

## OVERVIEW

This report includes two chapters containing observations of Audit on the Finance and the Appropriation Accounts of the State Government for the year 2002-03 and seven other chapters, comprising six reviews on development and other activities, and 24 paragraphs containing audit comments on various irregularities. A synopsis of the important findings contained in the reviews and paragraphs is presented below.

### *1. An overview of the finances of the State Government*

While the liabilities of the State Government grew by 16 *per cent*, the assets grew only by 10 *per cent* during 2002-03. The liabilities increased mainly due to increase in internal debt and in deposits under small savings etc.

While the quality of expenditure is reflected by plan, capital and development expenditure, percentage of plan expenditure, capital expenditure and development expenditure to total expenditure had decelerated in 2002-03 to 31.85, 18.71 and 62.18 *per cent* from 33.88, 24.45 and 66.18 *per cent* in the previous year.

Non-plan revenue expenditure increased from Rs.1536.74 crore to Rs.1621.10 crore, with decline in non-plan capital expenditure from Rs.49.85 crore to Rs.22.52 crore.

The percentage share of revenue receipts in total expenditure declined from 91.39 *per cent* in 1998-99 to 77.68 *per cent* in 2002-03 indicating that the balance had to be financed by borrowings.

Interest payments and expenditure on general services, considered as non-developmental, together accounted for 35.95 *per cent* of the total expenditure in 2002-03, as compared to 29.77 *per cent* in 1998-99.

At the end of 2002-03, the total investment in statutory corporation, Government companies, banks and co-operatives worked out to Rs.286.27 crore, but there was no return on this investment.

**(Paragraphs 1.2 to 1.8)**

### *2. Appropriation audit and control over expenditure*

Against the total budget provision of Rs.3192.74 crore, actual expenditure was Rs.2895.13 crore. Overall savings of Rs.297.61 crore were the results of savings of Rs.564.38 crore in 53 grants and appropriations, offset by excess of

Rs.266.77 crore in 10 grants and appropriations. The excess expenditure of Rs.266.77 crore required regularisation by the Legislature under Article 205 of the Constitution of India.

In 37 cases, supplementary provision of Rs.113.88 crore proved unnecessary.

In 42 cases, savings were more than Rs.10 lakh and above in each case and also more than 10 *per cent* of the total provision.

In nine cases under three grants and appropriations, expenditure of Rs.222.23 crore was incurred without budget provision.

In 60 cases, savings of Rs.320.24 crore had not been surrendered.

In 10 cases, against actual savings of Rs.10.69 crore, Rs.12.97 crore had been surrendered, resulting in excess surrender of Rs.2.28 crore.

**(Paragraphs 2.1.1 to 2.1.7)**

### **3. Audit Reviews**

#### **3.1 Working of the Agriculture Department (Agriculture Wing)**

Working of the Agriculture Department (Agriculture Wing) during the period from 1998-99 to 2002-03 was reviewed in audit. Lack of monitoring of implementation of the action plan by the Task Force formed for the purpose, non-availability of required quantities of certified paddy seeds for replacement, declining trend in consumption of plant nutrients, partial utilisation of assured irrigation potential created, failure to build up a team of specialists on modern techniques of agriculture and lack of adequate credit facilities to the farmers were some of the deficiencies in the Agriculture Department.

- Replacement of seeds was far below the targeted percentage, farmers lost paddy crops valued at Rs. 1.24 crore due to supply of substandard seeds and percentage of achievement with reference to target for consumption of fertilizers in terms of nutrient gradually came down.
- A large number of slots in training courses offered by the Government of India for the staff members were not utilised, crop loan provided to farmers every year was of an insignificant amount compared to the amount required and targeted, and percentage of shortfall in utilisation of assured irrigation potential had a sharp rise over the years.
- Although Rs. 280.26 crore was spent during the five years ending 2002-03, the required pace of growth as envisaged in the perspective plan could not be maintained and the fulfilment of the objective was thwarted.

**(Paragraph 3.1)**

### ***3.2 National AIDS Control Programme***

The National AIDS Control Programme was introduced in 1987 for countrywide implementation. The main objective of the programme was not fulfilled in the State due to lack of effective planning, inadequate infrastructure as well as inadequate laboratory testing facilities, shortage of laboratory technicians, and non-availability of medicines for treatment. The performance of the intervention projects suffered due to non-formulation of viable projects according to the core principles of the programme.

- The drug de-addiction centre at Kumarghat established at a cost of Rs. 8 lakh in September 2000 for providing treatment to injecting drug users could not be made operational for want of equipment, medicines and technical staff, as of May 2003.
- The intervention projects were not formulated according to the core principles of the programme (many important components were excluded and prescribed cost schedule for the components of the project was not followed). The expenditure of Rs. 21.22 lakh incurred on them during 2000-03 proved largely wasteful.
- The infected persons were not informed of their HIV infection. As a result, 278 such persons in the State, as of March 2003, had been unknowingly spreading the deadly disease among the State population. Moreover, as appropriate method of testing was not being followed, blood units supplied from blood banks were also not considered fully safe against HIV infection.

**(Paragraph 3.2)**

### ***3.3 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 completion of irrigation projects which were languishing for want of funds. It was planned that all the irrigation schemes would 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.

- 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 the stipulated time schedule of two years for completion of all the three medium irrigation projects.

- 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).
- 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)**

### ***3.4 Materials management in Home (Police) Department***

Materials management in the Home (Police) Department was found to have been deficient in many ways. Procurement made without assessing the demands from the field units resulted in issue of materials in excess of requirement just to avoid damage in long storage, as well as idling of stock. Delay in the annual procurement process resulted in purchase at the end of the year or postponement of purchase till the next year.

- Due to non-acceptance of the lowest rate received by inviting tenders, the department incurred extra expenditure of Rs.19.80 lakh in procurement of woollen blankets.
- The department incurred an extra liability of Rs.1.66 crore by accepting higher rates for bullet proofing of vehicles and rejecting option for getting the same work done at lower rates.
- Bullet proof vehicles worth Rs.63.14 lakh, sanctioned by the Ministry as special Central assistance in kind to the North Eastern States, received without taking any bullet resistance test at the factory, could not be utilised for the desired purpose as the vehicles subsequently proved not to have been bullet-resistant.

**(Paragraph 5.1)**

### ***3.5 Working of the Tripura Khadi and Village Industries Board***

Tripura Khadi and Village Industries Board was set up in August 1966 with the objective of generating employment for the rural artisans of Khadi and Village Industries sectors through implementation of different programmes and by providing financial assistance to them. The Board failed to generate adequate employment opportunities even after 37 years of its existence due to lack of planning, non-implementation of schemes despite having sufficient funds, and poor financial management. The Board was burdened with high establishment cost due to retention of idle and surplus staff, engagement of staff without any sanctioned posts, and misappropriation of stores. There was virtually no internal control mechanism in the Board to oversee its performance both in physical and financial terms. In 2002-03, administrative

expenses alone constituted the entire expenditure of the Board, which had thus lost the rationale for its existence as a development agency.

- Of the total expenditure of Rs. 6.81 crore incurred by the Board during the period under review, 95 per cent constituted administrative expenses leaving only 5 per cent for development programmes.
- An amount of Rs. 1.61 crore paid to 25,075 persons for setting up of small units of khadi and village industries became unfruitful as the units did not ultimately come up.
- The number of artisans given work by the Board declined sharply from 348 in 1998-99 to 15 in 2002-2003. Average annual income of the artisans varied from Rs.432 to Rs.2129 during the period under review, indicating that the Board failed to provide adequate employment to rural artisans and to raise them above the poverty level.
- Laxity in administrative control led to misappropriation of yarn valued at Rs. 54.05 lakh from the yarn store during 1998-99 to 2002-03.

**(Paragraph 7.2)**

### ***3.6 Working of the Tripura Rehabilitation Plantation Corporation Limited***

The Tripura Rehabilitation Plantation Corporation Limited was incorporated on 3 February 1983 as a wholly owned Government company with the object of rehabilitating landless tribal *jhumias* and other landless people of the State through rubber and other plantations. Working of the company during the period from 1995-96 to 2001-02 was reviewed in audit.

- The company had finalised the accounts upto 2000-01. The accounts depicted accumulated loss of Rs. 2.88 crore.
- Shortfall in dry rubber production of 2298.25 tonnes valued at Rs. 6.86 crore due to low yield per tree for lack of effective control on tapping operations resulted in potential loss of income of Rs. 6.86 crore to the beneficiaries.
- The company failed to secure compensation amounting to Rs. 27.74 lakh from the Insurance Company in respect of 46 claims due to absence of appropriate insurance coverage of the rubber plantations.

**(Paragraph 8.2)**

## **4. Paragraphs**

### **(a) Civil**

- Non-functioning of the hiring centres resulted in idling of machinery and idle expenditure of Rs. 30.91 lakh on pay and allowances incurred by Agriculture Department.

**(Paragraph 3.3)**

- Books worth Rs. 16.60 lakh procured by the Director of Higher Education for nine public libraries could not be used by readers due to non-availability of required infrastructure.

**(Paragraph 3.5)**

- Non-deduction of Tripura Sales Tax at source by the Director of School Education resulted in excess payment of Rs. 13.88 lakh to the contractor.

**(Paragraph 3.6)**

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

**(Paragraph 4.2)**

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

**(Paragraph 4.3)**

- The Power Department of 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.

**(Paragraph 4.4)**

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

**(Paragraph 4.5)**

### **(b) Revenue**

- Failure of the Collector of Excise, West Tripura, Agartala, to realise bottling fee on 'India Made Foreign Liquor' from a distillery functioning in the State resulted in loss of revenue amounting to Rs. 35.53 lakh.

**(Paragraph 6.2)**

- Although the business was closed down in 1990, the Finance (Excise and Taxation) Department took 11 years thereafter to assess the dealer, who was then not traceable, resulting in loss of revenue of Rs. 6.63 lakh.

**(Paragraph 6.3)**

- The Assessing Authority under the Finance (Excise and Taxation) Department did not assess additional sales tax for 15 assessees resulting in short realisation of tax of Rs. 2.18 lakh and loss of Rs. 2.49 lakh towards penalty and interest on unrealised tax.

**(Paragraph 6.5)**

- Failure of the Superintendent of Taxes, Udaipur, to levy penalty as per the Act resulted in loss of revenue towards sales tax amounting to Rs. 1.50 lakh.

**(Paragraph 6.6)**

- The Divisional Forest Officer, Udaipur, did not realise additional proceeds, from the sale of timber at revised rates taking effect subsequently, which led to loss of revenue of Rs. 1.18 lakh.

**(Paragraph 6.7)**

- Failure of the District Transport Officer, Kailashahar, to identify the trucks with load of coal in excess of permissible limit resulted in non-realisation of Rs. 4.67 lakh towards fine from the transporters.

**(Paragraph 6.8)**

### **(c) Commercial**

- Failure of the Government as well as the management of the Tripura Jute Mills Limited to go in for arbitration as per provision of the agreement resulted in loss of Rs. 1.39 crore.

**(Paragraph 8.3)**

- Delayed payment of subscriptions and contributions towards Employees Provident Fund by the Tripura Road Transport Corporation led to avoidable expenditure on penal damages of Rs. 29.54 lakh.

**(Paragraph 8.4)**

- Inadmissible allowance of rebate by 12 Electrical Sub-Divisions to 395 consumers in 468 bills resulted in loss of revenue of Rs. 10.43 lakh to the Power Department.

**(Paragraph 8.6)**

- Non-imposition of penalty by 13 Electrical Sub-Divisions under the Power Department for delayed payment of energy charges by consumers resulted in loss of revenue amounting to Rs. 54.53 lakh.

**(Paragraph 8.7)**