



**GOVERNMENT
OF
ARUNACHAL PRADESH**

**ACCOUNTS AT A GLANCE
2019-20**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



**PRINCIPAL ACCOUNTANT GENERAL
ARUNACHAL PRADESH
ITANAGAR**



Accounts at a Glance **2019-20**

**Principal Accountant General
Arunachal Pradesh
Itanagar**



**GOVERNMENT OF
ARUNACHAL PRADESH**

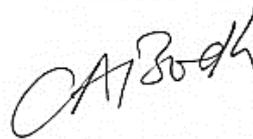
PREFACE

I am happy to present the twentieth issue of our annual publication, 'ACCOUNTS AT A GLANCE' for 2019-20, which provides a broad overview of the Government activities, as reflected in the Finance Accounts and Appropriation Accounts for the year.

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

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

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



(C. A. BODH)

Place: *Itanagar*
Date: *06.07.2021*

PRINCIPAL ACCOUNTANT GENERAL

Our Vision, Mission and Core Values

VISION

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

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

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

MISSION

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

Core values

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

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

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CHAPTER - I

OVERVIEW

1.1. Introduction

The Principal Accountant General, Arunachal Pradesh collates, classifies, compiles Accounts data rendered by multiple agencies, and prepares Accounts of the Government of Arunachal Pradesh. The compilation is done from the initial Accounts rendered by 27 District Treasuries/Sub Treasuries, 206 Public Works and 48 Forest Divisions and advices of the Reserve Bank of India. Every month, a Monthly Civil Account is presented by the Office of the Principal Accountant General to the Government of Arunachal Pradesh. The Principal Accountant General also prepares, annually, Finance Accounts and Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General, Arunachal Pradesh, and certification by the Comptroller and Auditor General of India.

1.2. Structure of Accounts

1.2.1. Government Accounts are kept in three parts

Structure of Government Accounts

Part1 CONSOLIDATED FUND

All revenues received by the Government, including Tax/non-Tax revenue, Loans raised and repayment of Loans given (including Interest thereon) form the Consolidated Fund. All expenditure and disbursements of the Government, including release of Loans and repayments of Loans taken (and Interest thereon), are met from this fund.

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

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

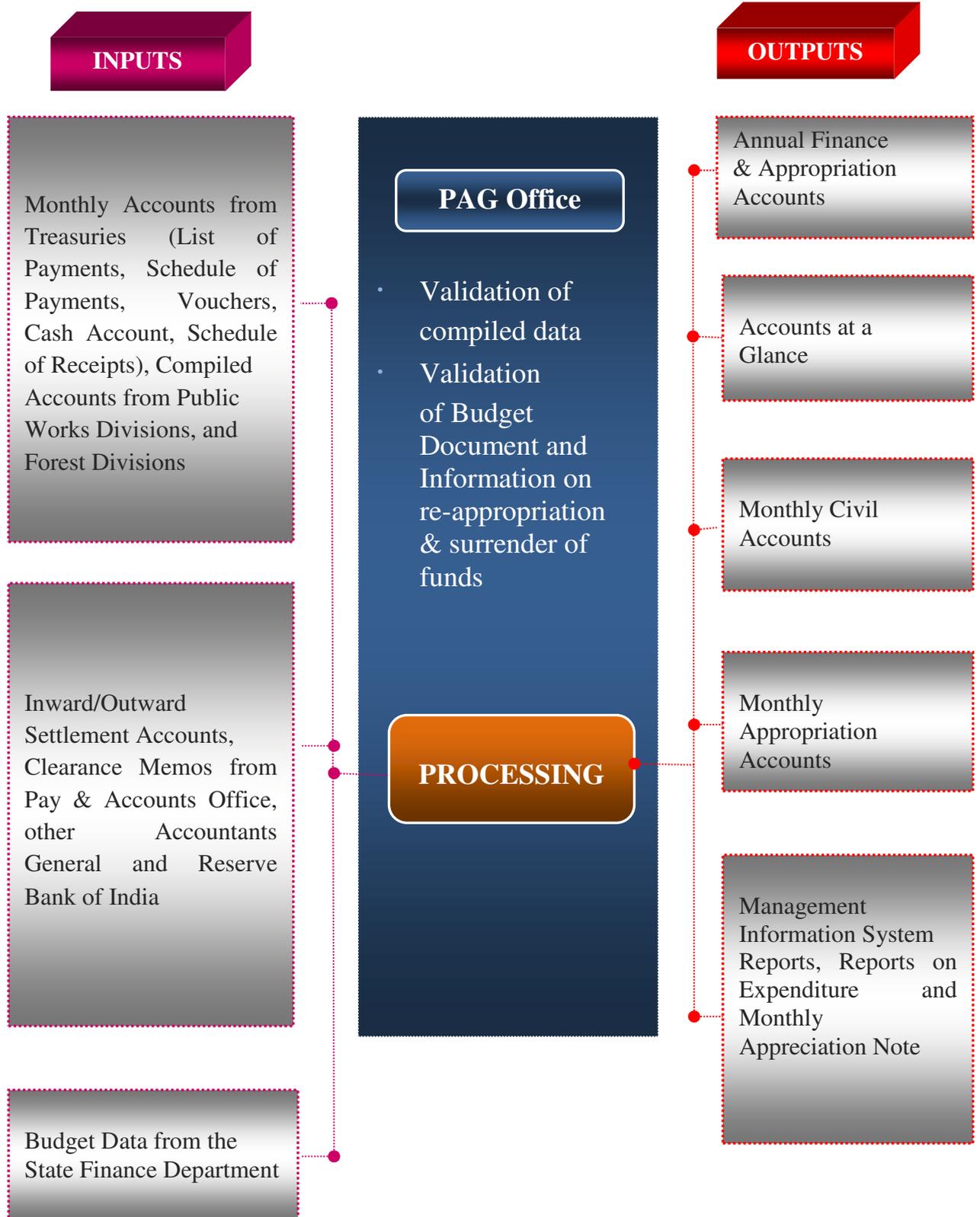
Part2 CONTINGENCY FUND

Part3 PUBLIC ACCOUNT

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

1.2.2. Compilation of Accounts

Flow Diagram for Accounts Compilation



1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

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

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various Schemes/Programmes. This year, the Government of India directly released ₹ 303.63 crore to such Agencies. Since these funds are not routed through the State Budget, they are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

1.3.2. Financial Highlights of 2019-20

The following Table provides details of actual financial results *vis-à-vis* Budget Estimates for 2019-20:

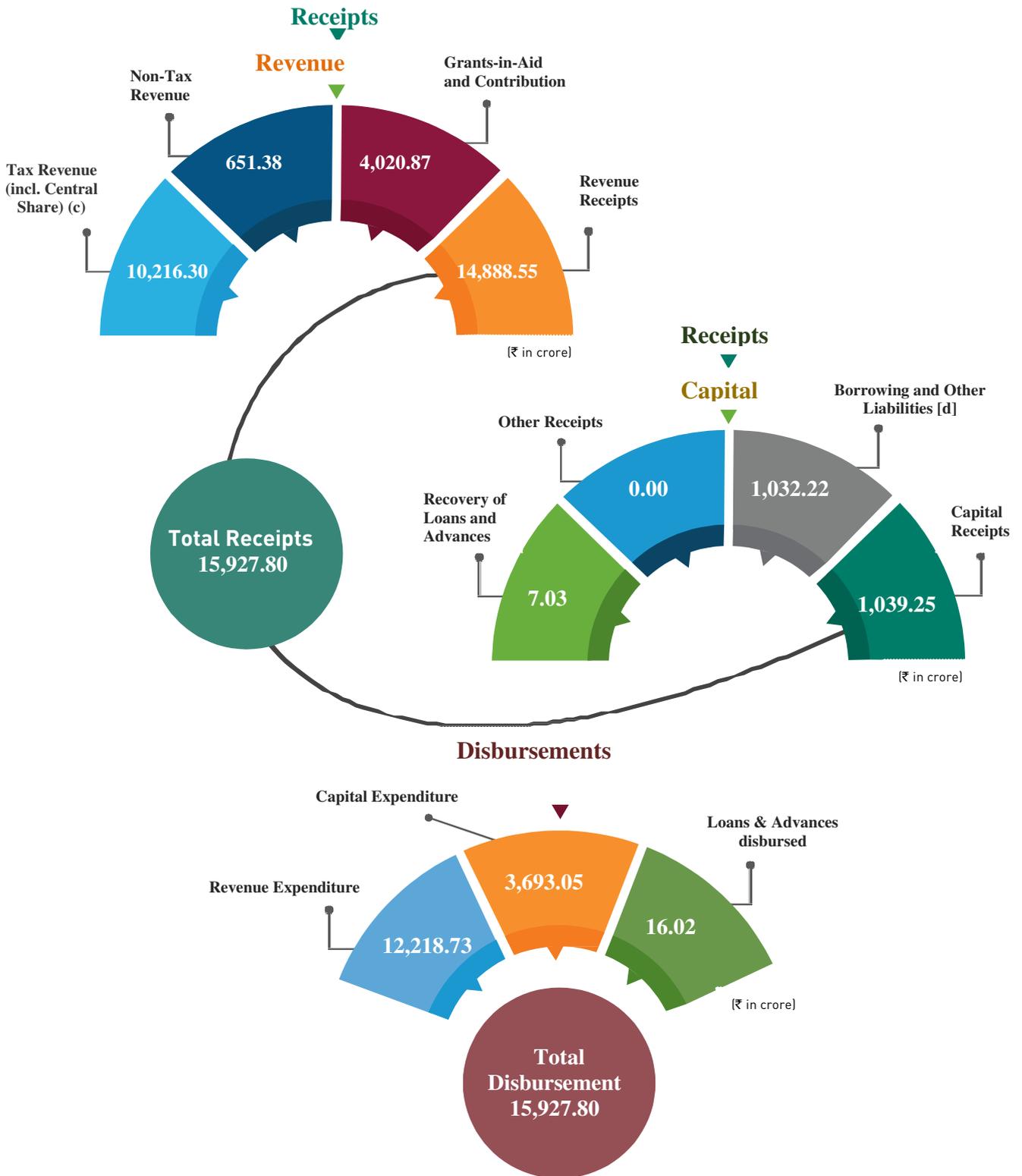
Sl. No.	Component	Budget Estimate (₹In crore)	Actuals (₹in crore)	Percentage of Actuals to BE	Percentage of Actuals to GSDP#
1.	Tax Revenue (incl. Central Share)(a)	13,011.10	10,216.30	78.52	37.79
2.	Non-Tax Revenue	1,050.00	651.38	62.04	2.41
3.	Grants-in-Aid & Contributions	6,796.82	4,020.87	59.16	14.87
4.	Revenue Receipts(1+2+3)	20,857.92	14,888.55	71.38	55.07
5.	Recovery of Loans & Advances	42.90	7.03	16.39	0.03
6.	Other Receipts	0.00	0.00	0.00	0.00
7.	Borrowings & Other Liabilities(b)	520.98	1,032.22	198.13	3.82
8.	Capital Receipts(5 + 6 + 7)	563.88	1,039.25	184.30	3.84
9.	Total Receipts(4+8)	21,421.80	15,927.80	74.35	58.91
10.	Revenue Expenditure	13,406.78	12,218.73	91.14	45.19
11.	Expenditure on Interest Payments and Servicing of Debt (out of Revenue Expenditure)	635.06	854.53	134.56	3.16
12.	Capital Expenditure	8,006.72	3,693.05	46.12	13.66
13.	Loans & Advances Disbursed	8.30	16.02	193.01	0.06
14.	Total Expenditure(10+12+13)	21,421.80	15,927.80	74.35	58.91
15.	Revenue Surplus (+)/Deficit (-){4 – 10}	7,451.14	2,669.82	35.83	9.87
16.	Fiscal Surplus(+)/Deficit (-)(4+5+6-14)	-520.98	-1,032.22	198.13	-3.82

(a) Includes share of Net (Tax) proceeds assigned to the State amounting to ₹ 8,987.57 crore. (State Government Own Tax receipts were ₹ 1,228.73 crore, which was 4.54 per cent of GSDP).

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

GSDP figure (₹ 27,036.64 crore) on current prices is taken from Department of Economics & Statistics, Government of Arunachal Pradesh, in September 2020, as the same was not available on the website of Ministry of Statistics and Programme Implementation, Govt. of India.

Receipts and Disbursements in 2019-20



(c) Includes share of net (tax) proceed assigned to the state amounting to ₹ 8,987.57 crore. (State Government Own Tax receipts were ₹ 1,228.73 crore which was 4.54 percent of GSDP)

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

1.3.3. Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as 'charged' on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be 'voted'. Appropriation Accounts supplement the Finance Accounts. The Budget of the Arunachal Pradesh has 05 Charged Appropriations, 78 voted Grants and 01 charged and voted Grants. The purpose of Appropriation Accounts is to indicate the extent to which Actual Expenditure complied with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.4. Efficiency on Budget Preparation

At the end of the year, Actual Expenditure of the Government of Arunachal Pradesh against the Budget approved by the Legislature, showed Net Savings of ₹ 7,205.70 crore (30.68 per cent of Estimates) and under-estimation of ₹ 0.004 crore (₹ 36,000/- only) on reduction of expenditure. Certain Grants related to Health and Family Welfare, District Administration, Roads & Bridges, Secretariat Economic Services, Panchayat, Public Works, Water Resources, Agriculture and Power, showed substantial savings.

1.4. Sources and Application of Funds

1.4.1. Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to maintain liquidity by making good the deficiency in the agreed minimum cash balance (₹ 0.26 crore), which the State Government is required to maintain with the RBI. During 2019-20, the Government of Arunachal Pradesh did not resort to OD facilities but availed WMA of ₹ 38.88 crore.

1.4.2. Fund Flow Statement

The State had a Revenue Surplus of ₹ 2,669.82 crore and Fiscal Deficit of ₹ 1,032.22 crore, representing 9.87 and 3.82 per cent of the Gross State Domestic Product (GSDP) respectively. Around 44.69 per cent of Revenue Receipts (₹ 14,888.55 crore) of the State Government was spent on Committed Expenditure like Salaries (₹ 4,917.24 crore), Interest Payment and Servicing of Debt (₹ 854.53 crore) and Pension (₹ 882.31 crore).

Sources and Application of Funds

(₹ in crore)



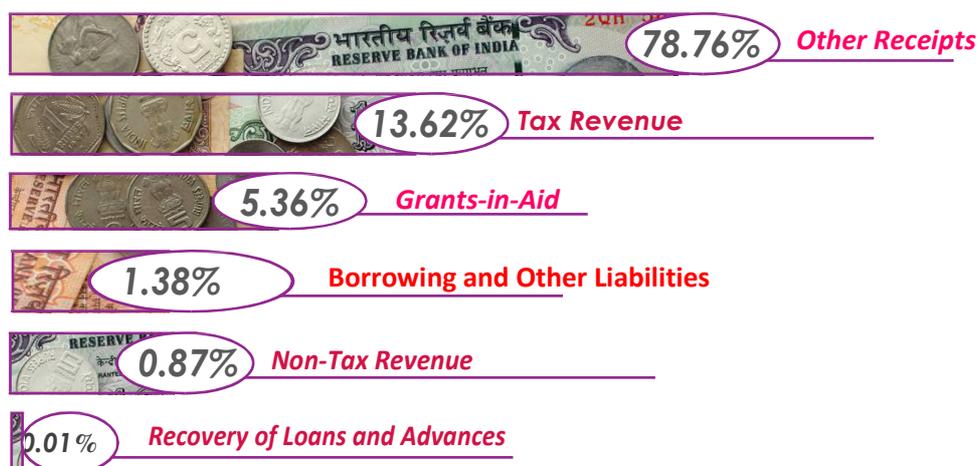
PARTICULARS	AMOUNT
Opening cash balance as on 1 April 2019	75.40
Revenue Receipts	14,888.55
Capital Receipts	---
Recovery of Loans & Advances	7.03
Public Debt	1,790.71
Small Savings, Provident Funds, etc.	562.99
Reserves Fund & Sinking Funds	1,906.18
Deposits Received	335.95
Civil Advances Repaid	17.33
Suspense Account	52,136.81
Remittances	3,313.06
Contingency Fund	---
TOTAL	75,034.01



Revenue Expenditure	12,218.73
Capital Expenditure	3,693.05
Loans Given	16.02
Repayment of Public Debt (incl. Ways and Means Advances)	353.60
Appropriation to Contingency Fund	---
Small Savings, Provident Funds etc.	287.87
Reserves Fund & Sinking Funds	317.57
Deposits Repaid	411.22
Civil Advances Given	19.29
Suspense Account	52,779.59
Remittances	4,680.11
Closing Cash Balance as on 31 March 2020	256.96
TOTAL	75,034.01

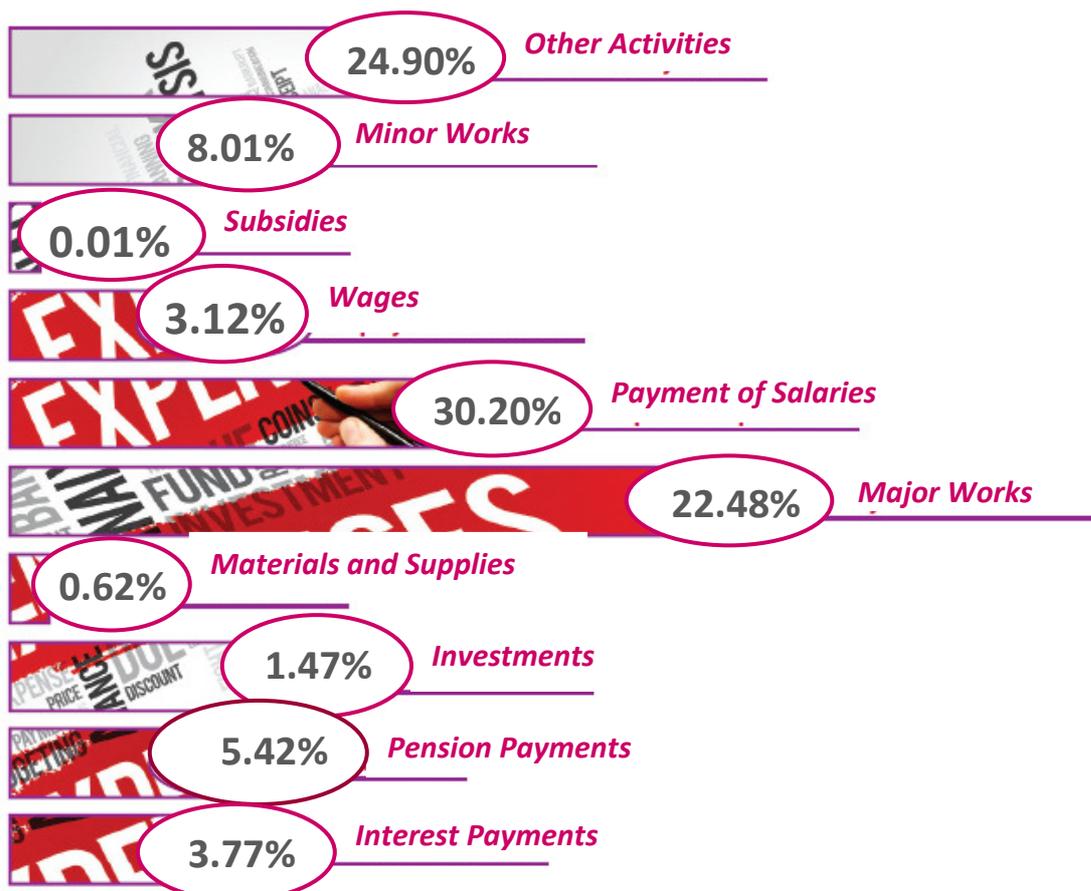
1.4.3. Where the ₹ came from? (in percentage)

Actual Receipts



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

Actual Expenditure



During 2019-20, Revenue Surplus of ₹ 2,669.82 crore and Fiscal Deficit of ₹ 1,032.22 crore represent 9.87 and 3.82 per cent of the Gross State Domestic Product (GSDP) respectively. Fiscal Deficit constituted 6.48 per cent of Total Expenditure.

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

What does Deficit and Surplus indicate?

DEFICIT

Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.

Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.

REVENUE DEFICIT/ SURPLUS

FISCAL DEFICIT/ SURPLUS

Refers to the gap between Total Receipts (excluding Borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by Borrowings and ideally, should be invested in Capital Projects.

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

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Government of Arunachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2006. As per this Act, (as amended in April 2018) the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2019-20 against fiscal targets laid down in the Act and rules framed there under, were as follows:

Sl. No.	Financial Parameter	Actuals (₹ In crore)	Ratio to GSDP*	
			Target	Achievement
1.	Revenue Surplus	2,669.82	12.81	9.87 (not achieved)
2.	Fiscal Deficit	1,032.22	3.70	3.82 (not achieved)
3.	Debt and other Obligations	12,131.46	25.31	44.87 (not achieved)

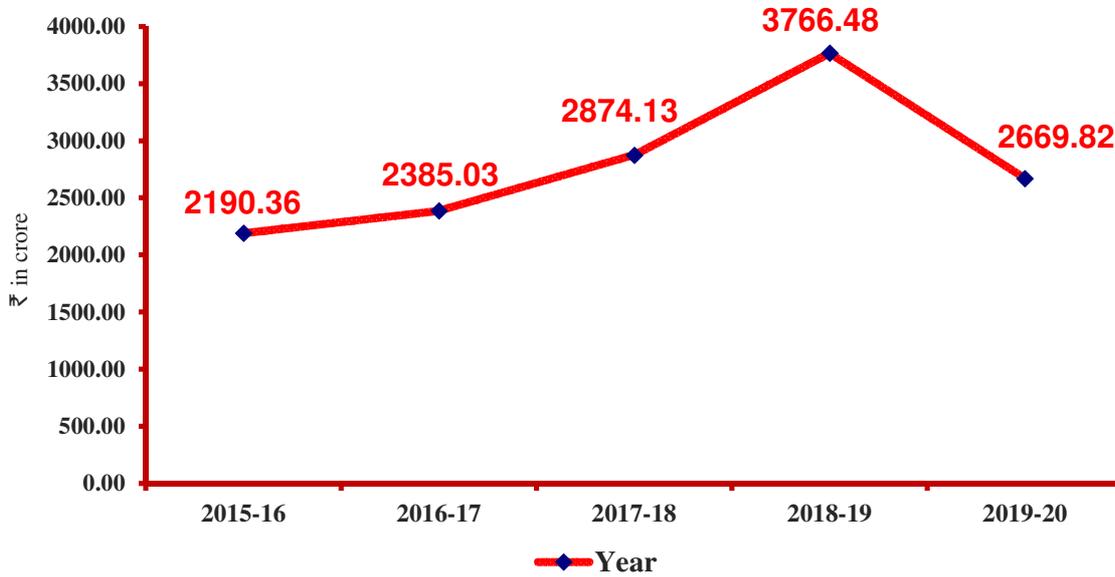
* GSDP figure (₹ 27,036.64 crore) on current prices is taken from Department of Economics & Statistics, Government of Arunachal Pradesh, in September 2020, as the same was not available on the website of Ministry of Statistics and Programme Implementation, Govt. of India.

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

The State Government had Revenue Surplus of ₹ 3,766.48 crore in 2018-19 and ₹ 2,669.82 crore in 2019-20, which was not as per the target of FRBM Act. Fiscal Deficit decreased by ₹ 943.81 crore from ₹ 1,976.03 crore in 2018-19 to ₹ 1,032.22 crore in the current year and was 3.82 per cent of GSDP, which was more than the FRMB Act target of 3.70 per cent. Against the target of reducing outstanding debt to 25.31 per cent of GSDP by 2019-20, outstanding Debt stood at ₹ 12,131.46 crore as on 31 March 2020, being 44.87 per cent of GSDP, which was above the target.

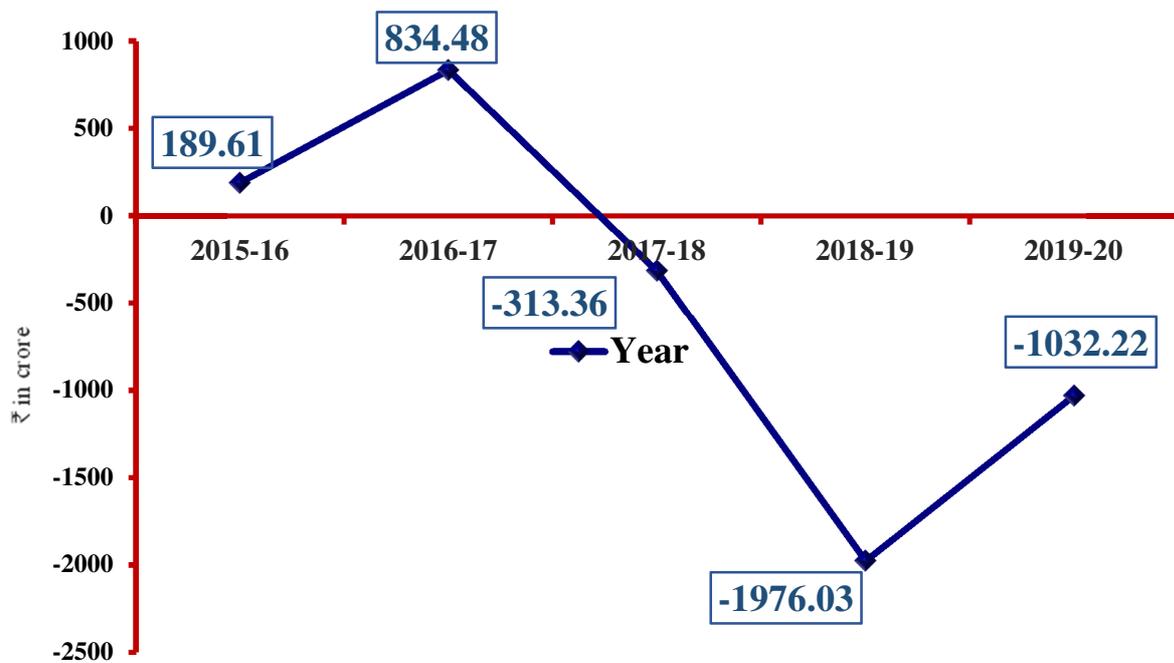
1.5.1. Trend of Revenue Deficit/Surplus

Trend of Revenue Deficit (-)/Surplus (+)



1.5.2. Trend of Fiscal Deficit/Surplus

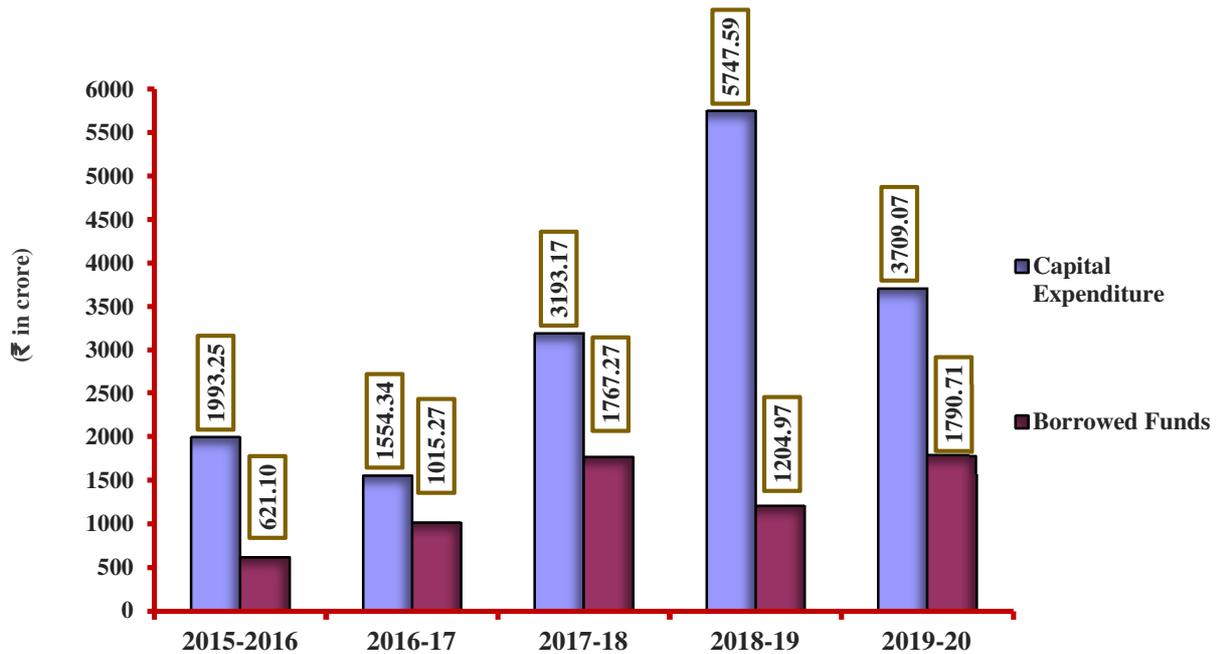
Trend of Fiscal Deficit (-)/ Surplus (+)



1.5.3. Proportion of Borrowed Funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Fund	Capital Expenditure
2015-16	621.10	1,993.25
2016-17	1,015.27	1,554.34
2017-18	1,767.27	3,193.17
2018-19	1,204.97	5,747.59
2019-20	1,790.71	3,709.07



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus, it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government fully utilized its borrowings of the current year (₹ 1,790.71 crore) for creation of Capital Assets.

CHAPTER - 2

RECEIPTS

2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2019-20 were ₹ 15,927.80 crore.

2.2. Revenue Receipts

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

TAX REVENUE

Comprises of taxes collected and retained by the State and State's Share of Union Taxes, under Article 280 (3) of the Constitution.

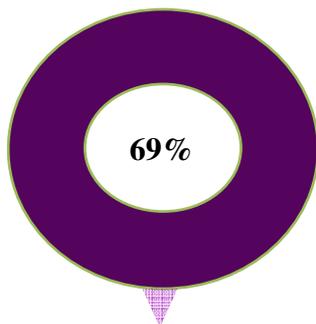
Includes Interest Receipts, Dividend, Profits, Departmental Receipts, etc.

NON-TAXREVEN

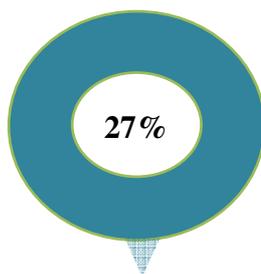
GRANTS-IN-AID

Grants-in-Aid represent Central Assistance to the State Government from the Union Government. It also includes '*External Grants Assistance*' and '*Aid, Material & Equipment*' received from foreign Governments and channelized through the Union Government. In turn, the State Government also gives Grants-in-Aid to Institutions like Panchayati Raj, Autonomous Bodies, etc.

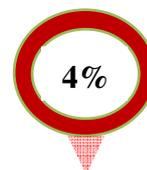
Revenue Receipts



Tax Revenue



Grants-in-Aid and Contributions



Non Tax Revenue

2.2.1. Revenue Receipt Components (2019-20)

Components		Actuals (₹ in crore)	Percentage to Revenue Receipt
A.	TAX REVENUE*	10,216.30	69
	Goods and Services Tax	3,351.86	23
	Taxes on Income & Expenditure	5,465.66	37
	Taxes on Property, Capital & Other Transactions	24.24	--
	Taxes on Commodities & Services	1,374.54	9
B.	NON-TAX REVENUE	651.38	4
	Interest Receipts, Dividends & Profits	62.49	--
	General Services	156.12	1
	Social Services	69.31	--
	Economic Services	363.46	2
C.	GRANTS-IN-AID AND CONTRIBUTIONS	4,020.87	27
TOTAL- REVENUE RECEIPTS		14,888.55	100

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

2.3. Trend of Revenue Receipts

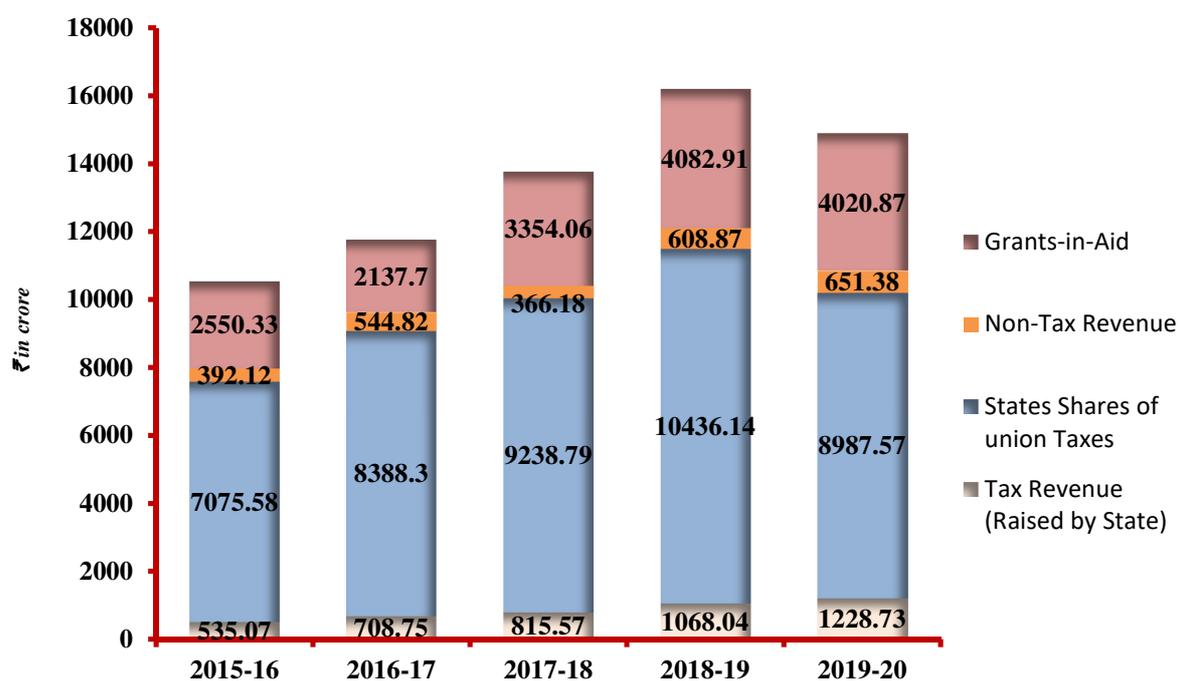
(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Tax Revenue (raised by the State)	535.07	708.75	815.57	1,068.04	1,228.73
State Share of Union Taxes/Duties	7075.58	8388.30	9238.79	10,436.14	8,987.57
Non-Tax Revenue	392.12	544.82	366.18	608.87	651.38
Grants-in-Aid	2,550.33	2,137.70	3,354.06	4,082.91	4,020.87
TOTAL REVENUE RECEIPTS	10,553.10	11,779.57	13,774.60	16,195.96	14,888.55
GSDP	18,509.16	19,845.44	22,432.48	24,602.88	27,036.64

Note: *GSDP (Gross State Domestic Product) Figures for 2019-20 at current prices, as intimated by Department of Economics & Statistics, Government of Arunachal Pradesh (September 2020)*

Though GSDP increased by 9.89 per cent in 2019-20, compared to the previous year, decline in Revenue Receipts was 8.07 per cent. Total Tax Revenue (including State share of Union Taxes) decreased by 11.19 per cent, non-Tax Revenue increased by 6.98 per cent and Grants-in-Aid decreased by 1.52 per cent, compared to the previous year.

Trend of Component of Revenue of Receipts



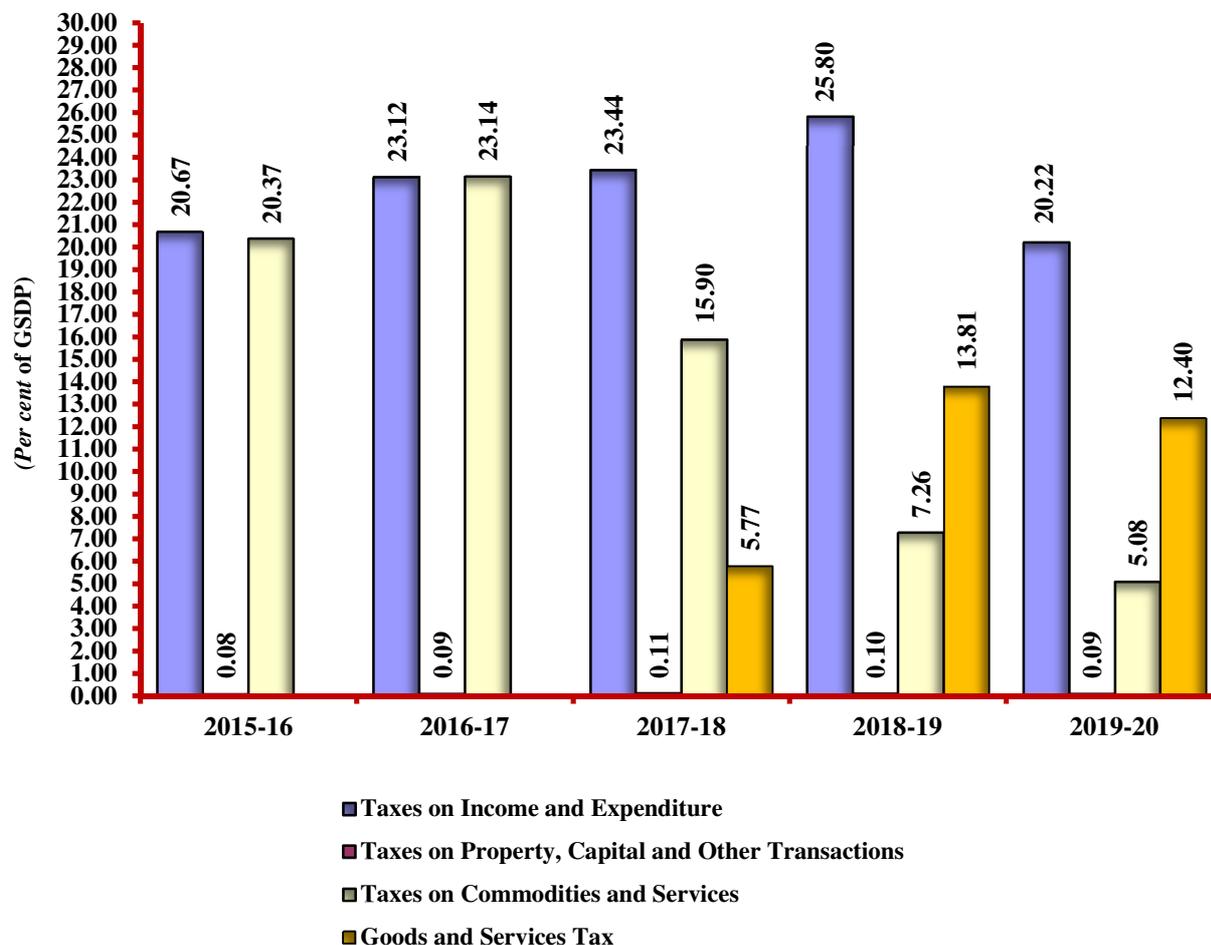
2.3.1. Tax Revenue

(₹ in crore)

		Sector-wise Tax Revenue				
Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
a.	Goods & Services Tax	-	-	1,283.21	3,381.62	3,351.86
b.	Taxes on Income and Expenditure	3,825.00	4,538.40	5,212.04	6,319.33	5,465.66
c.	Taxes on Property, Capital & Other Transactions	14.60	17.65	23.66	25.08	24.24
d.	Taxes on Commodities and Services	3,771.05	4,541.00	3,535.45	1,778.15	1,374.54
TOTAL TAX REVENUE		7,610.65	9,097.05	10,054.36	11,504.18	10,216.30
GSDP		18,509.16	19,845.44	22,432.48	24,602.88	27,036.64

The decrease in total Tax Revenue during 2019-20 was mainly attributable to decrease in allocation of State Share from the Government of India.

Trend of Major Taxes in Proportion to GSDP



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

(₹ in crore)

Year	Tax Revenue	State Share of Union Taxes	State's Own Tax Revenue	
			Amount	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2015-16	7,610.65	7,075.58	535.07	2.89
2016-17	9,097.05	8,388.30	708.75	3.57
2017-18	10,054.36	9,238.79	815.57	3.64
2018-19	11,504.18	10,436.14	1,068.04	4.34
2019-20	10,216.30	8,987.57	1,228.73	4.54

The proportion of State's Own Revenue to GSDP (4.54 per cent) was lower than the target of 4.67 per cent, as recommended by the 14th Finance Commission.

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

(₹ in crore)

Major Head Description	2015-16	2016-17	2017-18	2018-19	2019-20
Goods & Services Tax	-	-	1,059.48	2,780.62	2,550.31
Corporation Tax	2,239.74	2,677.52	2,825.84	3,628.32	3,064.45
Taxes on Income other than Corporation Tax	1,585.26	1,860.88	2,386.20	2,672.11	2,401.21
Other Taxes on Income and Expenditure	-	-	-	18.90	--
Taxes on Wealth	0.08	6.13	-0.08	1.34	0.13
Customs	1,115.78	1,151.76	931.30	739.56	569.70
Union Excise Duties	900.89	1,315.22	973.50	491.48	396.08
Service Tax	1,232.59	1,376.76	1,062.55	98.42	--
Other Taxes and Duties on Commodities & Services	1.24	0.03	-	5.39	5.69
Total State Share of Union Taxes	7,075.58	8,388.30	9,238.79	10,436.14	8,987.57
Total Tax Revenue	7,610.65	9,097.05	10,054.36	11,504.18	10,216.30
Percentage of Union Taxes to Total Tax Revenue	92.97%	92.21%	91.89%	90.72%	87.97%

2.6. Cost of Tax Collection

A. Taxes on Property, Capital and Other Transactions

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Collection	14.60	17.65	23.66	25.08	24.24
Expenditure on Collection	15.47	16.91	19.13	249.70	70.81
Cost of Tax Collection	105.96%	95.81%	80.85%	995.61%	292.12%

B. Taxes on Commodities and Services

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Collection	3,771.05	4,541.00	3,535.45	1,778.15	1,374.54
Expenditure on Collection	16.55	23.47	30.26	31.85	23.32
Cost of Tax Collection	0.44%	0.52%	0.86%	1.79%	1.70%

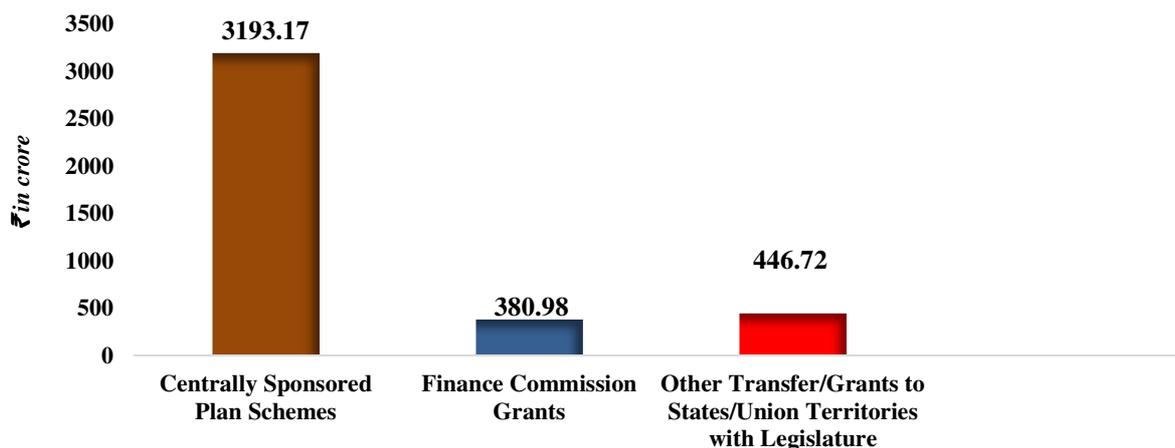
Taxes on Commodities and Services form a major portion of Tax Revenue. Tax collection efficiency of Taxes on Property, Capital and Other Transactions requires improvement.

2.7 Grants-in-Aid

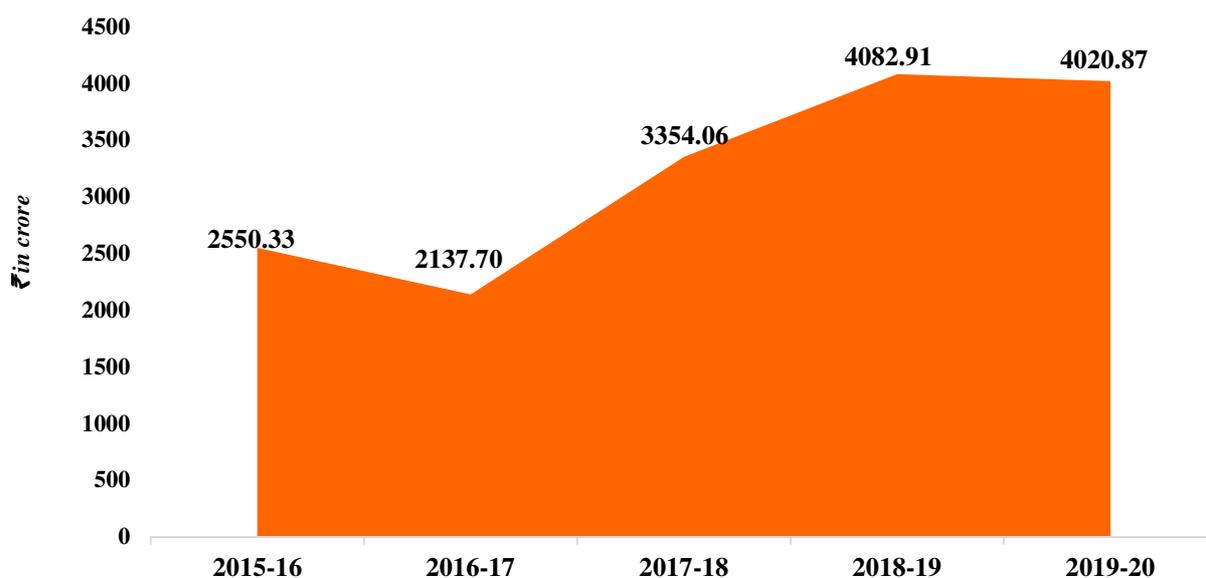
Grants-in-Aid represent assistance from the Government of India and comprise of Grants for Centrally Sponsored Schemes, Finance Commission Grants and Other Transfer/Grants to States.

Total receipts during 2019-20 under Grants-in-Aid were ₹ 4,020.87 crore, as shown below:

Grants-in-Aid



Trend of Grants-in-Aid



2.8 Public Debt

Trend of Public Debt over the past five years

Description	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Internal Debt	621.10	1,015.27	1,767.27	1,204.97	1,790.71
Central Loans	-	-	-	-	-
Total Public Debt	621.10	1,015.27	1,767.27	1,204.97	1,790.71

Public Debt saw a significant increase by ₹ 585.20 crore, compared to the previous year and Internal Debt was financed from various sources like Special Securities (NSSF), Market Loans, Loans from Financial Institutions and other Loans.

Chapter – III Expenditure

3.1. Introduction

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

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

GENERAL SERVICES

Includes Justice, Police, Jails, PWD, Interest, Pension, etc.

Includes Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Irrigation, Rural Development, Co-operation, Energy, Industries, Transport, etc.

3.2. Revenue Expenditure

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

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Budget Estimates	10,937.26	12,114.46	12,976.01	10,255.66	13,406.78
Actuals	8,362.74	9,394.54	10,900.47	12,429.48	12,218.73
Gap	2,574.52	2,719.92	2,075.54	(-) 2,173.82	1,188.05
<i>Percentage of variation – Actual against BE</i>	<i>23.54</i>	<i>22.45</i>	<i>16.00</i>	<i>(-) 21.20</i>	<i>8.86</i>

(Source: Appropriation Accounts of respective years)

Compounding the less (28.62 per cent) of Revenue Receipts against Budget Estimates, the State Government was able to generate surplus revenue in terms of the FRBM Act.

Nearly 54.46 per cent of total Revenue Expenditure was spent on Committed Expenditure (Salaries, Pensions and Interest Payment). Revenue Expenditure decreased by 1.70 per cent from ₹ 12,429.48 crore in 2018-19 to ₹ 12,218.73 crore in 2019-20.

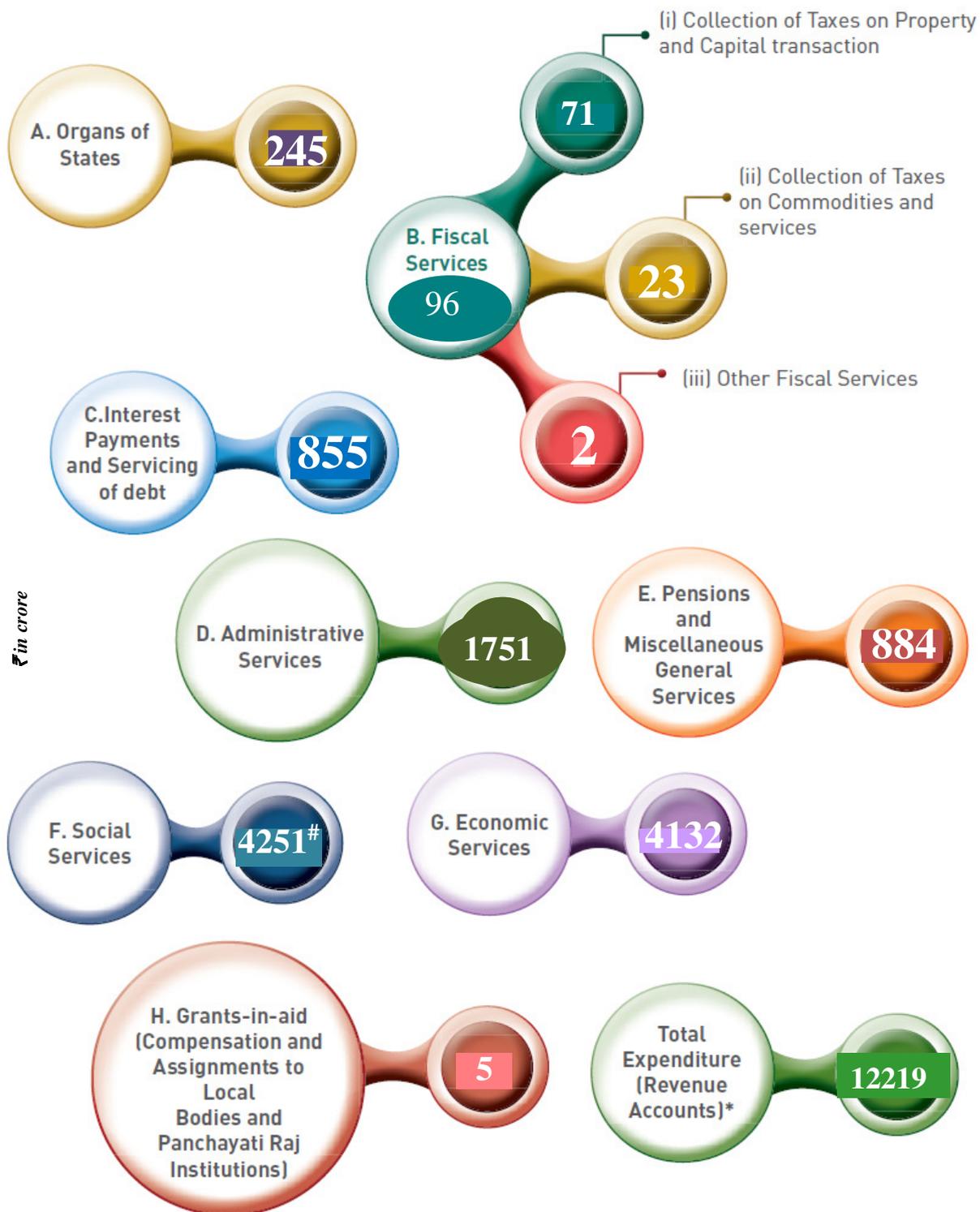
The position of committed and uncommitted Revenue Expenditure over the last five years, is given in the Table below:

Component	2015-16	2016-17	2017-18	2018-19	2019-20
Total Revenue Expenditure	8,362.74	9,394.54	10,900.47	12,429.48	12,218.73
Committed Revenue Expenditure#	4,069.09	4,606.69	5,825.94	5,792.96	6,654.08
<i>Percentage of committed Revenue Expenditure to total Revenue Expenditure</i>	<i>49</i>	<i>49</i>	<i>53</i>	<i>47</i>	<i>54</i>
Uncommitted Revenue Expenditure	4,293.65	4,787.85	5,074.53	6,636.52	5,564.65

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

It can be seen that the uncommitted Revenue Expenditure available for implementation of various Schemes increased by 29.60 per cent from ₹ 4,293.65 crore in 2015-16 to ₹ 5,564.65 crore in 2019-20. Total Revenue Expenditure increased by 46.11 per cent from ₹ 8,362.74 crore in 2015-16 to ₹ 12,218.73 crore in 2019-20. However, committed Revenue Expenditure increased slightly by 14.86 percent from ₹ 5,792.96 crore in 2018-19 to ₹ 6,654.08 crore during 2019-20.

3.2.1. Sectoral Distribution of Revenue Expenditure (2019-20)



* (Net, after deducting recoveries)

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

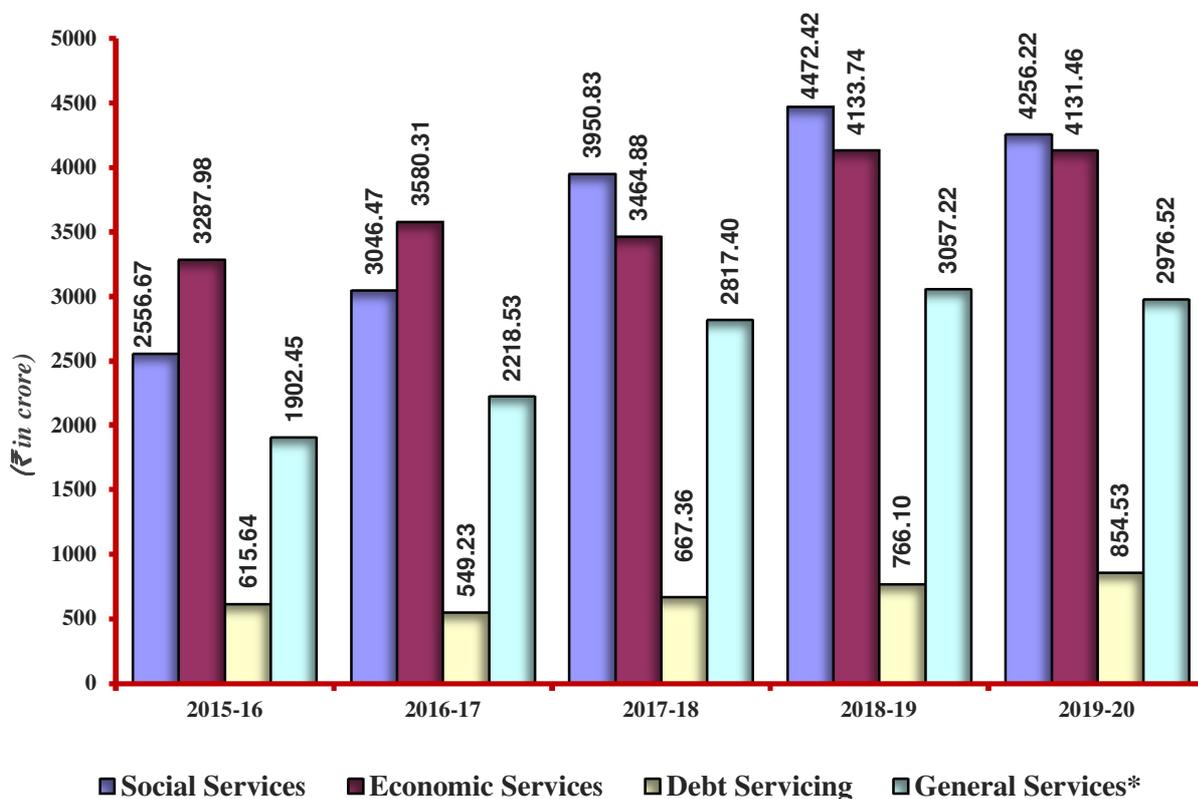
3.2.2. Major Components of Revenue Expenditure (2015-16 to 2019-20)

(₹ in crore)

Components	2015-16	2016-17	2017-18	2018-19	2019-20
Social Services	2,556.67	3,046.47	3,950.83	4,472.42	4,256.22
Economic Services	3,287.98	3,580.31	3,464.88	4,133.74	4,131.46
Debt Servicing	615.64	549.23	667.36	766.10	854.53
General Services*(excl. Expenditure on Debt Servicing)	1,902.45	2,218.53	2,817.40	3,057.22	2,976.52

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

Trend of Major Components of Revenue Expenditure



3.3. Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements for 2019-20 amounting to ₹ 3,693.05 crore (13.66 per cent of GSDP) were less than Budget Estimates by ₹ 4,313.67 crore. Growth in Capital Expenditure has not kept pace with the steady growth of GSDP during 2016-17 and 2019-20. This can be seen in the Table below:

(₹ in crore)

Sl. No.	Components	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Budget(B.E.)	3,654.75	3,467.22	4,105.11	7,877.86	8,006.72
2.	Actual Expenditure(#)	1,993.25	1,544.01	3,188.10	5,727.43	3,693.05
3.	Percentage of Actual Exp. To B.E.	54.54	44.51	7.77	72.70	46.12
4.	Yearly growth in Capital Expenditure	34.39%	(-) 22.54%	106.56%	79.65%	(-) 35.52%
5.	GSDP	18,509.16	19,845.44	22,432.48	24,602.88	27,036.64
6.	Yearly growth in GSDP	3.06%	7.22%	13.04%	9.68%	9.89%

(#)Does not include Expenditure on Loans &Advances

3.3.1. Sectoral Distribution of Capital Expenditure

(₹ in crore)

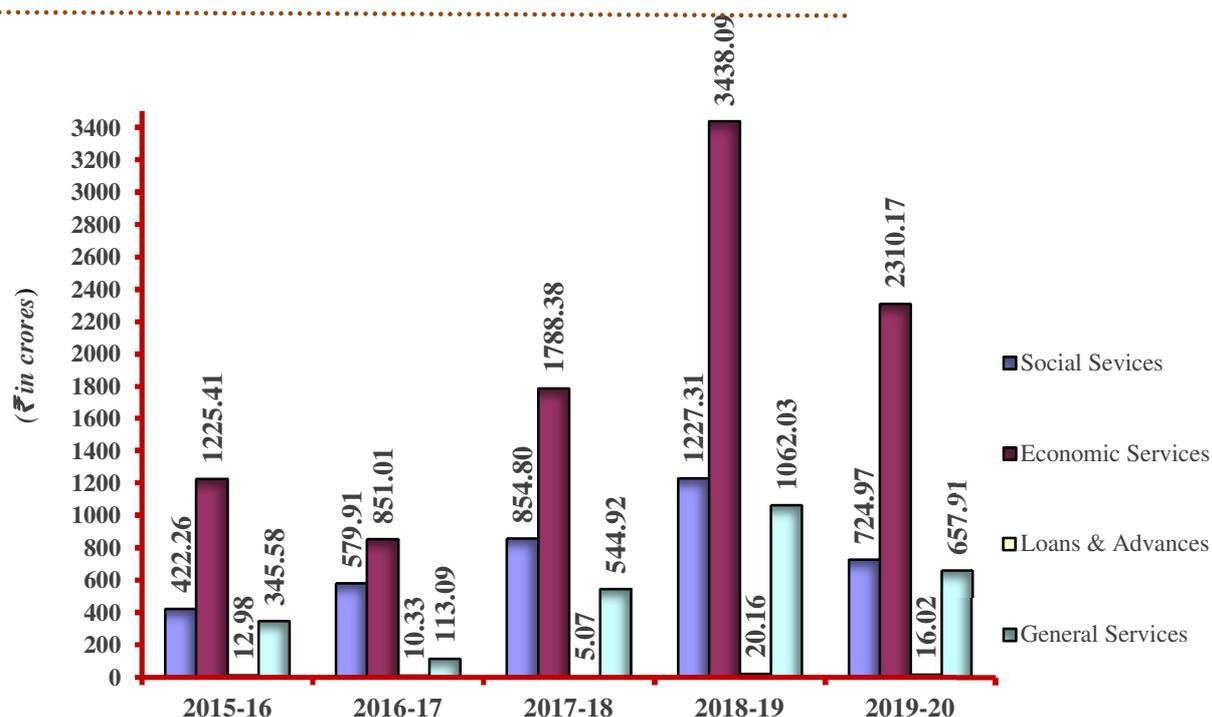
Sl. No.	Components	Amount	Percentage
1.	General Services: Police, Land Revenue; etc.	657.91	17.74
2.	Social Services: Education, Health & Family Welfare, Water Supply, Welfare of SC/ST, etc.	724.97	19.55
3.	Economic Services: Agriculture, Rural Development, Irrigation, Energy, Industries, Co-operation, Transport, etc.;	2,310.17	62.28
4.	Loans & Advances Disbursed	16.02	0.43
	TOTAL	3,709.07	100

3.3.2. Sectoral Distribution of Capital Expenditure over the past five years

(₹ in crore)

Sl. No.	Sector	2015-16	2016-17	2017-18	2018-19	2019-20
1.	General Services	345.58	113.09	544.92	1,062.03	657.91
2.	Social Services	422.26	579.91	854.80	1,227.31	724.97
3.	Economic Services	1,225.41	851.01	1,788.38	3,438.09	2,310.17
4.	Loans & Advances	12.98	10.33	5.07	20.16	16.02
	TOTAL	2,006.23	1,554.34	3,193.17	5,747.59	3,709.07

Trend of Sectoral Distribution of Capital Expenditure



3.3.3. Sectoral distribution of Capital and Revenue Expenditure

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

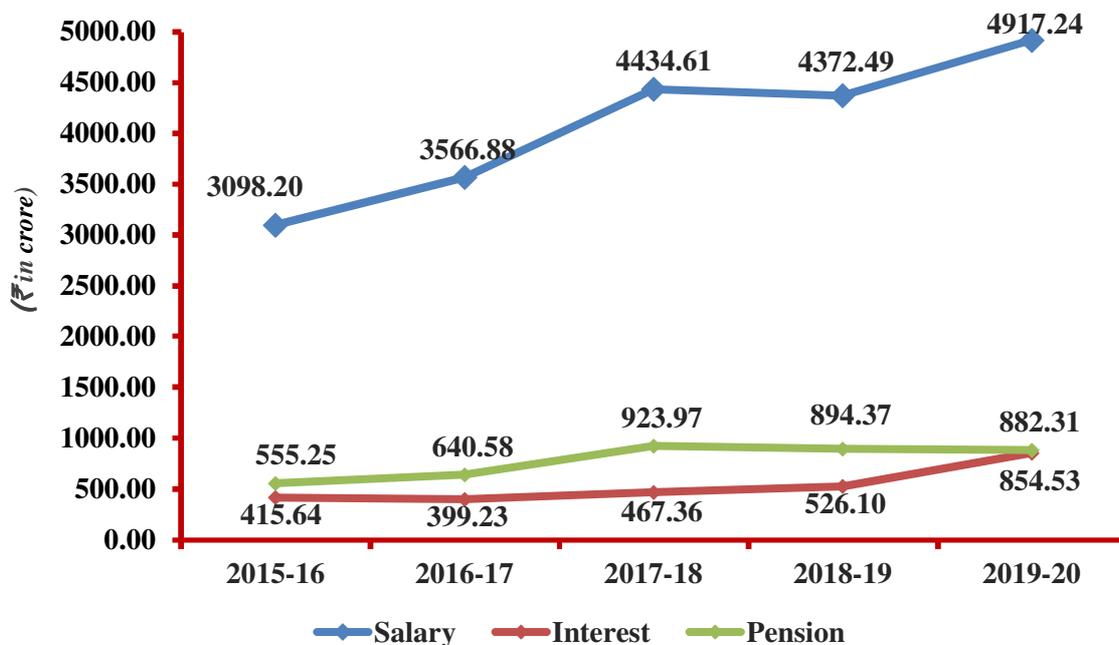
		(₹ in crore)					
Sl. No.	Sector		2015-16	2016-17	2017-18	2018-19	2019-20
(A)	General Services	Capital	345.58	113.09	544.92	1,062.03	657.91
		Revenue	2,518.09	2,767.76	3,484.76	3,823.32	3,831.05
(B)	Social Services	Capital	422.26	579.91	854.80	1,227.31	724.97
		Revenue	2,556.67	3,046.47	3,950.83	4,472.42	4,256.22
(C)	Economic Service	Capital	1,225.41	851.01	1,788.38	3,438.09	2,310.17
		Revenue	3,297.98	3,580.31	3,464.88	4,133.74	4,131.46
(D)	Grants-in-Aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	964.78	1,279.07	1,566.88	1,869.45	1,332.05

* Not Applicable

3.4. Committed Expenditure

Expenditure on Salaries and Interest payments showed increase while expenditure on Pensions showed decrease in 2019-20 over the previous year.

Trend of Committed Expenditure



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

(₹ in crore)

Component	2015-16	2016-17	2017-18	2018-19	2019-20
Committed Expenditure	4,069.09	4,606.69	5,825.94	5,792.96	6,654.08
Revenue Expenditure	8,362.74	9,394.54	10,900.47	12,429.48	12,218.73
Revenue Receipts	10,553.10	11,779.57	13,774.60	16,195.96	14,888.55
<i>Percentage of Committed Expenditure to Revenue Receipts</i>	<i>39</i>	<i>39</i>	<i>42</i>	<i>36</i>	<i>45</i>
<i>Percentage of Committed Expenditure to Revenue Expenditure</i>	<i>49</i>	<i>49</i>	<i>53</i>	<i>47</i>	<i>54</i>

Committed Expenditure increased by 63.53 per cent from 2015-16 to 2019-20 while Revenue Expenditure registered the growth of 46.11 per cent during the same period, leaving the Government with less flexibility in development spending.

CHAPTER – IV

APPROPRIATION ACCOUNTS

4.1. Summary of Appropriation Accounts for 2019-20

(₹ in crore)

Sl. No.	Nature of Expenditure	Original Grant	Supplementary Grant	Re - appropriation	TOTAL	Actual Expenditure	Savings (-) Excess (+)
1.	Revenue						
	Voted	12,498.39	803.67	--	13,302.06	11,337.78	(-)1,964.28
	Charged	908.39	5.75		914.14	880.95	(-)33.19
2.	Capital						
	Voted	8,006.72	656.83	--	8,663.55	3,693.05	(-)4,970.50
	Charged	--	--		--	--	--
3.	Public Debt						
	Charged	587.17	--	--	587.17	353.60	(-)233.57
4.	Loans & Advances						
	Voted	8.30	11.88	--	20.18	16.02	(-)4.16
	Charged	--	--		--	--	--
TOTAL		22,008.97	1,478.13	--	23,487.10	16,281.40	(-)7,205.70

4.2. Trend of Savings/Excess during the past five years

(₹ in crore)

Year	Savings (-)/Excess (+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2015-16	(-) 2,532.36	(-) 1,647.24	(-) 42.45	(+) 309.51	(-) 3,912.54
2016-17	(-)2,518.52	(-)1,902.21	(-)201.70	(-)157.04	(-)4,779.47
2017-18	(-)2,056.61	(-)3,267.08	(-)18.93	(-)272.24	(-)5,614.86
2018-19	(-)1,274.10	(-)6,599.76	(-)266.55	(-)237.60	(-)8,378.01
2019-20	(-)1,997.47	(-)4,970.50	(-)233.57	(-)4.16	(-)7,205.70

4.3. Significant Savings

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

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

(₹ in crore)

Grant No.	Nomenclature	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUE						
6	District Administration	350.77	174.36	9.48	11.82	156.27
15	Health & Family Welfare	214.63	182.36	101.70	259.20	227.52
23	Forest	87.92	47.65	17.97	6.96	35.87
24	Agriculture	37.16	10.30	17.19	97.08	103.30
27	Panchayat	47.67	69.18	62.76	1.36	117.06
38	Water Resources Department	27.08	59.98	18.72	23.63	50.37
CAPITAL						
32	Roads & Bridges	48.09	333.89	303.64	774.79	185.07
34	Power	40.83	69.67	287.96	54.04	85.33
38	Water Resources	206.95	85.34	1.34	167.06	9.53
50	Secretariat Economic Services	951.33	635.98	359.74	2,996.47	3,025.42
56	Tourism	34.11	17.32	95.58	22.05	14.33
57	Urban Development	70.54	75.87	113.45	52.03	28.06

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

During 2019-20, Supplementary Grants of ₹ 139.08 crore (0.85 per cent of Total Expenditure of ₹ 16,281.40 crore) proved to be unnecessary. In some cases, (Original Budget above ₹ 60 crore), there were significant Savings at the end of the year, even against original allocations. A few instances are given below:

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
6	District Administration	Revenue	475.36	0.01	319.09
13	Directorate of Accounts	Revenue	883.40	0.50	835.17
14	Secondary Education	Revenue	468.37	0.01	385.36
15	Health and Family Welfare	Capital	165.60	0.01	51.37
24	Agriculture	Revenue	329.64	0.01	226.34
26	Rural Works	Capital	1,236.00	0.01	1,007.85
27	Panchayat	Revenue	203.77	0.01	86.71
42	Rural Development	Capital	116.89	0.01	7.74
59	Public Health Engineering	Capital	449.73	0.01	253.07
83	Directorate of Tomo Riba Institute of Health and Medical Science	Revenue	136.85	0.60	0.60

A few instances where there was excess expenditure at the end of the year even after supplementary allocations were made are given below:

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
19	Industries	Capital	6.94	3.06	11.52
25	Relief, Rehabilitation and Re-settlement	Revenue	79.93	0.002[*]	80.82
71	Department of Tawang and West Kameng	Capital	10.25	1.34	16.83
20	Information Technology	Revenue	29.69	28.13	60.97

[*] ₹ 20,000/- only

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

CHAPTER - V

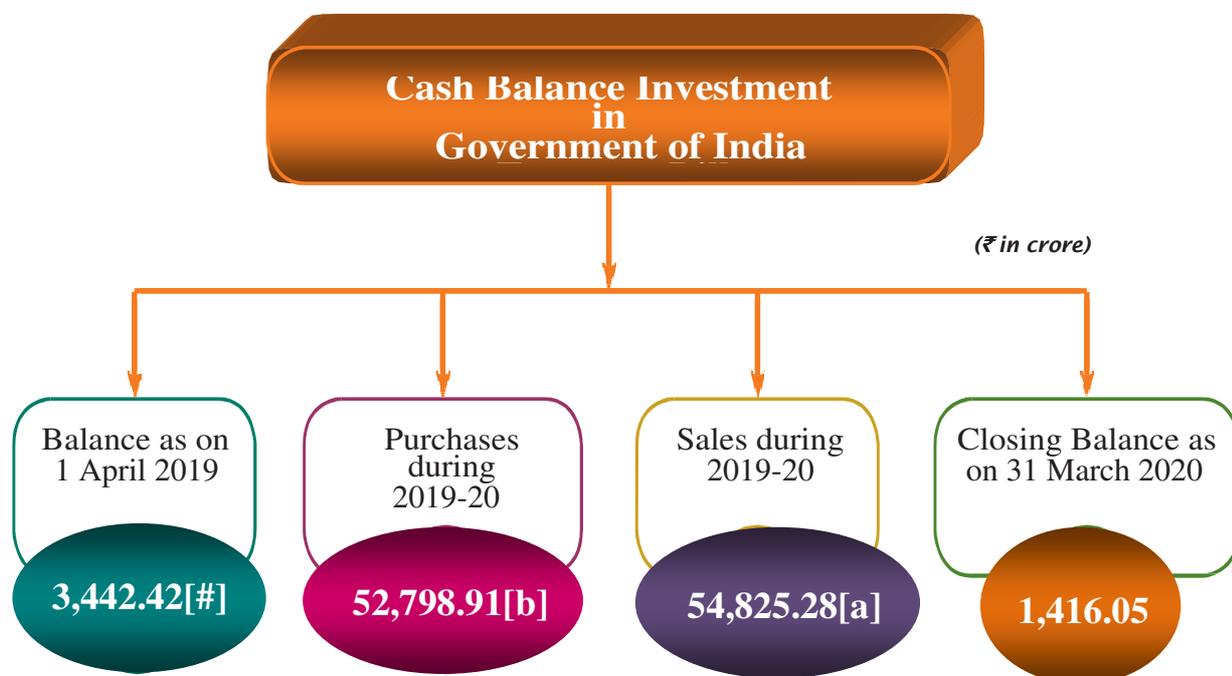
ASSETS & LIABILITIES

5.1. Assets

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

Total Investment as Share Capital in Public Sector Undertakings (PSUs) stood at ₹ 250.93 crore at the end of 2019-20. However, no Dividends were received on Investment.

Cash Balance with RBI stood at ₹ 75.40 crore on 1st April 2019 and increased to ₹ 256.96 crore at the end of March 2020. In addition, the Government invested ₹ 52,883.48 crore on 150 occasions in 14-day Treasury Bills and rediscounted Treasury Bills worth ₹ 52,140.54 crore on 234 occasions during 2019-20. The Investment position during 2019-20 is depicted in the Table below:



[#] rectification of error during the year 2009-10

[a] it includes ₹ 26,84.74 crore for rectification of error during the years 2008-09 & 2009-10

[b] it includes (-) ₹ 84.57 crore for rectification of error during the years 2011-12

5.2. Debts and Liabilities

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

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

(₹ in crore)

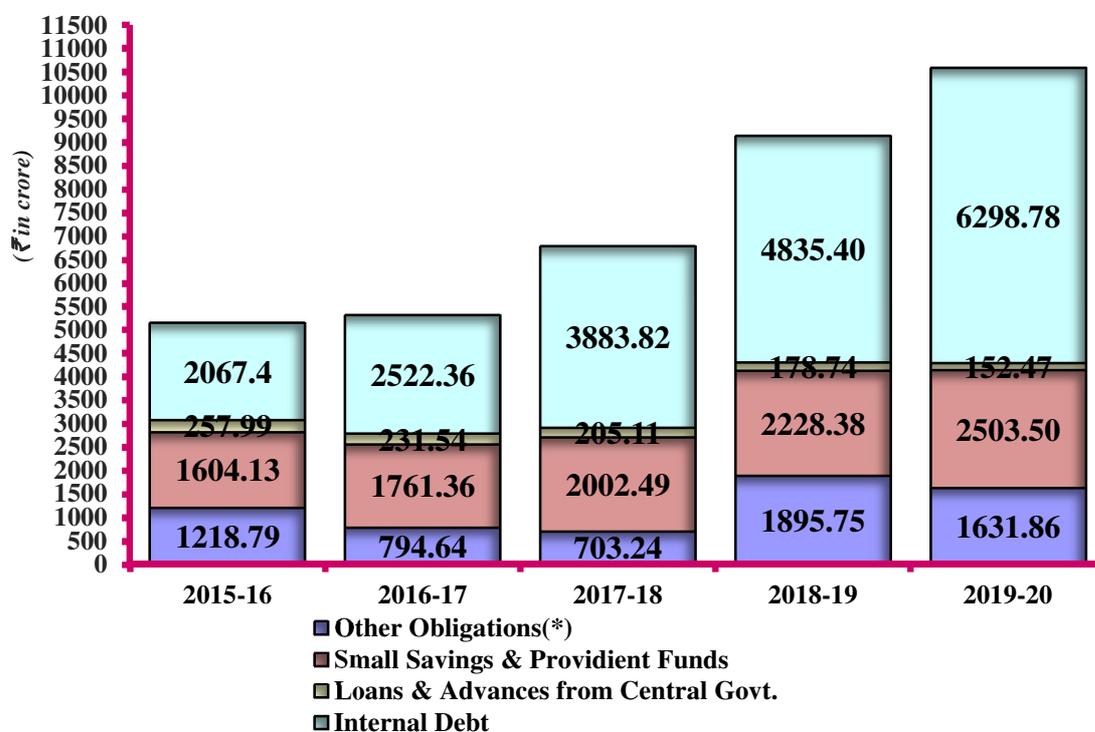
Year	Public Debt	% to GSDP	Public Account*	% to GSDP	Total Liabilities	% to GSDP
2015-16	2,325.40	12.56	2,978.51	16.09	5,303.91	28.66
2016-17	2,753.90	13.88	1,851.63	9.33	4,605.53	23.21
2017-18	4,088.93	18.23	1,904.78	8.49	5,993.71	26.72
2018-19	5,014.14	20.38	2,045.34	8.31	7,059.48	28.69
2019-20	6,451.24	23.86	3,831.86	14.17	10,283.10	38.03

* Excludes Suspense & Remittances Balances.

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

Public Debt and other Liabilities showed a net increase of ₹ 3,223.62 crore (45.66 per cent) in 2019-20 over the previous year.

Trend in Government Liabilities



(*) Non-interest bearing obligations such as deposit of Local Funds, Other earmarked Funds, etc.

5.3. Guarantees

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2015-16	2.00	---	0.97 [#]
2016-17	2.00	0.97	0.01
2017-18	2.00	0.97	0.04
2018-19	2.00	0.97	0.07
2019-20	2.00	0.97	0.10

(#) Amount has not been bifurcated as Principal and Interest.

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

6.1. *Adverse Balances under Internal Debt*

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan Schemes/Programmes, which are projected outside the State Budget. Such Loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, Loan repayments appear in Government Accounts, resulting in irreconcilable Adverse Balances and under-statement of Liabilities in Government Accounts. As on 31st March 2020, there was no Adverse Balance in respect of Arunachal Pradesh.

6.2. *Loans and Advances by the State Government*

The total Loans & Advances made by the State Government at the end of 2019-20 was ₹ 16.02 crore. Out of this, Loans & Advances to Government Corporations/Companies, Non-Government Institutions and Local Bodies amounted to ₹ 13.28 crore. During 2019-20, ₹ 7.03 crore was received towards repayment of Loans & Advances, out of which ₹ 3.12 crore related to repayment of Loans to Government Servants. Effective steps to recover outstanding Loans would help the Government improving its fiscal position.

6.3. *Financial Assistance to Local Bodies and Others*

Grants-in-Aid given to Local Bodies, Autonomous Bodies, etc., increased from ₹ 964.78 crore in 2015-16 to ₹ 1,332.05 crore in 2019-20. Grants to Zilla Parishads (Panchayati Raj Institutions) and Municipalities/Municipal Councils (₹ 7.98 crore) represent 0.60 *per cent* of total Grants given during the year.

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

(₹ in crore)

Sl. No.	Name of Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Zilla Parishads	-	-	-	133.47	0.01
2.	Municipalities	1.44	3.37	1.92	16.24	7.97
3.	Other Urban Local Bodies	99.34	52.04	131.71	-	-
4.	Government Companies	22.51	-	6.76	-	-
5.	Statutory Corporations	-	-	-	-	-
6.	Universities	-	-	-	-	-
7.	Development Authorities	-	42.07	29.29	29.38	19.07
8.	Co-operative Institutions	0.64	-	-	-	-
9.	Other Autonomous Bodies	-	-	12.50	-	-
10.	Non-Government Organizations	7.30	5.28	1.00	-	-
11.	Grants for which classification of Institution is not available	833.55	1,176.31	1,383.70	1,690.36	1,305.00
TOTAL		883.98	964.78	1,279.07	1,566.88	1,332.05

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

(₹ in crore)

Sl. No.	Name of Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Zilla Parishads	-	-	-	-	-
2.	Municipalities	-	-	-	-	-
3.	Other Urban Local Bodies	-	-	50.00	-	-
4.	Government Companies	-	-	-	-	-
5.	Statutory Corporations	-	-	-	-	-
6.	Universities	-	-	-	-	-
7.	Development Authorities	-	16.96	-	-	-
8.	Other Autonomous Bodies	-	1.00	5.00	-	-
9.	Non-Government Organizations	-	0.80	-	-	-
10.	Grants for which classification of Institution is not available	63.03	150.04	113.33	300.58	112.47
TOTAL		63.03	168.80	168.33	300.58	112.47

6.4. Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2019	As on 31 st March 2020	Net Increase (+)/ (-) Decrease
Cash Balances	75.40	256.96	(+) 181.56
Investments from Cash Balance(<i>GoI Treasury Bills</i>)	3,442.42[*]	1,416.05	(-) 2,026.37
Investment from Earmarked Fund Balances	1,028.27	1,345.73	(+) 317.46
(a) <i>Sinking Fund</i>	1,027.25	1,344.16	(+) 316.90
(b) <i>Guarantee Redemption Fund</i>	1.02	1.57	(+) 0.56
(c) <i>Other Funds</i>	-	-	-
Interest Realized during the year	78.01	59.22	(-) 18.79

The State Government had a positive Closing Cash Balance as on 31st March 2020. Interest Receipts on investment of cash balance decreased by 18.79 per cent from ₹ 78.01 crore in 2018-19 to ₹ 59.22 crore in 2019-20.

[*] Rectification of error during the year 2019-20 as shown in Statement 21 of the Finance Accounts (Vol-II).

6.5. Reconciliation of Accounts

Accuracy and reliability of Accounts, among other things, depend on timely reconciliation of figures available with Departments and figures appearing in the Accounts compiled by the Principal Accountant General. This exercise is to be conducted by respective Heads of Departments. Reconciliation of Accounts of many Departments was in arrears. In 2019-20, Expenditure of ₹ 14,698.92 crore (90.28 per cent of Total Expenditure) and Receipts of ₹ 14,888.55 crore (100 per cent of Total Receipts) was reconciled by the State Government. The status of Reconciliation of Accounts in respect of Chief Controlling Officers (CCOs) of different Departments is given below:

Particulars	No. of CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
Expenditure	84	90.28 %	-	9.72 %
Receipts	84	100 %	-	0 %

6.6. Submission of Accounts by Accounts Rendering Units

Finance Accounts, 2019-20 present transactions of the Government of Arunachal Pradesh from 1st April 2019 to 31st March, 2020. Accounts of Receipts and Expenditure of the Government of Arunachal Pradesh were compiled, based on initial Accounts rendered by 27 District Treasuries/ Sub Treasuries, 206 Public Works Divisions, 48 Forest Divisions and advices of the Reserve Bank of India. Delay in rendition of Monthly Accounts by the 27 Treasuries/Sub-Treasuries to the office of the Principal Accountant General ranged from one day to 125 days.

6.7. Unadjusted Abstract Contingent Bills

When money is required in advance or when it is not possible to calculate the exact amount required, Drawing & Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) Bills, by debiting Service Heads and the expenditure is reflected as expense under the Service Head. Such amounts are held under objection, pending submission of Detailed Contingent (DC) Bills within a month, to the Principal Accountant General. Delayed submission or prolonged non-submission of DC Bills may affect the completeness and correctness of Accounts. Such AC Bills are required to be settled, within a maximum of 30 days, through submission of DC Bills. 17 DC Bills amounting to ₹ 0.29 crore, were outstanding at the end of March 2020, indicating that the instructions were not followed.

Details of AC bills outstanding as on 31 March 2020 are given below:

(₹ in crore)

Year	Number of pending DC Bills	Amount
2016-17	01	0.00*
2017-18	NIL	NIL
2018-19	NIL	NIL
2019-20	16	0.29
TOTAL	17	0.29

*₹5,000/- only, hence, it comes to 0.00 when rounding off to crore.

Note: There were no pending DC Bills prior to 2016-17.

Major defaulting Departments which had not submitted DC Bills are Secretariat Administration (₹ 0.10 crore) and Agriculture (₹ 0.19 crore).

6.8 Status of Suspense and Remittances Balances

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

Major Head 8658

(₹ in crore)

Minor Head	2017-18		2018-19		2019-20	
	Dr	Cr	Dr	Cr	Dr	Cr
101 – Pay and Accounts Office Suspense	33.85	0.47	52.60	0.05	68.48	0.05
102 – Suspense Accounts (Civil)	39.65	23.10	162.37	23.10	38.06	7.19
107- Cash Settlement Suspense Account	24.03	4.82	24.03	4.82	24.03	4.82
109 – Reserve Bank Suspense - Headquarters	(-) 38.10	(-) 13.89	(-) 16.57	(-) 5.43	(-) 16.58	(-) 5.19
110 – Reserve Bank Suspense – Central Accounts Office	1884.35	1600.43	1833.37	1,520.70	1,920.18	779.44
112 – Tax Deducted at Source (TDS) Suspense	--	(-) 0.02	--	7.04	--	6.86

Major Head 8782

Major Head	2017-18		2018-19		2019-20	
	Dr	Cr	Dr	Cr	Dr	Cr
102 – Public Works Remittances	39,382.07	39,481.71	44,063.88	45,306.20	48,251.15	48,555.65
103 – Forest Remittances	1,604.94	1,602.73	1,728.87	1,738.30	1,773.73	1,772.79
105 – Reserve Bank of India Remittances	3.20	352.51	144.91	474.63	592.89	503.75

6.9 Status of Outstanding Utilization Certificates

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

Details of outstanding UCs as on 31 March 2020 are given below:

(₹ in crore)		
Year	Number of Utilization Certificates awaited	Amount
2015-16	6	4.27
2016-17	2	18.87
2017-18	8	70.66
2018-19	117	793.48
TOTAL	133	887.28

Note: UCs for 2019-20 are due for submission in 2020-21.

Major defaulting Departments which had not submitted UCs are Health & Family Welfare (₹ 458.26 crore), Rural Development (₹ 312.99 crore) and Education (₹ 39.21 crore). Delayed submission/non-submission of UCs impedes the assurance that funds were utilized for intended purposes.

6.10 Commitments on account of Incomplete Capital Works

A total expenditure of ₹ 473.68 crore was incurred by the State Government up to 2019-20 on 41 incomplete Projects, each involving ₹ 5 crore and above, against original Estimated Cost of ₹ 701.80 crore as detailed in Appendix-IX in Volume-II of the Finance Accounts. A summarized view on commitments on account of 'Incomplete Capital Works' is shown below:

(₹ in crore)						
Sl. No.	Category of works (No. of Works)	Estimated Cost of Works	Expenditure during the year	Progressive Expenditure to the end of the year	Pending Payments	Estimated Cost after revision
1.	Irrigation & Water Supply Works (14)	234.42	-	199.95	Not Available	Not Available
2.	Building Works (03)	34.84	-	25.71	Not Available	Not Available
3.	Road & Bridge Works (24)	432.54	-	248.02	Not Available	Not Available

6.11 New Pension Scheme

Expenditure on pension and other retirement benefits during 2019-20 to State Government employees recruited on or before 31 December 2007 was ₹ 828.25 crore (6.78 per cent of the total revenue expenditure of ₹ 12,218.73 crore). State Government employees recruited on or after 1 January 2008 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. In terms of the Scheme, employees contribute 10 per cent of Basic Pay and Dearness Allowance, which is matched by the State Government.

As per prescribed procedure, both the contributions are to be initially credited to the Public Account and Major Head- 8342 Other Deposit- 117 Defined Contribution Pension Scheme for Government employees. Thereafter, the entire amount is to be transferred to the National

Securities Depository Limited (NSDL)/Trustee Bank through the designated fund manager in the same year itself.

As per the procedure followed by the Government of Arunachal Pradesh, the employees' and employer's contribution towards National Pension System (NPS) are temporarily parking under Current Account in the SBI Naharlagun and Saving Account opened in SBI Itanagar (outside the Government Account) instead of direct transfer to Public Account before transferring to NSDL, thereby keeping the funds outside the purview of Legislative oversight, and in violation of the provision of the scheme.

During the year, Government of Arunachal Pradesh has credited both employee's share and employers' share of ₹ 141.08 crore (Employee's share: ₹ 87.05 & Employers' share: ₹ 54.04 crore) temporarily to its bank accounts (₹ 23.53 crore in the Current Account and ₹ 117.55 crore in the Saving Account) which results in shortfall of ₹ 33.01 crore matching share by the State Government. This short contribution has resulted in overstatement of Revenue Surplus to the extent. The State Government has transferred ₹ 124.23 crore to the NSDL (₹ 0.05 crore from Current Account & ₹ 124.18 crore from Saving Account) during the year.

Further, as on 1 April 2019, there was a balance of ₹ 40.03 crore under Major Head- 8342 Other Deposit- 117 Defined Contribution Pension Scheme. During the year, no amount was credited to the Major Head. And an amount of ₹ 16.41 crore was withdrawn and transferred to the Saving Account (employees' contribution of ₹ 8.205 crore and employer's contribution of ₹ 8.205 crore) for onward transmission to NSDL/Trustee Bank. As on 31 March 2020, a cumulative balance of ₹ 23.62 crore under the Major Head remained to be transferred to NSDL/Trustee Bank.

Thus, as on 31 March 2020, total amount of ₹ 136.08 crore (₹ 23.62 crore under major Head 8342, ₹ 6.32 crore under Current Account and ₹ 106.14 crore under Saving Account in SBI) remained to be transferred to the NSDL/Trustee Bank.

The State Government has informed that the balance in the current account, saving account and under MH- 8342 Other Deposit- 117 Defined Contribution Pension Scheme is due to non-generation of Permanent Retirement Account Number (PRAN) of the subscribers on time.

The State Government is liable to pay interest on un-transferred amounts which represent outstanding liabilities under the scheme.

6.12 Personal Deposit Accounts

The State Government is authorized to open Personal Deposit (PD) Accounts to deposit funds required for specific purposes by transfer of funds from the Consolidated Fund. Transfer of funds to PD Accounts are booked as expenditure from the Consolidated Fund under concerned service Major Heads without any actual cash flow. PD Accounts are normally required to be closed on the last working day of the year and unspent balances transferred back to the Consolidated Fund.

Government of Arunachal Pradesh follows the Central Treasury Rules. In terms of Para 624 of the Central Treasury Rules, if a Personal Deposit Account is not operated for a considerable period and there is reason to believe that the need for the Deposit Account has ceased, the same should be closed, in consultation with the Officer in whose favour the Deposit Account was opened. In 2019-20, three (03) PD Accounts for ₹ 0.22 crore in favour of Animal Husbandry & Veterinary and Agriculture Departments of Arunachal Pradesh were renewed. At the end of the year, all the PD accounts were closed.

The status of PD Accounts from 1st April 2019 to 31st March 2020, are given below:

(₹ in crore)

Opening Balance		Addition in 2019-20		Closed in 2019-20		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
02	0.32	03	0.22	05	0.54	NIL	NIL

6.13 Investments

The State Government invests in Equities and Shares of Statutory Corporations, Government Companies, Joint-Stock Companies and Co-operative Institutions. It has its holdings in 05 Government Companies and 156 Co-operative Banks, Societies, etc. In 2019-20, Government of Arunachal Pradesh made no additional investment. Total amount invested up to 31st March 2020 was ₹ 250.93 crore, out of which ₹ 190.53 crore was related to one entity - *Arunachal Pradesh State Co-operative Apex Bank Ltd., Naharlagun.*

6.14 Rush of Expenditure

In terms of Rule 62 (3) of the General Financial Rules, 2017 (*adopted by the State Government*), Rush of Expenditure, particularly in the closing month of the Financial Year, shall be regarded as breach of financial regularity and should be avoided. State Government Departments, however, withdrew ₹ 4,918.22 crore in March 2020, out of which ₹ 26.53 crore was withdrawn on the last working day of March 2020 (30.91 per cent and 0.17 per cent respectively of the Total Expenditure of ₹ 15,911.78 crore).

6.15 Status of Reserve Funds

(A) Interest bearing Reserve Funds

There were two Interest bearing Reserve Funds. The total accumulated balance at the end of 31 March, 2020 in these 2 interest bearing Reserve Funds was ₹ 1,591.54 crore.

6.15.1 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Arunachal Pradesh are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head '8121-General and Other Reserve Funds' by operating the Expenditure Major Head '2245-Relief on account of Natural Calamities'. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head '2245-Relief on account of Natural Calamities'. The balances outstanding in the Fund, at the end of the year are to be invested. The Government of India provides additional assistance from the National Disaster Response Fund (NDRF) when the balances available under SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. During 2019-20, the State Government has not received any additional assistance under NDRF.

During 2019-20, the Central Government released an amount of ₹ 56.70 crore (in two installments of ₹ 28.35 crore each) towards SDRF. Contrary to the guidelines, the State Government transferred ₹ 64.50 crore which includes ₹ 33.00 crore pertaining to 2018-19 (₹ 27 crore: Central share 2nd installment of 2018-19 and ₹ 6.00 crore: state share of 1st & 2nd installment of 2018-19) and ₹ 31.50 crore of 2019-20 (₹ 28.35 crore: Central share 1st installment of 2019-20 and ₹ 3.15 crore: state share of 1st installment of 2019-20) towards SDRF to a Saving Bank Account opened for this purpose in the SBI. Consequently, it has not been possible to assess either the extent to which the transferred amounts have actually been spent on natural calamities or the amount of unspent balance remaining in the Saving Bank Account. The state Government clarified that the 2nd installment of 2019-20 of ₹ 31.50 crore (Central share: ₹ 28.35 crore and State share: ₹ 3.15 crore) was released during the financial year 2020-21. As on 31 March 2020, an amount of ₹ 2.82 crore of the previous year's balances remained in the Fund uninvested.

In terms of guidelines, issued by the Ministry of Home Affairs, Government of India on 28 September 2010 and 30 July 2015, Fund balances are required to be invested as per the

recommendations of the State Executive Committee (SEC) constituted for the management of the Fund. State Government has not made any investment, though ₹ 2.92 crore were in credit balance on 31 March 2019.

6.15.2 State Compensatory Afforestation Fund

Government of Arunachal Pradesh has adopted the Compensatory Afforestation Fund Rules, 2018 vide State Government notification No. FOR.09/CAMPA/2017/10,952-11,114 dated 24 September 2018. As per Fund Rules, the monies received by the State Governments from the User Agencies need to be credited in '8336 Civil deposits- 00- 103 State Compensatory Afforestation Deposits' under interest bearing section in Public Accounts of the State. Out of which 90 per cent shall be transferred to the Major Head '8121 General and Other Reserve Funds- 00- 129 State Compensatory Afforestation Fund (SCAF)' and 10 *per cent* credited into the National Fund on yearly basis as per sub-section (4) of Section 3 of the Act; provided that, the credit of 10 *per cent* share of funds should be ensured on monthly basis so that the same is transferred to the National Fund. The applicable rate of interest on balances available under State Compensatory Afforestation Deposits under '8336- Civil deposits- 00- 103 State Compensatory Afforestation Deposits' and '8121 General and Other Reserve Funds- 00- 129 State Compensatory Afforestation Fund (SCAF)' shall be as per the rate declared by the State Government on year to year basis.

After due appropriation of funds, the expenditure on schemes to be financed from State Compensatory Afforestation Fund (SCAF) shall be incurred from the head of account '2406 Forestry and Wildlife- 04 Afforestation and Ecology Development- 103 State Compensatory Afforestation (SCA)' and is to be reimbursed by deduct refund under the Minor Head '904 Recoveries' from Public Account Head '8121 General and Other Reserve Funds- 00- 129 State Compensatory Afforestation Fund (SCAF)'.

During the year 2019-20, ₹ 1,588.72 crore was transferred from National Compensatory Afforestation Deposits to State Compensatory Afforestation Fund. No amount was collected by the State Government under the Head of Account '8336 Civil deposits- 00- 103 State Compensatory Afforestation Deposits' from user agencies during the year. No budget provision was kept under '2406 Forestry and Wildlife- 04 Afforestation and Ecology Development- 103 State Compensatory Afforestation (SCA)' and hence, no expenditure was incurred during the year. As on 31 March 2020, an amount of ₹ 1,588.72 crore was remained as balance under State Compensatory Fund (SCAF) and no interest was paid by the state Government.

(B) Non-Interest bearing Reserve Funds

There were 3 Non-interest bearing Reserve Funds earmarked for specific purposes, out of which one fund was inactive from 2008-09. The total accumulated balance at the end of 31 March, 2020 in these 3 non-interest bearing Reserve Funds was ₹ 1,345.85 crore (₹ 1,345.72 crore in two active funds and ₹ 0.13 crore in inactive fund), out of which ₹ 1,345.73 crore (99.99 per cent) was invested. Detailed information on Reserve Funds and investments from the earmarked funds is available in Statements 21 & 22 respectively.

6.15.3 Consolidated Sinking Fund

In terms of recommendations of the 12th Finance Commission, the State Government constituted the 'Consolidated Sinking Fund' in 2007 for amortization of loans. According to Guidelines of the Reserve Bank of India, which is responsible for management of the Fund, States are required to contribute a minimum of 0.5 per cent of outstanding Liabilities (Internal Debt plus Public Account) as at the end of the previous year. During the year, the State Government contributed ₹ 240 crore against the requirement of ₹ 42.94 crore (0.5 per cent of total outstanding Liabilities of the Government of Arunachal Pradesh as on 31st March 2019 (₹ 8,588.42 crore). As on 31 March 2020, an amount of ₹ 1,344.16 crore was invested.

6.15.4 Guarantee Redemption Fund

The Government of Arunachal Pradesh constituted a Guarantee Redemption Fund (GRF) in 2017-18, with ₹ 0.50 crore under the concerned Head of Account, i.e., *MH 8235 - General and Other Reserve Funds – 117 - Guarantees Redemption Fund* - by debiting *MH 2075 - Miscellaneous General Services – 797 - Transfer to Reserve Fund/Deposit Accounts*, for meeting obligations arising from Guarantees issued on behalf of State level bodies, through an Act dated 4th January 2016, and is administered by the Reserve Bank of India. As per Act, the Fund shall be set up by the Government with an initial contribution of a minimum 1 per cent of outstanding Guarantees at the end of the previous year and thereafter, a minimum of 0.5 per cent every year to achieve a minimum level of 3 per cent in next five years. No Guarantee was invoked in 2019-20. The Fund had a corpus of ₹ 1.57 crore as on 31st March 2020, which was invested by the Reserve Bank of India in Government of India Securities.

6.16 Accounting of Building and Other Construction Workers Welfare Cess

Under Rule 3 of the Arunachal Pradesh Building & Other Construction Workers Welfare Cess Act, 1996, there shall be levied and collected a Cess at such rate not exceeding 02 *per cent* but not less than 01 *per cent* of the cost of construction incurred by an employer as the Central Government may, by Notification in the official Gazette, from time to time specify. Proceeds of the Cess collected shall be paid by the local authority or State Government collecting the Cess to the Board, after deducting the cost of collection of such Cess, not exceeding 01 *per cent* of the amount collected. As per Rule 5 (3) of the Building & Other Construction Workers Welfare Cess Rules, 1998, the amount collected shall be transferred to the Board within thirty days of its collection.

₹ 25.98 crore was collected as Labour Cess in 2019-20. However, no amount was transferred to the Arunachal Pradesh Building & Other Construction Workers Welfare Board (APB&OCWWB) during the year and ₹ 90.12 crore is yet to be transferred till the end of the year 2019-20.

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