



**Report of the  
Comptroller and Auditor General of India  
on  
Social, Economic, Revenue and General Sectors  
for the year ended 31 March 2019**



**लोकहितार्थ सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**

**GOVERNMENT OF TRIPURA**

***Report No. 1 of 2021***



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## **PREFACE**

1. This Report for the year ended March 2019 has been prepared for submission to the Governor of Tripura under Article 151 of the Constitution of India.
2. This Report contains significant results of the performance and compliance audit of the departments of the Government of Tripura under Social, Economic, Revenue and General Sectors including the departments of Education (Social Welfare & Social Education), Public Works (Roads & Buildings), Animal Resource Development, Industries & Commerce, Finance (Excise & Taxation), Transport and Law Department.
3. The cases mentioned in this Report are those which came to notice in the course of test audit during the year 2018-19 as well as those which came to notice in earlier years but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever necessary.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



# OVERVIEW



## OVERVIEW

### Chapter-I

#### Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the Performance Audits and test audit of transactions of various departments of the Government of Tripura pertaining to Social, Economic, Revenue and General Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit.

During 2018-19, total 304 auditee units out of 1,651 units, were planned for audit after carrying out risk assessment and keeping in view the available manpower, of which 207 units were actually audited during 2018-19. This Report *inter alia* contains two Performance Audits titled “Implementation of Integrated Child Development Services (ICDS) Scheme” and “Development of Infrastructure Facilities for the Judiciary” and 12 Compliance Audit paragraphs.

### Chapter-II Social Sector

#### Performance Audit

##### Education (Social Welfare and Social Education) Department

##### Implementation of Integrated Child Development Services (ICDS) Scheme

Integrated Child Development Services (ICDS) one of the flagship programmes of Government of India (GoI), launched in 1975 as an early childhood development programme is aimed at addressing health, nutrition and the development needs of young children, pregnant and nursing mothers. In order to address the gaps in implementation of the scheme, GoI repositioned ICDS as a Mission Mode programme in 2012, with appropriate institutional mechanisms at Central, State, District & Block levels, as well as adequate human and financial resources linked to accountability and outcomes.

The Performance Audit of ICDS done by the Principal Accountant General (Audit), Tripura covering the period of 2014-15 to 2018-19 revealed the following:

The Annual Project Implementation Plan (APIP) of the ICDS did not demonstrate a bottom-up, decentralised and participatory approach, so as to incorporate the roles of ICDS and Health functionaries at the district and village level. There was no evidence of involvement of local governance, institutions such as District Council and Village Panchayats in the planning process.

*Paragraph 2.2.8*

Convergence of ICDS with other Social sector schemes and Departments as envisaged in the ICDS Scheme (2012 Framework) was weak and ineffective.

***Paragraph 2.2.9.1***

The Department spent ₹ 836.29 crore under ICDS during 2014-19 and savings in expenditure of ₹ 62.84 crore, pointed out the need for adequate spending of funds to improve programme outcomes. The State had short released its share of funds for the programme by ₹ 75.92 crore.

The Department could utilise only ₹ 5.94 crore of the ₹ 8.47 crore received (October 2013), for construction of 132 Anganwadi Centres (AWCs) and submitted Utilisation certificate for the entire amount, though there was a shortfall in construction of 56 AWCs. Further, the Department did not utilise GOI funds of ₹ 8.47 crore, even after 36 months (March 2019), and delayed the construction/repair of the AWCs for which the funds were meant for.

The Department also failed to utilise GoI funds of ₹ 36.29 lakh for infrastructure development in AWCs to provide basic facilities like drinking water/toilets, *etc.* even after 15 months (March 2019) from the date of release of funds (December 2017).

***Paragraphs 2.2.10.1 & 2.2.10.2***

The Department did not plan for and utilise funds of ₹ 4.95 crore meant for training, Early Childhood Care and Education Programme, Supply of medicine kit and pre-school kits and instead kept funds idle in Civil Deposits.

***Paragraph 2.2.10.4***

The Department had spent ₹ 28.29 crore during 2014-19 for procurement of rice under Supplementary Nutrition Programme (SNP), but they could not furnish details of district wise distribution of the food grains procured.

***Paragraph 2.2.10.5***

During 2014-19, the Department achieved 86 to 98 *per cent* coverage of the targeted beneficiaries of children (below three years and above three to six years old), and pregnant/lactating women under the Scheme. However, there was a significant gap in the numbers of pregnant and lactating women as per the Department and the health authorities.

***Paragraph 2.2.11.1***

The Early Childhood care, Education and Development Component of ICDS saw a shortfall in coverage of enrolled children ranging from eight to 14 *per cent* in the State. In the sampled AWCs, the shortfall was between 14 to 17 *per cent* due to poor infrastructure facilities and resources.

***Paragraph 2.2.11.2.1***

The Department had rolled out Take Home Ration (THR) under SNP in one district out of eight districts in the State. They did not furnish any reasons for the non-implementation of THR despite procuring food grains.

***Paragraph 2.2.11.4.1***

Severely malnourished children in 0-5 years' age group were 0.15 to 0.25 *per cent* of total number of children weighed and position did not improve during the period. AWCs did not capture data of additional food, health check-up and referral services provided to the malnourished children.

***Paragraph 2.2.11.4.2***

The primary objective of the Supplementary Nutrition Programme (SNP) namely development of nutritional and health status of children in the age group of 0-6 years and pregnant women could not be achieved, as evident from the increased trend of low birth weight of new born babies and anaemic pregnant women.

***Paragraph 2.2.11.4.3***

Food and Nutrition Board had never carried out any periodic sample checks to ensure the safety as well as quality of nutrient composition of supplementary food supplied to Anganwadi Children. The Department, thus, did not ensure quality of the food supplied under the ICDS.

***Paragraph 2.2.11.4.4***

The shortfall in providing full immunisation to children of the age group of 0-1 year was ranging from 16 to 22 *per cent* in the State. There was also shortfall in providing antenatal and post-natal care. Though the Health Department was responsible for this activity, the AWCs were the important link in ensuring doses to the children in the villages on special days (VHND).

***Paragraphs 2.2.11.5.2 & 2.2.11.5.3***

The State had 9,911 operational AWCs, of which 9,334 AWCs had their own buildings, 273 were in rented houses and 304 AWCs were running from other places like community centres, *etc.* Test checked AWCs suffered due to poor infrastructure facilities like absence of toilets, safe drinking water, electricity, kitchen without LPG facilities, *etc.*

***Paragraph 2.2.12***

The Department engaged excess number of staff in the State cell at Agartala for most part of the period covered in audit i.e 2014-19, whereas there was consistent shortfall in staff engaged in the projects.

***Paragraph 2.2.13.1***

Considering the overburdened status of Anganwadi workers, a review was required on their role and status.

***Paragraph 2.2.13.3***

Capacity Building of staff was inadequate due to trainings not conducted. The Department had not established any middle level training centre for imparting training to Supervisors and Instructors of Anganwadi Training Centres (AWTCs).

***Paragraph 2.2.13.4***

Monitoring mechanism in the Department for the ICDS was ineffective and there was no record of the Departmental inspections conducted or review meetings held. All the 189 test checked AWCs did not/partially maintained the records and registers prescribed for the services provided by them. The poor outcomes and infrastructure facilities of AWCs coupled with unspent funds pointed out towards ineffective monitoring of the programme.

*Paragraph 2.2.14*

## **Chapter-III Economic Sector**

### **Compliance Audit Paragraphs**

#### **Public Works Department**

There was unproductive expenditure of ₹ 9.15 crore on work relating to Construction of Kailashahar District Jail which remained incomplete due to poor contract management and negligence of the Home Department in not supervising the work closely.

*Paragraph 3.2*

The Executive Engineer, Belonia Division, PWD (R&B) had irregularly drawn funds of ₹ 8.70 crore for procurement of material without actual requirement, resulting in blocking of public funds for more than four to eight years.

*Paragraph 3.3*

The Department delayed construction of Vigyan Gram (Phase-I) at Agartala, a DoNER project funded by GoI, resulting in the facility remaining incomplete even after the lapse of four years from the stipulated date of completion (June 2015) and expenditure of ₹ 58.82 lakh.

*Paragraph 3.4*

Non-compliance with codal provisions by the Executive Engineer, Mohanpur, PWD (R&B), regarding issue of stores, led to suspected misappropriation of materials valued at ₹ 35.15 lakh issued in works.

*Paragraph 3.5*

#### **Tripura Housing and Construction Board**

Unfruitful expenditure of ₹ 4.07 crore was incurred due to delay of four years in construction of the District Sports Complex at Ambassa, Dhalai District due to unrealistic preparation of DPR and non-inclusion of penal clause in the agreement with the contractors.

*Paragraph 3.6*

Failure to utilise the set apart funds towards charitable purposes within the stipulated time frame in order to avail of income tax exemption, led to loss towards payment of income tax of ₹ 5.28 crore and loss of interest of ₹ 99.84 lakh.

*Paragraph 3.7*

### **Animal Resources Development Department**

A PPP project in Unakoti District for meeting requirement of milk was taken up by the Animal Resources Development Department without ensuring availability of funds, creation of proper infrastructure and without selecting bona fide beneficiaries. An infructuous expenditure of ₹ 1.13 crore was incurred on the failed project.

*Paragraph 3.8*

## **Chapter-IV Economic Sector (State Public Sector Undertakings)**

### **Functioning of Public Sector Undertakings**

As on 31 March 2019, the State of Tripura had 15 PSUs (14 working and 1 non-working), which included 14 Government companies and one Statutory Corporation. As on 31 March 2019, the investment of the State Government (capital and long-term loans) in 15 PSUs was ₹ 1,675.55 crore consisting of 87.69 per cent (₹ 1,469.29 crore) towards capital and 12.31 per cent (₹ 206.26 crore) towards long-term loans.

*Paragraph 4.1.1 and 4.1.2*

As per the information furnished by the PSUs, during 2018-19 the State Government has provided budgetary support of ₹ 105.58 crore in the form of capital (₹ 34.81 crore) and grants/subsidy (₹ 70.77 crore).

*Paragraph 4.1.4*

As per the latest finalised accounts of PSUs as on 30 September 2019, the accumulated losses (₹ 406.23 crore) of two out of 14 working PSUs had completely eroded their paid-up capital (₹ 270.04 crore). During 2018-19, out of 14 working PSUs, four PSUs earned an aggregate profit of ₹ 8.87 crore, while 10 PSUs incurred loss of ₹ 220.73 crore as per their latest finalised accounts.

*Paragraph 4.1.9.2*

### **Compliance Audit Paragraphs**

#### **Tripura Industrial Development Corporation Limited**

##### **Development of Industrial Infrastructure -a thematic audit**

The Government of Tripura (GoT) took up (2014) Modified Industrial Infrastructure Upgradation Scheme (MIUS) for up-gradation of infrastructure in the existing industrial areas of Bodhjungle Industrial Estate (IE) and R. K Nagar IE in two

phases, viz. MIIUS-I (Bodhjunnagar IE) and MIIUS-II (R. K Nagar IE). The objective of the scheme was to enhance competitiveness of industry by providing quality infrastructure to catalyse and promote industrial growth, employment generation and technology up-gradation.

***Paragraph 4.2.2***

Tripura Industrial Development Corporation Limited (TIDCL), being the Scheme Implementation Agency (SIA) for MIIUS projects was responsible for creation of industrial infrastructure and to provide requisite infrastructure and finance for promotion and development of industries in the State. As of November 2019, TIDCL had allotted land and sheds to 220 Industrial Units (IUs) in 15 Industrial Estates (IEs) across the State.

***Paragraph 4.2.3***

As on 30 September 2019, TIDCL provided total 761.89 acres of land to the two sampled IEs; of which, 442.60 acres of land was available for allotment as on 31 March 2019. As against this, the IEs allotted 288.66 acres of land (65 per cent) to total 111 IUs. Similarly, out of total 41 sheds available in two sampled IEs (Bodhjunnagar: 23 sheds; R. K Nagar: 18 sheds) as on 31 March 2019, TIDCL could allot only 24 sheds (59 per cent).

***Paragraph 4.2.7***

There were considerable delays at each stage of land allotment process, which had correspondingly delayed the final allotment of land at an average, by 99 days after receipt of applications in 46 out of total 56 cases test checked.

***Paragraph 4.2.8.1***

As per the land allotment conditions, the TIDCL and the Industrial Units were to execute a registered deed of lease agreement within three months after the allotment. Audit observed that out of 56 sampled IUs, TIDCL had not executed lease deeds with 16 IUs during the period covered by Audit. In the absence of formal lease deeds/agreements, TIDCL was exposed to possible financial risks and damage to the leased out property.

***Paragraph 4.2.8.2***

Fifty-one out of 56 sampled IUs had defaulted in making lease rent payments for periods ranging from three to more than 24 months. As a result, dues of ₹ 3.84 crore were pending for recovery (30 September 2019) on account of monthly lease rent. TIDCL, however, did not take necessary steps to cancel or take possession of the leased land and sheds from the defaulting units except issuing show cause notices to 21 IUs.

***Paragraph 4.2.8.3***

There was low and inconsistent demand for industrial plots in the sampled IEs during 2014-19. This was evident from the fact that during period covered in audit, TIDCL could allot land only one to eight units per year in the two sampled IEs. The fact that there were few takers for industrial plots even in the two most developed IEs in the

vicinity of the State capital Agartala and despite provision of large number of Central and State Government incentives, pointed towards inadequacy of the policy environment to attract industrial investment in Tripura. As a result, employment generation was also low. As regard technology upgradation though optical cable Network was laid down in IEs by BSNL, the demand for the facility provided remained weak.

*Paragraph 4.2.10*

### **Tripura Handloom and Handicrafts Development Corporation Limited**

#### **Non-recovery of rental and user charges**

Tripura Handloom and Handicrafts Development Corporation Limited could not recover the rental and user charges of ₹ 45.11 lakh from the two operating Agencies due to non-execution of formal lease agreements with these Agencies.

*Paragraph 4.3*

## **Chapter-V Revenue Sector**

### **Compliance Audit Paragraphs**

#### **Finance (Excise & Taxation) Department**

During the year 2018-19, the revenue raised by the State Government was ₹ 2,138.11 crore which was 17.77 *per cent* of the total Revenue Receipts. The State received balance 82.23 *per cent* of the revenue receipts of ₹ 9,892.78 crore from the GoI, comprising of GIA and net proceeds of State's share of Union Taxes and Duties.

*Paragraph 5.1.1*

Assessing Authority allowed inadmissible ITC claim and failed to take note of the incorrect stock of a dealer, resulting in under-assessment of tax of ₹ 26.20 lakh of the dealer.

*Paragraph 5.2*

The Assessing Authorities short determined turnover of a dealer due to under assessment of purchases made resulting in short levy of tax of ₹ 18.08 lakh besides penalty and interest leviable.

*Paragraph 5.3*

#### **Transport Department**

District Transport Authorities failed to renew lapsed permits of transport vehicles resulting in non-realisation of permit fee of ₹ 12.51 lakh from the 2,440 commercial vehicles owners and fine was leviable.

*Paragraph 5.4*

## Chapter-VI General Sector

### Performance Audit

#### Law Department

##### Development of Infrastructure Facilities for the Judiciary

Development of infrastructure for judiciary is primarily the responsibility of the State Governments. However, the Central Government has been augmenting the efforts and resources of States for construction of court buildings and residential accommodation for judicial officers/judges covering District and Subordinate Courts since 1993-94 through Development of Infrastructure facilities for the Judiciary, a Centrally Sponsored Scheme (CSS).

The scope of the scheme encompassed construction of new court buildings, upgradation or renovation of existing court buildings, barrier free access to senior citizens and persons with disability (PwD) and provision for safety measures in courts and of residential quarters for judicial officers. Implementation of e-Courts was taken up as part of the National e-Governance Plan (*NeGP*).

The Performance Audit of Development of Infrastructure facilities for the Judiciary covering the period 2014-19, revealed the following deficiencies:

The State received ₹ 70.54 crore from Government of India (GoI) upto 2014-15 and did not receive any further funds due to non-utilisation of previous year's funds and slow progress of works. The construction of six court buildings and residential quarters at two locations taken up during 2014-19, remained incomplete as of October 2019 despite expenditure of ₹ 27.39 crore.

##### *Paragraph 6.2.7.1*

The Department diverted ₹ 1.11 crore during 2017-18 and 2018-19 for construction of staff quarters of the High court. Besides, Executive engineer, PWD (Roads & Buildings), Khowai division diverted ₹ 25.50 lakh to bridge works.

##### *Paragraph 6.2.7.2*

The Law department and Executive Department failed to effectively manage projects and consequently six out of nine projects (six court buildings and three quarter complexes taken up) during 2012-19 suffered from time overruns.

##### *Paragraph 6.2.9.1*

Various amenities and safety measures as envisaged in the scheme guidelines (April 2017) and National Court Management System Plan (NCMS) guidelines (May 2012) which were different from mere creation of physical infrastructure were either not planned or added later on.

##### *Paragraph 6.2.9.2*

Video conferencing (VC) facilities with connectivity between Jails and each court as envisaged in Phase-II of e-court project was provided to all district and subordinate

courts. However, the courts failed to utilise the VC facilities due to poor internet connection at Jail premises.

***Paragraph 6.2.10.1***

Diesel Generator (DG) sets were provided to all court complexes including State Judicial Academy (SJA) under phase I & II. However, DG set at Agartala court complex was lying out of order since May 2019.

***Paragraph 6.2.10.2 (a)***

Installation of Solar Photo Voltatic (SPV) power plants was not completed in any of the seven court complexes by Tripura Renewable Energy Development Agency (TREDA) through advance payment of ₹ 1.05 crore was made to the agency.

***Paragraph 6.2.10.2 (b)***

E-court database server of Tripura was not maintained centrally at the State level, as Cloud Computing work was not completed.

***Paragraph 6.2.10.3***

Hardware procured (September 2017) for installation of LAN at District Legal Services Authorities (DLSAs) and Taluka Legal Services Committee (TLSCs) at a cost of ₹ 6.29 lakh was lying idle in 15 out of 22 DLSAs/TLSCs due to inadequate infrastructure facilities.

***Paragraph 6.2.10.4***

Computer networking hardware including VC set procured at a cost of ₹ 30.23 lakh for State Judicial Academy (SJA), were lying idle for want of suitable space.

***Paragraph 6.2.10.5***

Construction of a room for digitisation of records of High Court of Tripura was not completed despite passage of more than a year and available funds of ₹ 77.03 lakh remained unutilised.

***Paragraph 6.2.11***

Various service deliveries for litigants and advocates planned under e-court like e-filing portal, payment of court fee, providing certified copies online with bar coding *etc.* were not implemented as of October 2019.

***Paragraph 6.2.12***

System of periodical reports and returns, agenda for meeting of the monitoring committee and minutes of the meetings of the monitoring committee were not available to assess the effectiveness of monitoring system.

***Paragraph 6.2.13.1***

The monitoring of implementation of e-court was ineffective as the authorities did not take necessary/ timely action for installation of VC connectivity, procurement of hardware without ensuring availability of adequate space and failure in ensuring installation of solar power system in courts.

***Paragraph 6.2.13.2***

## Chapter-VII

### Follow up of Audit observations

As of November 2019, 15 out of 18 departments did not submit explanatory notes on 68 paragraphs (46 paragraphs and 22 performance audit) out of 93 paragraphs (64 paragraphs and 29 performance audits) of Audit Reports awaiting discussion by Public Accounts Committee (PAC) relating to the Audit Reports from the years 2001-02, 2004-05 to 2017-18.

***Paragraph 7.1.1 (a)***

As of November 2019, two departments did not submit explanatory notes on 12 paragraphs (nine paragraphs and three performance audits) out of 20 paragraphs (14 paragraphs and six performance audits) of Audit Reports awaiting discussion by Committee on Public Undertakings (COPU) relating to the Audit Reports from the years 2011-12 to 2017-18.

***Paragraph 7.1.1 (b)***

Analysis of the position of outstanding IRs showed that 3,446 paragraphs included in 552 IRs issued during the last five years up to 2018-19 were pending for settlement as of September 2019. Of these, even the first reply had not been received in respect of 131 IRs in spite of repeated reminders.

***Paragraph 7.3***

There are 3,446 paragraphs involving ₹ 71,529.26 crore relating to 552 IRs issued during the last five years 2014-15 to 2018-19 which remained outstanding at the end of 30 September 2019, under Social, Economic, Revenue and General Sectors.

***Paragraph 7.5***

# **CHAPTER I: INTRODUCTION**



## CHAPTER I: INTRODUCTION

### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the performance audits and test audit of transactions of various departments of the Government of Tripura pertaining to Social, Economic, Revenue and General Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This chapter in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

### 1.2 Authority for Audit

This office functioned as a Branch Office of the Accountant General, Assam from 1967. Since 18 November 1974, it has been functioning as an independent office. Following a restructuring of cadres in 1984, the audit functions were entrusted to the office of the Accountant General (Audit), Tripura and the Accounts and Entitlement functions were entrusted to the Accountant General (A&E), Tripura.

Under the directions of C&AG, the Office of the Accountant General (Audit), Tripura conducts audit of government departments, Public Sector Undertakings, Autonomous Bodies and other Institutions<sup>1</sup> under Social, Economic, Revenue and General Sectors, which are spread all over the State. The Accountant General (Audit) is assisted by two Deputy Accountants General.

The authority for audit is derived from Article 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C & AG's (DPC) Act). Under Section 13 of the C & AG's (DPC) Act the Office of the Principal Accountant General (Audit) has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Tripura. This office conducts audit of revenue receipts of Government of Tripura under Section 16 of the C & AG's (DPC) Act. This office conducts supplementary audit of the Balance Sheet of all State Government companies under Section 143 (6) (a) of the Companies Act, 2013. This office is responsible for audit of accounts of autonomous bodies and authorities falling under Section 14, 15, 19 (2), 19 (3) and 20 (1) of C & AG's (DPC) Act.

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<sup>1</sup> Audit of World Bank assisted projects, Asian Development Bank assisted projects, etc.

Besides these, this office is also responsible for audit of accounts of Tripura Tribal Areas Autonomous District Council (TTAADC) constituted under the provision of 6<sup>th</sup> Schedule of the Constitution. The Audit Report on the accounts of the Council is prepared separately for laying before the Council. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

### **1.3 Planning and conduct of Audit**

Audit process commences with the assessment of risk of the departments based on the expenditure incurred, criticality/complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings, *etc.* Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

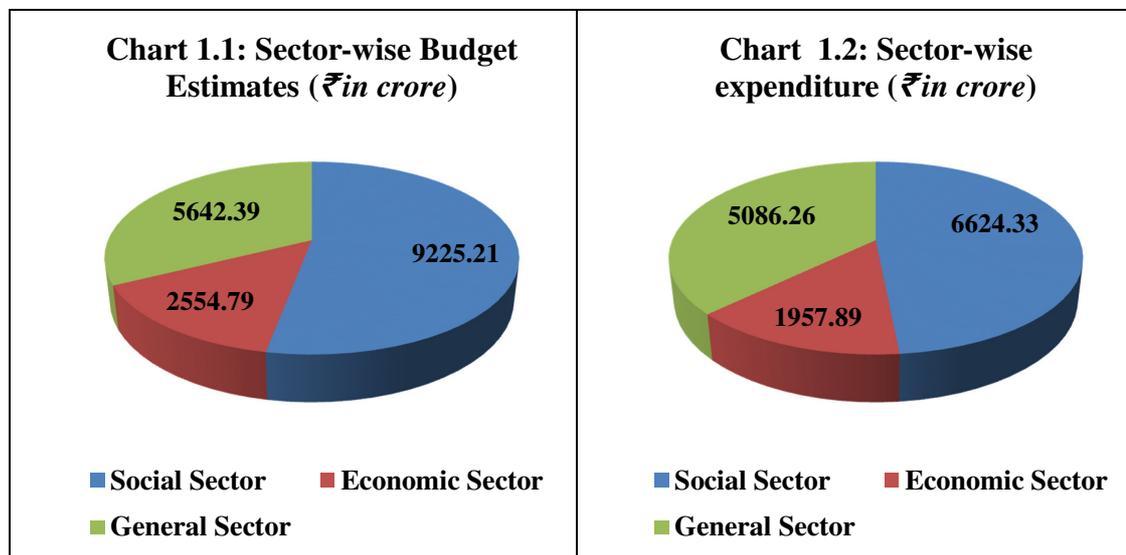
After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in the Audit Report which are submitted to the Governor of Tripura under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

Audit Plan is prepared in such a way that it fits into the long term and short term goals of audit in consonance with the overall “Vision and Mission” of the Indian Audit & Accounts Department. It has been prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various e-governance initiatives taken by government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* were taken into account to the extent possible while framing out the plan. A sector wise analysis of government spending, investment policy of the government in infrastructure development, industrialisation and socio-economic activities alongwith due consideration of possible audit impact were taken into account in prioritising auditee units for preparing the audit plan.

Considering the availability of resources, focus has been given in areas of high financial risk than to thinly spreading out the resources throughout the Government activities. This would have better socio-economic impact and add value to governance. Out of 1,651 auditee units, 304 units were planned for audit during 2018-19 after carrying out risk assessment and keeping in view the available manpower, of which 207 units were actually audited during 2018-19.

## 1.4 Significant Audit Observations

During the year 2018-19, the State Government had incurred an expenditure of ₹ 13,668.48 crore against the budget provision of ₹ 17,421.39 crore under Social, Economic and General Sectors. Sector wise expenditure is depicted in the **Charts 1.1** and **1.2**.



Source: Appropriation Accounts 2018-19

This Report *inter alia* contains two performance audits titled “**Implementation of Integrated Child Development Services (ICDS) Scheme**” and “**Development of Infrastructure facilities for the Judiciary**” and 12 compliance audit paragraphs on major findings of audit from test check of the transactions of 78 units<sup>2</sup> in the Social, Economic, Revenue and General Sectors involving an expenditure of ₹ 3,208.05 crore<sup>3</sup>. Significant audit findings are discussed in the respective succeeding chapters.

<sup>2</sup> Social Sector: 30 units, Economic Sector: 38 units and General Sector: 10 units

<sup>3</sup> Social Sector: ₹ 721.12 crore, Economic Sector: ₹ 1,312.63 crore and General Sector: ₹ 1,174.30 crore



## **CHAPTER II: SOCIAL SECTOR**



## CHAPTER II: SOCIAL SECTOR

### 2.1 Introduction

This Chapter of the Audit Report deals with the findings of audit of Government units under Social Sector.

The total budget allocation and expenditure of the departments under Social Sector during the year 2018-19 are given in **Table 2.1**.

**Table 2.1: Details of allocation and expenditure under Social Sector**

(₹ in crore)

Name of the Department	Budget allocation	Expenditure
Education (Higher)	200.87	139.46
Education (School)	1,804.79	1,439.61
Education (Social)	729.24	725.48
Elementary Education	1,013.59	883.75
Education (Youth Affairs and Sports)	78.12	72.33
Food, Civil Supplies and Consumer Affairs	156.53	133.22
Family Welfare and Preventive Medicine	552.86	480.69
Health	526.94	476.54
Labour Organisation	12.36	11.95
Panchayati Raj	325.51	281.42
Public Works (Drinking Water and Sanitation)	538.07	448.03
Rehabilitation	51.24	47.05
Rural Development	1,061.99	304.96
Tribal Welfare (Research)	7.39	2.70
Kokborok and other Languages	0.76	0.69
Tribal Welfare	834.46	492.06
Tribal Rehabilitation in Plantation and Particularly Vulnerable Tribal	35.43	31.50
Urban Development	829.18	526.30
Welfare of Scheduled Castes	308.11	56.22
Welfare of Minorities	82.11	36.82
OBC Welfare	51.60	33.42
Skill Development	24.07	0.13
<b>Total number of departments = 22</b>	<b>9,225.22</b>	<b>6,624.33</b>

Source: Appropriation Accounts – 2018-19

We audited 30 auditee units under the Sector covering expenditure of ₹ 721.12 crore (including of the previous year). This Chapter contains a Performance Audit on Implementation of Integrated Child Development Services (ICDS) Scheme.

## EDUCATION (Social Welfare and Social Education) DEPARTMENT

### 2.2 Implementation of Integrated Child Development Services (ICDS) Scheme

#### 2.2.1 Introduction

Integrated Child Development Services (ICDS) one of the flagship programmes of Government of India (GoI), launched in 1975 as an early childhood development programme aimed at addressing health, nutrition and the development needs of young children, pregnant and nursing mothers. The programme recognises that early childhood development constitutes the foundation of human development and is designed to promote holistic development of children under six years, through strengthened capacity of caregivers and communities, and improved access to basic services at the community level. ICDS emphasises convergent interface between communities and other services such as primary healthcare, education, water and sanitation among others.

The package of services provided as part of the programme comprised, *inter-alia* (i) Supplementary Nutrition Programme (SNP) (ii) Immunisation, (iii) Health Check-up (iv) Referral Services, (v) Non-formal Pre-school Education (PSE) and (vi) Nutrition and Health Education (NHED).

In order to address the gaps in implementation of the scheme, GoI repositioned ICDS as a Mission Mode programme in 2012, with appropriate institutional mechanisms at Central, State, District & Block levels, as well as adequate human and financial resources linked to accountability and outcomes. The restructured ICDS was rolled out in the North Eastern States from the year 2013-14 and was implemented universally across districts, regions and socio-economic groups.

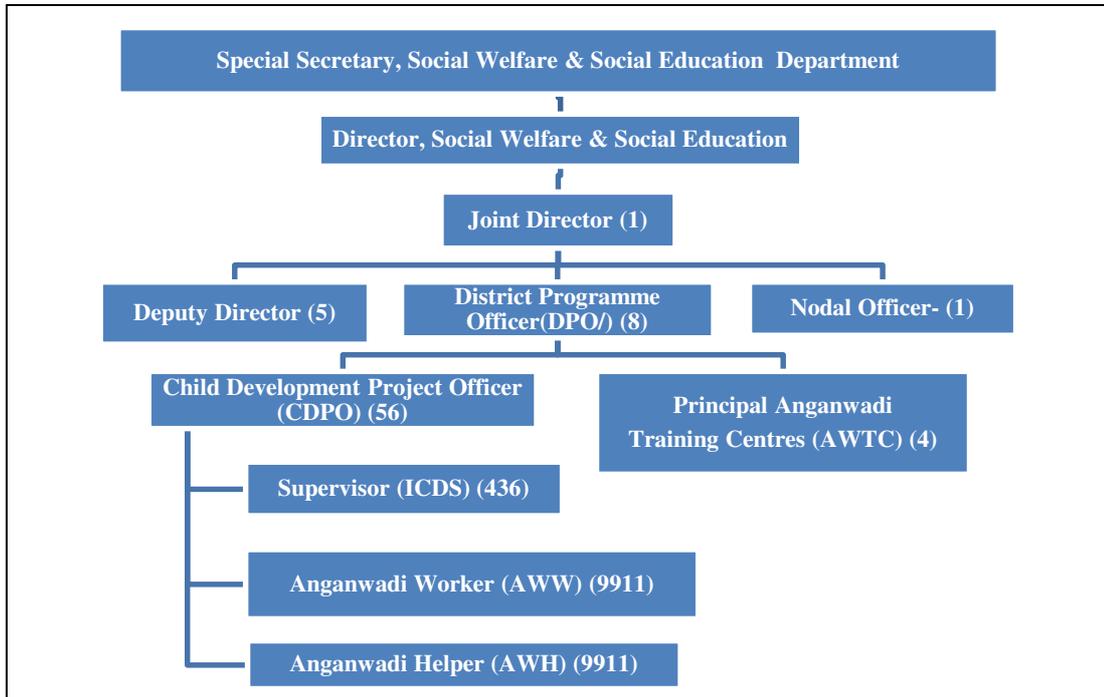
#### 2.2.2 Organisational set-up

The Social Welfare and Social Education Department (SW&SE) is responsible for implementation of ICDS in the State. It implements three components of the programme *viz.*, supplementary nutrition programme, non-formal pre-school education and nutrition and health education directly, while the other three components are implemented in coordination with the Directorate of Food, Civil Supplies and Consumer Affairs and Health and Family Welfare Department (health check-up and referral services and immunisation).

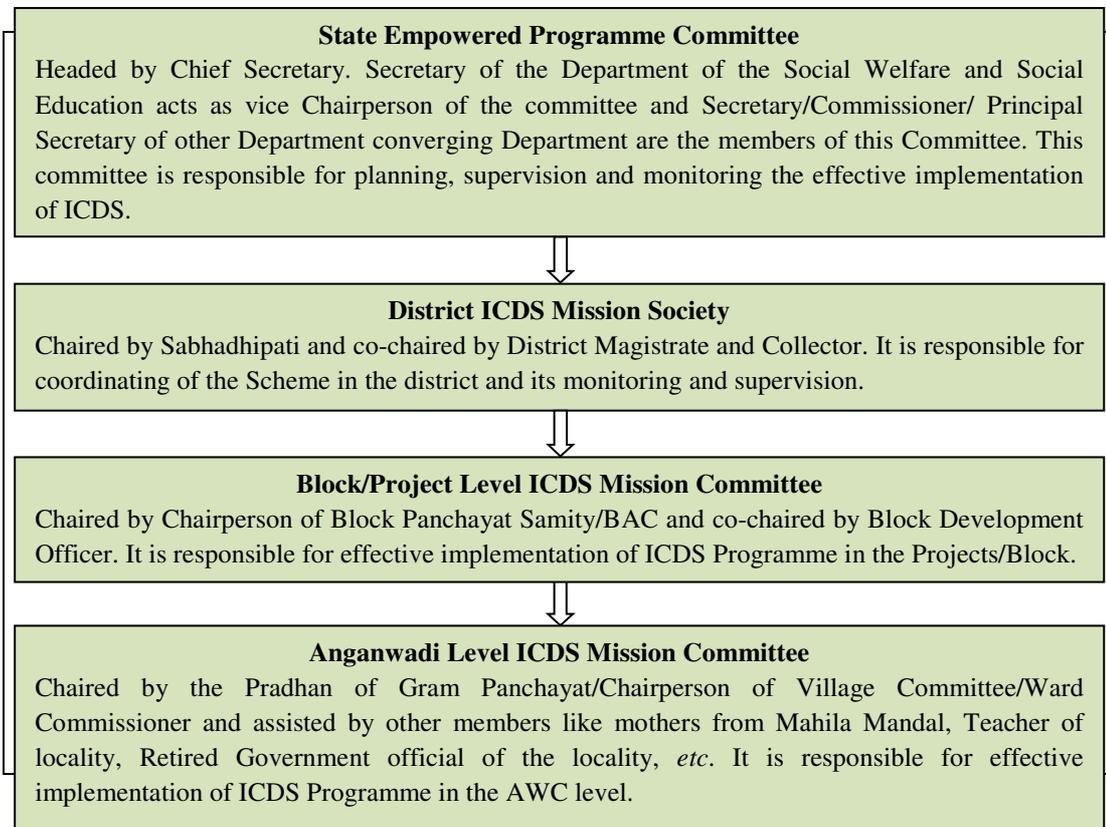
At the apex level, the Secretary/ Special Secretary of the Department and the Director of Social Welfare and Social Education are responsible for policy, planning, coordination and implementation of the programme. At the field level, the Child Development Project Officers (CDPO) and Anganwadis worker (AWW) are responsible for implementing various activities relating to the programme. Medical Officers, Auxiliary Nurse Midwife (ANM) and Accredited Social Health Activist (ASHA) form a team with the ICDS functionaries to achieve convergence of different services.

The organogram of the Department for implementation of ICDS and institutional arrangement at the Mission Directorate are given in **Charts 2.2.1** and **2.2.2**.

**Chart 2.2.1: Organisational set-up of the Department**



**Chart 2.2.2: Institutional arrangement at Mission Directorate**



### 2.2.3 Audit Framework

The Office of the Principal Accountant General (Audit), Tripura had carried out (July – September 2012) Performance audit (PA) on ‘Integrated Audit of the Education (Social Welfare and Social Education) Department’. The PA also covered the implementation of ICDS during the period 2007-12 and the same was included in the Audit Report of the Comptroller and Auditor General of India for the year 2011-12, Government of Tripura. The report was tabled in the State Legislature on 27 September 2013. It brought out significant lapses in construction of Anganwadi Centres (AWC), non-availability of drinking water facilities, toilets and kitchen sheds in AWCs, non-provision of supplementary nutrition to enrolled beneficiaries, absence of linkages, *etc.*

The current PA is a follow up audit to assess the status of implementation of the programme post restructuring and designating it as a Mission Mode programme in 2012.

### 2.2.4 Audit objectives

Performance audit was taken up with objectives to ascertain whether:

- the planning for implementation of the Scheme was proper and as per GoI guidelines;
- the funds received under the Scheme were adequate and they were utilised economically and efficiently;
- the infrastructure facilities provided were adequate for Anganwadi Centres for effective delivery of services;
- the various targeted services under the Programme relating to supplementary nutrition, health of mothers and children and education/development of the beneficiary children were delivered/implemented effectively as per norms;
- the monitoring of the Programme was effective;
- the overall Programme implementation was effective and achieved the desired outcomes.

### 2.2.5 Audit criteria

Audit findings were benchmarked against the following sources of criteria:

- a. Government of India’s Scheme guidelines, Broad Frame Work for Implementation, 2012 and other instructions;
- b. General Financial Rules (GFR) (2005 and 2017), Delegation of Financial Power Rules, Tripura (DFPRT) (2011 and 2017), Perspective Plan, Annual Programme Implementation Plan (APIP), *etc.*;
- c. Instructions issued by Government of Tripura pertaining to procurement, quality control, distribution and maintenance of records, *etc.*;
- d. Prescribed norms for staffing and skill up-gradation;

- e. Standards fixed by the National Institute of Public Co-operation and Child Development (NIPCCD) for infrastructure of ICDS projects and training programmes; and
- f. Government of India and State Government's prescribed monitoring mechanism.

### 2.2.6 Scope, Sample and Audit Methodology

Performance audit of ICDS was conducted during July 2019 to November 2019 and covered the implementation of the programme during the period 2014-15 to 2018-19. Audit methodology involved an examination of the records in the Directorate of Social Welfare and Social Education Department at the apex level, four out of eight District Inspectors of Social Education (DISEs) at the district level, three out of four Anganwadi Training Centres (AWTCs), 14 Child Development Project Officers (CDPOs) out of 56 Child Development Project Officers (CDPOs) and 189<sup>1</sup> Anganwadi Centres (AWCs)<sup>2</sup> out of 9,911 AWCs in the State.

Districts were selected for audit sample through Simple Random Sampling (SRS) method and projects and AWCs were selected through Simple Random Sampling Without Replacement (SRSWOR) method. The Department authenticated the findings of the joint physical inspection of assets and infrastructure conducted by the audit along with the departmental representatives.

To support our findings, we also conducted a beneficiary survey covering 50 beneficiaries (February 2020) in Mandainagar Village Council and Ashigarh Village Council under Mandai Block, West Tripura District.

We discussed the Audit objectives, criteria, scope and methodology in an Entry Conference held on 24 June 2019 with the Special Secretary, Department of Social Welfare and Social Education before commencement of Audit. Draft audit findings were issued to the Government in April 2020 for response. Significant findings were discussed with the Special Secretary of the Department in an Exit Conference (28 May 2020). The responses of the Department have been incorporated in the Report appropriately.

### 2.2.7 Constraints

Audit was conducted primarily with reference to documents and records of the audited entity. However, various records were either not maintained or maintained partially. Details of the records which were not maintained or partially maintained are given in **Table 2.2.1**.

<sup>1</sup> Out of the sampled 191 AWCs (six *per cent* of AWCs under each sampled project), two AWCs did not furnish records due to resignation of the concerned Anganwadi Workers (AWWs). Therefore, records of 189 AWCs were checked and physical verification of infrastructure was done in all the 191 AWCs

<sup>2</sup> Six *per cent* operational AWCs from each Project

Table 2.2.1: Status of maintenance of records in AWCs

(Number, percentage of shortfall in parenthesis)

Register No.	Name of Register	No of AWCs checked	No. of AWC not maintaining the records	No. of AWC Partially maintaining the records
3	Supplementary Food Distribution	189	09(4.76)	37(19.58)
4	Pre-School Education	189	18(9.52)	108(57.14)
5	Pregnancy and Delivery	189	31(16.40)	123(65.08)
6	Immunisation and Village Health and Nutrition Day (VHND)	189	19(10.05)	134(70.90)
7	Vitamin A Biannual Rounds	189	63(33.33)	93(49.21)
9	Health check-up/referral	189	133(70.37)	45(23.81)
11	Weight Records of Children/Growth chart	189	25(13.23)	90(47.62)

Source: Sampled AWCs Record

Further, CDPOs and Supervisors entrusted for monitoring of the services delivered at AWCs did not record the quality of food served and pre-school education, lack of infrastructure and shortage of PSE kits in the Inspection diary maintained at the AWCs.

## Audit findings

### 2.2.8 Planning

#### A Planning process

Planning is a key management process and accordingly ICDS scheme (2012 Framework) envisaged preparation of the State/ District Child Development Plans- a plan for the entire Mission period based on community-based planning process and an Annual Plan that would be based on resource availability and prioritisation exercise. Further, initially, only State Plan would be necessary and gradually on need basis, district specific plan was to be prepared depending on the capacity and requirement. The State/ District Child Development Action Plan was to be the key strategy for integrated action under the ICDS Mission. It was to be formulated on the premise that (i) the community can plan for its children's needs and (ii) there would be greater requirement for developing capacities in communities to do so.

The scheme envisaged key steps in the planning process for the development of district and State ICDS plans viz. constitution of the Planning Teams at different levels with a clear demarcation of their roles and responsibilities; need for orientation and training modules; filling of vacant positions and recruitment of additional staff in ICDS; development of survey formats, focus group guides and ICDS mission Registers; mapping of AWC linked facilities and services such as health centres, schools, training centres; and organisation of ICDS Mission village contact drives, public hearings and social mobilisation activities and release of

untied grants to the State ICDS Mission to facilitate planning and social mobilisation activities at district, block and village levels.

## **B Deficiencies in Planning**

As required under ICDS broad framework, the State prepared Annual Project Implementation Plan (APIP) annually and submitted them to GoI to get funding for the programme (GoI funded 90 *per cent* of approved APIP outlays for the North East region). However, the quality of APIP was highly deficient as discussed in subsequent paragraphs.

Test check of APIP, related records and replies to audit revealed that:

- The State APIP did not demonstrate bottom up, decentralised and participatory approach to incorporate the roles of ICDS and Health functionaries in planning while formulating APIPs though they are required to work in a convergence mode. Further, there was nothing on record to demonstrate convergence with local Governance institutions (Tripura Tribal Areas Autonomous District Council, District and Village Panchayats, *etc.*)
- The Central Government while approving each year's APIP laid down certain conditions and suggestions. The conditions and suggestions *inter alia* includes head count of the beneficiaries, restrict payment of salary to the selected regular posts, construction of AWC building in rural areas in convergence with MGNREGA, *etc.* The State APIPs, however, did not explicitly give any assurance about fulfillment of head count of beneficiaries, surprise check, restrict the payment of salary only to the sanctioned posts, *etc.*
- The Directorate/DPO/CDPO had not hired professional experts to facilitate decentralised planning process; and had neither trained Village Health Sanitation Committees (VHSCs) for decentralised planning.
- Village Health Sanitation and Nutrition Committee (VHSNC) had little or no visible role in effective functioning of the AWCs. There was no visible role or active participation of Civil society organisations at AWC or State levels.

The Department stated (December 2020) that there were no ghost beneficiaries and that no salary was claimed in APIP by the State in excess of post sanctioned as per the Scheme norms. Further, recruitment of professional experts on outsourcing basis are under process. The VHSCs are being monitored by Health Department in convergence mode.

The replies of the Department on ghost beneficiaries is not tenable in absence of any record showing the headcount of the beneficiaries. Besides, the Department needed to coordinate better with the Health Department for improving the role of VHSCs in implementation of the Scheme.

## 2.2.9 Convergence

### 2.2.9.1 Convergence framework

ICDS scheme (2012 Framework) and related sectorial programmes such as National Rural Drinking Water Programme (NRDWP), Sarva Shiksha Abhiyan (SSA), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) envisaged convergence in planning, funding and delivery of services. The salient features of the convergence framework were formation of one common Village Health Sanitation and Nutrition Committee (VHSNC) as the institutional mechanism for convergence at village level with AWCs playing critical role; preparation of Child Development Plan at Village, Block and District levels based on joint household surveys and village micro-planning exercises involving AWWs, ASHAs, community/women’s groups, VHSNCs and Panchayati Raj Institutions (PRIs); appraisal of District ICDS Mission Plans to ensure multi-sectoral interventions for young child health, growth and development .

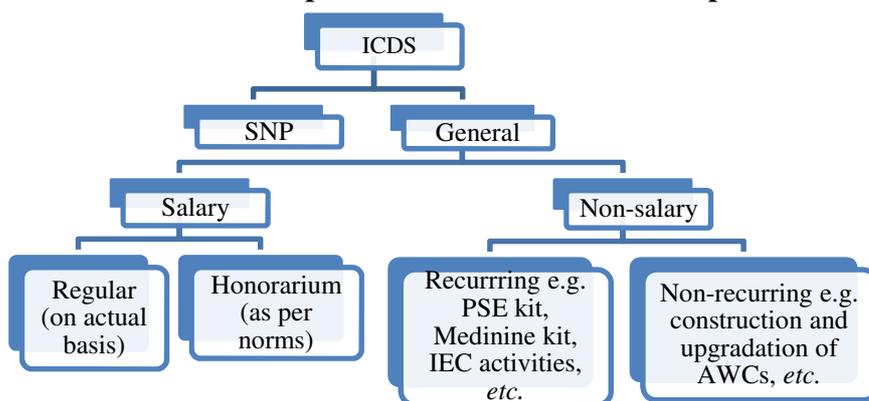
On review, we noticed that there was no institutional mechanism of data sharing and cross validation of data amongst the functionaries of ICDS (AWW) and NHM (ASHA, ANM). Further, CDPOs and MOs did not undertake joint inspection of AWCs.

The Department accepted (December 2020) the audit observation and stated that convergence with MGNREGS was partially implemented.

### 2.2.10 Financial Management

Fund under ICDS are allocated under two heads, viz. the ICDS General (Gen) and the Supplementary Nutrition (SN) to the State. The composition of ICDS scheme components including different core services and activities under different heads is shown in **Chart 2.2.3**.

**Chart 2.2.3: Composition of ICDS scheme components**



#### 2.2.10.1 Budget, fund release and expenditure under ICDS

The year-wise budget provision and release of fund by GoI and State Government and expenditure incurred during 2014-15 to 2018-19 is given in **Table 2.2.2**.

**Table 2.2.2: Budget provision, actual release and expenditure on ICDS Scheme***(₹ in crore)*

Financial Year	Budget Provision			Release			Expenditure incurred		
	GoI	State	Total	GoI	State	Total	GoI	State	Total
2014-15	241.65	26.48	268.13	140.74	12.69	153.43	162.67	12.68	175.35
2015-16	183.23	42.48	225.71	181.95	12.75	194.70	135.31	18.80	154.11
2016-17	260.26	26.97	287.23	121.34	4.46	125.80	177.08	9.29	186.37
2017-18	134.84	10.63	145.47	131.01	9.22	140.23	126.69	6.83	133.52
2018-19	225.17	23.82	248.99	187.14	15.34	202.48	173.01	13.93	186.94
<b>Total</b>	<b>1045.15</b>	<b>130.38</b>	<b>1175.53</b>	<b>762.18</b>	<b>54.46</b>	<b>816.64</b>	<b>774.76</b>	<b>61.53</b>	<b>836.29</b>

*Source: Finance Accounts of Government of Tripura & Statement of Expenditure furnished by DSWSE*

During 2014-15 to 2018-19 total release of fund under ICDS was ₹ 816.64 crore (Central share ₹ 762.18 crore and State share ₹ 54.46 crore) against which the Department incurred expenditure of ₹ 836.29 crore (Central share ₹ 774.76 crore and State share ₹ 61.53 crore). The savings of ₹ 62.84 crore during the period were set off by excess expenditure of ₹ 82.49 crore. The reasons for excess expenditure /savings during 2014-19 have not been intimated (September 2020). Further, during the period the State Government did not release the money as per the budget provisions, the shortfall in release being ₹ 75.92 crore.

#### **2.2.10.2 Non-utilisation of funds provided for Infrastructure Development, Repair of AWCs and basic facilities**

The Ministry of Women and Child Development (MWCD) had issued guidelines stating that AWCs should be child friendly with all relevant infrastructures. It was seen that the Department was slow in spending the funds received from GoI, the details of which are given below:

(i) The MWCD, GoI released first instalment of ₹ 8.47 crore (October 2013) for construction of 188 AWCs, of which the Department utilised ₹ 5.94 crore only for construction of 132 AWCs (August 2019) as against 188 AWCs for which the fund was sanctioned. Construction of 56 AWCs (estimated cost of ₹ 2.52 crore) remained incomplete (November 2019). The Department could not utilise the fund as on 31 March 2019 even after a lapse of 36 months from the date of release of fund. They however submitted (February 2016) false utilisation certificate to GoI of having spent the entire fund of ₹ 8.47 crore (first instalment) for construction of all 188 AWCs to obtain further fund.

The Department did not furnish the reasons for non-utilisation of fund. During Exit Conference (May 2020), the Department informed that the funds were being sub-allocated during 2020-21 to the DM & Collector for construction and up-gradation of AWCs in convergence with MGNREGS.

(ii) Similarly the second instalment of ₹ 8.47 crore received from GoI (March 2016) for construction of 119 AWCs and repairing of 500 AWCs could not be utilised by the Department as on 31 March 2019, even after a lapse of 36 months since receipt of the fund, though they were required to spend the funds within six months of receipt.

As a result, no new construction and repairing works was carried out with the second instalment.

(iii) GoI sanctioned and released (December 2017) ₹ 36.29 lakh for construction of toilets and providing drinking water facilities. However, the State was unable to utilise the funds even after 15 months (March 2019) from the date of release. As a result of non-utilisation of fund within the stipulated time, AWCs suffered from poor infrastructure facilities as described in subsequent paragraphs.

The Department accepted (May 2020) the audit observations and assured to monitor the timely utilisation of fund in future. They also assured that the completion certificates would be obtained from the line departments in future to ensure the execution of the works before sending the utilisation certificates to GoI. The Department also stated that it would request the State/Finance Department to release the pending State share for better implementation of the scheme.

This indicated that the Special Secretary, being the chief accounting authority of the Department had failed to ensure timely utilisation of funds.

#### **2.2.10.3 Shortfall in expenditure under non-salary component under ICDS (Gen)**

Expenditure on non-salary component under ICDS (Gen) like providing preschool kit, medicine kit, flexi fund, Information Education, communication (IEC), Early Childhood Care & Education Development (ECCED), uniform, *etc.* forms the integral part of the packaged services delivered under ICDS.

Micro analysis of component wise expenditure for salary and non-salary component revealed that the core non-salary component like supply of PSE kit, medicine kit, organisation of ECCED, IEC, *etc.* was not funded adequately during the period 2014-19, with the shortfall ranging between ₹ 1.23 crore (IEC) to ₹ 3.96 crore (Medicine Kit) which was 24.85 *per cent* and 80 *per cent* respectively. As a result, delivery services in ICDS were largely affected.

#### **2.2.10.4 Idle parking of funds in Civil Deposits**

Financial Rules<sup>3</sup> provides that, unless there is an immediate requirement of disbursement, no money should be drawn from State exchequer to avoid lapse of budget grants. Directorate of Social Welfare and Social Education had drawn ₹ 5.08 crore between March 2016 and July 2017 in anticipation of providing fund to different projects for organising training programme, Early Childhood Care and Education programme, supplying of medicine kit and pre-school kit. Audit noticed that out of the total fund of ₹ 5.08 crore, the Department provided only ₹ 0.13 crore to the projects and the balance of ₹ 4.95 crore was deposited<sup>4</sup> in '8443-Civil Deposits' and funds remained unspent (April 2020).

<sup>3</sup> Rule 290 of the Central Treasury Rules, Volume-I

<sup>4</sup> ₹ 14.38 lakh on September 2016 and ₹ 480.04 lakh on December 2017

The Department accepted (May 2020) the audit observation and assured that necessary steps have already been taken to utilise the funds.

#### **2.2.10.5 Grains procured under the ICDS**

Director of Food, Civil Supplies and Consumer Affairs (DFCS&CA) and Directorate of Social Welfare and Social Education (DSW&SE), Government of Tripura maintained Food grain accounts. The accounts are required to be reconcile on monthly basis as per agreement<sup>5</sup>.

On review, Audit noticed that during 2014-15 to 2018-19 the Department had booked 51,004 MT rice against the actual requirement of 55,042 MT rice for implementation of SNP. The Department had lifted 43,478 MT of rice during that period for supplying to different CDPOs. Thus, there was shortfall of 11,564 MT rice against the actual requirement for distribution under the SNP. The Department paid the full cost of ₹ 28.29 crore on DFCS&CA for 51,004 MT rice. As a result, the cost of total short lifted quantity of 7,526 MT food grains amounting to ₹ 3.33 crore had been lying with the Food and Civil Supplies Department. Further, the Department did not reconcile the Food grain accounts to know the exact quantity of short lifting as per the agreement, and neither did they furnish district wise details of the food grains lifted.

The Department admitted (May 2020) the facts and assured that necessary measures would be taken to reconcile the food grain account and the accounts maintained by DSW&SE and the correct figure would be reflected in the UC.

#### **2.2.10.6 Cash payment by Anganwadi Training Centres in violation of GoI instructions**

GoI made it mandatory<sup>6</sup> to transfer all types of payments like Honorarium, TA/DA, *etc.* to the trainees and guest faculty through Direct Benefit Transfer (DBT) mode to ensure transparency in payment. Besides that, Government of Tripura restricted<sup>7</sup> all types of payments exceeding ₹ 500 (Rupees five hundred) in Cash, in respect of payment of salary, wages and other dues/claims of officers/employees and all third party payments.

Scrutiny of records during 2014-15 to 2018-19 revealed that in three districts of Kulai, Dhalai District, Kakraban, Gomati District and Narshingharh, West District, the AWTCs made cash payment of ₹ 1.55 crore for disbursement of various allowances, honorarium and payments to NGOs (for food) instead of payment through DBT, thereby violating the GoI/State instructions.

The Department admitted the facts and assured that necessary steps would be taken to make all payments through DBT mode/ through cheques from the financial year 2019-20 onwards.

<sup>5</sup> As per memorandum issued by the Director of Food, Civil Suppliers and Consumers Affairs dated December 13, 2005

<sup>6</sup> From April 2017

<sup>7</sup> vide No.F.28 (6) FIN (G)/75 dated 11.07.2005

## 2.2.11 Scheme Implementation

### 2.2.11.1 Enrolment of beneficiaries and coverage of beneficiaries

The coverage of beneficiaries under the programme is detailed in **Table 2.2.3**.

**Table 2.2.3: Coverage to beneficiaries in the State**

*(in number, percentage in parenthesis)*

Type of beneficiary	Year	2014-15	2015-16	2016-17	2017-18	2018-19
Children (3 to 6 years old)	Eligible	176735	176313	176788	171907	169911
	Enrolled	176581	176313	176788	170469	169871
	Coverage	152728	157055	155666	157567	152174
	Shortfall	23853(14)	19258(11)	21122(12)	12902(8)	17697(10)
Children (6 months to 3 years old)	Eligible	170982	166573	163356	162096	155608
	Enrolled	170828	166573	163356	160446	155548
	Coverage	147179	149455	147024	151995	147470
	Shortfall	23649(14)	17118(10)	16332(10)	8451(5)	8078(5)
Pregnant Women	Eligible	31987	31259	31259	30544	29232
	Enrolled	31982	31244	31244	30544	29225
	Coverage	29082	29005	29005	29192	28539
	Shortfall	2900(9)	2239(7)	2239(7)	1352(4)	686(2)
Lactating Women	Eligible	51586	44664	44664	38760	34190
	Enrolled	51581	44643	44643	38760	34190
	Coverage	47138	41271	41246	36920	32530
	Shortfall	4443(9)	3372(8)	3397(8)	1840(5)	1660(5)

*Source: Departmental figures*

From the **Table 2.2.3** it appears that:

- The Department could achieve 86 to 98 *per cent* coverage of the targeted beneficiaries during 2014-19 which is encouraging.
- In the Health Management Information System (HMIS) report of Health Department it was noticed that there was discrepancy in the number of pregnant women and lactating mother identified for SNP under ICDS. As per HMIS report, the number of pregnant woman during 2014-19 ranged from 72,307 to 77,290 whereas that of lactating mothers ranged between 49,477 and 51,833. It appeared that all pregnant and lactating women eligible for SNP had not been identified.

On being pointed out, the Department stated (May 2020) that it was providing SNP to all the eligible beneficiaries who had enrolled as per scheme guidelines.

The gap between the two set of figures needs to be addressed in consultation with the Health Department.

### 2.2.11.2 Early Childhood Care Education and Development (ECCED)

Early Childhood Care & Education (ECCE), earlier named as Pre-School Education (PSE) refers to the informal early psychosocial stimulation for children below three

years and more planned non-formal Pre-school Education for children between three to six years, which is child friendly, focused around play and individuality of the child and aimed towards the child's holistic development and readiness for school.

The status of delivery of early child hood care and development during 2014-19 were as follows:

#### 2.2.11.2.1 Coverage of beneficiaries under Pre-school Education

The scheme mandates enrolment of all eligible children of the age group of three to six years for non-formal preschool education for at least 21 days in a month. However, the Department could not provide non formal pre-school education to all eligible beneficiaries enrolled as shown in **Table 2.2.4**.

**Table 2.2.4: Shortfall in providing Preschool education to 3-6 years' children**

*(in number, percentage of shortfall in parenthesis)*

Year	2014-15	2015-16	2016-17	2017-18	2018-19
No of children enrolled in the State for pre-school education	176581	176313	176788	170469	169871
No of eligible children in the State who were not provided pre-school education for at least 21 days in a month	23853 (14)	19258 (11)	21122 (12)	12902 (8)	17697 (10)
No of children enrolled in the Sampled AWCs for pre-school education	3501	3702	3804	3752	3529
No of eligible children in the sampled AWCs who were not provided pre-school education for at least 21 days in a month	567 (16)	633 (17)	597 (16)	517 (14)	563 (16)

*Source: Records of Department and sampled AWCs*

During the period 2014-15 to 2018-19 the achievement for enrollment for pre-school education ranged from 86 to 92 *per cent* in the State and it ranged from 83 to 86 *per cent* in the sampled AWCs. The shortfall in coverage of enrolled children for pre-school education ranged between eight to 14 *per cent* in the State whereas in the sampled AWCs the shortage was between 14 to 17 *per cent*. The reasons for such decline was due to poor infrastructure facilities, non-availability of pre-school kit, monthly ECCE days not organised to address the various issues. These are discussed in subsequent paragraphs.

The Department while acknowledging (May 2020) the shortfall in providing ECCE could not furnish reasons for low coverage<sup>8</sup>.

#### 2.2.11.2.2 Delay in implementation of ECCE curriculum and Child assessment card

The Early Childhood Care Education and Development (ECCE) component of ICDS envisaged roll out of age and development appropriate annual contextualised ECCE Curriculum and Child Assessment Card simultaneously on per child basis.

<sup>8</sup> A child is deemed to be covered under ECCED if he/she is enrolled and attends AWC for 21 days or more in a month

Accordingly, GoI released ₹ 9.45 lakh<sup>9</sup> in July 2015. On review, Audit observed that, the Department delayed rolled out the ECCE curriculum in local language by 27 months<sup>10</sup> after the stipulated date of circulation and even then could not publish the assessment cards for use of AWCs for over 22 months<sup>11</sup> after receipt of funds. Failure of the Department to roll out the assessment cards to AWCs made it difficult to assess the effectiveness of ECCE.

The Department accepted the fact and stated (May 2020) that the ECCE curriculum in local language were printed and distributed to each AWW during May 2017 to September 2017.

### 2.2.11.3 Care and Nutrition Counselling

Child Care and Nutrition Counseling to all women in the age group of 15 to 45 years would be provided with the aim to enhance the child care abilities/capacities of mother and/or other caregivers to look after the health and nutritional needs of children within the family environment.

#### 2.2.11.3.1 Nutrition and Health Education (NHED)

The scheme envisaged Nutrition and Health Education Day (NHED) as the key element to educate the beneficiaries on the interventions<sup>12</sup> provided under ‘Care and Nutrition Counseling’ service. To achieve the objectives, the AWWs should conduct activities like home visits and demonstration course, films and slides shows and mothers meetings. Monthly mothers’ meeting was to educate the mothers on improving the child caring practices, feeding, health and hygiene and psychological development

Test check of records maintained at 189 sampled AWCs revealed the shortfall, as detailed in **Table 2.2.5**.

**Table 2.2.5: Shortfall in Home Visits and Mother Meetings in sampled AWCs**  
(in number, percentage of shortfall in parenthesis)

Service/Year	2014-15	2015-16	2016-17	2017-18	2018-19
Home visit target <sup>13</sup>	15012	14648	13856	14032	13508
Shortfall in Home visit	14242 (95)	13551 (93)	11909 (86)	10834 (77)	9433 (70)
Mothers meeting target <sup>14</sup>	2268	2268	2268	2268	2268
Shortfall in Mother meetings	1256 (55)	1234 (54)	1087 (48)	1133 (50)	1143 (50)

Source: Sampled AWCs record

<sup>9</sup> ₹ 5.62 lakh for Printing Charges for 10,000 copies of ECCE curriculum plus ₹ 3.83 lakh for printing of evaluation sheets

<sup>10</sup> By 27 months from the prescribed roll out date to the date of supplying it to the AWCs

<sup>11</sup> The fund for ecce curriculum was received in July 2015

<sup>12</sup> 1) Infant and Young Child Feeding (IYCF) Counselling; 2) Maternal Care Counselling; 3) Care, Nutrition Health and Hygiene and Education; 4) Community based care and management of underweight children

<sup>13</sup> AWW has to conduct 4 visits within 4-9 months of pregnancy and 12 visits after delivery till the child is 24 months old

<sup>14</sup> Mother meeting should be conducted once in every month in each AWC. Target=2268 (i.e., 189 AWCs x12 months)

It was noticed that the AWWs in the sampled AWCs could not conduct monthly meeting as per the target envisaged in the guideline. The shortfall in home visits ranged between 70 per cent to 95 per cent and the shortfall in conducting of mother meetings ranged between 48 per cent to 55 per cent during 2014-19.

Further, no seminar, street show, drama cultural events were organised during 2014-19 at field level in any of the sampled AWCs under 14 selected ICDS Projects. No expenditure was incurred at AWC level on print media, audio visual media, pamphlets, hoarding, and wall paintings to give wide publicity to IEC activities.

In reply, the Department stated (May 2020) that actual details of home visits and mothers' meeting undertaken were not adequately captured in the records maintained at AWCs. Further, the Department also stated that for wide publicity of IEC activities the same was covered under the POSHAN Abhiyan<sup>15</sup>.

The Department's reply is not verifiable in absence of any documentary evidence in support of its claim of having conducted mothers' meetings and home visits.

#### **2.2.11.4 Supplementary Nutrition Programme**

Supplementary Nutrition Programme (SNP) is an important component of ICDS to bridge the protein-energy gap between the recommended dietary allowance and average dietary intake of children, pregnant women and lactating mothers. ICDS programme envisaged Supplementary Nutrition<sup>16</sup> (SN) for pregnant and lactating women, infants (six months to three years) and children (three to six years). The audit findings are discussed in subsequent paragraphs.

##### **2.2.11.4.1 Non implementation of Take Home Ration**

The Scheme envisaged provision of Take-Home-Ration (THR) as supplementary nutrition to pregnant and lactating women and infants (six months - three years). On review, Audit observed that the Department had rolled out THR in only one district (Gomati) in the State. This was against the Para No. 2.2.1 (vi) of the Broad framework for implementation of ICDS.

As per instruction (6 March 2010) the concerned Supervisor shall verify fortnightly to THR register maintained at the AWCs under his/her jurisdiction and submit consolidated report to the CDPO by 5<sup>th</sup> working day every month about the quality of mixed rice and dal provided as THR to the beneficiaries. The CDPOs shall compile the reports of the Supervisor under his/her jurisdiction and send the complied report of THR to the Directorate. However, none of the Supervisor in the sampled AWCs in Gomati district had furnished the consolidated report of THR to the CDPOs. As a result, the CDPOs also did not furnish the complied report to the Directorate. Thus,

<sup>15</sup> POSHAN Abhiyaan or National Nutrition Mission, is Government of India's flagship programme to improve nutritional outcomes for children, pregnant women and lactating mothers

<sup>16</sup> The supplementary nutrition to children was to be provided for 300 days in year while Pregnant and Lactating women were to be provided during pregnancy and lactation period of six months. Besides, differential provisions for moderately & severely underweight children were applicable. Further, the supplementary nutrition was to be provided universally irrespective of income, residence

data of food grains distributed in the selected districts as THR was not available.

Though the Department assured (May 2020) to take all necessary steps for implementation of THR throughout the State, it did not furnish any cogent reasons for not fully implementing THR, despite scheme guidelines and availability of food grains as mentioned earlier in **Paragraph 2.2.10.5**.

#### 2.2.11.4.2 Nutritional status of children

Under the scheme, children in accordance with their age, weight, status are divided into five categories *viz.* normal, grade-I, grade-II grade-III and grade-IV. The children falling under grade-I and grade-II are treated as moderately malnourished whereas children under grade-III and grade-IV are treated as severely malnourished and are required to be provided additional Supplementary Nutrition, regular health check-up and referral to the health centres. The year wise nutritional status of children in the State during 2014-15 to 2018-19 are shown in **Table 2.2.6** and **2.2.7**.

**Table 2.2.6: Year wise nutritional status at State level**

Year	Total number of Children weighed	Gr-I & II (Moderately malnourished)		Gr-III&Gr-IV (Severely malnourished)	
		Number	Percent	Number	Percent
2014-15	302225	38286	12.67	567	0.19
2015-16	291015	28307	9.73	611	0.21
2016-17	297678	26560	8.92	449	0.15
2017-18	288958	26099	9.03	717	0.25
2018-19	298939	27823	9.31	579	0.19
<b>Total</b>	<b>1478815</b>	<b>147075</b>	<b>9.95</b>	<b>2923</b>	<b>0.20</b>

Source: Departmental Records

The analysis of data at the State level indicated that during 2014-19, percentage of severely malnourished children in 0-5 years' age group was 0.15 *per cent* to 0.25 *per cent* of total number of children weighed. It suddenly increased in 2017-18 to 0.25 *per cent* from 0.15 *per cent* of the previous year. Similarly, in the sampled AWCs the percentage of severely malnourished children was stagnant during audit period as detailed in **Table 2.2.7**.

**Table 2.2.7: Year wise nutritional status at sampled AWCs**

Year	Total weighed (Nos)	Grade-III Moderately malnourished (Nos)	Per cent	Grade-IV Severely Malnourished (Nos)	Per cent
2014-15	5378	285	5.30	37	0.69
2015-16	5602	411	7.34	32	0.57
2016-17	5646	371	6.57	32	0.57
2017-18	5573	384	6.89	44	0.79
2018-19	5385	386	7.17	52	0.97

Source: Sampled AWCs record

The percentage of malnourished (moderately) children ranged between 5.30 to 7.34 *per cent* and those of severely malnourished children in the selected AWCs was

between 0.57 to 0.97 *per cent*. The number of malnourished children in the test checked AWCs, implied that proper monitoring of their health status was not done. Audit scrutiny of Food Distribution Register (Register No. 02) Growth and Referral register (Register No. 09) revealed that AWWs did not capture data properly on additional food, health check-up and referral services provided to the malnourished children. Thus, the possibility of all malnourished children getting additional food under SNP, health check-up and referral to the health centres could not be ascertained. Due to non-maintenance of proper records, detecting of severely malnourished at an early stage through the intervention of health services remained unaccomplished.

The Department stated (December 2020) that the severely underweight (malnourished) children are identified by AWW by weighing of children and providing additional supplementary nutrition and referring to the nearest PHC/ CHC/ Sub-centres in case of serious occasions.

The reply is not acceptable as we noticed that 48 *per cent* of the sampled AWCs partially maintained and 25 *per cent* of the sampled AWCs did not maintain Register No.11-Weight Records of Children/ Growth chart as mentioned in **Paragraph 2.2.7**.

#### 2.2.11.4.3 Poor Care and Nutrition Counselling

The programme failed in achieving its primary objective of development of nutritional and health status of children in the age-group 0-6 years and pregnant women as shown in **Table 2.2.8**.

**Table 2.2.8: Impact of service delivery under ICDS programmes**

Year	No. of Newborns weighed at birth	Nos. of Newborns having weight less than 2.5 kg	Percent age	No. of pregnant women receiving the prescribed ANC	No. having Hb level<11 (tested cases)	Percentage	No. having severe anaemia (Hb<7)	Percentage
2014-15	48,810	5,154	11	55,291	19,701	36	525	1
2015-16	49,159	5,460	11	51,688	27,138	53	470	1
2016-17	48,077	5,738	12	48,736	31,702	65	1,063	2
2017-18	50,214	6,802	14	39,861	30,720	77	745	2
2018-19	49,363	6,913	14	40,717	31,183	77	938	2

Source: HMIS

From **Table 2.2.8**, it appears that the trend of low birth weight of new born babies and number of anaemic pregnant women had increased during 2014-19.

The Department while accepting fact (December 2020) stated that initiative would be taken for preparing strategies and interventions on reducing the low birth weight of new born babies in the State as well as reduction of severe anaemia in pregnant women.

#### 2.2.11.4.4 Absence of testing of food for quality provided in AWC

The scheme prescribed mandatory laboratory checks of the food materials being used for providing Supplementary Nutrition in order to ensure that the food material contain the required nutrition component. The State with the support of Food and Nutrition Board (FNB) should ensure the quality of supplementary food safety as well as nutrient composition. FNB in collaboration with the State Government was to carry out periodic checks and get it tested through the Government Food Research Laboratories accredited for that to ensure that prescribed standards are adhered to and quality and nutritive value of the supplementary nutrition is maintained.

In the AWCs the *Muya* made of *Muri/ Chira*, one egg (only on Wednesday) as morning snacks and *Khichuri* with seasonal vegetables and Soyabean as meal were being distributed for all categories of beneficiaries.

It was noticed in audit that the FNB had never carried out any periodic checks since inception of the scheme to ensure quality and nutritive value of the food provided under supplementary nutrition and the observance of standards prescribed Food Safety and Standard Act, 2006.

As a result, the Department could not ensure that standard quality of food enriched with good nutritive valued had been provided in AWCs under the scheme. Apart, record relating to testing of water used for cooking in the AWCs was also not found.

In reply, the Department stated (May 2020) that it had started testing of sample food from September 2019 through GoI's Regional Food Testing Laboratory at Kolkata but they have not furnished any reasons for not testing the sample all these years either from Government or private laboratory, which was their responsibility under the Scheme. The Department's reply confirms supply of unverified quality food to the beneficiaries during the audit period.

#### 2.2.11.5 Health Service Delivery

##### 2.2.11.5.1 Village Health and Nutrition Day

Village Health and Nutrition Day (VHND) under the ICDS and NHM was to serve as an important platform for providing three major health services- immunisation and micronutrient supplementation, health check-up and referral services to the targeted beneficiaries. The functionaries of two departments, viz. Health and Social Welfare planned and executed VHND. In order to make the programme more effective the Department directed (February 2015) to organise Health and Nutrition Day on 1<sup>st</sup> and 7<sup>th</sup> of every month respectively.

Test check of records maintained at 189 sample AWCs revealed the shortfall, as detailed in **Table 2.2.9**.

**Table 2.2.9: Shortfall in organising Health Day and Nutrition Day in sampled AWCs**  
(in number, percentage of shortfall in parenthesis)

Service/Year	2014-15	2015-16	2016-17	2017-18	2018-19
Health day target <sup>17</sup>	2268	2268	2268	2268	2268
Shortfall in Health day	1654 (73)	1613 (71)	1475 (65)	1457 (64)	1485 (65)
Nutrition day target <sup>18</sup>	2268	2268	2268	2268	2268
Shortfall in Nutrition day	2167 (96)	2168 (96)	2158 (95)	1960 (86)	1971 (87)

*Source: Sampled AWCs record*

During the period covered in Audit, it was seen that the shortfall in conducting health day and nutrition day ranged between 64 to 96 per cent during 2014-19. Therefore, the objectives of imparting awareness on nutrition and regular health check up of mother and child on health day and nutrition day were not fulfilled.

The Department stated (May 2020) that shortfall was due to organising these two activities /events on same day in cluster mode instead of organising them separately in each AWC.

The Department's reply is not acceptable as no documentary evidence was made available as mandated in the scheme guidelines supporting of its claim of conducting health day and nutrition day in cluster mode.

#### 2.2.11.5.2 Immunisation

Sub Health Centre is responsible for carrying out immunisation of infants and two doses of Tetanus to pregnant women as per the National Immunisation Schedule (NIS) and Vitamin A and booster doses to the children would also be given on "Village Health Nutrition Days (VHND)" organised at the AWC.

Children between the age group of 0-1 year administered with different doses of vaccines started from BCG to first dose of Vitamin-A as per NIS are considered as fully immunised.

During scrutiny it is noticed that the Department could not ensure full immunisation of children of the age group 0-1 year. The shortfall of immunisation ranged between 16 and 22 per cent during the year 2014-19 as shown in **Table 2.2.10**.

**Table 2.2.10: Status of Immunisation in the State (0-1 year)**

Year	Total no. of children (0-1 year old)	No of fully immunised children	Number of children partially immunised	Percentage of shortfall
2014-15	65910	54046	11864	18
2015-16	64561	54231	10330	16
2016-17	76307	62572	13735	18
2017-18	96877	75390	21487	22
2018-19	78202	61537	16665	21

*Source: Departmental records*

<sup>17</sup> Target=2,268 (i.e., 189 AWCs x12 months)

<sup>18</sup> Target=2,268 (i.e., 189 AWCs x12 months)

Thus, the programme achieved moderately in providing full immunisation to children.

The Department stated (December 2020) in some remotest areas, there are some social stigmas in regard to non-immunisation/partial immunisation. The Information Education, communication (IEC) campaigns are being conducted in those areas.

### 2.2.11.5.3 Health Check up

Health check-up of children, pregnant and lactating mothers were to be provided by ANM and PHC staff at the AWCs. AWW would record this in Register Number-05 (Pregnancy and Delivery Register). However, as mentioned in the **Paragraph 2.2.7**, out of 189 test checked AWCs, 154 AWCs (81.48 *per cent*) either did not maintain (31AWCs) or partially maintained (123AWCs) the Pregnancy and Delivery Register. Therefore, audit could not ascertain the delivery of health services to children, pregnant women and lactating mothers from the AWCs record.

However, from the HMIS data it was noticed that the programme failed in providing in antenatal care to pregnant women and post-natal care to lactating mothers as detailed in **Table 2.2.11**.

**Table 2.2.11: Status of Ante-Natal Care and Post-natal Care during 2014-19**

Year	No. of pregnant women Registered for ANC	No of pregnant woman receiving the prescribed ANC	Percentage of pregnant women receiving ANC	Total No. of reported deliveries	No.of women getting post partum check up	Percentage of women getting post partum check up
2014-15	77,290	55,291	72	51514	36,731	71
2015-16	75,760	51,688	68	50953	38,141	75
2016-17	76,813	48,736	63	49477	36,909	75
2017-18	75,540	39,861	53	51833	36,961	71
2018-19	72,307	40,717	56	50343	32,747	65

Source: HMIS

It can be seen from **Table 2.2.11** that providing antenatal care to pregnant mothers ranged from 53 *per cent* to 72 *per cent* and post-natal care to lactating mothers ranges between 65 *per cent* and 75 *per cent*.

The Department accepted (December 2020) the audit observation and stated that data sharing and cross validation between ICDS and NHM shall be done as suggested.

### 2.2.11.5.4 Referral Services

During health check-ups and growth monitoring sessions, sick and malnourished children as well as pregnant and lactating (P&L) mothers in need of prompt medical attention, would be referred to health facilities. Each AWC is provided a Referral Register (Register Number-09) for recording various services provided to the beneficiaries.

As mentioned in the **Paragraph 2.2.7**, out of 189 test checked AWCs, 178 AWCs (94.18 *per cent*) either did not maintain (133 AWCs) or partially maintained (45 AWCs) the Referral Register. As a result, audit could not ascertain the delivery of referral services to the sick and malnourished children as well as pregnant and lactating (P&L) mothers.

The Department accepted (December 2020) the audit observation and stated that it would look into the matter with due importance.

### 2.2.12 Poor infrastructure at AWC

As per data furnished by the Department as on March 2019, there were 9,911 operational AWCs in the State, out of those, 9,334 AWCs are running in their own building, 273 AWCs are running in rented house and 304 AWCs are running in other places like school, club house, community centres, *etc.* Further, out of 191 physically verified AWCs, three AWCs<sup>19</sup> were running in rented buildings.

The scheme envisaged certain level of physical infrastructure like toilets, safe drinking water facilities, electricity, well-built kitchen with LPG facilities, separate space for indoor and outdoor activities, weighing machine, *etc.* in each AWC. During physical verification of AWCs, Audit observed that the Department failed to provide these infrastructures in the sampled AWCs;

#### a) Physical condition of Anganwadi Centre (AWC) building:

During physical verification of the sampled 191 AWCs in four Districts, Audit observed that the following infrastructural facilities were poorly available in the sampled AWCs:

- Floor was incomplete or broken or dilapidated in 29 sampled AWCs;
- Roof was broken/leakage in 50 sampled AWCs;



**Photograph 2.2.1: Broken floor in Taraban colony AWC under Dumburnagar ICDS Project**



**Photograph 2.2.2: Broken Roof in Das garia AWC under Hezamara ICDS project**

#### b) Adequacy of space and furniture in Anganwadi Centre (AWC) building:

The Ministry prescribed norms (2011), for construction of AWC building. As per the norms AWC must have a separate sitting room for children/women, separate kitchen, store for storing food items, child friendly toilets, separate space for children to play (indoor and outdoor activities) and safe drinking water facilities. However, during

<sup>19</sup> Bagania Mura AWC, Word No. 4 AWC under Bishalgarh ICDS project and Suradhar Para AWC under Mohonpur ICDS Project

physical verification of the sampled 191 AWCs audit observed the following shortfalls;

- Separate spaces for cooking (kitchen) were not available in 36 AWCs
- Kitchens were in dilapidated condition in 11 AWCs;
- AWCs were functioning with *Kuchha* kitchen in 47 AWCs;
- Separate spaces for indoor activities of children were not present in 11 AWCs;
- Space for outdoor activities was not present in 37 AWCs;
- Cooking Stove was not available in 189 AWCs;
- Black boards were not available at 26 AWCs;
- Baby weighing machines were not-available/non-functional in 82 AWCs;
- Adult weighing machines were not-available/non-functional in 65 AWCs;
- Electricity was not available in 185 AWCs; and
- Medicine kit for controlling common ailments like fever, cold, cough, worm infestation, *etc.* including medicines and basic equipment for first aid was not available in all the sampled AWCs.



**Photograph 2.2.3: Broken kitchen in Lungapar AWC under Dukli ICDS Project**



**Photograph 2.2.4: Das para AWC, under Mohonpur ICDS Project) having inadequate space for 23 students enrolled in the AWCs**

Audit observed on Physical verification that the AWCs were using firewood for cooking of meal despite direction of the GoI to provide LPG connection to all AWCs under ‘Umbrella ICDS’ Schemes. Thus, the required infrastructural facilities were not available in the AWCs even after three decades of implementation of the scheme.

### **c) Hygiene and sanitation at Anganwadi Centres (AWCs)**

Operational Guidelines for Food Safety and Hygiene for Supplementary Nutrition under ICDS envisaged that an AWC;

- preferably should have baby friendly toilets and there should be water supply facilities;

- should have an adequate supply of potable water with appropriate facilities for its storage, distribution for processing and cooking food;
- should have adequate drainage and waste disposal systems and facilities;

During physical verification of the sampled 191 AWCs it was noticed that all of the sampled AWCs did not have the essential infrastructure for maintenance of hygiene and sanitation as detailed below:

- In 58 AWCs (30.37 *per cent*) have no toilets facilities and in 39 AWCs the toilets were in dilapidated condition;
- Drinking water facilities within the range of 200 mtr as per guideline was not available in 47 AWCs (24.60 *per cent*) of the sampled AWCs;
- Despite the fact that hand pump/tube well were the most prominent source of drinking water in AWCs, Audit found that water was generally not tested;
- The Sanitary block required for waste disposal, was absent in 185 AWCs (96.85 *per cent*).



**Photograph 2.2.5: Tuimairang AWC (under Jampuijala ICDS Project) having no sources of drinking water, collecting water from 'Cherra' (Spring)**



**Photograph 2.2.6: Broken toilet in Haripur 12 Card-under Dumburnagar ICDS Project**

Inadequate infrastructural support to AWCs and absence of toilets and drinking water in the AWCs put the young children and pregnant and lactating mothers in unhygienic condition and fraught with risk of being contaminated with various diseases. The infrastructural deficiencies at the AWCs were adversely affecting the quality of services rendered by them. As a result, the Department could not achieve the goal of repositioning the AWC as a “vibrant ECD centre” under ICDS mission mode to become the first village outpost for health, nutrition and early learning.

The Department stated (May 2020) that they had taken initiatives from 2019-20 for construction of AWC in convergence with MGNREGS fund and providing basic amenities like toilets, drinking water facilities, electricity, LPG connection in kitchen and development of infrastructure.

The Department's reply is not acceptable as it failed to provide toilets, safe drinking water facilities, electricity, well-built kitchen with LPG facilities, separate space for indoor and outdoor activities, weighing machine, *etc.* in each AWC despite availability of fund as pointed out at **Paragraph 2.2.10.2**. Further, the Department could not provide sufficient evidence to show effective convergence with MGNREGS in future.

### 2.2.13 Human Resource and Management

The Broad Framework (2012) of ICDS noted constraints of qualified and adequate number of human resources for meeting diverse needs for service provision. Further, it suggested that all States must have a comprehensive Human Resource (HR) Policy with focus on development of effective and transparent appointment and selection policies, strengthening the human resources, capacity development to ensure professional and child development services, welfare of the ICDS functionaries, *etc.* Further, Audit review of Internal Control System in Education (Social Welfare and Social Education) Department for the year 2005-06 and Integrated Audit of Education (Social Welfare and Social Education) Department for the year 2011-12 raised HR issues like vacancies in Supervisor and CDPO cadre, use of non ICDS staff (social education educator, junior social educator, school mother) for ICDS work, *etc.* On review of the HR related documentation, Audit observed constraints and challenges during the audit period which are discussed in subsequent paragraphs.

#### 2.2.13.1 Non-rationalisation of Staff

GoI directed (March 2010) all the States to rationalise the existing staff pattern and revise it as per the prescribed norms<sup>20</sup> to ensure proper implementation, monitoring and coordination of the ICDS programme.

We found that the Department had not deployed manpower as per the prescribed sanctioned strength which are stated below:

- The Department had never engaged any Programme Officer/ Jt. Director, Statistical Assistant in the State cell during 2014-15 to 2018-19 as directed by the Ministry of Women and Child Development (MoWCD);
- Similarly, the Department had never engaged any Statistical Assistant at the district cell as directed by the MoWCD;

However, analysis of overall manpower deployment at various cells against the prescribed sanction strength, audit observed that the Department engaged excess number of staff in the State cell at Agartala for most part of the period covered in

<sup>20</sup>

Level	No of post as per norms
State	11
District	6
Project	CDPO-1, Supervisors- one post per 25 operational AWCs, others-3

audit. On the other hand, there was consistent shortfall in staff engaged in the projects as details are given in **Table 2.2.12**.

**Table 2.2.12: Details of deployment of staff at different level**

State Cell				
Year	Suggested staff pattern by GoI (Nos.)	Men in position	Excess (+)/less (-)	Percentage of excess or shortfall (-)/excess (+)
2014-15	11	16	5	45.45
2015-16	11	6	-5	-45.45
2016-17	11	21	10	90.91
2017-18	11	23	12	109.09
2018-19	11	6	-5	-45.45
District Cell				
2014-15	48 <sup>21</sup>	28	-20	-41.67
2015-16	48	40	-8	-16.67
2016-17	48	23	-25	-52.08
2017-18	48	27	-21	-43.75
2018-19	48	30	-18	-37.50
Project Cell				
2014-15	620 <sup>22</sup>	492	-128	-20.65
2015-16	620	482	-138	-22.26
2016-17	620	453	-167	-26.94
2017-18	620	446	-174	-28.06
2018-19	620	359	-261	-42.10

*Source: Departmental records*

Persistent shortfalls in man power at the district and projects adversely affected monitoring and supervision of the AWCs as discussed in **Paragraph 2.2.14**.

On being pointed out, the Department replied (May 2020) that it deployed the staff in different levels (State level, District Level & Project Level) for better implementation of the scheme. The reply of the Department is not acceptable as field units were deprived of key staffs while State level office at Agartala engaged excess staff.

### 2.2.13.2 Vacancies in field cadres

It was observed that there were substantial vacancies in field cadres during Audit review of the Internal Control System in Education (Social Welfare and Social Education) Department for the year 2005-06 and Integrated Audit of Education (Social Welfare and Social Education) Department for the year 2011-12. On reviewing the situation again during 2014-19, it is observed that 49 to 61 per cent vacancies persisted in different field cadres as detailed in **Table 2.2.13**.

<sup>21</sup> Total eight districts x 6= 48

<sup>22</sup> Super visors=396, CDPO=56, others=168 (56x3)

**Table 2.2.13: Comparative analysis on vacancies in various cadre during 2007-19**  
(in number, percentage of vacancies in parenthesis)

Sl. No.	Cadre	Total Sanction post	Vacancies as on March 2012	Vacancies as on March 2019	Remarks /Reasons for vacancies
1	CDPO	56	8 (14)	34 (61)	<ul style="list-style-type: none"> <li>• Inability to frame recruitment Rules: (i.e. for the post of Statistical Assistant, etc. where there were 100 per cent vacancies);</li> <li>• Inability to recruit and promote staff in CDPO and Supervisor cadre due pending court cases;</li> <li>• Absence of dedicated ICDS cadres (Supervisors to DPO)</li> <li>• Non-rationalisation of appointment of AWWs as Supervisors, AWH as AWW</li> </ul>
2	Supervisor	436	161 (37)	213 (49)	

Source: Departmental Records

In reply, the Department stated (May 2020) that vacancies in CDPO cadre was held up due to a pending court case. Further, Department stated that they have floated e-tender for filling up of vacancies in Supervisor cadre through outsourcing.

Since vacancies in both CDPO and Supervisors cadres have persisted for long time the Department had obviously not taken any action for a long term solution to the issue.

### 2.2.13.3 Overburdened Anganwadi Workers (AWW)

Under ICDS Framework (2012) and NHM framework (2005 and 2012) an AWW is supposed to prepare Annual Village Child Health Plan, assist in Village Health Action Plan, has to provide health services/ counselling to beneficiaries, impart pre-school education and finally maintain accounting and store related records. The AWW had to procure necessary supplies from market to ensure preparation of Hot Cooked Meal. The AWW provides all ICDS/ Anganwadi services to the beneficiaries. Accordingly, an AWW performed more than 20 types of diverse duties like carrying out door to door survey, immunisation, weighing of the children for tracking the health and growth of mother and child, organisation of various community meetings and events, book keeping of entire accounts of expenditure, preparation and submission of Monthly Progress Reports (MPRs), etc. apart from providing supplementary nutrition and pre-school education. The Department assigned additional works related to social pension and other duties besides the normal course of duties to AWW, they had to perform these duties beyond the normal duty hours. The Department stated that there were 9,911 numbers of Anganwadi workers (AWW) posted in 9,911 Anganwadi Centres. The engagement of the AWWs were on temporary and no work no pay basis. It was seen in Audit that the Department had not done any scientific study to find number of working hours per week for an AWW. This was necessary to assess whether AWW had been assigned with reasonable workload and in the context of

large number of research studies/ papers<sup>23</sup> pointing out overburdening of AWWs. Besides though, the AWW was not a regular Government employee but only a social worker usually with matriculate qualification, she was expected to be a planner, health worker, educationist and an accountant.

The role of the AWW in ICDS and the numerous expectations from them needed a serious review, since they are a crucial arm of the ICDS programme.

The Department accepted (December 2020) the audit observation.

#### 2.2.13.4 Capacity Building

Capacity building is necessary for effectiveness of employees and workers at all levels. Accordingly, ICDS guidelines<sup>24</sup> envisage different types of trainings<sup>25</sup> for ICDS functionaries and trainers. These trainings were to be imparted at NIPCCD, AWTC and MLTC. Audit scrutiny in this regard revealed that there were serious shortages in training to AWH (upto 73 per cent) during 2014-19. CDPO or Supervisor were not provided refresher training nor was any NIPCCD training conducted during the last five years.

The Department had not established any Middle Level Training Centres (MLTCs) for imparting training to Supervisors and Instructors of AWTCs at the district level and neither had they worked out any arrangement with other North Eastern States for training purpose. Further, institutionalised online courses for Job Training Courses (JTC) for Instructors of MLTCs/AWTCs had not been operationalised in accordance with scheme guidelines.

The Department accepted (December 2020) the audit observation.

#### 2.2.14 Monitoring and Ownership of the programme

ICDS Scheme envisaged multiple tier monitoring system at the National, State, District, Project/ Block and Anganwadi levels through monitoring committees called State Level Monitoring and Review Committee (SLMRC), District Level Monitoring and Review Committee (DLMRC), Block Level Monitoring Committee (BLMC) and Anganwadi Level Monitoring and Support Committee (ALMSC). On review of monitoring related documents and on the basis of joint physical verification of

<sup>23</sup> Operational Assessment of ICDS Scheme at Grass Root Level in a Rural Area of Eastern India: Time to Introspect <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5296463/> J ClinDiagn Res. 2016 Dec; 10(12): LC28–LC32.PMCID: PMC5296463Published online 2016 Dec 1. doi: 10.7860/JCDR/2016/23059.9041 PMID: 28208890

<sup>24</sup> Refresher training is given to the ICDS functionaries and Instructors of AWTCs / MLTCs every two years to equip them with knowledge, skills and capabilities to implement the ICDS Scheme

<sup>25</sup> **Induction training-** Induction training is conducted for supervisors in ICDS programme for five working days; **Job Training-** Job training is conducted for Anganwadi workers, supervisors and CDPOs is organised for a longer duration of 26 working days; **Refresher Training-** Refresher training is conducted with a shorter duration of five working days with a gap of two years of service; **Theme-Based Skill Specific Training-** it is essentially a institutional based and conducted to impart key experiences to trainees with proper skill practice to gain competency for enhancing their performances on specific component of ICDS programme followed by the vertical training for the block functionaries at the district level

Anganwadi centres, Audit observed that the monitoring process was largely ineffective for following reasons:

- a. Issues related to performance and constraints of the scheme; preparation and circulation of agenda for meeting of the monitoring committee; recording of minutes, follow up of decisions taken in the previous meetings were not found on record;
- b. There was nothing on record to demonstrate review of the Monthly Progress Reports (MPR) at Directorate level and consequently communication of positive or negative feedback to the lower implementing units (districts and projects);
- c. Scheme guidelines envisaged that officials at all levels (State to Project) would physically visit Blocks/AWCs at prescribed frequency to assess functioning of AWCs on following key parameters, delivery of services, quality of services, infrastructural issues, and community participation (PRIs, SHG, women group). Audit noticed that during 2014-19 there was always a shortfall in visits of senior functionaries in physical visits to Projects and AWCs as envisaged<sup>26</sup>. The details are given in **Table 2.2.14**.

**Table 2.2.14: Shortfall in physical visits in AWC and Blocks**

(in number, percentage in parenthesis)

Year		2014-15	2015-16	2016-17	2017-18	2018-19
AWC visits by DISE/DPO <sup>27</sup>	Target	566	566	566	566	510
	Achieved	197	211	359	311	311
	Shortfall	369 (65)	355 (63)	207 (37)	255 (45)	199 (39)
Block visits by DISE/DPO <sup>28</sup>	Target	112	112	112	112	102
	Achieved	68	63	96	113	114
	Shortfall	44 (39)	49 (44)	16 (14)	0	0
AWC visits by CDPO <sup>29</sup>	Target	3196	3179	3178	3178	3480
	Achieved	1870	1955	1920	1973	1760
	Shortfall	1326 (41)	1224 (39)	1258 (40)	1205 (38)	1720 (49)
AWC visits by Supervisor <sup>30</sup>	Target	38352	38148	38136	38136	11600
	Achieved	19817	19287	18813	17298	13168
	Shortfall	18535 (48)	18861 (49)	19323 (51)	20838 (55)	0

Source: Departmental record

<sup>26</sup> Norms for visit of AWCs and Projects by senior ICDS functionaries are fixed as per departments order (Nov 2014 and March 2018)

<sup>27</sup> DISE will cover 10 per cent of AWC in a year from 2014-18 i.e, 566=10 per cent of 5,663 AWCs under 4 sample districts. During 2018-19 all blocks to be covered within 100 days (28 blocks in 4 sample dist x 3.65 =102) and atleast 5 AWCs during each block i.e 510= 102 block visits x 5AWCs

<sup>28</sup> DISE will cover all 28 blocks per quarter during 2014-18 i.e, 112=28 block x 4. During 2018-19 all blocks to be covered within 100 days i.e, 28 blocks in 4 sample dist x 3.65 =102

<sup>29</sup> Sampled CDPOs (i.e 14 CDPO) will visit all AWCs in their jurisdiction during 2014-18. And during 2018-19 CDPO will visit 30 per cent of AWCs under their jurisdiction in 100 days

<sup>30</sup> Supervisors in Sampled CDPOs (i.e 14 CDPO) will visit all AWCs in their jurisdiction every month during 2014-18 and during 2018-19 supervisors will visit 100 per cent of AWCs under their jurisdiction in 100 days

The ICDS Broad Framework (2012) proposed to involve PRIs for monitoring of the day-to-day functioning<sup>31</sup> of the AWCs, especially regarding the regularity and quality of delivery services. On review, Audit observed that involvement of PRIs was limited only to selection of AWW/ AWHs and monitoring and supervision of services delivered under AWCs. The PRIs were not involved in construction and maintenance of AWCs, supervision of SNP, *etc.* and ALMSC failed to meet at prescribed frequency and there was a shortfall of 57 to 61 *per cent* during the audit period.

- d. Broad Frame work suggested that all the official upto DPO/DISE level should prepare a brief report (maximum 2 pages) critically analysing the programme implementation reflecting the findings of their field visits in their respective monthly/quarterly progress reports. Findings from the field visits would be discussed at the sector/block/district/State level review meetings. State Directorate will have the overall responsibility to compile the district-wise key findings of the field visits at the end of every quarter and submit the same to the GoI. On review, Audit observed that above process was not followed.

The Department stated (December 2020) that meeting at all level monitoring committee have been conducted at district/Block/AWC level periodically. The reply is not acceptable as the claim of the Department could not be verified in audit in absence of records.

The weak monitoring system resulted in not only poor outcomes and service delivery but also non-compliance with financial rules. The involvement of PRIs in the ICDS was limited.

#### 2.2.14.1 Maintenance of records

An AWW needs to maintain records and registers for the services provided by the AWC. Accordingly, AWW is required to maintain 12 registers for recording the service provided per day per beneficiary. The records and registers help to assess and evaluate the activities and performance of the AWCs. Audit scrutiny of 189 test checked AWCs revealed that the AWCs either did not maintain the records or the maintenance was improper/partial. Details are given in **Appendix 2.2.1**.

The Department accepted (December 2020) the audit observations and stated that the deficiencies in maintenance of records would be rectified with personal intervention and proper training.

<sup>31</sup> Observance of monthly Village Health and Nutrition Days (VHNDs), availability of prescribed records and registers at AWC, monitoring of regular payment of honoraria to AWWs & AWHs, Construction of AWCs and its maintenance

### Case Study of selected Village Committees (VCs) under Mandwai Block

A Case Study was conducted in two VCs<sup>32</sup> under the Mandwai Block of west Tripura district during February 2020 by interviewing 50 beneficiaries (Pregnant women and Lactating mothers) and physical verification of records maintained at CDPO, Block and Concerned PHCs to assess community ownership, client satisfaction and coordination/ convergence between Social Welfare and Health Departments at the cutting edge level.

#### Community Ownership

The VCs received fund from many sources like Panchayat Development Fund (PDF), Thirteen Finance Commission (TFC), North East Rural Livelihood Project (NERLP) and MGNREGS for development of the villages. On review, Audit noticed the failure of the Department to utilise the fund available to VCs for development of AWCs under their jurisdiction as it could utilise only 0.6 per cent of the total available fund during 2014-19 despite so many AWCs having either dilapidated infrastructure facilities<sup>33</sup> or having unusable or no toilets<sup>34</sup> or having no source of drinking water<sup>35</sup>. **Table 2.2.15** shows the utilisation of fund from various sources for development of AWCs.

**Table 2.2.15: Utilisation of various fund for development of AWCs**

(₹ in lakh)

Name of the VCs	Year	Fund received	Source of fund	Total expenditure (expenditure on AWC development in bracket)	
Ashigarh	2014-15	5.90	MGNREGS,PDF,TFC , NERLP, etc.	2.03 (0)	
	2015-16	7.34		5.20 (0.44)	
	2016-17	4.49		3.27(0.23)	
	2017-18	3.71		1.07 (0)	
	2018-19	4.96		4.37 (0)	
<b>Total Ashigarh</b>		<b>26.4</b>			<b>15.94 (0.67)</b>
Mandai	2014-15	42.69			31.88 (0)
	2015-16	19.26			14.94 (0)
	2016-17	7.20			2.15 (0)
	2017-18	8.18			1.85 (0)
	2018-19	9.13		2.80 (0)	
<b>Total Mandai</b>		<b>86.46</b>		<b>53.62(0)</b>	
<b>Total</b>		<b>112.87</b>		<b>69.56 (0.67)</b>	

*Source: Records of two Village Councils*

<sup>32</sup> Mandwai Nagar VC and Ashigarh VC

<sup>33</sup> Balucdhum para AWC & Gasia para

<sup>34</sup> Gasia para AWC & Nepal Mura AWC

<sup>35</sup> Gasia para AWC

**Client satisfaction**

Audit conducted interview of 50 beneficiaries to assess their satisfaction level with the services provided by the AWCs. The results of the survey were as follows:

- a. 98 *per cent* beneficiaries were not satisfied with the involvement of community in remedial of problem or participation for betterment of AWCs.
- b. Morning snacks were not provided to 86 *per cent* Pregnant and Nursing Mother.
- c. 78 *per cent* beneficiaries were not satisfied with the quality of Hot Cooked Meal provided at AWC.
- d. 70 *per cent* beneficiaries replied that egg, vegetables were not provided regularly in the diet.
- e. 50 *per cent* pregnant mother were not satisfied with the knowledge sharing level of AWW or ASHA worker for infant feeding practice and child care, *etc.*
- f. 66 *per cent* beneficiaries were not satisfied with the quantity of THR received.

**Coordination and convergence between Social Welfare and Health Departments**

Both AWW under Social Welfare Department and ASHA/ANM under Health Department render services to the same set of beneficiaries (pregnant and lactating mother, infant and young children). Both the cutting-edge functionaries keep records of services provided to the same set of beneficiaries. Audit cross –checked services provided to 50 beneficiaries with respect to records available with the beneficiary (Mother and Child Protection card), Primary Health Centre and AWC. This exercise revealed wide discrepancies in data maintained at AWCs, Health Sub centres and Mother and Child Protection (MCP) cards as shown in **Table 2.2.16**.

**Table 2.2.16: Cross-Verification of services provided to 50 beneficiaries<sup>36</sup>**  
(in number)

MOTHER			
Nature of service provided	Sub centre	MCP card	AWC record
No. of Pregnant/Lactating (PL) completing the prescribed number of ANC	3	8	0
No. of pregnant mothers receiving IFA tablets	1	14	2
No of Post Natal Care done	2	0	no data
No of pregnant mother Hb level tested	0	18	no data
No. of moderately anaemic mother	0	1	no data
CHILDREN			
No. of Low birth weight(2.5kg)	2	3	2
No. of Full immunisation(up to 11 months)	3	4	no data

*Source: Records of health sub centre, Register No.5 &No.6 of AWC and MCP card*

<sup>36</sup> Survey was conducted on 34 pregnant mother and 16 lactating mother in Ashigarh Village Council and Mandainagar Village Council

From the **Table 2.2.16**, it was noticed that records of health check-up to pregnant and Lactating mother, immunisation of children and weight record of newborn maintained at AWCs did not tally with those maintained at Health Sub Centres and MCP card available with the beneficiaries. Therefore, there was little assurance about quantum and quality of services provided to the beneficiaries at AWCs. This exercise also showed lack of convergence in sharing data and knowledge between Health Department and Social Welfare Department.

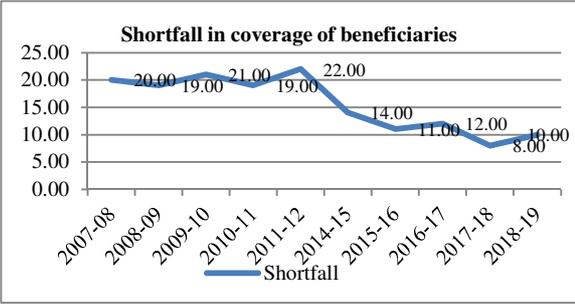
#### 2.2.14.2 Follow-up Audit

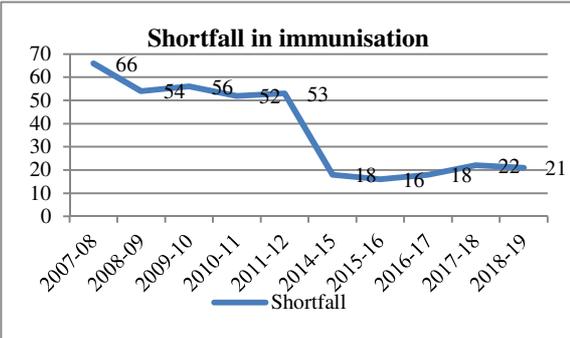
An “Integrated Audit (IA) of the Education (Social Welfare and Social Education) Department was carried out in 2012 covering the period from 2007-08 to 2011-12 and featured in the Audit Report for the year ended 31 March 2012 (Report No. 1 of 2013). It highlighted significant lapses in construction of Anganwadi Centres (AWC), Non-availability of drinking water facilities, toilets and kitchen sheds in AWCs, non-provision of supplementary nutrition to enroll beneficiaries, absence of linkages, *etc.* During the current audit, a follow-up on the action taken by the Department on the audit observations made in the previous report was done. Some of the major audit observations featured in the Report and status of the action taken by Department are given in **Table 2.2.17**.

**Table 2.2.17: Status of the action taken by the Department on audit observations**

Summary of audit observations of previous Audit Report	Reply of the Department on the Audit observations	Status of the action taken by the Department noticed during current audit
As on 31 March 2012, 3,094 AWCs (31 <i>per cent</i> ) of the total 9,906 AWCs reported non-availability of drinking water-facilities, while the existing water sources in 808 AWCs were non-functional.  4,097 AWCs (49 <i>per cent</i> ) do not have toilet facilities at all, while the	In the Exit Conference, the Principal Secretary stated (April 2013) that efforts had been taken to augment the basic facilities in the AWCs in convergence with other scheme/ Departments which had resulted in increase in the facilities in the AWCs.	Audit carried out physical verification of 191 sampled AWCs in four Districts to assess ground reality of the facilities available in AWCs and observed that:  47 AWCs (24.60 <i>per cent</i> ) had no drinking water facilities within the range of 200 mtr. in contravention of scheme guidelines.  In 58 AWCs (30.37 <i>per cent</i> ) no toilet facilities were available and in 39 AWCs (20.42 <i>per</i>

Summary of audit observations of previous Audit Report	Reply of the Department on the Audit observations	Status of the action taken by the Department noticed during current audit																																	
<p>available facilities in 911 AWCs were not usable.</p> <p>5,309 AWCs (54 <i>per cent</i>) do not have kitchen shed despite the fact that cooking of meal in AWCs for providing hot cooked meal to the children and mothers is one of the key activities under ICDS programme.</p>		<p><i>cent</i>), the toilets were found in dilapidated condition;</p> <p>In 36 AWCs (18.85 <i>per cent</i>), separate spaces for cooking (kitchen shed) were not found available;</p> <p>In 11 AWCs (5.75 <i>per cent</i>), kitchen sheds were found in dilapidated condition;</p> <p>In 47 AWCs (24.60 <i>per cent</i>), AWCs were functioning with Kuchha kitchen.</p>																																	
<p>There was significant shortfall in providing SN to the enrolled beneficiaries which ranged from 21 to 28 <i>per cent</i> in respect of children between the age group of three to six years and 19 to 61 <i>per cent</i> i.r.o Pregnant &amp; Lactating (P&amp;L) mothers.</p>	<p>The Department stated (March 2013) that steps were being taken to extend nutritional coverage with the introduction of “Take Home Ration” for infants and P&amp;L mothers.</p>	<p>Audit observed that the Department reduced the shortfall in coverage of the beneficiaries from 61 <i>per cent</i> in 2007-08 to four <i>per cent</i> during 2018-19 in providing SN to the P&amp;L mothers and from 26 <i>per cent</i> in 2007-08 to eight <i>per cent</i> during 2018-19 in providing SN to children in the age group of three to six years as can be seen from the following chart:</p> <div data-bbox="831 1352 1390 1778" style="text-align: center;"> <table border="1" style="margin: auto;"> <caption>Shortfall in coverage of beneficiaries</caption> <thead> <tr> <th>Year</th> <th>Child (%)</th> <th>P&amp;L mother (%)</th> </tr> </thead> <tbody> <tr><td>2007-08</td><td>26</td><td>61</td></tr> <tr><td>2008-09</td><td>27</td><td>29</td></tr> <tr><td>2009-10</td><td>28</td><td>37</td></tr> <tr><td>2010-11</td><td>21</td><td>20</td></tr> <tr><td>2011-12</td><td>21</td><td>19</td></tr> <tr><td>2014-15</td><td>14</td><td>9</td></tr> <tr><td>2015-16</td><td>11</td><td>7</td></tr> <tr><td>2016-17</td><td>11</td><td>7</td></tr> <tr><td>2017-18</td><td>5</td><td>5</td></tr> <tr><td>2018-19</td><td>4</td><td>4</td></tr> </tbody> </table> </div> <p>However, the Department did not implement the THR throughout the State (except in Gomati District out of eight districts in the State) in contravention of the provisions envisaged in scheme guidelines which have been described in <b>Paragraph 2.2.11.4.1.</b></p>	Year	Child (%)	P&L mother (%)	2007-08	26	61	2008-09	27	29	2009-10	28	37	2010-11	21	20	2011-12	21	19	2014-15	14	9	2015-16	11	7	2016-17	11	7	2017-18	5	5	2018-19	4	4
Year	Child (%)	P&L mother (%)																																	
2007-08	26	61																																	
2008-09	27	29																																	
2009-10	28	37																																	
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2017-18	5	5																																	
2018-19	4	4																																	

Summary of audit observations of previous Audit Report	Reply of the Department on the Audit observations	Status of the action taken by the Department noticed during current audit
<p>There was shortfall which ranged from 19 to 22 <i>per cent</i> in providing Pre-school Education (PSE) to the enrolled children between the age group of three to six years in the State. Further, physical verification of 116 AWCs in 10 ICDS Projects revealed that 34 <i>per cent</i> children enrolled in AWCs were found present and provided PSE.</p>	<p>The Department accepted the audit observation and stated that most of the children attended private nursery school which resulted in shortfall in attendance for PSE in the AWCs. In the Exit Conference, the Principal Secretary stated (April 2013) that steps were being taken to streamline the AWCs to attract children for PSE.</p>	<p>During current audit (2014-2019), shortfall in coverage of PSE had been reduced to eight <i>per cent</i> in 2018-19 from 22 <i>per cent</i> in 2011-12 as can be seen from the following chart:</p>  <p>Further, physical verification of 191 AWCs in 14 ICDS projects revealed that on average 84 <i>per cent</i> children were provided PSE during 2014-19.</p>
<p>The Department did not prepare any convergent arrangement with the Health Department to extend the pre-natal and post-natal check up to P&amp;L mothers and children upto the age of six years. As a result, health check-ups for the enrolled children and mothers had never been done in the AWCs and consequently facilities for referral services</p>	<p>Department stated that Medical Officer in-charge of the respective areas were made responsible for ensuring regular visit of ASHA and other health workers in AWCs for providing services at the AWCs. In the Exit Conference, the Principal Secretary added that Government also planned to set up one Health Sub-centre in each area with one Supervisor stationed there to monitor health related issues in AWCs.</p>	<p>Physical verification of records of 191 test checked AWC, revealed that the AWCs organised Village Health and Nutrition Day in convergence with the Health Department for providing immunisation, health check-up and referral services to the targeted beneficiaries though there was acute shortfall which ranged between 64 to 73 <i>per cent</i> in organising Health Day and 86 to 96 <i>per cent</i> in organising Nutrition Day as described in <b>Paragraph 2.2.11.5.1</b>. However, the AWCs either not maintained or partially maintained the Pregnancy and Delivery register (Register number 05). Therefore, audit could not ascertain the delivery of health check-up to the children and P&amp;L mothers.</p> <p>However, from HMIS data it was noticed that 53 to 72 <i>per cent</i> pregnant mothers were provided antenatal care and 65 to 75 <i>per cent</i> lactating mothers were provided post-natal care during 2014-19.</p>

Summary of audit observations of previous Audit Report	Reply of the Department on the Audit observations	Status of the action taken by the Department noticed during current audit
from the AWCs were also absent.		On review, we noticed that there was no institutional mechanism of data sharing and cross validation of data amongst the functionaries of ICDS (AWW) and NHM (ASHA, ANM). Further, CDPOs and MOs did not undertake joint inspection of AWCs as described in <b>Paragraph 2.2.9.1</b> .
The Department did not prioritise the immunisation of the children in age group 0-1 years as only 34-48 <i>per cent</i> children could be provided with full vaccinations.  Further, the Department did not organise immunisation activities in the AWCs.		In respect of providing immunisation to the children in age group of 0-1 year, the Department reduced the shortfall from 66 <i>per cent</i> during 2007-08 to 21 <i>per cent</i> during 2018-19 as can be seen from the following chart.  

It can be seen from the above, with respect to the findings enumerated in the previous Audit Report, that there has been a slight improvement in creation of infrastructure facilities in AWCs, significant improvement in coverage of beneficiaries under SNP and PSE as well as in immunisation of new born babies. However, there was significant shortage in organising Health Day and Nutrition Day.

### 2.2.15 Conclusion

The Performance Audit of Integrated Child Development Services (ICDS) revealed that the Department's achievement of enrolment of beneficiaries under the ICDS, during the period 2014-19, was encouraging being 86 to 98 *per cent* during the period. However, the several deficiencies noticed during the Performance Audit of the Programme, in planning, management, execution as well as monitoring in implementation of the Programme, clearly indicated tremendous scope for improvement in programme implementation.

The Department of Social Welfare and Social Education, which was responsible for the programme implementation, did not do Programme planning as per GoI guidelines. The Planning process was deficient in absence of decentralised planning

with involvement of local bodies, trained professional experts and convergence with other State Programmes relating to health and sanitation. There was little involvement of the Village Health Sanitation and Nutrition Committees in the planning process. On review, we noticed that there was no institutional mechanism of data sharing and cross validation of data amongst the functionaries of ICDS (AWW) and NHM (ASHA, ANM).

The Department of Social Welfare and Social Education received total funds of ₹ 816.64 crore (Central and State), during 2014-19, against which expenditure incurred under the ICDS was ₹ 836.29 crore. Though the State Appropriation accounts showed an overall excess expenditure of ₹ 19.65 crore for the period, it was seen that there were savings of ₹ 62.84 crore also during the same period. Specific instances of non-utilisation of GoI funds for construction, repair and provision of basic facilities like toilets and safe drinking water, *etc.* in AWCs were noticed, which have been mentioned in detail in the Report. As a result, the AWCs had poor infrastructure facilities. Physical verification of AWCs revealed that all the 191 AWCs did not have basic infrastructure facilities like toilets, safe drinking water facilities, electricity, kitchen with LPG facility, *etc.* The Department had not released their share of funds to the projects as per the allotted budget.

Available funds meant for organising training programmes for the ICDS projects, IEC activities, supply of kits to preschool children were also not utilised. The Department clearly needed better monitoring for better implementation of all components of the programme and increasing the spending of allotted funds.

As on 31 March 2019, the State had 9,911 operational Anganwadi Centres (AWCs) of which 9,334 AWCs are running in their own building, 273 AWCs were in rented houses and 304 AWCs were operating from other places like school, club house, community centres, *etc.* All 9,911 Anganwadi workers (AWW) engaged were on temporary and no work no pay basis. The AWWs were expected to perform multiple roles and duties, which were never reviewed despite several studies conducted by the Department.

Under Early Childhood Education and Development Component of the Scheme, there were shortfalls in enrolment of children in the State, for pre-school education. The shortfall in coverage of enrolled children for pre-school education ranged between eight to 14 *per cent* in the State whereas in the sampled AWCs the shortage was between 14 to 17 *per cent*. The reasons for such decline was due to poor infrastructure facilities, non-availability of pre-school kit, monthly ECCE days not organised to address the various issues.

There were serious shortfalls noticed in home visits by Anganwadi Worker (AWW) to educate the beneficiaries under 'Care and Nutrition Service' and in organising meetings with mothers.

Under Supplementary Nutrition Programme (SNP) component, the Department achieved 86 to 98 *per cent* coverage of the targeted beneficiaries during 2014-19. However under (SNP) the Take Home Ration (THR) was implemented in only one out of the eight districts(Gomati) of the State and the Department had not provided the district wise supply details of the food grains costing ₹ 24.96 crore lifted by them. The percentage of severely malnourished children in 0-5 years of age was 0.15 to 0.25 *per cent* during 2014-19. Low weight of new born babies and number of anaemic pregnant women increased during 2014-19, which was a pointer to the Department to address the malnutrition in children and mothers seriously. The Department had not carried out the prescribed mandatory laboratory checks of food materials distributed under the Supplementary Nutrition since inception of the scheme, though this was the State's responsibility. As a result, the Department could not ensure that standard quality of food enriched with good nutritive valued had been provided in AWCs under the scheme. Record relating to testing of water used for cooking in the AWCs was also not found.

Audit also noticed that the Department could not ensure full immunisation of children of the age group 0-1 year, the shortfall ranged between 16 and 22 *per cent* during 2014-19. There was shortfall in providing antenatal care to pregnant women and post-natal care to lactating mothers during 2014-19.

The Department engaged excess number of staff in the State Cell situate at Agartala whereas there was consistent shortfall of staff engaged in the projects. Capacity Building of staff suffered due to inadequate/nil and basic/ refresher training programmes not organised/ arranged for by the Department. They had also not established any middle level training centre for imparting training to the Supervisor and the Instructors of Anganwadi Training Centres (AWTCs).

Monitoring mechanism was defective with shortfalls in supervision of AWC. There was no evidence of monitoring by the CDPOs and the Supervisors in absence of any records maintained. The poor infrastructure facilities in AWCs, inadequate programme outcomes and services delivery clearly indicated that the Programme was not monitored effectively.

### **2.2.16 Recommendations**

The State Government may consider the following recommendations:

- i. Decentralise the planning process so that role of Village Health Sanitation and Nutrition Committee (VHSNC) and civil society organisation is ensured in implementation of Integrated Child Development Services (ICDS);
- ii. Increase the beneficiary coverage of both mothers and children in collaboration with the Health Department, considering the present gaps in data of the two Departments.
- iii. Timely utilisation of allotted funds on infrastructure development as well as training and capacity building activities of the programme;

- iv. Improve the infrastructure facilities in the Anganwadi Centres;
- v. Implement the Take Home Ration under Supplementary Nutrition programme in the entire State for pregnant and lactating women and infants (6 month-3 years);
- vi. Conduct periodical test of quality of food served in AWCs to ensure that food material contain the required nutrition component for children and to ensure cent percent immunisation of newborn children;
- vii. Strengthen monitoring mechanism as per prescribed structure and to ensure all records are kept upto date in compliance with the scheme guidelines.

## **CHAPTER III: ECONOMIC SECTOR**



## CHAPTER III: ECONOMIC SECTOR

### 3.1 Introduction

This Chapter deals with the findings of audit on the State Government units under Economic Sector.

The details of the total budget allocation and expenditure of the Departments under Economic Sector during the year 2018-19 are given in **Table 3.1.1**.

**Table 3.1.1: Details of allocation and expenditure under Economic Sector (Non-PSUs)**  
(₹ in crore)

Name of the Department	Total budget allocation	Expenditure
Co-operation	42.30	31.20
Public Works (Roads & Buildings)	1,036.45	816.80
Power	94.85	74.55
Public Works (Water Resource)	166.20	96.02
Information and Cultural Affairs	37.64	35.39
Industries & Commerce	141.78	115.86
Industries & Commerce (Handloom, Handicrafts & Sericulture)	39.41	39.40
Fisheries	75.63	68.19
Agriculture	487.86	377.27
Horticulture	152.40	80.48
Animal Resources Development	123.66	98.47
Forest	118.09	104.58
Science, Technology and Environment	12.42	11.38
Factories and Boilers Organisation	2.95	2.65
Information Technology	19.22	1.86
Tourism	3.93	3.79
<b>Total number of Departments = 16</b>	<b>2,554.79</b>	<b>1,957.89</b>

Source: Appropriation Accounts – 2018-19.

We audited 38 units under the Sector, covering expenditure of ₹ 1,312.63 crore (including expenditure of the previous year) and raised seven paragraphs of money value of ₹ 24.99 crore.

Out of these, six paragraphs are under Public Works Department and one is under Animal Resources Development Department.

## PUBLIC WORKS (Roads & Buildings) DEPARTMENT

### 3.2 Unproductive expenditure

**There was unproductive expenditure of ₹ 9.15 crore on work relating to Construction of Kailashahar District Jail which remained incomplete due to poor contract management and negligence of the Home Department in not supervising the work closely.**

The Government of Tripura have adopted the Central Public Works Department Manual for its State PWD with certain modifications. As per para 15.1 of CPWD Works Manual, a tender for civil work should be invited only after technical sanction and after detailed design and drawings are prepared. After the work is awarded, no major modifications should be made in the scope of the work.

Audit scrutiny (February-March 2019) of records of the Executive Engineer (EE), Kailashahar Division, PWD (R&B), Unakoti District showed that the Division was entrusted (November 2013) with a work of the Home Department namely “**Construction of Kailashahar District Jail**”. After the administrative approval and technical sanction for ₹ 11.28 crore, the Division awarded the work (June 2014) to the lowest tenderer at a negotiated cost of ₹ 11.71 crore with a stipulation that the work be completed within 24 months i.e., by June 2016.

Our scrutiny (February- March 2019) revealed that the work was not only incomplete but was abandoned due to delays on part of the Division in handing over the structural drawings to the contractor, modification of scope and design of the work, inadequate testing of the subsoil of the project site, *etc.* The last drawing was handed over to the contractor only on 28 October 2016. Owing to the additional items/modification of work, the contractor demanded (July 2016) either an enhancement in the rate up to 30 *per cent* of the estimated cost of the work or foreclosure of the contract. The Department could not resolve the dispute with the contractor and rescinded the contract (January 2019) i.e., about 30 months after the scheduled date of completion of the work. The expenditure incurred till then was only on construction of the wall at the site.

Thus due to inept project management by the PWD and frequent changes made in the scope of the work by them and the user Department, the work remained incomplete (December 2019) even after lapse of three and a half years from the scheduled date of completion resulting in unproductive expenditure of ₹ 9.15 crore on the incomplete work.

Government stated (August 2019) that tender for the balance work, after finalisation of measurement, had been prepared and would be called soon.

The reply only confirms the audit conclusions and the fact that the Home Department which required the Jail did not supervise it closely to ensure its timely completion.

**Recommendation: The Home Department may ensure that the Public Works (R&B) Department completes the jail work expeditiously and hands it over to them.**

### 3.3 Blocking of public funds

**The Executive Engineer, Belonia Division, PWD (R & B), had irregularly drawn funds of ₹ 8.70 crore for procurement of material without actual requirement, resulting in blocking of public funds for more than four to eight years.**

The State has adopted the CPWD Manual for the State PWD and works carried out by them. Clause 36.2 of CPWD Works Manual 2012 provides that;

In order to facilitate control over the purchase of stores for works in the Division, particularly Maintenance Divisions, all estimates for a year should be sanctioned well in advance of commencement of that year. Before the commencement of the year, the requirement of materials of all the works in a Sub-Division and the Division should be consolidated and estimate prepared on the basis of these figures. Ordinarily, the materials should be purchased only for the works in progress and no reserve stock should be kept, except with the specific sanction of and up to a monetary limit to be prescribed by the competent authority. Due consideration of the anticipated requirements of the stores according to the nature and quantum of work to be executed in each Division during a year should be taken.

Test check (January 2019) of records of the Executive Engineer (EE), Belonia Division, PWD (R&B) revealed that the Division, in violation of the above manual provision, obtained (23 March and 25 March 2015) four Proforma bills for ₹ 15 crore from the PWD Stores Division, Agartala for procurement of tor steel (20 mm dia and above: 407.46 MT) and bitumen (2043.20 MT) and made (26 March 2015) an advance payment of ₹ 14.03 crore.

Stores Division issued four Sale Orders (1 June 2015) with a request to take delivery of the material within 30 days. The Division lifted (between 13 October 2015 and 15 September 2018) 20.17 MT steel (out of 407.46 MT) and 1,228.63 MT bitumen (out of 2,043.20 MT) value at ₹ 6.13 crore leaving an unadjusted balance of ₹ 7.90 crore as detailed in **Table 3.3.1**.

**Table 3.3.1: Statement showing details of material procured and lifted**

(₹ in crore)

Sl. No.	Pro forma bill No. & date	Sale order No & date	Description of material	Amount paid to Stores Division	Material for which payment made (MT)	Value of material lifted by the Division	Material lifted (MT)	Balance amount remaining unadjusted	Material yet to be lifted (MT)
1	05 23.03.15	05 01-06-15	Steel	2.00	407.46	0.10	20.17	1.90	387.29
2	06 23.03.15	06 01.06.15	Bitumen	2.99	471.51	2.96	565.47	0.03	-93.96
3	08 25.03.15	07 01.06.15	Bitumen	7.00	1,100.18	3.07	663.15	3.93	437.03
4	11 25.03.15	08 01.06.15	Bitumen	2.04	471.51	Nil	Nil	2.04	471.51
<b>Total</b>				<b>14.03</b>		<b>6.13</b>		<b>7.90</b>	

Scrutiny revealed that the Division had booked (March 2015) 407.46 MT steel with value amounting to ₹ 2.00 crore (Pro-forma bill No. 5 dated 23 March 2015) against a work viz. “Construction of 10 bedded PHC including quarter at Maicherra” when the work was near about in completion stage and when there was no provision in the agreement of the work for issue of store material. Thus, steel was booked against the said work without actual requirement, presumably to avoid lapse of budgeted funds. Further, the EE has had made an advance payment (March 2010) of ₹ 80 lakh which remained unadjusted due to non-lifting of the material (bitumen)

It was seen that while furnishing yearly requirement of material for the year 2015-16, as per instructions (April 2015) of the Superintending Engineer, 3<sup>rd</sup> Circle, PWD(R&B), Udaipur, the EE Belonia Division had placed (May 2015) a requirement of only 50 MT steel (20 mm dia) and 1,300 MT bitumen, in the meantime, the EE, had booked (March 2015) 407.46 MT steel and 2,043.20 MT bitumen against the Proforma bills mentioned above.

Thus, in violation of the manual provision, the EE, Belonia Division withdrew funds from the treasury and transferred to the Stores Division for procurement of steel and bitumen in advance without actual requirement. This resulted in blocking of funds of ₹ 8.70 crore<sup>1</sup> for more than four to eight years.

While accepting the facts, the Government assured (February 2020) that the balance fund of ₹ 5.83 crore (including unadjusted amount of ₹ 0.80 crore paid in March 2010) would be adjusted by procuring bitumen for other works of the Division in the ensuing year 2020-21.

***Recommendation: Government may take action against the concerned officials who had violated the manual provision and irregularly drew funds for procurement of material without actual requirement, ostensibly to exhaust their budget.***

### 3.4 Incomplete work of Vigyan Gram

**The Department delayed construction of Vigyan Gram (Phase-I) at Agartala, a DoNER project funded by GoI, resulting in the facility remaining incomplete even after the lapse of four years from the stipulated date of completion and expenditure of ₹ 58.82 lakh.**

Ministry of Development of North Eastern Region (DoNER) , GoI sanctioned (March 2015) ₹ 27.45 crore for construction of Vigyan Gram (Phase-I) at Agartala. The Tripura State Council for Science and Technology<sup>2</sup> (TSCST) engaged (August 2010) a consultant to provide consultancy services<sup>3</sup> relating to this work. Based on the estimate prepared (15 July 2011) by the Consultant, the Department accorded

<sup>1</sup> ₹ 80,00,000 (from March 2010) + ₹ 7,89,59,327 (from March 2015)

<sup>2</sup> A constituent organisation of the Science, Technology and Environment Department, Government of Tripura

<sup>3</sup> Preparation of detailed estimates, tender documents, drawings and detailed engineering of related essential services, etc.

administrative approval and expenditure sanction for ₹ 31.79 crore (December 2012). The Chief Engineer (CE), PWD (R&B) technically sanctioned the work for ₹ 20.08 crore (including three *per cent* contingencies)<sup>4</sup>.

The work, after inviting Expression of Interest from reputed construction agencies/ organisations, was awarded (July 2013) to the lowest tenderer (Agency)<sup>5</sup>, with the approval (5 July 2013) of the Works Advisory Board, at a negotiated tendered value of ₹ 25.20 crore<sup>6</sup> with a stipulation to complete the work by June 2015. The work which commenced in August 2013 and was still in progress as of date of audit (May 2019).

Test check (December 2018 and May 2019) of records of the Executive Engineer (EE), Agartala Division No. V, PWD (R&B) revealed that architectural drawing for the work (prepared by the Consultant and approved by the Sr. Architect, PWD) was handed over to the Agency in October 2013 *i.e.* after a lapse of three months from the date of issue of work order. The project work could not progress for want of specific proposals from the Consultant regarding (i) designed ground level, (ii) plinth level and (iii) structural design for foundation works. PWD finalised the design of foundation works only in January 2014 *i.e.* after a lapse of six months from the date of issue of work order.

To recoup the time already lost, the Superintending Engineer (SE), 2<sup>nd</sup> Circle, PWD, Agartala decided (10 January 2014) to execute the concreting works for the foundation bases of all the above three components with Ready Mix Concrete (RMC) (fully automatic batching reinforced cement concrete) in place of weigh machine batching at site as per the agreement, for which necessary payment would be considered in addition to the agreement items. Accordingly, upto the 24<sup>th</sup> RA bill the agency executed 455.01 cum of RMC and used 6,53,418.15 kg of Portland cement extra for which they were also paid (January 2020) ₹ 2.04 lakh for providing RMC (@ ₹ 447.90 per cum<sup>7</sup>) and ₹ 56.78 lakh for extra use of Portland cement (@ ₹ 8.69 per kg<sup>8</sup>).

Although RMC was allowed to recoup the time lost in the initial stage due to delay in finalisation of design of foundation works, it was observed that the work of the Vigyan Gram was also hindered (during August 2013 to June 2017) due to delay in availability of drawings and designs for (i) boundary line (ii) roof truss, (iii) gate complex and (iv) constellation pool. Due to these delays, physical achievement of the work was only 75 *per cent* as of date of audit (May 2019).

<sup>4</sup> Administrative Approval and Expenditure Sanction of ₹ 31.79 crore was accorded (27 December 2012) by the Joint Member Secretary, (Director), Science, Technology and Environment Department.

<sup>5</sup> M/s REACON Engineer (IND) Pvt. Ltd., Kolkata

<sup>6</sup> 28.54 *per cent* above the estimated cost of ₹ 19.49 crore put to tender

<sup>7</sup> Approved by the Additional Chief Engineer, Project Unit, PWD (Buildings) in (February 2018)

<sup>8</sup> Approved by the Chief Engineer, PWD (R&B)

The status of physical achievement (July 2019) of the project is shown in Photographs 3.4.1 and 3.4.2.



Photograph 3.4.1



Photograph 3.4.2

#### Incomplete work of Vigyan Gram

Thus, failure of the Department to ensure availability of drawings and designs on time led to the work remaining incomplete even after a lapse of four years from the stipulated date of completion, resulting in blockage of funds of ₹ 58.82 lakh<sup>9</sup> (January 2020). The expenditure incurred towards use of RMC to overcome the loss of time also proved futile.

Government, while accepting the facts, stated (October 2019) that site development, fixation of foundation level, designed ground level and plinth level had taken some time for finalisation and added that the remaining portion as per scope of agreement would be completed as early as possible.

Thus a prestigious Science and Technology Project funded by DoNER , GoI , was not completed in time by the State Government due to sheer negligence depriving the intended beneficiaries of the benefits of the project in the State capital.

***Recommendation: The Department may ensure that the project is completed expeditiously.***

### 3.5 Suspected misappropriation

**Non-compliance with codal provisions by the Executive Engineer, Mohanpur, PWD (R&B), regarding issue of stores, led to suspected misappropriation of materials valued at ₹ 35.15 lakh issued in works.**

Para 43.1 of the CPWD Works Manual 2012 provides that; (1) Materials should be issued on receipt of indent on specific form. (2) A register to keep a watch on the issue of materials for works with reference to quantities specified in the agreements should be maintained by the Assistant Engineer in the form prescribed in CPWA 35 to avoid excessive issue of materials to contractors and to keep a watch over the issues.

<sup>9</sup> ₹ 2.04 lakh + ₹ 56.78 lakh

(3) The Executive Engineer should arrange to get the indent examined to see that the indented quantities are roughly correct.

Test check (January–February 2018 and June 2019) of records of the Executive Engineer (EE), Mohanpur Division, PWD (R&B) revealed that the above codal provisions regarding issue of stores were not complied with, which led to suspected misappropriation of Government money as detailed below:

The work “Maintenance of road from Daoikhola (Radhanagar) to Paschim Chandpur ADC Village Office<sup>10</sup> (L-2.450 KM), which was awarded (28 March 2015) to a contractor at a tendered value of ₹ 58.44 lakh with completion time of six months, was actually completed only in January 2017 after a delay of almost 13 months.

Scrutiny of records (January–February 2018) revealed that the Division had issued (between March 2015 and January 2017) total 64.25 MT<sup>11</sup> bitumen to the work-through indent and Transfer Entry Orders (TEOs). As per the Measurement Book (MB), it was seen in audit, that only 20.06 MT of bitumen was issued to the work, of which, the contractor utilised 9.00 MT and ₹ 5.73 lakh was recovered. The work was shown as completed (January 2017) and full payment of ₹ 58.38 lakh was made to the contractor. There was no evidence of the balance 44.18 MT (64.25 MT - 20.06 MT) bitumen in the MBs.

After the matter of excess material issued was raised in audit (January–February 2018), the Sub-Division inserted transfer entries of 55.25 MT bitumen to other works through five<sup>12</sup> TEOs. However, despite a specific request from audit, neither the TEOs nor the name of the works to which the bitumen was transferred were produced and hence there was no proof about the actual transfer of the bitumen. In view of the failure of the Division to produce proof of transfer, the possibility of misappropriation of 55.25 MT of bitumen valued ₹ 35.15 lakh<sup>13</sup> cannot be ruled out.

***Recommendation: The Department may strengthen the internal control mechanism to ensure that only actually required materials are issued to the works. They may also take stringent action against officials indulging in such violations of codal provisions.***

<sup>10</sup> Metalling, Carpeting and Construction of Box Cell (clear span 6.00 metres) portion from 0 to 1 KM”

<sup>11</sup> (i) 24.15591 MT (TEO No. 12/SDO/PWD/HZM/2014-15 dated 30-03-2015), (ii) 4.992 MT (TEO No. 16/SDO/PWD/HZM/2014-15 dated 25-06-2015), (iii) 5.008 MT (TEO No. 23/SDO/PWD/HZM/2014-15 dated 14-09-2015), (iv) 10.0316 MT (TEO No. 01/SDO/PWD/HZM/2016-17 dated 02-01-2017), (v) 10.0316 MT (TEO No. 02/SDO/PWD/HZM/2016-17 dated 02-01-2017) and (vi) 10.0316 MT through Indent on 21-12-2016

<sup>12</sup> (i) 10.0316 MT on 25 January 2017, (ii) 5.50 MT on 28 February 2018, (iii) 8.06011 MT on 25 March 2018 (iv) 7.50 MT on 28 March 2018 and (v) 24.1591 MT on 29 March 2018

<sup>13</sup> ₹ 63,626 per MT (issue rate) x 55.25 MT=₹ 35.15 lakh

## PUBLIC WORKS DEPARTMENT

### Tripura Housing and Construction Board

#### 3.6 Unfruitful expenditure

**Unfruitful expenditure of ₹ 4.07 crore was incurred due to delay of four years in construction of the District Sports Complex at Ambassa, Dhalai District due to unrealistic preparation of DPR and non-inclusion of penal clause in the agreement with the contractors.**

The Youth and Sports Affairs Department, Government of Tripura obtained (May 2012) administrative approval and financial approval of ₹ 4.91 crore from the Ministry of Development of North Eastern Region (MoDONER), Government of India (GoI) for construction of District Sports Complex at Ambassa in Dhalai District. The Department entrusted (May 2012) the execution of work to the Tripura Housing and Construction Board (THCB)<sup>14</sup>. The main objective of the project was to provide adequate and right infrastructure for scientific sports acceleration for action and result orientation by regular exercise. The project contained six components namely, (i) development of site by earth filling, (ii) construction of boundary wall, (iii) construction of athletic track, (iv) construction of grand stand, (v) construction of surface drain and (vi) construction of internal road.

The THCB prepared (November 2014 and April 2016) two technically sanctioned detailed estimates for (i) development of playground with earth work and turfing, surface drain, hard drawn fencing and approach road of sports complex fencing (₹ 0.74 crore) and (ii) construction of grand stand (₹ 2.88 crore).

Scrutiny of the records (June-July 2019) revealed the following:

- a. The work of grand stand was awarded (May 2015) by the THCB to a contractor at the tendered value of ₹ 3.06 crore with the stipulated completion time of 18 months. The work commenced in August 2015 and was completed in March 2018 at a cost of ₹ 3.66 crore<sup>15</sup> upto 7<sup>th</sup> Running Account (RA) & final bill with a time overrun of one year due to slow progress of work by the contractor. However, based on the request of the client department some additional works were executed and finally the grand stand was handed over to the Youth and Sports Affairs Department in July 2019. During joint physical verification of the worksite in June 2019, the construction of grand stand was found in complete shape with good condition.
- b. The work 'Development of playground with earth work and turfing, surface drain, hard drawn fencing and approach road of sports complex' was awarded (15 September 2016) by the THCB to another contractor at tendered value of ₹ 0.64 crore with the stipulated completion time of six months. The work

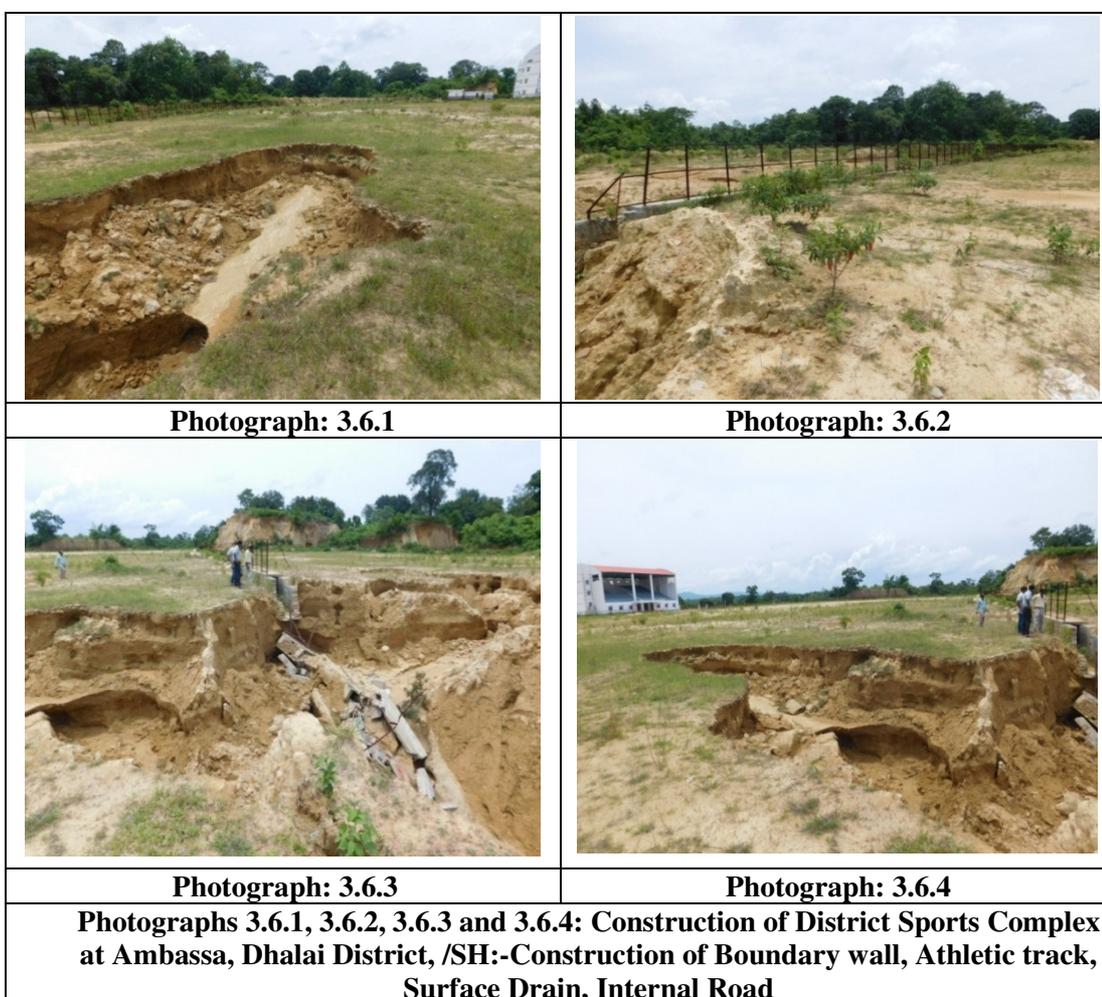
<sup>14</sup> An autonomous body of the Government of Tripura THCB (one wing of State Public Works Department) which undertook various deposit works on behalf of State Government

<sup>15</sup> Against that, ₹ 3.39 crore was paid (November 2018) to the contractor

commenced in September 2016 and was suspended<sup>16</sup> since June 2017 after execution of work valued ₹ 0.41 crore<sup>17</sup> (upto 1<sup>st</sup> RA bill), which was paid to the contractor in September 2017. The THCB issued several letters to the contractor requesting him to resume the work but it could not take any action against the contractor due to non-inclusion of penal clauses in the agreement.

- c. The THCB did not consider the provision for construction of the retaining wall around the playground in the DPR of the work. However, a technically sanctioned detailed estimate for RCC box drain and retaining wall around the playground was prepared (January and April 2018) by the THCB to protect the filled up soil from rain cut and it was sent to Director, Youth and Sports Affairs Department in June 2018 for obtaining approval, which was not given by the Department (July 2019).

During the Joint physical verification (June 2019) earth filling done was found damaged due to landslide and the playground of the sports complex was not found in good shape as evident from the **Photographs 3.6.1, 3.6.2, 3.6.3 and 3.6.4.**



Therefore, it was evident that the DPR was not prepared taking into account site conditions by including the retaining wall around the playground. Further, failure to

<sup>16</sup> wilful suspension of work by the Contractor

<sup>17</sup> 64 per cent financial achievement was made

include mandatory penal clauses in the agreement with the contractor enabled him to rescind the same without any known liability. As a result, the intended benefit i.e. providing adequate and right infrastructure for scientific sports acceleration and also result orientation by regular exercise, remained unachieved for almost four years despite the expenditure of ₹ 4.07<sup>18</sup> crore which turned unfruitful.

The THCB stated (December 2019) that the proposed project site in the DPR was located at Kachucherra, the terrain of which was plain and therefore, provision of retaining wall around the playground had not been kept in the DPR. Subsequently, the location of site was changed by the client department to Kekmacherra, where topography of the ground was undulated which necessitated huge quantity of earth cutting as well as earth filling and construction of retaining wall to protect the field from erosion/landslide. For retaining wall, an estimate was framed and sent to the client department for approval, however the construction of retaining wall could not be taken up by the THCB for want of approvals.

*The reply is not acceptable since the codal provisions mandate that no work should normally be commenced or any liability thereon incurred until an administrative approvals are obtained, a properly prepared detailed estimate is technically sanctioned.*

*The THCB awarded the work without fulfilling these requirements which not only deteriorated the work site but the work also remained incomplete for want of decision of the client department.*

*Recommendation: The Tripura Housing Construction Board should prepare Detailed Project Report of work after taking into consideration site condition before awarding the work to the contractor to avoid delay in completion of work.*

### 3.7 Loss due to non-utilisation of funds

**Failure to utilise the set apart funds towards charitable purposes within the stipulated time frame in order to avail of income tax exemption, led to loss towards payment of income tax of ₹ 5.28 crore and loss of interest of ₹ 99.84 lakh.**

The THCB is registered as a Society for charitable purposes for advancement of objects of general public utility under Section 12 AA (1) (b) (i) of Income Tax (IT) Act, 1961.

As per Section 11(2) of the IT Act, 1961 the assessee<sup>19</sup> could set apart any amount after falling short of the allowed 85 *per cent* accumulation, for further five years immediately after the year of set apart for specific purposes<sup>20</sup> through Form 10. If the assessee fails to spend the set apart amount within the next six assessment years, then

<sup>18</sup> Grand stand: ₹ 3.66 crore *plus* earth filling: ₹ 0.41 crore

<sup>19</sup> A charitable/religious trust

<sup>20</sup> Including charitable purposes

the same amount will be regarded as ‘deemed income’ of the assessee as per section 11(3) of the IT Act.

Scrutiny of records (June- July 2019) revealed that the THCB had set apart ₹ 6.60 crore and ₹ 7.37 crore for future utilisation towards charitable purposes<sup>21</sup> during the assessment years 2008-09 and 2009-10 respectively. The Board had failed to utilise the set aside funds during the subsequent five years due to absence of master plan towards development of social infrastructure activity. The IT Department later treated ₹ 13.97 crore (₹ 6.60 crore plus ₹ 7.37 crore) as ‘deemed income’ for the assessment years 2014-15 and 2015-16 under Section 11(3) of the IT Act. The THCB was directed to pay ₹ 5.28 crore on the above as income tax during the assessment years 2014-15 and 2015-16 including penal interest of ₹ 99.84 lakh.

Therefore, failure on the part of the THCB to utilise the set apart funds towards charitable purposes and to avail of the income tax exemptions granted as a charitable entity, led to loss of funds of ₹ 5.28 crore paid towards income tax and ₹ 99.84 lakh being penal interest towards income tax paid during that period which could have been avoided and utilised for improvement of social infrastructure development<sup>22</sup> in the State by the THCB.

In reply, THCB stated (December 2019) that THCB applied for registration under section 12 AA of IT Act in March 2016. The THCB also stated that if THCB had offered tax during the year 2007-08 to 2012-13, penal interest would be much higher than the actual income tax paid and so actually it could not be termed as loss.

The reply is not convincing since they were aware of the terms and conditions of the IT exemption and failure to spend the funds appropriately resulted in the THCB having to pay the tax of ₹ 5.28 crore, besides ₹ 99.84 lakh as avoidable penal interest for delayed payment of income tax due to non-utilisation of funds of set apart, resulting in loss to the THCB.

## ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

### 3.8 Ill-conceived project

**A Public Private Partnership project in Unakoti District for meeting requirement of milk was taken up by the Animal Resources Development Department without ensuring availability of funds, creation of proper infrastructure and without selecting bonafide beneficiaries. An infructuous expenditure of ₹ 1.13 crore was incurred on the failed project.**

To meet the requirement of milk in the Unakoti District “Unakoti Dugdha Prakalpa” project was taken up in Public Private Partnership (PPP) mode. The project was

<sup>21</sup> The THCB had kept provision for to utilise the set apart funds towards development of social infrastructure i.e. construction of educational institutions, etc.

<sup>22</sup> Including charitable purpose for which exemption was granted by the Income Tax

conceived in a meeting (October 2013) held by the Minister of Industries, Rural Development & Commerce with public representatives and Government Officials.

As Animal Resources Development (ARD) Department neither proposed any plan scheme named “Unakoti Dugdha Prakalpa” nor made any budgetary provision in this regard, the District Magistrate & Collector (DM&C), Unakoti District, sanctioned funds to Deputy Director of ARD, Unakoti District, Kailashahar, which were dovetailed from various sources like MGNREGA, Tribal Welfare Funds, Thirteenth Finance Commission Grants for Zilla Parishad, etc.

Test check (April 2018) of records of the Deputy Director, ARD, Unakoti District, Kailashahar revealed the following:

Based on the proposal submitted (6 November 2013) by the Deputy Director, the DM & C, Unakoti District, gave Administrative approval for ₹ 60 lakh<sup>23</sup> (23 December 2013) and ₹ 10 lakh<sup>24</sup> (2 April 2014) for procurement of milch cows from outside the State for distribution to the selected dairy farmers (to be selected by the Panchayati Raj Institutions) as per prescribed criteria. The funds of ₹ 70 lakh, received<sup>25</sup> by the Deputy Director, were placed with<sup>26</sup> the Assistant Director, Kumarghat, the Implementing Officer of the project, for procurement and distribution of cows.

Deputy Director, ARD also received (March 2014) ₹ 28 lakh from the Block Development Officer, Chandipur RD Block, Unakoti District under MGNREGA for construction of 80 cattle sheds (@ ₹ 35,000 each) for this project, which were also placed with the Assistant Director, Kumarghat.

The following irregularities in the implementation of the project are described below:

- (i) **Selection of beneficiaries not found on record:** It was seen that sixty cows were purchased (March-May 2014) before selecting the bonafide beneficiaries and 59 of these were distributed (between March and May 2014) among 50 beneficiaries; one cow each to 49 beneficiaries’ and 10 cows to one beneficiary (who had not approached the Department and the bank for sanction of loan). One cow was kept in the Demonstration Unit at DM’s Residence. The criteria for selection of the beneficiaries were not available on records. The reasons for distributing 10 cows to a single person (who remained out of the ambit of the project) were also not found on record
- (ii) **Non-sanction of bank loan to beneficiaries:** As per the project proposal, cows were to be distributed among the beneficiaries who were eligible for bank loan. The expenditure was to be met initially from the corpus fund and the beneficiaries who received the cows, were to return back the cost of the cows to the corpus fund on receiving the bank loan. Forty beneficiaries applied for loan to different Banks through the Department under Dairy Entrepreneurship

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<sup>23</sup> From the Thirteenth Finance Commission grant ,Zilla Parishad share

<sup>24</sup> From the Panchayat Development Fund, Zilla Parishad share

<sup>25</sup> ₹ 60 lakh on 26 December 2013 and ₹ 10 lakh on 4 April 2014

<sup>26</sup> ₹ 60 lakh on 29 January 2014 and ₹ 10 lakh on 8 April 2014

Development Scheme and Swabalamban Scheme and deposited (April and June 2014) Rupees four lakh as margin money (@ ₹ 10,000 each) to the corpus fund. Out of these 40, only 11 beneficiaries were sanctioned loan of ₹ 9.90 lakh by UBI<sup>27</sup>, Kailashahar (@ ₹ 90,000 each), which was deposited (April 2014) in the corpus fund. Loan was not sanctioned to the remaining beneficiaries. Neither the cost of the cows was returned nor were the cows recovered from them by the Department.

As of August 2015, out of the 60 cows distributed, 15 died and 15 were sold by the beneficiaries. There were no records about the survivability and availability of the cows under the control of the Department as on the date of audit (April 2018). However, as per information furnished (April 2019) by the Deputy Director, ARDD, Kailashahar, only 11 cows out of 60, could be traced out and were stated to be under proper care and in sound health. No other activities were undertaken as envisaged in the objectives of the project as the project did not continue beyond the year 2015-16. There was no evidence of any milk production even from these 11 beneficiaries who had been sanctioned bank loans.

The details of funds of ₹ 1.13 crore received under the project and item-wise expenditure of the said amount incurred during 2013-14 to 2015-16 are shown in **Appendix 3.8.1**. The savings bank account (No.1307010201896) at UBI, Gournagar Branch (the corpus fund for the project) was closed in September 2015. The Asst. Director had not maintained a proper Cash Book of the expenses incurred on the project.

Thus, the DM & Collector of the Unnakoti district forced an ill-conceived project on the Department, without creating proper infrastructure, not selecting bonafide beneficiaries and non-monitoring of further activities related to the project. This not only defeated the objective of the project of increasing milk production by private entrepreneurs, but had also rendered the expenditure of ₹ 1.13 crore infructuous.

In the exit meeting (20 April 2018), the Deputy Director stated that the project was withdrawn by the Government. However, relevant orders of the Government were not produced to audit. The Deputy Director further informed (30 March 2019) that since funding from Government has stopped<sup>28</sup>, the project could not continue beyond 2015-16.

The matter was reported to the Government (October 2019); reply had not been received (May 2020).

***Recommendation: The Government may conduct enquiry on the failed project to fix responsibility as an exemplary measure for such future projects.***

<sup>27</sup> United Bank of India

<sup>28</sup> ₹ 1.40 crore released were withdrawn during June 2014 and ₹ 40.50 lakh, sanctioned in May 2014, was not released



**CHAPTER IV: ECONOMIC SECTOR**  
**(State Public Sector Undertakings)**



## CHAPTER IV: ECONOMIC SECTOR

### (STATE PUBLIC SECTOR UNDERTAKINGS)

#### 4.1 Functioning of State Public Sector Undertakings

##### 4.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The PSUs are established to carry out activities of commercial nature and occupy an important place in the State economy. As on 31 March 2019, there were 15 PSUs in Tripura. The details of the PSUs in Tripura as on 31 March 2019 are given in **Table 4.1.1**.

**Table 4.1.1: Total number of PSUs as on 31 March 2019**

Type of PSUs	Working PSUs	Non-working PSUs <sup>1</sup>	Total
Government Companies <sup>2</sup>	13	1	14
Statutory Corporations	1	-	1
<b>Total</b>	<b>14</b>	<b>1</b>	<b>15</b>

*Source: Finance Accounts 2018-19, Statement -19.*

None of these PSUs were listed on the Stock Exchange. During the year 2018-19, no new PSU was incorporated and no existing PSU was closed down.

##### 4.1.2 Investment in PSUs

###### 4.1.2.1 State Government's investment in PSUs

The State's investment in its PSUs was by way of share capital/loans and special financial support by way of revenue grants.

As on 31 March 2019, the investment of the State Government (capital and long-term loans) in 15 PSUs was ₹ 1,675.55 crore<sup>3</sup> as per details given in **Table 4.1.2**.

**Table 4.1.2: Details of State's investment in PSUs**

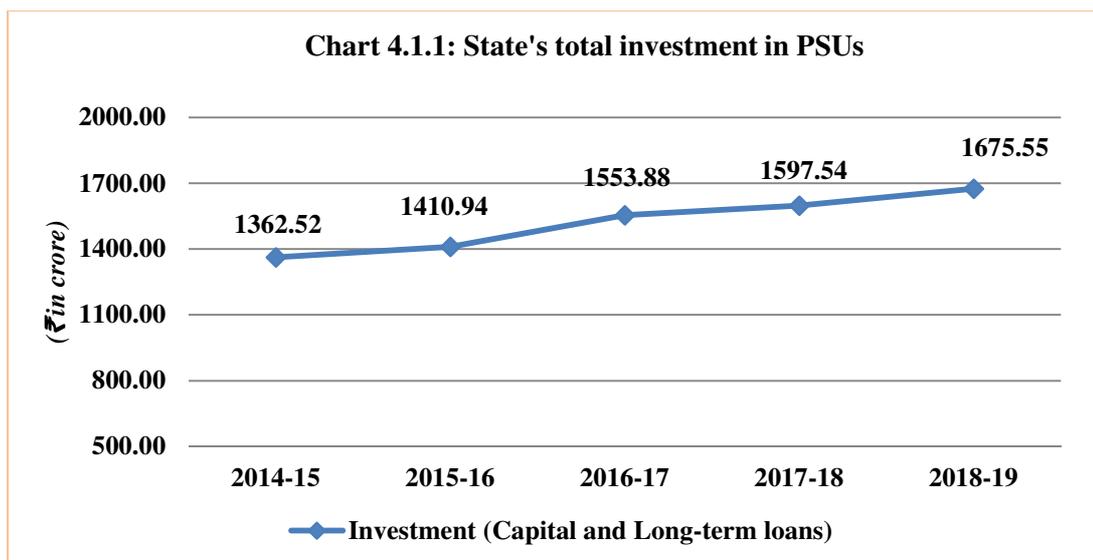
Year	(₹ in crore)		
	Equity Capital	Long term Loans	Total
2018-19	1,469.25	206.30	<b>1,675.55</b>
2014-15	1,233.33	129.19	<b>1,362.52</b>

The State Government investment as on 31 March 2019 consisted of 87.69 per cent towards capital, 12.31 per cent in long-term loans as against 90.52 per cent (capital) and 9.48 per cent (long-term loans) as on 31 March 2015. A graphical presentation of State Government investment in PSUs during last five years (2014-15 to 2018-19) has been given in **Chart 4.1.1**.

<sup>1</sup> Non-working PSUs are those which have ceased to carry on their operations

<sup>2</sup> Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

<sup>3</sup> Investment figures are provisional and as provided by the PSUs excepting two PSUs (Sl. No. A.12 and A.13 of *Appendix 4.1.1*) investment figures for which have been adopted from their finalised accounts for 2018-19



As can be noticed from **Chart 4.1.1**, the State Government's investment in PSUs during last five years shows an increasing trend. The State's investment grew by 22.97 per cent from ₹ 1,362.52 crore in 2014-15 to ₹ 1,675.55 crore in 2018-19.

During 2018-19, out of 13<sup>4</sup> working PSUs where State Government had made direct investment, 10 PSUs incurred loss and only three PSUs earned profit (₹ 2.58 crore) as per their latest finalised accounts (**Appendix 4.1.1**). None of the three profit making PSUs had declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the PSUs.

The State Government's investment (historical value) in PSUs had eroded by 10.82 per cent in 2018-19, and the losses of two PSUs (accumulated losses of ₹ 406.23 crore) had completely eroded the State's investment in their paid-up capital (₹ 270.04 crore), as per their latest finalised accounts.

#### 4.1.2.2 Total Sector-wise investment in PSUs

Total investment of State Government and Other Stakeholders (Central Government, Holding companies, Banks, Financial Institutions, etc.) in PSUs under various important sectors at the end of 31 March 2015 and 31 March 2019 has been given in **Table 4.1.3**.

**Table 4.1.3: Sector-wise details of total investments in PSUs**

Name of Sector	Government/Other Companies		Statutory Corporations		Total Investment	
	2014-15	2018-19	2014-15	2018-19	2014-15	2018-19
Power	763.28	742.35	0	0	763.28	742.35
Manufacturing	269.40	404.96	0	0	269.40	404.96
Financing	144.06	144.62	0	0	144.06	144.62
Service	76.93	148.94	159.03	163.03	235.96	311.97

<sup>4</sup> Excluding Tripura Natural Gas Company Limited, which had no direct investment from the State Government

Agriculture & Allied	57.29	72.95	0	0	57.29	72.95
Miscellaneous	17.66	8.86	0	0	17.66	8.86
<b>Total</b>	<b>1,328.62</b>	<b>1,522.68</b>	<b>159.03</b>	<b>163.03</b>	<b>1487.65</b>	<b>1685.71</b>

Source: PSUs data

It can be noticed from **Table 4.1.3** that as compared to 2014-15, the combined investment of State Government and Other Stakeholders increased significantly during 2018-19 in the Manufacturing sector (₹ 135.56 crore) and Service sector (₹ 76.01 crore).

The increase in investment under the Service sector was mainly due to equity contribution (₹ 58.58 crore<sup>5</sup>) provided by the State Government to Tripura Handloom and Handicrafts Development Corporation Limited. In Manufacturing sector, the increase in investment was mainly due to equity contribution of ₹ 135.56 crore provided by the State Government to Tripura Jute Mills Limited (₹ 103.32 crore) and Tripura Small Industries Corporation Limited (₹ 32.24 crore) over the period of four years (2015-19).

#### 4.1.3 Reconciliation with Finance Accounts

The figures in respect of equity and loans provided by the State Government as per the records of PSUs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the PSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2019 is given in **Table 4.1.4**.

**Table 4.1.4: Equity, loans, guarantees outstanding as per the Finance Accounts vis-à-vis records of PSUs**

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1375.22 <sup>6</sup>	1469.25	94.03
Loans	56.75	206.30	149.55
Guarantee	317.82 <sup>7</sup>	200.00	117.82

Source: Finance Accounts 2018-19 and PSUs records

As on 31 March 2019, there were unreconciled differences in the figures of equity (₹ 94.03 crore), loan (₹ 149.55 crore) and guarantee (₹ 117.82 crore) as per two sets of records. The differences in equity occurred in respect of 12 PSUs<sup>8</sup> (three PSUs under the Agriculture and Allied sector, five PSUs under the Service sector, two PSUs under the Manufacturing sector and one PSU each under the Finance and Power sector respectively). The difference in guarantee figures related to Tripura State Electricity Corporation Limited.

<sup>5</sup> Equity contribution of ₹ 10 crore (2015-16), ₹ 11 crore (2016-17), ₹ 10 crore (2017-18) and ₹ 27.58 crore (2018-19)

<sup>6</sup> This includes equity investment (₹ 0.54 crore) made (1963-64 to 1991-92) by the State Government in Assam Financial Corporation, Shillong, which no longer exists in the State

<sup>7</sup> This represented the Guarantees outstanding against the Loans availed by Tripura State Electricity Corporation Limited (₹ 117.82 crore) and Agartala Smart City Limited (₹ 200.00 crore)

<sup>8</sup> PSUs at Sl. Nos. A.1, A.2 and A.4 to A.12 and B.1 of **Appendix 4.1.1**

As regards Loan figures, the Finance Department disburses the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective PSUs functioning under their administrative control. Hence, PSU-wise figures of State Government loans provided to various PSUs not available in the State Finance Accounts. The State Government loan figure (₹ 56.75 crore) booked in the Finance Accounts pertained to the power sector PSU<sup>9</sup>.

Though the Principal Secretary, Finance Department, Government of Tripura as well as the Management of the PSUs concerned were appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

The State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the PSUs and the Finance Accounts be updated.

#### 4.1.4 Special support and guarantees to PSUs during the year

The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The summarised details of budgetary outgo towards equity, loans and grants/subsidies in respect of PSUs for the three years ended 2018-19 are given in **Table 4.1.5**.

**Table 4.1.5: Details regarding budgetary support to PSUs**

(₹ in crore)

Particulars	2016-17		2017-18		2018-19	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Equity capital outgo from budget	7	60.74	5	30.53	4	34.81
Loans given from budget	1	13.25	-	-	-	-
Grants/subsidy from budget	5	87.28	5	77.35	3	70.77
<b>Total Outgo (1+2+3)<sup>10</sup></b>	<b>9</b>	<b>161.27</b>	<b>9</b>	<b>107.88</b>	<b>7</b>	<b>105.58</b>
Guarantees issued	-	-	-	-	1	200.00
Guarantee commitment	-	-	-	-	-	-

Source: PSUs records

As can be noticed from **Table 4.1.5**, the budgetary support provided by State Government to PSUs decreased from ₹ 161.27 crore in 2016-17 to ₹ 105.58 crore in 2018-19. The major beneficiaries of budgetary outgo during 2018-19 were Tripura State Electricity Corporation Limited (grant/subsidy: ₹ 50.43 crore) and Tripura Jute Mills Limited (equity: ₹ 30.65 crore). The guarantee (₹ 200.00 crore) issued during 2018-19 pertained to one PSU (Agartala Smart City Limited).

#### 4.1.5 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies

<sup>9</sup> The State of Tripura had only one power sector PSU (Tripura State Electricity Corporation Limited)

<sup>10</sup> Actual number of PSUs, which received equity, loans, grants/subsidies from the State Government

Act, 2013 (Act) and audit of the financial statements in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased Regulatory Framework, wider Management responsibility and higher Professional Accountability.

#### **4.1.5.1 Statutory Audit/Supplementary Audit**

Statutory Auditors appointed by the Comptroller and Auditor General of India (C&AG) audit the financial statements of a Government Company. In addition, C&AG conducts the Supplementary Audit of these financial statements under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective Legislations. The State of Tripura had only one Statutory Corporation (Tripura Road Transport Corporation), which was working. The C&AG is the sole auditor for this Corporation.

#### **4.1.5.2 Role of the Government and the Legislature**

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Chief Executive and Directors in the Board of these PSUs.

The State Legislature also monitors the accounting and utilisation of the State Government investments in the PSUs. For this purpose, the Annual Reports of the State Government Companies together with the Statutory Auditors' Reports and comments of the C&AG thereon are to be placed before the Legislature under Section 394 of the Act. Similarly, the Annual Reports of the Statutory Corporations along with the Separate Audit Reports of C&AG are required to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

#### **4.1.6 Arrears in finalisation of accounts**

Financial statements of the Companies are required to be finalised within six months from the end of the relevant financial year *i.e.* by end of September in accordance with the provisions of Section 96 (1) of the Companies Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, the accounts of Statutory Corporations, are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs and to avoid financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

**Table 4.1.6** provides the details relating to finalisation of accounts by working PSUs as of 30 September 2019.

**Table 4.1.6: Position relating to finalisation of Accounts of working PSUs**

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of working PSUs	13	13	13	14 <sup>11</sup>	14
2.	Number of Accounts finalised during the year	11	16	13	12	16
3.	Number of Accounts in arrears	23	20	20	23 <sup>12</sup>	21
4.	Number of Working PSUs with arrears in Accounts	12	12	11	13	12
5.	Extent of arrears (number in years)	1 to 6 years	1 to 2 years	1 to 3 years	1 to 4 years	1 to 4 years

As can be seen from **Table 4.1.6**, the accounts of only two<sup>13</sup> out of 14 working PSUs were up-to-date as on 30 September 2019. Remaining 12 working PSUs had a backlog of 21 accounts for periods ranging from one to four years. The earliest Accounts in arrears was since 2015-16 (four Accounts), which related to ‘Tripura Horticulture Corporation Limited’ as detailed in **Appendix 4.1.1**.

The administrative departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the PSUs within the stipulated period.

The Accountant General (Audit), Tripura had been regularly pursuing with the Chief Secretary of Tripura and the administrative departments concerned for liquidating the arrears of accounts of PSUs. However, the State Government and the PSUs concerned could not address the issue to clear pendency of accounts of the PSUs in a time bound manner.

#### 4.1.7 Placement of Separate Audit Reports

The position depicted in **Table 4.1.7** shows the status of placement of Separate Audit Reports (SARs) issued by the C&AG (up to 30 September 2019) on the accounts of the lone Statutory Corporation in the State Legislature.

**Table 4.1.7: Status of placement of SARs in the Legislature**

Name of Statutory Corporation	Year up to which SARs placed in the Legislature	Year for which SARs not placed in the Legislature	
		Year of SAR	Date of issue
Tripura Road Transport Corporation (TRTC)	2013-14	2014-15	17-02-2017
		2015-16	09-01-2018

Timely placement of SARs in the State Legislature is important to ensure timely reporting on the functioning of the Corporation to the stakeholders and fix accountability of the Management for its performance.

However, it can be seen from **Table 4.1.7** that the SARs for the years 2014-15 and 2015-16 were pending for placement in the State Legislature for more than two to three years since issued to the State Government. The delay in placement of the SARs

<sup>11</sup> Includes Agartala Smart City Limited which was incorporated on 18 November 2016

<sup>12</sup> Includes two accounts of Agartala Smart City Limited (2016-17 and 2017-18)

<sup>13</sup> Tripura Natural Gas Company Limited and Agartala Smart City Limited

in the State Legislature was attributable to delay in relaying the notice for placement of SARs, by the Transport Department, to the State Legislative Assembly.

**Recommendations:**

- a. The State Government may set up a special cell to oversee the clearance of arrears of accounts and set the targets for individual PSUs, which may be monitored by the cell;
- b. The State Government may ensure that existing vacancies in the accounts department of PSUs are timely filled up with persons having domain expertise and experience; and
- c. The PSUs may get the figures of equity and loans reconciled with the State Government Departments and arrear of accounts are cleared.

**4.1.8 Investments made by the State Government in PSUs whose accounts are in arrears**

The State Government had invested ₹ 55.94 crore in six PSUs (equity: ₹ 42.69 crore and loans: ₹ 13.25 crore) during the years for which these PSUs had not finalised their accounts as detailed in **Table 4.1.8**.

**Table 4.1.8: Investment by the State Government in PSUs having accounts in arrears**  
(₹ in crore)

Sl. No.	Name of PSU	Accounts finalised upto	Accounts pending finalisation	Investment by the State Government during the period of arrears	
				Equity	Loans
1	Tripura Horticulture Corporation Limited	2014-15	2015-16 to 2018-19	3.93	0.00
2	Tripura Tea Development Corporation Limited	2017-18	2018-19	2.89	0.00
3	Tripura Jute Mills Limited	2017-18	2018-19	30.65	0.00
4	Tripura Small Industries Corporation Limited	2016-17	2017-18 to 2018-19	4.06	0.00
5	Tripura State Electricity Corporation Limited	2015-16	2016-17 to 2018-19	0.01	13.25
6	Tripura Tourism Development Corporation Limited	2016-17	2017-18 to 2018-19	1.15	0.00
<b>Total</b>				<b>42.69</b>	<b>13.25</b>

In the absence of accounts and their subsequent audit, it could not be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of PSUs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to preparation of accounts and take punitive action against the Company Management responsible for arrears of accounts. Until the accounts are made as current as possible, Government may consider not giving further financial assistance to such companies.

#### 4.1.9 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working PSUs as per their latest finalised accounts as on 30 September 2019 are detailed in **Appendix 4.1.1. Table 4.1.9** provides the comparative details of working PSUs turnover and State GSDP for a period of five-year ending 2018-19.

**Table 4.1.9: Details of working PSUs-turnover vis-à-vis GSDP**

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover <sup>14</sup>	548.84	706.39	869.27	1011.51	1,024.88
GSDP <sup>15</sup>	29,533.46	35,937.73	39,514.28	44,161.08	50,544.52(A)
Percentage of Turnover to GSDP	1.86	1.97	2.20	2.29	2.03

As can be seen from **Table 4.1.9** that the turnover of the working PSUs showed a continuous growth during 2014-15 to 2018-19. The year-wise percentage of State PSU-turnover to GSDP had also appreciated in all years during 2014-18. The contribution of PSU-turnover to GSDP during 2018-19 had decreased as the growth in the PSU-turnover was not commensurate with the increase in the GSDP. The increase in State PSU-turnover during 2015-16 (₹ 157.55 crore), 2016-17 (₹ 162.88 crore) and 2017-18 (₹ 142.24 crore) was mainly driven by the growth in the turnover of the power sector company (TSECL) in the respective year, which was to the extent of ₹ 160.68 crore (2015-16), ₹ 167.85 crore (2016-17) and ₹ 110.43 crore (2017-18).

#### 4.1.9.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table 4.1.10**.

**Table 4.1.10: Key Parameters of PSUs**

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt	341.28	350.86	296.73	298.96	299.50
Turnover <sup>16</sup>	548.84	706.39	869.27	1011.51	1,024.88
Debt/Turnover Ratio	0.62:1	0.50:1	0.34:1	0.30:1	0.29:1
Interest Payments	0.58	0.69	1.62	1.43	1.21
Accumulated losses	634.48	762.48	773.39	969.73	1,028.84

#### Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

<sup>14</sup> Turnover of working PSUs as per the latest finalised accounts as on 30 September of respective year

<sup>15</sup> GSDP (Base year 2011-12) figures have been arrived at on current market prices as per information furnished by the Directorate of Economic & Statistics, Government of Tripura.(A)=Advance Estimates

<sup>16</sup> Turnover of working PSUs as per their latest finalised accounts as of 30 September of the respective year

### PSU Debt

During the period of five years, the PSUs debt had registered an overall decrease of ₹ 41.78 crore (12.24 *per cent*) from ₹ 341.28 crore (2014-15) to ₹ 299.50 crore (2018-19). Major portion of PSU debts during 2018-19 (96 *per cent*) pertained to Tripura State Electricity Corporation Limited (₹ 160.28 crore) and Tripura Industrial Development Corporation Limited (₹ 128.41 crore).

From **Table 4.1.10**, it can be seen that during 2014-19, the PSU Turnover had shown growth of ₹ 476.04 crore (87 *per cent*) from ₹ 548.84 crore (2014-15) to ₹ 1,024.88 crore (2018-19). As a result, the DTR had shown a decreasing trend during the period of five years under reference. During 2018-19, the DTR was at 0.29:1, which indicated that the PSUs were in a position to service their long-term debts as compared to previous years.

The accumulated losses of PSUs had registered an overall increase of 62.15 *per cent* (₹ 394.36 crore) from ₹ 634.48 crore (2014-15) to ₹ 1,028.84 crore (2018-19) mainly due to increase of ₹ 307.52 crore in the accumulated losses of two PSUs<sup>17</sup> during the same period.

#### 4.1.9.2 Erosion of capital due to losses

The aggregate paid-up capital and accumulated losses of 14 working PSUs as per their latest finalised accounts as on 30 September 2019 were ₹ 1,388.28 crore and (-) ₹ 1,028.84 crore respectively (**Appendix 4.1.1**).

Analysis of investment and accumulated losses of these PSUs revealed that the accumulated losses of two working PSUs (₹ 406.23 crore) had completely eroded their paid-up capital (₹ 270.04 crore) as detailed in **Table 4.1.11**.

**Table 4.1.11: PSUs with erosion of paid up capital**

Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses
Tripura Handloom and Handicrafts Development Corporation Limited	2016-17	107.09	121.59
Tripura Road Transport Corporation	2016-17	162.95	284.64
<b>Total</b>		<b>270.04</b>	<b>406.23</b>

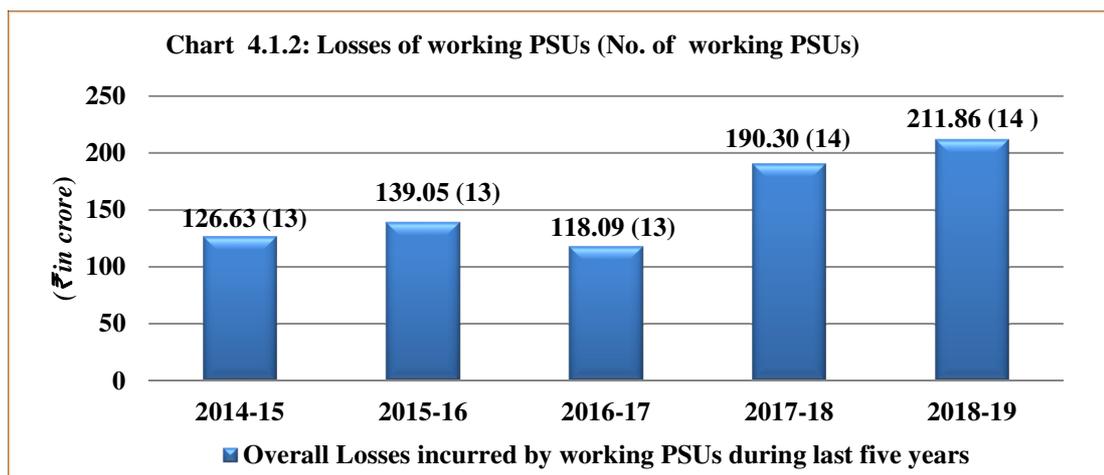
(₹ in crore)

Accumulation of huge losses by these PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations.

The overall position of losses<sup>18</sup> incurred by working PSUs during 2014-15 to 2018-19 is depicted in **Chart 4.1.2**.

<sup>17</sup> Tripura State Electricity Corporation Limited (₹ 215.01 crore) and Tripura Jute Mills Limited (₹ 92.51 crore)

<sup>18</sup> As per the latest finalised accounts of working PSUs as on 30 September of the respective year



(Figures in brackets show the number of working PSUs in respective years)

From **Chart 4.1.2**, it can be seen that the working PSUs incurred losses during all the five years under reference. These losses of working PSUs during five years were mainly attributable to heavy losses incurred by the power sector PSU during these years, which ranged between ₹ 79.96 crore (2016-17) and ₹ 156.96 crore (2018-19).

During the year 2018-19, out of 14 working PSUs, four PSUs earned an aggregate profit of ₹ 8.87 crore, while 10 PSUs incurred loss of ₹ 220.73 crore. The details of major contributors to overall profits and losses of working PSUs are given in **Table 4.1.12**.

**Table 4.1.12: Major contributors to profits and losses of working PSUs**

(₹ in crore)

Name of PSU	Latest finalised accounts	Profit (+)/ loss (-)
Tripura Natural Gas Company Limited	2018-19	(+) 6.29
Tripura State Electricity Corporation Limited	2015-16	(-)156.96
Tripura Jute Mills Limited	2017-18	(-)28.15
Tripura Handloom and Handicrafts Development Corporation Limited	2016-17	(-) 12.17

#### 4.1.9.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is an important decision metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>19</sup>.

During 2018-19, the overall Capital Employed in 14 working PSUs as per their latest accounts was ₹ 732.78 crore while the ROCE of the PSUs ranged from (-) 385.09 per cent (Tripura Jute Mills Limited) to (+) 21.66 per cent (Tripura Urban

<sup>19</sup> Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

Transport Company Limited). Further, out of 14 working PSUs, only three PSUs<sup>20</sup> had positive ROCE (**Appendix 4.1.1**).

#### 4.1.10 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for the time value. To determine the RORR on Government Investment, the investment of State Government<sup>21</sup> in the form of equity, interest free loans and grants/subsidies given by the State Government for operational and management expenses less disinvestments (if any) has been considered, and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'Profit After Tax' (PAT) by the sum of the PV of the Government investment.

During 2018-19, out of 14 working PSUs, 10 PSUs incurred loss and only four PSUs earned profits<sup>22</sup> (**Appendix 4.1.1**). On the basis of return on historical value, the State Government investment eroded by 10.82 per cent during 2018-19. On the other hand, the Rate of Real Return where the present value of investment is considered, the State Government investment eroded by 4.62 per cent as shown in **Appendix 4.1.2**. This difference in the percentage of investment erosion was on account of adjustments made in the investment amount for the time value of money.

#### 4.1.11 Winding up of non-working PSUs

As on 31 March 2019, there was only one non-working PSU (*viz.* Tripura State Bank Limited), which had been non-functional since 1971. The said PSU was in the process of liquidation under Section 560 of the Companies Act, 1956. Since the non-working PSU was neither contributing to the State economy nor meeting the intended objectives, the liquidation process to wind up this PSU needs to be expedited.

#### *Recommendations*

*In view of the facts above on accumulated losses, erosion of capital and negative return on capital employed, the State Government needs to either revamp the working of these PSUs or wind them up in public interest.*

#### 4.1.12 Corporate Governance

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. With a view to improve effectiveness of the 'Corporate Governance' of the companies, the Companies Act, 2013 provides a robust framework for holding of meetings of Board of Directors (Board), Annual General Meetings (AGM) in addition

<sup>20</sup> Tripura Urban Transport Company Limited, Tripura Natural Gas Company Limited and Tripura Industrial Development Corporation Limited

<sup>21</sup> As per the records of PSUs

<sup>22</sup> As per the latest finalised accounts of working PSUs as on 30 September 2019

to any other meeting and filing of Annual Return<sup>23</sup> with the Registrar of Companies (ROC) containing particulars of the Company as they stood at the close of the financial year. The requirements of the Companies Act, 2013 for a company *inter alia* provide for:

(i) *Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173 (1)}.*

*Consequences for non-compliance: A company or any other person contravening the above provision shall be punishable with fine which may extend to ₹10,000, and where the contravention is continuing one, with a further fine which may extend to ₹1,000 for every day after the first during which the contravention continues (Section 450).*

(ii) *Holding of a general meeting by a Company (other than a 'one person company') as its Annual General Meeting (AGM) in addition to any other meetings every year. The first AGM shall be held within a period of nine months from the date of closing of the first financial year of the company {Section 96 (1)}.*

*Consequences of non-compliance: Failure to hold AGM in accordance with the above provision shall be punishable with fine which may extend to ₹1.00 lakh and in the case of a continuing default, with a further fine which may extend to ₹5,000 for every day during which such default continues (Section 99).*

(iii) *Filing of the Annual Return with the Registrar of Companies (ROC), within 60 days from the date on which the AGM is held or where no AGM is held in any year within 60 days from the date on which the AGM should have been held together with the statement specifying the reasons for not holding the AGM, with such fees or additional fees as may be prescribed, within the time as specified, under Section 403 of the Act {Section 92 (4)}.*

*Consequences of non-compliance: If a company fails to file its annual return in due time, the company shall be punishable with fine which shall not be less than ₹50,000 but which may extend to ₹5.00 lakh and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than ₹50,000 but which may extend to ₹5.00 lakh, or with both {Section 92 (5)}.*

#### **4.1.12.1 Review of compliance by the State Government Companies**

As on 31 March 2019, there were total 14 Government companies (13 working; one non-working) in the State of Tripura. Audit reviewed (March-July 2019) the compliance of the above provisions by 13 working Government companies during last five years (2014-15 to 2018-19) and following observations are made:

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<sup>23</sup> Under Section 92 of the Companies Act, 2013, every company is required to prepare a return (referred to as the annual return) in the prescribed form containing particulars of the company as they stood on the close of the financial year

#### 4.1.12.2 Meetings of the Board of Directors

Audit observed (March-July 2019) that during the last five years (2014-15 to 2018-19), seven out of 13 working companies had held Board's meetings less than the minimum requirement of four meetings in each year. In case of one company (Tripura Horticulture Corporation Limited), no Board meeting was held since 2018-19 till date. Further, 13 companies held as many as 50 meetings after more than 120 days prescribed under the Act with intervening period ranging from 122 to 408 days, as detailed in **Table 4.1.13**.

**Table: 4.1.13: Details of holding Board's meetings by the State Government companies during five years (2014-15 to 2018-19)**

Sl. No.	Name of the Company	No. of Meetings held (Minimum required: 20)	Meetings held after 120 days	Range of gap between two meetings
1	Tripura Forest Development & Plantation Corporation Ltd.	22	3	157 to 305
2	Tripura Rehabilitation Plantation Corporation Ltd.	19	3	126 to 181
3	Tripura Natural Gas Company Ltd.	25	2	139 to 162
4	Tripura Handloom & Handicrafts Development Corporation Ltd.	13	6	147 to 377
5	Tripura State Electricity Corporation Ltd.	23	6	122 to 147
6	Tripura Jute Mills Ltd.	18	4	122 to 192
7	Tripura Tourism Development Corporation Ltd.	12	8	133 to 253
8	Tripura Tea Development Corporation Ltd.	18	3	137 to 156
9	Tripura Urban Transport Company Ltd.	29	1	148
10	Agartala Smart City Ltd <sup>24</sup> .	11	1	135
11	Tripura Industrial Development Corporation Ltd.	21	2	128 to 130
12	Tripura Horticulture Corporation Ltd.	6	4	170 to 408
13	Tripura Small Industries Corporation Ltd.	18	7	124 to 181
	<b>Total</b>		<b>50</b>	

#### 4.1.12.3 Holding of AGMs

Audit observed that in five companies, AGMs were not conducted regularly during the last five years as detailed in **Table 4.1.14**. Further, in case of one<sup>25</sup> company, the

<sup>24</sup> Date of Incorporation: 18 November 2016

<sup>25</sup> (1) Tripura Urban Transport Company Limited was incorporated on 23-01-2010, its first financial year closed on 31 March 2010 and therefore the first AGM was due by 31 December 2010 whereas the AGM was held on 30 September 2015

first AGM, which was due after a period of nine months from the close of the first financial year, was held after a delay of 57 months.

**Table 4.1.14: Details of holding the AGM by the State Government companies during five years (2014-15 to 2018-19)**

Sl. No.	Name of the Company	No. of AGMs held (minimum required: 5)	Years in which AGM was not held
1	Tripura Tourism Development Corporation Ltd.	4	2018-19
2	Tripura Urban Transport Company Ltd.	4	2014-15
3	Tripura Industrial Development Corporation Ltd.	4	2018-19
4	Tripura Horticulture Corporation Ltd.	2	2014-15, 2015-16, 2016-17
5	Tripura Small Industries Corporation Ltd.	4	2018-19

#### 4.1.12.4 Filing of Annual Return with ROC

Audit observed that there were delays ranging between one and 1,296 days in filing of Annual Returns with ROC as detailed in **Table 4.1.15**. In nine companies, returns were not filed for one to four financial years.

**Table 4.1.15: Details of filing of Annual Return with the Registrar of Companies by the State Government companies during five years (2014-15 to 2018-19)**

Sl. No.	Name of the Company	No. of Annual Returns filed with ROC	Delay in filing Return (Range in days)	Pending period of Annual Return
1	Tripura Forest Development & Plantation Corporation Ltd.	4	474 to 1296	2017-18
2	Tripura Rehabilitation Plantation Corporation Ltd.	5	21 to 683	-
3	Tripura Natural Gas Company Ltd.	5	16 to 42	-
4	Tripura Handloom & Handicrafts Development Corporation Ltd.	5	75 to 1259	-
5	Tripura State Electricity Corporation Ltd.	3	1	2016-17, 2017-18
6	Tripura Jute Mills Ltd.	3	404 to 477	2016-17, 2017-18
7	Tripura Tourism Development Corporation Ltd.	3	85 to 340	2016-17, 2017-18
8	Tripura Tea Development Corporation Ltd.	4	33 to 183	2017-18
9	Tripura Urban Transport Company Ltd.	1	702	2014-15 to 2017-18
10	Agartala Smart City Ltd <sup>26</sup>	2	306	-

<sup>26</sup> Date of Incorporation: 18 November 2016

Sl. No.	Name of the Company	No. of Annual Returns filed with ROC	Delay in filing Return (Range in days)	Pending period of Annual Return
11	Tripura Industrial Development Corporation Ltd.	4	73 to 368	2017-18
12	Tripura Horticulture Corporation Ltd.	1	774	2014-15 to 2017-18
13	Tripura Small Industries Corporation Ltd.	3	28 to 92	2016-17, 2017-18

Failure of the State Government companies to comply with the requirements of the Companies Act, 2013 had adversely impacted the effectiveness of their 'Corporate Governance' besides exposing these companies against the risk of punishment and penalties imposed under the provisions of the Act.

*State Government may impress upon the respective companies and the administrative departments concerned to ensure compliance of the above provisions of the Companies Act, 2013 so as to achieve the objectives of corporate governance in these companies.*

#### 4.1.13 Impact of Audit Comments on Annual Accounts of PSUs

During October 2018 to September 2019, 10 working Companies had forwarded 15 accounts to the Accountant General (Audit), Tripura. Nine accounts of eight Companies were selected for Supplementary Audit during the year. The audit reports of Statutory Auditors appointed by the C&AG and the Supplementary Audit conducted by the C&AG indicated that the quality of maintenance of State PSU accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and the C&AG are given in **Table 4.1.16**.

**Table 4.1.16: Impact of audit comments on working Companies**

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	0.28	1	4.64	1	11.01
2.	Increase in loss	5	7.83	3	2.84	2	18.85
3.	Non-disclosure of material facts	1	1.08	3	32.85	0	0.00
4.	Errors of classification	2	37.65	1	0.29	2	41.72

During the year, the Statutory Auditors had given qualified certificates on all 15 accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were four instances of non-compliance with the Accounting Standards in four accounts during the year. The audit comments were based mainly on the non-compliance with AS-2 (Valuation of inventories), AS-5 (Net Profit or Loss

for the Period, Prior Period Items and Changes in Accounting Policies), AS-15 (Employee Benefits) and AS-18 (Related Party Disclosures).

Similarly, the only Statutory Corporation in the State (*viz.* Tripura Road Transport Corporation) for which the C&AG is the sole auditor, had forwarded one year accounts (2016-17) to Accountant General (Audit), Tripura. The audit of the accounts forwarded by the Corporation had been completed and Separate Audit Report (SAR) issued in February 2020.

**4.1.13.1** Gist of some of the important comments of the statutory auditors and C&AG in respect of accounts of the PSUs are as under:

***Tripura Industrial Development Corporation Limited (2017-18)***

**Incorrect accounting of completed works as Capital work in progress**

The company incorrectly considered the completed works (August 2016) relating to (i) Infrastructure Development Project at IIDC Dewanpassa, Dharmanagar (₹ 2.28 crore) and (ii) establishment of Bamboo Park at Bodhjungle at Bodhjungle (₹ 27.17 crore) as ‘Capital work in progress’ instead of ‘Tangible Assets’ resulting in understatement of ‘Depreciation’ by ₹ 8.61 crore with corresponding overstatement of ‘Profit for the year’ to the same extent.

**Non-compliance to RBI guidelines for asset classification and provisioning**

The company had not been following the norms for asset classification and provisioning as prescribed in ‘Income Recognition and Asset Classification Norms’ 2015 issued by RBI contrary to its declared accounting policy. This resulted in understatement of provision for doubtful advances by ₹ 2.40 crore (net) with corresponding overstatement of ‘profit for the year’ by an equal amount.

***Tripura Small Industries Corporation Limited (2016-17)***

**Non-provisioning for closed and non-existent cash and bank investments**

Under the ‘Current Assets’ (Cash & Cash Equivalents), the Company had included cash and bank investments in different banks, which had been closed down and non-existent as on 31 March 2017 and thus, chance of realising these investments was remote. Non-provisioning against these doubtful assets resulted in overstatement of ‘Current Assets’ and understatement of ‘loss for the year’ by ₹ 18.79 lakh each.

***Tripura Handloom and Handicrafts Development Corporation Limited (2016-17)***

**Wrong accounting of grant**

The company received purpose specific capital grants of ₹ 14.44 crore from different authorities and wrongly accounted the same under ‘Other long term liabilities’ instead of accounting it under ‘Capital reserve’ under the broad heading ‘Reserve & Surplus’.

**Accounting without proper description/justification and/or records**

The company has been carrying forward the 'Other current Liabilities' (Note No.10) of ₹ 6.77 crore (after adjusting debit balance of ₹ 0.55 crore) for years together without proper description/justification.

**4.1.14 Follow up action on Audit Reports****4.1.14.1 Submission of Explanatory notes**

The Reports of the C&AG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Tripura issued (July 1993) instructions to all administrative departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the C&AG within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of receipt of explanatory notes to paragraphs/performance audits pending to be received from the State Government/ administrative departments concerned is given in **Table 4.1.17**.

**Table 4.1.17: Explanatory notes not received (as on 30 September 2019)**

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total performance audits and paragraphs included in the Audit Report		Number of performance audits/paragraphs for which explanatory notes were not received	
		Performance audits	Paragraphs	Performance audits	Paragraphs
2011-12	27-09-2013	1	3	Nil	2
2014-15	23-03-2016	1	2	Nil	2
2015-16	15-03-2017	1	Nil	1	Nil
2016-17	23-11-2018	1	1	1	1
2017-18	30-08-2019	1	4	1	4
<b>Total</b>		<b>5</b>	<b>10</b>	<b>3</b>	<b>9</b>

From **Table 4.1.17**, it can be seen that out of 15 paragraphs/performance audits included in the Audit Reports for 2011-12 to 2017-18, explanatory notes to 12 paragraphs/performance audits relating to four departments were awaited (September 2019).

**4.1.14.2 Discussion of Audit Reports by COPU**

The status of the performance audits and paragraphs as on 30 September 2019 relating to PSUs that appeared in the State Audit Reports of C&AG and discussed by the COPU was as given in **Table 4.1.18**.

**Table 4.1.18: Performance audits/paragraphs featured in State Audit Reports vis-à-vis discussed by COPU as on 30 September 2019**

Period of Audit Report	Number of performance audits/paragraphs			
	Appeared in Audit Reports		Paragraphs discussed	
	Performance audits	Paragraphs	Performance audits	Paragraphs
2011-12	1	3	Nil	1
2012-13	1	3	1	2
2013-14	1	3	Nil	Nil
2014-15	1	2	Nil	Nil
2015-16	1	Nil	Nil	Nil
2016-17	1	1	Nil	Nil
2017-18	1	4	Nil	Nil
<b>Total</b>	<b>7</b>	<b>16</b>	<b>1</b>	<b>3</b>

**4.1.14.3 Compliance to Reports of COPU**

Action Taken Notes (ATNs) on 37 out of 50 recommendations contained in nine reports of COPU presented to the State Legislature between November 2010 and February 2015 have not been received (September 2019) as indicated in **Table 4.1.19:**

**Table 4.1.19: Compliance to COPU reports**

Year of the COPU report	Total number of COPU reports	Total no. of recommendations in COPU report	No. of recommendations where ATNs not received
2010-11	4	22	9
2011-12	3	14	14
2012-13	Nil	Nil	Nil
2013-14	1	10	10
2014-15	1	4	4
2015-16	Nil	Nil	Nil
2016-17	Nil	Nil	Nil
<b>Total</b>	<b>9</b>	<b>50</b>	<b>37</b>

The above reports of COPU contained recommendations in respect of audit paragraphs pertaining to five departments of the State Government, which appeared in the reports of the C&AG for the years 1989-90 to 2008-09.

**Recommendations**

*State Government should review and revamp the mechanism of responding to audit observations. It may ensure that explanatory notes to audit paragraphs/performance audits and ATNs on the recommendations of COPU are provided as per the prescribed time schedule and the loss/outstanding advances/overpayments flagged in audit recovered within the prescribed period to enable accountability for public finances.*

**INDUSTRIES AND COMMERCE DEPARTMENT  
(Tripura Industrial Development Corporation Limited)**

**4.2 Development of Industrial Infrastructure by Tripura Industrial Development Corporation Limited-a thematic audit**

**4.2.1 Introduction**

Tripura is primarily an agrarian State and during 2018-19, the Industries Sector accounted for 14.20 *per cent* of the Gross State Domestic Product (GSDP). Industrialisation is low due to lack of infrastructures, communication bottlenecks and other geographical constraints, *etc.* but can be improved with better infrastructure facilities. Increased industrialisation improves employment generation in the State.

**4.2.2 Modified Industrial Infrastructure Upgradation Scheme**

Government of India (GoI) launched (2003) Industrial Infrastructure Upgradation Scheme (IIUS) to enhance competitiveness of Industry by providing quality infrastructure through public private partnership in selected functional clusters. The scheme was recast in February 2009 to make it more effective through increased focus on technological upgradation. The Scheme was continued in 12<sup>th</sup> Five Year Plan (2012-17) with suitable modifications. Under MIIUS<sup>27</sup>, the role of the State was redefined to nominate a Scheme Implementing Agency (SIA) such as State Industrial Development Corporations for execution of project and sharing its costs. SIA was responsible to formulate project interventions as well as implement and monitor the scheme progress.

The Government of Tripura (GoT) took up (2014) Modified Industrial Infrastructure Upgradation Scheme (MIIUS) for up-gradation of infrastructure in the existing industrial areas of Bodhjungle Industrial Estate (IE) and R.K. Nagar IE in two phases, *viz.* MIIUS-I (Bodhjungle Industrial Estate) and MIIUS-II (R.K. Nagar IE). The objective of the scheme was to enhance competitiveness of industry by providing quality infrastructure to catalyse and promote industrial growth, employment generation and technology up-gradation. The Government of India (GoI) approved the Bodhjungle industrial area (MIIUS-I) project on 5 March 2015 at a total project cost of ₹ 59.93 crore<sup>28</sup> and the R.K. Nagar industrial area (MIIUS-II) project on 1 March 2016 at a total cost of ₹ 52.25 crore<sup>29</sup>. The components of two projects involved creation of the following infrastructure within two-three years from the date of approval of the project (MIIUS-I and II):

- (i) physical infrastructure such as roads, water supply, street lights, piped natural gas (PNG), optical fibre;

<sup>27</sup> The project cost under MIIUS in North Eastern states was to be funded through GoI grant (80 *per cent*) subject to the ceiling of 50 crores and SIA contribution (minimum 10 *per cent* of the project cost) with an option to avail loans from financial institutions or contribution from beneficiary industries for the balance amount

<sup>28</sup> GoI: ₹ 43.51 crore and SIA: ₹ 16.42 crore as revised (20 September 2017)

<sup>29</sup> GoI: ₹ 38.76 crore and SIA: ₹ 13.49 crore

- (ii) technical infrastructure such as convention centre and electrical sub-station; and
- (iii) social infrastructure such as multi-purpose facility (housing activities related to skill development and common facilities for all industrial users), amenity centre and workers' hostel.

#### **4.2.3 Role of Tripura Industrial Development Corporation Limited**

The Department of Industries and Commerce, was the nodal Department for industrialisation in the State. The Department discharges its responsibility through Tripura Industrial Development Corporation Limited (TIDCL). TIDCL was also the State Implementing Agency (SIA) for implementation of MIIUS in the State.

TIDCL<sup>30</sup>, being the SIA for MIIUS projects was responsible for creation of industrial infrastructure and to provide requisite infrastructure<sup>31</sup> and finance for promotion and development of industries in the State. As of November 2019, TIDCL had allotted land and sheds to 220 Industrial Units (IUs) in 15 Industrial Estates (IEs) across the State.

#### **4.2.4 Audit Objectives, Scope and Methodology**

The thematic audit of TIDCL was carried out during September-November 2019 with the objective of ascertaining the extent to which:

- the stated objective of industrial development in the State was achieved; and
- industrial infrastructure was developed and allotted to the Industrial Units as envisaged; and
- macro outcomes Infrastructure Development Scheme (MIIUS) were achieved.

As on 30 September 2019, TIDCL had allotted land and sheds to total 220 IUs in 15 IEs in the State. The present thematic audit covered the activities<sup>32</sup> of TIDCL in two IEs (Bodhjunnagar and R.K. Nagar) where two MIIUS projects (MIIUS I & II) were implemented. The land available<sup>33</sup> within these two sampled IEs (761.89 acre) constituted 50.65 *per cent* of the total land acquired by the Company across the State (1,502.69 acres) for all the 15 IEs up to 2018-19. The audit process further involved detailed scrutiny of the allotment process and fulfilment of conditions of the allotment of 56 randomly selected IUs out of total 111 IUs which were allotted land and sheds in two sampled IEs as of September 2019.

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<sup>30</sup> A State owned Company incorporated in 1974 under Companies Act, 1956

<sup>31</sup> Sheds, common effluent treatment plant, water supply system, *etc.*

<sup>32</sup> The activities of TIDCL in selected IEs inter alia included development and allotment of land, monitoring of fulfilment of conditions attached to the allotment and implementation of MIIUS Phase I and II

<sup>33</sup> Land available represents the land acquired by the State Government and handed over to the Company

#### 4.2.5 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Industrial and land allotment policies of Government of Tripura;
- Terms and conditions of Allotment /Lease Agreement between TIDCL and allottees;
- MIIUS Scheme/project guidelines and sanction orders;
- Central Vigilance Commission (CVC) guidelines, Pollution Control guidelines, etc.
- Civil works related provisions (CPWD manuals, Contract Agreements).

#### Audit findings

Audit findings are discussed in succeeding paragraphs.

#### 4.2.6 Scheme funding

Based on GoT's proposals, GoI sanctioned (March 2015/March 2016) ₹ 112.18 crore (Central share: ₹ 82.27 crore and State share: ₹ 29.91 crore) for implementation of two MIIUS projects (MIIUS-I and II) in two IEs (*viz.* Bodhjunnagar and R.K. Nagar). The summarised detail of total funding provided by GoI and GoT and its utilisation by TIDCL on implementation of two projects as on 30 September 2019 are shown in **Table 4.2.1**.

**Table 4.2.1: Scheme funding provided and utilised on implementation of MIIUS-I & II (Bodhjunnagar and R.K. Nagar IEs) as on 30 September 2019**

Scheme	Project sanctioned cost			Funds released		Interest earned	Total funds available	Funds utilised <sup>34</sup>	Funds remained unspent
	GoI	GoT	Total	GoI	GoT				
MIIUS-I	43.51	16.42	59.93	42.99	16.45	4.29	63.73	46.09	17.64
MIIUS-II	38.76	13.49	52.25	38.31	13.49	2.98	54.78	50.60	4.18
<b>Total</b>	<b>82.27</b>	<b>29.91</b>	<b>112.18</b>	<b>81.30</b>	<b>29.94</b>	<b>7.27</b>	<b>118.51</b>	<b>96.69</b>	<b>21.82</b>

The MIIUS projects were to be completed within three years from the date of approval (March 2015/March 2016) and as such, both the projects (MIIUS I & II) were scheduled for completion latest by 31 March 2019. However, TIDCL could not complete the two projects as of October 2019<sup>35</sup>.

It can be noticed from **Table 4.2.1**, GoI and GoT had provided almost 100 *per cent* of the committed funding for implementation of MIIUS projects. However, TIDCL could not utilise around 18 *per cent* (₹ 21.82 crore) of the funds available for project

<sup>34</sup> Including the Implementing Charges of ₹ 3.58 crore (MIIUS-I: ₹ 1.71 crore and MIIUS-II: ₹ 1.87 crore) paid to TIDCL

<sup>35</sup> As per the progress report submitted by the Consultant as of October 2019, the physical progress of civil works achieved for MIIUS-I and II was 98.5 *per cent* and 98 *per cent* with total financial progress of ₹ 43.03 crore (MIIUS-I) and ₹ 40.31 crore (MIIUS-II) respectively

implementation as on 30 September 2019. This was mainly because of slow progress of works leading to pending execution of various work components behind the approved schedule. Availability of unspent scheme funds (₹ 21.82 crore) further indicated that there was no dearth of fund availability for timely completion of the project.

#### 4.2.7 Allotment of Land and Sheds

The activities of TIDCL in the two selected IEs covered under the present audit inter alia included development and allotment of land, monitoring of fulfilment of conditions attached to the allotment, and implementation of MIIUS Phase I and II. As on 30 September 2019, TIDCL provided total 761.89 acres of land to the two sampled IEs; of which, 442.60 acres of land was available for allotment<sup>36</sup> as on 31 March 2019. As against this, the IEs allotted 288.66 acres of land to total 111 IUs. The year-wise position of land and sheds available vis-à-vis allotted by two IEs to various IUs during last five years (2014-15 to 2018-19) is given in **Table 4.2.2**.

**Table 4.2.2: Details of land and sheds available for allotment vis-à-vis allotted during 2014-15 to 2018-19 in Bodhjunnagar (B Nagar) and R.K Nagar IEs**

Year	Available for allotment				Allotted				Total number of Industrial Units (IUs)	
	Land (Acre)		Sheds (No.)		Land (Acre)		Sheds (No.)		B Nagar	RK Nagar
	B Nagar	RK Nagar	B Nagar	RK Nagar	B Nagar	RK Nagar	B Nagar	RK Nagar		
O/B	266.60	37	23	0	153.95	14.38	10	0	50	2
2014-15	266.60	37	23	0	2.41	0	0	0	4	0
2015-16	266.60	108.16	23	14	12.92	3.00	0	2	14	4
2016-17	266.60	108.16	23	14	11.25	46.00	1	2	5	5
2017-18	266.60	131.16	23	16	17.70	3.10	2	2	9	3
2018-19	295.65	146.95	23	18	22.95	1.00	3	2	13	2
<b>Total</b>	-	-	-	-	<b>221.18</b>	<b>67.48</b>	<b>16</b>	<b>8</b>	<b>95</b>	<b>16</b>
<b>G. Total</b>	-	-	-	-	<b>288.66</b>	-	<b>24</b>	-	<b>111</b>	-

Source: Records of TIDCL

It can be noticed from **Table 4.2.2**, out of total land measuring 442.60 acre available for allotment (Bodhjunnagar IE: 295.65 acre; R. K Nagar: 146.95 acre) as on 31 March 2019, the two IEs could allot 288.66 acres of land (65 per cent) to 111 IUs. This included the land allotted under Budhjunnagar IE (221.18 acre) and R. K Nagar IE (67.48 acre), which was 75 per cent and 46 per cent of the land available under the respective IEs.

It can also be seen that during the five years (2014-15 to 2018-19) covered in audit, the two IEs could allot only 27 per cent (120.33 acre) of the total land (442.60 acre) available for allotment. Further, during 2014-15 to 2018-19 (excepting 2016-17), R. K Nagar IE could allot merely 7.10 acre of land, which indicated comparatively low industrial activities under this IE.

<sup>36</sup> The difference between the Land available (761.89 acre) and Land allotable (442.60 acre) in two IEs pertained to the Land left for common facilities (i.e. roads, electrical installations, common facilities, etc.) as well as Land under development and undeveloped forest or valley (lunga) Land

Similarly, out of total 41 sheds available in two IEs (Bodhjunnagar: 23 sheds; R. K. Nagar: 18 sheds) as on 31 March 2019, TIDCL could allot only 24 sheds (59 per cent). It can also be seen that as of March 2019, R. K. Nagar IE could allot 44 per cent (8 sheds) of sheds available for allotment as compared to 70 per cent (16 sheds) allotted by Bodhjunnagar IE.

Thus, the position above indicated that activities of TIDCL towards development and allotment of land and sheds to industrial units were not encouraging.

## 4.2.8 Process management

### 4.2.8.1 Delays in allotment

As per Land Allotment Policy of TIDCL (January 2016), TIDCL was required to allot the land to the IUs within six working days after receipt of the application from the IU concerned. The details of time taken by TIDCL for processing and allotment of land to 56 sampled IUs under Bodhjunnagar and R. K. Nagar IEs at different stages is shown in **Table 4.2.3**.

**Table 4.2.3: Stage-wise delay in allotment process**

Steps	Activity flow	Average working days		Extent of delay (days)	Number of cases
		Prescribed	Actual		
1	Receipt of application through single window	1	1	0	-
2	Scrutiny of application, earmarking of land and sending proposal to Managing Director (MD), TIDCL	2	NA	NA	-
3	Proposal approval by MD and issuance of consent letter for payment of premium	1	27	6 to 90	32
4	Deposit of premium	1	62	2 to 693	29
5	Issue of Allotment Order	1	34	3 to 141	43
<b>Total time</b>		<b>6</b>	<b>105</b>	<b>8 to 794</b>	<b>46</b>

*Source: Records of TIDCL*

It can be seen from **Table 4.2.3** that there were delays at each stage of activity taking an average 105 working days for issue of allotment order to the IUs. Stage-wise analysis of delay in allotment process relating to 56 sampled IUs revealed that there were considerable delays at each stage of land allotment process, which had correspondingly delayed the final allotment of land at an average by 99 days<sup>37</sup> after receipt of applications in 46 out of total 56 cases test checked. The delays were mainly attributable to change of allotted units (four units), delay in measurement of land (two units), non-readiness or renovation of sheds (two units), delay in movement of files (two units) and delayed deposit of premium by the allottees (29 cases). One illustrative case study on the reasons for delays has been presented below:

<sup>37</sup> Difference between average working days as prescribed (6 days) and as actually taken (105 days)

**Case study: Application for setting up a CNG Cylinder Testing Unit**

TIDCL received application (11 August 2015) to set up an oxygen gas manufacturing plant (Agartala Air Products). TIDCL placed (31 October 2015) the proposal before the MD for approval after more than two months of receipt of application and MD approved it on the same day. Subsequently, the Applicant deposited the premium (18 November 2015) and TIDCL issued allotment order on 26 November 2015.

As could be seen from the above, the delay in allotment was mainly due to abnormal period of more than two months taken by TIDCL in processing the application. No specific reasons for this delay were, however, found on record.

Audit further observed that, TIDCL failed to execute formal lease deeds/agreements with the land allottees (IUs) clearly defining the obligations of the lessees (IUs) as well as the enabling provision for imposing penalty or cancellation of lease in case of delays/default in payment of lease premium by the land allottees (IUs) as discussed under **Paragraph 4.2.8.2**.

In reply, the Government accepted the audit observation and assured (February 2020) that it would take appropriate steps to arrest the delays in allotment of land.

**4.2.8.2 Failure to execute lease deeds**

Lease deed is a legal document which lays out all important terms and conditions essential to safeguard and protect the leased out asset and the financial interests of the Lessor. Since the lease deed sets out obligations of the lessee, it is imperative that a formal lease deed is executed by TIDCL and the IUs to avoid any disputes in the future.

As per the allotment orders, the TIDCL and the Industrial Units were to execute a registered deed of lease agreement within three months from the date of issue of allotment order. Audit, however, observed that out of 56 sampled IUs, TIDCL had not executed lease deeds with 16 IUs during the period covered by Audit. In the absence of formal lease deeds/agreements, TIDCL was exposed to possible financial risks and damage to the leased out property.

In reply, the Government accepted the facts and stated (February 2020) that TIDCL had started issuing letters to the units for execution of lease deeds.

**4.2.8.3 Delays in realisation of lease rent**

One of the prime sources of fund for maintenance of IEs was monthly lease rent collected from the IUs. Thus, timely recovery of lease rental (along with water charges) was imperative to ensure proper maintenance of IEs without impacting the financial health of TIDCL. As per allotment orders, in case of default in payment of rent for three consecutive months, TIDCL should cancel the lease and take back the possession of the land and sheds. As per the latest accounts finalised (2018-19), TIDCL had total 'trade receivables' of ₹ 4.96 crore as on 31 March 2019, which

included the doubtful lease rent of ₹ 4.58 crore<sup>38</sup> (92.35 per cent) due against 66 IUs in respect of whom no lease rent was claimed during 2018-19 due to reasons like cancellation/closure of agreement, IUs left the premise, etc.

Audit scrutiny further revealed that 51 out of 56 sampled IUs had defaulted in making lease rent payments for periods ranging from 3 to more than 24 months. As a result, an amount of ₹ 3.84 crore was pending for recovery (30 September 2019) on account of monthly lease rent including water charges. TIDCL, however, did not take necessary steps to cancel or take possession of the leased land and sheds from the defaulting units except issuing show cause notices to 21 IUs.

Audit reviewed the cases of 51 defaulting units (out of 56 sampled units) mentioned above to analyse effectiveness of the action taken by TIDCL against the defaulters and following was observed:

In one case<sup>39</sup>, based on the proposal of the Management, the Board resolved (2 May 2015) to take action against the defaulting unit by filing a certificate case under Tripura Public Demand Recovery Act, 2000 for recovery of outstanding lease rent (₹ 23.75 lakh). Audit, however, observed that TIDCL could not recover the outstanding dues from both the above mentioned defaulting units so far (February 2020).

Audit further observed that the Board in its 176<sup>th</sup> meeting resolved (May 2015) to take steps to incorporate the additional conditions in the lease deeds for obtaining the necessary collateral security from the IUs at the time of execution of lease deeds to safeguard its financial interests and ensure recovery of unpaid lease rental. TIDCL, however, failed to comply with the above decision of the Board (February 2020). The inaction on part of Management of TIDCL in the matter was detrimental to the financial interests of TIDCL.

In reply, the Government assured (February 2020) that steps towards cancellation of allotment would be initiated as per terms and conditions of lease deed.

#### 4.2.9 Project management under MIIUS

As per MIIUS guidelines, the project proposal was to be conceptualised and formulated meticulously after conducting detailed survey and study of the identified industrial estates/areas and generating credible data for laying the foundation of the project proposal. The critical gaps in the infrastructure impinging upon the competitiveness of the industry should clearly be brought out in the proposal. Measurable outcomes such as expected enhancement in productivity and employment should be incorporated into the project proposal. The project proposal must also spell out outcomes envisaged and the indicators that would be positively impacted by the project. It should suggest the mechanism for operation and maintenance of the infrastructure proposed to be created on sustainable basis by levying user charges, fees, etc.

<sup>38</sup> Refer comments of C&AG (No. C1) on the accounts of TIDCL for the year 2018-19 read with Statutory Auditors' qualification vide para 2 (h) (A) & (B) of their Audit Report dated 22.2.2020

<sup>39</sup> M/s Icore Super Cement Pvt. Ltd.

A Detailed Feasibility Report (DFR) for the project was to be prepared which should include realistic cost estimates of construction, technical specifications, master plan along with drawings and buildings plan, financial assumption, *etc.* The DFR so prepared should clearly establish the expected outcome of each of the interventions, which should be measurable along with a firm implementation schedule in the form of a PERT chart<sup>40</sup> showing activity/component wise timelines.

#### 4.2.9.1 Quality of Detailed Project Report /Detailed Feasibility Report

Audit reviewed two Detailed Project Reports (DPRs)<sup>41</sup> relating to the Scheme projects approved during the period of five years (2014-19) to assess the quality of the DPRs. Audit noticed that both the DPRs were prepared on the basis of inaccurate data/ground facts, unrealistic assumptions and expectations about need and utilisation of proposed interventions (project assets) as discussed below:

*Unrealistic projections on utilisation of project assets and collection of revenue:* The DPRs of Bodhjunnagar and R. K Nagar had considered certain assumptions regarding the extent of utilisation of project assets and revenue/ users' charges collectable there against. Audit observed that the projections made in the DPRs for utilisation of the project assets and collection of revenue/ user charges from the users of these assets were not based on any scientific study or market survey of the demand and availability of similar facilities, prevailing market rates of similar facilities, *etc.* as detailed in **Table 4.2.4**.

**Table 4.2.4: Utilisation of project assets as per the DPRs**

Sl. No.	Nature of asset	Extent of utilisation as per DPR	Rate as per DPR (in ₹)	Remarks
1	CETP	1000 Cubic Meter per day	20 per cubic meter	DPR projected the annual revenue collection at ₹ 60 lakh <sup>42</sup> based on the prevailing industries which proved to be highly inflated considering the fact that the actual revenue from the existing CETP was only ₹ 6.28 lakh per year during 2014-19.
2	Conference Hall and Convention Centre)	500 persons per month	1,000	DPRs projected the annual revenue generation of ₹ 72 lakh <sup>43</sup> without considering the availability of alternate conference facilities in and around the Agartala City.

<sup>40</sup> Programme Evaluation and Review Technique Chart (PERT Chart) is a graphic representation of the timeline of a project, which gives the Project Manager the tools needed to break down each of the projects' tasks for analysis

<sup>41</sup> The DPRs were prepared by the Consultants (M/s IL&FS Clusters Development Initiative) appointed October 2014/December 2015) by TIDCL for MIUS I & II

<sup>42</sup> 1000 Cubic Meter per day × ₹ 20 per Cubic Meter × 300 working days

<sup>43</sup> As per para 11.2 (Revenue Assumptions) of the DPR

Sl. No.	Nature of asset	Extent of utilisation as per DPR	Rate as per DPR (in ₹)	Remarks
3	Meeting Rooms (Business and Convention Centre)	30 persons per week in Four rooms	1,000 per person	DPRs projected the annual revenue generation of ₹ 87.36 lakh <sup>44</sup> without considering the availability of alternative facility in and around Agartala City.
4	Restaurant (Business and Convention Centre)	50 persons per day	500 per person	DPRs projected the annual revenue generation of ₹ 91.25 lakh <sup>45</sup> without any basis and demand analysis.
5	Skill Development Centre (Common Facilities)	monthly	10,00,000 per month	DPRs projected the annual revenue generation of ₹ 120.00 lakh without any basis and specific details on the training to be imparted.
6	Design Centre (Common Facilities)	10,760 Square Feet	15 per square feet	DPRs projected the annual revenue of ₹ 19.37 lakh <sup>46</sup> from Design Centre without any basis and specific details on the facilities to be created.

#### 4.2.9.2 Delay in establishment of Optical Fibre Network

To provide high speed band connectivity, TIDCL established (June 2018) a dedicated Optical Fibre Cable Network (OFC) at Bodhjunnagar and R.K. Nagar IEs through Bharat Sanchar Nigam Limited (BSNL) at a cost of ₹ 1.26 crore<sup>47</sup>.

Audit observed that as of March 2020, only three out of 111 IUs in two IEs were actually availing the services of high speed band connectivity. This indicated that TIDCL had not encouraged industries to avail the facility provided in the IEs.

In reply, the Government stated (February 2020) that the work of OFC Network had been completed in June 2018 and it had informed all the IUs to avail the facility.

The fact remained that the high speed band connectivity created under two IEs largely remained underutilised due to inadequate efforts on part of TIDCL to persuade and encourage the intended users to avail the facility.

#### 4.2.9.3 Monitoring of project work

Monitoring is essential for achieving timely completion of project in a systematic and cost effective manner. Audit, however observed that TIDCL did not fix the physical and financial milestones for successful completion of the projects and to facilitate monitoring of work progress as per the fixed time line.

<sup>44</sup> Four rooms× 70 per cent× 30 persons × two events per week × 52 weeks × ₹ 1000

<sup>45</sup> 50 person× ₹ 500 per day per person for 365 days

<sup>46</sup> ₹ 15 per Sq. Ft. × 10760 nos. × 12 months

<sup>47</sup> Out of total sanctioned cost of ₹ 1.26 crore (MIUS-I: ₹ 0.45 crore and MIUS-II: ₹ 0.81 crore), TIDCL released ₹ 1.04 crore to BSNL in August 2015 (₹ 0.45 crore) and ₹ 0.59 crore in May 2017

As per MIIUS guidelines, the State Implementing Agency (TIDCL) was to submit quarterly progress reports (QPRs) to Department of Industrial Policy and Promotion (DIPP). Examination of records of TIDCL, however, revealed that the TIDCL was not regular in submitting the QPRs to DIPP causing adverse impact on the monitoring and progress of project works.

TIDCL awarded (December 2015/April 2016) the civil works relating to MIIUS-I and MIIUS-II to two construction agencies<sup>48</sup> at a contract value of ₹ 39.73 crore (MIIUS-I) and ₹ 46.25 crore (MIIUS-II). As per work agreements executed by TIDCL, the construction agencies were required to complete the project works for MIIUS-I and II by 22 January 2018 and 09 May 2018 respectively. In case of delay in completion of works, TIDCL was entitled to levy the liquidated damages on the construction agencies at 0.5 *per cent* of the contract value per week for the period of delay subject to a maximum of five *per cent* of final contract price. It was observed that:

- The work of MIIUS-I was delayed due to slow progress of work by the construction agency such as approach road, water supply system, effluent pipelines, *etc.* As on October 2019, the physical progress of work as submitted by the Consultant was 98.5 *per cent* with a total financial progress of ₹ 43.03 crore including extra items of work.
- In the case of MIIUS-II works, the construction agency delayed submission of layout drawings for more than one year and also delayed in procurement of building materials leading to corresponding delay in completion of project work. As on October 2019, the physical progress of work submitted by Consultant was 98 *per cent* with a total financial progress of ₹ 40.31 crore including extra works.

Audit observed that TIDCL did not maintain the hindrance registers to identify reasons for the delays to fix responsibility. Despite avoidable delays on part of the construction agencies, TIDCL failed to levy liquidated damages amounting to ₹ 4.33 crore<sup>49</sup> for delay and non-completion of the work within the scheduled time.

The Government stated (February 2020) that delays occurred due to non-availability of labour and construction materials in the local market, monsoon season, *etc.*

The reply is not acceptable as the above hindrances were foreseeable at planning stage and TIDCL should have properly addressed these issues while issuing the work orders and fixing the time frame for the project works. Further, TIDCL could not establish its assertion regarding the stated hindrances due to non-maintenance of necessary records to document the reasons for delays.

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<sup>48</sup> **MIIUS-I:** M/s Swapan Chandra Dey (Date of Agreement: 22 January 2016); **MIIUS-II:** M/s Mackintosh Burn Limited (Date of Agreement: 9 May 2016)

<sup>49</sup> (₹ 40.33 crore + ₹ 46.25 crore) × 5/100 = ₹ 4.33 crore

**4.2.10 Macro outcomes of the MIIUS Scheme**

As stated earlier, MIIUS aimed at providing quality infrastructure to catalyse and promote industrial growth, employment generation and technology up-gradation. Audit, however, observed that there was low and inconsistent demand for industrial plots in the sampled IEs during 2014-19. This was evident from the fact that during period covered in audit, TIDCL could allot land only one to eight units per year in the two sampled IEs. The fact that there were few takers for industrial plots even in the two most developed IEs in the vicinity of the State capital despite a large number of Central and State Government incentives, points towards inadequacy/ insufficiency of the policy environment to attract industrial investment in Tripura.

**Table 4.2.5** depicts the actual achievements against the envisaged outcomes of MIIUS as per the Detailed Project Reports (DPRs) as of September 2019.

**Table 4.2.5: Achievement against the envisaged outcomes of MIIUS**

Outcome as per DPR	Audit Observations
<p>a) <b>Status on functioning of Industrial Units:</b> As per the land allotment conditions, the IUs should start production within 12 months/ 18 months/ 24 months of land allotment for a projected investment of ₹ 5 crore, ₹ 10 crore and ₹ 15 crore respectively.</p>	<p>As per the specified construction period mentioned in the land allotment order, 50 out of the 56 sampled IUs were supposed to be functional as of September 2019. However, as per the joint physical verification of the IEs carried out (8 August 2019) by Audit with the representatives of TIDCL:</p> <ul style="list-style-type: none"> <li>• only 29 IUs were found functional;</li> <li>• Ten IUs had ‘nil’ or negligible development of allotted land/sheds for no reasons on record;</li> <li>• Remaining 11 IUs were non-functional mainly due to financial problems, low productivity, logistics, <i>etc.</i></li> </ul>
<p>b) <b>Integrated Complex:</b> The project proposes to provide facilities that would integrate critical industrial infrastructure with basic physical and support infrastructure.</p>	<p>There was no evidence to evaluate the facilities that would integrate critical industrial infrastructure. The components of both the projects included infrastructure of common nature that could be converged into one integrated complex, as the two IEs were located close to each other. TIDCL, however, had not taken any measures to integrate the critical infrastructure of common nature under two IEs.</p>
<p>c) <b>Employment generation:</b> The project shall generate regular employment opportunities for almost 5,000 to 8,000 workers directly. It shall also generate</p>	<p>The DPR projected generation of direct and regular employment opportunities for almost 5,000 to 8,000 workers without providing the supporting details and credible data on the employment</p>

Outcome as per DPR	Audit Observations
<p>significant number of employment opportunities in other supporting activities.</p>	<p>structure. The DPR projections proved to be unrealistic as only 804 workers<sup>50</sup> could be directly employed during 2015-16 to 2019-20 under MIIUS-I and II projects. Further, as of September 2019, TIDCL could generate only 2,336 jobs under two sampled IEs.</p> <p>Due to generation of low employment opportunities than projected, the infrastructure facilities (workers' hostels, <i>etc.</i>) created to accommodate the working staff under two IEs remained underutilised.</p>
<p>d) <b>Ease of Information (Fibre Optics):</b> The project shall enable the enterprises and other stakeholders of the cluster to access critical information on market trends through its Information and Communication Technology (ICT) platform. This would help in proper information flow and address another critical weakness of the cluster.</p>	<p>Optical Fibre Cable (OFC) network was proposed to be laid in the internal roads of the IEs. Though TIDCL had laid down (June 2018) through Bharat Sanchar Nigam Limited (BSNL), the broadband connectivity was utilised by only three out of 111 IUs in two IEs till March 2020. This indicated that there was lack of demand for high speed network services in two IEs.</p> <p>Further, in absence of formal work order and proper documentation by TIDCL regarding OFC work executed by BSNL, the actual delay in completion of work by BSNL could not be ascertained.</p>
<p>e) <b>Training and skill building</b> as part of Multi-Purpose Building: The project shall also create infrastructure for imparting training and upgrading existing skills of the industrial workers engaged in rubber processing, food processing and light engineering. This is necessary to address skill gaps found in the industrial workers.</p>	<p>There was no evidence of any inputs from the industries to identify the skill gaps. Further, training and upgrading the skills of industrial workers had lost its relevance as no significant increase in the employment generation was noticed in the two sampled IEs over the last five years as mentioned under para (c) above.</p>
<p>f) <b>Positive indicators for investment appeal (Bodhjungle Nagar IE):</b> Quality of human resources and infrastructure, conducive business environment, <i>etc.</i></p>	<p>There was no source of evidence to support the existence of the claimed positive indicators in the State. On the contrary, Tripura was ranked 25<sup>th</sup> in the ranking<sup>51</sup> for 'Ease of Doing Business' (2017) in the Country.</p>
<p>g) <b>Environmental Impact:</b> Creation of the Common Effluent Treatment Plant (CETP) will have significant positive impact</p>	<p>Actual utilisation of the CETP<sup>52</sup> during 2014-19 ranged from 4.41 to 12.59 <i>per cent</i>. Despite the available treatment capacity, effluents of three<sup>53</sup></p>

<sup>50</sup> Data furnished by TIDCL to DIPP

<sup>51</sup> Source: Department of Industrial Policy and Promotion, Government of India.

<sup>52</sup> CETP was set up in August 2014

<sup>53</sup> Brite Rubber, Agartala Rubber and Virgin Rubber

Outcome as per DPR	Audit Observations
on the environmental condition of the area.	<p>out of five rubber industries<sup>54</sup> presently functional in Bodhjungnagar IE were disposed of without proper treatment during 2018-19 defeating the basic objective of the Scheme.</p> <p>This indicated that TIDCL had not taken necessary measure to make utilisation of CEPT mandatory on the IUs under two IEs.</p>

#### 4.2.11 Conclusion

Implementation of the Modified Industrial Infrastructure Upgradation Scheme (MIUS) for promotion of industrialisation in the State was far from satisfactory. As against the total land measuring 442.60 acre available for allotment, TIDCL could allot only 288.66 acres of land (65 per cent) to 111 IUs as on 31 March 2019. This indicated lack of demand for industrial land in the State and also lapse on part of the State Government in taking adequate efforts for attracting the industries to Tripura.

The process management of TIDCL was inefficient considering average delays of 99 days noticed in final allotment of land after receipt of application. TIDCL has not ensure execution of formal lease agreements with the industrial units thereby exposing it against possible financial risks and damage to the leased property. There were unreasonable delays in realisation of lease rent amounting to ₹ 3.84 crore from 51 out of 56 test checked industrial units for periods ranging from 3 to more than 24 months.

The Detailed Project Reports prepared for implementation of MIUS were deficient and unrealistic due to lack of detailed survey and need based analysis of the actual requirement resulting in redundancy of projects. The overall achievements against those envisaged in MIUS showed 29 functional units out of 50; non integration of critical industrial infrastructure; low employment opportunities; weak demand for optical fibre network facility and the State stood at 25 rank in Ease of Doing Business.

#### 4.2.12 Recommendations

*The Government/TIDCL may ensure:*

- *formulating project DPRs based on detailed survey/feasibility study and realistic assumptions;*
- *timely creation of infrastructure and allotment of industrial land/sheds to industrial units to achieve the scheme objectives; and*
- *formalising lease arrangements with the industrial units to ensure appropriate legal action against defaulting units.*

<sup>54</sup> Excluding Abhisar Buildwell Private Limited, which was non-functional

## TRIPURA HANDLOOM AND HANDICRAFTS DEVELOPMENT CORPORATION LIMITED

### 4.3 Non-recovery of rental and user charges

**The Company could not recover the rental and user charges of ₹ 45.11 lakh from the two operating Agencies due to non-execution of formal lease agreements with these Agencies**

Union Ministry of Textiles accorded in-principle approval (31 December 2014) for setting up a Centre for Apparel and Garment Manufacturing at Bodhjungle Industrial Growth Centre, under North East Textile Promotion Scheme. The objective of the scheme was to generate productive employment and mark the beginning of organised textile industry in North Eastern Region. For this purpose, Tripura Industrial Development Corporation Limited<sup>55</sup> (TIDCL) allotted (April and June 2015) 2.16 acres of land to the Project Implementing Agency (PIA), Tripura Handloom & Handicrafts Development Corporation Limited (Company) on a monthly lease rent of ₹ 6,000 per acre of land and water charges of ₹ 10 per Kilo litre. GoI entrusted the work of construction of building including supply, installation and commissioning of machinery on 'turnkey basis' to the National Buildings Construction Corporation Limited (NBCC)<sup>56</sup> along with an inbuilt annual maintenance contract for a period of three years. The construction work was completed and the building was handed over to the Company on 31 January 2016.

Three units of modern apparel and garment making were to be operated on a 'Plug and Play' mode for provision of quality skill<sup>57</sup> (one unit) and production on commercial scale<sup>58</sup> (two units) in apparel and garment making, through private entrepreneurs having necessary expertise.

The Company entered into three Memoranda of Agreement (MoA) with M/s Technopak Advisors Private Limited on 22 February 2016 for Unit-I (for provision of quality skill) on highest bid basis and M/s Su-Sneha Textiles (single bidder) on 11 March 2016 and 19 April 2016 for Unit-II and Unit-III (for production on commercial scale) respectively. The tenure of the lease was initially for three years, which could be renewed provided the agencies fulfilled the scope of work and achieved the desired objectives of the project as stipulated in the scheme guidelines. The operating Agencies were required to pay the rental and user charges to the Company in advance on or before 15<sup>th</sup> day of preceding month.

Audit observed that while entering in MoA with the operating Agencies, Company failed to incorporate appropriate provisions to protect its financial interests in case of default in payment of lease and other dues by the operating Agencies. Audit observed

<sup>55</sup> A State owned Public Sector Undertaking

<sup>56</sup> A Government of India Enterprise

<sup>57</sup> Skill development training in textile sector

<sup>58</sup> Commercial scale production was to be taken up as per the local requirements like uniforms for police and students, etc.

that the MoA entered into with the operating Agencies did not have clear provisions regarding recovery of unpaid rental and other dues from the defaulting Agencies. The stipulations in the MoA in this regard were merely restricted to referring the issue of any dispute between the operating Agencies and the Company to the Secretary, Ministry of Textile, Government of India for final decision.

Audit further observed that the Company did not formalise the lease arrangements with the operating Agencies by executing a formal lease agreements despite the requirements of the MoA entered into with these Agencies. As a result, the Company compromised its legal rights against the operating Agencies for recovery of unpaid lease and other dues, in case of default in payment of lease rental by these Agencies.

Examination of the records of the Company revealed that though the Agencies (M/s Technopak Advisors Private Limited and M/s Su-Sneha Textiles) had taken over the units on 22 April 2016, the Company did not realise monthly rental and user charges amounting to ₹ 45.11 lakh due from them, till date of audit (March 2019) as detailed in **Table 4.3.1**.

**Table 4.3.1: Outstanding monthly rental and user charges**

Unit No.	Operating Agency	Date of MoA	Monthly rental and user charges (in ₹)	Outstanding dues (₹ in lakh)	Period of outstanding dues
I	M/s Technopak Advisors Pvt. Ltd.	22-02-2016	85,111	5.96	July 2016 to January 2017 <sup>59</sup>
II	M/s Su-Sneha Textiles	11-03-2016	51,979	18.19	May 2016 to March 2019
III		19-04-2016	59,880	20.96	May 2016 to March 2019
<b>Total outstanding dues to be realised</b>				<b>45.11</b>	

Audit noticed that the Company cancelled the allotment of Unit-I in April 2017<sup>60</sup> due to failure of the Agency (M/s Technopak Advisors Pvt. Ltd.) to provide the required trained manpower to the production units, but they could not realise the lease rent of ₹ 5.96 lakh due from the Agency for the period from July 2016 to January 2017. To continue the operation of Unit-I, though the Company accepted the bid submitted<sup>61</sup> by IL&FS Development Corporation Limited (IL&FS) and also entered into (November 2017) an MoA, the Agency (IL&FS) did not continue and had surrendered the possession of the unit from 1<sup>st</sup> November 2018. The unit remained idle thereafter (February 2020).

As regards the other unit, M/s Su-Sneha Textiles, since they also could not carry out business, the Government decided (8 May 2018) to withdraw one unit (Unit II) from the Agency and call for fresh proposals for 'Expression of Interest' for managing the

<sup>59</sup> Allotment was cancelled in April 2017 and payment for two months (February-March 2017) was made

<sup>60</sup> Decided to cancel MoA by GoI in February 2017 and accordingly MoA was cancelled in April 2017

<sup>61</sup> Bid submitted by IL&FS Development Corporation Ltd in response to the advertisement (August 2017) of the Company

said unit. The Company instructed (May and July 2018) the Agency to hand over the second unit (Unit-III) also and clear the outstanding dues. The Board of Directors (Board) of the Company further resolved (28 September 2018) to take legal action against the defaulting Agencies for realisation of the outstanding dues. There was however, no further progress on this issue.

Audit observed that the Company is a loss incurring<sup>62</sup> entity and as per its latest finalised accounts (2016-17), the Company had negative net worth due to complete erosion of shareholders' equity (₹ 107.09 crore) by the accumulated losses (₹ 121.59 crore). However, despite poor financial health, the Company failed to be alert and vigilant to safeguard its financial interest by formally executing lease agreements with the above mentioned Agencies.

Thus, despite a clear provision in the Memoranda of Agreement to pay the rental and user charges in advance, the Company could not take any legal action against the two operating Agencies for recovery of dues of ₹ 45.11 lakh in absence of formal lease agreements with these Agencies and enabling provisions in the lease agreement/MoA for recovery of said dues in case of default by the Agencies. The Company was also exposed to the risk of payment of penalty of ₹ 1,000 per day to TIDCL after 20 January 2019 due to non-payment of dues of ₹ 6.56 lakh (lease rent: ₹ 6.51 lakh; water charges: ₹ 0.05 lakh) claimed (11 January 2019) by TIDCL.

As a result, the objective of the Scheme remained unachieved due to non-operation of the units. The failure of the Scheme also indicates that the selection of the units and their capacity to provide employment in the garment industry was not properly assessed.

In reply, the Government/Company (February/January 2020) accepted the facts and stated that the recovery of outstanding rental and user charges in respect of M/s Technopak Advisor Ltd. had been taken up with the Ministry of Textiles, Government of India and legal steps had been initiated for recovery of outstanding dues from M/s Su-Sneha Textiles. Regarding non-payment of rental dues (₹ 6.56 lakh) of TIDCL Government stated that the same would be cleared after receipt of pending user charges from the operating Agencies.

***Recommendation: The Company may take steps to do a thorough check on capability of units to generate business/employment in industrial parks. They may take steps to protect their financial interests by executing formal lease agreements with appropriate provisions for recovery of rental and other dues in time in case of default in payment of outstanding dues by the operating agencies.***

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<sup>62</sup> As per its latest finalised accounts (2016-17), the Company incurred loss of ₹ 12.17 crore

## **CHAPTER V: REVENUE SECTOR**



## CHAPTER V: REVENUE SECTOR

### 5.1 GENERAL

#### 5.1.1 Trend of Revenue Receipts

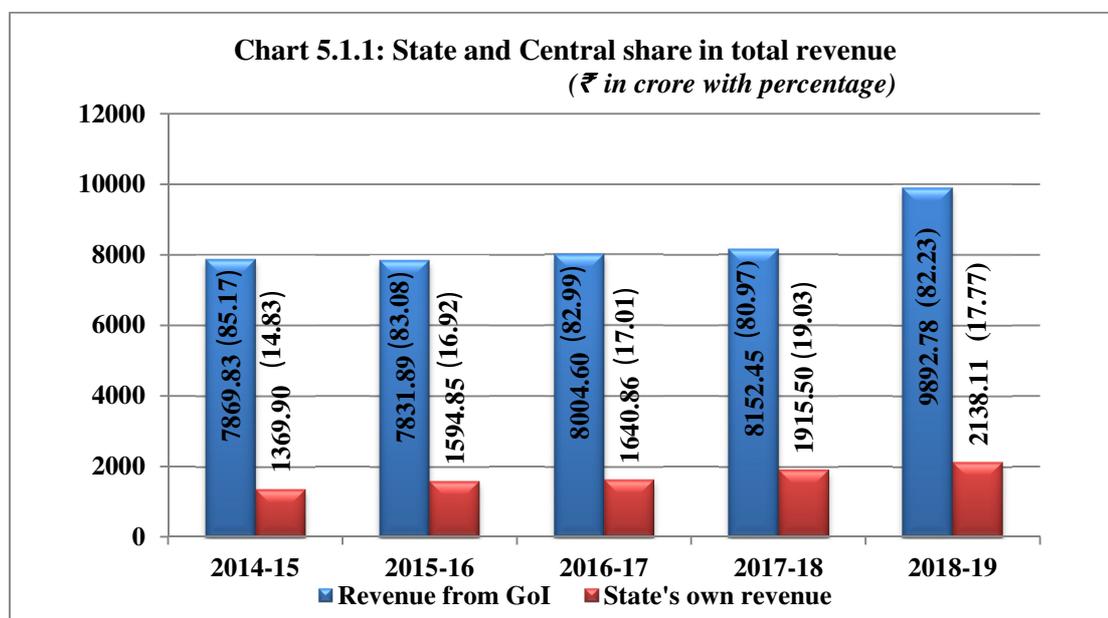
The Tax and Non-tax Revenue raised by Government of Tripura during the year 2018-19, the net proceeds of State's share of Union Taxes and Duties assigned to the State and Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in **Table 5.1.1**.

**Table 5.1.1: Trend of revenue receipts**

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>I.</b>	<b>Revenue raised by the State Government</b>					
	Tax Revenue	1,174.26	1,332.25	1,422.01	1,422.02	1,765.91
	Non-tax Revenue	195.64	262.60	218.85	493.48	372.20
	<b>Total</b>	<b>1,369.90</b>	<b>1,594.85</b>	<b>1,640.86</b>	<b>1,915.50</b>	<b>2,138.11</b>
	<i>Increase over previous year (%)</i>	<i>3.75</i>	<i>16.42</i>	<i>2.88</i>	<i>16.74</i>	<i>11.62</i>
<b>II.</b>	<b>Receipts from the GoI</b>					
	Net proceeds of State Share of Union Taxes and Duties	1,730.13	3,266.02	3,909.12	4,322.08	4,888.95
	Grants-in-aid	6,139.70	4,565.87	4,095.48	3,830.37	5,003.83
	<b>Total</b>	<b>7,869.83</b>	<b>7,831.89</b>	<b>8,004.60</b>	<b>8,152.45</b>	<b>9,892.78</b>
<b>III.</b>	<b>Total Revenue Receipts of the State Government (I and II)</b>	<b>9,239.73</b>	<b>9,426.74</b>	<b>9,645.46</b>	<b>10,067.95</b>	<b>12,030.89</b>
<b>IV.</b>	<b>Percentage of I to III</b>	<b>14.83</b>	<b>16.92</b>	<b>17.01</b>	<b>19.03</b>	<b>17.77</b>

Source: Finance Accounts



**Table 5.1.1** and **Chart 5.1.1** indicated that during the year 2018-19, the revenue raised by the State Government was ₹ 2,138.11 crore which was 17.77 per cent of the total Revenue Receipts. The balance receipts of ₹ 9,892.78 crore, constituted 82.23 per cent of the revenue receipts, were received from the GoI in the form of

State share of Union Taxes and Duties and Grants-in-Aid. The rate of growth of own revenue of the State declined during 2018-19 to 11.62 *per cent* (₹ 222.61 crore) compared from 16.74 *per cent* of the previous year. Revenue Receipts of the State increased by 19.50 *per cent* from ₹ 10,067.95 crore in 2017-18 to ₹ 12,030.89 crore in 2018-19.

**5.1.1(a) Tax Revenue:** During 2018-19 collection of Tax revenue is increased by ₹ 343.89 crore over the previous year. The details of the Tax Revenue raised during the period 2014-15 to 2018-19 are given in **Table 5.1.2**.

**Table 5.1.2: Components of Own Tax Revenue during 2014-19**

(₹ in crore)

Sl. No.	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Increase (+) or decrease (-) of actual in 2018-19 over 2017-18 (%)
1	Sales Tax/ Value Added Tax (VAT)	909.81	1,058.48	1,112.89	611.88	361.95	(-) 40.85
2	GST	--	--	--	479.71	977.44	(+) 103.76
3	State Excise	138.96	143.57	163.19	186.96	214.35	(+) 14.65
4	Stamps and Registration Fees	37.56	42.49	41.83	40.16	51.32	(+) 27.79
5	Taxes on Vehicles	36.09	37.62	43.6	54.38	83.50	(+) 53.55
6	Other Taxes on Income and Expenditure <sup>1</sup>	38.93	39.67	41.96	42.20	43.87	(+) 3.96
7	Land Revenue	10.76	5.97	13.32	4.46	5.29	(+) 18.61
8	Other Taxes and Duties on Commodities and Services	1.87	4.29	3.32	2.17	27.93	(+) 1,187.10
9	Others <sup>2</sup>	0.28	0.16	1.90	0.10	0.26	(+) 160.00
<b>Total</b>		<b>1,174.26</b>	<b>1,332.25</b>	<b>1,422.01</b>	<b>1,422.02</b>	<b>1,765.91</b>	<b>(+) 24.18</b>

*Source: Annual Financial Statement and Finance Accounts*

**Taxes on sales, trade, etc.:** The reason attributed by the Finance (Excise & Taxation) Department for decrease in collection of Sales Tax/Value Added Tax (VAT) (40.85 *per cent*) over the previous year was due to abolishment of all the Check-posts after introduction of Goods and Service Tax (GST). The GST collections increased by 103.76 percent over the previous year.

**State Excise:** The increase in State Excise collections (14.65 *per cent*) over the previous year was due to increase in sale of liquor as well as implementation of first point taxation w.e.f from 1 January 2019.

**Stamps and Registration Fees:** The increase in collection of Stamps and Registration Fees (27.79 *per cent*) over the previous year was on account of increased collections due to enhancement of land valuation.

<sup>1</sup> Includes taxes on profession, trades, calling and employment

<sup>2</sup> Tax on Agriculture Income (₹ 0.15 crore), Taxes & Duties on Electricity (₹ 0.01 crore), Taxes on Immovable property other than Agricultural land (₹ 0.10 crore)

The other departments (indicated in **Table 5.1.2**), despite being requested (September 2019), did not furnish (May 2020) the reasons for variations in Tax Receipts with respect to the previous year.

**5.1.1 (b) Non-tax Revenue:** During 2018-19 collection of Non-tax revenue is decreased by ₹ 121.28 crore over the previous year. The details of the Non-Tax Revenue raised during the period 2014-15 to 2018-19 are indicated in **Table 5.1.3**.

**Table 5.1.3: Components of Non-tax Revenue during 2014-19**

(₹ in crore)

Sl. No.	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Increase (+) or decrease (-) of actual in 2018-19 over 2017-18 (%)
1	Interest Receipts	46.02	55.24	37.07	276.99	146.11	(-) 47.25
2	Industries	65.01	96.41	80.36	87.36	92.81	(+) 6.24
3	Police	34.34	40.50	48.07	60.11	71.77	(+) 19.40
4	Public Works	8.92	8.15	8.08	8.51	5.06	(-) 40.54
5	Forestry and Wildlife	9.83	11.86	11.01	9.76	11.96	(+) 22.54
6	Water Supply and Sanitation	1.92	1.76	2.45	2.36	1.88	(-) 20.34
7	Misc. General Services	5.27	6.48	7.25	8.88	6.18	(-) 30.41
8	Other Administrative Services	6.28	6.84	6.12	5.60	4.71	(-) 15.89
9	Medical and Public Health	3.00	6.01	2.42	1.51	3.97	(+) 162.91
10	Crop Husbandry	2.79	3.61	2.60	2.71	3.56	(+) 31.37
11	Animal Husbandry	2.47	2.42	1.84	1.79	2.07	(+) 15.64
12	Housing	1.84	1.82	1.85	2.08	2.07	(-) 0.48
13	Education, Sports, Art and Culture	1.45	2.30	2.29	1.48	1.78	(+) 20.27
14	Stationery and Printing	1.83	1.16	1.10	0.81	2.00	(+) 146.91
15	Others <sup>3</sup>	4.67	18.04	6.34	23.53	16.27	(-) 30.85
<b>Total</b>		<b>195.64</b>	<b>262.60</b>	<b>218.85</b>	<b>493.48</b>	<b>372.20</b>	<b>(-) 24.58</b>

*Source: Annual Financial Statement and Finance Accounts.*

**Crop Husbandry:** The Agriculture Department attributed the increase (31.37 per cent) in collection of taxes over the previous to increased revenue from cold storages, sale proceeds from agri-farms, selling of tender forms, licence fee of plant protection chemicals and fertilisers, etc.

**Stationery and Printing:** The General Administration (Printing & Stationery) Department attributed increase (146.91 per cent) in collection of taxes over the previous year to requisition of Government departments/PSU and collection of previous years outstanding dues.

The other departments (indicated in **Table 5.1.3**), despite being requested (September 2019), did not furnish (May 2020) the reasons for variations in Non-tax Revenue Receipts with respect to the previous year.

<sup>3</sup> Comprising 19 Major Heads including dividends and profits

### 5.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 on account of Taxes/VAT and Other Taxes on Income & Expenditure (Tax on profession, Trades, Callings & Employment) stood at ₹ 18.51 crore, of which, ₹ 15.51 crore was outstanding for more than five years, as detailed in **Table 5.1.4**.

**Table 5.1.4: Arrears of revenue**

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 <sup>st</sup> March		Amount outstanding for more than five years as on 31 <sup>st</sup> March	
		2018	2019	2018	2019
1	Taxes/ VAT	63.40	18.51	17.39	15.51
2	Other Taxes on Income & Expenditure (Tax on profession, Trades, Callings & Employment)	0.41	NIL	0.02	NIL
3	Other Taxes & Duties on Commodities & Services	NIL	NIL	NIL	NIL
<b>Total</b>		<b>63.81</b>	<b>18.51</b>	<b>17.41</b>	<b>15.51</b>

*Source: Finance (Excise & Taxation) Department.*

It would be seen from **Table 5.1.4** that arrear of revenue decreased from ₹ 63.81 crore at the end of March 2018 to ₹ 18.51 crore at the end of March 2019. The arrear of revenue outstanding for more than five years also decreased from ₹ 17.41 crore to ₹ 15.51 crore during the same period.

### 5.1.3 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Finance (Excise & Taxation) Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 5.1.5**.

**Table 5.1.5: Evasion of tax**

Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc. raised		Number of cases pending for finalisation as on 31 March 2019
				No. of cases	(₹ in crore)	
Tax/ VAT	1,001	162	1,163	163	0.37	1,000

*Source: Finance (Excise & Taxation) Department*

As on 31 March 2018, 1,001 cases of evasion of tax were outstanding. During 2018-19, 162 cases of evasion of tax had been detected under Section (Detection and Prevention of Tax Evasion) 67 & 68 of TVAT Act 2004, taking the total pending cases to 1,163. Of these, assessments/ investigation of 163 (14.02 per cent) cases were completed and additional demand including penalty, etc. amounting to ₹ 0.37 crore was raised during the year 2018-19. Consequently, 1,000 cases were pending as on 31 March 2019.

Government should put in place a mechanism to expedite the disposal of cases pending for finalisation and also review the reasons for low recoveries.

#### 5.1.4 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19 as reported by the Department is given in **Table 5.1.6**.

**Table 5.1.6: Details of pendency of refund cases**

(₹ in crore)

Sl. No.	Particulars	Sales tax / VAT	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	15	6.93
2	Claims received during the year	14	3.23
3	Refunds made during the year	23	4.74
4	Balance outstanding at the end of year	06	5.42

Source: Finance (Excise & Taxation) Department

In addition to refund, Section 45 (1) of Tripura Value Added Tax (TVAT) Act, 2004 provides for payment of simple interest at the rate of five *per cent* per annum for the period commencing after 90 days of the application claiming refund, till the date on which the refund is granted.

The Department needs to put in place a mechanism to monitor pendency of refund cases and ensure that there is no delay in refund dues to avoid payment of interest.

#### 5.1.5 Analysis of the mechanism for dealing with the issues raised by Audit

In order to analyse the effectiveness of the departments/Government in addressing the issues highlighted in the IRs/Audit Reports, the action taken on the paragraphs and performance audits featured in the Audit Reports of the last ten years by the Finance (Excise & Taxation) Department has been evaluated. The results are included in this Audit Report.

The succeeding **Paragraphs 5.1.5.1 & 5.1.5.2** explain the performance of the Finance (Excise & Taxation) Department with reference to cases detected in the course of local audit during the last ten years and the cases included in the Audit Reports for the years 2008-09 to 2017-18.

##### 5.1.5.1 Position of Inspection Reports issued to Finance (Excise & Taxation) Department

The summarised position of the outstanding Inspection Reports (IRs) during the last ten years, paragraphs included in those reports and their status as on 30<sup>th</sup> June 2019 in respect of Finance (Excise & Taxation) Department are tabulated in **Table 5.1.7**.

**Table 5.1.7: Position of IRs**

Year	IR	Para	Money Value (₹ in crore)
2009-10	3	9	0.96
2010-11	6	17	0.85
2011-12	9	15	3.94
2012-13	5	13	0.48
2013-14	14	46	3.57
2014-15	13	64	12.58

Year	IR	Para	Money Value (₹ in crore)
2015-16	17	50	8.50
2016-17	14	79	6.94
2017-18	11	63	7.16
2018-19	13	54	8.39
<b>Total</b>	<b>105</b>	<b>410</b>	<b>53.37</b>

The age-wise break up of outstanding IRs and Paras for the last nine years 2009-10 to 2018-19 as on 30 June 2019 is shown in **Table 5.1.8**.

**Table 5.1.8: Age wise break up of outstanding IRs**

(₹ in crore)

Years	IR	Para	Money value
0-3	38	196	24.49
4-6	44	160	24.65
7-9	23	54	6.23

This indicates that the efforts taken by the departments for settlement of the outstanding IRs are rather slow and inadequate. Necessary steps may be taken to increase the pace of settlement in this regard in interest of their own revenues.

#### 5.1.5.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last ten years, those accepted by the Department and the amount recovered are shown in **Table 5.1.9**.

**Table 5.1.9: Position of recovery of accepted Audit paragraphs of Audit Reports**

(₹ in crore)

Year of Audit Report	Number of paras included	Money value of the paras	Number of paras accepted including money value	Money value of accepted paras	Amount recovered during the year	Position of recovery of accepted cases as of October 2018
2008-09	3 <sup>4</sup>	6.76	3	6.76	0.00 <sup>5</sup>	0.11
2009-10	3	1.74	2	1.16	Nil	0.60
2010-11	3 <sup>6</sup>	3.12	3	3.12	0.05	0.44
2011-12	1	0.87	1	0.87	0.02	0.07
2012-13	1	1.51	1	1.51	Nil	0.22
2013-14	3 <sup>7</sup>	11.17	3	6.06	Nil	0.24
2014-15	2	0.39	2	0.39	0.23	0.28
2015-16	2	0.46	2	0.46	-	-
2016-17	4 <sup>8</sup>	31.87	3	31.73	0.01	0.01
2017-18	3	1.77	3	1.77	0.01	0.01
<b>Total</b>	<b>25</b>	<b>59.66</b>	<b>23</b>	<b>53.83</b>	<b>0.32</b>	<b>1.98</b>

It is evident from **Table 5.1.9** that the progress of recovery even in accepted cases was very slow. During the last ten years, 25 paragraphs involving ₹ 59.66 crore

<sup>4</sup> Including one Performance Audit

<sup>5</sup> Negligible figure amounting to ₹ 3,280 only

<sup>6</sup> Including one Performance Audit

<sup>7</sup> Including one Performance Audit

<sup>8</sup> Including one Performance Audit

featured in the Audit Reports, of which 23 paragraphs involving ₹ 53.83 crore had been accepted by the State Government. Out of this, only ₹ 1.98 crore (3.32 per cent) were recovered.

The Department should pursue and monitor prompt recovery of the dues involved in accepted cases within a specified timeframe, since it would not only enable better compliance with relevant rules, but would also augment Government revenues.

### 5.1.6 Action taken on the recommendations accepted by the Departments/ Government

The draft Performance Audits (PAs) conducted by the Accountant General (Audit) are forwarded to the concerned departments with a request to furnish replies. These performance audits are also discussed in Exit Conference and the departments' views are incorporated/ considered while finalising the Audit Report.

Six performance audits on the Finance (Excise & Taxation) Department and Transport Department were featured in the Audit Reports during 2011-12 to 2016-17. The number of recommendations and their status is given in **Table 5.1.10**.

**Table 5.1.10: Details of recommendations of PAs and their status**

Year of Report	Name of the performance audit	No. of recommendations	Status (as on January 2018)
2011-12	Computerisation of Transport Department in Tripura.	7	Reply had not been received. The PA had not been discussed by PAC.
2013-14	Computerisation of Value Added Tax (VAT) Systems in Tripura.	4	The PA had not been discussed by PAC.
2014-15	IT Audit on Computerisation of Land Records.	3	Reply had not been received. The PA had not been discussed by PAC.
2015-16	Collection of Revenue from outsourced Activities in Motor Vehicle Tax.	4	Reply had not been received. The PA had not been discussed by PAC.
2016-17	System and Procedures in force in the Taxes and Excise Organisation regarding Excise Duty	3	Reply had not been received. The PA had not been discussed by PAC.
	Border Area Development Programme (BADP)	3	Reply had not been received. The PA had not been discussed by PAC.

### 5.1.7 Results of audit

#### Position of local audit conducted during the year

Test-check of the records of 18 units<sup>9</sup> of Sales Tax/VAT, State Excise, Registration, Professional Tax, Land Revenue, Forest, Motor Vehicles and other departmental offices conducted during the year 2018-19 revealed under-assessment/ short levy/ loss

<sup>9</sup> Though a total of 20 units were audited by 31 March 2019, two IRs could not be issued by 31 March 2019 as they are audited at the fag end of March 2019

of revenue/ non-realisation of outstanding revenue aggregating ₹ 8.57 crore in 56 cases. Of these, the departments recovered ₹ 1.45 crore involving 11 cases. During the year 2018-19, the departments concerned accepted under-assessment and other deficiencies of ₹ 8.07 crore involved in 53 cases which were pointed out in audit.

## FINANCE (EXCISE & TAXATION) DEPARTMENT

### 5.2 Under-assessment of tax

**Assessing Authority allowed inadmissible Input Tax Credit (ITC) claim and failed to notice the incorrect closing stock of a dealer resulted in under-assessment of tax of ₹ 26.20 lakh.**

The Tripura Value Added Tax Act, 2004 (TVAT Act, 2004) allows Input Tax Credit (ITC) to a registered dealer in respect of the taxable goods purchased from another registered dealer, for resale in the State. ITC is to be given only after the sale of taxable goods (Section 10).

There were 1,323 VAT dealers under the jurisdiction of Superintendent of Taxes {Assessing Authority (AA)}, Belonia as of June 2017<sup>10</sup> (date of transition to GST). Audit test checked the records<sup>11</sup> (March 2019) relating to assessment of 101 out of 202 dealers assessed by the AA during October 2017 to February 2019.

Test checked of records revealed that the AA had allowed ITC of ₹ 18.72 lakh to one dealer<sup>12</sup> for the years 2013-14 as per the assessment order. The AA levied ₹ 1.59 lakh (short payment of tax ₹ 0.74 lakh, interest of ₹ 0.54 lakh and penalty of ₹ 0.31 lakh<sup>13</sup>) on the dealer after assessment. Cross verification of the Trading accounts of this dealer revealed that the dealer had sold goods worth ₹ 41.50 lakh during the year 2013-14 and there was a closing stock of goods worth ₹ 1.32 crore at the end of the year. The ITC admissible as per the Trading accounts of the dealer was ₹ 5.70 lakh<sup>14</sup>, i.e on the cost of goods sold during the year. However, while assessing the dealer's returns, the AA incorrectly permitted ITC of ₹ 18.72 lakh<sup>15</sup> in respect of closing stock instead of cost of goods sold during the year 2013-14. This has resulted in undue financial benefit of ₹ 13.02 lakh to the dealer (**Appendix 5.2.1**).

<sup>10</sup> VAT dealers were migrated to GST dealers from 1 July 2017

<sup>11</sup> Assessment order sheets, Returns, Challans, Purchase & sales records, Permits, Audited Accounts, tax invoices of ITC claims

<sup>12</sup> M/s SS Motors, Belonia (TIN-16081071036), a reseller of Motor Cycles and parts taxable @ 13.5 per cent upto 19.11.2013 and @ 14.5 per cent thereafter

<sup>13</sup> Penalty ₹ 10,000 u/s 25(4)(d), ₹ 7,415 u/s 25(3) and ₹ 13,375 u/s 53(3)

<sup>14</sup> 13.5 per cent (rate of tax) of ₹ 22.30 lakh (₹ 3.01 lakh) plus 14.5 per cent of ₹ 18.58 lakh (₹ 2.69 lakh)

<sup>15</sup> 13.5 per cent (rate of tax) of ₹ 41.10 lakh (₹ 5.55 lakh) plus 14.5 per cent of ₹ 90.87 lakh (₹ 13.18 lakh)

Further, it is noticed that as per assessment order, the dealer purchased goods worth ₹ 82.60 lakh and the dealer sold goods worth ₹ 92.16 lakh during the quarter ended June 2017. There was no closing stock at the end of the quarter. Thus, the dealer was liable to pay tax of ₹ 0.40 lakh after adjustment of ITC of ₹ 12.97 lakh as determined by the AA. The dealer however, paid tax of ₹ 0.26 lakh. The AA completed the assessment and issued demand notice for ₹ 0.31 lakh along with interest and penalty. Further examination of assessment orders of the dealer revealed that at the end of the 2016-17 the closing stock was shown as ₹ 97.70 lakh taxable at 14.5 per cent. However, while assessing the dealer's return for the quarter ended June 2017 the ST incorrectly assessed the opening stock as ₹ 6.83 lakh instead of ₹ 97.70 lakh. This has resulted underassessment of tax of ₹ 13.18 lakh<sup>16</sup>.

Due to failure to perform the basic checks in the returns along with the books of accounts of the dealer, the AA allowed inadmissible ITC claim of ₹ 13.02 lakh during 2013-14 and under assessed the opening stock for the quarter ended June 2017 leading to under-assessment of tax of ₹ 13.18 lakh. Thus, due to failure of the AA to scrutinise the relevant records of the dealer there was total underassessment of ₹ 26.20 lakh.

Government while accepting the facts stated (September 2019) that notice had been issued (August 2019) to the dealer to appear before the Revisional Authority for fresh assessment. Further development was awaited (September 2020).

### 5.3 Short levy of tax

**The Assessing Authorities short determined turnover of a dealer due to under assessment of purchases made, which resulted in short levy of tax of ₹ 18.08 lakh.**

Section 31 of Tripura Value Added Tax (TVAT) Act, 2004 and rules framed thereunder, provide that where the Commissioner is not satisfied with the correctness of any return filed by a dealer, after giving reasonable opportunity to the dealer of being heard, he shall assess to the best of his judgment, the amount of tax due from such dealer. Under Section 85 of the TVAT Act, the Commissioner delegated (April 2006) the power of such assessment to the Superintendents of Taxes. Further, the dealer is liable to pay interest and penalty at applicable rates for delay and non-compliance with TVAT Act and rules framed thereunder<sup>17</sup>.

There were 7,647 VAT dealers up to June 2017<sup>18</sup> under six<sup>19</sup> Superintendent of Taxes (Assessing Authority (AA)), During audit (between April 2018 and March 2019), records relating to assessment of 328 out of 596 dealers were test checked.

<sup>16</sup> ₹ 97.70 lakh minus ₹ 6.83 lakh = ₹ 90.87x14.5 per cent = ₹ 13.18 lakh

<sup>17</sup> Under section 25 (1) and 45 (4) of the TVAT Act, interest is payable at the rate of one and half per cent per month from the date when the tax becomes due. Similarly, penalty, not exceeding one and half times of the tax due (not less than 10 per cent of that amount), is also payable under Section 25 (3) and 31 (5) of the Act

<sup>18</sup> VAT dealers migrated to GST dealers from 1 July 2017

Test check of records<sup>20</sup> of 16 assessment cases for the years 2011-12 to 2016-17 pertaining to eight dealers revealed that the total turnover for the year 2011-12 to 2016-17 of the eight dealers assessed by the AAs amounting to ₹ 22.76 crore as against the actual total turnover of ₹ 24.62 crore, due to underassessment of purchase as detailed in **Appendix 5.3.1**.

Audit observed that the AAs, at the time of assessments, made short determination of turnover of ₹ 1.86 crore (₹ 24.62 crore *minus* ₹ 22.76 crore) due to underassessment of purchase. This resulted in short levy of tax of ₹ 18.08 lakh (VAT). Thus, the dealer concealed the turnover and evaded payment of tax of ₹ 18.08 lakh. For short payment of tax the dealer is liable to pay penalty of ₹ 2.34 lakh along with interest of ₹ 13.63 lakh<sup>21</sup> (**Appendix 5.3.1**).

In reply, out of six Superintendent of Taxes (STs), four<sup>22</sup> STs had informed (September-October 2019) that the cases had been examined and sent to the Revisional Authority for re-opening the cases.

## TRANSPORT DEPARTMENT

### 5.4 Non-renewal of permits of commercial vehicles

**District Transport Authorities failed to renew lapsed permits resulting in non-realisation of permit fee of ₹ 12.51 lakh and fine of ₹ 48.80 lakh from the 2,440 commercial vehicles owners.**

Permit is an instrument issued by a State or Regional Transport Authority authorising the use of a motor vehicle as a transport vehicle in specified manner as per the relevant provisions of Motor Vehicle Act and rules framed thereunder. Section 66 (1) of the Motor Vehicle Act (the MV Act), 1988 mandates the necessity of permit to transport vehicles. No owner of a vehicle shall use it as transport vehicle in any public place without a valid permit, whether or not such vehicle is actually carrying a passenger or not.

As per provisions contained in Section 81 of the MV Act read with Rule 87 of the Tripura Motor Vehicle Rules 1991, a permit is granted to a transport vehicle for a period of five years and is subject to renewal for further period of five years, based on an application not less than 14 days before expiry date, and permit fee prescribed based on type of the vehicle.

Further, as per Section 192A of the MV Act, whoever drives a motor vehicle or causes or allowed a motor vehicle to be used in contravention of the provision of

<sup>19</sup> (1) Superintendent of Taxes, Charge-I, Agartala, (2) Superintendent of Taxes, Charge-VII, Agartala, (3) Superintendent of Taxes, Charge-VIII, Agartala, (4) Superintendent of Taxes, Belonia, (5) Superintendent of Taxes, Kailashahar and (6) Superintendent of Taxes, Dharmanagar

<sup>20</sup> Assessment order sheets, Returns, Challans, Purchase and sales records, Permits, Audited Accounts

<sup>21</sup> Calculated up to March 2019

<sup>22</sup> (1) Superintendent of Taxes, Charge-I, Agartala, (2) Superintendent of Taxes, Charge-VII, Agartala, (3) Superintendent of Taxes, Belonia and (4) Superintendent of Taxes, Kailashahar

Section 66(1) shall be punishable for first offence with a fine which may be extended to five thousand rupees, but shall not be less than two thousand rupees.

Audit of VAHAN database (December 2020) done by us of District Transport Authorities (DTAs) of two<sup>23</sup> districts, out of DTAs of eight districts of the State, revealed that during 2014-19, 5,054 commercial vehicles permits were due for renewal. Out of 5,054 commercial vehicles 2,440 permits were not found to be renewed by the vehicle owners. This resulted in non-realisation of permit fee of ₹ 12.51 lakh. Moreover, fine for ₹ 48.80 lakh was leviable under Section 192A of the MV Act for non-renewal of permits after expiry of validity period by the defaulting vehicle owners at the rate of minimum ₹ 2,000 as shown in **Table 5.4.1**.

**Table 5.4.1: Permit fee due and leviable fine**

District authority	Permit type	Number of vehicles	Rate of renewal fee (in ₹)	Total fee due (in ₹)	Fine leviable @ ₹ 2,000 (in ₹)
JTC, West Tripura	Contract Carriage Permit	1,334	450	6,00,300	26,68,000
	Goods Permit	894	600	5,36,400	17,88,000
	Stage Carriage Permit	102	600	61,200	2,04,000
DTO, Sipahijala	Contract Carriage Permit	87	450	39,150	1,74,000
	Goods Permit	20	600	12,000	40,000
	Stage Carriage Permit	3	600	1,800	6,000
<b>Total</b>		<b>2,440</b>	<b>--</b>	<b>12,50,850</b>	<b>48,80,000</b>

Though the details of the defaulters could be identified from the VAHAN software maintained by the DTAs, they did not take action to get the same renewed by issuing demand notices. Moreover, neither any proof of the vehicles lying off-road nor declarations of surrender of registration of such vehicles could be ascertained from records.

While admitting the facts, the DTAs stated (December 2020) that necessary action would be taken from their end for regular checking during enforcement and action would be taken as per MV Act and Rules.

Thus, failure on the part of the DTAs had resulted in non-realisation of permit fee of ₹ 12.51 lakh and fine of ₹ 48.80 lakh leviable.

***Recommendations: The Department may issue instructions to all District Transport Authorities (DTAs) to identify the vehicles owners from VAHAN database who failed to renew their permit on time and collect permit fees from the defaulters by issuing demand notices.***

<sup>23</sup> Joint Transport Commissioner (JTC), West Tripura District and District Transport Officer (DTO), Sepahijala District



## **CHAPTER VI: GENERAL SECTOR**



## CHAPTER VI: GENERAL SECTOR

### 6.1 Introduction

This Chapter discusses significant audit findings relating to Government units under General Sector.

**Table 6.1.1** gives the total budget allocation and expenditure of departments under General Sector during the year 2018-19.

**Table 6.1.1: Details of allocation and expenditure under General Sector**

(₹ in crore)

Name of the Department	Total Budget Allocation	Expenditure
Chief Minister's Secretariat	0.24	0.15
Civil Defense	0.30	0.17
Parliamentary Affairs	21.71	20.11
Election	62.97	48.07
Employment	7.34	5.71
Finance	3,554.99	3,307.83
Fire Service Organisation	95.45	76.43
General Administration (P & T)	6.75	5.37
General Administration (Political)	3.81	3.22
General Administration (AR)	4.14	3.94
General Administration, Printing and Stationery	13.33	12.13
General Administration (SA)	76.23	68.99
Governors Secretariat	6.76	6.16
High Court	28.00	26.69
Home (FSL, PAC and Prosecution and Coordination (Cell))	6.00	5.06
Home (Jail)	35.61	29.09
Home (Police)	1,483.18	1,321.32
Institutional Finance	4.24	4.09
Law	185.90	105.94
Planning and Coordination	25.37	18.97
Statistical	8.93	8.04
Treasuries	11.14	8.78
<b>Total number of Departments = 22</b>	<b>5,642.39</b>	<b>5,086.26</b>

**Source:** Appropriation Accounts – 2018-19

We audited 10 auditee units under the Sector covering expenditure of ₹ 1,174.30 crore (including expenditure incurred during the previous year). This Chapter contains a Performance Audit on “Development of Infrastructure Facilities for the Judiciary”.

## LAW DEPARTMENT

### 6.2 Performance Audit of Development of Infrastructure Facilities for the Judiciary

#### 6.2.1 Introduction

Development of infrastructure for judiciary is primarily the responsibility of the State Governments. However, the Central Government has been augmenting the efforts and resources of states for construction of court buildings and residential accommodation for Judicial Officers/Judges covering district and subordinate courts since 1993-94 through **Development of Infrastructure facilities for the Judiciary**, a Centrally Sponsored Scheme (CSS). During the five-year period 2012-17, the scope of the scheme encompassed construction of new court buildings, upgradation or renovation of existing court buildings and provision of residential quarters for judicial officers. GoI extended (November 2017) the Scheme up to March 2020; further including provisions of barrier free access to senior citizens and persons with disability (PwD) and for safety measures in courts.

Further, as part of *judicial reforms*, it was decided to upgrade Information and Communication Technology (ICT) infrastructure in the courts, through implementation of e-Courts, as part of the National e-Governance Plan (NeGP). It was initiated (2007) as a Mission Mode Project (MMP) with the objective of helping judicial administration in streamlining their day-to-day activities, providing information to the litigants in a transparent manner and providing judges with easy access to legal and judicial databases.

Authorities responsible for implementation of the two schemes in the State are:

CSS for Development of Infrastructure facilities for the Judiciary	e-Court MMP
The Law Department, headed by the Legal Remembrancer (LR) & Secretary to the Government of Tripura, provides facilities in terms of buildings, manpower and other infrastructure to the courts. The State Public Works Department (PWD) is responsible for construction and maintenance of court buildings and residential quarters for Judicial Officers.	The High Court of Tripura was the implementing agency for the project and the State Government is responsible for undertaking all the activities for sustainability of the project.

The funding pattern for ‘Development of Infrastructure Facilities for the Judiciary’ in respect of the North Eastern Region (NER) States is 90:10 between the Central and State Governments. The ‘e-Courts MMP’ is fully funded by Central Government.

#### 6.2.2 Accountability Framework

The High Court of Tripura is the highest court of justice in the State with jurisdiction over eight districts. There are eight district and sessions judge courts and other

subordinate courts located at 16 court complexes<sup>1</sup>.

The Law Department, headed by the LR & Secretary to the Government of Tripura, provides facilities in terms of buildings, manpower and other infrastructure to the courts.

The Law Department, Government of Tripura was responsible for preparation of plans, defining scope of works, providing clear site and funds and monitoring of works at district and State level.

In respect of the implementation of e-Courts MMP, the e-Committee at Supreme Court of India was involved in policy planning and providing strategic direction and guidance for the effective implementation of the project. The High Court of Tripura was the implementing agency for the project and the State Government was responsible for undertaking all the activities for sustainability of the project.

The High Court of Tripura is to be assisted by the High Court Computer Committee (HCCC) headed by Chief Justice, Central Project Coordinator (CPC) at High Court, District Court Computer Committees (DCCC) headed by District Judge and a nodal officer for each district and sub divisional court complexes. The CPC was to coordinate with the e-Committee and the vendors, Connectivity Providers, State Data Centre, *etc.* for implementation of all the tasks entrusted by the e-Committee.

## Audit Framework

### 6.2.3 Audit objectives

The objective of GoI for development of judicial infrastructure as well as e-Courts was to liquidate the pendency in cases and improve the efficiency in performance of the judicial system. A performance audit of implementation of both these schemes *viz.*, ‘Development of Infrastructure Facilities for Judiciary’ and ‘e-Courts Mission Mode Project’ was carried out to assess whether:

- a. the envisaged infrastructure was created for judiciary and judicial officers at the district and subordinate courts level;
- b. e-Courts Mission Mode Project was implemented effectively to enable ease of access of legal and judicial databases to the judges and provide information to the litigants in a transparent manner; and
- c. creation of additional infrastructure and transition to functioning in an electronic mode resulted in an improved services to litigants.

### 6.2.4 Audit criteria

Audit findings were benchmarked against the following sources of criteria:

- a. Guidelines of the Scheme ‘Development of infrastructure facilities for the Judiciary’;

<sup>1</sup> Agartala, Ambassa, Dharmanagar, Kanchanpur, Chowmanu, Gandacherra, Kamalpur, Khowai, Bishalgarh, Sonamura, Amarpur, Belonia, Sabroom, Kailashahar (two), Udaipur

- b. National Court Management System Plan (NCMS), May 2012;
- c. General Financial Rules (GFR) 2005 and 2017;
- d. Central Public Works Department(CPWD) Works Manual;
- e. Standard Schedule of Rates of the State;
- f. Orders and instructions of the Central and the State Governments relevant to the scheme; and
- g. Policy and Action Plan document of Phase II of the e-Court project.

### **6.2.5 Audit scope and methodology**

Performance Audit (PA) of implementation of ‘Development of Infrastructure facilities for the Judiciary’ and e-Court MMP was carried out between July 2019 and December 2019 and covered the implementation of both these schemes during the five-year period 2014-19.

Audit methodology involved examination of relevant records in the office of the Legal Remembrancer (LR) & Secretary to the Government of Tripura. All nine new projects (construction of six court buildings/three residential quarters<sup>2</sup> (including one inadmissible project under the Scheme) taken up during 2014-19 and other related physical infrastructure<sup>3</sup> in 34 out of 72 district and subordinate courts in three<sup>4</sup> out of eight districts of Tripura were verified.

For selection of district/ subordinate courts, a minimum of 30 *per cent* of the total number of the districts of the State were selected on the basis of ‘Probability Proportionate to Size Without Replacement’ with size measure as amount of expenditure incurred under e-Courts and the sampled units were synchronised for both the schemes (i) e-Courts and (ii) Development of Infrastructure Facilities for the Judiciary.

Details of selected units covered under this PA are given in **Table 6.2.1**. Relevant records in the office of the Registrar General, High Court of Tripura were also examined.

**Table 6.2.1: District and subordinate courts, DLSA and TLSC selected for Performance Audit on ‘Implementation of Government Initiatives in Judicial System’**

*(in number)*

State wide		In the three selected districts	Audit Sample in the three selected districts	Particulars/ Remarks
No. of districts in the State	08	03	03	Gomati, Sepahijala and West Tripura Districts

<sup>2</sup> Court Buildings at Khowai, Sabroom, Agartala, Amarapur, Ambassa, Kamalpur and residential quarters at Udaipur, Agartala, Ambassa

<sup>3</sup> CCTV cameras, Fire extinguishers, Ramp and toilets for PwD, Waiting hall for public/litigants, Crèche facility for children, Kiosk, Help Desk for litigants, *etc.*

<sup>4</sup> Gomati District, Sepahijala District and West Tripura District

State wide		In the three selected districts	Audit Sample in the three selected districts	Particulars/ Remarks
District Legal Services Authority	08	03	03	Gomati, Sepahijala and West Tripura Districts
Taluka Legal Services Committee (TLSC)	14	05	05	All TLSCs of selected three districts
District and subordinate courts	72	34	34	All the district courts and subordinate courts of selected three districts.

Apart from scrutiny of records of the sampled offices, joint physical inspection of the projects along with the departmental representatives was also conducted.

The PA commenced with an Entry Conference (12 July 2019) with the LR & Principal Secretary, Law Department and the Registrar General of High Court of Tripura, wherein the audit objectives, audit criteria and methodology were discussed. The draft report relating to implementation of CSS, was issued to the LR & Secretary, Law Department, Government of Tripura in January 2020. The audit findings, conclusion and recommendations were discussed with the LR & Secretary in an Exit Conference held on 12 June 2020. Views and responses of the Law Department were duly incorporated in the report, at appropriate places.

## Audit Findings

### 6.2.6 Planning

#### A Planning for Infrastructure

State Government has been planning for augmentation of infrastructure for judiciary over several years. It had prepared a five-year Perspective Plan (PP) for this purpose thrice - 2007-12, 2012-17 and 2017-22. The details of progress from plan to plan are shown in **Table 6.2.2**.

**Table 6.2.2: Details of progress from five years' Perspective (PP) Plan-to-Plan**

Particulars		Five Year's Perspective Plan (PP)					
		PP 2007-12		PP 2012-17		PP 2017-22	
		No. of Court buildings	No. of Quarter complexes	No. of Court buildings	No. of Quarter complexes	No. of Court buildings	No. of Quarter complexes
Proposed	New	8	2	4	5	2	5
	carried over from last PP	0	0	6	1	6	5
Completed		0	0	1	0	0	0
In-progress		1	0	2	1	5	2
Preparatory phase		1	0	3	1	0	0

As per the Perspective Plans for 2012-17 and 2017-22 the target of construction of 12<sup>5</sup>

<sup>5</sup> PP of 2012-17: Ambassa (Extension of D&SJ), Kamalpur (SDJM Court), Sonamura (AD&SJ Court), Kailashahar (CJM Court), Kailashahar (D&JS Court), Amarpur (SDJM Court), Dharmanagar (SDJM Court), Khawai (SDJM Court), Agartala (all courts), Teliamura (SDJM Court), PP of 2017-22: Sabroom (SDJM Court), Bishramganj (D&SJ Court)

new court buildings and 11<sup>6</sup> quarter complexes for Judicial Officers were proposed. Out of these constructions of only one court building at Sonamura was completed in 2013. The construction work of five court buildings<sup>7</sup> and nine quarter complexes<sup>8</sup> are not yet taken up. Thus, construction of six court buildings and two quarter complexes<sup>9</sup> were taken up which were proposed in the Perspective plans of 2012-17 and 2017-22.

The High Court of Tripura also prepared (September 2013) a Vision document for High Court and sub-ordinate Courts in the State for 25 years (2013-38) and further in May 2016 for the five-year period 2016-20.

Further, in terms of the scheme guidelines, Government of Tripura had been preparing and submitting an Annual Action Plan (AAP) to the GoI every year.

**During the audit coverage period 2014-19 construction of six new court buildings and three Quarter Complexes (including one inadmissible work) were initiated.** The status of the projects is discussed at **Paragraph 6.2.9.1**.

### **B. Planning for e Courts and Progress**

In respect of the implementation of e-Courts MMP, the duration of Phase II of MMP was four years i.e. by August 2019 or until the project completed, whichever was later.

The phase wise details of requirement of Information Communication and Technology (ICT) infrastructure in subordinate courts and the status of its implementation as of October 2019 (i.e. date of audit) are shown in **Table 6.2.3**.

**Table 6.2.3: Requirement and availability of facilities in district and subordinate courts**

Particulars	Planned	Status at the end of FY 2018-19 (updated till October 2019)
<b>PHASE-I approved by GoI In February 2007</b>		
Site preparation, LAN implementation, hardware installation and installation of software	To be completed at all the courts of 13 court complexes <sup>10</sup>	Completed at all courts of 12 court complexes except Kanchanpur court complex.
<b>PHASE-II approved by GoI in August 2015</b>		
Implementation of Case Information System(CIS)	At all the courts of 4 court <sup>11</sup> complexes	CIS was implemented at three court complexes except Ambassa court complex. Implementation of CIS at Ambassa court complex was in progress
Delivery of Services	At all the courts of 16 court complexes	Delivery of 13 services (out of 30) were either fully or partly implemented (as detailed in <b>Appendix 6.2.1</b> ).
Digitisation of case records		Not yet implemented due to inadequate fund released by State Government
Providing hardware at all court complex		Installation of hardware completed at all courts of 16 court complexes

<sup>6</sup> Ambassa, Dharmanagar, Khowai, Udaipur, Agartala, Teliamura, Kailashahar, Amarpur, Sabroom, Kamalpur, Bishramganj

<sup>7</sup> Kailashahar (D&JS Court), Kailashahar (CJM Court), Dharmanagar (SDJM Court), Bishramganj (D&SJ Court), Teliamura (SDJM Court)

<sup>8</sup> Sonamura, Agartala, Kailashahar, Amarpur, Sabroom, Kamalpur, Bishalgarh, Dharmanagar & Teliamura.

<sup>9</sup> Udaipur & Ambassa

<sup>10</sup> Agartala, Dharmanagar, Kamalpur, Khowai, Bishalgarh, Sonamura, Amarpur, Belonia, Sabroom, Kailashahar (two), Udaipur and Kanchanpur

<sup>11</sup> Ambassa, Chowmanu, Gandacherra and Kanchanpur

Particulars	Planned	Status at the end of FY 2018-19 (updated till October 2019)
Video Conference (VC) connectivity between Courts and Jails		VC was installed at 15 court complexes except Ambassa court complex and jails, but could not be utilised due to poor connectivity at jail end.
Wide Area Network (WAN) for providing stable internet connectivity		Installed at all courts of 16 court complexes
Providing hardware at all DLSAs and TLSCs	22 DLSAs/ TLSCs	Computers, Printers and UPS installed but Local Area Network (LAN) was not installed at 15 DLSAs/TLSCs <sup>12</sup> (out of 22) due to insufficient space
Setting up of Computer Lab	At State Judicial Academy	Hardware was procured, but was lying idle due to inadequate space.
Installation of Solar system power backup at Court complexes	At all 16 court complexes	Advance payment made (March-July 2018) to TREDA for seven court complexes, but not yet installed. Fund received in March 2019 for remaining nine court complexes and taken up with TREDA for submitting estimate.

From **Table 6.2.3**, it appears that all facilities required for implementation under Phase-II of e-court projects were partially implemented by August 2019. The issues have been discussed in details at **Paragraphs 6.2.11 to 6.2.13**.

## 6.2.7 Financial Performance of Scheme for development of infrastructure facilities

### 6.2.7.1 Fund Management

GoI released funds under CSS for development of infrastructure facilities to judiciary to the State based on the Action Plans submitted by the State Government. The State was required to submit Utilisation Certificates (UC) for previous grants released to the State under the scheme along with details of State share released.

Following are details of the funds received and expended under the CSS:

Under this scheme, the State received ₹ 70.54 crore from GoI upto 2014-15. The matching State share of ₹ 7.83 crore was due and the State Government released ₹ 17.12 crore up to 2018-19.

During Audit coverage period 2014-19, GoI released ₹ 15.50 crore to the State (2014-15) and no grant was received thereafter. The reason for non-release of fund from 2015-16 onwards by GoI was not found on records except non utilisation of previous years' fund due to slow progress of works. During 2014-19 the State Government released GoI grants of ₹ 44.61 crore (including previous years grant of ₹ 29.11 crore in 2014-15 and 2015-16) and the State share of ₹ 5.45 crore to the Law Department. Out of the total available fund of ₹ 50.06 crore, the Department incurred total expenditure of ₹ 34.75 crore (₹ 27.39 crore on eight approved projects i.e six court building and two quarter complexes and ₹ 7.36 crore on one unapproved

<sup>12</sup> DLSA: Gomati, South Tripura, Unakoti and North Tripura; SDLSA: Sadar, Dharmanagar, Sonamura, Udaipur, Amarapur, Belonia, Sabroom, Kailashahar, Kamalpur, Gandacherra and Longtharai Valley

project<sup>13</sup> and other works related to upgradation of existing court buildings).

Total expenditure incurred under the CSS upto 2018-19 from Central share was ₹ 50.73 crore and ₹ 12.83 crore from State share.

The project wise details are given in **Table 6.2.4**.

**Table 6.2.4: Project wise details of Sanctioned cost, expenditure incurred during 2014-19, scheduled completion date and their status as of October 2019**

Sl. No.	Type of construction	Name of Court complex/ Location	Project cost (₹ in crore)	Expenditure (₹ in crore)	Scheduled completion date	Status as of October 2019
1	Court building	Agartala	13.03	10.94	June 2016	Not fully completed
2		Khowai	15.86	7.48	February 2018	
3		Ambassa	2.97	0.73	October 2018	
4		Sabroom	6.80	1.70	November 2018	
5		Amarpur	6.94	0.68	December 2019	
6		Kamalpur	6.38	3.20	January 2020	
7	Residence	Udaipur (6 Nos)	4.13	2.17	June 2016	
8		Ambassa (7 Nos)	5.70	0.49	August 2020	
<b>Total:</b>			<b>61.81</b>	<b>27.39</b>		

Source: Information collected from the Department.

It was seen in audit that the Law Department furnished (May-June 2019) an UC of ₹ 16.97 crore based on mere allocation of funds to the executing PWD divisions

The Law Department did not offer its comments on the issue.

#### 6.2.7.2 Diversion of funds

The Law Department diverted ₹ 1.11 crore during 2017-18 and 2018-19 sanctioned for construction of judicial infrastructure in subordinate courts to construct the staff quarters of the High Court. Besides, Executive Engineer, PWD (Roads & Buildings), Khowai Division diverted (2017-18) ₹ 25.50 lakh to other work<sup>14</sup>.

During Exit Conference, Law Department assured (June 2020) that no diversion would be made from the CSS fund in future and also cautioned the State PWD against such diversion. Further, the Secretary, Law assured (June 2020) that in future UCs would be submitted only after actual utilisation of funds.

#### 6.2.8 Funding for e-Court Mission Mode Project

As per Policy & Action Plan of e-Courts Project Phase II, e-Committee of the Supreme Court of India undertook overall management of the project to ensure that the project was heading in the right direction and at optimal speed. Department of Justice (DoJ), GoI obtained the necessary financial approval from the competent

<sup>13</sup> Construction of eight nos. of Type-II Staff quarters for class-II and Class-IV employees of High Court

<sup>14</sup> Bridge work executed under National Bank for Agriculture and Rural Development assisted Rural Infrastructure Development Fund

authority for funds to be disbursed under the project to High Courts for the project components as per the recommendations of the e-Committee and released funds directly to the High Court of Tripura for implementation of the scheme. The High Court of Tripura utilised ₹ 7.19 crore against ₹ 10.22 crore released by the GoI during 2015-19 as shown in **Table 6.2.5**.

**Table 6.2.5: Year wise funds released by the GoI and utilised by the High Court of Tripura**

(₹ in crore)		
Year	Funds released by GoI	Funds utilised by the High Court
2015-16	1.20	0.00
2016-17	4.38	1.13
2017-18	2.87	3.45
2018-19	1.77	2.61
<b>Total:</b>	<b>10.22</b>	<b>7.19</b>

During Exit Conference, the Registrar General, High Court stated (June 2020) that the unspent money was fully utilised by January 2020 for above purposes for which it was sanctioned. On the contrary, audit observed that unutilised amount of ₹ 0.10 crore (pertaining to site preparation) was still lying with the High Court Authority as of June 2020.

### 6.2.9 Project Planning and Achievements

A status report on court complex wise availability and requirement of court buildings and residential accommodation was prepared by the Law Department in 2010. Based on the requirement indicated in the Vision document 2013 and Five-year plans (2012-17), the State Government has been preparing Annual Action Plans for construction of court buildings and residential accommodation every year. Audit scrutiny of the requirement/demand<sup>15</sup> of physical infrastructure and the extent of its achievement revealed that required projects had either not been taken up or were delayed due to several reasons. An abstract of the requirements as indicated in Five Years Plan for 2007-12 and Annual Action Plans for 2010-19 and progress there against are given in **Table 6.2.6**.

**Table 6.2.6: Requirement of physical infrastructure in districts and subordinate courts and extent of achievement during 2014-19**

Particulars	Requirement (in number)		Total requirement	Complete	In progress
	at the beginning of 2014-15	additional requirement during 2014-19			
Court buildings	8	6	14	Nil	Six works taken up during 2012-17 are yet to be completed /fully completed.
Residential quarters	6	3	9	Nil	Construction works at two locations (Ambassa & Udaipur were in progress)

*Source: Five Years Plan for 2007-12 and Annual Action Plans for 2010-19*

<sup>15</sup> in the light of needs expressed through different plans (Status Report of 2010, Vision Document 2013, Five Years Plans and Annual Action Plans)

It can be seen that against 14 projects of Court Buildings and nine projects of Residential Quarters for Judicial Officers, all were incomplete and stated to be in progress. Audit also observed that despite assurance given by the State Government (twice in February 2019 and May 2019) before the Hon'ble Supreme Court to complete the ongoing construction works by stipulated dates (ranging from March 2019 to December 2019 in 1<sup>st</sup> affidavit and May 2019 to August 2020 during filing 2<sup>nd</sup> affidavit), they had not been able to fulfil the assurance.

The partial or low achievement under the scheme were *inter alia* due to failure of the administrative and executing departments (Law and PWD) to manage known risks in construction projects and monitoring of the projects as discussed in **Paragraph 6.2.9.1**.

Since the scheme will come to an end in March 2020 and there is a huge shortfall in physical infrastructure *vis-à-vis* needs as on 31 March 2019, an element of uncertainty regarding provision of adequate physical infrastructure and availability of future fund remains.

#### **6.2.9.1 Project management in Administrative and Executing Departments**

Any works/construction project in Government *inter alia* involves administrative approvals, preparation of cost estimates, technical sanctions, tendering, execution and monitoring for a successful execution and completion of projects in stipulated time.

All projects carry risks and public works are no exception. Different Audit Reports of the Comptroller and Auditor General of India and dissemination reports of the Central Vigilance Commission have highlighted prominent risks in construction projects for long. Further, the Government of India (GoI) and Hon'ble Supreme Court of India have advised States to constitute State as well as District Level Monitoring Committees to oversee construction projects under the said scheme, *i.e.* Development of Infrastructure facilities for the Judiciary.

Notwithstanding above, both Law Department and Executing Department (PWD) failed to effectively manage the projects being executed and consequently six out of nine projects (six court buildings, quarters for Judicial Officers at two locations and one quarter complex for High Court staff which was not admissible under this scheme) taken up throughout the State suffered from time overruns as summarised in **Table 6.2.7**.

**Table 6.2.7: Abstract of project-wise progress against scheduled date of completion**

Sl. No.	Name of the project and project cost	Work order issued	Scheduled date of completion (as per Contract)	Status (as on Oct. 2019)	Time over-run (Upto Oct. 2019)	Expenditure incurred (₹ in crore)	Remarks
1	Construction of (G+2) storied Court Building, Khowai-	January 2016	February 2018	Building portion (G+2) completed excluding additional works like acoustic treatment, approach road, boundary wall, internal	20 months	7.48	Delayed mainly due to handing over of clear site after issuance of Work Order, providing site drawing/design, modification/

Sl. No.	Name of the project and project cost	Work order issued	Scheduled date of completion (as per Contract)	Status (as on Oct. 2019)	Time over-run (Upto Oct. 2019)	Expenditure incurred (₹ in crore)	Remarks
	₹ 15.86 crore			electrification, LAN connectivity, lift, AC, drinking water source etc., which were incomplete			rearrangement of court rooms as desired by High Court, change in scope of work from (G+2) to (G+3) during August – October 2018.
2	Construction of Court Building at Sabroom, / Phase-I work (Ground floor only)- ₹ 6.80 crore	November 2016	November 2018	40 per cent work was physically completed (Block-I: completed upto roof beam level, Block-II: roof slab casted, Block-III: column footing completed.)	11 months	1.70	Delay in finalisation of tender, shifting of existing courts and handing over of clear site to executing agency. Sub soil investigation was not done before issue of work order to contractor.
3	Construction of (G+5) storied Court Building Agartala- ₹ 13.03 crore	June 2014	June 2016	(G+5) building was completed and inaugurated in September 2019 except completion of some components like Lift, CC camera, generator, water purifier system, etc.	40 months	10.94	Delay in shifting of existing courts and handing over of clear site. Delays on part of contractor from time to time without valid reason.
4	Construction of 2 nos. Grade-I and 4 nos. Grade-III Officers' quarters at Udaipur- ₹ 4.13 crore	June 2014	June 2016	Out of six nos. quarters, five were completed and one was in progress.	40 months	2.17	Delay in handing over of clear site due to demolition of existing structures. Delay caused by contractor from time to time without valid reason.
5	Construction of (G+2) storied Court Building at Amarpur ₹6.94 crore	November 2017	December 2019	Approx. 30 per cent (upto centering shuttering for ground floor roof casting)	Nil	0.68	Delay in handing over of clear site due to shifting of courts and demolition of existing structures. Five months' delay in approving drawing/ design.
6	Vertical extension of court building at Ambasa, Dhalai- ₹ 2.97 crore	October 2017	October 2018	Approx. 95 per cent, work at finishing stage	12 months	0.74	Delay in handing over of clear site due to shifting of offices from existing building, providing drawing/ design.
7	Construction of seven (07) quarters for Judicial Officers at	August 2018	August 2020	Approx. 10 per cent	Nil	0.49	Work was in progress.

Sl. No.	Name of the project and project cost	Work order issued	Scheduled date of completion (as per Contract)	Status (as on Oct. 2019)	Time over-run (Upto Oct. 2019)	Expenditure incurred (₹ in crore)	Remarks
	Ambassa ₹ 5.70 crore						
8	Construction of Court Building at Kamalpur, Dhalai ₹ 6.38 crore	December 2017	January 2020	Approx. 30 per cent, up to plinth	Nil	3.20	Drawing/ design was modified due to change in scope from open foundation to pile foundation. Sub soil investigation was not done before issue of work order to contractor.
9	Construction of staff quarters for employees of High Court (inadmissible work under the scheme)	September 2016	December 2017	Completed in February 2019	15 months	1.11	Delay in providing working drawings to contractor and delay caused by contractor from time to time without valid reason.

These nine projects suffered time over-run due to failure on the part of the Department in management of risks (*viz.* preparation of estimates, changes in scope of work by the user, tendering process, handing over of clear site and drawing-design to contractors, slow progress by the contractors, *etc.*) before as well as after awarding of works by both the Administrative and Executing Department.

Both Law Department and the State PWD jointly failed to avoid risks in projects execution because of following systemic deficiencies:

- (i) The Law Department did not ensure that the detailed estimates prepared by the PWD were comprehensive and incorporated the basic information like availability of clear site and findings of proper survey and geo-technical soil investigation.
- (ii) While according Administrative Approval, the Law Department neither fixed any target dates for completion of work or nor did they effectively monitor the PWD.
- (iii) The State PWD had not fixed any time frame for preparatory works of construction projects such as preparation of drawing/design, estimates and tender processing, *etc.*
- (iv) Absence of risk mitigation plan: Risks such as frequent changes in scope of work, delay in finalisation of detailed estimates, delay in tendering and its acceptance, delay in handing over of clear site to the contractor were common. There were no risk mitigation strategy at Government level nor at the level of Law Department and it was left to the PWD officials to execute as they desired.

- (v) The Department failed to overcome constraints (shifting of existing court, demolishing of existing old structures, *etc.*) in handing over site: In five cases, the court complexes /halls were to be constructed at places where courts were already working though in dilapidated condition. The shifting of the existing court to alternate accommodation was not managed with proper planning and before work orders were issued to the contractor.

During the Exit Conference, the Secretary, Law informed (June 2020) that changes to scope of the court building construction works were due to decision taken by the High Court from time to time to accommodate additional courts/facilities (like Family Courts) in the ongoing building works. The Department, however, admitted that the building infrastructure projects should be planned not by considering the immediate requirements but for a considerable long period to avoid frequent changes in works after they had been approved.

### 6.2.9.2 Additional outcomes

The revised scheme guidelines (April 2017) and National Court Management System Plan (NCMS) guidelines (May 2012) envisaged additional/desirable outcomes which were different from mere creation of physical infrastructure. The achievements in the State, on these additional /desirable outcomes are given in the **Table 6.2.8**.

**Table: 6.2.8: Status of additional /desirable outcomes**

Sl. No.	Issues as per Scheme guidelines	Status
1	Reduction in pendency of more than five years' old cases.	Court cases reduced from 6,465 at the end of December 2015 to 3,737 cases at the end of August 2019.
2	Percentage of reduction of gap between availability of residential quarters and sanctioned strength of Judicial officers.	Increased from 54 <i>per cent</i> (2014-15) to 60 <i>per cent</i> (October 2019)
3	Percentage of reduction in vacant posts of Judges and Judicial officers	Reduced from 25 <i>per cent</i> (2014-15) to 20 <i>per cent</i> (October 2019)
4	Safety and reducing vulnerability in courts/court complex	CCTV cameras were not available in 28 out of 34 courts. Fire extinguishers were not available in 25 out of 34 courts. Fire alarm and fire detector were not available in any of the 34 courts.
5	Barrier free courts for Persons with Disabilities (PwD)	Ramp and toilets were not available for PwD in 29 out of 34 courts.
6	Basic amenities like adequate seating space, proper lighting, clean drinking water, hygienic washrooms, <i>etc.</i> for litigants, public and lawyers	Waiting hall for public/litigant was available only at one (Sonamura) court complex out of selected five court complexes.
7	Vulnerable Witness Deposition Centre (VWDC)	Available only at one court complex (at Udaipur) out of selected five court complexes.

Sl. No.	Issues as per Scheme guidelines	Status
8	Crèche facility for children (upto six years' age) and dispensary, Floor maps at the entry and exit point and direction arrows though out the court complex, Sufficient parking facilities for judges, court staff, lawyers and litigants, Installation of solar system, Appointment of Court Manager	These facilities were not available in any of the selected five court complexes.
9	Sufficient number of electronic case display system, Kiosk, Help Desk for litigants and lawyers; VC equipment and connectivity between court and jails.	Available in all courts/court complexes. However, Video Conference (VC) could not be effectively utilised due to poor connectivity at jail end. This issue has been discussed separately at <b>Paragraph 6.2.10.1</b> .
10	Adequate security measures	Police personnel available in all court complexes.

The amenities and safety measures as mentioned above were not provided since they were either not planned for in the Annual Action Plans *ab initio* or added later on, though the requirements were known.

Moreover, the Law Department did not offer its comments on the issue.

#### 6.2.10 Procurement and installation of hardware

Procurement and installation of hardware was done by the High Court of Tripura as per specification and quantity prescribed by the e-Committee of the Supreme Court. The High Court of Tripura selected the firm through e-tender and all the items were procured (2016-19) with a warranty period of five years from the date of purchase. Seventy *per cent* payment was made on receipt of materials and 30 *per cent* was made after completion of installation of hardware and equipment except hardware procured for setting up of computer lab at State Judicial Academy (SJA) and installation of Local Area Network (LAN) at District Legal Services Authorities (DLSAs) due to non-availability of adequate space as discussed in **Paragraphs 6.2.10.4** and **6.2.10.5**.

In the absence of Asset Register and annual physical verification of assets, Audit could not gain assurance about the existence and location of the assets.

The Registrar General, High Court stated (June 2020) that the delivery and installation report of all hardware was available with the High Court and could be cross checked for physical availability. During the Exit Conference, the Registrar General assured (June 2020) that all the assets would be physically verified on an annual basis.

##### 6.2.10.1 Installation of video conferencing equipment in courts and jails

Phase-II of e-Court project envisaged that Video Conferencing (VC) facility would be utilised in courts for routine remand of under trial prisoners and for recording the evidence of doctors (and other professionals) in criminal cases, legal aid matters and sensitive matters pertaining to child abuse, domestic violence, sexual abuse and other areas as and when the need arises.

VC facility with connectivity between jails and each court as envisaged in Phase-II of e-Court project was provided to all districts and subordinate courts at a cost of ₹ 1.33 crore. An open source software ‘vidyo’ App was utilised for video conferencing.

However, the courts failed to utilise the VC facilities with the jail authorities for routine remand of under trial prisoners due to poor internet connectivity at the jail premises. Despite the Additional Chief Judicial Magistrate (Addl. CJM), West Tripura, Agartala taking up (June 2019) the matter with the Superintendent of Central Jail (*Kendriya Sansodhanagar*, Bishalgarh), there was no improvement in the connectivity between the courts and jails. (October 2019).

During the Exit Conference, the Registrar General stated (June 2020) that the matter would be pursued with the Home Department, Government of Tripura.

Further, no records about using of VC for recording the evidence of doctors in criminal cases, sensitive matters pertaining to child abuse, domestic violence, sexual abuse, *etc.* could be shown to audit by any court in the three sampled districts.

While accepting the audit observation, the Registrar General, High Court stated (June 2020) that instructions would be given to the district courts for maintaining such records.

#### **6.2.10.2 Power Backup**

To maximise the utility of infrastructure provided and to deliver litigant centric services, an alternate uninterrupted source of power back-up is needed at each court complex.

##### **(a) Diesel Generator Sets**

To facilitate alternative uninterrupted source of power back-up, Diesel Generator (DG) Sets were provided to all court complexes under Phase-I & II of the project. Under Phase-II, eight DG sets were procured at a cost of ₹ 33.77 lakh and installed (March 2018) at seven court complexes<sup>16</sup> and one at SJA.

Audit observed that DG set of one court complex<sup>17</sup> (provided directly by the e-committee of the Supreme Court of India under Phase-I) was lying out of order since May 2019. The District & Session Judge, West Tripura District had sought funds for its maintenance (May 2019) from the Law Department; but no fund was released by the State Government who is responsible for undertaking all the activities for sustainability of the project and the DG set remained out of order (October 2019). This resulted in disruption in availability of computerised facilities to citizens through Judicial Service Centres, Kiosk, Information Display boards in the court complex at Agartala and also hampered data entry of court cases at all the courts of court complex during power-cuts.

<sup>16</sup> Ambassa, Sonamura, Dharmanagar, Kamalpur, Longtharai valley, Gandacherra and Kanchanpur

<sup>17</sup> 5 KVA DG set was provided to court complex at Agartala under Phase-I of the project

**(b) Use of solar energy- Non-installation of solar systems in Court complexes**

In addition to DG set, environment friendly solar system power backup was also envisaged to be installed at all 16 court complexes in Phase-I and Phase-II of the e-Courts project.

Audit observed that the High Court of Tripura took up the matter with the Director, Tripura Renewable Energy Development Agency (TREDA), Agartala and made an advance payment of ₹ 45 lakh (out of the estimated cost of ₹ 60 lakh) (March 2018) and ₹ 60 lakh (out of the estimated cost of ₹ 84.70 lakh) (July 2018) to the TREDA for installation of Solar Photo Voltaic (SPV) power plant at seven court complexes<sup>18</sup>. While releasing the advance payment (July 2018), High Court instructed TREDA to complete the installation of SPV power plant within the following 120 days. Audit noticed that installation of Solar system was not completed in any of the court complexes (October 2019). However, it did not execute a formal contract agreement/ Memorandum of Understanding (MoU) with TREDA for timely completion of the project.

The Registrar General, High Court stated (June 2020) that as an executing agency, the TREDA had invited bids and taken up execution of the project by engaging a private agency and therefore, the question of signing a contract or MoU with TREDA was not necessary. During the Exit Conference, Registrar General stated (June 2020) that the High Court could not execute any formal agreement with the TREDA as it was a constituent organisation of Power Department.

The reply is not acceptable, as the Registrar should have spelt out the terms and conditions to the implementing agency (TREDA) for timely completion of the project.

**6.2.10.3 Wide Area Network connectivity**

With a view to reduce the cost of server infrastructure, centralised application management, efficient server and resources management, automated scalability of application/web/ database servers, technical manpower cost saving, *etc.* Phase-II of the project envisaged establishing cloud computing environment for access by each court complex.

Under the Cloud Computing Environment, applications and databases used by the Courts would be hosted in Cloud Environment facilitated at State Data Centres (SDCs). The server infrastructure would not be required at court complexes coming up on Cloud Computing Environment.

Audit observed that;

- the BSNL Multiprotocol Level Switching (MPLS) Optical Fibre Connectivity (OFC) was established (September 2018) at a cost of ₹ 1.43 crore at all court complexes.
- Data entry, cause list generation, order uploading and other associated activities of the district and subordinate courts were being carried out though the e-courts

<sup>18</sup> Gandacherra, Chawmanu, Kanchanpur, Bishalgarh, Sonamura, Kailashahar and Khowai

database maintained at the local servers of respective court complexes, as the e-courts database server of Tripura was not maintained centrally at the State level.

- Data backup was taken on daily basis and maintained at respective court complexes in a separate hard disk or server.

The Registrar General, High Court stated (June 2020) that cloud computing could not be implemented until a robust and uninterrupted connectivity was established by the BSNL. However, the e-committee of the Supreme Court of India decided (January 2020) for implementation of a hybrid model of cloud computing at court complexes until robust connectivity was established. Accordingly, the High Court of Tripura took up (January 2020) the matter with the NIC to submit modalities of hybrid model of cloud computing and guide the High Court. The same was under implementation and the ultimate goal of cloud computing remained unachieved in the State.

#### **6.2.10.4 Computerisation of DLSA and TLSC**

Phase-II of the project envisaged integration of DLSAs with the courts' ICT infrastructure to facilitate preparation of list of cases for conducting Lok Adalats.

Audit observed that the hardware procured (September 2017) for installation of LAN at DLSAs and TLSCs at a cost of ₹ 6.29 lakh was lying idle in 15 out of 22 DLSAs/TLSCs due to inadequate infrastructure facilities. Therefore, the DLSAs and TLSCs were not getting the benefits of e-courts.

The Registrar General, High Court stated (June 2020) that prior to the procurement the High Court was assured by the State Legal Services Authority that proper infrastructure would be made available.

#### **6.2.10.5 Computer training labs at State Judicial Academy (SJA)**

Phase-II of the e-Court project envisaged establishing a full-fledged computer lab at SJA for providing ICT training for Judicial Officers and Court Officials.

Audit observed that the SJA of Tripura was established in March 2014 and housed in a Government residential quarter provided by the State Government. The fund for construction of infrastructure for SJA was to be made by the State Government from the additional fiscal space provided by the Fourteenth Finance Commission (FFC). However, no fund was released by the State Government (October 2019).

As a result, the Department could not construct the SJA building and the SJA is functioning in the existing residential quarter.

The High Court of Tripura procured (May 2017 to September 2018) computer and networking hardware (Network switch, IO box, Cat 6 cable, patch cords) including VC set at a cost of ₹ 30.23 lakh which were all lying idle due to non-availability of adequate space at SJA.

The Registrar General, High Court informed (June 2020), during the Exit Conference, that there was no action plan to utilise the computer hardware. He, however, assured

that High Court would explore the possibility of their utilisation considering their limited shelf life and warranty period.

### 6.2.11 Scanning and digitisation of case records of High Court and district courts

Phase-II of e-Court project envisaged digital preservation of case records, converting the existing case records to a digitised format in district courts and High Courts.

The State Government released ₹ 77.03 lakh (March 2018) against the total requirement of ₹ nine crore for digitisation of records. The fund released by the State Government were placed (March 2018) with the State PWD<sup>19</sup> for construction of a room for digitisation at High Court of Tripura. The work was not completed despite passage of more than a year (October 2019).

During the Exit Conference, the Registrar General, High Court stated (June 2020) that the State Government had not provided fund to High Court from the additional fiscal space provided by the FFC. Nevertheless, it can be seen that even the funds released were not utilised and nothing was done to even start upon the digitisation of judicial records in the Courts.

### 6.2.12 Service delivery

A large number of improved and innovative services were planned to be implemented in Phase-II of the e-Courts project. An 'e-courts' App was implemented in June 2018 developed to enable the citizens to check the status of their case; another App 'JustIs' was released to facilitate the Judicial Officers in monitoring of 'Board and Case Flow Management'.

Audit scrutiny revealed that the following services **were not implemented** as of date of audit (October 2019) even after lapse of more than four years from inception of the Phase-II Project.

- (i) e-filing portal to facilitate filing of cases online for High Courts and Subordinate courts,
- (ii) providing certified copies online with bar-coding to facilitate authenticated copy of judgments when required to produce in a hardcopy format before any court,
- (iii) payment of court fees online,
- (iv) Portfolio Management System to facilitate the Advocates/ Government departments to access the case information portal with a user and password authentication whereby all the cases represented by the particular advocate or against the particular department,
- (v) ensuring smooth interoperability with Police, Jail, *etc.* so that the communication between these stakeholders and courts is expedited in order to curb the delays involved,

<sup>19</sup> Executive Engineer (Roads & Buildings), Capital Complex Division.

- (vi) Digital library modules which include High Court Rules, Civil and Criminal Court Manuals, *etc.* intended for HC, DCs, State Legislature and State Government were not implemented.

However, out of 30 charter of litigant services (as detailed in **Appendix 6.2.1**) the delivery of 13 services were either fully or partly implemented (October 2019) and remaining 17 services were under implementation (October 2019).

During the Exit Conference, the Registrar General, High Court admitted the audit observations and informed (June 2020) that implementation of e-filing and e-payment would be started after amendment of the relevant Act and Rules and matter had been taken-up with the Law Department.

### 6.2.13 Monitoring

#### 6.2.13.1 Infrastructure Development Monitoring Mechanism

Monitoring is an essential management tool to watch progress against plan/targets and to trigger remedial action, whenever required. Accordingly, Financial Rules<sup>20</sup> stipulate that the Secretary of a Department shall *inter alia* review and monitor regularly the performance of the programmes and projects assigned to his Ministry/Department to determine whether stated objectives are achieved.

Scheme guidelines envisage that the implementation of the scheme would be monitored by the State Level and District Level Monitoring Committees.

Audit noticed the following deficiencies in the monitoring system:

- a. System of periodical reports and returns, agenda for meetings of the monitoring committee and minutes of the meetings of the monitoring committee were not available to assess the effectiveness of the monitoring system;
- b. In pursuance of directions by the Hon'ble Supreme Court in Malik Mazhar case, the Government of Tripura committed completion of projects by certain time. However, none of these projects was completed by the dates promised to the Hon'ble Court as discussed in **Paragraph 6.2.9.1** of this report. This was so because during and after filing the State's affidavit, the Law Department had only issued a general advisory to Executing Department to expedite the work instead of analysing root cause for slow progress and finding some solution;
- c. High Court of Tripura started online reporting of status of construction of various projects to the Hon'ble Supreme Court of India from January 2018. This reporting, however, failed to expedite the progress of the works as pointed out at **Paragraph 6.2.9.1**.

As a result of ineffective planning, the State Government could not take up the construction of five new court buildings and nine quarter complexes as per the target of Perspective Plans of 2012-17 and 2017-22.

<sup>20</sup> Rule 64 of General Financial Rules, 2005 and Rule 70 of General Financial Rules, 2017

In connection with monitoring issues, the LR & Secretary, Law informed (June 2020), during the Exit Conference, a system of obtaining monthly progress report (including reasons for delay/ bottlenecks) from the implementing department (PWD) for all construction works of Law Department, had recently been adopted.

During a tripartite meeting held (15 June 2020) among Law Department, PWD and Audit, the PWD assured that all the loopholes pointed out in the PA would be looked into and addressed on priority basis.

### 6.2.13.2 e-Courts Monitoring Mechanism

There was no prescribed norm to submit any periodical progress report, conducting periodical meetings. However, the Central Project Committee monitored the implementation of the e-Courts at State level and Nodal Officers at each court complex level as seen by audit from the records of High Court of Tripura and select district courts. The monitoring was ineffective in as much as the authorities did not take necessary/ timely action on the installation of VC connectivity between courts and jails, procurement of hardware without ensuring availability of adequate space and failure in ensuring installation of solar system in courts.

### 6.2.14 Conclusion

The Performance Audit of **‘Development of Infrastructure facilities for the Judiciary’** under the Centrally Sponsored Scheme, revealed several deficiencies in planning, project execution and management as well as monitoring of the projects and its outcomes for improved delivery of judicial services to litigants and stakeholders. As against 12 court buildings and 11 quarter complexes as per the perspective Plans, five new court buildings and nine quarter complexes were not taken up. All the nine projects (six court buildings and three quarter complexes<sup>21</sup>) taken up during 2014-19 suffered time overruns. One project of residential complex for High Court staff which was not approved under the Scheme was irregularly taken up by diverting funds of other projects. The partial or low achievement was due to administrative and executive failure (Law & PWD) to manage known risks. As the Scheme was to come to an end in March 2020 the State Government did not show any urgency in getting the funds and completing all the planned projects by target dates.

During the period 2014-19 the State released funds of ₹ 44.61 crore (including ₹ 29.11 crore of previous years) to the Law Department, against which expenditure incurred was ₹ 27.39 crore on eight approved projects and ₹ 7.36 crore on one unapproved project and other works related to upgradation of existing court buildings.

Under e-court project Phase-II the High Court of Tripura utilised ₹ 7.19 crore against ₹ 10.22 crore from the GoI during 2015-19. In the absence of Assets Register and Physical Verification Report of assets there was no assurance of actual availability of computer hardware in the test checked courts. The courts could not utilise the Video Conferencing (VC) facility between courts and jails for routine remand of under trial of prisoners, due to poor internet connectivity at the other end (Jails). High Court of

<sup>21</sup> Including one inadmissible project under the Scheme

Tripura made an advance payment of ₹ 1.05 crore to Tripura Renewable Energy Development Agency (TREDA), Agartala, for installation of Solar Photo Voltaic (SPV) power plant at seven court complexes without entering into an agreement with the Agency. They could neither ensure completion and installation of SPV power plant in any of the court complexes. The computer hardware and VC equipment procured for setting up of Computer Lab at State Judicial Academy, Tripura at a cost of ₹ 30.23 lakh, remained idle for want of adequate space for the training facilities.

As regards service deliveries under the e-Courts project though large number of improved and innovative services were planned for implementation in Phase-II of the project, only 'e-courts' App was implemented in June 2018 enabling the citizens to check the status of their case. Another App 'JustIs' was released to facilitate the Judicial Officers in monitoring of 'Board and Case Flow Management'. e-filing portal was to be implemented to facilitate filing of cases online for High Courts and Subordinate courts.

Even after four years of implementation of the project important services to litigants such as e-filing of cases, e payment of court fees, providing certified copies online with bar-coding to facilitate authenticated copy of judgments when required to produce in a hardcopy format before any court, and Portfolio Management System supposed to assist Advocates and Government Departments in case management, were not introduced.

The monitoring mechanism to watch the progress of implementation of projects and services as per plans was weak and ineffective.

### 6.2.15 Recommendations

The State Government may consider the following recommendations:

- Ensure proper co-ordination between Administrative Department and Executive Department for timely completion of the projects;
- Monitor execution of projects through use of modern project management techniques, use of web based project management IT tool;
- Maintain Assets Register and physical verification of the assets created under e-courts project, by each court;
- Improve the internet connectivity at jail end to ensure the utilisation of Video Conferencing device;
- Provide building infrastructure to make Computer Lab functioning under State Judiciary Academy; and
- Introduce service deliveries under the e-Court Project as planned for the benefit of litigants/advocates/Government departments and all other stake holders.



**CHAPTER VII:  
FOLLOW UP OF AUDIT OBSERVATIONS**



## CHAPTER VII

### FOLLOW UP OF AUDIT OBSERVATIONS

#### 7.1 Follow-up Action on earlier Audit Reports

##### 7.1.1 Explanatory notes not submitted

Finance Department of the Government of Tripura issued instructions (July 1993), to the Administrative Departments to initiate, *suo motu*, positive and concrete action in all audit paragraphs and reviews featuring in the Audit Reports of C&AG of India regardless of whether the cases are taken up for examination by Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) or not and to furnish detailed notes indicating the corrective/remedial action taken or proposed to be taken by them within a period of three months of the presentation of Audit Reports to the Legislature.

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (C&AG) and presented to the State Legislature.

##### (a) Public Accounts Committee

As of November 2019, 15 out of 18 departments did not submit explanatory notes on 68 Paragraphs (46 paragraphs and 22 performance audit) out of 93 paragraphs (64 paragraphs and 29 performance audits) of Audit Reports awaiting discussion by Public Accounts Committee (PAC) relating to the Audit Reports from the years 2001-02, 2004-05 to 2017-18. The position of pendency of receipt of *suo motu* replies on paragraphs/ performance audits awaiting discussion by PAC during the last five years is shown in **Table 7.1.1**.

**Table 7.1.1: Position of pending *suo motu* replies on paragraphs/ performance audits of Audit Reports awaiting discussion by PAC**

Years	Total paragraphs/performance audits awaiting discussion	<i>Suo-motu</i> reply received	<i>Suo-motu</i> reply not received
2013-14	4	2	2
2014-15	13	3	10
2015-16	9	1	8
2016-17	10	0	10
2017-18	13	0	13

**Table 7.1.1** presents the position of *suo motu* replies received/ not received pertaining to paragraphs/ performance audits of Audit Reports pending discussion by PAC for the period from 2013-14 to 2017-18. The departments largely responsible for not submitting explanatory notes were Public Works (Roads & Buildings) Department (21), Agriculture Department (5), Finance Department (11), Public Works (Water Resource) Department (3), Rural Development Department (4) and Transport Department (8) amongst others.

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2018) with the Chairman, PAC, Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and pendency can be reduced.

**(b) Committee on Public Undertakings**

As of November 2019, two departments did not submit explanatory notes on 12 paragraphs (nine paragraphs and three performance audits) out of 20 paragraphs (14 paragraphs and six performance audits) of Audit Reports awaiting discussion by Committee on Public Undertakings (COPU) relating to the Audit Reports from the years 2011-12 to 2017-18. The departments largely responsible for not submitting explanatory notes on paragraphs were Power Department (5), Industries and Commerce Department (4) and Performance Audits were Industries & Commerce Department (2) and Power Department (1).

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2018) with the Chairman, Committee on Public Undertakings (COPU), Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and the pendency can be reduced.

**7.1.2 Action taken on the recommendations of the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU)**

The Administrative Departments were required to take suitable action on the recommendations made in the Report of the PAC/COPU presented to the State Legislature. Following the circulation of the Reports of the PAC/COPU, Heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC/COPU and submit the same to the State Assembly Secretariat.

**(a) Public Accounts Committee**

As of October 2019, Action Taken Notes (ATNs) on 147 recommendations of the PAC made between 2010-11 and 2018-19 were awaited from the administrative departments concerned, of which, 55 pertained to Finance (Excise & Taxation) Department, 19 to Public Works (Roads & Building) Department, 11 to Social Welfare and Social Education Department, nine to Urban Development Department, six each to Education (Higher) Department, Industries & Commerce Department and Public Works (Drinking Water & Sanitation) Department, five to Health & Family Welfare Department, four to Fisheries Department and 26 ATNs to other departments. All these departments are required to expedite submission of ATNs to the PAC without further delays.

**(b) Committee on Public Undertakings**

As of November 2019, ATNs on 28 recommendations of the COPU made between 2011-12 and 2015-16 were awaited from the administrative departments concerned, of which, 13 pertained to Power Department (Tripura State Electricity Corporation Limited), 10 to Industries and Commerce Department (Tripura Jute Mills Limited: six, Tripura Small Industries Corporation Limited: four), three to Forest Department (Tripura Forest Development & Plantation Corporation Limited), and one each to Transport Department (Tripura Road Transport Corporation) and Tribal Welfare (Tribal Rehabilitation in Plantation & Particularly Vulnerable Tribal Group) Department. There is need for all these departments/ companies to submit ATNs without further delays to take the things to their logical end.

## 7.2 Monitoring

The following committees had been formed at the Government level to monitor the follow up action on Audit Reports and PAC/ COPU recommendations.

### 7.2.1 Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) had been formed (April 2002) by all departments of the Government under the chairmanship of the departmental Secretaries to monitor the follow-up action on Audit Reports and PAC/ COPU recommendations. The DMCs were to hold monthly meetings and to send progress reports on the issue every month to the Finance Department.

Details about meetings of the DMCs during 2018-19, though called for (September 2019), had not been furnished (September 2020) by the Finance Department.

### 7.2.2 Apex Committee

An Apex Committee had been formed (April 2002) at the State level under the chairmanship of the Chief Secretary to monitor the follow-up action on Audit Reports and PAC/COPU recommendations.

Details about meetings of the Apex Committee during 2018-19, though called for (September 2019), had not been furnished (September 2020) by the Finance Department.

## 7.3 Outstanding Inspection Reports

The Accountant General (Audit), Tripura conducts periodical inspections of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited entities and to the higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the Government. The Government had instructed (July 1993) that the first reply to the IRs should be furnished within one month from the date of receipt.

Analysis of the position of outstanding IRs showed that 3,446 paragraphs included in 552 IRs issued during the last five years up to 2018-19 were pending for settlement as of September 2019. Of these, even the first reply had not been received in respect of 131 IRs in spite of repeated reminders. The year-wise break-up of the outstanding IRs and the position of response thereto is given in **Table 7.3.1**.

**Table 7.3.1: Position of Outstanding IRs where 1<sup>st</sup> reply have not been received**

Years	No. of outstanding IRs	No. of IRs for which even 1st reply had not been received
2014-15	110	15
2015-16	135	26
2016-17	123	20
2017-18	100	26
2018-19	84	44
<b>Total</b>	<b>552</b>	<b>131</b>

As a result, the following important irregularities commented upon in those IRs had not been addressed as of September 2019.

**Table 7.3.2: Irregularities not addressed**

Nature of irregularities	Number of cases	Amount involved (₹ in crore)
Excess/ Irregular/ Avoidable/ Unfruitful/ Wasteful/ Unauthorised/ Idle expenditure	608	457.11
Blocking of funds	128	174.21
Non-recovery of excess payments/ overpayments	41	5.13
Under assessment	139	29.85
Loss of Revenue	65	77.72
Misappropriation	11	0.84
Others	1,884	1,055.15
<b>Total</b>	<b>2,876</b>	<b>1,800.01</b>

It is evident from **Table 7.3.2** that 2,876 cases for ₹ 1,800.01 crore involving audit observations on loss of revenue, overpayments, excess payments, under assessment, etc. remained unaddressed by the departments concerned, which is a matter of serious concern.

#### **7.4 Departmental Audit Committee Meetings**

As per the Office Memorandum dated 14 July 1993 issued by the Government of Tripura, the Departmental Audit Committees (DACs) are required to be constituted by each Department with the Secretary of the Department as Chairman, Head of the Department as Member and one Officer of the rank of Deputy Secretary from the Finance Department as Member and Deputy Accountant General, Tripura as Convenor. The DACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General (Audit), Tripura. Seven Audit Committee Meetings were held during 2018-19 wherein two IRs and 11 paragraphs were discussed, but no paragraph has been settled.

#### **7.5 Response of the Government/ departments towards audit**

The Accountant General (Audit), Tripura conducts periodical inspection of the government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected, with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Accountant General (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

There are 3,446 paragraphs involving ₹ 71,529.26 crore relating to 552 IRs issued during the last five years 2014-15 to 2018-19 which remained outstanding at the end of 30 September 2019 under Social, Economic, Revenue and General Sectors. Year-wise position of outstanding IRs, paragraphs and money value involved for the last five years as on 30 September 2019 are given in **Table 7.5.1**.

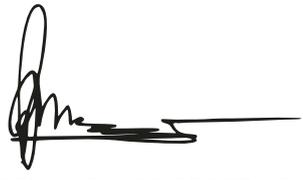
Table 7.5.1: Details of pending IRs

Position of IRs	Sectors	Outstanding as of September 2019					Total
		2014-15	2015-16	2016-17	2017-18	2018-19	
Number of IRs pending for settlement	Social	39	48	49	54	25	215
	Economic	43	62	52	19	31	207
	Revenue	21	21	17	11	18	88
	General	7	4	5	16	10	42
<b>Total</b>		<b>110</b>	<b>135</b>	<b>123</b>	<b>100</b>	<b>84</b>	<b>552</b>
Number of outstanding audit observations	Social	273	315	332	420	222	1,562
	Economic	196	358	342	133	229	1,258
	Revenue	89	64	84	63	66	366
	General	30	14	20	98	98	260
<b>Total</b>		<b>588</b>	<b>751</b>	<b>778</b>	<b>714</b>	<b>615</b>	<b>3,446</b>
Money value involved (₹ in crore)	Social	197.31	223.15	366.57	157.21	76.47	1,020.71
	Economic	13,273.70	25,865.99	13,890.46	6,623.04	5,877.54	65,530.73
	Revenue	26.05	14.66	7.30	0.17	10.50	58.68
	General	875.57	583.51	65.59	2,986.10	408.37	4,919.14
<b>Total</b>		<b>14,372.63</b>	<b>26,687.31</b>	<b>14,329.92</b>	<b>9,766.52</b>	<b>6,372.88</b>	<b>71,529.26</b>

The details in **Table 7.5.1** indicated that the departments were not serious in taking necessary action for final settlement of such cases.

It is recommended that the Government may review the matter and ensure that an effective system exists for sending replies to Audit within the prescribed time frame.

Agartala  
The 05 March 2021

  
(BIVASH RANJAN MONDAL)  
Principal Accountant General (Audit), Tripura

*Countersigned*

New Delhi  
The 12 March 2021

  
(GIRISH CHANDRA MURMU)  
Comptroller & Auditor General of India



## **APPENDICES**



### Appendix - 2.2.1

#### Detailed status of maintenance of Registers at AWC level in the selected 14 Projects

(Reference: Paragraph No. 2.2.14.1)

(in number)

Sl. No.	Name of Register	Not maintained	Partially maintained	Properly maintained
1	Survey/family register/ Household survey register for PSE	02	87	100
2	Supplementary Food Stock Register	06	22	161
3	Supplementary Food Distribution Register	09	37	143
4	Pre school education register	18	108	63
5	Pregnancy and Delivery Register	31	123	35
6	Immunisation and Village Health and Nutrition Day (VHND)	19	134	36
7	Vitamin A Biannual Rounds Register	63	93	33
8	Home Visits Planner /Home visit register	33	128	28
9	Health check-up /referral register	133	45	11
10	Summaries (Monthly & Annual)	90	90	09
11	Weight Records of Children /Growth chart	25	90	74
12	Calendar &Age Birth EDD calculation tables	154	22	13

Source: Sampled AWCs Record

## Appendix - 3.8.1

## Statement showing details of funds received and expenditure incurred during 2013-14 to 2015-16 under Unakoti Dugdha Prakalpa

(Reference: Paragraph No. 3.8)

## (A) Details of funds received during 2013-14 to 2015-16

(in ₹)

Sl. No.	From whom received	2013-14	2014-15	2015-16	Total
1	Sr. DM&C, Unakoti District	60,00,000 <sup>1</sup>	10,00,000 <sup>2</sup>	-	70,00,000
2	BDO, Chandipur	28,00,000 <sup>3</sup>	-	-	28,00,000
3	UBI, Kailashahar	-	9,90,000	-	9,90,000
4	40 Nos. Dairy Entrepreneurs (Margin money)	-	4,00,000	-	4,00,000
5	UBI, Gournagar (Bank Interest)	-	-	60,237 <sup>4</sup>	60,237
<b>Total</b>		<b>88,00,000</b>	<b>23,90,000</b>	<b>60,237</b>	<b>1,12,50,237</b>

## (B) Summary of funds received and payment made during 2013-14 to 2015-16

(in ₹)

Year	Opening Balance	Funds received during the year	Total funds	Expenditure incurred	Closing Balance
2013-14	Nil	88,09,888 <sup>5</sup>	88,09,888	54,82,401	33,27,487
2014-15	33,27,487	41,67,644 <sup>6</sup>	74,95,131	74,95,131	Nil
2015-16	Nil	11,593	11,593	11,593	Nil
<b>Total</b>		<b>1,29,89,125*</b>		<b>1,29,89,125*</b>	

## (C) Item-wise details of expenditure incurred during 2013-14 to 2015-16

(in ₹)

Sl. No.	Item	2013-14	2014-15	2015-16	Total
1	Cattle cost	22,00,000	43,71,057	-	65,71,057
2	Cattle ration	20,000	4,10,750	-	4,30,750
3	Cattle insurance	1,23,596 (-) 9,888	2,27,616	-	3,41,324
4	Transit truck hiring, truck fare	1,13,805	1,41,000	-	2,54,805
5	Cattle transit cost	-	1,18,250	-	1,18,250
6	Cattle shed construction	28,00,000	(-) 15,96,000	-	12,04,000
7	Cattle feed	-	24,000	6,36,407	24,000
	Salary	-	79,000	-	79,000
8	Wages	-	64,300	-	64,300
9	Honorarium	-	37,500	87,585	37,500
10	Payment for chaffing machine	2,25,000	(-) 1,33,000	-	92,000
11	Transportation cost of fodder cutting machines	-	4,500	-	4,500
12	Fodder cutting cost	-	7,600	-	7,600
13	Refund of Margin money	-	60,000	-	60,000

<sup>1</sup> Thirteenth Finance Commission grant, Zilla Parishad share

<sup>2</sup> Panchayat Development Fund, Zilla Parishad share

<sup>3</sup> MGNREGA

<sup>4</sup> Includes Bank Interest from 1 June 2014 to 18 September 2015

<sup>5</sup> Includes refund of ₹ 9,888 from National Insurance Co. Ltd., Agartala

<sup>6</sup> Includes refund of ₹ 17,29,000 from M/s Sreema Engineering Works, Kailashahar as unspent amount of cattle shed construction (₹ 15,96,000) and Chaffing machine (₹ 1,33,000)

## Appendix - 3.8.1 (concl.)

## Statement showing details of funds received and expenditure incurred during 2013-14 to 2015-16 under Unakoti Dugdha Prakalpa

(Reference: Paragraph No. 3.8)

## (C) Item-wise details of expenditure incurred during 2013-14 to 2015-16

(in ₹)

Sl. No.	Item	2013-14	2014-15	2015-16	Total
14	Transfer of Margin money	-	50,000	-	50,000
15	Hiring of vehicle	-	3,000	-	3,000
16	Medicine	-	2,08,988	-	2,08,988
17	Contingency	-	5,332	-	5,332
18	Rubber mat consumables, etc.	-	6,54,255	-	6,54,255
19	Incentive to farmers, etc.	-	2,52,625	-	2,52,625
20	Videography	-	2,000	-	2,000
21	Nutritional support to project cattle	-	-	11,593	11,593
22	Tour programme	-	49,366	-	49,366
	<b>Total</b>	<b>54,72,513</b>	<b>50,42,139</b>	<b>7,35,585</b>	<b>1,12,50,237</b>

**Source:** Compiled from the information furnished in March 2019 and May 2019 by the Dy. Director, ARDD, Unakoti District, Kailashahar

Appendix - 4.1.1

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraph Nos. 4.1.2.1, 4.1.6, 4.1.9, 4.1.9.2, 4.1.9.3 & 4.1.10)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed <sup>7</sup>	Return on capital employed <sup>8</sup>	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>A. Working Government Companies</b>														
<b>AGRICULTURE &amp; ALLIED</b>														
1	Tripura Forest Development & Plantation Corporation Limited	2017-18	2019-20	9.20	0.09	112.09	0.00	33.13	-10.22	0.00	121.38	-9.91	-8.16	186
2	Tripura Horticulture Corporation Limited	2014-15	2017-18	7.94	0.00	-3.77	0.00	25.62	-0.33	-0.16	4.17	-0.33	-7.91	81
3	Tripura Tea Development Corporation Limited	2017-18	2019-20	44.42	0.00	-24.80	0.00	3.65	-2.31	0.00	19.62	-2.31	-11.77	659
4	Tripura Rehabilitation Plantation Corporation Limited	2017-18	2019-20	4.58	0.00	-2.86	0.00	29.09	-3.64	0.08	1.72	-3.64	-211.63	157
<b>Sector wise total</b>				<b>66.14</b>	<b>0.09</b>	<b>80.66</b>	<b>0.00</b>	<b>91.49</b>	<b>-16.50</b>	<b>-0.08</b>	<b>146.89</b>	<b>-16.19</b>	<b>-11.02</b>	<b>1083</b>
<b>FINANCING</b>														
5	Tripura Industrial Development Corporation Limited	2017-18	2019-20	16.17	128.41	-10.47	0.00	5.91	1.90	11.01	134.11	3.87	2.89	43
<b>Sector wise total</b>				<b>16.17</b>	<b>128.41</b>	<b>-10.47</b>	<b>0.00</b>	<b>5.91</b>	<b>1.90</b>	<b>11.01</b>	<b>134.11</b>	<b>3.87</b>	<b>0.00</b>	<b>43</b>

<sup>7</sup> Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure.

<sup>8</sup> ROCE = Earnings before interest and taxes (EBIT) / Capital Employed.

## Appendix - 4.1.1 (Contd.)

## Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraph Nos. 4.1.2.1, 4.1.6, 4.1.9, 4.1.9.2, 4.1.9.3 &amp; 4.1.10)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>MANUFACTURING</b>														
6	Tripura Jute Mills Limited	2017-18	2019-20	293.58	1.05	-287.32	0.00	4.15	-28.15	0.00	7.31	-28.15	-385.09	448
7	Tripura Small Industries Corporation Limited	2016-17	2019-20	59.56	0.21	-46.53	0.00	17.97	-6.60	-11.62	13.24	-6.58	-49.70	128
<b>Sector wise total</b>				<b>353.14</b>	<b>1.26</b>	<b>-333.85</b>	<b>0.00</b>	<b>22.12</b>	<b>-34.75</b>	<b>-11.62</b>	<b>20.55</b>	<b>-34.73</b>	<b>-169.00</b>	<b>576</b>
<b>POWER</b>														
8	Tripura State Electricity Corporation Limited	2015-16	2018-19	665.75	160.28	-445.13	61.08	798.74	-156.96	0.00	441.98	-156.96	-35.51	3695
<b>Sector wise total</b>				<b>665.75</b>	<b>160.28</b>	<b>-445.13</b>	<b>61.08</b>	<b>798.74</b>	<b>-156.96</b>	<b>0.00</b>	<b>441.98</b>	<b>-156.96</b>	<b>-35.51</b>	<b>3695</b>

Appendix - 4.1.1 (Contd.)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraph Nos. 4.1.2.1, 4.1.6, 4.1.9, 4.1.9.2, 4.1.9.3 & 4.1.10)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>SERVICES</b>														
9	Tripura Handloom and Handicrafts Development Corporation Limited	2016-17	2019-20	107.09	4.27	-121.59	1.57	4.72	-12.17	-10.14	-8.66	-12.17	Not workable	252
10	Tripura Urban Transport Company Limited	2017-18	2019-20	0.90	0.00	1.27	0.00	1.36	0.32	0.00	2.17	0.47	21.66	7
11	Tripura Tourism Development Corporation Limited	2016-17	2017-18	12.12	0.00	-1.21	0.00	2.69	-0.32	0.06	10.91	-0.32	-2.93	11
12	Agartala Smart City Limited	2018-19	2019-20	0.10	0.00	-0.03	0.00	0.00	-0.03	0.00	0.07	-0.03	-42.86	9
<b>Sector wise total</b>				<b>120.21</b>	<b>4.27</b>	<b>-121.56</b>	<b>1.57</b>	<b>8.77</b>	<b>-12.20</b>	<b>-10.08</b>	<b>4.49</b>	<b>-12.05</b>	<b>-268.37</b>	<b>279</b>
<b>MISCELLANEOUS</b>														
13	Tripura Natural Gas Company Limited	2018-19	2019-20	3.92	4.94	86.15	0.00	95.59	6.29	0.00	95.01	14.31	15.06	19
<b>Sector wise total</b>				<b>3.92</b>	<b>4.94</b>	<b>86.15</b>	<b>0.00</b>	<b>95.59</b>	<b>6.29</b>	<b>0.00</b>	<b>95.01</b>	<b>14.31</b>	<b>15.06</b>	<b>19</b>
<b>Total A (All sector wise working Government companies)</b>				<b>1225.33</b>	<b>299.25</b>	<b>-744.20</b>	<b>62.65</b>	<b>1022.62</b>	<b>-212.22</b>	<b>-10.77</b>	<b>843.03</b>	<b>-201.75</b>	<b>-23.93</b>	<b>5695</b>

## Appendix - 4.1.1 (Concl.)

## Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraph Nos. 4.1.2.1, 4.1.6, 4.1.9, 4.1.9.2, 4.1.9.3 &amp; 4.1.10)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>B. Working Statutory corporation</b>															
<b>SERVICES</b>															
1	Tripura Road Transport Corporation	2016-17	2019-20	162.95	0.25	-284.64	11.19	2.26	0.36	0.00	-110.25	0.36	Not workable	248	
<b>Sector wise total</b>				<b>162.95</b>	<b>0.25</b>	<b>-284.64</b>	<b>11.19</b>	<b>2.26</b>	<b>0.36</b>	<b>0.00</b>	<b>-110.25</b>	<b>0.36</b>	Not workable	<b>248</b>	
<b>Total B (All sector wise working Statutory Corporation)</b>				<b>162.95</b>	<b>0.25</b>	<b>-284.64</b>	<b>11.19</b>	<b>2.26</b>	<b>0.36</b>	<b>0.00</b>	<b>-110.25</b>	<b>0.36</b>	Not workable	<b>248</b>	
<b>Grand Total (A+B)</b>				<b>1388.28</b>	<b>299.50</b>	<b>-1028.84</b>	<b>73.84</b>	<b>1024.88</b>	<b>-211.86</b>	<b>-10.77</b>	<b>732.78</b>	<b>-201.39</b>	<b>-27.48</b>	<b>5943</b>	
<b>C. Non working Government companies</b>															
<b>FINANCING</b>															
1	Tripura State Bank Limited	Non functional and in the process of liquidation													
<b>Sector wise total</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
<b>Total C (All sector wise non working Government company)</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>				<b>1388.28</b>	<b>299.50</b>	<b>-1028.84</b>	<b>73.84</b>	<b>1024.88</b>	<b>-211.86</b>	<b>-10.77</b>	<b>732.78</b>	<b>-201.39</b>	<b>-27.48</b>	<b>5943</b>	

® Paid up capital includes share application money

**Appendix - 4.1.2**  
**Statement showing Rate of Real Return on Government Investment**  
*(Reference: Paragraph No. 4.1.10)*

*(₹ in crore)*

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/ profit after tax (PAT) for the year
A	B	C	D	E	F	G	H	I	J	$K = I \times (1+J/100)$	$L = I \times J/100$	M
Upto 1999-2000	0.00	156.02	2.58	0.00	0.00	0.00	158.60	158.60	12.25	178.03	19.43	-10.90
2000-01	178.03	20.44	0.00	0.00	0.00	0.00	20.44	198.47	10.82	219.95	21.47	-11.00
2001-02	219.95	25.33	0.00	0.00	0.00	0.00	25.33	245.28	10.35	270.66	25.39	-25.62
2002-03	270.66	15.53	9.13	0.00	0.00	0.00	24.66	295.32	7.08	316.22	20.91	-8.52
2003-04	316.22	18.35	0.00	0.00	0.00	0.00	18.35	334.57	9.92	367.76	33.19	-8.45
2004-05	367.76	22.99	0.00	0.00	0.00	0.00	22.99	390.75	9.17	426.58	35.83	-18.99
2005-06	426.58	23.40	0.00	0.00	0.00	0.00	23.40	449.98	8.56	488.50	38.52	-19.11
2006-07	488.50	36.22	11.04	0.00	45.00	0.00	92.26	580.76	8.46	629.90	49.13	-16.33
2007-08	629.90	29.07	4.78	0.00	50.00	0.00	83.85	713.75	8.27	772.78	59.03	-9.50
2008-09	772.78	31.13	30.50	0.00	28.06	0.00	89.69	862.47	8.00	931.47	69.00	-19.84
2009-10	931.47	25.79	16.50	0.00	139.56	0.00	181.85	1113.32	7.98	1202.16	88.84	-1.97
2010-11	1202.16	13.27	0.00	0.00	108.94	0.00	122.21	1324.37	8.88	1441.97	117.60	-4.36
2011-12	1441.97	27.29	75.85	0.00	64.05	0.00	167.19	1609.16	8.41	1744.49	135.33	-104.98
2012-13	1744.49	30.94	0.00	0.00	63.43	0.00	94.37	1838.86	8.44	1994.06	155.20	-98.74
2013-14	1994.06	41.27	0.00	0.00	110.09	0.00	151.36	2145.42	8.53	2328.43	183.00	-137.51
2014-15	2328.43	38.88	12.00	0.00	128.31	0.00	179.19	2507.62	13.18	2838.12	330.50	-126.63
2015-16	2838.12	38.48	0.00	0.00	88.79	0.00	127.27	2965.39	12.95	3349.41	384.02	-139.05
2016-17	3349.41	60.74	13.25	0.00	87.28	0.00	161.27	3510.68	7.50	3773.98	263.30	-118.09
2017-18	3773.98	30.53	0.00	0.00	77.35	0.00	107.88	3881.86	7.50	4173.00	291.14	-190.30
2018-19	4173.00	34.81	0.00	0.00	70.77	0.00	105.58	4278.58	7.16	4584.93	306.35	-211.86
<b>TOTAL</b>							<b>1957.74</b>					

Year	Total earnings/ loss in 2018-19	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2018-19	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
2018-19	-211.86	1957.74	-10.82	4584.93	-4.62

## Appendix - 5.2.1

## Statement showing excess ITC allowed to the dealer as per the Trading accounts for 2013-14

(Reference: Paragraph No. 5.2)

(in ₹)

Year	2013-14		Total 2013-14	
	Rate of Tax (per cent)	Taxable @ 13.5		Taxable @ 14.5
Opening stock		116243	4109968	4226211
Purchase with freight		6223326	6835363	13058689
Total		6339569	10945331	17284900
Closing stock		4109968	9087286	13197254
Cost of goods sold		2229601	1858045	4087646
Sale		2263491	1886287	4149778
Profit margin (per cent)		1.52	1.52	
ITC allowed on closing stock		554846	1317656	1872502
ITC admissible on cost of goods sold		300996	269417	570413
Inadmissible ITC		1872502 minus 570413		1302089

Appendix - 5.3.1

Statement showing short levy of VAT, interest and penalty due to underassessment of purchase by the AAs  
(Reference: Paragraph No. 5.3)

(in ₹)

Sl. No.	Name of the dealer and TIN/ Registration No. (in bracket)	Period of assessment	Date of assessment	Turnover assessed by Audit	Turnover determined by AAs	Turnover short determined by AAs (7=5-6)	Taxable Items	Rate of tax (per cent)	Short levy				Reasons for underassessment
									VAT	Interest	Penalty <sup>#</sup>	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Superintendent of Taxes, Charge I, Agartala</b>													
1.	M/s S. Das & Company, Central Rd, Agartala (16010056023)	2014-15	29-03-2018	8611853	8176036	435817	Motor Parts and Accessories, Audio System, Lubricant, etc.	14.5	63193	44551	6319	102688	Underassessment of purchase
<b>Sub total</b>				<b>8611853</b>	<b>8176036</b>	<b>435817</b>			<b>63193</b>	<b>44551</b>	<b>6319</b>	<b>102688</b>	
<b>Superintendent of Taxes, Charge VII, Agartala</b>													
2.	M/s Info Solution System, Agartala (16040939005)	2015-16	31-01-2018	46697403	44943156	1754247	Computer and its spare parts	5	87712	46049	17543	132884	Underassessment of purchase
		2016-17		45042347	41331667	3710680			185534	64009	37107	247688	
<b>Sub total</b>				<b>91739750</b>	<b>86274823</b>	<b>5464927</b>			<b>273246</b>	<b>110058</b>	<b>54650</b>	<b>380572</b>	
<b>Superintendent of Taxes, Charge VIII, Agartala</b>													
3.	M/s Raj Incorporation, Agartala (16180582124)	2013-14	26-12-2017	4487850	1933372	2554478	Stone boulder, Stone chips	14.5	370399	327803	55560	670422	Underassessment of purchase as well as excess determination of closing stock.
		2014-15		3663485	2606903	1056582			153204	108009	22981	249723	
<b>Sub total</b>				<b>8151335</b>	<b>4540275</b>	<b>3611060</b>			<b>523603</b>	<b>435812</b>	<b>78541</b>	<b>920145</b>	
<b>Superintendent of Taxes, Belonia</b>													
4.	M/s Sen Rubber Traders, Belonia (16081084170)	2013-14	23-03-2018	495713	351700	144013	Raw rubber sheet, rubber scrap, latex collection cap, rubber tapping knife, anti-fungal rubber coat, aluminium dish		19442	91422	1944	35093	Underassessment of purchase
				180092	127773	52319			7586		759	13693	
				5250896	3725423	1525473			76274		7627	137674	
<b>Sub total</b>				<b>5926701</b>	<b>4204896</b>	<b>1721805</b>			<b>103302</b>	<b>91422</b>	<b>10330</b>	<b>18646460</b>	

<sup>#</sup>Penalty calculated on the VAT amount @ 10 per cent (Sl.No.1 and 4), @ 15 per cent (Sl.No.3) and @ 20 per cent (Sl. No.2)

Appendix - 5.3.1 (contd.)

Statement showing short levy of VAT, interest and penalty due to underassessment of purchase by the AAs  
(Reference: Paragraph No.5.3)

(in ₹)

Sl. No.	Name of the dealer and TIN/ Registration No. (in bracket)	Period of assessment	Date of assessment	Turnover assessed by Audit	Turnover determined by AAs	Turnover short determined by AAs (7=5-6)	Taxable Items	Rate of tax (per cent)	Short levy				Reasons for underassessment
									VAT	Interest	Penalty <sup>#</sup>	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Superintendent of Taxes, Kailashahar</b>													
5	M/s Aruna Enterprises, Kailashahar (16100029078)	2012-13	31-05-2017	467413	445155	22258	Medicine, pickles, food products, soft drinks, soap, detergent, Horlicks, phenol, brush, paste etc.	5	1113	39984	111	2042	Underassessment of purchase
				2268880	1999021	269859		13.5	36431		3643	66850	
		2013-14		511665	487300	24365		5	1218	160597	122	2016	
				2349805	1066352	1283453		13.5	173267		17327	286757	
		2014-15		380138	331998	48140		14.5	6980		698	11552	
				426780	406457	20323		5	1016		146163	101	
		2015-16		2397789	974977	1422812		14.5	206307	20631		304303	
				1175001	553855	621146		5 (Domestic purchase)	31057	39993	3106	40219	
				843719	803542	40177		5 (Inter State purchase)	2009		201	2602	
				2347798	2050478	297320		14.5 (Inter State purchase)	43112		4311	55830	
<b>Sub total</b>				<b>33615053</b>	<b>28673724</b>	<b>4941329</b>		<b>622859</b>	<b>522130</b>		<b>62286</b>	<b>1001730</b>	
6.	M/s Podder & Podder Equipment & Project Pvt. Ltd., Kumarghat (16100674029)	2011-12	29-09-2016	20446065	19554589	891476	Lubricants, JCB, spare	13.5	120349	135393	12035	228061	Underassessment of purchase

<sup>#</sup>Penalty calculated on the VAT amount @ 10 per cent (Sl.No.5, 6, 7 and 8)

Appendix - 5.3.1 (concl.)

Statement showing short levy of VAT, interest and penalty due to underassessment of purchase by the AAs  
(Reference: Paragraph No.5.3)

(in ₹)

Sl. No.	Name of the dealer and TIN/ Registration No. (in bracket)	Period of assessment	Date of assessment	Turnover assessed by Audit	Turnover determined by AAs	Turnover short determined by AAs (7=5-6)	Taxable Items	Rate of tax (per cent)	Short levy				Reasons for underassessment
									VAT	Interest	Penalty <sup>#</sup>	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Superintendent of Taxes, Dharmanagar</b>													
7.	M/s Maya Electrical, Dharmanagar (16090107089)	2012-13	26-08-2017	2616634	2561123	55511	Electrical goods	13.5	7494	7981	750	14089	Underassessment of purchase
		2013-14		1970138	1881568	88570		14.5	12843	11366	1284	21833	
		2014-15		2278844	2016159	262685		14.5	38089	26853	3809	57895	
		2015-16		2506090	1836939	669151		14.5	97027	50939	9703	130016	
8.	M/s Shree Rathi Brothers, Dharmanagar (16091393149)	2013-14	27-12-2017	88751293	87426652	1324641	Edible oil, oil cake etc.	5	66232	62589	6623	116568	Underassessment of purchase
<b>Sub total</b>				<b>98122999</b>	<b>95722441</b>	<b>2400558</b>			<b>221685</b>	<b>159728</b>	<b>22169</b>	<b>340401</b>	
<b>Grand Total</b>				<b>246167691</b>	<b>227592195</b>	<b>18575496</b>			<b>1807888</b>	<b>1363701</b>	<b>234295</b>	<b>2931996</b>	

<sup>#</sup>Penalty calculated on the VAT amount @ 10 per cent (Sl.No.5, 6, 7 and 8)

**Appendix - 6.2.1**

**Status of the implementation of litigant charters**

*{Reference: Paragraph Nos. 6.2.6 and 6.2.12}*

Sl. No.	Service to the litigant	Availability of Services under different Platforms							Reason for non extension of services	
		SMS Push	SMS Pull	Email	Web	Mobile App	JSC	Kiosk		
1.	Case filing conformation	Yes	Not envisaged in the action plan	Yes	Yes	Yes	Yes	Yes		
2.	Case registration confirmation	Yes		Yes	Yes	Yes	Yes	Yes		
3.	Case next date notification	Yes		Yes	Yes	Yes	Yes	Yes		
4.	Case scrutiny defects notification	No		No	Yes	No	Yes	No	Module had not been included in the CIS by the e-Committee of the Supreme court	
5.	Case allocation notification	No		No	Yes	Yes	Yes	Yes		
6.	Process Issued notification	No		No	No	No	No	No		
7.	Case Listing notification	Yes		Yes	Yes	Yes	Yes	Yes	Yes	
8.	Case disposed notification	Yes		Yes	Yes	Yes	Yes	Yes	Yes	
9.	Cause list	No	No	Yes	Yes	Yes	Yes	Yes	Module had not been included in the CIS by the e-Committee of the Supreme court	
10.	Case status information	Not envisaged in the action plan	Yes	Yes	Yes	Yes	Yes	Yes		
11.	Daily orders/proceedings	Not envisaged in the action plan	Not envisaged in the action plan	No	Yes	Yes	Yes	Yes	Module had not been included in the CIS by the e-Committee of the Supreme court	
12.	Judgements			No	Yes	Yes	Yes	Yes		
13.	Online certified copy with 2D Bar code authentication			No	Not envisaged in the action plan	No	No	No		Amendment of relevant Rules was in process.
14.	Certified copy application status			No	No	No	No	No	No	
15.	Certified copy ready notification	No	No	No	No	No	No			
16.	Certified copy delivered notification	No	No	No	No	Not envisaged in the action plan	No	No		

**Appendix - 6.2.1 (Concl.)**

**Status of the implementation of litigant charters**

*{Reference: Paragraph Nos. 6.2.6 and 6.2.12}*

Sl. No.	Service to the litigant	Availability of Services under different Platforms							Reason for non extension of services		
		SMS Push	SMS Pull	Email	Web	Mobile App	JSC	Kiosk			
17.	Caveat filed information	No	No	No	No		Yes	Yes	Module had not been included in the CIS by the e-Committee of the Supreme court.		
18.	Case filed against caveator	No	No	No	No		Yes	Yes			
19.	Appeal/Revision filed against order/judgements	No	No	No	No	No	No	No			
20.	Digitally signed orders	Not envisaged in the action plan	Not envisaged in the action plan	No	No	No	Not envisaged in the action plan	Not envisaged in the action plan	Procurement of DSCs was in process.		
21.	Digitally signed judgements			No	No	No					
22.	Digitally signed decrees			No	No	No					
23.	Digitally signed certified copies of case records			No	No	No					
24.	Process service through e-mail			No	Not envisaged in the action plan						
25.	e-Court fees				No	Not envisaged in the action plan	No	No		Amendment of the Court Fees Act was in process.	
26.	e-payment to courts				No		No				
27.	e-Filing of cases for SC/HC/DC				No		No				
28.	Regional language DC website					No	Not envisaged in the action plan	No		The language of the Courts of Tripura is English	
29.	Disabled friendly website					No		No		NIC, Tripura State Unit was requested to do the needful and it was in process.	
30.	Court complex location				No	No		Module had not been included in the CIS by the e-Committee of the Supreme court.			



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