

CHAPTER - III
PERFORMANCE REVIEWS

CIVIL SUPPLIES DEPARTMENT

3.1 Food Security, Subsidy and Management of foodgrains

Highlights

The main objective of Food Security, Subsidy and Management of Foodgrains was to procure foodgrains from farmers at Minimum Support Price (MSP), ensure food security in the State by maintaining buffer stock of foodgrains and regular supply of foodgrains at reasonable price to economically weaker sections of the Society. A review of the scheme revealed that the identification of beneficiaries was not done properly. There was huge gap between requirement and lifting of foodgrains which implied that the Department failed to follow norms of supply. There was no assurance that beneficiaries were receiving the right quantity of foodgrains. The casual approach of the Department was indicated by the total lack of supervision and monitoring in the implementation of the programme.

Due to FCI not having sufficient stock and consequent short lifting of 2.44 lakh tonnes foodgrains during 2000-01 to 2005-06 for distribution to BPL/AAY families, 7,44,542 cumulative monthly period of BPL families and 1,80,173 cumulative monthly period of AAY families were deprived of the intended benefits of the scheme.

(Paragraph 3.1.8.2)

In 32,140 out of 98,972 cases (32.54 per cent) test checked, it was seen that documents relating to identification of beneficiaries under Targeted Public Distribution System (TPDS) contained deficiencies as the procedure for identification was not strictly followed.

(Paragraph 3.1.8.7)

Due to introduction of the Head Load carriage of Public Distribution System (PDS) items, the freight bills reimbursed by the FCI against Hill Transport Subsidy (HTS) increased from Rs.4.43 per Kg. in 2001-02 to Rs.32.78 per Kg. in 2003-04.

(Paragraph 3.1.8.10)

Excess allotment of foodgrains beyond the prescribed norms leading to excess claim of HTS amounting to Rs.29.91 crore.

(Paragraph 3.1.8.13)

Double billing of HTS claim against same release orders – Rs.1.85 crore.
(Paragraph 3.1.8.15)

Avoidable excess claim towards road transport charges amounting to Rs.2.87 crore.
(Paragraph 3.1.8.16)

Due to non-recovery of hire charges from the carriage contractors, the Department gave undue financial benefit of Rs.1.12 crore.
(Paragraph 3.1.8.18)

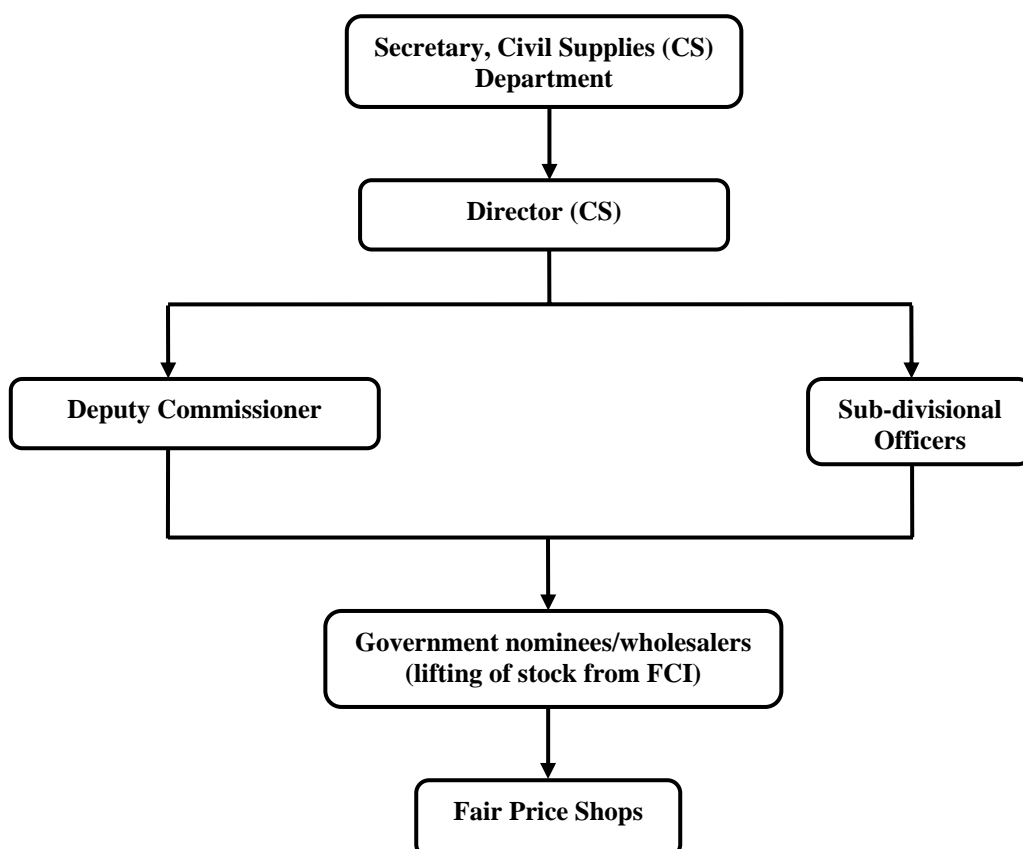
3.1.1 Introduction

The Government of India's (GOI) food management strategy involves procurement of foodgrains from the farmers at a Minimum Support Price (MSP), allocation of foodgrains so procured amongst States for distribution to the targeted population at subsidised Central Issue Price (CIP) under Public Distribution System (PDS) and Targeted Public Distribution System (TPDS) through Fair Price Shops (FPS). In order to make the TPDS more focused and targeted towards the poorest of the poor, the GOI launched (December 2000) Antyodaya Anna Yojana (AAY) aimed at reducing hunger among the poorest segment of population by providing them foodgrains at a highly subsidised rate. Since the CIP of the foodgrains is lower than its Economic Cost (EC), the GOI provides subsidy to the agencies involved in execution of the food management strategy.

3.1.2 Organisational set up

Foodgrains management was done by the Civil Supplies Department in Arunachal Pradesh. The Organisational chart of the Department is given below:

Chart – 3.1



3.1.3 Audit coverage

Foodgrains management in Arunachal Pradesh for the period from 2000-01 to 2005-06 was reviewed in August-September 2005 and June 2006 covering four out of 15 districts, involving a population of 3,97,770 (36.27 per cent of the total population of the State) by a test check of the records of the offices of (i) Secretary, Civil Supplies Department, Government of Arunachal Pradesh, (ii) Director, Civil Supplies Department (iii) four out of 16 districts⁴ and (iv) 12 out of 21 Blocks and 48 out of 475 FPSs.

3.1.4 Audit objectives

The main objectives of the performance review were to evaluate the effectiveness of the policy of payment for food subsidy and the system of foodgrains management to assess how far these have ensured food security in the State.

Towards this goal, thrust was given to the following objectives:

⁴ West Kameng, West Siang, Lower Subansiri and Papumpare.

- convergence of foodgrains based schemes and effectiveness of their delivery to the target group; and
- effectiveness of distribution arrangements of the State Government to ensure that all people have access to foodgrains and that they actually get it when needed.

3.1.5 Audit criteria

The criteria for assessing the audit objectives were as follows:

- guidelines of the Central Government relating to identification of beneficiaries;
- Central Government norms for payment of hill transport subsidy;
- scale of issue of foodgrains prescribed by the GOI;
- Government instructions on quality of foodgrains; and
- prescribed monitoring mechanism.

3.1.6 Audit Methodology

The performance review commenced with an entry conference with the Department of Civil Supplies, Arunachal Pradesh in August 2005 in which the audit objectives, scope and criteria were discussed. The period covered in Audit was 2000-06 for which records of the Department of Civil Supplies, Director of Civil Supplies and selected districts were test checked during August – September 2005 and June 2006. Data relating to food stuff allotted, lifted, and distributed through FPS was analysed and actual issue of foodstuff to the beneficiaries by 48 FPS was verified. FPSs were selected in test checked districts through circular systematic sampling method. Districts were selected based on stratified simple random sampling without replacement method and Blocks were selected under simple random sampling without replacement method. An exit conference was held in February 2006 with the Department of Civil Supplies and replies of the Government have been incorporated in the review at appropriate places.

3.1.7 Audit findings

The review revealed failure of the State Government in lifting 2.43 lakh MT foodgrains during the period from 2000-01 to 2005-06, identification of BPL/AAY beneficiaries in violation of the guidelines issued by the GOI, licensing of FPS without any norms, doubtful distribution of PDS commodities and undue financial benefits to the carriage contractors etc.

Audit findings in detail are discussed in the succeeding paragraphs.

3.1.8 Implementation

3.1.8.1 Retention of Buffer stock of foodgrains

Buffer stock of foodgrains is maintained (i) to meet the prescribed minimum need for food security of the State and (ii) to meet any emergency situation arising out of natural disasters.

One month advance allocation of foodgrains has been fixed by the GOI against the requirement of buffer stock in respect of Arunachal Pradesh. Scrutiny of records of the Director, Civil Supplies Department revealed that during the years 2000-01 to 2005-06, as against the allotment of 32566 MT of foodgrains as buffer stock, the State Government could lift only 12748.129 MT foodgrains (36.08 *per cent*), which was far below the actual allotment.

While accepting the Audit observation, the Government stated (January 2006) that short lifting of buffer stock of foodgrains was due to non-availability of foodgrains at the designated FCI depots.

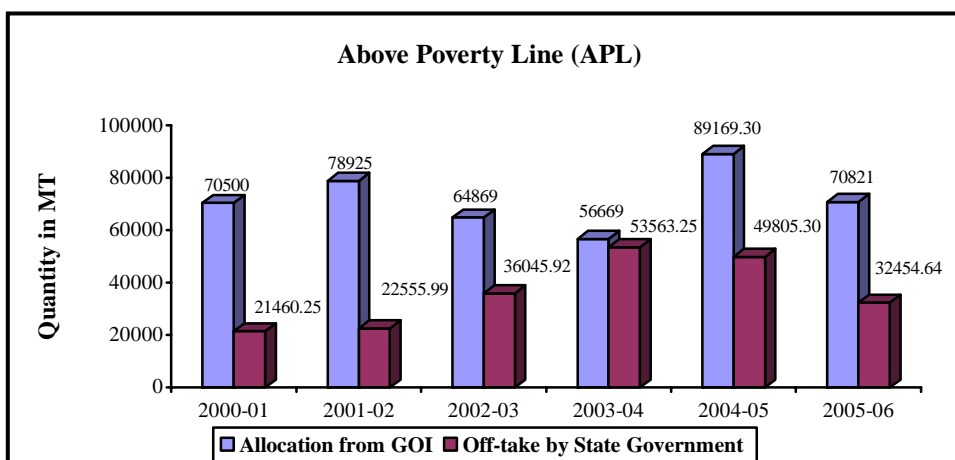
3.1.8.2 Distribution of foodgrains

The PDS was evolved as a mechanism for ensuring availability of foodgrains to the public at affordable prices as well as for ensuring food security for the poor. The operational responsibilities of the State include allocation within the State, identification of families Below Poverty Line (BPL) and poorest among BPL, issue of ration cards, supervision and monitoring of the functioning of FPSs, etc.

With a view to enable the State Government to plan timely lifting of the allotted quantities of foodgrains and to make distribution cost effective, monthly allocation of rice and wheat are made to the State for a complete financial year. Under the revised procedure, the State and the Food Corporation of India (FCI) have been allowed a validity period of 60 days to arrange for lifting of the allotted foodgrains.

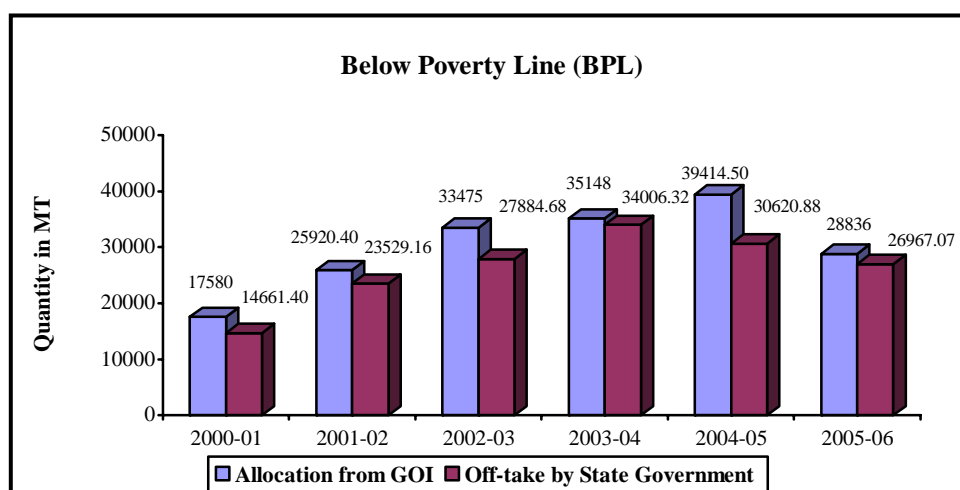
Year-wise allocation and off-take of foodgrains under PDS/TPDS for the period 2000-01 to 2005-06 is indicated below:

Chart – 3.2



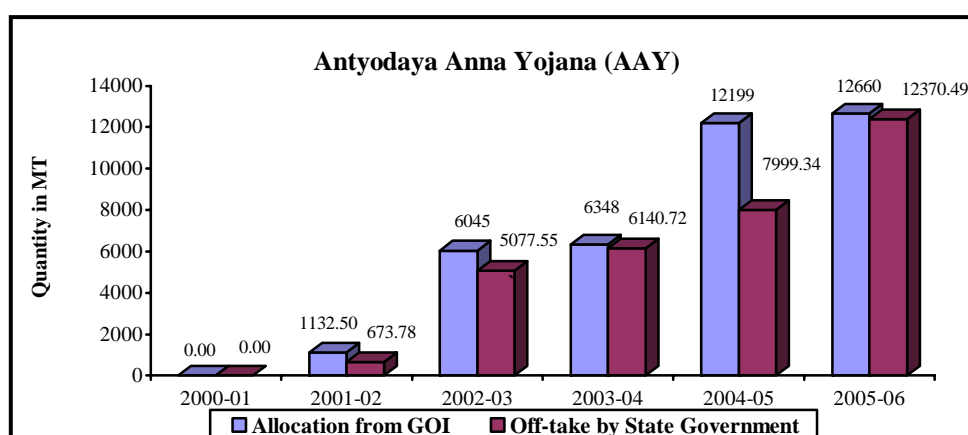
Source: Information furnished by the Department

Chart – 3.3



Source: Information furnished by the Department

Chart – 3.4



Source: Information furnished by the Department

During 2000-01 to 2005-06, there was a short off take of 2,43,895.478 MT foodgrains by whole sale nominees which directly contributed to less issue of PDS commodities to consumers. The short off take of foodgrains by APL, BPL (71510 cumulative families) and AAY (15014 cumulative families) categories ranged from 5.48 to 71.42 *per cent*, 3.25 to 93.52 *per cent* and 3.27 to 97.71 *per cent* respectively.

During the years 2000-01 to 2005-06, though BPL and AAY schemes (January, 2002) were in operation, due to FCI not having sufficient stock and consequent short lifting of TPDS commodities by the State, 7,44,542 cumulative monthly periods of BPL families and 1,80,173 cumulative monthly periods of AAY families in Arunachal Pradesh were deprived of the intended benefits of the schemes.

The Director, Civil Supplies Department stated (January 2006) that short off-take of PDS commodities was due to non availability of stock of PDS items at the designated FCI depots, short validity period of lifting of PDS commodities, poor quality of foodgrains at FCI depot and financial constraints of the wholesale nominees.

3.1.8.3 Reallocation and lifting of foodgrains by the District Supply Officer

Details of reallocation and lifting of foodgrains from the GOI for the year from 2000-01 to 2005-06 by the four District Supply Officers (DSOs) (West Siang, West Kameng, Lower Subansiri and Papumpare) are indicated in **Appendices – XXII and XXIII**.

It was seen that due to short lifting of PDS commodities, the availability of foodgrains was lower than the scale fixed by the GOI during the years 2000-01 to 2005-06. The percentage of lifting of TPDS foodgrains varied from 73.46 to 87.18 (BPL) and 45.84 to 88.68 *per cent* (AAY).

The DSOs (West Siang, West Kameng, Lower Subansiri and Papumpare) stated (September 2005) that lapses in lifting of foodgrains under BPL & AAY schemes have occurred due to (i) late receipt of allocation orders from the State Government (ii) non-extension of such allocation by FCI and (iii) non-availability of stock at FCI based depots and also due to financial constraints of the wholesale nominees.

Thus due to short lifting of foodgrains, the BPL & AAY beneficiaries were deprived of subsidised foodgrains.

3.1.8.4 Diversion of foodgrains allocated to FPS

Scrutiny of records of the DSO, Lower Subansiri district revealed that four FPS⁵ dealers had lifted 471.39 qtls. of TPDS items (360.89 qtls under BPL, 104.00 qtls under AAY and 6.50 qtls under Annapurna Anna Yojana) for

⁵ M/S J. Sala, M/S C. Yakap, M/S Green FPS and M/S BDO complex.

distribution to 1866 beneficiaries (1512 BPL, 289 AAY and 65 Annapurna Anna Yojana) monthly, but did not issue the same to the beneficiaries. It was also noticed that no ration cards were issued to 728 out of 1512 BPL beneficiaries. The concerned administrative officers signed the monthly returns and reports of all FPS without proper verification. Hence, the actual distribution of allotted rice (471.39 qtl) to the selected beneficiaries was doubtful.

However, the Deputy Commissioner, Lower Subansiri District issued show cause notices (July 2005) and imposed fine varying from Rs.1,000 to Rs.5,000 on each FPS dealer.

The Government confirmed (January 2006) that action had already been initiated by the District authority by imposing fine under the relevant control orders. But the details of recovery of fines had not been intimated (November 2006).

3.1.8.5 *Doubtful distribution of PDS commodities*

As per the information furnished by the Director, Civil Supplies Department, 1,04,845.40 MT of foodgrains were required during the year 2001-02 for distribution to APL/BPL families through 1,284 FPS in the State at an average monthly requirement of foodgrains of 8,737.10 MT. But it was seen from the monthly progress report of PDS for the month of August 2001 submitted (September 2001) by the Director of Civil Supplies to the State Government for its onward transmission to the GOI that 1,04,716.732 MT⁶ foodgrains were shown as distributed to APL/BPL families through FPS during the month of August 2001 alone out of 1,45,863.914 MT of foodgrains shown as distributed during the whole year 2001-02. Thus, the exhibition of monthly distribution of foodgrains 1,04,716.732 MT (August 2001) in the State seems fictitious and doubtful.

The Government stated (January 2006) that due to oversight, the quantity of foodgrains shown to have been distributed is not correct. The reply is not tenable, as the total quantity of foodgrains distributed during the year tallied with the monthly progress report for the year 2001-02.

3.1.8.6 *Distribution was not as per prescribed scale*

In June 1997 the GOI streamlined the PDS by issuing special cards to the BPL families and making provision for 10 Kg foodgrains per family per month at a special subsidised rate upto March 2000 which was subsequently increased to 20 Kg per month upto July 2001 25 Kg per month upto March 2002 and 35 Kg per month since April, 2002 onwards.

Test check of records of 48 FPS revealed that in 13 FPS, the foodgrains were distributed to the families at a scale varying from 25 kg to 28 kg per family per

⁶ *Rice = APL/BPL – 90,632.532 MT + 3,487.765 Mt, Wheat = APL – 10,155.101 MT + 441.335 MT*

month (against the norm of 35 kg per family per month) during the year 2004-05 resulting in short supply of 304.116 MT of foodgrains to the beneficiaries.

3.1.8.7 Identification of targeted beneficiaries

As per the provisions of PDS (Control) Act 2001, Gram Sabhas should finalise the list of beneficiaries belonging to BPL and AAY categories drawn up by the designated authority in respect of the area under their respective jurisdiction.

In 32,140 (BPL= 24889, AAY= 7251) out of 98,972 (BPL=68,871, AAY=30,101) cases of identified (32.47 per cent) beneficiaries in the test checked districts, the process of identification was not in order as the Gram Panchayats/Gram Sabhas were not involved in the selection of beneficiaries. The basis on which the survey was conducted was neither available on record nor stated, except in respect of West Siang district, where the selection of BPL families was done (1997) by the Block Development Officer (BDO). Hence subsidised foodgrains going to other than the targeted beneficiaries cannot be ruled out.

Again, as per the GOI orders, 11,327 BPL and 4,309 AAY families were required to be selected as on 1 January 2005 in respect of West Siang and West Kameng district on the basis of allocation of foodgrains, against which 13,474 BPL and 3,839 AAY families were selected. Reasons for deviating from GOI's orders were not on record. As such, selection of BPL/AAY families was not in conformity with the guidelines issued by the GOI.

The Government while admitting the facts stated (January 2006) that due to the non-existence of Panchayat body till 2003-04, the guidelines for selection of beneficiaries were not followed.

3.1.8.8 Convergence of foodgrains based schemes for food security

The GOI had not prescribed any system for linking up the foodgrains issued under other foodgrains based schemes with those of TPDS to secure convergence of Government efforts in ensuring food security. In the absence of such a linkage, the allocation under PDS is made by the State Government irrespective of the foodgrains outgo at subsidised rate under other foodgrains based schemes.

During audit the following was noticed:

- There was no system in the State to monitor the progress of receipt of foodgrains by BPL population under Annapurna Anna Yojana and Scheme for SC/ST and the extent of effect of other schemes on lifting under PDS was not analysed;
- Although the foodgrains under Annapurna Anna Yojana and Scheme for SC/ST hostel were canalised through FPS, yet there was no

mechanism to ascertain the drawal of foodgrains from FPS under TPDS by persons covered under other schemes; and

- In spite of the fact that various schemes were launched for food security, the availability of foodgrains with the targeted beneficiaries in the State remained low, as the foodgrains availability under Annapurna Anna Yojana remained around 50 *per cent* due to non availability of foodgrains with FCI during the years 2001-02 to 2004-05 and no details about lifting against 20,134.89 quintals allotted during 2005-06 for SC/ST hostel was available with the State Government. The Department also failed to lift 17,821.15 quintals of foodgrains during the years 2003-04 and 2004-05 due to less allocation of foodgrains by the GOI.

The Government stated (January 2006) that due to short release of foodgrains by the FCI, Annapurna Anna Yojana could be implemented only for six months in each year and due to late receipt of allocation of foodgrains and non-release of foodgrains by the FCI, most of the districts failed to lift the allotted quantity for welfare schemes.

3.1.8.9 Subsidy on foodgrains

Subsidy on foodgrains is provided for meeting the difference between the economic cost of foodgrains (procurement and handling) and the central issue price fixed by the Government for PDS and other welfare schemes.

Transportation of PDS items from FCI depots to the declared Public Distribution Centre (PDC) and FPS locations is made by selected carriage contractors who are appointed by the Deputy Commissioner (DC) of the concerned districts. FCI bears the cost of transportation in the form of Hill Transport Subsidy (HTS)/Road Transport Charges (RTC) upto PDCs of the districts. Instructions for payments are given by the FCI to the concerned DCs for making payment to the carriage contractors at the rate fixed by the DCs.

Scrutiny of fixation of carriage rates, HTS claimed, amount released and payments made revealed the following irregularities.

3.1.8.10 Increasing trend of transportation cost of foodgrains

As per the information furnished by the FCI during the period from 2000-01 to 2004-05, the Civil Supplies Department lifted the following quantity of foodgrains (rice and wheat) and released HTS against the bills claimed for transportation of foodgrains.

Table – 3.1

Year	Quantity of foodgrains lifted from FCI depot (in MT)	Amount of HTS released (Rupees in crore)	Average transportation cost per kg of foodgrains (Rupees)	Percentage increase compared to 2000-01
2000-01	33,756	14.52	4.30	--
2001-02	54,765	24.27	4.43	3.02
2002-03	56,457	75.03	13.29	209.07
2003-04	85,272	279.54	32.78	662.33
2004-05	Nil	N.A	N.A	Nil
2005-06	Nil	Nil	Nil	Nil
Total	2,30,250	393.36	54.80	874.42

Source: FCI, Guwahati & Director of Civil Supplies, A.P.

It would be seen from table above that the amount released by the FCI to the State Government for making payment to the contractors against re-imbursement of HTS increased from Rs.4.30 per kg (2000-01) to Rs.32.78 per kg (2003-04).

In view of steep rise in HTS claims and complaints about irregularities in the headload carriage system in Arunachal Pradesh, the FCI suspended payment of HTS claims of the State *w.e.f.* September 2004. As of September 2004, FCI paid Rs.378.84 crore as HTS subsidy to the State, while the State Government released Rs.393.36 crore to the carriage contractor on this account.

The Government thus had to bear excess expenditure of Rs.14.52 crore in this regard. The Government has not stated any reasons for doing so (June 2006).

3.1.8.11 HTS payment made by the Directorate/Secretariat

Till 2000-01, payments of HTS/RTC to the carriage contractors were reimbursed by the concerned DCs on receipt of the amount from FCI. From 2001-02, payments of HTS/RTC have been made by the Director of Civil Supplies, operating a Saving Bank Account with a Nationalised Bank at Itanagar. However, from 2003-04, the payments of HTS/RTC were being made by the Secretary, Civil Supplies Department, operating a Saving Bank Account with a Nationalised Bank at Guwahati (Assam).

During the period from October 2002 to April 2003, FCI released Rs.80.75 crore as HTS in favour of the Director of Civil Supplies and from April 2003 to March 2004 Rs.298.09 crore in favour of the Secretary, Department of Civil Supplies for making payment to the carriage contractors.

Payment of Rs.378.84 crore (HTS claims) made during the period from 2001-02 to 2003-04 could not be vouchsafed in Audit for want of supporting records viz., cash book, Actual Payee Receipts (APRs), details of payees

(carriage contractors), payment orders of FCI in individual cases, etc. On this being pointed out, the Department could not furnish any specific replies (August 2005)

The Government stated (January 2006) that on the issue of payment of HTS during the period in question, a public interest litigation has been filed in the Honourable Guwahati High Court alleging irregularities in PDS including payment of HTS. However, the Department was silent regarding non-maintenance of vital records towards payment of Rs.378.84 crore.

3.1.8.12 Payments made by the District Offices

Scrutiny of records of the DSO, Lower Subansiri District revealed that the District Office received Rs.1.41 crore and Rs.0.88 crore from FCI, North Lakhimpur during the years 2000-01 and 2001-02 respectively for payment of HTS to the carriage contractors. The entire amount was paid to the carriage contractors through a Saving Bank Account without recording details of payment in cash book, etc.

The DSO West Kameng District received a sum of Rs.68.74 lakh from FCI, Tezpur during the period from March 2001 to January 2003 for payment of HTS to the carriage contractors. The entire amount was disbursed to the carriage contractors during the period March 2001 to March 2003.

However, scrutiny of records revealed that FCI, Tezpur had released a sum of Rs.30.00 lakh (April 2002) as ad-hoc payment of HTS bills to three co-operative societies-cum-carriage contractors. However, the District Offices paid only Rs.14.40 lakh (April 2002) to the said co-operative societies and the balance Rs.15.30 lakh to a private carriage contractor as HTS in violation of the instructions of FCI, Tezpur even though no bill was sent to FCI.

The Government admitted (January 2006) that the district authorities had paid Rs.15.30 lakh to a carriage contractor on the basis of his application. The Department was, however, silent regarding non-maintenance of cash book regarding payment of HTS by the Lower Subansiri district authority.

3.1.8.13 Avoidable excess claim of HTS due to allocation of foodgrains by head loads in excess of norms

As per norms fixed by the GOI, beneficiaries under APL, BPL, AAY are entitled to foodgrains at the scale of 35 kg of rice/wheat per month per beneficiary family during the years 2002-03 to 2003-04. Test check of 40 HTS (headload) bills (West Kameng – 5, West Siang – 26 and Lower Subansiri – 9) for the period from February 2003 to March 2005 revealed that the district administration of West Kameng, West Siang and Lower Subansiri districts allotted 48972.88 quintals (West Kameng – 6767.50 quintals, West Siang – 33646.48 quintals and Lower Subansiri – 8558.90 quintals) of rice under the PDS scheme to the wholesale nominees for distribution within the respective districts, far in excess of the prescribed norms as shown in **Appendix – XXIV**.

For the quantity lifted, the districts preferred claim of Rs.38.32 crore (West Kameng – Rs.6.52 crore, West Siang – Rs.21.03 crore and Lower Subansiri – Rs.10.77 crore). The excess allotment of foodgrains beyond the prescribed norms resulted in excess claim of HTS amounting to Rs.29.91 crore (West Kameng – Rs.5.61 crore, West Siang – Rs.14.25 crore and Lower Subansiri – Rs.10.05 crore) as detailed in **Appendix – XXIV**.

The Government stated that bills claim were at submission stage only and that the bills will undergo review before its payment. The reply is not tenable since Rs.378.84 crore was already paid as HTS by FCI through the Directorate and Secretariat during 2001-02 and 2003-04 and the Department has no records regarding the details of payees, APR's payment orders etc.

3.1.8.14 Lack of documentations relating to HTS claims

The genuineness of the claim of Rs.33.10 crore submitted during the period 2000-01 to 2003-04 to FCI, North Lakhimpur by the DSO, West Siang District, Along and claims of Rs.6.80 crore submitted during the same period to FCI, Tezpur by the DSO, West Kameng District could not be vouched in audit for want of supporting documents viz., release order issued by FCI, lifting certificates, transport challans, vehicles Registration Books etc, acknowledgement of receipt of foodgrains by the FPS etc.

The Government stated (January 2006) that all documents were submitted to FCI and not retained in the District offices. The reply indicated lack of proper internal control and the possibility of fraud cannot be ruled out. Further payments of HTS for Rs.39.90 crore could not be vouchsafed in audit for want of documents.

3.1.8.15 Double billing of HTS claim against same release orders Rs.1.85 crore

Scrutiny of records revealed that the DSO, Lower Subansiri District preferred three HTS claims to FCI, North Lakhimpur for transportation of foodgrains in September 2003 for Rs.1.22 crore, Rs.61.17 lakh and Rs.1.85 crore respectively. Cross check of these bills with the release orders issued by FCI revealed that one of the bills (Rs.1.85 crore) was raised again resulting in double billing against the same release orders. The Department, however, could neither offer any information regarding the status of payment of the above mentioned bills from FCI nor initiated any steps to investigate the matter to obviate the scope of double payments.

The Government stated (April 2006) that the position will be intimated on receipt of information from FCI district office.

3.1.8.16 Avoidable excess claim (Road Transport Charge)

HTS is payable for the PDS items lifted from the FCI base depots to various locations of the State. Where the stores have to be lifted from FCI depots (located within Assam) other than the base depot, the transportation charge is

reimbursed by FCI in the form of RTC. During the period from 2000-01 to 2003-04, the FCI reimbursed RTC at the rate of Rs.0.13 per quintal per km.

Scrutiny of records revealed that the Department fixed the rate for plain areas (from FCI base to Likabali being the entry point into Arunachal Pradesh from Assam) at a rate much higher than that paid by FCI as RTC. During this period, the West Siang district lifted 1,36,052.01 quintals of foodgrains from FCI base depot, North Lakhimpur and FCI depot Dhemaji (Assam) for transportation to various destinations within West Siang District via Likabali. When foodgrains were not available in Dhemaji (base depot) the transportation charge from North Lakhimpur to Dhemaji (plain area) was being claimed by the Department and reimbursed by FCI @ Re.0.13 per quintal per km. However, the transportation charge from Dhemaji to Likabali was charged at higher rate(s) from Re.0.63 to Rs.4.54 per quintal per km instead of Re.0.13 per quintal per km as applicable in plain areas of Assam.

Similarly, Lower Subansiri district lifted 126762.82 quintals of foodgrains from FCI base depot, North Lakhimpur to various destinations within Lower Subansiri District via Kimin. The transportation charge from North Lakhimpur to Kimin which falls under plain area was charged at Re.0.55 to Re.0.74 per quintal per km instead of Re.0.13 per quintal per km.

Thus, entertainment of higher transportation rate(s) in plain areas resulted in avoidable excess claim of Rs.2.87 crore as shown in **Appendix – XXV**.

The Government stated (January 2006) that the rate was fixed by FCI prior to 1990 and was very low and not workable at present. Reply is an after thought, the fact remains that two different rates exist for the same route for transportation of foodgrains and no action was taken by Government to get the rate revised.

3.1.8.17 Avoidable excess claim of HTS due to non acceptance of a lower carriage rate for PDS items

The DC, West Kameng district constituted (March 2003) a Board to finalise the carriage rate of PDS items. The Board rejected the lowest rate of Re.0.10 per qtl per km as being unworkable and accepted the 2nd lowest rate of Re.0.89 per qtl per km. The DC forwarded the recommendation of the Board to the Department. The Department, however, rejected the proposal, without any valid recorded reasons, and instructed the District Administration to re-tender. Based on the Department's instruction, the district administration re-tendered and received three valid quotations, and the carriage contract was offered to a private agency at Rs.2.46 per qtl per km.

The carriage contractor transported 15,933.32 qtls of rice during the period from December 2003 to March 2004 and claimed an amount of Rs.48,56,267 as HTS. Thus, due to rejection of a rate of Re.0.89 per quintal per km for hilly

area offered by the Bomdilla Co-operative Society for the year 2003-04, the Department entertained excess HTS charge of Rs.30.99 lakh⁷.

The Government stated (January 2006) that the recommendation of the Board was not accepted as it was not the lowest rate. The reply of the Government is not tenable as the Board had rejected the lowest rate being unworkable and had recommended 2nd lowest rate of Re.0.89 per qtl per km as being reasonable.

3.1.8.18 *Undue financial benefits to the carriage contractors*

Forty six vehicles purchased through financial assistance received from the GOI during the period from 1993-94 to 2001-02 were leased out to carriage contractors for transportation of PDS items from the FCI depots to the PDC and FPS. The carriage contractors were to pay hire charges at different rates ranging from Rs.48,000 to Rs.1,40,000 per month as fixed by the Department *w.e.f.* January 1996.

Scrutiny of records of the Director, Civil Supplies Department revealed that the Department could realise hire charges amounting to Rs.0.57 crore from the carriage contractors during the years 1996-97 to 2004-05 out of Rs.1.69 crore, leaving a balance of Rs.1.12 crore unrealised. The Department has not taken effective steps to realise this balance amount till the date of audit (June, 2006).

The Government stated (January 2006) that notice had been served to clear the outstanding dues. Further development is awaited (June 2006).

3.1.9 *Quality control*

One of the primary objectives of PDS is that the foodgrains distributed to consumers are of good quality and are fit for human consumption. As per PDS (Control) Order 2001, the representatives of the State Government or their nominees and the FCI shall conduct joint inspection of the stocks of foodgrains intended for issue to ensure that the stocks conform to the prescribed quality specifications. However, none of the DSOs (West Kameng, West Siang, Lower Subansiri and Papumpare) could furnish any evidence regarding collection and analysis of samples. On public complaints regarding poor quality of foodgrains being issued from FCI depots, four samples were collected (February 2002) from the FCI depot and sent for laboratory test. As per the Analysis Report (February 2002) the quality of rice (two out of four samples sent for laboratory test) did not conform to the standard as laid down under the Prevention of the Food Adulteration Act, 1954.

The Government stated (January 2006) that the representatives of the State Government visited FCI godowns and jointly inspected the quality of foodgrains. The reply of the Department is not tenable since during the last six

⁷ $\frac{(2.46 - 0.89) \times 100}{2.46} \times Rs.48,56,267 = Rs.30,99,325$

years only four samples were collected from the FCI godowns and sent for laboratory testing.

3.1.10 Vigilance

The PDS (Control) guideline 2001, also envisages constituting Vigilance Committees at State, district and block level for implementation and monitoring the functioning of FPS.

During audit it was noticed that except in the year 2006, no Vigilance Committees were formed at any level during the period from 2000-2001 to 2004-05.

The Government stated (January 2006) that efforts were being made to make the vigilance committees functional.

3.1.11 Inspection by District Level Officer

The PDS (Control) guideline 2001, also envisages inspection of FPS, once in six months to ensure non-pilferage of PDS items and FPS dealers are to adhere to the instructions/guidelines of the Government in the best interests of consumers.

Test Check of records of the DSOs (West Siang, West Kameng, Lower Subansari and Papumpare) revealed that inspection carried out by DSO, during 2000-01 to 2005-06 varied from 1.34 *per cent* to 16.35 *per cent* (details in **Appendix – XXVI**) only, which was attributed to shortage of staff and fund constraints.

While accepting the audit observation, the Department stated (January 2006) that the State Government was making its best efforts to streamline the system.

3.1.12 Monitoring and Evaluation

Monitoring of the scheme at the State level was inadequate. Monthly reports indicating allocation, lifting and distribution are required to be submitted by the FPS to DSO. But no such reports were submitted by the FPS in the two out of four districts test checked. There was also delay in submission of monthly reports by the DSOs to the Directorate.

Delay in submission of returns to the GOI by the State Government varied from 2 to 15 months.

Evaluation of the scheme as a whole was not done and thus impact of the scheme remained unassessed.

3.1.13 Conclusion

There was huge gap between the requirement and lifting of foodgrains which implied that norms of supply were not followed. There was no basis on which survey was conducted for identification of beneficiaries and also no assurance that beneficiaries were receiving the right quantity and quality of foodgrains. There were excess claims of HTS due to excess allotment of foodgrains beyond the prescribed norms. Claims for HTS were not supported by any documentary evidence. Undue financial aid was extended to the carriage contractors by way of non recovery of hire charges. There was total lack of supervision and monitoring in the implementation of the programme.

3.1.14 Recommendations

- **Beneficiaries may be identified through a proper methodology involving Gram Sabhas/Gram Panchayats to ensure that only persons belonging to really poor and vulnerable sections of the society are covered.**
- **Supply of the prescribed quantity and quality of foodgrains to the identified beneficiaries should be ensured.**
- **Payments should be made only after proper verification of documents.**
- **HTS claims and payments made in this regard need to be investigated.**
- **Government/Department should ensure that all the necessary records are maintained at State, district and block level.**
- **Inspection, Vigilance and Evaluation mechanisms need to be strengthened.**
- **State Government should display information on PDS as required under Right to Information Act.**

ENVIRONMENT AND FOREST DEPARTMENT

3.2 Wild life preservation under Centrally Sponsored Scheme

Highlights

The objective of preservation of wild life in accordance with the Wild Life Protection Act, 1972 and National Wild Life Action Plan (NWLAP) 2002-16 was not achieved in Arunachal Pradesh in full due to the absence of financial control, delay in formulation of Management Plans (MP), State Government's inability to tackle the encroachment problems and lack of planning and prioritisation of preservation/conservation measures.

The MPs of 11 out of 12 Protected Areas (PA) were neither approved by the State Government nor submitted to the GOI.

(Paragraph 3.2.9)

Due to delay in release of funds by the State Government, in two to nine months the PA managers were unable to utilise the full funds leading to savings in each year. These savings in turn deprived the PAs of Central Assistance (CA) of Rs.4.50 crore.

(Paragraph 3.2.12.4)

The Department unauthorisedly released and utilised Rs.1.19 crore and Rs.88.29 lakh in areas outside the notified Elephant Reserve (ER).

(Paragraph 3.2.13.1)

The Department installed 33 wireless sets including generators which remained inoperative leading to unfruitful expenditure of Rs.66.33 lakh.

(Paragraph 3.2.13.2)

In three PAs, Rs.66.26 lakh was spent in 13 cases where as the works were neither executed nor the material received.

(Paragraph 3.2.13.3)

Failure to declare 10 Km area around the PAs as eco-fragile zone adversely affected the wildlife habitats including loss of interest of Rs.46.74 lakh in Pakke PT and Eagle nest Wild Life Sanctuary (WLS).

(Paragraphs 3.2.15.1, 3.2.15.2 & 3.2.15.3)

462 people who encroached into 131 hectares of land in core zone of National Project Tiger (NPT) were not evicted. Fine of Rs.4.22 crore though leviable was also not levied.

(Paragraph 3.2.16.1)

13670 local tourists with 2070 vehicles entered the NPT without permits and without payment of entry fee of Rs.3.44 lakh. Besides, fine of Rs.34.17 crore though leviable in these cases was not levied.

(Paragraph 3.2.20.2)

3.2.1 Introduction

The State of Arunachal Pradesh (AP), rich in forest and wildlife, has 68847 square kilometres (sq km) of forest cover area. The State Government notified two Projects Tiger (PT)⁸, one Elephant Reserve (ER)⁹, eight Wildlife Sanctuaries (WLS)¹⁰ and one National Park (NP)¹¹ covering 11420.485 sq km (out of 68847 sq km) spread over ten out of 16 districts¹² as Centrally Sponsored Schemes (CSS) between June 1978 and June 2002.

The main objective of the schemes is to conserve flora and fauna with specific stress on maintenance of viable population of endangered species, particularly tiger with its prey base and habitat for scientific, economic, aesthetic, cultural and ecological values. Functioning of the schemes is governed under the provisions of the Wildlife Protection Act (WLP) 1972, besides, instructions issued from time to time by the Central and the State Boards of wildlife and the Union Ministry of Environment and Forest (MOEF).

3.2.2 Organisational set up

The Environment and Forest Department is responsible for undertaking the activities relating to wildlife preservation in the State. The organisational set up of the Department is detailed below:

⁸ *Namdapha (1985.235 sq. km in January 1986 and March 1987 and Pakke (861.95 sq. km in April 2002).*

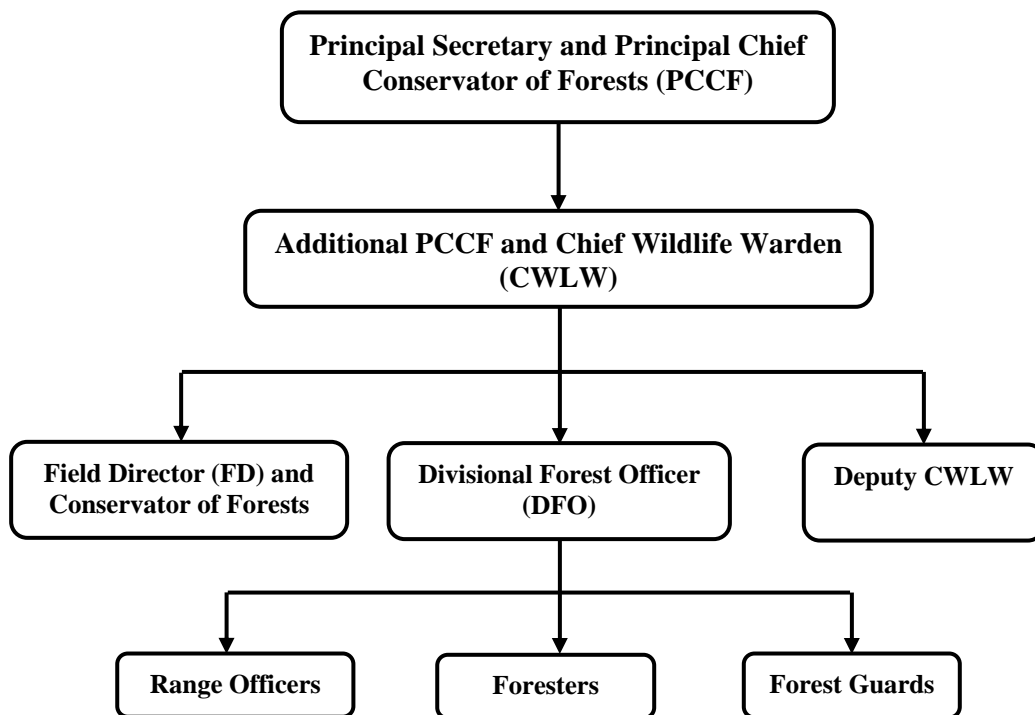
⁹ *Kameng (1892 sq. km in June 2002).*

¹⁰ *Eagle nest (217 sq. km in October 1989), Sessa Orchid (100 sq. km in October 1989), Tale (337 sq km in July 1995), Itanagar (140.8 sq. km in June 1978), Dibang (4149 sq. km in March 1998), Kamlang (783 sq. km in October 1989), 'D' Ering (190 sq. km in August 1978) and Mehao (281.5 sq. km in December 1980).*

¹¹ *Mouling (483 sq. km in December 1986).*

¹² *East, West Kameng, Upper, Lower Dibang Valley, Upper, East Siang, Papumpare, Changlang, Lohit, Lower Subansiri.*

Chart – 3.5



3.2.3 *Audit objectives*

The review was aimed at ascertaining:

- the effectiveness and adequacy of the Wildlife Protection Act, Rules and Procedures framed thereunder in management of Protected Area (PA);
- the economy and efficiency in functioning of the PAs particularly in areas of financial management, programme management, conservation of flora and fauna, protection measures, promotional activities in the PA and manpower management; and
- the efficiency and effectiveness of monitoring and evaluation.

3.2.4 *Scope of audit*

Performance review of wildlife preservation activities was conducted through a test check of the records of the Principal Secretary and PCCF and the CWLW, Itanagar including the records of six selected PAs out of 12 PAs for the years 2001-02 to 2005-06 during April – May 2006.

3.2.5 *Audit criteria*

Audit objective and findings were benchmarked against the following criteria:

- Management Plans (MP) and Annual Plan of Operations (APO);
- Provisions of Wildlife Protection Act 1992 and National Wildlife Action Plan 2002-16;
- Instructions and guidelines of the Central and State Boards of Wildlife and MOEF; and
- Prescribed monitoring mechanism.

3.2.6 Audit methodology

An entry conference was held on 30 December 2005 with the Secretary, Department of Environment and Forest wherein the audit objectives, scope, criteria and methodology was explained.

Namdapha and Pakke PT being flagship programmes of wildlife conservation and Kameng ER being the single project in the State were selected for 100 *per cent* coverage. Eagle nest, Itanagar and Tale WLS were selected for test check out of the balance nine PAs through random sampling.

Audit methodology involved issue of questionnaires and analysis of reports, project reports, including examination of procedures/data in respect of MPs, APOs, demand, allotment and utilisation of funds under CSS.

An exit conference was held in August 2006 with the Secretary, Department of Environment and Forest and replies of the Government/Department have been incorporated in the review where appropriate.

3.2.7 Audit findings

Performance Audit of the Department revealed that due to delay in release of funds by two to nine months, the Managers of PAs were deprived of central assistance of Rs.4.50 crore. The MPs of 11 out of 12 PAs though prepared were neither approved by the State Government nor submitted to the GOI and MP in respect of Kameng ER was not prepared. Besides, failure to declare 10 km area around the PA as eco-fragile zone adversely affected the wildlife habitats. Also, a fine of Rs.4.22 crore was leviable on 462 people encroaching 131 hectares of land in core zone of NPT but neither any fine was levied nor were the people evicted.

3.2.8 Project formulation and planning

Feasibility report justifying continuance of the schemes during Tenth Plan was to be prepared by Divisional Officers based on surveys/studies showing modifications/amendments if any, in the original project reports and get it approved from the GOI.

No Manager of PAs except one (Namdapha Project Tiger) prepared any such proposal. The schemes for wildlife preservation were continued in Tenth Plan

period without framing any programme duly approved by the GOI. Thus, no planning was in place for implementing wildlife conservation during Tenth Plan period.

3.2.9 Management Plans

MP is an instrument that ensures policy based action for scientific management of PAs as against the personal approach and casual action that may not fall in the ambit of priority. Besides, the MP is an institutional mechanism to guide the Manager in management practice and proper monitoring with reference to such plan. The Supreme Court of India¹³ directed in February 2000 that conservation activities in PAs shall not be undertaken unless the MP is approved by the GOI.

The Managers of 11¹⁴ out of 12 PAs submitted MPs to the State Government between July 1995 and September 2004 for approval of detailed programmes of conservation activities to be carried out for scientific management of PAs during five to ten year periods falling between 1997-98 and 2008-09. The State Government did not approve the MP nor was it submitted to the GOI for approval. No reason was recorded for doing so. The MP in respect of the other PA¹⁵ was not prepared till date. Thus, in the absence of an approved MP, conservation activities in each PA were carried out in an adhoc manner without prioritisation, apart from violating the Supreme Court's directives.

3.2.10 Annual Plan of Operation (APO)

The annual programme of wildlife conservation activities in each PA is sanctioned by the MOEF, by way of APO. The APO is required to be submitted by the State Government to the GOI for approval before commencement of the financial year so that the seasonal works could be taken up at the beginning of the financial year.

It was observed that the State Government submitted APOs to the MOEF in respect of 12 PAs belatedly between May and July each year without any recorded reason. Consequently, there was delay ranging between 1 and 10 months in approval of APOs and release of funds by the MOEF as tabulated below:

¹³ *T.N. Godavarman Thirumulpad versus Union of India and others in writ petition (Civil) No.202 of 1995.*

¹⁴ *Namdapha PT, Pakke PT, Eagle nest WLS, Sessa Orchid Sanctuary, Itanagar WLS, Tale WLS, Dibang WLS, Kamlang WLS, D'Ering WLS, Mehao WLS and Mouling NP.*

¹⁵ *Kameng ER.*

Table – 3.2

(Rupees in crore)

Year	Date of submission of APOs	Date of sanction of funds by the GOI	Funds sanctioned/ released
2001-02	Between May and July	Between May 01 and February 02	4.86
2002-03	Between June and July	Between July 02 and March 03	2.85
2003-04	Between May and June	Between July 03 and March 04	3.93
2004-05	Between May and July	Between July 04 and March 05	3.61
2005-06	Between May and June	Between June 05 and March 06	4.80
Total			20.05

Source: APOs, GOI's sanction orders and information furnished by the Departments.

Further, in four out of 12 PAs¹⁶ the scheme could not be implemented as no funds was released between 2001-02 and 2004-05 for delayed finalisation of APOs.

3.2.11 Targets and achievements

The Managers of 12¹⁷ PAs set financial and physical targets in the form of APOs after survey and investigation duly supported by detailed estimates of works in anticipation of financial assistance from the Central and the State Governments under CSS. The State Government, however, sanctioned and released funds by reducing the financial targets. In spite of that, the shortfall in achievement of financial targets ranged from 30 to 83 *per cent* during 2001-02 to 2005-06 as tabulated below:

Table – 3.3

(Rupees in crore)

Year	Targets	Achievements	Shortfall (-)
2001-02	6.56	4.58	(-) 1.98 (30)
2002-03	9.66	1.87	(-) 7.79 (81)
2003-04	11.99	2.36	(-) 9.63 (80)
2004-05	12.70	2.71	(-) 9.99 (79)
2005-06	23.93	4.03	(-) 19.90 (83)

Sources: APOs and information furnished by the Department.

Figures within the bracket represent percentage of shortfall

The shortfall in achievement of physical targets in respect of 77 important components of wildlife conservation in six¹⁸ (out of 12) PAs test checked ranged from 13 to 100 *per cent* during the five years ending 31 March 2006 as

¹⁶ Pakke PT – 2002-03, Itanagar WLS – 2002-03, Eagle nest WLS – 2002-03, 2003-04, Kamlang WLS – 2001-02, 2002-03, 20004-05.

¹⁷ Namdapha PT, Pakke PT, Elephant Project, Itanagar WLS, Tale WLS, Eagle nest WLS, Sessa Orchid Sanctuary, Mehao WLS, Kamlang WLS, Dibang WLS, D'Ering WLS, Mouling NP.

¹⁸ Namdapha PT, Pakke PT, Eagle nest WLS, Itanagar WLS, Tale WLS, Kamlang ER.

shown in **Appendix – XXVII**. Thus, there was consistent shortfalls in achievement of both financial and physical targets leading to non fulfilment of the objectives of the scheme in all the years.

The Government stated (August 2006) that adequate steps would be taken to achieve the targets in future.

3.2.12 *Financial management and controls*

3.2.12.1 *Funding pattern*

The cost of non recurring items such as infrastructure and eco-development etc. in and around the PA is fully funded by the MOEF, while the cost of recurring items like maintenance of assets erected in each PT and NP is shared equally by the MOEF and the State Government.

3.2.12.2 *Budget grant and actuals*

It was observed that release of funds compared to the final grants varied from 15 to 34 *per cent* (excess) in all the years except in 2001-02 when the short release of funds was 10 *per cent*. Besides, there were persistent savings against release of funds ranging from 6 to 40 *per cent* in all the years as tabulated below:

Table – 3.4

(Rupees in crore)

Year	Final budget grant	Actual release	Excess (+)/Less (-) release	Expenditure		
				Actual	Short fall (-)/ Excess (+) over final budget grant	Saving (-) against actual release
2001-02	5.43	4.86	(-) 0.57 (10)	4.58	(-) 0.85 (16)	(-) 0.28 (6)
2002-03	2.17	2.85	(+) 0.68 (31)	1.87	(-) 0.30 (14)	(-) 0.98 (34)
2003-04	2.94	3.93	(+) 0.99 (34)	2.36	(-) 0.58 (20)	(-) 1.57 (40)
2004-05	3.14	3.61	(+) 0.47 (15)	2.71	(-) 0.43 (14)	(-) 0.90 (25)
2005-06	3.85	4.80	(+) 0.95 (25)	4.03	(+) 0.18 (5)	(-) 0.77 (16)
Total	17.53	20.05	(+) 2.52	15.55	(-) 1.98	(-) 4.50

Sources: Detailed Appropriation accounts and Information furnished by the Department.
Figures in bracket represent percentage.

The release of funds and expenditure thereagainst were not in conformity with budgetary allocation in all the years, indicating that the budget was not framed on realistic basis.

The reason for such variations though called for were not received.

3.2.12.3 *Discrepancy between expenditure figures of Appropriation Accounts and Departmental records*

It was noticed that the Wildlife Wing of Forest Department did not reconcile the expenditure figures under CSS (PAs) with those of the Appropriation

Accounts. The extent of variation between figures (CSS-PAs) of Appropriation Accounts and Departmental figures was as under:

Table – 3.5

(Rupees in crore)

Year	Expenditure as per detailed Appropriation Accounts	Expenditure as per Departmental records	Difference compared to Appropriation Accounts Excess(+)/Less(-)
2001-02	4.56	4.58	(+) 0.02
2002-03	2.04	1.87	(-) 0.17
2003-04	2.39	2.36	(-) 0.03
2004-05	2.71	2.71	Nil
2005-06	4.16	4.03	(-) 0.13
Total	15.86	15.55	(-) 0.31

Sources: Detailed Appropriation Accounts and information furnished by the Department

The reason for discrepancies had not been analysed or stated by the Government.

3.2.12.4 Delay in release of funds

As per the recommendations of the 36th meeting of the Steering Committee and directives of the MOEF, in May 2000, the State Government is to release funds to the Managers of PA within six weeks from the date of release of funds by the MOEF. Further, the Supreme Court of India¹⁹ directed in February 2005 that the State Government should release funds to the field formations within 15 days of sanction by the MOEF so that the amount of assistance is fully utilised for the purpose for which it was granted. The amount sanctioned and released by the MOEF and the State Government and expenditure incurred thereagainst as per the departmental records during 2001-06 were as under:

Table – 3.6

(Rupees in crore)

Year	Amount sanctioned and released				Actual expenditure				Saving (-)
	Recurring ²⁰		Non recurring	Total	Recurring		Non recurring	Total	
	State assistance 50%	Central assistance 50%	Central assistance 100%		State assistance	Central assistance			
2001-02	0.26	0.26	4.34	4.86	0.26	0.26	4.06	4.58	(-) 0.28
2002-03	0.07	0.07	2.71	2.85	0.07	0.07	1.73	1.87	(-) 0.98
2003-04	0.16	0.16	3.61	3.93	0.16	0.16	2.04	2.36	(-) 1.57
2004-05	0.20	0.20	3.21	3.61	0.20	0.20	2.31	2.71	(-) 0.90
2005-06	0.31	0.31	4.18	4.80	0.31	0.31	3.41	4.03	(-) 0.77
Total				20.05				15.55	4.50

Sources: GOI and State Government's sanction orders, annual progress reports prepared by the Department.

¹⁹ Navin M. Raheja versus Union of India and others in writ petition (Civil) No.47/1998.

²⁰ Expenditure in respect of two PT and one NP.

It was however, noticed that the MOEF sanctioned and released funds between May and March and the State Government sanctioned and released funds belatedly between November and March in each financial year without any recorded reason. The extent of delay in release of funds ranged from two to nine months from the date of release of funds by the MOEF. Further, the State Government released funds through monthly Letter of Credit (LOC) system without linking it to the periodical requirement for conservation works. Thus, the funds were not fully utilised for the purpose for which these were granted leading to savings in all the years violating the Hon'ble Apex Court's orders. Besides, the PAs lost the benefit of central assistance of Rs.4.50 crore in the last five years.

The Government stated (August 2006) that the matter would be taken up with the concerned Department for release of funds in time.

3.2.12.5 Non creation of trust funds out of revenue generated

As per National Wild Life Action Plan (NWLAP) 2002-16 all tourism receipts and penalties collected from PAs should go to a local trust fund to be operated by Joint Committees headed by the PA Manager. 70 and 30 *per cent* of the funds should be utilised for community benefit works and for development activities of the PAs respectively.

It was noticed that revenue amounting to Rs.7.88 lakh (entry fee, room rent etc.) was collected by the Managers of five PAs²¹ during the five years ending 31 March 2006 and deposited into Government account through treasury challan instead of creating local trust funds and depositing the amount therein.

3.2.13 Expenditure from project funds

3.2.13.1 Unauthorised utilisation of project funds

The MOEF directed in August 2000 that an Elephant Reserve (ER) though not a legal entity under the WLP, Act, 1972 can be notified in the same manner as Tiger Reserve and Biosphere Reserve. Further, the MOEF directed the State Government in March 2002 that 60 *per cent* of Central Assistance (CA) under CSS (PE) should be utilised for notified ER and 40 *per cent* should be spent for general elephant management.

It was noticed that based on GOI's approval in March 2002, the State Government notified Kameng ER as Elephant Reserve in June 2002. This comprised 1892 sq km falling under the jurisdiction of the DFOs, WLS Division, Seijosa and Khellong Forest Division, Bhalukpong in East and West Kameng Districts. The Department kept provision in the draft APO for 2002-03 to utilise 60 *per cent* of CA under CSS(PE) for Kameng ER and 40 *per cent* for other areas as per the directives of the GOI. The wild elephant population in Kameng ER was 86, 114 and 230 as per census reports of 2001-02, 2002-03 and 2004-05 respectively. The census report of wild elephants in other areas of

²¹ Namdapha PT, Pakke PT, Eagle Nest WLS, Itanagar WLS, Tale WLS.

the State was not on record. As such, 60 per cent CA under CSS(PE) was to be released and utilised for the lone notified Kameng ER for conservation of elephants and development of their habitats. Instead, only 13 to 39 per cent was released and 4 to 40 per cent was utilised for Kameng ER during the four years ending 31 March 2006 as tabulated below:

Table – 3.7

(Rupees in lakh)

Year	Total CA under CSS-PE for the state				Total CA under CSS-PE for Kameng ER			
	Released		Utilised		Released		Utilised	
	Total	60%	Total	60%	Total	Percentage with reference to total release	Total	Percentage with reference to total utilisation
2002-03	93.34	56.00	60.13	36.08	11.89	13	2.55	4
2003-04	94.21	56.53	61.99	37.19	36.43	39	25.02	40
2004-05	91.22	54.73	75.27	45.16	25.46	28	25.34	34
2005-06	87.45	52.47	73.33	44.00	27.16	31	21.23	29
Total	366.22	219.73	270.72	162.43	100.94	28	74.14	27

Sources: Information furnished by the Department.

This had not only led to unauthorised release and utilisation of project funds of Rs.1.19 crore and Rs.88.29 lakh respectively for other areas without ensuring existence of elephant corridor in these areas but the Kameng ER also lost the benefit of project funds to that extent.

The Government stated (August 2006) that the ratio of 60:40 would be followed from next year.

3.2.13.2 Installation of defective wireless sets

The MOEF sanctioned and released Rs.26.20 lakh and Rs.41.71 lakh under 100 per cent CSS (PE) in June 2001 and August 2002 respectively to install wireless sets for protection duty in elephant habitation areas. The State Government however released funds to CWLW in March 2002 and March 2003.

The CWLW, Itanagar purchased 33 wireless sets including 33 generator sets at a cost of Rs.66.33 lakh in March 2002 and March 2003 and installed these sets for protection duty outside the elephant habitats and their corridors except two places²² within Kameng ER. It was observed in Audit that the wireless sets had gone out of order immediately after installation (between April 2002 and June 2003). Thus, the communication network in the PAs remained non functional due to installation of defective wireless sets leading to unfruitful expenditure of Rs.66.33 lakh. It was also observed that the warranty clause was not included in the supply order or the agreement.

²² Bhalukpond and Seijosa.

3.2.13.3 *Misuse of project funds*

Whenever any work is to be executed or any material is to be purchased by any Government Department, relevant records like estimate, sanction order, stock account, measurement book etc., in support of execution of work and procurement of materials are required to be maintained by the concerned office. The annual progress reports of three PAs (out of six²³ test checked) revealed that in 13 cases expenditure of Rs.66.26 lakh was incurred on construction of buildings, roads and for purchase of materials under CSS between April 2001 and October 2002 as shown in **Appendix – XXVIII**.

The Managers of these PAs however, did not maintain records like sanctioned estimates, tender, work/supply orders, stock accounts, measurement book (MB) in support of these works executed between April 2001 and March 2003. Further, inspection report of superior officer of the Department in respect of these works was not on record except in case of Sl. No. 3 and 8 of the **Appendix – XXVIII**. The inspection reports of the Deputy CWLW, Naharlagun (August 2002) and the CWLW, Itanagar (November 2005) disclosed that the works at Sl. No. 3 and 8 were also not carried out. Thus the expenditure of Rs.66.26 lakh being fictitious cannot be ruled out.

The Government stated (August 2006) that the matter had been referred to vigilance for investigation and result thereof would be intimated to Audit.

3.2.13.4 *Unfruitful expenditure*

The MOEF allocated Rs.10 lakh under CSS-PT during 1998-99 for construction of cable suspension bridge over river “Noa Dihing” at Deban in Namdapha Project Tiger (NPT) to facilitate proper patrolling in northern part of the project. Due to non utilisation of the funds, the MOEF revalidated the same during 1999-2000 and 2002-03, still the Department failed to utilise the funds without any recorded reason.

The MOEF again revalidated the unspent amount of Rs.10 lakh and released an additional amount of Rs.10 lakh (phase I) in June 2003 to execute the work in 2003-04. The State Government accorded sanction for Rs.20 lakh in March 2004 and decided to get the work executed through the Executive Engineer (EE), Irrigation and Flood Control Department (IFCD), Bordumsa at an estimated cost of Rs.97.38 lakh without fixing any time schedule for completion of the work. Though the MOEF released Rs.20 lakh, the Manager of NPT, without any recorded reason paid Rs.13.40 lakh only in advance to the EE, IFCD in March 2004. The EE, IFCD utilised the amount towards survey and purchase of materials like cement, rod and sausage wire. As of January 2006 the physical progress of the work was nil. Thereafter, the MOEF did not release any further funds for the work. The State Government also did not initiate any action to get any funds released from MOEF. Thus, while the expenditure of Rs.13.40 lakh remained unproductive, non construction of the suspension bridge adversely restricted the patrolling of NPT.

²³ Itanagar WLS, Tale WLS, Namdapha PT, Project Elephant, Pakke PT, Eagle nest WLS.

There were deficiencies in financial management, leading to delay in release of funds, unauthorised utilisation of funds, misuse of project funds and unfruitful expenditure under different components of the scheme. There were also instances of loss of revenue, irregular exemption from permit/entry fee as would be evident from the observations made in the succeeding paragraphs.

3.2.14 Programme management

3.2.14.1 Project area not encompassed legally

Under Section 35 of the WLP Act, 1972 the State Government shall declare by notification any area, whether within a WLS or not, as NP. Under the Assam Forest Regulation 1891 (as adopted by the Government of Arunachal Pradesh) the State Government by notification in January 1987 declared 177.415 sq km of reserve forest for addition to the Namdapha Reserve Forests which is used as buffer zone in NPT since then. The State Government did not notify this area (177.415 sq km) for inclusion in NPT under the WLP Act 1972 till date. Thus, 177.415 sq km of NPT is yet to get legal status.

Under the WLP Act, 1972 no alteration of the boundaries of a sanctuary shall be made by the State Government except on recommendation of the National Board of Wildlife (NBWL).

The State Government, without recommendation of the NBWL notified in August 1978 that 4353 hectares (43.53 sq km) of Itanagar WLS should be under the administrative jurisdiction of the Capital Project. The notification is silent about the Act, under which the area was diverted for non forest purpose. Thus, the diversion of land (43.53 sq km) was irregular and in violation of the Act.

The Government stated (August 2006) that efforts would be made to regularise the diversion of land as per rules.

3.2.15 Restoration of degraded habitats outside PAs

3.2.15.1 Non declaration of area outside PAs as ecologically fragile

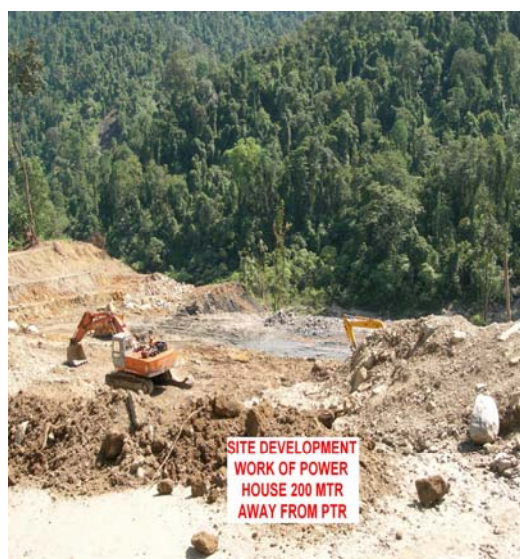
Under the WLP Act, 1972 and the NWLAP 2002-16 the State Government was to identify key factors responsible for degradation of habitats including grasslands, wetland, forests, etc. outside PAs particularly in areas adjacent to PAs. The process of identification and declaration of areas as eco-sensitive zone for protecting flora and fauna and their habitats was to be completed by 2004. Further, as per Wildlife Conservation Strategy 2002 approved in XXIst meeting of the Indian Board of Wildlife (IBWL) under the chairmanship of the Hon'ble Prime Minister, land falling within 10 km of boundaries of PAs should be declared as ecologically fragile zone.

It was observed that the State Government did not initiate any action either to identify or to declare any area outside the boundaries of PAs as ecologically fragile till May 2006 with the result that activities of the populace outside the boundaries were adversely affecting the wildlife inside the PAs.

The Government stated in August 2006 that the PA Managers would be directed to identify the eco fragile zone around the PAs.

3.2.15.2 Adverse impact of construction activities by Kameng Hydro Electric Project (KHEP) on PAs

Under the Forest Conservation Act, 1980, the MOEF, in consultation with the State Government, diverted 710 hectares of forest land falling within 200-400 meters of boundaries of Pakke PT and Eagle nest WLS in August 2000 for construction of KHEP. The KHEP started construction of roads, buildings, power house etc. in areas within close proximity (200-400 mtrs) of boundaries of PAs by mobilising huge work force and using blasting materials, heavy tools and plants etc. since 2001-02. Such activities created heavy noise and environment pollution in the area causing immense damage to the pristine ecosystem including flora and fauna of the adjoining PAs.



ADVERSE IMPACT

Therefore, in order to improve the conditions, the Manager of the PAs submitted an estimate of Rs.1.69 crore to the PCCF in April 2006 for taking immediate corrective measures like growing plantation, restoration of wild life corridor, habitat enrichment, installation of wireless sets etc. to prevent further damage of flora and fauna and their habitats in the PAs. The estimate however remained unattended in PCCF's Office. Thus, failure of the State Government to declare eco-fragile area outside the PAs had a devastating effect on wildlife habitats as protective measures against noise and environment pollution and preservation of flora and fauna could not be initiated.

3.2.15.3 Loss of revenue

The MOEF instructed in March 2004 that funds received from any user agency towards Compensatory Afforestation (CA) charges for diversion of forest land for non forestry purpose should be kept in the form of fixed deposit (FD) in a nationalised bank (NB) in the name of the concerned DFO or the Nodal Officer (Forest Conservation). Further, the MOEF, as per the directions of the Supreme Court of India (October 2002) issued a notification in April 2004 constituting the CA Fund Management and Planning Authority (CAMPA) for management of money received towards CA charges. But the CAMPA has remained inoperative and the CA charges are not being managed as per the GOI's notification.

It was noticed that the KHEP paid Rs.6.41 crore towards CA charges to the State Government for diversion of 710 hectares of forest land for non-forestry purposes between March 2000 and January 2005. The State Government deposited the amount into the Forest Remittance head of account and into the Reserve Funds not bearing interest between May 2000 and March 2005. This resulted in loss of interest of Rs.46.74 lakh during the period between March 2004 and the date of audit (May 2006) calculated at the rate of interest at 5 and 5.5 per cent per annum as prescribed by the State Bank of India.

3.2.16 Encroachment

3.2.16.1 Unauthorised occupation of 131 hectares of land in NPT

Under Section 34A of the WLP Act, 1972 read with Section 72C of the Assam Forest Regulation 1891 (as adopted by Arunachal Pradesh) if any person unauthorisedly occupies land in a reserve forest in which he has not been allowed to settle, the Forest Officer shall eject or order him to vacate the land forthwith and confiscate or destroy any crop raised and any building constructed on such land. Further, if any person intentionally disobeys such order, he shall be liable to pay penalty which may extend to Rs.200 and if such disobedience continues, he shall be liable to pay further fine which may extend to Rs.50 per day during the period of such breach.

In NPT, since 1995, 462 people of 84 families belonging to the Lishu Community encroached (April 2001) upon 131 hectares of land in the core

zone of the project. The State Government has not prepared any plan to relocate them outside the PA till May 2006. However, the Department served eviction notices on the encroachers in May 2003 but the encroachers have not vacated the land. The presence of Lishues is not only violative of the Act but is also a serious threat to the tigers and its prey base. Further, a maximum fine of Rs.4.22 crore²⁴ leviable in these cases was not levied.

The Government stated (August 2006) that action would be initiated to relocate the encroachers.

3.2.16.2 Unauthorised entry and destruction of Government property in PA

Under the WLP Act, 1972, no person shall enter or destroy any property in a PA unless a permit is granted by the CWLW in consultation with the State Government and the State Board of Wildlife.

It was observed that the Border Road Task Force (BRTF) unauthorisedly entered the Eagle Nest WLS for construction of road and destroyed building valued at Rs.6.60 lakh belonging to the sanctuary without any permit from the CWLW during 2001-02. On intervention of the CWLW, the BRTF stopped the work and vacated the land (112.80 hectares) in April 2002. But the Department did not initiate any action to recover the value of building destroyed by the BRTF.

3.2.17 Role of Non-Government Organisations (NGOs) in conservation of wildlife

3.2.17.1 Non-receipt of financial assistance extended by NGO

The World Wide Fund for Nature India (NGO) extended a package assistance amounting to Rs.22.17 lakh²⁵ to NPT in June 2000 and requested the State Government in July 2000 to open a Public Deposit Account (PDA) in favour of the manager of NPT so that the amount of assistance could be deposited into PDA for execution of works locally.

It was noticed that the NGO delivered package assistance in kind valued at Rs.11.56²⁶ lakh in August 2001 and March 2002. The NGO did not release the balance assistance due to the failure of the State Government to open PDA. This led to non receipt of further financial assistance of Rs.10.61 lakh.

The Government admitted (August 2006) the facts without explaining the reason for not opening the PDA.

²⁴ 462 people x 1825 days x Rs.50

²⁵ One diesel jeep, one tractor, seven radio stations, 15 hand sets with batteries, accessories of radio sets, seven solar panels and filed equipments Rs.11.56 lakh
Amount for construction of camps, buildings and motorised boat Rs.10.61 lakh
Rs.22.17 lakh

²⁶ One diesel jeep, one tractor, seven radio stations, 15 hand sets with batteries, accessories of radio sets, seven solar panels and filed equipments - Rs.11.56 lakh.

3.2.18 Census of wild animals

3.2.18.1 Non maintenance of records

Under the NWLAP 2002-16, the State Government is to identify the threatened species of flora and fauna analyse the key threats to their survival and develop an action plan to deal with the problems.

It was noticed that the CWLW did not maintain any record showing the threatened species of flora and fauna in the State. Consequently, no action plan was developed to deal with the problems.

In reply, the Government stated in May 2006 that the information would be collected from field formations and records would be maintained.

3.2.18.2 Non completion of census report

As per guidelines of the MOEF, census of wild animals is to be carried out annually.

It was observed that census of wild animals was carried out biennially instead of annually in four out of six PAs²⁷ test checked. In the remaining two PAs²⁸ census was not carried out. The PA Managers submitted census report to the CWLW with copies to the MOEF without indicating the reason for increase/decrease in number. It was also noticed that census in NPT was conducted in 704 sq km. out of 1982.235 sq km. of the project area. No census was carried out in the remaining 1278.235 sq km. due to density of forest, difficult hilly terrain and lack of logistics support.

Thus, on account of non-completion of census report the wildlife population in the State could not be vouched for.

3.2.19 Protection measures and offence cases

3.2.19.1 Inadequate/ineffective protection measures

Under the NWLAP 2002-16, the State Government should grant status at par with the police to the wild life staff by 2003 for use of sophisticated weapons and they should be equipped with adequate arms and ammunition to combat poaching and illegal activities in PAs. The MOEF directed in September 2001 that the patrolling strategy and antipoaching measures should be accorded topmost priority and ever vigilant and motivated frontline staff should be deployed to maintain a reliable and round the clock patrolling in PAs. As per the norms, patrolling area coverage by each camp/chowki should ideally be 25-30 sq km. Further, the age of a Forest Guard/Forester should range between 18 and 35 years as per the norms fixed by the Wildlife Institute of India.

²⁷ Namdapha PT, Pakke PT, Kameng ER, Eagle nest WLS, Itanagar WLS, Tale WLS.

²⁸ Itanagar WLS, Tale WLS.

It was noticed that Managers of six PAs²⁹ test checked, established 26 antipoaching camps for patrolling in 3889.985 sq km of PAs with the help of 28 Foresters (one lady) and 34 Forest Guards (six ladies). The average age of the Foresters/Forest Guards on roll ranged between 33 and 46 years against the norms of 18 to 35 years. Based on MOEF's norms of 25-30 sq km per camp/chowki, only 780 out of 3889.985 sq km was possible to be covered by the existing patrolling camps. The State Government also did not grant status at par with the Police to the protection staff nor were they equipped with adequate arms and ammunition. Further, the balance 3109.985 sq km of PAs remained totally unguarded and exposed to random poaching/hunting. This reflects the poor state of affairs of surveillance and inequitable coverage of patrolling in the PAs.

In reply, the Government stated (August 2006) that the matter had been taken up with the concerned authorities for filling up the vacant posts; further development is awaited.

3.2.19.2 Pendency of offence cases

Under the NWLAP 2002-16, the State Government is to provide training to the staff of wildlife wing for effective and speedy disposal of wildlife related cases through special courts and public prosecutors.

The CWLW and the PA Managers did not maintain the register of wildlife offence cases. Records of six PAs³⁰ test checked revealed that 37 cases were pending in the Court of which 10 cases are more than five years old. The State Government did not initiate any action to get the cases expeditiously disposed through Special Courts and public prosecutors as required under the NWLAP 2002-16.

3.2.19.3 Absence of precautionary action

The MOEF directed the State Government in April 2004 to take special precaution to avoid death of wild animals due to electrocution.

²⁹

Namdapha PT – 1985.235 sq km	10 Camps, 8 Foresters – average age 33 years, 11 Forest Guards (three ladies) – average age 40 years.
Pakke PT – 861.95 sq km	13 camps, 10 Foresters – average age 46 years, 10 Forest Guards (one lady) average age – 35 years
Eagle nest WLS – 217 sq km	
Kameng ER – 348 sq km	
Itanagar WLS – 140.8 sq km	3 Camps, 6 Foresters – average age 33 years, 9 Forest Guards (one lady) average age 38 years
Tale WLS – 337 sq km	Camp Nil, 4 Foresters (one lady) average age 33 years, 4 Forest Guards (one lady) average age 40 years.

³⁰ Namdapha PT, Pakke PT, Eagle nest WLS, Kameng ER, Itanagar WLS, Tale WLS.

It was noticed that the State Government did not initiate any action to prevent such casualties. As a result, seven wild elephants died in forest areas due to electrocution during March to October 2004.

3.2.20 Promotional activities and wildlife tourism

3.2.20.1 Non compliance with directives of the NWLAP

Under the NWLAP 2002-16, the State Government was to complete the survey of Tourist accommodation/facilities within and outside the PAs by 2004 and set up Ecotourism Advisory Boards to regulate tourism activities. Further, orientation programme for tour operators was to be conducted with effect from 2003.

It was observed that the State Government neither conducted any survey for tourist accommodation/facilities in PAs nor was any ecotourism advisory board set up. The orientation programme for tour operators was also not conducted till date.

3.2.20.2 Irregular exemption from permit/entry fee

Under the WLP Act 1972, no person shall enter a PA without a valid permit granted by the CWLW on payment of the prescribed fee. If any person contravenes the provisions of the Act/Rule or order, framed thereunder, he shall be punishable with imprisonment for a term which may extend to three years or with fine which may extend to Rs.25,000 or with both. Further, the rate of entry fee was Rs.10 and Rs.100 per adult Indian tourist and per motor vehicle respectively with effect from January 2000.

In NPT, it was noticed that 13670 local tourists with 2070 vehicles entered the project area without any permit from the competent authority and also without payment of entry fee as required under the Act during 2001-02 to 2005-06. This resulted in loss of Rs.3.44 lakh of entry fees. Besides, maximum penalty of Rs.34.17 crore³¹ was also not levied.

The Government stated (August 2006) that people from the local villages in the periphery of the PA used the road through check gates and not the tourists. The reply is not tenable as the people who crossed the check gate were tourists and not villagers as per the records of the check gate.

3.2.20.3 Research and Development initiative

Under the NWLAP 2002-16, the PA Manager was to prepare and complete research priorities for his PA which was to be consolidated in the State Wildlife Research Plan within 2004 for efficient management of PA.

In NPT, though a research wing was functional, no research was conducted prioritising conservation activities for better management of flora and fauna

³¹ $13670 \times \text{Rs.}25,000$

and wildlife of the PA. In five other PAs³² test checked, it was noticed that neither any research activity was conducted nor was any research wing set up till date. In the absence of any study/research, conservation activities in the PAs were carried out only in an adhoc manner.

3.2.21 Human resource development

3.2.21.1 Inadequate and untrained staff

Under the NWLAP 2002-16, the State Government should have adequate wildlife trained personnel to man all the positions right from PA Managers down to Forest Guards at grassroots level. The Steering Committee in its meeting in January 2003 directed that all vacant posts should be filled up forthwith for effective management of PAs.

The position of manpower deployment in the following six PAs test checked was as under:

Table – 3.8

Sl. No.	Name of PA	Sanctioned strength of different categories of posts	Men on roll	Post vacant
1.	Namdapha PT	71	47	24
2.	Pakke PT & Eagle nest WLS	46	44	2
3.	Kameng ER			
4.	Itanagar WLS	- Nil -	20	-
5.	Tale WLS	- Nil -	7	-

Sources: Information furnished by the Department

The State Government neither filled up the vacant posts in PAs at Sl. No. 1 and 2 nor were the posts of PAs at Sl. No. 4 and 5 sanctioned. The reason for not according separate sanction for posts in PAs at Sl. No. 3 was not on record. The existing staff deployed in the PAs were also not trained in wild life management.

3.2.22 Monitoring and evaluation

Management Information System (MIS) is a tool for the Secretary and PCCF and other superior officers of the Department to exercise control over effective administration and management of PAs. Such control is exercised at Apex level through verification of periodical reports/returns pertaining to conservation activities, offence/poaching cases etc. received from field formations. The prescribed reports/returns are required to be governed by a manual or a set of guidelines from the State Government.

³² Pakke PT, Eagle nest WLS, Kameng ER, Itanagar WLS, Tale WLS.

It was noticed that the State Government prescribed 21 periodical reports/returns to be submitted by the PA Managers to the Government/Department without prescribing any manual or guidelines under which the reporting is to be governed. In most of the cases, reports/returns were submitted by the PA Managers on plain paper instead of in the prescribed form. No mechanism existed at the apex level particularly, at the level of Principal Secretary and PCCF either to verify the reliability of reports/returns received or to call for the same which were not received from the PAs. Thus, in the absence of any mechanism to verify the reports/returns, the exiting MIS is ineffective and inadequate.

The Government stated (August 2006) that steps would be taken to introduce modern MIS in the state.

3.2.23 Conclusion

The objective of preservation of wildlife in accordance with the WLP Act, 1972 and NWLAP 2002-16 was not achieved by the Department in full due to the absence of financial control, delay in approval/formation of MPs and State Government's inability to tackle the encroachment problems causing biotic and human interference in the PAs and non declaration of eco-fragile zone around PAs as well. Besides, lack of planning and prioritisation of preservation/conservation measures through research also contributed to non achievement of the objectives.

3.2.24 Recommendations

- **Preparation of MPs of all the PAs should be expedited and got approved by MOEF for timely preservation of pristine flora and fauna and wildlife in the State.**
- **The State Government should finalise the APO and get it approved by the GOI before commencement of the financial year, to avoid delay in release of funds and ensure that the seasonal work during the initial period of the financial year is not disturbed.**
- **The State Government should seriously view misuse of funds and strengthen internal control measures through inspection of works executed in the PAs to avoid reoccurrence.**
- **The land in all PAs should be legally encompassed under the WLP Act, 1972.**
- **Declaration of land falling within 10 Km of each PA as eco-fragile zone should be expedited to avoid adverse impact on wildlife habitats.**

- **The State Government should expeditiously relocate people who have encroached the core zone of NPT and preventive methods taken for future encroachments.**
- **Annual census of wildlife should be made mandatory and authenticity of report should be ensured. A register of wildlife inventory should be maintained in the Chief Wildlife Warden (CWLW)'s office.**
- **Since the State is rich in forest and wildlife research activities in all the PAs should be given priority. A State Wildlife Research Plan should also be prepared for efficient management of PAs.**
- **The State Government should grant status at par with the Police to the frontline staff of PAs for effective and efficient preservation of forest and wildlife in the State.**
- **State Government should display information of all their wildlife programmes/projects as required under Right to Information Act.**

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Rural Health Services

Highlights

The review, interalia, highlights irrational establishment of rural health centres, irregular deployment of medical and paramedical staff, poor outturn of indoor patients, cases of diversion of funds, injudicious/unproductive expenditure and idle outlay, which adversely affected the delivery of health care services to the rural population.

There was irrational and excess establishment of rural health institutions in contravention of norms.

(Paragraph 3.3.12.1)

There was idle stock of health care kits worth Rs.41.19 lakh.

(Paragraph 3.3.13.1)

Rupees 27.72 lakh pertaining to rural health care services was diverted to urban health services.

(Paragraph 3.3.13.2)

Rupees 25.71 lakh was paid to a supplier on the basis of fictitious stock entry before actual receipt of the medicines.

(Paragraph 3.3.13.3)

3.3.1 Introduction

The delivery of primary health care is the foundation of Rural Health Care System and forms an integral part of the National Health Care System. In Arunachal Pradesh, health care services in rural areas are provided through a network of Health Sub-Centres (HSC), Primary Health Centres (PHCs) and Community Health Centre (CHCs). The programme is funded by the Central and the State Governments.

The three tier health implementation programme (HSC, PHC and CHC) is based on rural population norms. According to the GOI's norms, in hilly and tribal areas, one HSC, one PHC and one CHC are to be set up for every 3,000, 20,000 and 80,000 population respectively. Each PHC with four to six beds and one medical officer is to cover six HSCs. Each CHC with 30 beds and four medical officers and other ancillary staff is to serve as a referral institution for four PHCs.

A sub-centre, manned by one multi-purpose worker (male) and one multi-purpose worker (female)/ANM, is the most peripheral contact point between HSC and the community.

A PHC, manned by one Medical Officer supported by 14 paramedical and other staff and having four to six beds, is the first contact point between the village community and Medical Officer. It acts as a referral unit for six sub-centres. The aim and objectives of a PHC involves curative, preventive, promotional medicare and family welfare services.

A CHC manned by four Medical Specialists supported by 21 paramedical and other staff and having facilities of 30 in-door beds with one OT, X-ray, Labour room and Laboratory, is the crucial First Referral Unit (FRU) which serves as a referral centre for four PHCs.

3.3.2 *Audit objectives*

The audit objectives were to assess whether:

- the policy formulated was based on prescribed norms;
- assessment of requirement of medical specialists and paramedical staff to run the rural health centres was made as per norms fixed;
- requisite manpower has been deployed in rural health centres;
- funds provided were used economically and efficiently to achieve the desired objectives; and
- the monitoring system evolved was effective and evaluation had been done to assess the achievement of the desired objectives.

3.3.3 *Audit criteria*

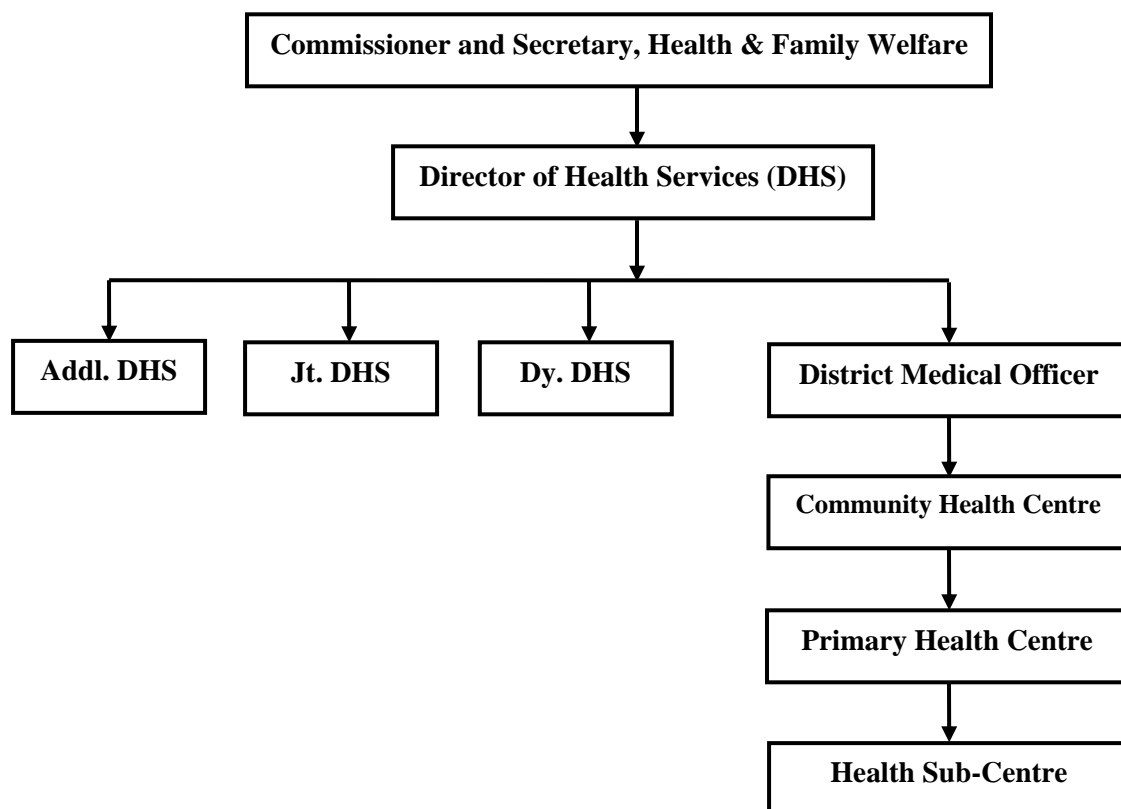
Audit examination was based on the following criteria:

- prescribed norms for establishment of health centres;
- targets fixed for setting up of health centres;
- Government orders regarding implementation of various health schemes and health centres;
- norms prescribed for proper functioning and delivery of rural health care services; and
- prescribed monitoring mechanism.

3.3.4 *Organisational set up*

The Organisational setup of rural health services in Arunachal Pradesh is given below:

Chart – 3.6



3.3.5 *Audit coverage*

Activities of rural health services in the State during 2001-02 to 2005-06 were reviewed in audit through a test check (March-June 2006) of the records of the Director of Health Services and DMOs of five districts out of 16 districts (31 *per cent*) viz. Papumpare, Lower Subansiri, Changlang, Tirap and West Siang and expenditure of Rs.73.60 crore (33 *per cent*) out of the total expenditure of Rs.225.49 crore was covered in audit.

3.3.6 *Audit methodology*

The review commenced with an entry conference with the Department of Health and Family Welfare, Arunachal Pradesh in February 2006 in which audit objectives, scope, criteria and methodology were explained. The districts were selected by stratified random sampling method and rural health centres were selected for test check on random sampling basis.

3.3.7 *Financial management*

The budget provision *vis-à-vis* expenditure for the five year period ending March 2006 was as under:

Table – 3.9

(Rupees in lakh)

Year	Provision			Expenditure			Excess (+) Savings (-)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2001-02	1188.17	2989.24	4177.41	1185.68	2891.17	4076.85	(-) 100.56
2002-03	1232.53	2896.99	4129.52	839.92	2932.93	3772.85	(-) 356.67
2003-04	1155.85	3240.59	4396.44	1187.67	3336.63	4524.30	(+) 127.86
2004-05	1031.56	3484.39	4515.95	1477.28	3631.77	5109.05	(+) 593.10
2005-06	652.85	4143.48	4796.33	719.04	4029.70	4748.74	(-) 47.59
Total	5260.96	16754.65	22015.65	5409.59	16822.20	22231.79	(+) 216.14

Source: Detailed Appropriation Accounts and information furnished by the DHS.

Reasons for excess/savings were neither on record nor stated (July 2006).

3.3.8 *Diversion of fund*

Pradhan Mantri Gramodaya Yojana (PMGY) was launched during 2000-01 with the objective of achieving sustainable human development at the village level. In order to complement the resources of the State Government to achieve the objectives of the programme, Additional Central Assistance (ACA) under PMGY was provided during 2002-03 to the State Government to gear up the primary health system. As per the guidelines for implementation of PMGY during 2002-03, the Planning Commission specifically directed the State and UTs to ensure that there is no diversion of funds to non-PMGY sectors. It was, however, seen in Audit that during 2002-03, Rs.27.26 lakh was diverted to urban health services, out of ACA under PMGY for procurement of medicines for General Hospitals at Naharlagun and Pasighat (Rs.18.55 lakh and Rs.8.71 lakh).

It was stated (May 2006) by the Deputy Director (S&T) that although the General Hospitals at Naharlagun and Pasighat fall under urban area of Arunachal Pradesh, they cater to specialised medical treatment to patients from rural areas. The reply is not tenable as diversion of funds is against GOI guidelines and the General Hospitals fall under urban health services and specific provision is separately made by the State Government for procurement of medicines for them. Further, the Department failed to produce any record to indicate the number of rural population to whom specialised treatment was provided.

There were deficiencies in financial management, leading to excess expenditure and diversion of funds. There were also instances of idle expenditure, diversion of funds and extra expenditure as would be evident from the observations made in the succeeding paragraphs.

3.3.9 Planning

Effective implementation of the programme for delivery of rural health services depends on proper planning for establishment of health centres and provision of requisite manpower and infrastructure.

It was noticed that though the Department established the centres, the aspect of providing requisite medical and paramedical staff was never taken into consideration before setting up the centres. There was no plan or policy formulated in this regard and as a result, many HSCs established were functioning with only one health worker against the norm of two.

3.3.10 Audit findings

A HSC constructed at a cost of Rs.4.92 lakh in the test checked Tirap district could not be made functional despite shortage of HSCs in the district. Also, Rs.27.26 lakh pertaining to rural health care services was diverted to urban health services for procurement of medicines (Para 3.3.8) and there was idle stock of health care kits worth Rs.40.38 lakh. These have been discussed in detail in the succeeding paragraphs.

3.3.11 Implementation

3.3.11.1 Establishment of rural health centres – targets and achievements

The targets *vis-à-vis* achievements in establishing CHC, PHC and HSC during the five years ending March 2006 were as under:

Table – 3.10

Year	Target			Achievement			Shortfall (-) Excess (+)		
	CHC	PHC	HSC	CHC	PHC	HSC	CHC	PHC	HSC
2001-02	1	7	11	1	7	4	-	-	(-) 7
2002-03	5	8	24	5	7	12	-	(-) 1	(-) 12
2003-04	1	5	16	1	5	2	-	-	(-) 14
2004-05	4	11	42	4	11	11	-	-	(-) 31
2005-06	1	1	50	1	1	8	-	-	(-) 42
Total	12	32	143	12	31	37	-	(-) 1	(-) 106

Source: Information furnished by the Directorate of Health Services.

The above table shows that during 2001-02 to 2005-06, the Department could establish only 26 per cent of the targeted HSCs which are the basic contact point between the primary health care system and the rural community. The reasons stated for shortfall in achieving the targets were paucity of funds and lack of manpower. Failure to establish these basic contact points reveals deficient and improper planning and implementation.

3.3.12 *Infrastructural facilities*

The minimum infrastructural facilities that are expected to be available in the rural health centres are medical and para-medical staff, hospital beds, furniture, X-ray machines, mobile facilities, testing and diagnostic facilities, etc. Deficiencies in infrastructural facilities noticed during audit are indicated below:

3.3.12.1 *Irrational establishment of rural health institutions*

According to GOI norms for establishment of rural health centres in hilly and tribal areas, one HSC, one PHC and one CHC are to be established for every 3,000 population, 20,000 population and 80,000 to 1,00,000 population respectively.

Test check of records and information collected from the DHS revealed the following position with regard to establishment of rural health centres as on 31 March 2006, the rural population being 8.68 lakh as per the 2001 census.

Table – 3.11

Centres	Requirement of Centre as per GOI norms	Actual number of Centres established	Excess (+) shortfall (-)	Percentage of excess (+)/ shortfall (-)
HSCs	290	266	(-) 24	(-) 8
PHCs	43	83	(+) 40	(+) 93
CHCs	13	32	(+) 19	(+) 146

Source: Information furnished by Director of Health Service.

As regards CHC and PHC it was observed that there were already seven CHCs and nine PHCs in excess in 14 districts till March 2001. However, further 12 CHCs and 31 PHCs were set up in those districts as of March 2006. On the contrary, there was a shortage of 61 HSCs till March 2001, against which only 37 HSCs were set up as of March 2006, leaving a shortage of 24 HSCs and thus, denying basic primary health care facilities to 0.72 lakh (24 x 3000) rural population. Setting up of excess CHCs and PHCs over norms was not justified as discussed in paragraphs 3.3.12.2 and 3.3.12.3.

3.3.12.2 *Irrational deployment of manpower*

According to the national norms, there should be four medical specialists i.e. surgeon, physician, gynaecologist and paediatrician and 21 paramedical and other staff in each CHC, one medical officer and 14 paramedical and other staff in each PHC and two health workers/ANM (one male and one female) in each HSC. The actual deployment *vis-à-vis* requirement of manpower in 11 CHCs, 30 PHCs and 71 HSCs in five test checked districts was as under:

Table – 3.12

No	Requirement		Actual deployment		Excess (+) shortfall (-)		Percentage of excess/shortfall	
	MO	Paramedical and other staff	MO	Paramedical and other staff	MO	Paramedical and other staff	MO	Paramedical and other staff
CHC								
11	44	231	37	365	(-) 7	(+) 134	(-) 16	(+) 58
PHC								
30	30	420	36	382	(+) 6	(-) 38	(+) 20	(-) 9

No.	Requirement	Actual deployment	Excess	Percentage of excess
	Health worker/ANM	Health worker/ANM	Health worker/ANM	Health worker/ANM
HSC				
71	142	198	56	39

Source: Information furnished by the Department

It would be seen from the above table that in CHCs, there was 16 per cent shortfall in deployment of medical officers and 58 per cent excess deployment of paramedical and other staff. In PHCs, there was 20 per cent excess deployment of medical officers and nine per cent shortfall in deployment of paramedical and other staff. In HSCs there was 39 per cent excess deployment of staff. Justification for deviation from National norms was not available on record.

Besides, as per norms, HSCs are to be manned by two ANMs (one male and one female). It was, however, seen that in four out of five test checked districts, eight medical officers (including one homeopath) were deployed in excess in the HSCs viz. Papumpare (three), Changlang (two), Tirap (one homeopath), and West Siang (two). The services of medical officers could have been utilised by deploying them to the Centres which were running without medical officers. Justification for deviation from National norms was not available on record.

In Doimukh CHC under Papumpare District, there was deployment of 10 medical officers including two dental surgeons and 87 paramedical and other staff as against the norm of 4 medical officers and 21 paramedical staff in respect of CHCs, the percentage of excess deployment being 150 in respect of medical officer and 314 in respect of paramedical and other staff. Justification for deviation from National norms was not available on record.

3.3.12.3 Poor out turn of indoor patients

The PHCs and CHCs were established to provide health care facilities to both indoor and outdoor patients. The position of indoor patients in the PHCs and CHCs in the test checked districts was as follows:

Table – 3.13

Name of the district	Health centre (No. of beds)	Availability of beds in a year	No. of patients admitted during 2001-06	Average no of patients in a year	Percentage of beds occupied with reference to number of beds available	Shortfall of patients with reference to Col 3 (percentage)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Papumpare	Doimukh CHC (30)	10950	1387	277	3	10673 (97)
	Kimin PHC (14)	5110	17096	3419	67	1691 (33)
	Balijan PHC (6)	2190	6300	1260	88	930 (12)
	Basarnello PHC (6)	2190	2337	467	32	1723 (68)
Lower Subansiri	Old Ziro CHC (12)	4380	-	-	-	4380 (100)
	Yazali PHC (8)	2920	-	-	-	2920 (100)
	Yachuli PHC (8)	2920	-	-	-	2920 (100)
	Raga PHC (8)	2920	-	-	-	2920 (100)
Changlang	Miao CHC (30)	10950	4978	996	9	9954 (91)
	Nampong CHC (11)	4015	2043	409	10	3606 (90)
	Jairampur (6)	2190	1946	973	44	1217 (56)
	Kharsamg PHC (6)	2190	-	-	-	2190 (100)
	Namtok PHC (6)	2190	-	-	-	2190 (100)
	Khimiyong PHC (6)	2190	-	-	-	2190 (100)
Tirap	Longding CHC (16)	5840	12405	2481	45	3359 (55)
	Kanubari PHC (8)	2920	3110	662	23	2258 (77)
	Pongchau PHC (6)	2190	-	-	-	2190 (100)
	Laju PHC (6)	2190	-	-	-	2190 (100)
Along	Basar CHC (30)	10950	28881	5776	53	5174 (47)
	Likabali CHC (30)	10950	1768	354	3	10596 (47)
	Liromoba PHC (6)	2190	839	167	38	1351 (62)

Source: Information furnished by the concerned DMOs and MOs of the centres

The table indicates poor utilisation of facilities in the CHCs/PHCs. In the CHCs, the shortfall with reference to the number of beds available in a year ranged between 47 and 100 *per cent* while in the PHCs it ranged between 12 and 100 *per cent*. In the lone CHC (Old Ziro) as well as in three PHCs under Lower Subansiri district, no indoor patients were admitted during the period covered under review (2002-06). It was stated (May 2006) by the DMO, Lower Subansiri district, Ziro, that no indoor patient could be entertained in the health institutions under the district due to shortage of Medical Officers and lack of dietary facilities. Thus, due to lack of manpower and dietary

provision in the health institutions under the district, the rural population were deprived of indoor treatment facilities.

3.3.12.4 Idle expenditure on construction of health centre buildings

It was observed that in Tirap District the requirement of HSCs was 33 against which 25 HSCs were functional. The records further revealed that a building for one HSC viz Pongkong sub-centre³³ was constructed at a cost of Rs.4.92 lakh during 1996-97. The HSC has, however, not been made functional due to shortage of manpower. Thus besides the rural population of the area being deprived of proper health care facilities, the expenditure of Rs.4.92 lakh on construction of the building which remained unutilised for the past ten years proved unproductive.

3.3.12.5 Lack of mobile facilities

For consolidation of PHCs, CHCs and hospitals in Arunachal Pradesh, a Draft Project Report (DPR) was prepared by the Department. The DPR, projecting a grant of one time Central Assistance of Rupees three crore, was sent to the Planning Commission. The proposed assistance included a sum of Rs.84.00 lakh for procurement of 21 ambulances for selected PHCs and CHCs. Accordingly, the Planning Commission released a sum of Rupees one crore as one time Central Assistance during 2001-02. It was, however, noticed in Audit that the purchase of ambulances could be finalised by the Department only in 2004-05. In the mean time, there was escalation of price and the Department could purchase only 19 ambulances instead of 21 ambulances with the allotted sum of Rs.84.00 lakh.

Thus, delay in finalisation of purchase led to two rural health institutions being deprived of the ambulance facility.

3.3.12.6 Delivery of dental care services

The delivery of primary health care is the foundation of rural health care system and forms an integral part of national health care system. Providing dental care at peripheral level is an integral component of primary health care.

Scrutiny of records revealed that dental surgeons were posted in CHCs viz., Doimukh, Basar and Miao with infrastructural facilities like physiological dental chairs etc. Apart from that, major CHCs/PHCs were neither equipped with infrastructure nor was any dental surgeon provided. This shows that delivery of dental facilities were partial in the state leaving a majority of the rural population without any dental care service.

3.3.12.7 Idle X-ray machine

For delivery of rural health care services, the Department provided X-ray machines to various CHCs. Out of 11 CHCs in five test checked districts,

³³ Pongkong Sub-centre (Tirap District) Rs.4.92 lakh.

X-ray machines were provided in seven CHCs all of which remained non functional as detailed below:

Table – 3.14

Name of the District	Name of Centre	Present Status	Cost (Rs. in lakh)	Reasons for non-functioning
Papum Pare	Sagalee CHC	Installed in May 1998, remained non functional till May 2000, again not functioning w.e.f. 22.7.03	5.36	Defect in the machine
Tirap	Longding CHC	Not installed	NA	Non-availability of X-ray room and Radiographer
	Deomali CHC	-do-	NA	-do-
Changlang	Miao CHC	Not functioning since 2000-01	NA	Defective machine
West Siang	Mechuka CHC	Not functioning since 1996	NA	Defective machine
	Basar CHC	-do-	NA	-do-
	Rumgong CHC	Not installed since receipt of the machine during Feb' 96	4.78	Defective machine

Source: Information as furnished by the Department

In all the above mentioned health institutions, the non-functioning of X-ray machines resulted in denial of X-ray facilities to the patients which was one of the main sources of diagnosis of diseases.

3.3.12.8 Deployment of idle radiographers

X-ray machine provided to Sagalee CHC under Papumpare District was not functioning since July 2003 and the Radiographer posted in the CHC remained idle since then. No action was taken by the Department either to get the machine repaired to make it operational or to transfer the Radiographer elsewhere for utilisation of his services. During the period from July 2003 to March 2006, the Department incurred an idle expenditure of Rs.1.80 lakh³⁴ on account of salary and allowances of the Radiographer. Similarly, Balijan PHC under the same district was not provided with any X-ray machine since March 2001, but a Radiographer was deployed in the PHC. Thus, deployment of idle Radiographer in the PHC led to unproductive expenditure of Rs.2.44 lakh³⁵ towards his pay and allowances for the period from March 2001 to March 2006.

3.3.12.9 Absence/inadequate testing facilities

Testing facility is an integral part of delivery of health care services. During test check of the records of five selected districts, it was seen that testing facilities in CHCs/PHCs were either not available or where available, were

³⁴ Rs.4000 x 45 (July 2003 to March 2006) = Rs.1,80,000.

³⁵ Rs. 4000x 61= Rs.2,44,000.

inadequate due to absence of laboratory re-agents and other required materials and absence/non-posting of laboratory technicians/assistants.

3.3.13 Procurement and distribution of medicines and equipment

Medicines were procured both by the DHS and the DMOs, machinery and equipment were procured by the DHS and then distributed to the DMOs. Irregularities noticed in procurement and distribution of medicines/equipment/furniture are discussed in succeeding paragraphs:

3.3.13.1 Idle stock of health care kits worth Rs.41.19 lakh

In order to provide better health care coverage in rural areas (HSCs, PHCs and CHCs), kits worth Rs.140.57 lakh were procured during March 2004 out of PMGY funds. Records revealed that health care kits worth Rs.17.80 lakh were lying in the stock of DHS till date (June 2006) without being distributed to the rural health centres for which procurement was made.

The records of five test checked districts also revealed that health care kits worth Rs.23.39 lakh (Lower Subansiri: Rs.4.00 lakh, Papumpare: Rs.5.35 lakh, West Siang: Rs.3.91 lakh, Changlang: Rs.1.16 lakh, Tirap: Rs.8.97 lakh) received from DHS were lying in the stock of respective DMOs.

Since the health care kits are lying in the stock for a prolonged period, it is evident that the procurement was made without assessing immediate requirement of the materials.

3.3.13.2 Diversion of hospital furniture and medical/surgical equipment worth Rs.27.72 lakh

To make 30 PHCs fully functional, hospital furniture and medical/surgical equipment worth Rs.59.40 lakh was purchased from PMGY fund during March 2004. But it was seen that equipment worth Rs.27.72 lakh (@ Rs.1.98 lakh per centre) were issued to 11 CHCs and 3 HSCs. Thus, while the intention was to make 30 PHCs fully functional by providing the centres with hospital furniture, medical and surgical equipments, materials worth Rs.27.72 lakh was instead issued to 11 CHCs and 3 HSCs depriving 14 PHCs of the intended materials to make them fully functional.

Besides, it was seen that in case of Tirap district, hospital furniture and medical/surgical equipments worth Rs.4.73 lakh were lying in the stock of DMO, Khonsa without being distributed to the centres concerned. It would thus appear that the purchases were made without assessing the actual requirement since the materials were lying unutilised since the date of procurement (March 2004).

3.3.13.3 Payment to supplier based on fictitious entry

Between July 2005 and September 2005, the DHS made payment to a local firm against central procurement of essential and life saving medicines valued at Rs.1.93 crore on the basis of certificate of stock entry on the body of the bills. Out of the total procurement, 80 *per cent* was to be issued to the district against the indents placed by them and 20 *per cent* was to be retained in the headquarters as buffer stock.

Scrutiny of the delivery challans produced to Audit revealed that medicines worth Rs.25.71 lakh were supplied during November 2005 (Rs.1.25 lakh) and January 2006 (Rs.24.46 lakh) although payments were made during July 2005 to September 2005. On this, the Department stated (May, 2006) that verification of medicines would be done by the Board of the Directorate. Thus, it is evident that Rs.25.71 lakh was paid to the suppliers on the basis of fictitious entry on the bills as well as in the stock book.

3.3.13.4 Extra expenditure on procurement of hospital furniture and medical/surgical machinery and equipment

With a view to strengthen the existing facilities in Government hospitals and dispensaries in the State under a one time Central Assistance, a Purchase Board was constituted in March, 2004.

The Board forwarded its recommendations to the Government for procurement of materials from the manufacturing companies as per the comparative rates quoted by the tenderers. But the Finance Department turned down the recommendations of the Board on the plea that after sale service clause had not been quoted by the recommended firm in the tender and directed the Department to procure the materials directly from the local dealer of the manufacturer. Accordingly, the Department procured (March 2005) 14 different items from a local authorised dealer and incurred an expenditure of Rs.74.04 lakh. Procurement of furniture/machinery and equipment from a local dealer at higher rates than those quoted by the manufacturing companies resulted in excess expenditure of Rs.9.84 lakh in respect of seven out of 14 items thus procured (**Appendix – XXIX**).

The distribution details of 14 items procured, revealed that medical equipment worth Rs.5.51 lakh procured for rural areas viz., PHCs & CHCs were diverted to an urban, the district hospital. It was further observed that the materials valued at Rs.3.15 lakh meant for PHCs & CHCs remained unutilised till the date of Audit (June 2006).

It was stated (June 2006) by the DMO Tirap District, Khonsa that the OT Improved and OT Light Medium meant for Longding CHC were not issued to the centre due to the absence of infrastructure and specialised manpower and the Binocular Microscope and Autoclave Vertical were not received by the staff of Panchao PHC as the centre was running without Medical Officer for

the past several years. The DMO West Siang District stated (June 2006) that the machinery and equipment worth Rs.2.17 lakh could not be installed at the rural health centres due to absence of infrastructure like electricity and manpower.

Thus, due to absence of proper planning and assessment of the ground level requirements by the Department, there was diversion, idle outlay of materials and excess expenditure on procurement of materials from local dealer. As a result the Department failed to deliver the intended benefits to the rural inhabitants of the concerned localities.

3.3.14 Monitoring and evaluation

Successful implementation of the programme depends upon proper monitoring and evaluation. According to the GOI's guidelines a three-tier system of monitoring viz, district, State and Central level needs to be devised and monitoring at the State level should be more detailed. There was however, no internal monitoring mechanism in the Department to oversee the performance in implementation of the programme under rural health services and the overall impact of implementation was not evaluated. Thus, the performance of the Department/Government towards delivery of rural health care services remained un-assessed.

3.3.15 Conclusion

The delivery of rural health care services was unsatisfactory in the State because of the failure of the Government in establishing the required number of HSCs, non functional HSCs, irrational deployment of manpower, lack of ambulance facilities, blocking and irregular diversion of funds, non functioning/non provision of X-ray machines, furniture etc. The impact of implementation of the programme was not evaluated and no monitoring system was in place, to oversee the performance of rural health care services.

The matter was reported to the Government/Department (August 2006); reply had not been received (November 2006).

3.3.16 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs the following recommendations are made for streamlining the system of health care services:

- **The State Government should devise norms for establishment of Rural Health Centres taking into consideration the ground realities of the State, in consultation with the GOI and strictly follow such norms for opening of Rural Health Institutions.**
- **The Government should ensure effective and efficient functioning of existing CHCs, PHCs and HSCs with requisite**

complement medical and paramedical staff including medicines before opening new CHCs or PHCs.

- **Utilisation of funds ear marked for rural health care should be strictly ensured.**
- **A comprehensive and effective and efficient monitoring and evaluation system to assess the performance should be established.**
- **The State Government should display information for all their projects as required under the Right to Information Act.**

PUBLIC WORKS DEPARTMENT

3.4 North Eastern Council (NEC) funded road sector projects

Highlights

Between Fifth and Tenth Plan period, GOI, through NEC Shillong, approved 11 projects for implementation in Arunachal Pradesh. Out of 47 items on 11 projects sanctioned till August 2004, only 13 items (27 per cent) on seven projects could be completed in the State till March 2006. Despite incurring 69 per cent expenditure out of the approved cost of Rs. 312.37 crore, only 34 per cent of the total 305.43 km road length could be made bituminous surfaced and one project was completed in all respects as of March 2006.

There was a discrepancy of Rs. 0.58 crore as on 31 March 2006 between unspent balance as per the Departmental records (Rs.8.54 crore) and that reported by NEC (Rs. 9.12 crore).

(Paragraph 3.4.10.2)

Rupees 3.98 crore was diverted towards other works.

(Paragraph 3.4.10.3)

Enhancement of rates on construction of culverts and retaining wall without any specific reasons resulted in extra expenditure of Rs.20.60 lakh.

(Paragraph 3.4.13.2)

Substandard execution of works resulted in unfruitful expenditure of Rs.16.42 crore.

(Paragraphs 3.4.13.1 & 3.4.14.1)

Excess utilisation of material/awarding of higher rates for construction of a bridge resulted in an extra expenditure of Rs.34.86 lakh.

(Paragraph 3.4.15.1)

Continuation of road works even after deciding on handing over the road to Border Roads Organisation, resulted in irregular/unauthorised expenditure of Rs.6.73 crore.

(Paragraph 3.4.17.1)

Projects were not properly monitored or inspected by any authority other than executing authority. Success of the scheme in the State was also not evaluated.

(Paragraph 3.4.19)

3.4.1 Introduction

The North Eastern Council (NEC), Shillong was established on 1st August 1972 consequent upon the enactment of the NEC Act, 1971. The objectives of the NEC *inter alia* were to develop infrastructure, especially construction of roads and bridges in the North Eastern Region. The NEC, functioning as a regional planning body for formulating Regional Plans, is responsible for:

- scrutiny of schemes/projects proposed by the State Governments for inclusion in the Regional Plan and for approval by the Planning Commission;
- formulation of plans and budget;
- sanction of estimates;
- release of funds;
- review progress of expenditure and physical performance; and
- monitoring and evaluation.

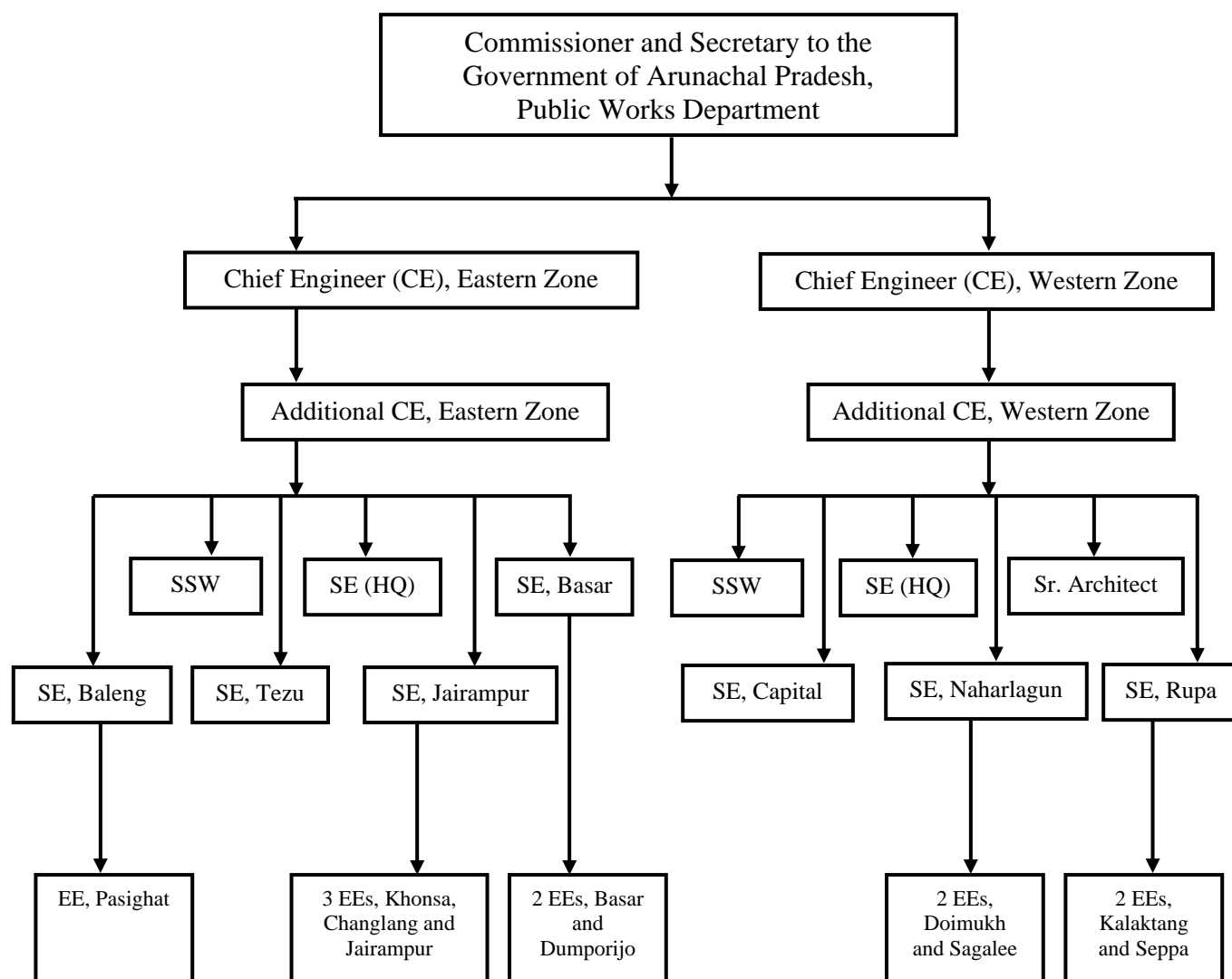
For construction of roads and bridges in Arunachal Pradesh funded by the NEC, priority was given to roads with (a) inter-state connectivity and (b) those that have economic importance.

In Arunachal Pradesh, as of March 2006 1525 km road length (**Appendix – XXX**) was taken up under NEC plan scheme.

3.4.2 Organisational Setup

The Public Works Department (PWD) was responsible for implementation of NEC funded road sector projects. The organisational structure of the Department is detailed in the chart given below:

Chart – 3.7



SSW = Superintendent Surveyor of Works

SE (HQ) = Superintending Engineer (Headquarters)

SE = Superintending Engineer

EE = Executive Engineer

3.4.3 Scope of Audit

The implementation of NEC funded projects approved during Fifth-Tenth Plan period in the State was reviewed in Audit in May- June 2006 based on a test check of the records of the Chief Engineer(s) PWD (Eastern and Western zones) and three³⁶ (30 per cent) out of 10³⁷ PW Divisions that executed the projects. Records relating to execution of four projects out of 11 (36 per cent)

³⁶ Khonsa, Changlang and Doimukh Divisions.

³⁷ Basar, Pasighat, Khonsa, Changlang, Kalaktang, Seppa, Sagalee, Dumporijo, Jairampur & Doimukh PW Divisions.

viz. (i) Margherita-Changlang road, (ii) Jote-Balijan road, (iii) Dirok-Deomali road and (iv) Khonsa-Hukanjuri – Naharkatia road covering 38 *per cent* of the total expenditure (Rs.155.47 crore) were test checked in the Divisions. The units and projects for test check were selected on random sampling basis.

3.4.4 Audit Objectives

The objectives of the review were to ascertain whether:

- planning for implementation of projects was adequate;
- the projects including sub projects were managed efficiently;
- funds were used for the purpose for which these were provided;
- the quality control mechanism adopted by both the implementing and executing agencies was adequate to ensure requisite quality of roads and bridges; and
- the monitoring system was adequate.

3.4.5 Audit Criteria

The criteria adopted for assessing the performance of NEC funded road sector projects in the state were as follows:

- project proposals, project reports and objectives of the selected projects/schemes;
- conditions, norms and time frame for releasing funds; and
- prescribed monitoring mechanism.

3.4.6 Audit Methodology

Before taking up the performance audit of the schemes, an entry conference was held (April 2006) with the Public Works Department wherein the audit objectives, criteria and scope of the review and audit procedures were explained to the Department. An Exit conference was also held with the Department in August 2006 to ascertain their views on audit findings. The replies of the Department/Government have been incorporated in the relevant paragraphs.

3.4.7 Audit findings

The review highlights inadequate planning, improper identification of projects, sub-standard execution of works, adoption of higher rates, lack of control over expenditure and absence of control mechanism.

3.4.8 Planning

Systematic planning from project formulation stage to execution is a prerequisite for successful implementation of road projects in a cost effective manner. Details of Projects sanctioned between Fifth and Tenth Plan period is given below:

Table – 3.15

Name of the project (Road length)	Plan	Approved cost (Rs. in crore)	Present status
Paka-Gongo-NT road (55.51 km)	5 th plan	22.76	On going
Pakke-Seijjusa-Itakhola road (63.12 km)	6 th plan	49.90	On going
Khonsa-Hukanjuri-Naharkatia road (35 km)	6 th plan	26.93	On going
Limekuri-Nari-Tene-Koyu road (155 km)	8 th plan	22.71	On going
East-West Highway (74.60 km)	8 th plan	7.76	On going
Kumchai-Manabum-Deban road (54.70 km)	9 th plan	7.90	On going
Margherita-Changlang road (37.48 km)	9 th plan	27.06	On going
Jotte-Balijan road (47 km)	9 th plan	31.37	On going
RCC bridges on Dirok-Deomali road	9 th plan	5.89	Completed
Pasighat-Ledum-Koyu road (60 km)	10 th plan	45.89	On going
Limekuri-Nari-Rema camp (61 km)	10 th plan	64.20	On going
643.41 km		312.37	

Source: Information furnished by the Department

The Department did not prepare a detailed project report (DPR) before sanctioning separate estimates of different works. The basis for selection of projects could not be ascertained in the absence of proper and authentic records. This procedure not only delayed the completion of the projects but also compromised the overall control of the Department over project cost.

3.4.9 Funding pattern

NEC provided funds to the State Government in the form of 90 *per cent* grant and 10 *per cent* loan up to the period 2004-05. In terms of the recommendations of the Twelfth Finance Commission (TFC), the 10 *per cent* loan component was to be borne by the State Government with effect from April 2005.

3.4.10 Financial management

There were deficiencies in financial management, leading to non-release of State share, discrepancy in unspent balance, diversion of funds, etc. There were also instances of extra/excess, injudicious expenditure, as would be evident from the observations made in the succeeding paragraphs.

The position of funds received by the State Government, expenditure incurred there against and the unspent balance at the end of each year for the period from 2001-02 to 2005-06 as furnished by the Department is shown in the table below:

Table – 3.16

(Rupees in crore)

Year	Category of work	Opening Balance	Funds received from NEC	Total funds available with the government	Expenditure	Unutilised Balance	Percentage of unutilised balance to total funds
2001-02	OW ³⁸	2.17	22.02	24.19	23.12	1.07	4
	Maint	NIL	1.00	1.00	1.06	-0.06	-
	S&I	NIL	0.40	0.40	-	0.40	100
	Total	2.17	23.42	25.59	24.18	1.41	6
2002-03	OW	1.07	29.75	30.82	29.41	1.41	5
	Maint	-0.06	1.25	1.19	1.25	-0.06	-
	S&I	0.40	1.00	1.40	0.59	0.81	58
	Total	1.41	32.00	33.41	31.25	2.16	6
2003-04	OW	1.41	34.50	35.91	31.83	4.08	11
	Maint	-0.06	3.00	2.94	2.85	0.09	3
	S&I	0.81	-	0.81	0.80	0.01	1
	Total	2.16	37.50	39.66	35.48	4.18	11
2004-05	OW	4.08	27.61	31.69	28.84	2.85	9
	Maint	0.09	2.00	2.09	2.09	-	-
	S&I	0.01	-	0.01	0.32	-0.31	-
	Total	4.18	29.61	33.79	31.25	2.54	8
2005-06	OW	2.85	38.10	40.95	32.41	8.54	21
	Maint	-	0.90	0.90	0.90	-	-
	S&I	-0.31	-	-0.31	-	-0.31	-
	Total	2.54	39.00	41.54	33.31	8.23	20
Grand Total			161.53	173.99	155.47		

Sources: Information as per furnished by the Department

Availability of funds was not a constraint to the projects yet there was an unutilised balance every year during 2001-06.

Detailed analysis of the financial outlay and expenditure incurred there against revealed the following shortcomings:

3.4.10.1 Non-release of State share of outlay

According to the revised norms for the year 2005-06, the NEC was to release 90 per cent share of funds and the balance 10 per cent was to be provided by the State Government. During 2005-06, the State Government received Rs. 39 crore from NEC, but did not release its share amounting to Rs. 4.33 crore. This resulted in short receipt of funds besides jeopardising the execution of road works during 2005-06. Reason for non-release of State share was not on record.

3.4.10.2 Discrepancy of unspent balance

According to the information received (June 2006) from the NEC, Rs.9.12 crore was lying unutilised with the Department as of March 2006 under original works. But, as per the information furnished by the Department,

³⁸ OW- Original Work, Maint- Maintenance and S&I – Survey and Investigation.

Rs. 8.54 crore was lying unutilised under original works at the end of March 2006, leading to a discrepancy of Rs.0.58 crore. This discrepancy remained unreconciled (June 2006).

3.4.10.3 Diversion of Funds

It was noticed in Audit that Rs.3.98 crore from the NEC fund was diverted towards annual repair and maintenance of roads/vehicles and other State Plan schemes and also for repair and purchase of spare parts of the bulldozer/road roller and departmental vehicles by three executing Divisions (Doimukh, Changlang and Khonsa) charging the expenditure under NEC funded projects (Construction of Jotte-Balijan Road:Rs.1.86 crore; Improvement of Margherita-Changlang road:Rs.1.93 crore; construction of six bridges on Dirok-Deomali road:Rs.0.19 crore).

3.4.10.4 Non-ascertainment of outstanding liability towards repayment of Principal and payment of interest

According to the terms and conditions of release of 10 per cent loan component for the period upto 2004-05, the State Government was to pay interest @ 12.50 per cent upto 2001-02 and thereafter @ 11.50 per cent on the outstanding amount of loan. The loan was to be repaid within 20 years along with interest commencing from the first anniversary of the date of its drawal. The position of outstanding loan and interest payment due as of March 2006 was neither available with the State Finance Department nor with the PWD. According to the information furnished by the NEC, loan amounting to Rs. 2.96 crore was outstanding against the State Government till March 2006. Amount of interest due to be paid by the State Government was neither worked out by the Department nor by the NEC.

3.4.11 Implementation

3.4.11.1 Physical and financial status of projects

According to the NEC guidelines, prescribed in December 2004, road projects of 40 km or less length should be completed within four years and those more than 40 km length should not take more than five years for completion. The bigger projects should be completed in two phases to avoid spillover of projects from one plan to another. Prior to this, neither any instruction/directives nor any guidelines were issued by either the State Government or NEC. In the case of 11 projects approved between Fifth and Tenth Plan period for implementation in the State, time schedule for completion of the road works was not fixed. The consolidated position of execution of road works at the end of March, 2006 is shown in the table below:

Table – 3.17

Plan period of sanction	No. of projects	Approved cost (Rupees in crore)	No. of road works taken up for execution	Expenditure as of March 2006 (Rupees in crore)	Status of road works as of March, 2006			
					Complete	Incomplete road work/ projects	Value of balance work (Rupees in crore)	Fund available (Rupees in crore)
Fifth (1977-82)	1	22.76	5	20.38	1	4/1	Handed over to BRO	-
Sixth (1982-87)	2	57.80	10	59.61	5	5/2	2.89 ³⁹	Nil
Eighth (1992-97)	2	30.47	6	16.57	Nil	6/2	Discontinued	-
Ninth (1997-02)	4	91.25	16	86.14	7	9/3	19.17	5.11
Tenth (2002-07)	2	110.09	10	32.07	Nil	10/2	78.02	78.02
Total	11	312.37	47	214.77 (69%)	13 (28%)	34/10	100.08	83.13

Source: Progress report and information as furnished by the Department

It can be seen from the above table that only one project viz., ‘Construction of RCC bridges on Dirok-Deomali road’ approved during Ninth Plan period was completed in all respects at the end of March 2006. Against another project viz., ‘Pakke-Seijjusa-Itakhola road’ approved during Seventh Plan period, works valued at Rs. 2.89 crore were lying incomplete as of March 2006, but there was no provision of funds to complete the leftover works. Besides this, four projects⁴⁰ approved during the Ninth Plan period also remained incomplete even at the end of March 2006. Out of these, works valued at Rs.19.17 crore could not be completed as of March, 2006 against three projects⁴¹ as ascertained from progress reports for March, 2006. Thus, works under the projects approved upto the Ninth Plan period spilled over to Tenth Plan period.

3.4.12 Execution

The important Audit findings in respect of the selected projects are discussed in the following paragraphs:

3.4.13 Construction of Margherita- Changlang road

3.4.13.1 Substandard execution of Pavement work

In August 2002, NEC sanctioned the work ‘Construction of pavement on 37.48 km road length of Margherita-Changlang road’ at a cost of Rs.8.82 crore. It was seen that water bound maccadum (WBM) and bituminous works

³⁹ Value of balance works in respect of one project viz Kunchai-Manabun-Deban road could not be ascertained from records.

⁴⁰ Kunchai-Manaabum-Deban road, Khonsa-Hukanjuri-Naharkatia road, Margherita-Changlang road & Jotte-Balijan road.

⁴¹ Khonsa-Hukanjuri-Naharkatia road, Margherita-Changlang road & Jotte-Balijan road.

were executed in excess of the sanctioned provision. Details are given in the table below:

Table – 3.18

Items of work	Qty. to be executed as per sanctioned estimate	Qty. actually executed	Excess (+)/ Less (-)
WBM-II	12,314.00 m ³	12,732.08	(+) 418.08 m ³
WBM-III	32,789.00 m ³	40,534.31	(+) 7,744.47 m ³
Bituminous work	2,10,989.00 m ²	1,59,416.00	(-) 51,573.00 m ²

Source : Information furnished by the Department.

The Division, executed 8162 m³ excess WBM work and 51573 m² less bituminous work. According to the volume of work executed under WBM-II on 36.54 Km, WBM-III on 36.198 Km. and black top (BT) work on 32.550 Km., 60687 m³ stone aggregates of different sizes (6mm to 90.45 mm dia) were required as per the sanctioned estimate. But the Division procured and utilised 43,204 m³ stone aggregates leading to less utilisation of 17,483 m³ stone aggregates valued at Rs.1.71 crore (approx).

According to the information furnished, the Division procured 1037.11 MT bitumen till March 2006. Of this, 766.84 MT was issued to work. According to the approved norms of requirement of bitumen for carpeting work (premix carpeting @ 0.267 MT per 100 square metre and 150 MT per 100 square metre for seal coating), 665 MT bitumen was required for executing 1,59,416 square metre bituminous carpeting work done till March 2006. Thus, 101.84 MT bitumen valued at Rs.16.81 lakh was utilised excess in the work.

Disproportionate utilisation of materials and non-execution of work as per estimate resulted in execution of sub-standard works valued at Rs.10.98 crore even after incurring an extra expenditure of Rs.2.16 crore.

3.4.13.2 Extra expenditure on construction of culverts and retaining wall

NEC accorded administrative approval (August 2001) for the work 'Extension of existing RCC slab culverts, construction of hume pipe/RCC slab culverts and retaining wall' on Margherita-Changlang road at a total cost of Rs.6.70 crore. Test check of records of the Executive Engineer, PWD, Changlang, revealed that for four items of work, the Division issued (March 2002) work orders to different contractors at complete item rate (including cost of materials) which ranged between Rs.1350 and Rs.1970 per cu.m. After five months, for the same works, the division revised the rates which then ranged between Rs.954 and Rs.1220.50 per cu.m. The revised rates did not include the cost of materials. But taking into account the cost of materials, the rates so revised work out in the range of Rs.1451 to Rs.1995.50 per cu.m. Thus, enhancement of rates without any specific reasons resulted in an extra expenditure of Rs.20.60 lakh as detailed in **Appendix – XXXI**.

3.4.13.3 Undue benefit to the contractors

According to the material at site (MAS) account maintained as well as information furnished by the Division, it received and issued 3,777.55 MT cement between May 2003 and June 2004 against the construction of culvert and retaining wall on Margherita-Changlang road. But, scrutiny of utilisation statement submitted with the vouchers revealed that 3,592.58 MT cement was utilised for works by the contractors. The balance 184.97 MT cement remained unrecovered from the contractors resulting in excess issue of material against the work. According to para 27.6.9.1 of CPWD Manual Volume - II, recovery of cost of excess materials was to be effected from the contractors at double the issue rate (Rs. 4,712 per MT x 2=Rs. 9,424 per MT) which was not recovered. Thus, non-recovery of cost of excess cement as per provision resulted in undue benefit of Rs.17.43 lakh (184.97 MT x Rs.9,424) to the contractors.

3.4.13.4 Excess expenditure on work charged establishment

Between February 2000 and March 2006, PWD Changlang incurred an expenditure of Rs.23.64 crore towards execution of three road works⁴² under the project 'Improvement of Margherita- Changlang road'. While there was no provision for deployment of regular staff, an amount of Rs.1.71 crore on account of salary of regular staff was charged to this work. According to the provision in the estimate of the work, the Division was authorised to incur expenditure of Rs. 0.35 crore (at the rate of 1.5 per cent of the value of work) towards work charged (WC) establishment. Thus, the Department incurred an extra expenditure of Rs.1.36 crore towards salary payment which was irregular.

3.4.14 Construction of Jotte-Balijan Road

3.4.14.1 Substandard execution of pavement work

NEC, in October 2003, approved construction of pavement WBM-BT work on 24 km road length in chainage 6-18 km and 34-47 km of Jotte-Balijan road for Rs. 9.64 crore. Scrutiny revealed that as against the requirement of 50,004 cum stone aggregates of different sizes (11.20 mm-63 mm dia) and 461.19 MT bitumen based on approved norms, the Division utilised 35,386 cu.m stone aggregates (10.20-63 mm dia) and 301.76 MT bitumen towards construction of pavement on 22 km road length (as of March 2006) leading to short utilisation of 14,618 cum stone aggregate and 159.43 MT bitumen valued at Rs.1.33 crore. Thus, due to non-utilisation of the material as per approved norms, execution of pavement work valued at Rs.5.44 crore proved substandard.

⁴² Widening of formation, RCC Culvert/Retaining Wall and Pavement works.

3.4.14.2 *Avoidable extra expenditure on bridge work*

In March 2004 NEC approved construction of four RCC double lane bridges at an estimated cost of Rs.4.82 crore⁴³ on Jotte-Balijan Road against the proposal of the Government for construction of two RCC bridges of 60 and 45 metre span over river Gira and Balijan respectively and two steel bridges of 32.10 metre span each over Jabra Nallah and IV Nallah. Scrutiny revealed that the Executive Engineer of the Division with the approval of the Chief Engineer, Western Zone, awarded the construction work of superstructure of the bridge over Jabra Nallah in March 2004 to a local firm for Rs.43.70 lakh for completion by March 2005. The scope of the work included superstructure covered fabrication, supply and erection of 23 metre single span steel bridge with 5 metre carriage width. According to the measurement record, the firm commenced the work of superstructure in December 2003 and completed the construction in February 2004 i.e. prior to NEC's approval of the works. But documents relating to construction of approach road and substructure of the bridge, which were part of the approved work, were not available on record. The Division incurred an expenditure of Rs.77.17 lakh between March 2004 and January 2006 against the work which included cost of construction of superstructure (Rs.43.70 lakh). Thus, due to the bridge not being constructed according to the type and specification as approved by the NEC, there was avoidable extra expenditure of Rs.77.17 lakh.

3.4.15 *Construction of RCC bridges on Dirok-Deomali Road*

3.4.15.1 *Extra expenditure*

In December 2000, NEC approved construction of six RCC double lane bridges to replace the existing timber bridges on Dirok-Deomali road at an estimated cost of Rs.3.48 crore which was subsequently revised to Rs.5.89 crore in November 2003. PWD Khonsa started the construction work in March 2002 through a contractor and completed construction of four bridges in October 2005 and two bridges in February, 2006 at Rs.5.89 crore against stipulated date of March 2005. Scrutiny of records revealed that the Department incurred an extra expenditure of Rs.34.86 lakh as detailed below:

According to the work awarded to the firm 2,565 quintal Mild Steel (MS) deformed bar and 1,39,000 kg steel for superstructure work were required. Over and above the weight of steel work, additional weight at the rate of 1.5 per cent (2,085 kg) towards weight of nuts and bolts was also admissible. Against this, the firm utilised 3,011.916 quintal MS deformed bar and 1,48,151.137 kg steel. Thus, 446.91 quintal MS deformed bar and 7,066.31 kg steel were utilised in excess, cost of which worked out to Rs.17.44 lakh.

Further, the Division also got 'approach road of the bridges' constructed through the contractor without any agreement. The Division awarded the work

⁴³ *Bridge over river Gire – Rs.1.59 crore; bridge over river Balijan – Rs.1.31 crore; bridge over river Jabra Nallah – Rs.0.97 crore and bridge over IV Nallah – Rs.0.95 crore.*

to the contractor at the rate of Rs.233 per cu.m for execution of earthwork in filling in guide bund instead of the approved rate of Rs.149.61 per cu.m (Rs.120.80 per cu.m as per A.P. Schedule of rates + Rs.28.81 as cost index). Similarly, higher rates (Rs. 781-Rs.1464 per cu.m) were allowed towards procurement of 1,309 cu.m of stone aggregates (11.22 mm-90 mm size) than the rates approved (Rs. 630.60-Rs. 1263.90 per cu.m) by the Chief Engineer, Eastern Zone. Awarding of higher rates in both the cases resulted in extra expenditure of Rs. 17.42 lakh.

3.4.16 Improvement of Khonsa- Hukanjuri-Naharkatia Road

3.4.16.1 Substandard execution of pavement work

For improvement of the 'Khonsa-Hukanjuri-Naharkatia (KHN) road' the NEC sanctioned (July 2002) construction work of pavement for the road length of 35 Km at a cost of Rs.11.45 crore. The estimate of the work provided for only one layer overlay (instead of two layer overlay for a quality road) by grade III metal followed by premix carpeting and seal coat. As of March 2006, WBM-BT work for the road length up to 34.74 Km was completed at a cost of Rs.12.84 crore.

It was noticed in Audit that in October 2005, the EE, PWD Khonsa (Executing Division) informed the Superintending Engineer, Jairampur Circle about damage of 12.74 Km out of the executed portion of 34.74 Km road length due to insufficient provision of WBM work (one layer only) and execution of work during rainy season. Accordingly, the Department sought (February 2006) additional fund of Rs.2.14 crore from NEC for repairing the damages, which was sanctioned by the NEC in March 2006.

Thus, execution of pavement work with substandard specifications as well as construction of road during rainy season showed the casual attitude of the Department with regard to improvement of the existing KHN road apart from an extra financial burden of Rs.2.14 crore.

3.4.17 Construction of Paka- Gongo NT road

3.4.17.1 Unauthorised expenditure

During the Fifth Plan period (1977-1982), NEC approved 'Construction of Paka-Gongo NT road (55.51 km)' at a cost of Rs.22.76 crore. PWD Dumporijo executed the work and completed (2000-01) 6 to 100 *per cent* of different items of work. The Division incurred a total expenditure of Rs.20.38 crore till March 2005.

Test check of records revealed that in May 1999, it was decided in a meeting with NEC under the Chairmanship of Minister, PWD that no further construction works, other than formation cutting would be undertaken as the road was to be handed over to the Border Roads Organisation (BRO). The Commissioner and Secretary, PWD approved (June 1999) handing over the

road (0-55 km) to BRO. Accordingly, in the meeting held on June, 1999 between NEC Authority and the State Government, the Chief Secretary of the State directed the Commissioner, PWD to complete the formation cutting left out patches before handing over the road to BRO.

Scrutiny of records however, revealed that the Division continued to incur expenditure against the same project till March 2005 and incurred an expenditure of Rs.20.38 crore in formation cutting and construction of retaining/breast walls, culverts and pavements as against the approved expenditure of Rs.13.65 crore (Survey: Rs.0.13 crore; Formation cutting:Rs.13.52 crore). Thus, the expenditure of Rs.6.73 crore incurred in violation of the directives of the Government was irregular.

3.4.18 Quality control mechanism

Provision of one *per cent* for quality control was made in all estimates for road works sanctioned by NEC till March, 2006. NEC, as per the instructions of the Planning Commission, asked the State Government to engage a third party for quality control of NEC funded roads and expenditure was to be met out of one *per cent* fund approved for the road schemes. But the concerned Division did not incur any expenditure on engagement of any third party consultant. The Department also did not procure any testing equipment/mobile testing system to ensure quality assurance of works executed departmentally.

3.4.19 Monitoring and evaluation

For monitoring and evaluation of NEC funded projects, it was resolved in the meeting held in August, 2005 between the State Government and the NEC authorities to engage expert agencies to assist both the State Government and the NEC in setting up a Management Information System. It was also decided that the agency would involve third party entities such as NGOs, Community Based Organisations (CBOs), community leaders and primary stake holder groups to establish a truly participatory monitoring system. The agency was also to monitor the financial and physical aspects of the projects and schemes. The State Planning Department was also authorised to identify suitable NGOs capable of undertaking monitoring of a few selected schemes. Accordingly, NEC in February 2006 engaged a New Delhi based firm for monitoring and evaluating various projects/schemes funded by NEC in Arunachal Pradesh. Further development was awaited (June, 2006). But, the State Planning Department did not identify any NGO to undertake monitoring of projects executed in the State as required. Thus, projects executed in the State till March, 2006 valued at Rs.214.77 crore were not properly monitored and the extent of success of the schemes in the State was also not evaluated (June 2006).

3.4.20 Conclusion

NEC funded road sector projects approved between Fifth-Tenth plan periods were not implemented effectively and economically. Besides, road works were not executed according to the approved specifications leading to substandard execution of work. Lack of adequate planning delayed the completion of works as out of 11 projects taken up, only one project could be completed in all respects till March 2006.

The matter was reported to the Government/Department (August 2006); reply had not been received (November 2006).

3.4.21 Recommendations

- **Projects need to be undertaken after proper planning, survey and investigation to avoid delay in completion as well as excess over sanctioned estimates.**
- **The detailed project report (DPR) covering all the works relating to the project along with the cost involved should be prepared and approval of the GOI should be obtained through NEC for execution of work.**
- **Wherever roads have been handed over to BRO after Government notification fresh expenditure should not be allowed and viewed seriously.**
- **There should be a proper mechanism to ensure the quality testing of roads constructed out of NEC funds.**
- **NGOs and local authorities may be involved in monitoring and quality assurance system of the projects by display of information as required under the Right to Information Act.**