Executive Summary

This Audit Report has been prepared in five chapters. Chapters I to IV deal with Economic, State Public Sector Undertakings, Revenue and General Sectors. Chapter V deals with Follow-up of Audit Observations.

This Report contains four Performance Audit Reports, one Thematic Audit Report, one Long Paragraph, one Follow-up of previous Performance Audit Report and 12 Compliance Audit Paragraphs. According to the existing arrangements, copies of the draft Compliance Audit Paragraphs and draft Performance Audit Reports were sent to the Principal Secretary/ Secretary of the departments concerned with a request to furnish replies within six weeks. Audit findings were discussed in the Exit Conferences and views of the respective department/ Companies' Management were suitably incorporated in this Report. A synopsis of the important findings contained in the Report is presented below:

ECONOMIC SECTOR

Performance Audit

Agriculture Department

Tripura is primarily an agrarian State with 51 *per cent* of the main work forces including 27 *per cent* cultivators and 24 *per cent* agricultural labourers directly dependent on agriculture. Agriculture is the dominant sector of the State with a contribution of 23 *per cent* of Net State Domestic Product (NSDP) as against the national average of 13.90 *per cent*. The State has a geographical area of 10.49 lakh hectares (ha) of which gross cropped area is 4.83 lakh ha and net-cropped area is 2.55 lakh ha. The main objectives of the Agriculture Department are to minimise the gap between requirement and production of food grains by increasing production and productivity to ensure food security and to improve the socio-economic condition of farmers. With a view to achieving these objectives, the Department implements various schemes like Rashtriya Krishi Vikas Yojana (RKVY), National Food Security Mission (NFSM), National Mission for Sustainable Agriculture (NMSA), National Mission on Oilseeds and Oil Palm (NMOOP), *etc.* and undertakes activities like seed management, soil testing, farm mechanisation, infrastructure development, agricultural marketing, extension reform programmes, *etc.*

Though the Department prepared State Annual Plans every year, they did not prepare the long-term perspective plan. In case of National Food Security Mission (NFSM) scheme, bottom up approach in planning was completely missing in the annual action plans prepared by the Mission Director, NFSM. Budgetary as well as financial controls were found to be unsatisfactory as instances of persistent savings in every year, retention of huge cash balances by the DDOs, furnishing of UCs by the DDOs without incurring expenditure were noticed.

The Department did not procure fertilisers as per requirement, which had an adverse effect in production and productivity of the crops. Soil testing amenities of the Department were inadequate as three out of four Soil Testing Laboratories and one out of two Mobile Soil Testing Laboratories were not functioning due to non-installation of laboratory equipment and non-execution of repair works. The State could not attain self-sufficiency in meeting the requirement of population of the State as the Department failed to increase the production and productivity of the crops. Agriculture marketing suffered from inadequate infrastructures, poor revenue generation and limited application of Board Fund, passive attitude of Market Board and Agricultural Produce Market Committees (APMCs), administrative delay towards implantation of major reforms under APMC Act, 2003 and e-NAM (National Agricultural Market), *etc.*

(Paragraph 1.4)

Compliance Audit Paragraphs

Failure of the Public Works (Roads and Buildings) Department to ensure availability of clear site in time, delay in handing over of design and drawing to the contractor, *etc.* resulted in the work of three RCC bridges on Chailengta-Chawmanu Road remaining incomplete even after a lapse of nearly three years from the stipulated date of completion, rendering the expenditure of ₹ 9.74 crore incurred thereon idle.

(Paragraph 1.5)

Detailed Project Reports of two flyovers in Agartala city prepared by the Consultant were not based on ground reality, which led to extra expenditure of ₹ 78.37 lakh towards detailed sub-soil investigation at abutment/ pier locations carried out again by the construction agency.

(Paragraph 1.6)

Preparation of Bill of Quantities on assumption led to an extra expenditure of ₹ 54.81 lakh by the Public Works (Roads and Buildings) Department on construction of Indoor Gymnasium Hall at Agartala.

(Paragraph 1.7)

Failure of the Public Works (Roads and Buildings) Department to handover clear site to the contractor in time not only caused delay in completing the works but also resulted in an extra expenditure of ₹ 50.65 lakh.

(Paragraph 1.8)

ECONOMIC SECTOR (STATE PUBLIC SECTOR UNDERTAKINGS)

Compliance Audit Paragraphs

Activities of Tripura Tea Development Corporation Limited

Tea plantation in Tripura was started in the beginning of twentieth century by the Royal Administration. In 1980, the Government of Tripura (GoT) established Tripura Tea Development Corporation Limited (Company) with the objective of development of tea industry in the State. The Company has three tea estates (Kamalasagar, Sipahijala District, Brahmakunda, West Tripura District and Machmara, Unakoti District) having total area of 1,176.99 acres. In addition, the Company has two tea processing factories at Durgabari and Brahmakunda. The Company was associated with the creation of three other tea factories, *viz.* Panchamnagar, Solpoi and Basumati.

The Company is engaged in production and processing of green tea leaves, maintenance of tea estates and factories, *etc.*; creation of tea processing infrastructures in the State and supply of tea saplings to various beneficiaries/ small tea gardens selected by Government of Tripura.

The capacity of tea estates and factories were not utilised fully which resulted in production falling short of target. The Company could not utilise the available land for plantation purpose and 37 *per cent* land remained unutilised, which was the primary cause of low production of made tea. The low production was further aggravated due to low rate of plantation density, which was only 67 *per cent* against the norms adopted by the Company. Deficiency in the tendering process led to extra expenditure to the Government along with the delay in implementation of the project. The Company did not adhere to the contractual provisions during project execution, release of payments and project conclusion resulting in undue favour to contractors and lower capacity creation. Capacity expansion to the Tea Processing Factory was not in synchronisation with the production of green leaves, which resulted in idling of installed capacity of the factory ranging from 35 to 71 *per cent*. The Company created nurseries without getting confirmed orders from the Government and absence of proper planning resulting in loss of viability of the investment.

(Paragraph 2.2)

Failure of the Tripura Forest Development and Plantation Corporation Limited to ensure availability of required funds before taking up rubber plantations in Warangbari had rendered the fate of plantations raised at ₹ 1.11 crore uncertain, frustrating the very purpose of benefitting 100 tribal populations.

(Paragraph 2.3)

Failure of the Tripura Natural Gas Company Limited to reduce the contracted quantity of natural gas for transmission to the consumers at Bodhjungnagar Industrial Growth Centre in time resulted in avoidable loss of ₹ 51.69 lakh during 2016-17 and 2017-18.

(Paragraph 2.4)

Although, the Companies Act, 2013 contains mandatory provision of Corporate Social Responsibility (CSR), Tripura Natural Gas Company Limited (TNGCL) did not comply with the provisions of the Act. There were instances of non-utilisation of fund with shortfall in spending ranging from 50 *per cent* to 100 *per cent*. Delay in identification of suitable beneficiaries defeated the overarching goal of TNGCL's CSR initiatives.

(Paragraph 2.5)

Failure of the Tripura Jute Mill Limited (Company) to manufacture jute bags in conformity with the dimensions as per the Production-Control-cum-Supply Order of the Jute Commissioner had resulted in a loss ₹ 39.32 lakh to the Company.

(Paragraph 2.6)

REVENUE SECTOR

Compliance Audit Paragraphs

Due to failure on the part of the Assessing Authority, assessment for the years 2010-11 to 2012-13 in respect of M/s Udaipur Bonded Warehouse, Udaipur became time barred and led to non-realisation of revenue of ₹ 51.99 lakh. In addition, the Assessing Authority failed to impose penalty on the dealer for non-submission of audited accounts for the years 2009-10 to 2017-18, which led to non-realisation of penalty of ₹ 44.42 lakh.

(Paragraph 3.2)

Failure of the Assessing Authorities to detect concealment of purchase turnover by the dealers resulted in short levy of tax of ₹ 28.03 lakh, non-levy of interest of ₹ 18.01 lakh and penalty of ₹ 2.80 lakh.

(Paragraph 3.3)

Failure of the Assessing Authority to detect concealment of purchase turnover during assessment coupled with incorrect allowance of ITC adjustments resulted in short levy of tax of ₹ 20.11 lakh, interest of ₹ 10.05 lakh and penalty of ₹ 1.89 lakh.

(Paragraph 3.4)

GENERAL SECTOR

Performance Audits

NABARD assisted Rural Infrastructure Development Fund (RIDF) for rural connectivity

In order to encourage quicker completion of rural infrastructure projects, Government of India (GoI) created Rural Infrastructure Development Fund (RIDF) in National Bank for Agriculture and Rural Development (NABARD) in 1995-96.

The main objective of NABARD funded RIDF is to promote balanced and integrated economic development of rural areas in the States by providing low cost fund support (at an interest rate of 1.5 *per cent* lesser than existing bank rate) to State Governments and State owned Corporations for quick completion of rural infrastructure projects. Construction of rural roads and rural bridges are eligible activities under RIDF for rural connectivity projects.

NABARD was to provide loan assistance up to 90 *per cent* of the cost of a project in case of North Eastern States and hilly areas and remaining 10 *per cent* was to be contributed by the State Government. Loans were to be released on reimbursement basis against the actual expenditure incurred in execution of sanctioned projects except for the initial 30 *per cent* of loan as mobilisation advance which was subject to adjustment in subsequent releases. Each release to the State Government was to be treated as a separate loan and was repayable over a period of seven years, including two years' moratorium. During the period 2013-18, Government of Tripura obtained ₹ 675.70 crore as loan assistance from NABARD under RIDF for implementation of 263 projects (40 roads and 223 bridges).

Planning process of the State was inadequate due to non-compliance with the prescribed procedure for identification of projects for loan assistance under RIDF, which led to dropping of overlapped sanctioned projects, which had already been funded under other schemes. Project proposals submitted by the State Government did not contain the DPRs and were lacking in scrutiny of the project proposals by NABARD, which led to excess sanction of loan. In the absence of Economic Rate of Return/ Benefit Cost Ratio, economic viability/ benefits of the projects was not ensured by the State.

Instances of loan amount pending for disbursement by the State Finance Department, wrong claim made for reimbursement as loan by the State Government and diversion of funds indicate lack of financial controls over utilisation of NABARD loan. This also resulted in excess borrowing of interest bearing loan.

Execution of projects was deficient as instances for non-commencement of works were noticed due to non-availability of land and change of drawing and design, *etc*. There were instances of delay in completion of projects due to delay in communication of approval of plugging and inaction of the implementing department against the defaulting contractors. Due to non-completion of the projects in time, the State Government failed to derive the desired benefit of rural connectivity. Further, acceptance of tenders at higher rates under cost plus contract in violation of the decision made by the Council of Ministers, resulted in incurring extra expenditure of ₹ 6.10 crore by the implementing department, which calls for fixing of responsibility of the officials at fault.

Absence of periodical monitoring at State level by High Power Committee and at district level by the District Level Monitoring Committee was also a contributing factor for considerable time overrun in completion of almost each and every project. Further, due to non-submission of Quarterly Progress Reports on regular basis, the status on physical progress, residual work and actual expenditure incurred was not available.

(Paragraph 4.4)

Utilisation of Thirteenth Finance Commission and Fourteenth Finance Commission grants

The Finance Commission (FCs) had three constitutionally mandated tasks namely, distribution of net proceeds of taxes between Union and States, Grants-in-Aid to needy States and measures for supplementing the State resources for devolution to Panchayats and Municipalities (local bodies) in the State. Thirteenth Finance Commission (TFC) and Fourteenth Finance Commission (FFC) were constituted on 13 November 2007 and on 02 January 2013 respectively. These FCs were required to make recommendations on specified aspects of Centre–States fiscal relations during the award periods of 2010-15 (for TFC) and 2015-20 (for FFC).

The TFC recommended ₹ 292.95 crore for PRIs, ₹ 56 crore for ULBs and ₹ 500 crore for State Specific Needs (SSNs) for the State of Tripura. While FFC recommended ₹ 335.67 crore for PRIs and ₹ 223.09 crore for ULBs.

There was lack of well-defined and sound planning in execution of the works from finance commission grants in the PRIs and ULBs. ‘Bottom-up’ approach with the active involvement of panchayats and municipalities was not followed in preparation of action plans. Instances of incomplete and non-permissible works, huge unspent balances of funds, diversion of grants, outstanding advances, outstanding UCs, *etc*. were noticed in audit.

Short release of grants by the Government of India against the approved outlay due to non-fulfilment of prescribed conditions of release of grants had adversely affected implementation of the projects under state specific needs. The implementing departments failed to execute the projects efficiently and in timely manner thereby depriving the beneficiaries from intended benefits of the projects.

(Paragraph 4.5)

Implementation of Crime and Criminal Tracking Network Systems (CCTNS) project in Tripura

The Police Department and its functioning are critical and play an important part in the State administration in terms of its responsibility to maintain law, order and security in the State. Availability of relevant and timely information is necessary, particularly in investigation of crime and in tracking & detection of criminals. The Crime and Criminal Tracking Network Systems (CCTNS) was conceptualised (June 2009) by the Ministry of Home Affairs (MHA), Government of India (GoI) under National e-Governance Plan (NeGP) to facilitate collection, storage, retrieval, analysis, transfer and sharing of data and information among police stations, State Police Headquarters and Central Police Organisations through enhanced Information Technology (IT) tools. CCTNS aims at creating a comprehensive and integrated system for enhancing the efficiency and effectiveness of policing at all levels, particularly at the police station level. It operates through a nationwide networked infrastructure with IT enabled state-of-the-art tracking system around investigation of crime and detection of criminals in real time. CCTNS also provides for a citizen's interface to provide facilities of registering on-line complaint by the citizens besides keeping track of the progress of the crime and criminal investigations and prosecution cases, including progress of the case in the court.

The CCTNS had been implemented in 66 police stations including one Government Railway Police Station (GRPS) (out of 81 police stations including all the five GRPS) during the period from September 2013 to April 2014 and was declared as Operational (Go-Live) with effect from 30 April 2014. By February 2017, the remaining police stations were also covered under CCTNS.

Out of nine service modules as envisaged in the CCTNS guidelines issued to the states, the Department implemented three modules partially (July 2018) through System Integrator (SI). SI had also implemented data digitisation partially.

Service modules *viz.* Law and Order Solution, Traffic Solutions, Crime Prevention Solution, Emergency Response Management Solutions, Reporting Solutions and HRMS Solution were not implemented. No complaint was received from citizen through web portal due to absence of citizen awareness programme.

BSNL had been the major roadblock in the project as it failed to provide the desired up-time internet connectivity.

Computer and peripherals were lying out of order due to non-provision of any fund for their repair and maintenance. The objective of capacity building was not fully achieved, as 68 *per cent* of police personnel remained untrained.

Therefore, despite incurring an expenditure of ₹ 14.36 crore, the objectives of the CCTNS project largely remained unachieved.

(Paragraph 4.6)

Compliance Audit Paragraphs

Prison safety and prisoners released on parole

Prisons are meant to confine prisoners and keep them in safe custody. Apart from providing custodial care to prisoners and isolating them from the community at large, the Home (Jail) Department also undertakes programmes aimed at reforming and rehabilitation of prisoners as part of social reclamation. There are 14 jails in the State having capacity to accommodate 2,253 prisoners against which, there were 1,032 prisoners including 508 under trials, 523 convicts and one arrested under National Security Act, lodged in jails as on 31 October 2018.

Due to lack of co-ordination between Home (Jail) and Home (Police) Departments, a number of hard-core criminals who were released on parole and escaped from prisons, still remain at large.

The test-checked jails was facing acute shortage of staff across all cadres, which in turn adversely affected their functioning. Eighty two *per cent* posts were lying vacant in the supervisory level in Kendriya Sansodhanagar, Tripura (KST), Bishalgarh and 41 to 55 *per cent* of guarding staff posts were lying vacant in all test-checked jails. The situation became worse as 18 *per cent* warders, instead of doing their assigned work, were diverted to work in establishment section, cash section, canteen, water pump, computer section, hospital, dak, driving of vehicle, *etc*.

Jails were lacking in adequate security measures. Security related equipment like CCTV and Search Lights were found to be either lying idle or not working optimally. This resulted in security lapses, which also facilitated escape of prisoners. Equipment like DFMD, HHMD, EVD were also found to be either lying idle or were not working optimally, which led to entry of prohibited articles inside the jail.

(Paragraph 4.7)

Violation of provisions of financial rules regarding handling of cash, absence of supervision and internal control in the Home (Jail) Department led to embezzlement of ₹ 4.70 lakh.

(Paragraph 4.8)

FOLLOW UP OF AUDIT OBSERVATIONS

Follow-up of Performance Audit Report

Follow-up of Performance Audit Report on "Bidhayak Elaka Unnayan Prakalpa (BEUP)" which featured in the Report of Comptroller and Auditor General of India for the year ended 31 March 2014 was taken up to assess and evaluate the performance and improvements in programme management.

The Planning and Co-ordination Department (Nodal Department) could not enforce the monitoring system properly to ensure timely sanction, execution and the completion of works by the SDMs, and thereby avoiding accumulation of money in the bank accounts of the nodal department and SDMs. The weak internal control system as well as failure in inspection and monitoring at field level continued in BEUP works. Cases of delays in according sanctions and completion of sanctioned works continued to exist. The Department did not prevent execution of inadmissible works. Further, the Department did not make adequate effort to promote public awareness on the works taken up under the BEUP scheme. Little progress was noticed in maintenance of Asset Registers for recording the durable assets created under the scheme.

(Paragraph 5.2)