OVERVIEW

This Report contains 27 audit paragraphs (including four general paragraphs), five performance reviews, apart from comments on the Finance and Appropriation Accounts. There is a separate chapter on Integrated Audit of Agriculture Department. According to the existing arrangements, copies of the draft audit paragraphs and draft audit reviews are sent to the Secretary of the Department concerned, with a request to furnish replies within six weeks. However, in respect of four audit reviews and 13 audit paragraphs included in this Report, no response was received by the time of finalisation of the Report (September 2008). A synopsis of the important findings contained in the Report is presented in this overview.

1. Finances of the State Government

The revenue receipts increased from Rs. 3,333.36 crore in 2006-07 to Rs. 3698.34 crore (10.95 *per cent*) in 2007-08. Eighty seven *per cent* of the revenue came from the State's share of Central taxes and Grants-in-aid, which increased by 26 *per cent* and eight *per cent* respectively over the previous year. Only 13 *per cent* of the revenue receipts came from the State's own resources. State's own tax collection (Rs. 370.70 crore) was much below the TFC projection (Rs. 503.35 crore).

The rate of growth of total expenditure (13 *per cent*) was more than the rate of growth of revenue receipts (10.95 *per cent*). Capital expenditure was 25 *per cent* of the total expenditure. There was an overall fiscal deficit (Rs. 16.01 crore) in 2007-08 and the increased total expenditure was the main contributor to deficit. Debt burden (fiscal liabilities) of the State at the end of 2007-08 was Rs. 4745.32 crore, up by 2.58 *per cent* from Rs. 4626.08 crore in 2006-07.

The expenditure pattern of the State reveals that the revenue expenditure as a percentage of total expenditure indicated a declining trend, yet, constituted 75 *per cent* of the total expenditure during 2007-08. While the NPRE at Rs. 2,217 crore during 2007-08 was marginally lower than the normative projection of TFC at Rs. 2,275 crore for the year, expenditure on salary, pensions, interest payments and subsidies constituted 85 *per cent* of NPRE during 2007-08.

The dismal performance of the State public sector undertakings, leading to almost negligible returns on investment, remained an area of concern for the fiscal health of the State.

(Paragraph 1)

2. Allocative priorities and Appropriation

Against the total budget provision of Rs. 5191.01 crore, the actual expenditure was Rs. 4015.26 crore. The overall savings of Rs. 1175.75 crore were the result of savings of Rs. 1198.64 crore, in 55 Grants and Appropriations, offset by an excess of Rs. 22.89 crore in three Grants and three Appropriations.

The excess expenditure of Rs. 22.89 crore required regularisation by the Legislature under Article 205 of the Constitution of India.

Expenditure of Rs. 6.65 crore was incurred in 16 cases under ten Grants / Appropriations without budget provision.

(Paragraph 2)

3. Performance Reviews

3.1 National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)

The Mid-Day Meal scheme covered all the Government and Government aided primary school children in Tripura. The primary objective of the scheme to improve the enrolment and reduce dropout was largely achieved as claimed by the Department. However the absence of basic documents in support of the claim raised doubts about the achievement claimed by the Department. The secondary objective of improving the nutritional status of children in the primary classes is yet to be addressed. A performance review of the programme brought out the following main points.

- The reported number of eligible and enrolled children showed a decline over the last five years which, together with the absence of credible supporting documents, cast doubts on the reliability of the data since Tripura has witnessed a positive population growth in the past.
- The Food, Civil Supplies and Consumer Affairs Department (FCSCAD) did not lift entire quantity of foodgrains allocated by the GOI and did not issue the entire lifted quantity of foodgrains to schools which resulted in accumulation of 8024.5 MT lifted foodgrains lying with the FCSCAD at the end of March 2008.
- Unutilised foodgrains valuing Rs. 7.75 crore was not accounted for.
- While there were sufficient unspent funds with different Inspectors of Schools and unutilised foodgrains with FCSCAD considerable number of schools under West, South and Dhalai District served meals to school children on credit basis due to non-availability foodgrains and funds with them during 2007-08.
- Pucca kitchen sheds were available only in 31 *per cent* of schools while clean drinking water facility were available in 60 *per cent* and adequate kitchen devices and utensils were available in 71 *per cent* of schools test-checked.

(Paragraph 3.1)

3.2 Modernisation of State Police Force

"Modernisation of State Police Force" was introduced by the GOI in 1969 initially for 10 years. It was, however, extended periodically, the latest being in February 2001, for another 10 years up to 2010. The scheme aims at improving the efficiency of the State Police Force and enhancing their striking abilities for meeting the emerging challenges. A performance review of the scheme brought out the following points.

- Inadequate planning resulted in utilisation of only 10 to 63 *per cent* of the available funds during 2003-08.
- There was shortage of vehicles ranging from 43 to 53 *per cent* which had an adverse effect on mobility of the force.
- Against the projected requirement of arms and ammunition of Rs. 44.38 crore for 2003-08 in the Perspective Plan, the Department received arms and ammunition worth Rs. 3.60 crore through the subsequent Annual Plans, besides holding unserviceable arms and ammunition numbering 835 and 22,635 respectively.
- Basic infrastructure in conformity with BPR&D norms was not available in a majority of the PSs and OPs test-checked.
- One *per cent* of the trainee strength of TSR personnel were trained on Counter Insurgency and Jungle Warfare Techniques during 2003-08 due to lack of infrastructure in the training school.

(Paragraph 3.2)

3.3 National Rural Health Mission (NRHM)

The National Rural Health Mission(NRHM) was launched (April 2005) with the objective of converging different stand-alone health programmes, decentralising planning process with special emphasis on bottom-up decision making and to fill up of the gaps in coordination between different social sector departments. The Mission mainly aims at the rural poor with special attention to mother and child care. The successful implementation of the Mission objective involves an intense exercise in training and capacity building of the community representatives, health personnel and personnel from related departments, on health issues.

A mid-term review of the functioning of the State machinery in the third year of Mission period (2005-2012) was an attempt to highlight the areas and issues which need to be addressed, for successful achievement of the objectives set out for the Mission. The performance review of the scheme brought out the following points:

- Preparation of the State and District plans was outsourced and the objective of community participation in planning process could not be ensured. The basic village level data used for preparation of District and State plans were not available with the Society, casting doubts over the reliability of the inputs in the planning process.
- HMIS phase-1 could not be made functional even after expending the entire project funds and expiry of the stipulated time schedule.
- The ASHA network could not materialise even after three years of implementation of NRHM as the training requirements could not be completed.
- Despite transferring funds to various implementing agencies (BDO, DM and PWD) for development of infrastructure, most of the construction

works remained incomplete, due to non-stipulation of the timeframe for their completion.

(Paragraph 3.3)

3.4 Integrated Audit of Agriculture Department

Agriculture Department plays a vital role in the socio-economic development of a State. The main objectives of the Department are to minimise the gap between requirement and production of foodgrains and other crops, provide food security, improve the economic conditions of the people by augmentation of agricultural production through expansion of cultivable area and use of improved agricultural inputs and training. A review of the functioning of the Department brought out the following main points.

- There were persistent savings ranging between 36 and 57 *per cent* during 2003-08 on Capital Account indicating poor implementation of capital programmes.
- Twenty eight DDOs had accumulated a cash balance of Rs.25.86 crore in their Bank Accounts pertaining mainly to various schemes and programmes.
- During 2003-04 to 2007-08 the distribution of certified seeds fell short by two to 40 *per cent* in oil seeds, 40 to 67 *per cent* in hybrid paddy seeds and 64 to 82 *per cent* in pulses.
- The coverage area under cultivation of paddy, oil seeds and pulses fell short of target in all the five years during 2003-08.

(Paragraph 5.1)

3.5 Overview of Government companies and Statutory corporation

As on 31 March 2008, the State had ten Government companies and one Statutory corporation. Total investment in ten working PSUs (nine Government companies and one Statutory corporation) was Rs. 488.02 crore. Out of the ten Government companies and one Statutory corporation, none had finalised their accounts for 2007-08. According to the latest financial accounts, two Government companies had earned an aggregate profit of Rs. 11.71 crore. Of the seven loss making Government companies, three had accumulated losses of Rs. 77.42 crore which exceeded their aggregate paid up capital by Rs. 12.50 crore. The only Statutory corporation (TRTC) had accumulated loss of Rs. 133.20 crore as on 31 March 2003 which exceeded its aggregate paid up capital by Rs. 40.14 crore.

(Paragraph 7.1)

3.6 Internal control mechanism

Internal control is an integral part of an organisation's operations. Internal control systems provide a tool for the management to ensure economic, efficient and effective utilisation of resources and achievement of the organisation's objectives. They also ensure that financial interests and resources are safeguarded and reliable information is available to the stakeholders.

The Internal Control Mechanism in the Tripura Forest Development Corporation Limited (Company) was found deficient in respect of financial and budgetary control such as expenditure without budgetary provision; and excess of expenditure over budget provision; non recording of advance payment in Cash Book; avoidable expenditure on payment of penalty and interest on income tax etc. There was weakness in manpower management and programme management control which adversely affected the productivity of plantations and rubber production. The Company also did not have any internal audit wing to conduct the internal audit of its activities.

(Paragraph 7.2)

3.7 IT Audit of computerisation of Energy Billing System (EBS)

The Tripura State Electricity Corporation Limited (Company) could not achieve the main objectives of EBS due to switch over to computerised system before data validation. This led to non-coverage of 100 *per cent* consumers in the database, existence of duplicate records and non pursuance of energy bills raised manually before computerisation.

The Company failed to utilise the EBS system in monitoring the realisation of outstanding revenue, serving disconnection notices, ensuring raising of bills for all consumers and preventing unauthorised changing of Tariff ID.

Lack of validation of data of pre-computerised period resulted in non-accountal of 1,841 consumers and duplication of records in respect of 10,373 consumers.

Rs. 7.37 crore was outstanding as on May 2008 against 49,472 consumers of which 24,708 private consumers were defaulters ranging from 5 to 40 months.

Rs. 4.30 crore was outstanding as on 31 March 2008 against bills raised manually before computerisation.

(Paragraph 7.3)

4. Audit of transactions
(a) Civil

- The Executive Engineer, Agriculture Department, Ganganagar, Dharmanagar drew Rs. 1.74 crore through fully vouched contingent (FVC) bills for meeting future liabilities, in contravention of financial rules.

(Paragraph 4.2)

- Inadequate planning led to non-utilisation of Central assistance and failure to establish the Government Ayurvedic drugs manufacturing unit and strengthening of Psychiatry Department at Agartala Government Medical College.

(Paragraph 4.4)

- Funds amounting to Rs 1.33 crore received for establishing the "Department of Endocrinology - Diabetes - Metabolic diseases" by up-grading the existing Diabetes Research Centre at GBP Hospital was utilised for unauthorised purposes.

(Paragraph 4.5)

- Deficiencies in planning, coordination, monitoring and control led to non-implementation of tourism projects even after three years of receipt of funds (Rs. 5.69 crore) from the GOI.

(Paragraph 4.7)

- Irregular grant of interest free mobilisation advance to the contractor for construction of Agartala Government Medical College resulted in undue financial benefit of rupees nine crore to the contractor and loss of interest of Rs. 1.58 crore to the Government.

(Paragraph 4.11)

- Inadequate planning, improper survey and investigation led to idle expenditure of Rs. 3.17 crore and non-achievement of the intended objective despite the lapse of about six years.

(Paragraph 4.14)

(b) Revenue

- Erroneous computations and inadmissible allowances by the assessing authorities together with concealment of turnover by the dealers resulted in short levy of sales tax of Rs. 34.05 lakh including penalty and interest.

(Paragraph 6.15)

- Non-application of rate of VAT and revised rates of royalty on timber in four Forest Divisions resulted in short realisation of tax of Rs. 7.52 lakh.

(Paragraph 6.16)

- Non-enforcement of the Act/ Rules and lack of proper monitoring led to non-realisation of road tax of Rs. 17.32 crore including penalty.

(Paragraph 6.17)

(c) Commercial

- Failure of the TFDPC to file timely return of income and to remit the quarterly installments of advance tax resulted in payment of avoidable interest of Rs. 24.13 lakh.

(Paragraph 7.4)

- Excess consumption of green leaves over the norms entailed a loss of Rs. 41.66 lakh.

(Paragraph 7.5)

- Raw material consumption in the Tripura Jute Mills Limited was much above the norm and production of finished goods was much below the norm, leading to a loss of Rs. 39.92 lakh being the value of finished goods less produced during 2005-08.

  (Paragraph 7.6)

- Failure of the Tripura Road Transport Corporation Limited to collect service tax from the recipients of the service resulted in loss of revenue of Rs. 15.62 lakh.

  (Paragraph 7.7)