

OVERVIEW

This Report contains 23 audit paragraphs and five performance reviews / long paragraph apart from comments on the Finance and Appropriation Accounts. According to existing arrangements, copies of the draft audit paragraphs and draft audit reviews are sent to the concerned Secretary to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. In respect of 15 audit paragraphs and one review included in this Report, no response was received from the concerned Secretary to the State Government.

1. Finances of the State Government

The revenue receipts of the State Government increased by 15.30 *per cent* over the previous year as against the average trend rate of 11.45 *per cent* during the five year period 1999-2004. Revenue receipts during the year comprised tax revenue of Rs. 221.47 crore (10 *per cent*), non-tax revenue of Rs. 167.78 crore (8 *per cent*) and Government of India transfer of Rs. 1778.41 crore (82 *per cent*).

The total expenditure in 2003-04 increased by Rs. 93 crore over previous year mainly due to increase in interest payment by Rs. 42 crore. Expenditure on General Services and interest payments which were considered as non-developmental together accounted for 36.60 *per cent* in 2003-04 as against 31.62 *per cent* in 1999-2000. On the other hand, development expenditure accounted for 61.66 *per cent* in 2003-04 as against 67.15 *per cent* in 1999-2000.

In the year 2003-04, plan expenditure and development expenditure declined compared to 1999-2000, though capital expenditure has slightly increased. Percentage of plan expenditure, capital expenditure and development expenditure had decelerated in 2003-04 to 29.72, 17.70 and 61.81 *per cent* from 31.85, 18.71 and 62.18 in the previous year. While non-plan revenue expenditure increased from Rs. 1621.10 crore in 2002-03 to Rs. 1731.88 crore in 2003-04, non-plan capital expenditure increased from Rs. 22.52 crore to Rs. 29.89 crore.

At the end of 2003-04, Government had invested Rs. 313.13 crore in its statutory corporations, Government companies and co-operative societies, but there was no return on this investment.

(Paragraphs 1.5 to 1.8)

Fiscal Reforms Programme

A Memorandum of Understanding (MOU) was signed in March 2003 between Government of India and Government of Tripura under the Fiscal Reforms Programme.

According to the MOU, Government of Tripura received Rs. 5.32 crore as incentive from the Government of India during the years 2001-04 to overcome fiscal constraints.

(Paragraph 1.10)

Fiscal ratios

The revenue expenditure over the five years 1999-2004 was on increasing trend and comprises 82 *per cent* of total expenditure in 2003-04 leaving a very little for capital formation or asset creation. The development expenditure to total expenditure was on a declining trend and its ratio has fallen significantly in the year 2003-04 over the previous year(s). This indicates State's inadequate expansion of its development activity. Increasing ratio of fiscal liabilities to GSDP on account of increasing interest payment indicate that the State is gradually getting into a debt trap.

(Paragraph 1.11)

2. Allocative priorities and Appropriation

Against the total budget provision of Rs.3630.09 crore, actual expenditure was Rs.2962.03 crore. Overall savings of Rs. 668.06 crore were the results of savings of Rs. 901.61 crore in 56 grants and appropriations, offset by excess of Rs. 233.55 crore in five grants and appropriations. The excess expenditure required regularisation by the Legislature under Article 205 of the Constitution of India.

In 39 cases, supplementary provision of Rs. 125.99 crore proved unnecessary.

In 55 cases, saving was more than Rs.10 lakh in each case and also over 10 *per cent* of the total provision.

In seven cases under five grants / appropriations, expenditure of Rs. 72.15 crore was incurred without budget provision.

In 60 cases, anticipated savings of Rs. 453.33 crore had not been surrendered.

In seven cases, against actual savings of Rs. 33.77 crore, Rs.53.71 crore had been surrendered, resulting in excess surrender of Rs. 19.94 crore.

(Paragraphs 2.2 to 2.8)

3. Audit Reviews

3.1 Working of the Indian Systems of Medicine and Homoeopathy

Lack of planning, poor infrastructure, shortage of staff, poor manpower management, absence of adequate support system and opening of dispensaries without any feasibility study making many of the dispensaries dysfunctional – all in combination had a highly deleterious effect on working of the systems of Ayurveda and Homoeopathy to cater to the needs of public health care in the State.

- Dispensaries were opened without feasibility study. This resulted in non-functioning of 17 Homoeopathic dispensaries for want of patients and wasteful expenditure of Rs. 22.10 lakh.
- Bed capacity of the Homoeopathic Hospital at Agartala remained heavily under-utilised due to non-supply of meals to the patient, poor pathology and radiography services and even non-availability of ambulance.
- An amount of Rupees eight lakh spent on a project for development and cultivation of medicinal plants at Kamalpur proved wasteful as the infrastructure created by July 1999 remained abandoned since then.

(Paragraph 3.1)

3.2 Materials management in Health and Family Welfare Department

Materials management in the Health and Family Welfare Department was found to have been deficient. Procurement of medicines was not based on realistic assessment as requirement of medicines submitted by different health institutions was not supported by basic data. The system of health care in different health institutions in the State suffered due to delayed and reduced supply of medicines, supply of substandard medicines, and idling of machinery and equipment. Reasons for these deficiencies were attributable to lack of adequate planning and monitoring.

- Penalty of Rs. 18.34 lakh, for delay in supplying medicines was not imposed on the suppliers.
- Eighteen items of machines and equipment purchased during 1996 to 2002 at a cost of Rs. 86.24 lakh remained non-functional (as of June 2004).

(Paragraph 3.2)

3.3 Working of Industries and Commerce Wing of Industries and Commerce Department

The main objective of the Industries and Commerce Wing of the Industries and Commerce Department to promote the Village and Small Scale Industries in the State was not achieved. Implementation of various schemes suffered due to lack of proper planning, monitoring, and manpower management, failure to

create awareness among the entrepreneurs, and to mobilize and sponsor eligible cases to banks. Diversion and parking of funds had an adverse effect on programme implementation.

- The scheme for the growth of small scale industries (SSI) failed to achieve its objectives as 1,104 units were closed and 4,276 persons lost their employment during 1999-2004.
- The department incurred an expenditure of Rs. 94 lakh towards payment of wages to idle staff of two closed SSI units during 1999-2004.
- An amount of Rs. 1.30 crore under Margin Money Scheme was unauthorisedly diverted by Tripura Khadi and Village Industries Board towards its administrative expenses and thus, the purpose of the Scheme was defeated.

(Paragraph 3.3)

3.4 Working of Tripura Horticulture Corporation Limited

The Tripura Horticulture Corporation Limited was incorporated on 7 April 1987 under the Companies Act, 1956 as a wholly owned Government company with the object of raising plantations of economically important species of horticultural and agricultural crops on land acquired by the Company. Working of the Company for the period from 1998-99 to 2002-03 was reviewed in audit.

- Accumulated losses of Rs. 41.16 lakh had eroded 29 *per cent* of the paid-up capital (Rs. 1.40 crore) of the Company.
- Due to low yield of raw cashewnut, the Company suffered a loss of Rs. 2.83 crore.
- The Company engaged 78 daily rated workers (DRWs) without any sanction and as a result, wages of Rs. 61.38 lakh paid to them during 1998-2003 was unauthorised.
- The Company spent Rs. 49.88 lakh during 1998-2003 towards idle wages of 67 DRWs engaged in 17 orchards where there was no plantation activity.
- The Company suffered a loss of Rs. 52.02 lakh in operating the cold storage located at Teliamura.

(Paragraph 6.2)

4. Paragraphs

(a) Civil

- Non-adherence to the provision of Financial Rules by three Drawing and Disbursing Officers led to misutilisation of cash of Rs. 11.06 lakh.

(Paragraph 4.3)

- The Government had to bear extra liability of Rs. 2.33 crore due to late payment of energy bills.

(Paragraph 4.5)

- Transfer of bailey bridge to Border Road Organisation without drawing up agreement and its return and acceptance by unauthorised and unqualified person resulted in idle and infructuous expenditure of Rs. 39.80 lakh.

(Paragraph 4.8)

- Failure of the department to get the work done by the first contractor due to departmental lapses and award of the work to another contractor resulted in extra expenditure of Rs. 24 lakh.

(Paragraph 4.9)

- Works Advisory Board approved interest free mobilisation advance (Rs. 2.10 crore) to contractor ignoring the provisions of the CPWD manual resulting in loss of interest of Rs. 30 lakh.

(Paragraph 4.11)

- Expenditure of Rs. 42.81 lakh incurred on construction of three ropeways was rendered unfruitful and seven ropeways could not be constructed resulting in locking up of an additional amount of Rs. 57.19 lakh allocated for them. The interest loss of the Government on this account was Rs. 30.88 lakh.

(Paragraph 4.13)

- Failure on the part of the Agartala Municipal Council to complete the project for construction of slaughter house at Agartala during 1993-94 to 2003-04, due to lack of planning, has led to idle investment (Rs. 65.05 lakh) and blockage of funds (Rs. 1.11 crore).

(Paragraph 4.14)

(b) Revenue

- Loss of revenue of Rs. 1.51 crore to the Forest Department was due to illegal felling of trees, non-recovery of timber from felling site, theft of timber from custody / depot, and missing logs.

(Paragraph 5.2)

- Non-imposition of fine on the owners of the vehicles carrying load in excess of permissible limit resulted in loss of Rs. 5.50 crore.

(Paragraph 5.6)

(c) Commercial

- Non-imposition of penalty for delayed payment of energy charges by consumers resulted in loss of revenue amounting to Rs. 74.76 lakh.

(Paragraph 6.4)

- Inadmissible allowance of rebate to 775 consumers in 1640 cases resulted in loss of revenue of Rs. 14.35 lakh.

(Paragraph 6.5)

- Erroneous computation of energy charges by the Sub-divisional Offices led to short realisation of revenue Rs. 17.64 lakh.

(Paragraph 6.6)