CHAPTER IV: AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.1 Unfruitful expenditure

The Department failed to implement the Central schemes for strengthening poultry farm and establishment of quail and broiler duck breeding farms resulting in the expenditure of Rs. 1.58 crore remaining unfruitful for several years.

The Animal Resources Development Department (Department) took up (2003-04), three projects at a cost of Rs. 2.50 crore (100 *per cent* Central assistance), viz (i) strengthening of District Poultry Farm (SDPF), Panisagar (Rs. 85 lakh); (ii) establishment of Quail Breeding Farm (QBF) at Gandhigram (Rs. 80 lakh); and (iii) establishment of Broiler Duck Breeding Farm (BDBF) at Devipur (Rs. 85 lakh). The projects were scheduled to be completed by March 2004 and aimed at (i) augmenting the production of eggs and meat in the State and (ii) creating poultry farming related employment. The GOI released Rs. 1.68 crore (March-July 2003) comprising full payment for SDPF and the first installments (50 *per cent*) for QBF and BDBF. Even after a lapse of three years after the scheduled completion time, as of March 2007, none of the projects had been completed despite the reported expenditure of Rs. 1.58 crore[1] and the objectives of the three projects had not been achieved. It was noticed that:

- The Department could not spend the funds, despite the extension of time taken from the GOI up to March 2005, and also did not refund the funds and continued to incur expenditure without validation of sanction.
- Important components of all the three projects like feed analytical laboratory, disease diagnostic laboratory, incinerator, feed mixing plant and house, hatchery machinery and expansion of hatchery building, training of farmers etc. (approved cost Rs. 48 lakh) had not even been taken up. Of the reported expenditure of Rs. 1.15 crore on civil works (poultry house, brooder house, layer house, godowns, laboratory etc.) of the three projects, the details for Rs. 19.36 lakh were not made available.
- The SDPF had not been completed, after four years of its commencement, despite release of entire project cost (Rs. 85 lakh). The production of eggs declined and was much below the target of 6 lakh a year. The Director of the Department stated (July 2007) that the farmers were unwilling to accept the day old chicks (having high

[1] SDPF: Rs. 75.45 lakh; QBF: Rs. 39.99 lakh and BDBF: Rs. 42.50 lakh.

mortality) and they were therefore planning to supply month old chicks.

- Though out of Rs. 40 lakh available (first installment) for the QBF, Rs. 39.99 lakh[2] was utilised as of March 2005, the GOI did not release (September 2007) the second installment for QBF due to non-receipt of UCs, physical progress reports, and expenditure statements. Hence important components like feed analytical laboratory, incinerator, disease diagnostic laboratory, expansion of hatchery building etc were yet to be taken up. Against the proposed production of 3 lakh quails a year, the production was below 5,000 and declining[3]. Similarly, the production of eggs had also declined drastically[4]. The Director of the Department stated (July 2007) that the popularity of quail meat had declined but they were trying to popularise it through media campaigns. However, no such campaigns had been organised as of July 2007. The reply is also not tenable as it did not explain the rationale for taking up the project. In the circumstances, the future of the project remained uncertain.

- Only Rs. 34.94 lakh was spent[5] as of March 2005 on the BDBF, out of Rs. 42.50 lakh received. The project remained incomplete on account of non-completion of important items and non-release of second installment by the GOI (September 2007) due to non receipt of UCs, physical progress reports and expenditure statements. Against the proposed production of 4.20 lakh eggs and 2.69 lakh day old ducks (DOD) a year, there was no production in 2004-05 and 2005-06, while only 194 eggs and 12,131 DODs were produced in 2006-07. Meanwhile, Rs. 7.56 lakh of the project funds had been diverted (March 2004) by the Department for another project 'Strengthening of layer Duck Breeding Farm'.

- The ARDD's request to the GOI for releasing the second installment for QBF and BDBF, made in March 2007 (i.e., after four years of the first installment) had not been responded to by the GOI (September 2007).

Thus, due to administrative laxity, the expenditure of Rs. 1.58 crore on the projects had remained unfruitful, besides non achievement of the stated objectives of augmentation of production of eggs and meat and creation of employment.

The matter was reported to the Government in August 2007; reply had not been received (September 2007).

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[2] Civil works for Rs. 35.08 lakh completed departmentally (March 2005); Rs. 4.80 lakh spent on procurement of a generator and Rs. 0.11 lakh on training.

[3] 2,781(2004-05), 4787 (2005-06) and 1006 (2006-07).

[4] Against the target of 82,125 eggs 21,466 in 2004-05, 16,026 in 2005-06 and 8,666 in 2006-07.

[5] Rs. 25.47 lakh on civil works, Rs. 9.15 lakh on procurement of feed ingredients / transportation etc and Rs. 0.32 lakh on machinery and equipment.

4.2 Loss due to shortfall in production of eggs and ducklings

Shortfall in production of eggs and ducklings at the R.K.Nagar farm resulted in a loss of Rs. 29.10 lakh.

The North Eastern Council (NEC) sanctioned Rs. 45 lakh in 1999-2000 as one time grant for strengthening the Exotic Duck Breeding Farm at R.K.Nagar. The target was to maintain 3500 parent stock of Khaki Campbell ducklings for breeding and distribution of 3.50 lakh ducklings every year in the North East region and other States besides production and marketing of table eggs.

Test check (December 2006) of records revealed that despite an expenditure of Rs. 45 lakh received from the NEC and Rs. 7.15 lakh given by the State Government during 2003-07, the farm failed to maintain the targeted number of 3500 layer birds (Khaki Campbell) as also the norm of production of eggs and ducklings. While the number of layer birds maintained during 2003-07, ranged from 2,329 to 3,329 and was declining, the birds produced only 16.51 lakh eggs, about 50 *per cent* of the normative[6] production of at least 32.90 lakh[7] eggs resulting in shortfall of 16.39 lakh eggs and a loss of Rs. 24.59 lakh[8].

Similarly, the production of ducklings during 2003-06 was only 48 to 58 *per cent* of the hatchable eggs, against the norms of 70 *per cent;* from the 5.60 lakh eggs used for hatching during 2003-07, only 3.17 lakh ducklings were produced, against the norm of 3.92 lakh (i.e. 70 *per cent* of the eggs set for hatching) resulting in loss of Rs. 4.51 lakh[9].

The total loss due to shortfall in production of eggs and ducklings amounted to Rs. 29.10 lakh[10].

The Deputy Director, Farm Complex attributed (March and April 2007) the low production of eggs to climatic condition and irregular supply of the feed by the contractors. The reply is not tenable, as, as per ARDD booklet, the Khaki Campbell ducks can tolerate temperatures between 4 and 40 degree Celsius and live well in humid weather. Further, it was the responsibility of the Department to take concrete action to ensure regular and balanced feed to the ducks. Further, these issues should have been addressed before commencing the project.

The matter was reported to the Government in May 2007; reply had not been received (September 2007).

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[6] According to the Booklet published by the ARDD, on an average a Khaki Campbell duck is capable of producing 280-300 nos. of eggs annually in ideal rearing condition.
[7] Calculated at the minimum production capacity of 280 eggs yearly per bird.
[8] Calculated @ Rs. 1.50 per egg.
[9] Calculated at the minimum of Rs. 6 per duckling, while the rate of duckling of different age group varied from Rs. 6 to Rs. 95 per duckling during that period.
[10] Rs. 24.59 lakh + Rs. 4.51 lakh.

FINANCE DEPARTMENT

4.3 Loss of interest

Failure of the Finance Department and the Treasuries to monitor Government receipts and expenditure booked by the agency banks led to loss of interest of Rs. 28.24 lakh due to under-reporting of receipts and over-reporting of expenditure by the agency banks.

Prompt credit of receipts and correct reporting of expenditure is important for the cash flow of the Government, as it has to pay the Reserve Bank of India (RBI) interest on any shortfall in its prescribed minimum cash balance. Under-reporting of receipts and over-reporting of expenditure by the agency banks of the RBI handling Government transactions, therefore, means a real cash loss to the Government, if not adjusted with interest.

The agency banks are required to send to the Treasury every month a Date-wise Monthly Statement (DMS) of receipts and expenditure, which the Treasury is required to certify and return within 2 days (known as Verified Date-wise Monthly Statements or VDMS).

Scrutiny (August 2007) of the VDMS and the monthly DMS furnished by agency banks to the RBI as well as the statements of adjustment of State transactions furnished by the RBI to the State Government revealed that during 2006-07 in 20 transactions involving Rs. 13.05 crore (net), the link offices of the agency banks had reported to the RBI less receipts of Rs. 2.02 crore and excess payments of Rs. 11.03 crore, compared to the figures reported in the VDMS. Their adjustments were carried out after delays of one to 154 days, which led to loss of interest of Rs. 28.24 lakh (**Appendix 4.1**) as on 31 August 2007. In respect of six cases[11] the adjustments were yet to be made; this would increase the amount of loss of interest.

It was observed that there was no system in the Treasuries/ Finance Department for regular monitoring of the amounts reported to the RBI by the agency banks and their link offices for timely correction of the amounts wrongly reported, despite the matter having been brought to the notice of the Finance Department by the Accountant General in the past. The Treasuries/ Finance Department also did not claim the penal interest fixed by RBI (2% above the bank rate) in case of under-reporting of receipts of Rs. 10 lakh and above (reduced to Rs. 1 lakh from April 2007) for delayed credit to the Government account.

Thus, failure of the Treasuries/ Finance Department to claim interest for delayed credit of Government receipts and over-reporting of expenditure led to loss of interest of Rs. 28.24 lakh to the Government.

The Government stated (October 2007) that it is not in a position to calculate the interest as it does not get day-wise deposit of Government money in RBI

[11] Sl No. 6 to 9, and 11, 12 of Appendix 4.1.

by the bank branches. The reply is not tenable, as the Government had not taken action to get the requisite details despite having been pointed out by the Accountant General in the past.

FOREST DEPARTMENT

4.4 Compensatory afforestation

There was significant shortfall in compensatory afforestation and there was no verifiable evidence of the actual area covered as well as survival rate of plants. Demands for Rs. 20.04 crore due from user agency for compensatory afforestation had not been raised and there was loss of Rs. 1.33 crore to the Compensatory Afforestation and fund Management Authority due to keeping the funds in non-interest bearing Government account.

Rules and Guidelines issued under the Forest (Conservation) Act, 1980 by the Union Ministry of Environment and Forest (MoEF) provide for compensatory afforestation (CA) over equivalent area of non-forest land and opening of separate cells in each State, headed by a senior officer not below the rank of Conservator of Forests, to deal with the cases of diversion of forest land. In Tripura, the Chief Conservator of Forests (CCF) has been acting as the Nodal Officer.

Test check (June 2007) of the records of the Nodal Officer revealed the following:

(i) Shortfall in compensatory afforestation

Against 6,906.07 hectares of forest land diverted upto October 2006 3,923.36 hectares were stipulated for CA in 137 projects. But as of December 2006, afforestation was completed on 2798.79 hectares only in 115[12] projects; in 22 projects CA on 182.53 hectares was not taken up at all, which included 122.47 hectares of land in lieu of which forest land had been diverted several years back (1998-2004). This was in contravention of the departmental order (2002) that the CA work should commence not later than the financial year following the one in which money for the CA is deposited by the user agency. Further, during 1990-91 to 2006-07, the Department received Rs. 16.38 crore for CA, but the expenditure incurred was only Rs. 2.70 crore (16 *per cent*), which was grossly disproportionate to the area stated to have been covered under CA. CCF stated (June 2007) that the matter would be examined.

The following other violations of the Forest Department order of 30 April 2002 were seen:

- The quarterly progress reports submitted by the DFOs did not show the actual survival percentage of plantations. CCF stated (June 2007) that

[12] 108 projects (Fully covered), Stipulated: 2340.09 hectares; covered: 2341.54 hectares.
7 projects (partially covered), Stipulated: 1400.74 hectares; covered: 457.25 hectares.

the plantations with less than 85 *per cent* survival were separately reported and were regularly inspected by the DFOs and CFs but no such survival reports or inspection reports were available. Also, no consolidated report of the CCF on his inspections of the plantations under CA, required to be sent to PCCF, were furnished. In the absence of any report, the area covered under CA and the rate of survival in the plantations could not be verified in audit.

- A permanent record of diversion of forest land and CA from the beginning of enforcement of the Forest (Conservation) Act, 1980 was not maintained in the concerned divisions nor was a consolidated record for the entire State maintained in the office of the Nodal Officer, as required.

(ii) Management of CA funds

- **Non-realisation of Rs. 20.04 crore from the user agency**

Following a Supreme Court order (September 2006), the MoEF directed the State Government (October 2006) to recover Net Present Value (NPV) in all cases of forest land approved for diversion on or after 30 October 2002. As of June 2007, the CCF had not raised the demand for Rs. 20.04 crore due from Border Roads Organisation (BRO) for transfer (November 2003-September 2006) of land for construction of Indo-Bangladesh Border Road.

The CCF stated (June 2007) that measures would be taken for realisation of the amount.

- **Loss of interest of Rs. 1.33 crore**

The funds received from user agencies for CA were initially kept under Reserve Fund (non-interest bearing). Following a Supreme Court order, the MoEF instructed (March 2004) the State Government to keep the funds in fixed deposit in a nationalised bank till a separate fund for Compensatory Afforestation and Fund Management Planning Authority was set up. However, the State Government transferred only a part of the funds to fixed deposits, in installments. As a result, the funds lost interest of at least Rs. 1.33 crore[13], calculated at the minimum monthly balance in the Reserve Fund.

The matter was reported to the Government in July 2007; reply had not been received (September 2007).

[13] Calculated at a secular rate of 5% (for keeping deposit for one year) on the minimum balance (Rs. 11,84,02,234) lying during April 2004 to June 2006: (Rs. 11,84,02,234 × 5/100 × 27/12 = Rs. 1,33,20,251).

HOME (POLICE) DEPARTMENT AND AGRICULTURE DEPARTMENT

4.5 Idle and unfruitful expenditure on construction of mini firing range

A miniature indoor firing range was constructed without any model or design and was later found unfit for a firing range leading to idle and unfruitful expenditure of Rs. 41.45 lakh.

The Home Department sanctioned (January 2002) Rs. 15.89 lakh for constructing a miniature indoor firing range for the training of recruits at Tripura State Rifles (TSR) Training Centre, Radha Kishore Nagar under Police Modernisation Scheme. The work was entrusted to the Chief Engineer (Agri), Agriculture Department[14], to which the funds were transferred in April 2002.

Test check of records of the Commandant, 2nd Battalion TSR, (May 2006) and of the Executive Engineer (West), Agriculture Department, Agartala (August 2006) revealed that the Agriculture Department did not have any experience of constructing a firing range and was also not provided any model drawings / designs. After the work commenced (April 2002), the Inspector General of Police and others visited the site (June 2002) and on their instructions, the dimensions of the building were revised (September 2002) involving an additional cost of Rs. 25.56 lakh, for which the administrative approval and expenditure sanction was accorded (December 2004) by the Home Department and the funds were transferred (January 2005) to the Agriculture Department.

After its completion at a cost of Rs. 41.45 lakh, the building was inspected (December 2005) by the Additional Director General of Police (LO&AP), who declared it as unfit for firing range on the ground that there was a chance of ricocheting of bullets which might endanger lives. As of 23 March 2007, the building had not been taken over from the Agriculture Department despite the request of the Executive Engineer (West) in March 2006. A decision on the matter is pending with the Director General of Police since December 2005.

Thus, construction of the firing range without proper planning and design not only led to idle and unfruitful expenditure of Rs. 41.45 lakh, but also defeated the objective of the expenditure *viz,* training of recruits. Further, there was strong possibility of deterioration of the building due to disuse and lack of maintenance.

The matter was reported to the Government in April 2007; reply had not been received (September 2007).

[14] The Agriculture Department has an engineering wing and undertakes Civil construction works in the same manner as PWD.

INDUSTRIES AND COMMERCE DEPARTMENT

4.6 Irregularities in setting up food park and fruit processing unit at Bodhjungnagar

Contracts for food park and multi-fruit processing unit were awarded to a promoter without ensuring transparency and without verifying his technical and financial soundness. This led to unfruitful expenditure of Rs. 4.10 crore on the food park while the failure to start the fruit processing unit resulted in an estimated annual loss of 40 MT of pineapples due to lack of processing facility.

The State Government decided (November 1999) to set up a food park and a fruit processing unit at Bodhjungnagar, with the help of GOI. Test check of records of Industries and Commerce Department and the Tripura Industrial Development Corporation (TIDC) revealed several irregularities due to which, none of the projects had been completed (July 2007), nearly eight years after the decision was taken, and despite GOI having released Rs. 6 crore of its share 5-6 years back.

(i) Food park

The work relating to food park[15], for which GOI had released Rs 3 crore as of December 2005[16], was awarded to a private firm M/s TransIndia Information Science Private Ltd, (TISPL) without checking its financial soundness, technical expertise and performance history.

The agreement (May 2002) provided for completion of the work in 18 months but the project had not been completed as of June 2007. The firm delayed the work at every stage and claimed no work for 201 days on account of holidays, rains, bandhs etc, during April 2003 to August 2004. The Department did not impose the specified liquidated damages of Rs. 1000 per day which had accumulated to Rs. 6.47 lakh as of June 2006.

Despite no enabling rules, the TIDC also advanced (2005-06) to the firm Rs. 20 lakh on the basis of bank guarantee from a Kolkata based bank even though the contract was subject to the jurisdiction of Tripura. The TIDC could not enforce the guarantee after rescission of the contract as the firm had obtained injunction from a Court in Barasat (West Bengal).

The contract was rescinded in July 2006 for non-performance. The firm had completed only 50 *per cent* of the civil works (June 2006) and had been paid Rs. 1.42 crore. Machinery and equipment[17] worth Rs. 1.45 crore, purchased (May 2005 to August 2006) on the advice of the firm, were lying idle with fair chance of deterioration and obsolescence, in view of the uncertainty about the project's future following the cancellation of the contract.

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[15] Estimated cost: Rs. 7.07 crore; State Share: Rs. 3.07 crore (infrastructure); GOI Share: Rs. 4 crore.

[16] March 2001: Rs. 2 crore, December 2005: Rs. 1 crore.

[17] Freon based Refrigeration System: Rs. 112.28 lakh; PC controlled Atomic Absorption Spectrophotometer: Rs. 8.83 lakh; Machinery / equipment for Quality Control Laboratory: Rs. 23.98 lakh.

Thus, due to irregularities in the selection of the firm and its failure to execute the project, an expenditure of Rs. 4.10 crore[18] had remained unfruitful.

Government stated (September 2007) that the High Power Committee selected the firm, exercising best prudence for public service; that a fresh tender had been called for and that damages and the guarantee would be recouped through arbitration and legal process. The reply is an after thought. The fact is that, when the Department could take action it did not. With passage of time, any risk and cost recovery from the contractor appears remote.

(ii) Multi-fruit processing unit

The multi-fruit processing unit for production of pineapple juice powder and other products in the proposed food park at Bodhjungnagar at a cost of Rs. 11.53 crore, was to be financed by equity contribution of Rs. 3 crore by the promoter, loan of Rs. 4.65 crore from Technology Development Board (TDB) (to be obtained by the promoter) and grant of Rs. 3 crore from GOI. It was observed that Rs. 3 crore released (March 2002) by GOI was lying unutilised (June 2007) as no work had been done on the project.

The work was awarded to a sister firm of TISPL without any tender. The sister firm was incorporated on the same day the Department recommended its name to GOI (13 March 2002), indicating that the firm had no previous experience of establishing a multi-fruit processing unit. Audit view is further strengthened by the fact that the TDB did not approve the soft loan of Rs. 4.65 crore.

The sister firm was allotted (April 2002) 6.31 acres of land valued at Rs. 6 lakh at a lease rent of Rs. 4,000 per acre per month, even before the MOU was signed on 20 July 2002. The firm had, however, not paid any rent, with the arrears amounting to Rs. 15 lakh (March 2007).

The promoter failed to bring his equity contribution but made several attempts to take charge of the Rs. 3 crore received from the GOI. When the project did not take off and the GOI demanded refund of the money, he modified the original plan (April 2005) by splitting the project into two parts so as to spend Rs. 6.35 crore in the first part and Rs. 5.50 crore later. Despite the poor track record of the promoter, in the case of food park, the Department recommended the revised proposal and requested (May 2005) the GOI to allow the release of the Central grant, around the same time when the Department was issuing show cause notices to TISPL for non-completion of the food park (September 2005 and March 2006).

Even after rescission of the contract with TISPL the arrangement with the sister firm had not been reviewed by the Department / TIDC (June 2007), despite the firm's failure to start the work, even after 5 years, and the inability of its promoter to bring in any financial stake. There was also no evidence of any alternatives being explored, notwithstanding the fact that the fruit processing industry is quite competitive and widespread, while the State continued to sustain an estimated annual loss of 40 MT of pineapples (as

[18] Infrastructure development (spent through PHED and Power Department): Rs. 1.23 crore; Paid to TISPL: Rs. 1.42 crore; Purchase of machinery and equipment: Rs. 1.45 crore.

stated in the project report prepared by Price Waterhouse), due to lack of processing facility.

Government stated (September 2007) that the office of the Principal Scientific Officer to the GOI had identified the sister firm and that the State Government had no role in awarding the work to this entrepreneur. The reply is not acceptable, as the Department failed to monitor the progress of work and take appropriate action despite the firm's failure to commence work after five years of award.

PUBLIC WORKS DEPARTMENT
(PUBLIC HEALTH ENGINEERING)

4.7 Water Supply at Teliamura

Due to delay at every stage of the work and lack of proper monitoring by the Department the project "Water supply at Teliamura" was delayed by over two years and there is every reason to believe that there will be a huge cost overrun in the project.

GOI sanctioned (2002-03) Rs.6.21 crore under NLCPR[19] for "Water Supply at Teliamura". The project involved construction of three overhead tanks (OHT)[20], a water treatment plant and distribution lines, and was to be completed within two years (2004-05). The work was awarded to three different contractors – one for the water treatment plant and two for overhead tanks.

Audit scrutiny revealed the following:

- While the approved cost of the project was Rs. 6.21 crore (**Appendix 4.2**), the tendered cost for three items itself was Rs. 4.05 crore. Approval for the additional cost was not obtained from the GOI.
- Only one OHT, which was estimated to cost Rs.50 lakh was completed and the remaining items were yet to be completed (May 2007), despite incurring an expenditure of Rs. 5.38 crore (87 *per cent* of the project cost).
- There was enormous delay in issuing NIT (seven months), award of work (four months after NIT), preparation of estimates for pile foundation (eight months), approval of estimates for pile foundation (ten months) and approval of drawings and designs for pile foundation (twenty four months after award of work).
- While about 87 *per cent* of the approved project cost was spent on five items, only one item was completed. With work yet to commence on seven items, the likelihood of funding problems for critical components of the project like OHTs, rising main and water treatment plant cannot be ruled out.

[19] Non-lapsable Central Pool of Resources.
[20] Estimated cost Rs.50 lakh- for OHT 1, Rs.50 lakh and 25 lakh for OHT 2 and 3.

- Funds were not provided for acquisition of land (Rs.29.85 lakh) and pile foundation (Rs.32.21 lakh). In fact, the latter was not even included in the detailed project estimates.
- Rupees 37.50 lakh was spent on procurement of pipes in excess of the approved provision. Also, exemption of excise duty on the purchase of these pipes (Rs. 12.52 lakh), admissible as per GOI orders, was not claimed.
- There was also undue benefit to the contractor in the form of interest free mobilisation advance of Rs.26.55 lakh even before the start of work (November 2004). Also, the advance was given on the contract value (Rs.265.50 lakh) instead of the estimated cost of work put to tender (Rs.186.67 lakh).

Thus due to delay at every stage of the work and lack of proper monitoring by the Department, the water supply scheme was delayed by over two years and there is every reason to believe that there will be a huge cost overrun in the project.

The matter was reported to the Government in June 2007; reply had not been received (September 2007).

4.8 Wasteful expenditure

Unplanned construction of overhead tank without considering adequate water supply, topography of the area and staff required for operation of the pump resulted in wasteful expenditure of Rs. 17.18 lakh and the objective of improving the water supply system in the area remained unachieved.

The EE, PHE Division No. III, Udaipur, South Tripura submitted (August 2002) an estimate of Rs. 20.09 lakh for construction of 40,000 gallon capacity overhead tank (OHT) at Ratanpur under Hrishyamukh block of South Tripura District with a view to improve the water supply and avoid hindrance due to power failure. He also proposed to do away with the prevailing system of direct pumping of water from the Deep Tube Well (DTW). The SE, PHE, Circle No. 1, Agartala, approved the estimate.

The construction of the OHT was taken up in May 2003 and completed in March 2005 at a cost of Rs. 17.62 lakh.

Test check (June 2006) of records of the EE, PHE Division No. VII, Belonia[21] revealed that more than a year after construction of the OHT the EE informed (April 2006) the SE that the OHT could not be operated as the discharge of DTW was inadequate (only 5000 gallons per hour) to fill the OHT and he would require an extra staff to operate the pump for at least 8 hours to fill up the tank. He also stated that the topography of the distribution area was

[21] PHE Division No. VII, Belonia was created in April 2003 by re-organising PHE Division No. III, Udaipur.

undulating and direct pumping was more appropriate. As of date, no additional staff had been appointed for operating the pump and the OHT had not been made operational.

Thus, unplanned construction of the OHT without considering the adequacy of the water supply, the topography of the area and the staff required for operation of the pump resulted in wasteful expenditure of Rs. 17.18 lakh and the objective of improving the water supply in the area remained unachieved.

EE in reply (April 2007) stated that the Department was planning for full fledged utilisation of OHT after construction of a replacement DTW and other allied work. The reply is not tenable in view of the earlier report of the EE that the undulating topography of the distribution area was not appropriate for supply of water through OHT.

The matter was reported to the Government in April 2007; reply had not been received (September 2007).

4.9 Loss due to inordinate delay in finalising tender

Inordinate delay in finalising tender led to time overrun of 20 months and loss of Rs. 11.05 lakh due to cost overrun in construction of overhead tank at Belonia.

Test check (June 2006) of the records of the EE, PHE Division No. VII, Belonia revealed that due to inordinate delay in finalisation of tender, the construction of an Overhead Tank (OHT) at the Belonia Degree College Complex including rising main line from Mirzapur PWD Complex was delayed by at least 20 months and also led to loss of Rs. 11.05 lakh to the exchequer on account of higher cost at which the work was awarded subsequently. The details are as follows:

- The initial tender for the work was invited (November 2003) by the EE. Of the five tenders received, the lowest tender (Rs. 75.76 lakh) of M/S Dulal Bhattacharjee (valid upto 7 June 2004) was recommended (19 December 2003) by the EE. Audit scrutiny disclosed that the SE and CE took 36 days and 111 days respectively as compared to 7 days and 10 days respectively stipulated in the CPWD Manual, to process the case. After recommendation (14 May 2004) by CE the Works Advisory Board also delayed and approved the work on 8 June 2004 after expiry of validity of rates. Thereafter the contractor did not extend the validity.

- Subsequently, the CE (August 2004) revised the estimate and the DNIT by increasing the quantity of some items of work, (considering the safe bearing capacity of the soil) and removing the item of DI pipes (Rs. 15.59 lakh), which were decided to be supplied departmentally. In response to the second tender (17 August 2004 and estimated cost

Rs. 50.74 lakh[22] excluding the cost of DI pipes of Rs. 15.59 lakh to be supplied departmentally), M/S Rai Mohan & Co. offered the lowest rate (Rs. 79.16 lakh) which was reduced on negotiation to Rs. 76.11 lakh but WAB did not consider the tender due to high rate. In response to the third call of tender (12 April 2005), M/S Jiban Saha offered the lowest rate (Rs. 79.66 lakh). On his refusal to reduce it further, the CE rejected the tender and order retendering as lump sum contract.

- The contract was awarded (February 2006) to the lowest bidder M/S Raja Raw Ghosh at the negotiated price of Rs. 74 lakh for completion by 4 March 2007. The work was in progress and payment made up to 5th RA (May 2007) was Rs. 54.76 lakh.

Thus, due to tardy and inefficient handling of the contracting process, at different levels, without regard to the time schedules, there was inordinate delay in starting the work and the Government was put to loss of Rs. 11.05 lakh[23] due to escalation in the cost of the work. In addition, the Department had to unnecessarily waste time and resources in the subsequent rounds of tendering and the work, which should have been completed in 12 months had been delayed by at least 20 months.

The matter was reported to the Government in May 2007; reply had not been received (September 2007).

[22] Original estimate: Rs. 66.58 lakh *minus* cost of errection and supply of pipes: Rs. 19.15 lakh, *plus* cost of increased quantity: Rs. 2.45 lakh and cost of errection of pipes: Rs. 0.86 lakh.

[23] Total cost in case of execution by Contractor 'D': Rs. 89.59 lakh (Rs. 74.00 lakh + Rs. 15.59 lakh).
Total cost in case of execution by Contractor 'A': Rs. 78.54 lakh (Rs. 66.58 lakh + Rs. 2.45 lakh + 13.78 *per cent* of (Rs. 66.58 lakh + Rs. 2.45 lakh).
Loss: Rs. 11.05 lakh (Rs. 89.59 lakh – Rs. 78.54 lakh).

PUBLIC WORKS DEPARTMENT
(ROADS AND BUILDINGS)

4.10 Loss of Rs. 42.58 lakh due to delay in finalisation of tender

Delay in finalisation of tender resulted in at least time overrun of twenty one months and loss of Rs. 42.58 lakh due to cost overrun in construction of RCC bridge over river Howrah at Jirania ADC HQ Road.

The work "Construction of RCC bridge over river Howrah at Jirania ADC-HQ Road (Bridge proper only)" was sanctioned (March 2002) for Rs. 211.34 lakh.

Test check (July-August 2006) of records of the EE, Public Works Division No. II, Agartala revealed that work put to tender (March 2002) was awarded (November 2002) to M/S M.P. Khaitan for Rs. 1.69 crore, against the estimated cost of Rs. 1.37 crore (based on TSR 1998). The work order was subsequently cancelled (October 2003) as the contractor failed to start the work even after 11 months from the date of issue of the work order and the earnest money of Rs. 1 lakh was forfeited. Draft Notice Inviting Tender (DNIT) was revised (November 2003) to Rs. 1.41 crore by adding one new item (Rs. 2.21 lakh) and by increasing the quantity in another item (Rs. 2.25 lakh).

In response to the revised tender (November 2003), two bids were received out of which, the lowest bidder M/S Shibu Saha (Rs. 1.87 crore) was recommended (16 January 2004) to the SE who recommended (29 January 2004) the same to the CE (R&B). However, the CE did not decide the case for six months. Meanwhile the validity of rates expired and CE rejected (30 August 2004) the tender.

The tender was invited again on 19 November 2004 but was cancelled (28 December 2004) by the EE without specifying any reasons.

The work was retendered (14 January 2005) and EE recommended the only bid received (March 2005). The SE, Planning Circle pointed out several inconsistencies in the offer. The EE declared the contract "informal" (liable to be rejected) and recommended (April 2005) fresh tendering.

Subsequently, revised DNIT, based on TSR 2002 was prepared at an estimated cost of Rs. 1.56 crore without any change in the scope of the work, and notified (24 May 2005). In response M/S Shibu Saha again offered the lowest bid for Rs. 2.41 crore. This time again, the CE took more than 2 months to recommend the case to the Works Advisory Board (WAB)[24]. The work order was issued (24 February 2006) at the negotiated price of Rs. 2.30 crore. The work, commenced on 27 March 2006, was in progress.

[24] Consists of Chief Secretary as the Chairman, the Finance Secretary, the PWD Secretary as members, one of the Joint Secretaries of the Finance Department as Member Secretary and the Secretary, Industries Department as the permanent invitee and is responsible for approving all contracts above Rs. 50 lakh.

Thus, due to inordinate delay in finalisation of the tender, the construction of the bridge scheduled to be completed in January 2006 was delayed by at least twenty one months, besides loss due to extra avoidable expenditure of Rs. 42.58 lakh[25] on account of increase in cost.

Government stated (August 2007) that the delay in finalising the tenders and extra cost could not be avoided due to limited response from the agencies, quotation of higher rates by the agencies compared to the then accepted rates of similar nature of works, and increase in cost of materials and labour. The reply is not tenable as time is essence of the contract and the delays were mainly in processing of the tenders, which were avoidable.

4.11 Irregularities in replacement of timber bridges by Bailey bridges in Tribal areas

Audit of purchase and installation of bailey bridges revealed extra payment of Rs. 22.01 lakh due to non-deduction of inspection charges, required to be paid by the supplier and avoidable expenditure of Rs. 47.41 lakh.

The Public Works Department purchased 47 bailey bridges during 2001-02 to 2003-04, at a cost of Rs. 5.82 crore to replace the timber bridges in the tribal areas. The cost was met from the Non-Lapsable Central Pool of Resources (NLCPR). Test check of records of the Directorate of Planning and Co-ordination, the CE, PWD(R&B) and EE of 10[26] Divisions in 4 districts revealed the following irregularities.

(i) Inadmissible payment of Rs. 22.01 lakh for inspection

According to the terms and conditions of the contract, all materials and components shall be inspected and certified by the Controller of Quality Assurance Engineering (CQAE)/Senior Quality Assurance Estt (SQAE) for which arrangements shall be made by the manufacturers who will also bear the inspection charges. Test check of records in 9[27] Divisions revealed that Rs. 22.01 lakh was paid during 2001-02 to 2003-04 towards inspection charges for the supply of 28 bridges[28] which was not admissible.

Government stated (August 2007) that the accepted prices were inclusive of the inspection charges and as such the payment may not be considered over payment. The reply is not tenable as the terms offered by the supplier (May 2002) clearly stated that the inspection charges would be borne by them,

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[25] Rs. 229.80 lakh *minus* Rs. 187.22 lakh.

[26] West Tripura: Agartala Division–II; Agartala Division-IV; Store Division, Agartala; Southern Division-III, Sonamura; South Tripura: Southern Division-I, Udaipur; Southern Division-II, Santirbazar; Amarpur Division; North Tripura: Kanchanpur Division, Kumarghat Division; Dhalai: Ambassa Division.

[27] Agartala Division II; Agartala Division IV; Store Division, Agartala; Southern Division III, Sonamura; Southern Division I, Udaipur; Southern Division II, Santirbazar; Amarpur Division; Ambassa Division; Kumarghat Division.

[28] Including 16 bridges supplied by Bridge and Roof Co. (India) Ltd.

which was also categorically mentioned in the terms and conditions stipulated by the Department stating that the inspection charges should be borne by the manufacturer(s) and no extra payment would be made on this account.

(ii) Avoidable expenditure of Rs. 47.41 lakh

EE, Ambassa Division purchased (2003-04) two bridges from a private firm, though the order for these bridges had already been placed (March and July 2001) with Bridge and Roof Co. (India) Ltd. Thus, four bridges were purchased instead of the two required. The additional cost amounted to Rs. 47.41 lakh. One of the extra bridges was installed at Suknacherra while the other was sold to Border Roads Organisation (BRO); the proceeds (Rs. 23.94 lakh) were, however, not recouped to the NLCPR but transferred to State Government revenue.

The Government stated (August 2007) that the additional bridge was used at Suknacherra in public interest but the reasons for not recouping the sale proceeds of the other to NLCPR, were not indicated.

4.12 Unauthorised and idle expenditure

Due to irregular award of a work for construction of quarters without following the prescribed procedures, ensuring availability of funds and approval for the work, the expenditure of Rs.13.57 lakh remained idle for over three years. Apart from the delay in completion, the possibility of the incomplete quarters becoming dilapidated due to disuse over a prolonged period cannot be ruled out.

Executive Engineer (EE) Kumarghat awarded (January 2002) construction of four Type-IV quarters at Chailengta in Dhalai district for Rs.21.27 lakh without administrative approval (AA) and expenditure sanction (ES). Technical sanction (TS) was irregularly given by the Superintending Engineer (SE) (September 2001). The work was to be completed in 160 days.

- Awarding the work without obtaining AA and ES was irregular. Consequently, there was a delay in preparatory work relating to the development of the site and handing it over to the contractor. The contractor could therefore, commence the work only after six months of award of contract (June 2002).
- Since the EE could not draw any funds in the absence of ES, there was an enormous delay in payments to the contractor ranging up to 355 days. The amount of Rs.13.57 lakh paid to the contractor was obviously diverted from other works, which again, is irregular.
- Without AA and ES, according TS by the SE was also irregular. In fact, in the absence of ES, the correctness of TS cannot be vouched.

Due to delay in payments, the contractor suspended the work (April 2004). The delay in payments, was attributed by the EE (April 2007) to non-availability of funds. The reply is not acceptable, since the work was awarded without AA and ES and ensuring availability of funds. The EE did not also rescind the contract or take any further measures to get the work done.

Thus due to the irregular award of work without following the prescribed procedures, ensuring availability of funds and approval for the work, the expenditure of Rs.13.57 lakh remained idle for over three years. Apart from the delay in completing the construction of the quarters, the possibility of the incomplete quarters becoming dilapidated due to disuse over a prolonged period cannot be ruled out.

The matter was reported to the Government in June 2007; reply had not been received (September 2007).

REVENUE DEPARTMENT

4.13 Irregularities in expenditure

There were several irregularities in implementation of Supplementary Nutrition programme. In addition, there were serious discrepancies in the stores management and control.

District Magistrate & Collector (DM&C), Kailashahar, North Tripura received Rs. 36.19 crore from the Revenue (Relief and Rehabilitation) Department through the Finance Department for maintenance of Reang refugees during 2003-04 to 2006-07. A test check of records revealed as under:

- Out of Rs. 36.19 crore, only Rs. 35.45 crore was passed on to the SDM, Kanchanpur, who was responsible for maintenance of the refugees. Of the Rs. 74 lakh retained, the DM&C had spent Rs. 27.71 lakh on office expenses, without any authority. The items of expenditure included petrol, office stationery, electrical and telephone bills, blankets for circuit house, hiring of vehicles etc; but the expenditure was booked against an account head[29] meant for refugees. The DM&C stated (February 2007) that the expenditure was of emergent nature; the Government stated (September 2007) that the expenditure may be treated as expenditure related to relief and rehabilitation of Reang migrants. The contention is not acceptable, as the funds were meant for refugees and separate allocation exists for office expenses.

- SDM, Kanchanpur, had drawn (2003-04 to 2006-07) Rs. 15.63 crore on AC bills, of which DCC bills for Rs. 7.66 lakh were yet (March 2007) to be submitted by him to the controlling officer i.e., more than 2 to 47 months after the date of drawal. The SDM stated (August 2007) that adjustment would be submitted shortly, while the Government stated (September 2007) that the SDM had been instructed to submit the DCC bills immediately.

[29] 2235: Social Security and Welfare; 01: Rehabilitation; 800: Other expenditure -05-36-21.

- Rice was being issued to the camps at 450 gms (adult) and 225 gms (minor) daily, against the norms of 400 and 200 gms respectively as fixed (1990) by GOI. This resulted in excess issue of 2116.20 MT of rice during 2003-04 to 2006-07 valued at Rs. 1.95 crore. The SDM stated (August 2007) that the excess rice was issued in lieu of admissible 25 gms chira (flattened rice) and 12.50 gms gur (jaggery), which the migrants were reluctant to receive. However, written authority of the State Government/GOI for the change of norm were not made available to Audit.

- In six refugee camps[30], the number of children shown as covered under the Supplementary Nutrition Programme (SNP) during 2003-07 (4050, in two months 3600) was higher than the number of minor children (upto 8 years) shown in the family registers (3558 to 3594); the number of excess children ranged from 456 to 492[31]. The expenditure involved in issuing rice and dal, including other allied expenditure @ Rs. 1.87 per child per day, to the excess children amounted to Rs. 6.99 lakh[32].

The SDM stated (August 2007) that the actual number of children was more than 5000 but the names of all children were not included in the family registers. The reply was endorsed by the Government (September 2007). The contention is not acceptable as ration was being issued on the basis of the number of children (3558 to 3594) as per family registers / ration cards, and there was no valid basis for providing supplementary nutrition to children more than the number included in the family registers. This needs investigation.

- Maintenance of stock register was poor and deficient. In one refugee camp (Kashirampur), stock register for foodgrains was not maintained for 2003-07. As such, the actual position of distribution and utilisation of materials supplied to the camp could not be ascertained. The stock register of garments at Kashirampur revealed that the value of garments shown as received was Rs. 1.24 lakh less than that issued by the SDM, Kanchanpur. The Government stated (September 2007) that the SDM had made a detailed check of the stock registers and has made them up-to-date, but the position in respect of other camps was not intimated.

- Physical verification of stock was never conducted during 2003-04 to 2006-07 by any of the authorities mentioned above. The Government stated (September 2007) that the physical verification was being conducted.

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[30] Kashirampur, Longthariakami, Hezacherra, Kasco-A&B, Khakchang, and Hamsapara.
[31] Six children in the months of April and May 2003.
[32] Excess children during 4 years – 15,575 per day × 24 days (in a month) = 3,73,800 × Rs. 1.87 per child per day = Rs. 6,99,006.

4.14 Irregular expenditure

DM, West Tripura incurred irregular and unauthorised expenditure of Rs.18.95 lakh out of interest accrued on various schemes and non-scheme funds without reflecting the expenditure in the State Government accounts, vitiating the process of legislative control over expenditure.

Central and Centrally sponsored scheme guidelines stipulate that the funds received should be kept in separate savings bank accounts and interest accrued thereon would form a part of the scheme funds. Further, the administrative orders issued by the State Finance Department clearly stipulate that all other funds should be kept in the interest free current deposit account and not in savings bank account.

Test-check of records of the District Magistrate & Collector (DM&C), West Tripura District revealed widespread violation of the above provisions, as detailed below:

- Though the scheme funds were required to be deposited in separate savings bank accounts, funds pertaining to several schemes were deposited in a single savings account[33] operated by DM&C, West Tripura, into which Rs.37.51 crore relating to 15 schemes and other non-scheme funds (**Appendix 4.3**) were deposited (January 2004 to December 2006). As a result, the interest earned against different schemes could neither be determined by Audit nor ascertained by DM&C, West Tripura.

- During July 2004 to November 2006, Rs. 18.95 lakh out of the accrued[34] interest of Rs. 19.64 lakh was spent by the DM&C for meeting contingent expenditure of his office, which was tantamount to unauthorised diversion of funds, violating the provisions of Central Treasury Rules (CTRs), scheme guidelines and the orders of the State Finance Department. It was seen that most of the expenditure had been incurred on telephone bills, POL, labour charges, hospitality and minor repairs to the office building; this expenditure was over and above the approved budget allocations for these items of expenditure. Some of the bills did not have the details of the work but were approved merely on the basis of the amount mentioned on them.

- The expenditure incurred in the above manner was not accounted for in the accounts as the payment was not routed through the treasury; hence the expenditure accounts of the State were understated to that extent and not reported to the legislature. It was also seen that the bills concerning this expenditure were not prepared in the prescribed form under CTRs; instead, the expenditure was recorded either on the body of the voucher or in a covering sheet without recording in the contingent register for signature of DDO in support of authenticity.

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[33] No. 4201 of UCO Bank, Kaman Chowmuhani Branch, Agartala.
[34] During April 2003 to July 2007.

Thus, non-adherence to the CTRs, Finance Department's orders and provisions of scheme guidelines led to irregular and unauthorised excess expenditure of Rs.18.95 lakh resulting in diversion of scheme funds and also vitiating the process of legislative control over expenditure as the expenditure remained outside the Government accounts. Besides, the practice is fraught with the risk of misuse of funds due to lack of controls.

The DM&C stated (May 2007) that the expenditure was incurred in case of utmost necessity. The reply is not tenable as any expenditure outside the budgetary process or in excess of budget approved by the legislature is illegal and violative of legislative control over expenditure.

The matter was referred to the Government in June 2007; reply had not been received (September 2007).

RURAL DEVELOPMENT DEPARTMENT

4.15 Irregular drawal of funds

Rs. 85.76 lakh was drawn by two BDOs through Fully Vouched Contingent Bills in anticipation of meeting future liabilities, in contravention of financial rules.

As per rules, the Head of Office is authorised to incur contingent charges through fully vouched contingent (FVC) bills, subject to general limitations that all charges actually incurred should only be drawn and paid at once and no money shall be drawn from the treasury unless it is required for immediate disbursement. Drawal of money from the treasury in anticipation of demand or to prevent the lapse of budget grants is not permissible.

Test check of records of two Block Development Officers (BDOs), Bishalgarh and Hezamara revealed that they drew (February 2005 to March 2006), Rs. 85.76 lakh[35] relating to developmental schemes[36], through 42 fully vouched contingent (FVC) bills without the charges having been actually incurred, violating the basic requirement for drawal of such bills. The amounts were credited to DDO's interest free CD Bank accounts, from which disbursements were made two to 23 months after their drawal. As of March 2007, Rs. 5.28 lakh[37] remained undisbursed, even after lapse of 12 to 24 months, due to non-supply / part supply of materials or non-execution / part execution of work.

Further scrutiny revealed that the FVC bills had been drawn after recording that the materials etc. had been supplied. However, the relevant stock registers, work registers or asset registers were either not maintained or, where

[35] BDOs, Bishalgarh: (24 bills: Rs. 53.85 lakh) and BDO, Hezamara: (18 bills: Rs. 31.91 lakh).
[36] Schemes like BADP, BEUP, NLCPR, PMGY etc.
[37] Bishalgarh: Rs.3.33 lakh; Hezamara: Rs.1.95 lakh.

maintained, did not have a cross reference to the FVC bill. In case of cash wages there was no supporting record to show the payment made.

The drawal of Rs. 85.76 lakh on FVC bills, without the immediate requirement of funds, had the following consequences:

- Premature withdrawal of funds from Government account and parking in interest free CD account outside the Government account resulted in loss of interest of at least Rs. 5.55 lakh[38] to Government.
- The amount drawn on FVC bills was exhibited as final expenditure in the progress reports being sent by the Department to the Government and legislature, depicting incorrect and inflated expenditure figures of schemes / projects, having serious implications for legislative accountability.
- The practice of transferring funds to bank accounts under the control of individual DDOs, using the mechanism of FVC bills, and incurring the expenditure subsequently over prolonged periods of time, not only dilutes the expenditure control at appropriate levels but is also fraught with the risk of malpractice, including misappropriation, as no records existed to control the subsequent expenditure.

The BDOs stated (July – August 2006) that the amounts were drawn on FVC bills to avoid lapse of budget grants. The reply is not tenable since drawal of money to avoid lapse of grants or to meet future requirement is not permissible.

The matter was reported to the Government in April 2007; reply had not been received (September 2007).

[38] Bishalgarh: Rs. 2.97 lakh and Hezamara: Rs. 2.58 lakh - calculated @ 8.62 *per cent* in 2005-06 and @ 8.46 *per cent* in 2006-07.

URBAN DEVELOPMENT DEPARTMENT
(Agartala Municipal Council)

4.16 Poor implementation of Swarna Jayanti Shahari RozgarYojana (SJSRY)

The Agartala Municipal Council squandered the opportunity to generate employment for poor due to tardy implementation of SJSRY, despite availability of substantial Central funds. Out of Rs. 7.55 crore received during 1998-99 to 2006-07, only Rs. 2.97 crore was utilised up to March 2007, leaving an unspent balance of Rs. 4.58 crore. The poor achievement was due, *inter alia*, to lack of proper planning; non-finalisation of BPL survey report; improper selection of beneficiaries; non-creation of infrastructure / seva kendras for the beneficiaries; inadequate arrangement for training and inability to undertake the projects.

SJSRY, a Centrally sponsored scheme, was introduced in Tripura in 1998-99. The objective of the scheme was to provide gainful employment to the urban unemployed or underemployed poor living below the poverty line (BPL) through encouraging self-employment ventures or provision of wage employment. The scheme was to be funded on a 75:25 basis between the Central and the State Governments. The scheme consisted of two special programmes *viz* (i) the Urban Self Employment Programme (USEP) and (ii) the Urban Wage Employment Programme (UWEP).

Test check (May 2006) of records of the Agartala Municipal Council (AMC) and further information collected in March 2007 revealed that out of Rs. 7.55 crore (Central share: Rs. 5.30 crore and State share: Rs. 2.25 crore) received during 1998-99 to 2006-07 for implementation of SJSRY, the AMC could utilize only Rs. 2.97 crore (39 *per cent*) up to 15 March 2007 leaving a balance of Rs. 4.58 crore (61 *per cent*). The year-wise and component-wise position of funds received and spent is shown in **Appendices 4.4 and 4.5**. Important audit findings are discussed below:

4.16.1 Lack of planning

During 1998-99 to 2004-05, the AMC received Rs. 6.51 crore (Central share: Rs. 5.22 crore and State share: Rs. 1.29 crore) for implementation of the scheme but utilised only Rs. 0.55 crore (8 *per cent*) during that period **(Appendices 4.4 and 4.5)**. Examination of records indicated that AMC did not have adequate plans nor did it make concerted efforts for successful implementation of the scheme.

The Director, UDD stated (July 2007) that at the initial stage, the AMC did not take much interest in implementing the scheme, and that, subsequently, a comprehensive plan had been taken up and that the entire amount was expected be spent during 2007-08. As a result, no Central share (other than the spillover funds of Rs. 8.28 lakh) was released to AMC in 2005-06 and 2006-07, depriving the State of Central funds for employment generation.

4.16.2 Survey for identification of beneficiaries not done

As per guidelines, house to house survey for identification of genuine beneficiaries (urban BPL families) was to be done. Though the scheme was introduced in 1998-99, the AMC started house to house survey only in April 2006 – after a delay of 7 years **-** but the survey report was not ready as of September 2007 (it was expected to be finalised by July 2007). The Chief Executive Officer (CEO) of the AMC stated (March 2007) that an attempt to conduct the survey was made in 2003-04 but it could not be done due to lack of infrastructure; this is not acceptable as the survey was being done by engaging enumerators, which could have been done earlier. Failure of the AMC to finalise the survey report adversely affected the implementation of scheme as there was no authentic information about the number of beneficiaries for the last eight years. Thus, the impact of the scheme could not be verified in audit.

The Director, UDD stated (July 2007) that beneficiaries were selected on the basis of earlier survey, but the details and period of the survey was not stated.

4.16.3 Urban Self Employment Programme (USEP)

4.16.3.1 Individual self-employment through setting up of micro-enterprises: defective selection of beneficiaries

The programme encouraged under-employed and unemployed urban youth to set up small enterprises relating to servicing, petty business and manufacturing. The maximum unit cost was Rs. 50,000 and the maximum subsidy was 15 *per cent* of the project cost, subject to a limit of Rs. 7,500. The beneficiary was required to contribute 5 *per cent* of the project cost as margin money, and 95 *per cent* (inclusive of subsidy) was to be sanctioned as composite loan by bank.

Scrutiny of records disclosed that during 1999-2007, out of 2586 cases sponsored by the AMC, the banks sanctioned loans to only 701 beneficiaries (27 *per cent*)**,** rejecting the others on grounds of not being viable, selected beneficiaries had no establishment of their own or experience or BPL cards. This indicated defective selection of beneficiaries. As a result, only Rs. 49.80 lakh (52.79 *per cent*) of the Central and State subsidy of Rs. 94.34 lakh was utilised. It was seen that AMC had only one project officer and two community organizers to implement the USEP, which was inadequate as the scheme guidelines required one community organizer for 2000 identified families (the number of BPL families in AMC area was stated to be 16,653).

The Director, UDD stated (July 2007) that applications received from beneficiaries were forwarded to banks after scrutiny but the banks were not considering these cases on one ground or other and that AMC was pursuing to get the bank loans sanctioned. This indicated defective selection of beneficiaries as well as inadequate scrutiny of their proposals.

4.16.3.2 Development of Women and Children in Urban Areas (DWCUA): Non-implementation

This programme provided for special incentive to urban poor women to set up self-employment ventures in a group. The DWCUA groups, which consisted of at least 10 urban poor (BPL) women, were eligible for subsidy of Rs. 1.25 lakh or 50 *per cent* of the cost of project, whichever was less.

The AMC failed to utilise the entire subsidy of Rs. 44.43 lakh received during 1999-2000 to 2006-07 as no project was submitted by any of the 532 DWCUA groups formed during 2003-04 to 2006-07. The AMC did not maintain the shelf of projects, as required under the programme, to guide the DWCUA groups in taking up economic activity according to their skill, training, aptitude and local conditions. As a result, AMC lost the opportunity to generate urban employment.

The Director, AMC stated (July 2007) that they conducted conferences, seminars and workshops to motivate the women to form more DWCUA groups and some of the groups were trained for taking up economic activities and submission of projects (without giving any details), and that the entire amount was expected to be utilised during 2007-08.

4.16.3.3 Thrift and Credit Society under DWCUA: Inadequate efforts to strengthen them

A DWCUA group set up as a Thrift and Credit Society (T&CS),was entitled to grant of Rs. 25,000 as revolving fund, for purposes like purchase of raw materials and marketing; infrastructure support for income generation and other group activities; one time expenses on child care etc. It was seen that out of Rs. 50.75 lakh received during 1999-2000 to 2006-07 **(Appendix 4.5)** AMC utilised only Rs. 11.84 lakh (23 *per cent*) for payment of grants to 97 (1184 beneficiaries) out of 253 T&CSs (3110 beneficiaries) formed in the AMC area as the remaining 156 T&CSs did not qualify for revolving funds. Even this amount was disbursed only in February / March 2007, seven years after it started receiving funds from the Central Government. As of March 2007, Rs. 38.91 lakh (77 *per cent*) remained unutilised, which indicated lack of initiative in implementing the scheme. Examination of records showed that the main reason the societies did not qualify was non-maintenance of bank account for a year. The AMC failed to guide the societies properly. Even if all the societies had been covered, the funds available would not have been utilised entirely, which showed that adequate efforts had not been made to form the sufficient number of eligible societies and disburse the funds in time.

4.16.3.4 Creation of Infrastructure under USEP: No action taken

The scheme provided funds for creation of infrastructural support by setting up of community seva kendras which could be used as work places / marketing centres etc. for the USEP beneficiaries.

The AMC received Rs. 22.07 lakh during 1999-2000 to 2006-07 for creation of infrastructure / seva kendras but did not create any such infrastructure. The entire amount (Rs. 22.07 lakh) remained unutilised (March 2007), which indicated lack of initiative and urgency in the implementation of the scheme.

The Director, UDD stated (July 2007) that steps for construction of 5 community centre cum seva kendras had been taken up during 2007-08 and these were expected to be completed during the year.

4.16.3.5 Training for urban poor: Negligible progress

USEP intended to provide vocational training to the urban poor in a variety of services and manufacturing trades as well as in local skills and local crafts so that they could set up self-employment ventures. Industrial Training Institutes/ Polytechnics / Engineering Colleges and other suitable training institutes run by Government, private or voluntary organisations might be utilised to provide appropriate support for this purpose.

Scrutiny of records revealed that the AMC received Rs. 77.49 lakh during 1999-07 for imparting training to the urban poor but utilised only Rs. 6.21 lakh (8 *per cent*) up to March 2007 to train 556 beneficiaries[39] (3.33 *per cent*) out of estimated 16,653 BPL families. Thus, Rs. 71.28 lakh (92 *per cent*) remained unutilised and over 16,000 beneficiaries (96.67 *per cent*) did not get opportunity for training. As a result, the main objective of the scheme to encourage the urban poor for setting up self-employment ventures was frustrated.

The Director, UDD stated (July 2007) that AMC had imparted training to 1281 beneficiaries in various trades so far and it was expected that the entire amount would be spent during 2007-08. The reply is not realistic considering that the AMC managed to train only 556 beneficiaries in eight years.

4.16.4 Urban Wage Employment Programme (UWEP) and setting up of Community Structure (CS): poor achievement

The programme provided for wage employment to the urban poor (BPL) by utilising their labour for construction of socially and economically useful public assets and setting up of community structures (CS) in urban poor clusters and areas.

The AMC received Rs. 4.64 crore (Rs. 2.70 crore under UWEP and Rs. 1.94 crore under CS) during 1998-99 to 2006-07 but had utilised only Rs. 2.28 crore (UWEP: Rs. 2.14 crore, CS: Rs. 13.79 lakh) up to March 2007, leaving unspent balance of Rs. 2.36 crore (UWEP: Rs. 56.01 lakh, CS: Rs. 1.80 crore). Scrutiny showed that the AMC did not have adequate plans to utilise these funds nor had it finalised the selection of poor clusters / areas for setting up of community structures and community action plans.

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	Name of Institutes imparted training	Number of persons trained
i.	Entrepreneurship Development Institute of Tripura, Indranagar, Agartala	480 (September to December 2005)
ii.	Tripura Adibashi Mahila Samity, Krishnanagar, Agartala	16 (January – February 2007)
iii.	Sri Durga Design Development Society, Jogendranagar, Agartala.	60 (February 2007)
	Total	**556**

The Director, UDD stated (July 2007) that a comprehensive plan had been taken up for implementation and the entire amount was expected to be utilised by December 2007.

4.16.5 Conclusion

Even though the scheme had been in existence for over eight years and the inflow of funds from the Central Government had been consistent and regular, the AMC lost opportunity to generate employment opportunities for the urban poor due to lackadaisical approach in planning and implementation of the scheme. The list of beneficiaries had not been finalised even after eight years of launching of the scheme and where identified, the AMC failed to provide support through identification of projects or advisory services. As a result, it failed to generate adequate employment.

The matter was reported to the Government in May 2007; reply had not been received (September 2007).

URBAN DEVELOPMENT DEPARTMENT

4.17 Loss of Rs. 24.02 lakh towards payment of penal interest

Due to non-compliance with the financial rules and instructions regarding repayment of loans, the Government suffered a loss of Rs. 20.57 lakh besides outstanding liability of Rs. 3.45 lakh as penal interest.

As per Rules, the Administrative Departments have full powers to pay interest and repay loan as per the repayment schedule and such payments shall be made from the provisions made under their own Demand and in due time to prevent any penalty due to default. A register on loan shall be maintained by the Head of the Department and verified and countersigned by the Secretary of the Department every quarter to avoid any over-payment or penalty. Further, as per instructions of the Finance Department (2004), the departments are required to settle the due installment of loans as first charge against the quarterly released funds and send proposal simultaneously to the Finance Department for release of the required funds. The instructions also provide that there shall be no default in debt servicing obligations under any circumstances and that payment must be made before the due date to avoid levying of penal interest.

Test check (June 2007) of records of the Urban Development Department (UDD) revealed that four Notified Area Authorities[40], now Nagar Panchayats (NP), received (April 1988) loan of Rs. 92 lakh from Life Insurance Corporation of India (LIC) for construction of water treatment plant. The loan was to be repaid in twenty-two equal installments, on 1 May and 1 November every year, commencing on 1 May 1988. The loan bore an interest rate of 10.25 *per cent* per annum with penal interest of 12 *per cent* in case of default in payment on due date.

[40] Dharmanagar: Rs. 30 lakh; Kailashahar: Rs. 20 lakh; Sonamura: Rs. 30 lakh; Udaipur: Rs. 12 lakh.

It was seen that the NPs as well as the UDD were not following the above instructions and had delayed the payment of installments of principal and interest of the loan. Consequently, they had to pay penal interest of Rs. 20.57 lakh (last payment made in December 2003) besides having unpaid penal interest of Rs. 3.45 lakh on unpaid principal (Rs. 42.43 lakh) and interest (Rs. 8.62 lakh) as of May 2007 (for the period upto March 2006 as claimed by LIC).

Thus, due to non-compliance with the financial rules and instructions, the Government had to bear a loss of Rs. 20.57 lakh besides outstanding liability of Rs. 3.45 lakh penal interest as of May 2007.

The matter was reported to the Government in June 2007; reply had not been received (September 2007).

4.18 Unauthorised diversion of funds leading to non-completion of transport terminal

Most of the funds released for the project 'Development of transport terminal with shops' at Ranir Bazar had been diverted by the Executive Officer for unauthorised items and the future of the project remained uncertain for want of funds.

The Urban Development Department released (January 2001 to July 2005) Rs. 17.25 lakh[41] to the Ranir Bazar Nagar Panchayat (RNP) for 'Development of transport terminal with shops' under the scheme Integrated Development of Small and Medium Towns (IDSMT). This included Central share of Rs. 10.35 lakh.

Test check (April 2007) of records revealed that though the project was not completed (August 2007) the Executive Officer (EO) had furnished (January 2003 to July 2004) false UCs to the State Government stating that the funds had been utilised for the purpose for which they were released. It was further observed that though the project report had stated that the land for the project was in possession of the RNP, the EO had diverted (March 2004 to April 2006) Rs. 9.66 lakh of the project funds for purchase of land at another site, without any provision of funds. Out of 0.455 acre of land acquired (March 2004 to April 2006), the possession of 0.088 acre of land was yet to be taken (April 2007). The EO had also transferred (December 2004) Rs. 2.33 lakh to the Executive Engineer, PWD, Division II, Agartala for earth filling at the proposed site against the provision of Rs. 2.06 lakh.

The balance funds of Rs. 5.27 lakh had been diverted (January 2003 to July 2004) by the EO to other IDSMT projects, in violation of the scheme

[41] Earth filling: Rs.2.06 lakh; Culvert, internal roads and drains: Rs.3.47 lakh; Office-cum-drivers' rest room: Rs.1.26 lakh; Shopping complex: Rs.5.62 lakh; Passenger shed: Rs.1.87 lakh; Gardening, water supply and electrification: Rs.2.47 lakh; and 3 *per cent* contingency: Rs.0. 50 lakh.

guidelines. The main components of the project (office, passenger shed, shopping complex etc.) were yet to be started although the completion of the work had been certified by a false utilisation certificate. Thus, the objective of development of transport terminal with shops remained unachieved. As no funds were left for the implementation of the project, its future remained uncertain.

The EO stated (May 2007) that the State Government had been approached for additional funds. Further development was awaited (August 2007).

The matter was reported to the Government in August 2007; reply had not been received (September 2007).

CIVIL, POWER AND PUBLIC WORKS DEPARTMENTS

4.19 Outstanding Inspection Reports

First reply for 226 out of 1084 Inspection Reports issued during 1991-92 to 2006-07 was not furnished by the Civil, Power and Public Works Departments within the stipulated period.

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 higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the department and to the Government. The Government had prescribed that the first reply to the IRs should be furnished within one month of the date of receipt.

The position of outstanding reports in respect of the Civil, Power and Public Works Departments is discussed below.

CIVIL DEPARTMENTS

2,947 paragraphs included in 1,005 IRs issued upto 2006-07 were pending settlement as of June 2007. Of these, even the first reply had not been received in respect of 214 IRs in spite of repeated reminders. The year-wise break up of the outstanding IRs and paragraphs is given below:

Year Upto	Number of outstanding		Number of IRs where even the 1st reply had not been received
	IRs	Paragraphs	
1991-2002	610	1746	61
2002-2003	56	118	10
2003-2004	74	239	10
2004-2005	62	167	26
2005-2006	77	266	39
2006-2007	126	411	68
Total	**1005**	**2947**	**214**

As a result, the following important irregularities commented upon in these IRs, had not been addressed as of June 2007.

Nature of irregularities	Number of cases	Amount involved (*Rupees in crore*)
Wasteful/infructuous expenditure	33	7.86
Extra/avoidable expenditure	29	2.98
Blocking of funds	39	21.15
Non-recovery of excess payments/overpayments	49	0.76
Others	844	356.63
Total	**994**	**389.38**

POWER DEPARTMENT

Fifty eight paragraphs included in 23 IRs issued between 2002-03 and 2006-07 had not been settled as of June 2007. Of these, the first reply had not been received in respect of eight IRs despite repeated reminders. The year-wise break-up of outstanding IRs and paragraphs is given below:

Year	Number of outstanding		Number of IRs where 1st reply had not been received
	IRs	Paragraphs	
2002-03	4	13	1
2003-04	6	12	1
2004-05	8	14	2
2005-06	1	8	-
2006-07[42]	4	11	4
Total	**23**	**58**	**8**

PUBLIC WORKS DEPARTMENT

In the Public Works Department, 135 paragraphs included in 56 IRs issued between 2002-03 and 2006-07 were pending settlement as of June 2007. Of these, even the first reply had not been received in respect of four IRs in spite of repeated reminders. The year-wise break-up of the outstanding IRs and paragraphs is given below:

Year	Number of outstanding		Number of IRs where 1st reply had not been received
	IRs	Paragraphs	
2002-03	5	5	-
2003-04	10	11	-
2004-05	18	36	-
2005-06	6	15	-
2006-07	17	68	4
Total	**56**	**135**	**4**

4.19.1 Audit arrangements for local bodies

The audit of accounts of the following bodies/authorities has been entrusted to the C&AG of India under Sections 19(3) and 20(1) of the C&AG's (Duties,

[42] Audit was conducted during 2005-06 and the IRs were issued during 2006-07.

Power and Conditions of Service) Act, 1971 for the periods mentioned against each:

Name of bodies/authorities	**Period of entrustment**	**Section of the C&AG's (DPC) Act, 1971**
Tripura Khadi and Village Industries Board	2003-04	19 (3)
Tripura Board of Secondary Education	2005-06	20 (1)
Agartala Municipal Council	1996-97 onward on permanent basis	20 (1)
Nagar Panchayats (12)	1996-97 onward on permanent basis	20 (1)
Tripura University	2002-03 to 2006-07	20 (1)
Tripura Housing Board	Upto 2005-06	19 (3)
Tripura State Legal Services Authority	2008-09	19 (3)

The status of submission of accounts by the bodies/authorities and submission of Audit Reports thereon to the State Legislature as of July 2007 is given below:

Name of bodies	**Year upto which**			**Year upto which Audit Report placed before Legislature**
	Accounts due	**Accounts submitted**	**Audit Report issued**	
Tripura Khadi and Village Industries Board	2006-07	1996-97	1996-97	1990-91
Tripura Board of Secondary Education	2006-07	1997-98	1997-98	1997-98
Tripura State Legal Services Authority	2006-07	2005-06	2002-03	2002-03
Tripura Housing Board	2006-07	2006-07	1992-93	Audit reports issued in July 2007

Due to non-submission of accounts in proper format by the Agartala Municipal Council and 12 Nagar Panchayats, audit of accounts could not be taken up since their inception; only transaction audit is being conducted. Audit of accounts of the Tripura University for the period from 1998-99 to 2001-02 have been completed and separate Audit Reports are under issue.

4.19.1.2 Outstanding Inspection Reports

The Government had prescribed that the first reply to the Inspection Reports should be furnished by the concerned departments within one month of the date of their receipt.

As of July 2007, 60 paragraphs included in 15 Inspection Reports issued to the local bodies/authorities up to 2005-06 were pending for settlement. The department-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Name of the department	No. of offices audited (during 1.4.02 to 31.3.07)	Number of outstanding (during 1.4.02 to 31.3.07)	
		Inspection Reports	Paragraphs
Rural Development	3	4	8
Education	6	7	45
Health and Family Welfare	1	2	3
Science and Technology	1	1	3
Tribal Welfare	1	1	1
Total	**12**	**15**	**60**

As a result, the following important irregularities commented upon in these Inspection Reports, had not been settled as of July 2007.

(Rupees in lakh)

Nature of irregularities	Number of cases	Amount involved
Wasteful/ infructuous expenditure	2	7.92
Extra / avoidable expenditure	4	17.20
Idle salary/ idle expenditure	--	00
Blockage of funds	6	242.11
Non-recovery of excess payments/ overpayments	2	26.92
Total	**14**	**294.15**