

**Tour Report of The Tour Undertaken By Joint Secretary, Dr. T. Kumar**  
**From 5-4-2004 To 7-4-2004 To Arunachal Pradesh**

On 5<sup>th</sup>, a Review Meeting of NEC Projects in the State was held with heads of concerned Departments implementing the Projects and the Planning and Development Department.

The major investment of NEC has been in the Transport/ Communications & Power Sectors. Funds are also being provided for Agriculture and Allied Programmes, Social/ Community Services and other Umbrella Schemes. In the 9<sup>th</sup> Plan, Rs.78.51 crore had been budgeted for the State and Rs.76.26 crore released. Of this, Rs.74.14 crore had been utilized. During the 10<sup>th</sup> Plan, Rs.324.58 crore has been estimated. In 2002-2003, Rs.36.48 crore was released and Rs.30 crore utilized. Against a targeted amount of Rs.79.91 crore for 2003-04, release/expenditure figures were Rs.22.92 crore & Rs.10 crore, respectively, upto September'03.

There are 8 ongoing Projects in the Transport/Communication Sector, which include 3 under the PM's Package, as follows:

- (i) Khonsa-Hukanjuri - Naharkatia Raod (Rs.33.22 crore).
- (ii) Changlang-Margerita Road (Rs.23.53 crore)
- &
- (iii) Jotte-Balijan Road (Rs.28.52 crore)

All these are scheduled to be completed by March 2005.

2 Roads/ Bridges are expected to be completed by mid 2004 i.e.

- (i) Pakke-Seijosa Itakhola Road
- &
- (ii) Bridges on Dirok - Deomali Road.

DPRs for 2 Roads have been recently sent to NEC Sectt. i.e.

- (i) East-West Highway (Ruksin to Likabali)
- (ii) Lai Mekuri - Nari - Koyu - Soren Road.

A 6<sup>th</sup> Plan Road Project, i.e. Pakka-Gongo-NT Road, has been beset with problems regarding location. It has been sent to NEC Sectt. again after firming up an alternative site, last month.

Of 10 roads proposed by NEC for inclusion in the 10<sup>th</sup> Plan, only 4 have been approved by the Planning Commission. The Chief Minister has taken this up with the Deputy Chairman of the Planning Commission.

Apart from the late release of funds, implementation of Road Projects has many unique problems in the State because of which there are numerous "Contractors" working on small stretches of roads. PWD is apparently constrained to issue "work orders" in favour of unemployed youth of villages through which the roads pass. Because of multiplicity of Implementing Agencies, the quality of work suffers considerably. In spite of the instructions of the then Minister, Dept. of DONER and NEC Sectt, evidently the system has not been changed and the Govt. reportedly finds itself "helpless". Advice to overhaul it was strongly reiterated but the response was not particularly encouraging.

In the Power Sector, Power Grid Corporation is implementing the following 2 Projects:

- (i) Augmentation and Improvement of Electrical Sub-Station at Sagalee (2x1.6 MVA)
- &
- (ii) Augmentation and Improvement of Electrical Sub-Station at Banderdewa.

It was observed that funds had not been released for most of the other approved NEC Projects, save in the "Horticulture" Sector and for the "Fellowship and Academic Programme". There was a clear dissatisfaction because of this. One reason could be the sudden budget cut imposed on NEC in Jan'04. However, fund flow could perhaps have been better with improved systems/procedures and more effective co-ordination between the State Govt. and NEC Sectt.

The Planning and Development Dept. agreed to work on these aspects during 2004-5, as well as take up improvement in systems of monitoring and evaluation. Presently, these are taken up by the DCs, as and when called upon to do so and not on a regular, sustained basis. State Govt. further undertook to flag problems with NEC Sectt. to

DONER, in the event that intervention was seen to be necessary to remove bottlenecks.

NLCPR cases were not discussed. However, it was mentioned that with respect to the Project of setting up 2x5 MVA, 33/11 KV substation at Old Ziro, Rs.2 crore was due from the Dept. of DONER.

On 6<sup>th</sup>, the NEC funded, Ranganadi Hydro Electric Project was visited. The Project envisages harnessing of hydro-electric potential of the river Ranganadi, a major tributary of Brahmaputra, by setting up power generation capacity of 405 MW (3 units of 135 mw each) and creation of necessary infrastructure. Implementation was entrusted to NEEPCO (North Eastern Electric Power Corporation Ltd.). In the DPR, prepared in 1983, the estimated cost of the Project was Rs.267.23 crores. The cost was revised several times thereafter. What was finally cleared by CCEA in 2001 was Rs.1455.44 crore. The Project was originally scheduled to be completed over a period of 88 months. Accordingly, synchronization of all the units was expected by August 1994. However, due to delay in implementation for various reasons, the Generating Units were synchronized only between January and March 2002. Thereafter, there have been operational problems of equipment defect, tunnel cracks and evacuation bottlenecks.

The CAG had been requested by the Dept. of DONER in 2002 to conduct a concurrent audit of the Project and it had come up with a very damaging indictment casting serious doubts on the planning and implementation process, as well as the future financial viability of the Project. The cost overrun has been as much as 340.96% compared to the original approved cost. This has been attributed to unrealistic estimation of Project cost, followed by inadequate monitoring during its execution stage, compounded by the absence of financial prudence at all stages. Revenue loss of Rs.114.16 crore had been assessed on this account.

Various facilities of the HEP were inspected viz. Dam, Reservoir, Power House, 132/400 KV Switchyards, Transmission lines etc. and a briefing taken with the General Manager of the Project and his staff.(There are 529 staff deployed for O&M of the Project).

The details of generation, transmission, tariff etc. is below: -

(i) **Year-Wise Generation :**

S.No.	Year	Annual Generation
1.	2001-2	22 (MU)
2.	2002-3	189

3.	2003-4	956
	<b>Total</b>	<b>1167</b>

(ii) **Evacuation System:** The power generated from Ranganadi HEP is evacuated by the following transmission lines:

- 400 KV D/C from RHEP to Balipara S/S (POWERGRID)
- 132 KV S/C from RHEP to NIRJULI S/S (POWERGRID)
- 132 KV S/C from RHEP to ZIRO S/S (Deptt. of Power, Ar.P)  
- under construction.

(iii) **Tariff:** The average price of energy works out to 108.07 paise per unit.

It appears that the host State of Arunachal Pradesh is benefiting to an extent from RHEP but the full benefits of the Project are yet to be realised. Other States of the Region need to determine their requirement of power and set up installations to be able to draw the same. As a matter of fact, no formal Agreements had been entered into with any SEBs/States for supply of power, prior to the execution of the Project. Cost recovery is a problem too. In the absence of these facilities power trading through Power Trading Corporation, outside the Region, will retain primacy. Since NEC is now out of the NEEPCO Board, the NEREB and Power Ministry will probably have to play a more proactive role in this regard.

Since Ranganadi HEP is one of the largest and most prestigious Projects funded by NEC to date, it is imperative to ensure that in the operational phase, it does not encounter the kind of obstacles it did during the implementation phase.

On 7<sup>th</sup>, the undersigned called on the new Chief Secretary who had taken over a month ago. He was provided with feedback on implementation of NEC and other Plan Schemes of the Dept. of DONER. It was assured by him that efforts would continue to be made to streamline processes/systems of planning and implementation and better interface established with NEC Sectt. and Dept. of DONER.

Discussions were also held with the Vice Chancellor of Arunachal University on co-operation in "Capacity Building" initiatives of the Dept. of DONER.