm)	p/100	64.48		49	Envelope SE-5 (75 gsm)	p/100	64.48	
50	Envelope SE-5 (Laminated)	p/100	159.00		50	Envelope SE-5 (Laminated)	p/100	159.00	
51	Envelope SE-6 (75 gsm)	p/100	81.12		51	Envelope SE-6 (75 gsm)	p/100	81.12	
52	Envelope SE-6 (Laminated)	p/100	223.90		52	Envelope SE-6 (Laminated)	p/100	223.90	
53	Envelope SE-7 (75 gsm)	p/100	265.00		53	Envelope SE-7 (75 gsm)	p/100	265.00	
54	Envelope SE-7 (Laminated)	p/100	399.90		54	Envelope SE-7 (Laminated)	Piece	399.90	
55	Envelope SE-8 (16"x12") (Cloth coated)	Piece	8.50		55	Envelope SE-8 (16"x12") (Cloth coated)	Piece	8.50	
56	Envelope SE-8 (16"x12") (Laminated)	Piece	7.35		56	Envelope SE-8 (16"x12") (Laminated)	Piece	7.35	
57	Face Towel (White) (Bombay Dyeing)	Piece	105.00		57	Face Towel (White) (Bombay Dyeing)	Piece	105.00	
58	Fax roll (30 mtrs) (Desmat / Century)	Roll	128.00		58	Fax roll (30 mtrs) (Desmat / Century)	Roll	128.00	
59	File Board (with cloth coated flap)	Piece	19.90		59	File Board (with cloth coated flap)	Roll	19.90	
60	File cover (cloth nested inside) with	Piece	17.80		60	File cover (cloth nested inside) with			

Thus, the Department tampered the Government notification and altered the rate ₹399.90 per piece in place of ₹399.90 per 100 pieces. Tampering of Government records is a serious matter which needs to be investigated by the Department and vigilance/ disciplinary cases, if necessary, should be initiated against the officer(s) responsible for first the overpayment and then for tampering of office records to conceal their action.

In response, the Department stated (March 2022) that the rate list used by them to make this procurement, was actually furnished by the supplier. The Department accepted that they did not verify the correctness of the rates mentioned in order and they will write to the government to black list the supplier. The overpayment was recovered from supplier on 09 March 2022.

The reply is not acceptable as it appears to be an afterthought to protect the officers involved in suspected misappropriation of public funds as it was Drawing and Disbursing Officer (DDO) responsibility to check genuineness of rates before making payment.

Recommendation: The Department should investigate the matter and initiate vigilance/ disciplinary action against the officers involved.

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 2020-21 and 2021-22, the State share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-Aid received from the Government of India (GoI) during the year and corresponding figures for the preceding three years are shown in **Table 5.1**.

Table 5.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue raised by the State Government						
1.	Tax revenue	815.57	1068.04	1228.73	1431.10	1639.79
	Non-Tax revenue	366.18	608.87	651.38	836.53	774.67
	Total	1181.75	1676.91	1880.11	2267.63	2414.46
Revenue Receipts from the GoI						
2.	Share of net proceeds of divisible Union taxes and duties	9238.79	10436.14	8987.57	10472.58	14643.90
	Grants-in-Aid	3354.06	4082.91	4020.87	4383.30	4173.28
	Total	12592.85	14519.05	13008.44	14855.88	18817.18
3.	Total revenue receipts of the State Government (1 + 2)	13774.60	16195.96	14888.55	17123.51	21231.64
4.	Percentage (1 w.r.t 3)	8.58	10.35	12.63	13.24	11.37

(Source: Finance Accounts of the respective years)

Table 5.1 reveals that during 2020-21, revenue raised by the State Government (₹2,267.63 crore) was 13.24 *per cent* of the total revenue receipts. The balance 86.76 *per cent* of the receipts was from the GoI. The total revenue receipts of the State Government were increased by ₹2,234.96 crore (15.01 *per cent*) over the previous year during 2020-21. The increase was mainly due to rise in the Share of net proceeds of divisible Union taxes and duties by ₹1,485.01 crore (16.52 *per cent*) and Grant-in-aid by ₹362.43 crore (9.01 *per cent*). The Tax and Non-Tax Revenue of State Government increased by ₹202.37 crore (16.47 *per cent*) and ₹185.15 crore (28.42 *per cent*) during the same period.

During 2021-22, revenue raised by the State Government (₹2,414.46 crore) was 11.37 *per cent* of the total revenue receipts. The balance 88.63 *per cent* of the receipts was from the GoI. The total revenue receipts of the State Government were increased by ₹4,108.51 crore (23.99 *per cent*) over the previous year during 2021-22. The increase was mainly due to rise in the Share of net proceeds of divisible Union taxes and duties by ₹4,171.32 crore (39.83 *per cent*). The tax revenue of State Government was also increased by ₹208.69 crore (14.58 *per cent*). However, the increase was offset by decrease in Grants-in-Aid by ₹210.02 crore (4.79 *per cent*) and decrease in non-tax revenue of the State Government by ₹61.86 crore

(7.39 per cent) during the same period.

Details of tax revenue raised against Budget Estimate (BE) during 2019-20 to 2021-22 are shown in **Table 5.2**.

Table 5.2: Details of Tax Revenue

(₹ in crore)

Head of Revenue	2019-20		2020-21		Percentage Increase (+)/ Decrease (-) in 2020-21 over 2019-20		2021-22		Percentage Increase (+)/ Decrease (-) in 2021-22 over 2020-21	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Goods and Services Tax	4355.47	801.55	5,011.38	859.29	(+)15.06	(+) 7.20	5000.37	1131.00	(-) 0.22	(+) 31.62
Land Revenue	16.12	15.97	15.00	7.52	(-) 6.95	(-) 52.91	16.00	6.83	(+) 6.67	(-) 9.17
Stamp Duty	12.60	8.14	7.00	10.47	(-) 44.44	(+) 28.62	10.00	12.48	(+) 42.86	(+) 19.20
State Excise	208.36	144.97	157.00	238.02	(-) 24.65	(+) 64.19	230.12	115.92	(+) 46.57	(-)51.30
Taxes on Sales, Trade, etc.	311.44	219.82	270.00	283.09	(-) 13.31	(+) 28.78	394.90	324.61	(+) 46.26	(+) 14.67
Motor vehicle Tax	38.00	38.12	33.00	32.71	(-) 13.16	(+) 14.19	27.00	48.94	(+) 18.18	(+) 49.62
Taxes on goods and passenger	0.00	0.16	0.00	0.00	0.00	(-) 100.00	0.00	0.01	0.00	0.00
Total	5972.14	1228.73	5,493.38	1431.10	(-) 8.02	(+) 16.47	5678.39	1639.79	(+) 3.37	(+) 14.58

(Source: Finance Accounts of the respective years and the Budget document of the respective years, GoAP)

The increase of tax revenue by ₹202.37 crore (16.47 per cent) in 2020-21 as compared to the previous year was mainly on account of increase in contribution of State Excise by ₹93.05 crore, increase in Taxes on Sales, Trade, etc. by ₹63.27 crore, increase in State Goods and Services Tax (SGST) by ₹57.74 crore and increase in taxes on Stamp Duty by ₹2.33 crore. However, the increase was offset by decrease in Land Revenue by ₹8.45 crore, decrease in Motor Vehicle taxes by ₹5.41 crore and decrease in Taxes on goods and passengers by ₹0.16 crore.

During 2021-22, tax revenue increased by ₹208.69 crore (14.58 per cent) in 2021-22 as compared to the previous year. The increase was mainly due to increase in SGST by ₹271.71 crore, increase in Tax on sales, trades etc. by ₹41.52 crore, increase in Motor vehicles taxes by ₹16.23 crore, increase in Stamp duty by ₹2.01 crore and increase in Taxes on goods and passengers by ₹0.01 crore. However, the increase was offset by decrease in State excise duty by ₹122.17 crore and decrease in Land Revenue by ₹0.69 crore.

Details of non-tax revenue raised against BE from 2019-20 to 2021-22 is shown in the **Table 5.3**.

Table 5.3: Details of Non-Tax Revenue

(₹ in crore)

Head of Revenue	2019-20		2020-21		Percentage Increase (+)/ Decrease (-) in 2020-21 over 2019-20		2021-22		Percentage Increase (+)/ Decrease (-) in 2021-22 over 2020-21	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Power	442.37	247.95	286.00	243.28	(-) 35.35	(-) 1.88	350.00	384.18	(+) 22.38	(+)57.92
Interest Receipts	118.84	62.49	98.84	34.12	(-) 16.83	(-) 45.40	-	47.21	(-) 100.00	(+)38.37

Head of Revenue	2019-20		2020-21		Percentage Increase (+)/ Decrease (-) in 2020-21 over 2019-20		2021-22		Percentage Increase (+)/ Decrease (-) in 2021-22 over 2020-21	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Forestry & Wild Life	66.26	6.52	20.00	8.68	(-) 69.82	(+) 33.13	45.00	15.16	(+) 125.00	(+)74.66
Public works	31.30	7.74	15.00	17.33	(-) 52.08	(+) 123.90	19.00	33.18	(+) 26.67	(+)91.46
Miscellaneous General Services	37.26	12.78	15.00	0.01	(-) 59.74	(-) 99.92	21.00	9.22	(+) 40.00	(+) 92100.00
Other Administrative Service	35.64	129.79	25.00	367.29	(-) 29.85	(+) 182.99	26.07	83.66	(+) 4.28	(-) 77.23
Police	14.86	4.27	5.00	3.94	(-) 66.35	(-) 7.73	11.00	7.96	(+) 120.00	(+)102.03
Medical & Public Health	5.23	21.23	10.00	5.73	(+) 91.20	(-) 73.01	6.80	4.75	(-) 32.00	(-) 17.11
Co-operation	5.80	0.71	1.00	1.27	(-) 82.76	(+) 78.87	3.00	0.6	(+) 200.00	(-) 52.76
Other Non-Tax Receipts	713.16	157.90	396.25	154.88	(-) 44.44	(-) 1.91	368.13	188.75	(+) 196.50	(+) 21.87
Total	1470.72	651.38	872.09	836.53	(-) 40.70	(+) 28.42	850.00	774.67	(+) 41.67	(-) 7.39

Source: Budget Document and Finance Accounts of respective years

During 2020-21, there was increase in collection of non-tax revenue by ₹185.15 crore (28.42 per cent) over the previous year. The increase was mainly on account of increase in receipts under Forestry & Wild Life by ₹2.16 crore; increase in Public Works by ₹9.59 crore; increase in Other Administrative Services by ₹237.50 crore and increase in Co-operation by ₹0.56 crore. However, the increase was offset by decrease in receipts under Power by ₹4.67 crore, decrease in Interest Receipts by ₹28.37 crore, decrease in Miscellaneous General Services by ₹12.77 crore, decrease in Police by ₹0.33 crore, decrease in Medical & Public Health by ₹15.50 crore and decrease in Other Non-Tax Receipts by ₹3.02 crore.

The non-tax revenue was decreased by ₹61.86 crore (7.39 per cent) in 2021-22 over the previous year. The decrease was mainly due to decrease in receipts under other administrative services by ₹283.63 crore, decrease in receipts under Medical and Public Health by ₹0.98 crore and decrease in receipts under Co-operation by ₹0.67 crore. However, the decrease was offset by increase in receipts under Power Department by ₹140.90 crore, increase in other non-tax receipts by ₹33.87 crore, increase in receipts under Public Works Department by ₹15.85 crore, increase in Interest receipts by ₹13.09 crore, increase in receipts under miscellaneous general services by ₹9.21 crore, increase in receipts under Forest and Wild Life Department by ₹6.48 crore, and increase in receipts under Police Department by ₹4.02 crore.

5.1.2 Analysis of arrears of revenue

The arrears of revenue indicates delayed realisation of revenue due to the Government. The arrears of revenue as at the end of the year were furnished (August 2022) by the Tax and Excise Department in respect of 25 Superintendent of Taxes (STs), out of total 28 STs, as on March 2022. However, the Department could not furnish arrears of revenue at the end of the year (March 2021) and collections of arrears of revenue during the year 2021-22. 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 on March 2022 is detailed in the **Table 5.4**

Table 5.4: Details of outstanding revenue

Head of Revenue	Amount outstanding as on 01 April 2021	Collection of arrear of revenue during 2021-22	Total amount outstanding as on 31 March 2022	(₹ in crore)
				Amount outstanding for more than five years as on 31 March 2022
0040- Taxes on Sales, Trade etc.	NA	NA	247.14	196.34
0039- State Excise	Nil	Nil	Nil	Nil
Total	NA	NA	247.14	196.34

(Source: Data furnished by the State Government)

It is evident from the **Table 5.4** that recovery of ₹196.43 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 2022) arrears of assessment in respect of 28 STs 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 2021-22	Total assessments due	Cases disposed of during 2021-22:		Balance at the end of the year
				Number	Percentage	
0040- Taxes on Sales, Trade etc.	432	54	486	40	8.23	446
0039- State Excise	Nil	Nil	Nil	Nil	Nil	Nil
Total	432	54	486	40	8.23	446

(Source: Data furnished by the State Government)

As can be seen from the table above, the Departments could complete the assessment of only 8.23 per cent of the cases (taxes on Sales, Trade etc.) and none in State Excise during 2021-22, 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 is fraught with the risk of foregoing the 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 and Excise Department, cases finalized and demands for additional tax raised are important indicator of revenue collection

efforts of the State Government. Promptness in disposal of refund cases is an important indicator of the performance of the Department. High pendency of refund cases may indicate red tape, vested interest, prevalence of speed money, etc. Details of evasion of tax detected 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 2021	Cases detected during 2021-22	Total	Number of cases in which assessment completed		Number of cases pending for finalisation as on 31 March 2022
				Number	Amount	
1	2	3	4 (2+3)	5	6	7 (4-5)
0040- Taxes on Sales, Trade etc.	120	05	125	20	0.00	105
0039- State Excise	01	00	01	00	2.77	01
Total	121	05	126	20		106

(Source: Data furnished by the State Government)

The inability to complete the assessments in a timely manner, coupled with weak monitoring mechanism, contributed to delay in assessment of cases. During 2021-22, out of 126 cases, only 20 cases (15.87 per cent) were cleared leaving a pendency of 106 cases.

5.1.5 Pendency of Refund Cases

The pendency of refund cases furnished by the Tax and Excise Department is detailed in **Table 5.7**.

Table 5.7: Details of refund cases in 2021-22

(₹ in crore)

Sl. No	Particulars	SGST		VAT	
		Number	Amount	Number	Amount
1.	Claims outstanding at the beginning of the year	87	11.00	01	0.23
2.	Claims received during the year	91	11.24	00	0.00
3.	Refund made/ rejected during the year	43	5.89	00	0.00
4.	Balance outstanding at the end of year	135	16.35	01	0.23

(Source: Data furnished by the State Government)

It is evident from the **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 43 refund cases out of total 179 cases pending during 2021-22 leaving pendency of 136 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 2022 disclosed that for Revenue Receipts 1,607 paragraphs involving ₹6,48.63 crore relating to 434 IRs remained outstanding at the end of March 2022 along with the corresponding figures for the preceding years. The details are shown in the **Table 5.8**.

Table 5.8: Details of pending Inspection Reports

Particulars	March 2019	March 2020	March 2021	March 2022
Number of IR pending	379	400	414	434
Number of outstanding Audit Observations	1,332	1,456	1,526	1,607
Total amount involved (₹ in crore)	6,307.87	6,348.86	6,414.14	6,489.63

(Source: Monthly Progress Report)

Department-wise details of the IRs and audit observations outstanding as on 31 March 2022 and amounts involved are shown in **Table 5.9**.

Table 5.9: Department-wise details of IRs and Audit Observations

Sl. No.	Department	Nature of receipts	No of outstanding		Money value involved
			IRs	Audit Observations	
1.	Sales Tax	Taxes on Sales, Trade etc.	121	600	345.70
2.	Excise	State Excise	75	199	20.82
3.	Land Management	Land Revenue	39	183	5,643.06
4.	Transport	Taxes on Motor Vehicle	60	223	30.99
5.	State Lottery	Lottery	6	21	187.62
6.	Geology & Mining	Non-ferrous Mining & Metallurgical Industries	26	73	87.23
7.	Environment & Forest & Wild Life	Forestry & Wild Life	107	308	174.22
Total			434	1607	6,489.63

(Source: Monthly Progress Report)

Audit did not even receive first replies within one month from the date of issue of IRs from 11 Heads of Offices for 11 IRs issued during 2021-22. 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 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 2020-21 and 2021-22. 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 Department/ Government is invariably 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. 107 paragraphs (including two performance 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 2008-2009 to 2019-20 were placed before the State Legislative Assembly between 03 September 2010 and 06 September 2022. The action taken explanatory notes from the concerned departments on these paragraphs were not furnished within the specified time.

The PAC discussed 52 selected paragraphs under Revenue Sector (February 2021) from two departments pertaining to the Audit Reports for the years from 2008-09 to 2016-17. Out of 52 paragraphs, 40 paragraphs were settled by the PAC and the remaining 12 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 2012-13 to 2021-22.

5.1.10.1 Position of Inspection Reports

The summarised position of the Inspection Reports issued during the last 10 years (2012-13 to 2021-22) to various offices under the administrative control of the State

Transport Department as on 31 March 2022 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
2012-13	39	110	765.81	-	-	-	-	5	15.58	39	105	750.23
2013-14	39	105	750.23	-	-	-	-	-	-	39	105	750.23
2014-15	39	105	750.23	-	-	-	1	5	15.56	38	100	734.67
2015-16	38	100	734.67	3	16	164.88	-	-	-	41	116	899.55
2016-17	41	116	899.55	8	58	264.33	-	9	178.65	49	165	820.35
2017-18	49	165	820.35	1	11	3.60	-	-	-	50	176	823.95
2018-19	50	176	823.95	-	-	-	-	11	105.24	50	165	718.71
2019-20	50	165	718.71	6	42	907.89	-	-	-	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

(Source: Monthly Progress Report)

The Government did not arrange Audit Committee Meetings between the Department and the Principal Accountant General's office to settle the old paragraphs. It is evident from the above table, against 39 outstanding IRs with 110 paragraphs at the beginning of 2012-13, the number of outstanding IRs remained at 60 IRs with 223 paragraphs at the end of 2021-22.

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 2010-11 to 2019-20

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 of 31 March 2022
1.	2010-11	15	7.56	Nil	Nil
2.	2011-12	22	5.71	Nil	Nil
3.	2012-13	07	2.31	Nil	Nil
4.	2013-14	12	6.94	Nil	Nil
5.	2014-15	06	1.43	Nil	Nil
6.	2015-16	07	12.78	Nil	Nil
7.	2016-17	05	2.25	0.01	0.01
8.	2017-18	05	5.69	0.002	0.002
9.	2018-19	08	72.61	Nil	Nil
10.	2019-20	05	6.35	Nil	Nil
Total		92	123.63	0.012	0.012

From the above table 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 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, Excise & Taxation 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 2020-21, out of 161 auditable units, 25 units (15.53 *per cent*) were planned for audit under revenue sector and 19 units (11.80 *per cent*) were actually audited. Similarly, during 2021-22, out of 178 auditable units, 16 units (8.99 *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 two subject specific compliance audit (SSCA) reports *viz.* ‘Goods and Service Tax (GST) Refunds in Tax Department’ and ‘Transitional Credits under GST in Taxes Department’, Government of Arunachal Pradesh and four audit paragraphs involving financial effect of ₹3.45 crore. Out of total audit objections of ₹3.45 crore (₹2.50 crore of tax revenue and penalty/ interest of ₹0.95 crore) included in Audit Report of March 2022, Department/ Government made recovery of tax revenue of ₹28.98 lakh and penalty of ₹5.06 lakh in respect of objections included in Audit Report. Thus, the total recoveries made at the instance of audit in respect of paragraphs included in this report during the year aggregated to ₹34.04 lakh.

Subject Specific Compliance Audit (SSCA)

5.4 Transitional Credits under Goods and Service Tax (GST) in Department of Taxes, Government of Arunachal Pradesh

5.4.1 Introduction

Introduction of GST (Goods and Service Tax) is a significant reform in the field of indirect taxes in our country, which replaced multiple taxes levied and collected by the Centre and States. GST is a destination based tax on supply of goods or services or both, which is levied at multi-stages wherein the taxes will move along with supply. The tax will accrue to the taxing authority which has the jurisdiction over the place of supply. Tax is levied simultaneously by the Centre and States on a common tax base. Central GST (CGST) and State GST (SGST)/Union Territory GST (UTGST) is levied on intra state supplies and Integrated GST (IGST) is levied on inter-state supplies. Availability of input tax credit of taxes paid on inputs, input services and capital goods for set off against the output tax liability is one of the key features of GST. This will avoid cascading effect of taxes and ensures uninterrupted flow of credit from the seller to buyer. To ensure the seamless flow of input tax from the existing laws to GST regime, transitional arrangements for input tax were included in the GST Acts to provide for the entitlement and manner of claiming input tax in respect of appropriate taxes or duties paid under existing laws. Transitional credit provisions are important for both the Government and business. For business, the transitional credit provisions ensure transition of accumulated credits from the legacy returns, input tax in respect of raw materials, work in progress, finished goods held in stock as on the appointed day as well as credit in respect of capital goods into the GST regime. The provisions enable taxpayers to transfer such input credits only when they are used in the ordinary course of business or furtherance of business.

In Arunachal Pradesh, GST is administered under the Arunachal Pradesh Goods and Services Tax (APGST) Act, 2017 and Arunachal Pradesh Goods and Services Tax (APGST) Rules, 2017. The Department of Tax & Excise is headed by the Commissioner. The jurisdictional officers of the department are the Superintendent of Taxes (ST).

During the VAT period, the tax was administered under the provisions of the Arunachal Pradesh Goods Tax (APGT) Act, 2005 and Arunachal Pradesh Goods Tax (APGT) Rules, 2005.

5.4.2 Transitional arrangements for input tax

Section 140 of the APGST Act 2017 (and CGST Act/UTGST Acts) enables the taxpayers to carry forward the Input Tax Credit (ITC) earned under the existing laws to the GST regime. The section read with Rule 117 of APGST Rules 2017 prescribes elaborate procedures in this regard. All registered taxpayers, except those who are opting for payment of tax under composition scheme (under section 10 of the Act),

are eligible to claim transitional credit by filing TRAN 1 returns within 90 days from the appointed day. The time limit for filing TRAN 1 returns was extended initially till 27 December 2017. However, many taxpayers could not file the return within the due date due to technical difficulties. Thus, sub-rule 1A was inserted under Rule 117 of APGST Rules, 2017 vide Notification 36/2018 – State Tax dated 10 September 2018, to accommodate such taxpayers. The due date for filing TRAN 1 was further extended to 31 March 2020, vide Notification No. 02/2020 (State Tax) dated 01 January 2020, for those taxpayers who could not file TRAN 1 due to technical difficulties and those cases recommended by the GST Council. Under the transitional arrangements, the ITC of various taxes paid under the existing laws such as State Value Added Tax (VAT) can be carried forward to GST regime in circumstances such as:

- a. **Closing balance of the credit in the last returns:** The closing balance of the VAT credit available in the returns filed under existing law for the month immediately preceding the appointed day can be taken as credit in electronic credit ledger.
- b. **Un-availed credit on capital goods:** The balance installment of un-availed credit on capital goods can be taken by filing the requisite declaration in GST TRAN 1.
- c. **Credit on duty paid stock:** A registered taxable person, other than the manufacturer or service provider, may take the credit of the duty/ tax paid on goods held in stock based on the invoices.
- d. **Credit on duty paid stock when Registered Person does not possess the document evidencing payment of excise duty/VAT:** For traders who do not have excise or VAT invoice, there is a mechanism to allow credit to them on the duty paid stock.

5.4.3 Audit Scope and Methodology

The scope of audit comprised a review of transitional credit claim returns, both TRAN 1 and TRAN 2, filed by the taxpayers under the transitional arrangements for input tax provided for under Section 140 of the APGST Act. The period of review was from the appointed date *i.e.* 01 July 2017 to the end of March 2020. Audit verification involved the scrutiny of process and outcomes of departmental verifications along with detailed independent verification of select claims. Verification of individual transitional credit claims entailed the examination of VAT credit claimed by the taxpayers in the last six monthly returns (FF-01) filed under existing laws, immediately preceding the appointed date, along with the documentary evidence in support of such claims. Further, in respect of input tax claimed pertaining to materials held in stock, verification would involve examination of necessary accounting details, documents or records evidencing purchase of such goods.

Audit conducted verification of the records relating to 67 sample cases of Transitional Credit in the Office of the Commissioner of Tax & Excise, Itanagar as well as the nine jurisdictional offices of Superintendent of Taxes (STs). The erstwhile VAT system was entirely manual in Arunachal Pradesh and taxpayers were required to file physical copies of returns and other related documents. Audit checked copies of TRAN 1s obtained from the GST back-office, data provided by the STs from their back-end systems, taxpayer VAT returns and other related records to ascertain the genuineness of the claims.

The SSCA began with an entry conference held on 02 September 2021 wherein the objectives, scope and methodology of the audit were explained to the department. The draft report was issued to the department on 01 February 2022 and the SSCA was concluded with an exit conference on 03 March 2022 where the audit findings were discussed with the department and the replies/comments of the department noted.

5.4.4 Sample Selection

The total number of transitional credit claims of SGST in the State was 69 with a total value of ₹9.21 crore. 67 cases were examined in audit. 20 cases involving transitional credit claim of ₹61.36 lakh pertain to taxpayers registered under the jurisdiction of the central authority (CBIC) and the remaining 47 cases involving transitional credit claim of ₹7.64 crore pertain to taxpayers registered under the jurisdiction of the state tax authority (Department of Tax & Excise, GoAP). The details of the jurisdiction of the 67 sample cases are shown in *Appendix -5.1*.

The 67 sample cases selected for detailed audit pertain to the following categories of transitional credit claim as detailed in **Table 5.12**.

Table 5.12: Details of sample cases selected for audit

Sl. No.	Type of Claim	Section of APGST Act	Table of TRAN 1	No. of Cases
1.	VAT credit carried forward from the closing balance in last returns	140(1), 140(4)(a)	5(c)	60
2.	Un-availed VAT credit on capital goods	140(2)	6(b)	1
3.	Eligible duties and taxes/VAT/Entry Tax in respect of inputs	140(4)	7.b	2
4.	Amount of VAT and Entry Tax paid on inputs supported by invoices	140(5)	7.c	4
Total				67

(Source: Departmental records)

5.4.5 Audit objectives

The audit of transitional arrangements for input tax credit under GST was taken up with the following audit objectives with a view to seeking an assurance on:

1. Whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective (System issues).

2. Whether the transitional credits carried over by the taxpayers into GST regime were valid and admissible (Compliance issues).

5.4.6. Audit findings

The table below brings out the extent of deficiencies noted during audit of the transitional credit cases, selected for detailed audit.

Table 5.13: Details of irregularities noticed in sampled cases.

(₹ in lakh)

Nature of Audit Observation	Audit sample		Number of deficiencies noticed		Deficiencies as percentage of sample	
	Number	Amount	Number	Amount	Number	Amount
Excess carry forward of input tax credit	67	825.09	3	6.14	4.48	0.74
Irregular availment of transitional credits on capital goods	67	825.09	1	1.5	1.49	0.18
Irregularities in carrying forward of VAT credit under Section 140(1)	67	825.09	3	52.99	4.48	6.42
Irregular claim of transitional credit by Taxpayers due to wrong declaration of input tax credit in their VAT returns (FF-01)	67	825.09	6	4.14	8.96	0.50

(Source: Departmental records)

The audit observations are described in following paragraphs:

A. Systemic Issues

5.4.6.1 Non-verification of Transitional Credit claims

The Department of Tax & Excise, Government of Arunachal Pradesh needed to formulate a system for verification of the claims with the legacy returns and other documents of the VAT regime to ensure that these claims are genuine.

However, Audit noticed that the Department did not formulate any system for verification of the transitional credit claims. No sample was selected at the Commissionerate level for verification and the Assessing Officers (Superintendents of Taxes) were also not instructed by the Commissioner to verify the claims submitted by taxpayers under their respective jurisdiction.

Further, during the field audit of 67 sample cases of transitional credit when Audit issued query to the nine Assessing Officers regarding verification of claims, they replied as detailed in **Table 5.14:**

Table 5.14: Number of cases verified by Assessing Officers

GST Assessing Officers (State)	Approving Authority of the 67 Taxpayers		TRAN 1 Claim amount (₹ in lakh)		Cases verified		Claim amount verified (₹ in lakh)		Cases not verified		Claim amount not verified (₹ in lakh)	
	State	Centre	State	Centre	State	Centre	State	Centre	State	Centre	State	Centre
ST Aalo	0	1	0.00	0.02	0	0	0	0	0	1	0.00	0.02
ST Banderdewa	4	1	11.77	3.87	0	0	0	0	4	1	11.77	3.87
ST Itanagar Zone-II	14	9	455.21	21.70	14	0	455.21	0	0	9	0.00	21.70
ST Khonsa	1	0	124.86	0.00	0	0	0	0	1	0	124.86	0.00
ST Naharlagun Zone-I	6	5	31.97	33.26	0	0	0	0	6	5	31.97	33.26
ST Namsai	2	0	4.07	0.00	0	0	0	0	2	0	4.07	0.00
ST Pasighat ⁹²	9	2	127.65	1.29	0	0	0	0	9	2	127.65	1.29
ST Roing	3	1	0.98	1.07	3	1	0.98	1.07	0	0	0.00	0.00
ST Tezu	8	1	7.19	0.15	0	0	0	0	8	1	7.19	0.15
Total	47	20	763.70	61.36	17	1	456.19	1.07	30	19	307.51	60.29

(Source: Departmental records)

Audit noticed from the replies that out of the nine Assessing Officers only two *i.e.* ST, Zone-II, Itanagar and ST, Roing have conducted verification of their TRAN 1 claims. As such, out of the 47 claims under the jurisdiction of State, only 17 claims (36.17 *per cent*) have been verified and 30 (63.83 *per cent*) still remain unverified. Further, only ST Roing has stated that they had verified one claim under the jurisdiction of the central tax authority. However, none of these two Assessing Officers produced any proof of verification of claims like copies of verification report or action-taken report (ATR) or any other documents relating to the process. Remaining seven Assessing Officers (STs) did not furnish any reasons for non-verification of claims. Moreover, no steps were taken to verify and *ex-post-facto* validation of Transitional credit claims availed by 30 taxpayers even after five years of implementation of GST in the State.

When Audit pointed this out (February 2022), the Department stated during the exit conference (March 2022) that the Superintendents of Taxes are not able to access these transactions from their GST back office due to lack of proper training and hence they were unable to verify the cases. The Department also stated that as this was a skill issue, it would contact the software developing agency/GSTN and organise training for this purpose.

5.4.6.2 Non production of TRAN-1

In order to carry forward ITC earned under the existing laws to the GST regime, all registered taxpayers, except those who are opting for payment of tax under composition scheme were required to file TRAN-1 returns. However, when Audit called for the copies of the TRAN-1 returns of 67 sampled taxpayers who had claimed transitional credit, none of the nine STs produced the same. Subsequently, Audit collected the TRAN-1s from the GST Back-office system at the Commissioner's Office.

⁹² ST Pasighat did not furnish replies to the questionnaire and hence his TRAN 1 claims are taken as not verified.

When Audit pointed this out (February 2022), the Department agreed to audit finding and stated during exit conference (March 2022) that the Superintendents of Tax were unable to produce the TRAN 1s to Audit due to lack of understanding of the GST back office. The Department also stated that as this was a skill issue, they would contact the software developing agency/GSTN and organize training for this purpose.

5.4.6.3 Non-production of VAT records of taxpayers

Audit called for the VAT records of 67 taxpayers, who had claimed transitional credit, from their respective jurisdictional officers (STs). However, four STs failed to produce the VAT records of five taxpayers.

ST, Tezu stated that two taxpayers who were registered with them under APGST Act 2017 were not registered under them during VAT. Further, as the VAT system was manual in the State, Audit could not locate where the taxpayers were registered under VAT. Due to the non-production of VAT records of five taxpayers, Audit could not verify their claims of transitional credit.

When Audit pointed this out (February 2022), the Department during the exit conference accepted the audit observation and stated (March 2022) that the respective Superintendents of Tax are trying to trace the files. The Department also stated that two taxpayers who are registered under GST with the ST, Tezu were actually registered under ST, Changlang during VAT. The VAT files would be collected from ST, Changlang and furnished to Audit.

B. Compliance Issues

5.4.6.4 Taxpayers whose claims were found correct

Out of 67 cases of transitional credit claims checked by Audit, there were 34 cases where the claims of transitional credit of the taxpayers were found to be correct. All of the 34 claims pertained to VAT credit carried forward by the taxpayers under Section 140 (1) (ii) of the APGST Act 2017. These taxpayers submitted their VAT returns (FF-01) of the last six months immediately preceding the appointed date *i.e.* 1 July 2017 and their credit balance matched with the TRAN-1 claims.

Further, there were two cases where the taxpayers claimed less transitional credit than the VAT credit remaining in their last VAT return of June 2017.

5.4.6.5 Non-submission of VAT returns

As per Section 140 (1) (ii) of the APGST Act 2017, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value Added Tax, and Entry Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed, provided that he has furnished all the returns required under

the existing law for the period of six months immediately preceding the appointed date.

Scrutiny of 67 cases of Transitional Credit claim revealed that there were nine cases where the taxpayers had not submitted their VAT returns (FF-01) during the last six months immediately preceding the appointed date *i.e.* 01 July 2017 resulting in irregular transitional credit claim of ₹18.08 lakh as detailed in **Table 5.15**:

Table 5.15: Irregularities in transitional claims

Sl. No.	Name of taxpayer	GST Jurisdiction /VAT Jurisdiction	GSTIN No.	VAT TIN No.	Transitional Credit claimed (in ₹)	Details of return not filed
1.	Life Angel Pharmaceutical	Itanagar Range/ ST, Itanagar, Zone-II	12ACMPW7606G2ZD	12171327196	566.00	April 2017 – June 2017 quarterly return
2.	M/s Maa Kali Traders	ST, Itanagar, Zone-II	12AEYPC0402L1ZR	12170555139	133.64	January 2017 – June 2017 returns
3.	M/s Bie Enterprise	ST, Itanagar, Zone-II	12AHAPL4217F1Z0	12171047112	1,61,522.64	April 2017 – June 2017 quarterly return
4.	M/s L. B. Enterprises	ST, Itanagar, Zone-II	12AOWPG8018C1Z3	12170320117	99,840.21	January 2017 – June 2017 returns
5.	M/s Nani Auto Agency	ST, Naharlagun, Zone-I	12AEBPN7916D1ZV	12041851192	92,156.86	April 2017 monthly return
6.	M/s M.N.W Enterprises	ST, Naharlagun, Zone-I	12ACZPW5789K1ZC	12042040142	9,07,041.86	April 2017 – June 2017 quarterly return
7.	M/s Sanju Gramin IndaneVitrak	ST, Namsai	12BRMPD1513R1ZS	12110200123	1,58,958.00	April 2017 – June 2017 quarterly return
8.	M/s Surajmal Kaniyalal	ST, Tezu	12AKPPM9000K1Z3	12110001170	3,77,584.00	January 2017 – June 2017 returns
9.	M/s Vansi Arms Repair and Sales	ST, Tezu	12BOFPS7112P2ZM	12110080184	9,874.00	April 2017 – June 2017 quarterly return
Total					18,07,677.21	
Rounded off (in lakh)					18.08 lakh	

(Source: Departmental records)

Further, from the GSTN portal it was noticed that the registration of four of these taxpayers had been cancelled, as detailed in **Table 5.16**.

Table 5.16: Registration details of firms

Sl. No.	Name of taxpayer	GST Jurisdiction /VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed (in ₹)	Cancellation Details
1.	Life Angel Pharmaceutical	Itanagar Range/ ST, Itanagar, Zone-II	12ACMPW7606G2ZD	12171327196	566.00	Cancelled <i>suo-moto</i> (Effective from 12 October 2020)
2.	M/s Bie Enterprise	ST, Itanagar, Zone-II	12AHAPL4217F1Z0	12171047112	1,61,522.64	Cancelled <i>suo-moto</i> (Effective from 05 July 2021)

Sl. No.	Name of taxpayer	GST Jurisdiction /VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed (in ₹)	Cancellation Details
3.	M/s L. B. Enterprises	ST, Itanagar, Zone-II	12AOWPG8018C1Z3	12170320117	99,840.21	Cancelled on application of taxpayer (Effective from 01 February 2019)
4.	M/s Nani Auto Agency	ST, Naharlagun, Zone-I	12AEBPN7916D1ZV	12041851192	92,156.86	Cancelled <i>suo-moto</i> (Effective from 16 April 2021)

(Source: Departmental records)

When Audit pointed this out (February 2022), the Department accepted the audit observation during the exit conference and stated (March 2022) that it would look into the matter and necessary steps would be taken to recover the amount from the taxpayers.

5.4.6.6 Claim of excess Transitional Credit

As per Section 140 of the APGST Act 2017, the closing balance of the VAT credit available in the returns filed under existing law for the month immediately preceding the appointed day can be taken as credit in electronic credit ledger by filing Form TRAN-1.

During the scrutiny of 67 sample cases of transitional credit, it was observed that there were three cases where the transitional credit claimed by the taxpayer in his TRAN-1 was higher than the amount of VAT credit available in his last VAT return (FF-01) for the month immediately preceding the appointed day. The total claim of the four taxpayers was ₹8.60 lakh whereas the actual credit as per their FF-01 totaled only ₹2.46 lakh, and as such there was excess claim of ₹6.14 lakh as detailed in Table 5.17:

Table 5.17: Details of excess claimed made by firms

Sl. No.	Trade Name	GST Jurisdiction/VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed in TRAN-1	VAT credit on 30 June 2017 as per return (FF-01)	Excess claim (₹)
1.	M/s T.T Agency	Itanagar Range/ ST, Itanagar, Zone-II	12ADYPT39 20H3Z6	12170895144	4,13,983.58	1,33,335.13	2,80,648.45
2.	M/s. Arunachal Agro Agency	Pasighat Range/ ST, Pasighat	12AAKFA42 94L1ZA	12080020187	2,36,772.00	99,550.00	1,37,222.00
3.	M/s NORTECH Power Project Ltd.	ST, Tezu	12AABCN70 84P1Z2	12110107163	2,09,254.00	1,30,99.75	1,96,154.25
Total					8,60,009.58	2,45,984.88	6,14,024.70
Rounded off (in lakh)					8.60 lakh	2.46 lakh	6.14 lakh

(Source: Departmental records)

Further, none of the above three taxpayers submitted any documents with their TRAN-1s to substantiate the claims of transitional credit and as such Audit could not determine the reasons for the excess claim of transitional credit totaling ₹6.14 lakh.

As such, these three taxpayers are entitled to transitional credit of ₹2.46 lakh only being the VAT credit available in their last returns and the excess transitional credit totaling ₹6.14 lakh may be recovered from them.

When Audit pointed this out (February 2022), the Department agreed with the audit findings during the exit conference and stated (March 2022) that the CBIC has already taken action against M/s Arunachal Agro Agency, Pasighat and recovery of the amount will be intimated to Audit by the ST, Pasighat. In respect of remaining three dealers under jurisdiction of the State, the Department stated that notices have already been served to the taxpayers and recovery would be made, if found necessary.

5.4.7 Other discrepancies in transitional credit claims

Audit observed the following cases where there were discrepancies in the VAT returns (FF-01) of the taxpayers who had claimed transitional credit under Section 140:

5.4.7.1 Irregularities in carrying forward of VAT credit under Section 140(1)-Ineligible carry forward despite VAT outstanding to the Government

As per Section 140 (1) of the APGST Act, 2017, a registered person shall not be allowed to take credit where the said amount of credit is not admissible as input tax credit under this Act.

During the conduct of audit, out of total sample of 67 cases, 03 instances under the jurisdiction of the Superintendent of Tax (ST), Zone-II, Itanagar were observed wherein the taxpayers claimed transitional credit totalling ₹52.99 lakh in their TRANs. However, Audit observed from their VAT returns of June 2017 that the three taxpayers had outstanding VAT liability to the tune of ₹12.30 crore. Hence, the claim of transitional credit of the taxpayers was irregular and they were not eligible for taking transitional credit under Section 140 of the APGST Act, 2017. The details of all cases are in *Appendix-5.2*.

When Audit pointed this out (February 2022), the Department stated during the exit conference (March 2022) that one taxpayer namely M/s Sushee Infra & Mining Ltd. could not be contacted as it had shifted its address but the matter would be followed up to a logical conclusion. In the second case, the department stated that a notice has been issued to the concerned taxpayer and reply is still awaited and in the remaining case, the department produced copy of the deposit challan to Audit, however the amount was deposited under the VAT head of account '0040' and not under the SGST head of account '0006' and as such the excess transitional credit of GST remained unadjusted.

An illustrative case is given below:

Sushee Infra & Mining Ltd (GSTIN: 12AACCS8560Q1ZV; VAT TIN: 12170804107) who is registered under the jurisdiction of the Superintendent of Tax (ST), Itanagar, Zone-II applied for transitional credit of ₹46,84,646 in his TRAN 1

submitted on 15/12/2017. Audit observed from the last six months VAT returns (FF-01) that the credit balance of ₹46,84,646 shown in the last return pertains only to the month of June 2017. However, Audit calculated his total liability of VAT outstanding to Government at ₹12.28 crore. Hence, the claim of Transitional Credit of the taxpayer is irregular and he is not eligible for taking transitional credit under Section 140 of the APGST Act, 2017.

When Audit pointed this out (February 2022), the Department stated during the exit conference (March 2022) that they tried to issue notice to the taxpayer. However, the company could not be contacted as it has shifted its address. The Department assured that the matter will be followed up to a logical conclusion.

5.4.7.2 Irregularities in carrying forward of un-availed VAT credit on capital goods under Section 140(2)

Section 140 (2) of the APGST Act, 2017 states that a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the unavailed input tax credit in respect of capital goods, not carried forward in a return, furnished under the existing law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed, provided that the registered person shall not be allowed to take credit unless the said credit was admissible as *input tax* credit under the existing law and is also admissible as input tax credit under this Act. Further, rule 117(2)(a) of the APGST Rules 2017 states that every declaration under sub-rule (1) shall- in the case of a claim under sub-section (2) of section 140, specify separately the following particulars in respect of every item of capital goods as on the appointed day- (a) in the case of a claim under sub-section (2) of section 140, specify separately the following particulars in respect of every item of capital goods as on the appointed day- (i) the amount of tax or duty availed or utilised by way of input tax credit under each of the existing laws till the appointed day; and(ii) the amount of tax or duty yet to be availed or utilized by way of input tax credit under each of the existing laws till the appointed day.

Audit noticed that a taxpayer M/s KNR Construction Limited, Pasighat (GSTIN: 12AAACK8316L1ZL; VAT TIN: 12080390104) who is registered under the jurisdiction of the Superintendent of Tax (ST), Pasighat claimed transitional credit of ₹1,50,370 against credit of the un-availed input tax credit in respect of capital goods, not carried forward in a return, furnished under the existing law by him under Section 140(2) of APGST Act 2017 in his TRAN 1 (Table 6(b)) submitted on 27/12/2017. However, scrutiny of the TRAN 1 revealed that the taxpayer had not furnished any details of the un-availed credit on capital goods in contravention of the rule 117(2) (a) of APGST Rules 2017. Further, scrutiny of the last six months' VAT return (FF-01) of the taxpayer revealed that he has not submitted any proof of his claim. As such, the taxpayer is not entitled to claim the transitional credit of ₹1,50,370 under section 140(2) of the APGST Act 2017.

When Audit pointed this out (February 2022), the Department stated (March 2022) that notice was issued to the taxpayer and he clarified that the transitional credit on Capital Goods claimed by him was against a vehicle (Scorpio) purchased by the company but the documents were not submitted with the TRAN 1. However, the reply of the taxpayer is not tenable as the vehicle (Scorpio) cannot be treated as a capital good as the taxpayer has not provided any proof that the vehicle was used in the course or furtherance of business [Section 2(19)].

5.4.7.3 Irregular claim of transitional credit by Taxpayers due to wrong declaration of input tax credit in their VAT returns (FF-01)

As per Section 140 (1) of the APGST Act, 2017, a registered person shall not be allowed to take credit where the said amount of credit is not admissible as input tax credit under this Act.

During the scrutiny of the transitional credit claims, Audit noticed that there were six (06) cases where the taxpayers claimed total transitional credit of ₹120.91 lakh through Tran-1. However, Audit found from the verification of VAT returns (FF-01) that these taxpayers had declared wrong input tax credit (ITC) in their last return of June 2017. When Audit calculated the actual closing balance of the taxpayers it was determined to be totalling ₹116.77 lakh. As such, these taxpayers irregularly claimed excess transitional credit of ₹4.14 lakh as detailed in *Appendix 5.3*.

When Audit pointed this out (February 2022), the department accepted the audit observations and stated (March 2022) that it will look into the matter and take necessary action against the taxpayers.

5.4.7.4 Non-production of essential records/evidence pertaining to transitional credit claim

I. Non-submission of details of stock held

Section 140 (4) of the APGST Act, 2017 states that a registered person, who was engaged in the sale of taxable goods as well as exempted goods or tax free goods, by whatever name called, under the existing law but which are liable to tax under this Act, shall be entitled to take, in his electronic credit ledger - a) the amount of credit of the value added tax and entry tax, if any, carried forward in a return furnished under the existing law by him in accordance with the provisions of sub-section (1); and (b) the amount of credit of the value added tax and entry tax, if any, in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to such exempted goods or tax free goods, by whatever name called, in accordance with the provisions of sub-section (3). Rule 117(2) (b) of the APGST Rules, 2017 further states that every declaration under sub-rule (1) shall in the case of a claim under clause (b) of sub-section (4) of section 140, specify separately the details of stock held on the appointed day.

During the scrutiny of sample cases, Audit noticed that M/s GE T&D India Limited, Namsai (GSTIN - 12AAACG2115R1ZS; VAT TIN - 12041451169) who is

registered under the jurisdiction of the ST Namsai under GST registered under the ST, Naharlagun, Zone-I during VAT regime applied for transitional credit of ₹2,48,404/- against duties and taxes/VAT/ET in respect of inputs under Section 140(4) of the APGST Act 2017. However, audit scrutiny of the TRAN 1 revealed that the taxpayer has not filled up the description column of table 7(b). Further, during the scrutiny of the last six months VAT returns (FF-01) in the office of the ST Zone-I Naharlagun Audit could not find any proof of inputs or input services which were received after 1st July 2017 but taxes on which were paid under the existing law (Goods/ Services in Transit). Due to the non-production of the essential information by the taxpayer, Audit could not verify the correctness of claim of transitional credit of ₹2,48,404.

When Audit pointed this out (February 2022), the Department stated (March 2022) that it would look into the audit finding and take necessary action, if required.

II. Non-submission of invoices/document on the basis of which credit of input tax was admissible under the existing law

Section 140 (5) of the APGST Act, 2017 states that a registered person shall be entitled to take, in his electronic credit ledger, credit of value added tax and entry tax, if any, in respect of inputs received on or after the appointed day but the tax in respect of which has been paid by the supplier under the existing law, subject to the condition that the invoice or any other tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day, provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days. Provided further that the said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this sub-section. Rule 117(2) (c) of the APGST Rules, 2017 further states that every declaration under sub-rule (1) shall in the case of a claim under sub-section (5) of section 140, furnish the following details namely – (i) the name of the supplier, serial number and date of issue of the invoice by the supplier or any document on the basis of which credit of input tax was admissible under the existing law; (ii) the description and value of the goods or services; (iii) the quantity in case of goods and the unit or unit quantity code thereof; (iv) the amount of eligible taxes and duties or, as the case may be, the value added tax [or entry tax] charged by the supplier in respect of the goods or services; and (v) the date on which the receipt of goods or services is entered in the books of account of the recipient.

During the scrutiny of the 67 sample cases, Audit noticed two instances under the jurisdiction of two ranges⁹³ where the taxpayers claimed transitional credit totalling ₹ 20.62 lakh against VAT and Entry Tax paid on inputs supported by invoices under Section 140 (5) of the APGST Act 2017. However, scrutiny of the last six months'

⁹³ CBIC, Itanagar Range and ST, Zone-II, Itanagar

VAT returns (FF-01) of the taxpayer revealed that he has not submitted any copies of invoices relating to the payment of VAT/Entry Tax for which he has claimed Transitional Credit. As such, due to lack of details in the TRAN-1 and non-production of invoices, Audit could not verify the correctness of the two taxpayers' transitional credit claim of ₹20.62 lakh as detailed in *Appendix-5.4*.

When Audit pointed this out (February 2022), the Department stated (March 2022) that in respect of the first case, the ST, Zone-II, Itanagar has issued notice to the taxpayer and he will also take up the matter with his counterpart in CBIC for recovery of the dues. In the second case, it has issued notice to the taxpayer; however, no response has been received. The matter will be followed up.

5.4.8 Conclusion

In order to ensure that only the genuine and eligible claims of transitional credit were carried forward to the GST regime the Department of Tax and Excise was required to verify the legacy returns of the taxpayers along with the TRAN 1s and other supporting documents. However, audit of the 67 sample cases of transitional credit revealed that out of the 47 claims under the jurisdiction of State, only 17 claims (36.17 *per cent*) have been verified by the department till date and 30 claims (63.83 *per cent*) still remain unverified even after the expiry of more than one year from the last date of submissions of TRAN1 returns *i.e.* 31 March 2020. Due to the lack of effective mechanism to verify the TRAN-1s, taxpayers managed to avail transitional credit against ineligible input tax credit of VAT regime. Audit detected 31 such cases (total deficiency ₹1.08 crore) which were intimated to the department for further action at their end.

5.4.9 Audit recommendations

- The Department may take steps to verify the discrepancies pointed out by Audit and other irregular cases in the State to ensure that only genuine and eligible ITC claims are carried over to GST regime.
- Steps may also be taken to complete verification and *ex-post-facto* validation of GST claims of taxpayers.
- The Department may consider organising more training programmes on GST (backend applications) for the Jurisdictional Officers.
- The Department should consider introducing a monthly/ quarterly MIS from the Jurisdictional Officers/districts with regard to verification of transitional credit claims.
- The Department may take steps to recover the undue claim of transitional credit paid to taxpayers.

Subject Specific Compliance Audit (SSCA)

5.5 Goods and Service Tax (GST) Refunds in Department of Taxes, Government of Arunachal Pradesh

5.5.1 Introduction

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. It was decided that under the GST regime, the claim and sanctioning procedure would be completely online. Due to unavailability of electronic refund module on the common portal, a temporary mechanism was devised and implemented by the GOI. Circular Nos. 17/17/2017-GST dated 15 November 2017⁹⁴ and Circular no. 24/24/2017-GST dated 21 December 2017⁹⁵ was issued prescribing the detailed procedures. In this electronic-cum-manual procedure, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents.

Further, processing of those refund applications, *i.e.* issuance of acknowledgement, issuance of deficiency memo, passing of provisional/final refund orders, payment advice *etc.* were being done manually. In order to make the process of submission of the refund application electronic, Circular No. 79/53/2018-GST dated 31 December 2018⁹⁶ was issued wherein it was specified that the refund applications in Form GST RFD-01A, along with all supporting documents, had to be submitted electronically. However, various post submission stages of processing of the refund applications continued to be manual.

For making the refund procedure fully electronic, wherein all the steps from submission applications to processing thereof could be undertaken electronically, the application feature has been deployed on the common portal with effect from 26 September 2019 (also called Automation of Refund Process). Accordingly, the Circulars issued earlier laying down the guidelines for manual submission and processing of refund claims have either been superseded or modified. A fresh set of guidelines have been issued for electronic submission and processing of refund claims vide Master Circular No.125/44/2019-GST dated. 18 November 2019⁹⁷. In order to ensure uniformity in implementation of the provisions of law across field formations, several earlier Circulars viz. Circular No. 17/17/2017-GST dated 15 November 2017, 24/24/2017-GST dated 21 December 2017, 37/11/2018-GST dated 15 March 2018, 45/19/2018-GST dated 30 May 2018 (including corrigendum

⁹⁴ The Dept. of Tax & Excise neither endorsed the circular nor issued similar circular.

⁹⁵ The Dept. of Tax & Excise neither endorsed the circular nor issued similar circular.

⁹⁶ The Dept. of Tax & Excise neither endorsed the circular nor issued similar circular.

⁹⁷ The Dept. of Tax & Excise neither endorsed the circular nor issued similar circular.

dated 18 July 2019), 59/33/2018-GST dated 04 September 2018, 70/44/2018-GST dated 26 October 2018, 79/53/2018-GST dated 31 December 2018 and 94/13/2019-GST dated 28 March 2019 have been superseded vide para 2 of the aforesaid Master Circular. However, the provisions of the said Circulars shall continue to apply for all refund applications filed on the common portal before 26 September 2019 and the said applications shall continue to be processed manually as were done prior to deployment of new system.

5.5.2 Audit Objectives

Audit of Refund cases under GST regime was conducted to assess:

- (i) The adequacy of Act, Rules, notifications, circulars etc. issued in relation to the grant of refunds.
- (ii) The compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by the taxpayers.
- (iii) Whether effective internal control mechanism exists to check the performance of the departmental officials in disposing the refund applications.

5.5.3 Audit Scope and Sample Selection

During the SSCA, the refund data pertaining to the period from July 2017 to July 2020 made available by GSTN was analysed and risk based sample of 27 cases totalling ₹2.11 crore was extracted for detailed audit. Out of the 27 cases, 21 cases of total refund value ₹1.83 crore pertained to pre-automation period *i.e.* before 26 September 2019 (*Appendix-5.5*) and 6 cases of total refund value ₹28.47 lakh pertained to the post-automation of refund process (*Appendix-5.6*).

The SSCA began with an entry conference held on 05 January 2021 wherein the objectives, scope and methodology of the audit were explained to the department. Further, the SSCA was concluded with an exit conference on 08 December 2021 where the audit findings were discussed with the department and the replies/comments of the department noted.

5.5.4 Audit Criteria

The following sections, rules and notifications, etc. provide the provisions/procedure for claiming the refunds:

- (i) Section 54 to 58 and section 77, of Central Goods and Services Tax Act, 2017 and Arunachal Pradesh Goods and Services Tax Act, 2017
- (ii) Rule 89 to 97A of Central Goods and Services Tax Act, 2017 and Arunachal Pradesh Goods and Services Tax Rules, 2017
- (iii) Section 15, 16 and 19 of Integrated Goods and Services Tax Act, 2017
- (iv) Notifications/Circulars/Instruction issued by the CBIC/ Arunachal Pradesh State tax department

5.5.5 Circumstances where the GST refunds arise

A claim for refund may arise on account of the followings:

- (i) Export of goods or services;
- (ii) Supplies to SEZs units and developers;
- (iii) Deemed exports;
- (iv) Refund of taxes on purchase made by UN or embassies etc.;
- (v) Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court;
- (vi) Refund of accumulated Input Tax Credit of GST on account of inverted duty structure/Reverse Charge cases.
- (vii) Finalisation of provisional assessment;
- (viii) Refund of balance in electronic cash ledger.
- (ix) Refund of pre-deposit;
- (x) Excess GST payment;
- (xi) Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India;
- (xii) Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied;
- (xiii) Refund of CGST & SGST paid by treating the supply as intra-state supply which is subsequently held as inter-state supply and vice versa.

5.5.6 Audit findings

The 27 sample cases selected for audit scrutiny including 6 cases where refund has been sanctioned, came under the jurisdiction of the following 10 assessment officers:

Table 5.18: Details of 27 sampled cases

(₹ in lakh)

Sl. No.	Name of jurisdictional assessment officer	Total no. of cases	Total value of case	No. of refund sanctioned	Total value of refund sanctioned
1.	Superintendent of Tax (ST), Aalo	1	5.63	0	0.00
2.	Superintendent of Tax (ST), Bhalukpong	1	0.03	1	0.03
3.	Superintendent of Tax (ST), Itanagar Zone-II	8	59.60	4	28.17
4.	Superintendent of Tax (ST), Khonsa	1	1.23	0	0.00
5.	Superintendent of Tax (ST), Likabali	1	0.27	1	0.27
6.	Superintendent of Tax (ST), Zone-I, Naharlagun	5	58.22	0	0.00
7.	Superintendent of Tax (ST), Pasighat	2	30.77	0	0.00
8.	Superintendent of Tax (ST), Roing	1	20.65	0	0.00
9.	Superintendent of Tax (ST), Tezu	6	30.95	0	0.00
10.	Superintendent of Tax (ST), Ziro	1	3.73	0	0.00
Total		27	211.08	6	28.47

(Source: Departmental records)

Audit visited the Office of the Commissioner of Tax & Excise, Itanagar as well as nine out of the above ten jurisdictional offices of Superintendent of Taxes (STs) (Khonsa was not visited due to Covid-19 restrictions) and checked the records relating to sample cases of GST Refunds along with the data provided by the STs from their backend systems, whenever available. The SSCA began with an entry conference held on 05 January 2021 and field audit was conducted between the period from January 2021 to April 2021. The draft report was issued to the department on 24 September 2021 and an Exit Conference was held on 08 December 2021 to discuss the Audit findings with the department. The replies of the department have been incorporated in the final draft Audit report.

Table 5.19 below brings out the extent of deficiencies noted during the audit of refund cases, selected for detailed audit.

Table 5.19: Details of irregularities noticed in sampled cases

Nature of Audit Findings (indicate only)	Audit Sample		Number of deficiencies noticed	Deficiencies as percentage of Sample
	Number	Amount		
Delay in issue of Refund orders	27	211.08	3	11.11
Delay/non-conducting of post audit of refund claims	27	211.08	27	100
Non-issuance of acknowledgement of refund applications:	27	211.08	21	77.78
Cancellation of refund application by the assessing officer due to furnishing of incomplete applications without issuing deficiency memo	27	211.08	05	18.52
Submission of claim without supporting documents	27	211.08	01	3.70
Non-processing of GST refund cases	27	211.08	17	62.96
Submission of duplicate applications:	27	211.08	2	7.41
Non-mentioning of date of re-submission of application in the RFD-01:	27	211.08	1	3.70

Audit findings are included in the subsequent paragraphs:

5.5.6.1 Non production of records

During audit (February 2021) of the Superintendent of Tax & Excise, Pasighat, two (2) Refund Cases totaling ₹30.77 lakh were called for test check. However, despite follow up by Audit, the records were not made available to audit. In the absence of these records Audit could not verify the veracity of these cases. The details of these cases are given **Table 5.20**.

Table 5.20: Details of sampled cases for which records were not made available

Sl. No	Name of assessment officer	Name of dealer	GSTIN	Date of application	Refund reason	Amount of refund claim (₹ in lakh)	No. of days delay till 30 April 2021
1.	ST, Pasighat	Shree Gautam Construction Co Limited	12AAGCS4032F1ZV	28 March 2019	Excess balance in electronic cash ledger	29.17	764
2.	-do-	M/s Sri Tani Eko	12ACAPE5608A1ZM	25 December 2018	XSPAY	1.60	857
Total						30.77	

(Source: Departmental records)

When Audit pointed this out (September 2021), the department during the exit conference (December 2021) accepted the audit observation and assured that the Superintendent of Tax, Pasighat has been instructed to furnish the records to Audit within a week.

The Superintendent of Tax replied (December 2021) that he could not produce the records to Audit as refund applications of the dealers could not be accessed at that time. Even on date ST could only access the application of M/s Tani Eko.

If received later, the same will be subsequently reviewed in Audit.

5.5.6.2 Non-issuance of acknowledgement of refund applications:

Rule 90 (1) and (2) of Arunachal Pradesh Goods and Services Tax Rules, 2017 (APGST Rules) 2017 stipulates that where the application related to claim for refund from the ECL, an acknowledgement in Form GST RFD-02 shall be made available electronically to the applicant through the common portal, clearly indicating the date of filing of the claim for refund. For, refund application other than ECL, the application shall be forwarded to the proper officer within a period of 15 days of filing of the said application, scrutinize the application for its completeness. An acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days through common portal. The acknowledgement shall clearly indicate the date of filing claim.

Further, Rule 90 (3) of AGST Rules, 2017 stipulates that if any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in FORM GST RFD-03 within 15 days through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.

Scrutiny of 27 cases revealed that acknowledgement in RFD-02 was issued in six cases and neither RFD-02 nor RFD-03 was issued in remaining 19 cases (excluding 2 cases relating to ST, Pasighat).

When Audit pointed this out (September 2021), the department accepted during the exit conference (December 2021) the audit findings and added that due to the lack of

skill/knowledge to work on GST system such things are happening. The internet connectivity in the districts is another factor for such delays.

5.5.6.3 Processing of refunds

Under the provision of Rule 90(1) & (2) of the APGST Rules, 2017 an acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days through common portal. The acknowledgement shall clearly indicate the date of filing claim and the time period i.e. 60 days specified for processing of refund. If any deficiencies are noticed, the proper officer shall communicate electronically the deficiencies to the applicant in FORM GST RFD-03 within 15 days through the common portal, requiring him to file a fresh refund application after rectification of such deficiencies.

During the scrutiny of records of two Assessing Officers, Superintendent of Tax, Zone-I, Naharlagun and Ziro audit noticed the following:

I. Cancellation of refund application by the assessing officer due to furnishing of incomplete applications

It was noticed that the Superintendent of Tax & Excise, Zone – I, Naharlagun received five (05) refund applications from four dealers between the period 07 January 2019 to 26 August 2019 for refunds totaling ₹58.22 lakh as in Table 5.21.

Table 5.21: Details of refunds cases received

					(₹ in lakh)
Sl. No.	Name of dealer	GSTIN	ARN No. & Date of application	Refund reason	Amount of refund claim
1.	Nabam Tullon LLP-ECI (JV)	12AADAN6565F1ZP	AA120819000824C Dated 26 August 2019	Excess balance in electronic cash ledger	38.12
2.	M/s Tabiang Associates	12ALBPY2619R1ZM	AA120719001017O Dated 30 July 2019	ANYOTHER	8.23
3.	-do-	12ALBPY2619R1ZM	AA120819000161S Dated 06 August 2019	ANYOTHER	8.23
4.	Papumpare Tea Estate Private Limited	12AAFCP8653A1ZQ	AA120119000110D Dated 07 January 2019	Excess balance in electronic cash ledger	2.63
5.	M/s Ave Maria Earth Movers	12ADKPT2805P2Z6	AA120819000762E Dated 24 August 2019	ANYOTHER	1.01
Total					58.22

(Source: Departmental records)

However, from the copies of the Form RFD-01A collected by Audit from GSTN portal it could not be verified as to what were the reasons for refund under the head 'ANYOTHER'.

Audit further noticed that the ST did not issue any acknowledgment in RFD-02 or communicate deficiencies in RFD-03 against the five applications but straightway

issued notices of rejection of application of refund in Form GST-RFD-08 in respect of four applications totaling ₹20.10 lakh on 08 November 2019 due to furnishing of incomplete applications as detailed in **Table 5.22**. This was not as per GST provisions, as deficiency memo should have first been issued.

Table 5.22: Details of incomplete returns furnished by dealers

(₹ in lakh)						
Sl. No.	Name of dealer	GSTIN	ARN No. & Date of application	Amount of refund claim	Date of issue of RFD-08	Reason for rejection
1.	M/s Tabiang Associates	12ALBPY2619R1ZM	AA120719001017O Dated 30 July 2019	8.23	APGST/NZ-I/077/19/379 Dated 08 November 2019	Incomplete application
2.	-do-	12ALBPY2619R1ZM	AA120819000161S Dated 06 August 2019	8.23	APGST/NZ-I/077/19/380 Dated 08 November 2019	
3.	Papumpare Tea Estate Private Limited	12AAFCP8653A1ZQ	AA120119000110D Dated 07 January 2019	2.63	APGST/NZ-I/079/19/382 Dated 08 November 2019	
4.	M/s Ave Maria Earth Movers	12ADKPT2805P2Z6	AA120819000762E Dated 24 August 2019	1.01	APGST/NZ-I/076/19/376 Dated 08 November 2019	
Total				20.10		

(Source: Departmental records)

It was noticed that out of the four (04) rejected applications, only M/s Tabiang Associates (GSTIN: 2ALBPY2619R1ZM) resubmitted his claim on 04 October 2019 which was sanctioned by the Assessing Officer on 03 September 2020.

When Audit pointed this out (September 2021), the Department stated (December 2021) that the applications had been rejected due to incomplete furnishing of documents.

II. Submission of claim without supporting documents

Rule 89 (1) of the APGST Rules 2017 states that any person, except the persons covered under notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file an application electronically in **Form GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Sub-rule (2) (h) further states that the application under sub-rule (1) shall be accompanied in Annexure 1 of **Form GST RFD-01** as documentary evidence, as applicable, to establish that a refund is due to the applicant, a statement containing the number and the date of the invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilised input tax credit under sub-section (3) of section 54 where

the credit has accumulated on account of the rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies.

Scrutiny of RFD-01 application Form of a taxpayer M/s T D T Enterprises (GSTIN: 12AGUPT1872F3Z1) under the jurisdiction of the ST, Ziro revealed that the taxpayer has not enclosed any supporting document to substantiate his claim of refund of ITC accumulated due to inverted duty structure amounting ₹3.73 lakh. The details are in **Table 5.23**.

Table 5.23: Dealer's claim not substantiate by supporting document

(₹ in lakh)

Sl. No.	Name of assessment officer	Name of dealer	GSTIN	Date of application	Refund reason	Amount of refund claim	No. of days delay till 30.04.2021
1.	ST, Ziro	M/s T D T Enterprises	12AGUPT1872F3Z1	02 May 2019	ITC accumulated due to inverted tax structure	3.73	729
Total						3.73	

(Source: Departmental records)

The ST, Ziro had yet not issued a deficiency memo despite laps of about two years.

When Audit pointed this out (September 2021), the department stated (December 2021) that the Jurisdictional Office i.e. Superintendent (Tax & Excise), Ziro will be directed to process the case and intimate the result to Audit. No further reply has been received till date.

III. Delayed sanction of refund

Section 56 of the Arunachal Pradesh GST (APGST) Act, 2017 further stipulates that if any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund of such tax: Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.

Among the 52 cases of refund applications received from the GSTN in respect of Arunachal Pradesh, the number of refund cases which were sanctioned was only six (06). Audit noticed that all the six cases of refund totalling ₹28.47 lakh which were sanctioned by three (03) Assessing Officers, related to the Excess Balance of Cash

Ledger and no other types of refunds were sanctioned. The details are in **Appendix-5.7**.

It was noticed in annexure that three of the six applications were processed and refund sanctioned within the specified time limit of 60 days from date of receipt of application. There were delays in processing and sanctioning of refund in the other three cases with delays ranging between 18 days to 69 days after the specified limit of 60 days from date of receipt of applications.

Due to the delay in processing and sanctioning of the three refund applications totaling ₹20.61 lakh, the State Government had to pay interest to these taxpayers⁹⁸ at the rate of six *per cent* per annum as detailed in **Appendix-5.8**.

When Audit pointed this out (September 2021), the department agreed during the exit conference (December 2021) to the audit finding and added that this was mainly due to the poor net connectivity and lack of understanding of back-end system by officers. The department also agreed to organise more trainings for the Jurisdictional Officers on GST (backend applications).

IV. Non-processing of GST refund cases

Rule 92 of the Arunachal Pradesh GST Rules, 2017 stipulated that upon submission of refund application, the officer shall carry out the examination process. He shall examine if the refund claim amount is due and payable. If yes, he shall make an order in Form GST RFD-06, sanctioning the amount of refund to which the applicant is entitled within 60 days of receipt of application. He should also mention therein the amount, if any, refunded to him on a provisional basis in case of zero-rated supply.

Scrutiny of records pertaining to the 27 sample cases revealed that four cases pertaining to the ST, Zone-I, Naharlagun were rejected by the assessing officer and one was subsequently readmitted. Out of the remaining 23 refund cases, only six were processed for refund and the remaining 17 number cases were yet to be processed by eight assessing officers till April 2021.

Audit noticed that there were huge delays in processing of refund cases with delays ranging between 613 days to 921 days which is in contravention of the maximum time limit of 60 days as per the provisions of the APGST Act and Rules, 2017 which is detailed in **Appendix-5.9**.

However only the ST, Tezu and ST, Aalo furnished reasons for non-processing of the refund cases as given below:

- The ST, Tezu stated that the refund applications were not reflected in his GST dashboard and he did not receive manual copies of the Form RFD-01. He also stated that the matter will be taken up with the concerned assesses

⁹⁸ i) M/s Tippi Road – ARN No. AA1211190001243 dated 05 November 2019
 ii) M/s N.M. Enterprises – ARN No. AA1202200006348 dated 18 February 2020
 iii) Dalmia Cement (Bharat) Limited – ARN No. AA120120000422J Dated 16 January 2020

and intimated to Audit. However, the reply of the Assessing Officer does not seem tenable as the six refund applications pertaining to his office were reflected in the sample generated from the GSTN database.

- The ST, Aalo stated that his office has not taken up any refund process till date due to poor and ill-timed network service of the service provider (BSNL Aalo).

The remaining six Assessing Officers (STs) did not furnish any reasons for failure to process the refund applications.

When Audit pointed this out (September 2021), the department agreed during the exit conference (December 2021) to the Audit findings and stated that the Jurisdictional Officers will be instructed to settle the refund cases at the earliest under intimation to Audit.

V. Technical issues in the refund processing of GSTN back-end system

The GST back-end system used by the Department of Tax & Excise, Arunachal Pradesh has been developed by the Goods and Services Tax Network (GSTN). As the state did not have the required IT teams to develop the system on its own the Back end modules like registration approval, assessment, audit, refund, appeal, adjudication etc. were developed and are maintained by the GSTN.

Audit noticed several technical issues in the back-end system as detailed below:

a. Submission of duplicate applications

Scrutiny of refund records of the ST, Zone-I, Naharlagun revealed that a dealer M/s Tabiang Associates (GSTIN: 12ALBPY2619R1ZM) had submitted two refund applications for total amount ₹16.46 lakh during July and August 2019. The ST, Zone-I did not issue any acknowledgment in RFD-02 or communicated the deficiencies in RFD-03 against the two applications but issued notices of rejection of application of refund in Form GST-RFD-08 due to incomplete furnishing of documents as detailed in **Table 5.24**.

Table 5.24: Incomplete return furnished by the dealers

(₹ in lakh)

Sl. No.	Name of dealer	GSTIN	ARN No. & Date of application	Refund reason	Amount of refund claim	Date of issue of RFD-08
1.	M/s Tabiang Associates	12ALBPY2619R1ZM	AA120719001017O Dated 30 July 2019	ANYOTHER	8.23	APGST/NZ-I/077/19/379 Dated 08 November 2019
2.	-do-	12ALBPY2619R1ZM	AA120819000161S Dated 06 August 2019	ANYOTHER	8.23	APGST/NZ-I/077/19/380 Dated 08 November 2019
Total					16.46	

(Source: Departmental records)

Audit noticed that the dealer resubmitted an application for refund of Excess Balance in Electronic Cash Ledger vide ARN No. AA1210190001055 dated 04 October 2019 for which acknowledgement in RFD-02 was issued on the same date. The ST issued the refund sanction order RFD-06 on 03 September 2020 vide No. ZD120920000002I for payment of ₹8.23 lakh and payment order in RFD-05 was issued on the same date vide No. ZD120920000003G. The details of resubmission of application and subsequent payment are as detailed in **Table 5.25**.

Table 5.25: Details of resubmission and subsequent payment

(₹ in lakh)

Sl. No	Name of dealer	ARN No. & Date of application	Refund reason	Refund claim	ARN No. & Date of RFD-06	ARN No. & Date of RFD-05
1.	M/s Tabiang Associates GSTIN 12ALBPY2619R1ZM	AA12101900 01055 Dated 04 October 2019	Excess Balance in Electronic Cash Ledger	8.23	ZD120920000002I Dated 03 September 2020	ZD120920000003G Dated 03 September 2020

(Source: Departmental records)

Audit noticed that both the original applications submitted by the dealer on 30 July 2019 & 06 August 2019 vide ARN Nos. AA120719001017O & AA120819000161S were for the same amount of ₹8.23 lakh under the same refund reason titled 'ANYOTHER'. Audit collected the two applications RFD-01A of the dealer from GSTN portal but could not ascertain what the actual reason of refund was. However, as the dealer has resubmitted only one application for refund of the same amount ₹8.23 lakh under the reason 'Excess Balance in Electronic Cash Ledger' hence it can be assumed that both the original applications are in fact, duplicates of each other.

The fact that the dealer could submit the same application twice suggests that the GSTN system does not have any built-in controls embedded in the application to prevent such incidents.

When we pointed this out (September 2021), the department during the exit conference (December 2021) stated that as this was a technical issue with the back-end system it would be taken up with the GSTN.

b. Non-mentioning of date of re-submission of application in the RFD-01

Audit noticed that the dealer M/s Tabiang Associates resubmitted the application for refund of Excess Balance in Electronic Cash Ledger totalling ₹8.23 lakh vide ARN No. AA1210190001055. However, the application RFD-01 generated by the system does not mention the date of filing application. In fact, there was no column for the date of filing. The date of filing the application which is 04/10/2019 can be traced only from the acknowledgement Form RFD-02. Audit noticed that other RFD-01s generated from the system also do not have any column for the date of filing. As such, it was not possible for audit to ascertain the date of filing of refund application from the RFD-01s.

The Commissioner of Tax & Excise, Government of Arunachal Pradesh may look into the matter and take it up with the GSTN for necessary change management.

When we pointed this out (September 2021), the department during the exit conference stated (December 2021) that as this was a technical issue with the back-end system it would be taken up with the GSTN.

c. Non-generation of interest amount by the system for delay in processing of refund

Section 56 of the Arunachal Pradesh GST (APGST) Act, 2017 further stipulates that if any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund of such tax: Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.

The dealer M/s Tabiang Associates resubmitted his fresh application for refund of Excess Balance in Electronic Cash Ledger totalling ₹8.23 lakh to the ST, Zone-I, Naharlagun in Form RFD-01 on 04 October 2019 with ARN No. AA1210190001055. Acknowledgement in Form RFD-02 was also issued on the same date. Further, it was noticed that the ST, Zone-I issued the refund sanction order RFD-06 No. ZD120920000002I for payment of ₹8.23 lakh belatedly on 03 September 2020 and payment order in RFD-05 No. ZD120920000003G was issued on the same date. As there was a delay of 335 days in issue of refund on 03 September 2020 from the date of application *i.e.* 04 October 2019 hence, the Government was liable to pay interest of ₹45,322.47 at the rate of six *per cent* per annum under the provision of Section 56 of the APGST Act 2017. However, the RFD-06 & RFD-05 did not compute the interest payable to the dealer. As such, the dealer was deprived of his right to compensation (interest) on delayed processing of refund application.

The matter may be looked into and admissible interest may be paid to the dealer. Further, the Commissioner of Tax & Excise, Government of Arunachal Pradesh may take up the issue with the GSTN for necessary corrective action.

When we pointed this out (September 2021), the department stated during the exit conference (December 2021) that as this was a technical issue with the back-end system it would be taken up with the GSTN.

5.5.7 Internal Control

5.5.7.1 Non-maintenance of essential registers of manual refund applications

The Govt. of India, Ministry of Finance, Department of Revenue vide Circular No. 17/17/2017-GST dated 21 December 2017⁹⁹ issued instructions that three different registers are to be maintained for record keeping of the manually sanctioned refunds – for receipts, sanction of provisional refunds and sanction of final refunds. This was to ensure timely processing of refund applications and to keep track of adjustment of provisional refunds against final refund.

Scrutiny of records of the 10 Assessing Officers (STs) revealed that none of the officials maintained the above three essential registers.

When we pointed this out (September 2021), the department agreed during the exit conference (December 2021) and replied that the three registers were required to be maintained for the pre-automation cases but as the refund process has been automated after September 2019, hence they are not relevant now. Moreover, in reply:-

- ST, Zone-I, Naharlagun stated that his office did not maintain the registers as during offline period no GST refund had been sanctioned. The reply is not tenable as the ST received five of the sample cases of refund and he had issued notice of rejection of the five refund applications in Form RFD-08s.
- ST, Tezu stated that the registers were not maintained as his office was not aware of requirement of such registers.

Replies are awaited from the remaining eight Assessing Officers (STs).

5.5.7.2 Monitoring and assessment by the Commissionerate

As the Apex body for levy and collection of GST in the State, the Commissioner, Tax & Excise, Itanagar is required to issue circulars, orders and standard operating procedures (SOPs) to the Assessing Officer for timely disposal of refund cases within the specified timelines. Further, the Commissionerate is also required to assess the performance of the Assessing Officers in settling refund cases.

The Commissionerate of Tax & Excise, Government of Arunachal Pradesh, while replying to a audit questionnaire stated that:

- The Department of Tax & Excise, GoAP has not issued any instructions/ guidelines/ orders/ notifications to the Assessing Officers/ Superintendent of Taxes regarding settlement of GST refund cases.

⁹⁹ The Dept. of Tax & Excise neither endorsed the circular nor issued similar circular.

- The Assessing Officers/Superintendent of Taxes do not furnish any periodic reports/returns to the Commissioner of Tax & Excise regarding settlement of refund cases.

From the above replies it is observed that the Department has not taken effective steps to ensure the timely processing of GST refunds applications by the Assessing Officers.

Audit also noticed that post audit in respect of the six (06) refund cases sanctioned by the Assessing Officers were not carried out by the Commissionerate office.

When we pointed this out (September 2021), the department during the exit conference (December 2021) stated that instructions have now been issued to the Jurisdiction Officers for settlement of pending refund cases. Further, copies of circulars/notifications of GST have also been forwarded to the officers. On the advice of Audit, the department agreed to introduce a Management Information System (MIS) to capture the number of cases of refund received, refund cases settled and pending cases.

5.5.8 Other issues

5.5.8.1 Poor internet connectivity in jurisdictional offices

As the Goods and Services Tax (GST) is administered through online system, continuous internet connectivity is a basic requirement for the refund process to work. However, it was noticed in audit that so far only 17 districts out of 25 have been connected with WAN from BSNL and eight districts are yet to be connected till date (December 2021).

Further, several of the Assessing Officers (STs) stated that they were facing problems in accessing the GST backend system due to poor internet connectivity as follows:

- The ST, Aalo stated in February 2021 that his office has not taken up any refund process till date due to poor and ill-timed network service of the service provider (BSNL Aalo).
- The ST, Khonsa has stated in May 2021 that due to poor net connectivity the office could not have continuous access to GST Back Office. Further, online training on GST refund was also affected due to poor net connectivity.
- The ST, Pasighat has stated that due to poor internet connectivity he is unable to furnish record of GST refund from his back office.
- The ST, Roing has stated that some time the designated lease line provided by BSNL to access GST back office does not function for many days in a month.
- The ST, Tezu has stated that the designated lease line provided by BSNL does not function from time to time, thus hinders the official works.

As such, from the statements of the STs, it is noticed that the Commissionerate of Tax & Excise has been unable to provide good net connectivity to the Assessing Officers which has contributed to the poor performance in settling of refund cases.

When Audit pointed this out (September 2021), the Department agreed during the exit conference (December 2021) that poor connectivity in the districts has affected the administration of GST. It also stated that there was no official internet connection in the district jurisdictional offices till December 2020. WAN connectivity has been provided by BSNL in 14 districts only w.e.f. from 01 January 2021 and three additional districts have been connected with WAN during 2021. However, eight districts are yet to be connected till date.

5.5.9 Conclusion

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime.

However, audit of 27 sample cases of refund revealed that the department not only did not comply with the provisions of the Act and Rules but also failed to ensure timely settlement of the refund claims. It was noticed that the Assessing Officers issued acknowledgement (RFD-02) in respect of only 6 cases and no acknowledgement was issued in the remaining 21 cases. Further, out of the 27 sample cases only 6 refund claims pertaining to post-automation period were settled by the Assessing Officers and the remaining 21 cases were yet to be settled till date of audit. The Assessing Officers also failed to maintain the required registers for the pre-automation refund claims. Moreover, no post-audit of the sanctioned refunds was carried out by the Department.

5.5.10 Audit recommendations

- The Department may strengthen the monitoring mechanism to ensure that the Jurisdictional Officers comply with the provisions of the APGST Act & Rules 2017 and timely process the refund cases.
- The Department may consider organizing more trainings on GST (backend applications) for the Jurisdictional Officers.
- The deficiencies noticed in the applications should be taken up with GSTN for embedding appropriate controls in the application.
- The Department should consider introducing a monthly/quarterly MIS from the Jurisdictional Officers/districts that captures number and time taken by them in processing of refund applications i.e. number of cases pending for more than a year, more than 6 months, more than a month, etc.
- The Department may take necessary steps to provide internet connectivity in the remaining districts for smooth administration of GST in the entire State.

Compliance Audit Paragraph

Tax & Excise Department

5.6 Short-realisation of excise duty

The Assessing Authority failed to detect short-deposit of excise duty of ₹12.76 lakh by a wholesale vendor of IMFL which resulted in short-realisation of revenue.

Rule 204 of the Arunachal Pradesh Excise Rules 1994 stipulates that the duty imposed on – (a) Foreign Liquor and country spirit; (b) imported under bond; or (c) manufactured in a distillery and stored in a distillery or excise warehouse, shall be paid before removal from the distillery or excise warehouse, unless a bond has been executed for such payment. Rule 205 further states that when the duty on an excisable article is to be paid before removal from a distillery or excise warehouse, the payment must be made into the local treasury or sub-treasury approved by the Collector.

Further Section 29(1)(b) of the Arunachal Pradesh Excise Act 1993 states that the authority who granted any license, permit, or pass under the Act may cancel or suspend it if any duty or fee payable by the holder thereof be not duly paid.

The Tax & Excise Department, Government of Arunachal Pradesh (GoAP) revised (November 2015)¹⁰⁰ the rates of excise duty of various classes of Indian Made Foreign Liquor (IMFL) with immediate effect. The revised rates of General Brand, Premium Brand, Classic Premium Brand of and Wine were detailed in **Table 5.26**:

Table 5.26: Brand wise applicable excise rate

(Amount in ₹)		
Sl. No	Name of the Brand	Rate
1.	General Brand	₹135.00 per case
2.	Premium Brand	₹302.40 per case
3.	Classic Premium Brand (costing ₹8000.00 per case and above)	₹600.00 per case
4.	Wine (containing 42 per cent proof spirit)	₹180.00 per case

(Source: Departmental record)

Scrutiny (September 2020) of the records of the Superintendent of Excise (SE), Zone-I, Naharlagun revealed that a wholesale vendor of IMFL/ Beer, M/s Frontier Wholesale¹⁰¹, Naharlagun had submitted an application (26 October 2018) for issue of import permit for procurement of total 11,450¹⁰² cases of IMFL from a Bonded Warehouse of IMFL, M/s Three Star Bonded Warehouse, Naharlagun. The total excise duty payable by M/s Frontier Wholesale, Naharlagun for the 11,450 cases of

¹⁰⁰ Vide notification No. TAX-433/2013-14 dated 20 November 2015

¹⁰¹ License No. Ex-47/99/WSV dated 07 September 2009

¹⁰² Premium Brand: 150 cases; General Brand: 6,000 cases, Classic Premium Brand: 5,000 cases and Wine: 300 cases

IMFL was ₹39.09 lakh (*Appendix-5.10*) but Audit noticed that the dealer deposited total excise duty of only ₹26.33 lakh¹⁰³ as shown in *Appendix-5.11*.

Audit observed that the supplier altered the rate of applicable excise duty for premium, general and classic premium category of IMFL and evaded tax amounting to ₹12.76 lakh as detailed in **Table 5.27**:

Table 5.27: Details of short realization of excise duty

(Amount in ₹)						
Sl. No.	Brand Name	Quantity imported	Applicable rate	Rate adopted	Difference	Tax evasion
1.	Premium	150	302.40	600.00	-297.60	-44640
2.	General	6,000	135.00	302.40	-167.40	-1004400
3.	Classic premium	5,000	600.00	135.00	465.00	2325000
4.	Wine	300	180.00	180.00	0.00	0.00
Total						1275960

(Source: Departmental record)

It is evident from above that supplier altered the applicable excise rate, furnished incorrect return and evaded tax of ₹12.76 lakh. However, the SE, Zone-I failed to detect this short-deposit and issued (October 2018) an import permit¹⁰⁴ with validity (up to 15 November 2018) for procurement of the above mentioned 11,450 cases of IMFL from M/s Three Star Bonded Warehouse, Naharlagun. The Department did not have any charter of duties for the excise officers and no procedure was in place for ensuring correctness of duty paid by the applicant. This reflects a lack of internal control in the department. Due to the negligence of SE, Zone-I and lack of internal control, the import permit was issued to supplier without exercising necessary check of the permit application of the supplier. As a result, there was short-realisation of revenue to the tune of ₹12.76 lakh and subsequent loss to the Government.

The case was reported to the Department/ Government in February 2021. In reply (January 2022) the Department stated that lapse was unintentional and concerned Superintendent of Tax has been directed to recover the amount. However, the fact remains that the outstanding Tax amount due are yet to be recovered as on November 2022 despite lapse of 4 years.

Recommendation: *The Government should prepare a charter of duties for excise officers clearly defining their duties and roles in order to strengthen the internal control in the department. Recovery of outstanding tax amount may also be expedited and necessary action and penalty may be imposed on the supplier for wilful alteration of applicable excise rate.*

¹⁰³ vide Treasury Challan No. 01 dated 26 October 2018

¹⁰⁴ Serial No. 572/18 dated 31 October 2018

5.7 Evasion of Tax

The Assessing Authority failed to detect concealment of total turnover declared by a dealer in VAT return (FF-01) resulting in evasion of tax of ₹4.58 lakh for which an equal penalty and interest ₹2.57 lakh is also leviable.

As per provision of Section 34(1)(b) of the Arunachal Pradesh Goods Tax (APGT) Act, 2005, if any person has furnished incomplete or incorrect returns or for any other reasons the Commissioner is not satisfied with the return furnished by a person, the Commissioner may assess or re-assess the tax due for a tax period to the best of his judgment. Further, Section 87(10) of the Act *ibid* stipulates that if a dealer furnishes a return under this Act which is false, misleading or deceptive in a material particular; or omits from a return furnished under this Act any matter or thing without which the return is false, misleading or deceptive in a material particular; the dealer is liable to pay by way of penalty of sum of ₹one lakh or the amount of tax deficiency, whichever is greater. Moreover, as per Section 44(2) of the APGT Act, when a person is in default in making the payment of any tax, penalty or other amount due, he shall in addition to the amount assessed be liable to pay simple interest ranging between 12 to 24 *per cent per annum* calculated on daily basis for the period of default on the amount of tax paid short.

Scrutiny (February-March 2021) of the records of the Superintendent of Tax (ST), Upper Subansiri District, Daporijo revealed that a dealer, M/s KKKK Marde Filling Station¹⁰⁵, registered under the APGT Act, 2005 and dealing in Petrol and Diesel, which are taxable at 12.5 and 20 *per cent* respectively, declared total turnover/ gross sales of ₹96.05 lakh in the self-assessed¹⁰⁶ VAT return (FF-01) for the quarterly tax period from April 2020 to June 2020. The dealer, further, declared his output tax liability for the quarter as ₹11.19 lakh¹⁰⁷ and deposited (September 2020) the tax.

Scrutiny of Sales Register (FF-12) of the dealer (August 2022) revealed that the total turnover for the period April 2020 to June 2020 was ₹104.83 lakh (**Appendix-5.12**) instead of ₹96.05 lakh as declared by the dealer in VAT return (FF-01). Thus, dealer concealed total turnover by ₹8.78 lakh (₹104.83 lakh - ₹96.05 lakh) and tax liability by ₹4.58 lakh as detailed in **Table 5.28**:

Table 5.28: Evasion of tax

(₹ in lakh)

Sl. No.	Tax liability declared by dealer			Total turnover as per sales register and tax liability			Evasion of tax
	Taxable amount	Tax rate (per cent)	Tax amount	Taxable amount	Tax rate (per cent)	Tax amount	
1.	40.70	12.50	5.09	69.23	12.50	8.65	3.56
2.	30.53	20.00	6.10	35.60	20.00	7.12	1.02
Total	71.23		11.19	104.83		14.29	4.58

(Source: Departmental record)

¹⁰⁵ TIN: 12060092145

¹⁰⁶ Under section 33 of Arunachal Pradesh Goods Tax (APGT) Act 2005

¹⁰⁷ 12.5 *per cent*: ₹5.09 lakh and 20 *per cent*: ₹6.10 lakh

Thus, the dealer concealed its quarterly turnover (April-June 2020) thereby leading to evasion of tax of ₹4.58 lakh. The ST, Daporijo did not exercise assessment of tax return in accordance to APGT Act 2005¹⁰⁸. Thus, due to negligence and lack of internal control, the ST, Daporijo failed to detect suppression of tax liability and as a result the dealer managed to evade tax of ₹4.58 lakh.

For evasion of tax liability of ₹4.58 lakh the dealer is liable to pay penalty of ₹4.58 lakh under Section 87(10) of the APGT Act, 2005. Further, interest of ₹2.57 lakh (@ 12% on ₹9.16 lakh (tax liability ₹4.58 lakh + penalty ₹4.58 lakh) for 854 days from 29 July 2020 to 30 November 2022) is also leviable U/s 44(2) of the Act *ibid*.

The matter was reported to the Government in July 2021. In reply the Department accepted (January 2022) the audit finding and stated that they already have recovered ₹1.30 lakh and the balance amount will also be recovered from the firm shortly. However, scrutiny of the challan submitted by the Department revealed that the recovery pertains to penalty due on non-filing of returns (FF-01) for the separate period *i.e.* 28 July 2016 to 28 July 2017. No recovery has been actually affected against the audit finding as on November 2022.

Recommendation: The Government may fix responsibility on concerned ST for negligence and tax suppression. Action may also be taken to recover outstanding tax, penalty and upto date interest from the dealer.

5.8 Evasion of Tax

The Assessing Authority failed to detect concealment of taxable turnover of ₹1.37 crore by a dealer and evasion of Value Added Tax (VAT) of ₹27.38 lakh for which an equal penalty and interest ₹8.61 lakh is also leviable.

As per provision of Section 34(1) (b) of the Arunachal Pradesh Goods Tax (APGT) Act, 2005, if any person has furnished incomplete or incorrect returns or for any other reasons the Commissioner is not satisfied with the return furnished by a person, the Commissioner may assess or re-assess the tax due for a tax period to the best of his judgment. Further, Section 87(10) of the Act *ibid* stipulates that if a dealer furnishes a return under this Act which is false, misleading or deceptive in a material particular; or omits from a return furnished under this Act any matter or thing without which the return is false, misleading or deceptive in a material particular; the dealer is liable to pay by way of penalty a penalty a sum of ₹one lakh or the amount of tax deficiency, whichever is greater. Moreover, as per Section 44(2) of the APGT Act, when a person is in default in making the payment of any tax, penalty or other amount due, he shall in addition to the amount assessed be liable to pay simple interest ranging between 12 to 24 *per cent per annum* calculated on daily basis for the period of default on the amount of tax paid short.

¹⁰⁸ According to Act 34 of APGT Act 2005, the commissioner may assess or re-assess to the best of his judgment.

Scrutiny (December 2020) of records of the Superintendent of Tax (ST), Zone-II, Itanagar revealed that a dealer, M/s Yumlam Brothers Bonded Warehouse¹⁰⁹ who was registered under the Arunachal Pradesh Goods Tax (APGT) Act, 2005 and dealing in India Made Foreign Liquor (IMFL), which is taxable at 20 *per cent*, declared total turnover of ₹1.71 crore during the financial year 2019-20 (April 2019 to March 2020) in 12 monthly self-assessed¹¹⁰ VAT returns (FF-01) as detailed in **Appendix-5.13**. Audit also noticed that the entire turnover of ₹1.71 crore was generated during the three months from January 2020 to March 2020 and there was no turnover during the remaining nine months. However, when Audit cross-verified the VAT returns (FF-01s) of the dealer with his excise sales invoices collected during the compliance audit of the Commissioner of Excise, Itanagar it was noticed that the dealer's actual turnover against 11 Nos. invoices (**Appendix-5.14**) during the three months period from January 2020 to March 2020 was actually ₹3.08 crore and not ₹1.71 crore. As such the dealer concealed taxable turnover of ₹1.37 crore from his VAT returns (FF-01). The assessing officer (ST, Zone-II) did not undertake necessary assessment of VAT return furnished by the supplier and concealment of tax was remained undetected. Thus, due to negligence and failure of the Assessing Officer to detect the concealment of taxable turnover the dealer managed to evade tax liability of ₹27.38 lakh shown in **Table 5.29**:

Table 5.29: Details of evasion of Taxes

(Amount in ₹)				
Tax Period	Total turnover as per record	Turnover declared by the dealer	Concealment of turnover	Tax evaded on concealed turnover (@ 20 <i>per cent</i>)
Jan-20	4312710.00	7857232.00	-3544522.00	-708904.40
Feb-20	13971800.00	5698675.00	8273125.00	1654625.00
Mar-20	12551120.00	3590100.00	8961020.00	1792204.00
Total	30835630.00	17146007.00	13689623.00	2737924.60

(Source: Departmental records)

For evasion of tax liability of ₹27.38 lakh the dealer is liable to pay penalty of ₹27.38 lakh under Section 87 (10) of the APGT Act, 2005. Further, interest of ₹8.61 lakh (calculated upto 30 November 2022) is also leviable U/s 44(2) of the Act *ibid* as detailed in **Appendix-5.15**. Thus, dealer evaded total tax liability amounting to ₹63.37 lakh (Tax due ₹27.38 lakh + Penalty ₹27.38 lakh + Interest ₹8.61 lakh).

The case was reported to the Department/ Government in January 2021 and in reply the department stated (January 2022) that they have reassessed the case and recovered ₹34.04 lakh (VAT due – 28.98 lakh + Penalty under Section 87(12)(c) of APGT Act 2005 of ₹ 2.70 lakh + Interest of ₹ 2.36 lakh) from the firm citing unintentional tax evasion. No evidence was provided as to how unintentional tax evasion was established.

¹⁰⁹ TIN: 12171540192

¹¹⁰ Under section 33 of APGT Act 2005.

The reply and action taken by the Department was not acceptable as the department imposed a penalty of 10 *per cent* only under Section 87(12)(c) of APGT Act 2005 whereas the case was for false, willful and deceptive evasion of tax for which penalty should be charged under Section 87(10). Thus, total tax liability amounting to ₹29.33 lakh (₹63.37 lakh - ₹34.04 lakh) remains outstanding against dealer as on November 2022.

Recommendation: The Government may expedite to recover outstanding tax amount after fixing responsibility on the concerned assessing officer for non-assessment of tax return.

LAND MANAGEMENT DEPARTMENT

5.9 Non-realisation of land revenue

Non realization of Annual Lease Rent/ Land Revenue amounting to ₹2.57 crore (from Central Government, Central Government Undertakings and Private Individuals) resulted in the land revenue outstanding related to last 39 years.

Section 2 (h) of the Arunachal Pradesh Land Settlement and Records Act, 2000, stipulates that “Government land” means land acquired by the Government under land acquisition Act or through donation of the Public for establishment of Administrative Headquarters, Government institutions and facilities under various wings of the Government. Further, Section 58 of the Act stipulates that the land revenue shall be payable at such times, in such installments, to such persons, and at such places, as may be prescribed by the Government.

According to Section 59 (i) of this Act, any instalment of land revenue or part thereof which is not paid on the due date shall become an arrear of land revenue and the person responsible for the payment shall become a defaulter. Section 60 *ibid* provides that the outstanding land revenue may be recovered by (a) Serving a written notice of demand on the defaulter; or (b) distraint and sale of the defaulter's moveable property including the produce of the land; or (c) attachment and sale of the defaulter's immoveable property.

Scrutiny of records of five Land Management Department units *viz.* Director Land Management, Itanagar and four DLSROs, namely Capital Complex, Pasighat, Aalo and Tezu for the last three years *i.e.* 2019-20 to 2021-22, out of total 22 auditable units, revealed that there was consistent failure on the part of the Department in realization of land revenue from the allotment of government land. Existence of similar natures of cases in all five test checked units indicated that there was a systemic failure on the part of the department in realization of land revenue. The outstanding land revenue in respect of three DLSROs *viz.* Capital complex, Pasighat and Aalo have already been incorporated as Paragraph 5.5 in Audit Report 2019-20. Audit findings in respect of Director Land Management and DLSRO Tezu are discussed in succeeding paragraphs.

5.9.1. Non realization of Land Revenue from Central Government Department/Central Government undertakings

The GoAP revised¹¹¹ (February 2010) the rate of Annual Lease Rent (ALR) for Central Government Department/Central Government undertakings including defense and paramilitary forces at ₹10 per sq.mtr.

Scrutiny (March 2021) of land allotment register and records of the DLSRO, Lohit District, Tezu, Arunachal Pradesh revealed that seven different Central Government Departments/ Public Sector Undertakings (PSUs) were allotted total 1,42,220.70 Sq. mtr of Government land at various locations in Lohit District (Tezu Town, Wakro Town and Sunpura) during the period from January 1980 to March 2009. On revision of rate¹¹², the seven land allottees were required to pay the ALR at the rate fixed by the Government. However, Audit noticed that the DLR&SO, Tezu failed to issue any bill or notice to these seven Central Government Departments/ Public Sector Undertakings (PSUs) for payment of ALR from 2009-10 onwards even after the expiry of 12 years from the issue of the Government directions. As a result, an amount of ₹1.71 crore being annual lease rent at prevailing rate of ₹10.00 per sq. mtr for 1,42,220.70 sq. mtr for the period of 12 years from 2009-10 to 2021-22 payable by these allottees remained un-assessed and unrealized (**Appendix-5.16**). Thus, due to the failure of the DLR&SO, Tezu to collect ALR from the 7 allottees, there was loss of revenue to the Government detailed in **Table 5.30**:

Table 5.30: Details of outstanding land revenue

(Amount in ₹)			
Sl. No.	Name of allottees	Area in possession (Sq.m)	Outstanding ALR for last 12 years (2009-10 to 2021-22)
1.	Airport Authority of India (AAI)	17,386.80	20,86,416.00
2.	Postal Department	8,292.50	9,95,100.00
3.	All India Radio and TV	70,092.40	84,11,088.00
4.	North Eastern Electric Power Corporation Limited, (NEEPCO)	25,633.50	30,76,020.00
5.	SDO, Telecom	9,549.25	11,45,910.00
6.	Director, Microwave Project Guwahati	5,866.25	7,03,950.00
7.	Regional Research Laboratory (RRL), Jorhat	5,400.00	6,48,000.00
Total		1,42,220.70	1,70,66,484.00

(Source: Departmental record)

As evident from above that total ALR of ₹1.71 crore remained outstanding against 7 allottees for the last 12 years. The allottees defaulted on payment of ALR on due date. However, the DLR&SO did not serve any notice of demand/ arrear of revenue

¹¹¹ vide letter No. LR-17/88 (Vol-I) dated 15 September 2009 and LR-17/88 (Vol-I) dated 10 February 2010

¹¹² Annual lease rent (ALR) for Central Government Department/ Central Government undertakings including defense and paramilitary forces to ₹10 per sq.mtr. w.e.f. 2009-10 [Government notification No. LR-17/88 (Vol-I) dated 15 September 2009 and LR-17/88 (Vol-I) dated 10 February 2010]

statement in accordance with Arunachal Pradesh (LS&R) Act 2000. There was no internal control mechanism established in the Department to assess outstanding ALR and realize it on time. Thus, due to negligence of DLSRO and lack of internal control, notice of demand/ arrears of revenue statement could not be served on time and ALR amounting to ₹1.71 crore remained outstanding against seven firms.

The matter was reported to the Government in July 2021. In reply the department stated (January 2022) that they have already initiated suitable action for recovery of the amount pointed out by Audit. The progress made would be intimated to Audit. However, land revenue amounting to ₹1.71 crore yet to be recovered as on November 2022.

5.9.2 Non-realisation of land revenue from commercial and residential individual

Rule 12 (viii) and (ix) of Arunachal Pradesh Allotment of Land Rules 1988 provides that interest @ 10% per annum on private allotments and @ 15 per cent per annum on commercial allotments, or at the rate prescribed by the Government time to time, will be charged on unpaid amounts of premium and annual lease rent

The, Land Management Department, Government of Arunachal Pradesh (GoAP) had revised¹¹³ (December 2005) the Annual Lease Rent (ALR) in respect of land allotted to the private individual for residential purpose in Capital Complex at ₹two per sqm. and in District/ Sub-Divisional Headquarters at ₹one per Sqm. Further, the ALR in respect of land allotted to the private individual for business purpose like shopping complex, hotel, industries *etc.* in Capital Complex at ₹four per Sqm. and in District/ Sub-Divisional Headquarters at ₹three per Sqm.

Scrutiny (March 2021) of land allotment registers maintained by the District Land Revenue & Settlement Officer (DLRSO), Lohit District, Tezu revealed that 335 Nos. of private individuals who have been allotted Government land for residential purposes and 78 Nos. of private individuals who have been allotted Government land for business purposes in the Lohit District. However, as on December 2022, allottees had not paid ALR on the land in their possession for periods ranging between 01 year and 39 years. The total value of the ALR and interest payable by these defaulters are ₹86.44 lakh as detailed in **Table 5.31**:

Table 5.31: Details of outstanding ALR and interest due

						(₹ in lakh)
Sl. No	Type of allotment	No of land allotment holder	Period of revenue	Outstanding ALR	Interest Due	Total Outstanding
1.	Residential	335	01 year to 39 year	25.79	32.92	58.71
2.	Commercial	78	01 year to 39 year	9.20	18.53	27.73
Total				34.99	51.45	86.44

(Source: Departmental records)

¹¹³ Vide order No. LM-39/2004 dated 05 December 2005

Although the defaulters have not paid their ALR for prolonged periods, the DLRSO did not serve any arrear of demand notice in accordance to Section 59 & 60 of Arunachal Pradesh Land Settlement Act, 2000. The DLR&SO failed to recover the dues resulting in the non-realisation of Government revenue to the tune of ₹86.44 lakh (ALR: ₹34.99 lakh and interest: ₹51.45 lakh).

The matter was reported to the Government in July 2021. In reply the Department stated (January 2022) that they are already following up the matter and also had a meeting at Tezu with the Deputy Commissioner and DLRSO. The Department had already recovered ₹0.25 lakh. However, the Department did not furnish any treasury deposit challan in this regard. Thus, the fact remains that land revenue amounting to ₹86.44 lakh is outstanding against private land holders as on November 2022.

Thus, due to failure of DLSRO, Tezu a total Annual Lease Rent/ Land Revenue amounting to ₹2.57 crore (*Central Government/ Central Government Undertakings ₹1.71 crore + Private Individuals ₹0.86 crore*) related to last 37 years remained outstanding as on November 2022

Recommendation: The Government may expedite the recovery of outstanding land revenue by taking appropriate action in accordance to Section 60 of Arunachal Pradesh Land Settlement and Records Act, 2000. The responsibility may also be fixed on the concerned officer for not issuing notice of demand and arrears of revenue on time.

CHAPTER – VI
ECONOMIC SECTOR
(STATE PUBLIC SECTOR UNDERTAKINGS)

CHAPTER – VI: ECONOMIC SECTOR

(STATE PUBLIC SECTOR UNDERTAKINGS)

6.1 Functioning of State Public Sector Undertakings

6.1.1 Introduction

As of 31 March 2022, there were seven (*Appendix-6.1*) State Public Sector Undertakings (SPSUs) (all Government Companies) in Arunachal Pradesh as detailed below:

Table 6.1: Total number of SPSUs as on 31 March 2022

Type of SPSUs	Working SPSUs	Non-working SPSUs	Total
Government Companies ¹¹⁴	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 SPSUs cannot be traded in the stock exchange. During the years 2020-21 and 2021-22, no other SPSU was added to the audit jurisdiction of Principal Accountant General, Arunachal Pradesh. No existing SPSU was closed down during this period.

6.1.2 Investment in SPSUs

6.1.2.1 State Government’s investment in SPSUs

The State’s investment in its SPSUs was by way of share capital/loans and special financial support by way of grants/subsidies as and when required.

During the last six years from 2016-17 to 2021-22, the investment of the State Government (capital and long-term loans) in seven SPSUs remained constant at ₹27.87 crore¹¹⁵ as per details given in **Table 6.2**.

Table 6.2: Comparative figures of State’s investment in SPSUs during 2016-17 and 2021-22

Form of investment	2016-17	2021-22
Equity Capital	19.49	19.49
Long term Loans	8.38	8.38
Total	27.87	27.87

Source: Investment figures as provided by the SPSUs

The State Government investment as on 31 March 2022 consisted of 69.93 *per cent* towards capital and 30.07 *per cent* in long-term loans.

During the year 2021-22, out of six working SPSUs, three SPSUs incurred losses (₹ 3.42 crore) while other three SPSUs earned profits (₹ 5.83 crore) as per their latest finalised accounts as on 30 September 2022 (*Appendix-6.1*). However, none of the three

¹¹⁴ Government Companies include other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

¹¹⁵ Investment figures are provisional and as per the information provided by the SPSUs as none of the seven SPSUs had finalised their accounts for 2021-22 as of 30 September 2022

profit making SPSUs had 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 SPSUs.

The return on State Government's investment (historical value) in SPSUs during 2021-22 worked out to 3.76 per cent (**Appendix-6.2**). The losses of three working SPSUs (₹ 34.53 crore) had completely eroded the State's investment in their paid-up capital (₹ 9.70 crore), as per their latest finalised accounts (September 2022) (**Appendix-6.1**).

6.1.2.2 Total Sector-wise investment in SPSUs

Total investment of State Government and Other Stakeholders (Central Government, holding companies, Banks, Financial Institutions, etc.) in SPSUs under various important sectors at the end of 31 March 2017 and 31 March 2022 has been shown in **Table 6.3**.

Table 6.3: Sector-wise investment in SPSUs as on 31 March 2022

Name of Sector	Government Companies	
	2016-17	2021-22
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	2.63
Total	33.48	33.48

(Source: Information received from SPSUs)

As can be noticed from the **Table 6.3**, the combined investment of 'State Government and Other Stakeholders' remained constant in all the sectors during last five years. 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 sector¹¹⁶) of the total investment during 2016-17 to 2021-22.

6.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs 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 SPSUs concerned should carry out reconciliation of differences. The position in this regard as of 31 March 2022 is shown in **Table 6.4**.

¹¹⁶ Power sector consists of only one PSU (Hydro Power Development Corporation of Arunachal Pradesh Limited)

Table 6.4: Variation between Finance Accounts and records of SPSUs

(₹ in crore)

Outstanding in respect of:	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	9.00	19.49	10.49
Loans	36.25 ¹¹⁷	8.38	27.87
Guarantee	2.00	2.00 ¹¹⁸	-

(Source: As per the State Finance Accounts, 2021-22 and information furnished by SPSUs)

As can be seen from the **Table 6.4** above, there were significant differences in the figure of 'equity' (₹ 10.49 crore) and 'loans' (₹ 27.87 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 SPSUs 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 Government/administrative departments and the SPSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the SPSUs and the accounts be updated.*

6.1.4 Special support and guarantees to SPSUs during the year

State Government provides financial support to SPSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/subsidies in respect of SPSUs for last four years ended 2021-22 have been summarised in **Table 6.5**.

Table 6.5: Details of budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2018-19		2019-20		2020-21		2021-22	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1.	Equity Capital Outgo from budget	-	-	-	-	-	-	-	-
2.	Loans given from budget	-	-	-	-	-	-	-	-
3.	Grants/subsidy* from budget	3	9.88	2	4.79	3	7.33	3	11.32
Total Outgo		3	9.88	2	4.79	3	7.33	3	11.32
4.	Guarantees issued	-	-	-	-	-	-	-	-
5.	Guarantee Commitment (Cumulative)	1	2.00	1	2.00	1	2.00	1	2.00

(Source: Information furnished by the SPSUs)

* Represents revenue grants/subsidy; no capital grant/subsidy was provided during the three years

It can be noticed from the **Table 6.5** above, the State Government had not provided any equity capital or loans from the State budget to the SPSUs during the last four years.

¹¹⁷ Represents Loan provided to 'public sector and other undertakings' 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). SPSU-wise details of loans not available in the State Finance Accounts, 2021-22.

¹¹⁸ pertained to Arunachal Pradesh Industrial Development and Financial Corporation Limited

Two SPSU¹¹⁹ had received grants continuously during the last four years while one SPSU¹²⁰ had received grants during the last two year. No guarantee was issued to any of the SPSUs during last four years (2018-2022). However, the guarantee commitment of State Government remained outstanding at ₹ 2.00 crore against one SPSU (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 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 SPSUs through its administrative departments. The Government appoints Chief Executives and Directors on the Board of these SPSUs.

The State Legislature also monitors the accounting and utilization of Government investment in the SPSUs. 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 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

¹¹⁹ Arunachal Pradesh Forest Corporation Limited (2018-19: ₹ 2.51 crore, 2019-20: ₹ 2.61 crore, 2020-21: ₹ 2.66 crore and 2021-22: ₹ 2.78 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (2018-19: ₹ 5.37 crore, 2019-20: ₹ 2.18 crore, 2020-21: ₹ 2.73 crore and 2021-22: ₹ 6.48 crore)

¹²⁰ Arunachal Police Housing & Welfare Corporation Limited (2018-19 & 2019-20: Nil, 2020-21: ₹ 1.94 crore and 2021-22: ₹ 2.06 crore)

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 SPSUs 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 provision of the Companies Act, 2013.

Table 6.6 below provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2022.

Table 6.6: Position relating to finalisation of accounts of working SPSUs

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

(Source: Information received from SPSUs)

As can be observed from the above **Table 6.6** above, the number of accounts in arrears have shown an increasing trend during the five-year period 2017-18 to 2021-22. Out of the total 50 accounts in arrears as on 30 September 2022, 38 Accounts (76 per cent) pertained to two SPSUs viz., Arunachal Pradesh Mineral Development and Trading Corporation Limited (22 Accounts) and Arunachal Pradesh Forest Corporation Limited (16 Accounts). The earliest Accounts pending finalisation since 2000-01 belong to Arunachal Pradesh Mineral Development and Trading Corporation Limited.

The Principal Accountant General, Arunachal Pradesh (PAG) has been regularly pursuing the issue with the Chief Secretary, Government of Arunachal Pradesh and the Administrative Departments concerned for liquidating the arrears of the accounts of SPSUs. However, the State Government and the SPSUs concerned could not address the issue to clear pendency of accounts of the SPSUs in a time bound manner.

6.1.7 Investment by State Government in SPSUs whose accounts are in arrears

The State Government invested/provided budgetary support aggregating to ₹ 31.32 crore by way of grants to three SPSUs during the years for which the accounts of these SPSUs had not been finalised as detailed in **Table 6.7**.

Table 6.7: Investment by State Government in SPSUs having accounts in arrears as on 30 September 2022

(₹ in crore)

Sl. No.	Name of SPSU	Accounts finalised upto	Accounts pending finalisation	Investment by State Government during the period of accounts in arrears		
				Equity	Loans	Grants
1.	Arunachal Pradesh Forest Corporation Limited	2005-06	2006-07 to 2021-22	-	-	10.56
2.	Hydro Power Development Corporation of Arunachal Pradesh Limited	2013-14	2014-15 to 2021-22	-	-	16.76
3.	Arunachal Police Housing & Welfare Corporation Limited	2019-20	2020-21 & 2021-22	-	-	4.00
	Total			-	-	31.32

(Source: Information furnished by SPSU)

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.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of SPSUs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to preparation of accounts and take punitive action against company heads responsible for arrears of accounts. Until the accounts are made as current as possible, Government may consider not giving further financial assistance to such companies.

6.1.8 Performance of SPSUs as per their latest finalised accounts

The financial position and working results of working Government Companies are detailed in **Appendix-6.1. Table 6.8** provides the comparative details of working SPSUs turnover and State GDP for a period of five years ending 2021-22.

Table 6.8: Details of working SPSUs turnover vis-a-vis State GDP

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Turnover ¹²¹	10.45	10.68	11.82	11.67	10.42
State GDP	22,474.77	25330.83	27884.65	29694.61	33,459.15
Percentage of Turnover to State GDP	0.05	0.04	0.04	0.04	0.03

(Source: Turnover- latest finalised accounts of SPSUs as of September of respective year; GSDP- Data furnished by Economic advisor)

As could be noticed from the **Table 6.8** above, the contribution of SPSEs to the GSDP of the State was negligible during the last five years (2017-18 to 2021-22). Further, the contribution of SPSEs-turnover to GSDP during 2017-22 decreased by 0.02 *per cent* from 0.05 *per cent* (2017-18) to 0.03 *per cent* mainly due to decreasing trend of SPSU-turnover after 2019-20 contrary to constant growth in State GDP during all the five years under reference.

¹²¹ Turnover of working SPSUs as per the latest finalised accounts as on 30 September of respective years

The major contributors to SPSEs-turnover during 2021-22 were Arunachal Pradesh Industrial Development and Financial Corporation Limited (₹ 6.30 crore), Arunachal Pradesh Police Housing and Welfare Corporation Limited (₹ 2.48 crore) (*Appendix-6.1*).

6.1.8.1 Key parameters

Some other key parameters of the performance of working SPSUs during last four years (2018-19 to 2021-22) 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 SPSUs

Particulars	2018-19	2019-20	2020-21	2021-22
Debt	30.04	30.04	30.22	30.56
Turnover ¹²²	10.68	11.82	11.67	10.42
Debt/ Turnover Ratio (DTR)	2.81:1	2.54:1	2.59:1	2.93:1
Interest Payments	0.76	0.76	0.98	0.98
Accumulated losses	(+)7.60	(+)7.51	(-) 0.37	(-)3.42

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 SPSUs from core activities.

As could be noticed from **Table 6.9** above, the DTR of working SPSUs during 2021-22 was at highest level (2.93:1) in last four years. This indicated difficult conditions faced by the SPSUs to manage the debts servicing and repayments.

SPSU Debt

It can be noticed from the **Table 6.9** above that the total borrowings of the working SPSUs have recorded a marginal increase of ₹ 0.52 crore during the last three year (upto 2021-22) from ₹ 30.04 crore (2019-20) to ₹ 30.56 crore (2021-22). Analysis revealed that more than 84.26 *per cent* (₹ 25.75 crore) of working SPSU-borrowings (₹ 30.56 crore) as on 31 March 2022 pertained to one SPSU (Arunachal Pradesh Industrial Development and Financial Corporation Limited), significant portion (₹ 25.17 crore) of which was payable against the Loans availed by this SPSU from the State Government. However, three out of six working SPSUs did not have any outstanding long term loans as on 31 March 2022. The only non-working SPSU (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 loss of six working SPSUs as per their latest finalised accounts as on 30 September 2022 were ₹ 24.30 crore and ₹ 3.42 crore respectively (*Appendix-6.1*).

¹²² Turnover of working SPSUs as per the latest finalised accounts as on 30 September of the respective year

The Return on Equity¹²³ (RoE) in respect of two¹²⁴ out of six working SPSUs was 5.05 *per cent* while one SPSU¹²⁵ had negative RoE as per their latest finalised accounts. The accumulated losses (₹ 34.53 crore) of remaining three¹²⁶ working SPSUs had completely eroded their capital (₹ 9.70 crore) as per their latest finalised accounts. The RoE of these three SPSUs was not workable due to complete erosion of their equity capital. The details of erosion of paid-up capital of the said three SPSUs are shown in **Table 6.10**.

Table 6.10: SPSUs with primary erosion of paid-up capital as on 30 September 2022
(₹ 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 Forest Corporation Limited	2005-06	4.50	4.58
Arunachal Pradesh Donyi Polo Hotel Corporation Limited	2020-21	1.00	4.56
Total:		9.70	34.53

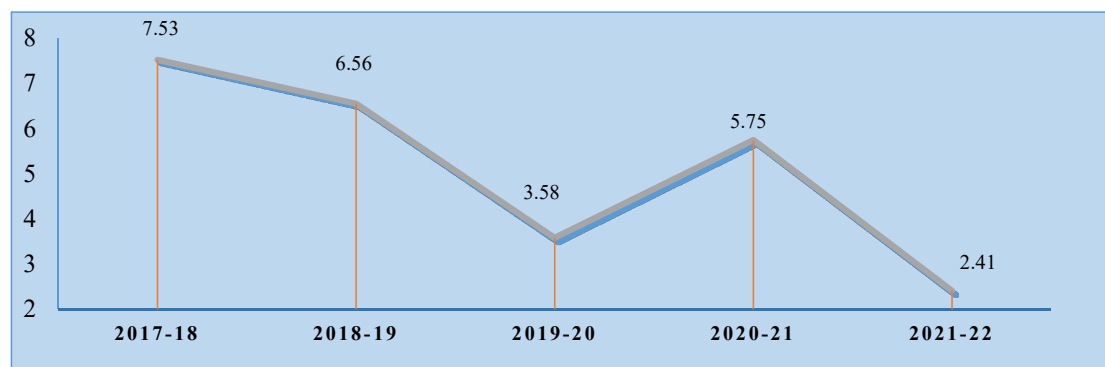
(Source: Latest finalised accounts of the SPSUs)

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

The overall position of the net profits earned by working SPSUs during 2017-18 to 2021-22 as per their latest finalised accounts is depicted in **Chart 6.1**.

Chart 6.1: Profit of working SPSUs

(₹ in crore)



(Source: Compiled based on latest finalised accounts of SPSUs)

During 2021-22, there was a decrease of around 58 *per cent* (₹3.34 crore) in the overall profits of the working SPSUs as compared to the previous year (2020-21).

¹²³ 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

¹²⁴ Serial number A4 and A5 of *Appendix 6.1*.

¹²⁵ Serial number A2 of *Appendix 6.1*.

¹²⁶ Sl. No. 1, 3 and 6 of *Appendix 6.1*

During the year 2021-22, out of six working SPSUs, three SPSUs earned an aggregate profit of ₹ 5.83 crore, while the remaining three SPSUs¹²⁷ incurred an overall loss of ₹ 3.42 crore. The details of major contributors to profits and losses of working SPSUs are shown in **Table 6.11**.

Table 6.11: Major contributors to profits and losses of working SPSUs

Name of SPSU	Latest finalised accounts	(₹ in crore)
		Profit (+)/ loss (-)
Arunachal Pradesh Forest Corporation Limited	2005-06	(+) 3.54
Arunachal Police Housing and Welfare Corporation Limited	2019-20	(+) 2.27
Arunachal Pradesh Industrial Development and Financial Corporation Limited	2020-21	(-) 2.05

(Source: Latest finalised Accounts of working SPSUs)

The State Government has not formulated any dividend policy to make it mandatory for SPSUs to pay a minimum return on the paid-up equity share capital contributed by the State Government. None of the three working SPSUs, which earned profit (₹ 5.83 crore) during 2021-22, had 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 SPSUs for 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 SPSUs by the sum of the PV of the investment.

During 2021-22, out of six working SPSUs, three SPSUs earned profit (₹ 5.83 crore), while the remaining three SPSUs incurred loss (₹ 3.42 crore) as per their latest finalised accounts (**Appendix-6.1**). Based on the historical value of investment, the Return for 2021-22 on State Government investment worked out to 3.76 *per cent* as against the RORR of 1.31 *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 SPSUs

During October 2021 to September 2022, four working companies¹²⁸ had forwarded five audited accounts to the Principal Accountant General (PAG), Arunachal Pradesh. Non-Review Certificates (NRCs) were issued in respect of all five accounts of four companies. The audit reports of statutory auditors appointed by C&AG indicate that the quality of maintenance of accounts needed to be improved substantially.

¹²⁷ Sl. No. A1, A2 and A6 of **Appendix 6.1**

¹²⁸ Arunachal Pradesh Industrial Development and Financial Corporation Limited (two Accounts); Arunachal Police Housing and Welfare Corporation Limited (one Account), Hydro Power Development Corporation of Arunachal Pradesh Limited (one Account) and Donyi Polo Hotel Corporation Limited (one Account)

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	2019-20		2020-21		2021-22	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	4.66	1	3.71	-	-
2.	Increase in loss	-	-	1	0.61	-	-

(Source: As per latest finalised annual accounts of SPSUs)

During the 2021-22 year, the statutory auditors had given qualified certificates for all the five Accounts of four companies which commonly highlight instances of non-compliance to Accounting Standards, improper maintenance of records and accounting errors, *etc.* No adverse certificates or disclaimers were issued by the CAG or statutory auditors on any of the accounts during the year.

Compliance Audit Paragraph

Arunachal Police Housing and Welfare Corporation Ltd (APH&WCL)

6.2: Non-Compliance with CSR related statutory provisions

APH&WCL failed to scrupulously comply with the statutory provisions on Corporate Social Responsibility activities as specified in Schedule VII of the Companies Act, 2013 despite a lapse of over six years.

Corporate Social Responsibility (CSR) is a Company's commitment to operate in an economically, socially and environmentally sustainable manner. CSR is governed by provisions of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules).

According to Section 135 of the Act, companies with annual turnover of ₹ 1,000.00 crore or more OR net worth of ₹ 500.00 crore or more OR profit (before tax) of ₹ 5.00 crore or more during any financial year shall constitute a CSR Committee of the Board of Directors (Board) consisting of three or more Directors. The Board is to ensure that the company spends in every financial year at least two *per cent* of the average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy. If the company fails to spend the minimum prescribed amount, the Board shall, in its Report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the such amount.

APH&WCL had finalised its Annual Accounts upto 2018-19 as on 30 September 2022 and had been a profit earning entity during last five years (2014-15 to 2018-19). Scrutiny of records of APH&WCL revealed that the net profits of APH&WCL earned during the years 2014-15 and 2015-16 exceeded ₹ 5.00 crore as detailed in the **Table 6.13**.

Table 6.13: Details of profits and CSR spending of APH&WCL during five years

(₹ in crore)						
FY	Net Worth	Turnover	Net Profit	Average net profit ¹²⁹	Two <i>per cent</i> on average net profit	Amount spent on CSR activities
2014-15	22.03	6.54	5.26	4.00	0.08	0
2015-16	28.62	7.80	6.31	4.79	0.10	0
2016-17	33.08	6.08	4.21	-	-	0
2017-18	35.13	3.82	2.10	-	-	0
2018-19	29.14	5.75	3.71	-	-	0.10
Total				8.79	0.18	0.10

(Source: Departmental records)

Audit observed the following inadequacies in implementation of the CSR activities:

- (i) As per Rule 6 of the Companies (CSR Policy) Rules, 2014, the CSR Policy of a company covered under the Rules must *inter-alia* include a list of CSR

¹²⁹ Average of three preceding years

projects/programs the company plans to undertake duly specifying the modalities of execution of such projects or programs, implementation schedules and monitoring process for the same. Rule 8 (1) *ibid* further provides that the Board's Report of such company for all the financial years shall include an Annual Report on CSR detailing all the particulars specified under the Rules. Rule 9 *ibid* further provide that the Board, after taking into account the recommendations of CSR Committee, shall approve CSR Policy of the company and disclose the contents of such policy in its Report and also display the same on company's website.

In was, however, noticed that APH&WCL had neither formulated any CSR Policy for execution and monitoring of CSR activities nor prepared any Annual Report on CSR despite spending (2018-19) ₹ 0.10 crore on CSR activities. Further, APH&WCL did not make any such disclosures on company's website, as required under the Rules *ibid*.

- (ii) As can be noticed from the **Table 6.13**, the net profits of APH&WCL during 2014-15 (₹ 5.26 crore) and 2015-16 (₹ 6.31 crore) exceeded the criteria (₹ 5.00 crore) prescribed for CSR related activities. Accordingly, APH&WCL was required to spend minimum amount of ₹ 0.18 crore on CSR activities during the years 2014-15 and 2015-16. However, the Board of APH&WCL in its Report for 2014-15 and 2015-16 had made incorrect disclosure regarding non-applicability of CSR related provisions on the Company during these years. Further, as against the minimum amount (₹ 0.18 crore) required to be spent on CSR for the years 2014-15 and 2015-16, APH&WCL spent ₹ 0.10 crore on CSR related activities during 2018-19 leaving a shortfall of ₹ 0.08 crore in prescribed CSR spending. Also, the particulars of the CSR spending (₹ 0.10 crore) were not included in its Annual Report.

In response, APH&WCL stated (October 2021) that they had handed over ₹ 0.10 crore to 'Arunachal Police Personnel Welfare CSR fund' for construction of Walking Trail at 1st AAP Bn Complex, Chimpu out of the profits accumulated during 2014-15 and 2015-16 as per recommendation of CSR Committee.

The reply did not address the shortfall of ₹ 0.08 crore (44 *per cent*) in its CSR spending for the years 2014-15 and 2015-16 as well as non-compliance to the statutory provisions of the Act and Rules on CSR related issues as discussed above.

Recommendations: *The State Government suitably instruct APH&WCL to strictly comply with the statutory provisions on CSR related issues as per the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.*

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 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 2019-20, it was noticed that the concerned Administrative Departments did not comply with the timeframe. As of December 2022, *suo motu* Explanatory Notes on 225 Paragraphs of the Audit Reports were outstanding from various Departments as detailed in *Appendix-7.1*.

During the period 2020-21 and 2021-22, two Public Accounts Committee (PAC) meetings were held in February 2021 and July 2021 after a gap of over thirteen months (the PAC met earlier in January 2020). During 2020-21, the Committee selected total 116 paras/ sub-paras in respect of eight Departments pertaining to the period from 2008-09 to 2016-17 for discussion in the meetings. In 2021-22, the Committee has selected five Action Taken Notes (ATNs) in respect of four Departments pertaining to the period 1988-89 to 1996-97 for discussion. The concerned Departments furnished their replies against the paras to the Principal Accountant General Office and the same were examined and vetted by this office. The detailed para-wise comments 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 held during 2020-21 and 2021-22 are shown in *Appendix-7.2*. The details of outstanding paras to be discussed in PAC/ COPU as of December 2022 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 16 Reports of the PAC containing recommendations on 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature between September 1994 and July 2015. In July 2021, four Departments furnished ATNs in respect of five Paragraphs for the period between 1988-99 and 1996-97. The PAC discussed ATNs on 14 July 2021 and dropped four out of five Paragraphs. Thus, there are 90 outstanding Paragraphs against which Departments had not furnished any ATNs to the PAC as shown in *Appendix-7.4*.

7.2 Audit Committee Meeting

No Audit Committee Meetings were held for discussion and settlement of Outstanding Inspection Reports during 2020-21 and 2021-22.

Recommendation: *The 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 and for clearance of old outstanding IRs.*

7.3 Response to Audit Observations

As of March 2022, 6,606 Paragraphs pertaining to 1,247 Inspection Reports (IRs), involving ₹7,889.43 crore were outstanding. Out of 1,247 IRs, the first replies to 935 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. When 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. Government instructions provide for prompt response to IRs by the executive to ensure timely remedial action in compliance to prescribed rules and procedures and to fix responsibility for serious lapses pointed out in IRs. Serious irregularities are also brought to the notice of concerned Heads of Departments by the Office of the Principal Accountant General. A half-yearly report of pending IRs is sent to the Commissioner/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

As of March 2022, 6,606 Paragraphs relating to 1,247 IRs pertaining to 581 offices of 68 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 553 offices for 1,219 IRs issued between 1991-92 and 2021-22. A review of outstanding IRs in three Departments indicated serious irregularities. The details of observations noticed during 2021-22 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	Horticulture		Agriculture		District Administration	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
1.	Avoidable Expenditure	1	6.50	0	0.00	0	0.00
2.	Outstanding/Short Realisation of VAT/ Security Deposit etc.	1	181.45	0	0.00	2	411.11
3.	Idle Investment	1	45.56	1	5.05	0	0.00
4.	Doubtful Expenditure	0	0.00	0	0.00	3	57.21
5.	Excess Expenditure	0	0.00	2	4.82	9	167.51

Sl. No.	Nature of irregularities	Horticulture		Agriculture		District Administration	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
6.	Undue favour to contractor	0	0.00	1	24.40	1	70
7.	Irregular/ Inadmissible expenditure	3	256.78	3	103.50	7	226.90
8.	Wanting Records/ Without Verification	1	0.00	0	0.00	3	290.00
9.	Non-Deduction of Government Revenue	1	6.30	1	2.46	0	0.00
Total		8	496.59	8	140.23	25	1222.73

(Source: Monthly progress report, March 2022)

Commissioners/ Secretaries of the concerned Departments were informed regarding the position through half-yearly reports.

Recommendation: *The State Government may ensure 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.*

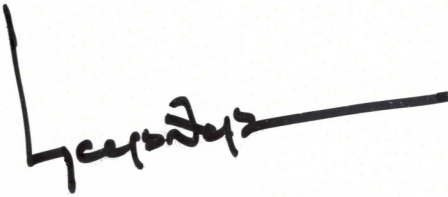
Itanagar
Dated: 10 April 2023



(CHERRING ANGRUP BODH)
Principal Accountant General,
Arunachal Pradesh

Countersigned

New Delhi
Dated: 11 April 2023



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix-3.1
Details of approval, award and completion of the Project
(Reference: Paragraph 3.2.16.1, Page 36)

Sl. No.	Name of the Project	Date of Submission of DPR to REC by PIA	Date of approval of DPR by MC	Date of Award of the Project (DPR) by PIA	Delay in award of work (in days)	Date of completion of the Project	Delay in completion (in days)	Date of Closure of the Project
1.	Anjaw	23-08-2015	28-05-2016	27-09-2016	-	27-03-2017	-	17-03-2021
2.	Dibang Valley	23-08-2015	28-05-2016	27-09-2016	-	27-03-2017	-	04-08-2021
3.	Lohit	23-08-2015	28-05-2016	03-12-2016	5	31-03-2018	-	30-11-2021
4.	Tawang	23-08-2015	28-05-2016	17-01-2017	50	15-06-2018	-	16-03-2021
5.	West Kameng	23-08-2015	28-05-2016	07-01-2017	40	31-12-2017	-	17-03-2021
6.	Lower Dibang Valley	23-08-2015	28-05-2016	19-06-2017	203	10-07-2019	21	09-03-2021
7.	Papum Pare	23-08-2015	28-05-2016	20-12-2016	22	02-01-2021	744	30-11-2021
8.	East Kameng	23-08-2015	28-05-2016	23-01-2017	56	01-06-2018	-	17-03-2021
9.	East Siang	23-08-2015	28-05-2016	12-01-2017	45	23-01-2018	-	30-11-2021
10.	KurungKumey	23-08-2015	28-05-2016	16-12-2016	18	15-12-2018	-	30-11-2021
11.	Lower Subansiri	23-08-2015	28-05-2016	16-12-2016	18	31-07-2018	-	30-11-2021
12.	Upper Siang	23-08-2015	28-05-2016	23-01-2017	56	23-03-2018	-	30-11-2021
13.	Upper Subansiri	23-08-2015	28-05-2016	14-02-2017	78	05-03-2018	-	30-11-2021
14.	West Siang	23-08-2015	28-05-2016	20-01-2017	53	31-07-2018	-	30-11-2021
15.	Tirap	23-08-2015	28-05-2016	Under litigation				
16.	Changlang	23-08-2015	28-05-2016	15-09-2017	291	06-08-2018	-	17-03-2021

(Source: Records of APDA)

Appendix-3.2
Registering farmer names without verification
(Reference: Paragraph-3.3.9.2, Page-65)

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
1.	AR258043538	Dakjum Bagra	Bagra highi	M--ST	West Siang	4
2.	AR258043628	Karyo Bagra	Bagra highi	F--ST	West Siang	5
3.	AR258049227	Meddak Jini	Logum jini	M--ST	West Siang	5
4.	AR282640620	Ahen Tamuk	Yagrung II	M--ST	East Siang	2
5.	AR282633122	Anima Tabing	Yagrung II	F--ST	East Siang	2
6.	AR282633248	India Tasung	Yagrung II	M--ST	East Siang	2
7.	AR282638454	Jonah Tabing	Yagrung II	M--ST	East Siang	2
8.	AR277431396	Minam Mize	Yagrung II	F--ST	East Siang	3
9.	AR282633160	Tapun Pajing	Yagrung II	M--ST	East Siang	2
10.	AR282633161	Yagum Siram	Yagrung II	M--ST	East Siang	2
11.	AR282636695	Yaken Mize	Yagrung II	M--ST	East Siang	2
12.	AR282633602	YAMUM Darin	Yagrung II	F--ST	East Siang	0
13.	AR277652172	Yatok Taloh	Yagrung II	M--ST	East Siang	3
14.	AR276874934	Ampla Mantaw	Momong	F--ST	Namsai	3
15.	AR276874690	Chow Anlai Munglang	Momong	M--ST	Namsai	3
16.	AR276824819	Chow Aurobindo Namchoom	Momong	M--ST	Namsai	3
17.	AR276825252	Chow Engsiya Manlai	Momong	M--ST	Namsai	3
18.	AR276874760	Chow Engta Namchoom	Momong	F--ST	Namsai	3
19.	AR276825250	Chow Farata Moungkang	Momong	M--ST	Namsai	3
20.	AR214562384	Chow Lathana Moungkang	Momong	M--ST	Namsai	6
21.	AR214523420	Chow Meoseng Namchoom	Momong	M--ST	Namsai	6
22.	AR276825821	Chow Nogon Singkai	Momong	M--ST	Namsai	3
23.	AR276825304	Chow Ongputa Langkhun	Momong	M--ST	Namsai	3
24.	AR276825490	Chow Sanjeet Mannow	Momong	M--ST	Namsai	3
25.	AR276826176	Chow Thamfaseng Namchoom	Momong	M--ST	Namsai	3
26.	AR277715301	Engsemang Namchoom	Momong	M--ST	Namsai	3
27.	AR277715049	Frita Manlong	Momong	F--ST	Namsai	3
28.	AR276825816	Inchina Jenow	Momong	M--ST	Namsai	3
29.	AR276874689	Jantini Khamho	Momong	M--ST	Namsai	3
30.	AR276825379	Jarani Hopak	Momong	M--ST	Namsai	3
31.	AR276874692	Kampuna Mungyak	Momong	M--ST	Namsai	3
32.	AR214523428	Khaiseng Singkai	Momong	M--ST	Namsai	6
33.	AR279118097	Koliya Longchot	Momong	M--ST	Namsai	3
34.	AR276825271	Maya Namchoom	Momong	F--ST	Namsai	3
35.	AR276825216	Mikjini Namchoom	Momong	F--ST	Namsai	3
36.	AR276825268	Miwa Jenow	Momong	F--ST	Namsai	3
37.	AR276824715	Moho Hopak	Momong	M--ST	Namsai	3
38.	AR276825311	Nalika Longchot	Momong	M--ST	Namsai	3
39.	AR276825201	Nang Ammani Munglang	Momong	F--ST	Namsai	3
40.	AR276824817	Nang Engwa Namchoom	Momong	F--ST	Namsai	3
41.	AR280536652	Nang Fowati Jenow	Momong	F--ST	Namsai	3
42.	AR276825336	Nang Frakungni Namchoom	Momong	F--ST	Namsai	3
43.	AR277624245	Nang Jantamoli Mannoi	Momong	F--ST	Namsai	3
44.	AR276826123	Nang Monika Mannow	Momong	F--ST	Namsai	3
45.	AR276824596	Nang Neja Mungyak	Momong	F--ST	Namsai	3
46.	AR276824818	Nang Nimali Jenow	Momong	F--ST	Namsai	3
47.	AR276824821	Nang Palita Jenow	Momong	F--ST	Namsai	3
48.	AR276824598	Nang Phomachoi Hopak	Momong	F--ST	Namsai	3
49.	AR277620098	Nang Pingaywati Mannoi	Momong	F--ST	Namsai	3
50.	AR277341697	Nang Sangita Jenow	Momong	F--ST	Namsai	3
51.	AR276826119	Nang Sumita Manlai	Momong	F--ST	Namsai	3
52.	AR277608408	Nang Suwanta Mannoi	Momong	F--ST	Namsai	0
53.	AR276824906	Nantawon Mannow	Momong	M--ST	Namsai	3
54.	AR276824820	Olypa Mannow	Momong	F--ST	Namsai	3

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
55.	AR276825381	Ongkia Hopak	Momong	M--ST	Namsai	3
56.	AR276825219	Otongyu Singti	Momong	F--ST	Namsai	3
57.	AR276825431	Phungma Langkhun	Momong	F--ST	Namsai	3
58.	AR276874528	Pilomging Chowpoo	Momong	M--ST	Namsai	3
59.	AR276824822	Pomila Namchoom	Momong	F--ST	Namsai	3
60.	AR276826124	Sivanand Namchoom	Momong	M--ST	Namsai	3
61.	AR276825491	Sujani Manno	Momong	F--ST	Namsai	3
62.	AR276824717	Sulambha Namchoom	Momong	F--ST	Namsai	3
63.	AR276825544	Suna Namchoom	Momong	M--ST	Namsai	3
64.	AR276825153	Sunanti Namchoom	Momong	F--ST	Namsai	3
65.	AR276825338	Suphati Singkai	Momong	F--ST	Namsai	3
66.	AR276875112	Suwegni Namchoom	Momong	F--ST	Namsai	3
67.	AR276825235	Thula Namchoom	Momong	M--ST	Namsai	3
68.	AR279115434	Trina Chowpoo	Momong	F--ST	Namsai	3
69.	AR214538359	Am Bahadur Chetry	Alubari	M--General/Others	Namsai	6
70.	AR214501819	Ambika Bhattarai	Alubari	M--General/Others	Namsai	6
71.	AR214141388	Bhagirati Bhattarai	Alubari	F--General/Others	Namsai	6
72.	AR214137573	Bikram Limbu	Alubari	M--General/Others	Namsai	6
73.	AR214501869	Chidananda Limbu	Alubari	M--General/Others	Namsai	6
74.	AR214536423	Chintamoni Bhattarai	Alubari	M--General/Others	Namsai	6
75.	AR279774286	Dal Bahadur Tamang	Alubari	M--General/Others	Namsai	3
76.	AR214501746	Devraj Chetry	Alubari	M--General/Others	Namsai	6
77.	AR214525645	Dhim Bahadur Dorjee	Alubari	M--General/Others	Namsai	6
78.	AR214561376	Dipendra Rai	Alubari	M--General/Others	Namsai	6
79.	AR214539480	Ganga Devi Acharjee Rimal	Alubari	F--General/Others	Namsai	6
80.	AR214501721	Goma Maya Chetry	Alubari	F--General/Others	Namsai	2
81.	AR214138675	Jeeta Devi Mishra	Alubari	F--General/Others	Namsai	6
82.	AR214137162	Jit Bahadur Limbu	Alubari	M--General/Others	Namsai	6
83.	AR274535423	Kaushila Kharka	Alubari	F--General/Others	Namsai	3
84.	AR214538008	Khem Bahadur Chetry	Alubari	M--General/Others	Namsai	6
85.	AR214137816	Khem Raj Limbu	Alubari	M--General/Others	Namsai	6
86.	AR214537684	Krishna Prasad Koirala	Alubari	M--General/Others	Namsai	6
87.	AR214525638	Laxmi Acharya	Alubari	F--General/Others	Namsai	6
88.	AR214142111	Meena Kumari Dewan	Alubari	F--General/Others	Namsai	6
89.	AR214539513	Mon Bahadur Kharka	Alubari	M--General/Others	Namsai	6
90.	AR214525716	Parsuram Gautam	Alubari	M--General/Others	Namsai	6
91.	AR214142313	Prem Raj Limbu	Alubari	M--General/Others	Namsai	6
92.	AR214138233	Rukmini Kharka	Alubari	F--General/Others	Namsai	6
93.	AR214140215	Santiram Gautam	Alubari	M--General/Others	Namsai	6
94.	AR214501804	Sita Devi Limbu	Alubari	F--General/Others	Namsai	6
95.	AR214140884	Suk Bahadur Limbu	Alubari	M--General/Others	Namsai	6
96.	AR214538391	Suraj Chetry	Alubari	M--General/Others	Namsai	6
97.	AR274535422	Tek Bahadur Dorjee	Alubari	M--General/Others	Namsai	3
98.	AR214525657	Trolokya Bhattarai	Alubari	M--General/Others	Namsai	6
99.	AR276786117	Gumkhong Latho	Insa	M--ST	Namsai	3
100.	AR276783985	Jaw Lin Latho	Insa	M--ST	Namsai	3
101.	AR276785261	Lin La Latho	Insa	M--ST	Namsai	3
102.	AR276787460	Ownko Tingwa	Insa	F--ST	Namsai	3
103.	AR276784043	Samnong Injo	Insa	M--ST	Namsai	0
104.	AR274534375	Binita Mansai	Kherem	F--ST	Namsai	3
105.	AR278411086	Chow Champu Namchoom	Kherem	M--ST	Namsai	3
106.	AR274533846	Chow Nalatewa Mantaw	Kherem	M--ST	Namsai	3
107.	AR277342071	Chow Sujanta Lungkeing	Kherem	M--ST	Namsai	3
108.	AR277244274	Chow Supingta Mungyak	Kherem	M--ST	Namsai	3
109.	AR284377021	Chow Welatha Namchoom	Kherem	M--ST	Namsai	2
110.	AR277342176	Jejaw Lungkeing	Kherem	M--ST	Namsai	3
111.	AR284376861	Kham Mansai	Kherem	M--ST	Namsai	2
112.	AR277341419	Lotging Lungkeing	Kherem	F--ST	Namsai	3

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
113.	AR277243266	Mukke Manlong	Kherem	F--ST	Namsai	3
114.	AR277243573	Nang Bikhuni Lungkeing	Kherem	F--ST	Namsai	3
115.	AR277244747	Nang Bina Khasang	Kherem	F--ST	Namsai	3
116.	AR277341897	Nang Kanthali Mantaw	Kherem	F--ST	Namsai	3
117.	AR284377272	Nang Pharani Mansai	Kherem	F--ST	Namsai	2
118.	AR277245137	Nang Phuksa Manang	Kherem	F--ST	Namsai	3
119.	AR277342357	Nang Pintra Lungkeing	Kherem	F--ST	Namsai	3
120.	AR274533802	Nang Seywa Mantaw	Kherem	F--ST	Namsai	3
121.	AR274533625	Nang Slatta Hopak	Kherem	F--ST	Namsai	3
122.	AR274533523	Nang Uktra Mansai	Kherem	F--ST	Namsai	3
123.	AR277244275	Nang Walita Longking	Kherem	F--ST	Namsai	3
124.	AR276785159	Nang Wonna Mungyak	Kherem	F--ST	Namsai	3
125.	AR278422267	Nokham Manlong	Kherem	M--ST	Namsai	3
126.	AR278411428	Onkhai Mantaw	Kherem	F--ST	Namsai	3
127.	AR284377273	Pingnee Manlong	Kherem	M--ST	Namsai	0
128.	AR279774700	Pingtasa Mungyak	Kherem	M--ST	Namsai	3
129.	AR277346780	Rekha Munglang	Kherem	F--ST	Namsai	3
130.	AR276826116	Sumijing Mansai	Kherem	M--ST	Namsai	3
131.	AR284377003	Sunanta Mantaw	Kherem	M--ST	Namsai	2
132.	AR277346779	Suphatti Lungkeing	Kherem	F--ST	Namsai	3
133.	AR277244418	Wengseng Manlong	Kherem	M--ST	Namsai	3
134.	AR276785167	Chow Anfai Munglang	Mankao	M--ST	Namsai	3
135.	AR276785155	Chow Chankyo Manlong	Mankao	M--ST	Namsai	3
136.	AR279775065	Chow Injula Longkeing	Mankao	M--ST	Namsai	3
137.	AR276787780	Chow Jeyata Manjeykhun	Mankao	M--ST	Namsai	3
138.	AR276785107	Chow Khenong Manlong	Mankao	M--ST	Namsai	3
139.	AR276783672	Chow Nepang Manlong	Mankao	M--ST	Namsai	3
140.	AR276785168	Chow Silimang Manlong	Mankao	M--ST	Namsai	3
141.	AR276784751	Chow Supiya Namchoom	Mankao	M--ST	Namsai	3
142.	AR276784313	Chow Tonghom Manjeykhun	Mankao	M--ST	Namsai	3
143.	AR276942883	Chow Watanam Manlong	Mankao	M--ST	Namsai	3
144.	AR276786113	Engwa Manpoong	Mankao	F--ST	Namsai	3
145.	AR276786115	Jalung Manlong	Mankao	F--ST	Namsai	3
146.	AR279775074	Monhung Longkeing	Mankao	M--ST	Namsai	3
147.	AR276785170	Nang Kingnali Manlong	Mankao	F--ST	Namsai	3
148.	AR214562315	Nang Motun Manlong	Mankao	F--ST	Namsai	6
149.	AR276785253	Nang Muktri Mankhung	Mankao	F--ST	Namsai	3
150.	AR276787462	Nang Nalika Longno	Mankao	F--ST	Namsai	3
151.	AR214565319	Nang Nilampa Longchot	Mankao	F--ST	Namsai	6
152.	AR276783673	Nang Niteet Namchoom	Mankao	F--ST	Namsai	3
153.	AR276786003	Nang Penghom Manang	Mankao	F--ST	Namsai	3
154.	AR274533848	Nang Pitiwoitha Mungyak	Mankao	F--ST	Namsai	3
155.	AR276785154	Nang Sangkhey Manlong	Mankao	F--ST	Namsai	3
156.	AR274534529	Nang Sumikta Mungyak	Mankao	F--ST	Namsai	3
157.	AR279114840	Nang Sunanti Namchoom	Mankao	F--ST	Namsai	3
158.	AR276784747	Nang Wechali Makat	Mankao	F--ST	Namsai	3
159.	AR276784315	Nang Woiijini Longno	Mankao	F--ST	Namsai	3
160.	AR276784962	Ratna Chowpoo	Mankao	F--ST	Namsai	3
161.	AR276783981	Sukhata Longchot	Mankao	M--ST	Namsai	0
162.	AR274534899	Tichan Manang	Mankao	M--ST	Namsai	3
163.	AR276786006	Wasana Mankhung	Mankao	F--ST	Namsai	3
164.	AR277342027	Abraham Paron	Namliang	M--ST	Namsai	3
165.	AR277342025	Anita Angu	Namliang	F--ST	Namsai	3
166.	AR277341605	Asum Potom	Namliang	F--ST	Namsai	3
167.	AR284347484	Durga Potom	Namliang	F--ST	Namsai	2
168.	AR277342024	Goli Ada	Namliang	M--ST	Namsai	3
169.	AR284346035	Gopi Potom	Namliang	F--ST	Namsai	2
170.	AR277342026	Jumbi Tacha	Namliang	F--ST	Namsai	3

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
171.	AR284346034	Kapang Paron	Namliang	M--ST	Namsai	2
172.	AR284345688	Karyo Nyori	Namliang	F--ST	Namsai	2
173.	AR284346128	Kobita Raksap	Namliang	F--ST	Namsai	2
174.	AR277341603	Lulung Borang	Namliang	M--ST	Namsai	3
175.	AR284345832	Marpi Potom	Namliang	F--ST	Namsai	0
176.	AR277341551	Mongam Tacha	Namliang	F--ST	Namsai	3
177.	AR284346517	Mongol Paron	Namliang	M--ST	Namsai	2
178.	AR284346282	Moter Tacha	Namliang	M--ST	Namsai	2
179.	AR277341895	Nesum Potom	Namliang	F--ST	Namsai	3
180.	AR277342023	Ogul Raksap	Namliang	M--ST	Namsai	3
181.	AR277342068	Omin Raksap	Namliang	M--ST	Namsai	3
182.	AR284345687	Oter Rakshap	Namliang	M--ST	Namsai	3
183.	AR284345689	Pitor Tacha	Namliang	M--ST	Namsai	3
184.	AR277341894	Pusuk Potom	Namliang	F--ST	Namsai	3
185.	AR277341841	Remkop Paron	Namliang	F--ST	Namsai	3
186.	AR277341842	Samuel Paron	Namliang	M--ST	Namsai	3
187.	AR277342356	Sokio Riba	Namliang	M--ST	Namsai	3
188.	AR283655564	Tonung Paron	Namliang	F--ST	Namsai	2
189.	AR277342069	Topir Paron	Namliang	M--ST	Namsai	3
190.	AR277342175	Tumeng Paron	Namliang	M--ST	Namsai	3
191.	AR284346283	Tutak Perme	Namliang	F--ST	Namsai	3
192.	AR277341418	Yamang Padu	Namliang	F--ST	Namsai	3
193.	AR277341602	Zarde Poyom	Namliang	M--ST	Namsai	3
194.	AR162629391	Abani Panging	Adi ningroo	M--General/Others	Namsai	7
195.	AR162590023	Ajay Kumar Roy	Adi ningroo	M--General/Others	Namsai	7
196.	AR161891101	Ananti Tayeng	Adi ningroo	F--ST	Namsai	7
197.	AR162610995	Anjali Longkeng	Adi ningroo	F--General/Others	Namsai	7
198.	AR162577705	Aruna Dolley	Adi ningroo	F--General/Others	Namsai	7
199.	AR162677868	Asha Sungkurang	Adi ningroo	F--General/Others	Namsai	7
200.	AR273362095	Beauty Paron	Adi ningroo	F--ST	Namsai	7
201.	AR161842362	Bokoti Payeng	Adi ningroo	F--ST	Namsai	7
202.	AR162158173	Budheswar Payeng	Adi ningroo	M--General/Others	Namsai	7
203.	AR162208488	Bulu Gohain	Adi ningroo	F--General/Others	Namsai	7
204.	AR162286840	Dharmawati Noroh	Adi ningroo	F--General/Others	Namsai	7
205.	AR162669046	Diganta Kuwar	Adi ningroo	M--General/Others	Namsai	7
206.	AR162628467	Dilip Panging	Adi ningroo	M--General/Others	Namsai	7
207.	AR162595338	Dimba Ram Pegu	Adi ningroo	M--General/Others	Namsai	7
208.	AR162221890	Dolly Borsaikia	Adi ningroo	F--General/Others	Namsai	7
209.	AR162610413	Honaram Tayeng	Adi ningroo	M--General/Others	Namsai	7
210.	AR161826075	Ima Bingia	Adi ningroo	F--ST	Namsai	3
211.	AR277431136	Jug Maya Pegu	Adi ningroo	F--ST	Namsai	7
212.	AR162636015	Kabita Longkeng	Adi ningroo	F--General/Others	Namsai	7
213.	AR162541433	Kaling Perme	Adi ningroo	M--ST	Namsai	7
214.	AR162627747	Kamang Yirang	Adi ningroo	F--ST	Namsai	7
215.	AR162293093	Khatti Lathaw	Adi ningroo	F--ST	Namsai	5
216.	AR162627409	Lalit Borsaikia	Adi ningroo	M--General/Others	Namsai	7
217.	AR273362751	Mamoni Pertin	Adi ningroo	F--ST	Namsai	3
218.	AR275177482	Marry Pertin	Adi ningroo	F--ST	Namsai	3
219.	AR162311068	Mohan Tayeng	Adi ningroo	M--General/Others	Namsai	7
220.	AR162268830	Nang Champa Thoumoung	Adi ningroo	F--ST	Namsai	7
221.	AR162279121	Nirada Doley	Adi ningroo	F--General/Others	Namsai	7
222.	AR162224185	Niru Tayeng	Adi ningroo	F--General/Others	Namsai	7
223.	AR162574873	Nong Tayeng	Adi ningroo	M--ST	Namsai	7
224.	AR273362977	Opang Paron	Adi ningroo	M--ST	Namsai	3
225.	AR162198391	Oyem Yirang	Adi ningroo	F--ST	Namsai	3
226.	AR162570261	Padomi Kuwar	Adi ningroo	F--General/Others	Namsai	7
227.	AR276575232	Pankaj Longkeng	Adi ningroo	M--ST	Namsai	3
228.	AR161857480	Ponita Jamoh	Adi ningroo	F--ST	Namsai	7

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
229.	AR162575660	Porsanta Payeng	Adi ningroo	M--General/Others	Namsai	7
230.	AR162575573	Prafullo Payeng	Adi ningroo	M--General/Others	Namsai	7
231.	AR162622166	Purnima Narah	Adi ningroo	F--General/Others	Namsai	7
232.	AR161835182	Ranjit Murah	Adi ningroo	F--General/Others	Namsai	3
233.	AR162549013	Rohit Thapa	Adi ningroo	M--General/Others	Namsai	7
234.	AR161890033	Santosh Kanti Kar	Adi ningroo	M--General/Others	Namsai	7
235.	AR273363208	Sara Riba	Adi ningroo	F--ST	Namsai	7
236.	AR162255091	Sunita Tayeng	Adi ningroo	F--ST	Namsai	7
237.	AR162682215	Talo Pertin	Adi ningroo	M--ST	Namsai	7
238.	AR162216516	Tuntuniu Tayeng	Adi ningroo	F--ST	Namsai	7
239.	AR273363015	Unalata Panging	Adi ningroo	F--ST	Namsai	3
240.	AR162552599	Uttam Pegu	Adi ningroo	M--General/Others	Namsai	7
241.	AR162177037	Yachip Paron	Adi ningroo	F--ST	Namsai	7
242.	AR162640915	Yakap Kadu	Adi ningroo	F--ST	Namsai	7
243.	AR274406224	Aboni Phalong	Jona - IV	M--ST	Namsai	3
244.	AR274406232	Akon Panyok	Jona - IV	M--ST	Namsai	3
245.	AR274407879	Arun Panyok	Jona - IV	M--ST	Namsai	3
246.	AR274533655	Bikram Chowkong	Jona - IV	M--ST	Namsai	3
247.	AR274406066	Biplab Chowlik	Jona - IV	M--ST	Namsai	3
248.	AR274407265	Brajen Panyok	Jona - IV	M--ST	Namsai	3
249.	AR274407470	Chow Ananta Maio	Jona - IV	M--ST	Namsai	3
250.	AR274406226	Chow Atul Chowkong	Jona - IV	M--ST	Namsai	3
251.	AR274407490	Chow Bikash Chowkong	Jona - IV	M--ST	Namsai	3
252.	AR274406319	Chow Lambit Chowlik	Jona - IV	M--ST	Namsai	3
253.	AR274406229	Chow Ramen Panyok	Jona - IV	M--ST	Namsai	3
254.	AR274406460	Chow Saily Panyok	Jona - IV	M--ST	Namsai	3
255.	AR274406323	Chow Sowrabh Chowlik	Jona - IV	M--ST	Namsai	3
256.	AR274407741	Chow Sumon Ongong	Jona - IV	M--ST	Namsai	3
257.	AR274406225	Chow Susen Ongong	Jona - IV	M--ST	Namsai	3
258.	AR274406568	Guluk Sonowal	Jona - IV	M--General/Others	Namsai	3
259.	AR274408015	Manosi Panyok	Jona - IV	F--ST	Namsai	3
260.	AR274406647	Nang Anu Wailong	Jona - IV	F--ST	Namsai	3
261.	AR274406231	Nang Dalimi Chowkong	Jona - IV	F--ST	Namsai	3
262.	AR2745334039	Nang Jaingko Maio	Jona - IV	F--ST	Namsai	3
263.	AR274533534	Nang Minuka Panyok	Jona - IV	F--ST	Namsai	3
264.	AR274407468	Nang Panchami Panyok	Jona - IV	F--ST	Namsai	3
265.	AR274406462	Pabitra Panyok	Jona - IV	M--ST	Namsai	3
266.	AR277620185	Prabin Panyok	Jona - IV	M--ST	Namsai	3
267.	AR274406644	Pranab Sonowal	Jona - IV	M--General/Others	Namsai	3
268.	AR274408013	Pronita Panyok	Jona - IV	F--ST	Namsai	3
269.	AR274407837	Rajen Mes	Jona - IV	M--General/Others	Namsai	3
270.	AR274406322	Saitya Panyok	Jona - IV	M--ST	Namsai	3
271.	AR274406465	Sanjeet Parja	Jona - IV	M--General/Others	Namsai	3
272.	AR274406466	Uttam Panyok	Jona - IV	M--ST	Namsai	3
273.	AR272552438	Achim Maio	Phaneng	M--ST	Namsai	3
274.	AR273378926	Aikot Chowhai	Phaneng	M--ST	Namsai	3
275.	AR272552758	Chandra Topo	Phaneng	M--ST	Namsai	4
276.	AR277431406	Chau Khamsen Chowpoo	Phaneng	M--ST	Namsai	3
277.	AR275519037	Chau Konacha Chowmong	Phaneng	M--ST	Namsai	3
278.	AR277431461	Chau Miseng Chowpoo	Phaneng	M--ST	Namsai	3
279.	AR273760925	Chau Mohen Chowhai	Phaneng	M--ST	Namsai	3
280.	AR273742076	Chau Natika Mantaw	Phaneng	M--ST	Namsai	3
281.	AR273761025	Chau Pabitra Mantaw	Phaneng	M--ST	Namsai	3
282.	AR273760628	Chow Khawap Chowpoo	Phaneng	M--ST	Namsai	3
283.	AR273730431	Chow Makang Mantaw	Phaneng	M--ST	Namsai	3
284.	AR275470044	Chow Siha Mantaw	Phaneng	M--ST	Namsai	3
285.	AR273404956	Cow Intina Chowpoo	Phaneng	M--ST	Namsai	3
286.	AR273395918	Debyadhar Kachari	Phaneng	M--ST	Namsai	0

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
287.	AR273395907	Dimbeswar Sonowal	Phaneng	M--ST	Namsai	3
288.	AR274378162	Kalima Sonowal	Phaneng	F--ST	Namsai	3
289.	AR274377754	Kesab Kachari	Phaneng	M--ST	Namsai	3
290.	AR273753939	Mumpi Mantaw	Phaneng	F--ST	Namsai	3
291.	AR272553728	Nampa Thaman	Phaneng	M--ST	Namsai	4
292.	AR273404948	Nang Biniya Chowpoo	Phaneng	F--ST	Namsai	3
293.	AR273404964	Nang Engkham Longkan	Phaneng	F--ST	Namsai	3
294.	AR273760632	Nang Jyoti Thaumong	Phaneng	F--ST	Namsai	3
295.	AR273761024	Nang Kanney Mein	Phaneng	M--ST	Namsai	3
296.	AR273761087	Navanita Mantaw	Phaneng	F--ST	Namsai	3
297.	AR272552757	Nongja Sinhpho	Phaneng	M--ST	Namsai	4
298.	AR273755135	Ongmet Mantaw	Phaneng	M--ST	Namsai	3
299.	AR273760763	Phulen Dangaria	Phaneng	M--General/Others	Namsai	3
300.	AR272552987	Pomseng Maio	Phaneng	M--ST	Namsai	3
301.	AR273760762	Preme Chowhai	Phaneng	F--ST	Namsai	3
302.	AR275519038	Weingkhram Chakhap	Phaneng	M--ST	Namsai	3
303.	AR213828166	Chau Walikta Chowpoo	Manhofai	M--ST	Namsai	7
304.	AR213896612	Chow Atul Chowpoo	Manhofai	M--ST	Namsai	7
305.	AR213897501	Chow Bolin Chowpoo	Manhofai	M--ST	Namsai	7
306.	AR270637765	Chow Cham Kamthong	Manhofai	M--ST	Namsai	4
307.	AR213754121	Chow Dharmendar Pangyok	Manhofai	M--ST	Namsai	7
308.	AR214139793	Chow Hobit Chowpoo	Manhofai	M--ST	Namsai	6
309.	AR213420699	Chow Hollikta Chowlu	Manhofai	M--ST	Namsai	7
310.	AR213420281	Chow Mintu Kamthong	Manhofai	M--ST	Namsai	7
311.	AR213897960	Chow Nironjon Thomong	Manhofai	M--ST	Namsai	7
312.	AR213899219	Chow Ongseng Langnou	Manhofai	M--ST	Namsai	7
313.	AR213797205	Chow Padmakanta Chowpoo	Manhofai	M--ST	Namsai	7
314.	AR213421176	Chow Puneswar Pangyok	Manhofai	M--ST	Namsai	7
315.	AR213898695	Chow Wathana Chowpoo	Manhofai	M--ST	Namsai	7
316.	AR213898290	Nang Bichitra Chowpoo	Manhofai	F--ST	Namsai	7
317.	AR214136016	Nang Khema Mancheykhun	Manhofai	F--ST	Namsai	7
318.	AR213754133	Nang Nirupa Chowpoo	Manhofai	F--ST	Namsai	7
319.	AR270711999	Nang Puheswari Thamong	Manhofai	F--ST	Namsai	4
320.	AR213421535	Nang Purnima Chowpoo	Manhofai	F--ST	Namsai	7
321.	AR213419860	Nang Renu Chowpoo	Manhofai	F--ST	Namsai	7
322.	AR214139313	Nang Sumitra Kamthong	Manhofai	F--ST	Namsai	6
323.	AR213420482	Paban Chowlu	Manhofai	M--ST	Namsai	7
324.	AR273761048	Chau Ayekret Longphong	Mokrun	M--ST	Namsai	3
325.	AR273760630	Chau Milinda Longnow	Mokrun	M--ST	Namsai	3
326.	AR273395871	Chau Naraseng Khamhoo	Mokrun	M--ST	Namsai	3
327.	AR273362800	Gonesh Manchey	Mokrun	M--ST	Namsai	3
328.	AR273389097	Goutami Chautang	Mokrun	F--ST	Namsai	3
329.	AR273760716	Kam Lohok	Mokrun	M--ST	Namsai	3
330.	AR273389022	Lotlik Mokrun	Mokrun	F--ST	Namsai	3
331.	AR273363834	Mohendra Manchey	Mokrun	M--ST	Namsai	3
332.	AR273379445	Monwang Khimon	Mokrun	M--ST	Namsai	3
333.	AR273761119	Nang Mohing Simit	Mokrun	F--ST	Namsai	3
334.	AR273376890	Sangchi Simit	Mokrun	F--ST	Namsai	3
335.	AR273761337	Sanghamitra Manchey	Mokrun	F--ST	Namsai	3
336.	AR273362740	Sutingsa Longnow	Mokrun	M--ST	Namsai	3
337.	AR273391073	Sanleng Mokrun	Mokrun	F--ST	Namsai	0
338.	AR273395869	Supiya Longnow	Mokrun	M--ST	Namsai	0
339.	AR273395868	Thikham Mokrun	Mokrun	M--ST	Namsai	3
340.	AR273395863	Tulon Umbon	Mokrun	M--ST	Namsai	3
341.	AR273362741	Tulsi Engling	Mokrun	M--ST	Namsai	3
342.	AR273379892	Uchaa Ranga Rava	Mokrun	M--General/Others	Namsai	3
343.	AR273362615	Tokung Engling	Mokrun	M--ST	Namsai	3
344.	AR273396096	Aikhram Taipha	Jona - I	M--ST	Namsai	3

Sl. No.	Registration No.	Beneficiary Name	Village	Category	District	No of Installment availed
345.	AR274471963	Bhanumoti Chowhai	Jona - I	F--ST	Namsai	3
346.	AR273396056	Bhupen Chowhai	Jona - I	M--ST	Namsai	3
347.	AR274631552	Ch Manseng Chowsong	Jona - I	M--ST	Namsai	3
348.	AR274628518	Chamsa Chiring	Jona - I	M--ST	Namsai	3
349.	AR274407259	Chow Hemo Chiring	Jona - I	M--ST	Namsai	3
350.	AR274628054	Chow Jutin Chiring	Jona - I	M--ST	Namsai	3
351.	AR273396079	Chow Newin Longphoi	Jona - I	M--ST	Namsai	3
352.	AR274627793	Chow Rahim Chiring	Jona - I	M--ST	Namsai	3
353.	AR273404969	Chow Rajawon Chiring	Jona - I	M--ST	Namsai	3
354.	AR274407503	Chow Soiyou Chiring	Jona - I	M--ST	Namsai	3
355.	AR273396118	Hundri Taipha	Jona - I	F--ST	Namsai	3
356.	AR273396105	Ko Taipha	Jona - I	M--ST	Namsai	3
357.	AR274407831	Kungta Longphoi	Jona - I	M--ST	Namsai	3
358.	AR276895192	Milingta Chauhai	Jona - I	M--ST	Namsai	3
359.	AR274407717	Mukuta Chiring	Jona - I	F--ST	Namsai	3
360.	AR274628147	Nang Chantila Chowhai	Jona - I	F--ST	Namsai	3
361.	AR273396108	Nang Jita Chiring	Jona - I	F--ST	Namsai	3
362.	AR274406456	Nang Jyoti Chiring	Jona - I	F--ST	Namsai	3
363.	AR273396072	Nang Pinchewa Singpho	Jona - I	F--ST	Namsai	3
364.	AR276895222	Nobin Kiliue	Jona - I	M--ST	Namsai	3
365.	AR274628055	Olek Chowsong	Jona - I	F--ST	Namsai	3
366.	AR273396062	Pingwala Phalung	Jona - I	M--ST	Namsai	3
367.	AR273396094	Pratap Phalung	Jona - I	M--ST	Namsai	3
368.	AR274407464	Rimon Urang	Jona - I	M--General/Others	Namsai	3
369.	AR274628174	Samakhang Chiring	Jona - I	M--ST	Namsai	3
370.	AR274407466	Samong Chowsong	Jona - I	M--ST	Namsai	3
371.	AR273396075	Sulikpha Kiliue	Jona - I	M--ST	Namsai	3
372.	AR274628689	Vidhya Chowhai	Jona - I	M--ST	Namsai	3
373.	AR273396114	Wakhetg Gam Singpho	Jona - I	M--ST	Namsai	3

(Source: Departmental records)

Appendix-3.3
Scheme Benefit to more than one family members
(Reference: Paragraph-3.3.9.5 (1), Page-66)

Sl. No.	Name of Beneficiary (Head of Family)	Name of Other Beneficiary	Relation	Village	District	Additional installment availed by family member
1.	Gejum Ete	Jummik Ete	Wife	Darka	West Siang	5
2.	Hemmin Ete	Mindar Ete	Son	Darka	West Siang	5
3.	Hemmin Ete	Liyum Ete	Wife	Darka	West Siang	5
4.	Doli Ete	Kengam Ete	Wife	Darka	West Siang	6
5.	Igo Ete	Lingam Ete	Wife	Darka	West Siang	7
6.	Gumken Padu	Yajum Padu	Wife	Darka	West Siang	5
7.	Marpe Ete	Tumbom Ete	Wife	Darka	West Siang	5
8.	Tumkar Ete	Hokkir Ete	Wife	Darka	West Siang	5
9.	Nyojum Ete	Doke Ete	Wife	Darka	West Siang	6
10.	Peki Ete	Margam Ete	Wife	Darka	West Siang	6
11.	Bali Ete	Marter Ete	Wife	Darka	West Siang	6
12.	Dagyi Ete	Jumde Ete	Wife	Darka	West Siang	5
13.	Pojum Padu	Gummik Padu	Wife	Darka	West Siang	6
14.	Ijum Ete	Daggam Ete	Wife	Darka	West Siang	6
15.	Kemba Ete	Tenya Ete	Wife	Darka	West Siang	6
16.	Jumli Padu	Jibom Padu	Wife	Darka	West Siang	5
17.	Dugjum Ete	Bimbi Ete	Wife	Darka	West Siang	6
18.	Minli Ete	Mimbi Ete	Wife	Darka	West Siang	0
19.	Kargo Ete	Jumsum Ete	Wife	Darka	West Siang	7
20.	Lidam Lollen	Jummgam Lollen	Wife	Darka	West Siang	6
21.	Hengo Ete	Joyo Ete	Wife	Darka	West Siang	3
22.	Dugjum Ete	Rikjum Ete	Wife	Darka	West Siang	6
23.	Mortum Ete	Poken Ete	Wife	Darka	West Siang	5
24.	Kiri Rime	Kater Rime	Son	Pidi Rime	West Siang	6
25.	Mortum Bagra	Karyo Bagra	Wife	Bagra Lipu	West Siang	6
26.	Ito Bagra	Peyir Bagra	Wife	Pigi Moli	West Siang	7
27.	Jumli Nyorak	Liyo Nyorak	Wife	Nyorak Rakte	West Siang	4
28.	Moter Nyorak	Mogam Nyorak	Wife	Nyorak Rakte	West Siang	3
29.	Tobom Mayi	Poloni Mayi	Wife	Nyorak Rakte	West Siang	7
30.	Moyum Nyorak	Bangam Nyorak	Wife	Nyorak Rakte	West Siang	6
31.	Gampak Nyorak	Dopu Nyorak	Wife	Nyorak Rakte	West Siang	4
32.	Marli Mayi	Tobi Mayi	Wife	Nyorak Rakte	West Siang	3
33.	Genya Mayi	Birik Mayi	Wife	Nyorak Rakte	West Siang	7
34.	Kirli Sora	Ibi Sora	Wife	Nyorak Rakte	West Siang	6
35.	Dagnyum Nyorak	Nyummar Nyorak	Son	Pushi Nyorak	West Siang	4
36.	Dakar Karbi	Karpu Karbi	Daughter	Kombo Tarsu Mobuk	West Siang	7
37.	Dagmo Lollen	Momar Lollen	Son	Kombo Tarsu Mobuk	West Siang	7
38.	Limin Bagra	Minbom Bagra	Son	Bagra Higi	West Siang	7
39.	Limin Bagra	Marka Bagra	Wife	Bagra Higi	West Siang	7
40.	Gumbom Bagra	Lirik Bagra	Wife	Bagra Higi	West Siang	7
41.	Gumbom Bagra	Bomken Bagra	Son	Bagra Higi	West Siang	7
42.	Gumbom Bagra	Bomri Bagra	Son	Bagra Higi	West Siang	7
43.	Jumdo Bagra	Dungam Bagra	Wife	Bagra Higi	West Siang	7
44.	Meka Bagra	Dagmen Bagra	Wife	Bagra Higi	West Siang	5
45.	Moto Bagra	Tumjum Bagra	Wife	Bagra Higi	West Siang	5
46.	Bomgam Bagra	Karter Bagra	Wife	Bagra Higi	West Siang	7

Sl. No.	Name of Beneficiary (Head of Family)	Name of Other Beneficiary	Relation	Village	District	Additional installment availed by family member
47.	Liyi Bagra	Rupa Bagra	Wife	Bagra Higi	West Siang	7
48.	Dujum Bagra	Nyayir Bagra	Wife	Bagra Higi	West Siang	5
49.	Dagbi Bagra	Rikjum Ete	Son	Bagra Higi	West Siang	0
50.	Ginli Bagra	Dagi Bagra	Wife	Bagra Higi	West Siang	7
51.	Igam Bagra	Kenjum Bagra	Wife	Bagra Higi	West Siang	5
52.	Nonya Bagra	Marli Bagra	Son	Bagra Higi	West Siang	7
53.	Lito Bagra	Doter Bagra	Wife	Bagra Higi	West Siang	7
54.	Heni Ngomdir	Marter Ngomdir	Wife	Ngomdir	West Siang	0
55.	Tayem Aje	Tum Aje	Son	Mikong	East Siang	2
56.	Tarik Taboh	Tatin Taboh	Son	Mikong	East Siang	7
57.	Onong Dupak	Oter Padung	Wife	Mikong	East Siang	3
58.	Tagung Mize	Yasem Mize	Wife	Rani li	East Siang	3
59.	Tayam Padung	Ajoy Padung	Son	Rayang	East Siang	3
60.	Takut Taggu	Tarung Taggu	Son	Rayang	East Siang	3
61.	Tarung Padung	Marry Padung	Wife	Rayang	East Siang	3
62.	Tamat Taloh	Oyop Saroh Taloh	Wife	Rayang	East Siang	0
63.	Kung Yirang	Bone Yirang	Wife	Rayang	East Siang	3
64.	Tator Taying	Miti Taying	Wife	Ngorlung	East Siang	0
65.	Otem Moyong	Minam Moyong	Wife	Debing	East Siang	3
66.	Yasum Taggu	Durga Taggu	Son	Rani	East Siang	3
67.	Tangak Tali	Yater Tali	Wife	Rani	East Siang	0
68.	Osi Tamuk	Sarajini Tamuk	Daughter	Rani	East Siang	3
69.	Tasup Tali	Joyonti Tali	Wife	Rani	East Siang	5
70.	Kanggong Perme	Oyam Perme	Daughter	Rani	East Siang	3
71.	Kanggong Perme	Samak Perme	Son	Rani	East Siang	3
72.	Kanggong Perme	Okunam Perme	Son	Rani	East Siang	3
73.	Kanggong Perme	Oyam Modi	Daughter	Rani	East Siang	3
74.	Anand Taloh	Kamin Taloh	Son	Rani	East Siang	3
75.	Taniram Tamut	Ranong Tamut	Son	Rani	East Siang	3
76.	Taniram Tamut	Anek Tamut	Son	Rani	East Siang	3
77.	Taniram Tamut	Tamin Tamut	Son	Rani	East Siang	3
78.	Olom Yomso	Olik Yomso	Wife	Debing	East Siang	3
79.	Oson Panggeng	Oneng Panggeng	Wife	Debing	East Siang	4
80.	Takep Nonang	Solung Nonang	Wife	Debing	East Siang	5
81.	Marak Modi	Mary Modi	Wife	Debing	East Siang	7
82.	Tatem Jamoh	Oyam Jamoh	Wife	Debing	East Siang	5
83.	Tajong Tamir	Ranong Tamut	Wife	Debing	East Siang	7
84.	Oram Dai	Rebom Dai	Wife	Debing	East Siang	7
85.	Kebom Taku	Oman Taku	Wife	Debing	East Siang	7
86.	Tago Siboh	Osi Siboh	Wife	Debing	East Siang	3
87.	Omer Tate	Odi Tate	Wife	Debing	East Siang	3
88.	Omer Tate	Obang Tate	Son	Debing	East Siang	3
89.	Omer Tate	Osi Tate	Daughter	Debing	East Siang	3
90.	Omer Tate	Oken Tate	Daughter	Debing	East Siang	3
91.	Oni Nonang	Oyam Nonang	Wife	Debing	East Siang	3
92.	Lettem Dai	Paroty Dai	Wife	Debing	East Siang	7
93.	Taden Moyong	Sara Moyong	Wife	Debing	East Siang	7
94.	Muk Doming	Yari Doming	Wife	Debing	East Siang	5
95.	Oram Dai	Odem Dai	Wife	Debing	East Siang	5
96.	Anang Panyang	Jacob Panyang	Son	Debing	East Siang	0
97.	Israil Mongku	Oni Ering	Wife	Debing	East Siang	7
98.	Asam Apum	Moryom Apum	Daughter	Debing	East Siang	5

Sl. No.	Name of Beneficiary (Head of Family)	Name of Other Beneficiary	Relation	Village	District	Additional installment availed by family member
99.	Atet Yirang	Osi Yirang	Wife	Debing	East Siang	7
100.	Tarung Yommin	Tokgul Yommin	Wife	Debing	East Siang	5
101.	Otem Yomso	Mamoni Yomso	Wife	Debing	East Siang	7
102.	Bokek Rome	Toni Rome	Son	Debing	East Siang	7
103.	Oka Gakar	Opung Gakar	Wife	Debing	East Siang	3
104.	Keyop Taku	Otok Taku	Wife	Debing	East Siang	7
105.	Tokbom Moyong	Orung Moyong	Wife	Debing	East Siang	5
106.	Taget Nonang	Yamang Nonang	Wife	Debing	East Siang	6
107.	Kalut Moyong	Timem Moyong	Wife	Debing	East Siang	7
108.	Tapon Mize	Yalung Mize	Wife	Debing	East Siang	7
109.	Aroty Tagi	Benjamin Tagi	Son	Debing	East Siang	3
110.	Olem Moyong	Luman Moyong	Wife	Debing	East Siang	3
111.	Katem Rukbo	Oman Rukbo	Wife	Debing	East Siang	7
112.	Osang Rukbo	Jing Rukbo	Wife	Debing	East Siang	7
113.	Yon Yomso	Agul Yomso	Wife	Debing	East Siang	7
114.	Olut Moyong	Yagap Moyong	Wife	Debing	East Siang	5
115.	Tani Pabin	Osi Pabin	Wife	Debing	East Siang	6
116.	Yatop Doje	John Doje	Son	Debing	East Siang	6
117.	Yatop Doje	Annung Doje	Daughter	Debing	East Siang	6
118.	Tamin Tamut	Omem Tamut	Wife	Rani	East Siang	3
119.	Kaling Moyong	Mopum Moyong	Wife	Debing	East Siang	3
120.	Nolen Pertin	Tilek Pertin	Wife	Debing	East Siang	7
121.	Tanyup Taga	Sonam Taga	Daughter	Mikong	East Siang	3
122.	Dusu Ranka	Dusu Rinya	Wife	Hari	L. Subansiri	7
123.	Tasso Puming	Tasso Yasse	Daughter	Hari	L. Subansiri	3
124.	Tasso Puming	Tasso Yadii	Daughter	Hari	L. Subansiri	3
125.	Nending Yakang	Nending Minu	Sister	Hari	L. Subansiri	3
126.	Hage Abing	Hage Tado	Son	Hari	L. Subansiri	3
127.	Tadu Yaming	Tadu Uttung	Brother	Hari	L. Subansiri	3
128.	Mudo Aku	Mudo Ranka	Son	Hari	L. Subansiri	3
129.	Mudo Aku	Mudo Sumpa	Daughter	Hari	L. Subansiri	3
130.	Mudo Aku	Mudo Opo	Son	Hari	L. Subansiri	3
131.	Hage Allo	Hage Aniya	Daughter	Hari	L. Subansiri	3
132.	Gyati Tamo	Gyati Yami	Daughter	Hari	L. Subansiri	4
133.	Hage Mamung	Hage Asha	Daughter	Hari	L. Subansiri	4
134.	Hage Abing	Hage Yakang	Wife	Hari	L. Subansiri	4
135.	Hage Abing	Hage Yanku	Daughter	Hari	L. Subansiri	4
136.	Hage Abing	Hage Taki	Son	Hari	L. Subansiri	4
137.	Hage Puming	Hage Chada	Son	Hari	L. Subansiri	3
138.	Hage Puming	Hage Aku	Daughter	Hari	L. Subansiri	3
139.	Hage Aku	Hage Indu	Daughter	Hari	L. Subansiri	4
140.	Hage Nenkhah	Hage Anju	Daughter	Hari	L. Subansiri	7
141.	Hage Bida	Hage Puniya	Daughter	Hari	L. Subansiri	5
142.	Dusu Tada	Dusu Rissang	Wife	Hari	L. Subansiri	5
143.	Hage Appa	Hage Mary	Wife	Hari	L. Subansiri	7
144.	Hage Tari	Hage Yami	Daughter	Hari	L. Subansiri	4
145.	Gyati Sunya	Gyati Asha	Sister	Hari	L. Subansiri	4
146.	Gyati Yami	Gyati Amung	Daughter	Hari	L. Subansiri	4
147.	Gyati Yami	Gyati Hassang	Son	Hari	L. Subansiri	4
148.	Gyati Yami	G N Tassang	Son	Hari	L. Subansiri	4
149.	Hage Appa	Hage Soniya	Daughter	Hari	L. Subansiri	4
150.	Hage Appa	Hage Suka	Daughter	Hari	L. Subansiri	4
151.	Tasso Hanya	Tasso Odii	Sister	Hari	L. Subansiri	3
152.	Gyati Halley	Gyati Ampa	Wife	Hari	L. Subansiri	4

Sl. No.	Name of Beneficiary (Head of Family)	Name of Other Beneficiary	Relation	Village	District	Additional installment availed by family member
153.	Mudo Jarjo	Mudo Riniyo	Wife	Hari	L. Subansiri	4
154.	Hage Mamung	Hage Soniya	Daughter	Hari	L. Subansiri	5
155.	Hage Mamung	Hage Mado	Daughter	Hari	L. Subansiri	5
156.	Hage Mamung	Hage Ankha	Daughter	Hari	L. Subansiri	5
157.	Hage Tasser	Hage Nomo	Son	Hari	L. Subansiri	4
158.	Hage Tasser	Hage Nobing	Son	Hari	L. Subansiri	4
159.	Hage Bida	Hage Rinya	Wife	Hari	L. Subansiri	5
160.	Hage Bida	Hage Onya	Daughter	Hari	L. Subansiri	5
161.	Hage Bida	Hage Oka	Son	Hari	L. Subansiri	5
162.	Hage Jeenu	Hage Yakang	Sister	Hari	L. Subansiri	4
163.	Dusu Tamang	Dusu Rinyo	Wife	Hari	L. Subansiri	4
164.	Hage Tagyung	Hage Moryang	Wife	Hari	L. Subansiri	5
165.	Hage Sha	Hage Yapa	Wife	Hari	L. Subansiri	4
166.	Hage Sha	Hage Yaja	Daughter	Hari	L. Subansiri	4
167.	Hage Laling	Hage Yami	Daughter	Hari	L. Subansiri	4
168.	Hage Laling	Hage Kaku	Daughter	Hari	L. Subansiri	4
169.	Hage Laling	Hage Sambyo	Son	Hari	L. Subansiri	4
170.	Hage Laling	Hage Yama	Daughter	Hari	L. Subansiri	4
171.	Mudo Dinsung	Mudo Chama	Son	Hari	L. Subansiri	4
172.	Hage Tabii	Hage Moda	Brother	Hari	L. Subansiri	5
173.	Gyati Yadi	Gyati Kani	Son	Hari	L. Subansiri	5
174.	Gyati Yadi	Gyati Dinsung	Daughter	Hari	L. Subansiri	5
175.	Gyati Yadi	Gyati Buda	Son	Hari	L. Subansiri	5
176.	Tallo Chatung	Tallo Rinyo	Wife	Hong	L. Subansiri	5
177.	Takhe Yassing	Takhe Gambo	Son	Hong	L. Subansiri	5
178.	Takhe Yassing	Takhe Odii	Daughter	Hong	L. Subansiri	5
179.	Takhe Yassing	Takhe Oku	Daughter	Hong	L. Subansiri	5
180.	Takhe Chobing	Takhe Yamang	Sister	Hong	L. Subansiri	5
181.	Mudang Yaming	Mudang Sunia	Daughter	Hong	L. Subansiri	4
182.	Mudang Yaming	Mudang Doilyang	Son	Hong	L. Subansiri	4
183.	Kago Sumpi	Kago Sunku	Sister	Hong	L. Subansiri	3
184.	Tilling Ampa	Tilling Asha	Sister	Hong	L. Subansiri	3
185.	Takhe Yanya	Takhe Ankha	Daughter	Hong	L. Subansiri	4
186.	Takhe Mayu	Takhe Seema	Daughter	Hong	L. Subansiri	5
187.	Neha Yasing	Neha John	Son	Hong	L. Subansiri	3
188.	Neha Yasing	Neha Lampung	Son	Hong	L. Subansiri	3
189.	Punyo Yassung	Punyo Onya	Daughter	Hong	L. Subansiri	3
190.	Tapi Puka	Tapi Yassung	Daughter	Hong	L. Subansiri	7
191.	Tapi Yaku	Tapi Tada	Son	Hong	L. Subansiri	5
192.	Budhi Onya	Budhi Opyung	Daughter	Hong	L. Subansiri	5
193.	Tapi Tanii	Tapi Tagia	Son	Hong	L. Subansiri	5
194.	Tallo Chobing	Tallo Hangu	Brother	Hong	L. Subansiri	4
195.	Nami Oniya	Nami Laji	Son	Hong	L. Subansiri	0
196.	Narang Mamung	Narang Mali	Son	Hong	L. Subansiri	7
197.	Narang Mamung	Narang Laling	Son	Hong	L. Subansiri	7
198.	Tallo Yassung	Tallo Sambyo	Son	Hong	L. Subansiri	5
199.	Tilling Ganya	Tilling Lali	Brother	Hong	L. Subansiri	4
200.	Tapi Piira	Tapi Nanya	Daughter	Hong	L. Subansiri	4
201.	Tapi Piira	Tapi Hangu	Son	Hong	L. Subansiri	4
202.	Tapi Butung	Tapi Tai	Son	Hong	L. Subansiri	4
203.	Tilling Chabye	Tilling Tassung	Wife	Hong	L. Subansiri	4
204.	Tilling Chabye	Tilling Chama	Son	Hong	L. Subansiri	4
205.	Tilling Chabye	Tilling Tagia	Son	Hong	L. Subansiri	4

Sl. No.	Name of Beneficiary (Head of Family)	Name of Other Beneficiary	Relation	Village	District	Additional installment availed by family member
206.	Tilling Chabye	Tilling Yallung	Daughter	Hong	L. Subansiri	4
207.	Tapi Dolley	Tapi Yarang	Wife	Hong	L. Subansiri	4
208.	Punyo Chama	Punyo Yallo	Wife	Hong	L. Subansiri	4
209.	Punyo Habung	Punyo Nassung	Sister	Hong	L. Subansiri	4
210.	Punyo Habung	Punyo Renu	Sister	Hong	L. Subansiri	4
211.	Punyo Habung	Punyo Dollo	Brother	Hong	L. Subansiri	4
212.	Punyo Habung	Punyo Payang	Brother	Hong	L. Subansiri	4
213.	Hibu Chobing	Punyo Kaku	Wife	Hong	L. Subansiri	3
214.	Sri Nikh Teni	Smt Nikh Chiji	Wife	Dodo (Yachuli	L. Subansiri	0
215.	Sri Tech Yati	Smt Tech Yati	Wife	Delipeji (Yazali)	L. Subansiri	0
216.	Sri Nabam Tab	Sri Nabam Tath	Son	Taib	L. Subansiri	4
217.	Sri Nabam Tara	Sri Nabam Kaki	Son	Taib	L. Subansiri	3
218.	Chow Susen Ongong	Rumon Ongong	Son	Jona Iv	Namsai	3
219.	Chow Surajit Chowlik	Nang On Chowlik	Wife	Jona Iv	Namsai	3
220.	Chow Arun Pangyok	Nang Manosi Pangyok	Wife	Jona Iv	Namsai	3
221.	Samir Kar	Juli Panging Kar	Wife	Adi Ningroo	Namsai	7
222.	Anita Paron	Minam Paron	Sister	Adi Ningroo	Namsai	7
223.	Boloram Paron	Beauty Paron	Daughter	Adi Ningroo	Namsai	3
224.	Phanita Jamoh	Poul Jamoh	Son	Adi Ningroo	Namsai	0
225.	Chau Khamsen Chowpoo	Chau Miseng Chowpoo	Son	Phaneng	Namsai	3

(Source: Departmental records)

Appendix-3.4
Benefit extended to service personnel and businessman
(Reference: Paragraph-3.3.9.5 (II), Page-67)

Sl. No.	Registration No.	Name of the Beneficiary	Occupation	Name of the Village	Name of the District	No of Installment availed
1.	AR242374872	Mode Ete	Business	Darka	West Siang	6
2.	AR242347283	IgeEte	Business			6
3.	AR242374989	KenyirPadu	Business			6
4.	AR242347834	MedamEte	Business			6
5.	AR242347736	MinliPadu	Service			6
6.	AR258038638	NyayirBagra	Business	Bagra Higi	East Siang	5
7.	AR255064457	KengeBagra	Business			5
8.	AR277620495	Taniyangtamuk	Business	Rani		3
9.	AR264566138	NendingMumpa	Business	Hari-I	Lower Subansiri	4
10.	AR263533611	HageTuka	Husband in Government Service			4

(Source: Departmental records)

Appendix-3.5
Denial of benefit to beneficiaries
(Reference: Paragraph- 3.3.9.6, Pag-67)

Sl. No.	Name of the Beneficiary	Aadhaar No.	Name of the Village	Date of submission of form	Name of the District
1.	KembaEte	XXXXXXXXX0885	Darka	26-06-2019	West Siang
2.	MarterEte	XXXXXXXXX8097		05-10-2018	
3.	NyabomBagra	XXXXXXXXX2926	PigiMengo	10-10-2018	
4.	TumbomEte	XXXXXXXXX9549	KugiPomse	02-06-2020	
5.	TumpakEte	XXXXXXXXX8290		18-06-2020	
6.	MotumNyorak	XXXXXXXXX9973	NyorakRakte	27-11-2019	
7.	JipuBagra	XXXXXXXXX0090	BagraHigi	25-09-2018	
8.	TakongTaloh	XXXXXXXXX6452	Ngorlung	NA	East Siang
9.	Yon Panggeng	XXXXXXXXX5607		NA	
10.	AlengPanyang	XXXXXXXXX5151		NA	
11.	GelungModi	XXXXXXXXX3817		NA	
12.	TarungJamoh	XXXXXXXXX0238	Debing	19-03-2020	
13.	IpiRiram	XXXXXXXXX0988	Bilat	NA	
14.	Tari Bam	XXXXXXXXX8833		NA	
15.	Maryom Bam	XXXXXXXXX2684		NA	
16.	NendingAnkha	XXXXXXXXX2597	Hija	22-05-2020	Lower Subansiri
17.	Pura Diming	XXXXXXXXX7277	Hija	24-02-2020	
18.	GyatiTane	XXXXXXXXX3035	Hari	NA	
19.	HageYasa	XXXXXXXXX2959		16-03-2019	
20.	Hage Yam	XXXXXXXXX9289		12-03-2019	
21.	HageUnka	XXXXXXXXX1280		09-09-2019	
22.	HageRinya	XXXXXXXXX2470		26-03-2019	
23.	HageYange	XXXXXXXXX6252		04-09-2019	
24.	HageYaring	XXXXXXXXX8614		06-09-2019	
25.	Gyati Diming	XXXXXXXXX1063		NA	
26.	DuyuAmer	XXXXXXXXX6564	reru	19-03-2019	
27.	Chow KosalaMokrun	XXXXXXXXX7250	Mokrun	11-03-2019	Namsai

(Source: Departmental records)

Appendix- 3.6
Scope of work as per original sanction
(Reference Paragraph 3.4, Page 73)

Sl. No	Items	Unit	Quantity	Amount (in ₹)
1.	Jungle clearance	Km	15.80	11,36,233.00
2.	Formation Cutting	Km	15.80	9,32,16,031.00
3.	RCC Bridge 30.00 mtr span	Each	1	1,81,91,440.00
4.	RCC bridge 18.00 mtr span	Each	1	1,19,63,477.00
5.	RCC Slab culvert 1.50m span	Each	16	1,00,63,184.00
6.	RCC Slab culvert 2.00m span	Each	20	1,71,22,780.00
7.	RCC Slab culvert 4.00m span	Each	9	1,21,71,906.00
8.	RCC Slab culvert 6.00m span	Each	3	46,12,746.00
9.	Retaining Wall 3m height	Mtr.	500.00	1,45,10,290.00
10.	Retaining Wall 5m height	Mtr.	251.000	1,09,20,558.00
11.	Breast Wall 3m height	Mtr.	300.00	82,17,043.00
12.	Preparation of Sub-Grade	Km.	15.648	49,72,801.00
13.	G.S.B 150mm thick	Km.	15.648	2,53,38,173.00
14.	WBM (Grd-II) 75 mm thick	Km.	11.834	1,23,70,898.00
15.	WBM (Grd-III) 75 mm thick	Km.	11.834	1,24,92,741.00
16.	Premixed Carpeting with seal coat (25mm)	Km	11.834	1,75,96,679.00
17.	C.C Drain	Km.	0.940	17,16,177.00
18.	O.S Surface Drain	Mtr.	7,354.00	5,22,134.00
19.	O.R. Surface Drain	Mtr.	7,354.00	10,51,622.00
20.	Road Sign Board	Job	1	8,53,348.00
Total				27,90,40,261.00
<i>Add. 1% LabourCess</i>				<i>27,90,403.00</i>
G. Total				28,18,30,663.00

(Source: Departmental records)

Appendix-3.7
Statement showing details of Joint Physical Verification (JPV)
(Reference: Paragraph-3.6, Page-79)

(₹ in lakh)

Sl. No.	Items executed	Amount	Found during JPV
1.	Reclamation of Borbeel fishery with provision of four Fiber Reinforced Plastic (FRP) boats	184.96	Entire pond was filled with water hyacinth. The Pond was not boatable from the landing ground to cage culture. Only two FRP boats were found at site and both were completely damaged.
2.	Construction of cage and shed for cage culture' with provision of 24 floating cages, bird protection net with solar lamp, 06 number of country boats and storage facilities of all inputs.	141.80	Against provision of 24 floating cages only 16 found at site. No bird protection net with solar lamp was found at site. No country boats found at site. Moreover, no fish culture is going on in the cage culture. As such, cage culture was non-operational.
3.	Construction of pen culture and new s/pond	10.45	The structure was completely damaged and not found at site.
4.	Construction of Ice Plant for making ice cube for preserving fish culture	21.29	Required machineries for making ice cube were not installed and no ice cube was produced till date.
5.	Installation of portable FRP hatchery	18.20	RCC hatchery was constructed in place of portable FRP hatchery. However, hatchery was failed to meet its objective.
6.	Construction of fish shed at Namsai and Mahadevpur with hygienic condition	31.00	The shed was lying idle till date. It was not utilised and no revenue was generated from it.
7.	C/o Nursery pond at Government. fish seed farm Lathao with chain link fencing	24.97	No chain link fencing was found at site and Nursery pond was also found overflowed.
8.	Renovation of Government Fish seed Farm Lathao with provision of one country Boat	24.97	No Boat was found at site during JPV
9.	Provision of Borewell at Fish farm Lathao	4.00	Bore well was not in working condition.
Total		461.64	--

Appendix-4.1
Excess expenditure on procurement of envelop SE-7 (laminated)
(Reference: Paragraph-4.5, Page-101)

(Amount in rupees)

Sl. No.	Bill No.	Date	Sanction Order	Date	Quantity	Appr oved rate	Rate allowed	Excess	Excess payment
1.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
2.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
3.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	60	3.99	399.90	395.91	23754.60
4.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
5.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
6.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
7.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
8.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
9.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
10.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
11.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
12.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
13.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
14.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
15.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
16.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
17.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
18.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
19.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
20.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
21.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
22.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
23.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
24.	300	12.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
25.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
26.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
27.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
28.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
29.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
30.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
31.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
32.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
33.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
34.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
35.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
36.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
37.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
38.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
39.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70

Sl. No.	Bill No.	Date	Sanction Order	Date	Quantity	Approved rate	Rate allowed	Excess	Excess payment
40.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
41.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
42.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
43.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
44.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
45.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
46.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
47.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
48.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
49.	330	19.03.2020	PD/NT-08/2013-04	13.03.2020	70	3.99	399.90	395.91	27713.70
50.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
51.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
52.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
53.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
54.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
55.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
56.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
57.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
58.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
59.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
60.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
61.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
62.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
63.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
64.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
65.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
66.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
67.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
68.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
69.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
70.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
71.	341	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
72.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
73.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
74.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
75.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
76.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
77.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
78.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
79.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
80.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
81.	342	23.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70

Sl. No.	Bill No.	Date	Sanction Order	Date	Quantity	Appr oved rate	Rate allowed	Excess	Excess payment
124.	366	24.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
125.	366	24.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
126.	366	24.03.2020	PD/NT-33/2012-04	13.03.2020	70	3.99	399.90	395.91	27713.70
127.	366	24.03.2020	PD/NT-08/2013-01	13.03.2020	70	3.99	399.90	395.91	27713.70
128.	366	24.03.2020	PD/NT-08/2013-01	13.03.2020	70	3.99	399.90	395.91	27713.70
129.	366	24.03.2020	PD/NT-08/2013-06	04.03.2020	70	3.99	399.90	395.91	27713.70
130.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
131.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
132.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
133.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
134.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
135.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
136.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
137.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
138.	340	21.03.2020	PD/NT-08/2013-01	16.03.2020	70	3.99	399.90	395.91	27713.70
139.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
140.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
141.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
142.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
143.	340	21.03.2020	PD/NT-08/2013-05	16.03.2020	70	3.99	399.90	395.91	27713.70
Total					10000	--	--	--	3959100.00

(Source: Departmental records)

Appendix-5.1
Details of the jurisdiction of the 67 sample cases
(Reference: Paragraph-5.4.4; Page-114)

(₹ in lakh)

Sl. No.	Approving Authority	Jurisdictional Office	No. of cases	Total Transitional Credit claim
1.	CBIC	Bhalukpong Range	1	5.47
2.		Itanagar Range	14	53.36
3.		Namsai Range	2	1.22
4.		Pasighat Range	3	1.31
5.	State	ST Banderdewa	4	11.77
6.		ST Itanagar Zone-II	14	455.21
7.		ST Khonsa	1	124.86
8.		ST Naharlagun Zone-I	6	31.97
9.		ST Namsai	2	4.07
10.		ST Pasighat	9	127.65
11.		ST Roing	3	0.98
12.		ST Tezu	8	7.19
Total			67	825.09

(Source: Departmental records)

Appendix-5.2
Details of ineligible dealers taking transitional credit under Section 140 of the APGST Act, 2017
(Reference: Paragraph-5.4.7.1; Page-120)

Sl No	Trade Name	GST Jurisdiction/VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed in TRAN-1 (in ₹)	Tax outstanding (in lakh)
1.	Sushee Infra & Mining Ltd	Superintendent of Tax (ST), Itanagar, Zone-II	12AACCS8560Q1ZV	12170804107	4684646	1228.00
2.	Capital Pharmaceutical Store	Superintendent of Tax (ST), Itanagar, Zone-II	12AECPY5324B2ZW	12170213114	459512.74	0.22
3.	Shree Ganesh Infotech	Superintendent of Tax (ST), Itanagar, Zone-II	12AMJPB0110H1Z2	12170345173	155166	1.55
Total						1229.77

(Source: Departmental records)

Appendix-5.3
Details of irregular claimed by the taxpayers

(Reference: Paragraph-5.4.7.3; Page-122)

Sl. No	Trade Name	GST Jurisdiction/VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed in TRAN-1 (₹)	VAT credit on 30 June 2017 as per return (FF-01) (₹)	VAT credit as calculated by Audit (₹)	Excess claim in TRAN-1 (₹)	Audit Observation
1.	M/S PILI ENTERPRISE	ST Banderdewa/ST Naharlagun, Zone-I	12CBEPS6796Q1ZO	12042110163	30084	29931.39	21739	8345	The taxpayer declared closing balance of ₹ 29931.39 in his June 2017 return but Audit calculated his credit at ₹ 21739. Hence, the taxpayer claimed excess Transitional Credit of ₹ 8345 which may be recovered from him.
2.	M/S AMRIT CEMENT INDUSTRIES LIMITED	ST Banderdewa/ST Banderdewa	12AAGCA9080R1Z6	12041287178	110208	110208	0	110208	The taxpayer declared closing balance of ₹ 110208 in his June 2017 return which is tallying with his TRAN-1 claim. But Audit determined that the taxpayer was actually liable to pay VAT to the tune of ₹ 1,71,203/- at the end of June 2017. Hence, dealer is ineligible to claim the TRAN-1 credit and VAT of ₹ 171203 may be recovered from him.
3.	NECCON POWER & INFRA LIMITED	Pasighat Range/ST Pasighat	12AABCN1603J1Z1	12080419103	10971479	10971479	10930812	40667	scrutiny of the VAT returns (FF-01) submitted by the taxpayer during January 2017 to June 2017 it was noticed that the taxpayer's calculation was incorrect and when audit calculated the VAT credit on the basis of the taxpayer's FF-01, the actual VAT credit as on 30 June 2017 was found to be ₹ 1,09,30,812/-. As such, the taxpayer irregularly claimed excess Transitional credit of ₹ 40,667/- in his TRAN-1 and he is entitled to a claim of only ₹ 1,09,30,812/-

Sl. No	Trade Name	GST Jurisdiction/V AT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed in TRAN-1 (₹)	VAT credit on 30 June 2017 as per return (FF-01) (₹)	VAT credit as calculated by Audit (₹)	Excess claim in TRAN-1 (₹)	Audit Observation
4.	M/S ARUNI HARDWARE & ELECTRICAL	Pasighat Range/ST Pasighat	12AMRPG5057G1Z3	12080276128	489797	489797	389797	100000	scrutiny of the VAT returns (FF-01) submitted by the taxpayer during January 2017 to June 2017 it was noticed that the taxpayer's calculation was incorrect and when audit calculated the VAT credit on the basis of the taxpayer's FF-01, the actual VAT credit as on 30 June 2017 was found to be ₹ 3,89,797/-. As such, the taxpayer irregularly claimed excess Transitional credit of ₹ 1,00,000/-in his TRAN-1 and he is entitled to a claim of only ₹ 3,89,797/-
5.	MATRIX SOLUTION	Pasighat Range/ST Pasighat	12AUEPD6886H1ZM	12080222170	21346	21346	20080	1266	Scrutiny of the VAT returns (FF-01) submitted by the taxpayer during January 2017 to June 2017 it was noticed that the taxpayer's calculation was incorrect and when audit calculated the VAT credit on the basis of the taxpayer's FF-01, the actual VAT credit as on 30 June 2017 was found to be ₹ 20,080/-. As such, the taxpayer irregularly claimed excess Transitional credit of ₹ 1,266/-in his TRAN-1 and he is entitled to a claim of only ₹ 20,080/-
6.	M/s KineNane Enterprises, Pasighat	ST Pasighat	12BVCPPI068H1ZT	12080199134	468158	468158	315020	153138	The taxpayer declared closing balance of VAT credit of ₹ 4,68,158/- in his June 2017 return which is tallying with his TRAN-1 claim. Audit noticed from the return (FF-01) of March 2017 that the taxpayer claimed ITC of Entry Tax paid amounting ₹ 1,53,138/- against money receipt dated 06/04.2017 but neither recorded Money Receipt No. nor attached copy of Money Receipt due to which Audit could not verify the authenticity of the deposit.
Total					12091072.00	12090919.39	11677448.00	413624.00	

(Source: Departmental records)

Appendix-5.4
Details of irregular claimed by the taxpayers
(Reference: Paragraph-5.4.7.4 (II); Page-123)

(Amount in ₹)

Sl. No	Trade Name	GST Jurisdiction/VAT Jurisdiction	GSTIN	VAT TIN	Transitional Credit claimed in TRAN-I	Section
1.	NCC Limited	CBIC, ITANAGAR/ST, ZONE-II, ITANAGR	12AAACN7335C2ZZ	12170980121	471742.00	140(5)
2.	NHPC Limited	ST, ZONE-II, ITANAGAR	12AAACN0149C2Z9	12170397111	1590597.00	140(5)
Total					2062339.00	

(Source: Departmental records)

Appendix-5.5
Details of cases pertained to pre-automation of refund process period i.e. before 26.09.2019
(Reference: Paragraph-5.5.3; Page-126.)

Sl. No.	GSTIN	Name	State Jurisdiction name	APPR_AUTH	ARN	ARN_DT	Amount of refund claim (in ₹)	Amount Sanctioned	REFUND_RSN
1.	12AADAN6565 F1ZP	Nabam Tullon LLP-ECI (JV)	Naharlagun Zone-I	STATE	AA120819000 824C	26-08-2019	3812090.00	0	EXBCL
2.	12AAGCS4032F 1ZV	SHREE GAUTAM CONSTRUCTION CO LIMITED	Pasighat	STATE	AA120319001 182X	28-03-2019	2917133.00	0	EXBCL
3.	12AACAB8774 F1ZV	BIPL-BVEPL JV	Roing	STATE	AA120519000 248K	09-05-2019	2064574.00	0	EXBCL
4.	12AAAGP1055 R1Z6	INDIA POST	Itanagar Zone-II	STATE	AA121018000 489L	22-10-2018	1842572.00	0	EXBCL
5.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA120318001 658G	31-03-2019	1112338.00	0	ANYOTH
6.	12ALBPY2619R 1ZM	M/S TABIANG ASSOCIATES	Naharlagun Zone-I	STATE	AA120719001 017O	30-07-2019	823020.00	0	ANYOTH
7.	12ALBPY2619R 1ZM	M/S TABIANG ASSOCIATES	Naharlagun Zone-I	STATE	AA120819000 161S	06-08-2019	823020.00	0	ANYOTH
8.	12AKCPG4408L 1ZI	M/S NEXT GENERATION	Itanagar Zone-II	STATE	AA120619000 288E	16-06-2019	629440.00	0	EXBCL
9.	12CACPB4133P 3ZY	M/S MK TRADE CENTRE	Aalo	STATE	AA120119000 802W	30-01-2019	563450.00	0	EXBCL
10.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA121217011 707M	31-03-2019	545206.00	0	ANYOTH
11.	12ANDPC6882 G1Z8	M/S RUMIN ENTERPRISES	Itanagar Zone-II	STATE	AA120319000 269K	06-03-2019	536813.00	0	EXBCL

Sl. No.	GSTIN	Name	State Jurisdiction name	APPR_AUTH	ARN	ARN_DT	Amount of refund claim (in ₹)	Amount Sanctioned	REFUND_RSN
12.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA121017008 787D	31-03-2019	518824.00	0	ANYOTH
13.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA121117000 5116	31-03-2019	481118.00	0	ANYOTH
14.	12AGUPT1872F 3Z1	M/s T D T Enterprises	Ziro	STATE	AA120318002 098N	02-05-2019	372675.00	0	INVITC
15.	12AAFCP8653A 1ZQ	PAPUMPARE TEA ESTATE PRIVATE LIMITED	Naharlagun Zone-I	STATE	AA120119000 110D	07-01-2019	262927.00	0	EXBCL
16.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA120118000 665Q	31-03-2019	240966.00	0	ANYOTH
17.	12AABCN7084 P1Z2	M/s NORTECH Power Project Ltd.	Tezu	STATE	AA120218000 758H	31-03-2019	196318.00	0	ANYOTH
18.	12ACAPE5608A 1ZM	M/S SRI TANI EKO	Pasighat	STATE	AA120318000 094X	25-12-2018	160000.00	0	XSPAY
19.	12AHZPT8432H 1ZQ	M/S HORNBILL ENTERPRISES	Itanagar Zone-II	STATE	AA121118000 656O	30-11-2018	134814.00	0	EXBCL
20.	12GFNPS2146H 1ZA	M/S SOCIA ENTERPRISES	Khonsa	STATE	AA120519000 449E	20-05-2019	122912.00	0	EXBCL
21.	12ADKPT2805P 2Z6	M/S. AVE MARIA EARTH MOVERS	Naharlagun Zone-I	STATE	AA120819000 762E	24-08-2019	100500.00	0	ANYOTH
Total							18260710.00	0	

(Source: Departmental records)

Appendix-5.6
Details of cases pertained to post-automation of refund process i.e. after 26.09.2019
(Reference: Paragraph-5.5.3; Page-126.)

Sl. No.	GSTIN	Name	APPR_AUTH	ARN	ARN_DT	Amount of refund claim	Amount Sanctioned	REFUND_RSN
1.	12BFLPK4771 B1ZQ	M/S TIPPI ROAD	STATE	AA1211190001 243	05-11-2019	2536.00	2536.00	EXBCL
2.	12AYDPN196 6H2ZH	SHRI LOHIT NGUBA	STATE	AA1201200000 85F	05-01-2020	27360.00	27360.00	EXBCL
3.	12AADCA941 4C1ZA	DALMIA CEMENT (BHARAT) LIMITED	STATE	AA1201200004 22J	16-01-2020	470862.00	470862.00	EXBCL
4.	12AWSPM81 92R1ZF	M/S N.M. ENTERPRISES	STATE	AA1202200006 348	18-02-2020	1586830.00	1586830.00	EXBCL
5.	12ARRPM263 1F1ZZ	M/S Bamang Agency	STATE	AA1203200007 39U	21-03-2020	19350.00	19350.00	EXBCL
6.	12ANDPC688 2G1Z8	M/S RUMIN ENTERPRISES	STATE	AA1205200004 21D	26-05-2020	740198.00	740198.00	EXBCL
Total						2847136.00	2847136.00	

(Source: Departmental records)

Appendix-5.7
Details of delayed sanction of refund
(Reference: Paragraph-5.5.6.3 (III); Page-132)

(₹ in lakh)

Sl. No.	Name of assessment officer	GSTIN	ARN No. & Date	Name	Amount of refund claim	Date of sanction	Refund sanctioned	Days to process from date of application
1.	ST, Bhalukpong	12BFLPK4771B1ZQ	AA1211190001243 Dated05-11-2019	M/s Tippi Road	0.03	13-03-2020	0.03	129
2.	ST, Zone-II, Itanagar	12AWSPM8192R1ZF	AA1202200006348 Dated18-02-2020	M/s N.M. Enterprises	15.87	06-05-2020	15.87	78
3.	-do-	12ANDPC6882G1Z8	AA120520000421D Dated26-05-2020	M/s Rumin Enterprises	7.40	27-05-2020	7.40	1
4.	-do-	12AADCA9414C1ZA	AA120120000422J Dated16-01-2020	Dalmia Cement (Bharat) Limited	4.71	11-05-2020	4.71	116
5.	-do-	12ARRPM2631F1ZZ	AA120320000739U Dated21-03-2020	Bamang Agency	0.19	06-05-2020	0.19	46
6.	ST, Likabali	12AYDPN1966H2ZH	AA120120000085F Dated05-01-2020	Shri Lohit Nguba	0.27	04-02-2020	0.27	30
Total					28.47		28.47	

(Source: Departmental records)

Appendix-5.8

Details of interest paid by State Government due to the delay in processing and sanctioning of the three refund

(Reference: Paragraph-5.5.6.3 (III); Page-132)

Sl. No.	Name of assessment officer	GSTIN	ARN No. & Date	Name	Amount of refund sanctioned (₹ in lakh)	Date of sanction	Delay beyond 60 days from application date	Interest due (in ₹)
1.	ST, Bhalukpong	12BFLPK4771B1ZQ	AA1211190001243 Dated 05-11-2019	M/s Tippi Road	0.03	13-03-2020	69	28.76
2.	ST, Zone-II, Itanagar	12AWSPM8192R1ZF	AA1202200006348 Dated 18-02-2020	M/s N.M. Enterprises	15.87	06-05-2020	18	4695.28
3.	-do-	12AADCA9414C1ZA	AA120120000422J Dated 16-01-2020	Dalmia Cement (Bharat) Limited	4.71	11-05-2020	56	4334.51
Total					20.61			9058.55

(Source: Departmental records)

Appendix-5.9 Details of non-processing of refund applications

(Reference: Paragraph-5.5.6.3 (IV); Page-133)

(₹ in lakh)

Sl. No	Name of assessment officer	Name of dealer	GSTIN	Date of application	Refund reason	Amount of refund claim	No. of days delay till 30.04.2021
1.	ST, Aalo	M/s MK Trade Centre	12CACPB4133P3ZY	30-01-2019	Excess balance in electronic cash ledger	5.63	821
2.	ST, Zone-II, Itanagar	India Post	12AAAGP1055R1Z6	22-10-2018	-do-	18.43	921
3.	-do-	M/s Next Generation	12AKCPG4408L1ZI	16-06-2019	-do-	6.29	684
4.	-do-	M/s Rumin Enterprises	12ANDPC6882G1Z8	06-03-2019	-do-	5.37	786
5.	-do-	M/s Hornbill Enterprises	12AHZPT8432H1ZQ	30-11-2018	-do-	1.39	882
6.	ST, Khonsa	M/s Socia Enterprises	12GFNPS2146H1ZA	20-05-2019	-do-	1.23	711
7.	ST, Zone-I, Naharlagun	Nabam Tullon LLP-ECI (JV)	12AADAN6565F1ZP	26-08-2019	-do-	38.12	613
8.	ST, Pasighat	Shree Gautam Construction Co Limited	12AAGCS4032F1ZV	28-03-2019	-do-	29.17	764
9.	-do-	M/s Sri Tani Eko	12ACAPE5608A1ZM	25-12-2018	XSPAY	1.60	857
10.	ST, Roing	BIPL-BVEPL JV	12AACAB8774F1ZV	09-05-2019	-do-	20.65	722
11.	ST, Tezu	M/s NORTECH Power Project Ltd.	12AABCN7084P1Z2	31-03-2019	Reduced rate of GST on works contract	11.12	761
12.	-do-	-do-	12AABCN7084P1Z2	31-03-2019	-do-	5.45	761
13.	-do-	-do-	12AABCN7084P1Z2	31-03-2019	-do-	5.19	761
14.	-do-	-do-	12AABCN7084P1Z2	31-03-2019	-do-	4.81	761
15.	-do-	-do-	12AABCN7084P1Z2	31-03-2019	-do-	2.41	761
16.	-do-	-do-	12AABCN7084P1Z2	31-03-2019	-do-	1.96	761
17.	ST, Ziro	M/s T D T Enterprises	12AGUPT1872F3Z1	02-05-2019	ITC accumulated due to inverted tax structure	3.73	729
Total						162.55	

(Source: Departmental records)

Appendix-5.10
Statement showing Excise Duty applicable on import of 11,450 cases of IMFL
(Reference: Paragraph-5.6, Page-140)

Sl. No.	Type of Brand	Quantity. to be procured/ imported (in cases)	Rate (₹/per case)	Total Amount (in ₹)
1.	Premium Brand	150.00	302.40	45,360.00
2.	General Brand	6000.00	135.00	8,10,000.00
3.	Classic Premium Brand	5000.00	600.00	30,00,000.00
4.	Wine	300.00	180.00	54,000.00
Grand Total		11450.00	--	3909360.00

(Source: Departmental record):

Appendix-5.11
Statement showing Excise Duty deposited
(Reference: Paragraph-5.6, Page-140)

Sl. No.	Quantity (in cases)	Rate (₹ per case)	Total Amount (in ₹)
1.	150.00	600.00	90,000.00
2.	6000.00	302.40	18,14,400.00
3.	5000.00	135.00	6,75,000.00
4.	300.00	180.00	54,000.00
Grand Total	11450.00	--	26,33,400.00

(Source: Supplier's Deposit challan)

Appendix-5.12
Turnover for period April 2020 to June 2020 as per Sale Register
(Reference: Paragraph-5.7, Page-142)

Sl. No.	Items	Date	Actual sale in litter	Rate	Amount
1.	HSD	01-04-2020	373.00	59.13	22055.49
2.	HSD	02-04-2020	928.00	59.13	54872.64
3.	HSD	03-04-2020	999.00	59.13	59070.87
4.	HSD	04-04-2020	2450.00	59.13	144868.50
5.	HSD	05-04-2020	3558.00	59.13	210384.54
6.	HSD	06-04-2020	0.00	59.13	0.00
7.	HSD	07-04-2020	0.00	59.13	0.00
8.	HSD	08-04-2020	0.00	59.13	0.00
9.	HSD	09-04-2020	0.00	59.13	0.00
10.	HSD	10-04-2020	0.00	59.13	0.00
11.	HSD	11-04-2020	5220.00	59.49	310537.80
12.	HSD	12-04-2020	1790.00	59.49	106487.10
13.	HSD	13-04-2020	3250.00	59.49	193342.50
14.	HSD	14-04-2020	3366.00	59.49	200243.34
15.	HSD	15-04-2020	590.00	59.49	35099.10
16.	HSD	16-04-2020	385.00	59.49	22903.65
17.	HSD	17-04-2020	1095.00	59.49	65141.55
18.	HSD	18-04-2020	1200.00	59.49	71388.00
19.	HSD	19-04-2020	660.00	59.49	39263.40
20.	HSD	20-04-2020	2377.00	59.49	141407.73
21.	HSD	21-04-2020	892.00	59.49	53065.08
22.	HSD	22-04-2020	102.00	59.49	6067.98
23.	HSD	23-04-2020	876.00	59.49	52113.24
24.	HSD	24-04-2020	308.00	59.49	18322.92
25.	HSD	25-04-2020	2981.00	59.49	177339.69
26.	HSD	26-04-2020	748.00	59.49	44498.52
27.	HSD	27-04-2020	1075.00	59.49	63951.75
28.	HSD	28-04-2020	844.00	59.49	50209.56
29.	HSD	29-04-2020	754.00	59.49	44855.46
30.	HSD	30-04-2020	2262.00	59.49	134566.38
31.	HSD	01-05-2020	1057.00	59.49	62880.93
32.	HSD	02-05-2020	5625.00	59.49	334631.25
33.	HSD	03-05-2020	1041.00	59.49	61929.09
34.	HSD	04-05-2020	613.00	59.49	36467.37
35.	HSD	05-05-2020	3268.00	61.56	201178.08
36.	HSD	06-05-2020	1648.00	61.56	101450.88
37.	HSD	07-05-2020	863.00	61.56	53126.28
38.	HSD	08-05-2020	4467.00	61.56	274988.52

Sl. No.	Items	Date	Actual sale in litter	Rate	Amount
39.	HSD	09-05-2020	764.00	61.56	47031.84
40.	HSD	10-05-2020	669.00	61.56	41183.64
41.	HSD	11-05-2020	3724.00	61.56	229249.44
42.	HSD	12-05-2020	1664.00	61.56	102435.84
43.	HSD	13-05-2020	1096.00	61.56	67469.76
44.	HSD	14-05-2020	1209.00	61.56	74426.04
45.	HSD	15-05-2020	797.00	61.56	49063.32
46.	HSD	16-05-2020	3823.00	61.56	235343.88
47.	HSD	17-05-2020	354.00	61.56	21792.24
48.	HSD	18-05-2020	1644.00	61.56	101204.64
49.	HSD	19-05-2020	794.00	61.56	48878.64
50.	HSD	20-05-2020	822.00	61.56	50602.32
51.	HSD	21-05-2020	2835.00	61.56	174522.60
52.	HSD	22-05-2020	432.00	61.56	26593.92
53.	HSD	23-05-2020	316.00	61.56	19452.96
54.	HSD	24-05-2020	502.00	61.56	30903.12
55.	HSD	25-05-2020	463.00	61.56	28502.28
56.	HSD	26-05-2020	977.00	61.56	60144.12
57.	HSD	27-05-2020	446.00	61.56	27455.76
58.	HSD	28-05-2020	520.00	61.56	32011.20
59.	HSD	29-05-2020	682.00	61.56	41983.92
60.	HSD	30-05-2020	904.00	61.56	55650.24
61.	HSD	31-05-2020	1086.00	61.56	66854.16
62.	HSD	01-06-2020	739.00	64.52	47680.28
63.	HSD	02-06-2020	808.00	64.52	52132.16
64.	HSD	03-06-2020	631.00	64.52	40712.12
65.	HSD	04-06-2020	1841.00	64.52	118781.32
66.	HSD	05-06-2020	703.00	64.52	45357.56
67.	HSD	06-06-2020	447.00	64.52	28840.44
68.	HSD	07-06-2020	797.00	64.52	51422.44
69.	HSD	08-06-2020	376.00	64.52	24259.52
70.	HSD	09-06-2020	959.00	64.52	61874.68
71.	HSD	10-06-2020	978.00	64.52	63100.56
72.	HSD	11-06-2020	753.00	64.52	48583.56
73.	HSD	12-06-2020	606.00	64.52	39099.12
74.	HSD	13-06-2020	1334.00	65.02	86736.68
75.	HSD	14-06-2020	471.00	65.58	30888.18
76.	HSD	15-06-2020	603.00	66.09	39852.27
77.	HSD	16-06-2020	920.00	68.66	63167.20
78.	HSD	17-06-2020	524.00	68.66	35977.84
79.	HSD	18-06-2020	521.00	68.66	35771.86

Sl. No.	Items	Date	Actual sale in litter	Rate	Amount
80.	HSD	19-06-2020	364.00	68.66	24992.24
81.	HSD	20-06-2020	663.00	68.72	45561.36
82.	HSD	21-06-2020	145.00	69.24	10039.80
83.	HSD	22-06-2020	558.00	69.74	38914.92
84.	HSD	23-06-2020	350.00	70.22	24577.00
85.	HSD	24-06-2020	615.00	70.64	43443.60
86.	HSD	25-06-2020	859.00	70.76	60782.84
87.	HSD	26-06-2020	453.00	70.90	32117.70
88.	HSD	27-06-2020	1761.00	71.08	125171.88
89.	HSD	28-06-2020	864.00	71.08	61413.12
90.	HSD	29-06-2020	3159.00	71.20	224920.80
91.	HSD	30-06-2020	3310.00	71.20	235672.00
Total					6923310.12
1.	Motor spirit	01-04-2020	265.00	65.45	17344.25
2.	Motor spirit	02-04-2020	342.00	65.45	22383.90
3.	Motor spirit	03-04-2020	642.00	65.45	42018.90
4.	Motor spirit	04-04-2020	336.00	65.45	21991.20
5.	Motor spirit	05-04-2020	441.00	65.45	28863.45
6.	Motor spirit	06-04-2020	806.00	65.45	52752.70
7.	Motor spirit	07-04-2020	300.00	65.45	19635.00
8.	Motor spirit	08-04-2020	874.00	65.45	57203.30
9.	Motor spirit	09-04-2020	800.00	65.45	52360.00
10.	Motor spirit	10-04-2020	804.00	65.45	52621.80
11.	Motor spirit	11-04-2020	0.00	65.86	0.00
12.	Motor spirit	12-04-2020	0.00	65.86	0.00
13.	Motor spirit	13-04-2020	0.00	65.86	0.00
14.	Motor spirit	14-04-2020	0.00	65.86	0.00
15.	Motor spirit	15-04-2020	0.00	65.86	0.00
16.	Motor spirit	16-04-2020	705.00	65.86	46431.30
17.	Motor spirit	17-04-2020	694.00	65.86	45706.84
18.	Motor spirit	18-04-2020	501.00	65.86	32995.86
19.	Motor spirit	19-04-2020	223.00	65.86	14686.78
20.	Motor spirit	20-04-2020	553.00	65.86	36420.58
21.	Motor spirit	21-04-2020	664.00	65.86	43731.04
22.	Motor spirit	22-04-2020	382.00	65.86	25158.52
23.	Motor spirit	23-04-2020	424.00	65.86	27924.64
24.	Motor spirit	24-04-2020	339.00	65.86	22326.54
25.	Motor spirit	25-04-2020	423.00	65.86	27858.78
26.	Motor spirit	26-04-2020	282.00	65.86	18572.52
27.	Motor spirit	27-04-2020	546.00	65.86	35959.56
28.	Motor spirit	28-04-2020	563.00	65.86	37079.18

Sl. No.	Items	Date	Actual sale in litter	Rate	Amount
29.	Motor spirit	29-04-2020	546.00	65.86	35959.56
30	Motor spirit	30-04-2020	385.00	65.86	25356.10
31.	Motor spirit	01-05-2020	561.00	65.86	36947.46
32.	Motor spirit	02-05-2020	600.00	65.86	39516.00
33.	Motor spirit	03-05-2020	535.00	65.86	35235.10
34.	Motor spirit	04-05-2020	827.00	65.86	54466.22
35.	Motor spirit	05-05-2020	860.00	67.96	58445.60
36.	Motor spirit	06-05-2020	752.00	67.96	51105.92
37.	Motor spirit	07-05-2020	709.00	67.96	48183.64
38.	Motor spirit	08-05-2020	806.00	67.96	54775.76
39.	Motor spirit	09-05-2020	591.00	67.96	40164.36
40.	Motor spirit	10-05-2020	515.00	67.96	34999.40
41.	Motor spirit	11-05-2020	928.00	67.96	63066.88
42.	Motor spirit	12-05-2020	875.00	67.96	59465.00
43.	Motor spirit	13-05-2020	559.00	67.96	37989.64
44.	Motor spirit	14-05-2020	743.00	67.96	50494.28
45.	Motor spirit	15-05-2020	743.00	67.96	50494.28
46.	Motor spirit	16-05-2020	497.00	67.96	33776.12
47.	Motor spirit	17-05-2020	315.00	67.96	21407.40
48.	Motor spirit	18-05-2020	888.00	67.96	60348.48
49.	Motor spirit	19-05-2020	787.00	67.96	53484.52
50.	Motor spirit	20-05-2020	674.00	67.96	45805.04
51.	Motor spirit	21-05-2020	474.00	67.96	32213.04
52.	Motor spirit	22-05-2020	455.00	67.96	30921.80
53.	Motor spirit	23-05-2020	399.00	67.96	27116.04
54.	Motor spirit	24-05-2020	353.00	67.96	23989.88
55.	Motor spirit	25-05-2020	613.00	67.96	41659.48
56.	Motor spirit	26-05-2020	459.00	67.96	31193.64
57.	Motor spirit	27-05-2020	749.00	67.96	50902.04
58.	Motor spirit	28-05-2020	600.00	67.96	40776.00
59.	Motor spirit	29-05-2020	733.00	67.96	49814.68
60.	Motor spirit	30-05-2020	817.00	67.96	55523.32
61.	Motor spirit	31-05-2020	943.00	67.96	64086.28
62.	Motor spirit	01-06-2020	817.00	69.59	56855.03
63.	Motor spirit	02-06-2020	745.00	69.59	51844.55
64.	Motor spirit	03-06-2020	564.00	69.59	39248.76
65.	Motor spirit	04-06-2020	725.00	69.59	50452.75
66.	Motor spirit	05-06-2020	443.00	69.59	30828.37
67.	Motor spirit	06-06-2020	410.00	69.59	28531.90
68.	Motor spirit	07-06-2020	427.00	69.59	29714.93
69.	Motor spirit	08-06-2020	675.00	69.59	46973.25

Sl. No.	Items	Date	Actual sale in litter	Rate	Amount
70.	Motor spirit	09-06-2020	732.00	69.59	50939.88
71.	Motor spirit	10-06-2020	768.00	69.94	53713.92
72.	Motor spirit	11-06-2020	876.00	70.94	62143.44
73.	Motor spirit	12-06-2020	1609.00	71.02	114271.18
74.	Motor spirit	13-06-2020	67.00	71.56	4794.52
75.	Motor spirit	14-06-2020	258.00	72.13	18609.54
76.	Motor spirit	15-06-2020	109.00	72.57	7910.13
77.	Motor spirit	16-06-2020	147.00	73.23	10764.81
78.	Motor spirit	17-06-2020	751.00	73.52	55213.52
79.	Motor spirit	18-06-2020	1017.00	74.00	75258.00
80.	Motor spirit	19-06-2020	872.00	74.52	64981.44
81.	Motor spirit	20-06-2020	534.00	74.99	40044.66
82.	Motor spirit	21-06-2020	366.00	75.31	27563.46
83.	Motor spirit	22-06-2020	642.00	75.62	48548.04
84.	Motor spirit	23-06-2020	581.00	75.80	44039.80
85.	Motor spirit	24-06-2020	523.00	75.80	39643.40
86.	Motor spirit	25-06-2020	600.00	75.95	45570.00
87.	Motor spirit	26-06-2020	584.00	76.14	44465.76
88.	Motor spirit	27-06-2020	590.00	76.37	45058.30
89.	Motor spirit	28-06-2020	451.00	76.37	34442.87
90.	Motor spirit	29-06-2020	854.00	76.42	65262.68
91.	Motor spirit	30-06-2020	663.00	76.42	50666.46
Total					3560064.95
Grand Total					10483375.07

(Source: Departmental records)

Appendix-5.13
Statement showing the details of turnover declared by the dealer for 2019-20
(Reference: Paragraph-5.8, Page-143)

Year	Tax Period	Turnover declared by the dealer in FF-01 (in ₹)
2019-20	Apr-19	0.00
	May-19	0.00
	Jun-19	0.00
	Jul-19	0.00
	Aug-19	0.00
	Sep-19	0.00
	Oct-19	0.00
	Nov-19	0.00
	Dec-19	0.00
	Jan-20	7857232.00
	Feb-20	5698675.00
	Mar-20	3590100.00
Total		17146007.00

(Source: Form FF-01 furnished by supplier)

Appendix- 5.14
Statement showing the details of excise sales invoice of dealer
(Reference: Paragraph-5.8, Page-143)

Month	Invoice No	Name of wholesale buyer	Amount (₹)	Monthly Total (₹)
Jan-20	ITA/19-20/001 dated 02/01/2020	M/s T&R Wholesale, Naharlagun	311260.00	4312710.00
	ITA/19-20/002 dated 14/01/2020	-do-	2808310.00	
	ITA/19-20/003 dated 22/01/2020	-do-	1193140.00	
Feb-20	ITA/19-20/004 dated 03/02/2020	-do-	494700.00	13971800.00
	ITA/19-20/005 dated 12/02/2020	-do-	6701200.00	
	ITA/19-20/006 dated 21/02/2020	-do-	3914500.00	
	ITA/19-20/007 dated 28/02/2020	-do-	2861400.00	
Mar-20	ITA/19-20/008 dated 04/03/2020	-do-	1024480.00	12551120.00
	ITA/19-20/009 dated 10/03/2020	-do-	2788500.00	
	ITA/010/2019-20 dated 12/03/2020	-do-	6645440.00	
	ITA/19-20/011 dated 18/03/2020	-do-	2092700.00	
Grand Total			30835630.00	30835630.00

(Source: Departmental record)

Appendix- 5.15
Details of Tax, Penalty and interest payable by M/s Yumlam Brothers Bonded Warehouse (VAT TIN: 12171540192)
(Reference: Paragraph-5.8, Page-143)

(Amount in ₹)

Tax Period	Total Turnover as per excise records	Turnover declared by the dealer in FF-01	Difference between actual turnover and declared turnover	Adjustment of excess turnover of January 20	Concealment of turnover	Tax evaded on concealed turnover	Due date for tax	Delay in days (till 30.11.2022)	Interest on delay @ 12% per day (till 30.11.2022)	Penalty U/s 87(a)	Total dues
Apr-19	0.00	0.00	0.00	0.00	0.00	0.00	28-05-2019	0.00	0.00	0.00	0.00
May-19	0.00	0.00	0.00	0.00	0.00	0.00	28-06-2019	0.00	0.00	0.00	0.00
Jun-19	0.00	0.00	0.00	0.00	0.00	0.00	28-07-2019	0.00	0.00	0.00	0.00
Jul-19	0.00	0.00	0.00	0.00	0.00	0.00	28-08-2019	0.00	0.00	0.00	0.00
Aug-19	0.00	0.00	0.00	0.00	0.00	0.00	28-09-2019	0.00	0.00	0.00	0.00
Sep-19	0.00	0.00	0.00	0.00	0.00	0.00	28-10-2019	0.00	0.00	0.00	0.00
Oct-19	0.00	0.00	0.00	0.00	0.00	0.00	28-11-2019	0.00	0.00	0.00	0.00
Nov-19	0.00	0.00	0.00	0.00	0.00	0.00	28-12-2019	0.00	0.00	0.00	0.00
Dec-19	0.00	0.00	0.00	0.00	0.00	0.00	28-01-2020	0.00	0.00	0.00	0.00
Jan-20	4312710.00	7857232.00	-3544522.00	0.00	0.00	0.00	28-02-2020	0.00	0.00	0.00	0.00
Feb-20	13971800.00	5698675.00	8273125.00	3544522.00	4728603.00	945720.60	28-03-2020	977.00	303770.64	945720.60	1968238.89
Mar-20	12551120.00	3590100.00	8961020.00	0.00	8961020.00	1792204.00	28-04-2020	946.00	557399.99	1792204.00	3711679.03
Total	30835630.00	17146007.00	13689623.00	3544522.00	13689623.00	2737924.60			861170.63	2737924.60	6337019.83

(Source: Departmental record)

Appendix-5.16

Statement showing the details of land allotted and unrealised ALR from Central Government Departments/ Public Sector Undertakings

(Reference: Paragraph-5.9.1, Page-146)

(Amount in ₹)

Sl. No.	Name of allottee	Name of the Town	Allotment Order No. & date	Area in possession (Sq.mtr.)	Rate of annual lease rent	Total annual lease rent for 12 years from 2009-10 till 2021-22 (in ₹)
1.	Airports Authority of India (AAI)	Tezu	LRE-5416/2003/pt dated 03/03/2009	17386.80	10	2086416.00
2.	Postal Department	Tezu & Wakro	LR- 3 dated 26/8/1986 & LR-18 dated 28/02/1989	8292.50	10	995100.00
3.	All India Radio and TV	Tezu	LRE/5436/81-P-II/13192-95 dated 17/10/1985, LRE/5436/81-P-II/13204-06 dated 18/10/1985 & LRE/5436/P-III/86/4016-20 dated 13/06/1986	70092.40	10	8411088.00
4.	Executive Engineer, NEEPCO, Tezu	Tezu	LRE-5436/98/21455-59 dated 29/01/1980	25633.50	10	3076020.00
5.	SDO, Telecom	Tezu, Sunpura and Wakro	LR-4 dated 26/8/1986, LR-87 dated 30/09/1993 & LR-4(A) dated 11/01/1996	9549.25	10	1145910.00
6.	Director of Microwave Project, Gauhati	Tezu	LRE-5435/1767-69 dated 24/11/1981 & LRE-5435/85/199-206 dated 02/04/1985	5866.25	10	703950.00
7.	Regional Research Laboratory (RRL), Jorhat	Tezu	LR-73 dated 14/06/1991	5400.00	10	648000.00
Total				142220.70	--	17066484.00

(Source: Departmental record)

Appendix- 6.1

Summarised financial position and working results of SPSEs (all Government companies) as per their latest accounts as on 30 September 2022

(Reference: Paragraph-6.1.1, Page-149)

(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 ¹³⁰	Loans outstanding at the end of year	Accumulated profit (+)/ loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed ¹³¹	Return on capital employed ¹³²	Percentage of 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	21
Total of the Sector				4.20	25.75	(-) 25.39	6.30	(-) 2.05	-	4.56	(-) 1.83	(-) 40.13	21
MISCELLANEOUS													
2.	Arunachal Pradesh Mineral Development and Trading Corporation Limited	1999-00	2014-15	2.13	0.01	(-) 1.81	-	(-) 0.28	-	0.33	(-) 0.28	(-) 84.85	17
Total of the Sector				2.13	0.01	(-) 1.81	-	(-) 0.28	-	0.33	(-) 0.28	(-) 84.85	17
AGRICULTURE													
3.	Arunachal Pradesh Forest Corporation Limited	2005-06	2014-15	4.50	4.80	(-) 4.58	0.73	3.54 ¹³³	-	4.72	4.30	91.10	57
Total of the Sector				4.50	4.80	(-) 4.58	0.73	3.54	-	4.72	4.30	91.10	57
INFRASTRUCURE													

¹³⁰ 'Paid up capital' includes 'Share application money pending allotment'.¹³¹ Capital Employed represents Shareholders' Fund (Net worth) plus Long Term Borrowings.¹³² Return on Capital Employed is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by the Capital Employed.¹³³ Net profits of the Company (serial no. A3 above) have been derived after taking credit of the Government Grants (Revenue) of ₹ 8.07 crore received during the year.

Sl. No.	Sector / Name of Company	Period of Accounts	Year in which accounts finalised	Paid-up capital ¹	Loans outstanding at the end of year	Accumulated profit (+)/ loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed ²	Return on capital employed ³	Percentage of return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
4.	Arunachal Police Housing and Welfare Corporation Limited	2019-20	2021-22	0.02	-	31.39	2.48	2.27	-	31.41	2.27	7.23	31
Total of the Sector				0.02	-	31.39	2.48	2.27	-	31.41	2.27	7.23	31
POWER													
5	Hydro Power Development Corporation of Arunachal Pradesh Limited	2013-14	2022-23	12.45	-	1.53	Nil ¹³⁴	0.02	-	13.98	0.02	0.14	67
Total of the Sector				12.45	-	1.53	Nil	0.02	-	13.98	0.02	0.14	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				24.30	30.56	(-) 3.42	10.42	2.41	-	51.44			193
B. NON-WORKING GOVERNMENT COMPANIES													
MANUFACTURING													
7.	Parasuram Cement Limited	2008-09	2013-14	0.24	1.46	(-) 2.66	-	-	-	(-) 0.96	-	-	-
Total of the Sector				0.24	1.46	(-) 2.66	-	-	-	(-) 0.96	-	-	-
Total of B				0.24	1.46	(-) 2.66	-	-	-	(-) 0.96	-	-	-
GRAND TOTAL (A+B)				24.54	32.02	(-) 6.08	10.42	2.41	-	50.48	3.39	6.72	193

¹³⁴ The Revenue/income of the Company (serial no. A5 above) during the year comprised 'Other Income' only (viz. Interest Income on FDRs: ₹ 1.11 crore).

Appendix-6.2
Statement showing rate of Real Return on Government Investment
(Reference: Para 6.1.2.1, Page -149)

(Figures under column B to I and K to M are '₹ 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
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
TOTAL		11.07	0.54		52.33		63.94					

*PAT represent profit after tax of PSUs as per their latest finalised accounts as on 30 September of respective years

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 2021-22 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
2021-22	2.41	63.94	3.76	184.65	1.31

Appendix-7.1
Statement showing details of Explanatory Notes on Paragraphs of Audit Report
pending as on December 2022

(Reference: Paragraph 7.1; Page-161)

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
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

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	Department
2013-14	21 July 2015	4.2, 4.3	Hydro Power Department
		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
2014-15	10 March 2017	4.4	Power
		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
2015-16	14 October 2017	5.2	Power
		5.3	APID & FCL
		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
2016-17	21 February 2019	5.3	APMDTCL
		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
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

Year of Audit Report	Date of placement before the State Legislature	Paragraph number for which <i>suo moto</i> explanatory notes are awaited	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
Total		225	

(Source: Records furnished by the Department and State Legislature)

Appendix-7.2**Details of outcomes of Public Accounts Committee meeting (PAC) held during 2020-21& 2021-22***(Reference: Paragraph-7.1; Page-161)***I. Details of PAC meeting held during 2020-21**

Sl. No.	Date on PAC held	Department	Year of Audit Reports	No. of Para/sub-para discussed	Dropped	Deferred
1.	09-Feb-21	District Administration	2016-17	1	1	0
		Women & Child Development	2016-17	3	3	0
		Tax & Excise	2008-09, 2009-10, 2010-11, 2015-16, 2016-17	34	22	12
		Education	2015-16	9	9	0
		PHE & Water Supply	2016-17	32	32	0
2.	10-Feb-21	Food & Civil Supply and Transport	2012-13	1	0	1
		Transport	2015-16, 2016-17	18	18	0
		Planning	2016-17	18	18	0
Total				116	103	13

*(Source: Information furnished by the State Legislature)***II. Details of PAC meeting held during 2021-22**

Sl. No.	Date on PAC held	Department	Year of Audit Reports	No. ATNs discussed	Dropped	Deferred
1.	14-July-21	Industries	1991-91	01	01	0
		Power	1988-89, 1995-96	02	01	01
		Animal Husbandry and Veterinary	1996-97	01	01	01
		Transport	1996-97	01	01	01
Total				05	04	01

(Source: Information furnished by the State Legislature)

Appendix-7.3
Statement showing details of outstanding paras to be discussed in PAC/ CoPU as of
December 2022
(Reference: Paragraph-7.1; Page-161)

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 outstanding 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
Total	303	30	333	96	10	106	206	20	226

(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 date
(Reference: Paragraph 7.1; Page-161)

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	27 th , 36 th , 37 th , 40 th , 42 nd , 44 th and 49 th 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	27 th , 36 th , 37 th , 40 th and 42 th Report	08 September 1994, 27 September 1996, 10 November 1998 and 24 th March 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	37 th , 38 th , 40 th , 42 nd and 45 th	27 September 1996, 10 November 1998, 24 March 2000 and 03 March 2003
1989-90	5.2	01	44 th Report	21 September 2001
1990-91	3.4, 3.8, 3.9, 7.3 and 7.5	05	39 th , 44 th , 45 th and 48 th	06 March 1997, 21 st September 2001, 19 th March 2002 and 3 rd March 2003
1991-92	3.1 and 5(b)	02	39 th , 44 th , 45 th and 48 th	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	39 th and 44 th Report	06 March 1997 and 21 September 2001
1993-94	4.6, 4.7 and 7.2	03	48 th Report	19 th March 2002
1994-95	3.3, 3.4, 3.5, 3.6, 4.3 and 4.10	06	45 th and 46 th Report	19 March 2002 and 03 March 2003
1995-96	3.2 to 3.6 and 3.11, 3.7	07	46 th Report and 60 th 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	48 th Report, 57 th Report 60 th Report	19 March 2002 and 27 September 2012
1997-98	4.6, 5.1 and 5.4	03	48 th , 51 st Report	19 March 2002 and 21 March 2006
1998-99	3.6, 3.4.8, 4.3	03	51 st Report, 57 th Report	21 March 2006 and 27 September 2012
1999-00	3.9	01	57 th Report	27 September 2012
2000-01	6.11	01	60 th Report	27 September 2012
2001-02	3.4, 3.1.13, 3.1.14, 3.1.15,	09	57 th 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		
	3.1.16, 3.1.17 & 3.1.38 to 3.1.40		60 th Report	
2005-06	3.2.16.1	1	66 th 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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