

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The Report deals with the findings of performance reviews and audit of transactions in various departments including the Public Works and Irrigation Departments, audit of stores and stock, audit of autonomous bodies and departmentally run commercial undertakings.
3. The Report also contains the observations arising out of audit of Statutory Corporations, Boards and Government Companies and revenue receipts.
4. The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2008-09, as well as those, which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2008-09 have also been included, wherever necessary.
5. Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009 are included in a separate Report on State Government Finances.
6. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains 26 audit paragraphs (including five general paragraphs), six performance reviews and one Integrated Audit of Fisheries Department. The draft audit paragraphs and draft performance reviews were sent to the Secretary of the Department concerned with a request to furnish replies within six weeks. However, in respect of four audit reviews and ten audit paragraphs included in this Report, no response was received till the time of finalisation of the Report (October 2009). A synopsis of the important findings contained in the Report is presented in this overview.

Performance Reviews

1. Implementation of Irrigation Schemes

The envisaged benefits of irrigation schemes could not be achieved due to inherent defects in planning, delays in acquisition of land and clearance from forest authorities. Irrigation potential of only 10,466 hectares was created during 2004-09 against the target of 24,742 hectares. Further, even the potential created could not be utilised due to insufficient water at the source, non-laying of pipes to the full extent to cater to the targeted beneficiaries. The Department has not evolved an adequate monitoring mechanism to speed up the completion of ongoing schemes and evaluate the outcome of the completed schemes.

(Paragraph 1.1)

2. Functioning of Education (Higher) Department

The Department planned its activities and formulated its budgets without obtaining any inputs from the educational institutions. The allocation of funds for higher education as a percentage of Social Services gradually declined over the years. Acute shortage of teaching staff, non-maintenance of teacher-student ratio as prescribed by UGC and absence of an effective monitoring mechanism impacted the functioning of the Department in ensuring quality education to students.

(Paragraph 1.2)

3. Information Technology Review of e-Suvidha – an e-Governance Project

Government launched e-Suvidha, a project to enhance the services provided to the citizens by availing benefits of IT, where it envisaged to provide a large number of services to the citizens through a single window. The project, however, suffered from lack of defined targets and uncertainty of its completion. Besides, due to improper use of application, the objective of citizens viewing the status of their applications over kiosks or internet remained unimplemented. The system is merely being utilised for data storage, typing and printing the certificates even after 9 years of its launch.

(Paragraph 1.3)

4. Integrated Audit of Fisheries Department

The projected increase in productivity of fish over the years by the Department was neither reliable nor scientific. The goal of achieving self-sufficiency in the production of fish is far from achieved as the dependence on imports from other States/countries has gradually increased over the years. The Department has also not addressed the issues relating to quality of water and soil adequately in order to enhance the productivity of fish to the desired level. There is a need to take appropriate measures to increase the productivity of fish so that self-sufficiency could be achieved in fish production.

(Paragraph 3.1)

5. Transition from Sales Tax to Value Added Tax

The Tripura Value Added Tax Act, 2004, implemented from 1 April 2005 in lieu of Tripura Sales Tax Act, 1976, provide for the levy and collection of Value Added Tax at different points of sale in the State of Tripura. The Act, *inter alia*, was enacted with a view to make the dealers liable to pay tax on the sale value of taxable goods at every stage of selling the goods till it is sold to the consumer. Every dealer registered under the Act would be assigned with a unique “Tax payers’ Identification Number (TIN)”. A Performance Review on Transition from Sales Tax to Value Added Tax revealed following significant points:

- An amount of Rs.85.37 lakh remained unrealised due to non-settlement of 57 cases pending with the Tribunal.
- Due to non-existence of a system to ensure submission of returns by the registered dealers, defaulting dealers ranged between 32.14 *per cent* and 47.14 *per cent* during 2005-06 to 2008-09. No time frame was fixed in the Rules of TVAT for scrutiny of the returns.
- Only 232 dealers (1.67 *per cent*) were selected for tax audit in 2005-06. Thereafter no selection has been done, as no provision exists in the TVAT Act or Rules, stipulating percentage and method of selection of dealers for tax audit.
- Due to non-finalisation of cases pending with the Revision Authority an amount of Rs.4.37 crore remained unrealised in 76 assessment cases pertaining to different years. No time frame was stipulated in the TVAT Act or Rules for completion of appeal and revision cases.
- An amount of Rs. 39.23 lakh was short deposited by 64 dealers against 3,072 number of returns test checked.

(Paragraph 4.2)

6. Receipts from mines and minerals

Tripura is endowed with large deposits of natural gas with an accretion of 59.423 billion cubic metres. The exploration success ratio is 1:2, which is higher than (40 *per cent* and 25-30 *per cent* in case of Gujarat and Assam respectively) other major natural gas sources in the country. Prospecting and mining of minerals (as of now natural gas only), assessment, levy and collection of royalty and other mining revenue are governed by the Central Act and Rules. State Government had not enacted any set of Act and Rules for regulation of receipts of mines and minerals in the State.

A performance audit of the receipts from mines and minerals (comprising of application fees for mining lease/prospecting license, royalty, dead rent, surface rent, fines/penalties and interest for belated payment of dues) indicated following significant points:

- Inordinate delay in processing of lease applications resulted in non-realisation of potential revenue of Rs. 39.24 crore.
- Arbitrary quantification of allowable utilisation of natural gas in mining operation led to non-realisation of revenue of Rs. 16.05 lakh.
- Non-levy of the surface rent resulted in non-realisation of revenue of Rs.4.21 crore.
- Non-levy of the interest and penalty on delayed payment of the royalty resulted in non-realisation of Rs.12.57 lakh.
- Non-application of revised price for computation of the royalty on Natural Gas supplied to the Tripura Natural Gas Company Limited (TNGCL) during 2006-07 to 2008-09, led to a short payment of the royalty of Rs. 12.29 lakh.
- Short payment of the royalty on casing-head condensates produced in mining operation resulted in non-realisation of revenue of Rs. 28.07 lakh.
- Non-enforcement of provisions of lease agreement resulted in non-realisation of revenue of Rs. 14.12 crore.
- Non-payment of the royalty on full quantity of natural gas extracted by Oil and Natural Gas Corporation Limited (ONGCL) during 2006-07 to 2008-09, reflected in the monthly return of production, resulted in short realisation of revenue of Rs. 2.22 crore.
- The Department failed to undertake surveillance of the leased mines to guarantee lawful exploration and environmental protection.

(Paragraph 4.3)

7. Overview of Government companies and Statutory corporation

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. The State PSUs registered a turnover of Rs. 260.69 crore for 2008-09 as *per* their latest finalised accounts as of September 2009. This turnover was equal to 2.60 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Tripura State PSUs were concentrated in power and agriculture sectors. The State PSUs incurred a loss of Rs. 19.84 crore in the aggregate for 2008-09 as *per* their latest finalised accounts. They had employed 13,295 employees as of 31 March 2009.

(Paragraph 5.1)

8. Performance Audit Report on the functioning of Tripura Road Transport Corporation (TRTC)

The Tripura Road Transport Corporation (Corporation) provides public transport in Tripura through its two Depots for buses. The Corporation had a fleet strength of 81 buses and 20 trucks as on 31 March 2009 and carried an average of 3,500 passengers per day during the review period. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation's books of accounts are in arrears since 2003-04. Based on provisional figures, it suffered loss of Rs. 16.90 crore in 2008-09. The accumulated losses of the Corporation stood at Rs. 228.25 crore as on 31 March 2009 (Provisional). In 2008-09, the Corporation earned Rs. 4.89 crore of traffic revenue from buses by operating 23.11 lakh effective kilometres.

Share in Public Transport

Out of 1,979 stage carriage buses licensed for public transport in 2008-09 (based on 2006-07 figures), about 4.09 *per cent* belonged to the Corporation. The percentage share decreased from 5.81 *per cent* in 2004-05 to 4.09 *per cent* in 2008-09. The decline in share was mainly due to its operational inefficiency and lack of effective monitoring by top management. Bus density (including private operators) per one lakh population increased from 53 in 2004-05 to 58 in 2008-09 indicating improvement in the level of public transport in the State. However, the Corporation's vehicle density reduced from 3.1 buses per one lakh population in 2004-05 to 2.4 buses per one lakh population in 2008-09.

Vehicle profile and utilisation

The Corporation added 23 buses during 2004-09 at a total cost of Rs. 3.23 crore. The overall fleet utilisation of the Corporation decreased from 60 *per cent* in 2004-05 to 48 *per cent* in 2008-09, which was quite less than all India average (AIA) of 92 *per cent*.

Economy in operations

Manpower and fuel constitute 64 *per cent* of total cost. Interest, depreciation and taxes account for 22 *per cent* and are not controllable in the short-term. Thus, the major cost saving has to come from manpower and fuel. However, the Corporation does not maintain separate records for manpower and its cost associated with the bus operations. However, the overall manpower position per vehicle (including trucks), which stood at 6.32 per vehicle in 2004-05 improved marginally to 6.01 per vehicle in 2008-09. The Corporation did not attain AIA in respect of fuel efficiency. Consumption of fuel in excess of AIA resulted in extra consumption of 1.13 lakh litres valued at Rs. 33.66 lakh during 2004-09.

(Paragraph 5.2)

Audit of transactions

(a) Civil

- The Health and Family Welfare Department did not comply with financial rules relating to maintenance of Cash Book, handling cash and drawal of money, which together with absence of supervision and internal control led to fraud of Rs. 3.49 crore, out of which, Rs. 1.96 crore was suspected to have been misappropriated.

(Paragraph 2.1)

- Poor contract management by the Public Works Department (Roads and Buildings) led to extra expenditure of Rs. 35 lakh, time overrun of over two and half years and cost overrun of Rs. 2.27 crore in construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road.

(Paragraph 2.5)

- The objective of setting up a medical college by Health and Family Welfare Department under public private partnership faced a premature end due to deficiencies in agreement and injudicious selection of the firm.

(Paragraph 2.9)

- Delay in paying bills, defective construction due to lack of adequate supervision and inaction against the contractor by the Public Works (Roads and Buildings) Department resulted in a bridge remaining incomplete for over five years leading to an idle expenditure of Rs. 1.50 crore.

(Paragraph 2.11)

- Non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore remaining undisbursed/unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long period.

(Paragraph 2.14)

(b) Revenue

- Irregular authorisation of CENVAT Credit led to short levy of sales tax of Rs. 33.61 lakh (including interest and penalty).

(Paragraph 4.5)

- Under-assessment of sales tax, non-assessment and under-assessment of additional sales tax by the assessing authorities and erroneous assessments of sales tax due to concealment of turnover by dealers, not noticed by the assessing authorities resulted in short levy of sales tax of Rs. 81.17 lakh including penalty and interest.

(Paragraph 4.6)

- Non-compliance of provision under Central Treasury Rules resulted in non-realisation of revenue of Rs. 55.45 lakh. Besides, Rs. 9.03 lakh composite fees of nine States were not remitted due to non-realisation by the State.

(Paragraph 4.7)

(c) Commercial

- Granting additional term loans to known defaulters and failure of the Tripura Industrial Development Corporation Limited to take timely action to recover dues from defaulting loanees including non invocation of securities, led to loss of revenue of Rs. 2.08 crore in two cases.

(Paragraph 5.3)

- Failure of Tripura Jute Mills Limited to properly wrap bales of gunny bags with water resistant packing materials resulted in water damage of 485.5 out of 910 bales of gunny bags and avoidable loss of Rs. 31.03 lakh.

(Paragraph 5.4)

- Seven Public Sector Undertakings did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs. 4.19 crore remains doubtful.

(Paragraph 5.5)

- Seven Public Sector Undertakings did not either take remedial action or pursue the matters to their logical end in respect of 16 paras, resulting in foregoing the opportunity to improve their functioning.

(Paragraph 5.6)

