

OVERVIEW

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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 and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit.

During 2019-20, total 186 auditee units out of 1,680 units, were planned for audit after carrying out risk assessment and keeping in view the available manpower, of which 63 units were actually audited during 2019-20. This Report *inter alia* contains three Performance Audits titled “Efficacy of Implementation of 74th Constitutional Amendment Act”, “Development and Promotion of Horticulture in Tripura” and “Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) schemes”, one Subject Specific Compliance Audit on “Processing of Refund claims under GST in Tripura” and three Compliance Audit paragraphs.

Chapter-II

Social Sector

Performance Audit

Urban Development Department

Efficacy of Implementation of 74th Constitutional Amendment Act

The 74th Constitutional Amendment came into effect on 1 June 1993 and empowered Urban Local Bodies (ULBs) to perform 18 functions listed in the 12th Schedule of the Constitution of India. The Government of Tripura through enactment of Tripura Municipal Act, 1994 transferred all the 18 functions to ULBs. In practice, functions like fire service, creation and maintenance of water supply were discharged by the State Government departments. Non-functioning of Ward Committees and District Planning Committees affected the effective implementation of devolved functions by ULBs.

Although the State Property Tax Board was constituted, it remained non-functional. The ULBs, thus, lacked technical guidance for assessment and revision of Property Tax. They also lacked adequate manpower to carry out efficient delivery of services. Vacancies ranging from 14 *per cent* to 57 *per cent* among the various categories affected the functioning of the ULBs. Non-constitution of second SFC, non-submission of the third SFC report and non-acceptance of fourth SFC report by the State Government was a constraint in strengthening ULBs which also defeated the very purpose of the institution.

The ULBs lacked adequate resources of their own which affected service delivery to the citizens. Powers pertaining to the rates and revision of taxes thereof, procedure of collection and method of assessment were vested with the State Government, which eroded the autonomy of ULBs in generating their own revenue.

Paragraph 2.2

Chapter-III

Economic Sector

Performance Audit

Agriculture and Farmers' Welfare Department

Development and Promotion of Horticulture in Tripura

Horticulture is defined as the science of growing and management of fruits, vegetables including tubers, ornamental, aromatic and medicinal crops, spices, plantation crops and their processing, value addition and marketing. The horticulture crops include fruits, vegetables, spices, plantation crops and flowers. Crops like mushroom, bamboo and bee keeping (helps in improving crop productivity) are also important components of horticultural development. Over the past two decades, the horticulture sector has emerged as a prominent sector in the Indian agricultural scenario contributing to the overall economic growth. Besides providing nutritional and health benefits, this sector has given wide variety of products that are available round the year. The sector also provides a wide range of options for sustainable rural economy through diversification. In order to provide impetus to horticulture sector, Government of India has undertaken several initiatives. The Major scheme – Mission for Integrated Development of Horticulture (MIDH) is being implemented in the country by adopting an end to end approach for increasing production of horticulture crops and reducing post-harvest losses.

Tripura is characterised by hilly terrain consisting of parallel hills and ridges alternated with narrow valleys, deep fertile soil, sub-tropical humid climate with abundance of rainfall, offering immense scope for development of horticultural sector. In the State, the area under horticultural crops has declined from 1,23,268 ha in 2015-16 to 1,21,160 ha in 2019-20 with marginally increase in production from 14,55,215 MT to 14,58,245 MT.

The Directorate of Horticulture & Soil Conservation is implementing an umbrella of schemes for development of horticulture in the State. Mission for Integrated Development of Horticulture (MIDH) was the biggest scheme among all the schemes. The State Horticulture Mission (SHM) and the district level Missions were constituted under the MIDH in 2014 and the MIDH programme has been implemented in the State from 2014-15. Audit noticed that Annual Action Plans (AAPs) for 2015-16 to 2019-20 were prepared without following the bottom up approach contrary to GoI

guidelines. Audit noticed that a major supply of seedlings and plants were made from private nurseries. Production of quality planting material was not ensured by the Department before distribution to the beneficiaries. The area under cultivation in respect of vegetables, fruits, nuts, spices and potato declined marginally in 2019-20 as compared to 2015-16 whereas there was a marginal increase in production during the same period.

There was substantial shortfall in creation of Water Harvesting Structures, Integrated Nutrient Management (INM), Integrated Pest Management (IPM) activities and creation of marketing infrastructure. Initiatives under post harvest management aimed at reducing post harvesting losses and improving marketability of horticulture produce were largely ineffective as creation of cold storage facilities were very limited and these were mostly non-functional. Establishment of food processing industry in the State was also not very impressive as only seven units came up during 2015-20. Monitoring activities were inadequate and independent impact evaluation was not done by the Department. Further, despite creation of separate wing of Horticulture under the Department of Agriculture and Farmers' Welfare way back in 1985, full-fledged infrastructure is yet to be developed for horticulture in the State.

Paragraph 3.2

Compliance Audit Paragraphs

PUBLIC WORKS (Roads and Building) DEPARTMENT

Unauthorised expenditure

The Department unauthorisedly utilised Central Road Fund of ₹ 2.43 crore on an unapproved road project in violation of Central Road Fund (State Roads) Rules, 2014 and also falsely reported to Government of India about utilisation of Central Road Fund.

Paragraph 3.3

Extra expenditure

The Department incurred extra expenditure of ₹ 0.68 crore towards payment of price variation due to delay in handing over clear site to the construction agency.

Paragraph 3.4

FOREST DEPARTMENT

Unfruitful expenditure

There was unfruitful expenditure of ₹ 2.36 crore on creation of eco-park under MGNREGS funds as the park was lying unused due to non-availability of funds for maintenance.

Paragraph 3.5

Chapter-IV

Economic Sector (State Public Sector Undertakings)

Functioning of Public Sector Undertakings

As on 31 March 2020, the State of Tripura had 16 PSUs (15 working and 1 non-working). Out of 15 working PSUs, 14 are Government companies and one is Statutory Corporation. As on 31 March 2020, the investment of the State Government (capital and long-term loans) in 16 PSUs was ₹ 1,714.35 crore consisting of 87.96 per cent (₹ 1,508.00 crore) towards capital and 12.04 per cent (₹ 206.35 crore) towards long-term loans.

Paragraph 4.1.1 and 4.1.2

As per the information furnished by the PSUs, during 2019-20 the State Government provided budgetary support of ₹ 133.71 crore in the form of capital (₹ 49.89 crore) and grants/ subsidy (₹ 83.82 crore).

Paragraph 4.1.4

As per the latest finalised accounts of PSUs as on 30 September 2020, the accumulated losses (*net of free reserves*) of four out of 15 working PSUs (₹ 429.76 crore) had completely eroded their paid-up capital (₹ 290.79 crore). During the year 2019-20, out of 15 working PSUs, six PSUs earned an aggregate profit of ₹ 20.65 crore, while nine PSUs incurred loss of ₹ 95.60 crore as per their latest finalised accounts.

Paragraph 4.1.9.2

Performance Audit

Power Department

Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY)/ Saubhagya

Deen Dayal Upadhyaya Gram Jyoti Yojana

With a view to address the problem of inadequate and unreliable power supply, strengthening of distribution network in rural areas and to complete the ongoing works of rural electrification under erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) (launched in March 2005), Government of India (GoI) launched (December 2014) “Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)” subsuming the targets laid down under XII Five Year Plan (XII FYP 2012-17) for erstwhile RGGVY as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to the DDUGJY.

Performance Audit of Implementation of the RGGVY and DDUGJY revealed that the schemes were characterised by several instances of non-adherence to the scheme guidelines. RGGVY projects were planned without adequate survey work as DPRs were prepared on the basis of old data and had many discrepancies. There

were instances of inefficiencies in contract management, execution of works and violation of provisions of tripartite agreement by the State Government.

The materialisation of desired objectives of RGGVY, DDUGJY, Saubhagya had failed at the planning stage. To limit the expenditure within the sanctioned cost of Government of India (GoI), Tripura State Electricity Corporation Limited (TSECL) had to reduce the estimates. Due to reduction in scope of works various parameters had been reduced significantly ranging from two *per cent* to 83 *per cent*, which resulted in shortfall in laying of lines, construction of sub-stations, augmentation of existing sub-stations, non-providing of electric connection in public places and shortfall in providing service connection to BPL households. Consequently, the actual need of the State could not be fulfilled.

Further, DPRs of Saubhagya scheme were deficient in incorporating the status of electrification of urban household, number of economically poor urban household as per Socio Economic Caste Census (SECC), 2011 data for providing service connection under the scheme. In absence of information on these essential parameters in the DPRs desired objective of the schemes and progress of Physical and Financial milestones could not be monitored periodically which resulted in time and cost overrun of various works undertaken under different RE schemes.

Project implementation was beset with slow execution of works, idle investments, weak monitoring, delays in award of contracts and non-handing over/ charging of completed works. Lack of diligence was observed in management of financial resources. TSECL failed to lodge the claim to State Government for reimbursement of taxes paid from the scheme fund. Apart from that, non- preparation of audited accounts and Bank Reconciliation Statement, delay in furnishing of Utilisation Certificates, discrepancies in the audited accounts and fund utilisation reports revealed a weak internal control mechanism.

Against 7,96,000 Rural households as on October 2017, 1,06,635 (13.40 *per cent*) Rural households remained un-electrified in the State as on 31 March 2020. So, the objective of providing last mile connectivity and electricity connection to Rural households under the Saubhagya scheme could not be achieved.

Paragraph 4.2

Chapter-V

Revenue Sector

General

During the year 2019-20, the revenue raised by the State Government was ₹ 2,373.44 crore which was 21.57 *per cent* of the total Revenue Receipts. The balance 78.43 *per cent* of the Revenue Receipts during 2019-20 was 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 2019-20 to 11.01 *per cent* compared to 11.62 *per cent* during 2018-19. The total Revenue Receipts of the State

also decreased by 8.56 *per cent* from ₹ 12,030.89 crore in 2018-19 to ₹ 11,001.59 crore in 2019-20 due to less receipts of Grants-in-aid from GoI during 2019-20.

Paragraph 5.1.1

The actual collection of revenue from SGST over the last three years from 2017-18 to 2019-20 was short of target as projected in the Revised Estimates for the respective years.

Paragraph 5.1.2(i)

The arrear of revenue increased from ₹ 34.17 crore at the end of March 2019 to ₹ 67.62 crore at the end of March 2020. The arrear of revenue outstanding for more than five years also increased from ₹ 18.86 crore to ₹ 42.34 crore during the same period.

Paragraph 5.1.3

During the last ten years, 25 paragraphs involving ₹ 54.20 crore featured in the Audit Reports, of which 22 paragraphs involving ₹ 47.76 crore had been accepted by the State Government. Out of this, only ₹ 1.93 crore (3.56 *per cent*) has been recovered (December 2020).

Paragraph 5.1.6.2

FINANCE DEPARTMENT

Subject Specific Compliance Audit on ‘Processing of Refund claims under GST in Tripura’

Taxes and Excise Organisation functioning under the Finance Department, Government of Tripura plays a very important and crucial role in mobilisation of financial resources in the State. The Commissioner of Taxes is responsible for administration of taxation measures and for general control and supervision over the implementation of Tax laws throughout the State. The introduction of Goods and Services Tax (GST) consolidates multiple taxes into one with effect from 1 July 2017. The levy and collection of GST is governed through the Sales Tax Charges (15) spread across the State. The charges are headed by the Superintendents of Taxes (ST).

Timely refund mechanism constitutes a crucial component of tax administration as it facilitates trade through release of blocked funds for working capital, expansion and modernisation of existing businesses. Goods and Services Tax (GST) laws aimed to streamline and standardise the refund procedures with the claim and sanctioning procedures contemplated to be completely online. Audit noticed certain cases where the Department did not adhere to the prescribed timelines leading to instances of delay in issuing of acknowledgement, sanction of refund orders and communicating refund orders to counterpart tax authority. In addition, issues such as non-conducting of post audit of refund claims and non-production of records, were also noticed.

Paragraph 5.2

Chapter-VI

Follow up of Audit observations

As of November 2020, 14 out of 17 departments did not submit explanatory notes on 65 Paragraphs (47 Paragraphs and 18 Performance Audit) out of 89 Paragraphs (63 paragraphs and 26 Performance Audits) of Audit Reports awaiting discussion by Public Accounts Committee (PAC) relating to the Audit Reports from the years 2001-02 and 2004-05 to 2017-18.

Paragraph 6.1.1(a)

As of November 2020, three departments did not submit explanatory notes on 10 paragraphs (seven paragraphs and three performance audits) out of 17 paragraphs (12 paragraphs and five performance audits) of Audit Reports awaiting discussion by Committee on Public Undertakings (COPU) relating to the Audit Reports from the years 2009-10 to 2017-18.

Paragraph 6.1.1(b)

Analysis of the position of outstanding IRs showed that 4,373 paragraphs included in 684 Inspection Reports (IRs) issued during the last five years up to 2019-20 were pending for settlement as of September 2020 of these, even the first reply had not been received in respect of 167 IRs in spite of repeated reminders.

Paragraph 6.3

There are 4,373 paragraphs involving ₹ 2,954.01 crore relating to 684 IRs issued during the last five years 2015-16 to 2019-20 which remained outstanding at the end of 30 September 2020 under Social, Economic, Revenue and General Sectors.

Paragraph 6.5

