

CHAPTER IV: WORKS EXPENDITURE

SECTION - A

PUBLIC WORKS DEPARTMENT (WATER RESOURCES WING)

4.1 Accelerated Irrigation Benefit Programme

Accelerated Irrigation Benefit Programme (AIBP) was launched by the Government of India in October 1996 to assist the State Government by providing loans to accelerate irrigation projects which were languishing for want of funds. All the irrigation schemes were to be completed within two years. The programme failed to achieve its objectives due to inadequate allocation of State share, diversion of funds from Central loan assistance, unauthorised parking of funds, taking up of new schemes without completing the ongoing ones, and failure of the implementing agencies to construct channels for carrying water into the fields.

Highlights

The State Government had not made any allocation of State share during the initial five years (1996-2001) and the allocation made in the next two years was also meagre resulting in slippage in time schedule of two years for completion of all the three medium irrigation projects.

(Paragraph 4.1.5)

Advance payment of Rs. 13.22 crore paid during 1996-2003 was wrongly booked as expenditure without ascertaining the actual utilisation of advances by the agencies to which these advances were made. As a result, the expenditure on the AIBP for all these years remained overstated.

(Paragraph 4.1.6)

Although funds ranging from Rs. 3.71 crore to Rs. 12.87 crore were retained by the three executing agencies in their bank accounts, the Nodal Authority showed the entire amount as utilised.

(Paragraph 4.1.7)

The department irregularly spent, out of Central loan assistance, Rs. 17.18 crore in operation and maintenance, payment of electricity bills and meeting establishment cost, which are not permissible under the programme.

(Paragraph 4.1.8)

Although the main objective of the AIBP was to complete all on-going projects within two years, the department had constructed only 19 per cent of the canals targeted to be constructed after spending 72 per cent of the revised cost in respect of three medium irrigation projects (Gomati, Khowai and Manu).

(Paragraph 4.1.10)

The benefit cost ratio of Gomati and Manu medium irrigation projects declined substantially below the permissible level of 1.5 fixed by the Central Water Commission, thus making these projects unviable.

(Paragraph 4.1.10)

42 per cent of the minor irrigation schemes taken up (782) for construction was completed (331) after spending three per cent more (Rs. 80.69 crore) than the total funds made available (Rs. 78.41 crore) for the schemes during 1999-2003 although these schemes were due for completion within two years.

(Paragraph 4.1.11)

The implementing agencies constructed 52 minor irrigation schemes at a total expenditure of Rs. 4.86 crore without creating facilities for carrying water into the fields. Consequently, full benefits of expenditure of Rs. 4.86 crore had not reached the farmers.

(Paragraph 4.1.13)

Introduction

4.1.1 The Accelerated Irrigation Benefit Programme (AIBP) was launched by the Government of India (GOI) in October 1996 to assist the State Governments by providing Central Loan Assistance (CLA) to accelerate completion of major and medium irrigation projects that had been languishing for want of funds. These projects were expected to be completed during the next four agricultural seasons, i.e., within the next two years.

The programme was modified thrice* (in March 1997, March 1999 and February 2002). From March 1999, all new and ongoing minor (surface) irrigation schemes (MIS) of the North Eastern States were included under the programme.

There was no major irrigation project in the State and all the three medium irrigation projects (Gomati, Khowai and Manu) and 628 minor irrigation schemes (430 new and 198 ongoing) were taken up for construction under the AIBP.

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Particulars	Initial programme as of 30 October 1996	Important modifications effective from		
		4 March 1997	30 March 1999	1 February 2002
i) Criteria for selection of irrigation projects	Each project costing more than Rs. 1000 crore	Projects costing Rs. 500 crore or more to be included	All new and ongoing minor (surface) irrigation schemes of NE States to be included	-
ii) Funding pattern of CLA (Centre : State)	1:1	2:1	3:1	3:1
iii) Release of CLA	Quarterly	In two equal instalments	-	-
iv) Establishment cost	Not permissible to be met from CLA	Not permissible to be met from CLA	Not permissible to be met from CLA	Up to 15 per cent of CLA may be met from State share

Organisational set up

4.1.2 The Chief Engineer, Water Resources (CE,WR) was the nodal authority for implementation of the AIBP in the State. The Secretary, Public Works Department (PWD), was having the overall responsibility for its implementation. The works were executed by four implementing agencies (Agriculture Department, Rural Development Department, Tripura Tribal Areas Autonomous District Council (TTAADC) and Water Resources Wing of the Public Works Department).

Audit coverage

4.1.3 Records for the years 1996-2003 of (i) Chief Engineer (WR), (ii) the Chief Engineer (Agriculture), (iii) the Superintending Engineer (SE) of Rural Development Department and (iv) the SE, TTAADC, along with 12 Executive Engineers[?] working under the four implementing agencies were test-checked during January to April 2003. 49 *per cent* (Rs. 62.25 crore) of the total expenditure of Rs. 128.32 crore was covered in audit.

The important points noticed during audit are discussed in the succeeding paragraphs.

Financial performance

Funding pattern

4.1.4 Central loan assistance (CLA) was given on 3:1 basis from 30 March 1999 (1:1 up to 3 March 1997 and 2:1 up to 29 March 1999), i.e., in proportion to the allocation of funds as the State share. CLA carried interest fixed by the Government of India from time to time^H.

Budget provision and expenditure

4.1.5 The budget provision *vis-à-vis* amount received and expenditure incurred under the AIBP during 1996-2003 are given below:

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Agriculture Department	Executive Engineers of West Division, at Agartala; North and Dhalai Division, at Dharmanagar; and South Division, at Udaipur.
Rural Development Department	Executive Engineers, West Division at Agartala; North Division at Kumarghat; Dhalai Division at Ambassa; and South Division at Udaipur.
Public Works Department (Water Resources)	Executive Engineers, Irrigation and Flood Management Divisions at Agartala, Belonia, Kailashahar and Udaipur.
Tripura Tribal Areas Autonomous District Council (TTAADC)	Executive Engineer, West Division, at Khumulwng.

^H This was 13 *per cent per annum* at the time of launching the programme, and is currently 11.5 *per cent*.

(Rupees in crore)

Year	For Medium Irrigation Projects (MIPs)					For Minor Irrigation Schemes (MISs)				
	Budget provision	Amount received as				Budget provision	Amount received as			
		CLA	State share	Total	Total expenditure		CLA	State share	Total	Total expenditure
1996-97	8.37	3.77	-	3.77	5.46	-	-	-	-	-
1997-98	5.00	5.10	-	5.10	6.17	-	-	-	-	-
1998-99	7.58	3.98	-	3.98	7.57	-	-	-	-	-
1999-00	7.96	6.30	-	6.30	7.18	25.47	15.48	5.00	20.48	14.24
2000-01	5.58	4.85	-	4.85	5.66	20.64	9.04	4.90	13.94	16.60
2001-02	4.50	2.06	1.13	3.19	4.32	36.85	19.00	7.22	26.22	18.99
2002-03	5.35	2.62	1.35	3.97	11.27	36.00	10.77	7.00	17.77	30.86
Total :	44.34	28.68	2.48	31.16	47.63	118.96	54.29	24.12	78.41	80.69

Source: Statement furnished by the CE(WR).

In October 2001 and March 2002, the Government of India directed the State Government to enhance its budget allocation substantially so that three MIPs could be completed in two to three years. But the budget provision for MIPs further declined from Rs. 8.37 crore in 1996 to Rs. 5.35 crore in 2003. During 1996 to 2001, no State share was released against CLA, for which no reasons could be assigned by the department. While submitting (April 2002) proposals to the Government of India for release of CLA, the Chief Engineer (WR) assessed that Rs. 52.48 crore (CLA: Rs. 39.36 crore; State share: Rs. 13.12 crore) would be required for completion of three MIPs by 2005-06. But it could not be clarified by the department why the State allocation for the MIPs was not released initially for five years and was meagre during the next two years, resulting in slippage in time schedule of two years for completion of all the three projects.

The CE (WR) also could not clarify how Rs. 16.47 crore (Rs. 47.63 crore – Rs. 31.16 crore) for MIPs and Rs. 2.28 crore (Rs. 80.69 crore – Rs. 78.41 crore) for MISs were incurred in excess of amounts received during the seven years ending 2002-03.

Advances booked as expenditure

4.1.6 It was noticed in audit that -

- (i) During 1996-2003, the PWD (WR) paid Rs. 10.55 crore^φ as advance to the Power Department for energisation of MI schemes and booked the amount as final expenditure although the Power Department had not furnished (May 2003) any statement showing the actual expenditure incurred from these advances. Consequently, the amount shown as works expenditure of the AIBP did not reflect a correct picture.

^φ Rs. 2.17 crore by the I & FM Division No. I, at Agartala; Rs. 1.61 crore by the I & FM Division No. II, at Agartala; Rs. 2.32 crore by the I & FM Division No. III, at Udaipur; Rs. 1.69 crore by the I & FM Division No. IV, at Belonia; and Rs. 2.76 crore by the I & FM Division No VI, at Kailasahar (Rs. 2.17 crore + Rs. 1.61 crore + Rs. 2.32 crore + Rs. 1.69 crore + Rs. 2.76 crore = Rs. 10.55 crore).

- (ii) In December 2000, the Executive Engineer, RD Division, Agartala paid advance of Rs. 1 crore to the Stores Division for purchase of cement, steel etc. The amount was shown as utilised in 2000-01 although the actual utilisation was made subsequently in 2001-02 and 2002-03.
- (iii) The Irrigation and Flood Management (I & FM) Divisions, Agartala, Kailashahar and Udaipur paid Rs. 1.67 crore[<] to three Land Acquisition Collectors (LACs) as advance for payment of compensation to persons whose land was acquired for construction of MIPs during 1996-2003. The amount was shown in the accounts as expenditure although in many cases no expenditure was made (May 2003) at all as shown below.

In March 2003, the LAC, Kailashahar reported to Audit that out of Rs. 91.53 lakh, Rs. 60.03 lakh was given to Sub-Divisional Magistrate (SDM), Kailashahar, for payment to awardees, Rs. 4.02 lakh was spent as contingent expenditure, Rs. 2.19 lakh was deposited in court (reasons not given) and remaining Rs. 25.29 lakh was retained in Personal Ledger Account. The LAC, Agartala, also stated to Audit (March 2003) that out of Rs. 37.48 lakh, Rs. 35.22 lakh was given to the SDM, Khowai, in December 1997 and August 2001 for payment to awardees. In May 2003, the SDM, Khowai, stated to Audit that out of Rs. 35.22 lakh, Rs. 13.08 lakh was paid to the awardees and the balance amount of Rs. 22.14 lakh could not be paid as yet (reasons not given). The amount was lying in his Current Deposit Account.

In April 2003, the CE (WR) stated that the LACs could not disburse the amount for want of ownership-rights of the awardees, but he could not explain why advances were irregularly booked as expenditure.

Parking of funds in PL Accounts / Bank Accounts

4.1.7 According to the programme guidelines, all unutilised funds would lapse at the close of each year and would require revalidation during the next year. But funds ranging from Rs. 3.71 crore to Rs. 12.87 crore (for MISs) remained unutilised in bank accounts of three implementing agencies. (Agriculture, Rural Development and TTAADC) during the years 1999-2000 to 2002-03 as shown below :

(Rupees in crore)

Year	Opening balance	Received during the year	Total funds available	Total expenditure (percentage to total funds)	Closing balance
1999-2000	Nil	12.87	12.87	Nil (Nil)	12.87
2000-01	12.87	0.40	13.27	5.42 (41)	7.85
2001-02	7.85	1.04	8.89	5.06 (57)	3.83
2002-03	3.83	1.28	5.11	1.40 (27)	3.71

Source: PWD (WR)

[<] Rs. 0.37 crore paid by the I&FM Division No. I, Agartala, to the Land Acquisition Collector, Agartala; Rs. 0.92 crore by the I&FM Division No. VI, Kailashahar to the Land Acquisition Collector, Kailashahar; Rs. 0.38 crore by the I&FM Division No. III, Udaipur to the Land Acquisition Collector, Udaipur (Rs. 0.37 crore + Rs. 0.92 crore + Rs. 0.38 crore = Rs. 1.67 crore).

The closing balance of Rs. 3.71 crore included Rs. 1.67 crore of Agriculture Department retained in current deposit (CD) account, Rs. 1.07 crore of RD Department retained in CD account, and Rs. 0.97 crore of TTAADC retained in savings bank account.

Although funds were retained at the close of each year, the CE (WR) stated (April 2002) to Audit that all AIBP funds had been utilised. The CE also furnished (October 2002) utilisation certificates to Government of India showing full utilisation of Rs. 43.52 crore received as CLA during 1999-2002 for completion of the MI Schemes.

Inadmissible expenditure

4.1.8 Funds under the programme were given for speedy completion of ongoing schemes. But it was noticed in audit that:

- (i) The I & FM Division, Kailashahar spent Rs. 3.09 crore from AIBP funds for operation and maintenance of MI Schemes during 1999-2003, although as per Government's instructions (December 2001 and January 2002) the potential users should bear the cost.
- (ii) Similarly, I & FM Divisions, Kailashahar and Udaipur spent Rs. 5.03 crore during 1999-2000 to 2002-03 from AIBP funds for payment of electricity bills raised against these divisions.
- (iii) According to the programme guidelines, CLA should not be utilised for meeting establishment cost. From February 2002, up to 15 per cent of CLA was to be met from the State share on establishment expenditure. Despite this, I&FM Divisions, at Agartala, Kailashahar and Udaipur unauthorisedly paid Rs. 9.06 crore during the years 1996-97 to 2001-02 from CLA to meet establishment cost of three MIPs[†]. The amount was inclusive of Rs. 0.35 crore paid out of the AIBP funds towards establishment cost during February – March 2002. The amount of Rs. 0.35 crore not only exceeded 15 per cent of CLA available for the year (Rs. 2.06 crore) but also did not flow from the State share as envisaged in the terms and conditions of CLA.

Planning

4.1.9 Proper planning is a *sine qua non* for successful implementation of a programme.

- (i) In June 2000 and December 2001, the State Government directed that survey to assess location-wise data on water availability (volume, discharge etc) and technical feasibility must be a pre-requisite for preparation of drawing, design and estimates etc. But in October 2000, the Superintending Engineer (SE), RDD, Agartala, admitted that estimates were not prepared as the requisite survey was not conducted.

[†] Rs. 3.61 crore by the I & FM Division No. I, Agartala, for Khowai Medium Irrigation Project; Rs. 2.68 crore by the I & FM Division No. III, Udaipur, for Gomati Medium Irrigation Project and Rs. 2.77 crore by the I & FM Division No. VI, Kailashahar, for Manu Medium Irrigation Project (Rs. 3.61 crore + Rs. 2.68 crore + Rs. 2.77 crore = Rs. 9.06 crore).

- (ii) In December 2001, the State Government advised that list of MIS beneficiaries (showing SC/ST/OBC break up) indicating quantum of land against each should be prepared. Also, as per the Government's instructions (September 2000), at least 50 *per cent* of the schemes were to be constructed in tribal areas.

As none of the executing agencies maintained list of beneficiaries, the number of tribal people benefited under the programme could not be ascertained.

Physical performance

Medium Irrigation Projects (MIPs)

4.1.10. The financial and physical performance of the MIPs are detailed in **Appendix – XVII.**

- (i) Scrutiny of the detailed information at the above **Appendix** shows that even after spending 72 *per cent* (Rs. 128.32 crore) of the revised cost (Rs.178 crore) on the MIPs, the department could construct only 23.85 km constituting 19 *per cent* of the canals targeted to be constructed (123.85 km) and created 19 *per cent* of the targeted irrigation potential during 1996-97 to 2002-03.
- (ii) Low allocation of funds by the State Government, short working period, scarcity of materials, shortage of skilled labourers, *inter alia*, were identified by the Government of India (March 2002) as the bottlenecks for implementation of the AIBP in the State.
- (iii) The actual achievement would be much less, because after construction of main canals, no branch canals or distributaries were constructed with the result that canal water could not be carried into the fields and the benefit from the completed canals could not be derived by the potential beneficiaries.
- (iv) The average annual inflow of CLA to each of these three projects since introduction of the AIBP in 1996-97 was Rs. 1.33 crore². In May 2002 the Goernment of India observed that with such low allocation of CLA (which in turn depended upon the State share allocated in the budget), the projects would take eight to 10 years more for completion even with CLA under the AIBP.
- (v) The **Appendix** above showed that the BCR for the Gomati and Manu MIPs declined substantially, below the norm of 1.5 fixed by the CWC, making them unviable. According to the programme guidelines, BCR for each of the MI schemes should be more than one. In December 2001, the State Government directed that depending on water availability and discharge rate, the command area should be identified and BCR analysed. But this has not yet been done by the department (May 2003).

² Total CLA received for three MIPs = Rs. 27.86 crore during the past seven years. Average annual inflow of CLA to each project = Rs. 27.86 crore ÷ (7 X 3) = Rs. 1.33 crore.

Minor Irrigation Schemes (MISs)

4.1.11 The number of MISs taken up for construction and completed during 1999-2000 to 2002-03 are shown below:

Year	Number of works taken up			Number of works		Irrigation potential (in lakh hectares)		
	New	Ongoing	Total	Completed	In progress	Targeted **	Created**	Shortfall**
1999-2000	430	198	628	154 (25)	474	0.27	0.04 (15)	0.23 (85)
2000-01	154	474	628	17 (3)	611	0.36	0.07 (19)	0.29 (81)
2001-02	-	611	611	117 (19)	494	0.36	0.15 (42)	0.21 (58)
2002-03	-	494	494	43 (9)	451	0.36	0.17 (47)	0.19 (53)
Total :	584	198	782[⊗]	331 (42)	451	0.36	0.17 (47)	0.19 (53)

Source: Periodical reports sent to the GOI by the PWD (WR).

Note: Figure in brackets indicates the percentage.

Thus, only 42 *per cent* of the schemes (782) taken up were completed (331) after spending three *per cent* more (Rs. 80.69 crore) than the funds (Rs. 78.41 crore) made available for completion of the schemes during four years from 1999-2000-to 2002-03, although the main objective of the AIBP was to complete the schemes within two years.

In none of the 331 cases, did the executing agencies submit any completion report to the PWD (WR). In the absence of such reports, it had not been possible for Audit to verify the accuracy of the figures for completed schemes as reported by the PWD (WR) to the Government of India. The actual achievement would be much less as some of the schemes were shown completed without laying pipelines or constructing channels for flowing water into the fields, as indicated afterwards.

Such poor performance was due to taking up of new schemes (584) without completing the ongoing schemes (198), although in September 2001, the Government of India advised the department to complete the ongoing schemes first before taking up new ones.

Disproportionate cost of development of irrigation potential

4.1.12 According to the guidelines, cost of development of each hectare of irrigation potential created under MISs should not exceed Rs. 1 lakh. But wide variation ranging from Rs. 0.22 lakh to Rs. 2.43 lakh in cost of development of each hectare was noticed in audit even in the same district as shown below:

(Rupees in lakh)

District	Cost of development of each hectare of irrigation potential created under MISs by		
	Agriculture Department	Rural Development Department	Public Works Department (WR)
West Tripura	0.27	1.50	2.43
South Tripura	0.57	0.27	0.74
North Tripura and Dhalai	0.22	0.71	0.76

Source: PWD(WR)

⊗ Total No. of works taken up was 782 (584 new + 198 ongoing), of which 331 works had been completed and balance 451 (782 – 331) works were in progress.

**The irrigation potentials targeted and created are progressive figures.

The Department had not furnished (May 2003) reasons for such differences. Audit scrutiny revealed that such wide variations were attributable to diversion of funds for meeting establishment cost, irregularly charging operation and maintenance cost to the AIBP funds, payment of electricity bills out of the AIBP funds, etc.

Construction under schemes without creating facilities for carrying water into the field

4.1.13 It was noticed in audit that 52 MI schemes were constructed by different implementing agencies[♦] at a total expenditure of Rs. 4.86 crore during 1999-2000 to 2002-03 where facilities (installation of pumps, laying of pipelines, construction of channels) for carrying water into the fields had not been created (May 2003).

While the Executive Engineer (TTAADC), Birchandra Manu, stated (March 2002) that channels could not be completed for want of funds, the Executive Engineer, RD Division, Agartala, stated (February 2003) that pumps were not provided considering that beneficiaries would get the same from Micro Irrigation Schemes of the RD Department and channels would be constructed by the users. The replies are not acceptable in audit as there were unspent funds lying with both the agencies, as indicated earlier in this report, to construct channels, and the users were not supposed to construct the channels.

Consequently, the full benefit of expenditure of Rs. 4.86 crore is yet to reach the farmers.

Schemes constructed without minimum irrigation potential

4.1.14 Although according to the guidelines an individual scheme should cover at least 20 hectares (ha) of irrigation potential, 36 MI schemes were constructed by two departments during the years 1999-2000 to 2002-03 at a total expenditure of Rs. 1.89 crore[⊗] where irrigation potential created by the individual schemes ranged from six to 19 hectares.

Inadmissible expenditure

4.1.15 Exploitation of ground water was not permissible under the AIBP. Despite this, nine irrigation wells that exploit ground water were constructed by the Executive Engineer, RD Division, Ambassa, during 2000-01 to 2002-03 at a cost of Rs. 15.45 lakh in Dumburnagar, Manu and Salema blocks of Dhalai district.

In March 2003, the Superintending Engineer, RD Department, stated that as the estimates were approved by the authority (his designation not specified), the department exploited the ground water. This was an indication that the

[♦] 33 schemes by the Agriculture Department at a total expenditure of Rs. 3.71 crore; two schemes by the TTAADC at a total expenditure of Rs. 0.48 crore; and 17 schemes by the I & FM Division No. III, at Udaipur at a total expenditure of Rs. 0.67 crore (Rs. 3.71 crore + Rs. 0.48 crore + Rs. 0.67 crore = Rs. 4.86 crore).

[⊗] 20 schemes by Agriculture Department at Rs. 1.23 crore in West and South Districts; and 16 schemes by the PWD(WR) (I&FM Division III) at Rs. 0.66 crore in South District.

programme guidelines were not taken into account in preparation and approval of the estimates.

Utilisation of irrigation potential created

4.1.16 The table below indicates the position of the irrigation potentials from minor irrigation schemes created under the AIBP and utilised during 1999-2000 to 2002-03.

Particulars	1999-2000	2000-01	2001-02	2002-03
i) Irrigation potentials created (in lakh hectares)	0.04	0.07	0.15	0.17
ii) Irrigation potentials utilised (in lakh hectares)	0.02	0.05	0.11	0.12
iii) Percentage of potential utilised to the potential created	50	71	73	71

Source: Statement furnished to Audit by the CE (WR)

The State Planning and Coordination Department identified (February 2001) disrupted power supply, machinery troubles, absence of pipelines/channels, wrong selection of sites and scarcity of water at the source as the main reasons for such under-utilisation.

Operation and maintenance of assets created

Formation of users' committees

4.1.17 In December 2001, the Government directed that potential users of the MI schemes should set up users' committees, which would decide the manner and proportion of water distribution among the users, fix norms for collection of water charges, and would manage the operation and maintenance of the schemes / assets which would be handed over to these committees by the departments.

None of the implementing agencies furnished (May 2003) any information about the number of users' committees formed and number of MI schemes handed over to these committees, though called for in audit.

The CE (WR) stated (March 2003) that irrigation schemes were handed over (date or dates not mentioned) to the Panchayats of the concerned areas for operation and maintenance. But he could not furnish any information on number of schemes handed over to the Panchayats and their locations. The CE (WR) could also not clarify why the departments paid Rs. 3.09 crore from the AIBP funds during 1999-2003 for operation and maintenance, if the schemes were handed over.

Quality of accounts

4.1.18 None of the implementing agencies maintained project-wise accounts, showing release of CLA, state share, year-wise expenditure, final cost, cost on maintenance and repair etc. In the absence of these basic records, achievements reported could not be verified in audit.

Physical verification of assets

4.1.19 The department had not conducted physical verification of assets created under the AIBP during 1999-2000 to 2002-03 and remained unaware of the present condition of the schemes with reference to their water availability, discharge rate etc.

Revenue generation

4.1.20 According to Government notification (July 2000), each Panchayat/Block Advisory Committee (BAC), to whom the MI schemes would be handed over by the department, was to collect water tax from the users at Rs. 50 per *kani* (one *kani* is equivalent to 0.16 hectare) per crop for meeting operation and maintenance cost, payment of electricity bills etc.

But there was no evidence on record that the MI Schemes were handed over and water tax from the users was collected by these bodies according to the above notification. During 2000-03, since issue of the notification, 24697 hectares of irrigation potential were utilised by the department. Had the MI Schemes been handed over to Panchayats/BACs, these bodies could generate a revenue of Rs. 1.54 crore^y towards water tax during the above period.

Monitoring and evaluation

4.1.21 To monitor the effective implementation of the programme, the scheme envisaged formation of a State Level Monitoring Committee and a Project Level Monitoring Committee, each constituting five to seven members[•] for monitoring as well as rendering technical advice. While the State Level Monitoring Committee was to meet quarterly and send its report to the Technical Committee at National level, the Project Level Committee was to meet every month and send monthly report to the State Level and National Level Technical Committee. The committees were not formed (May 2003) and the monitoring system remained confined only to submission of some sporadic reports and returns as and when called for by the Government of India. Thus, the monitoring system in the department remained grossly inadequate.

In July 2001, the Planning Commission appointed Water and Power Consultancy Services (India) Ltd. (WAPCOS) to make impact assessment study of the AIBP, which included one MIP (Gomati) and 17 MISs of the

^y One hectare = 6.25 *kani*; 24697 hectares = 1,54,356 *kani*; rate of Water Tax = Rs. 50 per crop/per *kani* i.e. double cropping per *kani* = Rs. 100; Rs. 100 X 1,54,356 *kani* = Rs. 1.54 crore.

• **State Level Monitoring Committee** is to include the Engineer-in-Chief of the State as Chairman; the Chief Engineer of the Project, Chief Engineer of CWC of the Region, Commissioner/Land Acquisition Officer/ District Magistrate, and a representative of the State Finance Department as members; and Superintending Engineer (Monitoring) of the State as Member-Secretary.

Project Level Committee is to include the Chief Engineer of the Project as Chairman; Director (Monitoring), the Director (CWC) of the Region, and the Superintending Engineer (Monitoring) of the Project as members; and the Executive Engineer of the Project as Member-Secretary.

State. The study was conducted in July 2001 and it was stated (May 2003) by the PWD (WR) that the report was received. But the copy of the report, though called for in May 2003, was not made available to Audit for examination.

Impact assessment

4.1.22 The programme was launched with the target that approved projects would be completed within two years to realise bulk benefits. But all the three medium irrigation projects suffered heavily due to extremely slow pace of implementation, huge time and cost overrun, and low budgetary allocation. All these had resulted in delay in completion of the projects by another eight to 10 years. Similarly, progress of MI Schemes was also disrupted due to taking up of new schemes without completing the ongoing ones. Parking of funds in PL accounts and bank accounts indicated the apathy of the executing agencies to accelerate implementation of the programmes so that the benefit may accrue to the farmers early. The programme also suffered as field channels were not created to optimally utilise the irrigation potential created.

The matter was reported to the Government in July 2003; reply had not been received (September 2003).

SECTION - B

PUBLIC WORKS DEPARTMENT

4.2 Excess and unauthorised expenditure on establishment

The Executive Engineer, Agartala Division III, incurred excess and unauthorised expenditure of Rs. 64.22 lakh on establishment.

Test-check (August 2000, September 2001 and October 2002) of records of the Executive Engineer, Agartala Division III, for the period from March 1999 onwards revealed that the division employed Helpers (Grade II), the number of whom varied from 36 to 40 during March 1999 to September 2002, without having any sanctioned strength of Helpers against the division. As a result, there was excess and unauthorised employment of Helpers for which the division had to incur an expenditure of Rs. 64.22 lakh during the period.

On this being pointed out in audit, the division stated (October 2002) that proposal for creation of post was not initiated by it. Creation of post, appointment and posting of staff are done by the 'higher authority'[♦]. The Engineer-in-chief to whom the matter was referred to by Audit in November 2002 did not respond (September 2003).

The matter was reported to the Government in March 2003; reply had not been received (September 2003).

POWER DEPARTMENT

4.3 Engagement of excess staff

The Executive Engineer, Electrical Division III, Agartala, incurred unauthorised expenditure of Rs. 4.91 crore on engagement of excess staff.

Test-check of records of the Executive Engineer, Electrical Division No. III, revealed that the division employed 192 staff members in six categories of posts[♠] in excess of sanctioned strength of the division during the period from December 1997 to March 2003. Of the six categories, the division was having no sanctioned strength for two categories[∧]. As a result of excess and unauthorised employment of 192 staff members the division incurred excess expenditure of Rs. 4.91 crore towards their pay and allowances during December 1997 to March 2003. Moreover, despite having excess staff members in the categories of Lineman/Junior Lineman and Helper (172

[♦] By the term 'higher authority, the division meant 'the Engineer-in-chief of the Public Works Department' as revealed from further enquiry.

[♠] LD Clerk: 3; Meter Inspector: 4; Tracer: 2; Lineman/Junior Lineman: 60; Helper: 112; Operator/Fitter: 11 (Sanctioned strength – LD Clerk : 19; Meter Inspector : Nil; Tracer : 1; Lineman/Jr.Lineman : 36; Helper : 58; Operator : Nil).

[∧] Meter Inspector, Operator/Fitter.

numbers), the division incurred expenditure of Rs. 55 lakh towards overtime allowance paid to the above categories of staff during the period January 1998 to March 2003.

While admitting the fact, the Chief Engineer (Electrical), Power Department, in his reply (January 2002 and April 2003) stated that, due to increase in volume of work, the manpower sanctioned by the Finance Department in consolidated form has been distributed according to workload of the divisions. But no such sanction of the Finance Department could be shown to Audit. This indicates a failure in the system of manpower management in the department.

The matter was reported to Government in June 2003; the reply had not been received (September 2003).

4.4 Loss due to excess consumption of gas in power generation

The State Government incurred unproductive expenditure of Rs. 3.17 crore by flaring off natural gas due to unrealistic assessment of actual requirement coupled with unfavourable agreement with the supplier.

The project reports (January 1983 and February 1987) of Baramura gas thermal project envisaged consumption of 0.30 standard cubic metre (SCM) of natural gas per kilowatt-hour (Kwh) of power generation. This was subsequently revised (October 1998) to 0.34 SCM as calorific value of the gas was reassessed and found to be lower (9114 kilo-calories) than that of what was originally considered (10,000 kilo-calories) in the project report.

The contract signed between the State Government and the ONGC/GAIL effective from January 1995 provides for supply of gas as detailed below:

From April 1995 to December 1999	1.38 lakh SCM/day
From January 2000 onwards	0.50 lakh SCM/day

The contract also provides for a minimum guaranteed offtake (MGO) of 80 *per cent* of the contracted quantity of gas by the State Government. In the event of failure to consume the minimum quantity, the Government would be liable to pay for the amount chargeable for the minimum quantity.

Scrutiny revealed that the requirement of gas for the said gas thermal project was much below the minimum contracted quantity all along. As such the department had been flaring off the excess gas for which bills from the ONGC/GAIL were paid on regular basis.

The department opined on different occasions that flaring off of gas was due to variation of demand for power during peak and non-peak hours. But

scrutiny of data received (May 2003) from the Power Department revealed that the off-peak demand of the State during 1999-2000 and 2000-01 ranged from 63 to 70 MW while the actual peaking capacity of the gas thermal units in the State (Baramura and Rokhia projects taken together) was only 41.30 MW. This means that if all the gas thermal units were put to use, the units were not in a position to cater to the need of the State even during off-peak hours.

This leads to the audit conclusion that excess consumption was due to avoidable wastage of gas in flaring off and there was unrealistic assessment of actual requirement. The position was worsened by unfavourable agreement with ONGC/GAIL for supply of gas.

Test-check of records (January – February 2002) revealed that, for generation of 6.77 crore kwh[^] of power, 4.65 crore SCM of gas (valued Rs. 6.28 crore) was consumed during the period from April 1999 to October 2001 in gas thermal power station at Baramura against the consumption of 2.30 crore SCM according to modified norm (0.34 SCM/kwh). The excess consumption worked out to be 0.69 SCM per kwh, which was more than the double the modified norm.

Thus, failure to assess the actual requirement during the period along with the failure to get the supply of gas as per actual requirement regulated at the supplier's end not only resulted in wastage of 2.35 crore SCM of natural gas[^] but also an unproductive expenditure of Rs. 3.17 crore[<] from the State exchequer. Immediate steps should be taken up so that such unproductive expenditure may not persist.

The matter was reported to the Government in June 2003; the reply had not been received (September 2003).

4.5 Excess payment against erroneous claims on consumption of gas

The Executive Engineer, Gas Thermal Electrical Division, Rokhia, made payment of Rs. 31.49 lakh against incorrect bills claimed for shortfall in consumption of gas.

The Power Department entered into a contract with Gas Authority of India Limited (GAIL) in January 2001 for continuation of supply of natural gas in the Gas Thermal Power Plant at Rokhia for a period of two years effective from 1 January 2000. The contract provided that the seller (GAIL) would supply natural gas as per requirement subject to a daily contracted quantity of 3,10,000 standard cubic metres (SCM), with a guarantee given by the department to draw every month a minimum quantity of gas equivalent to 80 *per cent* of the daily contracted quantity (i.e. 2,48,000 SCM) multiplied by the

[^] One kwh represents one unit of electrical energy.

[^] 4.65 crore SCM *minus* 2.30 crore SCM.

[<] 2.35 crore SCM multiplied by the average cost of Rs. 1.35 per SCM of gas.

number of days in the month, failing which the buyer is to pay for the minimum guaranteed quantity of gas for such month.

Test-check (November–December 2001) of records of the Executive Engineer, Gas Thermal Electrical Division, Rokhia, revealed that though monthly supply and consumption of gas during February to April 2000 was between 151 and 150^{II} per cent of the minimum guaranteed offtake (MGO), the GAIL was paid (October–December 2000) an amount of Rs. 31.49 lakh^{II} shown in the bills as shortfall in consumption of gas by 24.52 lakh^{II} SCM from the contracted quantity, which was not correct. Besides the value of gas actually consumed during the said period of three months was fully paid for during September to November 2000.

Since the contract provided for a minimum guaranteed quantity of gas to be drawn and the actual consumption in each of the three months was above the MGO, the payment of Rs. 31.49 lakh based on erroneous determination of shortfall in consumption of gas was inadmissible as per the terms of contract. The department paid the claims without verifying the facts, thereby causing excess payment to the GAIL. No refund of the amount paid in excess was claimed by the division till the date of audit (December 2001). As per contract, such claim should have been made within 14 days from the date of receipt of the bill, failing which claim would not be entertained and the buyer would lose the right to refer the matter to arbitration. On this being pointed out in audit the department took up the matter (March 2003) with the GAIL for adjustment of the excess payment. The matter had not been settled (July 2003)

The matter was reported to the Government in March 2003 ; reply had not been received (September 2003).

4.6 Undue financial benefit to contractor for post-tender modification of rates

Post-tender modification of rates of contract on supply items of taxable goods resulted in undue financial benefit of Rs. 18.96 lakh to the contractor.

II

Month	Gas consumed (In lakhs of SCM)	Minimum guaranteed offtake (MGO) (In lakhs of SCM)	Percentage of (2) to (3)	Shortfall in consumption as erroneously shown in the bills (In lakhs of SCM)	Amount (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)
February 2000	108.28	71.92	151	7.72	9.89
March 2000	115.78	76.88	151	8.22	10.54
April 2000	111.42	74.40	150	8.58	11.06
Total				24.52	31.49

* Paragraph 20.1.16.3 of Nabhi's compilation of CPWD Manual, vol. II, 9th Revised Edition 2002.

According to the provision of departmental manual,* any case of post-tender modification should be viewed seriously and undue advantage of such modification should not be allowed to the contractor. Further, Section 3AA of the Tripura Sales Tax Act, 1976, as amended from time to time provides for deduction of tax at source on taxable goods used in the work under works contract.

The work “Supply, erection and commissioning of 132 KV double circuit transmission line from Rokhia to Agartala (35 KM)” estimated to cost Rs. 4.35 crore was awarded with the approval of the Works Advisory Board (WAB) to a Guwahati based firm at the lowest tendered value further negotiated for Rs. 5.03 crore in February 1995. The work was to be completed by August 1996. The work commenced in March 1995 was still in progress, and against the total value of work done (including price escalation) of Rs. 6.22 crore an amount of Rs. 6.10 crore[?] was paid to the contractor up to January 1999.

Scrutiny (August 2000) of records of the Executive Engineer, Transmission Division, Agartala, revealed that the rates quoted by the tenderer in March 1994 were inclusive of four *per cent* Works Contract Tax (WCT) on the gross value. The comparative statement duly recommended by the Chief Engineer (Electrical) (July 1994) was approved by the WAB in December 1994. Meanwhile, pursuant to the discussion held with the Superintending Engineer, the contractor intimated (June 1994) that their rates were inclusive of four *per cent* WCT on ‘erection items’ only, as against gross value comprising supply, erection, commission etc. quoted on turn-key basis. The said post-tender modification was also accepted by the Chief Engineer (Electrical) in February 1995 after the tender was approved by the WAB. Consequently, deduction of WCT of Rs. 5.46 lakh was made only from erection items (valued: Rs. 1.37 crore) as against Rs. 24.42 lakh due on the gross value of work of Rs. 6.10 crore (including supplies of taxable goods used in the work) paid for (up to January 1999).

Thus, irregular acceptance of post-tender modification of rates to exclude recovery of four *per cent* WCT from the supply of taxable goods used in the work in violation of Tripura Sales Tax Act and Rules by the Chief Engineer (Electrical), without the approval of Works Advisory Board, led to undue financial advantage of Rs. 18.96 lakh[♦] (Rs. 24.42 lakh – Rs. 5.46 lakh) allowed to the contractor.

The Commissioner of Taxes, to whom the matter was referred (September 2002) by Audit also confirmed (April 2003) that the WCT @ four *per cent*

[?] Amount paid up to 35th RA bill in June 1998: Rs. 608.43 lakh
 Amount paid as part payment in December 1998: Rs. 1.00 lakh
 Amount paid as a part payment in January 1999: Rs. 1.00 lakh
Total :Rs. 610.43 lakh

[♦] @ Four *per cent* WCT on Rs. 610.43 lakh = Rs. 24.42 lakh
 less amount actually deducted = Rs. 5.46 lakh
Difference : Rs. 18.96 lakh

was payable by the contractor on the gross amount of bills including the supply items, and not only on the value of erection as was irregularly allowed by the Power Department.

The matter was reported to the Government in March 2003; reply had not been received (September 2003).

PUBLIC WORKS AND POWER DEPARTMENTS

4.7 Outstanding Inspection Reports

First reply for 19 out of 126 Inspection Reports issued during 1997-98 to 2002-03 was not furnished by Public Works and Power Departments, while the Government prescribed a time limit of one month from the date of receipt of Inspection Report to furnish the reply.

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the auditee departments and to the concerned higher authorities through Inspection Reports. The more serious irregularities are reported to the department and to the Government. The Government had prescribed that the first reply to the Inspection Reports should be furnished within one month from the date of their receipt.

The position of outstanding reports in respect of Public Works and Power Departments is discussed below:

(a) PUBLIC WORKS DEPARTMENT

A review of position of outstanding inspection reports relating to PWD revealed that 439 Paragraphs included in 103 inspection reports issued between 1997-98 and 2002-03 were pending settlement as of June 2003. Of these, even first reply had not been received in respect of 11 Inspection Reports inspite of repeated reminders. Year-wise break-up of the outstanding inspection reports and paragraphs is given below:

Sl. No.	Year	Number of outstanding		Number of inspection reports of which even first reply had not been received
		Inspection Reports	Paragraphs	
1.	1997-98	32	66	1
2.	1998-99	18	87	1
3.	1999-2000	16	106	–
4.	2000-01	10	78	1
5.	2001-02	19	71	3
6.	2002-03	8	31	5
	TOTAL	103	439	11

The important irregularities noticed during inspection of PW Divisions during 2002-03 are summarised below:

Sl. No.	Nature of irregularities	Number of cases	Amount involved (Rupees in lakh)
1.	Extra/irregular/avoidable/ unfruitful/ wasteful/ unauthorised expenditure/ extra liability	13	336.00
2.	Amount recoverable from contractors	1	1.30
3.	Blocking up of capital	1	2.68
4.	Excess payment	2	0.59
5.	Loss of Government revenue	1	2.91
6.	Non-realisation of licence fees	2	2.99
7.	Execution of work without depositing earnest money	2	182.00
8.	Unadjusted advance	1	23.46
TOTAL		23	551.93

(b) POWER DEPARTMENT

65 paragraphs included in 23 inspection reports issued between 1999-2000 and 2002-03 were not settled as of June 2003. Of these, the first reply for eight inspection reports had not been received despite repeated reminders (as of June 2003). Year-wise break-up of outstanding inspection reports and paragraphs are given below:

Sl. No.	Year	Number of outstanding		Number of Inspection Reports for which first reply has not been received
		Inspection Reports	Paragraphs	
1.	1999-2000	8	20	1
2.	2000-01	5	9	2
3.	2001-02	4	9	3
4.	2002-03	6	27	2
TOTAL		23	65	8

The most important types of irregularities noticed during local audit of Power Department during 2002-03 are summarised below:

Sl No.	Nature of irregularities	Number of cases	Amount involved (Rupees in lakh)
1.	Excess/irregular/unauthorised expenditure/payment etc.	7	434.63
2.	Discrepancy in the Cash Book	1	2.97
3.	Blockage of Government money	1	42.87
4.	Recoverable amount from contractor	1	0.29
5.	Idle expenditure	1	4.98
6.	Theft of tower member	1	11.44
TOTAL		12	497.18